



**Australian Government**

**Australian Institute of  
Health and Welfare**

# Health expenditure Australia 2013–14

HEALTH AND WELFARE EXPENDITURE SERIES NO. 54





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**Australian Institute of  
Health and Welfare**

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

HEALTH AND WELFARE EXPENDITURE SERIES

Number 54

# **Health expenditure Australia 2013–14**

Australian Institute of Health and Welfare  
Canberra

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**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](http://www.aihw.gov.au)> for any amendments.**

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Janice Miller, Dian Xu, Rebecca Bennetts, 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
AHCA	Australian Health Care Agreement
AIHW	Australian Institute of Health and Welfare
AUD	Australian dollar
COAG	Council of Australian Governments
CPI	consumer price index
DVA	Australian Government Department of Veterans' Affairs
ERP	estimated resident population
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
GST	goods and services tax
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
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
THPI	total health price index
WHO	World Health Organization

## Symbols

–	nil or rounded to zero
..	not applicable
\$A	Australian dollar
n.e.c.	not elsewhere classified

# Summary

## Continued slow growth

Health expenditure growth in 2013–14 was relatively slow according to most measures. Total expenditure on health was estimated at \$154.6 billion in 2013–14, up by 3.1% on 2012–13 in real terms (after adjusting for inflation). This growth was higher than the 1.1% growth experienced in 2012–13 but 1.9 percentage points lower than the average annual growth over the past decade (5.0%).

Growth was also relatively slow in expenditure per person. An estimated \$6,639 was spent per person on health in 2013–14, which was \$94 more in real terms than in the previous year. This growth of 1.4% was less than half the average annual growth over the decade (3.3%).

Despite this relatively slow growth in health spending, the proportion of the economy that health represented increased from 9.7% of gross domestic product (GDP) in 2012–13 to 9.8% in 2013–14. This was a result of relatively low growth in GDP.

When compared to taxation revenue, government health spending represented the same proportion of taxation revenue (24.7%) as the previous year.

## Government expenditure

In 2013–14, governments provided \$104.8 billion, or 67.8% of total health expenditure in Australia. There was an increase in the ratio of health expenditure to taxation revenue for the Australian Government (from 25.0% to 25.2%) and a decline for the states and territories (24.3% to 24.0%).

The Australian Government's share of total health expenditure declined over the second half of the decade, from 43.8% in 2008–09 to 41.2% in 2013–14. The state and territory and local government share of expenditure has stayed at around 26.6% (the value in 2013–14) since 2009–10.

## Non-government expenditure

The non-government sector share of total expenditure (\$49.8 billion in 2013–14) has risen over the past 2 years, from 30.0% in 2011–12 to 32.2% in 2013–14, despite generally declining throughout the decade.

The proportion of total health funding from private health insurance funds declined steadily from 8.1% in 2003–04 to 7.4% in 2011–12. It has since risen to reach 8.3% in 2013–14. This coincided with changes to the income testing arrangements surrounding the Australian Government's private health insurance premium rebates, which had the impact of reducing the Australian Government's contribution and increasing the share that private health insurers fund through premiums charged to members.

Over the decade, funding by individuals was the fastest growing area of non-government expenditure. Expenditure by individuals grew by an average of 6.2% a year in real terms compared with 5.3% for all non-government sources. It also grew faster than total health spending (5.0%).

# 1 Introduction

This report is the latest in the Australian Institute of Health and Welfare's (AIHW) *Health expenditure Australia* series. It includes estimates of how much was spent on health between 2003–04 and 2013–14. This information contributes to understanding the performance and efficiency of Australia's health system and how changes arise 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) use them to provide health goods and services.

The term 'health expenditure' in this context 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 health service 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 many cases, data are not available directly from the providers of health goods and services. Data for this report are derived mainly from entities that provide 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 some entities is offset against expenditure by others. 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 that the states and territories funded.

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 2003–04 will have purchased more health goods and services than \$1 billion spent in 2013–14.

#### **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 1 selected reference year (known as 'constant prices').

The reference year used in this report is 2013–14. 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.

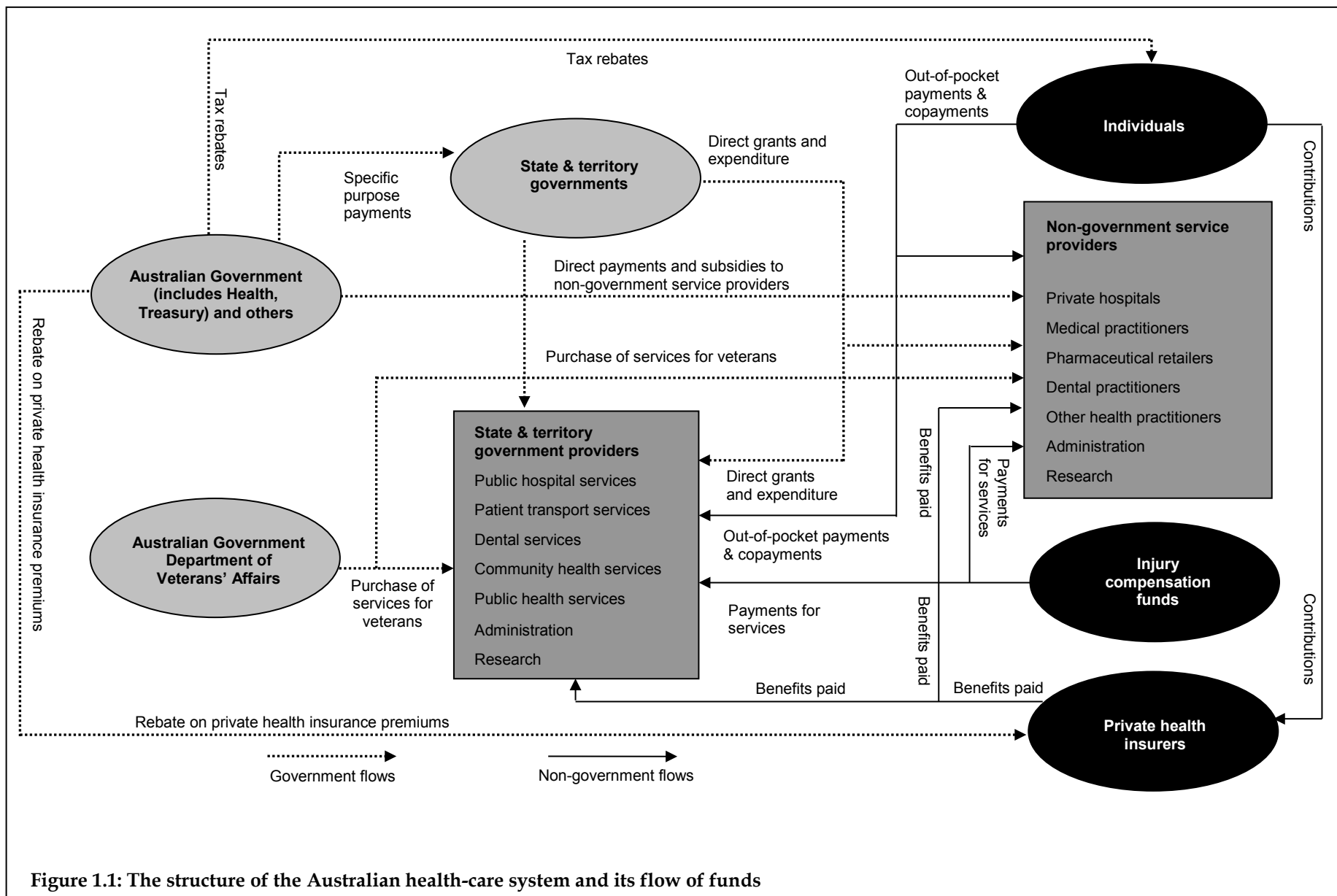


Figure 1.1: The structure of the Australian health-care system and its flow of funds

## 1.3 Structure of this report

This report focuses on national trends in health expenditure. Detailed analyses of specific areas of health expenditure are covered in supplementary publications.

The tables and figures in this publication provide expenditure in terms of current and constant prices (see Box 1.1).

Chapter 2 presents a broad picture of total national health expenditure in 2013–14 and over the decade since 2003–04.

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 data 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 reports issued prior to 2005–06, due to 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 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.

## 1.5 Revisions to Australian Bureau of Statistics estimates

Gross domestic product (GDP) estimates for this report are sourced from the Australian Bureau of Statistics (ABS) (ABS 2015b). 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 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 2003–04 in this report are not consistent with those shown in previous *Health expenditure Australia* reports.

## 2 Health expenditure

This chapter outlines the macro-level trends in health expenditure over the past decade. Australia's expenditure is considered in the context of changes in the economy, taxation revenues, population growth and internationally.

### 2.1 Total health expenditure

Total expenditure on health goods and services in Australia was estimated at \$154.6 billion in 2013–14. This was around 1.6 times as high in real terms (once inflation was accounted for) than in 2003–04 and 3.1% higher than in 2012–13 (Table 2.1).

Real growth in 2013–14 was 2.0 percentage points higher than the previous year (1.1%) but 1.9 percentage points lower than the average annual growth over the last decade (5.0%).

Of total health expenditure, 94.1% was recurrent expenditure and 5.9% was capital expenditure (Table 2.7).

**Table 2.1: Total health expenditure, current and constant prices<sup>(a)</sup>, and annual rates of change, 2003–04 to 2013–14**

Year	Amount (\$ million)		Change from previous year (%)	
	Current	Constant	Nominal change <sup>(b)</sup>	Real growth <sup>(b)</sup>
2003–04	73,509	94,932	..	..
2004–05	81,061	101,014	10.27	6.41
2005–06	86,685	103,614	6.94	2.57
2006–07	94,938	109,795	9.52	5.97
2007–08	103,563	117,048	9.08	6.61
2008–09	114,401	125,705	10.46	7.40
2009–10	121,710	130,582	6.39	3.88
2010–11	131,612	139,826	8.14	7.08
2011–12	141,957	148,304	7.86	6.06
2012–13	146,968	150,000	3.53	1.14
2013–14	154,633	154,633	5.22	3.09
<b>Average annual change (%)</b>				
2003–04 to 2008–09	..	..	9.25	5.78
2008–09 to 2013–14	..	..	6.21	4.23
2003–04 to 2013–14	..	..	7.72	5.00

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 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). 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 all affect volume growth.

Health inflation was estimated at 2.1% for 2013–14 (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. Two measures are used for the general rate of inflation; the implicit price deflators (IPD) for GDP and gross national expenditure (GNE). The ABS produces both of these IPDs. 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 major 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 is 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 9.8% of GDP in 2013–14. This was up from 9.7% in 2012–13, despite relatively low growth in health expenditure. This was because health expenditure growth at 5.2% in nominal terms was still higher than the below average (4.0% compared to a 6.3% 10-year average) 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, 2003–04 to 2013–14**

Year	Total health expenditure (\$ million)	GDP (\$ million)	Nominal GDP growth (%) <sup>(a)</sup>	Ratio of health expenditure to GDP (%)
2003–04	73,509	861,575	. .	8.53
2004–05	81,061	922,279	7.05	8.79
2005–06	86,685	997,968	8.21	8.69
2006–07	94,938	1,087,028	8.92	8.73
2007–08	103,563	1,178,422	8.41	8.79
2008–09	114,401	1,258,074	6.76	9.09
2009–10	121,710	1,295,727	2.99	9.39
2010–11	131,612	1,407,865	8.65	9.35
2011–12	141,957	1,488,028	5.69	9.54
2012–13	146,968	1,520,944	2.21	9.66
2013–14	154,633	1,581,837	4.00	9.78
<b>10-year average</b>	. .	. .	<b>6.28</b>	<b>9.12</b>

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

Sources: AIHW health expenditure database; ABS 2015b.

## Differential growth in real health expenditure and GDP

Over the decade from 2003–04 to 2013–14, total health expenditure has tended to grow faster in real terms than GDP, with an average annual real growth of 5.0% being 2.2 percentage points higher than the 2.8% for GDP (Table 2.3 and Figure 2.1).

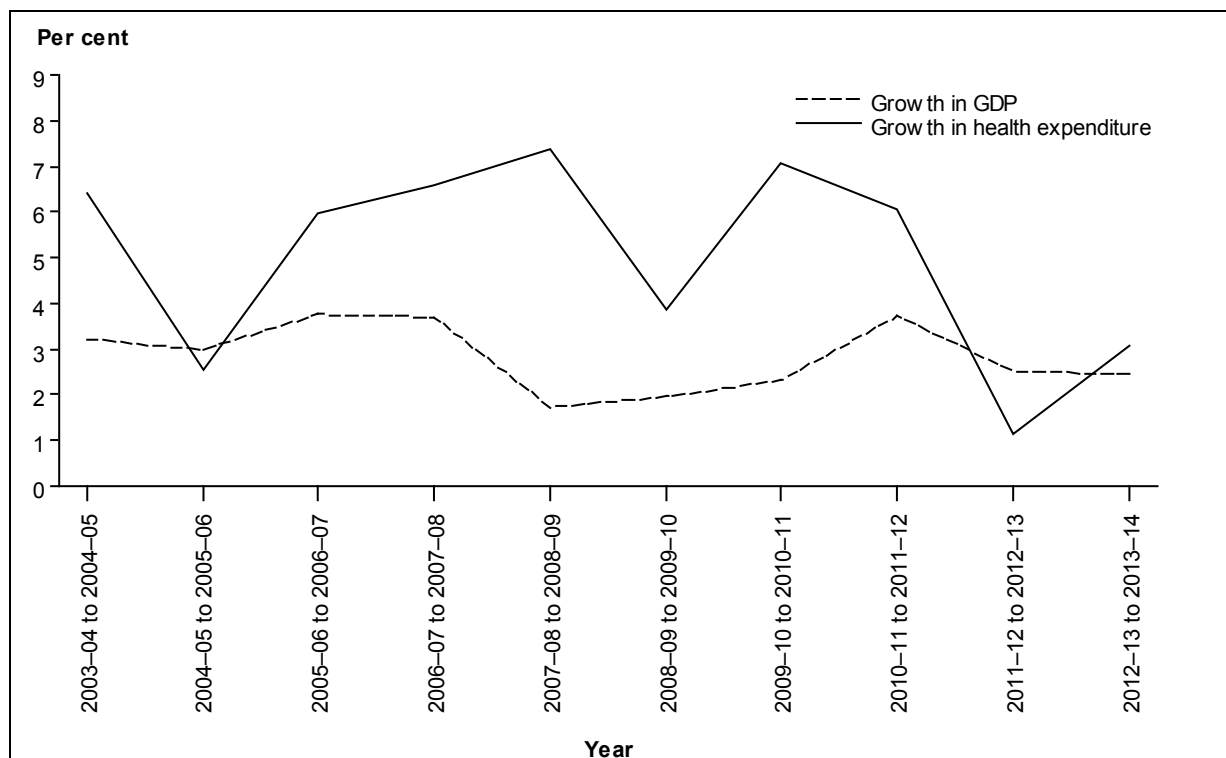
In 2013–14, growth in real health expenditure was just 0.6 of a percentage point higher than GDP (3.1% compared with 2.5% respectively). In the previous year, real health expenditure growth was 1.4 percentage points lower than GDP growth (1.1% compared with 2.5%) (Table 2.3).

**Table 2.3: Total health expenditure and GDP, constant prices<sup>(a)</sup>, and annual growth rates, 2003–04 to 2013–14**

Year	Total health expenditure		GDP	
	Amount (\$ million)	Growth rate (%)	Amount (\$ million)	Growth rate (%)
2003–04	94,932	..	1,195,922	..
2004–05	101,014	6.41	1,234,388	3.22
2005–06	103,614	2.57	1,271,305	2.99
2006–07	109,795	5.97	1,319,108	3.76
2007–08	117,048	6.61	1,367,945	3.70
2008–09	125,705	7.40	1,391,635	1.73
2009–10	130,582	3.88	1,418,944	1.96
2010–11	139,826	7.08	1,451,885	2.32
2011–12	148,304	6.06	1,506,008	3.73
2012–13	150,000	1.14	1,543,838	2.51
2013–14	154,633	3.09	1,581,837	2.46
	<b>Average annual growth rate (%)</b>			
2003–04 to 2008–09	..	5.78	..	3.08
2008–09 to 2013–14	..	4.23	..	2.60
2003–04 to 2013–14	..	5.00	..	2.84

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 prices. Refer to Appendix C for further details.

Sources: AIHW health expenditure database; ABS 2015b.



(a) Constant price health expenditure for 2003-04 to 2013-14 is expressed in terms of 2013-14 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<sup>(a)</sup>, 2003-04 to 2013-14**

## 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 total health price index (THPI). In this report, the IPD for gross national expenditure (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 2 measures take a different approach to the treatment of the export and import components of the economy (see Box 2.1).

When measured against the GDP IPD, health inflation has been lower than general inflation for 7 of the past 10 years. Across the whole decade to 2013-14, the average excess health inflation was negative (-0.8%) (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 10 years was positive (0.1%); however, excess health inflation was negative in 6 of the 10 years and the average for the second half of the decade was negative (-0.1%) (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.

**Table 2.4: Annual rates of health inflation, 2003–04 to 2013–14 (per cent)**

Period	Health inflation <sup>(a)</sup>	GDP IPD measures		GNE IPD measures	
		General inflation <sup>(b)</sup>	Excess health inflation	General inflation <sup>(c)</sup>	Excess health inflation
2003–04 to 2004–05	3.63	3.71	–0.07	2.01	1.60
2004–05 to 2005–06	4.25	5.06	–0.77	3.07	1.15
2005–06 to 2006–07	3.36	4.98	–1.54	3.46	–0.10
2006–07 to 2007–08	2.33	4.54	–2.12	3.23	–0.87
2007–08 to 2008–09	2.86	4.94	–1.99	3.35	–0.48
2008–09 to 2009–10	2.42	1.01	1.39	1.84	0.57
2009–10 to 2010–11	0.99	6.19	–4.90	2.23	–1.21
2010–11 to 2011–12	1.69	1.90	–0.20	1.76	–0.07
2011–12 to 2012–13	2.36	–0.29	2.66	1.94	0.41
2012–13 to 2013–14	2.06	1.51	0.55	2.30	–0.23
<b>Average growth rate</b>					
2003–04 to 2008–09	3.28	4.64	–1.30	3.02	0.26
2008–09 to 2013–14	1.90	2.04	–0.24	2.01	–0.06
2003–04 to 2013–14	2.59	3.33	–0.77	2.51	0.10

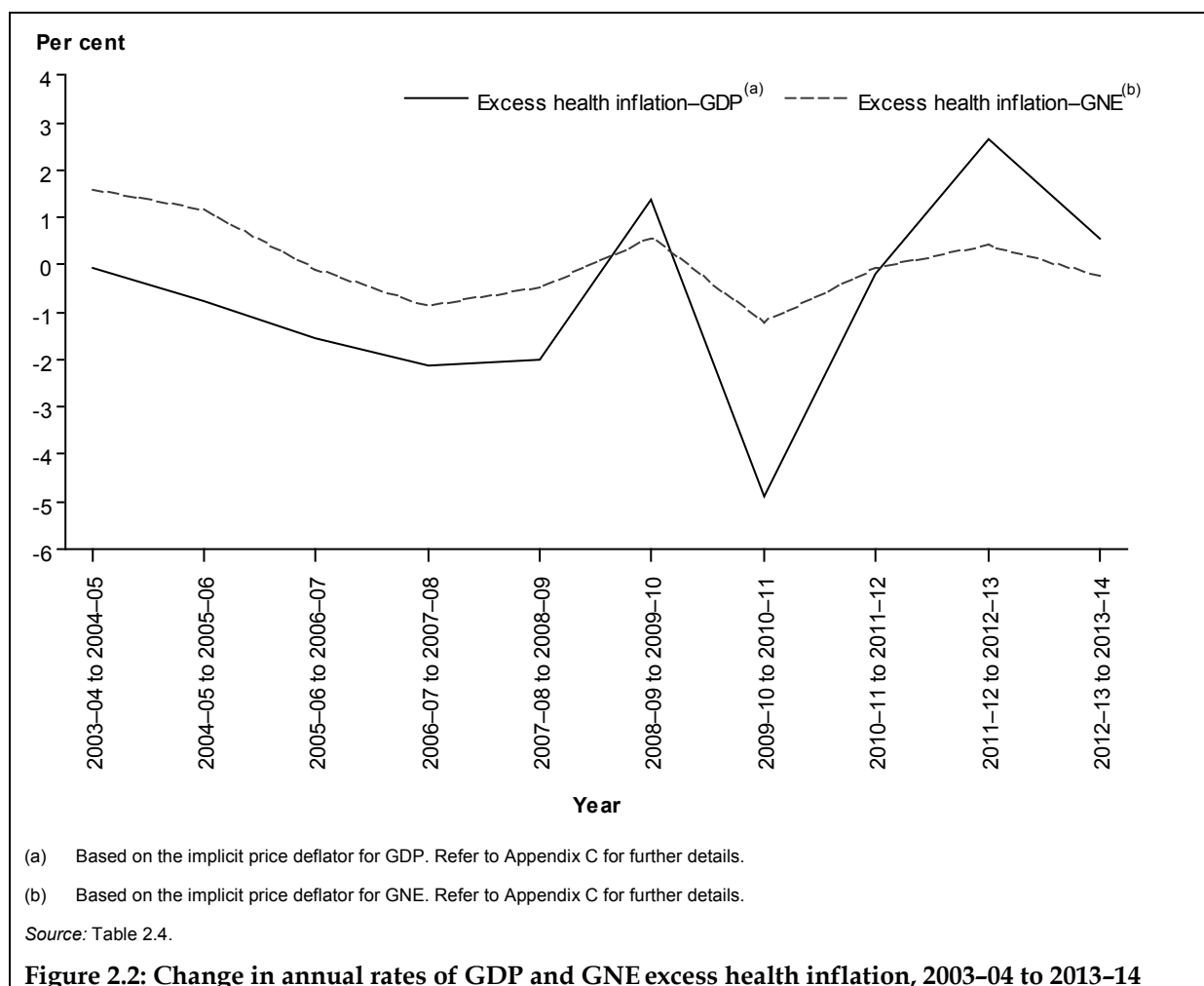
(a) Based on the total health price index. Refer to Appendix C for further details.

(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; ABS 2015c.



## 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 rise or fall in the volume of health goods and services relative to the increase or decrease in the GDP volume.

In 2013-14, the ratio of health expenditure to GDP was 9.8%, up 1.2% on the previous year. This comprised a 0.6% rise in the volume of health goods and services, relative to the increase in GDP volume, and a 0.6% 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, 2003–04 to 2013–14 (per cent)**

Year	Ratio of health expenditure to GDP	Percentage change in ratio of health expenditure to GDP from previous year	Components of change in ratio	
			Change in the volume of health goods and services purchased <sup>(a)</sup>	Change in the price of health goods and services purchased <sup>(b)</sup>
2003–04	8.53	..	..	..
2004–05	8.79	3.01	3.09	-0.07
2005–06	8.69	-1.17	-0.40	-0.77
2006–07	8.73	0.55	2.13	-1.54
2007–08	8.79	0.62	2.80	-2.12
2008–09	9.09	3.47	5.57	-1.99
2009–10	9.39	3.30	1.88	1.39
2010–11	9.35	-0.48	4.65	-4.90
2011–12	9.54	2.05	2.25	-0.20
2012–13	9.66	1.29	-1.33	2.66
2013–14	9.78	1.17	0.61	0.55

(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).

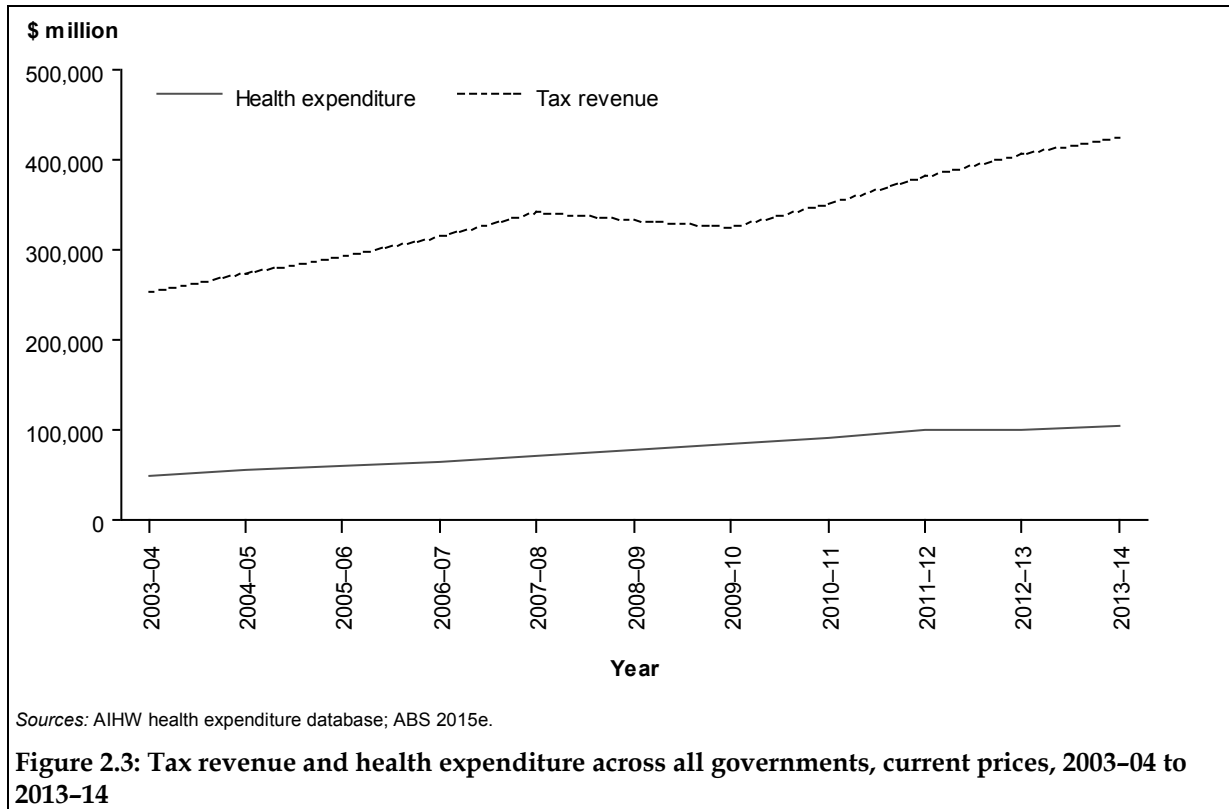
Note: Components may not add to totals due to rounding.

Sources: AIHW health expenditure database; ABS 2015b.

## 2.3 Government health expenditure and tax revenue

In addition to measuring the size of the health sector relative to the overall economy, it can be useful to consider the size of government expenditure on health relative to government incomes, specifically taxation revenue. At the national level, tax revenue growth was less consistent than growth in government health expenditure from 2003–04 to 2013–14, largely as a result of the global financial crisis (GFC) (Figure 2.3).

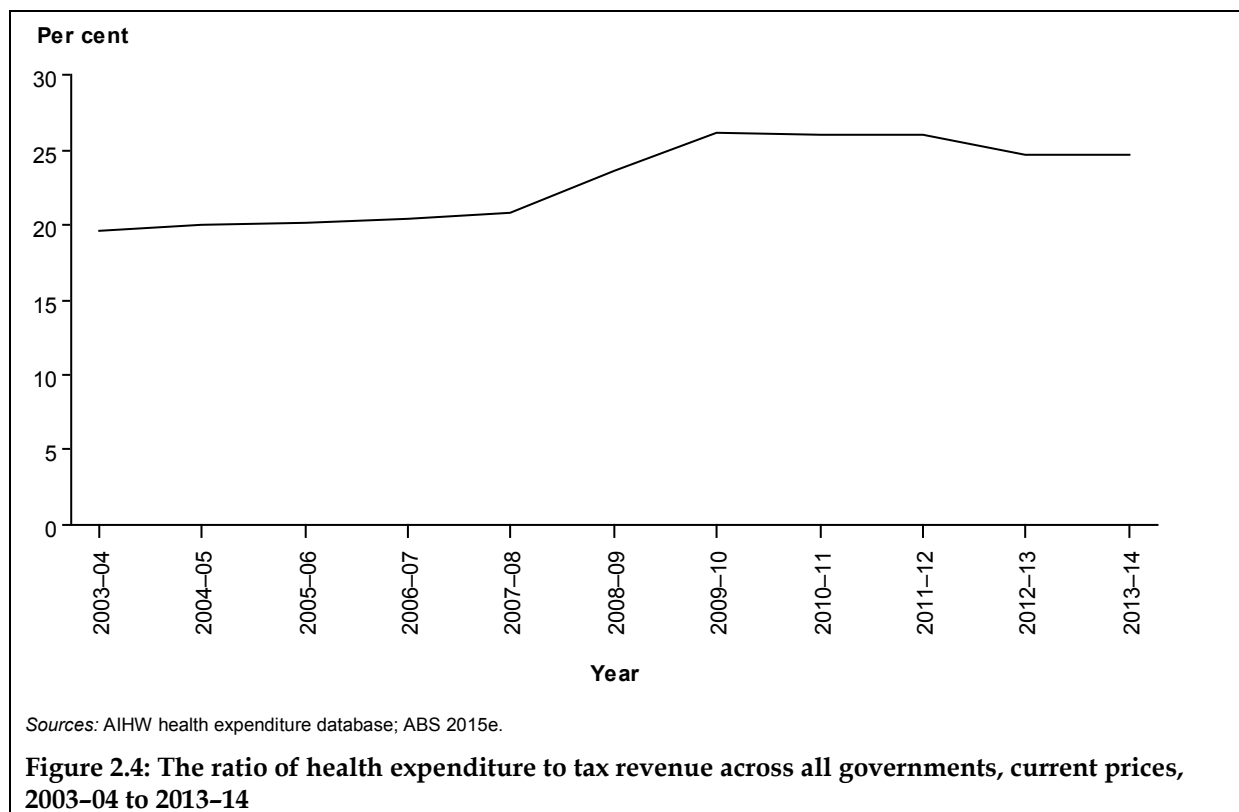
Since 2009–10 and the impact of the GFC, tax revenue across all governments has risen from \$324.7 billion to \$424.9 billion (Figure 2.3). Government health expenditure rose from \$84.9 billion to \$104.8 billion over the same period (Figure 2.3).



The ratio of government health expenditure to tax revenue was around 20% from 2003-04 to 2007-08 (Figure 2.4). Government tax revenue then declined with the GFC (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 26.2%. It fell to 26.0% in 2011-12 and then further to 24.7% in 2012-13 and 2013-14 (Figure 2.4).





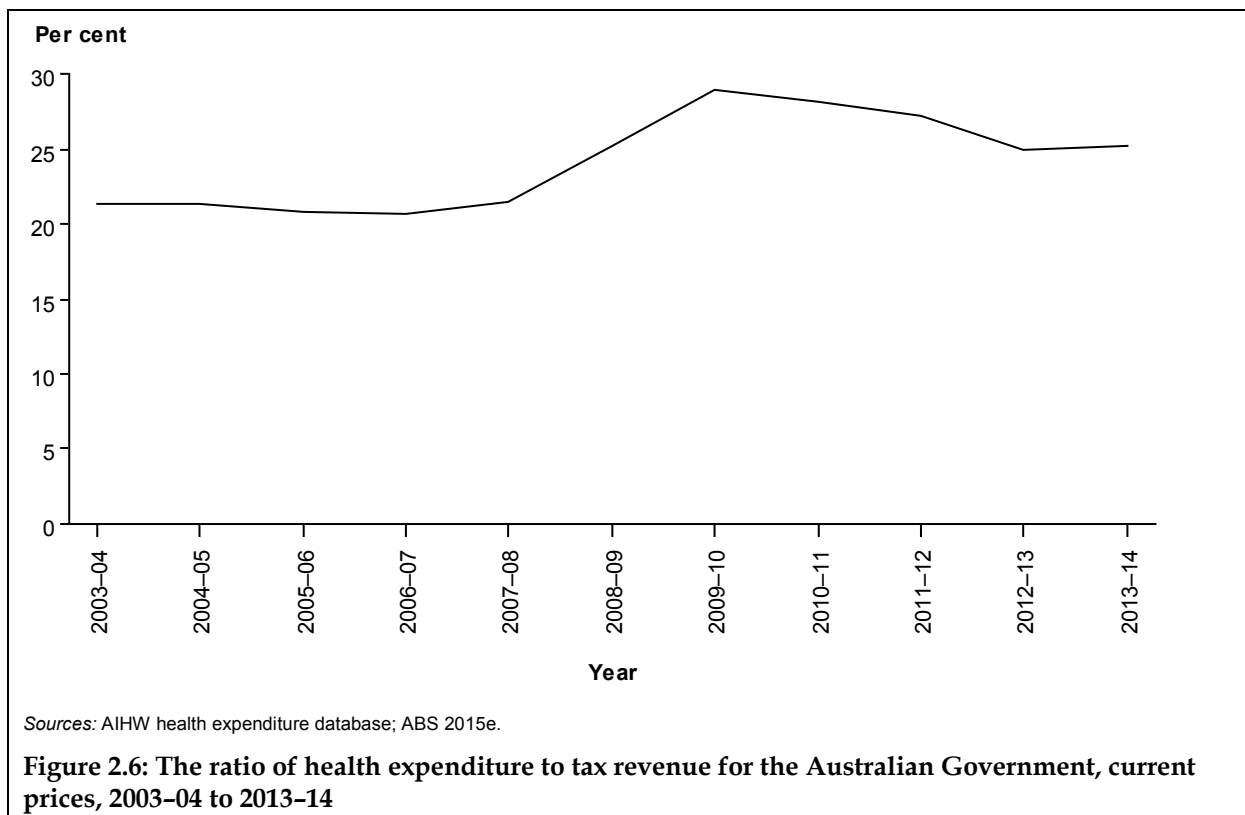
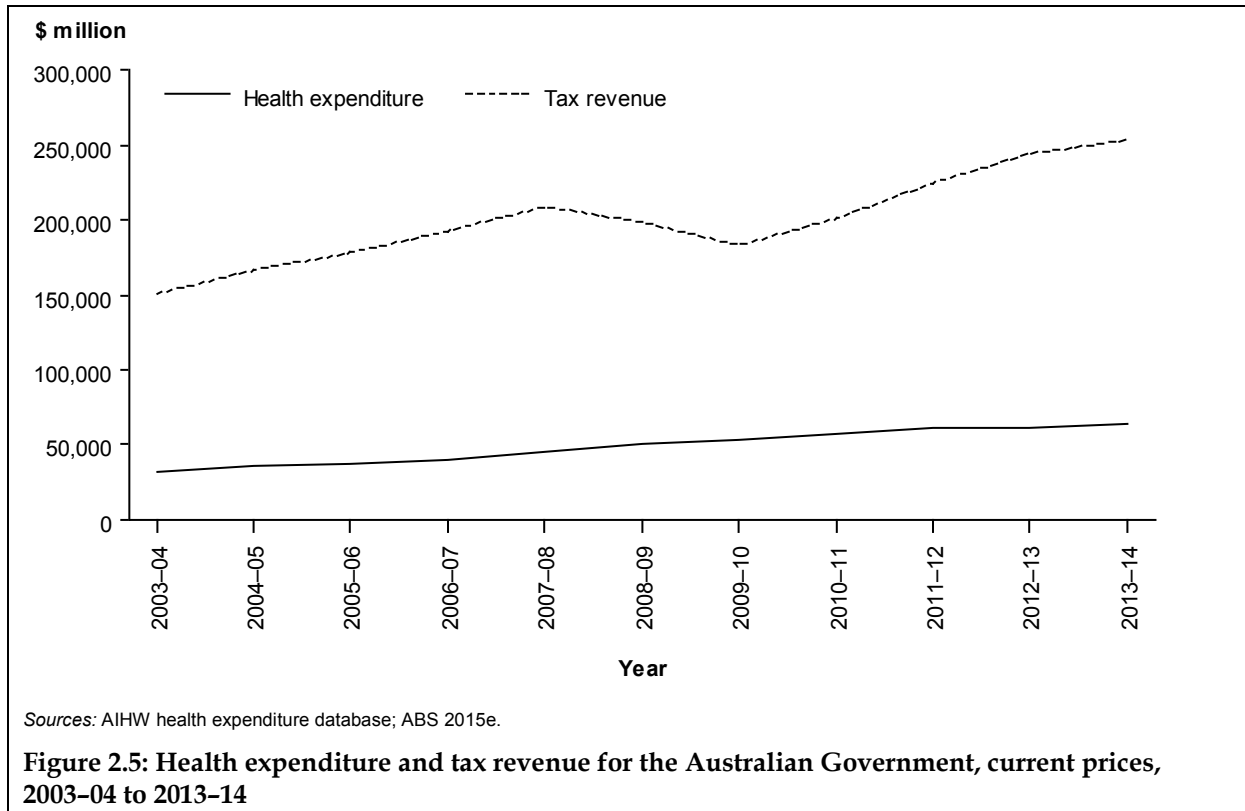
## Australian Government

Tax revenues that the Australian Government accrued, which excludes revenue from the goods and services tax (GST), followed a similar trend to revenues for all governments (figures 2.3 and 2.5).

Australian Government health expenditure rose from \$32.1 billion in 2003-04 to \$63.7 billion in 2013-14 (Figure 2.5).

The ratio of health expenditure to taxation revenue for the Australian Government fluctuated within a narrow range between 20.7% and 21.5% from 2003-04 to 2007-08, averaging 21.1% 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. The ratio then declined to 25.0% in 2012-13 and was 25.2% in 2013-14 (figures 2.5 and 2.6).



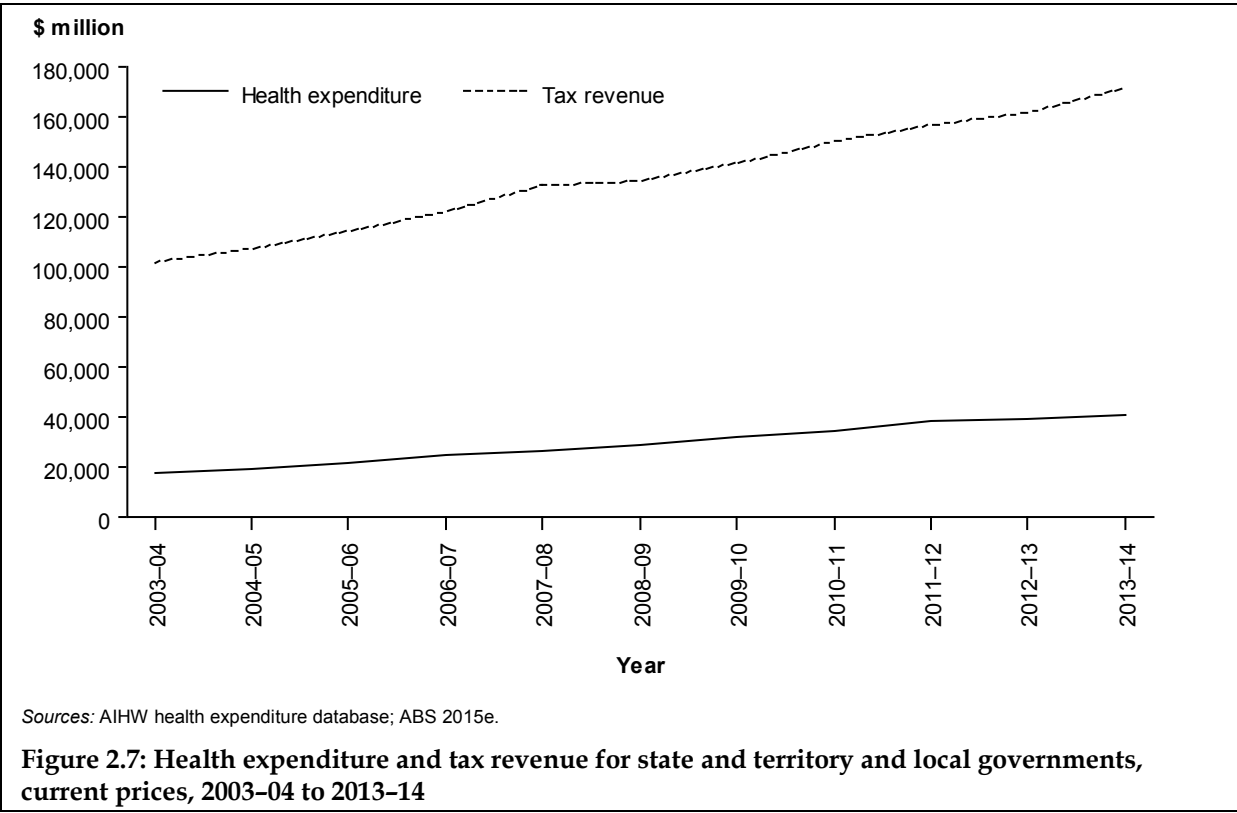
## State and territory and local governments

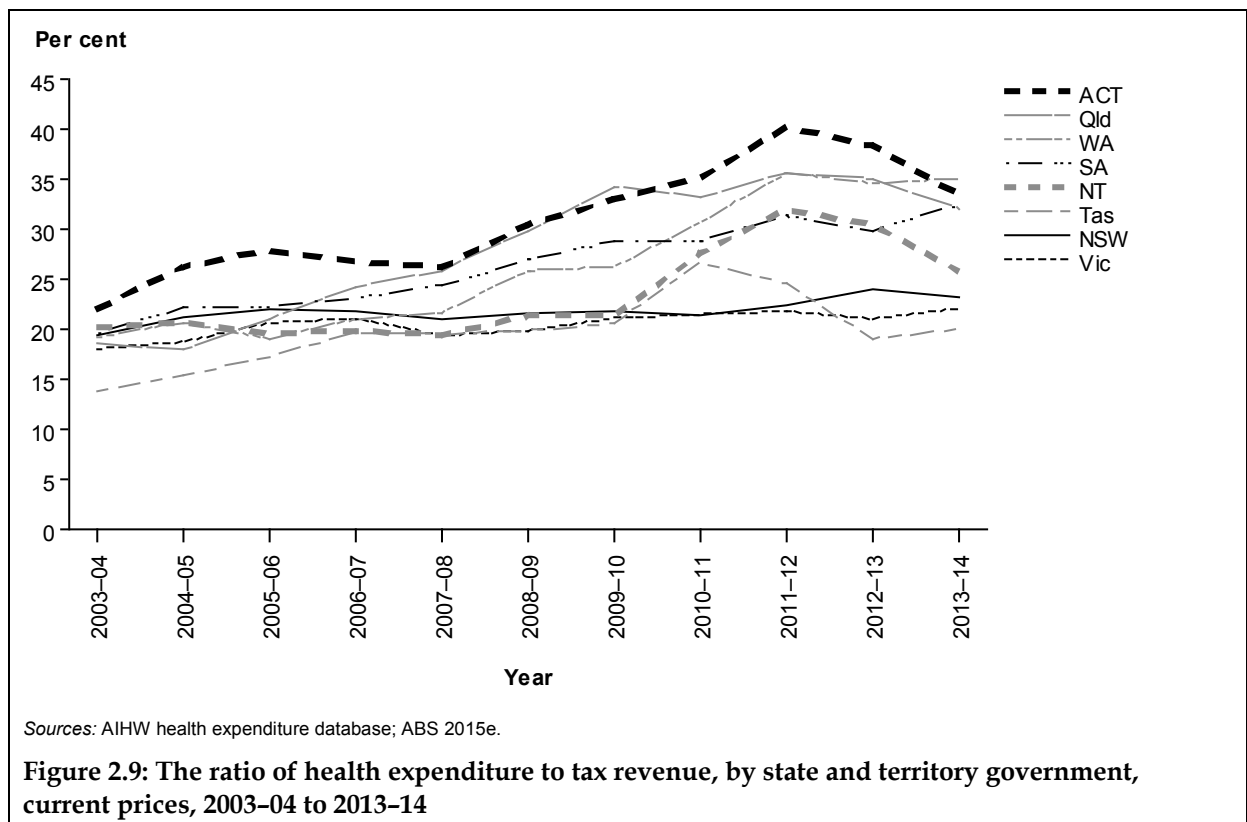
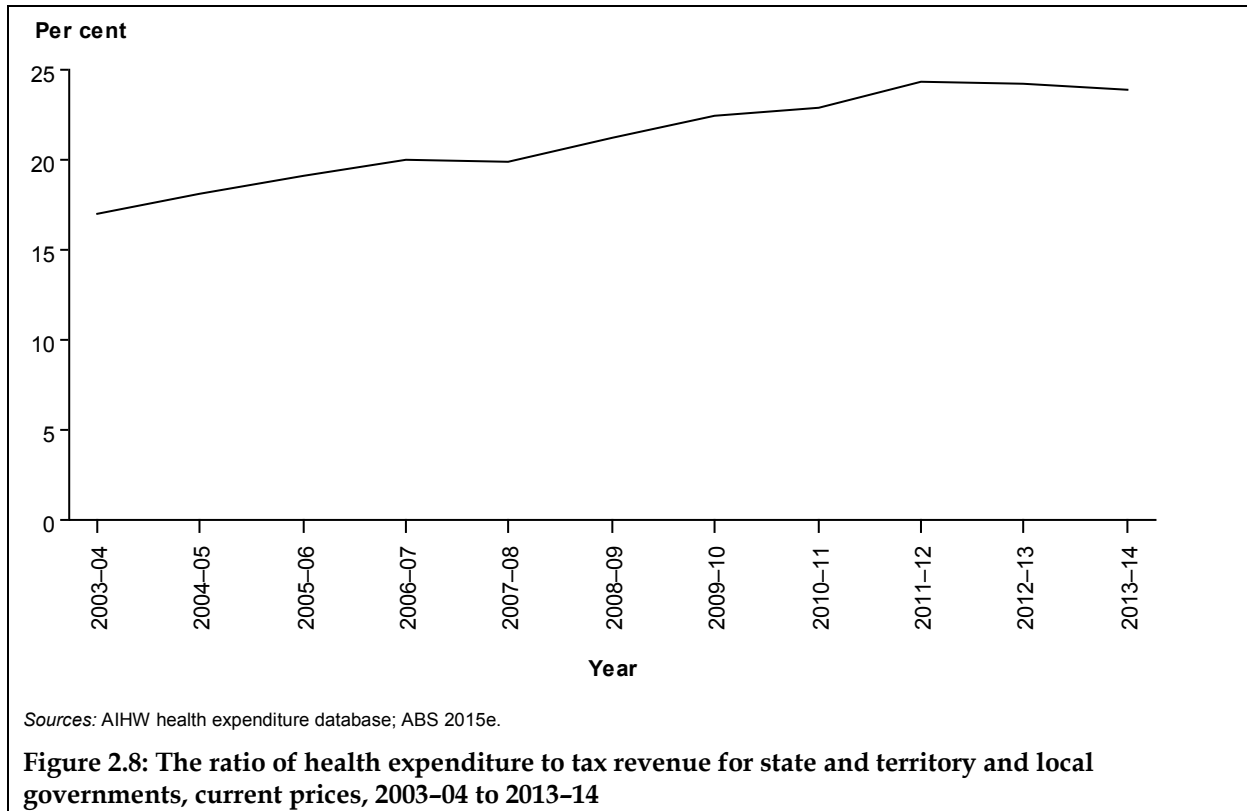
State and territory and local government tax revenues grew throughout the decade from \$102.0 billion in 2003–04 to \$171.7 billion in 2013–14. These revenues include the GST and the GFC affected them less than the Australian Government revenues (Figure 2.7).

Health expenditure by state and territory and local governments grew from \$17.3 billion in 2003–04 to \$41.1 billion in 2013–14 (Figure 2.7).

In 2013–14, the ratio of health expenditure to revenue for state and territory and local governments fell by 0.3 of a percentage point (from 24.3% in 2012–13 to 24.0%) (Figure 2.8).

The jurisdictions that increased the proportion of their revenue spent on health in 2013–14 were Victoria, Western Australia, South Australia and Tasmania, with South Australia experiencing the largest growth (8.5%). All other jurisdictions reduced their share (Figure 2.9).





## 2.4 Health expenditure per person

Assuming there are no changes in the value 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 same average level of supply of health goods and services per 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 look at health expenditure on an average per person basis.

In 2013–14, estimated per person expenditure on health averaged \$6,639, which was \$94 more (in real terms) per person than in the previous year. This represented a growth of 1.4%, which was less than half of the average annual growth over the decade (3.3%) but up from a 0.6% reduction the previous year (Table 2.6 and Figure 2.10).

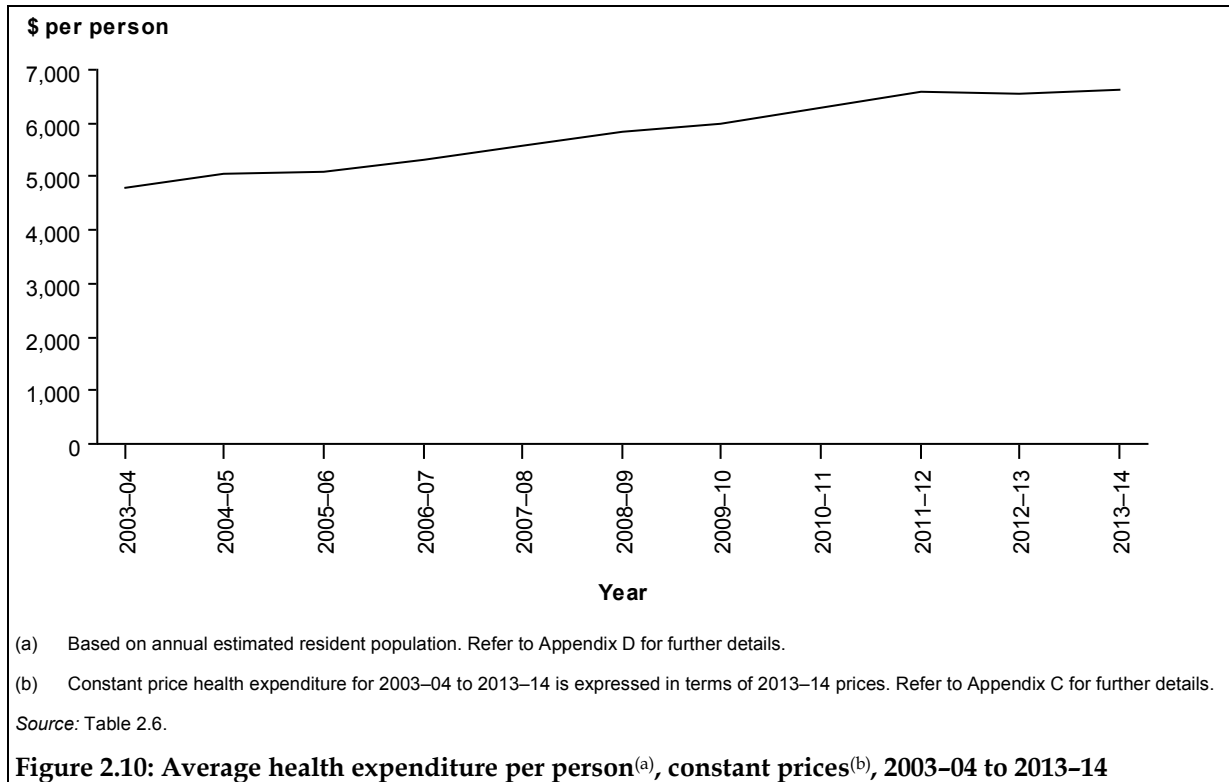
**Table 2.6: Average health expenditure per person<sup>(a)</sup>, current and constant prices<sup>(b)</sup>, and annual growth rates, 2003–04 to 2013–14**

Year	Amount (\$)		Annual change in expenditure (%)	
	Current	Constant	Nominal change	Real growth
2003–04	3,708	4,789	..	..
2004–05	4,044	5,040	9.1	5.2
2005–06	4,268	5,102	5.5	1.2
2006–07	4,603	5,323	7.8	4.3
2007–08	4,928	5,570	7.1	4.6
2008–09	5,328	5,854	8.1	5.1
2009–10	5,567	5,973	4.5	2.0
2010–11	5,937	6,307	6.6	5.6
2011–12	6,304	6,586	6.2	4.4
2012–13	6,413	6,545	1.7	–0.6
2013–14	6,639	6,639	3.5	1.4
	<b>Average annual growth rate (%)</b>			
2003–04 to 2008–09	..	..	7.5	4.1
2008–09 to 2013–14	..	..	4.5	2.5
2003–04 to 2013–14	..	..	6.0	3.3

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

(b) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 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 2013-14, recurrent expenditure was \$145.5 billion (94.1% of total health expenditure) (Table 2.7). The remainder was change in the health-related capital stock – capital expenditure.

Recurrent health expenditure grew in real terms at 4.9% per year between 2003-04 and 2013-14, which closely matched the growth in total health expenditure (5.0%) (Table 2.8).

**Table 2.7: Total and recurrent health expenditure, current prices, and recurrent expenditure as a proportion of total health expenditure, 2003–04 to 2013–14**

Year	Total health expenditure (\$ million)	Recurrent expenditure (\$ million)	Recurrent expenditure as a proportion of total health expenditure (%)
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	114,401	107,934	94.3
2009–10	121,710	115,923	95.2
2010–11	131,612	124,122	94.3
2011–12	141,957	133,144	93.8
2012–13	146,968	138,361	94.1
2013–14	154,633	145,519	94.1

Source: AIHW health expenditure database.

**Table 2.8: Total and recurrent health expenditure, constant prices<sup>(a)</sup> and annual growth rates, 2003–04 to 2013–14**

Year	Total health expenditure		Recurrent expenditure	
	(\$ million)	Annual growth (%)	(\$ million)	Annual growth (%)
2003–04	94,932	..	90,604	..
2004–05	101,014	6.4	95,964	5.9
2005–06	103,614	2.6	98,281	2.4
2006–07	109,795	6.0	103,775	5.6
2007–08	117,048	6.6	111,217	7.2
2008–09	125,705	7.4	119,117	7.1
2009–10	130,582	3.9	124,600	4.6
2010–11	139,826	7.1	132,145	6.1
2011–12	148,304	6.1	139,293	5.4
2012–13	150,000	1.1	141,273	1.4
2013–14	154,633	3.1	145,519	3.0
	<b>Average annual growth rate (%)</b>			
2003–04 to 2008–09	..	5.8	..	5.6
2008–09 to 2013–14	..	4.2	..	4.1
2003–04 to 2013–14	..	5.0	..	4.9

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 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 on which estimation methods are based from one jurisdiction to another. This means that, while some broad comparisons can be made, caution should be exercised when comparing the results across jurisdictions.

Of the \$145.5 billion in national recurrent health expenditure in 2013–14, over half (56.0%) was spent in the 2 most populous states, New South Wales (\$46.2 billion) and Victoria (\$35.3 billion) (Table 2.9).

The average annual real growth in recurrent health expenditure between 2003–04 and 2013–14 ranged from 4.1% in the Australian Capital Territory to 6.1% in Queensland. The national average growth was 4.9% 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, 2003–04 to 2013–14 (\$ million)**

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
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	34,882	26,257	21,281	11,095	8,452	2,495	2,007	1,464	107,934
2009–10	36,967	28,660	23,297	11,724	9,047	2,608	2,120	1,500	115,923
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	33,595	28,133	14,653	10,475	3,027	2,556	1,960	138,361
2013–14	46,197	35,262	29,615	15,599	11,073	3,178	2,666	1,929	145,519

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

Source: AIHW health expenditure database.



**Table 2.10: Total recurrent health expenditure, constant prices<sup>(a)</sup>, for each state and territory, all sources of funds, and annual growth rates, 2003–04 to 2013–14 (\$ million)**

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2003–04	30,575	22,220	16,384	9,299	7,161	2,027	1,788	1,151	90,604
2004–05	32,575	23,289	17,363	9,861	7,664	2,107	1,897	1,208	95,964
2005–06	32,564	23,956	18,561	9,979	7,802	2,201	1,921	1,295	98,281
2006–07	34,008	25,125	20,174	10,691	8,064	2,316	2,038	1,357	103,775
2007–08	35,943	26,656	21,913	11,670	8,810	2,582	2,134	1,510	111,217
2008–09	38,292	28,636	23,739	12,479	9,357	2,729	2,249	1,636	119,117
2009–10	39,586	30,571	25,183	12,804	9,756	2,780	2,293	1,628	124,600
2010–11	41,762	32,581	26,334	13,844	10,306	3,011	2,480	1,827	132,145
2011–12	43,795	34,064	28,169	14,555	10,852	3,117	2,647	2,094	139,293
2012–13	44,788	34,264	28,758	15,042	10,734	3,079	2,597	2,011	141,273
2013–14	46,197	35,262	29,615	15,599	11,073	3,178	2,666	1,929	145,519
<b>Average annual growth rate (%)</b>									
2003–04 to 2008–09	4.6	5.2	7.7	6.1	5.5	6.1	4.7	7.3	5.6
2008–09 to 2013–14	3.8	4.3	4.5	4.6	3.4	3.1	3.5	3.3	4.1
2003–04 to 2013–14	4.2	4.7	6.1	5.3	4.5	4.6	4.1	5.3	4.9

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 prices. Refer to Appendix C for further details.

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

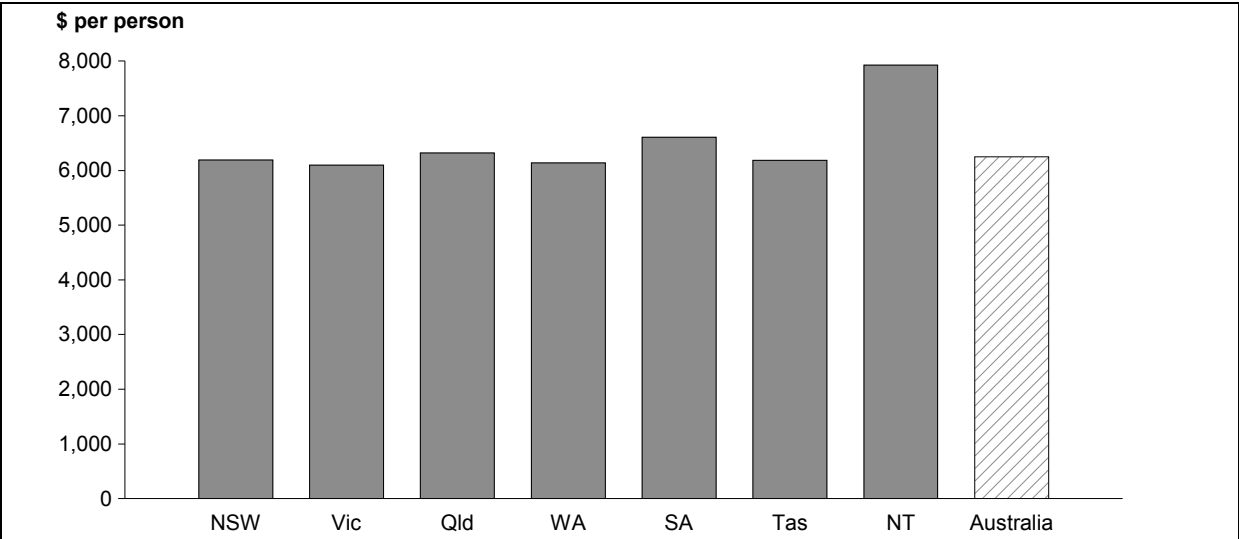
Source: AIHW health expenditure database.

### 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 2013–14, the estimated national average level of recurrent expenditure on health was \$6,248 per person. Expenditure in Victoria was \$6,096 per person, 2.4% below the national average, while in the Northern Territory it was \$7,926 per person, 26.9% higher than the national average (Table 2.11 and Figure 2.11).



- (a) Based on annual estimated resident population. Refer to Appendix D for further details.
- (b) The ACT per person figures are not calculated, as the expenditure numbers for the ACT include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.
- (c) Australian average includes the ACT.

Source: Table 2.11.

**Figure 2.11: Average recurrent health expenditure per person<sup>(a)</sup>, current prices, for each state and territory<sup>(b)</sup> and Australia<sup>(c)</sup>, 2013–14**

**Table 2.11: Average recurrent health expenditure per person<sup>(a)</sup>, current prices, for each state and territory<sup>(b)</sup>, all sources of funds, 2003–04 to 2013–14 (\$)**

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia <sup>(c)</sup>
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	4,982	4,942	4,977	5,023	5,289	4,971	6,581	5,027
2009–10	5,206	5,289	5,334	5,179	5,590	5,149	6,587	5,302
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	5,976	5,914	6,104	5,910	6,302	5,907	8,192	6,037
2013–14	6,191	6,096	6,319	6,139	6,604	6,184	7,926	6,248
<b>Percentage variation from the national average (%)</b>								
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	5.2	-1.1	30.9	..
2009–10	-1.8	-0.3	0.6	-2.3	5.4	-2.9	24.2	..
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	-1.0	-2.0	1.1	-2.1	4.4	-2.2	35.7	..
2013–14	-0.9	-2.4	1.2	-1.7	5.7	-1.0	26.9	..

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

(b) The 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 the 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 rose by \$1,678 per person from \$4,570 in 2003–04 to \$6,248 in 2013–14.

The average annual real growth rate per person over the decade was highest in Queensland and Tasmania (3.9%) at 0.7 of a percentage point above the national average (3.2%). The lowest growth rate over the decade, 2.6%, was in Western Australia (Table 2.13).

**Table 2.12: Average recurrent health expenditure per person<sup>(a)</sup>, constant prices<sup>(b)</sup>, for each state and territory<sup>(c)</sup>, all sources of funds, 2003–04 to 2013–14 (\$)**

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia <sup>(d)</sup>
2003–04	4,608	4,534	4,325	4,730	4,696	4,210	5,708	4,570
2004–05	4,884	4,698	4,484	4,945	5,001	4,347	5,925	4,788
2005–06	4,847	4,769	4,682	4,916	5,051	4,510	6,246	4,839
2006–07	5,011	4,923	4,974	5,148	5,165	4,712	6,433	5,031
2007–08	5,221	5,127	5,268	5,466	5,582	5,208	6,969	5,293
2008–09	5,469	5,390	5,552	5,649	5,856	5,438	7,354	5,547
2009–10	5,574	5,641	5,766	5,656	6,027	5,489	7,147	5,699
2010–11	5,816	5,928	5,935	5,970	6,313	5,902	7,933	5,961
2011–12	6,031	6,102	6,234	6,086	6,589	6,088	8,998	6,186
2012–13	6,088	6,032	6,240	6,067	6,458	6,008	8,402	6,164
2013–14	6,191	6,096	6,319	6,139	6,604	6,184	7,926	6,248

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

(b) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 prices. Refer to Appendix C for further details.

(c) The 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 the ACT.

Source: AIHW health expenditure database.

**Table 2.13: Annual growth in recurrent health expenditure per person<sup>(a)</sup>, constant prices<sup>(b)</sup>, all sources of funding for each state and territory<sup>(c)</sup>, 2003–04 to 2013–14 (per cent)**

Period	NSW	Vic	Qld	WA	SA	Tas	NT	Australia <sup>(d)</sup>
2003–04 to 2004–05	6.0	3.6	3.7	4.5	6.5	3.3	3.8	4.8
2004–05 to 2005–06	-0.8	1.5	4.4	-0.6	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	3.0	4.0
2006–07 to 2007–08	4.2	4.1	5.9	6.2	8.1	10.5	8.3	5.2
2007–08 to 2008–09	4.7	5.1	5.4	3.4	4.9	4.4	5.5	4.8
2008–09 to 2009–10	1.9	4.7	3.9	0.1	2.9	0.9	-2.8	2.7
2009–10 to 2010–11	4.3	5.1	2.9	5.5	4.7	7.5	11.0	4.6
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	0.9	-1.1	0.1	-0.3	-2.0	-1.3	-6.6	-0.4
2012–13 to 2013–14	1.7	1.1	1.3	1.2	2.3	2.9	-5.7	1.3
<b>Average annual growth rate (%)</b>								
2003–04 to 2008–09	3.5	3.5	5.1	3.6	4.5	5.3	5.2	4.0
2008–09 to 2013–14	2.5	2.5	2.6	1.7	2.4	2.6	1.5	2.4
2003–04 to 2013–14	3.0	3.0	3.9	2.6	3.5	3.9	3.3	3.2

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

(b) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 prices. Refer to Appendix C for further details.

(c) The 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 the 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).

### **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 SHA. In 2000, the OECD published these new guidelines for international reporting of health expenditure (OECD 2000) to encourage international consistency.

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 9.8% in 2013–14, 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 due to the poor reliability of health-specific PPPs.

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, 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.

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.

There are a number of differences in the expenditure estimates cited elsewhere in this report that are derived using the NHA and those using the SHA cited in this section. The NHA estimates include all the 'health' functions that are included in the SHA estimates of health expenditure as well as the 'health-related' functions:

- capital formation of health-care provider institutions
- research and development in health

*(continued)*

**Box 2.2 (continued): Australian health expenditure using the OECD System of Health Accounts framework**

- food, hygiene and drinking water control, and
- 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.

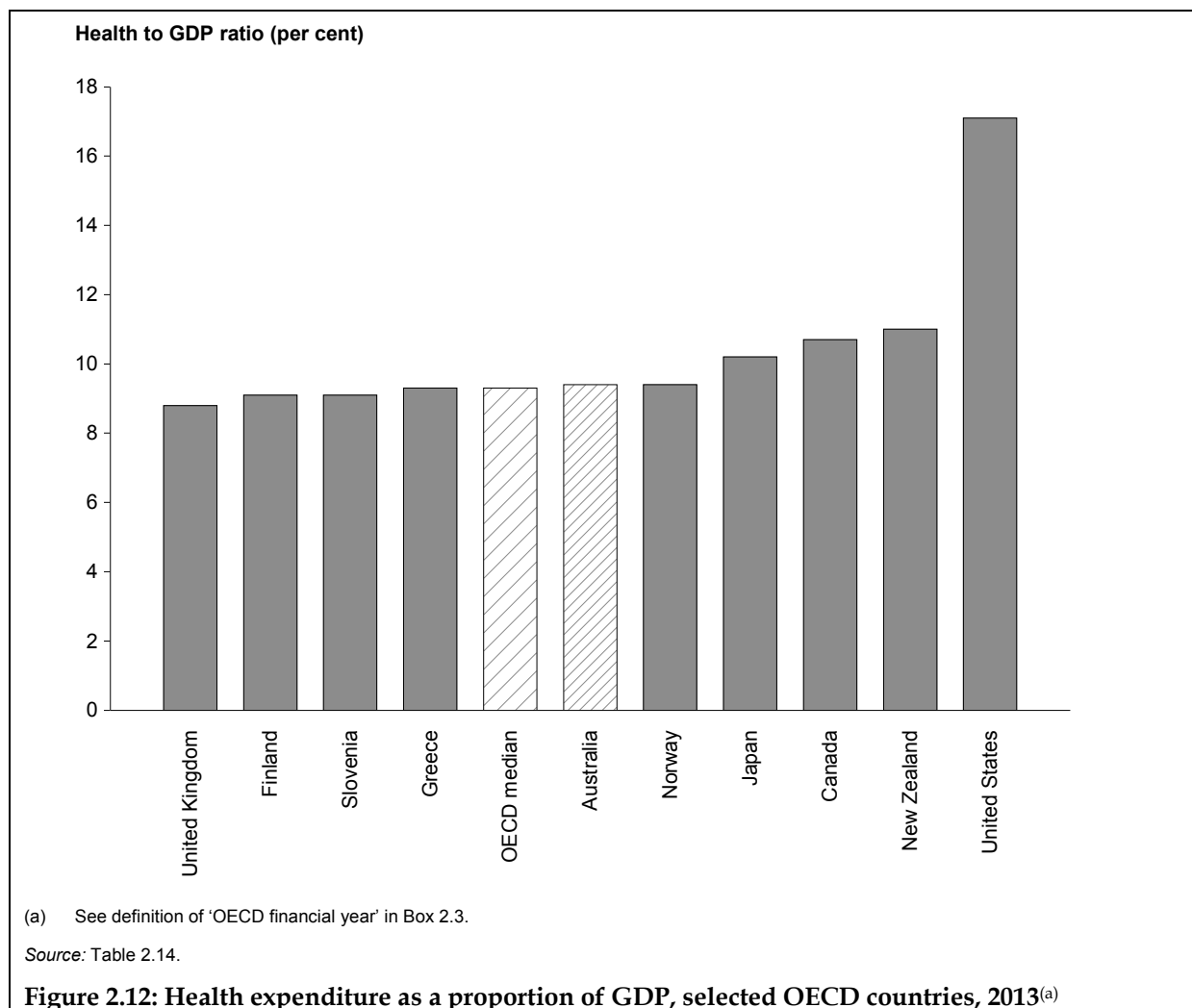
**Box 2.3: Periods equating to OECD year 2013**

Country	Financial year
Australia	1 July 2013 to 30 June 2014
Canada	1 April 2013 to 31 March 2014
France	1 January 2013 to 31 December 2013
Germany	1 January 2013 to 31 December 2013
Japan	1 April 2013 to 31 March 2014
New Zealand	1 July 2013 to 30 June 2014
Sweden	1 January 2013 to 31 December 2013
United Kingdom	1 April 2013 to 31 March 2014
United States	1 October 2012 to 30 September 2013

## Health expenditure to GDP ratio

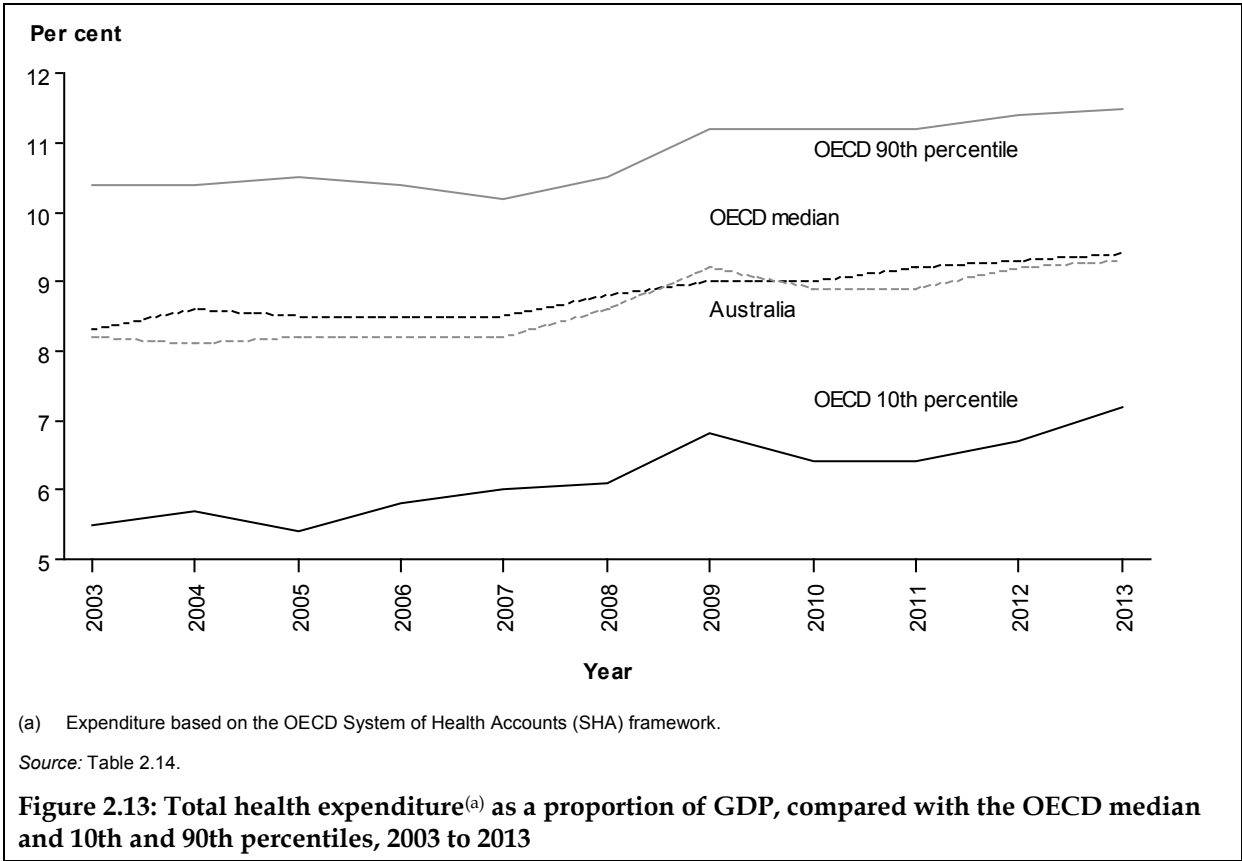
The OECD median health to GDP ratio increased from 8.2% in 2003 to 9.3% in 2013 (Table 2.14). Australia's health to GDP ratio was around the OECD median throughout the decade 2003 to 2013. In 2003, this ratio was 8.3%, 0.1 of a percentage point above the OECD median of 8.2%. In 2013, Australia's health to GDP ratio was 9.4%, again 0.1 of a percentage point above the OECD median of 9.3% (Table 2.14 and Figure 2.13).

In 2013, Australia spent a similar proportion of GDP on health as Norway (9.4%), Greece (9.3%), Finland (9.1%) and Slovenia (9.1%), a higher proportion than the United Kingdom (8.8%) and a lower proportion than Japan (10.2%), Canada (10.7%), Austria (10.8%) and New Zealand (11.0%) (Table 2.14 and Figure 2.12).



Average per person expenditure on health in Australia increased in real terms from \$3,959 in 2003 to \$5,060 in 2013. The OECD median expenditure over the same period rose from \$3,262 per person to \$4,561 per person (Table 2.15 and Figure 2.14).

The United States was by far the highest spender on health care, spending 17.1% of GDP in 2013 (Table 2.14 and Figure 2.12). The average expenditure per person for the United States (\$10,963) was more than twice that of Australia (\$5,060) (Table 2.15).





**Table 2.14: Health expenditure<sup>(a)</sup>, as a proportion of GDP, OECD countries, 2003 to 2013<sup>(b)</sup> (per cent)**

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
United States	15.1	15.2	15.2	15.3	15.6	16.1	17.1	17.1	17.1	17.1	17.1
France	10.4	10.5	10.6	10.5	10.4	10.6	11.3	11.2	11.3	11.4	11.6
Sweden	..	..	..	..	..	..	..	..	11.1	11.4	11.5
Germany	10.6	10.4	10.5	10.4	10.2	10.4	11.4	11.3	10.9	11.0	11.2
Denmark	9.3	9.4	9.5	9.6	9.7	9.9	11.1	10.8	10.6	10.7	11.1
New Zealand	..	..	..	..	..	10.7	11.2	11.2	11.2	11.4	11.0
Austria	10.2	10.3	10.2	10.1	10.1	10.3	10.8	10.8	10.6	10.8	10.8
Canada	9.5	9.6	9.6	9.8	9.8	10.0	11.2	11.2	10.8	10.8	10.7
Japan	8.0	8.0	8.2	8.2	8.2	8.6	9.5	9.6	10.1	10.2	10.2
<b>Australia</b>	<b>8.3</b>	<b>8.6</b>	<b>8.5</b>	<b>8.5</b>	<b>8.5</b>	<b>8.8</b>	<b>9.0</b>	<b>9.0</b>	<b>9.2</b>	<b>9.3</b>	<b>9.4</b>
Norway	9.9	9.4	8.9	8.4	8.6	8.4	9.5	9.3	9.1	9.2	9.4
Greece	8.6	8.3	9.4	9.3	9.4	9.8	9.9	9.3	9.9	9.2	9.3
Finland	7.8	7.9	8.1	8.0	7.8	8.0	8.8	8.6	8.6	9.0	9.1
Slovenia	8.6	8.3	8.3	8.3	7.9	8.3	9.2	8.9	8.9	9.2	9.1
United Kingdom	7.5	7.7	7.9	8.0	8.1	8.5	9.4	9.1	8.9	8.9	8.8
Iceland	10.1	9.5	9.2	8.9	8.7	8.7	9.1	8.8	8.6	8.7	8.7
Slovak Republic	5.7	7.1	6.9	7.2	7.6	7.9	9.0	8.3	7.8	8.0	7.8
Chile	7.4	7.0	6.8	6.3	6.5	7.0	7.6	7.1	7.2	7.3	7.5
Korea	4.9	5.0	5.3	5.8	6.0	6.2	6.7	6.8	6.8	7.0	7.2
Czech Republic	6.8	6.6	6.6	6.4	6.2	6.5	7.5	7.1	7.1	7.2	7.2
Estonia	4.9	5.1	5.0	5.0	5.1	6.0	6.9	6.2	5.8	6.3	6.4
Mexico	6.0	6.1	6.0	5.8	5.9	6.1	6.6	6.4	6.0	6.2	6.3
Belgium	..	..	..	..	..	..	..	..	..	..	..
Hungary	8.4	8.1	8.3	8.1	7.5	7.4	7.6	7.9	7.9	..	..
Ireland	7.1	7.4	7.3	7.3	7.6	8.7	9.6	8.8	8.3	8.4	..
Israel	7.4	7.3	7.4	..	..	7.3	7.5	7.4	7.4	..	..
Italy	..	..	..	..	..	..	..	..	..	..	..
Luxembourg	7.7	8.2	8.1	7.9	7.0	7.3	8.0	7.6	7.2	7.0	..
Netherlands	9.2	9.4	..	..	..	..	..	..	..	..	..
Poland	6.2	6.2	6.2	6.2	6.3	6.9	7.1	6.9	6.8	6.7	..
Portugal	9.5	9.8	10.0	9.7	9.6	9.9	10.4	10.4	10.1	9.7	..
Spain	7.9	8.0	8.1	8.2	8.3	8.7	9.3	9.3	9.2	9.1	..
Switzerland	10.4	10.4	10.3	9.8	9.6	9.8	10.4	..	..	..	..
Turkey	5.3	5.4	5.4	5.8	6.0	6.1	6.1	5.6	5.3	..	..
<b>10th percentile<sup>(c)</sup></b>	<b>5.5</b>	<b>5.7</b>	<b>5.4</b>	<b>5.8</b>	<b>6.0</b>	<b>6.1</b>	<b>6.8</b>	<b>6.4</b>	<b>6.4</b>	<b>6.7</b>	<b>7.2</b>
<b>Median</b>	<b>8.2</b>	<b>8.1</b>	<b>8.2</b>	<b>8.2</b>	<b>8.2</b>	<b>8.6</b>	<b>9.2</b>	<b>8.9</b>	<b>8.9</b>	<b>9.2</b>	<b>9.3</b>
<b>90th percentile<sup>(c)</sup></b>	<b>10.4</b>	<b>10.4</b>	<b>10.5</b>	<b>10.4</b>	<b>10.2</b>	<b>10.5</b>	<b>11.2</b>	<b>11.2</b>	<b>11.2</b>	<b>11.4</b>	<b>11.5</b>

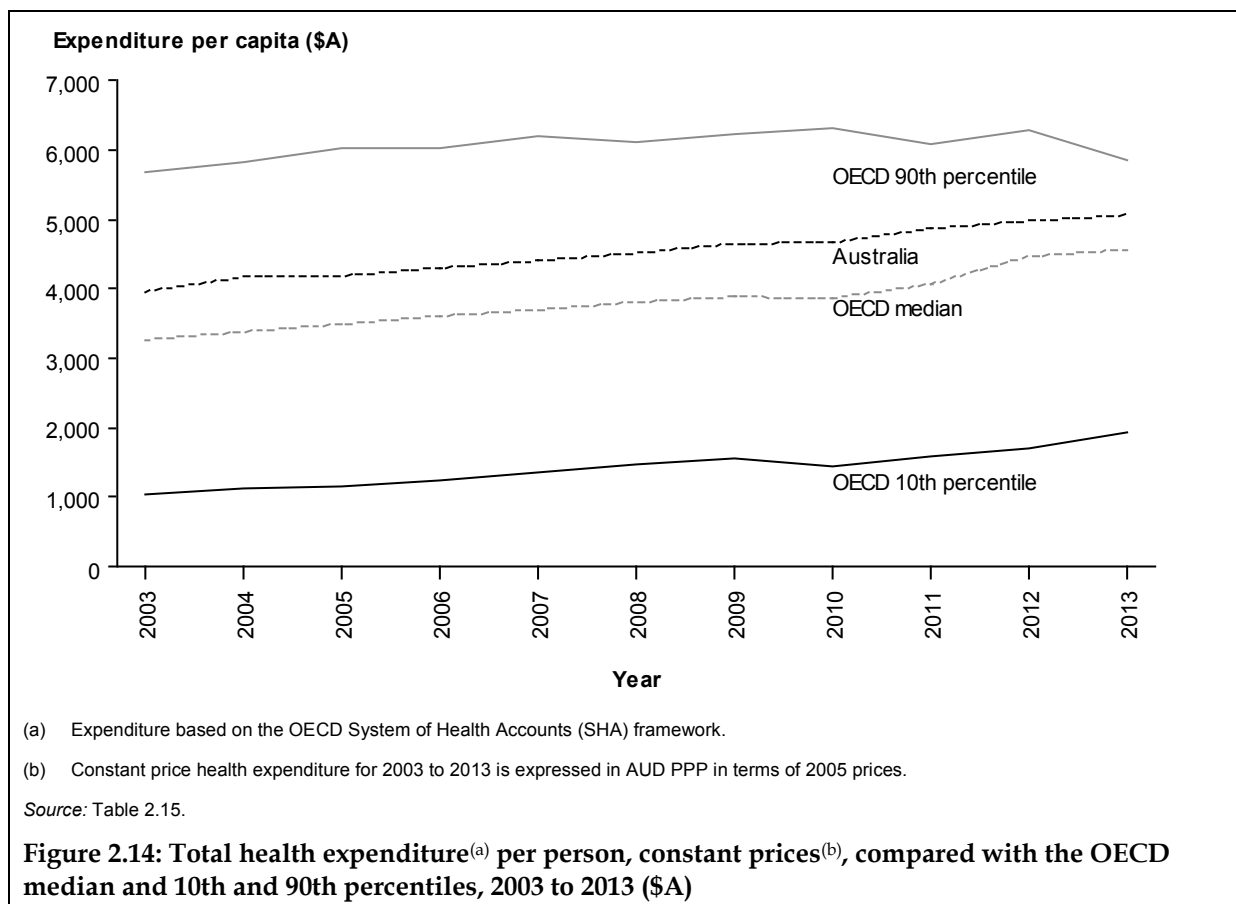
(a) Expenditure based on the OECD System of Health Accounts (SHA) framework.

(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 2015.



**Table 2.15: Health expenditure<sup>(a)</sup> per person, constant prices<sup>(b)</sup>, OECD countries, 2003 to 2013 (\$A)**

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
United States	8,923	9,215	9,449	9,677	9,933	10,113	10,330	10,511	10,626	10,804	10,963
Norway	5,783	5,913	6,019	6,038	6,188	6,304	6,357	6,310	6,478	6,627	6,720
Sweden	..	..	..	..	..	..	..	..	5,669	5,727	5,839
Canada	4,664	4,773	4,886	5,056	5,146	5,248	5,618	5,754	5,664	5,685	5,667
Austria	4,716	4,839	4,883	4,950	5,129	5,282	5,332	5,428	5,462	5,593	5,573
Germany	4,518	4,467	4,565	4,659	4,743	4,903	5,090	5,236	5,269	5,410	5,498
France	4,434	4,570	4,638	4,684	4,729	4,767	4,912	4,948	5,089	5,119	5,184
Denmark	4,225	4,396	4,535	4,745	4,818	4,851	5,138	5,059	4,991	4,997	5,103
<b>Australia</b>	<b>3,959</b>	<b>4,167</b>	<b>4,181</b>	<b>4,298</b>	<b>4,400</b>	<b>4,514</b>	<b>4,647</b>	<b>4,665</b>	<b>4,867</b>	<b>4,976</b>	<b>5,060</b>
Iceland	4,526	4,601	4,612	4,558	4,750	4,759	4,687	4,401	4,406	4,465	4,614
Japan	3,289	3,381	3,486	3,550	3,652	3,770	3,946	4,140	4,342	4,471	4,586
United Kingdom	3,713	3,870	4,062	4,215	4,329	4,495	4,700	4,591	4,533	4,524	4,536
New Zealand	..	..	..	..	..	3,976	4,111	4,121	4,192	4,297	4,247
Finland	3,235	3,378	3,541	3,660	3,715	3,823	3,819	3,861	3,942	4,007	4,020
Slovenia	2,710	2,728	2,846	2,973	3,000	3,272	3,305	3,222	3,241	3,250	3,172
Korea	1,541	1,621	1,807	2,043	2,230	2,342	2,538	2,746	2,842	2,970	3,123
Greece	2,944	2,975	3,363	3,536	3,676	3,788	3,683	3,280	3,179	2,790	2,717
Czech Republic	1,917	1,943	2,072	2,130	2,178	2,325	2,532	2,447	2,491	2,485	2,468
Slovak Republic	1,112	1,449	1,509	1,705	1,988	2,173	2,353	2,283	2,195	2,284	2,263
Chile	1,071	1,139	1,203	1,272	1,370	1,406	1,541	1,629	1,716	1,811	1,926
Estonia	973	1,083	1,161	1,285	1,430	1,584	1,557	1,440	1,459	1,677	1,748
Mexico	995	1,040	1,048	1,050	1,085	1,112	1,137	1,145	1,111	1,174	1,193
Belgium	..	..	..	..	..	..	..	..	..	..	..
Hungary	1,856	1,874	2,007	2,042	1,904	1,877	1,810	1,914	1,951	..	..
Ireland	3,803	4,059	4,157	4,248	4,517	4,931	5,061	4,613	4,433	4,483	..
Israel	2,432	2,480	2,573	..	..	2,798	2,833	2,901	2,983	..	..
Italy	..	..	..	..	..	..	..	..	..	..	..
Luxembourg	6,488	7,141	7,238	7,299	6,792	6,994	7,071	6,998	6,610	6,271	..
Netherlands	4,586	4,754	..	..	..	..	..	..	..	..	..
Poland	1,086	1,135	1,180	1,247	1,361	1,549	1,645	1,662	1,700	1,707	..
Portugal	2,821	2,955	3,014	2,962	3,013	3,103	3,165	3,229	3,063	2,856	..
Spain	2,867	2,936	3,021	3,135	3,220	3,369	3,447	3,440	3,355	3,238	..
Switzerland	5,585	5,721	5,763	5,696	5,776	5,921	6,079	..	..	..	..
Turkey	728	791	859	967	1,094	1,093	1,027	1,020	1,029	..	..
<b>10th percentile<sup>(c)</sup></b>	<b>1,033</b>	<b>1,109</b>	<b>1,161</b>	<b>1,247</b>	<b>1,361</b>	<b>1,477</b>	<b>1,549</b>	<b>1,440</b>	<b>1,580</b>	<b>1,707</b>	<b>1,926</b>
<b>Median</b>	<b>3,262</b>	<b>3,380</b>	<b>3,486</b>	<b>3,605</b>	<b>3,695</b>	<b>3,806</b>	<b>3,882</b>	<b>3,861</b>	<b>4,067</b>	<b>4,465</b>	<b>4,561</b>
<b>90th percentile<sup>(c)</sup></b>	<b>5,684</b>	<b>5,817</b>	<b>6,019</b>	<b>6,038</b>	<b>6,188</b>	<b>6,113</b>	<b>6,218</b>	<b>6,310</b>	<b>6,074</b>	<b>6,271</b>	<b>5,839</b>

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

(b) Constant price health expenditure for 2003 to 2013 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 2015.

### 3 Funding of health expenditure

Health expenditure is considered here in terms of the main sources of funds; the Australian Government, state and territory governments and non-government sources. Consideration is given to who funds the main types of health services, including capital expenditure, and how this is changing over time.

#### 3.1 Broad trends

In 2013–14, governments funded \$104.8 billion, or 67.8% of total health expenditure in Australia. The proportion of health expenditure that governments funded in 2013–14 was 0.5 of a percentage point lower than in 2012–13 and 2.2 percentage points lower than the peak for the decade in 2011–12 of 70.0% (tables 3.1 and 3.2).

The Australian Government’s contribution was \$63.7 billion (41.2% of total funding) and state and territory governments contributed \$41.1 billion (26.6%) (tables 3.1 and 3.2).

Non-government funding sources (individuals, private health insurance and other non-government sources) provided the remaining \$49.8 billion (32.2%) (tables 3.1 and 3.2).

Non-government funding increased the most between 2012–13 and 2013–14 (\$3.2 billion in nominal terms). Australian Government funding increased by \$2.7 billion and state and territory government funding increased by \$1.8 billion (Table 3.1).

**Table 3.1: Funding of total health expenditure, current prices, by source of funds, 2003–04 to 2013–14 (\$ million)**

Year	Government			Non-government	Total
	Australian Government	State/territory and local	Total		
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	35,748	114,401
2009–10	53,076	31,870	84,946	36,765	121,710
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	39,351	100,373	46,594	146,968
2013–14	63,701	41,132	104,833	49,800	154,633

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

*Source:* AIHW health expenditure database.

The Australian Government's share of total health expenditure declined over the second half of the decade, from 43.8% in 2008–09 to 41.2% in 2013–14 (Table 3.2 and Figure 3.1).

The state and territory and local government share of expenditure fell by 0.2 of a percentage point in 2013–14, from 26.8% in 2012–13 to 26.6% in 2013–14. It has stayed at around this level since 2009–10, varying by less than 1 percentage point over this time.

The non-government sector share of total expenditure has risen over the past 2 years, from 30.0% in 2011–12 to 32.2% in 2013–14, despite generally declining throughout the decade (Table 3.2 and Figure 3.1).

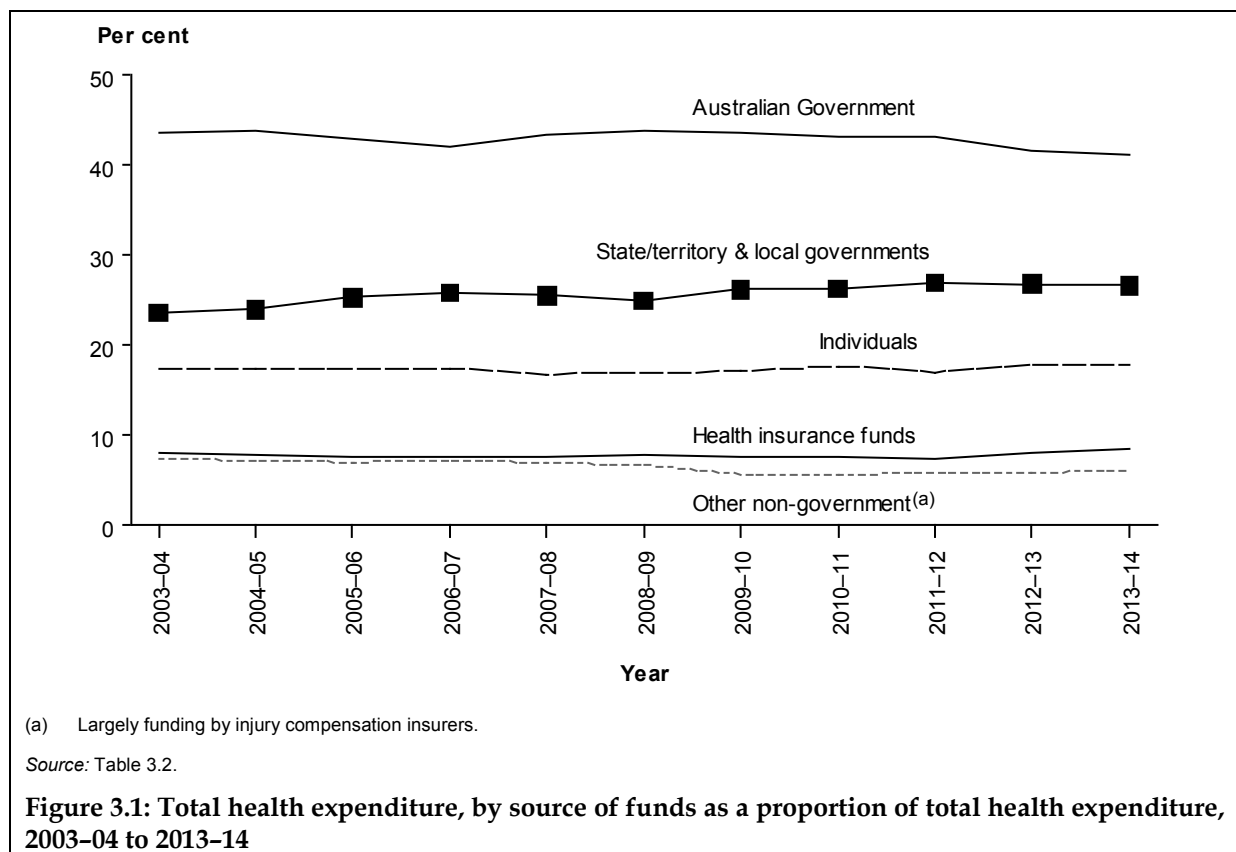
**Table 3.2: Total funding for health expenditure as a proportion of total health expenditure, current prices, by source of funds, 2003–04 to 2013–14 (per cent)**

Year	Government			Non-government			Total
	Australian Government	State/territory and local	Total	Health Insurance funds	Individuals	Other <sup>(a)</sup>	
2003–04	43.7	23.6	67.3	8.1	17.4	7.3	32.7
2004–05	43.9	24.0	67.8	7.7	17.4	7.1	32.2
2005–06	42.8	25.3	68.1	7.6	17.3	6.9	31.9
2006–07	42.1	25.8	67.9	7.6	17.4	7.2	32.1
2007–08	43.3	25.5	68.8	7.6	16.7	6.9	31.2
2008–09	43.8	24.9	68.8	7.7	16.9	6.6	31.2
2009–10	43.6	26.2	69.8	7.5	17.1	5.6	30.2
2010–11	43.1	26.2	69.3	7.5	17.6	5.6	30.7
2011–12	43.0	26.9	70.0	7.4	17.0	5.7	30.0
2012–13	41.5	26.8	68.3	8.1	17.9	5.8	31.7
2013–14	41.2	26.6	67.8	8.3	17.8	6.1	32.2

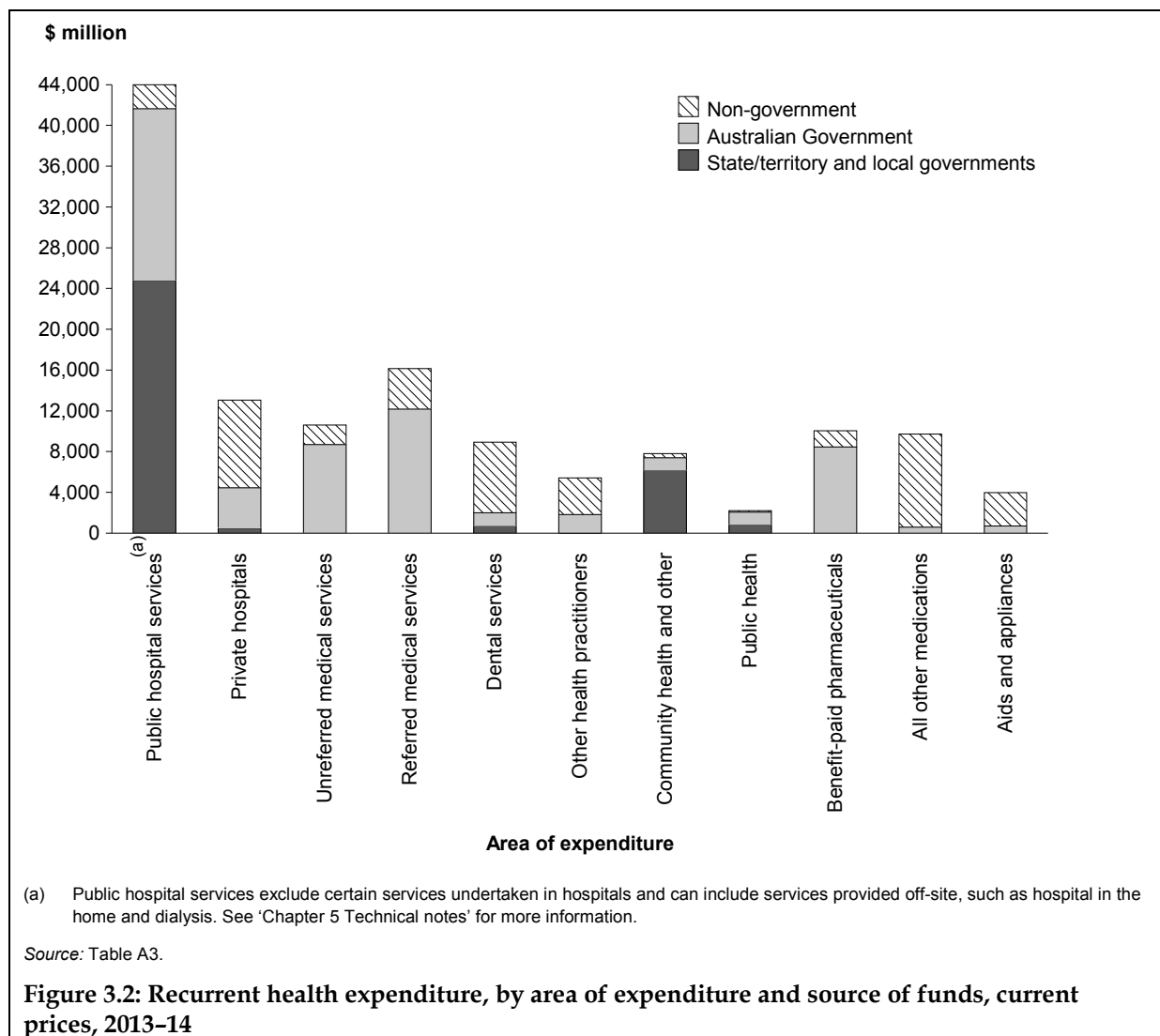
(a) Largely funding by injury compensation insurers.

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 large 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% per year from 2003-04 to 2013-14. In 2013-14 this funding grew by 2.4% after falling in 2012-13 by 2.5% (Table 3.3).

At the same time, the state and territory and local government funding grew at an average of 5.7% per year, with a rise of 1.9% in 2013-14 after only a rise of 0.2% in 2012-13.

Overall government funding grew by 2.2% in 2013-14, less than half the average annual growth rate for the decade (4.9%).

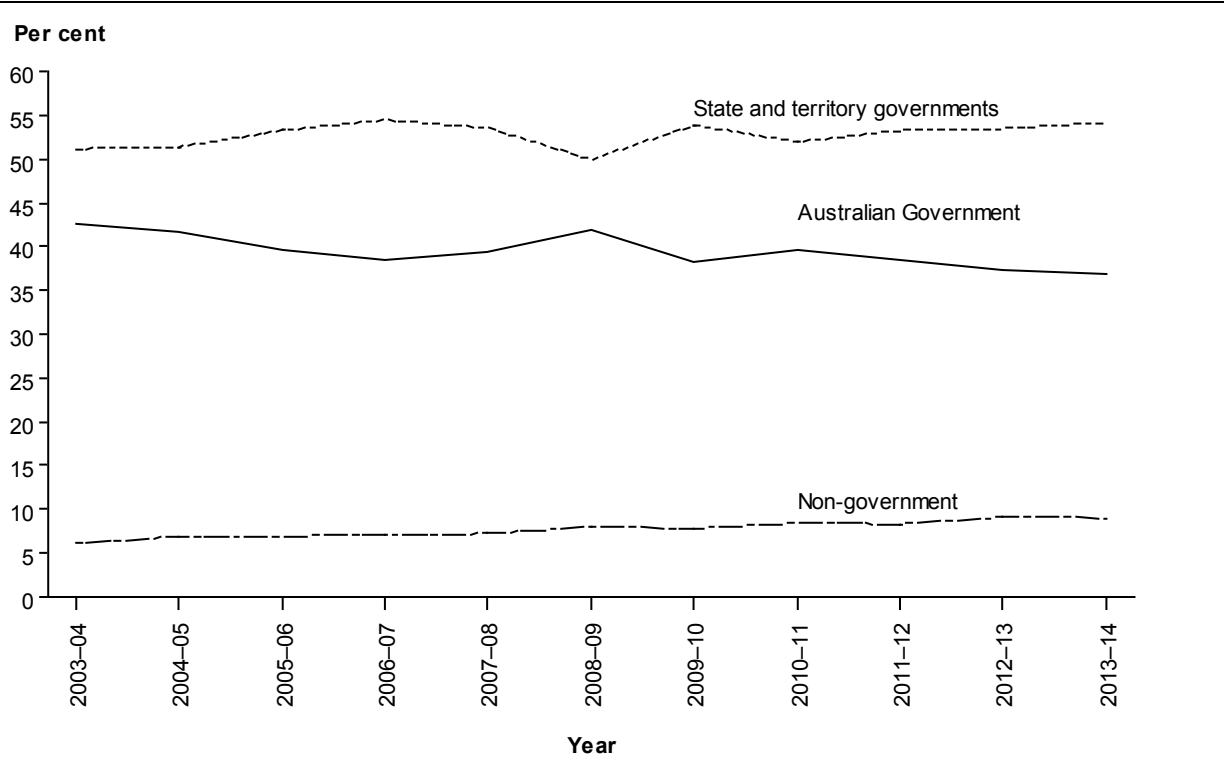
Non-government funding grew by 5.3% per year over the decade on average, with growth in 2013-14 of 5.0% (Table 3.3).

## Public hospitals

Expenditure on public hospital services was \$45.7 billion, or 31.4% of total recurrent health expenditure in 2013-14 (tables A3 and A9). This was up from \$44.6 billion the previous year, real growth of 2.4% compared with average annual real growth over the decade of 4.8% (tables A5, A6 and A8).

In 2013–14, the Australian Government provided 36.8% of recurrent funding for public hospital services, down from 37.4% the previous year. This was largely in the form of specific purpose payments (SPPs) associated with the National Healthcare Agreement and some National Partnership (NP) payments for particular health purposes. The state and territory governments, who have primary responsibility for operating and regulating public hospitals, provided 54.2% of recurrent funding for public hospital services, up from 53.5% the previous year (Table A10).

Between 2003–04 and 2013–14, the Australian Government’s share of recurrent funding of public hospital services fell overall from 42.7% to 36.8%. The state and territory governments’ share increased from 51.2% to 54.2% while the non-government share rose from 6.1% 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, 2003–04 to 2013–14



**Table 3.3: Funding of total health expenditure, constant prices<sup>(a)</sup>, and annual growth in funding, by source of funds, 2003–04 to 2013–14**

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 (%)				
2003–04	41,445	..	23,720	..	65,165	..	29,766	..	94,932	..
2004–05	44,144	6.5	25,775	8.7	69,919	7.3	31,095	4.5	101,014	6.4
2005–06	44,280	0.3	27,493	6.7	71,773	2.7	31,841	2.4	103,614	2.6
2006–07	46,207	4.4	29,662	7.9	75,869	5.7	33,926	6.5	109,795	6.0
2007–08	50,957	10.3	30,834	4.0	81,791	7.8	35,257	3.9	117,048	6.6
2008–09	55,357	8.6	32,165	4.3	87,522	7.0	38,183	8.3	125,705	7.4
2009–10	57,083	3.1	34,882	8.4	91,965	5.1	38,617	1.1	130,582	3.9
2010–11	60,263	5.6	37,186	6.6	97,450	6.0	42,377	9.7	139,826	7.1
2011–12	63,774	5.8	40,286	8.3	104,059	6.8	44,245	4.4	148,304	6.1
2012–13	62,203	-2.5	40,350	0.2	102,553	-1.4	47,447	7.2	150,000	1.1
2013–14	63,701	2.4	41,132	1.9	104,833	2.2	49,800	5.0	154,633	3.1
<b>Average annual growth rate (%)</b>										
2003–04 to 2008–09	..	6.0	..	6.3	..	6.1	..	5.1	..	5.8
2008–09 to 2013–14	..	2.8	..	5.0	..	3.7	..	5.5	..	4.2
2003–04 to 2013–14	..	4.4	..	5.7	..	4.9	..	5.3	..	5.0

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 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 Funding of capital expenditure

Due to limitations in the data sources, it is not easy to separate capital expenditure by state and territory governments from the Australian Government contributions, including through the Health and Hospitals Fund. For this reason, government expenditure is combined for analysis.

In 2013–14, capital expenditure was estimated at \$9.1 billion, of which governments provided 53.0% (\$4.8 billion). This was down from 59.7% in 2012–13. The non-government sector provided \$4.3 billion (47.0%) (Table 3.4).

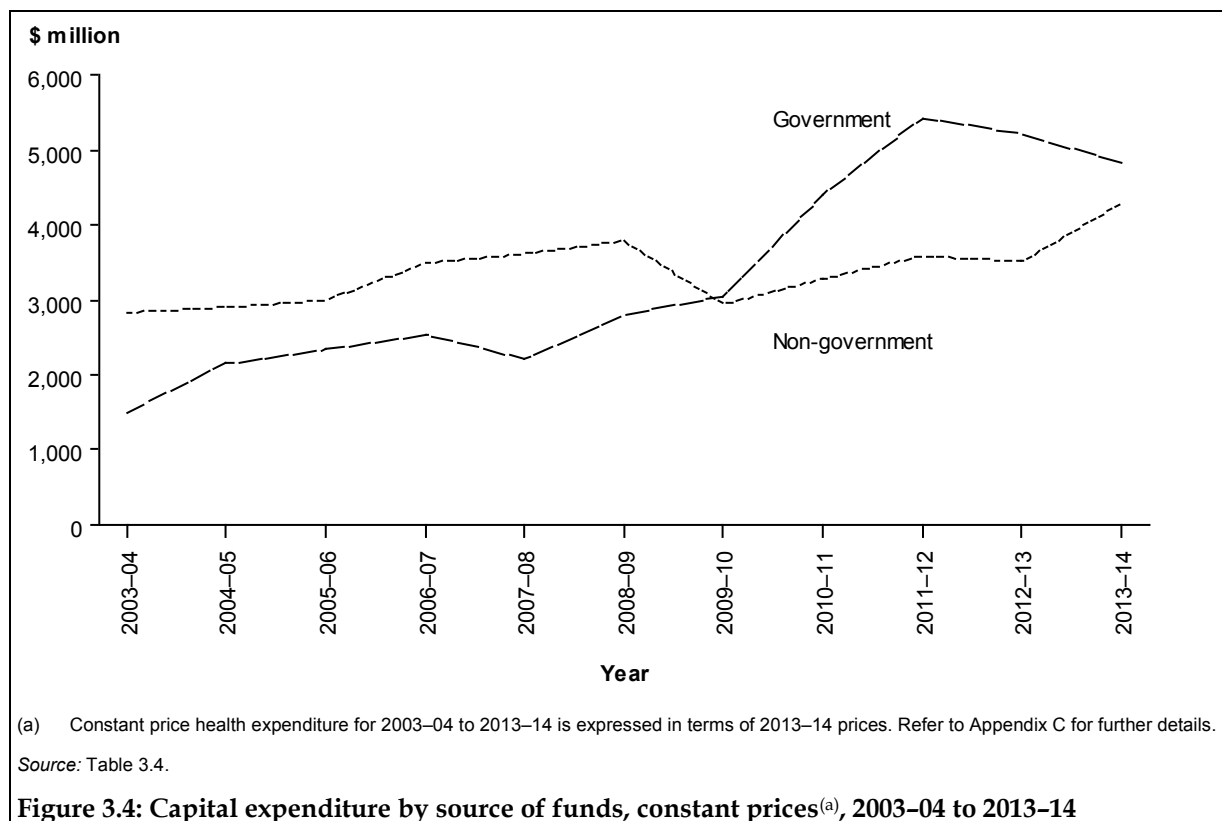
**Table 3.4: Capital expenditure by source of funds, constant prices<sup>(a)</sup>, and annual growth rates, 2003–04 to 2013–14**

Year	Government		Non-government		Total capital expenditure	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2003–04	1,496	..	2,832	..	4,328	..
2004–05	2,148	43.5	2,901	2.5	5,049	16.7
2005–06	2,338	8.9	2,995	3.2	5,333	5.6
2006–07	2,533	8.3	3,487	16.4	6,020	12.9
2007–08	2,216	–12.5	3,615	3.7	5,830	–3.1
2008–09	2,804	26.5	3,785	4.7	6,589	13.0
2009–10	3,040	8.4	2,942	–22.3	5,981	–9.2
2010–11	4,402	44.8	3,279	11.5	7,681	28.4
2011–12	5,428	23.3	3,584	9.3	9,012	17.3
2012–13	5,213	–4.0	3,514	–1.9	8,727	–3.2
2013–14	4,832	–7.3	4,282	21.9	9,114	4.4
	<b>Average annual growth rate (%)</b>					
2003–04 to 2008–09	..	13.4	..	6.0	..	8.8
2008–09 to 2013–14	..	11.5	..	2.5	..	6.7
2003–04 to 2013–14	..	12.4	..	4.2	..	7.7

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 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 \$63.7 billion to fund health expenditure in 2013-14 (Table 3.5). This represented 60.8% of total government health funding (Table 3.3) and was made up of:

- direct Australian Government expenditure – mostly administered through the Department of Health (Health), on programs for which the Government has responsibility, such as the Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) (\$37.7 billion, or 59.1% of Australian Government funding) (Table 3.5)
- the SPPs associated with the National Healthcare Agreement and NP payments to the states and territories (\$16.8 billion, or 26.3%) (Table 3.5)
- rebates and subsidies for privately insured persons under the *Private Health Insurance Act 2007* (\$5.5 billion, or 8.7%) (Table 3.5). The majority of this was in the form of private health insurance incentives to reduce premiums (Table 3.14). See Box 3.2 for further information.
- Australian Government Department of Veterans' Affairs (DVA) funding for goods and services provided to eligible veterans and their dependants (\$3.5 billion, or 5.5% of the Australian Government total). This was made up of 47.6% hospitals expenditure, 46.3% primary health care and 6.0% other areas (tables 3.5 and 3.6)
- medical expenses tax rebate (\$0.2 billion, or 0.4%) (Table 3.5). See Box 3.1 for further information.

Total Australian Government expenditure grew by 2.4% in 2013–14 from \$62.2 billion in 2012–13. Despite this growth, it remained 0.1% below the 2011–12 level of \$63.8 billion. Direct expenditure by the Australian Government (own program expenditure) increased \$973 million in 2013–14 after a \$1.1 billion decrease in the previous year (Table 3.5). Some of the areas that drove the decrease in 2012–13 increased in 2013–14, with funding for benefit-paid pharmaceuticals up \$44 million and public health up \$69 million (tables A5 and A6). Spending in the categories of DVA funding and the medical expenses tax rebate fell further in 2013–14 (Table 3.5).

**Table 3.5: Funding of health expenditure by the Australian Government, constant prices<sup>(a)</sup>, by type of expenditure, 2003–04 to 2013–14 (\$ million)**

Year	Own program expenditure	Grants to states (SPP & NP payments)	Health insurance premium rebates <sup>(b)</sup>	Department of Veterans' Affairs	Medical expenses tax rebate	Total
2003–04	22,866	11,110	3,195	3,917	357	41,445
2004–05	24,708	11,647	3,417	3,971	402	44,144
2005–06	24,892	11,629	3,562	3,760	437	44,280
2006–07	26,243	11,982	3,654	3,852	475	46,207
2007–08	29,111	13,298	4,152	3,933	465	50,957
2008–09	32,025	14,789	4,083	3,894	566	55,357
2009–10	34,028	13,968	4,694	3,783	610	57,083
2010–11	35,610	15,428	4,966	3,741	518	60,263
2011–12	37,803	15,963	5,648	3,786	574	63,774
2012–13	36,692	16,267	5,263	3,549	433	62,203
2013–14	37,665	16,770	5,526	3,513	226	63,701

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 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, 2013–14**

Area of expenditure	Amount (\$ million)	Proportion (%)
Hospitals	1,673	47.6
Public hospital services <sup>(a)</sup>	759	21.6
Private hospitals	914	26.0
Primary health care	1,628	46.3
Unreferred medical services	857	24.4
Dental services	109	3.1
Other health practitioners	256	7.3
Community health and other <sup>(b)</sup>	1	—
Benefit-paid pharmaceuticals	406	11.5
Other	212	6.0
Patient transport services	169	4.8
Aids and appliances	2	0.1
Administration	38	1.1
Research	2	0.1
<b>Total</b>	<b>3,513</b>	<b>100.0</b>

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

(b) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure. For example, expenditure by substance abuse treatment centres, providers of general health administration or providers of regional health services not further defined.

Source: AIHW health expenditure database.

### **Box 3.1: Medical expenses tax rebate**

The AIHW health expenditure database includes the 'medical expenses tax rebate'. Some 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, the tax rebate became income tested. In March 2014, eligibility for the tax rebate changed, restricting who can claim and what medical expenses can be claimed. In 2013–14, taxpayers who did not receive the tax rebate in 2012–13 were only able to claim medical expenses relating to disability aids, attendant care or aged care. Those taxpayers who did receive the tax rebate in 2012–13 continued to be eligible for the rebate in 2013–14 if they had eligible out-of-pocket medical expenses above the relevant claim threshold. Taxpayers with an adjusted taxable income above \$88,000 for singles and \$176,000 (plus \$1,500 for each dependent child after the first) for a couple or family in 2013–14 were able to claim a reimbursement of 10 cents in the dollar for eligible out-of-pocket expenses incurred in excess of \$5,100. 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 \$2,162 threshold.

*(continued)*

### **Box 3.1 (continued): Medical expenses tax rebate**

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 are 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. If local government authorities received funding for health care from the state and territory government, this expenditure is included in that jurisdiction's expenditure.

Recurrent funding by state and territory governments was estimated at \$36.3 billion in 2013–14 (25.0% of total recurrent funding). Including capital expenditure this rose to and \$41.1 billion (tables 3.7 and A3).

Over two-thirds (68.2%), or \$24.8 billion, of recurrent funding by state and territory governments was for public hospital services in 2013–14. Other major expenditures occurred in the primary health care sector and included:

- Community health and other (\$6.2 billion)
- Patient transport (\$2.2 billion)
- Public health (\$0.8 billion)
- Dental services (\$0.7 billion) (Table 3.7).

Between 2003–04 and 2013–14, recurrent funding for health by state and territory governments grew at an average annual rate of 5.0% in real terms. Growth in 2013–14 was 3.2%, well below the average for the decade but up from no growth the previous year (Table 3.7).

Over 2008–09 to 2013–14, the fastest areas of growth in recurrent funding were public hospitals (5.4% per year) and patient transport services (4.3%). Funding of private hospitals grew 4.0% per year over this 5 year period. Growth in 2013–14 was 7.0% (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<sup>(a)</sup>, and annual growth rates, by area of expenditure, 2003–04 to 2013–14**

Year	Hospital				Primary health care										Total recurrent expenditure	
	Public hospitals <sup>(b)</sup>		Private hospitals		Patient transport		Dental services		Community health and other <sup>(c)</sup>		Public health		Other <sup>(d)</sup>			
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2003–04	14,670	..	298	..	1,164	..	609	..	3,977	..	728	..	881	..	22,328	..
2004–05	15,684	6.9	306	2.7	1,252	7.6	641	5.3	4,161	4.6	679	-6.7	1,044	18.5	23,767	6.4
2005–06	16,971	8.2	320	4.6	1,250	-0.2	634	-1.1	4,345	4.4	784	15.5	952	-8.8	25,256	6.3
2006–07	18,434	8.6	313	-2.2	1,444	15.5	609	-3.9	4,799	10.4	829	5.7	816	-14.3	27,243	7.9
2007–08	19,321	4.8	327	4.5	1,522	5.4	637	4.6	5,189	8.1	892	7.6	836	2.5	28,724	5.4
2008–09	19,061	-1.3	417	27.5	1,776	16.7	731	14.8	5,200	0.2	1,084	21.5	1,184	41.6	29,453	2.5
2009–10	21,452	12.5	426	2.2	1,848	4.1	690	-5.6	5,220	0.4	1,028	-5.2	1,307	10.4	31,973	8.6
2010–11	21,963	2.4	496	16.4	2,031	9.9	758	9.9	5,416	3.8	912	-11.3	1,342	2.7	32,918	3.0
2011–12	23,727	8.0	529	6.7	2,206	8.6	760	0.3	6,046	11.6	703	-22.9	1,105	-17.7	35,076	6.6
2012–13	23,885	0.7	474	-10.4	2,125	-3.7	666	-12.4	6,080	0.6	910	29.4	1,069	-3.3	35,208	—
2013–14	24,788	3.8	507	7.0	2,196	3.3	713	7.1	6,155	1.2	815	-10.4	1,176	10.0	36,349	3.2
<b>Average annual growth rate (%)</b>																
2003–04 to 2008–09	..	5.4	..	7.0	..	8.8	..	3.7	..	5.5	..	8.3	..	6.1	..	5.7
2008–09 to 2013–14	..	5.4	..	4.0	..	4.3	..	-0.5	..	3.4	..	-5.5	..	-0.1	..	4.3
2003–04 to 2013–14	..	5.4	..	5.5	..	6.6	..	1.6	..	4.5	..	1.1	..	2.9	..	5.0

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 prices. Refer to Appendix C for further details.

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

(c) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure. For example, expenditure by substance abuse treatment centres, providers of general health administration or providers of regional health services not further defined.

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

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 \$49.8 billion in 2013–14 (Table 3.8).

The non-government share of total funding for 2013–14 was 32.2%, after reaching a low for the decade in 2011–12 of 30.0%. The average annual real growth in funding from non-government sources from 2003–04 to 2013–14 was 5.3%. Growth in 2013–14 was 5.0% (tables 3.8 and 3.9).

Funding by individuals accounted for 55.2% (\$27.5 billion) of estimated non-government funding of health goods and services in 2013–14 (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 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 8.3% (\$12.9 billion) of total funding in 2013–14 (Table 3.8). These funds are indirectly sourced from individuals who pay premiums to private health insurance funds or from the Australian Government through private health insurance incentives (see Box 3.2).

The balance of non-government funding (\$9.4 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).

The proportion of total health funding from private health insurance funds declined steadily from 8.1% in 2003–04 to 7.4% in 2011–12. It has since risen to reach 8.3% in 2013–14. This has coincided with changes to the income testing arrangements surrounding the Australian Government's private health insurance premium rebates which had the impact of reducing the Australian Government's contribution and increasing the share that private health insurers fund from their own sources (Table 3.8).



**Table 3.8: Non-government sector funding of total health expenditure, by source of funds, current prices, 2003–04 to 2013–14**

Year	Individuals		Private health insurance funds <sup>(a)</sup>		Other non-government <sup>(b)</sup>		All non-government sources	
	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)
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	19,334	16.9	8,845	7.7	7,570	6.6	35,748	31.2
2009–10	20,766	17.1	9,145	7.5	6,854	5.6	36,765	30.2
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	17.9	11,849	8.1	8,474	5.8	46,594	31.7
2013–14	27,506	17.8	12,877	8.3	9,417	6.1	49,800	32.2

(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.

Real growth in funding by private health insurance funds averaged 5.0% per year between 2003–04 and 2013–14. The other two non-government funding sources – individuals and other non-government – had average annual real growth rates of 6.2% and 3.4% respectively over the same period (Table 3.9 and Figure 3.5).

**Table 3.9: Non-government sector funding of total health expenditure, by source of funds, constant prices<sup>(a)</sup>, and annual growth rates, 2003–04 to 2013–14**

Year	Individuals		Private health insurance funds <sup>(b)</sup>		Other non-government <sup>(c)</sup>		All non-government sources <sup>(b)</sup>	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2003–04	15,115	..	7,922	..	6,730	..	29,766	..
2004–05	16,032	6.1	8,034	1.4	7,028	4.4	31,095	4.5
2005–06	16,637	3.8	8,129	1.2	7,075	0.7	31,841	2.4
2006–07	17,627	6.0	8,582	5.6	7,717	9.1	33,926	6.5
2007–08	18,226	3.4	9,099	6.0	7,931	2.8	35,257	3.9
2008–09	20,099	10.3	9,914	8.9	8,170	3.0	38,183	8.3
2009–10	21,350	6.2	9,936	0.2	7,331	-10.3	38,617	1.1
2010–11	24,013	12.5	10,551	6.2	7,812	6.6	42,377	9.7
2011–12	24,856	3.5	10,986	4.1	8,402	7.5	44,245	4.4
2012–13	26,648	7.2	12,122	10.3	8,677	3.3	47,447	7.2
2013–14	27,506	3.2	12,877	6.2	9,417	8.5	49,800	5.0
<b>Average annual growth rate (%)</b>								
2003–04 to 2008–09	..	5.9	..	4.6	..	4.0	..	5.1
2008–09 to 2013–14	..	6.5	..	5.4	..	2.9	..	5.5
2003–04 to 2013–14	..	6.2	..	5.0	..	3.4	..	5.3

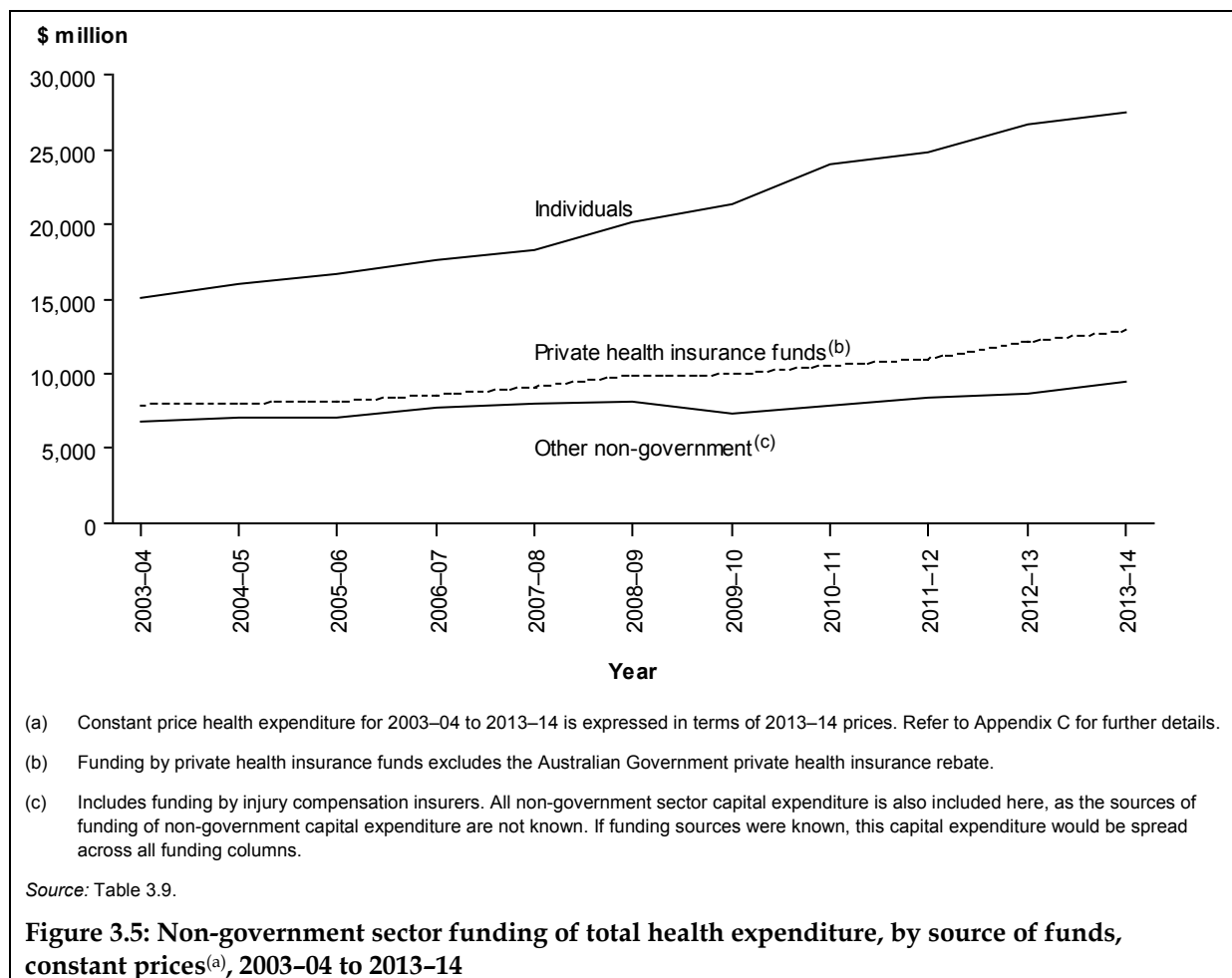
(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 prices. Refer to Appendix C for further details.

(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 2003-04 and 2013-14, funding by individuals grew by an average of 6.2% per year in real terms (Table 3.9), compared with an average of 5.3% across all non-government sources and 5.0% for total funding of health expenditure (Table 3.3). This made it the fastest growing area of non-government expenditure.

In 2013-14, individuals spent an estimated \$27.7 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 19.2% was for dental services; 11.8% for medical services (including both unreferral and referred medical services); 9.5% for aids and appliances; and 9.0% for other health practitioner services (Table 3.10).

**Table 3.10: Individuals' funding<sup>(a)</sup> of recurrent health expenditure, by area of expenditure, current prices, 2013–14**

<b>Area of expenditure</b>	<b>Amount (\$ million)</b>	<b>Proportion (%)</b>
Hospitals	2,752	9.9
Public hospital services <sup>(b)</sup>	1,308	4.7
Private hospitals	1,444	5.2
Primary health care	19,358	69.8
Unreferred medical services	686	2.5
Dental services	5,336	19.2
Other health practitioners	2,490	9.0
Community health and other <sup>(c)</sup>	224	0.8
Public health	26	—
Benefit-paid pharmaceuticals	1,598	5.8
All other medications	8,999	32.4
Other	5,622	20.3
Patient transport services	402	1.4
Referred medical services	2,584	9.3
Aids and appliances	2,627	9.5
Administration	4	—
Research	5	—
<b>Total</b>	<b>27,732</b>	<b>100.0</b>

(a) Individuals' expenditure has not been adjusted down for the medical expenses tax rebates. This accounts for the \$226 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 and can include services provided off-site, such as hospital in the home and dialysis. See 'Chapter 5 Technical notes' for more information.

(c) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure. For example, expenditure by substance abuse treatment centres, providers of general health administration or providers of regional health services not further defined.

*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 4.3% per year from 2003–04 to 2013–14 (Table 3.11).

**Table 3.11: Average individual recurrent health expenditure per person, constant prices<sup>(a)</sup>, and annual growth rates, by area of expenditure, 2003–04 to 2013–14**

Year	Hospitals <sup>(b)(c)(d)</sup>		Patient transport		Medical services		Dental services		Other health practitioners		Community and public health		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 (%)
2003–04	30	..	12	..	109	..	209	..	94	..	12	..	49	..	181	..	84	..	780	..
2004–05	36	21.0	12	1.7	101	-6.9	214	2.7	101	7.3	12	-4.9	54	9.6	200	11.0	88	4.8	820	5.1
2005–06	39	9.5	13	4.8	102	0.6	214	-0.2	104	3.3	14	21.4	58	6.6	205	2.3	91	2.8	841	2.5
2006–07	37	-6.7	14	6.0	112	9.7	214	0.1	105	0.1	15	6.9	58	1.1	228	11.3	95	4.1	878	4.4
2007–08	46	23.5	14	5.5	117	5.2	207	-3.6	94	-10.4	16	2.5	59	1.2	246	7.8	91	-4.0	889	1.3
2008–09	101	..	18	21.4	122	4.0	203	-1.7	80	-14.6	7	-54.9	63	7.3	274	11.3	93	2.8	961	8.1
2009–10	109	8.0	18	1.5	130	6.1	203	-0.1	85	6.6	7	-1.6	66	3.6	286	4.5	101	8.4	1,004	4.5
2010–11	123	12.8	18	-0.4	134	3.6	212	4.3	104	21.7	8	10.9	66	1.2	333	16.3	109	7.9	1,106	10.2
2011–12	115	-6.2	16	-7.2	136	1.7	216	2.1	105	1.6	6	-18.4	69	3.9	356	6.9	108	-1.0	1,129	2.1
2012–13	126	9.3	16	-3.8	137	0.5	224	3.5	110	4.5	7	17.7	67	-2.4	384	7.9	110	1.6	1,181	4.6
2013–14	118	-6.0	17	9.0	140	2.4	229	2.3	107	-3.0	11	43.4	69	1.8	386	0.6	113	2.7	1,190	0.8
<b>Average annual growth rate (%)</b>																				
2003–04 to 2008–09	..	..	..	7.7	..	2.4	..	-0.5	..	-3.2	..	-10.6	..	5.1	..	8.7	..	2.0	..	4.3
2008–09 to 2013–14	..	..	..	-0.3	..	2.8	..	2.4	..	6.0	..	8.5	..	1.6	..	7.1	..	3.9	..	4.4
2003–04 to 2013–14	..	..	..	3.6	..	2.6	..	0.9	..	1.3	..	-1.5	..	3.3	..	7.9	..	2.9	..	4.3

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 prices. Refer to Appendix C for further details.

(b) Includes public and private hospitals.

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

(d) Public hospital services exclude certain services undertaken in hospitals and can include services provided off-site, such as hospital in the home and dialysis. 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 2013–14, private hospitals received 49.3% (\$6.3 billion) of the \$12.9 billion in funding that private health insurance funds provided (Table 3.12).

Other major areas of expenditure that received funding were dental services (\$1.6 billion, or 12.0%), referred medical services (\$1.4 billion, or 10.7%) and administration (\$1.1 billion, or 8.8%) (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 \$726 million and \$575 million, respectively, from health insurance funds in 2013–14 (Table 3.12).

**Table 3.12: Funding of recurrent health expenditure by private health insurance funds, by area of expenditure, current prices, 2013–14**

Area of expenditure	Amount (\$ million)	Proportion (%)
Hospitals	7,289	56.6
Public hospital services <sup>(a)</sup>	944	7.3
Private hospitals	6,344	49.3
Primary health care	2,323	18.0
Dental services	1,547	12.0
Other health practitioners	726	5.6
Community health and other <sup>(b)</sup>	1	—
All other medications	49	0.4
Other	3,265	25.4
Patient transport services	183	1.4
Referred medical services	1,374	10.7
Aids and appliances	575	4.5
Administration	1,134	8.8
<b>Total</b>	<b>12,877</b>	<b>100.0</b>

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

(b) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure. For example, expenditure by substance abuse treatment centres, providers of general health administration or providers of regional health services not further defined.

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 2013–14 were estimated at \$18.4 billion, up from \$17.4 billion in 2012–13 (Table 3.13).

After declining between 2011–12 and 2012–13, the premium rebates that the Australian Government paid through the tax system or directly to private health insurance funds (see Box 3.2) rose from \$5.3 billion in 2012–13 to \$5.5 billion in 2013–14 (Table 3.13).

Net funding by the health insurance funds (that is, not including the Australian Government rebates) grew at an average of 4.6% per year from 2003–04 to 2008–09. Between 2008–09 and 2013–14, growth in net funding rose to an average of 5.4% per year, taking net funding to \$12.9 billion in 2013–14 (Table 3.14).

Similarly, the gross amounts paid through health insurance funds grew at an average of 4.7% per year from 2003–04 to 2008–09 and by 5.6% per year from 2008–09 to 2013–14 (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. From 1 April 2014, all rebate percentages are adjusted annually by a rebate adjustment factor – the rebate was reduced from 10–40% to 9.68–38.72% on 1 April 2014 and will be reduced to 9.27–37.09% on 1 April 2015.

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 that the funds incur 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<sup>(a)</sup> on health goods and services funded by private health insurance funds, constant prices<sup>(b)</sup>, 2011–12 to 2013–14 (\$ million)**

Area of expenditure	2011–12			2012–13			2013–14		
	Gross benefits paid	Premium rebates <sup>(c)</sup>	Net benefits paid	Gross benefits paid	Premium rebates <sup>(c)</sup>	Net benefits paid	Gross benefits paid	Premium rebates <sup>(c)</sup>	Net benefits paid
Hospitals	9,437	3,204	6,233	9,782	2,961	6,821	10,417	3,128	7,289
Public hospital services <sup>(d)</sup>	1,206	410	797	1,331	403	928	1,350	405	944
Private hospitals	8,231	2,795	5,436	8,451	2,558	5,893	9,067	2,723	6,344
Primary health care	2,826	960	1,867	3,089	935	2,154	3,320	997	2,323
Dental services	1,839	624	1,215	2,028	614	1,414	2,210	664	1,547
Other health practitioners	913	310	603	987	299	688	1,038	312	726
Community health and other <sup>(e)</sup>	1	—	1	1	—	1	1	—	1
All other medications	73	25	48	73	22	51	70	21	49
Other	4,371	1,484	2,887	4,513	1,366	3,147	4,667	1,401	3,265
Patient transport services <sup>(f)</sup>	269	91	178	287	87	200	261	78	183
Referred medical services	1,770	601	1,169	1,867	565	1,302	1,963	589	1,374
Aids and appliances	674	229	445	738	224	515	822	247	575
Administration	1,658	563	1,095	1,621	491	1,130	1,621	487	1,134
<b>Total recurrent funding</b>	<b>16,634</b>	<b>5,648</b>	<b>10,986</b>	<b>17,385</b>	<b>5,263</b>	<b>12,122</b>	<b>18,403</b>	<b>5,526</b>	<b>12,877</b>

(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 2003–04 to 2013–14 is expressed in terms of 2013–14 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) Public hospital services exclude certain services undertaken in hospitals and can include services provided off-site, such as hospital in the home and dialysis. See 'Chapter 5 Technical notes' for more information.

(e) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure. For example, expenditure by substance abuse treatment centres, providers of general health administration or providers of regional health services not further defined.

(f) 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 2012, 2013, 2014; DoHA 2012, 2013; DoH 2014; PHIAC 2012, 2013, 2014.



**Table 3.14: Expenditure on health goods and services and administration funded through private health insurance funds, constant prices<sup>(a)</sup>, and annual growth rates, 2003–04 to 2013–14**

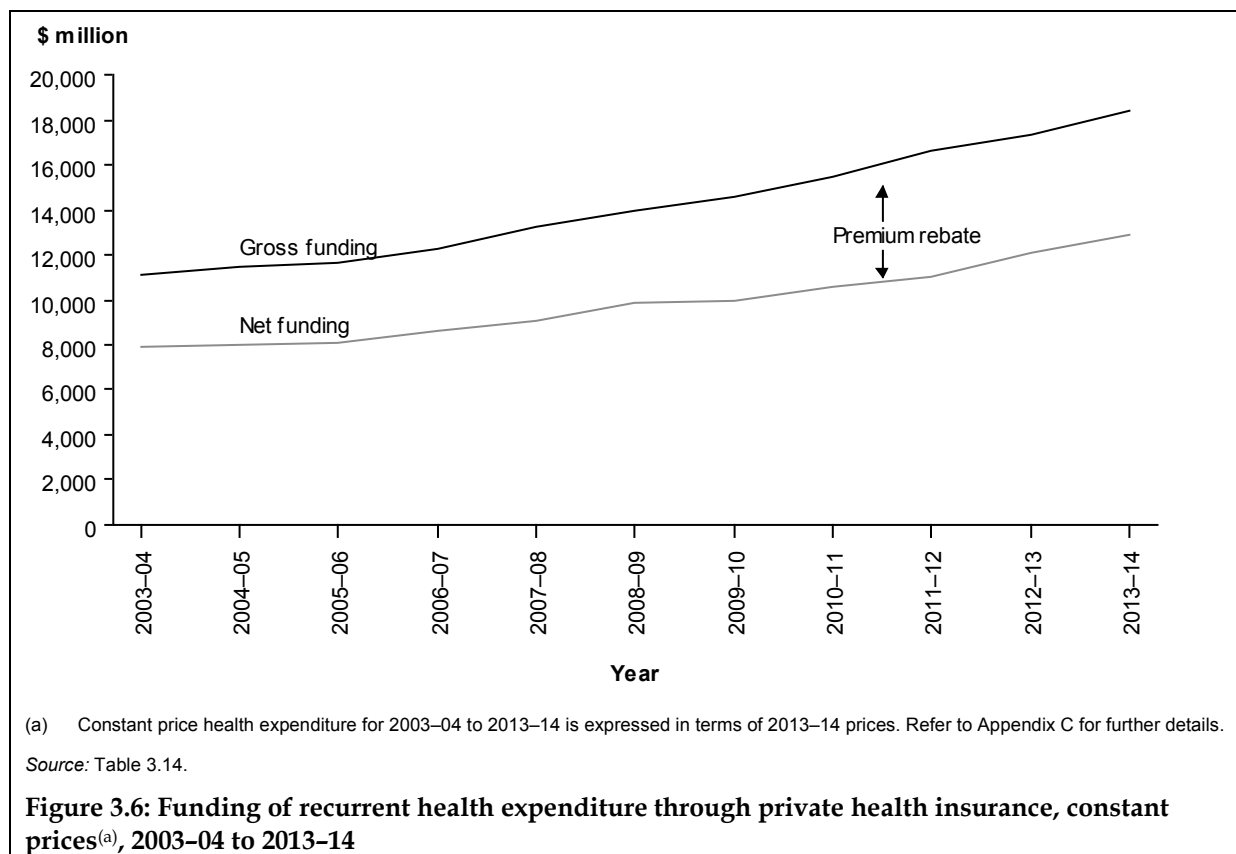
Year	Premium rebates						Net amounts funded from health insurance funds' own resources <sup>(b)</sup>	
	Gross amounts paid through health insurance funds		Through reduced premiums		Through taxation system			
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2003–04	11,117	..	2,998	..	197	..	7,922	..
2004–05	11,451	3.0	3,229	7.7	188	–4.8	8,034	1.4
2005–06	11,691	2.1	3,380	4.7	183	–2.5	8,129	1.2
2006–07	12,236	4.7	3,467	2.6	187	2.2	8,582	5.6
2007–08	13,251	8.3	3,956	14.1	196	4.9	9,099	6.0
2008–09	13,997	5.6	3,884	–1.8	199	1.5	9,914	8.9
2009–10	14,630	4.5	4,498	15.8	197	–1.1	9,936	0.2
2010–11	15,517	6.1	4,765	5.9	201	2.0	10,551	6.2
2011–12	16,634	7.2	5,444	14.2	204	1.7	10,986	4.1
2012–13	17,385	4.5	5,045	–7.3	218	7.1	12,122	10.3
2013–14	18,403	5.9	5,335	5.8	191	–12.4	12,877	6.2
<b>Average annual growth rate (%)</b>								
2003–04 to 2008–09	..	4.7	..	5.3	..	0.2	..	4.6
2008–09 to 2013–14	..	5.6	..	6.6	..	–0.8	..	5.4
2003–04 to 2013–14	..	5.2	..	5.9	..	–0.3	..	5.0

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 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.



In 2013-14, it was estimated that net health funding by private health insurance providers averaged \$1,171 per person covered (Table 3.15).

Tasmania (\$1,242) and South Australia (\$1,239) had the highest funding per person by private health insurers. The Northern Territory (\$643) and the Australian Capital Territory (\$674) had the lowest.

Jurisdictions with higher per person covered funding also received more rebate from the Australian Government – Tasmania and South Australia received the highest at \$533 and \$532 respectively, while the Northern Territory and Australian Capital Territory received the lowest at \$276 and \$289 respectively (tables B3, B6, B9, B12, B15, B18, B21, B24 and D3).

Average annual growth in net funding per person was greatest in Victoria (3.2%) and New South Wales (2.9%) over the decade. The lowest growth was in the Australian Capital Territory (0.4%) (Table 3.15).

**Table 3.15: Average health expenditure funded by private health insurance, per person covered<sup>(a)</sup>, constant prices<sup>(b)</sup>, by state and territory, 2003–04 to 2013–14 (\$)**

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2003–04	878	870	1,012	943	1,045	985	648	503	915
2004–05	894	879	1,019	949	1,049	953	649	478	924
2005–06	877	907	1,015	927	1,047	976	642	487	923
2006–07	917	935	1,031	934	1,073	986	674	497	950
2007–08	939	953	1,035	947	1,086	1,000	686	538	966
2008–09	1,004	1,019	1,086	994	1,139	1,083	715	559	1,024
2009–10	982	1,004	1,060	989	1,101	1,049	706	530	1,004
2010–11	1,019	1,044	1,077	1,019	1,136	1,079	714	579	1,036
2011–12	1,033	1,068	1,110	1,009	1,125	1,083	732	572	1,051
2012–13	1,113	1,154	1,181	1,063	1,207	1,194	790	636	1,128
2013–14	1,171	1,191	1,226	1,114	1,239	1,242	674	643	1,171
<b>Average annual growth rate (%)</b>									
2003–04 to 2008–09	2.7	3.2	1.4	1.1	1.7	1.9	2.0	2.1	2.3
2008–09 to 2013–14	3.1	3.2	2.5	2.3	1.7	2.8	-1.2	2.9	2.7
2003–04 to 2013–14	2.9	3.2	1.9	1.7	1.7	2.3	0.4	2.5	2.5

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

(b) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 prices. Refer to Appendix C for further details.

Sources: AIHW health expenditure database; Table D3.

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 2013–14, injury compensation insurers funded \$2.7 billion of the expenditure on health goods and services, including \$1.6 billion by workers compensation insurers and \$1.1 billion by motor vehicle third-party insurers (Table 3.16).

From 2003–04 to 2013–14, real funding by workers compensation insurers and motor vehicle third-party insurers increased on average by 0.8% and 3.6% 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<sup>(a)</sup>, and annual growth rates, 2003–04 to 2013–14**

Year	Workers compensation insurers		Motor vehicle accident third-party insurers		Total injury compensation insurer	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2003–04	1,458	..	800	..	2,258	..
2004–05	1,425	-2.3	878	9.8	2,303	2.0
2005–06	1,430	0.3	889	1.3	2,319	0.7
2006–07	1,441	0.8	930	4.6	2,371	2.2
2007–08	1,532	6.3	1,006	8.1	2,538	7.0
2008–09	1,512	-1.3	956	-5.0	2,468	-2.7
2009–10	1,516	0.3	955	-0.1	2,471	0.1
2010–11	1,597	5.3	1,008	5.6	2,605	5.4
2011–12	1,650	3.4	1,102	9.3	2,752	5.6
2012–13	1,691	2.5	1,106	0.4	2,797	1.7
2013–14	1,577	-6.8	1,138	2.9	2,715	-2.9
	<b>Average annual growth rate (%)</b>					
2003–04 to 2008–09	..	0.7	..	3.6	..	1.8
2008–09 to 2013–14	..	0.8	..	3.5	..	1.9
2003–04 to 2013–14	..	0.8	..	3.6	..	1.9

(a) Constant price health expenditure for 2003–04 to 2013–14 is expressed in terms of 2013–14 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

### Summary of key issues

- The 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), which is data provided by the states and territories to the AIHW. 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, such as that by the National Heart Foundation and Diabetes Australia.
- 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 reports issued prior to 2005–06, due to the reclassification of expenditure on high-level residential aged care from ‘health services’ to ‘welfare services’.

### Description

The AIHW annually compiles the AIHW health expenditure database that comprises a wide range of information about health expenditure in Australia. Data from this 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 2013–14 with estimates back to 2003–04.

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 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 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 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.

Capital expenditure is investment in health-related facilities or equipment or gross fixed capital formation (as defined in the ABS' Government Finance Statistics [GFS]).

Information provided on the type of economic transaction is based on the ABS economic type framework classification. For the 2013–14 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.

### **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 corporate Commonwealth entity established in 1987, governed by a management Board, and accountable to the Australian Parliament through the Health portfolio.

The AIHW 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 datasets based on data from each jurisdiction, to analyse these datasets and disseminate information and statistics.

The *Australian Institute of Health and Welfare Act 1987*, in conjunction with compliance to the *Privacy Act 1988*, (Cth) 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](http://www.aihw.gov.au)>.

Australia's expenditure reporting format has not changed markedly since 1985. The format that the AIHW has used for reporting expenditure on health since 1985 is based on the WHO reporting structure, which was 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 generally includes an academic health economist, although this position is currently vacant.

### **Timeliness**

This release includes data for the 2013–14 financial year, as well as data back to 2003–04.

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.

### **Accessibility**

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

Data are also available through data cubes; see <[www.aihw.gov.au/expenditure-data/#Public](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](mailto:info@aihw.gov.au)>.

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

### **Interpretability**

The primary purpose of AIHW's health expenditure database is to enable reporting of estimates of national health expenditure. Since 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, see <<http://meteor.aihw.gov.au/content/index.phtml/itemId/540601>>.

## **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, non-government sector expenditure, including the out-of-pocket expenses of individuals, is also relevant to a range of health policy issues such as those related to access and 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.

## **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 and some local government expenditure.

Some of the expenditure by non-government health organisations, such as the National Heart Foundation and Diabetes Australia, is also 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.

The AIHW does not separately collect health expenditure information from local government authorities. If local government authorities received funding for health care from the Australian Government or state and territory government; it appears as expenditure by that respective body.

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.

## 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* reports 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.

Estimates in this report are not comparable with the data published in reports issued prior to 2005–06, due to 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 <[www.abs.gov.au/ausstats/abs@.nsf/mf/5310.0.55.002](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* reports from 2008–09.

GDP estimates for this publication are sourced from the ABS (ABS 2015b). 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 2003–04 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, including investment in equipment and facilities.

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, Department of 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 Australian Government health funding 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 agreed to include funding for National Healthcare SPP and NP payments. These payments replaced the second Australian Healthcare Agreement (AHCA) that ended on 30 June 2009. They are made to state treasuries and can cover several years of funding. The 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 state and territory funding, however, can be spread over 5 years.

The medical expenses tax rebate is available to some taxpayers in respect of health expenditures they incur in a year. It is not possible to allocate these to any particular 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 and local 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 and 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 or territory government. For example, some services in the particular state or 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.

Health expenditure information is not collected separately from local government authorities. If local government authorities received funding for health care from the Australian Government or state and territory government, this expenditure is included as expenditure from that body.

Estimates of tax revenue for state and territory governments (and local governments) include the GST.

## **Public hospitals and public hospital services**

State and territory health authorities directly provide 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 that public hospitals undertake. 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 is reported as part of expenditure on patient transport services.

Health expenditure for these areas cannot be used to compare expenditure relating to a specific year, such as 2006–07, to expenditure, or growth in expenditure, for the decade from 2003–04 to 2013–14.

## **Community and public health services and dental and patient transport services**

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 2003–04 onwards, the AIHW has collected and reported on funding by state and territory governments for services private hospitals provide. The funding includes where state or territory governments 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.

## **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, 2013b, 2014a, 2014b) 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 the ABS' Government Finance Statistics.

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 2009) 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 Private Health Establishments Collection, the most recent results published in *Private hospitals, Australia, 2013–14* (ABS 2015d). In 2007–08, the collection 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 collection. 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 were 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 2003–04, 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 2003–04 to 2004–05 were sourced from *Retail pharmacy* (Flanagan 2004a, 2005a). For 2005–06 to 2007–08 and for 2010–11 and 2012–13, these data were sourced from IRI-Aztec to enable a more comprehensive breakdown of each category of products sold. For 2008–09, 2009–10 and 2011–12, estimates were based on data sourced from the *Retail world annual report* (Gloria 2009, 2010, 2011) and past IRI-Aztec data.

Retail sales of medicines in major retail chains such as supermarkets is sourced from *Retail world* (Flanagan 2004b, 2005b, 2006, 2007, 2008) and the *Retail world annual report* (Gloria 2009, 2010, 2011, 2012, 2013, 2014).

## 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 since 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 expenditure areas in the health expenditure 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, 2011–12 to 2013–14.

**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<sup>(a)</sup>, 2011–12 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	1,776	15,137	3,028	19,941	22,905	42,846	5,890	2,450	2,331	10,671	53,516
Public hospital services <sup>(e)</sup>	853	14,890	388	16,130	22,411	38,541	754	1,117	1,630	3,501	42,042
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	20,288	920	22,852	7,092	29,944	1,790	17,038	1,825	20,653	50,597
Unreferred medical services	837	6,982	..	7,819	..	7,819	..	640	1,128	1,768	9,587
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 <sup>(f)</sup>	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
<b>Total recurrent funding</b>	<b>3,619</b>	<b>51,338</b>	<b>5,377</b>	<b>60,333</b>	<b>33,113</b>	<b>93,446</b>	<b>10,459</b>	<b>24,662</b>	<b>4,577</b>	<b>39,699</b>	<b>133,144</b>
Capital expenditure	..	218	..	218	5,111	5,329	..	..	3,484	3,484	8,813
<b>Total health funding</b>	<b>3,619</b>	<b>51,556</b>	<b>5,377</b>	<b>60,551</b>	<b>38,224</b>	<b>98,775</b>	<b>10,459</b>	<b>24,662</b>	<b>8,061</b>	<b>43,182</b>	<b>141,957</b>
Medical expenses tax rebate	..	541	..	541	..	541	..	-541	..	-541	—
<b>Total health funding</b>	<b>3,619</b>	<b>52,097</b>	<b>5,377</b>	<b>61,092</b>	<b>38,224</b>	<b>99,316</b>	<b>10,459</b>	<b>24,121</b>	<b>8,061</b>	<b>42,641</b>	<b>141,957</b>

Note: See page 82.

**Table A2: Total health expenditure, current prices, by area of expenditure and source of funds<sup>(a)</sup>, 2012–13 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	1,664	15,331	2,882	19,876	23,696	43,573	6,637	2,803	2,514	11,954	55,527
Public hospital services <sup>(e)</sup>	785	15,065	393	16,242	23,239	39,481	904	1,305	1,754	3,963	43,444
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 <sup>(f)</sup>	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
<b>Total recurrent funding</b>	<b>3,474</b>	<b>51,911</b>	<b>5,144</b>	<b>60,529</b>	<b>34,252</b>	<b>94,781</b>	<b>11,849</b>	<b>26,693</b>	<b>5,039</b>	<b>43,580</b>	<b>138,361</b>
Capital expenditure	..	72	..	72	5,099	5,171	..	..	3,436	3,436	8,607
<b>Total health funding</b>	<b>3,474</b>	<b>51,983</b>	<b>5,144</b>	<b>60,601</b>	<b>39,351</b>	<b>99,952</b>	<b>11,849</b>	<b>26,693</b>	<b>8,474</b>	<b>47,016</b>	<b>146,968</b>
Medical expenses tax rebate	..	422	..	422	..	422	..	-422	..	-422	—
<b>Total health funding</b>	<b>3,474</b>	<b>52,404</b>	<b>5,144</b>	<b>61,022</b>	<b>39,351</b>	<b>100,373</b>	<b>11,849</b>	<b>26,272</b>	<b>8,474</b>	<b>46,594</b>	<b>146,968</b>

Note: See page 82.

**Table A3: Total health expenditure, current prices, by area of expenditure and source of funds<sup>(a)</sup>, 2013–14 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	1,673	15,983	3,128	20,784	25,295	46,079	7,289	2,752	2,651	12,691	58,771
Public hospital services <sup>(e)</sup>	759	15,677	405	16,841	24,788	41,629	944	1,308	1,842	4,094	45,723
Private hospitals	914	306	2,723	3,943	507	4,450	6,344	1,444	809	8,598	13,048
Primary health care	1,628	20,708	997	23,334	7,692	31,026	2,323	19,358	2,023	23,704	54,730
Unreferred medical services	857	7,837	..	8,694	..	8,694	..	686	1,217	1,903	10,597
Dental services	109	503	664	1,275	713	1,989	1,547	5,336	43	6,925	8,914
Other health practitioners	256	1,253	312	1,822	9	1,831	726	2,490	372	3,589	5,420
Community health and other <sup>(f)</sup>	1	1,252	—	1,253	6,155	7,408	1	224	185	409	7,817
Public health	..	1,251	..	1,251	815	2,066	..	26	128	153	2,220
Benefit-paid pharmaceuticals	406	8,047	..	8,452	..	8,452	..	1,598	..	1,598	10,050
All other medications	..	566	21	587	..	587	49	8,999	78	9,126	9,713
Other	212	17,695	1,401	19,308	3,362	22,670	3,265	5,622	461	9,348	32,018
Patient transport services	169	57	78	304	2,196	2,500	183	402	104	689	3,188
Referred medical services	..	11,593	589	12,182	..	12,182	1,374	2,584	..	3,958	16,140
Aids and appliances	2	458	247	707	..	707	575	2,627	77	3,280	3,987
Administration	38	1,349	487	1,873	348	2,221	1,134	4	1	1,138	3,360
Research	2	4,240	..	4,242	818	5,060	..	5	278	283	5,343
<b>Total recurrent funding</b>	<b>3,513</b>	<b>54,386</b>	<b>5,526</b>	<b>63,426</b>	<b>36,349</b>	<b>99,775</b>	<b>12,877</b>	<b>27,732</b>	<b>5,135</b>	<b>45,743</b>	<b>145,519</b>
Capital expenditure	..	49	..	49	4,783	4,832	..	..	4,282	4,282	9,114
<b>Total health funding</b>	<b>3,513</b>	<b>54,435</b>	<b>5,526</b>	<b>63,475</b>	<b>41,132</b>	<b>104,607</b>	<b>12,877</b>	<b>27,732</b>	<b>9,417</b>	<b>50,025</b>	<b>154,633</b>
Medical expenses tax rebate	..	226	..	226	..	226	..	-226	..	-226	—
<b>Total health funding</b>	<b>3,513</b>	<b>54,661</b>	<b>5,526</b>	<b>63,701</b>	<b>41,132</b>	<b>104,833</b>	<b>12,877</b>	<b>27,506</b>	<b>9,417</b>	<b>49,800</b>	<b>154,633</b>

Note: See page 82.

**Table A4: Total health expenditure, constant prices<sup>(h)</sup>, by area of expenditure and source of funds<sup>(a)</sup>, 2011–12 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	1,879	16,015	3,204	21,099	24,256	45,355	6,233	2,591	2,461	11,285	56,640
Public hospital services <sup>(e)</sup>	901	15,754	410	17,065	23,727	40,792	797	1,180	1,722	3,698	44,490
Private hospitals	978	261	2,795	4,034	529	4,563	5,436	1,411	740	7,587	12,150
Primary health care	1,697	20,863	960	23,520	7,517	31,037	1,867	17,621	1,916	21,404	52,441
Unreferred medical services	870	7,288	..	8,159	..	8,159	..	664	1,175	1,839	9,998
Dental services	107	984	624	1,715	760	2,476	1,215	4,870	35	6,120	8,595
Other health practitioners	253	1,138	310	1,701	9	1,710	603	2,375	419	3,396	5,106
Community health and other <sup>(f)</sup>	1	1,187	—	1,188	6,046	7,234	1	122	158	281	7,515
Public health	..	1,604	..	1,604	703	2,307	..	21	49	70	2,377
Benefit-paid pharmaceuticals	466	8,105	..	8,571	..	8,571	..	1,554	..	1,554	10,125
All other medications	..	556	25	581	..	581	48	8,016	80	8,144	8,725
Other	209	16,670	1,484	18,363	3,302	21,665	2,887	5,219	441	8,546	30,211
Patient transport services	160	59	91	310	2,206	2,516	178	370	101	649	3,165
Referred medical services	..	10,644	601	11,245	..	11,245	1,169	2,408	..	3,577	14,822
Aids and appliances	2	449	229	680	..	680	445	2,436	63	2,944	3,624
Administration	45	1,603	563	2,211	320	2,532	1,095	—	2	1,097	3,629
Research	2	3,915	..	3,917	776	4,693	..	5	274	279	4,972
<b>Total recurrent funding</b>	<b>3,786</b>	<b>53,548</b>	<b>5,648</b>	<b>62,982</b>	<b>35,076</b>	<b>98,057</b>	<b>10,986</b>	<b>25,431</b>	<b>4,818</b>	<b>41,235</b>	<b>139,293</b>
Capital expenditure	..	218	..	218	5,210	5,428	..	..	3,584	3,584	9,012
<b>Total health funding</b>	<b>3,786</b>	<b>53,766</b>	<b>5,648</b>	<b>63,200</b>	<b>40,286</b>	<b>103,485</b>	<b>10,986</b>	<b>25,431</b>	<b>8,402</b>	<b>44,819</b>	<b>148,304</b>
Medical expenses tax rebate	..	574	..	574	..	574	..	-574	..	-574	—
<b>Total health funding</b>	<b>3,786</b>	<b>54,340</b>	<b>5,648</b>	<b>63,774</b>	<b>40,286</b>	<b>104,059</b>	<b>10,986</b>	<b>24,856</b>	<b>8,402</b>	<b>44,245</b>	<b>148,304</b>

Note: See page 82.

**Table A5: Total health expenditure, constant prices<sup>(h)</sup>, by area of expenditure and source of funds<sup>(a)</sup>, 2012–13 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	1,710	15,754	2,961	20,425	24,359	44,785	6,821	2,881	2,582	12,284	57,068
Public hospital services <sup>(e)</sup>	806	15,480	403	16,689	23,885	40,574	928	1,343	1,801	4,072	44,647
Private hospitals	904	273	2,558	3,736	474	4,210	5,893	1,538	781	8,212	12,422
Primary health care	1,633	20,499	935	23,067	7,668	30,735	2,154	18,843	2,129	23,126	53,861
Unreferred medical services	852	7,544	..	8,396	..	8,396	..	672	1,269	1,942	10,338
Dental services	101	854	614	1,570	666	2,235	1,414	5,131	38	6,583	8,819
Other health practitioners	251	1,207	299	1,757	13	1,770	688	2,525	439	3,651	5,422
Community health and other <sup>(f)</sup>	1	1,216	—	1,217	6,080	7,297	1	158	203	362	7,658
Public health	..	1,182	..	1,182	910	2,091	..	14	98	112	2,203
Benefit-paid pharmaceuticals	428	7,980	..	8,408	..	8,408	..	1,544	..	1,544	9,952
All other medications	..	516	22	538	..	538	51	8,799	82	8,932	9,470
Other	206	16,634	1,366	18,206	3,180	21,387	3,147	5,357	453	8,957	30,344
Patient transport services	162	57	87	306	2,125	2,430	200	362	103	665	3,096
Referred medical services	..	11,076	565	11,642	..	11,642	1,302	2,469	..	3,771	15,413
Aids and appliances	2	429	224	654	..	654	515	2,518	58	3,090	3,745
Administration	41	1,132	491	1,664	243	1,907	1,130	3	1	1,134	3,042
Research	1	3,940	..	3,941	813	4,753	..	4	291	296	5,049
<b>Total recurrent funding</b>	<b>3,549</b>	<b>52,886</b>	<b>5,263</b>	<b>61,698</b>	<b>35,208</b>	<b>96,906</b>	<b>12,122</b>	<b>27,081</b>	<b>5,163</b>	<b>44,366</b>	<b>141,273</b>
Capital expenditure	..	72	..	72	5,141	5,213	..	..	3,514	3,514	8,727
<b>Total health funding</b>	<b>3,549</b>	<b>52,959</b>	<b>5,263</b>	<b>61,770</b>	<b>40,350</b>	<b>102,120</b>	<b>12,122</b>	<b>27,081</b>	<b>8,677</b>	<b>47,880</b>	<b>150,000</b>
Medical expenses tax rebate	..	433	..	433	..	433	..	-433	..	-433	—
<b>Total health funding</b>	<b>3,549</b>	<b>53,392</b>	<b>5,263</b>	<b>62,203</b>	<b>40,350</b>	<b>102,553</b>	<b>12,122</b>	<b>26,648</b>	<b>8,677</b>	<b>47,447</b>	<b>150,000</b>

Note: See page 82.

**Table A6: Total health expenditure, constant prices<sup>(h)</sup>, by area of expenditure and source of funds<sup>(a)</sup>, 2013–14 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	1,673	15,983	3,128	20,784	25,295	46,079	7,289	2,752	2,651	12,691	58,771
Public hospital services <sup>(e)</sup>	759	15,677	405	16,841	24,788	41,629	944	1,308	1,842	4,094	45,723
Private hospitals	914	306	2,723	3,943	507	4,450	6,344	1,444	809	8,598	13,048
Primary health care	1,628	20,708	997	23,334	7,692	31,026	2,323	19,358	2,023	23,704	54,730
Unreferred medical services	857	7,837	..	8,694	..	8,694	..	686	1,217	1,903	10,597
Dental services	109	503	664	1,275	713	1,989	1,547	5,336	43	6,925	8,914
Other health practitioners	256	1,253	312	1,822	9	1,831	726	2,490	372	3,589	5,420
Community health and other <sup>(f)</sup>	1	1,252	—	1,253	6,155	7,408	1	224	185	409	7,817
Public health	..	1,251	..	1,251	815	2,066	..	26	128	153	2,220
Benefit-paid pharmaceuticals	406	8,047	..	8,452	..	8,452	..	1,598	..	1,598	10,050
All other medications	..	566	21	587	..	587	49	8,999	78	9,126	9,713
Other	212	17,695	1,401	19,308	3,362	22,670	3,265	5,622	461	9,348	32,018
Patient transport services	169	57	78	304	2,196	2,500	183	402	104	689	3,188
Referred medical services	..	11,593	589	12,182	..	12,182	1,374	2,584	..	3,958	16,140
Aids and appliances	2	458	247	707	..	707	575	2,627	77	3,280	3,987
Administration	38	1,349	487	1,873	348	2,221	1,134	4	1	1,138	3,360
Research	2	4,240	..	4,242	818	5,060	..	5	278	283	5,343
<b>Total recurrent funding</b>	<b>3,513</b>	<b>54,386</b>	<b>5,526</b>	<b>63,426</b>	<b>36,349</b>	<b>99,775</b>	<b>12,877</b>	<b>27,732</b>	<b>5,135</b>	<b>45,743</b>	<b>145,519</b>
Capital expenditure	..	49	..	49	4,783	4,832	..	..	4,282	4,282	9,114
<b>Total health funding</b>	<b>3,513</b>	<b>54,435</b>	<b>5,526</b>	<b>63,475</b>	<b>41,132</b>	<b>104,607</b>	<b>12,877</b>	<b>27,732</b>	<b>9,417</b>	<b>50,025</b>	<b>154,633</b>
Medical expenses tax rebate	..	226	..	226	..	226	..	-226	..	-226	—
<b>Total health funding</b>	<b>3,513</b>	<b>54,661</b>	<b>5,526</b>	<b>63,701</b>	<b>41,132</b>	<b>104,833</b>	<b>12,877</b>	<b>27,506</b>	<b>9,417</b>	<b>49,800</b>	<b>154,633</b>

Note: See page 82.

Table A7: Annual growth in health expenditure, current prices, by area of expenditure, 2003–04 to 2013–14 (per cent)

Area of expenditure	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	Average annual growth	
	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 2012–13	to 2013–14	2003–04 to 2013–14	2008–09 to 2013–14
Hospitals	8.7	8.5	9.7	9.6	10.7	8.5	7.5	7.6	3.8	5.8	8.0	6.6
Public hospitals <sup>(i)</sup> /Public hospital services <sup>(e)</sup>	9.4	9.3	10.4	10.0	8.6	8.3	7.6	7.8	3.3	5.2	8.0	6.4
Private hospitals	6.2	5.6	7.0	8.2	..	9.3	7.1	6.6	5.3	8.0	..	7.2
Primary health care	10.0	4.4	8.9	9.9	7.3	6.7	8.2	6.8	4.6	3.4	7.0	5.9
Unreferred medical services	14.3	2.0	6.4	11.3	4.7	8.2	8.2	4.0	6.0	4.2	6.9	6.1
Dental services	9.2	5.6	7.0	6.2	10.7	7.5	8.1	6.1	4.4	2.4	6.7	5.7
Other health practitioners	5.6	8.5	7.7	3.1	1.6	9.2	16.4	9.1	9.6	4.0	7.4	9.6
Community health and other <sup>(f)</sup>	9.3	9.2	12.7	14.5	5.1	7.2	7.6	12.6	5.0	5.0	8.8	7.4
Public health	14.1	1.6	16.4	25.0	–1.1	–10.4	–2.9	15.3	–4.6	3.6	5.2	–0.2
Medications	8.9	3.1	9.3	8.7	10.8	7.5	7.9	5.1	3.7	2.5	6.7	5.3
Benefit-paid pharmaceuticals	6.2	3.0	3.1	7.9	9.9	7.5	2.0	3.3	–1.8	0.8	4.1	2.3
All other medications	13.7	3.2	19.9	9.9	12.1	7.4	16.3	7.4	10.3	4.3	10.3	9.1
Other	11.7	7.8	8.7	9.0	14.1	6.6	4.4	7.5	2.9	7.1	8.0	5.7
Patient transport services	9.0	4.3	16.7	12.0	19.3	8.3	7.6	7.4	0.7	5.8	9.0	5.9
Referred medical services	13.0	8.6	8.9	8.2	10.4	6.5	4.5	7.6	6.4	6.5	8.0	6.3
Aids and appliances	12.6	7.0	8.0	2.9	4.9	7.1	3.7	1.5	4.3	3.7	5.5	4.1
Administration	8.3	0.2	–0.8	10.3	15.2	–4.9	5.1	13.4	–13.4	13.6	4.3	2.2
Research	11.8	18.1	13.8	16.3	34.6	15.0	2.4	8.2	4.9	8.7	13.1	7.8
<b>Total recurrent expenditure</b>	<b>9.8</b>	<b>6.7</b>	<b>9.2</b>	<b>9.6</b>	<b>10.1</b>	<b>7.4</b>	<b>7.1</b>	<b>7.3</b>	<b>3.9</b>	<b>5.2</b>	<b>7.6</b>	<b>6.2</b>
Capital expenditure	18.6	11.0	15.5	1.0	16.6	–10.5	29.4	17.7	–2.3	5.9	9.7	7.1
<b>Total health expenditure<sup>(g)</sup></b>	<b>10.3</b>	<b>6.9</b>	<b>9.5</b>	<b>9.1</b>	<b>10.5</b>	<b>6.4</b>	<b>8.1</b>	<b>7.9</b>	<b>3.5</b>	<b>5.2</b>	<b>7.7</b>	<b>6.2</b>

Note: See page 82.



**Table A8: Annual growth in health expenditure, constant prices<sup>(h)</sup>, by area of expenditure, 2003–04 to 2013–14 (per cent)**

Area of expenditure	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	Average annual growth	
	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 2012–13	to 2013–14	2003–04 to 2013–14	2008–09 to 2013–14
Hospitals	5.9	3.5	5.6	6.3	7.6	4.6	6.0	5.0	0.8	3.0	4.8	3.9
Public hospitals <sup>(i)</sup> /Public hospital services <sup>(e)</sup>	6.6	4.2	6.3	6.7	5.7	4.4	6.1	5.3	0.4	2.4	4.8	3.7
Private hospitals	3.5	1.1	2.9	5.0	..	5.2	5.7	4.0	2.2	5.0	..	4.4
Primary health care	6.0	1.0	5.9	8.2	4.4	4.7	7.6	5.6	2.7	1.6	4.7	4.4
Unreferred medical services	5.9	–3.5	3.2	10.3	0.9	6.1	7.1	2.1	3.4	2.5	3.7	4.2
Dental services	2.6	1.4	1.4	2.1	7.8	4.7	7.1	5.8	2.6	1.1	3.6	4.2
Other health practitioners	2.6	3.5	5.6	3.2	–2.5	6.4	12.6	3.5	6.2	—	4.0	5.7
Community health and other <sup>(f)</sup>	5.5	3.5	8.1	10.4	–1.4	3.4	5.7	9.8	1.9	2.1	4.8	4.5
Public health	11.2	–2.8	11.9	21.3	–4.1	–13.6	–4.2	12.6	–7.3	0.8	2.0	–2.8
Medications	8.5	2.7	8.1	8.4	11.4	7.0	9.0	5.5	3.0	1.8	6.5	5.2
Benefit-paid pharmaceuticals	6.1	3.0	3.1	7.8	9.7	7.5	2.0	3.3	–1.7	1.0	4.1	2.4
All other medications	12.8	2.1	16.5	9.3	13.8	6.3	19.1	8.3	8.5	2.6	9.8	8.8
Other	5.8	2.8	5.1	7.0	11.1	4.6	3.5	5.8	0.4	5.5	5.1	3.9
Patient transport services	6.2	–0.5	12.4	8.6	15.8	4.4	6.2	4.9	–2.2	3.0	5.8	3.2
Referred medical services	4.8	2.8	5.6	7.2	6.3	4.4	3.0	5.8	4.0	4.7	4.9	4.4
Aids and appliances	9.8	4.2	5.8	0.1	6.9	12.5	11.4	3.0	3.3	6.5	6.3	7.3
Administration	4.5	–4.0	–5.2	6.2	10.3	–8.6	1.9	10.2	–16.2	10.5	0.6	–1.0
Research	7.9	13.0	9.1	12.1	29.2	10.8	–0.9	5.3	1.5	5.8	9.1	4.4
<b>Total recurrent expenditure</b>	<b>5.9</b>	<b>2.4</b>	<b>5.6</b>	<b>7.2</b>	<b>7.1</b>	<b>4.6</b>	<b>6.1</b>	<b>5.4</b>	<b>1.4</b>	<b>3.0</b>	<b>4.9</b>	<b>4.1</b>
Capital expenditure	16.7	5.6	12.9	–3.1	13.0	–9.2	28.4	17.3	–3.2	4.4	7.7	6.7
<b>Total health expenditure<sup>(g)</sup></b>	<b>6.4</b>	<b>2.6</b>	<b>6.0</b>	<b>6.6</b>	<b>7.4</b>	<b>3.9</b>	<b>7.1</b>	<b>6.1</b>	<b>1.1</b>	<b>3.1</b>	<b>5.0</b>	<b>4.2</b>

Note: See page 82.

**Table A9: Proportions of recurrent health expenditure, current prices, by area of expenditure, 2003–04 to 2013–14 (per cent)**

Area of expenditure	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Hospitals	38.9	38.5	39.1	39.3	39.3	39.5	39.9	40.1	40.2	40.1	40.4
Public hospitals <sup>(i)</sup> /Public hospital services <sup>(e)</sup>	30.4	30.3	31.0	31.3	31.4	31.0	31.3	31.4	31.6	31.4	31.4
Private hospitals	8.5	8.2	8.2	8.0	7.9	8.5	8.7	8.7	8.6	8.7	9.0
Primary health care	39.8	39.8	39.0	38.9	39.0	38.0	37.8	38.2	38.0	38.3	37.6
Unreferred medical services	7.8	8.1	7.7	7.6	7.7	7.3	7.3	7.4	7.2	7.3	7.3
Dental services	6.7	6.6	6.6	6.4	6.2	6.3	6.3	6.3	6.3	6.3	6.1
Other health practitioners	3.8	3.6	3.7	3.7	3.4	3.2	3.2	3.5	3.6	3.8	3.7
Community health and other <sup>(f)</sup>	4.8	4.8	4.9	5.1	5.3	5.1	5.0	5.1	5.3	5.4	5.4
Public health	1.9	2.0	1.9	2.0	2.3	2.1	1.7	1.6	1.7	1.5	1.5
Benefit-paid pharmaceuticals	9.6	9.3	8.9	8.4	8.3	8.3	8.3	7.9	7.6	7.2	6.9
All other medications	5.2	5.4	5.2	5.7	5.7	5.8	5.8	6.3	6.3	6.7	6.7
Other	21.3	21.7	21.9	21.8	21.7	22.5	22.3	21.8	21.8	21.6	22.0
Patient transport services	1.9	1.9	1.9	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2
Referred medical services	10.7	11.0	11.2	11.1	11.0	11.0	10.9	10.7	10.7	11.0	11.1
Aids and appliances	3.3	3.4	3.4	3.4	3.2	3.0	3.0	2.9	2.8	2.8	2.7
Administration	3.1	3.1	2.9	2.6	2.7	2.8	2.5	2.4	2.6	2.1	2.3
Research	2.2	2.3	2.5	2.6	2.8	3.4	3.6	3.5	3.5	3.6	3.7
<b>Total recurrent expenditure</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: See page 82.



## Notes to Appendix A tables

- (a) Tables show funding provided by the Australian Government, and state and territory and local governments 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 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. On 1 April 2014, the rebate was reduced from 10–40% to 9.68–38.72%.
- (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 exclude certain services undertaken in hospitals and can include services provided off-site, such as hospital in the home and dialysis. See 'Chapter 5 Technical notes' for more information.
- (f) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure. For example, expenditure by substance abuse treatment centres, providers of general health administration or providers of regional health services not further defined.
- (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 2003–04 to 2013–14 is expressed in terms of 2013–14 prices.
- (i) 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

1. Components in some appendix tables may not add to totals due to rounding.
2. State and local governments include territory governments.

# **Appendix B: State and territory health expenditure matrixes, 2011–12 to 2013–14**

**Table B1: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds<sup>(a)</sup>, 2011–12 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	643	4,832	971	6,446	6,838	13,284	1,888	588	926	3,402	16,686
Public hospital services <sup>(e)</sup>	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 <sup>(f)</sup>	—	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
<b>Total recurrent funding</b>	<b>1,256</b>	<b>16,926</b>	<b>1,731</b>	<b>19,913</b>	<b>9,383</b>	<b>29,296</b>	<b>3,367</b>	<b>7,381</b>	<b>1,894</b>	<b>12,641</b>	<b>41,937</b>
Capital expenditure	..	65	..	65	765	830	..	..	1,430	1,430	2,261
<b>Total health funding<sup>(g)</sup></b>	<b>1,256</b>	<b>16,991</b>	<b>1,731</b>	<b>19,978</b>	<b>10,148</b>	<b>30,127</b>	<b>3,367</b>	<b>7,381</b>	<b>3,324</b>	<b>14,071</b>	<b>44,198</b>
Medical expenses tax rebate	..	206	..	206	..	206	..	-206	..	-206	—
<b>Total health funding</b>	<b>1,256</b>	<b>17,198</b>	<b>1,731</b>	<b>20,185</b>	<b>10,148</b>	<b>30,333</b>	<b>3,367</b>	<b>7,174</b>	<b>3,324</b>	<b>13,865</b>	<b>44,198</b>

Note: See page 108.

**Table B2: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds<sup>(a)</sup>, 2012–13 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	589	4,918	924	6,431	7,076	13,507	2,128	662	1,010	3,800	17,308
Public hospital services <sup>(e)</sup>	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 <sup>(f)</sup>	—	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
<b>Total recurrent funding</b>	<b>1,192</b>	<b>17,469</b>	<b>1,656</b>	<b>20,317</b>	<b>9,670</b>	<b>29,987</b>	<b>3,815</b>	<b>8,008</b>	<b>2,151</b>	<b>13,974</b>	<b>43,961</b>
Capital expenditure	..	19	..	19	1,573	1,592	..	..	1,468	1,468	3,061
<b>Total health funding<sup>(g)</sup></b>	<b>1,192</b>	<b>17,488</b>	<b>1,656</b>	<b>20,337</b>	<b>11,243</b>	<b>31,580</b>	<b>3,815</b>	<b>8,008</b>	<b>3,619</b>	<b>15,442</b>	<b>47,022</b>
Medical expenses tax rebate	..	160	..	160	..	160	..	-160	..	-160	—
<b>Total health funding</b>	<b>1,192</b>	<b>17,648</b>	<b>1,656</b>	<b>20,497</b>	<b>11,243</b>	<b>31,740</b>	<b>3,815</b>	<b>7,848</b>	<b>3,619</b>	<b>15,282</b>	<b>47,022</b>

Note: See page 108.

**Table B3: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds<sup>(a)</sup>, 2013–14 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	595	5,025	1,022	6,642	7,778	14,420	2,381	562	1,054	3,997	18,417
Public hospital services <sup>(e)</sup>	366	4,925	200	5,491	7,778	13,269	466	240	779	1,484	14,754
Private hospitals	229	100	822	1,151	..	1,151	1,915	322	275	2,513	3,663
Primary health care	505	6,895	318	7,718	1,934	9,652	742	6,116	945	7,803	17,454
Unreferred medical services	258	2,646	..	2,905	..	2,905	..	170	566	736	3,641
Dental services	33	209	209	451	132	583	486	1,497	5	1,989	2,572
Other health practitioners	73	417	101	591	..	591	236	758	116	1,110	1,701
Community health and other <sup>(f)</sup>	—	322	—	323	1,631	1,954	—	113	125	239	2,192
Public health	..	396	..	396	171	567	..	..	123	123	690
Benefit-paid pharmaceuticals	141	2,716	..	2,857	..	2,857	..	528	..	528	3,384
All other medications	..	187	8	195	..	195	19	3,050	9	3,079	3,274
Other	93	6,176	453	6,722	785	7,507	1,057	1,607	154	2,818	10,325
Patient transport services	92	4	49	145	572	717	114	88	40	242	959
Referred medical services	..	4,114	172	4,285	..	4,285	400	1,019	..	1,419	5,704
Aids and appliances	1	150	85	237	..	237	198	500	5	702	939
Administration	—	453	148	601	—	601	345	..	..	345	946
Research	—	1,454	..	1,454	213	1,666	..	1	110	111	1,777
<b>Total recurrent funding</b>	<b>1,193</b>	<b>18,095</b>	<b>1,794</b>	<b>21,082</b>	<b>10,496</b>	<b>31,578</b>	<b>4,179</b>	<b>8,285</b>	<b>2,154</b>	<b>14,618</b>	<b>46,197</b>
Capital expenditure	..	13	..	13	1,182	1,195	..	..	1,198	1,198	2,393
<b>Total health funding<sup>(g)</sup></b>	<b>1,193</b>	<b>18,108</b>	<b>1,794</b>	<b>21,095</b>	<b>11,678</b>	<b>32,774</b>	<b>4,179</b>	<b>8,285</b>	<b>3,352</b>	<b>15,816</b>	<b>48,590</b>
Medical expenses tax rebate	..	86	..	86	..	86	..	–86	..	–86	—
<b>Total health funding</b>	<b>1,193</b>	<b>18,194</b>	<b>1,794</b>	<b>21,181</b>	<b>11,678</b>	<b>32,860</b>	<b>4,179</b>	<b>8,200</b>	<b>3,352</b>	<b>15,730</b>	<b>48,590</b>

Note: See page 108.



**Table B4: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds<sup>(a)</sup>, 2011–12 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	361	3,842	767	4,970	5,157	10,127	1,492	763	738	2,993	13,119
Public hospital services <sup>(e)</sup>	163	3,787	92	4,043	5,074	9,117	178	388	499	1,066	10,183
Private hospitals	198	54	675	927	82	1,010	1,314	375	238	1,927	2,936
Primary health care	336	4,862	190	5,388	869	6,257	369	5,066	348	5,784	12,041
Unreferred medical services	177	1,755	..	1,932	..	1,932	..	166	173	338	2,270
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 <sup>(f)</sup>	—	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	1	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
<b>Total recurrent funding</b>	<b>730</b>	<b>12,980</b>	<b>1,304</b>	<b>15,014</b>	<b>6,602</b>	<b>21,616</b>	<b>2,538</b>	<b>7,326</b>	<b>1,225</b>	<b>11,089</b>	<b>32,705</b>
Capital expenditure	..	44	..	44	626	670	..	..	1,005	1,005	1,675
<b>Total health funding<sup>(g)</sup></b>	<b>730</b>	<b>13,024</b>	<b>1,304</b>	<b>15,058</b>	<b>7,228</b>	<b>22,286</b>	<b>2,538</b>	<b>7,326</b>	<b>2,230</b>	<b>12,094</b>	<b>34,380</b>
Medical expenses tax rebate	..	141	..	141	..	141	..	-141	..	-141	—
<b>Total health funding</b>	<b>730</b>	<b>13,165</b>	<b>1,304</b>	<b>15,199</b>	<b>7,228</b>	<b>22,427</b>	<b>2,538</b>	<b>7,185</b>	<b>2,230</b>	<b>11,953</b>	<b>34,380</b>

Note: See page 108.

**Table B5: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds<sup>(a)</sup>, 2012–13 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	357	3,816	731	4,905	5,203	10,107	1,685	858	527	3,070	13,178
Public hospital services <sup>(e)</sup>	156	3,761	97	4,014	5,203	9,217	223	410	306	939	10,156
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 <sup>(f)</sup>	—	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	1	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
<b>Total recurrent funding</b>	<b>721</b>	<b>13,080</b>	<b>1,247</b>	<b>15,048</b>	<b>6,753</b>	<b>21,801</b>	<b>2,871</b>	<b>7,919</b>	<b>1,004</b>	<b>11,795</b>	<b>33,595</b>
Capital expenditure	..	15	..	15	497	512	..	..	1,027	1,027	1,539
<b>Total health funding<sup>(g)</sup></b>	<b>721</b>	<b>13,095</b>	<b>1,247</b>	<b>15,063</b>	<b>7,250</b>	<b>22,312</b>	<b>2,871</b>	<b>7,919</b>	<b>2,031</b>	<b>12,822</b>	<b>35,134</b>
Medical expenses tax rebate	..	109	..	109	..	109	..	-109	..	-109	—
<b>Total health funding</b>	<b>721</b>	<b>13,204</b>	<b>1,247</b>	<b>15,172</b>	<b>7,250</b>	<b>22,422</b>	<b>2,871</b>	<b>7,810</b>	<b>2,031</b>	<b>12,712</b>	<b>35,134</b>

Note: See page 108.

**Table B6: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds<sup>(a)</sup>, 2013–14 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	335	3,938	782	5,055	5,652	10,708	1,822	889	536	3,247	13,955
Public hospital services <sup>(e)</sup>	137	3,873	90	4,100	5,652	9,753	210	411	300	922	10,674
Private hospitals	198	65	692	955	..	955	1,612	477	237	2,326	3,280
Primary health care	319	4,992	205	5,515	958	6,473	478	5,781	324	6,583	13,056
Unreferred medical services	172	1,947	..	2,119	..	2,119	..	176	183	359	2,477
Dental services	17	124	131	272	179	452	306	2,006	12	2,324	2,776
Other health practitioners	45	342	71	458	..	458	165	912	79	1,156	1,614
Community health and other <sup>(f)</sup>	—	179	—	179	569	749	—	13	23	36	785
Public health	..	298	..	298	209	507	..	3	1	4	511
Benefit-paid pharmaceuticals	84	1,965	..	2,049	..	2,049	..	396	..	396	2,446
All other medications	..	136	3	139	..	139	7	2,276	25	2,308	2,447
Other	32	4,690	343	5,065	619	5,684	799	1,615	153	2,567	8,251
Patient transport services	32	1	10	43	453	496	24	225	31	281	777
Referred medical services	..	2,894	162	3,055	..	3,055	376	550	..	926	3,981
Aids and appliances	—	114	50	165	..	165	118	840	29	987	1,152
Administration	—	331	120	451	—	451	280	..	..	280	731
Research	—	1,350	..	1,350	167	1,517	..	—	93	93	1,610
<b>Total recurrent funding</b>	<b>686</b>	<b>13,619</b>	<b>1,330</b>	<b>15,635</b>	<b>7,230</b>	<b>22,865</b>	<b>3,099</b>	<b>8,285</b>	<b>1,014</b>	<b>12,397</b>	<b>35,262</b>
Capital expenditure	..	10	..	10	913	923	..	..	992	992	1,915
<b>Total health funding<sup>(g)</sup></b>	<b>686</b>	<b>13,629</b>	<b>1,330</b>	<b>15,645</b>	<b>8,143</b>	<b>23,788</b>	<b>3,099</b>	<b>8,285</b>	<b>2,005</b>	<b>13,389</b>	<b>37,177</b>
Medical expenses tax rebate	..	59	..	59	..	59	..	-59	..	-59	—
<b>Total health funding</b>	<b>686</b>	<b>13,687</b>	<b>1,330</b>	<b>15,704</b>	<b>8,143</b>	<b>23,846</b>	<b>3,099</b>	<b>8,226</b>	<b>2,005</b>	<b>13,330</b>	<b>37,177</b>

Note: See page 108.

**Table B7: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds<sup>(a)</sup>, 2011–12 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	420	3,000	635	4,055	4,237	8,292	1,235	758	415	2,408	10,700
Public hospital services <sup>(e)</sup>	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 <sup>(f)</sup>	—	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
<b>Total recurrent funding</b>	<b>875</b>	<b>10,001</b>	<b>1,094</b>	<b>11,970</b>	<b>7,368</b>	<b>19,338</b>	<b>2,128</b>	<b>4,707</b>	<b>687</b>	<b>7,523</b>	<b>26,861</b>
Capital expenditure	..	37	..	37	1,853	1,890	..	..	543	543	2,433
<b>Total health funding<sup>(g)</sup></b>	<b>875</b>	<b>10,038</b>	<b>1,094</b>	<b>12,007</b>	<b>9,221</b>	<b>21,229</b>	<b>2,128</b>	<b>4,707</b>	<b>1,230</b>	<b>8,065</b>	<b>29,294</b>
Medical expenses tax rebate	..	99	..	99	..	99	..	-99	..	-99	—
<b>Total health funding</b>	<b>875</b>	<b>10,137</b>	<b>1,094</b>	<b>12,107</b>	<b>9,221</b>	<b>21,328</b>	<b>2,128</b>	<b>4,608</b>	<b>1,230</b>	<b>7,966</b>	<b>29,294</b>

Note: See page 108.

**Table B8: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds<sup>(a)</sup>, 2012–13 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	403	3,025	601	4,029	4,599	8,628	1,383	672	636	2,692	11,320
Public hospital services <sup>(e)</sup>	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 <sup>(f)</sup>	—	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
<b>Total recurrent funding</b>	<b>862</b>	<b>10,085</b>	<b>1,044</b>	<b>11,991</b>	<b>7,855</b>	<b>19,846</b>	<b>2,404</b>	<b>4,918</b>	<b>964</b>	<b>8,287</b>	<b>28,133</b>
Capital expenditure	..	14	..	14	1,532	1,546	..	..	390	390	1,936
<b>Total health funding<sup>(g)</sup></b>	<b>862</b>	<b>10,099</b>	<b>1,044</b>	<b>12,006</b>	<b>9,387</b>	<b>21,393</b>	<b>2,404</b>	<b>4,918</b>	<b>1,354</b>	<b>8,676</b>	<b>30,069</b>
Medical expenses tax rebate	..	77	..	77	..	77	..	-77	..	-77	—
<b>Total health funding</b>	<b>862</b>	<b>10,176</b>	<b>1,044</b>	<b>12,083</b>	<b>9,387</b>	<b>21,470</b>	<b>2,404</b>	<b>4,841</b>	<b>1,354</b>	<b>8,599</b>	<b>30,069</b>

Note: See page 108.

**Table B9: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds<sup>(a)</sup>, 2013–14 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	402	3,207	650	4,260	4,731	8,991	1,515	647	683	2,845	11,836
Public hospital services <sup>(e)</sup>	87	3,126	50	3,263	4,694	7,957	116	276	527	919	8,876
Private hospitals	315	81	601	996	38	1,034	1,399	371	156	1,927	2,961
Primary health care	443	4,191	202	4,836	2,417	7,253	471	3,385	261	4,117	11,370
Unreferred medical services	241	1,612	..	1,852	..	1,852	..	146	163	309	2,161
Dental services	33	98	137	267	192	460	319	587	11	916	1,376
Other health practitioners	76	245	61	382	..	382	142	558	69	768	1,151
Community health and other <sup>(f)</sup>	—	267	—	267	2,150	2,416	—	20	13	33	2,450
Public health	..	260	..	260	75	335	..	19	..	19	354
Benefit-paid pharmaceuticals	93	1,596	..	1,689	..	1,689	..	316	..	316	2,005
All other medications	..	114	4	118	..	118	10	1,739	6	1,755	1,874
Other	25	3,334	269	3,628	1,077	4,705	627	1,032	45	1,704	6,409
Patient transport services	24	16	—	40	638	678	—	..	5	5	683
Referred medical services	..	2,344	118	2,463	..	2,463	276	519	..	794	3,257
Aids and appliances	1	90	51	142	..	142	118	514	10	642	784
Administration	—	272	100	372	201	573	233	..	..	233	806
Research	—	611	..	611	238	849	..	..	29	29	879
<b>Total recurrent funding</b>	<b>870</b>	<b>10,732</b>	<b>1,121</b>	<b>12,723</b>	<b>8,225</b>	<b>20,949</b>	<b>2,613</b>	<b>5,064</b>	<b>989</b>	<b>8,666</b>	<b>29,615</b>
Capital expenditure	..	10	..	10	1,255	1,265	..	..	1,235	1,235	2,500
<b>Total health funding<sup>(g)</sup></b>	<b>870</b>	<b>10,742</b>	<b>1,121</b>	<b>12,733</b>	<b>9,480</b>	<b>22,213</b>	<b>2,613</b>	<b>5,064</b>	<b>2,224</b>	<b>9,901</b>	<b>32,115</b>
Medical expenses tax rebate	..	41	..	41	..	41	..	—41	..	—41	—
<b>Total health funding</b>	<b>870</b>	<b>10,783</b>	<b>1,121</b>	<b>12,774</b>	<b>9,480</b>	<b>22,255</b>	<b>2,613</b>	<b>5,023</b>	<b>2,224</b>	<b>9,860</b>	<b>32,115</b>

Note: See page 108.

**Table B10: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds<sup>(a)</sup>, 2011–12 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	149	1,494	328	1,971	3,003	4,975	637	98	64	800	5,775
Public hospital services <sup>(e)</sup>	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 <sup>(f)</sup>	—	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
<b>Total recurrent funding</b>	<b>283</b>	<b>4,664</b>	<b>615</b>	<b>5,562</b>	<b>4,137</b>	<b>9,699</b>	<b>1,196</b>	<b>2,629</b>	<b>268</b>	<b>4,093</b>	<b>13,792</b>
Capital expenditure	..	19	..	19	1,160	1,179	..	..	256	256	1,435
<b>Total health funding<sup>(g)</sup></b>	<b>283</b>	<b>4,683</b>	<b>615</b>	<b>5,581</b>	<b>5,297</b>	<b>10,878</b>	<b>1,196</b>	<b>2,629</b>	<b>524</b>	<b>4,349</b>	<b>15,227</b>
Medical expenses tax rebate	..	25	..	25	..	25	..	–25	..	–25	—
<b>Total health funding</b>	<b>283</b>	<b>4,708</b>	<b>615</b>	<b>5,606</b>	<b>5,297</b>	<b>10,903</b>	<b>1,196</b>	<b>2,604</b>	<b>524</b>	<b>4,324</b>	<b>15,227</b>

Note: See page 108.

**Table B11: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds<sup>(a)</sup>, 2012–13 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	161	1,562	313	2,036	3,152	5,187	720	309	107	1,137	6,324
Public hospital services <sup>(e)</sup>	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 <sup>(f)</sup>	—	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	1	143	402
Research	—	288	..	288	74	362	..	1	15	16	379
<b>Total recurrent funding</b>	<b>294</b>	<b>4,721</b>	<b>594</b>	<b>5,610</b>	<b>4,341</b>	<b>9,950</b>	<b>1,368</b>	<b>3,002</b>	<b>333</b>	<b>4,703</b>	<b>14,653</b>
Capital expenditure	..	7	..	7	1,009	1,016	..	..	235	235	1,251
<b>Total health funding<sup>(g)</sup></b>	<b>294</b>	<b>4,728</b>	<b>594</b>	<b>5,616</b>	<b>5,350</b>	<b>10,966</b>	<b>1,368</b>	<b>3,002</b>	<b>568</b>	<b>4,938</b>	<b>15,904</b>
Medical expenses tax rebate	..	36	..	36	..	36	..	–36	..	–36	—
<b>Total health funding</b>	<b>294</b>	<b>4,764</b>	<b>594</b>	<b>5,652</b>	<b>5,350</b>	<b>11,002</b>	<b>1,368</b>	<b>2,967</b>	<b>568</b>	<b>4,903</b>	<b>15,904</b>

Note: See page 108.



**Table B12: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds<sup>(a)</sup>, 2013–14 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	150	1,696	345	2,191	3,179	5,371	804	349	111	1,265	6,635
Public hospital services <sup>(e)</sup>	71	1,654	29	1,754	2,718	4,472	67	317	44	427	4,899
Private hospitals	79	42	316	438	461	899	737	32	68	837	1,736
Primary health care	126	1,890	141	2,157	929	3,086	329	2,023	197	2,549	5,636
Unreferred medical services	62	678	..	741	..	741	..	95	120	215	955
Dental services	10	8	102	121	96	217	238	832	6	1,076	1,293
Other health practitioners	22	105	37	164	..	164	85	87	39	211	375
Community health and other <sup>(f)</sup>	—	154	—	155	709	863	—	12	4	16	879
Public health	..	135	..	135	124	259	..	..	..	..	259
Benefit-paid pharmaceuticals	32	751	..	783	..	783	..	158	..	158	941
All other medications	..	57	2	60	..	60	6	840	28	873	933
Other	8	1,492	171	1,671	422	2,093	399	796	40	1,235	3,329
Patient transport services	8	16	10	34	203	237	23	3	10	36	273
Referred medical services	..	989	66	1,055	..	1,055	154	265	..	419	1,474
Aids and appliances	—	45	28	74	..	74	66	523	11	600	673
Administration	—	124	67	192	145	336	156	4	1	161	497
Research	—	317	..	317	75	391	..	1	19	20	411
<b>Total recurrent funding</b>	<b>284</b>	<b>5,077</b>	<b>658</b>	<b>6,019</b>	<b>4,530</b>	<b>10,550</b>	<b>1,532</b>	<b>3,168</b>	<b>349</b>	<b>5,049</b>	<b>15,599</b>
Capital expenditure	..	5	..	5	972	977	..	..	461	461	1,438
<b>Total health funding<sup>(g)</sup></b>	<b>284</b>	<b>5,082</b>	<b>658</b>	<b>6,024</b>	<b>5,502</b>	<b>11,526</b>	<b>1,532</b>	<b>3,168</b>	<b>810</b>	<b>5,511</b>	<b>17,037</b>
Medical expenses tax rebate	..	19	..	19	..	19	..	-19	..	-19	—
<b>Total health funding</b>	<b>284</b>	<b>5,101</b>	<b>658</b>	<b>6,043</b>	<b>5,502</b>	<b>11,546</b>	<b>1,532</b>	<b>3,149</b>	<b>810</b>	<b>5,492</b>	<b>17,037</b>

Note: See page 108.

**Table B13: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds<sup>(a)</sup>, 2011–12 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	114	1,191	208	1,513	2,069	3,582	404	137	122	663	4,245
Public hospital services <sup>(e)</sup>	67	1,180	22	1,270	2,065 <sup>(h)</sup>	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 <sup>(f)</sup>	—	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
<b>Total recurrent funding</b>	<b>234</b>	<b>4,002</b>	<b>413</b>	<b>4,649</b>	<b>3,062</b>	<b>7,711</b>	<b>804</b>	<b>1,476</b>	<b>338</b>	<b>2,619</b>	<b>10,330</b>
Capital expenditure	..	20	..	20	311	331	..	..	79	79	409
<b>Total health funding<sup>(g)</sup></b>	<b>234</b>	<b>4,022</b>	<b>413</b>	<b>4,669</b>	<b>3,373</b>	<b>8,042</b>	<b>804</b>	<b>1,476</b>	<b>417</b>	<b>2,698</b>	<b>10,740</b>
Medical expenses tax rebate	..	45	..	45	..	45	..	–45	..	–45	—
<b>Total health funding</b>	<b>234</b>	<b>4,067</b>	<b>413</b>	<b>4,714</b>	<b>3,373</b>	<b>8,087</b>	<b>804</b>	<b>1,431</b>	<b>417</b>	<b>2,653</b>	<b>10,740</b>

Note: See page 108.

**Table B14: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds<sup>(a)</sup>, 2012–13 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	106	1,154	196	1,455	2,064	3,519	451	150	155	756	4,274
Public hospital services <sup>(e)</sup>	58	1,143	23	1,224	2,059 <sup>(h)</sup>	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 <sup>(f)</sup>	—	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
<b>Total recurrent funding</b>	<b>223</b>	<b>3,898</b>	<b>390</b>	<b>4,510</b>	<b>3,071</b>	<b>7,581</b>	<b>899</b>	<b>1,598</b>	<b>397</b>	<b>2,894</b>	<b>10,475</b>
Capital expenditure	..	7	..	7	230	237	..	..	69	69	306
<b>Total health funding<sup>(g)</sup></b>	<b>223</b>	<b>3,905</b>	<b>390</b>	<b>4,517</b>	<b>3,301</b>	<b>7,818</b>	<b>899</b>	<b>1,598</b>	<b>466</b>	<b>2,963</b>	<b>10,781</b>
Medical expenses tax rebate	..	20	..	20	..	20	..	–20	..	–20	—
<b>Total health funding</b>	<b>223</b>	<b>3,924</b>	<b>390</b>	<b>4,537</b>	<b>3,301</b>	<b>7,838</b>	<b>899</b>	<b>1,579</b>	<b>466</b>	<b>2,943</b>	<b>10,781</b>

Note: See page 108.

**Table B15: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds<sup>(a)</sup>, 2013–14 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	102	1,172	206	1,480	2,360	3,839	480	160	175	815	4,654
Public hospital services <sup>(e)</sup>	54	1,159	22	1,235	2,354 <sup>(h)</sup>	3,589	51	45	141	236	3,826
Private hospitals	48	13	184	245	5	250	429	115	34	578	828
Primary health care	106	1,601	89	1,797	824	2,620	208	1,133	208	1,549	4,169
Unreferred medical services	51	591	..	642	..	642	..	47	138	184	827
Dental services	9	42	57	108	72	180	133	154	4	291	470
Other health practitioners	16	93	30	139	..	139	71	48	40	159	298
Community health and other <sup>(f)</sup>	—	91	—	91	664	755	—	65	17	82	837
Public health	..	91	..	91	88	179	..	5	3	7	186
Benefit-paid pharmaceuticals	31	648	..	680	..	680	..	128	..	128	807
All other medications	..	44	2	46	..	46	4	687	7	697	744
Other	7	1,239	116	1,361	211	1,573	269	363	46	678	2,250
Patient transport services	7	7	8	22	152	174	19	85	10	113	287
Referred medical services	..	801	50	851	..	851	117	116	..	232	1,084
Aids and appliances	—	36	21	56	..	56	48	159	17	225	281
Administration	—	100	37	136	—	136	86	..	..	86	222
Research	—	295	..	295	59	355	..	3	19	22	377
<b>Total recurrent funding</b>	<b>216</b>	<b>4,012</b>	<b>411</b>	<b>4,638</b>	<b>3,394</b>	<b>8,032</b>	<b>957</b>	<b>1,655</b>	<b>428</b>	<b>3,041</b>	<b>11,073</b>
Capital expenditure	..	5	..	5	223	228	..	..	251	251	479
<b>Total health funding<sup>(g)</sup></b>	<b>216</b>	<b>4,016</b>	<b>411</b>	<b>4,643</b>	<b>3,617</b>	<b>8,260</b>	<b>957</b>	<b>1,655</b>	<b>679</b>	<b>3,292</b>	<b>11,552</b>
Medical expenses tax rebate	..	10	..	10	..	10	..	-10	..	-10	—
<b>Total health funding</b>	<b>216</b>	<b>4,027</b>	<b>411</b>	<b>4,653</b>	<b>3,617</b>	<b>8,271</b>	<b>957</b>	<b>1,645</b>	<b>679</b>	<b>3,282</b>	<b>11,552</b>

Note: See page 108.

**Table B16: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds<sup>(a)</sup>, 2011–12 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	33	346	71	450	508	958	138	52	41	230	1,188
Public hospital services <sup>(e)</sup>	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 <sup>(f)</sup>	—	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	1	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
<b>Total recurrent funding</b>	<b>79</b>	<b>1,173</b>	<b>120</b>	<b>1,372</b>	<b>741</b>	<b>2,113</b>	<b>233</b>	<b>567</b>	<b>84</b>	<b>885</b>	<b>2,998</b>
Capital expenditure	..	9	..	9	103	112	..	..	114	114	226
<b>Total health funding<sup>(g)</sup></b>	<b>79</b>	<b>1,182</b>	<b>120</b>	<b>1,381</b>	<b>844</b>	<b>2,225</b>	<b>233</b>	<b>567</b>	<b>198</b>	<b>999</b>	<b>3,224</b>
Medical expenses tax rebate	..	6	..	6	..	6	..	–6	..	–6	—
<b>Total health funding</b>	<b>79</b>	<b>1,189</b>	<b>120</b>	<b>1,388</b>	<b>844</b>	<b>2,231</b>	<b>233</b>	<b>561</b>	<b>198</b>	<b>992</b>	<b>3,224</b>

Note: See page 108.

**Table B17: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds<sup>(a)</sup>, 2012–13 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	37	440	69	545	436	982	159	55	40	254	1,236
Public hospital services <sup>(e)</sup>	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 <sup>(f)</sup>	—	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
<b>Total recurrent funding</b>	<b>81</b>	<b>1,230</b>	<b>116</b>	<b>1,428</b>	<b>641</b>	<b>2,069</b>	<b>267</b>	<b>598</b>	<b>93</b>	<b>958</b>	<b>3,027</b>
Capital expenditure	..	3	..	3	12	15	..	..	173	173	188
<b>Total health funding<sup>(g)</sup></b>	<b>81</b>	<b>1,233</b>	<b>116</b>	<b>1,431</b>	<b>653</b>	<b>2,084</b>	<b>267</b>	<b>598</b>	<b>266</b>	<b>1,131</b>	<b>3,215</b>
Medical expenses tax rebate	..	5	..	5	..	5	..	–5	..	–5	—
<b>Total health funding</b>	<b>81</b>	<b>1,239</b>	<b>116</b>	<b>1,436</b>	<b>653</b>	<b>2,089</b>	<b>267</b>	<b>593</b>	<b>266</b>	<b>1,126</b>	<b>3,215</b>

Note: See page 108.

**Table B18: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds<sup>(a)</sup>, 2013–14 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	34	474	73	581	407	988	170	70	45	286	1,273
Public hospital services <sup>(e)</sup>	16	470	9	495	407	902	21	7	26	54	956
Private hospitals	18	4	64	86	..	86	149	63	20	232	317
Primary health care	40	510	18	568	147	715	43	467	40	550	1,265
Unreferred medical services	20	182	..	202	..	202	..	20	21	40	243
Dental services	2	11	12	26	17	43	29	81	3	113	156
Other health practitioners	6	28	5	39	5	44	12	45	12	70	114
Community health and other <sup>(f)</sup>	—	27	—	27	104	131	—	—	2	2	134
Public health	..	28	..	28	20	48	..	—	—	—	48
Benefit-paid pharmaceuticals	12	220	..	232	..	232	..	41	..	41	272
All other medications	..	14	1	14	..	14	1	280	2	284	298
Other	6	343	32	381	82	464	74	91	11	176	639
Patient transport services	6	1	—	7	68	75	—	—	5	6	81
Referred medical services	..	238	14	252	..	252	32	38	..	70	322
Aids and appliances	—	11	6	17	..	17	14	53	3	70	87
Administration	—	34	12	46	—	46	28	..	..	28	73
Research	—	59	..	59	14	73	..	..	2	2	76
<b>Total recurrent funding</b>	<b>80</b>	<b>1,327</b>	<b>123</b>	<b>1,530</b>	<b>636</b>	<b>2,166</b>	<b>287</b>	<b>628</b>	<b>97</b>	<b>1,012</b>	<b>3,178</b>
Capital expenditure	..	2	..	2	78	80	..	..	81	81	162
<b>Total health funding<sup>(g)</sup></b>	<b>80</b>	<b>1,329</b>	<b>123</b>	<b>1,532</b>	<b>714</b>	<b>2,246</b>	<b>287</b>	<b>628</b>	<b>178</b>	<b>1,093</b>	<b>3,339</b>
Medical expenses tax rebate	..	3	..	3	..	3	..	–3	..	–3	—
<b>Total health funding</b>	<b>80</b>	<b>1,332</b>	<b>123</b>	<b>1,535</b>	<b>714</b>	<b>2,249</b>	<b>287</b>	<b>625</b>	<b>178</b>	<b>1,090</b>	<b>3,339</b>

Note: See page 108.

**Table B19: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds<sup>(a)</sup>, 2011–12 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	51	231	37	320	640	959	72	21	18	111	1,070
Public hospital services <sup>(e)</sup>	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 <sup>(f)</sup>	—	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	1	71	14	..	..	14	84
Research	2	169	..	170	39	209	..	—	6	6	215
<b>Total recurrent funding</b>	<b>155</b>	<b>837</b>	<b>75</b>	<b>1,067</b>	<b>892</b>	<b>1,960</b>	<b>146</b>	<b>377</b>	<b>47</b>	<b>571</b>	<b>2,530</b>
Capital expenditure	..	8	..	8	174	182	..	..	26	26	208
<b>Total health funding<sup>(g)</sup></b>	<b>155</b>	<b>845</b>	<b>75</b>	<b>1,075</b>	<b>1,066</b>	<b>2,142</b>	<b>146</b>	<b>377</b>	<b>73</b>	<b>596</b>	<b>2,738</b>
Medical expenses tax rebate	..	2	..	2	..	2	..	–2	..	–2	—
<b>Total health funding</b>	<b>155</b>	<b>847</b>	<b>75</b>	<b>1,078</b>	<b>1,066</b>	<b>2,144</b>	<b>146</b>	<b>375</b>	<b>73</b>	<b>594</b>	<b>2,738</b>

Note: See page 108.



**Table B20: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds<sup>(a)</sup>, 2012–13 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	8	235	36	278	659	937	82	63	21	166	1,103
Public hospital services <sup>(e)</sup>	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	1	132	157
Other health practitioners	12	16	4	32	2	34	10	52	10	72	105
Community health and other <sup>(f)</sup>	—	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
<b>Total recurrent funding</b>	<b>92</b>	<b>799</b>	<b>73</b>	<b>964</b>	<b>932</b>	<b>1,896</b>	<b>168</b>	<b>440</b>	<b>52</b>	<b>660</b>	<b>2,556</b>
Capital expenditure	..	3	..	3	146	149	..	..	25	25	173
<b>Total health funding<sup>(g)</sup></b>	<b>92</b>	<b>801</b>	<b>73</b>	<b>967</b>	<b>1,078</b>	<b>2,044</b>	<b>168</b>	<b>440</b>	<b>76</b>	<b>684</b>	<b>2,729</b>
Medical expenses tax rebate	..	13	..	13	..	13	..	-13	..	-13	—
<b>Total health funding</b>	<b>92</b>	<b>814</b>	<b>73</b>	<b>979</b>	<b>1,078</b>	<b>2,057</b>	<b>168</b>	<b>428</b>	<b>76</b>	<b>672</b>	<b>2,729</b>

Note: See page 108.

**Table B21: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds<sup>(a)</sup>, 2013–14 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	50	310	37	397	621	1,018	86	37	23	145	1,163
Public hospital services <sup>(e)</sup>	24	308	5	338	618	956	13	3	11	26	982
Private hospitals	25	2	31	59	3	62	73	33	13	119	181
Primary health care	86	264	17	367	220	587	39	302	22	362	949
Unreferred medical services	52	104	..	155	..	155	..	26	10	37	192
Dental services	4	5	11	21	12	32	27	110	1	138	170
Other health practitioners	18	17	5	40	2	42	11	53	9	73	115
Community health and other <sup>(f)</sup>	—	15	—	15	182	197	—	..	—	—	197
Public health	..	20	..	20	25	46	..	..	..	..	46
Benefit-paid pharmaceuticals	12	97	..	109	..	109	..	23	..	23	132
All other medications	..	6	—	6	..	6	1	89	1	91	98
Other	40	304	11	354	78	432	25	89	8	122	554
Patient transport services	—	—	1	1	35	36	2	—	1	3	39
Referred medical services	..	148	6	154	..	154	13	66	..	79	233
Aids and appliances	—	7	4	11	..	11	9	23	1	33	44
Administration	38	18	—	56	—	56	—	..	..	1	57
Research	2	131	..	133	43	176	..	—	6	6	182
<b>Total recurrent funding</b>	<b>176</b>	<b>878</b>	<b>64</b>	<b>1,118</b>	<b>919</b>	<b>2,037</b>	<b>149</b>	<b>427</b>	<b>53</b>	<b>629</b>	<b>2,666</b>
Capital expenditure	..	2	..	2	94	96	..	..	43	43	139
<b>Total health funding<sup>(g)</sup></b>	<b>176</b>	<b>879</b>	<b>64</b>	<b>1,120</b>	<b>1,013</b>	<b>2,133</b>	<b>149</b>	<b>427</b>	<b>96</b>	<b>672</b>	<b>2,805</b>
Medical expenses tax rebate	..	7	..	7	..	7	..	-7	..	-7	—
<b>Total health funding</b>	<b>176</b>	<b>886</b>	<b>64</b>	<b>1,126</b>	<b>1,013</b>	<b>2,140</b>	<b>149</b>	<b>420</b>	<b>96</b>	<b>665</b>	<b>2,805</b>

Note: See page 108.

**Table B22: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds<sup>(a)</sup>, 2011–12 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	3	200	12	215	454	670	24	33	8	64	734
Public hospital services <sup>(e)</sup>	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	1	6	2	8	6	14	3	25	7	36	50
Community health and other <sup>(f)</sup>	—	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	1	163	7	170	92	263	13	28	3	44	307
Patient transport services	—	11	—	11	58	69	—	—	1	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
<b>Total recurrent funding</b>	<b>6</b>	<b>755</b>	<b>24</b>	<b>785</b>	<b>927</b>	<b>1,712</b>	<b>47</b>	<b>199</b>	<b>33</b>	<b>280</b>	<b>1,991</b>
Capital expenditure	..	15	..	15	119	134	..	..	31	31	166
<b>Total health funding<sup>(g)</sup></b>	<b>6</b>	<b>770</b>	<b>24</b>	<b>800</b>	<b>1,046</b>	<b>1,846</b>	<b>47</b>	<b>199</b>	<b>64</b>	<b>311</b>	<b>2,157</b>
Medical expenses tax rebate	..	16	..	16	..	16	..	-16	..	-16	—
<b>Total health funding</b>	<b>6</b>	<b>786</b>	<b>24</b>	<b>817</b>	<b>1,046</b>	<b>1,862</b>	<b>47</b>	<b>183</b>	<b>64</b>	<b>295</b>	<b>2,157</b>

Note: See page 108.

**Table B23: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds<sup>(a)</sup>, 2012-13 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	4	181	12	197	508	705	29	34	17	80	785
Public hospital services <sup>(e)</sup>	2	180	1	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	1	6	2	9	6	15	4	29	8	40	55
Community health and other <sup>(f)</sup>	—	190	—	190	303	493	—	—	1	1	494
Public health	..	26	..	26	91	117	..	—	1	1	118
Benefit-paid pharmaceuticals	1	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	—	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	..	—	1	1	33
<b>Total recurrent funding</b>	<b>7</b>	<b>629</b>	<b>25</b>	<b>660</b>	<b>989</b>	<b>1,650</b>	<b>56</b>	<b>209</b>	<b>45</b>	<b>310</b>	<b>1,960</b>
Capital expenditure	..	4	..	4	100	104	..	..	49	49	153
<b>Total health funding<sup>(g)</sup></b>	<b>7</b>	<b>633</b>	<b>25</b>	<b>664</b>	<b>1,089</b>	<b>1,754</b>	<b>56</b>	<b>209</b>	<b>94</b>	<b>360</b>	<b>2,113</b>
Medical expenses tax rebate	..	2	..	2	..	2	..	-2	..	-2	—
<b>Total health funding</b>	<b>7</b>	<b>635</b>	<b>25</b>	<b>666</b>	<b>1,089</b>	<b>1,756</b>	<b>56</b>	<b>207</b>	<b>94</b>	<b>358</b>	<b>2,113</b>

Note: See page 108.

**Table B24: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds<sup>(a)</sup>, 2013–14 (\$ million)**

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other <sup>(d)</sup>	Total	
	DVA	Health and other <sup>(b)</sup>	Premium rebates <sup>(c)</sup>	Total							
Hospitals	4	162	13	179	567	746	30	38	23	91	837
Public hospital services <sup>(e)</sup>	2	161	1	164	567	731	1	8	16	25	757
Private hospitals	2	—	12	14	..	14	29	30	7	66	81
Primary health care	3	367	6	376	263	640	14	151	26	192	832
Unreferred medical services	1	76	..	77	..	77	..	7	17	23	101
Dental services	—	5	4	9	13	22	10	69	—	79	101
Other health practitioners	1	6	2	9	2	11	4	29	8	42	53
Community health and other <sup>(f)</sup>	—	197	—	197	146	342	—	—	—	1	343
Public health	..	24	..	24	102	126	..	—	1	1	126
Benefit-paid pharmaceuticals	1	53	..	54	..	54	..	8	..	8	62
All other medications	..	7	—	7	..	7	—	38	—	39	46
Other	—	118	7	125	88	213	16	28	4	48	260
Patient transport services	—	11	—	12	76	87	1	1	2	3	90
Referred medical services	..	64	2	67	..	67	6	12	..	18	84
Aids and appliances	—	4	2	6	..	6	4	15	1	21	26
Administration	—	16	2	19	3	22	6	—	—	6	27
Research	—	23	..	23	9	32	..	—	1	1	32
<b>Total recurrent funding</b>	<b>7</b>	<b>647</b>	<b>26</b>	<b>680</b>	<b>918</b>	<b>1,598</b>	<b>61</b>	<b>218</b>	<b>52</b>	<b>331</b>	<b>1,929</b>
Capital expenditure	..	3	..	3	66	69	..	..	20	20	89
<b>Total health funding<sup>(g)</sup></b>	<b>7</b>	<b>650</b>	<b>26</b>	<b>683</b>	<b>984</b>	<b>1,667</b>	<b>61</b>	<b>218</b>	<b>73</b>	<b>351</b>	<b>2,018</b>
Medical expenses tax rebate	..	1	..	1	..	1	..	-1	..	-1	—
<b>Total health funding</b>	<b>7</b>	<b>651</b>	<b>26</b>	<b>684</b>	<b>984</b>	<b>1,668</b>	<b>61</b>	<b>217</b>	<b>73</b>	<b>350</b>	<b>2,018</b>

Note: See page 108.

## Notes to Appendix B tables

- (a) Tables show funding provided by the Australian Government, state and territory and local governments and 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 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. On 1 April 2014, the rebate was reduced from 10–40% to 9.68–38.72%.
- (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 and can include services provided off-site, such as hospital in the home and dialysis. See 'Chapter 5 Technical notes' for more information.
- (f) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure. For example, expenditure by substance abuse treatment centres, providers of general health administration or providers of regional health services not further defined.
- (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.

### *Notes*

1. Components in some appendix tables may not add to totals due to rounding.
2. State and local governments include territory governments.

# Appendix C: Price indexes and deflation

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 the amount of goods and services (the volume component).

Constant price expenditure aims to remove the effects of inflation. 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 only measures movements in the prices that households face. 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 compositional changes affect IPDs. 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 2013–14. Constant price estimates therefore indicate what expenditure would have been had 2013–14 prices applied in all years. The

change in constant price expenditures is a measure of changes in the volume of health goods and services.

This report uses 9 deflators (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/Public hospitals services <sup>(a)</sup>	GFCE hospitals and nursing homes
Private hospitals	GFCE hospitals and nursing homes
Patient transport services	GFCE hospitals and nursing homes
Medical services (incl. unreferred and referred services)	Medicare medical services fees charged
Dental services	Dental services
Other health practitioners	Other health practitioners
Community health and other <sup>(b)</sup>	Professional health workers wage rate index
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
Administration	Professional health workers wage rate index
Research	Professional health workers wage rate index
Capital expenditure	Gross fixed capital formation
Medical expenses tax rebate	Professional health workers wage rate index

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

(b) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure. For example, expenditure by substance abuse treatment centres, providers of general health administration or providers of regional health services not further defined.

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 and gross fixed capital formation. The ABS deflators use 2010–11 or 2012–13 as their base year (depending on the deflator) but for this report the AIHW has re-referenced them to 2013–14. The AIHW has derived the chain price index for Medicare medical services fees charged and the IPD for PBS pharmaceuticals from Health data. The AIHW has derived the IPDs for dental services, other health practitioners and aids and appliances 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 2013–14 (that is, the deflators used are given a value of 100 in 2013–14). 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 2013–14, 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 2013–14 = 100)**

Index	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Total health price index <sup>(a)</sup>	77.4	80.2	83.7	86.5	88.5	91.0	93.2	94.1	95.7	98.0	100.0
Government final consumption expenditure on hospitals and nursing homes	73.9	75.8	79.3	82.6	85.1	87.7	91.1	92.3	94.5	97.2	100.0
Medicare medical services fees charged <sup>(b)</sup>	74.3	80.1	84.6	87.2	88.0	91.4	93.2	94.6	96.2	98.4	100.0
Dental services <sup>(a)</sup>	74.8	79.6	82.8	87.4	90.9	94.0	96.4	97.3	97.3	98.7	100.0
Other health practitioners <sup>(a)</sup>	72.7	74.8	78.4	80.0	79.9	83.3	85.4	88.2	93.0	96.1	100.0
Professional health workers wage rates	69.6	72.1	75.4	78.8	81.7	84.8	88.2	91.4	94.1	97.3	100.0
PBS pharmaceuticals <sup>(a)</sup>	99.8	99.9	99.8	99.8	99.9	100.2	100.2	100.3	100.3	100.2	100.0
HFCE on chemist goods	95.3	96.0	97.1	99.8	100.3	98.7	99.7	97.8	96.8	98.2	100.0
Aids and appliances <sup>(a)</sup>	107.2	110.0	113.0	115.3	118.6	116.6	111.0	104.7	102.8	102.7	100.0
Australian Government gross fixed capital formation	87.5	87.7	98.2	96.6	103.0	106.5	103.6	101.6	100.5	100.0	100.0
State and territory and local government gross fixed capital formation	74.6	77.1	86.2	87.2	95.1	99.0	96.5	97.2	98.1	99.2	100.0
Private gross fixed capital formation	87.0	89.0	90.5	93.0	94.6	96.6	96.4	97.4	97.0	97.8	100.0
Gross domestic product	72.0	74.7	78.5	82.4	86.1	90.4	91.3	97.0	98.8	98.5	100.0
Gross national expenditure	78.0	79.6	82.0	84.8	87.6	90.5	92.2	94.2	95.9	97.8	100.0

(a) IPD, constructed by the AIHW.

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

Source: AIHW health expenditure database.

**Table C3: Growth rates for the total health price index and industry-wide indexes, 2003–04 to 2013–14 (per cent)**

Index	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	2012–13 to 2013–14
Total health price index <sup>(a)</sup>	3.6	4.3	3.4	2.3	2.9	2.4	1.0	1.7	2.4	2.1
Government final consumption expenditure on hospitals and nursing homes	2.6	4.6	4.1	3.0	3.1	3.8	1.3	2.4	2.9	2.8
Medicare medical services fees charged <sup>(b)</sup>	7.8	5.6	3.1	0.9	3.8	2.0	1.5	1.7	2.3	1.6
Dental services <sup>(a)</sup>	6.4	4.1	5.5	4.0	3.5	2.5	0.9	—	1.5	1.3
Other health practitioners <sup>(a)</sup>	2.9	4.8	2.0	–0.1	4.2	2.6	3.2	5.5	3.3	4.1
Professional health workers wage rates	3.7	4.6	4.5	3.7	3.8	4.0	3.6	2.9	3.4	2.8
PBS pharmaceuticals <sup>(a)</sup>	0.1	—	—	0.1	0.2	0.1	—	—	–0.1	–0.2
HFCE on chemist goods	0.7	1.1	2.8	0.5	–1.6	1.0	–1.9	–1.1	1.5	1.8
Aids and appliances <sup>(a)</sup>	2.6	2.7	2.1	2.8	–1.7	–4.8	–5.6	–1.9	–0.1	–2.6
Australian Government gross fixed capital formation	0.2	12.0	–1.6	6.6	3.4	–2.7	–1.9	–1.1	–0.5	—
State and territory and local government gross fixed capital formation	3.3	11.8	1.2	9.1	4.1	–2.5	0.7	0.9	1.1	0.8
Private gross fixed capital formation	2.2	1.8	2.7	1.8	2.1	–0.2	1.0	–0.4	0.8	2.3
Gross domestic product	3.7	5.1	5.0	4.5	4.9	1.0	6.2	1.9	–0.3	1.5
Gross national expenditure	2.0	3.1	3.5	3.2	3.3	1.8	2.2	1.8	1.9	2.3

(a) IPD, constructed by the AIHW.

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

Source: AIHW health expenditure database.

## Appendix D: Population

The estimated resident population (ERP) as at 31 December 2014 (ABS 2015a) is used to calculate the per person estimates of expenditure. 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 2003–04 and 2013–14.

**Table D1: Estimated resident population, by state and territory, 2003–04 to 2013–14 ('000)**

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia <sup>(a)</sup>
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	7,357	5,681	4,609	2,480	1,662	512	378	239	22,918
2013–14	7,462	5,785	4,686	2,541	1,677	514	383	243	23,292

(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 2015a.

**Table D2: Annual population growth, by state and territory, 2003–04 to 2013–14 (per cent)**

<b>Period</b>	<b>NSW</b>	<b>Vic</b>	<b>Qld</b>	<b>WA</b>	<b>SA</b>	<b>Tas</b>	<b>ACT</b>	<b>NT</b>	<b>Australia<sup>(a)</sup></b>
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	1.3	1.7	1.9	3.6	0.9	0.1	1.8	2.8	1.7
2012–13 to 2013–14	1.4	1.8	1.6	2.4	0.8	0.2	1.4	1.6	1.6
<b>Average annual growth rate (%)</b>									
2003–04 to 2008–09	1.0	1.6	2.4	2.3	0.9	0.8	1.3	1.9	1.6
2008–09 to 2013–14	1.2	1.7	1.8	2.8	0.9	0.4	1.7	1.8	1.6
2003–04 to 2013–14	1.1	1.6	2.1	2.5	0.9	0.6	1.5	1.8	1.6

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

Source: ABS 2015a.

**Table D3: Number of insured persons with hospital treatment coverage, 2003–04 to 2013–14**

<b>Year</b>	<b>NSW</b>	<b>Vic</b>	<b>Qld</b>	<b>WA</b>	<b>SA</b>	<b>Tas</b>	<b>ACT</b>	<b>NT</b>	<b>Australia</b>
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	8,694,657
2005–06	2,988,945	2,128,507	1,614,167	949,550	679,193	204,546	180,668	63,821	8,809,398
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	9,676,645
2009–10	3,254,655	2,367,368	1,896,070	1,149,675	731,367	218,535	196,229	79,581	9,893,479
2010–11	3,338,166	2,429,268	1,955,553	1,206,991	742,557	221,545	203,170	83,246	10,180,497
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
2013–14	3,568,274	2,600,974	2,131,816	1,374,962	772,739	230,889	221,393	94,122	10,995,168

*Note:* Data are the average of the 4 quarters of the financial year.

*Source:* PHIAAC 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014.

# Glossary

**accrual accounting:** The method of accounting that governments in Australia now most commonly use. Relates expenses, revenues and accruals to the period in which they are incurred (see **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 are provided over a period of time and can occur in hospital and/or in the person's home (for hospital-in-the-home patients) (see **inpatient**).

**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 that the Australian Government Department of Health (Health) incurs 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 **Australian Government departmental expenses**).

**Australian Government departmental expenses:** Expenses that the Australian Government Department of Health (Health) incurs 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 (see **Australian Government administered expenses**).

**Australian Government health expenditure:** Total expenditure that the Australian Government actually incurs 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 (of the Constitution) grants to states and territories. This includes the private health insurance premium rebate (see **rebates on health insurance premiums**).

**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 2003–04 and 2013–14, the following formula applies:  
$$\left(\frac{\$ \text{ million in 2013–14}}{\$ \text{ million in 2003–04}}\right)^{\frac{1}{10}} - 1 * 100.$$

**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 Australian Bureau of Statistics 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, 2013a) for further details (see **capital expenditure**).

**cash accounting:** Relates receipts and payments to the period in which the cash transfer actually occurred. Cash accounting does not have the capacity to reflect non-cash transactions, such as depreciation (see **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 that establishments offer 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 implicit price deflators (IPDs). The reference year for both the chain price indexes and the IPDs is 2013–14 in this report. Constant price estimates indicate what expenditure would have been had 2013–14 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 that registered dental practitioners provide, 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 Medicare Benefits Schedule.

**direct expenditure:** The sum of recurrent expenditure and capital expenditure.

**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.

**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 gross domestic product (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. Activities include the regulation and licensing of providers of health services.

It includes only those administrative services that cannot be allocated to a particular health good and service. Such 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 that private business funds, 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. The Australian Government funds these drugs.

**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 1 night (see **admitted patient**).

**jurisdictions:** State and 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), Australian Government Department of Veterans' Affairs, 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.

They exclude 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, the tax rebate is income tested. In March 2014, eligibility for the tax rebate changed, restricting who can claim and what medical expenses can be claimed. In 2013–14, taxpayers who did not receive the tax

rebate in 2012–13 were only able to claim medical expenses relating to disability aids, attendant care or aged care. Those taxpayers who did receive the tax rebate in 2012–13 continued to be eligible for the rebate in 2013–14 if they had eligible out-of-pocket medical expenses above the relevant claim 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 National Health Accounts 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 that health practitioners (other than doctors and dentists) provide. 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 Pharmaceutical Benefits Scheme (PBS) or Repatriation Pharmaceutical Benefits Scheme (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
- 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 expenditure n.e.c.:** Miscellaneous expenditures that could not, at that time, be allocated to the specific expenditure areas in the health expenditure 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. Patient transport services include 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 (see **Repatriation Pharmaceutical Benefits Scheme**).

**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:** 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 (see **public hospital**). 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's or 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 (see **private hospital**).

**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 public hospitals undertake 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 2013–14 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. From 1 April 2014, all rebate percentages are adjusted annually by a rebate adjustment factor – the rebate was reduced from 10–40% to 9.68–38.72% on 1 April 2014 and will be reduced to 9.27–37.09% on 1 April 2015 (see **Australian Government health funding**).

There are 2 types of rebates of health insurance premiums:

- The first rebate is where the 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 rebate, having paid the health funds 100% of their premiums up front.

**recurrent expenditure:** Expenditure for which organisations are liable 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).

**referred medical services:** Non-hospital medical services that are not classified as primary health care.

**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 Pharmaceutical Benefits Scheme (PBS) and a supplementary repatriation list, at the same cost as patients entitled to the concessional payment under the PBS (see **Pharmaceutical Benefits Scheme**).

**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, for example within the health sector. In addition, there are National partnership payments under National partnership agreements that are aimed at specific areas of health expenditure.

**state and territory dental services:** School dental programs, community dental services and hospital dental programs that state and territory health authorities fund.

**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.

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## Related publications

This report, *Health expenditure Australia 2013–14*, is part of an annual series. The earlier editions and any published subsequently can be downloaded free from the AIHW website <[www.aihw.gov.au/expenditure-publications/](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 2012–13. Health and welfare expenditure series no. 52. Cat. no. HWE 61. Canberra: AIHW.
- AIHW 2014. Health expenditure Australia 2012–13: analysis by sector. Health and welfare expenditure series no. 53. Cat. no. HWE 62. 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.

Total expenditure on health was estimated at \$154.6 billion in 2013–14, up by 3.1% on 2012–13 in real terms. Growth in expenditure per person was \$6,639, which was \$94 more in real terms than in 2012–13. Despite this relatively slow growth, total expenditure was 9.8% of GDP in 2013–14, up from 9.7% in 2012–13.

Governments provided \$104.8 billion (or 67.8%) of total health expenditure, which represented about 25% of taxation revenue (unchanged from 2012–13).

The non-government sector share of total expenditure increased from 30.0% in 2011–12 to 32.2% in 2013–14, despite generally falling throughout the decade. Funding by individuals was the fastest growing area of non-government sector expenditure over the decade.