



Australian Government

**Australian Institute of
Health and Welfare**

Health expenditure Australia 2012–13

HEALTH AND WELFARE EXPENDITURE SERIES NO. 52



Australian Government

**Australian Institute of
Health and Welfare**

*Authoritative information and statistics
to promote better health and wellbeing*

HEALTH AND WELFARE EXPENDITURE SERIES

Number 52

Health expenditure Australia 2012–13

Australian Institute of Health and Welfare
Canberra

Cat. no. HWE 61

The Australian Institute of Health and Welfare is a major national agency which provides reliable, regular and relevant information and statistics on Australia's health and welfare. The Institute's mission is authoritative information and statistics to promote better health and wellbeing.

© Australian Institute of Health and Welfare 2014



This product, excluding the AIHW logo, Commonwealth Coat of Arms and any material owned by a third party or protected by a trademark, has been released under a Creative Commons BY 3.0 (CC-BY 3.0) licence. Excluded material owned by third parties may include, for example, design and layout, images obtained under licence from third parties and signatures. We have made all reasonable efforts to identify and label material owned by third parties.

You may distribute, remix and build upon this work. However, you must attribute the AIHW as the copyright holder of the work in compliance with our attribution policy available at <www.aihw.gov.au/copyright/>. The full terms and conditions of this licence are available at <<http://creativecommons.org/licenses/by/3.0/au/>>.

Enquiries relating to copyright should be addressed to the Head of the Digital and Media Communications Unit, Australian Institute of Health and Welfare, GPO Box 570, Canberra ACT 2601.

This publication is part of the AIHW's Health and welfare expenditure series. A complete list of the Institute's publications is available from the Institute's website <www.aihw.gov.au>.

ISSN 1323-5850

ISBN 978-1-74249-640-5

Suggested citation

Australian Institute of Health and Welfare 2014. Health expenditure Australia 2012–13. Health and welfare expenditure series no. 52. Cat. no. HWE 61. Canberra: AIHW.

Australian Institute of Health and Welfare

Board Chair
Dr Mukesh Haikerwal AO

Director
David Kalisch

Any enquiries about or comments on this publication should be directed to:

Digital and Media Communications Unit
Australian Institute of Health and Welfare
GPO Box 570
Canberra ACT 2601
Tel: (02) 6244 1032
Email: info@aihw.gov.au

Published by the Australian Institute of Health and Welfare

This publication is printed in accordance with ISO 14001 (Environmental Management Systems) and ISO 9001 (Quality Management Systems). The paper is sourced from sustainably managed certified forests.



Please note that there is the potential for minor revisions of data in this report. Please check the online version at <www.aihw.gov.au> for any amendments.

Contents

- Acknowledgments..... vi**
- Abbreviations.....vii**
- Symbols..... viii**
- Summary ix**
- 1 Introduction.....1**
 - 1.1 What is health expenditure?.....1
 - 1.2 The structure of the health sector and its flow of funds.....2
 - 1.3 Structure of this report4
 - 1.4 Changes to Australian Institute of Health and Welfare estimates.....4
 - 1.5 Revisions to Australian Bureau of Statistics estimates5
- 2 Health expenditure6**
 - 2.1 Total health expenditure.....6
 - 2.2 Health expenditure and the GDP7
 - Differential growth in real health expenditure and GDP.....9
 - Health inflation.....10
 - The contribution of inflation to health expenditure growth.....12
 - 2.3 Government health expenditure and tax revenue13
 - Australian Government15
 - State and local governments.....17
 - 2.4 Health expenditure per person.....19
 - 2.5 Recurrent health expenditure.....20
 - Recurrent expenditure in states and territories22
 - 2.6 International comparisons27
 - Health expenditure to GDP ratio.....27
- 3 Funding of health expenditure35**
 - 3.1 Broad trends.....35
 - Public hospitals38
 - 3.2 Capital expenditure42
 - 3.3 Australian Government funding43
 - 3.4 State and territory, and local governments46
 - 3.5 Non-government funding.....49
 - 3.6 Individuals52

Private health insurance.....	55
Injury compensation insurers.....	60
4 Data quality statement	62
4.1 Summary of key issues.....	62
4.2 Description.....	62
4.3 Institutional environment	63
4.4 Timeliness	64
4.5 Accessibility	64
4.6 Interpretability.....	65
4.7 Relevance.....	65
4.8 Accuracy.....	65
4.9 Coherence.....	66
5 Technical notes	68
5.1 Definition of health expenditure.....	68
5.2 Data and methods used to produce estimates.....	68
Australian Government	68
State and territory governments	69
Public hospitals and public hospital services	69
Community and public health services and dental and patient transport services	70
Contracting of private hospital services	70
Public health	70
Research and capital	71
5.3 Non-government.....	71
Private hospitals.....	71
Health insurance funds	71
Individuals	72
Other non-government sources	73
5.4 Blank cells in expenditure tables.....	73
Appendix tables.....	74
Appendix A: National health expenditure matrixes.....	75
Appendix B: State and territory health expenditure matrixes, 2010-11 to 2012-13.....	87
Appendix C: Price indexes and deflation	113
Price indexes	113
Total health price index.....	114

Appendix D: Population118
Glossary.....121
References129
List of tables132
List of figures136
List of boxes.....137
Related publications138

Acknowledgments

This report would not have been possible without the valued cooperation and effort of the data providers in the health authorities of the states and territories and the Australian Government. The Australian Institute of Health and Welfare (AIHW) would like to express its appreciation to state and other providers for the timely supply of data and assistance with data validation. The AIHW also wishes to thank the members of the Health Expenditure Advisory Committee (HEAC) who helped to plan this report and provided advice on its content.

Rebecca Bennetts, Elizabeth Dernie, Dian Xu, Adam Majchrzak-Smith and Adrian Webster carried out the collection and analysis of the data and the writing of this publication.

Abbreviations

ABS	Australian Bureau of Statistics
AHCAs	Australian Health Care Agreements
AIHW	Australian Institute of Health and Welfare
COAG	Council of Australian Governments
CPI	Consumer Price Index
DVA	Australian Government Department of Veterans' Affairs
GDP	Gross Domestic Product
GFCE	Government Final Consumption Expenditure
GFC	Global Financial Crisis
GFS	Government Finance Statistics
GHE	Government Health Expenditure
GNE	Gross National Expenditure
HEAC	Health Expenditure Advisory Committee
Health	Australian Government Department of Health
HFCE	Household Final Consumption Expenditure
HIF	Health Insurance Funds
IPD	implicit price deflator
MBS	Medicare Benefits Schedule
NHA	National Health Accounts
NMDS	National Minimum Data Set
NP	National Partnership
OECD	Organisation for Economic Co-operation and Development
PBS	Pharmaceutical Benefits Scheme
PHE	Public Hospital Establishments
PHIAC	Private Health Insurance Administration Council
PHIIS	Private Health Insurance Incentives Scheme
PHOFAs	Public Health Outcome Funding Agreements

PPP	purchasing power parity
RPBS	Repatriation Pharmaceutical Benefits Scheme
SHA	System of Health Accounts
SPP	specific purpose payment
TGA	Therapeutic Goods Administration
THPI	total health price index
WHO	World Health Organization

Symbols

–	nil or rounded to zero
..	not applicable
n.a.	not available
n.p.	not publishable because of small numbers, confidentiality or other concerns about the quality of the data

Summary

Total expenditure on health goods and services in Australia was estimated at \$147.4 billion in 2012–13 (9.67% of GDP). This was 1.5% higher than in 2011–12 (after adjusting for inflation), the lowest growth the AIHW has recorded since the mid 1980s. The average annual growth over the last decade was 5.1%.

Government funding of health expenditure fell in real terms for the first time in the past decade (by 0.9%). This was largely a result of a decline in the Australian Government's funding of 2.4%. This occurred in the context of average growth in Australian Government funding for the decade of 4.4%.

Growth in state and territory government funding of health expenditure was also relatively low. It grew by just 1.4% in 2012–13 in real terms, 4.2 percentage points lower than the average growth for the decade.

In contrast to government funding, growth in non-government funding was relatively strong. It grew by 7.2% in real terms in 2012–13 compared to the average of 5.4% for the decade.

The ratio of health expenditure to taxation revenue for the Australian Government fluctuated within a narrow range from 21.6% in 2002–03 to 21.5% in 2007–08, averaging 21.2% over that period. A drop in tax revenue following the GFC contributed to the ratio increasing to 25.3% in 2008–09 and 29.0% in 2009–10, before declining to 25.0% in 2012–13.

In 2012–13, the ratio of health expenditure to revenue for the state and local governments rose by 0.1 percentage points (from 27.5% in 2011–12 to 27.6%). This was the smallest increase over the decade.

The only jurisdictions to increase the proportion of their revenue spent on health in 2012–13 were New South Wales and Victoria, with New South Wales experiencing a marked growth (7.5%) and Victoria experiencing a more modest growth (2.0%). All other jurisdictions reduced this proportion, which was in contrast to the trend seen in the past decade.

In 2012–13, estimated per person expenditure on health averaged \$6,430, which was \$17 less (in real terms) per person than in the previous year. In 2012–13, expenditure essentially grew in proportion to (rather than faster than) population growth for the first time in the decade.

In 2012–13, governments funded \$100.8 billion or 68.3% of total health expenditure in Australia. This was 1.6 percentage points lower than in 2011–12, the largest reduction of the decade. The Australian Government's contribution was \$61.0 billion (41.4% of total funding) and state and territory governments contributed \$39.8 billion (26.9%).

Non-government funding sources provided the remaining \$46.6 billion (31.6%). The share contributed by non-government sources rose by 1.6 percentage points, with individuals contributing just over half of the increase (0.9 percentage points).

1 Introduction

This report is the latest in the AIHW's *Health expenditure Australia* series. It includes estimates of how much was spent on health between 2002–03 and 2012–13. This information contributes to understanding the performance, efficiency and affordability of Australia's health system and how these factors change over time.

1.1 What is health expenditure?

Health expenditure occurs when money is spent on health goods and services. This spending occurs at different levels of government, as well as by non-government entities such as private health insurers and individuals.

In many cases, funds pass through a number of different entities before providers (such as hospitals, general practices and pharmacies) eventually spend them on health goods and services.

The term 'health expenditure' in this context relates to all funds given to, or for, providers of health goods and services. It includes the funds the Australian Government provides to the state and territory governments, as well as the funds the state and territory governments allocate to providers.

In the case of public hospital care, for example, the states and territories use funds provided from a number of sources, including the Australian Government. The hospitals themselves also receive funds from a number of sources before ultimately spending this money on accommodation, medical and surgical supplies, drugs, salaries of doctors and nurses, and so on.

In most cases, data are not available directly from the providers of health goods and services. Data for this report are derived mainly from entities that give funds to, or for, these providers, particularly state and territory governments, the Australian Government, private health insurers and individuals.

In this report, an effort has been made to record as much of this health expenditure as possible so that the contribution of various sources of funds to total health expenditure can be estimated.

To avoid double counting, expenditure by higher-level entities is offset against funds given directly to providers. For example, when estimating total expenditure on hospital services in a year, the funds the Australian Government provides to states and territories for hospital services are subtracted from the hospital expenditure the states and territories report, to derive the amount funded by the states and territories.

This method raises some issues where the funds the Australian Government provides are not all spent by the state or territory government in the same year; however, the overall effect of this on trends in health expenditure is limited.

Box 1.1: Expenditure at current and constant prices

Current price estimates

Expenditure at 'current prices' refers to expenditure which is not adjusted for movements in prices from one year to another (that is, not adjusted for inflation). Comparisons over time using figures expressed in current prices can be misleading due to the effect of inflation. For example, \$1 billion spent in 2002–03 will have purchased more health goods and services than \$1 billion spent in 2012–13.

Deflation and constant price estimates

To compare estimates of expenditures in different time periods, it is necessary to compensate for inflation. This process is known as 'deflation'. The result is a series of annual estimates of expenditure that are expressed in terms of the value of currency in one selected reference year (known as 'constant prices').

The reference year used in this report is 2012–13. See Appendix C for more information on the deflation process.

Measuring change

Changes from year to year in the estimates of expenditure at current prices are referred to throughout this report as 'nominal changes in expenditure', 'in nominal terms' or 'nominal changes'. These reflect changes that come about because of the combined effects of inflation and increases in the volume of health goods and services.

Growth in expenditure expressed in constant prices is referred to as 'real growth' or 'growth in real terms'.

1.2 The structure of the health sector and its flow of funds

The flow of money around the Australian health-care system is complex and the institutional frameworks in place, both government and non-government, determine how this occurs. The government sector includes the Australian and state and territory governments and, in some jurisdictions, local government. The non-government sector comprises individuals, private health insurers and other non-government funding sources. Other non-government sources principally include workers compensation, compulsory motor vehicle third-party insurers, funding for research from non-government sources and miscellaneous non-patient revenue that hospitals receive. Figure 1.1 shows the major flows of funding between the government and non-government sectors and the providers of health goods and services.

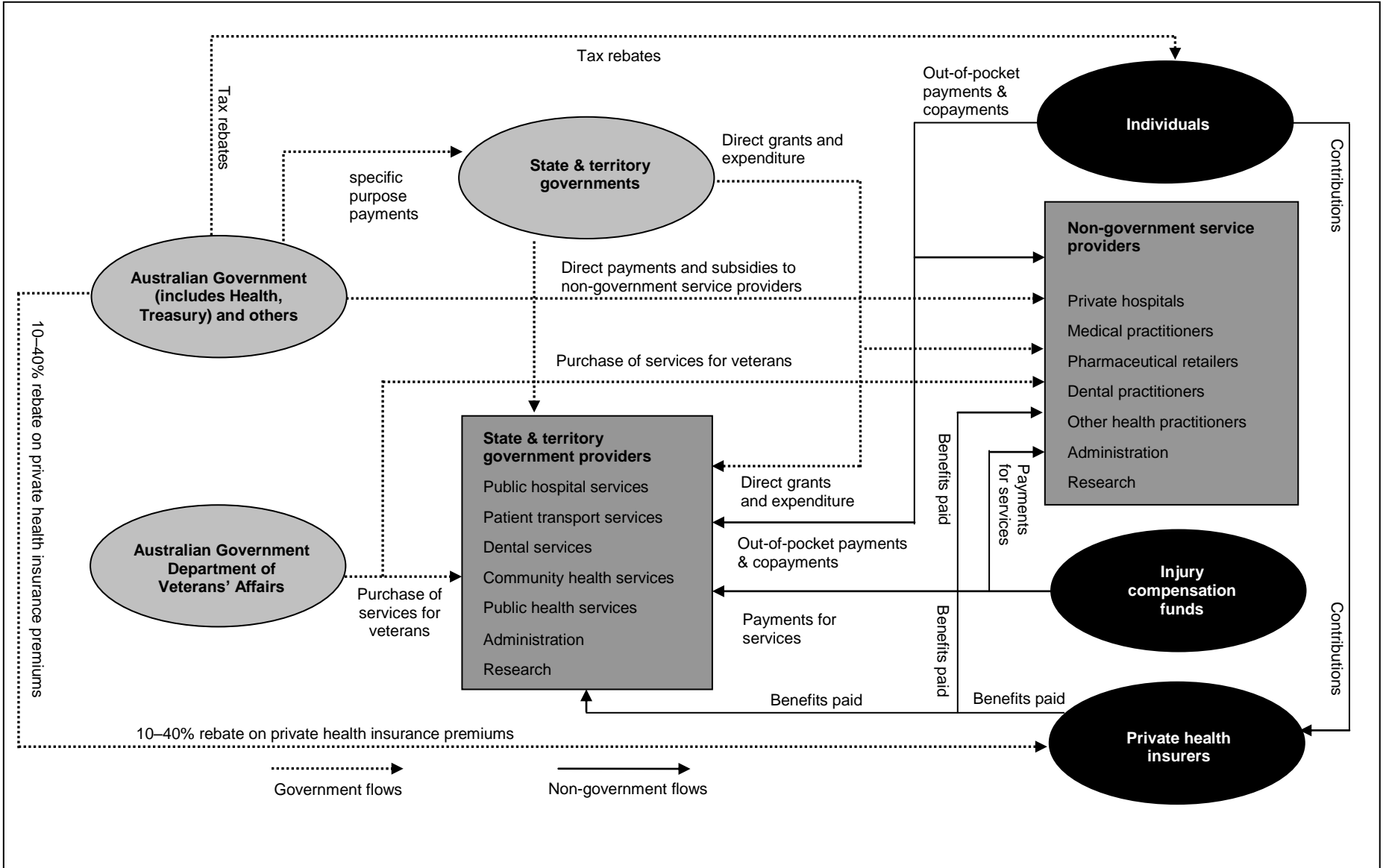


Figure 1.1: The structure of the Australian health care system and its flow of funds

1.3 Structure of this report

This report focuses on national trends in health expenditure. Detailed analyses of specific areas of health expenditure will be covered in supplementary publications scheduled for release in the coming months.

The tables and figures in this publication provide expenditure in terms of current and constant prices (see Box 1.1). Constant price expenditure adjusts for the effects of inflation using either annually re-weighted chain price indexes produced by the Australian Bureau of Statistics (ABS), or implicit price deflators (IPDs) produced by the ABS or Australian Institute of Health and Welfare (AIHW). Because the reference year for both the chain price indexes and the IPDs is 2012–13, the constant price estimates indicate what expenditure would have been had 2012–13 prices applied in all years. The result of the conversion to constant prices is generally to increase the current price figures to represent the value of the expenditure in 2012–13 terms.

In this publication there are references to the general rate of inflation, which is calculated using the IPD for Gross Domestic Product (GDP) or the IPD for Gross National Expenditure (GNE). Both of these IPDs are produced by the ABS. The general rate of inflation refers to changes in economy-wide prices, not just consumer prices, and takes into account changing expenditure patterns in the whole economy over time.

Chapter 2 presents a broad picture of total national health expenditure in 2012–13 and back to 2002–03.

Chapter 3 analyses health expenditure in terms of who provided the funding for the expenditure – the Australian Government, state and territory governments, and the non-government sector.

Chapter 4 provides a data quality statement for the AIHW health expenditure database.

Chapter 5 provides technical information on the definitions, methods and data used in this report.

The appendixes include more detailed national and state and territory health expenditure matrixes and information on the price indexes and deflators; and population data.

1.4 Changes to Australian Institute of Health and Welfare estimates

There have been some revisions to previously published estimates of health expenditure due to the receipt of additional or revised data, or changes in methodology. Comparisons over time should therefore be based on the estimates in this publication, or from the online data cubes on the AIHW website, rather than earlier editions of this report. For example, estimates in this report are not comparable with the data published in issues prior to 2005–06, because of the reclassification of expenditure on high-level residential aged care from ‘health services’ to ‘welfare services’.

In 2007–08, an important change was made to include capital consumption as part of recurrent health expenditure for all years (see ‘Chapter 5 Technical notes’ for details). In previous editions it had been shown as a separate (non-recurrent) form of expenditure. The AIHW’s online data cubes also incorporate this change for all years back to 1985–86.

Funding for 2008–09 in this report includes \$1.2 billion in Australian Government funding provided to the states and territories through the 5-year *National Partnership agreement on health and hospital workforce reform*. This funding has been offset against 2008–09 state and territory government funding in keeping with the methodology used in this report. However, states and territories may have spent the funds over several years.

Notable revisions were made in this publication in the following two areas:

- Australian Government costs for administration for years 2010–11 and 2011–12 to include expenditure that had been previously omitted
- Individuals funding of ‘all other medications’ for years 2008–09 to 2011–12 due to the receipt of revised data and changes in methodologies used in calculating expenditure for both private prescriptions and under copayment prescriptions.

1.5 Revisions to Australian Bureau of Statistics estimates

GDP estimates for this report are sourced from the ABS (ABS 2014a). These estimates include revisions to incorporate up-to-date data and concurrent seasonal adjustments.

The GDP estimates are based on the international standard, the System of National Accounts 2008, which the ABS adopted in September 2009. This new system increased the scope of production activities included in the measurement of GDP. The changes increased the size of Australia’s GDP, which had the effect of reducing Australia’s health to GDP ratio, particularly compared with other countries that have not yet adopted the new standard.

The revisions have been applied retrospectively, so health expenditure to GDP ratios for all years back to 2002–03 in this report are not consistent with those shown in previous *Health expenditure Australia* reports.

2 Health expenditure

2.1 Total health expenditure

Total expenditure on health goods and services in Australia was estimated at \$147.4 billion in 2012–13. This was around 1.6 times higher in real terms (once inflation was accounted for) than in 2002–03 but was just 1.5% higher than in 2011–12 (Table 2.1).

Real growth in 2012–13 was 4.6 percentage points lower than the previous year and 3.6 percentage points lower than the average annual growth over the decade (5.1%). This was the lowest growth that the AIHW has recorded since the mid 1980's, when the AIHW first began the *Health expenditure Australia* series.

Of total health expenditure, 94.2% was recurrent expenditure and 5.8% was capital expenditure (Table 2.7).

Table 2.1: Total health expenditure, current and constant prices^(a), and annual rates of change, 2002–03 to 2012–13

Year	Amount (\$ million)		Change from previous year (%)	
	Current	Constant	Nominal change ^(b)	Real growth ^(b)
2002–03	68,798	90,042	..	..
2003–04	73,509	92,960	6.8	3.2
2004–05	81,061	98,921	10.3	6.4
2005–06	86,685	101,478	6.9	2.6
2006–07	94,938	107,513	9.5	5.9
2007–08	103,563	114,596	9.1	6.6
2008–09	114,430	123,103	10.5	7.4
2009–10	122,130	128,308	6.7	4.2
2010–11	131,612	136,874	7.8	6.7
2011–12	141,957	145,175	7.9	6.1
2012–13	147,384	147,384	3.8	1.5
Average annual change (%)				
2002–03 to 2007–08	..	..	8.5	4.9
2007–08 to 2012–13	..	..	7.3	5.2
2002–03 to 2012–13	..	..	7.9	5.1

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

(b) Nominal changes in expenditure from year to year refer to the change in current price estimates. Real growth is the growth in expenditure at constant prices. See Box 1.1 for more information.

Source: AIHW health expenditure database.

A change in expenditure, at current prices, from one year to another can result from either changes in prices (inflation) or growth in volume, or a combination of both (see Box 1.1).

Inflation can be further subdivided and analysed in terms of ‘general inflation’ and ‘excess health inflation’ (see Box 2.1). Volume growth is affected by factors such as changes in the population’s age structure, changes in the overall and relative intensity of use of different health goods and services, changes in technology and medical practice, and general economic and social conditions.

Health inflation was estimated at 2.27% for 2012-13 (Table 2.4).

Box 2.1: Inflation

Inflation refers to changes in prices over time. Inflation can be positive (that is, prices are increasing over time) or negative.

General inflation

General inflation refers to the average rate of change in prices throughout the economy over time. In the past, the measure used for the general rate of inflation has been the IPD for GDP. In this report, the GNE IPD has been introduced to provide another perspective on inflation. Both of these IPDs are produced by the ABS.

The GDP IPD measures change in the total value of goods and services that Australian residents produce, including exports but excluding imports. The GNE IPD excludes exports but captures imports.

Where exports form a significant part of an economy’s product, the GDP inflation figure can reflect international trends more than shifts in domestic pricing. In these cases, GNE can provide a more accurate indication of inflation in domestic prices.

Health inflation

Health inflation is a measure of the average rate of change in prices within the health goods and services sector of the economy. Changes in the total health price index (THPI) measure health inflation (see Appendix C).

Excess health inflation

Excess health inflation is the amount by which the rate of health inflation exceeds general inflation. Excess health inflation will be positive if health prices are increasing more rapidly than prices generally throughout the economy. It will be negative when the general level of prices throughout the broader economy are increasing more rapidly than health prices.

2.2 Health expenditure and the GDP

The ratio of Australia’s health expenditure to GDP (health to GDP ratio) measures the cost to the nation of funding its health system as a proportion of the total economic activity.

The health expenditure to GDP ratio can change over time for one or both of the following reasons:

- the level of use of health goods and services can grow at a different rate from the rate for all goods and services in the economy (a volume effect)
- prices in the health sector can move at different rates from those in the economy more generally (referred to as excess health inflation, see Box 2.1).

Changes in the ratio, both up and down, can have as much to do with changes in GDP as with changes in health expenditure (see tables 2.2 and 2.3).

Spending on health accounted for 9.67% of GDP in 2012–13. This was up from 9.55% in 2011–12, despite relatively low growth in health expenditure. This was because health expenditure growth at 3.8% in nominal terms was still higher than the relatively low (2.53%) growth in nominal GDP (tables 2.1 and 2.2).

Table 2.2: Total health expenditure and GDP, current prices, and annual health to GDP ratios, 2002–03 to 2012–13

Year	Total health expenditure (\$ million)	GDP (\$ million)	Nominal GDP growth (%) ^(a)	Ratio of health expenditure to GDP (%)
2002–03	68,798	801,261	..	8.59
2003–04	73,509	861,982	7.58	8.53
2004–05	81,061	922,710	7.05	8.79
2005–06	86,685	998,312	8.19	8.68
2006–07	94,938	1,087,555	8.94	8.73
2007–08	103,563	1,178,952	8.40	8.78
2008–09	114,430	1,258,654	6.76	9.09
2009–10	122,130	1,296,324	2.99	9.42
2010–11	131,612	1,406,671	8.51	9.36
2011–12	141,957	1,486,071	5.64	9.55
2012–13	147,384	1,523,691	2.53	9.67
10 year average	..	..	6.65	9.01

(a) Nominal growth in GDP from year to year refers to the change in current price estimates.

Sources: AIHW health expenditure database and ABS 2014a.

Differential growth in real health expenditure and GDP

In 2012–13, growth in real GDP was 1.14 percentage points higher than total health expenditure growth (2.66% compared with 1.52%) (Table 2.3).

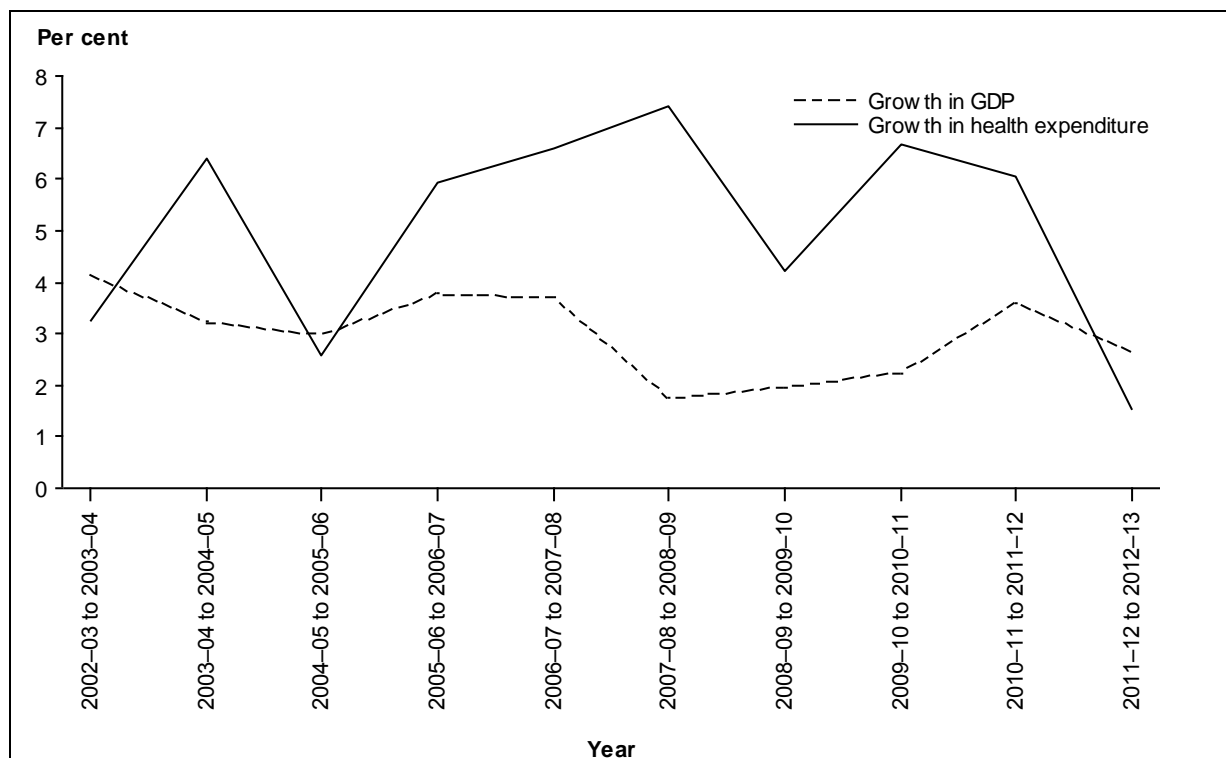
Over the decade from 2002–03 to 2012–13, total health expenditure has tended to grow faster in real terms than GDP (an average annual real growth of 5.05% per year compared to 3.00% for GDP). Prior to 2012–13, real GDP grew faster than real health expenditure on only two occasions (2003–04 and 2005–06)(Table 2.3 and Figure 2.1).

Table 2.3: Total health expenditure and GDP, constant prices^(a), and annual growth rates, 2002–03 to 2012–13

Year	Total health expenditure		GDP	
	Amount (\$ million)	Growth rate (%)	Amount (\$ million)	Growth rate (%)
2002–03	90,042	..	1,133,591	..
2003–04	92,960	3.24	1,180,726	4.16
2004–05	98,921	6.41	1,218,721	3.22
2005–06	101,478	2.58	1,255,086	2.98
2006–07	107,513	5.95	1,302,391	3.77
2007–08	114,596	6.59	1,350,548	3.70
2008–09	123,103	7.42	1,374,085	1.74
2009–10	128,308	4.23	1,401,055	1.96
2010–11	136,874	6.68	1,432,429	2.24
2011–12	145,175	6.07	1,484,209	3.61
2012–13	147,384	1.52	1,523,691	2.66
	Average annual growth rate (%)			
2002–03 to 2007–08	..	4.94	..	3.56
2007–08 to 2012–13	..	5.16	..	2.44
2002–03 to 2012–13	..	5.05	..	3.00

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

Sources: AIHW health expenditure database and ABS 2014a.



(a) Constant price health expenditure for 2002-03 to 2012-13 is expressed in terms of 2012-13 prices. Refer to Appendix C for further details.

Source: Table 2.3.

Figure 2.1: Annual growth rates of health expenditure and GDP, constant prices^(a), 2002-03 to 2012-13

Health inflation

In order to gauge differences between health inflation and general inflation, it is necessary to have agreed measures of both. In Australia, inflation across the economy is often measured by changes in the ABS IPD for GDP, while health inflation is measured by changes in the AIHW THPI. In this report, the IPD for GNE has also been considered as a measure of economy-wide inflation. The THPI is compared with both the GDP IPD and the GNE IPD. These two measures take a different approach to the treatment of the export and import components of the economy on inflation in particular (see Box 2.1).

When measured against the GDP IPD, health inflation has been lower than general inflation for seven of the past ten years. Across the whole decade to 2012-13, excess health inflation was negative (-1.01%) (Table 2.4 and Figure 2.2). This suggests that prices in the health sector have risen at a slower rate than prices in the broader economy when using domestic production as the comparator.

When using the GNE IPD measure of inflation, the average excess health inflation over the past ten years was positive (0.25%); however, excess health inflation was negative in five of the ten years and the average for the second half of the decade was negative (-0.24%) (Table 2.4 and Figure 2.2). This suggests that, on average, prices in the health sector rose faster than general inflation when using national expenditure as the comparator but that this was only due to relatively high inflation in the early part of the decade. In more recent years, health inflation has tended to be slower than general inflation using this comparator.

The comparison between the GDP and GNE measures indicates that the inclusion or exclusion of exports and imports has a substantial impact on whether or not prices in the health sector appear to have risen slower or faster than the general inflation rate.

Table 2.4: Annual rates of health inflation, 2002–03 to 2012–13 (per cent)

Period	GDP IPD measures			GNE IPD measures	
	Health inflation ^(a)	General inflation ^(b)	Excess health inflation	General inflation ^(c)	Excess health inflation
2002–03 to 2003–04	3.49	3.28	0.20	1.50	1.97
2003–04 to 2004–05	3.63	3.71	–0.08	2.09	1.50
2004–05 to 2005–06	4.24	5.06	–0.78	3.01	1.20
2005–06 to 2006–07	3.37	4.98	–1.53	3.39	–0.02
2006–07 to 2007–08	2.34	4.54	–2.10	3.28	–0.91
2007–08 to 2008–09	2.86	4.93	–1.98	3.40	–0.52
2008–09 to 2009–10	2.40	1.01	1.38	1.80	0.59
2009–10 to 2010–11	1.02	6.14	–4.82	2.19	–1.14
2010–11 to 2011–12	1.69	1.96	–0.26	1.83	–0.14
2011–12 to 2012–13	2.27	–0.13	2.40	2.00	0.26
Average growth rate					
2002–03 to 2007–08	3.41	4.31	–0.86	2.65	0.74
2007–08 to 2012–13	2.05	2.75	–1.16	2.24	–0.24
2002–03 to 2012–13	2.73	3.53	–1.01	2.45	0.25

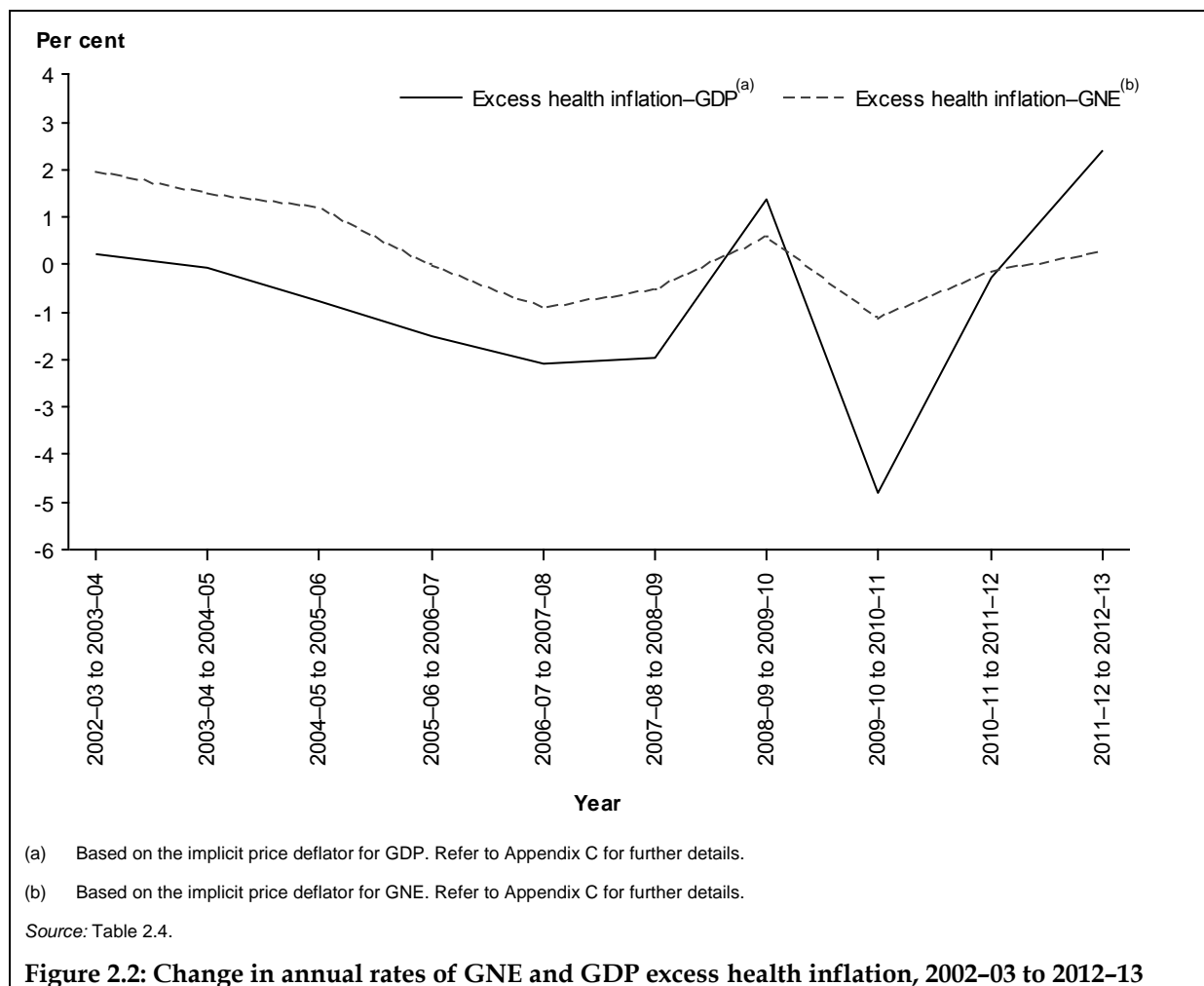
(a) Based on the total health price index. Refer to Appendix C for further details.

(b) Based on the implicit price deflator for GDP. Refer to Appendix C for further details.

(c) Based on the implicit price deflator for GNE. Refer to Appendix C for further details.

Note: Components may not add to totals due to rounding.

Sources: AIHW health expenditure database and ABS 2014a.



The contribution of inflation to health expenditure growth

The way real growth in health goods and services and health inflation contributed to changes in the annual ratio of health expenditure to GDP is shown in Table 2.5. The second last column shows the increase or decrease in the volume of health goods and services relative to the increase or decrease in the GDP volume.

In 2012-13, the ratio of health expenditure to GDP was 9.67%, up 0.12 percentage points on the previous year. This comprised a 1.11% fall in the volume of health goods and services, relative to the increase in GDP volume, and a 2.40% rise in the price of health goods and services compared with price changes in the general economy (Table 2.5).

Table 2.5: Components of the annual change in the health expenditure to GDP ratio, 2002–03 to 2012–13 (per cent)

Year	Ratio of health expenditure to GDP	Components of change in ratio		
		Percentage change in ratio of health expenditure to GDP from previous year	Change in the volume of health goods and services purchased ^(a)	Change in the price of health goods and services purchased ^(b)
2002–03	8.59	..	..	..
2003–04	8.53	–0.68	–0.88	0.20
2004–05	8.79	3.02	3.10	–0.08
2005–06	8.68	–1.16	–0.39	–0.78
2006–07	8.73	0.53	2.10	–1.53
2007–08	8.78	0.63	2.79	–2.10
2008–09	9.09	3.50	5.58	–1.98
2009–10	9.42	3.63	2.22	1.38
2010–11	9.36	–0.69	4.34	–4.82
2011–12	9.55	2.10	2.36	–0.26
2012–13	9.67	1.26	–1.11	2.40

(a) Calculated using the real growth rate in total health expenditure and the real growth rate in GDP (see Table 2.3).

(b) Calculated using the IPD for GDP (see Table 2.4).

Note: Components may not add to totals due to rounding.

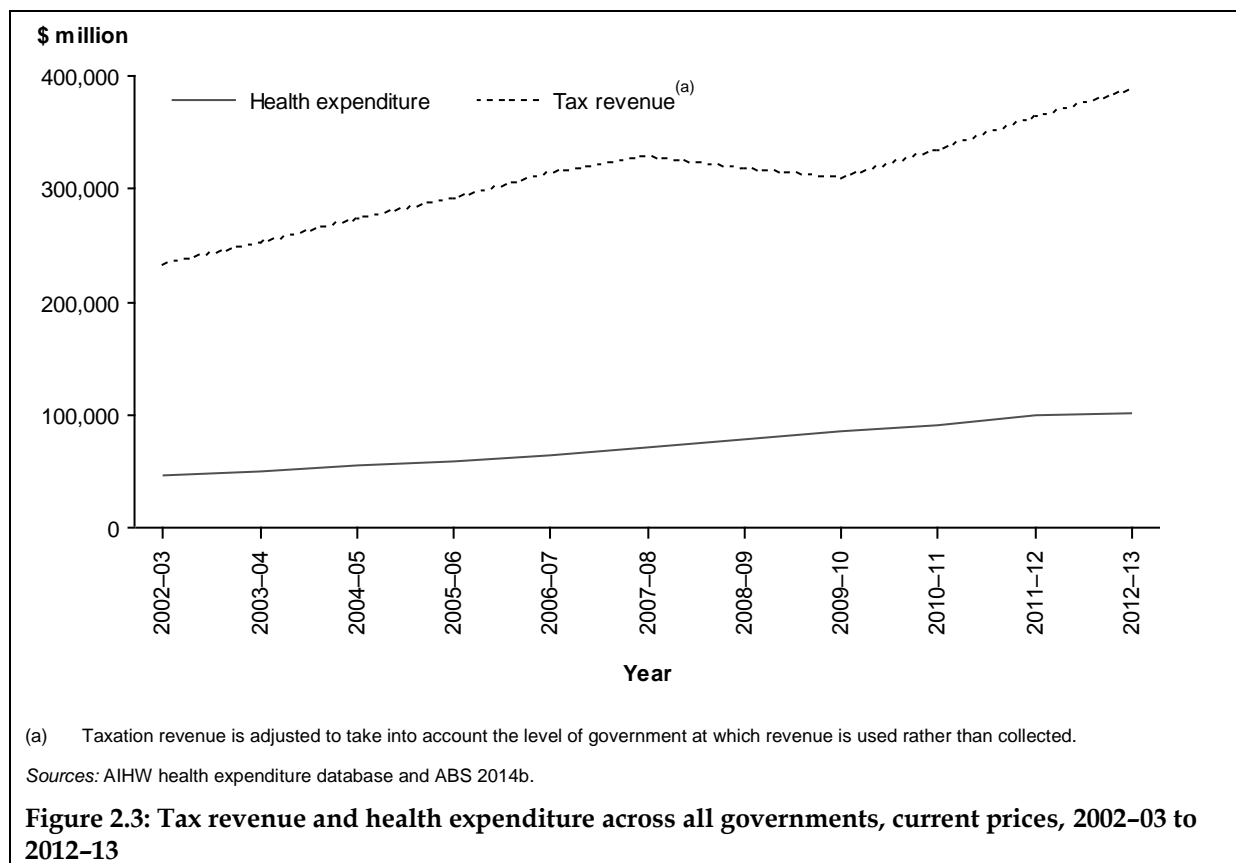
Sources: AIHW health expenditure database and ABS 2014a.

2.3 Government health expenditure and tax revenue

At the national level, tax revenue growth was less consistent than growth in government health expenditure from 2002–03 to 2012–13, largely as a result of the Global Financial Crisis (GFC) (Figure 2.3).

Over the same period, tax revenue across all governments rose in current prices from \$233.8 billion to \$388.4 billion. Between 2002–03 and 2007–08 (prior to the GFC), this nominal growth was relatively steady, with yearly growth rates varying between 4.7% and 8.4%. The average annual growth over the decade was 5.2% (Figure 2.3).

At the national level, government health expenditure rose from \$46.8 billion in 2002–03 to \$100.8 billion in 2012–13. Between 2002–03 and 2007–08, government health expenditure grew at a rate of between 5.6% and 11.2%, with an average annual nominal growth rate of 8.7% over this period (Figure 2.3).

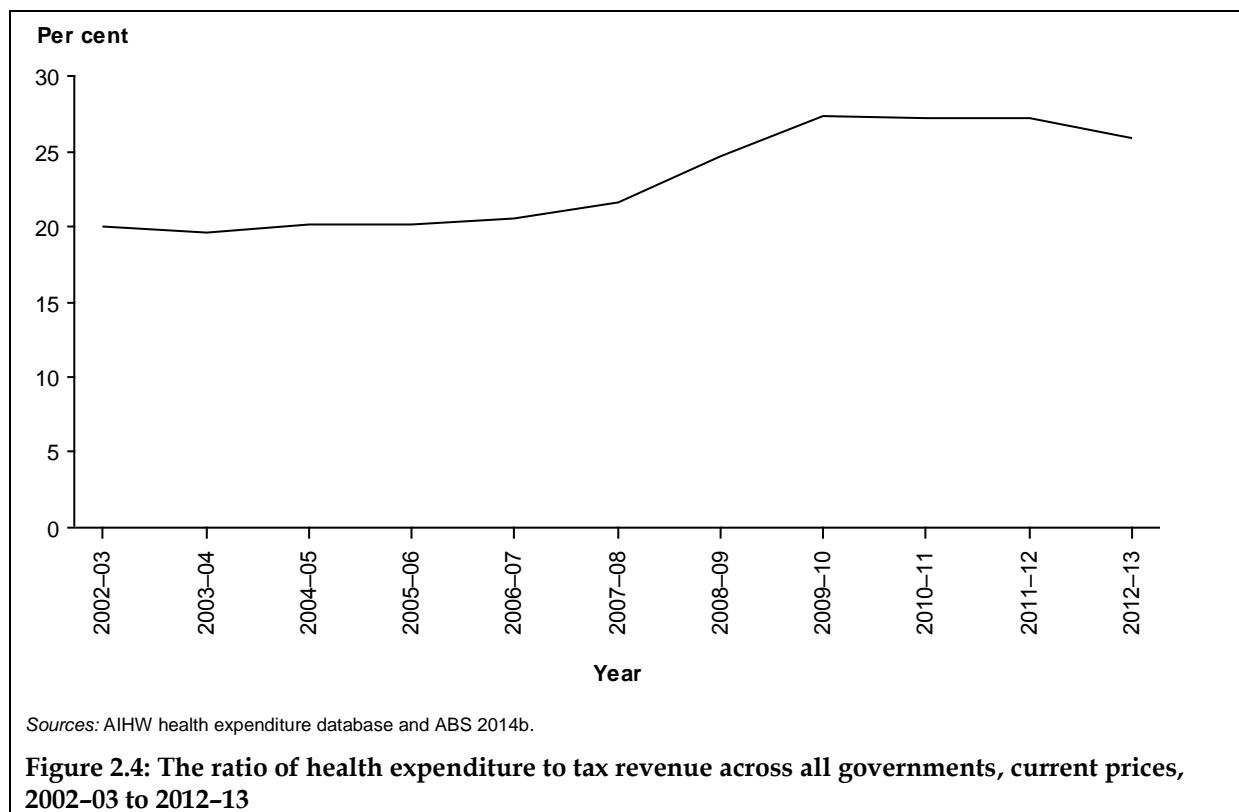


The ratio of government health expenditure to tax revenue was around 20% from 2002-03 to 2007-08 (Figure 2.4).

Government tax revenue fell by 3.2% in 2008-09 and 2.6% in 2009-10, before a growth of 8.1% in 2010-11, 8.6% in 2011-12 and 6.7% in 2012-13 (Figure 2.3).

Unlike tax revenue, government health expenditure did not decline following the GFC (Figure 2.3). As a result, the expenditure to tax revenue ratio rose to a high in 2009-10 of 27.4%. It fell slightly to 27.3% in 2011-12 and then further to 25.9% in 2012-13 (Figure 2.4).

What these data suggest is that, prior to the GFC, the growth in tax revenue was keeping pace with the growth in health expenditure. The reduced tax revenue resulting from the GFC, however, had a substantial impact on the health expenditure to tax revenue ratio, particularly as government health expenditures kept on their upward trajectory. Since then, the ratio has fallen as tax revenues have increased but not to the levels recorded prior to the GFC, together with modest health expenditure growth by the Australian Government over recent years.



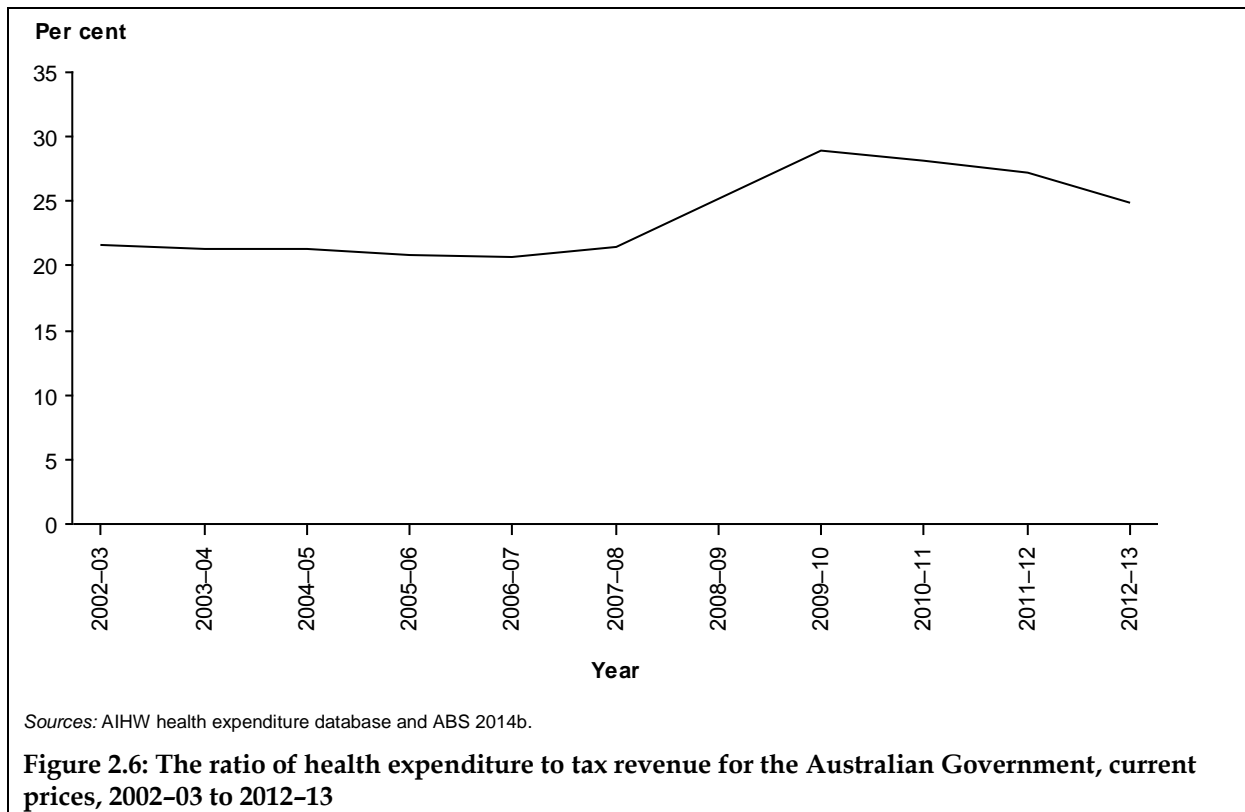
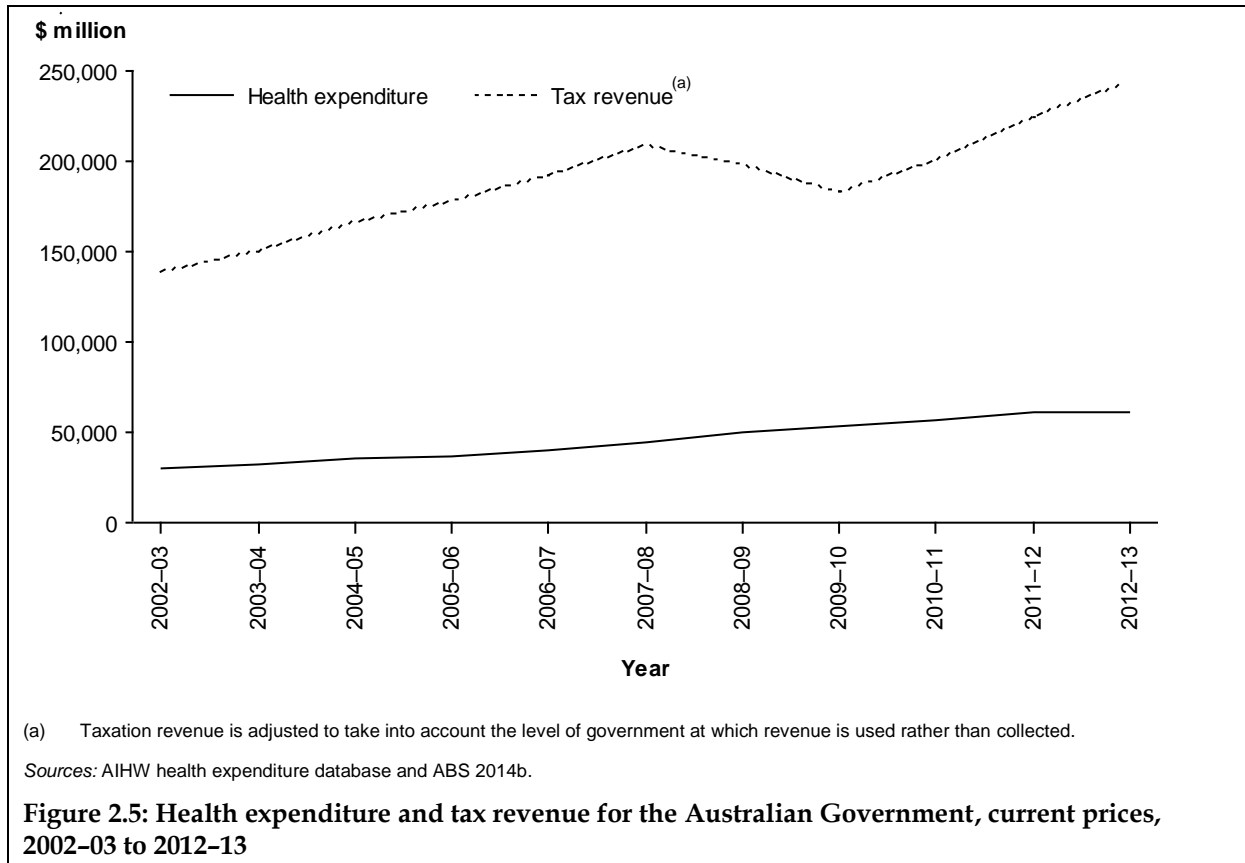
Australian Government

Tax revenues accrued by the Australian Government followed a similar trend to revenues for all governments (presented above). Prior to the GFC, tax revenues grew steadily between 2002-03 (\$139.0 billion) and 2007-08 (\$209.0 billion). Following the GFC, they fell in 2008-09 and 2009-10 but increased in 2010-11, 2011-12 and 2012-13 (\$244.4 billion) (Figure 2.5).

Health expenditure by the Australian Government rose from \$30.1 billion in 2002-03 to \$61.0 billion in 2012-13 (Figure 2.5).

The ratio of health expenditure to taxation revenue for the Australian Government fluctuated within a narrow range from 21.6% in 2002-03 to 21.5% in 2007-08, averaging 21.2% over that period (Figure 2.6).

A drop in tax revenue following the GFC contributed to the ratio increasing to 25.3% in 2008-09 and 29.0% in 2009-10, before declining to 25.0% in 2012-13 as modest health expenditure growth has also had an impact alongside increasing revenues (Figure 2.6).



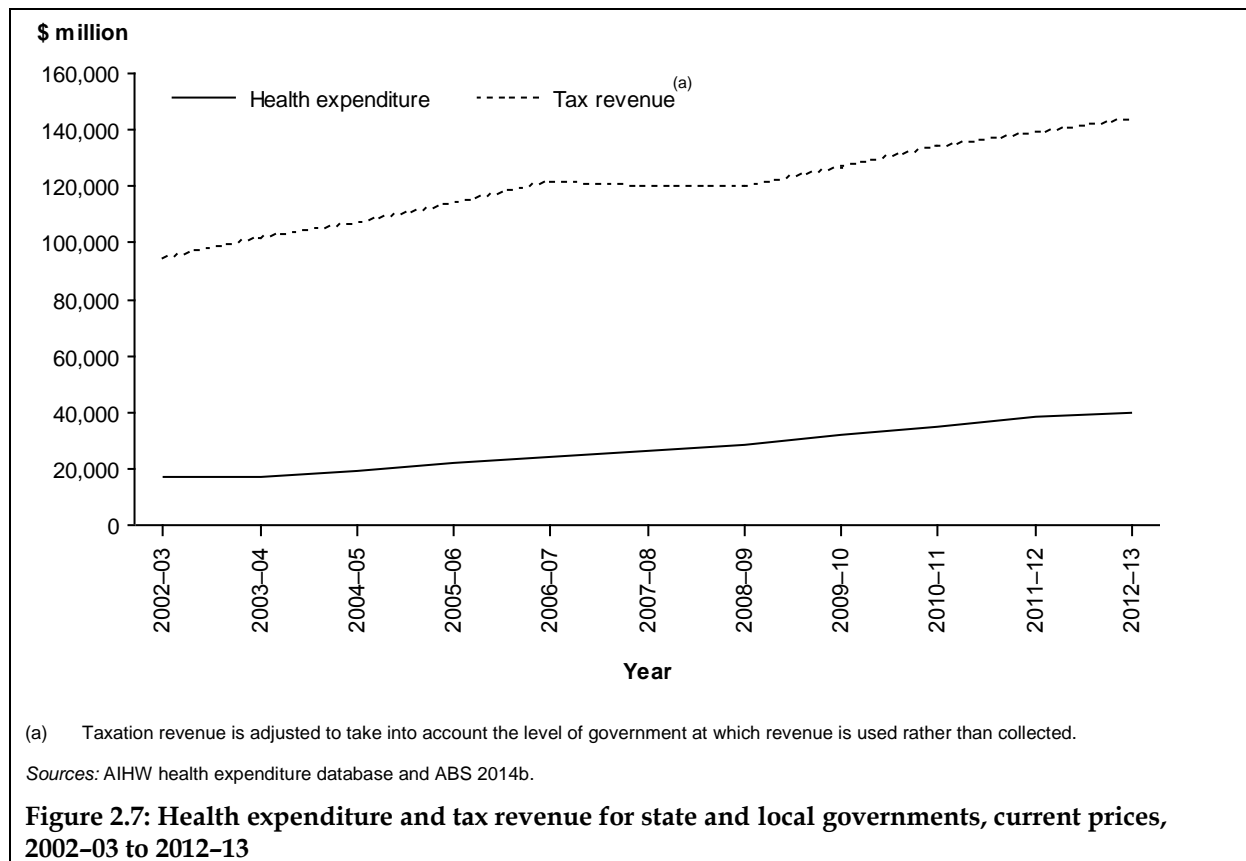
State and local governments

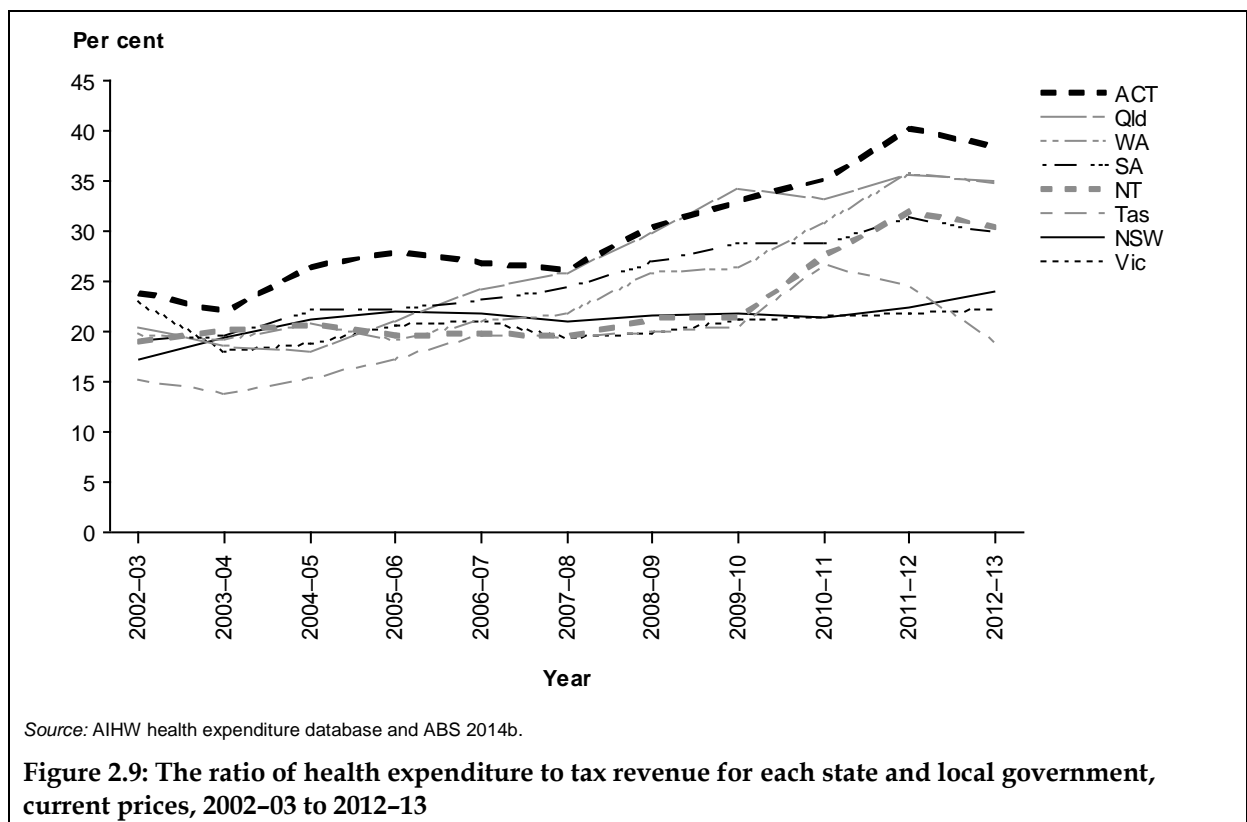
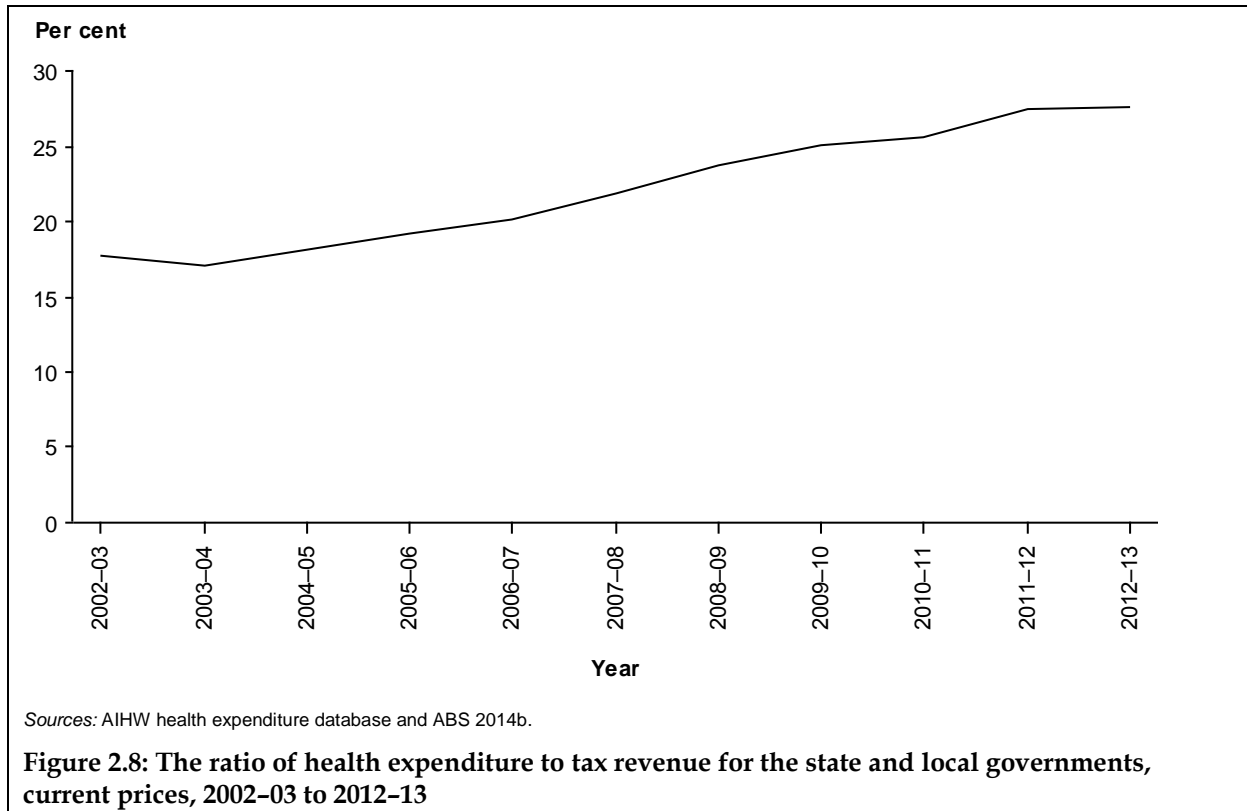
State and local government tax revenues grew throughout the decade from \$94.8 billion in 2002–03 to \$144.1 billion in 2012–13, an average annual growth rate of 4.3% per year. These revenues were less affected by the GFC. After a small fall in tax revenue in 2008–09, in 2009–10 and 2010–11 there was a growth of 5.8% in both years. In 2011–12 and 2012–13, growth in tax revenue was around 3.5% in both years (Figure 2.7).

Health expenditure by state and local governments grew from \$16.8 billion in 2002–03 to \$39.8 billion in 2012–13, at an average annual growth rate of 9.0% per year (Figure 2.7).

In 2012–13, the ratio of health expenditure to revenue for the state and local governments rose by just 0.1 percentage points (from 27.5% in 2011–12 to 27.6%). This was the smallest increase over the decade (Figure 2.8).

The only jurisdictions to increase the proportion of their revenue spent on health in 2012–13 were New South Wales and Victoria, with New South Wales experiencing a marked growth (7.5%) and Victoria experiencing a more modest growth (2.0%). All other jurisdictions reduced this share, which was in contrast to the trend seen in the past decade (Figure 2.9).





2.4 Health expenditure per person

Assuming there are no changes in the cost-effectiveness of the existing mix of health goods and services, health expenditure would need to grow in proportion to population growth in order to maintain the average level of health goods and services provided to each person in the community. That is, larger populations should incur higher total expenditures to provide their members with the same average levels of health goods and services as smaller populations (ignoring the impact of economies of scale and other sources of efficiency). To account for these population differences, it is important to examine health expenditure on an average per person basis.

In 2012–13, estimated per person expenditure on health averaged \$6,430, which was \$17 less (in real terms) per person than in the previous year (Table 2.6 and Figure 2.10). In 2012–13, expenditure essentially grew in proportion to (rather than faster than) population growth for the first time in the decade.

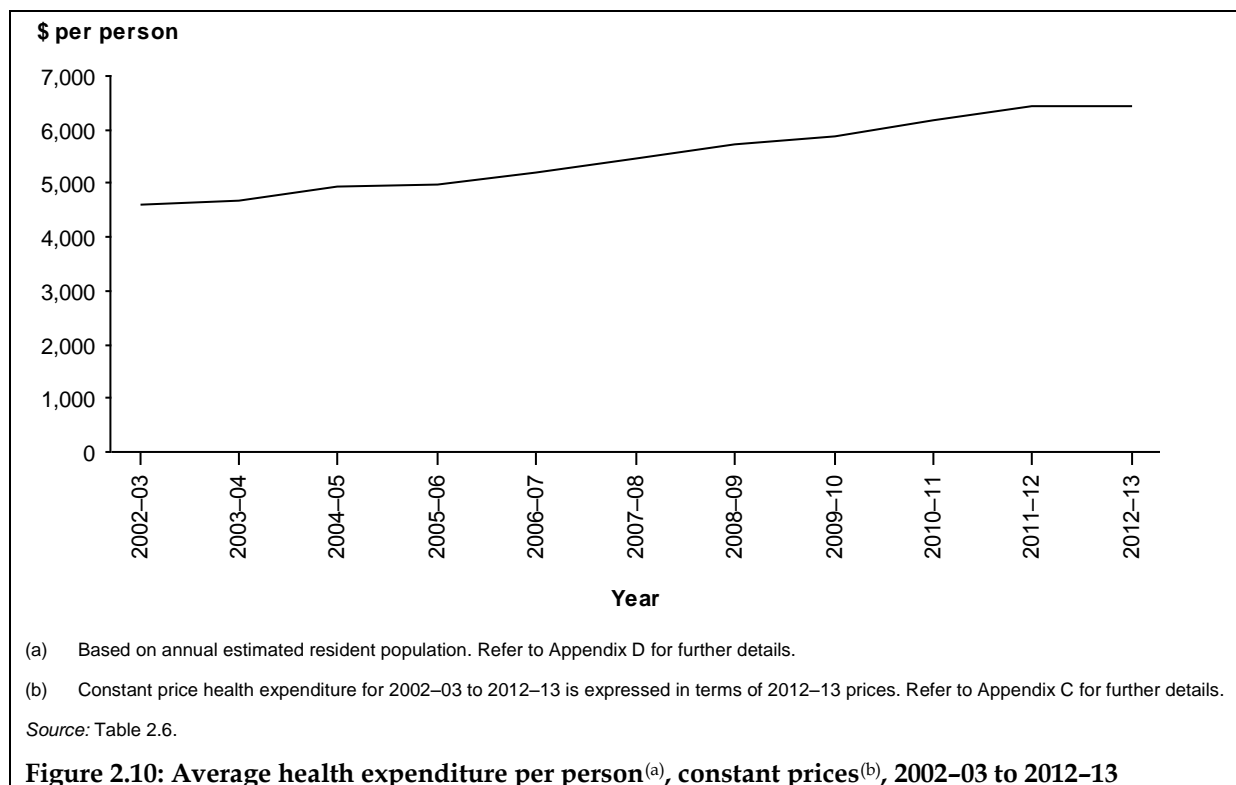
Table 2.6: Average health expenditure per person^(a), current and constant prices^(b), and annual growth rates, 2002–03 to 2012–13

Year	Amount (\$)		Annual change in expenditure (%)	
	Current	Constant	Nominal change	Real growth
2002–03	3,510	4,593	..	..
2003–04	3,708	4,689	5.7	2.1
2004–05	4,044	4,935	9.1	5.3
2005–06	4,268	4,997	5.5	1.2
2006–07	4,603	5,213	7.8	4.3
2007–08	4,928	5,453	7.1	4.6
2008–09	5,329	5,733	8.1	5.1
2009–10	5,586	5,869	4.8	2.4
2010–11	5,937	6,174	6.3	5.2
2011–12	6,304	6,447	6.2	4.4
2012–13	6,430	6,430	2.0	–0.3
Average annual growth rate (%)				
2002–03 to 2007–08	..	..	7.0	3.5
2007–08 to 2012–13	..	..	5.5	3.4
2002–03 to 2012–13	..	..	6.2	3.4

(a) Based on annual estimated resident population. Refer to Appendix D for further details.

(b) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.



2.5 Recurrent health expenditure

Recurrent health expenditure is expenditure that does not result in the creation or acquisition of fixed assets (new or second-hand). It consists mainly of expenditure on wages, salaries and supplements, purchases of goods and services and consumption of fixed capital. It excludes expenditure on capital, which is included in total health expenditure.

Recurrent expenditure usually accounts for around 94% to 95% of all expenditure on health goods and services in a year. In 2012-13, recurrent expenditure was \$138.8 billion (94.2% of total health expenditure) (Table 2.7). The remainder was incremental change in the health-related capital stock – capital expenditure.

Recurrent health expenditure grew in real terms at 5.0% per year between 2002-03 and 2012-13, which closely matched the growth in total health expenditure (5.1%). In 2012-13, however, growth in recurrent expenditure (1.8%) was slightly higher than the growth in total health expenditure (1.5%) (Table 2.8).

Table 2.7: Total and recurrent health expenditure, current prices, and recurrent expenditure as a proportion of total health expenditure, 2002–03 to 2012–13

Year	Total health expenditure (\$ million)	Recurrent expenditure (\$ million)	Recurrent expenditure as a proportion of total health expenditure (%)
2002–03	68,798	64,822	94.2
2003–04	73,509	69,901	95.1
2004–05	81,061	76,781	94.7
2005–06	86,685	81,933	94.5
2006–07	94,938	89,449	94.2
2007–08	103,563	98,017	94.6
2008–09	114,430	107,962	94.3
2009–10	122,130	116,342	95.3
2010–11	131,612	124,122	94.3
2011–12	141,957	133,144	93.8
2012–13	147,384	138,777	94.2

Source: AIHW health expenditure database.

Table 2.8: Total and recurrent health expenditure, constant prices^(a) and annual growth rates, 2002–03 to 2012–13

Year	Total health expenditure		Recurrent expenditure	
	(\$ million)	Annual growth (%)	(\$ million)	Annual growth (%)
2002–03	90,042	..	85,307	..
2003–04	92,960	3.2	88,735	4.0
2004–05	98,921	6.4	93,988	5.9
2005–06	101,478	2.6	96,269	2.4
2006–07	107,513	5.9	101,634	5.6
2007–08	114,596	6.6	108,905	7.2
2008–09	123,103	7.4	116,679	7.1
2009–10	128,308	4.2	122,475	5.0
2010–11	136,874	6.7	129,372	5.6
2011–12	145,175	6.1	136,361	5.4
2012–13	147,384	1.5	138,777	1.8
	Average annual growth rate (%)			
2002–03 to 2007–08	..	4.9	..	5.0
2007–08 to 2012–13	..	5.2	..	5.0
2002–03 to 2012–13	..	5.1	..	5.0

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.

Recurrent expenditure in states and territories

These state-based health expenditure estimates include estimates of expenditure incurred by all service providers and funded by all sources – state and territory governments, the Australian Government, private health insurance funds, individuals (through out-of-pocket payments) and providers of injury compensation cover. They are not limited to the areas of responsibility of state and territory governments.

Where possible, consistent estimation methods and data sources have been applied across all the states and territories; however, there could be differences in the data from one jurisdiction to another on which estimation methods are based. This means that, while some broad comparisons can be made, caution should be exercised when comparing the results across jurisdictions.

Of the \$138.8 billion in national recurrent health expenditure in 2012–13, over half (56.2%) was spent in the two most populous states, New South Wales (\$44.0 billion) and Victoria (\$34.0 billion) (Table 2.9).

The average annual real growth in recurrent health expenditure between 2002–03 and 2012–13 ranged from 4.3% in the Australian Capital Territory to 6.5% in the Northern Territory. The national average growth was 5.0% over the same period (Table 2.10).

Table 2.9: Total recurrent health expenditure, current prices, for each state and territory, all sources of funds, 2002–03 to 2012–13 (\$ million)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2002–03	21,416	16,962	11,532	6,335	5,052	1,513	1,230	782	64,822
2003–04	23,640	17,590	12,451	6,936	5,501	1,575	1,339	868	69,901
2004–05	26,106	19,120	13,734	7,620	6,075	1,704	1,482	941	76,781
2005–06	27,386	20,401	15,199	8,035	6,446	1,851	1,569	1,047	81,933
2006–07	29,637	22,005	17,124	8,925	6,882	2,016	1,718	1,142	89,449
2007–08	32,025	23,765	19,058	10,013	7,718	2,294	1,845	1,300	98,017
2008–09	34,894	26,264	21,283	11,091	8,464	2,495	2,007	1,464	107,962
2009–10	37,384	28,734	23,289	11,630	9,081	2,602	2,127	1,493	116,342
2010–11	39,273	30,884	24,667	12,796	9,636	2,844	2,326	1,696	124,122
2011–12	41,937	32,705	26,861	13,792	10,330	2,998	2,530	1,991	133,144
2012–13	43,961	34,011	28,133	14,653	10,475	3,027	2,556	1,960	138,777

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

Table 2.10: Total recurrent health expenditure, constant prices^(a), for each state and territory, all sources of funds, and annual growth rates, 2002–03 to 2012–13 (\$ million)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2002–03	28,343	21,679	15,490	8,491	6,610	1,975	1,675	1,044	85,307
2003–04	30,002	21,784	16,032	9,054	6,989	1,991	1,760	1,123	88,735
2004–05	31,965	22,831	16,994	9,602	7,480	2,070	1,868	1,178	93,988
2005–06	31,955	23,499	18,162	9,721	7,615	2,163	1,891	1,263	96,269
2006–07	33,370	24,633	19,739	10,413	7,871	2,277	2,007	1,325	101,634
2007–08	35,270	26,130	21,435	11,363	8,597	2,537	2,100	1,472	108,905
2008–09	37,590	28,080	23,233	12,147	9,141	2,680	2,212	1,596	116,679
2009–10	39,301	30,045	24,627	12,376	9,554	2,727	2,263	1,581	122,475
2010–11	40,977	31,929	25,753	13,480	10,053	2,959	2,440	1,781	129,372
2011–12	42,975	33,380	27,542	14,173	10,585	3,061	2,604	2,040	136,361
2012–13	43,961	34,011	28,133	14,653	10,475	3,027	2,556	1,960	138,777
Average annual growth rate (%)									
2002–03 to 2007–08	4.5	3.8	6.7	6.0	5.4	5.1	4.6	7.1	5.0
2007–08 to 2012–13	4.5	5.4	5.6	5.2	4.0	3.6	4.0	5.9	5.0
2002–03 to 2012–13	4.5	4.6	6.1	5.6	4.7	4.4	4.3	6.5	5.0

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

Average recurrent expenditure per person

Average recurrent health expenditure per person fluctuates from state to state for various reasons such as differences in socioeconomic and demographic profiles. Health policy initiatives that the state or territory government and the Australian Government pursue also influence health expenditure per person in a particular state or territory.

The per person recurrent health expenditure estimates for individual states and territories must always be treated with caution. The estimates on which they are based include expenditures on health goods and services provided to patients from other states and territories. The population that provides the denominator in the calculation is, however, the resident population of the state or territory in which the expenditure was incurred. This particularly affects the estimates for the Australian Capital Territory due to its relatively unique cross-border circumstances with New South Wales, which renders it a principal health service area for the surrounding regional centres in New South Wales. Per person estimates for the Australian Capital Territory are therefore not reported in this publication. Australian Capital Territory data are included in the national estimates.

In 2012–13, the estimated national average level of recurrent expenditure on health was \$6,055 per person. Expenditure in New South Wales was \$5,977 per person, 1.3% below the national average, while in the Northern Territory it was \$8,218 per person, 35.7% higher than the national average (Table 2.11 and Figure 2.11).

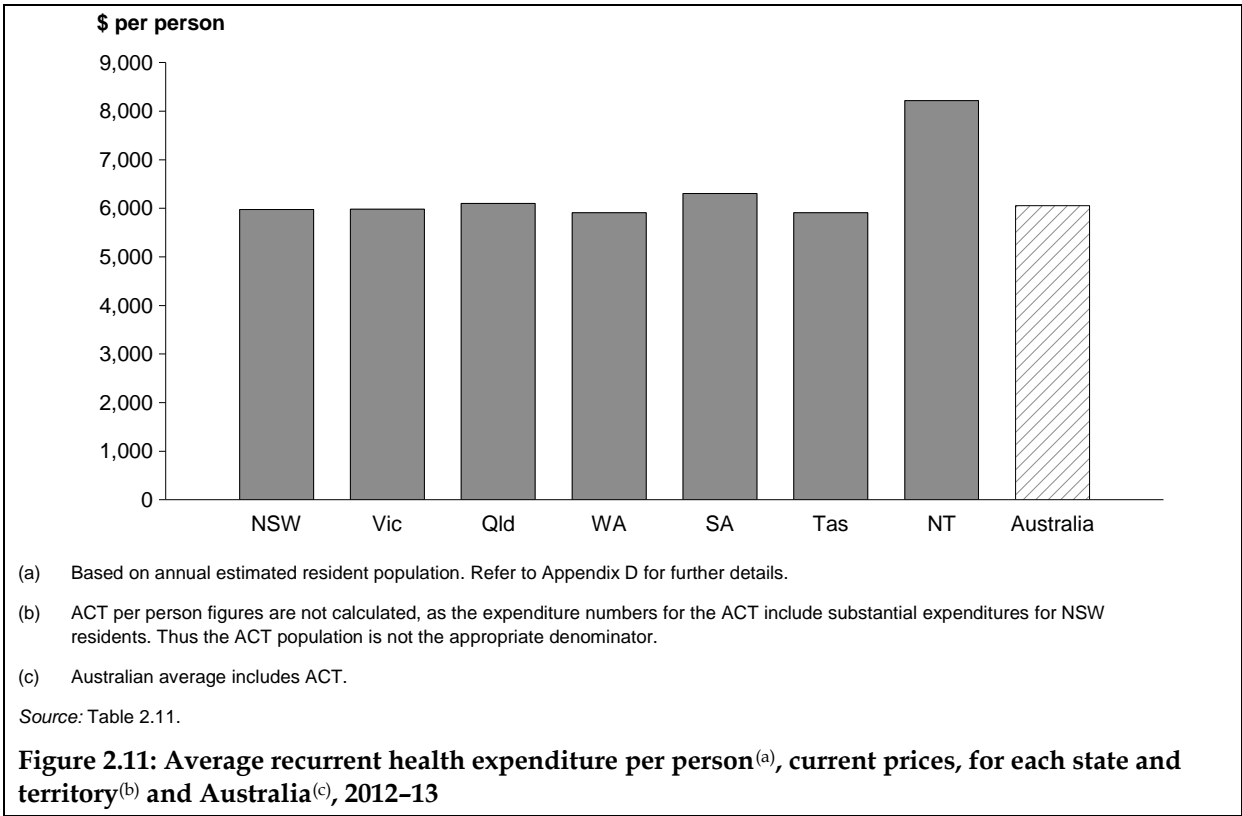


Table 2.11: Average recurrent health expenditure per person^(a), current prices, for each state and territory^(b), all sources of funds, 2002–03 to 2012–13 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(c)
2002–03	3,245	3,501	3,116	3,268	3,333	3,179	3,880	3,307
2003–04	3,563	3,590	3,286	3,528	3,608	3,272	4,305	3,526
2004–05	3,914	3,857	3,547	3,821	3,964	3,515	4,615	3,831
2005–06	4,076	4,061	3,834	3,958	4,172	3,793	5,050	4,034
2006–07	4,367	4,311	4,222	4,297	4,408	4,102	5,410	4,337
2007–08	4,652	4,571	4,581	4,690	4,889	4,627	6,000	4,664
2008–09	4,984	4,943	4,978	5,021	5,297	4,972	6,581	5,028
2009–10	5,264	5,302	5,332	5,138	5,610	5,139	6,556	5,322
2010–11	5,470	5,620	5,560	5,518	5,903	5,573	7,364	5,599
2011–12	5,775	5,858	5,945	5,767	6,272	5,855	8,558	5,913
2012–13	5,977	5,985	6,101	5,910	6,302	5,907	8,218	6,055
Percentage variation from the national average (%)								
2002–03	-1.9	5.9	-5.8	-1.2	0.8	-3.9	17.3	..
2003–04	1.1	1.8	-6.8	0.1	2.3	-7.2	22.1	..
2004–05	2.2	0.7	-7.4	-0.3	3.5	-8.3	20.5	..
2005–06	1.0	0.7	-5.0	-1.9	3.4	-6.0	25.2	..
2006–07	0.7	-0.6	-2.6	-0.9	1.6	-5.4	24.7	..
2007–08	-0.3	-2.0	-1.8	0.5	4.8	-0.8	28.6	..
2008–09	-0.9	-1.7	-1.0	-0.1	5.4	-1.1	30.9	..
2009–10	-1.1	-0.4	0.2	-3.5	5.4	-3.4	23.2	..
2010–11	-2.3	0.4	-0.7	-1.4	5.4	-0.5	31.5	..
2011–12	-2.3	-0.9	0.5	-2.5	6.1	-1.0	44.7	..
2012–13	-1.3	-1.2	0.8	-2.4	4.1	-2.4	35.7	..

(a) Based on annual estimated resident population. Refer to Appendix D for further details.

(b) ACT per person figures are not calculated, as the ACT expenditure estimates include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.

(c) Australian average includes ACT.

Source: AIHW health expenditure database.

Table 2.12 shows the average recurrent health expenditure per person after adjusting for the effects of inflation. Over the decade, health expenditure increased by \$1,703 per person from \$4,352 in 2002–03 to \$6,055 in 2012–13.

The average annual real growth rate per person over the decade was the highest in the Northern Territory (4.7%) at 1.3 percentage points above the national average (3.4%). The lowest growth rate over the decade, 3.0%, was in Victoria and Western Australia (Table 2.13).

Table 2.12: Average recurrent health expenditure per person^(a), constant prices^(b), for each state and territory^(c), all sources of funds, 2002–03 to 2012–13 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(d)
2002–03	4,295	4,474	4,186	4,380	4,361	4,149	5,180	4,352
2003–04	4,522	4,446	4,232	4,605	4,584	4,137	5,567	4,476
2004–05	4,793	4,606	4,389	4,815	4,880	4,271	5,781	4,689
2005–06	4,757	4,678	4,582	4,789	4,929	4,432	6,091	4,740
2006–07	4,917	4,826	4,867	5,014	5,041	4,633	6,277	4,928
2007–08	5,124	5,026	5,153	5,322	5,447	5,116	6,796	5,183
2008–09	5,369	5,285	5,434	5,499	5,721	5,341	7,172	5,434
2009–10	5,534	5,544	5,639	5,467	5,903	5,385	6,942	5,602
2010–11	5,707	5,810	5,804	5,813	6,158	5,799	7,731	5,836
2011–12	5,918	5,979	6,095	5,926	6,427	5,980	8,768	6,056
2012–13	5,977	5,985	6,101	5,910	6,302	5,907	8,218	6,055

(a) Based on annual estimated resident population. Refer to Appendix D for further details.

(b) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

(c) ACT per person averages are not separately calculated, as the ACT expenditure estimates include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.

(d) Australian average includes ACT.

Source: AIHW health expenditure database.

Table 2.13: Annual growth in recurrent health expenditure per person^(a), constant prices^(b), all sources of funding for each state and territory^(c), 2002–03 to 2012–13 (per cent)

Period	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(d)
2002–03 to 2003–04	5.3	−0.6	1.1	5.1	5.1	−0.3	7.5	2.9
2003–04 to 2004–05	6.0	3.6	3.7	4.6	6.5	3.2	3.8	4.8
2004–05 to 2005–06	−0.8	1.6	4.4	−0.5	1.0	3.8	5.4	1.1
2005–06 to 2006–07	3.4	3.2	6.2	4.7	2.3	4.5	3.1	4.0
2006–07 to 2007–08	4.2	4.1	5.9	6.1	8.0	10.4	8.3	5.2
2007–08 to 2008–09	4.8	5.2	5.5	3.3	5.0	4.4	5.5	4.8
2008–09 to 2009–10	3.1	4.9	3.8	−0.6	3.2	0.8	−3.2	3.1
2009–10 to 2010–11	3.1	4.8	2.9	6.3	4.3	7.7	11.4	4.2
2010–11 to 2011–12	3.7	2.9	5.0	1.9	4.4	3.1	13.4	3.8
2011–12 to 2012–13	1.0	0.1	0.1	−0.3	−1.9	−1.2	−6.3	—
Average annual growth rate (%)								
2002–03 to 2007–08	3.6	2.3	4.2	4.0	4.5	4.3	5.6	3.6
2007–08 to 2012–13	3.1	3.6	3.4	2.1	3.0	2.9	3.9	3.2
2002–03 to 2012–13	3.4	3.0	3.8	3.0	3.8	3.6	4.7	3.4

(a) Based on annual estimated resident population. Refer to Appendix D for further details.

(b) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

(c) ACT per person figures are not calculated as the ACT expenditure estimates include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.

(d) Australian average includes ACT.

Source: Table 2.12.

2.6 International comparisons

This section compares Australia's expenditure on health with that of the Organisation for Economic Co-operation and Development (OECD) member economies. For the purpose of this comparison, Australian health expenditure estimates in this section have been derived using the framework for estimating and reporting national health expenditure that the OECD developed as part of its System of Health Accounts (SHA) (see Box 2.2).

Health expenditure to GDP ratio

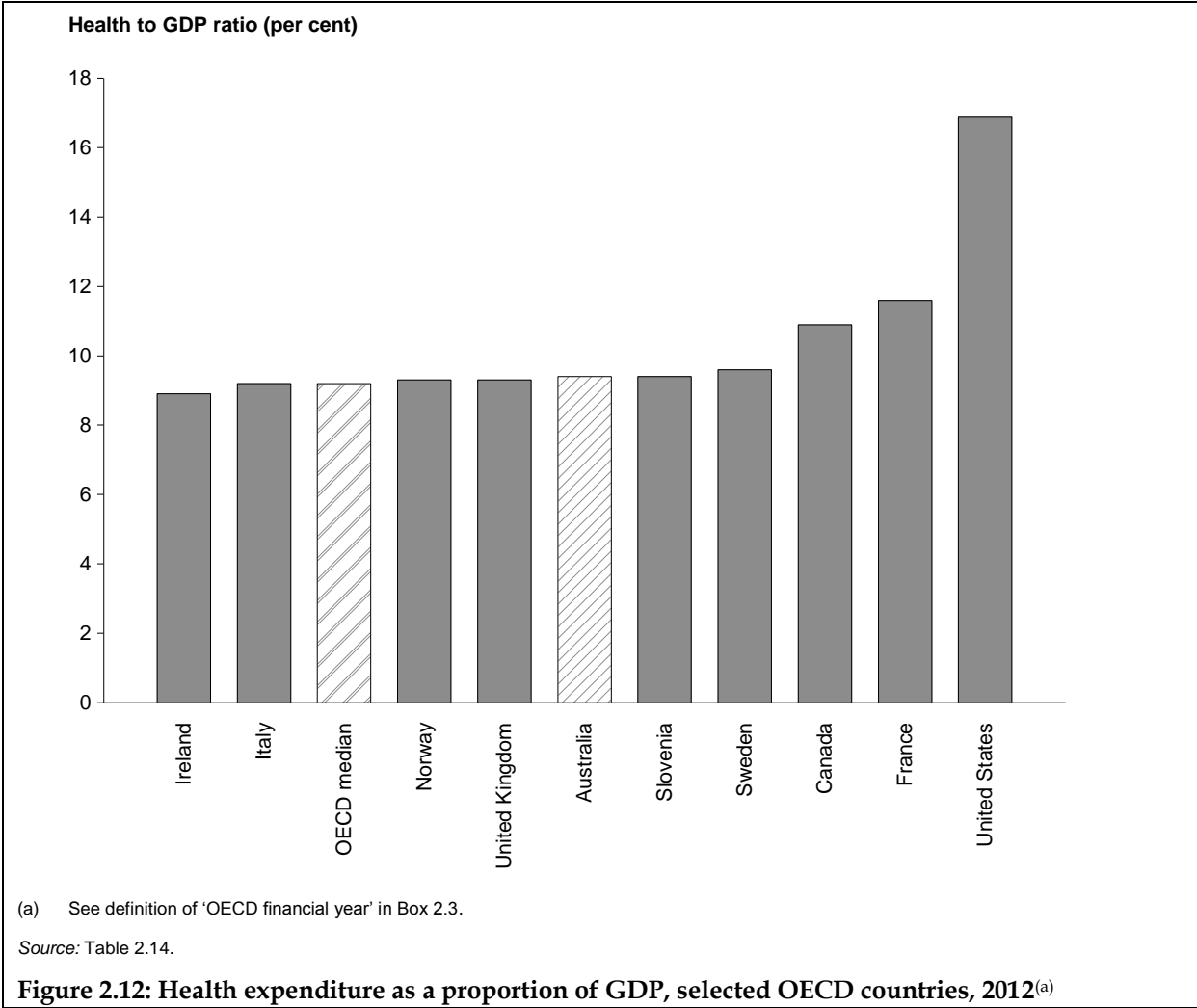
The OECD median health to GDP ratio increased from 8.2% in 2002 to 9.2% in 2012 (Table 2.14). The median health expenditure per person for all countries in the OECD was estimated at \$3,178 in 2002 and \$4,213 in 2012 (Table 2.15).

Australia's health to GDP ratio was around the OECD median in the decade 2002 to 2012. In 2002, this ratio was 8.4%, 0.2 percentage points above the OECD median of 8.2%. In 2012, Australia's health to GDP ratio was 9.4%, again 0.2 percentage points above the OECD median of 9.2% (Table 2.14 and Figure 2.13).

In 2012, Australia spent a similar proportion of GDP on health as the United Kingdom and Norway, a higher proportion than Ireland and Italy, and a lower proportion than Sweden, Canada, France and the United States (Table 2.14 and Figure 2.12). While later data is not yet available for New Zealand and the Netherlands, 2011 data suggests these two countries also spend more on health than Australia does.

Average per person expenditure on health in Australia increased in real terms from \$3,877 in 2002 to \$4,986 in 2012. The OECD median expenditure over the same period increased from \$3,178 per person to \$4,213 per person (Table 2.15 and Figure 2.14).

The United States was by far the highest spender on health care, spending 16.9% of GDP in 2012 (Table 2.14 and Figure 2.12). The average expenditure per person for the United States (\$10,637) was more than twice that of Australia (\$4,986) (Table 2.15).



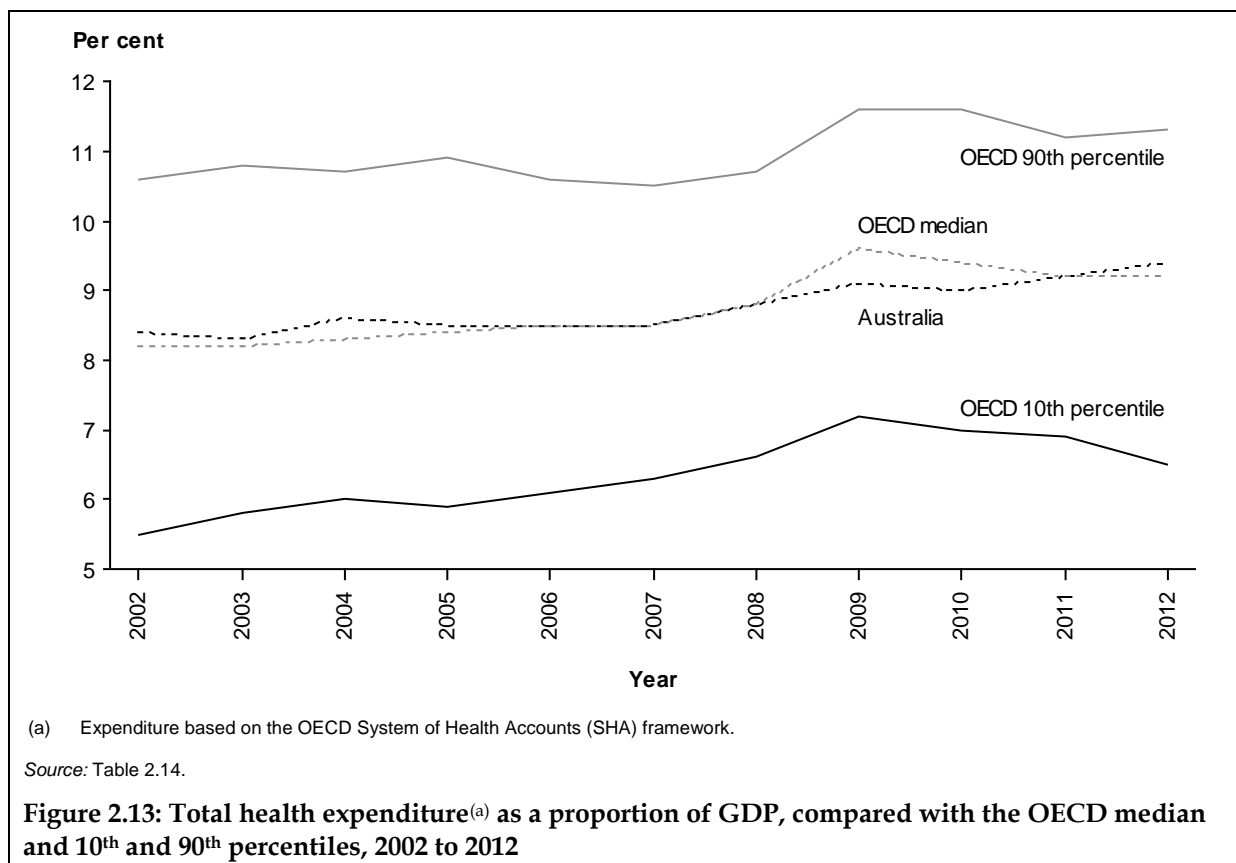


Table 2.14: Health expenditure^(a), as a proportion of GDP, OECD countries, 2002 to 2012^(b) (per cent)

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
United States	14.6	15.1	15.2	15.2	15.3	15.6	16.1	17.1	17.0	17.0	16.9
France	10.6	10.8	10.9	10.9	10.9	10.8	10.9	11.6	11.6	11.5	11.6
Switzerland	10.6	10.9	11.0	10.9	10.4	10.2	10.3	11.0	10.9	11.1	11.4
Germany	10.7	10.9	10.7	10.8	10.6	10.5	10.7	11.8	11.6	11.2	11.3
Austria	10.1	10.3	10.4	10.4	10.2	10.3	10.5	11.2	11.1	10.9	11.1
Denmark	9.3	9.5	9.7	9.8	9.9	10.0	10.2	11.5	11.1	10.9	11.0
Canada	9.4	9.5	9.6	9.6	9.7	9.8	10.0	11.1	11.1	10.9	10.9
Belgium	8.5	9.6	9.7	9.6	9.6	9.6	9.9	10.7	10.6	10.6	10.9
Japan	7.9	8.0	8.0	8.2	8.2	8.2	8.6	9.5	9.6	10.1	10.3
Sweden	9.2	9.3	9.1	9.1	8.9	8.9	9.2	9.9	9.5	9.5	9.6
Slovenia	8.6	8.8	8.5	8.5	8.4	8.0	8.5	9.4	9.1	9.1	9.4
Australia	8.4	8.3	8.6	8.5	8.5	8.5	8.8	9.1	9.0	9.2	9.4
Norway	9.8	10.0	9.6	9.0	8.6	8.7	8.6	9.7	9.4	9.3	9.3
United Kingdom	7.5	7.8	7.9	8.1	8.3	8.4	8.8	9.7	9.4	9.2	9.3
Greece	9.2	9.0	8.8	9.7	9.7	9.8	10.1	10.2	9.5	9.8	9.3
Italy	8.2	8.2	8.5	8.7	8.8	8.5	8.9	9.4	9.4	9.2	9.2
Finland	7.8	8.2	8.2	8.4	8.3	8.0	8.3	9.2	9.0	8.9	9.1
Iceland	10.2	10.4	9.9	9.4	9.1	9.1	9.1	9.6	9.3	9.0	9.0
Ireland	7.1	7.3	7.6	7.6	7.5	7.9	9.0	9.9	9.2	8.7	8.9
Slovak Republic	5.6	5.8	7.2	7.0	7.3	7.8	8.0	9.2	8.5	8.0	8.1
Hungary	7.6	8.6	8.2	8.4	8.3	7.7	7.5	7.7	8.1	8.0	8.0
Korea	4.9	5.2	5.2	5.7	6.1	6.4	6.6	7.2	7.3	7.4	7.6
Czech Republic	6.8	7.1	6.9	6.9	6.7	6.5	6.8	7.8	7.4	7.5	7.5
Chile	6.5	7.4	7.0	6.8	6.3	6.5	7.0	7.6	7.1	7.2	7.4
Israel	7.7	7.6	7.5	7.5	7.3	7.3	7.3	7.3	7.3	7.3	7.3
Luxembourg	8.3	7.7	8.2	7.9	7.7	6.7	7.3	8.1	7.6	7.3	7.1
Poland	6.3	6.2	6.2	6.2	6.2	6.3	6.9	7.2	7.0	6.9	6.8
Mexico	5.5	5.9	6.0	5.9	5.7	5.8	6.0	6.5	6.3	5.9	6.2
Estonia	4.8	4.9	5.1	5.0	5.0	5.2	6.1	6.9	6.3	5.8	5.9
Turkey	5.4	5.3	5.4	5.4	5.8	6.0	6.1	6.1	5.6	5.3	5.4
Netherlands	8.9	9.8	10.0	10.9	10.7	10.8	11.0	11.9	12.1	12.1	..
New Zealand	8.0	7.8	8.0	8.3	8.7	8.4	9.3	9.8	10.0	10.0	..
Portugal	9.3	9.7	10.0	10.4	10.0	10.0	10.2	10.8	10.8	10.2	..
Spain	7.3	8.2	8.2	8.3	8.4	8.5	8.9	9.6	9.6	9.4	..
10th percentile^(c)	5.5	5.8	6.0	5.9	6.1	6.3	6.6	7.2	7.0	6.9	6.5
Median	8.2	8.2	8.3	8.4	8.5	8.5	8.8	9.6	9.4	9.2	9.2
90th percentile^(c)	10.6	10.8	10.7	10.9	10.6	10.5	10.7	11.6	11.6	11.2	11.3

(a) Expenditure based on the OECD System of Health Accounts (SHA) framework.

(b) See definition of 'OECD financial year' in Box 2.3.

(c) The 10th (90th) percentile is the health to GDP ratio below which 10 (90) per cent of the OECD countries health to GDP ratio lies.

Note: Expenditures converted to Australian dollar values using GDP purchasing power parities.

Sources: AIHW health expenditure database; OECD 2014.

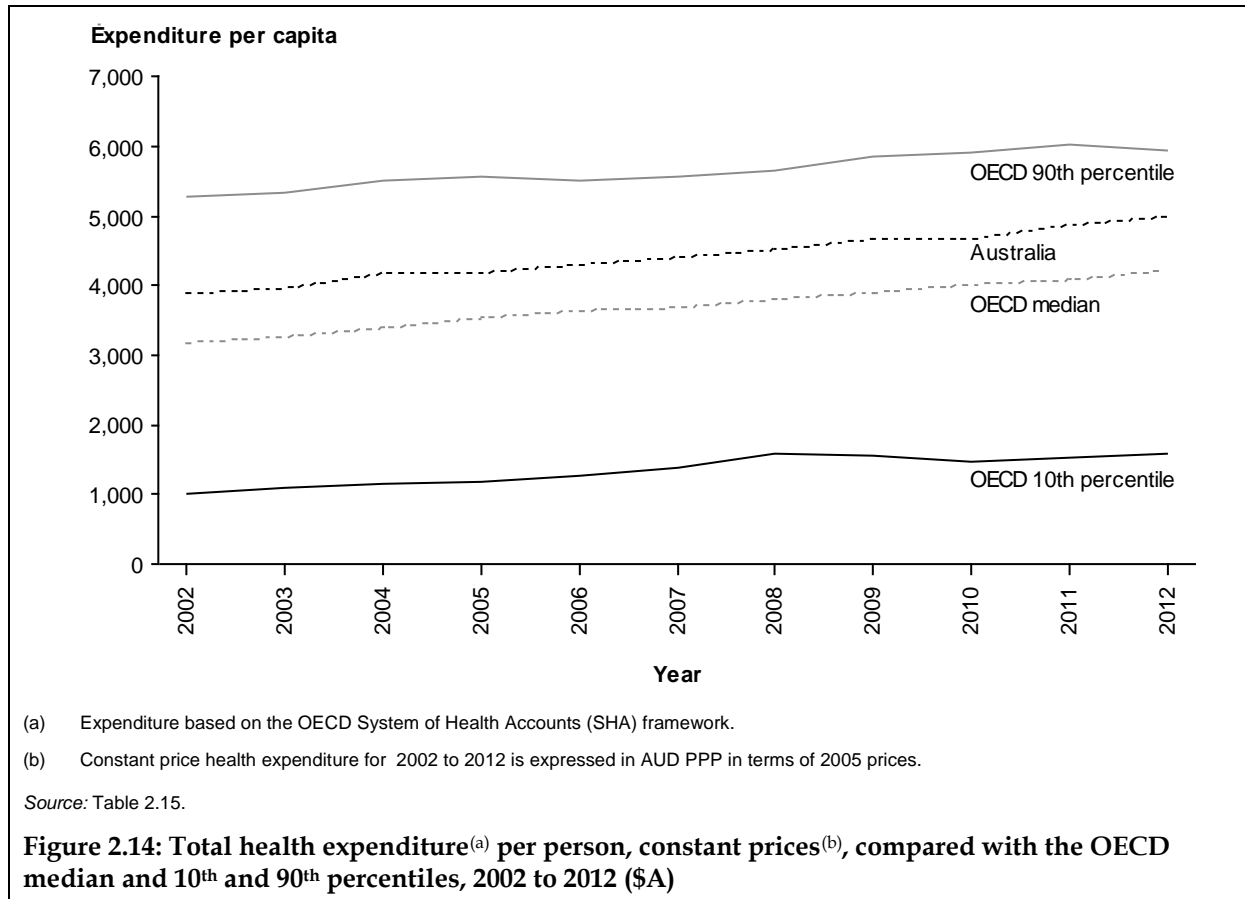


Table 2.15: Health expenditure^(a) per person, constant prices^(b), OECD countries, 2002 to 2012 (\$A)

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
United States	8,384	8,846	9,138	9,373	9,594	9,846	10,020	10,237	10,402	10,498	10,637
Norway	5,585	5,752	5,873	5,971	5,991	6,151	6,315	6,413	6,324	6,531	6,678
Switzerland	5,282	5,406	5,513	5,575	5,496	5,560	5,652	5,852	5,915	6,031	6,236
Canada	4,447	4,573	4,680	4,791	4,940	5,025	5,124	5,484	5,598	5,591	5,616
Austria	4,540	4,639	4,787	4,864	4,921	5,105	5,271	5,380	5,439	5,454	5,599
Germany	4,564	4,627	4,575	4,669	4,771	4,859	5,027	5,250	5,377	5,407	5,546
Australia	3,877	3,959	4,167	4,181	4,298	4,400	4,515	4,663	4,665	4,867	4,986
Belgium	3,620	4,143	4,273	4,311	4,367	4,480	4,637	4,791	4,804	4,856	4,943
Denmark	4,121	4,204	4,364	4,502	4,713	4,797	4,824	5,100	4,972	4,907	4,924
France	4,200	4,286	4,416	4,483	4,528	4,571	4,600	4,712	4,751	4,811	4,826
Luxembourg	5,763	5,321	5,799	5,764	5,746	5,145	5,393	5,470	5,204	4,917	4,672
Sweden	3,852	3,962	4,016	4,114	4,214	4,306	4,395	4,457	4,486	4,594	4,645
Japan	3,158	3,260	3,338	3,458	3,524	3,615	3,742	3,920	4,111	4,310	4,470
Ireland	3,539	3,702	3,961	4,081	4,158	4,433	4,858	4,982	4,537	4,370	4,448
Iceland	4,285	4,457	4,535	4,574	4,523	4,654	4,645	4,563	4,226	4,211	4,246
United Kingdom	3,198	3,409	3,560	3,750	3,900	4,043	4,175	4,353	4,231	4,179	4,181
Finland	3,072	3,263	3,413	3,594	3,700	3,741	3,857	3,876	3,910	3,982	3,985
Italy	3,219	3,193	3,360	3,471	3,575	3,479	3,573	3,554	3,606	3,555	3,439
Slovenia	2,521	2,638	2,657	2,769	2,895	2,920	3,196	3,230	3,149	3,168	3,179
Korea	1,394	1,522	1,600	1,789	2,023	2,220	2,334	2,525	2,726	2,840	2,967
Israel	2,431	2,398	2,443	2,540	2,556	2,674	2,754	2,721	2,809	2,896	2,959
Greece	2,775	2,877	2,908	3,269	3,469	3,604	3,704	3,611	3,203	3,080	2,720
Czech Republic	1,736	1,891	1,916	2,052	2,114	2,166	2,315	2,529	2,448	2,510	2,497
Slovak Republic	1,079	1,169	1,522	1,586	1,792	2,090	2,284	2,474	2,399	2,308	2,401
Hungary	1,570	1,846	1,859	1,990	2,025	1,887	1,855	1,795	1,894	1,922	1,885
Poland	1,068	1,093	1,145	1,189	1,261	1,376	1,573	1,673	1,691	1,714	1,719
Chile	1,000	1,174	1,174	1,193	1,158	1,242	1,379	1,461	1,439	1,515	1,618
Estonia	871	959	1,071	1,147	1,268	1,409	1,589	1,566	1,467	1,486	1,567
Mexico	900	961	1,011	1,017	1,020	1,058	1,080	1,100	1,107	1,071	1,148
Turkey	672	695	755	820	923	1,045	1,044	981	974	983	1,011
Netherlands	4,173	4,592	4,772	5,304	5,407	5,616	5,815	6,025	6,221	6,224	..
New Zealand	2,634	2,636	2,754	2,949	3,139	3,088	3,285	3,451	3,515	3,586	..
Portugal	2,753	2,846	2,977	3,085	3,027	3,081	3,145	3,229	3,285	3,078	..
Spain	2,619	2,983	3,051	3,134	3,246	3,337	3,489	3,584	3,561	3,481	..
10th percentile^(c)	1,000	1,093	1,145	1,189	1,261	1,376	1,573	1,566	1,467	1,515	1,592
Median	3,178	3,262	3,386	3,532	3,638	3,678	3,800	3,898	4,010	4,081	4,213
90th percentile^(c)	5,282	5,321	5,513	5,575	5,496	5,560	5,652	5,852	5,915	6,031	5,926

(a) Expenditure based on the OECD System of Health Accounts (SHA) framework.

(b) Constant price health expenditure for 2002 to 2012 is expressed in AUD PPP in terms of 2005 prices.

(c) The 10th (90th) percentile is the per person expenditure below which 10 (90) per cent of the OECD countries health expenditure lies.

Note: Expenditures converted to Australian dollar values using GDP purchasing power parities.

Sources: AIHW health expenditure database; OECD 2014.

Box 2.2: Australian health expenditure using the OECD System of Health Accounts framework

Australian health expenditure estimates in this section have been derived using the framework for estimating and reporting national health expenditure that the OECD developed as part of its System of Health Accounts (SHA).

The estimates of Australia's total health expenditure presented here differ somewhat from similarly titled estimates in other sections of this report. For example, in Table 2.2 health expenditure as a proportion of GDP is shown as 9.67% in 2012–13, but using the SHA estimating framework, it is estimated at 9.4% (Table 2.14).

The comparison of average health expenditure per person is undertaken using a common currency unit. This is achieved using purchasing power parities (PPPs), sourced from the OECD, for the whole of GDP for each country to convert its expenditures into Australian dollars. The PPPs for the whole of GDP are used because of the poor reliability of health-specific PPPs.

For comparing different OECD countries, medians have been calculated. The months that the OECD data cover for a particular year differ from one country to another (see Box 2.3).

The format that the AIHW has used for domestic reporting of expenditure on health since 1985 is based on one that the World Health Organization (WHO) adopted during the 1970s. The Australian version, referred to as the National Health Accounts (NHA), has changed little since the AIHW's first national health expenditure report in 1985, despite a lot of change in the way health care is delivered and financed. The WHO has now adopted a reporting framework based on the SHA.

In 2000, the OECD published guidelines for a new method of international reporting for health expenditure. *A system of health accounts* (SHA) (OECD 2000) was developed to encourage international consistency. Data in this chapter are reported according to the SHA. Since 2007, the OECD has been revising its SHA manual to: further improve the comparability of health expenditure data across countries; provide better information to assess the performance of health systems; and provide better information on the role of the health sector within the national economy. In October 2011, a new edition, building on the original manual was released (OECD, Eurostat, WHO 2011). The AIHW is working towards reporting its health expenditure to the OECD in accordance with the new guidelines.

The major difference between estimates derived using the NHA and SHA is the value of total expenditure. The NHA includes all the 'health' functional classifications and the health-related function 'Capital formation of health care provider institutions' as defined in the SHA. In addition, the following 'health-related' functional classifications in its estimates of total health expenditure are included in NHA:

- research and development in health
- food, hygiene and drinking water control
- environmental health.

One health-related function, 'Education and training of health personnel', is excluded from both the NHA and SHA estimates of total health expenditure.

Box 2.3: Periods equating to OECD year 2012

Country	Financial year
Australia	1 July 2012 to 30 June 2013
Canada	1 April 2012 to 31 March 2013
France	1 January 2012 to 31 December 2012
Germany	1 January 2012 to 31 December 2012
Japan	1 April 2012 to 31 March 2013
New Zealand	1 July 2012 to 30 June 2013
Sweden	1 January 2012 to 31 December 2012
United Kingdom	1 April 2012 to 31 March 2013
United States	1 October 2011 to 30 September 2012

3 Funding of health expenditure

3.1 Broad trends

In 2012–13, governments provided \$100.8 billion, or 68.3% of total health expenditure in Australia. This was 1.6 percentage points lower than in 2011–12, the largest reduction observed over the previous decade. The Australian Government’s contribution was \$61.0 billion (41.4% of total funding) and state and territory governments contributed \$39.8 billion (26.9%) (tables 3.1 and 3.2).

Non-government funding sources (individuals, private health insurance and other non-government sources) provided the remaining \$46.6 billion (31.6%) (tables 3.1 and 3.2).

Australian Government funding decreased between 2011–12 and 2012–13 by \$70 million in nominal terms; state and territory governments’ funding increased by \$1.5 billion; and non-government funding increased by \$4.0 billion (Table 3.1).

Table 3.1: Total funding for health expenditure, current prices, by source of funds, 2002–03 to 2012–13 (\$ million)

Year	Government			Non-government	Total
	Australian Government	State/territory and local governments	Total		
2002–03	30,058	16,780	46,838	21,960	68,798
2003–04	32,091	17,349	49,440	24,069	73,509
2004–05	35,559	19,426	54,985	26,076	81,061
2005–06	37,144	21,907	59,051	27,634	86,685
2006–07	39,948	24,485	64,434	30,505	94,938
2007–08	44,854	26,379	71,234	32,330	103,563
2008–09	50,160	28,493	78,653	35,776	114,430
2009–10	53,076	31,870	84,946	37,184	122,130
2010–11	56,676	34,490	91,166	40,446	131,612
2011–12	61,092	38,224	99,316	42,641	141,957
2012–13	61,022	39,767	100,789	46,594	147,384

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

The Australian Government’s share of total health expenditure has fluctuated but decreased overall from 43.6% in 2002–03 to 41.4% in 2012–13. The average over the period was 43.1% (Table 3.2 and Figure 3.1).

The state and territory and local governments’ share of expenditure fluctuated but grew overall from 24.3% in 2002–03 to a high of 26.9% in 2011–12 and 2012–13.

The non-government sector share of total expenditure has fluctuated and was 31.6% in 2012–13 (Table 3.2 and Figure 3.1).

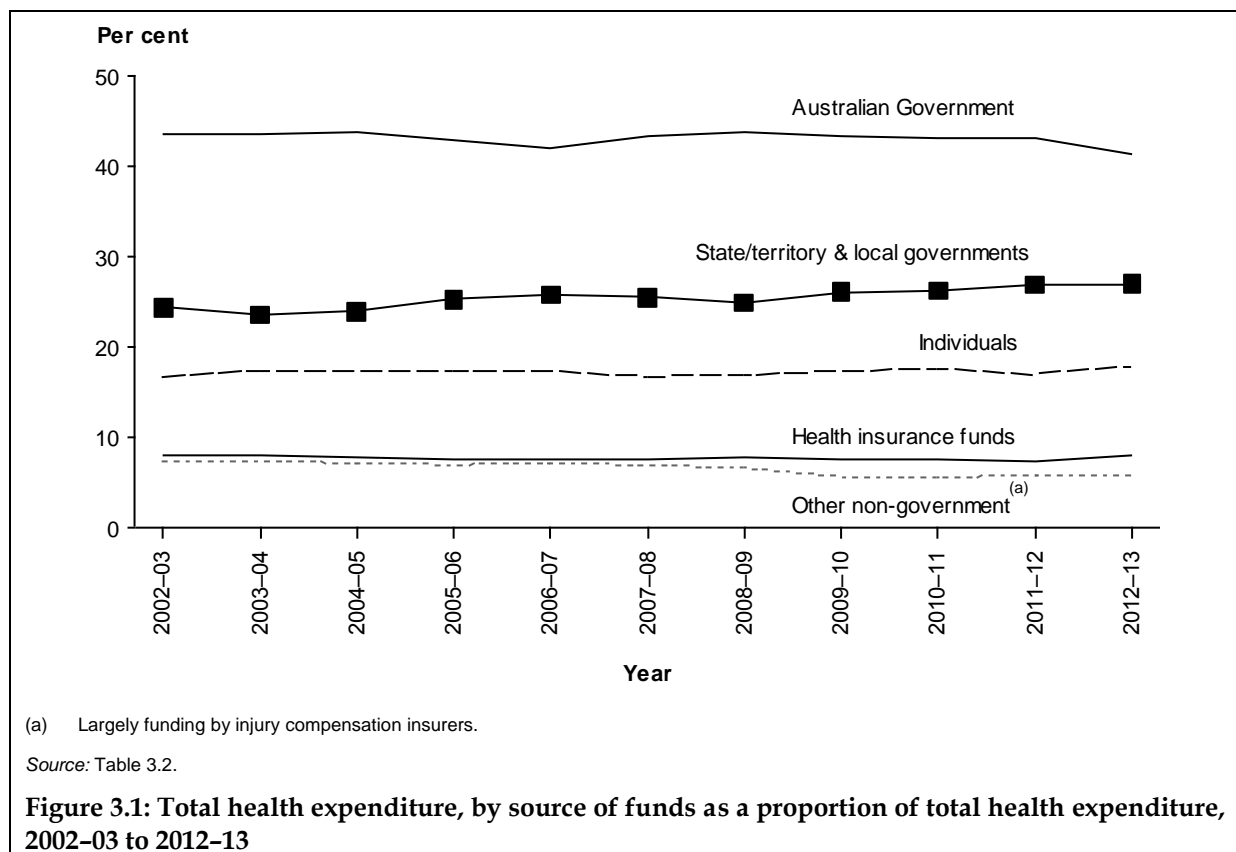
Table 3.2: Total funding for health expenditure as a proportion of total health expenditure, by source of funds, 2002–03 to 2012–13 (per cent)

Year	Government			Non-government			Total
	Australian Government	State/territory and local governments	Total	Health Insurance funds	Individuals	Other ^(a)	
2002–03	43.6	24.3	68.0	7.9	16.6	7.3	31.9
2003–04	43.6	23.6	67.2	8.0	17.3	7.3	32.7
2004–05	43.8	23.9	67.8	7.6	17.3	7.1	32.1
2005–06	42.8	25.2	68.1	7.5	17.3	6.9	31.8
2006–07	42.0	25.7	67.8	7.6	17.3	7.1	32.1
2007–08	43.3	25.4	68.7	7.5	16.7	6.8	31.2
2008–09	43.8	24.9	68.7	7.7	16.9	6.6	31.2
2009–10	43.4	26.0	69.5	7.4	17.3	5.6	30.4
2010–11	43.0	26.2	69.2	7.4	17.6	5.6	30.7
2011–12	43.0	26.9	69.9	7.3	16.9	5.6	30.0
2012–13	41.4	26.9	68.3	8.0	17.8	5.7	31.6

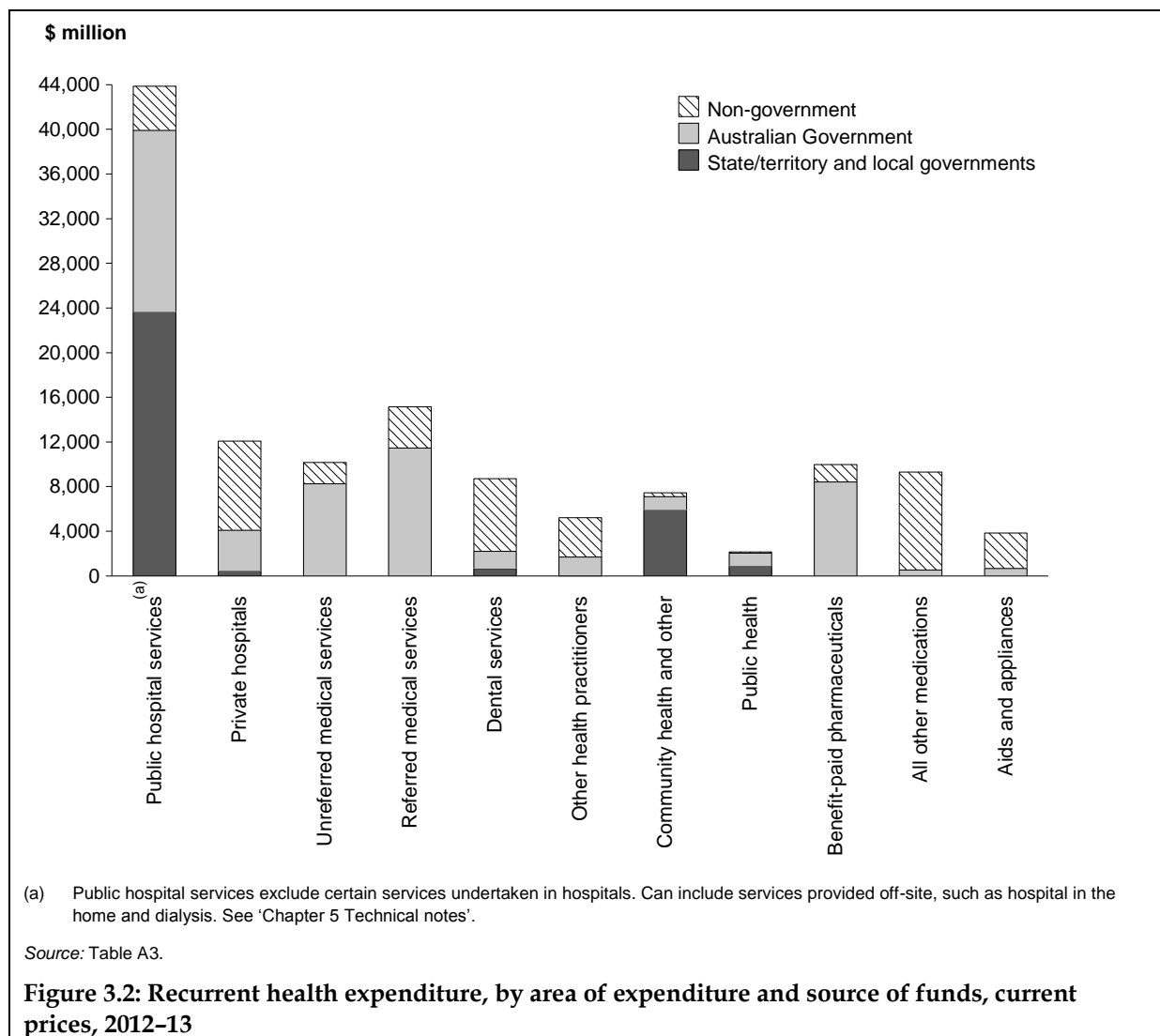
(a) Largely funding by injury compensation insurers.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.



The distribution of funding by the Australian Government, state and territory governments and the non-government sector varies depending on the types of health goods and services being provided. The Australian Government provides a substantial amount of funding for medical services (including both unreferred and referred medical services) and benefit-paid medications, with the balance sourced from the non-government sector. The state and territory governments, on the other hand, provide most of the funding for community health services. The governments share most of the funding for public hospital services, while non-government sources account for large portions of the funding for dental services, private hospitals, aids and appliances, medications for which no government benefit has been paid ('all other medications') and other health practitioner services (Figure 3.2).



After removing the effects of inflation, real growth in the Australian Government's funding for health averaged 4.4% a year from 2002-03 to 2012-13. However, this funding fell in 2012-13 by 2.4% (Table 3.3).

At the same time, the state and territory and local government funding grew at an average of 5.6% per year, with a rise of 1.4% in 2012-13.

Due to the reduction in the Australian Government funding, the overall government funding fell for the first time in the decade (by 0.9%).

Non-government funding grew by 5.4% a year over the decade on average, with strong growth in 2012-13 (7.2%) (Table 3.3).

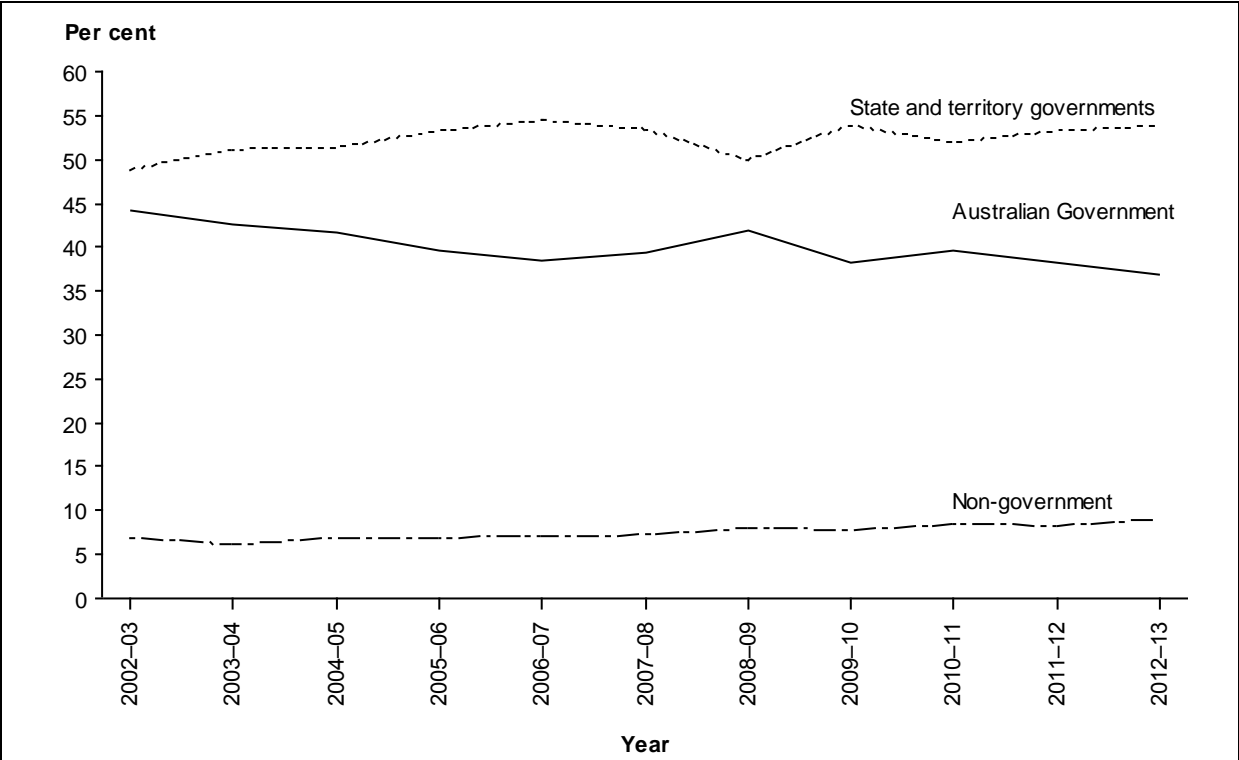
Public hospitals

Expenditure on public hospital services was \$43.9 billion, or 31.6% of total recurrent health expenditure in 2012-13 (tables A3 and A9). This was the largest single component of total recurrent health expenditure.

In 2012-13, the Australian Government provided 37.0% of recurrent funding for public hospital services, which was largely in the form of specific purpose payments (SPPs) associated with the National Healthcare Agreement and some National Partnership (NP)

payments for specific health purposes. The state and territory governments, who have primary responsibility for operating and regulating public hospitals, provided 53.9% of recurrent funding for public hospital services (Table A10).

Between 2002-03 and 2012-13, the Australian Government’s share of recurrent funding for public hospital services decreased overall from 44.2% to 37.0%. The state and territory governments share increased from 48.9% to 53.9% while the non-government share increased from 6.9% to 9.0% (Figure 3.3 and Table A10).



Source: Table A10.

Figure 3.3: Share of recurrent funding for public hospitals, by source of funds, 2002-03 to 2012-13

In 2012-13, there was a 2.2% fall in recurrent funding by the Australian Government for public hospital services which was due to a combination of factors. There was a decline in the following three components of Australian Government funding of public hospital services: own program expenditure, health insurance premium rebates and DVA use of public hospitals. Another contributing factor to the decline in the real growth of public hospital services in 2012-13 was the treatment of the Australian Government Health and Hospitals Fund. In previous years, based on advice received from data providers at that time, the national cancer system component of the Health and Hospitals Fund payments to states and territories was treated as recurrent funding for public hospital services. In 2012-13, all funding under the Health and Hospitals Fund was treated as capital funding to reflect the intention of the fund (tables A5, A6 and A10).

By comparison, there was an overall 2.5% average growth in funding across all state and territory governments in 2012-13, with marked variation in the growth rates of the individual states and territories. Victoria and the Northern Territory had relatively high real growth at 8% and 9% respectively in 2012-13, while Tasmania, South Australia and the Australian Capital Territory all had negative real growth in 2012-13.

The average annual growth rate for the Australian Government between 2002–03 and 2012–13 (3.2%) was lower than the state and territory government’s growth rate (6.1%) over the same period. In 2012–13, this resulted in the Australian Government share of funding falling to its lowest level since 2002–03 (37.0%). The growth in non-government funding over this period (7.9%) was higher than both the Australian Government and state and territory government funding (Table A10).

Table 3.3: Funding of total health expenditure, constant prices^(a), and annual growth in funding, by source of funds, 2002–03 to 2012–13

Year	Government						Non-government		Total	
	Australian Government		State/territory and local		Total		Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)				
2002–03	39,527	..	23,083	..	62,610	..	27,432	..	90,042	..
2003–04	40,647	2.8	23,090	—	63,737	1.8	29,222	6.5	92,960	3.2
2004–05	43,300	6.5	25,092	8.7	68,393	7.3	30,528	4.5	98,921	6.4
2005–06	43,440	0.3	26,775	6.7	70,215	2.7	31,263	2.4	101,478	2.6
2006–07	45,325	4.3	28,881	7.9	74,207	5.7	33,307	6.5	107,513	5.9
2007–08	49,976	10.3	30,011	3.9	79,987	7.8	34,609	3.9	114,596	6.6
2008–09	54,292	8.6	31,303	4.3	85,596	7.0	37,507	8.4	123,103	7.4
2009–10	56,009	3.2	33,946	8.4	89,955	5.1	38,353	2.3	128,308	4.2
2010–11	59,076	5.5	36,188	6.6	95,264	5.9	41,610	8.5	136,874	6.7
2011–12	62,513	5.8	39,208	8.3	101,721	6.8	43,454	4.4	145,175	6.1
2012–13	61,022	–2.4	39,767	1.4	100,789	–0.9	46,594	7.2	147,384	1.5
Average annual growth rate (%)										
2002–03 to 2007–08	..	4.8	..	5.4	..	5.0	..	4.8	..	4.9
2007–08 to 2012–13	..	4.1	..	5.8	..	4.7	..	6.1	..	5.2
2002–03 to 2012–13	..	4.4	..	5.6	..	4.9	..	5.4	..	5.1

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

3.2 Capital expenditure

In 2012–13, capital expenditure on health facilities and investments in Australia was estimated at \$8.6 billion, of which 59.2% (\$5.1 billion) was provided by the state and territory governments. The Australian Government provided \$72 million (0.8%) of total capital expenditure, while the non-government sector provided \$3.4 billion (39.9%) (Table 3.4).

The Australian Government experienced a decrease in growth of capital expenditure over the period 2002–03 to 2012–13 with an average annual growth rate of –1.0%. State and territory government expenditure grew by 9.6% per year over the same period, while non-government expenditure grew on average by 2.8% per year (Table 3.4 and Figure 3.4).

Capital expenditure by state and territory governments includes funding received through the Health and Hospitals Fund.

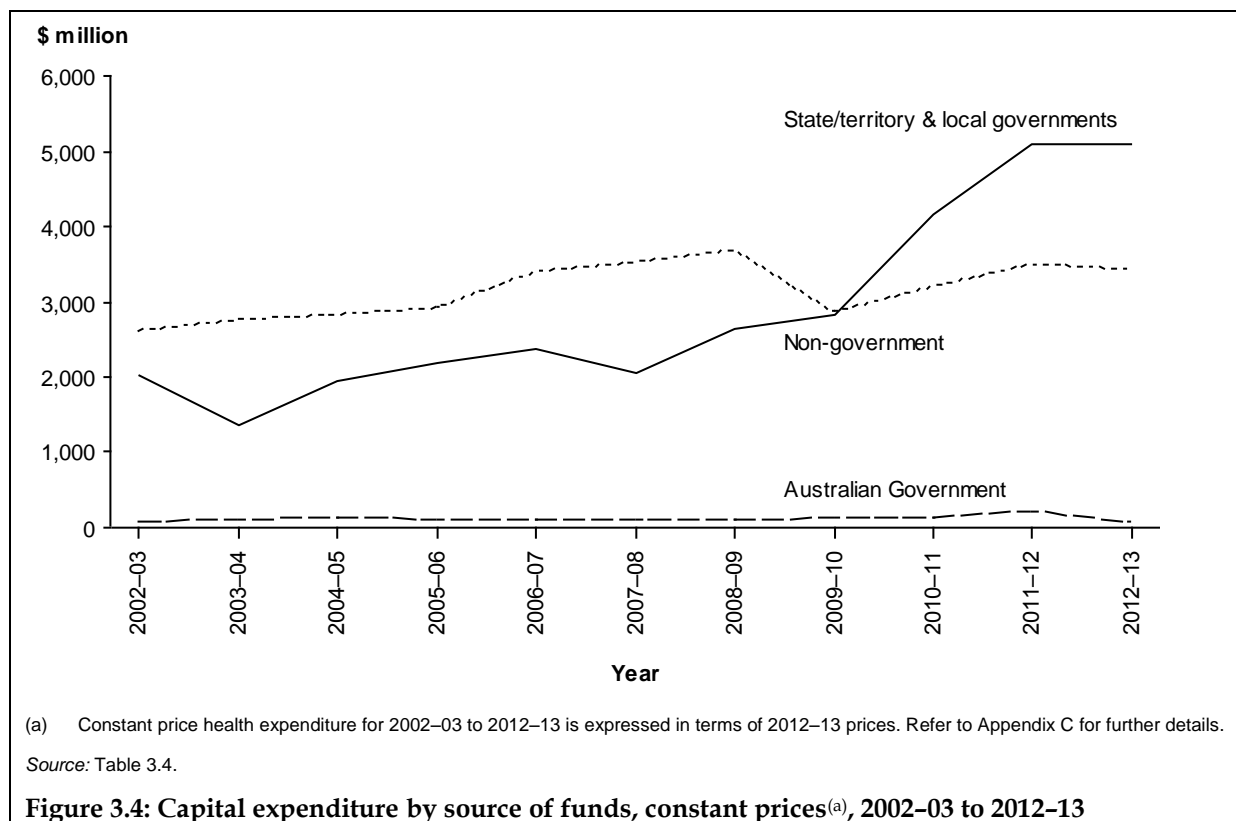
Table 3.4: Capital expenditure by source of funds, constant prices^(a), and annual growth rates, 2002–03 to 2012–13

Year	Australian Government		State/territory and local		Non-government		Total capital expenditure	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2002–03	80	..	2,037	..	2,619	..	4,736	..
2003–04	103	29.6	1,357	–33.4	2,764	5.5	4,224	–10.8
2004–05	140	35.2	1,958	44.3	2,836	2.6	4,933	16.8
2005–06	101	–27.6	2,184	11.5	2,925	3.1	5,209	5.6
2006–07	114	12.4	2,362	8.2	3,403	16.4	5,879	12.9
2007–08	106	–7.0	2,056	–13.0	3,530	3.7	5,692	–3.2
2008–09	91	–14.0	2,645	28.6	3,687	4.5	6,423	12.9
2009–10	130	43.3	2,834	7.1	2,868	–22.2	5,832	–9.2
2010–11	133	2.6	4,165	47.0	3,203	11.7	7,502	28.6
2011–12	217	62.9	5,090	22.2	3,506	9.5	8,814	17.5
2012–13	72	–66.9	5,099	0.2	3,436	–2.0	8,607	–2.4
	Average annual growth rate (%)							
2002–03 to 2007–08	..	5.8	..	0.2	..	6.1	..	3.7
2007–08 to 2012–13	..	–7.4	..	19.9	..	–0.5	..	8.6
2002–03 to 2012–13	..	–1.0	..	9.6	..	2.8	..	6.2

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.



3.3 Australian Government funding

The Australian Government provided \$61.0 billion to fund health expenditure in 2012–13 (Table 3.5). This represented 60.5% of total government health funding (Table 3.3). This was made up of:

- direct expenditure by the Australian Government – mostly administered through the Department of Health (Health), on programs for which the Government has primary responsibility, such as the Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) (\$36.1 billion, or 59.2% of Australian Government funding) (Table 3.5)
- the SPPs associated with the National Healthcare Agreement and NP payments to the states and territories (\$15.9 billion, or 26.0%) (Table 3.5)
- rebates and subsidies for privately insured persons under the *Private Health Insurance Act 2007* (\$5.1 billion, or 8.4%) (Table 3.5). The majority of this was in the form of reimbursement of reduced premiums that private health insurance funds charged, with the balance provided in the form of rebates to individuals, payable through the taxation system (Table 3.14)
- Australian Government Department of Veterans’ Affairs (DVA) funding for goods and services provided to eligible veterans and their dependants (\$3.5 billion, or 5.7% of the Australian Government total) (Table 3.5). Almost half of this (\$1.7 billion) was for hospitals, including public hospital services (\$0.8 billion) and private hospitals (\$0.9 billion) (Table 3.6)
- medical expenses tax rebate (\$0.4 billion, or 0.7%) (Table 3.5). See Box 3.1 for further information.

Total Australian Government expenditure fell in 2012–13, with the greatest reduction in direct expenditure by the Australian Government (own program expenditure) (\$1.1 billion). The main drivers of the decrease in Australian Government own program expenditure were reductions in funding for the PBS, public health, dental services and e-health (a component of health administration costs). Spending also fell in the categories of health insurance premium rebates, DVA funding and the medical expenses tax rebate in 2012–13 (Table 3.5).

Grants to states via SPP and NP payments increased 2.1%, from \$15.5 billion in 2011–12 to \$15.9 billion in 2012–13 (Table 3.5).

Table 3.5: Funding of health expenditure by the Australian Government, constant prices^(a), by type of expenditure, 2002–03 to 2012–13 (\$ million)

Year	Own program expenditure	Grants to states (SPP & NP payments)	Health insurance premium rebates ^(b)	Department of Veterans' Affairs	Medical expenses tax rebate	Total
2002–03	21,367	11,034	3,057	3,741	328	39,527
2003–04	22,532	10,812	3,121	3,834	348	40,647
2004–05	24,352	11,334	3,337	3,886	391	43,300
2005–06	24,533	11,319	3,480	3,682	425	43,440
2006–07	25,861	11,661	3,569	3,772	462	45,325
2007–08	28,678	12,940	4,055	3,851	452	49,976
2008–09	31,546	14,394	3,989	3,813	551	54,292
2009–10	33,526	13,597	4,587	3,705	593	56,009
2010–11	35,043	15,013	4,852	3,663	504	59,076
2011–12	37,195	15,534	5,519	3,706	559	62,513
2012–13	36,127	15,855	5,144	3,474	422	61,022

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

(b) Comprises health insurance rebates claimed through the taxation system as well as rebates paid directly to health insurance funds by the Australian Government that enable them to reduce premiums. This includes the portions of the rebates that relate to health activities. See Box 3.2 and 'Chapter 5 Technical notes' for further details.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

Table 3.6: Department of Veterans' Affairs health expenditure, by area of expenditure, 2012–13

Area of expenditure	Amount (\$ million)	Proportion (%)
Hospitals	1,664	47.9
Public hospital services ^(a)	785	22.6
Private hospitals	879	25.3
Primary health care	1,608	46.3
Unreferred medical services	838	24.1
Dental services	100	2.9
Other health practitioners	241	6.9
Community health and other ^(b)	1	—
Benefit-paid pharmaceuticals	429	12.3
Other	201	5.8
Patient transport services	157	4.5
Aids and appliances	2	0.1
Administration	41	1.2
Research	1	—
Total	3,474	100.0

(a) Public hospital services exclude certain services undertaken in hospitals. Services can include those provided off-site, such as hospital in the home and dialysis. See 'Chapter 5 Technical notes' for further details.

(b) 'Other' denotes 'other recurrent health services n.e.c.'.

Source: AIHW health expenditure database.

Box 3.1: Medical expenses tax rebate

The only tax expenditure for health included in the AIHW health expenditure database is the 'medical expenses tax rebate'. Taxpayers who spend large amounts of money on health-related goods and services for themselves and/or their dependants in a tax year can claim a tax rebate. Prior to 2012–13 the tax rebate was set at 20 cents in the dollar and applied to the amount spent over the threshold for that financial year. From July 2012 taxpayers with an adjusted taxable income above \$84,000 for singles and \$168,000 for a couple or family in 2012–13 were able to claim a reimbursement of 10 cents in the dollar for eligible out-of-pocket expenses incurred in excess of \$5,000. Taxpayers with an adjusted taxable income below these thresholds were able to continue to claim a reimbursement of 20 cents in the dollar for eligible out-of-pocket expenses incurred above the \$2,120 threshold. The individual expenditures that are subject to this rebate cannot be identified separately. Therefore it is not possible to allocate this form of funding to particular area(s) of health expenditure. The related expenditures are assumed to have been included in the estimates of health expenditure and they would be shown as being funded by individuals in the various health expenditure matrixes. An adjustment is made to allocate the medical expenses tax rebates to funding by the Australian Government where the data are not allocated by area of health expenditure.

3.4 State and territory, and local governments

State and territory governments are the main administrators of publicly provided health goods and services in Australia. These goods and services are financed by a combination of SPPs and NP payments from the Australian Government, funding by the states and territories out of their own fiscal resources, and funding from non-government sources (usually in the form of user fees).

The AIHW does not separately collect health expenditure information from local government authorities. In the ABS Government Finance Statistics (GFS) data, the contribution of local governments to health expenditure is included but appears to be relatively small. If local government authorities received funding for health care from the Australian Government or state and territory governments, this expenditure is included in that jurisdiction's expenditure.

Recurrent funding by state and territory governments was estimated at \$34.7 billion in 2012–13 (25.0% of total recurrent funding) (tables 3.7 and A3).

Over two-thirds (68.2%), or \$23.7 billion, of recurrent funding by state and territory governments was for public hospital services in 2012–13. Other substantial expenditures included:

- Community health and other (\$5.9 billion)
- Patient transport (\$2.1 billion)
- Public health (\$0.9 billion)
- Dental services (\$0.7 billion) (Table 3.7).

Between 2007–08 and 2012–13, recurrent funding for health by state and territory governments grew at an average annual rate of 4.4% in real terms; however, growth in 2012–13 (1.6%) was less than half of the average for that period and the lowest in the decade (Table 3.7).

Over 2007–08 to 2012–13, the fastest areas of growth in recurrent funding were private hospitals (7.7% per year) and patient transport services (6.9%). However over the decade there was considerable volatility in funding for these two areas. Funding of public hospitals grew 4.7% per year over this 5 year period; however, growth in 2012–13 was only 2.5% (Table 3.7).

Detailed tables on state and territory and local government funding by area of expenditure can be found in Appendix B.

Table 3.7: State and territory government recurrent funding of health expenditure, constant prices^(a), and annual growth rates, by area of expenditure, 2002–03 to 2012–13

Year	Public hospitals		Private hospitals		Patient transport		Dental services		Community health and other ^(b)		Public health		Other ^(c)		Total recurrent expenditure	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2002–03	13,097	..	400	..	902	..	583	..	4,596	..	671	..	798	..	21,046	..
	<i>Break in series^(d)</i>															
2003–04	14,281	..	288	-28.0	1,133	..	602	..	3,867	..	708	..	855	7.1	21,734	3.3
2004–05	15,269	6.9	295	2.4	1,219	7.6	633	5.1	4,044	4.6	660	-6.8	1,014	18.6	23,134	6.4
2005–06	16,527	8.2	309	4.7	1,217	-0.2	626	-1.1	4,227	4.5	763	15.6	924	-8.9	24,592	6.3
2006–07	17,944	8.6	303	-1.9	1,405	15.4	601	-4.0	4,667	10.4	807	5.8	792	-14.3	26,519	7.8
2007–08	18,803	4.8	316	4.3	1,481	5.4	629	4.7	5,046	8.1	868	7.6	812	2.5	27,955	5.4
2008–09	18,551	-1.3	403	27.5	1,728	16.7	711	13.0	5,059	0.3	1,055	21.5	1,151	41.7	28,658	2.5
2009–10	20,881	12.6	412	2.2	1,799	4.1	672	-5.5	5,077	0.4	1,000	-5.2	1,270	10.3	31,112	8.6
2010–11	21,373	2.4	479	16.3	1,976	9.8	738	9.8	5,267	3.7	887	-11.3	1,303	2.6	32,023	2.9
2011–12	23,085	8.0	511	6.7	2,146	8.6	739	0.1	5,879	11.6	683	-23.0	1,074	-17.6	34,118	6.5
2012–13	23,655	2.5	457	-10.6	2,067	-3.7	657	-11.1	5,909	0.5	884	29.4	1,039	-3.3	34,668	1.6
	Average annual growth rate (%)															
2007–08 to 2012–13	..	4.7	..	7.7	..	6.9	..	0.9	..	3.2	..	0.4	..	5.1	..	4.4
2002–03 to 2012–13	..	..	..	..	..	..	..	..	..	..	..	..	..	2.7	..	5.1

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

(b) 'Other' denotes 'other recurrent health services n.e.c.'.

(c) Other health includes medical services, other professional services, pharmaceuticals, aids and appliances, administration and research.

(d) Up to 2002–03, patient transport, dental, community health and public health services that were delivered in public hospitals were included as expenditure on public hospitals. From 2003–04, they are included under their own classifications and are not included in expenditure on public hospital services. Care must be taken when comparing 2002–03 with 2003–04 (see 'Chapter 5 Technical notes' for further information).

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

3.5 Non-government funding

Non-government funding for health was estimated at \$46.6 billion, or 31.6% of total funding in 2012–13 (Table 3.8).

From 2002–03 to 2006–07, the non-government share of total funding fluctuated around 32% to 33%. It dropped to a low of 30.0% in 2011–12. The average annual real growth in funding from non-government sources from 2002–03 to 2012–13 was 5.4% (tables 3.8 and 3.9).

Funding by individuals accounted for 56.4% (\$26.3 billion) of estimated non-government funding of health goods and services in 2012–13 (Table 3.8). This was 17.8% of total funding of health expenditure (government and non-government). This includes:

- individuals meeting the full cost of goods and services—for example, medications that that the PBS does not subsidise
- individuals sharing the cost of health goods and services with third-party payers—for example, private health insurance funds.

Private health insurance funds provided 8.0% (\$11.8 billion) of total funding in 2012–13. These funds are indirectly sourced by individuals who pay premiums to private health insurance funds (Table 3.8).

The balance of non-government funding (\$8.5 billion) came from other non-government sources, mainly in the form of payments by compulsory motor vehicle third-party and workers compensation insurers (Table 3.8).

Over the decade to 2012–13, the proportion of total health funding that private health insurance funds provided was relatively stable up until 2011–12. In 2012–13 the share of total health funding from private health insurers increased from 7.4% to 8.0% coinciding with the year in which the Australian Government income tested the private health insurance premium rebates which had the impact of reducing the Australian Government contribution and increasing the share that private health insurers fund from their own sources. Other non-government sources declined overall from 7.3% in 2002–03 to 5.7% in 2012–13 (Table 3.8).

Real growth in funding by private health insurance funds averaged 4.8% per year between 2002–03 and 2012–13. The other 2 non-government funding sources—individuals and other non-government—had average annual real growth rates of 6.7% and 3.1% respectively over the same period (Table 3.9 and Figure 3.5).

Table 3.8: Non-government sector funding of total health expenditure, by source of funds, current prices, 2002–03 to 2012–13

Year	Individuals		Private health insurance funds ^(a)		Other non-government ^(b)		All non-government sources	
	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)
2002–03	11,461	16.7	5,472	8.0	5,027	7.3	21,960	31.9
2003–04	12,769	17.4	5,919	8.1	5,381	7.3	24,069	32.7
2004–05	14,064	17.4	6,220	7.7	5,792	7.1	26,076	32.2
2005–06	15,038	17.3	6,578	7.6	6,018	6.9	27,634	31.9
2006–07	16,478	17.4	7,216	7.6	6,811	7.2	30,505	32.1
2007–08	17,334	16.7	7,862	7.6	7,133	6.9	32,330	31.2
2008–09	19,362	16.9	8,845	7.7	7,570	6.6	35,776	31.3
2009–10	21,185	17.3	9,145	7.5	6,854	5.6	37,184	30.4
2010–11	23,199	17.6	9,841	7.5	7,406	5.6	40,446	30.7
2011–12	24,121	17.0	10,459	7.4	8,061	5.7	42,641	30.0
2012–13	26,272	17.8	11,849	8.0	8,474	5.7	46,594	31.6

(a) Funding by private health insurance funds excludes the Australian Government private health insurance rebate.

(b) Includes funding by injury compensation insurers and other private funding. All non-government sector capital expenditure is also included here, as the sources of funding of non-government capital expenditure are not known. If funding sources were known, this capital expenditure would be spread across all funding columns.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

Table 3.9: Non-government sector funding of total health expenditure, by source of funds, constant prices^(a), and annual growth rates, 2002–03 to 2012–13

Year	Private health insurance funds ^(b)		Individuals		Other non-government ^(c)		All non-government sources ^(b)	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2002–03	7,437	..	13,751	..	6,244	..	27,432	..
2003–04	7,738	4.1	14,917	8.5	6,567	5.2	29,222	6.5
2004–05	7,847	1.4	15,821	6.1	6,861	4.5	30,528	4.5
2005–06	7,940	1.2	16,418	3.8	6,905	0.6	31,263	2.4
2006–07	8,382	5.6	17,395	5.9	7,531	9.1	33,307	6.5
2007–08	8,887	6.0	17,981	3.4	7,741	2.8	34,609	3.9
2008–09	9,684	9.0	19,856	10.4	7,967	2.9	37,507	8.4
2009–10	9,709	0.3	21,491	8.2	7,152	–10.2	38,353	2.3
2010–11	10,310	6.2	23,673	10.2	7,626	6.6	41,610	8.5
2011–12	10,737	4.1	24,508	3.5	8,209	7.6	43,454	4.4
2012–13	11,849	10.4	26,272	7.2	8,474	3.2	46,594	7.2
Average annual growth rate (%)								
2002–03 to 2007–08	..	3.6	..	5.5	..	4.4	..	4.8
2007–08 to 2012–13	..	5.9	..	7.9	..	1.8	..	6.1
2002–03 to 2012–13	..	4.8	..	6.7	..	3.1	..	5.4

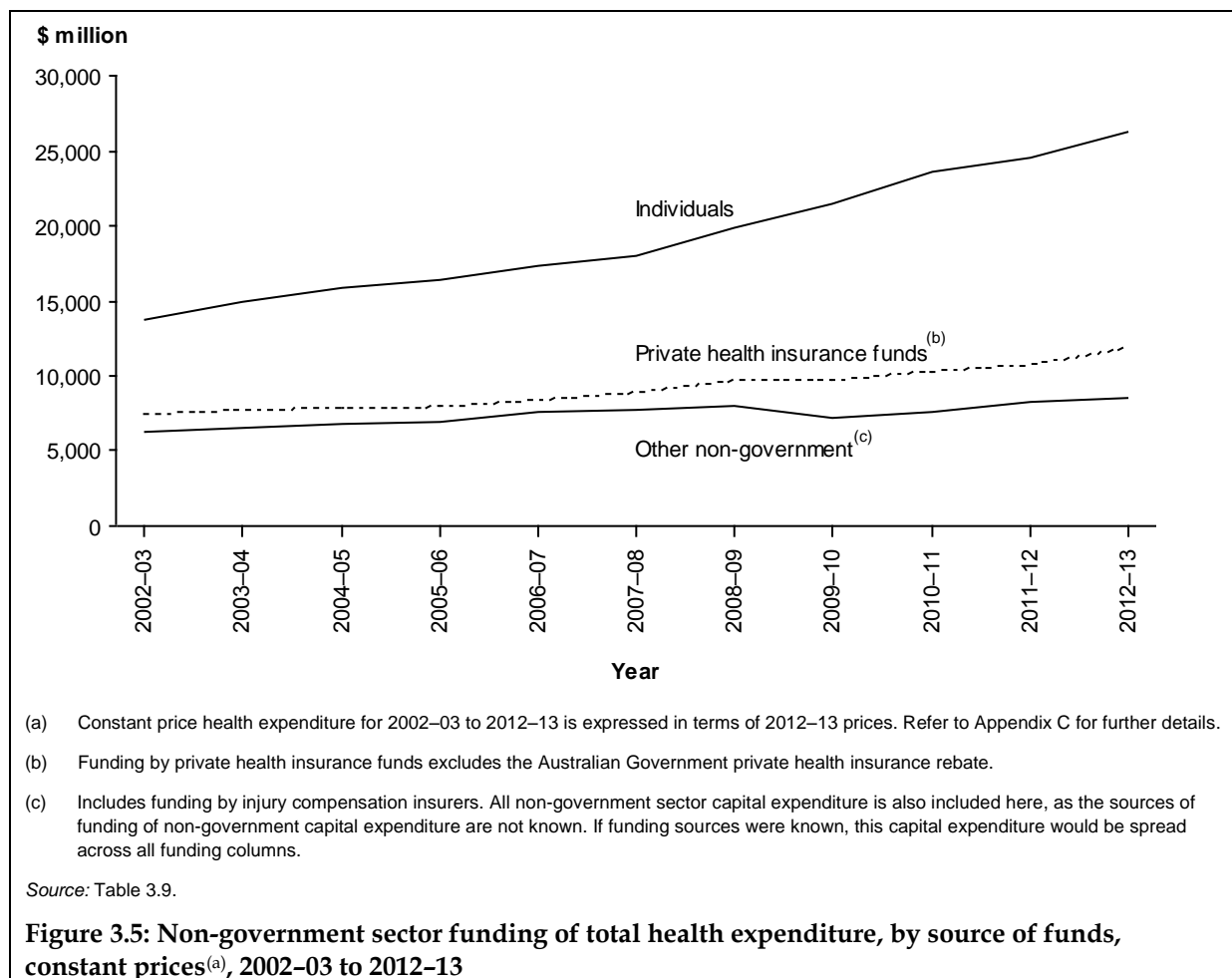
(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

(b) Funding by private health insurance funds excludes the Australian Government private health insurance rebate.

(c) Includes funding by injury compensation insurers. All non-government sector capital expenditure is also included here, as the sources of funding of non-government capital expenditure are not known. If funding sources were known, this capital expenditure would be spread across all funding columns.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.



3.6 Individuals

Between 2002-03 and 2012-13, funding by individuals grew by an average of 6.7% a year in real terms (Table 3.9), compared with an average of 5.1% for total funding of health expenditure (Table 3.3).

In 2012-13, individuals spent an estimated \$26.7 billion in recurrent funding for health goods and services. Over one-third (38.2%) of this was for medications (including both benefit-paid pharmaceuticals and all other medications). A further 19.0% was for dental services; 11.6% for medical services (including both unreferred and referred medical services); 9.7% for aids and appliances; and 9.1% for other health practitioner services (Table 3.10).

Table 3.10: Individuals' funding^(a) of recurrent health expenditure, by area of expenditure, current prices, 2012–13

Area of expenditure	Amount (\$ million)	Proportion (%)
Hospitals	2,803	10.5
Public hospital services ^(a)	1,305	4.9
Private hospitals	1,497	5.6
Primary health care	18,517	69.4
Unreferred medical services	661	2.5
Dental services	5,066	19.0
Other health practitioners	2,426	9.1
Community health and other ^(b)	153	0.6
Public health	13	—
Benefit-paid pharmaceuticals	1,547	5.8
All other medications	8,651	32.4
Other	5,373	20.1
Patient transport services	353	1.3
Referred medical services	2,428	9.1
Aids and appliances	2,585	9.7
Administration	3	—
Research	4	—
Total	26,693	100.0

(a) Individuals' expenditure has not been adjusted down for the medical expenses tax rebates. This accounts for the \$422 million difference between the total in this figure and the individuals' total reported in Table 3.9.

(b) Public hospital services exclude certain services undertaken in hospitals. Can include services provided off-site, such as hospital in the home, dialysis or other services.

(c) 'Other' refers to 'other recurrent health services n.e.c.'.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

Per person health funding by individuals (that is, averaged over the whole population) grew at an average of 4.9% per year from 2002–03 to 2012–13 (Table 3.11).

The areas of expenditure with the highest per person growth rates in 2012–13 included: community and public health services (17.7%), hospitals (9.2%), and all other medications (7.9%). The areas with reduced spending included benefit-paid pharmaceuticals (–2.4%) and patient transport services (–3.8%) (Table 3.11).

Table 3.11: Average individual recurrent health expenditure per person, constant prices^(a), and annual growth rates, by area of expenditure, 2002–03 to 2012–13

Year	Hospitals ^{(b)(c)(d)}		Patient transport ^(b)		Medical services		Dental services ^(b)		Other health practitioners		Community and public health ^(b)		Benefit-paid pharmaceuticals		All other medications		Aids and appliances		Total recurrent	
	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)
2002–03	32	..	15	..	101	..	199	..	85	..	..	..	46	..	158	..	83	..	718	..
<i>Break in series</i>																				
2003–04	29	..	12	..	107	5.5	206	..	90	6.9	12	..	49	7.4	177	12.4	87	5.0	770	7.2
2004–05	35	21.1	12	1.7	99	-6.9	212	2.7	97	7.3	12	-4.9	54	9.6	197	11.0	91	4.8	809	5.0
2005–06	38	9.5	13	4.8	100	0.6	211	-0.2	100	3.3	14	21.4	58	6.6	202	2.4	93	2.8	829	2.5
2006–07	36	-6.7	13	6.0	110	9.7	212	0.1	100	0.1	15	6.9	58	1.1	224	11.3	97	4.1	866	4.4
2007–08	44	23.5	14	5.6	116	5.2	204	-3.6	90	-10.4	15	2.4	59	1.2	242	7.7	93	-4.0	877	1.3
2008–09	98	..	17	21.6	120	4.0	202	-1.0	77	-14.6	7	-54.8	63	7.3	269	11.3	96	2.8	949	8.2
2009–10	106	8.0	17	1.5	127	6.1	220	9.0	82	6.6	7	-1.7	66	3.6	281	4.5	104	8.4	1,010	6.4
2010–11	119	12.8	17	-0.4	132	3.6	209	-5.0	100	21.7	8	10.9	67	1.2	327	16.3	112	7.9	1,090	7.9
2011–12	112	-6.1	16	-7.2	134	1.7	214	2.1	101	1.6	6	-18.5	69	3.9	350	6.9	111	-1.0	1,113	2.1
2012–13	122	9.2	15	-3.8	135	0.5	221	3.5	106	4.5	7	17.7	68	-2.4	377	7.9	113	1.6	1,164	4.6
Average annual growth rate (%)																				
2007–08 to 2012–13	..	..	1.9	..	3.1	..	1.6	..	3.3	..	-13.9	..	2.7	..	9.3	..	3.9	..	5.8	..
2002–03 to 2012–13	..	..	..	..	2.9	..	..	..	2.3	..	..	..	3.9	..	9.1	..	3.2	..	4.9	..

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

(b) Up to 2002–03, patient transport, dental, community health and public health services that were delivered in public hospitals were included as expenditure on public hospitals. From 2003–04, they are included under their own classifications and are not included in expenditure on public hospital services. Care must be taken when comparing 2002–03 with 2003–04 (see 'Chapter 5 Technical notes' for further information).

(c) Includes public and private hospitals.

(d) Change in reporting methods for private hospitals in 2008–09. See 'Chapter 5 Technical notes' for further details.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

Private health insurance

In 2012–13, private hospitals received 48.4% (\$5.7 billion) of the \$11.8 billion in funding that private health insurance funds provided (Table 3.12).

Other major areas of expenditure that received funding were dental services (\$1.4 billion, or 11.8%), medical services (\$1.3 billion, or 10.8%) and administration (\$1.1 billion, or 9.3%) (Table 3.12).

The funding for medical services includes some of the fees charged for in-hospital medical services that are provided to privately admitted patients.

Other health practitioners and aids and appliances received funding of \$661 million and \$529 million, respectively, from health insurance funds in 2012–13 (Table 3.12).

Table 3.12: Funding of recurrent health expenditure by private health insurance funds, by area of expenditure, current prices, 2012–13

Area of expenditure	Amount (\$ million)	Proportion (%)
Hospitals	6,637	56.0
Public hospital services ^(a)	904	7.6
Private hospitals	5,733	48.4
Primary health care	2,108	17.8
Dental services	1,396	11.8
Other health practitioners	661	5.6
Community health and other ^(b)	1	—
All other medications	50	0.4
Other	3,103	26.2
Patient transport services	195	1.6
Referred medical services	1,280	10.8
Aids and appliances	529	4.5
Administration	1,099	9.3
Total	11,849	100.0

(a) Public hospital services exclude certain services undertaken in hospitals. Can include services provided off-site, such as hospital in the home, dialysis or other services. See 'Chapter 5 Technical notes' for more information.

(b) 'Other' denotes 'other recurrent health services n.e.c.'.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

General benefits and administration

Gross health benefits paid through health insurance funds in 2012–13 were estimated at \$17.0 billion, up from \$16.3 billion in 2011–12 (Table 3.13).

In 2012–13, \$1.6 billion was used to fund administration of the health insurance funds, which was \$36 million less than in 2011–12 (Table 3.13).

The premium rebates that the Australian Government paid through the tax system or directly to private health insurance funds (see Box 3.2) decreased from \$5.5 billion in 2011–12 to \$5.1 billion in 2012–13 (Table 3.13).

Net funding by the health insurance funds (that is, not including the Australian Government rebates) grew at an average of 3.6% per year from 2002–03 to 2007–08. Between 2007–08 and 2012–13, growth in net funding rose to an average of 5.9% per year, taking net funding to \$11.8 billion in 2012–13 (Table 3.14).

Similarly, the gross amounts paid through health insurance funds grew at an average of 4.3% per year from 2002–03 to 2007–08 and by 5.6% per year from 2007–08 to 2012–13 (Table 3.14 and Figure 3.6).

Box 3.2: Treatment of private health insurance premium rebates

Before 1997, all health benefits that the funds paid, plus their administration costs, were regarded as being funded by health insurers out of their premiums and other earnings. The introduction of the Private Health Insurance Incentive Scheme (PHIIS) and the non-means-tested 30–40% rebate meant that the Australian Government provided some of the premium income of the insurers. Initially, the rebate was 30%. From 1 April 2005, the rebate increased to 35% for people aged 65 to 69 and to 40% for people aged 70 and older. It remained at 30% for those under 65. From 1 July 2012, the private health insurance rebate became income tested. This meant that if you have a higher income, your rebate entitlement may be reduced, or you may not be entitled to receive any rebate at all.

There are 2 types of mechanisms for rebates on health insurance premiums. The first rebate is where insurers offer members a reduced premium and then insurers claim reimbursement from the Australian Government. The second is where members pay the full premium and claim the rebate through the tax system at the end of the financial year.

Both forms of rebates have been treated in these estimates as indirect subsidies by the Australian Government of the services that were partially funded through benefits paid by the health insurance funds.

In April 2007, Private Health Insurance legislation redefined the scope of the health insurance business to mean insuring liability for treatments by a hospital or other general treatment provider to manage a disease, condition or injury. Prior to the change in legislation, non-health services, such as funeral benefits, domestic assistance and so on, were offered with health insurance policies and attracted the Australian Government rebate. In compiling its estimates the AIHW allocates the rebates across all the expenses incurred by the funds each year – including both health (hospital, medical or physiotherapy for instance) and non-health goods and services; management expenses; and any adjustment to provisions for outstanding and unrepresented claims. But only that part of the rebate that can be attributed to benefits for health goods and services (which includes the funds' management expenses) was included when estimating private health insurance funding for health expenditure. This portion of the rebate was deducted from the gross benefits that the health insurance funds paid to calculate net health funding by private health insurance funds for particular areas of expenditure. These rebate amounts were then added to the funding of the Australian Government for those areas of expenditure.

Table 3.13: Expenditure^(a) on health goods and services funded by health insurance funds, constant prices^(b), 2010–11 to 2012–13 (\$ million)

Area of expenditure	2010–11			2011–12			2012–13		
	Gross benefits paid	Premium rebates ^(c)	Net benefits paid	Gross benefits paid	Premium rebates ^(c)	Net benefits paid	Gross benefits paid	Premium rebates ^(c)	Net benefits paid
Hospitals	8,611	2,756	5,855	9,183	3,118	6,065	9,519	2,882	6,637
Public hospital services ^(d)	1,039	333	707	1,175	399	776	1,297	393	904
Private hospitals	7,572	2,423	5,149	8,008	2,719	5,289	8,222	2,489	5,733
Primary health care	2,577	825	1,752	2,766	939	1,827	3,023	915	2,108
Dental services	1,676	536	1,140	1,816	617	1,200	2,003	606	1,396
Other health practitioners	829	265	564	877	298	579	948	287	661
Community health and other	1	—	1	1	—	1	1	—	1
All other medications	71	23	48	71	24	47	72	22	50
Other	3,974	1,272	2,702	4,307	1,462	2,845	4,450	1,347	3,103
Patient transport services ^(e)	252	81	172	262	89	173	280	85	195
Referred medical services	1,610	515	1,095	1,741	591	1,150	1,836	556	1,280
Aids and appliances	624	200	425	692	235	457	758	229	529
Administration	1,488	476	1,012	1,612	547	1,065	1,576	477	1,099
Total recurrent funding	15,162	4,852	10,310	16,256	5,519	10,737	16,993	5,144	11,849

(a) This expenditure shows the payments made by health insurance funds over the year, and does not necessarily reflect the actual services provided during the year.

(b) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

(c) The premium rebate is pro-rated across all expense categories (including change in provisions for outstanding claims). The rebate includes rebates paid through the tax system as well as rebates paid to funds, which directly reduce premiums.

(d) Includes only services classified as ‘public hospital services’ and excludes dental services, community health services, patient transport services, public health and health research undertaken by the hospital. Can include services provided off-site, such as hospital in the home and dialysis (see Appendix C).

(e) Includes an Ambulance Service Levy that is payable by all private insurance funds with members in New South Wales and the Australian Capital Territory to offset the cost of this service.

Note: Components may not add to totals due to rounding.

Sources: AIHW health expenditure database; ATO 2011, 2012, 2013; DoH 2011, 2012, 2013; PHIAC 2011, 2012, 2013.

Table 3.14: Expenditure on health goods and services and administration funded through private health insurance funds, constant prices^(a), and annual growth rates, 2002–03 to 2012–13

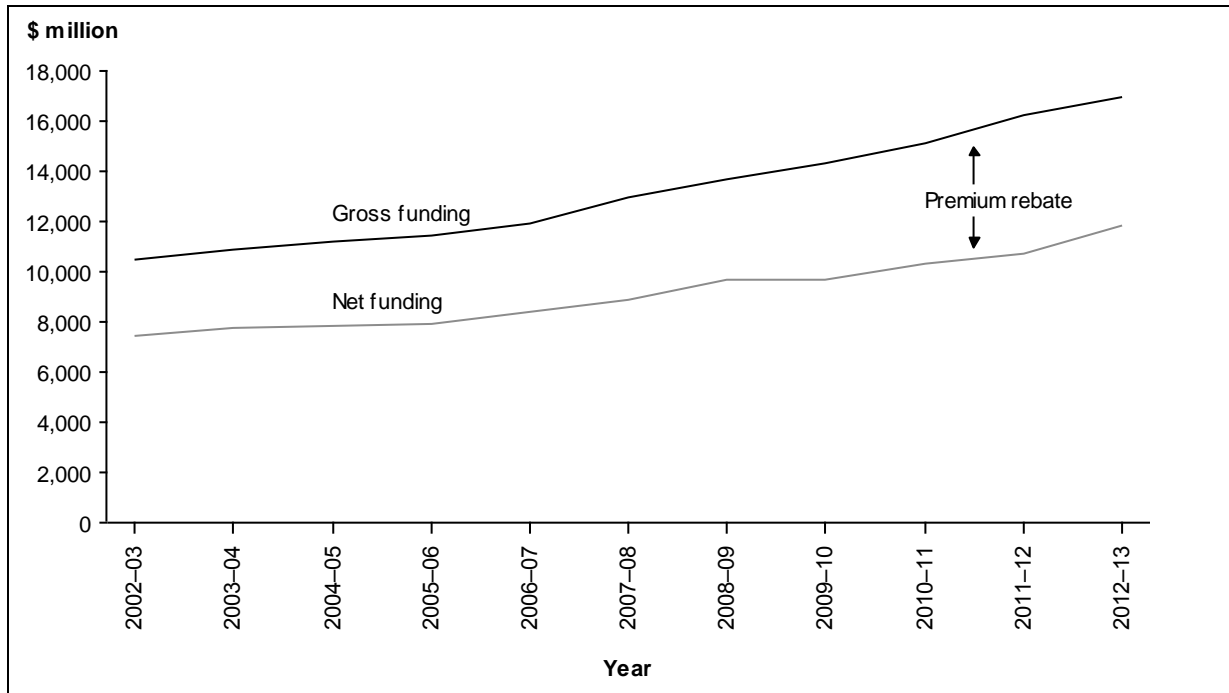
Year	Premium rebates						Net amounts funded from health insurance funds' own resources ^(b)	
	Gross amounts paid through health insurance funds		Through reduced premiums		Through taxation system			
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2002–03	10,494	..	2,846	..	212	..	7,437	..
2003–04	10,860	3.5	2,929	2.9	192	–9.0	7,738	4.1
2004–05	11,184	3.0	3,154	7.7	183	–4.8	7,847	1.4
2005–06	11,420	2.1	3,301	4.7	179	–2.5	7,940	1.2
2006–07	11,951	4.6	3,387	2.6	182	2.2	8,382	5.6
2007–08	12,942	8.3	3,863	14.1	191	4.9	8,887	6.0
2008–09	13,672	5.6	3,794	–1.8	194	1.5	9,684	9.0
2009–10	14,296	4.6	4,395	15.8	192	–1.1	9,709	0.3
2010–11	15,162	6.1	4,656	5.9	196	2.0	10,310	6.2
2011–12	16,256	7.2	5,320	14.3	199	1.7	10,737	4.1
2012–13	16,993	4.5	4,931	–7.3	213	7.1	11,849	10.4
Average annual growth rate (%)								
2002–03 to 2007–08	..	4.3	..	6.3	..	–2.1	..	3.6
2007–08 to 2012–13	..	5.6	..	5.0	..	2.2	..	5.9

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

(b) The gross payments through health insurance funds less the sum of the reimbursement through reduced premiums and the rebates claimed through the taxation system.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.



(a) Constant price health expenditure for 2002-03 to 2012-13 is expressed in terms of 2012-13 prices. Refer to Appendix C for further details.

Source: Table 3.14.

Figure 3.6: Funding of recurrent health expenditure through private health insurance, constant prices^(a), 2002-03 to 2012-13

In 2012-13, it was estimated that net health funding by private health insurance providers averaged \$1,102 per person covered (Table 3.15).

In South Australia, the average funding per person covered (\$1,177) was above the national average, while in the Northern Territory and the Australian Capital Territory it was substantially below the average, at \$622 and \$777, respectively (Table 3.15).

From 2002-03 to 2012-13, private health insurance funding per person increased on average by between 1.5% and 3.4% each year in all states and territories, with Victoria having the fastest growth (3.4% per year) and Western Australia having the slowest growth (1.5% per year) (Table 3.15).

Table 3.15: Average health expenditure funded by private health insurance, per person covered^(a), constant prices^(b), by state and territory, 2002–03 to 2012–13 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2002–03	821	810	941	887	1,005	911	605	460	856
2003–04	860	850	987	916	1,019	964	637	492	894
2004–05	875	859	993	921	1,022	932	639	468	902
2005–06	859	886	990	900	1,020	956	631	476	901
2006–07	898	914	1,006	907	1,045	965	663	486	928
2007–08	920	931	1,009	919	1,058	979	674	526	943
2008–09	983	996	1,060	965	1,109	1,060	703	546	1,001
2009–10	963	981	1,035	961	1,073	1,028	694	519	981
2010–11	999	1,020	1,052	990	1,107	1,057	702	567	1,013
2011–12	1,012	1,044	1,084	980	1,097	1,061	720	559	1,027
2012–13	1,091	1,129	1,153	1,033	1,177	1,170	777	622	1,102
Average annual growth rate (%)									
2002–03 to 2007–08	2.3	2.8	1.4	0.7	1.0	1.4	2.2	2.7	2.0
2007–08 to 2012–13	3.5	3.9	2.7	2.4	2.2	3.6	2.9	3.4	3.2
2002–03 to 2012–13	2.9	3.4	2.1	1.5	1.6	2.5	2.5	3.1	2.6

(a) Based on the number of persons with health insurance cover residing in each state and territory.

(b) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.

Most privately insured people who use hospital and/or ancillary treatment services for which they are covered are required to meet some level of copayment. These copayments are regarded in the expenditure estimates as a form of out-of-pocket funding.

Injury compensation insurers

In 2012–13, injury compensation insurers funded \$2.7 billion of expenditure on health goods and services, including \$1.7 billion by workers compensation insurers and \$1.1 billion by motor vehicle third-party insurers (Table 3.16).

From 2002–03 to 2012–13, real funding by workers compensation insurers and motor vehicle third-party insurers increased on average by 2.3% and 2.4% respectively per year (Table 3.16).

Growth across years was quite volatile for both types of injury compensation insurers.

Expenditure on health funded by workers compensation and motor vehicle third-party insurers comprises most of the 'other non-government' source of funds category presented elsewhere in this report.

Table 3.16: Expenditure by injury compensation insurers, constant prices^(a), and annual growth rates, 2002–03 to 2012–13

Year	Workers compensation insurers		Motor vehicle accident third-party insurers		Total injury compensation insurer	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2002–03	1,319	..	855	..	2,174	..
2003–04	1,425	8.1	781	-8.7	2,206	1.5
2004–05	1,392	-2.3	858	9.8	2,250	2.0
2005–06	1,397	0.3	869	1.3	2,266	0.7
2006–07	1,408	0.8	909	4.6	2,317	2.2
2007–08	1,497	6.3	982	8.1	2,479	7.0
2008–09	1,478	-1.3	933	-5.0	2,412	-2.7
2009–10	1,483	0.3	933	-0.1	2,415	0.2
2010–11	1,560	5.2	985	5.6	2,545	5.4
2011–12	1,613	3.4	1,076	9.3	2,689	5.7
2012–13	1,654	2.6	1,080	0.4	2,734	1.7
Average annual growth rate (%)						
2002–03 to 2007–08	..	2.6	..	2.8	..	2.7
2007–08 to 2012–13	..	2.0	..	1.9	..	2.0
2002–03 to 2012–13	..	2.3	..	2.4	..	2.3

(a) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices. Refer to Appendix C for further details.

Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

4 Data quality statement

4.1 Summary of key issues

- The Australian Institute of Health and Welfare (AIHW) compiles its health expenditure database from a wide range of government and non-government sources. The data are mainly administrative in nature though some survey information is included. Since 2008–09, the main source of government expenditure data has been the Government Health Expenditure National Minimum Data Set (GHE NMDS). The GHE NMDS was developed with the advice of the Health Expenditure Advisory Committee (HEAC) and reporting is mandatory for all state and territory governments.
- Total health expenditure excludes some types of health-related expenditure, including health-related Australian Defence Force expenditure, some local government expenditure and some non-government organisation expenditure.
- The state and territory estimates are intended to give some indication of differences in the overall levels of expenditure on health within the states and territories; they do not necessarily reflect levels of activity by state and territory governments.
- The data, to the greatest extent possible, are produced on an accrual basis.
- Estimates in this report are not comparable with the data published in issues prior to 2005–06 because of the reclassification of expenditure on high-level residential aged care from ‘health services’ to ‘welfare services’.

4.2 Description

The AIHW annually compiles the AIHW health expenditure database that comprises a wide range of information about health expenditure in Australia. Data from the database is reported 15 months after the end of the financial year. Each release provides a 10-year time series from the reference year. In this release, data are provided for 2012–13 with estimates back to 2002–03.

Health expenditure is defined as expenditure on health goods and services and health-related investment. The definition closely follows the definitions and concepts that the Organisation for Economic Co-operation and Development’s (OECD) System of Health Accounts (SHA) (OECD 2000) framework provides. It excludes:

- expenditure that may have a ‘health’ outcome but that is incurred outside the health sector (such as expenditure on building safer transport systems, removing lead from petrol and educating health practitioners)
- expenditure on personal activities not directly related to maintaining or improving personal health
- expenditure that does not have health as the main area of expected benefit.

The Australian Bureau of Statistics (ABS), Treasury, Department of Health (Health) and state and territory health authorities provide most of the data used in the health expenditure database. Other major data sources are the Department of Veterans’ Affairs (DVA), the Private Health Insurance Administration Council (PHIAC), Comcare, and the major workers compensation and compulsory third-party motor vehicle insurers in each state and territory.

Expenditure on health is compiled in terms of recurrent expenditure and capital expenditure. Recurrent expenditure can be thought of as goods and services consumed within a year. It includes expenditure on health goods, such as medications and health aids and appliances; health services, such as hospital, dental and medical services; public health activities and other activities that support health systems, such as research and administration.

Capital consumption (depreciation) is also included as part of recurrent expenditure.

Health-related investment is referred to as gross fixed capital formation (as defined in the ABS Government Finance Statistics) or capital expenditure. In this context the term 'capital expenditure' is used.

Information provided on the type of economic transaction is based on the ABS economic type framework classification. For the 2012–13 report, the data have been reconciled with established reporting structures to ensure the robustness of the estimates provided under this new reporting framework. In future years, these data will increasingly be used to present health expenditure estimates in new ways, such as identifying the various forms of public and private revenue that are used to fund the various health services.

4.3 Institutional environment

The AIHW is a major national agency set up by the Australian Government under the *Australian Institute of Health and Welfare Act 1987* to provide reliable, regular and relevant information and statistics on Australia's health and welfare. It is an independent statutory authority established in 1987, governed by a management board, and accountable to the Australian Parliament through the Health portfolio.

The Institute aims to improve the health and wellbeing of Australians through better health and welfare information and statistics. It collects and reports information on a wide range of topics and issues, ranging from health and welfare expenditure, hospitals, disease and injury, and mental health, to ageing, homelessness, disability and child protection.

The Institute also plays a role in developing and maintaining national metadata standards. This work contributes to improving the quality and consistency of national health and welfare statistics. The Institute works closely with governments and non-government organisations to achieve greater adherence to these standards in administrative data collections to promote national consistency and comparability of data and reporting.

One of the main functions of the AIHW is to work with the states and territories to improve the quality of administrative data and, where possible, to compile national data sets based on data from each jurisdiction, to analyse these data sets and disseminate information and statistics.

The *Australian Institute of Health and Welfare Act 1987*, in conjunction with compliance to the *Privacy Act 1988*, ensures that the data collections managed by the AIHW are kept securely and under the strictest conditions with respect to privacy and confidentiality.

For further information see the AIHW website <www.aihw.gov.au>.

Australia's expenditure reporting format has not changed markedly since the AIHW's first national health expenditure report in 1985. The format that the AIHW has used for reporting expenditure on health since 1985 is based on the World Health Organization's (WHO) reporting structure, which the WHO adopted during the 1970s. The WHO structure is generally referred to as the National Health Accounts (NHA) and it shows areas of

expenditure by sources of funding. The Australian version is the Australian National Health Accounts.

The consistency in the reporting format allows the impact of changes in the way health care is delivered and financed to be monitored over time.

Since 1998, the AIHW has collated and stored its health expenditure data in a way that enables it to simultaneously report national health expenditure according to the national framework and the OECD SHA (OECD 2000).

In October 2011, a new edition of the SHA, building on the original manual was released (OECD, WHO, Eurostat 2011). The AIHW is working towards reporting its health expenditure to the OECD in accordance with these new guidelines.

In 2004, the AIHW established the HEAC, comprising data users and providers, to give advice and feedback on its health expenditure reporting. The committee meets twice a year and consists of representatives from Health, Treasury, ABS, DVA, Commonwealth Grants Commission, Department of Human Services, the PHIAC and each state and territory health department. It also includes an academic health economist.

4.4 Timeliness

This release includes data for the 2012–13 financial year, as well as data back to 2002–03.

The AIHW health expenditure database cannot be compiled for a given year until each jurisdiction is able to supply data for that year. Ability for timely reporting is dependent on whether all jurisdictions meet the deadline for data supply and any delay to data supply past the deadline has an impact on the release date.

The data are generally released 15 months after the end of the reference year, as part of the *Health expenditure Australia* series of publications.

There have been some revisions to previously published estimates of health expenditure, due to receipt of extra or revised data or changes in methodology. Comparisons over time should therefore be based on the estimates provided in the most recent publication, or from the online data cubes, rather than by reference to earlier editions.

4.5 Accessibility

Reports are published and are available on the AIHW website where they can be downloaded without charge, see <<http://www.aihw.gov.au/expenditure-publications/>>.

Data are also available through data cubes, see <<http://www.aihw.gov.au/expenditure-data/#Public>>.

General enquiries about AIHW publications can be made to the Digital and Media Communications Unit on (02) 6244 1026 or via email to <info@aihw.gov.au>.

Specific enquiries about health expenditure data can be made to the Expenditure and Workforce Unit.

4.6 Interpretability

The primary purpose of AIHW's health expenditure database is to enable reporting of estimates of national health expenditure. Because definitions closely follow those that the OECD uses, the database can be used to report internationally.

State and territory estimates are also provided; however, as the methodology used in the report is primarily for national reporting, there may be some differences in figures reported by individual jurisdictions.

Similarly, there may be differences with other reporting of expenditure such as that in AIHW's National Public Hospitals Establishments Database (see 'Chapter 5 Technical notes' in this report for more details).

See Chapter 5 for detailed descriptions of concepts, data sources and estimation methods and the Glossary for the terms used. Further information on the GHE NMDS can also be found on the AIHW's METeOR system
<<http://meteor.aihw.gov.au/content/index.phtml/itemId/181162>>.

4.7 Relevance

The AIHW health expenditure database is highly relevant for monitoring trends in health expenditure, including international comparisons. Policy-makers, researchers, government and non-government organisations and the public use these data for many purposes.

Comparisons with GDP enable consideration of the role of the health sector and per person expenditure provides an indication of changes in expenditure with respect to the population.

The relative contribution of the Australian Government and state and territory governments is relevant to health policy and administration. Similarly, expenditure by the non-government sector, including the out-of-pocket expenses of individuals, are also relevant to a range of health policy issues such as those related to access and the provision of services.

The estimates enable state and territory governments to monitor the impact of their policy initiatives on overall expenditures on health goods and services provided within its borders.

4.8 Accuracy

The AIHW health expenditure database is generally considered to provide accurate estimates of total and component health expenditure in Australia. The introduction of the GHE NMDS in 2008–09 allows further scrutiny and improvement of the expenditure and revenue data, and mitigates the chances of double-counting.

Total health expenditure reported for Australia (both domestically and internationally) is slightly underestimated in that it excludes some types of health-related expenditure, including health-related Australian Defence Force expenditure, some local government expenditure and some non-government organisation expenditure.

Some of the expenditure by non-government health organisations, such as the National Heart Foundation and Diabetes Australia, is not included. In particular, most of the non-research expenditure funded by donations to these organisations is not included, as data are not available.

The estimates do not include indirect expenditure such as the cost of lost wages for people accessing health services.

The state and territory estimates are intended to give some indication of differences in the overall levels of expenditure on health within the states and territories; however they do not necessarily reflect levels of activity by state and territory governments. For example, service providers located in the different states and territories have a variety of funding arrangements with both government and non-government sources. As a result, one state or territory may have a mix of services and facilities that is quite different from another.

There is a partial double-count of the public hospital expenditure funded from private practitioner facility fees and medical services in the hospitals and medical services rows of tables. A small part of public hospital expenditure funded by facility fees and charged to private medical practitioners is not traditionally identified in hospital statistics as a separate form of revenue. This facility fees revenue would have been partly funded by claims on Medicare and the benefits paid, hence would be included in the medical services estimates.

From 2002–03, estimates of individuals' 'out-of-pocket' expenditure on dental services, other health practitioners and aids and appliances, mostly relied on detailed private health insurance data from the PHIAC. The methods before 2002–03 relied on highly aggregated ABS data. Current methods are based on growth in the cost of services, combined with changes in the proportion of the population who have ancillary health insurance cover; see 'Chapter 5 Technical notes' for further details.

The AIHW does not separately collect health expenditure information from local government authorities. In the ABS Government Finance Statistics (GFS) data, the contribution of local governments to health expenditure is included but appears to be relatively small. If local government authorities received funding for health care from the Australian Government or state and territory governments, this expenditure would be included in that jurisdiction's expenditure.

The data, to the greatest extent possible, are produced on an accrual basis; that is, expenditures and funding reported for each area relate to expenses and revenues incurred in the year in which they are reported. This is not always achievable. For example, the data from private health insurance funds are sometimes provided on the basis of the date on which the claims for benefit are processed. These are not necessarily the same as the date on which the services were provided.

4.9 Coherence

Comparisons over time should be based on the estimates in the latest publication, or from the online data cubes, rather than by reference to earlier editions. Previously published estimates are periodically revised due to receipt of extra or revised data or changes in methodology.

Since 2008–09, data presented in this series have been collected through the GHE NMDS. The data collection process requires state and territory data providers to allocate expenditure against a different range of categories from those used for previous collections. These data have been mapped back to the expenditure categories from previous *Health expenditure Australia* publications to ensure consistency and comparability in these statistics over time.

It is possible that the revised data collection process has led to the identification of previously unreported health expenditure, or to disaggregation of existing items that allow

them to be more precisely allocated to health expenditure categories. All measures have been taken to ensure that, particularly at the higher level, statistics are consistent with previous years. There is a possibility that, in some of the more disaggregated state expenditure tables, these changes to the data collection and analysis process have driven the variations, rather than actual changes in health expenditure.

There are breaks in the series due to differences in definitions of public hospitals and public hospital services between 2002–03 and 2003–04. There is a resulting break in time series between 2002–03 and 2003–04 for community and public health services and for dental and patient transport services. Although valid comparisons across the discontinuity can be made for total health expenditure, caution should be exercised when comparing data across the decade for these areas of expenditure. See 'Chapter 5 Technical notes' for further details of these breaks in series.

Estimates in this report are not comparable with the data published in issues prior to 2005–06 because of the reclassification of expenditure on high-level residential aged care from 'health services' to 'welfare services'.

Australia was one of the first countries to adopt a new international standard, the System of National Accounts 2008. The new system increased the scope of production activities included in the measurement of GDP. The changes increased the size of Australia's GDP, which had the effect of reducing Australia's health to GDP ratio, particularly in comparison with other countries that have not yet adopted the new standard. More information about the new system can be found at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/5310.0.55.002>. Revisions to ABS estimates of GDP using the new system affected the estimates in *Health expenditure Australia* from 2008–09.

GDP estimates for this publication are sourced from the ABS (ABS 2014a). The ABS made revisions to their GDP estimates, which incorporated more up-to-date data and concurrent seasonal adjustments. The revisions have been applied retrospectively, so health expenditure to GDP ratios for all years back to 2002–03 in this report are not consistent with those shown in previous *Health expenditure Australia* reports.

The substantial variation in inflation in recent years has been specifically confirmed with the ABS and is held to be accurate.

5 Technical notes

5.1 Definition of health expenditure

Health expenditure is defined as expenditure on health goods and services.

Expenditure on health is traditionally analysed in terms of recurrent expenditure and capital expenditure. Recurrent expenditure can generally be thought of as goods and services consumed within a year. It includes expenditure on health goods, such as medications and health aids and appliances; health services, such as hospital, dental and medical services; public health activities; and other activities that support health systems, such as research and administration. Capital consumption or depreciation is also included as part of recurrent expenditure. Capital expenditure is expenditure on fixed assets such as new buildings (see Glossary for detailed descriptions of health expenditure components).

5.2 Data and methods used to produce estimates

Australian Government

Data on Australian Government health expenditure comes from Treasury, Health and DVA and includes data on expenditure on Medicare and pharmaceutical benefits.

Most of the Australian Government's expenditures can be readily allocated on a state and territory basis. These include:

- the health-care SPP and the health-related NP payments to the states and territories
- Medicare benefits payments (based on the residence of patients)
- pharmaceutical benefit payments (based on the residence of patients)
- DVA expenditure.

Data on other health funding by the Australian Government are generally not available on a state and territory basis. In those cases, indicators are used to derive state and territory estimates. For example, non-Medicare payments to medical service providers aimed at enhancing or modifying medical practice are allocated according to the proportion of vocationally registered general practitioners in each state or territory.

From November 2008, a Council of Australian Governments (COAG) reform package was agreed that included funding for National Healthcare SPP and NP payments. These payments replaced the second Australian Healthcare Agreement (AHCA) that ended on 30 June 2009. Total Australian Government expenditure to the states and territories under the SPP associated with the National Healthcare Agreement and NP payments was \$15.9 billion in 2012–13. These payments are made to state treasuries and can cover several years of funding. These payments include the National Healthcare SPP for hospital services, National Partnership payments on Hospital and Health Workforce Reform and National Partnership payments for Improving Public Hospital Services.

Funding reported for 2008–09 in this report includes \$1.2 billion in Australian Government funding through the 5-year *National Partnership agreement on health and hospital workforce reform*. This funding has been offset against 2008–09 state and territory government funding

in keeping with the methodology in this report series. Expenditure of this funding by states and territories, however, can be spread over 5 years.

The medical expenses tax rebate is available to taxpayers in respect of health expenditures they incur in a year. It is not possible to allocate these to any specific areas of health expenditure. In the AIHW health expenditure database, these are included in Australian Government expenditure and deducted from estimates of individuals' expenditure.

State and territory governments

The majority of health expenditure data for state and territory governments comes from each of the state and territory health authorities. These data are now all supplied on an accruals basis. Prior to 2007–08, South Australia was only able to supply its data on a cash basis. Since 2008–09, data have been collected through the GHE NMDS.

Estimates of funding for state/territory governments are derived by deducting any Australian Government grants and other revenue received by the state and territory health authorities from gross health expenditure estimates. These funding estimates relate to funding of services provided in the state or territory concerned by any state/territory government. For example, some services in the particular state/territory may relate to residents of another state or territory. Such transactions may eventually be the subject of cross-border reimbursement arrangements between the states and territories concerned. However, such cross-border adjustments are not generally made in these estimates.

Public hospitals and public hospital services

There is a break in the series due to differences in definitions of public hospital and public hospital services between 2002–03 and 2003–04.

Prior to 2003–04, the AIHW's public hospitals establishments (PHE) collection data were used to derive public hospital expenditure estimates for each state and territory. The PHE data comprise operating expenses that public hospitals incurred (such as wages and salaries, food, repairs and maintenance, and so forth) in providing a range of services – including community and public health services, dental and patient transport services and health research. This is referred to as 'public hospital' expenditure.

State and territory health authorities have directly provided estimates of expenditure on 'public hospital services' from 2003–04 onwards. These reflect only that part of public hospitals' expenses that are used in providing 'hospital services'. That is, they exclude expenses incurred in providing community and public health services, dental and patient transport services and health research undertaken by public hospitals. These excluded expenses are shown under their respective categories in the health expenditure matrix. For example, expenditure on patient transport services that public hospitals incurred before 2003–04 was reported as a part of public hospital expenditure. From 2003–04, it was captured as part of expenditure on patient transport services.

As part of the 2003–04 revisions, most states and territories also allocated their central office expenses to functional areas such as public hospital services, community health services, public health etc. Previously, those expenses had been subsumed into the 'administration' expenditure category. As a result, although the public hospital services category after 2003–04 excludes the expenditures mentioned above, expenditure on public hospital services is not necessarily lower than it would have been if these changes had not taken place. If the

central office expenses that have been allocated to 'public hospital services' are greater in total than the excluded expenditures, expenditure on public hospital services would increase.

Comparisons over time of expenditure on public hospitals, public hospital services, community and public health services, dental services and patient transport services can be made from 2003–04 onwards.

Health expenditure for these areas cannot be compared across 2002–03 and 2003–04, nor can they be used to compare expenditure relating to a specific year, such as 2006–07, to expenditure, or growth in expenditure, for the decade from 2002–03 to 2012–13.

Community and public health services and dental and patient transport services

Due to the above-mentioned change in definitions for public hospitals and public hospital services, there is a break in the time series between 2002–03 and 2003–04 for community and public health services and for dental and patient transport services.

In addition, for community health services, an indeterminate amount of domiciliary care expenditure was included in the community health services data before 2003–04. Domiciliary care, which includes home and community care funding, is considered to be funding for welfare services rather than health services and has, since 2003–04, been excluded from the community health services expenditure estimates.

Although valid comparisons across the discontinuity can be made for total health expenditure, caution should be exercised when comparing data across the decade for these areas of expenditure.

It is arguable that there is some overestimation of health expenditure in the dental area. Expenditure on orthodontics is included in dental expenditure, but the principal purpose of some of this expenditure is cosmetic and health is a secondary purpose. Thus some of it should probably not be part of health expenditure.

Contracting of private hospital services

From 2002–03 onwards the AIHW began collecting and reporting state and territory government funding for services that private hospitals provided. The funding includes where state or territory governments or Area Health Services had contracts with private hospitals to provide services to public patients or where individual public hospitals purchased services from private hospitals in respect of their public patients.

Public health

Separate data on public health expenditure, based on core public health expenditure activities, were available from the AIHW's Public Health Expenditure Project for 2002–03 to 2008–09.

The data were published in the AIHW's *National public health expenditure* reports (AIHW 2006, 2007b, 2008a) and *Public health expenditure in Australia* reports (AIHW 2008b, 2009a, 2011). The data collected for these reports only include expenditure by key health departments and agencies of the Australian Government and states and territories.

Prior to June 2009, data were provided under the auspices of the Public Health Outcome Funding Agreements (PHOFAs). The PHOFAs ceased on 30 June 2009 and since then Australian Government funding for public health programs has been included within National Healthcare SPPs and NP payments under the Intergovernmental Agreement on Federal Financial Relations.

Public health expenditure data for 2009–10 onwards are only reported as total public health expenditure, nationally and for each state and territory (Appendix A and B tables, respectively).

Research and capital

Data on research, capital expenditure and capital consumption are generally sourced from the ABS.

Research expenditure data in this report come from the *Research and experimental development survey* series (ABS 2010a, 2012, 2013a, 2014c, 2014d) which is generally only available every second year. Where data were unavailable, estimates were used.

The data for government capital consumption and capital expenditure are sourced from ABS's GFS.

In previous *Health expenditure Australia* reports, private capital consumption was included as part of recurrent expenditure, while government capital consumption was reported as part of total health expenditure but not part of recurrent health expenditure. From *Health expenditure Australia 2007–08* (AIHW 2009b) onwards, government capital consumption has been included as part of recurrent health expenditures for all years. The reasons for incorporating both government and non-government capital consumption as part of recurrent expenditure are:

- government and private capital consumption are treated consistently
- international reporting includes depreciation as part of recurrent expenditures.

5.3 Non-government

Private hospitals

Spending on private hospitals comes from the annual ABS survey of private hospitals, the most recent being *Private hospitals, Australia, 2012–13* (ABS 2014e). In 2007–08, the survey was not conducted and an estimate of private hospital expenditure was made.

From 2008–09 onwards, expenditure by individuals in private hospitals was estimated from the reported revenue (rather than reported expenditure which was previously used) in the ABS survey. Care should therefore be taken when comparing private hospital expenditure for years up to 2007–08 with years from 2008–09 onwards.

Health insurance funds

Funding for health goods and services by health insurance funds within a state or territory is assumed to be equal to the level of benefits paid by health insurance funds with patients who reside in that state or territory.

In all years in this report, funding of health goods and services through health insurance funds has been divided into 2 categories:

- private health insurance funding
- Australian Government funding.

This reflects the effect of 2 forms of indirect Australian Government subsidy of private health insurance.

Although the rebate relates to the premiums payable by health insurance members, they are regarded as being an indirect Australian Government subsidy of the types of activities funded through private health insurance funds. These include both health and non-health activities. The non-health activities include the accumulation of reserves (which is regarded as an 'insurance-type' activity).

The Australian Government subsidy is assumed to be spread across all these activities in proportion to the levels of expense and variations in reserves. But only the portions of the subsidy allocation that relate to health activities are included in the estimates of funding by the Australian Government.

Prior to 2009–10, data on private health insurance funding for the Australian Capital Territory was included in the total for New South Wales. To estimate funding for the Australian Capital Territory, the AIHW used the Australian Capital Territory's admitted patient separation numbers for public and private hospitals to derive its proportion of total Australian Capital Territory and New South Wales separations and applied this proportion to the private health insurance funding.

From 2009–10, private health insurance funding data for the Australian Capital Territory are available separately.

Individuals

From 2002–03, estimates of individuals' expenditure on dental services, other health practitioners and aids and appliances mostly relied on detailed private health insurance data from the PHIAC. This methodology uses growth in the cost of services, combined with changes in the proportion of the population who have ancillary cover from year to year, to project the individual out-of-pocket expenditure for these categories. Funding of these services by private health insurance funds, Medicare and injury compensation insurers is deducted from these estimates to arrive at the estimates of individuals' out-of-pocket funding.

Up to the introduction of the GHE NMDS in 2008–09, estimates of expenditure by individuals on patient transport services were based on data from the Productivity Commission's *Report on government services* (SCRCSSP 2003; SCRGSP 2007, 2009). From 2008–09, these data are provided by states and territories through the GHE NMDS.

Data for over-the-counter medicines sold at pharmacies for 2002–03 to 2004–05 were sourced from *Retail pharmacy* (Flanagan 2003a, 2004a, 2005a). For 2005–06 to 2007–08 and for 2010–11 and 2012–13, these data were sourced from AZTEC to enable a more comprehensive breakdown of each category of products sold. For 2008–09, 2009–10 and 2011–12, estimates were required with the use of data sourced from the *Retail world annual report* (Gloria 2009, 2010, 2011) and past AZTEC data.

Retail sales of medicines in major retail chains such as supermarkets is sourced from *Retail world* (Flanagan 2002, 2003b, 2004b, 2005b, 2006, 2007, 2008) and the *Retail world annual report* (Gloria 2009, 2010, 2011, 2012, 2013).

Other non-government sources

Workers compensation and compulsory third-party motor vehicle insurance payments comprise the majority of expenditure for this category. The AIHW obtains these data from state and territory health authorities and the respective injury compensation insurers in each state and territory.

5.4 Blank cells in expenditure tables

The national and the state and territory tables in appendixes A and B have some cells for which there is no expenditure recorded. There are many reasons for this, but the main ones are:

- (i) There are assumed to be no funding flows because they do not exist in the institutional framework for health-care funding.
- (ii) The total funding is nil or so small that it rounds to zero – designated as ‘–’.
- (iii) A flow of funds exists but it cannot be estimated from available data sources.
- (iv) Some cells relate to ‘catch-all’ categories and the data and metadata are of such high quality as to enable all expenditure to be allocated to specified areas. Thus, there is no residual data to allocate to the ‘catch-all’ categories.

An example for (i) is, there are no funding flows by the state and territory government for medical services and benefit-paid pharmaceuticals because these are funded by the Australian Government, individuals and private health insurance funds through Medicare and the PBS.

An example for (iv) is, in some years small miscellaneous Australian Government expenditures have been allocated to the category ‘Other recurrent health expenditure n.e.c.’ These could not, at that time, be allocated to the specific health expenditure areas in the matrix. In other years, better quality of description may have allowed those types of expenditures to be more precisely allocated. The expenditure category remains in order to show what total health expenditure is over a long time period.

Appendix tables

There are 4 appendixes to this report:

Appendix A: National health expenditure matrixes.

Appendix B: State and territory health expenditure tables in current prices, by area of expenditure and source of funds, 2010–11 to 2012–13.

Appendix C: Price indexes and deflation.

Appendix D: Population data, comprising estimated resident population and the number of insured persons with hospital treatment cover.

Appendix A: National health expenditure matrixes

Table A1: Total health expenditure, current prices, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government			State and			HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	1,693	14,618	2,613	18,924	20,713	39,637	5,553	2,506	2,059	10,119	49,756
Public hospital services ^(e)	765	14,366	316	15,447	20,264	35,712	671	1,159	1,446	3,276	38,988
Private hospitals	927	252	2,298	3,477	449	3,926	4,883	1,347	613	6,842	10,768
Primary health care	1,621	18,930	795	21,346	6,528	27,874	1,689	16,074	1,726	19,489	47,363
Unreferred medical services	839	6,697	..	7,537	..	7,537	..	625	1,059	1,684	9,221
Dental services	105	803	528	1,437	699	2,136	1,122	4,564	35	5,721	7,857
Other health practitioners	202	987	244	1,433	6	1,439	517	2,029	372	2,918	4,357
Community health and other ^(f)	1	1,005	—	1,007	4,982	5,989	1	144	161	305	6,295
Public health	..	1,061	..	1,061	840	1,901	..	15	31	46	1,947
Benefit-paid pharmaceuticals	473	7,879	..	8,352	..	8,352	..	1,476	..	1,476	9,828
All other medications	..	497	23	520	..	520	48	7,221	70	7,338	7,858
Other	192	14,381	1,223	15,796	3,094	18,890	2,599	5,093	421	8,113	27,003
Patient transport services	146	61	76	284	1,872	2,155	162	365	102	629	2,785
Referred medical services	..	9,507	495	10,002	..	10,002	1,053	2,188	..	3,241	13,243
Aids and appliances	2	399	204	606	..	606	433	2,536	57	3,026	3,632
Administration	41	1,119	447	1,608	447	2,055	951	—	6	957	3,012
Research	2	3,294	..	3,297	776	4,072	..	3	256	259	4,331
Total recurrent funding	3,506	47,929	4,631	56,066	30,335	86,401	9,841	23,674	4,206	37,721	124,122
Capital expenditure	..	135	..	135	4,155	4,290	..	..	3,200	3,200	7,490
Total health funding^(g)	3,506	48,064	4,631	56,201	34,490	90,691	9,841	23,674	7,406	40,921	131,612
Medical expenses tax rebate	..	475	..	475	..	475	..	-475	..	-475	—
Total health funding	3,506	48,539	4,631	56,676	34,490	91,166	9,841	23,199	7,406	40,446	131,612

Notes: See page 86.

Table A2: Total health expenditure, current prices, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government			State and			HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	1,776	15,129	3,028	19,933	22,905	42,838	5,890	2,450	2,331	10,671	53,509
Public hospital services ^(e)	853	14,882	388	16,122	22,411	38,533	754	1,117	1,630	3,501	42,034
Private hospitals	924	247	2,640	3,811	494	4,305	5,136	1,334	701	7,170	11,475
Primary health care	1,644	20,295	920	22,860	7,092	29,952	1,790	17,038	1,825	20,653	50,605
Unreferred medical services	837	6,990	..	7,827	..	7,827	..	640	1,128	1,768	9,594
Dental services	104	956	607	1,667	718	2,385	1,181	4,736	34	5,951	8,336
Other health practitioners	236	1,061	288	1,585	8	1,593	561	2,209	390	3,159	4,752
Community health and other ^(f)	1	1,121	—	1,122	5,703	6,825	1	115	149	265	7,090
Public health	..	1,516	..	1,516	663	2,179	..	20	47	66	2,245
Benefit-paid pharmaceuticals	467	8,124	..	8,591	..	8,591	..	1,558	..	1,558	10,150
All other medications	..	528	24	552	..	552	46	7,761	78	7,885	8,437
Other	198	15,913	1,429	17,540	3,116	20,656	2,780	5,174	422	8,375	29,031
Patient transport services	151	55	86	293	2,084	2,376	168	351	96	615	2,991
Referred medical services	..	10,231	578	10,809	..	10,809	1,124	2,315	..	3,439	14,249
Aids and appliances	2	425	235	662	..	662	458	2,503	65	3,025	3,687
Administration	43	1,511	530	2,084	300	2,384	1,030	—	2	1,032	3,417
Research	2	3,691	..	3,693	732	4,424	..	5	259	263	4,688
Total recurrent funding	3,619	51,338	5,377	60,333	33,113	93,446	10,459	24,662	4,577	39,699	133,144
Capital expenditure	..	218	..	218	5,111	5,329	..	..	3,484	3,484	8,813
Total health funding^(g)	3,619	51,556	5,377	60,551	38,224	98,775	10,459	24,662	8,061	43,182	141,957
Medical expenses tax rebate	..	541	..	541	..	541	..	-541	..	-541	—
Total health funding	3,619	52,097	5,377	61,092	38,224	99,316	10,459	24,121	8,061	42,641	141,957

Notes: See page 86.

Table A3: Total health expenditure, current prices, by area of expenditure and source of funds^(a), 2012–13 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government			State and			HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	1,664	15,331	2,882	19,876	24,112	43,989	6,637	2,803	2,514	11,954	55,943
Public hospital services ^(e)	785	15,065	393	16,242	23,655	39,897	904	1,305	1,754	3,963	43,860
Private hospitals	879	266	2,489	3,635	457	4,092	5,733	1,497	760	7,991	12,083
Primary health care	1,608	20,255	915	22,779	7,463	30,242	2,108	18,517	2,080	22,706	52,948
Unreferred medical services	838	7,419	..	8,257	..	8,257	..	661	1,248	1,909	10,166
Dental services	100	843	606	1,550	657	2,207	1,396	5,066	37	6,500	8,706
Other health practitioners	241	1,160	287	1,688	13	1,701	661	2,426	422	3,508	5,209
Community health and other ^(f)	1	1,181	—	1,182	5,909	7,092	1	153	198	352	7,444
Public health	..	1,150	..	1,150	884	2,034	..	13	96	109	2,143
Benefit-paid pharmaceuticals	429	7,994	..	8,423	..	8,423	..	1,547	..	1,547	9,970
All other medications	..	507	22	529	..	529	50	8,651	80	8,781	9,309
Other	201	16,325	1,347	17,873	3,092	20,966	3,103	5,373	444	8,920	29,886
Patient transport services	157	56	85	298	2,067	2,364	195	353	100	648	3,012
Referred medical services	..	10,892	556	11,448	..	11,448	1,280	2,428	..	3,709	15,157
Aids and appliances	2	440	229	671	..	671	529	2,585	59	3,172	3,844
Administration	41	1,101	477	1,619	235	1,855	1,099	3	1	1,103	2,958
Research	1	3,836	..	3,837	790	4,627	..	4	284	288	4,915
Total recurrent funding	3,474	51,911	5,144	60,529	34,668	95,197	11,849	26,693	5,039	43,580	138,777
Capital expenditure	..	72	..	72	5,099	5,171	..	..	3,436	3,436	8,607
Total health funding^(g)	3,474	51,983	5,144	60,601	39,767	100,368	11,849	26,693	8,474	47,016	147,384
Medical expenses tax rebate	..	422	..	422	..	422	..	-422	..	-422	—
Total health funding	3,474	52,404	5,144	61,022	39,767	100,789	11,849	26,272	8,474	46,594	147,384

Notes: See page 86.

Table A4: Total health expenditure, constant prices^(h), by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government			State and			HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	1,786	15,411	2,756	19,952	21,852	41,804	5,855	2,643	2,167	10,665	52,470
Public hospital services ^(e)	807	15,145	333	16,285	21,373	37,658	707	1,222	1,521	3,450	41,108
Private hospitals	978	265	2,423	3,667	479	4,146	5,149	1,421	645	7,215	11,361
Primary health care	1,674	19,450	825	21,949	6,898	28,847	1,752	16,387	1,816	19,956	48,803
Unreferred medical services	873	6,988	..	7,860	..	7,860	..	650	1,103	1,753	9,613
Dental services	107	818	536	1,461	738	2,199	1,140	4,636	36	5,811	8,010
Other health practitioners	220	1,070	265	1,555	6	1,562	564	2,210	405	3,180	4,741
Community health and other ^(f)	2	1,062	—	1,064	5,267	6,331	1	152	169	322	6,653
Public health	..	1,119	..	1,119	887	2,006	..	16	32	49	2,055
Benefit-paid pharmaceuticals	472	7,873	..	8,346	..	8,346	..	1,475	..	1,475	9,821
All other medications	..	521	23	543	..	543	48	7,248	70	7,366	7,909
Other	203	15,062	1,272	16,536	3,273	19,810	2,702	5,147	441	8,290	28,100
Patient transport services	154	65	81	299	1,976	2,275	172	382	107	661	2,936
Referred medical services	..	9,890	515	10,406	..	10,406	1,095	2,276	..	3,371	13,777
Aids and appliances	2	421	200	623	..	623	425	2,485	55	2,965	3,588
Administration	44	1,189	476	1,709	474	2,183	1,012	—	7	1,018	3,201
Research	2	3,497	..	3,500	823	4,323	..	3	271	275	4,597
Total recurrent funding	3,663	49,923	4,852	58,438	32,023	90,461	10,310	24,177	4,423	38,911	129,372
Capital expenditure	..	133	..	133	4,165	4,298	..	..	3,203	3,203	7,502
Total health funding^(g)	3,663	50,056	4,852	58,571	36,188	94,759	10,310	24,177	7,626	42,114	136,874
Medical expenses tax rebate	..	504	..	504	..	504	..	-504	..	-504	—
Total health funding	3,663	50,561	4,852	59,076	36,188	95,264	10,310	23,673	7,626	41,610	136,874

Notes: See page 86.

Table A5: Total health expenditure, constant prices^(h), by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government			State and			HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	1,830	15,577	3,118	20,525	23,597	44,122	6,065	2,521	2,398	10,984	55,106
Public hospital services ^(e)	878	15,323	399	16,600	23,085	39,686	776	1,149	1,677	3,602	43,288
Private hospitals	951	254	2,719	3,925	511	4,436	5,289	1,373	721	7,382	11,818
Primary health care	1,672	20,602	939	23,214	7,310	30,523	1,827	17,313	1,872	21,012	51,535
Unreferred medical services	856	7,159	..	8,015	..	8,015	..	654	1,155	1,808	9,824
Dental services	106	971	617	1,694	739	2,433	1,200	4,809	35	6,044	8,477
Other health practitioners	243	1,095	298	1,637	8	1,645	579	2,281	402	3,263	4,908
Community health and other ^(f)	1	1,154	—	1,155	5,879	7,034	1	119	154	273	7,307
Public health	..	1,561	..	1,561	683	2,244	..	20	48	68	2,312
Benefit-paid pharmaceuticals	467	8,119	..	8,585	..	8,585	..	1,557	..	1,557	10,142
All other medications	..	543	24	567	..	567	47	7,873	79	7,999	8,565
Other	204	16,332	1,462	17,998	3,211	21,210	2,845	5,233	433	8,510	29,720
Patient transport services	156	57	89	301	2,146	2,447	173	360	99	632	3,079
Referred medical services	..	10,467	591	11,058	..	11,058	1,150	2,368	..	3,518	14,575
Aids and appliances	2	437	235	674	..	674	457	2,500	65	3,021	3,695
Administration	45	1,560	547	2,152	311	2,462	1,065	—	2	1,067	3,530
Research	2	3,811	..	3,813	755	4,568	..	5	267	272	4,840
Total recurrent funding	3,706	52,511	5,519	61,737	34,118	95,855	10,737	25,067	4,703	40,506	136,361
Capital expenditure	..	217	..	217	5,090	5,308	..	..	3,506	3,506	8,814
Total health funding^(g)	3,706	52,729	5,519	61,954	39,208	101,162	10,737	25,067	8,209	44,013	145,175
Medical expenses tax rebate	..	559	..	559	..	559	..	-559	..	-559	—
Total health funding	3,706	53,288	5,519	62,513	39,208	101,721	10,737	24,508	8,209	43,454	145,175

Notes: See page 86.

Table A6: Total health expenditure, constant prices^(h), by area of expenditure and source of funds^(a), 2012–13 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government			State and			HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	1,664	15,331	2,882	19,876	24,112	43,989	6,637	2,803	2,514	11,954	55,943
Public hospital services ^(e)	785	15,065	393	16,242	23,655	39,897	904	1,305	1,754	3,963	43,860
Private hospitals	879	266	2,489	3,635	457	4,092	5,733	1,497	760	7,991	12,083
Primary health care	1,608	20,255	915	22,779	7,463	30,242	2,108	18,517	2,080	22,706	52,948
Unreferred medical services	838	7,419	..	8,257	..	8,257	..	661	1,248	1,909	10,166
Dental services	100	843	606	1,550	657	2,207	1,396	5,066	37	6,500	8,706
Other health practitioners	241	1,160	287	1,688	13	1,701	661	2,426	422	3,508	5,209
Community health and other ^(f)	1	1,181	—	1,182	5,909	7,092	1	153	198	352	7,444
Public health	..	1,150	..	1,150	884	2,034	..	13	96	109	2,143
Benefit-paid pharmaceuticals	429	7,994	..	8,423	..	8,423	..	1,547	..	1,547	9,970
All other medications	..	507	22	529	..	529	50	8,651	80	8,781	9,309
Other	201	16,325	1,347	17,873	3,092	20,966	3,103	5,373	444	8,920	29,886
Patient transport services	157	56	85	298	2,067	2,364	195	353	100	648	3,012
Referred medical services	..	10,892	556	11,448	..	11,448	1,280	2,428	..	3,709	15,157
Aids and appliances	2	440	229	671	..	671	529	2,585	59	3,172	3,844
Administration	41	1,101	477	1,619	235	1,855	1,099	3	1	1,103	2,958
Research	1	3,836	..	3,837	790	4,627	..	4	284	288	4,915
Total recurrent funding	3,474	51,911	5,144	60,529	34,668	95,197	11,849	26,693	5,039	43,580	138,777
Capital expenditure	..	72	..	72	5,099	5,171	..	..	3,436	3,436	8,607
Total health funding^(g)	3,474	51,983	5,144	60,601	39,767	100,368	11,849	26,693	8,474	47,016	147,384
Medical expenses tax rebate	..	422	..	422	..	422	..	-422	..	-422	—
Total health funding	3,474	52,404	5,144	61,022	39,767	100,789	11,849	26,272	8,474	46,594	147,384

Notes: See page 86.

Table A7: Annual growth in health expenditure, current prices, by area of expenditure, 2002–03 to 2012–13 (per cent)

Area of expenditure	2002–03 to	2003–04 to	2004–05 to	2005–06 to	2006–07 to	2007–08 to	2008–09 to	2009–10 to	2010–11 to	2011–12 to	Average annual growth	
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2002–03 to 2012–13	2007–08 to 2012–13
Hospitals	..	8.7	8.5	9.7	9.6	10.7	8.5	7.5	7.5	4.5	..	7.7
Public hospitals ^(f) / Public hospital services ^(e)	..	9.4	9.3	10.4	10.0	8.6	8.3	7.6	7.8	4.3	..	7.3
Private hospitals	8.2	6.2	5.6	7.0	8.2	..	9.3	7.1	6.6	5.3	..	..
Primary health care	..	10.0	4.4	8.9	9.9	7.4	7.7	7.2	6.8	4.6	..	6.7
Unreferred medical services	6.1	14.3	2.0	6.4	11.3	4.7	8.2	8.2	4.1	6.0	7.1	6.2
Dental services	..	9.2	5.6	7.0	6.2	11.2	13.2	2.2	6.1	4.4	..	7.4
Other health practitioners	7.8	5.6	8.5	7.7	3.1	1.6	9.2	16.4	9.1	9.6	7.8	9.1
Community health and other ^(f)	..	9.3	9.2	12.7	14.5	5.1	7.2	7.6	12.6	5.0	..	7.5
Public health	..	14.1	1.6	16.4	25.0	–1.1	–10.4	–2.9	15.3	–4.6	..	–1.1
Benefit-paid pharmaceuticals	9.5	6.2	3.0	3.1	7.9	9.9	7.5	2.0	3.3	–1.8	5.0	4.1
All other medications	10.5	13.7	3.2	19.9	9.9	12.1	7.4	16.3	7.4	10.3	11.0	10.7
Other	..	11.7	7.8	8.7	9.0	14.1	6.6	4.4	7.5	2.9	..	7.1
Patient transport services	..	9.0	4.3	16.7	12.0	19.3	8.3	7.6	7.4	0.7	..	8.5
Referred medical services	8.5	13.0	8.6	8.9	8.2	10.4	6.5	4.5	7.6	6.4	8.2	7.1
Aids and appliances	10.9	12.6	7.0	8.0	2.9	4.9	7.1	3.7	1.5	4.3	6.3	4.3
Administration	9.6	8.3	0.2	–0.8	10.3	15.2	–4.9	5.1	13.4	–13.4	3.9	2.5
Research	11.7	11.8	18.1	13.8	16.3	34.6	15.0	2.4	8.2	4.9	13.4	12.5
Total recurrent expenditure	7.8	9.8	6.7	9.2	9.6	10.1	7.8	6.7	7.3	4.2	7.9	7.2
Capital expenditure	–9.2	18.6	11.0	15.5	1.0	16.6	–10.5	29.4	17.7	–2.3	8.0	9.2
Total health expenditure^(g)	6.8	10.3	6.9	9.5	9.1	10.5	6.7	7.8	7.9	3.8	7.9	7.3

Notes: See page 86.

Table A8: Annual growth in health expenditure, constant prices^(h), by area of expenditure, 2002–03 to 2012–13 (per cent)

Area of expenditure	2002–03 to	2003–04 to	2004–05 to	2005–06 to	2006–07 to	2007–08 to	2008–09 to	2009–10 to	2010–11 to	2011–12 to	Average annual growth	
	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2002–03 to 2012–13	2007–08 to 2012–13
Hospitals	..	5.9	3.5	5.6	6.3	7.6	4.6	6.0	5.0	1.5	..	4.9
Public hospitals ^(f) / Public hospital services ^(e)	..	6.6	4.2	6.3	6.6	5.7	4.4	6.1	5.3	1.3	..	4.5
Private hospitals	4.6	3.5	1.2	2.9	5.0	..	5.2	5.7	4.0	2.2	..	..
Primary health care	..	6.0	1.1	5.8	8.2	4.5	5.6	6.5	5.6	2.7	..	5.0
Unreferred medical services	0.8	5.9	–3.5	3.2	10.3	0.9	6.1	6.9	2.2	3.5	3.6	3.9
Dental services	..	2.6	1.4	1.4	2.1	8.1	10.3	1.3	5.8	2.7	..	5.6
Other health practitioners	5.4	2.6	3.5	5.6	3.2	–2.5	6.4	12.7	3.5	6.1	4.6	5.1
Community health and other ^(f)	..	5.5	3.6	8.1	10.4	–1.4	3.4	5.7	9.8	1.9	..	3.8
Public health	..	11.2	–2.8	11.9	21.3	–4.1	–13.6	–4.2	12.6	–7.3	..	–3.7
Benefit-paid pharmaceuticals	9.3	6.1	3.0	3.1	7.8	9.7	7.5	2.0	3.3	–1.7	4.9	4.1
All other medications	12.4	12.8	2.1	16.5	9.3	13.8	6.3	19.0	8.3	8.7	10.8	11.1
Other	..	5.8	2.8	5.1	7.0	11.0	4.6	3.5	5.8	0.6	..	5.0
Patient transport services	..	6.2	–0.5	12.4	8.6	15.9	4.4	6.1	4.9	–2.2	..	5.7
Referred medical services	3.1	4.8	2.8	5.6	7.2	6.3	4.4	3.0	5.8	4.0	4.7	4.7
Aids and appliances	3.8	9.8	4.2	5.8	0.1	6.9	12.5	10.7	3.0	4.0	6.0	7.4
Administration	4.9	4.5	–4.1	–5.1	6.2	10.2	–8.6	1.9	10.2	–16.2	0.1	–1.0
Research	7.5	7.9	13.0	9.1	12.1	29.2	10.8	–0.9	5.3	1.6	9.3	8.7
Total recurrent expenditure	4.0	5.9	2.4	5.6	7.2	7.1	5.0	5.6	5.4	1.8	5.0	5.0
Capital expenditure	–10.8	16.8	5.6	12.9	–3.2	12.9	–9.2	28.6	17.5	–2.4	6.2	8.6
Total health expenditure^(g)	3.2	6.4	2.6	5.9	6.6	7.4	4.2	6.7	6.1	1.5	5.1	5.2

Notes: See page 86.

Table A9: Proportions of recurrent health expenditure, current prices, by area of expenditure, 2002–03 to 2012–13 (per cent)

Area of expenditure	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13
Hospitals	38.9	38.9	38.5	39.1	39.3	39.3	39.5	39.8	40.1	40.2	40.3
Public hospitals ^(f) /Public hospital services ^(e)	30.4	30.4	30.3	31.0	31.3	31.4	31.0	31.1	31.4	31.6	31.6
Private hospitals	8.5	8.5	8.2	8.2	8.0	7.9	8.5	8.6	8.7	8.6	8.7
Primary health care	40.2	39.8	39.8	39.0	38.9	39.0	38.0	38.0	38.2	38.0	38.2
Unreferred medical services	7.9	7.8	8.1	7.7	7.6	7.7	7.3	7.3	7.4	7.2	7.3
Dental services	6.7	6.7	6.6	6.6	6.4	6.2	6.3	6.6	6.3	6.3	6.3
Other health practitioners	3.8	3.8	3.6	3.7	3.7	3.4	3.2	3.2	3.5	3.6	3.8
Community health and other ^(f)	5.3	4.8	4.8	4.9	5.1	5.3	5.1	5.0	5.1	5.3	5.4
Public health	2.0	1.9	2.0	1.9	2.0	2.3	2.1	1.7	1.6	1.7	1.5
Benefit-paid pharmaceuticals	9.4	9.6	9.3	8.9	8.4	8.3	8.3	8.3	7.9	7.6	7.2
All other medications	5.1	5.2	5.4	5.2	5.7	5.7	5.8	5.8	6.3	6.3	6.7
Other	20.9	21.3	21.7	21.9	21.8	21.7	22.5	22.2	21.8	21.8	21.5
Patient transport services	1.8	1.9	1.9	1.9	2.0	2.0	2.2	2.2	2.2	2.2	2.2
Referred medical services	10.6	10.7	11.0	11.2	11.1	11.0	11.0	10.9	10.7	10.7	10.9
Aids and appliances	3.2	3.3	3.4	3.4	3.4	3.2	3.0	3.0	2.9	2.8	2.8
Administration	3.1	3.1	3.1	2.9	2.6	2.7	2.8	2.5	2.4	2.6	2.1
Research	2.2	2.2	2.3	2.5	2.6	2.8	3.4	3.6	3.5	3.5	3.5
Total recurrent expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: See page 86.

Table A10: Recurrent funding of public hospitals^{(e)(i)}, constant prices^(h), by source of funds and annual growth rates, 2002–03 to 2012–13 (per cent)

Year	Government						Non-government			Total		
	Australian Government			State/territory			Amount (\$m)	Growth (%)	Share (%)	Amount (\$m)	Growth (%)	Share (%)
	Amount (\$m)	Growth (%)	Share (%)	Amount (\$m)	Growth (%)	Share (%)						
2002–03	11,855	..	44.2	13,097	..	48.9	1,857	..	6.9	26,809	..	100.0
	<i>Break in series</i>											
2003–04	11,911	..	42.7	14,281	..	51.2	1,699	..	6.1	27,890	..	100.0
2004–05	12,421	4.3	41.8	15,269	6.9	51.4	2,043	20.3	6.9	29,733	6.6	100.0
2005–06	12,311	–0.9	39.7	16,527	8.2	53.3	2,143	4.9	6.9	30,981	4.2	100.0
2006–07	12,650	2.8	38.4	17,944	8.6	54.5	2,336	9.0	7.1	32,930	6.3	100.0
2007–08	13,786	9.0	39.3	18,803	4.8	53.5	2,525	8.1	7.2	35,114	6.6	100.0
2008–09	15,601	13.2	42.0	18,551	–1.3	50.0	2,957	17.1	8.0	37,110	5.7	100.0
2009–10	14,835	–4.9	38.3	20,881	12.6	53.9	3,024	2.2	7.8	38,740	4.4	100.0
2010–11	16,285	9.8	39.6	21,373	2.4	52.0	3,450	14.1	8.4	41,108	6.1	100.0
2011–12	16,600	1.9	38.3	23,085	8.0	53.3	3,602	4.4	8.3	43,288	5.3	100.0
2012–13	16,242	–2.2	37.0	23,655	2.5	53.9	3,963	10.0	9.0	43,860	1.3	100.0
	Average annual growth rate (%)											
2002–03 to 2007–08	..	3.1	..	..	7.5	..	..	6.3	..	..	5.5	..
2007–08 to 2012–13	..	3.3	..	..	4.7	..	..	9.4	..	..	4.5	..
2002–03 to 2012–13	..	3.2	..	..	6.1	..	..	7.9	..	..	5.0	..

Notes: See page 86.

Notes to Appendix A tables

- (a) Tables show funding provided by the Australian Government, and state and territory government authorities and the major non-government sources of funding for health care. They do not show total expenditure on health goods and services by the different service provider sectors.
- (b) 'Health and other' comprises Australian Government Department of Health funded-expenditure such as on MBS and PBS, and other Australian Government expenditure such as for the SPP associated with the National Healthcare Agreement and health-related NP payments, capital consumption, estimates of the medical expenses tax rebate, and health research not funded by Health.
- (c) Includes the 10–40% rebate on health insurance premiums that can be claimed either directly from the Australian Government through the taxation system or it may involve a reduced premium being charged by the private health insurance fund.
- (d) Expenditure on health goods and services by workers compensation and compulsory third-party motor vehicle insurers, as well as other sources of income (for example, rent, interest earned) for service providers.
- (e) Public hospital services (2003–04 onwards) exclude certain services undertaken in hospitals. Can include services provided off-site, such as hospital in the home, dialysis or other services.
- (f) 'Other' denotes 'other recurrent health services n.e.c.'.
- (g) Total health funding has not been adjusted to include the medical expenses tax rebate as funding by the Australian Government.
- (h) Constant price health expenditure for 2002–03 to 2012–13 is expressed in terms of 2012–13 prices.
- (i) Public hospitals for 2002–03 includes any dental services, community health services, patient transport services, public health and health research undertaken by the hospital. Includes services provided off-site, such as hospital in the home, dialysis or other services.
- (j) In 2008–09, Australian Government funding through the *National Partnership agreement on health and hospital workforce* was offset against state and territory government funding. More information can be found in 'Chapter 5 Technical notes' under Australian Government.

Notes: Due to changes in methods, care must be taken comparing the growth between 2002–03 and 2003–04 (see 'Chapter 5 Technical notes' for further information).

Components in some appendix tables may not add to totals due to rounding.

Appendix B: State and territory health expenditure matrixes, 2010–11 to 2012–13

Table B1: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	541	4,764	838	6,144	6,243	12,386	1,780	510	867	3,158	15,544
Public hospital services ^(e)	313	4,688	165	5,166	6,243	11,409	352	227	642	1,221	12,629
Private hospitals	229	76	672	977	..	977	1,429	283	225	1,937	2,914
Primary health care	538	6,379	260	7,177	1,725	8,902	552	5,246	721	6,519	15,420
Unreferred medical services	273	2,243	..	2,516	..	2,516	..	151	480	631	3,147
Dental services	34	408	169	612	199	811	360	1,277	7	1,644	2,454
Other health practitioners	64	332	81	478	..	478	173	829	107	1,108	1,586
Community health and other ^(f)	—	231	—	232	1,339	1,571	—	61	87	148	1,719
Public health	..	314	..	314	187	501	..	..	30	30	531
Benefit-paid pharmaceuticals	166	2,688	..	2,854	..	2,854	..	492	..	492	3,346
All other medications	..	162	9	171	..	171	19	2,436	10	2,465	2,636
Other	48	4,803	400	5,250	684	5,934	849	1,382	144	2,375	8,309
Patient transport services	47	5	47	99	504	603	101	67	46	214	818
Referred medical services	..	3,328	142	3,469	..	3,469	301	826	..	1,127	4,597
Aids and appliances	1	131	70	203	..	203	150	488	5	643	846
Administration	..	380	140	520	10	529	298	..	1	299	828
Research	..	959	..	959	170	1,129	..	—	92	92	1,221
Total recurrent funding	1,127	15,946	1,497	18,571	8,651	27,222	3,181	7,138	1,732	12,051	39,273
Capital expenditure	..	41	..	41	804	845	..	..	1,230	1,230	2,075
Total health funding^(g)	1,127	15,988	1,497	18,612	9,455	28,067	3,181	7,138	2,963	13,281	41,349
Medical expenses tax rebate	..	180	..	180	..	180	..	-180	..	-180	—
Total health funding	1,127	16,167	1,497	18,792	9,455	28,247	3,181	6,958	2,963	13,102	41,349

Notes: See page 112.

Table B2: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	643	4,832	971	6,446	6,838	13,284	1,888	588	926	3,402	16,686
Public hospital services ^(e)	407	4,753	191	5,351	6,838	12,189	371	242	685	1,298	13,487
Private hospitals	236	79	780	1,095	..	1,095	1,518	346	240	2,104	3,199
Primary health care	534	6,752	296	7,582	1,821	9,403	576	5,319	823	6,717	16,120
Unreferred medical services	268	2,303	..	2,571	..	2,571	..	160	539	699	3,270
Dental services	32	462	191	685	190	875	372	1,305	7	1,683	2,558
Other health practitioners	69	355	95	519	..	519	185	674	119	979	1,498
Community health and other ^(f)	—	267	—	267	1,521	1,789	—	35	103	138	1,927
Public health	..	456	..	456	110	566	..	..	45	45	611
Benefit-paid pharmaceuticals	164	2,740	..	2,904	..	2,904	..	515	..	515	3,420
All other medications	..	169	9	179	..	179	18	2,630	11	2,659	2,838
Other	80	5,342	464	5,885	724	6,609	903	1,474	145	2,521	9,131
Patient transport services	78	4	54	137	513	649	105	78	36	219	868
Referred medical services	..	3,661	165	3,826	..	3,826	322	917	..	1,239	5,065
Aids and appliances	1	140	81	222	..	222	157	479	5	641	863
Administration	..	508	164	672	9	681	319	..	2	321	1,002
Research	..	1,029	..	1,029	202	1,231	..	—	102	102	1,333
Total recurrent funding	1,256	16,926	1,731	19,913	9,383	29,296	3,367	7,381	1,894	12,641	41,937
Capital expenditure	..	65	..	65	765	830	..	..	1,430	1,430	2,261
Total health funding^(g)	1,256	16,991	1,731	19,978	10,148	30,127	3,367	7,381	3,324	14,071	44,198
Medical expenses tax rebate	..	206	..	206	..	206	..	-206	..	-206	—
Total health funding	1,256	17,198	1,731	20,185	10,148	30,333	3,367	7,174	3,324	13,865	44,198

Notes: See page 112.

Table B3: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds^(a), 2012–13 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	589	4,918	924	6,431	7,076	13,507	2,128	662	1,010	3,800	17,308
Public hospital services ^(e)	360	4,831	186	5,377	7,076	12,453	428	280	736	1,443	13,896
Private hospitals	228	87	738	1,054	..	1,054	1,701	382	275	2,357	3,411
Primary health care	519	6,880	294	7,692	1,877	9,569	676	5,807	981	7,464	17,033
Unreferred medical services	264	2,537	..	2,801	..	2,801	..	164	611	775	3,577
Dental services	34	390	191	614	158	772	439	1,406	7	1,852	2,624
Other health practitioners	71	389	94	555	..	555	217	743	129	1,089	1,644
Community health and other ^(f)	—	304	—	305	1,553	1,857	—	54	131	185	2,042
Public health	..	388	..	388	166	554	..	..	92	92	646
Benefit-paid pharmaceuticals	151	2,704	..	2,854	..	2,854	..	511	..	511	3,365
All other medications	..	167	9	176	..	176	20	2,930	11	2,960	3,136
Other	84	5,671	439	6,194	717	6,911	1,011	1,539	160	2,710	9,621
Patient transport services	83	4	52	140	513	652	120	88	38	246	898
Referred medical services	..	3,880	160	4,041	..	4,041	369	960	..	1,330	5,370
Aids and appliances	1	144	79	225	..	225	182	491	4	677	901
Administration	—	376	147	523	—	523	339	..	..	339	862
Research	—	1,266	..	1,266	205	1,471	..	..	119	119	1,589
Total recurrent funding	1,192	17,469	1,656	20,317	9,670	29,987	3,815	8,008	2,151	13,974	43,961
Capital expenditure	..	19	..	19	1,573	1,592	..	..	1,468	1,468	3,061
Total health funding^(g)	1,192	17,488	1,656	20,337	11,243	31,580	3,815	8,008	3,619	15,442	47,022
Medical expenses tax rebate	..	160	..	160	..	160	..	-160	..	-160	—
Total health funding	1,192	17,648	1,656	20,497	11,243	31,740	3,815	7,848	3,619	15,282	47,022

Notes: See page 112.

Table B4: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	378	3,628	665	4,671	5,097	9,768	1,412	805	577	2,794	12,562
Public hospital services ^(e)	171	3,569	74	3,814	5,018	8,833	157	389	417	963	9,796
Private hospitals	207	59	591	857	79	935	1,255	415	160	1,831	2,766
Primary health care	344	4,582	162	5,088	854	5,942	344	4,644	349	5,338	11,280
Unreferred medical services	184	1,657	..	1,840	..	1,840	..	161	162	323	2,163
Dental services	18	190	105	314	139	453	223	1,640	15	1,879	2,331
Other health practitioners	43	270	54	366	..	366	114	589	115	818	1,184
Community health and other ^(f)	—	138	—	138	535	673	—	4	31	35	708
Public health	..	258	..	258	180	438	..	..	—	—	438
Benefit-paid pharmaceuticals	100	1,952	..	2,051	..	2,051	..	367	..	367	2,419
All other medications	..	118	3	121	..	121	7	1,882	27	1,916	2,036
Other	37	3,896	296	4,229	546	4,775	628	1,496	143	2,268	7,043
Patient transport services	37	—	9	47	353	399	18	223	27	268	668
Referred medical services	..	2,400	136	2,536	..	2,536	288	477	..	766	3,302
Aids and appliances	—	100	41	141	..	141	87	796	17	899	1,040
Administration	..	277	111	387	..	387	235	..	..	235	622
Research	..	1,119	..	1,119	193	1,312	..	..	99	99	1,411
Total recurrent funding	760	12,107	1,122	13,989	6,497	20,485	2,384	6,945	1,069	10,399	30,884
Capital expenditure	..	28	..	28	504	532	..	..	869	869	1,401
Total health funding^(g)	760	12,135	1,122	14,017	7,001	21,017	2,384	6,945	1,938	11,268	32,285
Medical expenses tax rebate	..	123	..	123	..	123	..	-123	..	-123	—
Total health funding	760	12,258	1,122	14,140	7,001	21,140	2,384	6,823	1,938	11,145	32,285

Notes: See page 112.

Table B5: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	361	3,834	767	4,962	5,157	10,119	1,492	763	738	2,993	13,111
Public hospital services ^(e)	163	3,780	92	4,035	5,074	9,109	178	388	499	1,066	10,175
Private hospitals	198	54	675	927	82	1,010	1,314	375	238	1,927	2,936
Primary health care	336	4,870	190	5,396	869	6,265	369	5,066	348	5,784	12,049
Unreferred medical services	177	1,762	..	1,939	..	1,939	..	166	173	338	2,278
Dental services	17	219	122	358	153	511	238	1,768	14	2,019	2,530
Other health practitioners	44	291	64	399	..	399	125	790	118	1,033	1,432
Community health and other ^(f)	—	143	—	143	548	692	—	3	15	17	709
Public health	..	336	..	336	168	504	..	..	—	—	504
Benefit-paid pharmaceuticals	99	1,992	..	2,091	..	2,091	..	384	..	384	2,475
All other medications	..	126	3	130	..	130	7	1,956	28	1,991	2,121
Other	33	4,276	347	4,656	576	5,232	676	1,497	139	2,312	7,545
Patient transport services	33	—	10	43	405	448	19	196	30	245	692
Referred medical services	..	2,561	158	2,719	..	2,719	308	503	..	811	3,530
Aids and appliances	—	106	48	154	..	154	93	798	18	910	1,064
Administration	..	364	131	495	..	495	255	..	..	255	750
Research	..	1,245	..	1,245	171	1,416	..	..	91	91	1,507
Total recurrent funding	730	12,980	1,304	15,014	6,602	21,616	2,538	7,326	1,225	11,089	32,705
Capital expenditure	..	44	..	44	626	670	..	..	1,005	1,005	1,675
Total health funding^(g)	730	13,024	1,304	15,058	7,228	22,286	2,538	7,326	2,230	12,094	34,380
Medical expenses tax rebate	..	141	..	141	..	141	..	-141	..	-141	—
Total health funding	730	13,165	1,304	15,199	7,228	22,427	2,538	7,185	2,230	11,953	34,380

Notes: See page 112.

Table B6: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds^(a), 2012–13 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	357	3,816	731	4,905	5,619	10,523	1,685	858	527	3,070	13,594
Public hospital services ^(e)	156	3,761	97	4,014	5,619	9,633	223	410	306	939	10,572
Private hospitals	201	55	635	891	..	891	1,462	448	221	2,131	3,022
Primary health care	331	4,891	189	5,411	918	6,329	435	5,529	338	6,302	12,631
Unreferred medical services	179	1,853	..	2,032	..	2,032	..	168	179	347	2,379
Dental services	17	197	121	335	153	489	279	1,911	7	2,197	2,686
Other health practitioners	44	319	64	427	..	427	148	870	116	1,135	1,562
Community health and other ^(f)	—	170	—	170	556	727	—	16	8	24	751
Public health	..	284	..	284	208	493	..	1	—	1	494
Benefit-paid pharmaceuticals	90	1,946	..	2,036	..	2,036	..	381	..	381	2,417
All other medications	..	122	3	125	..	125	7	2,183	27	2,217	2,342
Other	33	4,373	326	4,733	632	5,364	751	1,532	139	2,422	7,786
Patient transport services	33	—	10	43	457	501	23	181	27	231	731
Referred medical services	..	2,730	153	2,883	..	2,883	352	518	..	870	3,753
Aids and appliances	—	110	47	157	..	157	108	833	17	958	1,115
Administration	—	271	116	388	—	387	268	..	..	268	655
Research	—	1,262	..	1,262	175	1,436	..	—	94	94	1,531
Total recurrent funding	721	13,080	1,247	15,048	7,169	22,217	2,871	7,919	1,004	11,795	34,011
Capital expenditure	..	15	..	15	497	512	..	..	1,027	1,027	1,539
Total health funding^(g)	721	13,095	1,247	15,063	7,666	22,728	2,871	7,919	2,031	12,822	35,550
Medical expenses tax rebate	..	109	..	109	..	109	..	-109	..	-109	—
Total health funding	721	13,204	1,247	15,172	7,666	22,838	2,871	7,810	2,031	12,712	35,550

Notes: See page 112.

Table B7: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	438	2,891	534	3,863	3,827	7,690	1,135	635	387	2,157	9,846
Public hospital services ^(e)	120	2,829	23	2,973	3,800	6,773	50	308	229	587	7,360
Private hospitals	318	61	511	890	26	916	1,085	327	157	1,569	2,486
Primary health care	423	3,630	157	4,209	1,801	6,010	333	2,808	237	3,378	9,388
Unreferred medical services	225	1,307	..	1,532	..	1,532	..	129	151	279	1,811
Dental services	30	120	106	256	192	448	224	569	4	797	1,245
Other health practitioners	58	185	46	289	..	289	99	422	55	575	864
Community health and other ^(f)	—	193	—	194	1,453	1,647	—	14	21	35	1,682
Public health	..	212	..	212	156	368	..	14	—	14	382
Benefit-paid pharmaceuticals	110	1,515	..	1,625	..	1,625	..	290	..	290	1,915
All other medications	..	98	5	103	..	103	10	1,370	6	1,386	1,489
Other	39	2,673	232	2,943	995	3,938	492	959	44	1,495	5,433
Patient transport services	38	16	—	54	629	684	—	—	6	6	689
Referred medical services	..	1,896	100	1,996	..	1,996	213	457	..	670	2,666
Aids and appliances	—	79	41	120	..	120	88	501	7	596	717
Administration	..	223	90	314	134	448	192	..	..	192	640
Research	..	459	..	459	231	690	..	..	31	31	721
Total recurrent funding	900	9,194	922	11,016	6,622	17,638	1,960	4,401	668	7,029	24,667
Capital expenditure	..	23	..	23	1,480	1,503	..	..	668	668	2,170
Total health funding^(g)	900	9,217	922	11,039	8,102	19,141	1,960	4,401	1,335	7,697	26,838
Medical expenses tax rebate	..	87	..	87	..	87	..	-87	..	-87	—
Total health funding	900	9,303	922	11,125	8,102	19,227	1,960	4,315	1,335	7,610	26,838

Notes: See page 112.

Table B8: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	420	3,000	635	4,055	4,237	8,292	1,235	758	415	2,408	10,700
Public hospital services ^(e)	110	2,938	44	3,092	4,209	7,301	85	440	256	781	8,082
Private hospitals	310	62	591	964	28	991	1,150	318	159	1,626	2,618
Primary health care	432	3,987	184	4,602	2,094	6,697	358	3,006	224	3,588	10,285
Unreferred medical services	229	1,364	..	1,594	..	1,594	..	136	151	287	1,881
Dental services	29	175	124	328	188	516	241	539	4	785	1,300
Other health practitioners	65	202	55	322	..	322	107	493	55	656	978
Community health and other ^(f)	—	227	—	227	1,822	2,049	—	15	7	22	2,071
Public health	..	327	..	327	84	412	..	16	—	16	427
Benefit-paid pharmaceuticals	109	1,585	..	1,694	..	1,694	..	308	..	308	2,002
All other medications	..	106	5	111	..	111	9	1,499	6	1,514	1,625
Other	23	3,014	275	3,312	1,037	4,350	536	943	49	1,527	5,877
Patient transport services	23	15	—	38	667	705	—	—	5	5	711
Referred medical services	..	2,019	118	2,137	..	2,137	229	457	..	686	2,822
Aids and appliances	—	84	48	132	..	132	93	486	12	591	722
Administration	..	322	110	432	186	618	214	..	..	214	832
Research	..	574	..	574	184	758	..	..	32	32	790
Total recurrent funding	875	10,001	1,094	11,970	7,368	19,338	2,128	4,707	687	7,523	26,861
Capital expenditure	..	37	..	37	1,853	1,890	..	..	543	543	2,433
Total health funding^(g)	875	10,038	1,094	12,007	9,221	21,229	2,128	4,707	1,230	8,065	29,294
Medical expenses tax rebate	..	99	..	99	..	99	..	-99	..	-99	—
Total health funding	875	10,137	1,094	12,107	9,221	21,328	2,128	4,608	1,230	7,966	29,294

Notes: See page 112.

Table B9: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds^(a), 2012–13 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	403	3,025	601	4,029	4,599	8,628	1,383	672	636	2,692	11,320
Public hospital services ^(e)	91	2,955	50	3,096	4,550	7,646	115	291	502	908	8,553
Private hospitals	313	70	550	933	49	982	1,268	381	135	1,784	2,766
Primary health care	435	4,033	186	4,655	2,242	6,897	429	3,260	283	3,972	10,869
Unreferred medical services	233	1,510	..	1,743	..	1,743	..	142	171	313	2,055
Dental services	30	157	126	313	169	482	290	571	9	870	1,352
Other health practitioners	72	221	56	349	..	349	128	540	69	738	1,087
Community health and other ^(f)	—	234	—	235	1,961	2,195	—	13	27	40	2,235
Public health	..	217	..	217	113	330	..	8	..	8	338
Benefit-paid pharmaceuticals	100	1,592	..	1,692	..	1,692	..	310	..	310	2,002
All other medications	..	102	5	107	..	107	10	1,676	7	1,693	1,800
Other	24	3,027	257	3,307	1,014	4,321	592	986	45	1,623	5,945
Patient transport services	23	15	—	39	661	700	—	..	5	5	706
Referred medical services	..	2,169	113	2,282	..	2,282	260	485	..	744	3,026
Aids and appliances	—	87	47	134	..	134	108	502	10	619	753
Administration	—	219	97	317	133	450	225	..	..	225	675
Research	—	536	..	536	219	755	..	..	30	30	785
Total recurrent funding	862	10,085	1,044	11,991	7,855	19,846	2,404	4,918	964	8,287	28,133
Capital expenditure	..	14	..	14	1,532	1,546	..	..	390	390	1,936
Total health funding^(g)	862	10,099	1,044	12,006	9,387	21,393	2,404	4,918	1,354	8,676	30,069
Medical expenses tax rebate	..	77	..	77	..	77	..	-77	..	-77	—
Total health funding	862	10,176	1,044	12,083	9,387	21,470	2,404	4,841	1,354	8,599	30,069

Notes: See page 112.

Table B10: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	170	1,469	286	1,924	2,342	4,266	607	384	75	1,065	5,331
Public hospital services ^(e)	75	1,437	22	1,533	2,016	3,549	47	192	43	282	3,831
Private hospitals	95	32	264	391	326	717	560	192	31	783	1,501
Primary health care	127	1,695	107	1,929	757	2,686	228	1,648	166	2,041	4,727
Unreferred medical services	62	566	..	628	..	628	..	76	105	182	809
Dental services	10	10	78	98	69	167	165	698	4	866	1,033
Other health practitioners	17	88	27	132	..	132	57	64	33	155	287
Community health and other ^(f)	—	158	—	158	581	738	—	3	6	9	748
Public health	..	113	..	113	107	220	..	—	—	—	220
Benefit-paid pharmaceuticals	38	710	..	748	..	748	..	142	..	142	890
All other medications	..	50	3	53	..	53	6	664	18	687	740
Other	11	1,216	137	1,364	334	1,697	292	717	32	1,041	2,738
Patient transport services	10	17	8	35	149	184	17	—	10	28	212
Referred medical services	..	811	54	865	..	865	115	217	..	332	1,196
Aids and appliances	—	39	23	63	..	63	50	500	8	558	622
Administration	..	100	52	152	90	242	110	..	—	110	352
Research	..	248	..	248	94	343	..	—	13	13	356
Total recurrent funding	307	4,380	530	5,217	3,432	8,649	1,126	2,749	272	4,147	12,796
Capital expenditure	..	13	..	13	807	820	..	..	246	246	1,066
Total health funding^(g)	307	4,393	530	5,230	4,239	9,470	1,126	2,749	518	4,393	13,862
Medical expenses tax rebate	..	22	..	22	..	22	..	-22	..	-22	—
Total health funding	307	4,416	530	5,253	4,239	9,492	1,126	2,726	518	4,371	13,862

Notes: See page 112.

Table B11: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total		Total					
Hospitals	149	1,494	328	1,971	3,003	4,975	637	98	64	800	5,775
Public hospital services ^(e)	64	1,461	25	1,549	2,629	4,178	48	—	59	107	4,286
Private hospitals	86	34	303	422	374	796	589	98	6	693	1,489
Primary health care	126	1,839	126	2,091	794	2,885	245	1,804	173	2,222	5,107
Unreferred medical services	60	585	..	645	..	645	..	84	103	187	832
Dental services	10	14	90	113	73	186	175	739	5	919	1,106
Other health practitioners	19	91	33	143	..	143	64	86	33	183	326
Community health and other ^(f)	—	155	—	156	616	772	—	5	8	13	785
Public health	..	174	..	174	105	278	..	—	—	—	278
Benefit-paid pharmaceuticals	37	766	..	803	..	803	..	156	..	156	959
All other medications	..	54	3	57	..	57	5	733	24	763	820
Other	8	1,331	161	1,500	340	1,839	314	727	31	1,071	2,911
Patient transport services	7	16	9	32	167	200	18	—	10	29	229
Referred medical services	..	872	64	936	..	936	125	229	..	354	1,291
Aids and appliances	—	42	27	69	..	69	52	498	9	558	628
Administration	..	136	61	197	105	302	118	..	—	118	420
Research	..	265	..	265	67	332	..	—	11	11	344
Total recurrent funding	283	4,664	615	5,562	4,137	9,699	1,196	2,629	268	4,093	13,792
Capital expenditure	..	19	..	19	1,160	1,179	..	..	256	256	1,435
Total health funding^(g)	283	4,683	615	5,581	5,297	10,878	1,196	2,629	524	4,349	15,227
Medical expenses tax rebate	..	25	..	25	..	25	..	-25	..	-25	—
Total health funding	283	4,708	615	5,606	5,297	10,903	1,196	2,604	524	4,324	15,227

Notes: See page 112.

Table B12: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds^(a), 2012–13 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	161	1,562	313	2,036	3,152	5,187	720	309	107	1,137	6,324
Public hospital services ^(e)	80	1,525	23	1,627	2,752	4,379	54	272	43	369	4,749
Private hospitals	81	38	289	408	400	808	666	37	64	767	1,575
Primary health care	125	1,793	125	2,043	835	2,878	289	1,932	190	2,411	5,289
Unreferred medical services	61	629	..	691	..	691	..	92	113	205	896
Dental services	10	21	90	121	77	197	207	780	6	993	1,190
Other health practitioners	20	98	33	151	..	151	76	92	38	206	357
Community health and other ^(f)	—	148	—	148	610	758	—	7	8	15	773
Public health	..	113	..	113	148	261	..	..	..	..	261
Benefit-paid pharmaceuticals	34	732	..	766	..	766	..	151	..	151	917
All other medications	..	51	2	54	..	54	6	811	25	841	895
Other	8	1,366	156	1,531	355	1,885	359	760	36	1,156	3,041
Patient transport services	8	16	9	33	179	212	21	2	11	35	246
Referred medical services	..	922	61	983	..	983	140	245	..	385	1,368
Aids and appliances	—	44	26	70	..	70	59	509	9	576	646
Administration	—	97	60	157	102	259	139	3	—	143	402
Research	—	288	..	288	74	362	..	1	15	16	379
Total recurrent funding	294	4,721	594	5,610	4,341	9,950	1,368	3,002	333	4,703	14,653
Capital expenditure	..	7	..	7	1,009	1,016	..	..	235	235	1,251
Total health funding^(g)	294	4,728	594	5,616	5,350	10,966	1,368	3,002	568	4,938	15,904
Medical expenses tax rebate	..	36	..	36	..	36	..	–36	..	–36	—
Total health funding	294	4,764	594	5,652	5,350	11,002	1,368	2,967	568	4,903	15,904

Notes: See page 112.

Table B13: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	104	1,125	187	1,416	1,718	3,134	396	118	97	612	3,746
Public hospital services ^(e)	56	1,110	20	1,186	1,714 ^(h)	2,899	41	36	82	160	3,059
Private hospitals	48	15	167	230	5	235	355	83	15	452	687
Primary health care	116	1,518	76	1,710	686	2,396	162	967	184	1,313	3,709
Unreferred medical services	55	525	..	581	..	581	..	43	122	166	747
Dental services	9	63	48	121	59	180	103	136	3	242	422
Other health practitioners	14	71	26	111	..	111	55	41	39	135	246
Community health and other ^(f)	—	80	—	80	552	632	—	61	13	74	705
Public health	..	86	..	86	76	162	..	1	—	2	164
Benefit-paid pharmaceuticals	37	653	..	690	..	690	..	116	..	116	806
All other medications	..	39	2	41	..	41	4	568	6	579	620
Other	10	1,097	106	1,213	370	1,583	226	331	40	597	2,180
Patient transport services	10	7	7	24	134	158	15	72	8	94	252
Referred medical services	..	702	46	748	..	748	97	102	..	199	947
Aids and appliances	—	31	18	49	..	49	39	155	14	208	257
Administration	..	84	36	119	212	332	76	—	5	81	412
Research	..	273	..	273	24	296	..	3	13	16	312
Total recurrent funding	230	3,740	369	4,339	2,775	7,114	785	1,417	320	2,522	9,636
Capital expenditure	..	12	..	12	258	270	..	..	79	79	349
Total health funding^(g)	230	3,752	369	4,351	3,033	7,384	785	1,417	399	2,601	9,985
Medical expenses tax rebate	..	41	..	41	..	41	..	–41	..	–41	—
Total health funding	230	3,793	369	4,392	3,033	7,425	785	1,376	399	2,560	9,985

Notes: See page 112.

Table B14: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	114	1,191	208	1,513	2,069	3,582	404	137	122	663	4,245
Public hospital services ^(e)	67	1,180	22	1,270	2,065 ^(h)	3,334	43	37	97	177	3,511
Private hospitals	47	11	185	243	4	247	361	100	25	486	733
Primary health care	112	1,646	86	1,844	780	2,624	167	1,006	181	1,354	3,977
Unreferred medical services	53	574	..	627	..	627	..	44	120	164	791
Dental services	8	73	54	136	66	202	106	140	2	248	451
Other health practitioners	15	78	29	122	..	122	57	51	36	144	266
Community health and other ^(f)	—	94	—	94	640	734	—	57	14	71	805
Public health	..	117	..	117	73	190	..	4	2	6	196
Benefit-paid pharmaceuticals	36	668	..	704	..	704	..	123	..	123	827
All other medications	..	42	2	44	..	44	4	588	6	598	642
Other	7	1,165	120	1,292	214	1,506	233	333	36	602	2,108
Patient transport services	7	7	7	20	187	207	13	75	8	95	303
Referred medical services	..	727	51	778	..	778	100	102	..	201	980
Aids and appliances	—	33	21	54	..	54	40	152	15	207	260
Administration	..	108	41	150	—	150	80	—	—	80	230
Research	..	290	..	290	27	317	..	5	13	18	335
Total recurrent funding	234	4,002	413	4,649	3,062	7,711	804	1,476	338	2,619	10,330
Capital expenditure	..	20	..	20	311	331	..	..	79	79	409
Total health funding^(g)	234	4,022	413	4,669	3,373	8,042	804	1,476	417	2,698	10,740
Medical expenses tax rebate	..	45	..	45	..	45	..	–45	..	–45	—
Total health funding	234	4,067	413	4,714	3,373	8,087	804	1,431	417	2,653	10,740

Notes: See page 112.

Table B15: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds^(a), 2012–13 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	106	1,154	196	1,455	2,064	3,519	451	150	155	756	4,274
Public hospital services ^(e)	58	1,143	23	1,224	2,059 ^(h)	3,282	52	43	123	219	3,501
Private hospitals	48	10	173	231	5	237	399	106	32	537	774
Primary health care	110	1,577	84	1,770	827	2,597	192	1,097	200	1,489	4,086
Unreferred medical services	53	566	..	619	..	619	..	46	128	173	793
Dental services	9	61	53	123	62	185	122	146	5	272	457
Other health practitioners	15	85	29	129	..	129	66	54	38	158	287
Community health and other ^(f)	—	89	—	89	661	751	—	64	20	84	835
Public health	..	80	..	80	104	184	..	4	3	7	191
Benefit-paid pharmaceuticals	33	655	..	688	..	688	..	124	..	124	812
All other medications	..	40	2	42	..	42	4	659	7	670	711
Other	7	1,167	111	1,285	180	1,465	256	352	42	649	2,114
Patient transport services	7	7	7	21	128	149	17	81	10	107	257
Referred medical services	..	765	48	813	..	813	110	109	..	219	1,032
Aids and appliances	—	34	20	54	..	54	46	159	15	219	273
Administration	—	83	36	119	—	119	83	..	..	83	201
Research	—	278	..	278	52	330	..	3	17	20	350
Total recurrent funding	223	3,898	390	4,510	3,071	7,581	899	1,598	397	2,894	10,475
Capital expenditure	..	7	..	7	230	237	..	..	69	69	306
Total health funding^(g)	223	3,905	390	4,517	3,301	7,818	899	1,598	466	2,963	10,781
Medical expenses tax rebate	..	20	..	20	..	20	..	–20	..	–20	—
Total health funding	223	3,924	390	4,537	3,301	7,838	899	1,579	466	2,943	10,781

Notes: See page 112.

Table B16: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	31	345	63	438	510	948	134	5	32	170	1,119
Public hospital services ^(e)	13	340	7	359	499	859	15	—	18	33	892
Private hospitals	18	5	56	79	11	90	119	5	14	137	226
Primary health care	44	543	15	603	166	768	32	363	33	429	1,198
Unreferred medical services	21	243	..	264	..	264	..	33	19	52	316
Dental services	2	5	10	17	23	41	21	75	1	97	138
Other health practitioners	7	22	4	34	..	34	9	36	11	56	90
Community health and other ^(f)	—	21	—	21	118	139	—	—	2	2	141
Public health	..	27	..	27	25	51	..	..	—	—	51
Benefit-paid pharmaceuticals	14	213	..	227	..	227	..	38	..	38	265
All other medications	..	13	—	13	..	13	1	181	2	184	197
Other	4	273	27	304	67	370	58	91	8	157	527
Patient transport services	4	4	—	8	59	66	—	2	4	6	72
Referred medical services	..	192	11	203	..	203	24	33	..	56	260
Aids and appliances	—	10	5	15	..	15	11	56	3	70	85
Administration	..	27	11	38	..	38	23	..	..	23	61
Research	..	40	..	40	8	48	..	..	2	2	50
Total recurrent funding	79	1,160	105	1,345	743	2,087	224	459	73	756	2,844
Capital expenditure	..	5	..	5	129	134	..	..	66	66	201
Total health funding^(g)	79	1,165	105	1,350	872	2,221	224	459	140	823	3,044
Medical expenses tax rebate	..	6	..	6	..	6	..	—6	..	—6	—
Total health funding	79	1,171	105	1,356	872	2,227	224	453	140	817	3,044

Notes: See page 112.

Table B17: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	33	346	71	450	508	958	138	52	41	230	1,188
Public hospital services ^(e)	16	342	9	367	508	874	17	—	22	40	915
Private hospitals	18	4	62	83	—	83	121	51	19	190	274
Primary health care	43	529	17	590	158	747	34	424	33	490	1,238
Unreferred medical services	21	199	..	220	..	220	..	18	18	37	257
Dental services	2	6	11	19	25	44	22	77	1	100	144
Other health practitioners	6	23	5	35	..	35	10	42	11	63	98
Community health and other ^(f)	—	22	—	22	117	139	—	—	2	2	141
Public health	..	43	..	43	16	59	..	..	—	—	59
Benefit-paid pharmaceuticals	14	222	..	236	..	236	..	41	..	41	276
All other medications	..	14	—	15	..	15	1	245	1	248	262
Other	3	298	32	332	75	408	62	91	11	164	572
Patient transport services	3	2	—	5	69	74	—	2	5	7	81
Referred medical services	..	211	13	224	..	224	25	37	..	62	286
Aids and appliances	—	10	6	16	..	16	12	52	4	68	84
Administration	..	35	13	48	..	48	25	..	..	25	73
Research	..	39	..	39	7	46	..	..	2	2	48
Total recurrent funding	79	1,173	120	1,372	741	2,113	233	567	84	885	2,998
Capital expenditure	..	9	..	9	103	112	..	..	114	114	226
Total health funding^(g)	79	1,182	120	1,381	844	2,225	233	567	198	999	3,224
Medical expenses tax rebate	..	6	..	6	..	6	..	—6	..	—6	—
Total health funding	79	1,189	120	1,388	844	2,231	233	561	198	992	3,224

Notes: See page 112.

Table B18: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds^(a), 2012–13 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	37	440	69	545	436	982	159	55	40	254	1,236
Public hospital services ^(e)	19	436	9	463	436	900	20	—	23	43	943
Private hospitals	18	3	61	82	..	82	139	54	17	211	293
Primary health care	42	474	17	533	140	673	39	452	41	532	1,205
Unreferred medical services	21	155	..	176	..	176	..	19	20	39	215
Dental services	2	9	11	22	18	40	26	79	3	108	149
Other health practitioners	6	26	5	37	5	42	12	45	12	69	111
Community health and other ^(f)	—	30	—	30	92	122	—	—	3	3	125
Public health	..	26	..	26	24	50	..	..	—	—	50
Benefit-paid pharmaceuticals	13	217	..	230	..	230	..	39	..	39	269
All other medications	..	12	—	13	..	13	2	270	2	274	287
Other	3	316	30	349	65	414	69	91	12	172	586
Patient transport services	3	1	—	4	55	60	—	—	7	7	66
Referred medical services	..	228	13	241	..	241	30	37	..	67	308
Aids and appliances	—	11	6	16	..	16	13	54	3	70	86
Administration	—	27	11	38	—	38	26	..	..	26	64
Research	—	50	..	50	9	59	..	..	2	2	61
Total recurrent funding	81	1,230	116	1,428	641	2,069	267	598	93	958	3,027
Capital expenditure	..	3	..	3	12	15	..	..	173	173	188
Total health funding^(g)	81	1,233	116	1,431	653	2,084	267	598	266	1,131	3,215
Medical expenses tax rebate	..	5	..	5	..	5	..	–5	..	–5	—
Total health funding	81	1,239	116	1,436	653	2,089	267	593	266	1,126	3,215

Notes: See page 112.

Table B19: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	28	222	31	281	573	854	66	24	15	105	959
Public hospital services ^(e)	17	220	4	241	572	813	9	2	8	19	832
Private hospitals	11	2	27	40	1	41	57	22	7	86	127
Primary health care	27	248	13	288	187	475	29	264	19	312	787
Unreferred medical services	19	83	..	102	..	102	..	24	9	33	135
Dental services	2	5	9	16	11	27	20	102	—	123	149
Other health practitioners	–2	14	4	16	1	17	8	27	9	43	60
Community health and other ^(f)	—	24	—	24	143	167	—	..	—	—	167
Public health	..	18	..	18	32	49	..	..	—	—	49
Benefit-paid pharmaceuticals	8	98	..	106	..	106	..	24	..	24	130
All other medications	..	7	—	7	..	7	1	88	—	90	97
Other	43	323	19	386	53	439	41	92	8	141	580
Patient transport services	—	—	5	5	17	22	11	—	1	12	34
Referred medical services	..	140	5	145	..	145	11	70	..	80	225
Aids and appliances	—	6	3	9	..	9	7	22	1	30	40
Administration	41	15	6	62	—	63	13	..	..	13	75
Research	2	163	..	165	36	201	..	—	6	6	206
Total recurrent funding	98	793	64	955	813	1,768	136	380	42	558	2,326
Capital expenditure	..	4	..	4	120	124	..	..	24	24	148
Total health funding^(g)	98	798	64	959	933	1,892	136	380	66	582	2,474
Medical expenses tax rebate	..	2	..	2	..	2	..	–2	..	–2	—
Total health funding	98	800	64	962	933	1,894	136	378	66	580	2,474

Notes: See page 112.

Table B20: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	51	231	37	320	640	959	72	21	18	111	1,070
Public hospital services ^(e)	23	229	5	257	635	892	10	3	9	22	914
Private hospitals	28	2	32	63	5	67	62	18	9	89	156
Primary health care	60	281	15	356	196	552	30	276	21	327	879
Unreferred medical services	27	114	..	142	..	142	..	25	9	35	176
Dental services	6	6	11	22	11	33	21	103	—	124	157
Other health practitioners	19	15	4	37	2	39	8	48	10	65	105
Community health and other ^(f)	—	14	—	14	156	169	—	..	—	—	170
Public health	..	26	..	26	28	54	..	..	—	—	54
Benefit-paid pharmaceuticals	8	99	..	107	..	107	..	24	..	24	130
All other medications	..	7	—	8	..	8	1	77	1	79	86
Other	45	325	23	392	57	449	44	80	9	133	581
Patient transport services	—	—	6	6	17	24	12	—	1	13	37
Referred medical services	..	130	6	135	..	135	11	58	..	70	205
Aids and appliances	—	6	4	10	..	10	7	22	1	30	40
Administration	43	20	7	70	—	71	14	..	..	14	84
Research	2	169	..	170	39	209	..	—	6	6	215
Total recurrent funding	155	837	75	1,067	892	1,960	146	377	47	571	2,530
Capital expenditure	..	8	..	8	174	182	..	..	26	26	208
Total health funding^(g)	155	845	75	1,075	1,066	2,142	146	377	73	596	2,738
Medical expenses tax rebate	..	2	..	2	..	2	..	-2	..	-2	—
Total health funding	155	847	75	1,078	1,066	2,144	146	375	73	594	2,738

Notes: See page 112.

Table B21: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds^(a), 2012–13 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	8	235	36	278	659	937	82	63	21	166	1,103
Public hospital services ^(e)	19	233	5	257	655	913	11	2	10	23	936
Private hospitals	-12	2	31	21	3	24	71	61	11	143	167
Primary health care	43	262	15	320	215	535	35	293	23	352	886
Unreferred medical services	25	106	..	131	..	131	..	25	11	35	166
Dental services	-2	6	11	15	10	25	24	107	—	132	157
Other health practitioners	12	16	4	32	2	34	10	52	10	72	105
Community health and other ^(f)	—	15	—	15	173	188	—	..	—	—	189
Public health	..	16	..	16	30	46	..	..	..	..	46
Benefit-paid pharmaceuticals	8	97	..	105	..	105	..	24	..	24	129
All other medications	..	6	—	6	..	6	1	86	2	88	94
Other	42	302	22	366	58	424	50	84	8	142	566
Patient transport services	—	—	6	6	18	25	14	—	1	15	40
Referred medical services	..	140	6	145	..	145	13	62	..	74	220
Aids and appliances	—	7	4	10	..	10	9	23	1	32	43
Administration	41	15	6	62	1	63	15	..	..	15	77
Research	1	141	..	142	39	181	..	—	6	6	187
Total recurrent funding	92	799	73	964	932	1,896	168	440	52	660	2,556
Capital expenditure	..	3	..	3	146	149	..	..	25	25	173
Total health funding^(g)	92	801	73	967	1,078	2,044	168	440	76	684	2,729
Medical expenses tax rebate	..	13	..	13	..	13	..	-13	..	-13	—
Total health funding	92	814	73	979	1,078	2,057	168	428	76	672	2,729

Notes: See page 112.

Table B22: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	3	173	11	187	404	591	23	26	10	58	649
Public hospital services ^(e)	2	172	—	174	402	576	1	5	6	12	588
Private hospitals	1	1	10	13	1	14	22	21	4	47	61
Primary health care	2	334	4	341	352	693	9	134	17	160	854
Unreferred medical services	1	73	..	74	..	74	..	8	10	18	92
Dental services	—	—	3	4	8	11	6	67	—	73	85
Other health practitioners	—	5	1	7	5	11	3	21	5	28	40
Community health and other ^(f)	—	161	—	161	262	423	—	—	1	1	424
Public health	..	34	..	34	78	112	..	—	—	—	112
Benefit-paid pharmaceuticals	—	51	..	52	..	52	..	7	..	7	59
All other medications	..	10	—	10	..	10	—	31	—	32	42
Other	—	100	6	106	47	153	13	24	2	40	193
Patient transport services	—	12	—	12	27	39	—	—	—	—	40
Referred medical services	..	39	2	41	..	41	4	7	..	11	52
Aids and appliances	—	3	2	5	..	5	3	18	1	22	27
Administration	..	13	2	16	—	16	5	..	—	5	21
Research	..	33	..	33	20	53	..	..	—	—	54
Total recurrent funding	5	608	21	634	803	1,437	45	184	29	258	1,696
Capital expenditure	..	9	..	9	53	62	..	..	18	18	79
Total health funding^(g)	5	616	21	643	856	1,499	45	184	47	276	1,775
Medical expenses tax rebate	..	15	..	15	..	15	..	-15	..	-15	—
Total health funding	5	631	21	658	856	1,514	45	170	47	262	1,775

Notes: See page 112.

Table B23: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	3	200	12	215	454	670	24	33	8	64	734
Public hospital services ^(e)	2	199	—	202	453	655	1	6	2	9	664
Private hospitals	2	—	12	14	1	15	22	27	6	55	70
Primary health care	3	392	5	399	380	779	10	139	22	171	951
Unreferred medical services	1	88	..	89	..	89	..	7	14	21	110
Dental services	—	2	4	6	12	17	7	65	—	72	89
Other health practitioners	—	6	2	8	6	14	3	25	7	36	50
Community health and other ^(f)	—	199	—	199	282	480	—	—	1	1	482
Public health	..	36	..	36	80	116	..	—	—	—	116
Benefit-paid pharmaceuticals	—	52	..	53	..	53	..	7	..	7	61
All other medications	..	10	—	10	..	10	—	33	—	34	44
Other	—	163	7	170	92	263	13	28	3	44	307
Patient transport services	—	11	—	11	58	69	—	—	—	1	70
Referred medical services	..	51	2	53	..	53	4	12	..	16	70
Aids and appliances	—	3	2	5	..	5	3	16	1	21	26
Administration	..	17	3	20	—	20	5	..	..	5	25
Research	..	81	..	81	34	115	..	—	1	1	116
Total recurrent funding	6	755	24	785	927	1,712	47	199	33	280	1,991
Capital expenditure	..	15	..	15	119	134	..	..	31	31	166
Total health funding^(g)	6	770	24	800	1,046	1,846	47	199	64	311	2,157
Medical expenses tax rebate	..	16	..	16	..	16	..	-16	..	-16	—
Total health funding	6	786	24	817	1,046	1,862	47	183	64	295	2,157

Notes: See page 112.

Table B24: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds^(a), 2012–13 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and		HIF	Individuals	Other ^(d)	Total	
	DVA	Health and other ^(b)	Premium rebates ^(c)	Total	local	Total					
Hospitals	4	181	12	197	508	705	29	34	17	80	785
Public hospital services ^(e)	2	180	—	183	508	691	1	6	12	19	710
Private hospitals	2	—	12	14	..	14	28	27	6	61	74
Primary health care	3	346	6	354	410	764	13	146	25	184	948
Unreferred medical services	1	63	..	64	..	64	..	7	15	22	86
Dental services	—	3	4	7	9	17	8	66	—	75	92
Other health practitioners	—	6	2	9	6	15	4	29	8	40	55
Community health and other ^(f)	—	190	—	190	303	493	—	—	—	1	494
Public health	..	26	..	26	91	117	..	—	—	—	118
Benefit-paid pharmaceuticals	—	51	..	52	..	52	..	8	..	8	59
All other medications	..	6	—	6	..	6	—	37	—	37	44
Other	—	102	6	109	72	181	15	29	3	47	228
Patient transport services	—	11	—	11	55	66	—	—	1	2	68
Referred medical services	..	58	2	61	..	61	5	13	..	18	78
Aids and appliances	—	4	2	5	..	5	4	16	1	21	26
Administration	—	14	2	16	—	16	5	—	—	5	21
Research	—	16	..	16	17	32	..	—	—	—	33
Total recurrent funding	7	629	25	660	989	1,650	56	209	45	310	1,960
Capital expenditure	..	4	..	4	100	104	..	..	49	49	153
Total health funding^(g)	7	633	25	664	1,089	1,754	56	209	94	360	2,113
Medical expenses tax rebate	..	2	..	2	..	2	..	-2	..	-2	—
Total health funding	7	635	25	666	1,089	1,756	56	207	94	358	2,113

Notes: See page 112.

Notes to Appendix B tables

- (a) Tables show funding provided by the Australian Government, state and territory governments and by the major non-government sources of funding for health goods and services. They do not show total expenditure on health services by the different service provider sectors.
- (b) 'Health and other' comprises Australian Government Department of Health funded-expenditure such as on MBS and PBS, and other Australian Government expenditure such as for the SPP associated with the National Healthcare Agreement and health-related NP payments, capital consumption, estimates of the medical expenses tax rebate, and health research not funded by Health.
- (c) Includes the 10–40% rebate on health insurance premiums that can be claimed either directly from the Australian Government through the taxation system or it may involve a reduced premium being charged by the private health insurance fund.
- (d) 'Other' includes expenditure on health goods and services by workers compensation and compulsory motor vehicle third-party insurers, as well as other sources of income (for example, interest earned) of service providers.
- (e) Public hospital services exclude certain services undertaken in hospitals. Can include services provided off-site, such as hospital in the home, dialysis or other services.
- (f) 'Other' denotes 'other recurrent health services n.e.c.'.
- (g) Total health funding has not been adjusted to include the medical expenses tax rebate as funding by the Australian Government.
- (h) Research expenditure for South Australia is also reflected in public hospital expenditure as not all research expenditure can be separately identified.

Note: Components in some appendix tables may not add to totals due to rounding.

Appendix C: Price indexes and deflation

The term 'current prices' refers to expenditures reported for a particular year, unadjusted for inflation. So changes in current price expenditures reflect changes in both price and the level of use of goods and services in the economy (the volume component).

Constant price expenditure aims to remove the effects of inflation. So changes in constant price expenditures attempt to reflect changes in just the amount (volume) of goods and services in the economy. The transformation of a current price expenditure number into its constant price counterpart is called 'deflation' and the price indexes used in this transformation are called 'deflators'.

Price indexes

There is a wide variety of price indexes (deflators) for the Australian health sector, and these may be distinguished in several ways:

- By the scope of the index – the economic variable to which the price indexes refer (such as all health expenditure, capital consumption, capital expenditure); the economic agents over which the indexes are aggregated (such as all agents, households, all government, state and territory governments, and so on); or by the segment of health services to which the indexes refer (such as all health services, medical services, pharmaceuticals).
- By the technical manner in which the indexes are constructed – such as implicit price deflators (IPDs) or directly computed indexes (base-weighted, current-weighted or symmetric indexes, chained or unchained indexes, and so on).

Different indexes are appropriate for different analytical purposes. For this report, the AIHW prefers indexes whose scope matches the particular health services being analysed rather than broad brush indexes that cover all health services. Chain indexes, which give better measures of pure price change, are preferred to IPDs. But the suite of available indexes is not always ideal, and in some cases it has been necessary to resort to proxies for the preferred indexes. Note that neither the Consumer Price Index (CPI) nor its health services subgroup is appropriate for measuring movements in overall prices of health goods and services, nor for deflating macro expenditure aggregates. This is because the CPI measures movements in the prices faced by households only. The overall CPI and its components do not, for example, include government subsidies, benefit payments and non-marketed services that governments provide.

The deflators that the AIHW uses in this report are either annually re-weighted Laspeyres (base-period-weighted) chain price indexes or IPDs. The chain price indexes are calculated at a detailed level, and they provide a close approximation to measures of pure price change while IPDs are affected by compositional changes. The IPDs for GDP and GNE are broad measures of price change in the national accounts; they provide an indication of the overall changes in the prices of goods and services produced in Australia. The reference year for both the chain price indexes and the IPDs in this report is 2012–13. Constant price estimates therefore indicate what expenditure would have been had 2012–13 prices applied in all years. The change in constant price expenditures is a measure of changes in the volume of health goods and services.

Nine deflators are used in this report (Table C1). Most deflators are very specific to the type of expenditure they are applied to. For example, all hospitals use the Government Final Consumption Expenditure (GFCE) hospitals and nursing homes deflator.

Table C1: Area of health expenditure, by type of deflator applied

Area of expenditure	Deflator applied
Public hospitals ^(a) /Public hospitals services ^(a)	GFCE hospitals and nursing homes
Private hospitals	GFCE hospitals and nursing homes
Patient transport services	GFCE hospitals and nursing homes
Medical services (including both unreferral and referred medical services)	Medicare medical services fees charged
Dental services	Dental services ^(b)
Other health practitioners	Other health practitioners ^(b)
Community health and other	Professional health workers wage rate index ^(b)
Public health	GFCE hospitals and nursing homes
Benefit-paid pharmaceuticals	PBS pharmaceuticals
All other medications	HFCE on chemist goods
Aids and appliances	Aids and appliances ^(b)
Administration	Professional Health workers wage rate index
Research	Professional health workers wage rate index ^(b)
Capital expenditure	Gross fixed capital formation
Capital consumption	Gross fixed capital formation
Medical expenses tax rebate	Professional health workers wage rate index ^(b)

(a) See 'Chapter 5 Technical notes' for details on the distinction between public hospitals and public hospital services.

(b) These deflators were first used in *Health expenditure Australia 2005–06* (AIHW 2007a) and replaced those used in previous editions.

The following deflators are sourced from the ABS: GFCE hospitals and nursing homes, professional health workers wage rate index, Household Final Consumption Expenditure (HFCE) on chemist goods, gross fixed capital formation and GDP. The ABS deflators use 2011–12 as their base year but for this report the AIHW has re-referenced them to 2012–13. The AIHW has derived the chain price index for Medicare medical services fees charged and the IPD for PBS pharmaceuticals from Health data. The IPDs for dental services, other health practitioners and aids and appliances have been derived by the AIHW from ABS and PHIAC data. The total health price index (THPI) is discussed in detail below.

Total health price index

The THPI is the AIHW's index of annual ratios of estimated total national health expenditure at current prices, to estimated total national health expenditure at constant prices. All prices in the THPI for this report are referenced to 2012–13 (that is, the deflators used are given a value of 100 in 2012–13). Thus, because in most years there is positive health inflation, prices in all years prior to the reference year would be expected to be lower than those applying in

the reference year. Therefore, all years before the reference year would usually have an index number of less than 100, except for those years where there was negative health inflation, for example where prices in some areas of health expenditure were lower than the previous year (see Tables C2 and C3).

The AIHW's method for deriving constant price estimates also allows it to produce THPIs for each state and territory. As the national THPI is a measure of the change in average health prices from year to year at the national level it can be used as a broad deflator for the health sector. It is not the deflator that is used to convert current price expenditures to constant price estimates in the AIHW's national health accounts. This is done at the individual expenditure component level.

Table C2 shows the THPI and other industry-wide indexes used in this report, referenced to 2012-13, while Table C3 shows the corresponding annual growth rates for each of these indexes over the past decade.

Table C2: Total health price index and industry-wide indexes (reference year 2012–13 = 100)

Index	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13
Total health price index ^(a)	76.4	79.1	81.9	85.4	88.3	90.4	93.0	95.2	96.2	97.8	100.0
Government final consumption expenditure on hospitals and nursing homes	73.3	76.0	78.0	81.6	84.8	87.4	90.2	93.6	94.9	97.2	100.0
Medicare medical services fees charged ^(b)	71.7	75.5	81.4	85.9	88.6	89.4	92.9	94.7	96.1	97.7	100.0
Dental services ^(a)	72.6	75.7	80.5	83.8	88.5	92.0	95.2	97.6	98.5	98.5	100.0
Other health practitioners ^(a)	74.0	75.7	77.9	81.6	83.3	83.2	86.7	88.9	91.8	96.8	100.0
Professional health workers wage rates	68.3	71.5	74.2	77.5	81.0	84.0	87.2	90.7	94.0	96.7	100.0
PBS pharmaceuticals ^(a)	99.4	99.6	99.7	99.7	99.7	99.7	100.0	100.1	100.1	100.1	100.0
HFCE on chemist goods	98.9	97.1	97.8	98.9	101.8	102.2	100.6	101.7	99.7	98.6	100.0
Aids and appliances ^(a)	97.7	104.5	107.2	110.1	112.4	115.5	113.6	108.1	102.1	100.1	100.0
Australian Government gross fixed capital formation	92.2	87.4	87.8	98.2	96.6	102.9	106.4	103.5	101.5	100.4	100.0
State territory and local government gross fixed capital formation	74.5	76.4	78.9	88.3	89.4	97.5	101.4	98.8	99.6	100.4	100.0
Private gross fixed capital formation	88.0	89.2	91.2	92.8	95.3	97.0	99.0	98.8	99.6	99.2	100.0
Gross domestic product	70.7	73.0	75.7	79.5	83.5	87.3	91.6	92.5	98.2	100.1	100.0

(a) IPD, constructed by the AIHW.

(b) Chain price index, constructed by the AIHW.

Table C3: Growth rates for the total health price index and industry-wide indexes, 2002–03 to 2012–13 (per cent)

Index	2002–03 to 2003–04	2003–04 to 2004–05	2004–05 to 2005–06	2005–06 to 2006–07	2006–07 to 2007–08	2007–08 to 2008–09	2008–09 to 2009–10	2009–10 to 2010–11	2010–11 to 2011–12	2011–12 to 2012–13
Total health price index ^(a)	3.5	3.6	4.2	3.4	2.3	2.9	2.4	1.0	1.7	2.3
Government final consumption expenditure on hospitals and nursing homes	3.6	2.6	4.6	4.0	3.0	3.3	3.8	1.3	2.4	2.9
Medicare medical services fees charged ^(b)	5.3	7.8	5.6	3.1	0.9	3.9	2.0	1.5	1.7	2.3
Dental services ^(a)	4.3	6.4	4.1	5.5	4.0	3.5	2.5	0.9	—	1.5
Other health practitioners ^(a)	2.3	2.9	4.8	2.0	–0.1	4.2	2.6	3.2	5.5	3.3
Professional health workers wage rates	4.7	3.7	4.6	4.5	3.7	3.8	4.0	3.6	2.9	3.4
PBS pharmaceuticals ^(a)	0.2	0.1	—	—	0.1	0.2	0.1	—	—	–0.1
HFCE on chemist goods	–1.8	0.7	1.1	2.9	0.4	–1.5	1.1	–1.9	–1.1	1.4
Aids and appliances ^(a)	6.9	2.6	2.7	2.1	2.8	–1.7	–4.8	–5.6	–1.9	–0.1
Australian Government gross fixed capital formation	–5.1	0.3	11.9	–1.6	6.5	3.4	–2.7	–1.9	–1.1	–0.4
State territory and local government gross fixed capital formation	2.6	3.3	11.8	1.3	9.1	4.0	–2.6	0.8	0.8	–0.4
Private gross fixed capital formation	1.4	2.2	1.7	2.8	1.8	2.0	–0.2	0.8	–0.4	0.8
Gross domestic product	3.3	3.7	5.1	5.0	4.5	4.9	1.0	6.1	2.0	–0.1

(a) IPD, constructed by the AIHW.

(b) Chain price index, constructed by the AIHW.

Appendix D: Population

The per person estimates of expenditure are calculated using the estimated resident population (ERP) as at 31 December 2013 (ABS 2014f). Per person estimates contained in this report are therefore not comparable to those published in earlier reports that used previously published ERP data.

Table D1 shows the Australian ERP and state and territory ERP, while Table D2 shows annual population growth. Table D3 shows the number of insured persons with hospital treatment cover between 2002–03 and 2012–13.

Table D1: Estimated resident population, by state and territory, 2002–03 to 2012–13 ('000)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia ^(a)
2002–03	6,599	4,845	3,701	1,939	1,516	476	326	202	19,603
2003–04	6,635	4,900	3,789	1,966	1,525	481	328	202	19,825
2004–05	6,669	4,957	3,872	1,994	1,533	485	329	204	20,044
2005–06	6,718	5,023	3,964	2,030	1,545	488	334	207	20,309
2006–07	6,786	5,104	4,056	2,077	1,561	492	338	211	20,625
2007–08	6,884	5,200	4,160	2,135	1,578	496	344	217	21,013
2008–09	7,002	5,313	4,276	2,209	1,598	502	351	223	21,473
2009–10	7,102	5,419	4,367	2,264	1,619	506	358	228	21,863
2010–11	7,180	5,496	4,437	2,319	1,632	510	365	230	22,169
2011–12	7,262	5,583	4,519	2,392	1,647	512	371	233	22,517
2012–13	7,355	5,683	4,611	2,480	1,662	512	378	239	22,920

(a) Excludes Other Territories comprising Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.

Note: Components may not add to totals due to rounding.

Source: ABS 2014f.

Table D2: Annual population growth, by state and territory, 2002–03 to 2012–13 (per cent)

Period	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia^(a)
2002–03 to 2003–04	0.5	1.1	2.3	1.4	0.5	1.1	0.5	—	1.1
2003–04 to 2004–05	0.5	1.1	2.2	1.4	0.5	0.6	0.5	1.0	1.1
2004–05 to 2005–06	0.7	1.3	2.3	1.7	0.8	0.6	1.2	1.7	1.3
2005–06 to 2006–07	1.0	1.6	2.3	2.3	1.0	0.7	1.4	1.7	1.5
2006–07 to 2007–08	1.4	1.8	2.5	2.7	1.1	0.8	1.7	2.6	1.8
2007–08 to 2008–09	1.7	2.1	2.7	3.4	1.2	1.1	2.0	2.7	2.1
2008–09 to 2009–10	1.4	1.9	2.1	2.4	1.2	0.9	1.9	2.3	1.8
2009–10 to 2010–11	1.1	1.4	1.5	2.4	0.8	0.7	1.9	1.1	1.4
2010–11 to 2011–12	1.1	1.5	1.8	3.1	0.8	0.3	1.7	1.0	1.5
2011–12 to 2012–13	1.2	1.7	2.0	3.6	0.9	—	1.8	2.5	1.7
Average annual growth rate (%)									
2002–03 to 2007–08	0.8	1.4	2.3	1.9	0.8	0.8	1.0	1.4	1.3
2007–08 to 2012–13	1.3	1.7	2.0	3.0	1.0	0.6	1.8	1.9	1.7
2002–03 to 2012–13	1.0	1.6	2.2	2.4	0.9	0.7	1.4	1.6	1.5

(a) Excludes Other Territories comprising Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.

Source: ABS 2014f.

Table D3: Number of insured persons with hospital treatment coverage, 2002–03 to 2012–13

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2002–03	2,964,480	2,129,396	1,552,171	906,975	685,336	208,070	179,189	64,740	8,690,357
2003–04	2,954,879	2,112,666	1,557,221	907,028	677,275	204,592	178,609	63,519	8,655,789
2004–05	2,962,743	2,112,766	1,576,205	920,629	674,882	205,013	179,084	63,337	8,694,659
2005–06	2,988,945	2,128,507	1,614,167	949,550	679,193	204,546	180,668	63,821	8,809,397
2006–07	3,041,952	2,180,529	1,675,599	991,121	689,397	206,560	183,872	66,127	9,035,157
2007–08	3,141,984	2,267,809	1,774,475	1,055,205	708,720	212,894	189,918	72,645	9,423,650
2008–09	3,193,606	2,317,560	1,848,647	1,110,380	721,201	215,998	193,039	76,215	9,676,646
2009–10	3,254,655	2,367,368	1,896,070	1,149,675	731,367	218,535	196,229	79,581	9,893,480
2010–11	3,338,166	2,429,268	1,955,553	1,206,991	742,557	221,545	203,170	83,246	10,180,496
2011–12	3,415,781	2,485,557	2,017,393	1,258,238	752,159	225,134	209,233	86,522	10,450,017
2012–13	3,496,307	2,544,409	2,084,627	1,324,499	763,730	228,520	215,769	90,810	10,748,671

Sources: PHIAC 2007, 2008, 2009, 2010, 2011, 2012, 2013.

Glossary

accrual accounting: The method of accounting now most commonly used by governments in Australia. Relates expenses, revenues and accruals to the period in which they are incurred (see also *Cash accounting*).

admitted patient: A patient who undergoes a hospital's formal admission process to receive treatment and/or care. This treatment and/or care is provided over a period of time and can occur in hospital and/or in the person's home (for hospital-in-the-home patients).

aids and appliances: Durable medical goods dispensed to ambulatory patients that are used more than once, for therapeutic purposes, such as glasses, hearing aids, wheelchairs and orthopaedic appliances and prosthetics that are not implanted surgically but are external to the user of the appliance. Excludes prostheses fitted as part of admitted patient care in a hospital.

Australian Government administered expenses: Expenses incurred by the Australian Government Department of Health (Health) in administering resources on behalf of the government to contribute to the specified outcome. For example, most grants in which the grantee has some control over how, when and to whom funds can be expended, including Public Health Outcome Funding Agreements (PHOFAs) payments and specific purpose payments to state and territory governments) (see also *Australian Government departmental expenses*).

Australian Government departmental expenses: Expenses incurred by the Australian Government Department of Health (Health) in the production of the Department's outputs. This mostly consists of the cost of employees but also includes suppliers of goods and services, particularly those where the Australian Government retains full control of how, when and to whom funds are to be provided.

Australian Government health expenditure: Total expenditure actually incurred by the Australian Government on its own health programs. It does not include the funding provided by the Australian Government to the states and territories by way of grants under section 96 of the Constitution.

Australian Government health funding: The sum of Australian Government expenditure and section 96 grants to states and territories. This includes the 10–40% private health insurance premium rebates.

Australian Health Care Agreements (AHCAs): The Australian Government, via two 5-year agreements, provided funding to each state and territory to support the provision of free public hospital services and some related state health services to all Australians. The AHCAs operated between 1 July 1998 and 30 June 2009.

average annual growth rate: To calculate the average annual growth rate in health expenditure between 2002–03 and 2012–13, the following formula applies:
$$\left(\frac{\$ \text{ million in 2012-13}}{\$ \text{ million in 2002-03}}\right)^{\frac{1}{10}} - 1 * 100.$$

benefit-paid pharmaceuticals: Pharmaceuticals listed in the schedule of the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS) for which pharmaceutical benefits have been paid or are payable. Does not include listed pharmaceutical items where the full cost is met from the patient copayment under the PBS or RPBS.

bulk-billed service under Medicare: If a practitioner agrees to the bulk-billing method, the patient assigns his/her right to a Medicare benefit to the practitioner as full payment for the medical service. The practitioner (or any other person or company) cannot make any extra charge for the service. The practitioner then claims the Medicare benefit from Medicare in full payment of the service.

capital consumption: The amount of fixed capital used up each year in the provision of health goods and services (sometimes referred to as depreciation).

capital expenditure: Expenditure on fixed assets (for example, new buildings and equipment with a useful life that extends beyond 1 year). This does not include changes in inventories. This term is used in this publication to refer to what the ABS calls gross fixed capital formation. See *Capital formation*.

capital formation: Gross fixed capital formation is the value of acquisitions less disposals of new or existing fixed assets. Assets consist of tangible or intangible assets that have come into existence as outputs from processes of production, and that are themselves used repeatedly or continuously in other processes of production over periods of time longer than 1 year. See *Australian national accounts: concepts, sources and methods* (ABS 2000) for further details.

cash accounting: Relates receipts and payments to the period in which the cash transfer actually occurred. Does not have the capacity to reflect non-cash transactions, such as depreciation (see also *Accrual accounting*).

chain price index: An annually re-weighted index providing a close approximation to measures of pure price change.

community health services: Non-residential health services offered by establishments to patients/clients, in an integrated and coordinated manner in a community setting, or the coordination of health services elsewhere in the community. Such services are provided by, or on behalf of, state and territory governments.

Includes, for example:

- well baby clinics
- health services provided to particular groups, such as Aboriginal and Torres Strait Islander people, women, youth and migrants, as well as family planning services, alcohol and drug treatment services
- specialised mental health programs delivered in a community setting.

constant prices: Constant price expenditure adjusts current prices for the effects of inflation, that is, it aims to remove the effects of inflation. Constant price estimates for expenditure aggregates have been derived using either annually re-weighted chain price indexes or IPDs. The reference year for both the chain price indexes and the IPDs is 2012–13 in this report. Constant price estimates indicate what expenditure would have been had 2012–13 prices applied in all years. Hence, expenditures in different years can be compared on a dollar-for-dollar basis, using this measure of changes in the volume of health goods and services.

current prices: The term ‘current prices’ refers to expenditures reported for a particular year, unadjusted for inflation. Changes in current price expenditures reflect changes in both price and volume.

dental services: Services provided by registered dental practitioners, such as: oral and maxillofacial surgery items; orthodontic, pedodontic and periodontic services; cleft lip and palate services; dental assessment and treatment; and other dental items listed in the MBS.

excess health inflation: The difference where the health inflation rate exceeds the general inflation rate; that is, the rate of increase in the price of goods and services in the health-care sector exceeds the rate of increase in the price of goods and services in the economy as a whole.

general inflation: The increase in the general price level of goods and services in the economy.

Government finance statistics (GFS): Provides details of revenues, expenses, cash flows, assets and liabilities of the Australian public sector and comprises units that are owned and/or controlled by the Australian Government, state and territory governments and local governments. See ABS 2005 and ABS 2010b for further details.

Government purpose classification (GPC): An ABS classification that classifies current outlays, capital outlays and selected other transactions of the non-financial public sector in terms of the government purposes for which the transactions are made. See ABS 2005 and ABS 2010b for further details.

Gross Domestic Product (GDP): Commonly used to indicate national income, this is the total market value of goods and services produced within a given period after deducting the cost of goods and services used up in the process of production but before deducting allowances for the consumption of fixed capital.

Gross National Expenditure (GNE): An alternative measure to GDP, GNE is equal to GDP minus export income but including imports.

health administration: Activities related to the formulation and administration of government and non-government policy in health and in the setting and enforcement of standards for health personnel and for hospitals, clinics and so forth. Includes the regulation and licensing of providers of health services.

It includes only those administrative services that cannot be allocated to a specific health good and service. Those unallocatable services might include, for example: maintaining an office of the Chief Medical Officer; a Departmental liaison officer in the office of the Minister; or a number of other agency-wide items for which it is not possible to derive appropriate or meaningful allocations to particular health programs.

health inflation: The increase in the price level of goods and services in the health sector.

health research: Research undertaken at tertiary institutions, in private non-profit organisations and in government facilities that has a health socioeconomic objective.

Excludes commercially oriented research funded by private business, the costs of which are assumed to be included in the prices charged for the goods and services (for example, medications that have been developed and/or supported by research activities).

highly specialised drugs: Under Section 100 of the *National Health Act 1953*, certain drugs can only be supplied to patients through hospitals because only the hospitals can provide the facilities or staff necessary to oversee the appropriate use of the drugs. These drugs are funded by the Australian Government.

hospital services: Services provided to a patient who is receiving admitted patient services or non-admitted patient services in a hospital, but *excludes* dental services, community health services, patient transport services, public health activities and health research undertaken within the hospital. Can include services provided off-site, such as hospital in the home, dialysis or other services.

Household Final Consumption Expenditure (HFCE): Net expenditure on goods and services by households and by private non-profit institutions serving households.

implicit price deflator (IPD): An index obtained using the ratio of current price expenditure to constant price expenditure.

individuals' out-of-pocket funding: Payments by individuals where they meet the full cost of a good or service as well as where they share the cost of goods and services with third-party payers, such as private health insurance funds or the Australian Government.

injury compensation insurers: Workers compensation and compulsory third-party motor vehicle insurers.

inpatient: An OECD term that roughly equates with the Australian 'admitted patient' with care for at least one night (see *Admitted patient*).

jurisdictions: State, territory and local governments.

local government: A public sector unit where the political authority underlying its function is limited to a local government area or other region within a state or territory, or the functions involve policies that are primarily of concern at the local level.

medical durables: Therapeutic devices, such as glasses, hearing aids and wheelchairs that can be used more than once.

medical services: Includes services provided by, or on behalf of, registered medical practitioners that are funded by the Medicare Benefits Schedule (MBS), DVA, compulsory motor vehicle third-party insurance, workers compensation insurance, private health insurance funds, Australian Government premium rebates allocated to medical services, Medicare copayments and other out-of-pocket payments.

Most medical services in Australia are provided on a fee-for-service basis and attract benefits from the Australian Government under Medicare. These include both private in-hospital medical services and out-of-hospital medical services.

They also include non-MBS medical services, such as the provision of vaccines for overseas travel, as well as some expenditure by the Australian Government under alternative funding arrangements.

Excludes medical services provided to public admitted patients in public hospitals and medical services provided to public patients at outpatient clinics in public hospitals.

medical expenses tax rebate: Applies in regard to a wide range of health expenditures, not just expenses associated with doctors. It cannot be specifically allocated to the various areas of health expenditure.

Individuals are able to claim a rebate in respect of that part of their eligible personal health expenses that exceeds a threshold in an income year. From July 2012 taxpayers with an adjusted taxable income above \$84,000 for singles and \$168,000 for a couple or family in 2012-13 were able to claim a reimbursement of 10 cents in the dollar for eligible out-of-pocket expenses incurred in excess of \$5,000. Taxpayers with an adjusted taxable

income below these thresholds were able to continue to claim a reimbursement of 20 cents in the dollar for eligible out-of-pocket expenses incurred above the \$2,120 threshold. See Box 3.1 for further details.

These tax expenditures are a form of funding only. The related expenditures have already been allocated to particular area(s) of health expenditure, but it is not possible to allocate this form of funding to particular health expenditure areas.

The Australian Department of the Treasury estimates other tax expenditures in the health area, such as the cost of exempting low-income earners from the Medicare levy. These tax expenditures are not included in the Australian NHA framework.

medications: Benefit-paid pharmaceuticals and other medications.

nominal expenditure: Expenditure expressed in terms of current prices.

non-admitted patient: Patients who receive care from a recognised non-admitted patient service/clinic of a hospital.

other health practitioner services: Services provided by health practitioners (other than doctors and dentists). These include chiropractors, optometrists, physiotherapists, speech therapists, audiologists, dieticians, podiatrists, homeopaths, naturopaths, practitioners of Chinese medicine and other forms of traditional medicine.

other medications: Pharmaceuticals for which no PBS or RPBS benefit was paid. They include:

- pharmaceuticals listed in the PBS or RPBS, the total costs of which are equal to, or less than, the statutory patient contribution for the class of patient (under copayment pharmaceuticals)
- pharmaceuticals dispensed through private prescriptions that do not fulfil the criteria for payment of benefit under the PBS or RPBS over-the-counter medicines including pharmacy-only medicines, aspirin, cough and cold medicines, vitamins and minerals, herbal and other complementary medicines, and a range of medical non-durables, such as condoms, adhesive and non-adhesive bandages.

other recurrent health services n.e.c.: Miscellaneous expenditures that could not, at that time, be allocated to the specific health expenditure areas in the matrix.

over-the-counter medicines: Therapeutic medicinal preparations that are primarily purchased from pharmacies and supermarkets.

over-the-counter therapeutic medical non-durables: Non-prescription therapeutic goods that tend to be single-use items, such as bandages, elastic stockings, condoms and other mechanical contraceptive devices, from pharmacies or supermarkets.

patient transport services: Expenditure by organisations primarily engaged in providing transportation of patients by ground or air, along with health (or medical) care. These services are often provided during a medical emergency but are not restricted to emergencies. The vehicles are equipped with lifesaving equipment operated by medically trained personnel. Includes public ambulance services or flying doctor services, such as Royal Flying Doctor Service and Care Flight. Also includes patient transport programs, such as patient transport vouchers or support programs to assist isolated patients with travel to obtain specialised health care. For 2003–04 onwards, this category includes patient transport expenses that are included in the operating costs of public hospitals.

Pharmaceutical Benefits Scheme (PBS): A national, government-funded scheme that subsidises the cost of a wide range of pharmaceutical drugs, and that covers all Australians to help them afford standard medications. The Pharmaceutical Benefits Schedule (schedule) lists all the medicinal products available under the PBS and explains the uses for which they can be subsidised.

primary health care: Primary health care expenditure includes recurrent expenditure on health goods and services such as medical services, dental services, other health practitioner services, pharmaceuticals and community and public health services. Primary health care services are delivered in numerous settings such as general practices, community health centres, allied health practices (for example, physiotherapy, dietetic and chiropractic practices, and tele-health) and under numerous funding arrangements.

Private Health Insurance Incentives Scheme: Was introduced on 1 July 1997 to encourage more people to take out private health insurance. It provided a subsidy to low-income earners who did, and a tax penalty to high-income earners who did not. Middle-income earners were not the target of this policy and, as such, were neither eligible for the tax subsidy nor liable to incur a tax penalty, regardless of their private health insurance status. The scheme ended on 31 December 1998.

private hospital: A health-care provider facility, other than a public hospital, that has been established under state or territory legislation as a hospital or freestanding day procedure unit and authorised to facilitate the provision of hospital services to patients. A private hospital is not defined by whether it is privately owned but by whether it is *not* a public hospital (as defined below). Private hospital expenditure includes expenditures incurred by a private hospital in providing contracted and/or ad hoc treatments for public patients.

private patient: A person admitted to a private hospital, or a person admitted to a public hospital who is treated by a doctor of their own choice and/or who has private ward accommodation. This means that the patient will be charged for medical services, food and accommodation.

public health activities: The core types of activities undertaken or funded by the key jurisdictional health departments that deal with issues related to populations, rather than individuals. These activities comprise:

- communicable disease control
- selected health promotion
- organised immunisation
- environmental health
- food standards and hygiene
- breast cancer, cervical and bowel cancer screening
- prevention of hazardous and harmful drug use
- public health research.

These activities do not include treatment services.

public health services: Services provided and/or funded by governments that are aimed at protecting and promoting the health of the whole population or specified population

subgroups and/or preventing illness or injury in the whole population or specified population subgroups.

Public health services do not include treatment services.

Public health services until 2008–09 also include departmental costs for the following Commonwealth regulators: Therapeutic Goods Administration, Office of Gene Technology Regulator and the National Industrial Chemicals Notification and Assessment Scheme.

public hospital: A health-care provider facility that has been established under state or territory legislation as a hospital or as a freestanding day procedure unit. Public hospitals are operated by, or on behalf of, the government of the state or territory in which they are established and are authorised under that state/territory's legislation to provide or facilitate the provision of hospital services to patients. Public hospitals include some denominational hospitals that are privately owned. Defence force hospitals are not included in the scope of public hospitals.

public hospital services: The balance of public hospital expenditure remaining, after community health services, public health services, non-admitted dental services, patient transport services and health research activities that are undertaken by public hospitals have been removed and reallocated to their own expenditure categories.

public patient: A patient admitted to a public hospital who is treated by doctors of the hospital's choice and accepts shared ward accommodation if necessary. This means that the patient is not charged.

purchasing power parity (PPP): This exchange rate is one which adjusts for differences in the prices of goods and services between countries. It shows how much the same good or service will cost across countries.

real expenditure: Expenditure that has been adjusted to remove the effects of inflation (for example, expenditure for all years has been compiled using 2012–13 prices). Removing the effects of inflation enables comparisons to be made between expenditures in different years on an equal dollar-for-dollar basis. Changes in real expenditure measure the change in the volume of goods and services produced.

rebates of health insurance premiums: Introduced in January 1999, a non-means-tested rebate on private health insurance premiums replaced the PHIIS subsidy. From 1 July 2012 the private health insurance rebate became income tested. There are 2 types of rebates of health insurance premiums.

The first rebate is where the 10–40% rebate is taken as a reduced premium payable by the individual with private health cover (with the health fund claiming payment from the Australian Government).

The second rebate is taken as an income tax rebate, where individuals with private health cover elect to claim the rebate through the tax system at the end of the financial year for the 10–40% rebate, having paid the health funds 100% of their premiums up front.

recurrent expenditure: Expenditure incurred by organisations on a recurring basis, for the provision of health goods and services, which does not result in the creation or acquisition of fixed assets (new or second-hand). It consists mainly of expenditure on wages, salaries and supplements, purchases of goods and services and consumption of fixed capital. This excludes capital expenditure. For all years, recurrent expenditure includes capital consumption (depreciation).

Repatriation Pharmaceutical Benefits Scheme (RPBS): Provides assistance to eligible veterans (with recognised war- or service-related disabilities) and their dependants for pharmaceuticals listed on the PBS and a supplementary repatriation list, at the same cost as patients entitled to the concessional payment under the PBS.

specific purpose payments (SPPs): Australian Government payments to the states and territories under the provisions of section 96 of the Constitution, used for purposes specified in agreements between the Australian Government and individual state and territory governments. Some are conditional on states and territories incurring a specified level or proportion of expenditure from their own resources. The SPP associated with the National Healthcare Agreement, implemented from 1 July 2009, provides payments to state and territory governments that are to be spent only within the sector described e.g. within the health sector. In addition, there are National partnership payments under National partnership agreements that are targeted to specific areas of health expenditure.

state and territory dental services: School dental programs, community dental services and hospital dental programs funded by state and territory health authorities.

therapeutic: relating to the treating or curing of a disease.

Total health price index (THPI): The ratio of total national health expenditure at current prices, to total national health expenditure at constant prices.

References

- ABS (Australian Bureau of Statistics) 2000. Australian national accounts: concepts, sources and methods, 2000. Cat. no. 5216.0. Canberra: ABS.
- ABS 2005. Australian system of government finance statistics: concepts, sources and methods, 2005. Cat. no. 5514.0. Canberra: ABS.
- ABS 2010a. Research and experimental development, all sector summary, Australia, 2008–09. Cat. no. 8112.0. Canberra: ABS.
- ABS 2010b. Australian system of government finance statistics: concepts, sources and methods, 2005. Cat. no. 5514.0.55.001. Canberra: ABS.
- ABS 2012. Research and experimental development, higher education organisations, Australia 2010. Cat. no. 8111.0. Canberra: ABS.
- ABS 2013a. Research and experimental development, government and private non-profit organisations, Australia, 2011–12. Cat. no. 8109.0. Canberra: ABS.
- ABS 2014a. Australian national accounts: national income, expenditure and product, March 2014. Cat. no. 5206.0. Canberra: ABS.
- ABS 2014b. Taxation revenue, Australia, 2012–13. Cat. no. 5506.0. Canberra: ABS.
- ABS 2014c. Research and experimental development, higher education organisations, Australia 2012. Cat. no. 8111.0. Canberra: ABS.
- ABS 2014d. Research and experimental development, government and private non-profit organisations, Australia, 2012–13. Cat. no. 8109.0. Canberra: ABS.
- ABS 2014e. Private hospitals, Australia, 2012–13. Cat. no. 4390.0. Canberra: ABS.
- ABS 2014f. Australian demographic statistics, December 2013. Cat. no. 3101.0. Canberra: ABS.
- AIHW (Australian Institute of Health and Welfare) 2006. National public health expenditure report 2001–02 to 2003–04. Cat. no. HWE 33. Canberra: AIHW.
- AIHW 2007a. Health expenditure Australia 2005–06. Cat. no. HWE 37. Canberra: AIHW.
- AIHW 2007b. National public health expenditure report 2004–05. Cat. no. HWE 36. Canberra: AIHW.
- AIHW 2008a. National public health expenditure report 2005–06. Cat. no. HWE 39. Canberra: AIHW.
- AIHW 2008b. Public health expenditure in Australia 2006–07. Cat. no. HWE 41. Canberra: AIHW.
- AIHW 2009a. Public health expenditure in Australia, 2007–08. Cat. no. HWE 47. Canberra: AIHW.
- AIHW 2009b. Health expenditure Australia 2007–08. Cat. no. HWE 46. Canberra: AIHW.
- AIHW 2011. Public health expenditure in Australia, 2008–09. Cat. no. HWE 52. Canberra: AIHW.

ATO (Australian Taxation Office) 2011. 2010–11 Commissioner of Taxation Annual report. Canberra: ATO.

ATO 2012. 2011–12 Commissioner of Taxation Annual report. Canberra: ATO.

ATO 2013. 2012–13 Commissioner of Taxation Annual report. Canberra: ATO.

DoH (Department of Health) 2011. Annual report 2010–11. Canberra: DoH.

DoH 2012. Annual report 2011–12. Canberra: DoH.

DoH 2013. Annual report 2012–13. Canberra: DoH.

Flanagan B (ed) 2002. Retail world: food and grocery for the new millennium 55(24) Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan B (ed) 2003a. Retail pharmacy: keeping you ahead of the rest 12(6) Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan B (ed) 2003b. Retail world: food and grocery for the new millennium 56(24) Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan B (ed) 2004a. Retail pharmacy: keeping you ahead of the rest 13(6) Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan B (ed) 2004b. Retail world: food and grocery for the new millennium 57(24) Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan B (ed) 2005a. Retail pharmacy: keeping you ahead of the rest 14(6) Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan B (ed) 2005b. Retail world: food and grocery for the new millennium 58(24) Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan B (ed) 2006. Retail world: food and grocery for the new millennium 59(24) Sydney: Pegasus Print Group.

Flanagan B (ed) 2007. Retail world: food and grocery for the new millennium 60(24) Sydney: Fast Proof Press.

Flanagan B (ed) 2008. Retail world: food and grocery for the new millennium 61(24) Sydney: Fast Proof Press.

Gloria L (ed) 2009. Retail world annual report 2009 62(24) Sydney: GEON Group.

Gloria L (ed) 2010. Retail world annual report 2010 63(23) Sydney: GEON Group.

Gloria L (ed) 2011. Retail world annual report 2011 64(23) Sydney: GEON Group.

Gloria L (ed) 2012. Retail world annual report 2012 65(23) Sydney: GEON Group.

Gloria L (ed) 2013. Retail world annual report 2013 66(20) Sydney: GEON Group.

OECD (Organisation for Economic Co-operation and Development) 2000. A system of health accounts, version 1.0. Paris: OECD.

OECD 2014. OECD health data 2014. Paris: OECD.

OECD, Eurostat, WHO 2011. A system of health accounts 2011 edition. Paris: OECD.

PHIAC (Private Health Insurance Administration Council) 2007. Annual report 2006–07. Canberra: AusInfo.

PHIAC 2008. Annual report 2007–08. Canberra: AusInfo.

PHIAC 2009. Annual report 2008–09. Canberra: AusInfo.

PHIAC 2010. Annual report 2009–10. Canberra: AusInfo.

PHIAC 2011. Annual report 2010–11. Canberra: AusInfo.

PHIAC 2012. Annual report 2011–12. Canberra: AusInfo.

PHIAC 2013. Annual report 2012–13. Canberra: AusInfo.

SCRCSSP (Steering Committee for the Review of Commonwealth/State Service Provision) 2003. Report on government services 2003. Canberra: AusInfo.

SCRGSP (Steering Committee for the Review of Government Service Provision) 2007. Report on government services 2007. Canberra: Productivity Commission.

SCRGSP 2009. Report on government services 2009. Canberra: Productivity Commission.

List of tables

Table 2.1:	Total health expenditure, current and constant prices, and annual rates of change, 2002–03 to 2012–13.....	6
Table 2.2:	Total health expenditure and GDP, current prices, and annual health to GDP ratios, 2002–03 to 2012–13.....	8
Table 2.3:	Total health expenditure and GDP, constant prices, and annual growth rates, 2002–03 to 2012–13.....	9
Table 2.4:	Annual rates of health inflation, 2002–03 to 2012–13 (per cent).....	11
Table 2.5:	Components of the annual change in the health expenditure to GDP ratio, 2002–03 to 2012–13 (per cent).....	13
Table 2.6:	Average health expenditure per person, current and constant prices, and annual growth rates, 2002–03 to 2012–13.....	19
Table 2.7:	Total and recurrent health expenditure, current prices, and recurrent expenditure as a proportion of total health expenditure, 2002–03 to 2012–13.....	21
Table 2.8:	Total and recurrent health expenditure, constant prices and annual growth rates, 2002–03 to 2012–13.....	22
Table 2.9:	Total recurrent health expenditure, current prices, for each state and territory, all sources of funds, 2002–03 to 2012–13 (\$ million).....	23
Table 2.10:	Total recurrent health expenditure, constant prices, for each state and territory, all sources of funds, and annual growth rates, 2002–03 to 2012–13 (\$ million).....	23
Table 2.11:	Average recurrent health expenditure per person, current prices, for each state and territory, all sources of funds, 2002–03 to 2012–13 (\$).....	25
Table 2.12:	Average recurrent health expenditure per person, constant prices, for each state and territory, all sources of funds, 2002–03 to 2012–13 (\$).....	26
Table 2.13:	Annual growth in recurrent health expenditure per person, constant prices, all sources of funding for each state and territory, 2002–03 to 2012–13 (per cent).....	27
Table 2.14:	Health expenditure, as a proportion of GDP, OECD countries, 2002 to 2012 (per cent)....	30
Table 2.15:	Health expenditure per person, constant prices, OECD countries, 2002 to 2012 (\$A).....	32
Table 3.1:	Total funding for health expenditure, current prices, by source of funds, 2002–03 to 2012–13 (\$ million).....	35
Table 3.2:	Total funding for health expenditure as a proportion of total health expenditure, by source of funds, 2002–03 to 2012–13 (per cent).....	36
Table 3.3:	Funding of total health expenditure, constant prices, and annual growth in funding, by source of funds, 2002–03 to 2012–13.....	41
Table 3.4:	Capital expenditure by source of funds, constant prices, and annual growth rates, 2002–03 to 2012–13.....	42
Table 3.5:	Funding of health expenditure by the Australian Government, constant prices, by type of expenditure, 2002–03 to 2012–13 (\$ million).....	44
Table 3.6:	Department of Veterans’ Affairs health expenditure, by area of expenditure, 2012–13.....	45
Table 3.7:	State and territory government recurrent funding of health expenditure, constant prices, and annual growth rates, by area of expenditure, 2002–03 to 2012–13.....	48

Table 3.8:	Non-government sector funding of total health expenditure, by source of funds, current prices, 2002-03 to 2012-13	50
Table 3.9:	Non-government sector funding of total health expenditure, by source of funds, constant prices, and annual growth rates, 2002-03 to 2012-13	51
Table 3.10:	Individuals' funding of recurrent health expenditure, by area of expenditure, current prices, 2012-13.....	53
Table 3.11:	Average individual recurrent health expenditure per person, constant prices, and annual growth rates, by area of expenditure, 2002-03 to 2012-13.....	54
Table 3.12:	Funding of recurrent health expenditure by private health insurance funds, by area of expenditure, current prices, 2012-13	55
Table 3.13:	Expenditure on health goods and services funded by health insurance funds, constant prices, 2010-11 to 2012-13 (\$ million)	57
Table 3.14:	Expenditure on health goods and services and administration funded through private health insurance funds, constant prices, and annual growth rates, 2002-03 to 2012-13.....	58
Table 3.15:	Average health expenditure funded by private health insurance, per person covered, constant prices, by state and territory, 2002-03 to 2012-13 (\$).....	60
Table 3.16:	Expenditure by injury compensation insurers, constant prices, and annual growth rates, 2002-03 to 2012-13	61
Table A1:	Total health expenditure, current prices, by area of expenditure and source of funds, 2010-11 (\$ million).....	76
Table A2:	Total health expenditure, current prices, by area of expenditure and source of funds, 2011-12 (\$ million).....	77
Table A3:	Total health expenditure, current prices, by area of expenditure and source of funds, 2012-13 (\$ million).....	78
Table A4:	Total health expenditure, constant prices, by area of expenditure and source of funds, 2010-11 (\$ million).....	79
Table A5:	Total health expenditure, constant prices, by area of expenditure and source of funds, 2011-12 (\$ million).....	80
Table A6:	Total health expenditure, constant prices, by area of expenditure and source of funds, 2012-13 (\$ million).....	81
Table A7:	Annual growth in health expenditure, current prices, by area of expenditure, 2002-03 to 2012-13 (per cent).....	82
Table A8:	Annual growth in health expenditure, constant prices, by area of expenditure, 2002-03 to 2012-13 (per cent).....	83
Table A9:	Proportions of recurrent health expenditure, current prices, by area of expenditure, 2002-03 to 2012-13 (per cent).....	84
Table A10:	Recurrent funding of public hospitals, constant prices, by source of funds and annual growth rates, 2002-03 to 2012-13 (per cent).....	85
Table B1:	Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds, 2010-11 (\$ million).....	88
Table B2:	Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds, 2011-12 (\$ million).....	89

Table B3:	Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds, 2012–13 (\$ million).....	90
Table B4:	Total health expenditure, current prices, Victoria, by area of expenditure and source of funds, 2010–11 (\$ million).....	91
Table B5:	Total health expenditure, current prices, Victoria, by area of expenditure and source of funds, 2011–12 (\$ million).....	92
Table B6:	Total health expenditure, current prices, Victoria, by area of expenditure and source of funds, 2012–13 (\$ million).....	93
Table B7:	Total health expenditure, current prices, Queensland, by area of expenditure and source of funds, 2010–11 (\$ million).....	94
Table B8:	Total health expenditure, current prices, Queensland, by area of expenditure and source of funds, 2011–12 (\$ million).....	95
Table B9:	Total health expenditure, current prices, Queensland, by area of expenditure and source of funds, 2012–13 (\$ million).....	96
Table B10:	Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds, 2010–11 (\$ million).....	97
Table B11:	Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds, 2011–12 (\$ million).....	98
Table B12:	Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds, 2012–13 (\$ million).....	99
Table B13:	Total health expenditure, current prices, South Australia, by area of expenditure and source of funds, 2010–11 (\$ million).....	100
Table B14:	Total health expenditure, current prices, South Australia, by area of expenditure and source of funds, 2011–12 (\$ million).....	101
Table B15:	Total health expenditure, current prices, South Australia, by area of expenditure and source of funds, 2012–13 (\$ million).....	102
Table B16:	Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds, 2010–11 (\$ million).....	103
Table B17:	Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds, 2011–12 (\$ million).....	104
Table B18:	Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds, 2012–13 (\$ million).....	105
Table B19:	Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds, 2010–11 (\$ million).....	106
Table B20:	Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds, 2011–12 (\$ million).....	107
Table B21:	Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds, 2012–13 (\$ million).....	108
Table B22:	Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds, 2010–11 (\$ million).....	109
Table B23:	Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds, 2011–12 (\$ million).....	110
Table B24:	Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds, 2012–13 (\$ million).....	111

Table C1:	Area of health expenditure, by type of deflator applied	114
Table C2:	Total health price index and industry-wide indexes (reference year 2012-13 = 100)	116
Table C3:	Growth rates for the total health price index and industry-wide indexes, 2002-03 to 2012-13 (per cent)	117
Table D1:	Estimated resident population, by state and territory, 2002-03 to 2012-13 ('000)	118
Table D2:	Annual population growth, by state and territory, 2002-03 to 2012-13 (per cent)	119
Table D3:	Number of insured persons with hospital treatment coverage, 2002-03 to 2012-13	120

List of figures

Figure 1.1:	The structure of the Australian health-care system and its flow of funds.....	3
Figure 2.1:	Annual growth rates of health expenditure and GDP, constant prices, 2002–03 to 2012–13	10
Figure 2.2:	Change in annual rates of GNE and GDP excess health inflation, 2002–03 to 2012–13	12
Figure 2.3:	Tax revenue and health expenditure across all governments, current prices, 2002–03 to 2012–13.....	14
Figure 2.4:	The ratio of health expenditure to tax revenue across all governments, current prices, 2002–03 to 2012–13.....	15
Figure 2.5:	Health expenditure and tax revenue for the Australian Government, current prices, 2002–03 to 2012–13.....	16
Figure 2.6:	The ratio of health expenditure to tax revenue for the Australian Government, current prices, 2002–03 to 2012–13	16
Figure 2.7:	Health expenditure and tax revenue for the state and local governments, current prices, 2002–03 to 2012–13	17
Figure 2.8:	The ratio of health expenditure to tax revenue for the state and local governments, current prices, 2002–03 to 2012–13	18
Figure 2.9:	The ratio of health expenditure to tax revenue for each state and local government, current prices, 2002–03 to 2012–13	18
Figure 2.10:	Average health expenditure per person, constant prices, 2002–03 to 2012–13.....	20
Figure 2.11:	Average recurrent health expenditure per person, current prices, for each state and territory and Australia, 2012–13.....	24
Figure 2.12:	Health expenditure as a proportion of GDP, selected OECD countries, 2012	28
Figure 2.13:	Total health expenditure as a proportion of GDP, compared with the OECD median and 10 th and 90 th percentiles, 2002 to 2012	29
Figure 2.14:	Total health expenditure per person, constant prices, compared with the OECD median and 10 th and 90 th percentiles, 2002 to 2012 (\$A).....	31
Figure 3.1:	Total health expenditure, by source of funds as a proportion of total health expenditure, 2002–03 to 2012–13	37
Figure 3.2:	Recurrent health expenditure, by area of expenditure and source of funds, current prices, 2012–13.....	38
Figure 3.3:	Share of recurrent funding for public hospitals, by source of funds, 2002–03 to 2012–13	39
Figure 3.4:	Capital expenditure by source of funds, constant prices, 2002–03 to 2012–13	43
Figure 3.5:	Non-government sector funding of total health expenditure, by source of funds, constant prices, 2002–03 to 2012–13	52
Figure 3.6:	Funding of recurrent health expenditure through private health insurance, constant prices, 2002–03 to 2012–13	59

List of boxes

- Box 1.1: Expenditure at current and constant prices.....2
- Box 2.1: Inflation7
- Box 2.2: Australian health expenditure using the OECD System of Health Accounts framework33
- Box 2.3: Periods equating to OECD year 201234
- Box 3.1: Medical expenses tax rebate46
- Box 3.2: Treatment of private health insurance premium rebates56

Related publications

This report, *Health expenditure Australia 2012–13* is part of an annual series. The earlier editions and any published subsequently can be downloaded free from the AIHW website <<http://www.aihw.gov.au/expenditure-publications/>>. The website also includes information on ordering printed copies.

The following AIHW publications relating to health expenditure might also be of interest:

AIHW 2014. Health expenditure Australia 2011–12: analysis by sector. Health and welfare expenditure series no. 51. Cat. no. HWE 60. Canberra: AIHW.

AIHW 2013. Expenditure on health for Aboriginal and Torres Strait Islander people 2010–11. Health and welfare expenditure series no. 48. Cat. no. HWE 57. Canberra: AIHW.

AIHW 2013. Expenditure on health for Aboriginal and Torres Strait Islander people 2010–11: an analysis by remoteness and disease. Health and welfare expenditure series no. 49. Cat. no. HWE 58. Canberra: AIHW.

Expenditure on health in Australia was estimated to be \$147.4 billion in 2012–13, 1.5% higher than in 2011–12 and the lowest growth since the mid 1980's. In 2012–13, governments provided \$100.8 billion (or 68.3%) of total health expenditure. Government funding of health expenditure fell in real terms for the first time in the decade by 0.9%, largely a result of a decline in Australian Government funding of 2.4%. State and territory government funding was also relatively low, growing just 1.4% in real terms in 2012–13. In contrast, growth in non-government funding was relatively strong at 7.2%.