

# HealthExpenditure

HEALTH EXPENDITURE BULLETIN • NUMBER 13 • JULY 1997

## Australia's health services expenditure to 1995–96

This bulletin is the thirteenth in the current series of Health Expenditure Bulletins produced by the Australian Institute of Health and Welfare. It provides estimates of total health services expenditure in Australia, at the aggregate level; on a per person basis; and by source of funds, for the period from 1989–90 to 1995–96. It also provides detailed information, by area of expenditure (e.g. hospitals, medical, dental, etc.), for each year up to 1994–95.

Total expenditure on health services in 1995–96 was \$41,742 million. This represented a rate of increase in total health services expenditure between 1994–95 and 1995–96 of 7.3% at current prices and 5.3% at constant prices.

Estimated health services expenditure as a proportion of Gross Domestic Product (GDP) remained at 8.5% in 1995–96, the same level as in 1993–94 and 1994–95.

In terms of per person expenditure, health services accounted for an average of \$2,294 in 1995–96—this was an increase of \$126 per person on 1994–95.

The proportion of recurrent expenditure on private hospitals and pharmaceuticals increased between 1993–94 and 1994–95.

## Health services expenditure and health expenditure

Total health services expenditure refers to the national aggregate of all expenditures on health services. However, it does not include many forms of expenditure by non-health sectors. For example it does not include expenditure on the production of more nutritious foods; and road safety—all of which could legitimately be regarded as expenditures that are partly directed towards improving or maintaining the health of individuals. To that extent, health services expenditure underestimates the magnitude of total national expenditure on health.



## Highlights

- Total health services expenditure in 1995–96 was 8.5% of GDP, for the third successive year.
- In current dollar terms, Australians spent just under \$42 billion, or an average of about \$2,300 per person on health services in 1995–96.
- Expenditure on health services grew at an average rate of 3.8% between 1989–90 and 1995–96.
- The Commonwealth Government's expenditure on health services grew at an annual average of 5.0% per year between 1989–90 and 1995–96. Expenditure funded by State and Territory Governments and by local governments grew by an average 1.6% per year over the same period.
- In the two years 1994–95 and 1995–96, total expenditure funded by State, Territory and local governments grew much faster than previously (7.3% in 1994–95 and 6.4% in 1995–96).
- Expenditure funded by the non-government sector accounted for just under one third (32.3%) of total health services expenditure in 1995–96.
- Of the major areas of expenditure, pharmaceuticals and private hospitals had the fastest growth between 1989–90 and 1994–95. Expenditure on pharmaceuticals grew at an average of 8.0% per year, while private hospitals had a growth of 8.3% per year.

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ISSN 1329-2137

AIHW Cat. No. HWE 4

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Between 1989–90 and 1995–96, real expenditure on health services in Australia increased by 25.0%, at an average annual rate of 3.8% (Table 1).

The real rates of growth in 1994–95 and 1995–96—5.1% and 5.3% respectively—were higher than the average annual growth of 3.1% for the period 1989–90 to 1993–94. However, they were comparable to the average growth of 5.0% during the 1980s (see *Health Expenditure Bulletin No.12*).

Growth in health services expenditure in 1996–97 is anticipated to be lower than in 1995–96. Based on preliminary figures, State and Territory Government expenditure for 1996–97 is expected to show further substantial growth in 1996–97. This is likely to be offset by a lower growth in Commonwealth Government expenditure. The Commonwealth Government's real expenditure growth is expected to be only about 0.5% in 1996–97, compared with 6.4% in 1995–96. This curtailment of growth in the Commonwealth's outlays is due to lower growth in medical, dental and pharmaceutical services during 1996–97, compared with previous years.

## Health services expenditure per person

Health services expenditure per person in 1995–96 was \$2,294 (Table 2)—an increase of \$126 (6.5%) in current prices on the 1994–95 level. Real health services expenditure per person rose in 1995–96, by 4.0%.

As in the case of growth in total health services expenditure, the real rate of growth between 1994–95 and 1995–96 (4.0%) was higher than the average rate that had applied from 1989–90 to 1994–95 (2.3%).

## Health services expenditure and gross domestic product

For the third consecutive year, health services expenditure, as a percentage of GDP, was 8.5% in 1995–96 (Table 3). This maintained the near stability in health services expenditure to GDP ratio that had prevailed since 1991–92. This relative stability followed two years of increase in the health to GDP ratio between 1989–90 and 1991–92. The increase between 1989–90 and 1991–92 had been largely the result

**Table 1: Total health services expenditure, current and constant (average 1989–90) prices<sup>(a)</sup>, and annual growth rates, 1989–90 to 1995–96**

	Amount		Growth rate over previous year (%)	
	Current	Constant	Current	Constant
1989–90	28,874	28,874	..	..
1990–91	31,316	29,474	8.5	2.1
1991–92	33,213	30,372	6.1	3.0
1992–93	34,976	31,476	5.3	3.6
1993–94	36,577	32,609	4.6	3.6
1994–95	38,898	34,279	6.3	5.1
1995–96 <sup>(b)</sup>	41,742	36,090	7.3	5.3
<b>Average annual growth rate 1989–90 to 1995–96</b>			6.3	3.8

(a) Health services expenditure for 1989–90 to 1995–96 is deflated to average 1989–90 prices using specific health deflators (see Table 11 for major deflators used).

(b) Based on preliminary AIHW and ABS estimates.

Source: AIHW Health expenditure database.

**Table 2: Health services expenditure per person, current and constant (average 1989–90) prices,<sup>(a)</sup> and annual growth rates, 1989–90 to 1995–96**

	Amount		Growth rate over previous year (%)	
	Current	Constant	Current	Constant
1989–90	1,705	1,705	..	..
1990–91	1,823	1,716	7.0	0.7
1991–92	1,910	1,746	4.7	1.8
1992–93	1,990	1,790	4.2	2.5
1993–94	2,060	1,837	3.6	2.6
1994–95	2,168	1,911	5.2	4.0
1995–96 <sup>(b)</sup>	2,294	1,986	6.5	4.0
<b>Average annual growth rate</b>				
1989–90 to 1995–96			5.1	2.6

(a) Health services expenditure for 1989–90 to 1995–96 is deflated to average 1989–90 prices using specific health deflators (see Table 11 for major deflators used).

(b) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

of the recession (see *Health Expenditure Bulletin No. 12* for a discussion of this issue).

This pattern—a sudden increase in the ratio, followed by relative stability for a number of years—has occurred three times in Australia in the past 25 years. From 1970–71 to 1973–74, the health expenditure to GDP ratio was relatively stable below 6.0%. It then increased sharply over the following two years to 7.4% in 1975–76. For the next 14 years the ratio stayed within a narrow range (7.5% to 8.0%) before increasing to 8.6% in 1991–92 and has been stable since then.

The stability in the health services expenditure to GDP ratio was maintained despite the fact that real growth in health services expenditure was consistently higher than real GDP growth (Table 4).

**Table 3: Total health services expenditure and GDP (current prices), 1989–90 to 1995–96**

	Total health	GDP	Total health expenditure
	\$ million		as % of GDP
1989–90	28,874	370,188	7.8
1990–91	31,316	378,716	8.3
1991–92	33,213	387,045	8.6
1992–93	34,976	404,802	8.6
1993–94	36,577	429,713	8.5
1994–95	38,898	457,646	8.5
1995–96 <sup>(a)</sup>	41,742	489,184	8.5

(a) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

**Table 4: Health services expenditure and GDP, constant (average 1989–90) prices,<sup>(a)</sup> and annual growth rates, 1989–90 to 1995–96**

Year	Total health services expenditure		GDP	
	Amount (\$m)	Growth rate (%)	Amount (\$m)	Growth rate (%)
1989–90	28,874	..	370,188	..
1990–91	29,474	2.1	367,094	-0.8
1991–92	30,372	3.0	368,554	0.4
1992–93	31,476	3.6	380,639	3.3
1993–94	32,609	3.6	399,566	5.0
1994–95	34,279	5.1	417,572	4.5
1995–96 <sup>(b)</sup>	36,099	5.3	433,656	3.9

(a) Health services expenditure for 1989–90 to 1995–96 is deflated to average 1989–90 prices using specific health deflators (see Table 11 for major deflators used).

(b) Total health services expenditure based on preliminary AIHW and ABS estimates.

Sources:

Health services expenditure: AIHW health expenditure database.

GDP: ABS (*Australian National Accounts*) (National Income, Expenditure and Product, March quarter, 1997 (Cat.No.5206.0)).

## Health services expenditure, by source of funds

Responsibility for the funding of health services in Australia is shared between all levels of government and the non-government sector. In 1995–96 the government sector provided 67.7% of all funding for health services. This was an increase, from 67.0% in the previous year (Table 6). However, it was only marginally higher than the average that had prevailed since 1989–90 (67.4%).

### Government sector funding

Of the total government sector expenditure—\$28,241 million in 1995–96—the Commonwealth Gov-

ernment funded over two-thirds (66.8%) or \$18,871 million (Table 5). Of this, 28.2% was transfers to State, Territory and local governments to fund their health programs.

Growth in expenditure by governments averaged 3.8% over the period from 1989–90 to 1995–96 (Table 7). Much of this was in respect of services funded by the Commonwealth Government, which rose by an average of 5.0% per year. Services funded by State, Territory and local governments, on the other hand, rose by 1.6% per year over the period.

In the last two years, however, growth in expenditure funded by State, Territory and local governments—7.3% in 1994–95 and 6.4% in 1995–96—was higher than Commonwealth funded services—3.7% and 6.4%, respectively.

### Non-government sector funding

The non-government sector's contribution to expenditure on health services in Australia during 1995–96 was \$13,501 million in current prices, or 32.3% of total health services expenditure (Tables 5 and 6).

Funding of health services by the non-government sector rose by an average of 3.8% between 1989–90 and 1995–96. This was almost the same rate of growth as the government sector. The relative importance of the private sector as a source of funding for health services changed only marginally—rising from 31.9% of all funds expended on health services in 1989–90 to 32.3% of funds in 1995–96.

**Table 5: Health services expenditure, current prices, by source of funds, 1989–90 to 1995–96**

Year	Government sector			Non-government sector <sup>(a)</sup>	Total
	Commonwealth <sup>(a)</sup>	State & local	Total		
1989–90	12,165	7,513	19,678	9,197	28,874
1990–91	13,200	7,958	21,158	10,157	31,316
1991–92	14,167	8,138	22,305	10,908	33,213
1992–93	15,273	8,268	23,541	11,435	34,976
1993–94	16,590	7,999	24,589	11,988	36,577
1994–95	17,420	8,638	26,058	12,840	38,898
1995–96 <sup>(b)</sup>	18,871	9,369	28,241	13,501	41,742

(a) Commonwealth Government and non-government sector expenditure adjusted for tax expenditures. Commonwealth tax expenditures in each of the years from 1989–90 to 1995–96 were: \$61 million; \$85 million; \$82 million; \$91 million; \$95 million; \$91 million; and \$141 million, respectively.

(b) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

**Table 6: Government and non-government sector expenditure (current prices), as a proportion of total health services expenditure, 1989–90 to 1995–96**

Year	Government sector			Non-government sector <sup>(a)</sup>	Total all sectors
	Commonwealth <sup>(a)</sup>	State & local	Total		
1989–90	42.1	26.0	68.1	31.9	100.0
1990–91	42.2	25.4	67.6	32.4	100.0
1991–92	42.7	24.5	67.2	32.8	100.0
1992–93	43.7	23.6	67.3	32.7	100.0
1993–94	45.4	21.9	67.2	32.8	100.0
1994–95	44.8	22.2	67.0	33.0	100.0
1995–96 <sup>(b)</sup>	45.2	22.4	67.7	32.3	100.0

(a) Commonwealth Government and non-government sector expenditure adjusted for tax expenditures.

(b) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

**Table 7: Total health services expenditure, constant (average 1989–90) prices,<sup>(a)</sup> and annual growth rates, by source of funds, 1989–90 to 1995–96**

	Government sector						Non-government sector <sup>(b)</sup>		Total all sectors	
	Commonwealth <sup>(b)</sup>		State & local		Total		Amount (\$m)	Rate of growth (%)	Amount (\$m)	Rate of growth (%)
	Amount (\$m)	Rate of growth (%)	Amount (\$m)	Rate of growth (%)	Amount (\$m)	Rate of growth (%)				
1989–90	12,165	..	7,513	..	19,678	..	9,197	..	28,874	..
1990–91	12,381	1.8	7,559	0.6	19,940	1.3	9,534	3.7	29,474	2.1
1991–92	12,925	4.4	7,542	-0.2	20,467	2.6	9,905	3.9	30,372	3.0
1992–93	13,728	6.2	7,548	0.1	21,275	4.0	10,200	3.0	31,476	3.6
1993–94	14,767	7.6	7,254	-3.9	22,021	3.5	10,588	3.8	32,609	3.6
1994–95	15,317	3.7	7,780	7.3	23,096	4.9	11,183	5.6	34,279	5.1
1995–96 <sup>(c)</sup>	16,291	6.4	8,280	6.4	24,571	6.4	11,528	3.1	36,099	5.3
<b>Average annual growth rates</b>										
1989–90 to 1995–96	5.0		1.6		3.8		3.8		3.8	

(a) Health services expenditure for 1989–90 to 1995–96 is deflated to average 1989–90 prices using specific health deflators (see Table 11 for major deflators used).

(b) Commonwealth Government and non-government sector expenditure adjusted for tax expenditures.

(c) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

**Table 8: Proportion of recurrent health services expenditure (current prices) by area of expenditure, 1989–90 to 1994–95**

Area of expenditure	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95
	Percentage					
Public acute hospitals <sup>(a)</sup>	32.2	31.2	30.6	29.8	28.9	27.9
Private hospitals	6.3	6.8	7.1	7.3	7.5	7.8
Public psychiatric hospitals	1.9	1.9	1.8	1.6	1.4	1.3
Total hospitals	40.4	40.0	39.5	38.6	37.9	37.0
Nursing homes	8.3	8.6	8.4	8.1	7.8	7.5
Ambulance	1.5	1.4	1.4	1.4	1.4	1.4
Other institutional (nec)	0.2	0.2	0.2	0.2	0.3	0.3
<i>Total institutional</i>	<i>50.4</i>	<i>50.3</i>	<i>49.6</i>	<i>48.3</i>	<i>47.5</i>	<i>46.3</i>
Medical services	18.4	18.7	18.9	19.6	20.1	20.1
Dental services	5.1	5.3	5.3	5.2	5.3	5.3
Other professional services	4.0	4.1	4.1	4.3	3.6 <sup>(b)</sup>	3.9
Community and public health	5.6	4.6	4.4	4.9	5.2	5.0
Benefit paid pharmaceuticals	5.4	5.0	5.2	6.0	6.7	7.0
All other pharmaceuticals	3.9	4.5	4.7	4.5	4.4	4.6
Total pharmaceuticals	9.3	9.5	9.9	10.5	11.1	11.6
Aids and appliances	2.1	2.2	2.2	2.2	2.2	2.1
Administration	3.7	3.9	4.1	3.6	3.2	3.9
Research	1.5	1.5	1.5	1.5	1.7	1.7
Other non-institutional	..	..	..	..	..	..
<i>Total non-institutional</i>	<i>49.6</i>	<i>49.7</i>	<i>50.4</i>	<i>51.7</i>	<i>52.5</i>	<i>53.7</i>
<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>

(a) Public acute hospitals includes both recognised hospitals and repatriation hospitals.

(b) There is a discontinuity in the 'other professional services' series from 1993–94.

Source: AIHW health expenditure database.

## Health services expenditure, by type of expenditure 1989–90 to 1994–95

Health services expenditure is analysed in two major categories. These are recurrent expenditure and capital outlays, which are discussed below.

### Recurrent expenditure

Recurrent health services expenditure refers to expenditure on the provision and regulation of health services, as compared with 'capital outlays', which refers to

expenditure on capital goods used in the provision of health services.

The major areas of recurrent health services expenditure are expenditure on hospital, medical, pharmaceutical and nursing home services. In 1994–95 expenditure on these categories of health services accounted for 76.2% of total recurrent expenditure on all health services in Australia (Table 8).

A decreasing proportion of recurrent health services expenditure has been directed to hospitals in the past two decades. In 1975–76 expenditure on hospitals accounted for 46.1% of recurrent health expenditure. By 1989–90 that had fallen to 40.4% and the rate has continued to decline in the latest period to be only 37.0% in 1994–95.

The decline in the share of recurrent health expenditure going to hospitals reflects, among other

things, the advances in technology that have enabled shorter lengths of stay in hospitals. These advances also allow more procedures to be done outside of hospital. Another factor has been the recognition that much of the psychiatric care of patients can be more beneficially provided within the community than in institutions.

Although hospital expenditure, as a whole, has reduced as a proportion of total recurrent health expenditure, there have been some significant real increases in hospital expenditure in the last four years.

Private hospital expenditure growth was particularly strong between 1989–90 and 1994–95 averaging 8.3% per year (Table 9). Public acute hospital expenditure growth averaged only 1.0% over the period. However, growth was 2.2% in 1994–95.

**Table 9: Annual growth in recurrent health services expenditure (constant prices) by area of expenditure, 1989–90 to 1994–95**

Area of expenditure	Percentage growth					
	1989–90 to 1990–91	1990–91 to 1991–92	1991–92 to 1992–93	1992–93 to 1993–94	1993–94 to 1994–95	1989–90 to 1994–95
Public acute hospitals <sup>(a)</sup>	-0.1	1.8	0.5	0.6	2.2	1.0
Private hospitals	11.3	8.3	5.2	6.8	9.8	8.3
Public psychiatric hospitals	1.2	-2.0	-10.8	-5.0	-6.6	-4.7
Total hospitals	1.7	2.7	0.9	1.5	3.4	2.0
Nursing homes	6.9	0.9	-0.3	-0.1	1.9	1.8
Ambulance	-0.9	6.0	3.7	0.5	8.2	3.4
Other institutional (nec)	6.4	6.8	-0.4	66.4	6.1	14.8
<i>Total institutional</i>	2.5	2.5	0.7	1.5	3.3	2.1
Medical services	3.1	5.6	7.9	5.3	5.3	5.4
Dental services	4.8	0.2	-0.3	2.1	1.7	1.7
Other professional services	5.6	4.5	6.6	-12.1 <sup>(b)</sup>	14.2	3.4
Community and public health	-13.7	-4.0	14.9	9.8	2.6	1.4
Benefit paid pharmaceuticals	-5.6	5.3	16.1	17.8	11.4	8.6
All other pharmaceuticals	17.4	6.7	-3.8	4.0	12.0	7.0
Total pharmaceuticals	4.0	6.0	6.6	11.9	11.6	8.0
Aids and appliances	5.4	4.6	-0.5	7.9	1.2	3.7
Administration	7.9	9.1	-10.8	-6.8	28.5	4.7
Research	2.4	3.9	5.9	10.9	10.6	6.7
Other non-institutional	2.9	-0.3	-1.5	-0.8	1.4	0.3
<i>Total non-institutional</i>	2.2	4.3	5.4	4.6	8.14	4.9
<b>Total recurrent expenditure</b>	<b>2.4</b>	<b>3.4</b>	<b>3.0</b>	<b>3.2</b>	<b>5.7</b>	<b>3.5</b>

(a) Public acute hospitals includes both recognised hospitals and repatriation hospitals.

(b) There is a discontinuity in the 'other professional services' series from 1993–94.

Source: AIHW health expenditure database.

Administration of health services contributes between three and four percent of recurrent expenditure on health services each year. During the period 1991–92 to 1993–94, expenditure on administration declined. However, in 1994–95 expenditure on administration grew by 28.5%. This has been due to changes in coding of State Government data, and does not reflect large real increases in administrative expenditures.

## Capital outlays

Outlays on capital is an important, albeit smaller, aspect of total health

services expenditure. However, because it relates to high-cost items that have useful lives extending over many years, growth in capital outlays is 'lumpy', failing to produce consistent trends, particularly when viewed over relatively short time periods.

The Commonwealth Government's capital outlays in 1995–96 represented an increase over the level of expenditure in the preceding year (Table 10). However, the 1994–95 estimates were heavily influenced by the disposal of capital assets (in particular the sale of Repatriation General Hospitals). As

a result, receipts from the sale of assets by the Commonwealth exceeded its expenditure on new capital by \$17 million in that year. Capital outlays by State and Territory Governments generally increased between 1989–90 and 1994–95 but fell between 1994–95 and 1995–96, while expenditure by the non-government sector fluctuated significantly in the period. However, the overall trend in private capital outlays has been upward, largely due to the building of new private hospitals.

**Table 10: Capital outlays (current prices), by source of funds, 1989–90 to 1995–96**

Year	Government sector			Non-Government sector	All sectors total
	Commonwealth	State & local	Total		
	\$ million				
1989–90	138	694	832	624	1,456
1990–91	181	775	956	493	1,449
1991–92	182	718	900	515	1,415
1992–93	144	811	955	688	1,643
1993–94	80	899	979	854	1,833
1994–95	–17	980	963	813	1,776
1995–96 <sup>(a)</sup>	46	889	935	852	1,787

(a) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

**Table 11: Total health price index and industry-wide indexes (base year 1989–90=100), 1989–90 to 1995–96**

Price index	Year						
	1989–90	1990–91	1991–92	1992–93	1993–94	1994–95	1995–96
Total health prices	100.0	106.1	109.3	110.9	111.9	113.5	115.6
<b>Government final consumption expenditure</b>							
Hospital and clinical	100.0	106.1	108.8	110.4	111.4	112.4	115.4
Total	100.0	105.2	109.5	112.0	113.3	113.5	115.9
<b>Private final consumption expenditure</b>							
Doctors	100.0	107.7	110.1	109.4	111.4	114.5	116.0
Dentists	100.0	108.0	114.2	118.5	124.0	130.1	136.2
Chemists	100.0	107.0	112.6	116.7	115.6	116.1	116.4
Other professionals	100.0	105.9	108.7	109.9	110.7	112.4	115.8
Total health PFCE	100.0	107.0	110.6	111.9	113.1	115.4	117.5
<b>Implicit price deflators</b>							
Public gross fixed capital	100.0	102.0	101.5	102.4	102.3	103.6	101.7
Private capital	100.0	102.2	99.7	98.2	99.4	101.1	102.9
Gross Domestic Product	100.0	104.3	106.2	107.5	108.6	110.1	113.3
Index of average earnings	100.0	107.1	109.2	111.0	113.0	115.8	n.a.

Source: see technical notes.

## Health prices

Often a strong influence on health services expenditure growth is the relationship between movements in health prices and the general level of inflation in the economy as a whole. The general level of inflation is usually measured by reference to either the Consumer Price Index (CPI) or the Implicit Price Deflator (IPD) for GDP, while 'health inflation' is indicated by changes in the 'total health prices index' (Table 11). In Australia, unlike many countries, health inflation has tended to move in line with the general level of inflation (see *Health Expenditure Bulletin No.12* for discussion of international trends in health inflation).

Between 1989–90 and 1995–96, the average rate of general inflation as measured by the IDP for GDP was 2.1% per year. Over the same period health inflation averaged 2.4% per year. However, much of the health inflation occurred between 1989–90 and 1990–91. In that year health prices rose by an average of 6.1%, compared with the general inflation rate of 4.3%. Since 1990–91, both health inflation and the general rate of inflation have had almost identical average rates of growth (1.7% per year).

Between 1993–94 and 1995–96, health inflation averaged 1.6% per year while the general rate of inflation averaged 2.1% per year.

Dental services prices increased above the average for all health prices in recent years. This was because of costs of conforming to stricter standards in infection control, because the complexity of diagnostic procedures has increased and possibly because of workforce supply factors.

## Technical notes

### 1. Definitions, sources and notes—general

The Australian Institute of Health and Welfare collects information for estimates of health expenditure from a wide range of sources. The Australian Bureau of Statistics (ABS), the Commonwealth Department of Health and Family Services (HFS) and State and Territory health authorities provided most of the basic data used in this bulletin.

The term 'recognised public hospital' is used in this bulletin to refer to those acute care hospitals operated by, or on behalf of, State and Territory Governments that are recognised for the purposes of the Commonwealth and State Medicare agreements.

The 'Medical services' category in Tables 12–17 covers medical services provided on a fee-for-service basis, including medical services provided to private patients in hospitals. It does not include expenditure on medical salaries or visiting medical officers at public hospitals.

The 'Commonwealth' column in Tables 12–17 includes expenditure by the Department of Veterans' Affairs (DVA) on behalf of eligible veterans and dependents. It also includes, until 1988–89, expenditure by ACT health services.

'Benefit paid pharmaceuticals' are pharmaceuticals in the Pharmaceutical Benefit Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS) for which the Commonwealth paid a benefit. PBS listed pharmaceuticals for which a prescription is required, but where all the costs are met by the patient ('under \$20' pharmaceuticals) are included in 'all other

pharmaceuticals'. Also included in 'all other pharmaceuticals' are over the counter medicines—such as aspirin, cough and cold medicines, vitamins and minerals, and herbal and other remedies.

Health expenditure figures shown in Tables 12–17 do not include any parts of expenditure that are primarily of a welfare services nature, even where that expenditure has a health component. Also excluded are most costs associated with the training of health personnel in universities. However, in some cases, such as hospital-based nursing training, where the cost of training cannot be separated from the operational costs, training costs would be included as part of the operational costs. Further details of the sources and definitions used in this Bulletin are contained in the AIHW publication *Australian Health Expenditure 1970–71 to 1984–85* (out of print).

Constant price values have been calculated using 'average prices' that applied in respect of each particular expenditure item in 1989–90. Expenditure values, generally, may be thought of as being derived by expressing the current price value of each component transaction as the product of a price and a quantity. Constant price values, therefore, are derived by substituting for each current price the corresponding price in the base year (1989–90).

For the purposes of this analysis, the average prices in the base year in respect of each expenditure item has been used, i.e. the proportions and prices of the components of the expenditure item have been held constant. The term 'constant (average 1989–90) prices' is used to indicate that the price measures are averages and not the *actual* base year prices of the individual component transactions.



Table 12: Total health services expenditure (current prices), by area of expenditure and source of funds, 1989–90<sup>(a)</sup>

Area of expenditure	Government sector		Non-government sector			Total
	Common-wealth	State and local	Health insurance funds	Individuals	Other <sup>(b)</sup>	
			\$ million			
Recognised public hospitals	3,438	3,884	512	—	366	878
Private hospitals	69	—	1,235	290	107	1,633
Repatriation hospitals	445	—	7	—	5	12
Public psychiatric hospitals	14	480	—	29	1	30
Total hospitals	3,966	4,364	1,755	320	505	2,553
Nursing homes	1,530	241	—	456	3	459
Ambulance	35	203	55	81	19	155
Other institutional (nec)	57	—	—	—	—	—
Total institutional	5,587	4,808	1,810	857	526	3,167
Medical services	3,934	—	151	585	275	1,011
Dental services	29	72	463	808	3	1,273
Other professional services	104	—	141	727	103	971
Community and public health <sup>(c)</sup>	272	1,182	1	—	43	44
Benefit paid pharmaceuticals	1,264	—	—	185	—	185
All other pharmaceuticals	—	2	35	987	17	1,039
Total pharmaceuticals	1,264	2	35	1,172	17	1,224
Aids and appliances	51	—	136	360	13	509
Administration	377	226	390	—	—	994
Research <sup>(d)</sup>	289	66	—	45	—	400
Other non-institutional	12	—	—	—	—	12
Total non-institutional	6,332	1,547	1,318	3,697	453	5,467
<b>Total recurrent expenditure</b>	<b>11,920</b>	<b>6,355</b>	<b>3,128</b>	<b>4,553</b>	<b>979</b>	<b>8,633</b>
Capital expenditure	138	694	n.a.	n.a.	n.a.	624 <sup>(e)</sup>
Capital consumption	46	464	—	—	—	510
<b>Total health expenditure</b>	<b>12,104</b>	<b>7,513</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>9,257</b>

(a) This table shows the amounts provided by the Commonwealth Government, State and Territory Governments and local government authorities and by the non-government sector to fund expenditure on health services. It does not show gross outlays on health services by each of the levels of government or the non-government sector.

(b) 'Other' includes expenditure on health services by Workers' Compensation and Compulsory Motor Vehicle Third Party insurance providers.

(c) State and local government expenditure in the community and public health category includes 'Other non-institutional' expenditure.

(d) Health services research expenditure is allocated according to the level of government or the sector that actually undertakes the research activity, not according to the source of funds.

(e) Capital outlays for the non-government sector cannot be allocated according to 'source of funds'.

(f) Private capital consumption (depreciation) expenditure is included as part of recurrent expenditure.

Table 13: Total health services expenditure (current prices), by area of expenditure and source of funds, 1990–91<sup>(a)</sup>

Area of expenditure	Government sector		Non-government sector			Total
	Common-wealth	State and local	Health insurance funds	Individuals	Other <sup>(b)</sup>	
	\$ million					
Recognised public hospitals	3,711	4,066	551	—	335	886
Private hospitals	86	—	1,451	339	132	1,922
Repatriation hospitals	494	—	10	—	8	18
Public psychiatric hospitals	17	524	—	21	1	22
Total hospitals	4,307	4,590	2,012	360	475	2,848
Nursing homes	1,657	305	—	563	3	566
Ambulance	38	204	63	89	19	171
Other institutional (nec)	64	—	—	—	—	64
Total institutional	6,066	5,100	2,075	1,013	497	3,585
Medical services	4,384	—	173	636	297	1,107
Dental services	33	117	503	887	16	1,406
Other professional services	138	—	156	749	159	1,064
Community and public health <sup>(c)</sup>	293	1,051	1	—	14	15
Benefit paid pharmaceuticals	1,245	—	—	224	—	224
All other pharmaceuticals	—	2	39	1,259	13	1,311
Total pharmaceuticals	1,245	2	39	1,483	13	1,535
Aids and appliances	60	—	153	407	13	573
Administration	374	342	411	—	—	411
Research <sup>(d)</sup>	279	98	—	53	—	53
Other non-institutional	13	—	—	—	—	13
Total non-institutional	6,821	1,610	1,437	4,214	513	6,164
<b>Total recurrent expenditure</b>	<b>12,887</b>	<b>6,709</b>	<b>3,512</b>	<b>5,227</b>	<b>1,010</b>	<b>9,749</b>
Capital expenditure	181	775	n.a.	n.a.	n.a.	493 <sup>(e)</sup>
Capital consumption	47	474	—	—	—	521
<b>Total health expenditure</b>	<b>13,115</b>	<b>7,958</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>10,242</b>

(a) This table shows the amounts provided by the Commonwealth Government, State and Territory Governments and local government authorities and by the non-government sector to fund expenditure on health services. It does not show gross outlays on health services by each of the levels of government or the non-government sector.

(b) 'Other' includes expenditure on health services by Workers' Compensation and Compulsory Motor Vehicle Third Party insurance providers.

(c) State and local government expenditure in the community and public health category includes 'Other non-institutional' expenditure.

(d) Health services research expenditure is allocated according to the level of government or the sector that actually undertakes the research activity, not according to the source of funds.

(e) Capital outlays for the non-government sector cannot be allocated according to 'source of funds'.

(f) Private capital consumption (depreciation) expenditure is included as part of recurrent expenditure.

Table 14: Total health services expenditure (current prices), by area of expenditure and source of funds, 1991–92<sup>(a)</sup>

Area of expenditure	Government sector		Non-government sector			Total expenditure		
	Common-wealth	State and local	Total	Health insurance funds	Individuals		Other <sup>(b)</sup>	Total
	\$ million							
Recognised public hospitals	3,866	4,339	8,205	551	—	299	849	9,054
Private hospitals	107	—	107	1,635	346	143	2,124	2,232
Repatriation hospitals	499	—	499	11	—	16	27	526
Public psychiatric hospitals	15	530	545	—	20	1	21	565
Total hospitals	4,487	4,869	9,356	2,197	366	465	3,021	12,377
Nursing homes	1,707	305	2,013	—	601	3	605	2,617
Ambulance	43	217	260	71	100	18	189	449
Other institutional (nec)	70	—	70	—	—	—	—	70
Total institutional	6,308	5,391	11,699	2,268	1,067	480	3,815	15,514
Medical services	4,781	—	4,781	190	693	263	1,146	5,928
Dental services	37	127	164	528	957	4	1,488	1,652
Other professional services	151	—	151	168	840	132	1,140	1,291
Community and public health <sup>(c)</sup>	368	987	1,356	1	—	2	3	1,358
Benefit paid pharmaceuticals	1,319	—	1,319	—	308	—	308	1,627
All other pharmaceuticals	—	—	—	37	1,423	14	1,474	1,474
Total pharmaceuticals	1,319	—	1,319	37	1,731	14	1,782	3,101
Aids and appliances	90	—	90	162	427	18	607	697
Administration	480	360	841	439	—	—	439	1,280
Research <sup>(e)</sup>	310	101	411	—	55	—	55	466
Other non-institutional	14	—	14	—	—	—	—	14
Total non-institutional	7,551	1,576	9,127	1,525	4,704	432	6,661	15,787
<b>Total recurrent expenditure</b>	<b>13,859</b>	<b>6,967</b>	<b>20,826</b>	<b>3,793</b>	<b>5,771</b>	<b>912</b>	<b>10,475</b>	<b>31,301</b>
Capital expenditure	182	718	900	n.a.	n.a.	n.a.	515 <sup>(e)</sup>	1,415
Capital consumption	44	453	497	—	—	—	— <sup>(f)</sup>	497
<b>Total health expenditure</b>	<b>14,085</b>	<b>8,138</b>	<b>22,223</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>10,990</b>	<b>33,213</b>

(a) This table shows the amounts provided by the Commonwealth Government, State and Territory Governments and local government authorities and by the non-government sector to fund expenditure on health services. It does not show gross outlays on health services by each of the levels of government or the non-government sector.

(b) 'Other' includes expenditure on health services by Workers' Compensation and Compulsory Motor Vehicle Third Party insurance providers.

(c) State and local government expenditure in the community and public health category includes 'Other non-institutional' expenditure.

(d) Health services research expenditure is allocated according to the level of government or the sector that actually undertakes the research activity, not according to the source of funds.

(e) Capital outlays for the non-government sector cannot be allocated according to 'source of funds'.

(f) Private capital consumption (depreciation) expenditure is included as part of recurrent expenditure.

Table 15: Total health services expenditure (current prices), by area of expenditure and source of funds, 1992–93<sup>(a)</sup>

Area of expenditure	Government sector		Non-government sector			Total expenditure		
	Common-wealth	State and local	Total	Health insurance funds	Individuals		Other <sup>(b)</sup>	Total
	\$ million							
Recognised public hospitals	4,140	4,291	8,432	543	—	301	844	9,276
Private hospitals	122	—	122	1,764	347	150	2,262	2,384
Repatriation hospitals	474	—	474	13	—	12	25	499
Public psychiatric hospitals	14	481	495	—	16	1	17	512
Total hospitals	4,750	4,772	9,523	2,320	363	465	3,148	12,670
Nursing homes	1,788	288	2,076	—	569	4	573	2,648
Ambulance	38	233	272	75	107	19	201	473
Other institutional (nec)	71	—	71	—	—	—	—	71
Total institutional	6,648	5,293	11,941	2,395	1,038	488	3,921	15,862
Medical services	5,241	—	5,241	202	692	287	1,181	6,422
Dental services	38	146	184	535	984	6	1,525	1,709
Other professional services	160	—	160	178	918	141	1,237	1,397
Community and public health <sup>(c)</sup>	381	1,213	1,594	1	—	2	3	1,597
Benefit paid pharmaceuticals	1,601	—	1,601	—	360	—	360	1,960
All other pharmaceuticals	—	—	—	39	1,415	18	1,471	1,471
Total pharmaceuticals	1,601	—	1,601	39	1,774	18	1,831	3,432
Aids and appliances	97	—	97	166	430	27	623	720
Administration	472	236	708	461	—	—	461	1,168
Research <sup>(d)</sup>	345	103	448	—	57	—	57	505
Other non-institutional	14	—	14	—	—	—	—	14
Total non-institutional	8,348	1,697	10,046	1,583	4,855	479	6,917	16,963
<b>Total recurrent expenditure</b>	<b>14,996</b>	<b>6,991</b>	<b>21,987</b>	<b>3,979</b>	<b>5,893</b>	<b>967</b>	<b>10,839</b>	<b>32,825</b>
Capital expenditure	144	811	955	n.a.	n.a.	n.a.	688 <sup>(e)</sup>	1,643
Capital consumption	42	466	508	—	—	—	—	508
<b>Total health expenditure</b>	<b>15,182</b>	<b>8,268</b>	<b>23,450</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>11,527</b>	<b>34,976</b>

(a) This table shows the amounts provided by the Commonwealth Government, State and Territory Governments and local government authorities and by the non-government sector to fund expenditure on health services. It does not show gross outlays on health services by each of the levels of government or the non-government sector.

(b) 'Other' includes expenditure on health services by Workers' Compensation and Compulsory Motor Vehicle Third Party insurance providers.

(c) State and local government expenditure in the community and public health category includes 'Other non-institutional' expenditure.

(d) Health services research expenditure is allocated according to the level of government or the sector that actually undertakes the research activity, not according to the source of funds.

(e) Capital outlays for the non-government sector cannot be allocated according to 'source of funds'.

(f) Private capital consumption (depreciation) expenditure is included as part of recurrent expenditure.

**Table 16: Total health services expenditure (current prices), by area of expenditure and source of funds, 1993–94<sup>(a)</sup>**

Area of expenditure	Government sector		Non-government sector				Total expenditure
	Common- State and local wealth		Health insurance funds		Other <sup>(b)</sup>		
	Total	Total	Individuals	Other <sup>(b)</sup>	Total	Total	
			\$ million				
Recognised public hospitals	4,663	3,927	494	—	477	971	9,561
Private hospitals	168	—	1,866	373	162	2,400	2,568
Repatriation hospitals	352	—	5	—	—	5	357
Public psychiatric hospitals	11	460	—	18	2	20	491
Total hospitals	5,193	4,387	2,365	391	640	3,397	12,977
Nursing homes	1,773	267	—	627	—	627	2,667
Ambulance	37	223	82	118	19	219	479
Other institutional (nec)	119	—	—	—	—	—	119
<i>Total institutional</i>	<b>7,122</b>	<b>4,878</b>	<b>2,447</b>	<b>1,136</b>	<b>660</b>	<b>4,243</b>	<b>16,243</b>
Medical services	5,700	—	208	683	296	1,187	6,886
Dental services	58	137	539	1,089	6	1,635	1,829
Other professional services	165	—	188	753	138	1,079 <sup>(e)</sup>	1,244
Community and public health <sup>(d)</sup>	475	1,295	1	—	2	3	1,773
Benefit paid pharmaceuticals	1,888	—	—	396	—	396	2,284
All other pharmaceuticals	—	—	42	—	—	42	1,513
Total pharmaceuticals	1,888	—	42	1,452	20	1,513	1,513
Aids and appliances	137	—	42	1,847	20	1,909	3,797
Administration	444	176	168	433	29	630	768
Research <sup>(f)</sup>	371	134	—	61	—	482	1,102
Other non-institutional	14	—	—	—	—	61	566
<i>Total non-institutional</i>	<b>9,251</b>	<b>1,741</b>	<b>1,628</b>	<b>4,866</b>	<b>491</b>	<b>6,985</b>	<b>17,978</b>
<b>Total recurrent expenditure</b>	<b>16,373</b>	<b>6,619</b>	<b>4,075</b>	<b>6,002</b>	<b>1,150</b>	<b>11,228</b>	<b>34,221</b>
Capital expenditure	80	899	n.a.	n.a.	n.a.	854 <sup>(f)</sup>	1,833
Capital consumption	42	481	—	—	—	— <sup>(g)</sup>	523
<b>Total health expenditure</b>	<b>16,495</b>	<b>7,999</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>12,082</b>	<b>36,577</b>

(a) This table shows the amounts provided by the Commonwealth Government, State and Territory Governments and local government authorities and by the non-government sector to fund expenditure on health services. It does not show gross outlays on health services by each of the levels of government or the non-government sector.

(b) 'Other' includes expenditure on health services by Workers' Compensation and Compulsory Motor Vehicle Third Party insurance providers.

(c) There is a discontinuity in the private expenditure data for 'other professional services' after 1992–93.

(d) State and local government expenditure in the community and public health category includes 'Other non-institutional' expenditure.

(e) Health services research expenditure is allocated according to the level of government or the sector that actually undertakes the research activity, not according to the source of funds.

(f) Capital outlays for the non-government sector cannot be allocated according to 'source of funds'.

(g) Private capital consumption (depreciation) expenditure is included as part of recurrent expenditure.

**Table 17: Total health services expenditure (current prices), by area of expenditure and source of funds, 1994–95<sup>(a)</sup>**

Area of expenditure	Government sector		Non-government sector				Total
	Common-wealth	State and local	Health insurance funds	Individuals	Other <sup>(b)</sup>	Total	
	\$ million						
Recognised public hospitals	4,870	4,150	433	—	537	970	9,991
Private hospitals	240	—	2,004	434	168	2,606	2,846
Repatriation hospitals	233	—	3	—	—	3	237
Public psychiatric hospitals	6	454	—	—	2	2	462
Total hospitals	5,349	4,605	2,440	434	707	3,582	13,536
Nursing homes	1,860	243	—	641	—	641	2,743
Ambulance	43	238	87	123	32	241	523
Other institutional (nec)	128	—	—	—	—	—	128
<i>Total institutional</i>	<b>7,380</b>	<b>5,045</b>	<b>2,527</b>	<b>1,198</b>	<b>739</b>	<b>4,463</b>	<b>16,929</b>
Medical services	6,086	—	216	712	357	1,285	7,371
Dental services	105	141	546	1,143	8	1,697	1,943
Other professional services	171	—	205	901	166	1,272 <sup>(c)</sup>	1,443
Community and public health <sup>(d)</sup>	507	1,312	1	—	3	4	1,823
Benefit paid pharmaceuticals	2,086	—	—	461	—	461	2,547
All other pharmaceuticals	—	—	42	1,630	26	1,698	1,698
Total pharmaceuticals	2,086	—	42	2,091	26	2,159	4,245
Aids and appliances	147	—	169	438	25	632	778
Administration	486	438	495	—	—	495	1,418
Research <sup>(e)</sup>	340	176	—	111	—	111	627
Other non-institutional	14	—	—	—	—	—	14
<i>Total non-institutional</i>	<b>9,941</b>	<b>2,066</b>	<b>1,674</b>	<b>5,396</b>	<b>585</b>	<b>7,655</b>	<b>19,663</b>
<b>Total recurrent expenditure</b>	<b>17,321</b>	<b>7,152</b>	<b>4,201</b>	<b>6,594</b>	<b>1,324</b>	<b>12,119</b>	<b>36,591</b>
Capital expenditure	-17	980	n.a.	n.a.	n.a.	813 <sup>(f)</sup>	1,776
Capital consumption	25	506	—	—	—	— <sup>(g)</sup>	531
<b>Total health expenditure</b>	<b>17,329</b>	<b>8,638</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>12,932</b>	<b>38,898</b>

(a) This table shows the amounts provided by the Commonwealth Government, State and Territory Governments and local government authorities and by the non-government sector to fund expenditure on health services. It does not show gross outlays on health services by each of the levels of government or the non-government sector.

(b) 'Other' includes expenditure on health services by Workers' Compensation and Compulsory Motor Vehicle Third Party insurance providers.

(c) There is a discontinuity in the private expenditure data for 'other professional services' after 1992–93.

(d) State and local government expenditure in the community and public health category includes 'Other non-institutional' expenditure.

(e) Health services research expenditure is allocated according to the level of government or the sector that actually undertakes the research activity, not according to the source of funds.

(f) Capital outlays for the non-government sector cannot be allocated according to 'source of funds'.

(g) Private capital consumption (depreciation) expenditure is included as part of recurrent expenditure.

The average prices were based on the mix of component quantities that applied in the base year. In this way, changes in expenditure have been assumed to reflect changes in the quantum of outputs, only (this assumes that any change in quality of an output is a component of the quantum change).

To the extent that changes in the mix of inputs to the items of expenditure occur over time, a method of estimating constant price expenditure using fixed weights (such as is adopted here) cannot accurately reflect quantum changes. This becomes increasingly so as the time between the analysis period and the base year increase. However, difficulties with annual measurement of individual quantum changes mean that there is no feasible alternative to this form of fixed weight deflator for estimating quantum changes.

## 2. Definitions, sources and notes—price indexes

An Implicit Price Deflator (IPD) is an index obtained by dividing a current price value by its corresponding constant price value. Thus implicit price deflators are derived measures and are not normally the direct measures of price change by which current price estimates are converted to estimates in constant prices.

The IPD for general government public gross fixed capital expenditure is used to deflate government capital health expenditure and government capital consumption.

The IPD for private capital expenditure on non-dwelling construction is used to deflate private capital health expenditure.

The IPD for the gross domestic product is the broadest measure of price change available in the national accounts. It provides an indication of the overall changes in the prices of goods and services

produced in Australia, whether for use in the domestic economy or for export.

The Hospital And Clinical Index from the Government final consumption expenditure (GFCE) deflators is derived from changes in wage costs, visiting medical officer payments and other costs in the hospital area. Other costs include drug costs, medical and surgery costs, food costs, domestic service costs as well as costs of repairs and maintenance, patient transport, fuel, light and power and other non-salary costs.

The private final consumption expenditure (PFCE) deflators measure changes in the price of services of private doctors, dentists, chemists and other private health professionals.

The total health expenditure in constant prices is obtained by adding up individual expenditures in constant prices. The total health expenditure price index is the ratio of total health expenditure in current prices to total health expenditure in constant prices for its corresponding year.

The 'Index of average earnings' in Table 11 is an index for all male employees' average weekly total gross earnings. Earnings comprise overtime earnings, ordinary time earnings, shift allowances, penalty rates, commissions and similar payments. Included are paid annual leave, paid sick leave, long service leave and paid holidays taken during the reference period.

### Sources

IPD for general government public gross fixed capital expenditure: ABS, *Australian national accounts: national income, expenditure and product* (Cat. No. 5206.0)

IPD for GDP: ABS, *Australian national accounts: national income, expenditure and product* (Cat. No. 5206.0)

GFCE for Hospital and clinical: ABS unpublished data.

PFCE doctors, dentists, chemists and other medical professionals indices: ABS unpublished data.

AWE: calculated from ABS Average weekly earnings, States and Australia, various issues (Cat. No. 6302.0)

Table 22 in *Health Expenditure Bulletin No.11* lists the cells within the health expenditure matrix where particular deflators are applied.

## 3. Revisions of definitions and estimates

Revisions have been made to estimates of recurrent health expenditure since the publication of *Health Expenditure Bulletin No.12*. The major revisions have been in Recognised public hospitals, Private hospitals, Community and public health and Pharmaceuticals. While most of these have not caused the overall estimates for total health expenditure to change markedly, they do alter the composition of expenditure—especially in relation to sources of funds.

### *Recognised public hospitals*

Total expenditure on public recognised hospitals for 1990–91 was revised downwards by \$140 million. This largely resulted from the use of more recent published data in respect of Victorian hospitals (-\$161 million) and unpublished State data in respect of Queensland hospitals (+\$22 million).

The 1992–93 estimates of total expenditure on recognised public hospitals were revised downwards due to the exclusion of net expenditure of \$105 million in respect of the Repatriation General Hospital (RGH) Concord from the estimate of State Government expenditure on public recognised hospitals. The previous estimate of NSW State Government expenditure had been derived from the NSW

*Public Hospitals Comparison Data Book 1992–93*, which had included an estimate in respect of RGH Concord, even though it did not become part of the NSW public hospital system until 1 July 1993.

The estimates for 'State and local government' and 'other non-government sector' expenditure on recognised public hospitals for 1993–94 were revised due largely to revisions in the way DVA outlays in respect of Repatriation patients were treated. DVA provided a total of \$203 million to New South Wales under agreements with that State. Of that, \$188 million had previously been offset against 'other non-government sector' expenditure and \$15 million had been regarded as capital outlays. Subsequent advice from DVA indicates that all the relevant outlays were in respect of recurrent expenditure and should be offset against 'State and local government' expenditure.

#### *Private hospitals*

Revisions in private hospital expenditure were due to the adoption of new data from the ABS Private hospitals survey. Previously private hospitals expenditure was estimated by totaling private hospital revenue from patients. Now it is estimated directly from the ABS survey. The new data has led to an increase in the estimates of private hospital expenditure of over

\$200 million, as the previous data did not include expenditure estimates funded by non-patient revenue.

#### *Community and public health*

Revisions were made due to unreliability of the State and local government data. It is no longer possible to separately identify the 'Other non-institutional' category. Thus for State and local government funding, the 'other non-institutional' category was included within the 'community and public health' category.

#### *Pharmaceuticals*

In previous years estimates of pharmaceuticals for which a Government benefit is not paid have been estimated by extrapolating data from the ABS retail censuses of 1985–86 and 1991–92, on the basis of growth in pharmacy sales taken from the ABS retail survey. This method has proved unsatisfactory in recent years, particularly as the 1991–92 census included non-prescription pharmaceutical data in the cosmetics, perfumes and toiletries category.

A new method was adopted for data from 1993–94 onwards which relied on commercial market research data published in *Pharmacy 2000*. This resulted in the 'all other pharmaceuticals' expenditure for

1993–94 being revised downwards from the \$1760 million published in *Health expenditure bulletin 12* to \$1,513 million.

1992–93 and previous years have been calculated according to the old methodology, so 1992–93 and years prior to that are not comparable to 1993–94 onwards. However the differences in the two series are not likely to be large.

The change between the 1992–93 and the 1993–94 numbers is 3% whereas the true growth is likely to be between 5 and 10%.

#### **4. Abbreviations and symbols used in tables**

n.a.	not available
nec	not elsewhere classified
–	nil or rounded down to zero
..	not applicable

#### **5. Other notes**

Figures in the tables in this bulletin may not add exactly due to rounding.

Average annual growth rates are calculated as an exponential mean.

#### **References**

Feros P (ed.) *Pharmacy 2000*, Vol.5, No.4 (1996)