Australian Government
Australian Institute of Health and Welfare

Health expenditure Australia 2010–11

HEALTH AND WELFARE EXPENDITURE SERIES NO. 47

Australian Government
Australian Institute of Health and Welfare

Authoritative information and statistics to promote better health and wellbeing

HEALTH AND WELFARE EXPENDITURE SERIES
Number 47

Health expenditure Australia 2010–11

Australian Institute of Health and Welfare
Canberra
Cat. no. HWE 56

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

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

ISSN 1323-5850
ISBN 978-1-74249-350-3
Suggested citation
Australian Institute of Health and Welfare 2012. Health expenditure Australia 2010–11. Health and welfare expenditure series no. 47. Cat. no. HWE 56. Canberra: AIHW.

Any enquiries about or comments on this publication should be directed to:
Communications, Media and Marketing Unit
Australian Institute of Health and Welfare
GPO Box 570
Canberra ACT 2601
Tel: (02) 6244 1032
Email: info@aihw.gov.au

Published by the Australian Institute of Health and Welfare

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

Contents

Acknowledgments

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

Adam Majchrzak–Smith, Barbara Gray, Nick Mann, Rebecca Bennetts, Ping Peng, Miyoko Asai and Adrian Webster carried out the collection and analysis of the data and the writing of this publication.

Abbreviations

ABS	Australian Bureau of Statistics
AHCAs	Australian Health Care Agreements
AIHW	Australian Institute of Health and Welfare
COAG	Council of Australian Governments
CPI	consumer price index
DoHA	Australian Government Department of Health and Ageing
DVA	Australian Government Department of Veterans' Affairs
GDP	gross domestic product
GFCE	government final consumption expenditure
GFS	government finance statistics
GHE	government health expenditure
GNE	gross national expenditure
GP	general practitioner
HEAC	Health Expenditure Advisory Committee
HFCE	household final consumption expenditure
ICHA	International Classification for Health Accounts
IPD	implicit price deflator
LHC	Lifetime Health Cover
MBS	Medicare Benefits Schedule
NHA	National Health Accounts
NICNAS	National Industrial Chemicals Notification and Assessment Scheme
NMDS	national minimum data set
NP	National Partnership
OECD	Organisation for Economic Co–operation and Development
OGTR	Office of the Gene Technology Regulator
PBS	Pharmaceutical Benefits Scheme
PET	positron emission tomography

PHE	public hospital establishments
PHIAC	Private Health Insurance Administration Council
PHIIS	Private Health Insurance Incentives Scheme
PHOFAs	Public Health Outcome Funding Agreements
PPP	purchasing power parity
RPBS	Repatriation Pharmaceutical Benefits Scheme
SHA	System of Health Accounts
SPP	Specific purpose payment
TGA	Therapeutic Goods Administration
THPI	total health price index
WHO	World Health Organization

Symbols

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

Summary

This report provides estimates of health expenditure in Australia between 2000–01 and 2010–11. Expenditure on health in Australia was estimated to be $130.3 billion in 2010–11, up in real terms (after adjustment for inflation) from $77.5 billion in 2000–01 and $122.5 billion in 2009–10.

In 2010–11, health expenditure as a percentage of Australia's Gross Domestic Product (GDP) was 9.3%. In 2009–10, health expenditure as a percentage of GDP was 9.4%. Over the 7 years from 2000–01 to 2007–08, the ratio of health expenditure to GDP increased to be 0.6 percentage points above the 2000–01 level (from 8.2% to 8.8%). In just 2 years, the ratio increased by another 0.6 percentage points and then reduced slightly in 2010–11 to be 0.5 percentage points above the 2007–08 level. This relatively rapid increase is largely attributable to a slowing in GDP growth following the global financial crisis, rather than changes in health expenditure.

Analysis of health inflation suggests that prices in the health sector have grown quicker than in the broader economy over the past 10 years. Growth in health expenditure, however, has largely been driven by increases in the volume of health goods and services purchased, rather than the price of services. This increase in volume appears to be more related to population growth than additional expenditure per person. Growth in per person health expenditure between 2000–01 and 2010–11 (3.9% per year) was slower than growth in total health expenditure (5.3% per year).

In 2010–11, the estimated national average level of recurrent expenditure on health was $5,796 per person. In that year, expenditure in New South Wales ($5,356 per person) was 2.7% below the national average, while the Northern Territory's average spending ($7,339 per person) was 33.4% higher than the national average. The average annual real growth per person over the period 2000–01 to 2010–11 was highest in the Northern Territory (4.8%) and South Australia (4.5%).

Governments funded 69.1% of total health expenditure during 2010–11, up from 67.7% in 2000–01. The percentage contribution of the Australian Government declined in most years throughout the period, dropping from 44.4% in 2000–01 to 42.7% in 2010–11. The state and territory contribution grew from 23.3% to 26.4% over the same time. Non–government sources provided 30.9% in 2010–11.

Spending on public hospital services in 2010–11 was estimated at $38.9 billion, or 31.5% of recurrent expenditure. Expenditure on medical services ($22.5 billion or 18.2%) and medications ($18.4 billion or 14.9%) were other major contributors. Increased spending on public hospital services of $2.2 billion in real terms was the largest component of the increase in health expenditure, accounting for over one–third (35.4%) of the increase in recurrent expenditure, followed by spending on medications which grew by $2.1 billion.

The Australian Government's share of public hospital funding was 40.3% in 2010–11. State and territory governments' share of public hospital expenditure was 49.5% in 2010–11, down from 50.5% in 2009–10 but up compared to 2000–01 (47.2%).

1 Introduction

This publication includes estimates of how much money was spent on health in Australia during the period 2000–01 to 2010–11. This information is vital to understanding the performance, efficiency and affordability of Australia's health system and how these factors have changed over time.

1.1 What is health expenditure?

Health expenditure occurs where money is spent on health goods and services. It occurs at many 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 they are ultimately spent by providers, such as hospitals, general practices and pharmacies, on health goods and services.

The term 'health expenditure' in this context relates to all funds given to, or for, providers of health goods and services and it includes the funds provided by the Australian Government to states and territories as well as the funds provided by the states and territories to providers.

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

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

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

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

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

Box 1.1: Expenditure at current and constant prices

Current price estimates

Expenditure at 'current prices' refers to expenditure unadjusted for movements in prices from one year to another (that is, not adjusted for inflation). Comparisons over time using figures expressed in terms of current prices can be misleading due to the effect of inflation. $1 billion spent in 2000–01 will have purchased more health goods and services than $1 billion spent in 2010–11.

Deflation and constant price estimates

In order to be able 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 all expressed in terms of the value of currency in one selected reference year (known as 'constant prices').

The reference year used in this report is 2010–11. See Chapter 7 the Technical notes 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 amount 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 determined by the institutional frameworks in place, both government and non–government. The government sector includes the Australian and state and territory governments and, in some jurisdictions, local government. What remains is the non–government sector, which comprises individuals', private health insurers' and other non–government funding sources. The other non–government sector principally includes workers compensation and compulsory motor vehicle third–party insurers, and also includes 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.

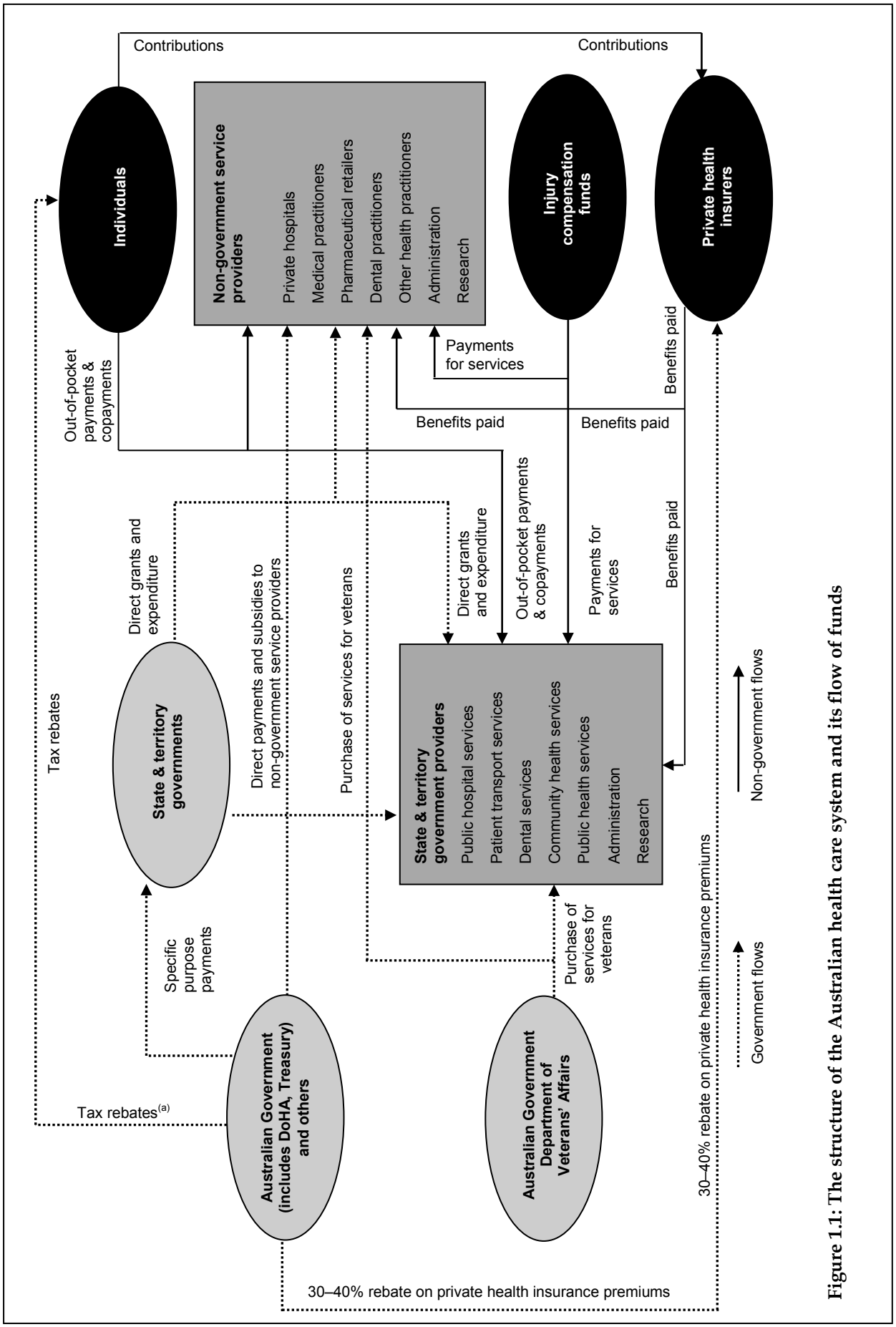


Figure 1.1: The structure of the Australian health care system and its flow of funds

1.3 Structure of this report

The tables and figures in this publication provide expenditure in terms of current and constant prices (Box 1.1). Constant price expenditure adjusts for the effects of inflation using either the annually re–weighted chain price indexes produced by the Australian Bureau of Statistics (ABS), or either ABS or Australian Institute of Health and Welfare (AIHW) implicit price deflators (IPDs). Because the reference year for both the chain price indexes and the IPDs is 2010–11, the constant price estimates indicate what expenditure would have been had 2010–11 prices applied in all years.

Throughout this publication there are references to the general rate of inflation. These refer to changes in economy–wide prices, not just consumer prices. The ABS calculates the general rate of inflation using the IPD for GDP.

Chapter 2 present a broad picture of total national health expenditure in 2010–11 (and back to 2000–01).

Chapter 3 analyses this 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 contains an analysis of health expenditure and funding by area of expenditure, including expenditure on public and private hospitals, patient transport, medical services, dental services, other health practitioner services, health goods (that is, medications and aids and appliances), community health and public health services, as well as health research. This chapter also covers expenditure on the investment in health facilities and equipment (capital expenditure) and capital consumption (depreciation) by governments and the medical expenses tax rebate.

International comparisons presented in Chapter 5 show how expenditure on health in Australia compares with selected OECD and Asia–Pacific countries.

Chapter 6 provides a data quality statement for the AIHW health expenditure database.

Chapter 7 provides technical information on the definitions, methods and data.

The appendixes include more detailed national and state and territory health expenditure matrices 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 provided in this publication, or from the online data cubes available on the AIHW website, rather than by reference to earlier editions of this report. For example, estimates in this report are not comparable with the data published in issues prior to 2005–06, because of the reclassification of expenditure on high–level residential aged care from 'health services' to 'welfare services'.

In 2007–08, an important change was made to include capital consumption as part of recurrent health expenditure for all years (see Chapter 7 Technical notes for details). In

previous editions it had been shown as a separate (non–recurrent) form of expenditure. The AIHW's online data cubes also incorporate this change for all years back to 1961.

Funding reported 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 to produce estimates in this report. Expenditure of this funding by states and territories, however, may have been spread over several years.

1.5 Revisions to Australian Bureau of Statistics estimates

GDP estimates for this publication are sourced from the ABS (ABS 2012a). These estimates include revisions to incorporate more up–to–date data and concurrent seasonal adjustments.

The estimates are based on a new international standard, the System of National Accounts 2008, which Australia was one of the first countries to adopt. The new system increased the scope of production activities included in the measurement of GDP. The changes increased the size of Australia's GDP, which had the effect of reducing Australia's health to GDP ratio, particularly in comparison with other countries that have not yet adopted the new standard.

More information about the new system can be found at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/5310.0.55.002>. Revisions to ABS estimates of GDP using the new system affected the estimates in *Health expenditure Australia* reports from 2008–09.

The revisions have been applied retrospectively, so health expenditure to GDP ratios for all years back to 2000–01 in this report are not consistent with those shown in *Health expenditure Australia* reports prior to this one.

2 Total health expenditure

Total expenditure on health goods and services in Australia in 2010–11 was estimated at $130.3 billion (Table 2.1). Of this, 94.9% was recurrent expenditure and 5.1% was capital expenditure (Table 2.7). Expenditure in 2010–11 was 7.3% higher than in the previous year (an increase of $8.9 billion). This was due to a 6.4% growth in real health expenditure and a health inflation rate of 0.9% during the year (see tables 2.1 and 2.4). This growth was 0.9 percentage points higher than the average for the decade 2000–01 to 2010–11 (5.3%).

Table 2.1: Total health expenditure, current and constant prices[(a)], and annual rates of change, 2000–01 to 2010–11

	Amount ($ million)		Change from previous year (%)	
Year	Current	Constant	Nominal change[(b)]	Real growth[(b)]
2000–01	58,269	77,471	. .	. .
2001–02	63,099	81,573	8.3	5.3
2002–03	68,798	85,683	9.0	5.0
2003–04	73,509	88,699	6.8	3.5
2004–05	81,061	94,345	10.3	6.4
2005–06	86,685	96,977	6.9	2.8
2006–07	94,938	102,656	9.5	5.9
2007–08	103,563	109,467	9.1	6.6
2008–09	113,661	117,496	9.8	7.3
2009–10	121,353	122,464	6.8	4.2
2010–11	130,266	130,266	7.3	6.4
		Average annual change (%)		
2000–01 to 2005–06	. .	. .	8.3	4.6
2005–06 to 2010–11	. .	. .	8.5	6.1
2000–01 to 2010–11	. .	. .	8.4	5.3

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 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. Refer to 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).

The first of these—inflation—can be further subdivided and analysed in terms of 'general inflation' and 'excess health inflation' (Box 2.1). The second—volume growth— is affected by things like 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. Total health expenditure increased in nominal terms from $58.3 billion in 2000–01 to $130.3 billion in 2010–11 (Table 2.1).

Box 2.1: Inflation

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

General inflation

General inflation refers to the average rate of change in prices throughout the economy over time. In the past, the measure used for the general rate of inflation has been the implicit price deflator (IPD) for GDP. In this report, the gross national expenditure (GNE) IPD has been introduced to provide an additional perspective on inflation.

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

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

Health inflation

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

Excess health inflation

Excess health inflation is the amount by which the rate of health inflation exceeds the general rate of inflation. Excess health inflation will be positive if health prices are increasing at a more rapid rate 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) can be viewed from two perspectives. The ratio indicates the proportion of overall economic activity contributed by health expenditure and it shows the cost to the nation of providing its health system.

Spending on health accounted for 9.3% of GDP in 2010–11, a decrease of 0.1 percentage points from 2009–10, and an increase of 1.1 percentage points from the 8.2% of GDP in 2000–01 (Table 2.2).

Table 2.2: Total health expenditure and GDP, current prices, and annual health to GDP ratios, 2000–01 to 2010–11

Year	Total health expenditure ($ million)	GDP ($ million)	Ratio of health expenditure to GDP (%)
2000–01	58,269	706,895	8.2
2001–02	63,099	754,948	8.4
2002–03	68,798	800,911	8.6
2003–04	73,509	859,487	8.6
2004–05	81,061	920,899	8.8
2005–06	86,685	994,803	8.7
2006–07	94,938	1,083,060	8.8
2007–08	103,563	1,175,949	8.8
2008–09	113,661	1,252,218	9.1
2009–10	121,353	1,293,380	9.4
2010–11	130,266	1,399,070	9.3

Sources: AIHW health expenditure database and ABS 2012a.

Over the 7 years from 2000–01 to 2007–08, the ratio of health expenditure to GDP increased to be 0.6 percentage points above the 2000–01 level. In just 2 years from 2007–08 to 2009–10, the ratio increased by another 0.6 percentage points and then reduced slightly in 2010–11 to be 0.5 percentage points above the 2007–08 level. This relatively rapid increase is largely attributable to a slowing in GDP growth associated with the global financial crisis, rather than changes in health expenditure.

Differential growth in health expenditure and GDP

The health to GDP ratio can change between periods 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 (excess health inflation, see Box 2.1).

Changes in the ratio, both up and down, can be as much to do with changes in GDP as with changes in health expenditure.

Over the decade from 2000–01 to 2010–11, expenditure on health grew in real terms at an average of 5.3% per year, compared with an average annual real growth in GDP of 3.1% (Table 2.3). Both GDP and health expenditure grew in every year from 2000–01 to 2010–11.

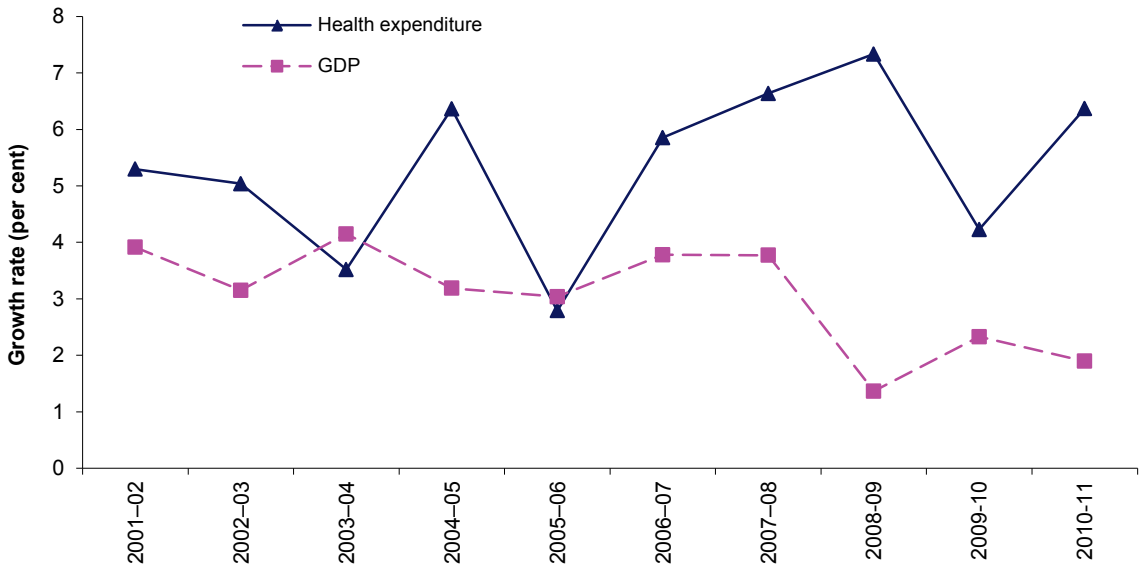
Apart from 2 years, 2003–04 and 2005–06, health expenditure grew more strongly than GDP. The greatest difference between the growth of health expenditure and GDP occurred in 2008–09 when the health expenditure and GDP growth rates were 7.3% and 1.4%, respectively.

Table 2.3: Total health expenditure and GDP, constant prices[a], and annual growth rates, 2000–01 to 2010–11

	Total health expenditure		GDP	
Year	Amount ($ million)	Growth rate (%)	Amount ($ million)	Growth rate (%)
2000–01	77,471	. .	1,035,532	. .
2001–02	81,573	5.3	1,076,055	3.9
2002–03	85,683	5.0	1,109,965	3.2
2003–04	88,699	3.5	1,156,001	4.1
2004–05	94,345	6.4	1,192,839	3.2
2005–06	96,977	2.8	1,229,078	3.0
2006–07	102,656	5.9	1,275,554	3.8
2007–08	109,467	6.6	1,323,682	3.8
2008–09	117,496	7.3	1,341,766	1.4
2009–10	122,464	4.2	1,373,025	2.3
2010–11	130,266	6.4	1,399,070	1.9
		Average annual growth rate (%)		
2000–01 to 2005–06		4.6		3.5
2005–06 to 2010–11		6.1		2.6
2000–01 to 2010–11		5.3		3.1

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Sources: AIHW health expenditure database and ABS 2012a.



(a) Growth rates calculated from the preceding year to the year indicated.

(b) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Source: Table 2.3.

Figure 2.1: Annual growth[a] of health expenditure and GDP, constant prices[b], 2001–02 to 2010–11

Real growth rates for GDP were generally higher for the period 2000–01 to 2005–06 (averaging 3.5%) compared to the average rate for the period 2005–06 to 2010–11 (2.6%). The

average annual growth rate for health expenditure was 4.6% and 6.1% for the corresponding periods.

Health inflation

In order to gauge differences between health inflation and general inflation (Box 2.1), it is necessary to have agreed measures of both. In Australia, general inflation is often measured by changes in the ABS IPD for GDP and health inflation by changes in the AIHW total health price index (THPI). In this report the IPD for GNE has also been considered as a measure of general inflation. The THPI is compared to both the GDP IPD and the GNE IPD. Differences in these two measures highlight the effect of the export component of the economy on inflation in particular.

All these inflation measures moved at different rates for most years since 2000–01 (Table 2.4). In some years they moved in the same direction, but at different rates; in others they have moved in different directions.

When measured against the GDP IPD, health inflation has been lower than general inflation for six of the past ten years. The average excess health inflation over the past 5 years (–2.0%) was 2 percentage points lower than for the 5 years from 2000–01 to 2005–06. Health inflation was 5.3 percentage points lower than general inflation in 2010–11, largely reflecting the change in general inflation (as measured by the GDP deflator) (Table 2.4 and Figure 2.2). This suggests that prices in the health sector have not risen as quickly as prices in the broader economy when using domestic production as the comparator.

When using the GNE IPD measure of inflation, however, excess health inflation was negative in only 3 of the years in the period (Table 2.4 and Figure 2.2). Over the period, the average annual growth rate in excess health inflation was 0.6%, as opposed to -1.0% when using the GDP IPD. This suggests that prices in the health sector rose quicker than general inflation when using GNE as the comparator.

The comparison between the GDP and GNE measures indicates that the inclusion or exclusion of exports has a substantial impact on whether or not prices in the health sector appear to have risen slower or faster than the general inflation rate. According to one approach (GDP), health prices have largely been contained over the period and health services have, in a sense, become more affordable. The other approach (GNE) suggests the opposite.

In terms of which of these provides the most appropriate measure, it depends on the purposes for which they are being used. Here we are largely concerned with monitoring trends in health prices compared to prices in the broader domestic economy. In this context, it is noteworthy that export price increases are largely born internationally, rather than domestically. The impact of health inflation is, however, born domestically. Thus, it would seem appropriate to use GNE rather than GDP.

Table 2.4: Annual rates of health inflation, 2000–01 to 2010–11 (per cent)

		GDP IPD measures		GNE IPD measures	
Period	Health inflation[(a)]	General inflation[(b)]	Excess health inflation	General inflation[(c)]	Excess health inflation
2000–01 to 2001–02	2.8	2.8	0.1	2.0	0.8
2001–02 to 2002–03	3.8	2.8	0.9	1.9	1.9
2002–03 to 2003–04	3.2	3.0	0.2	1.1	2.1
2003–04 to 2004–05	3.7	3.8	–0.2	1.8	1.8
2004–05 to 2005–06	4.0	4.8	–0.8	2.5	1.5
2005–06 to 2006–07	3.5	4.9	–1.4	3.0	0.4
2006–07 to 2007–08	2.3	4.6	–2.2	3.1	–0.8
2007–08 to 2008–09	2.3	5.1	–2.7	3.2	–0.9
2008–09 to 2009–10	2.4	0.9	1.5	1.8	0.6
2009–10 to 2010–11	0.9	6.2	–4.9	2.0	–1.1
Average annual growth rate (%)					
2000–01 to 2005–06	3.5	3.5	0.0	2.2	1.6
2005–06 to 2010–11	2.3	4.3	–2.0	2.8	–0.3
2000–01 to 2010–11	2.9	3.9	–1.0	2.5	0.6

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

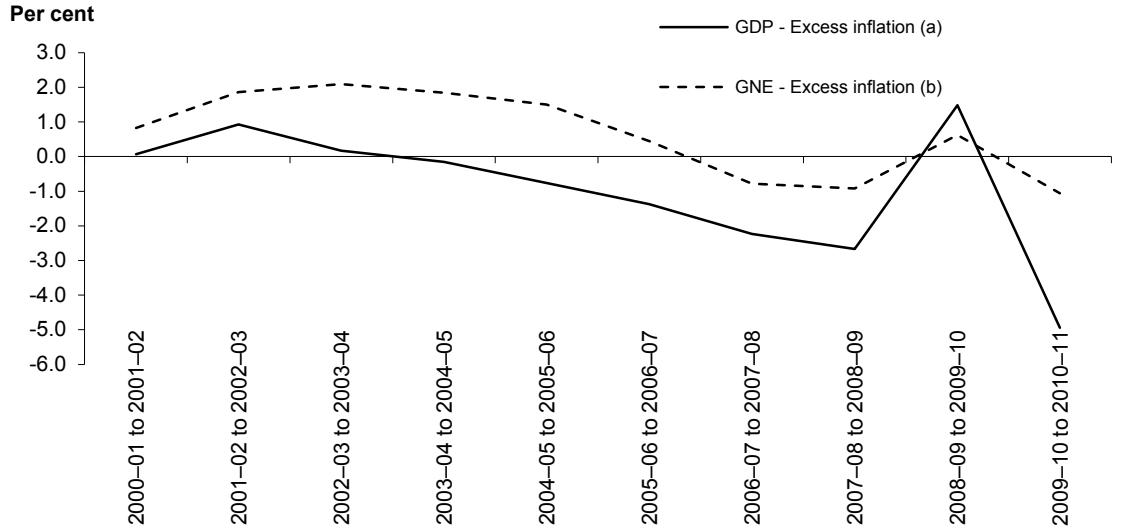
(b) Based on the implicit price deflator for GDP. Refer to Appendix C for further details.

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

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

Sources: AIHW health expenditure database and ABS 2012a.

While the GNE IPD may provide a more appropriate measure of inflation in Australia's current economic environment, historically it has not been widely used in Australia or internationally in relation to health. Where excluding exports is a benefit in some contexts, it does also remove the impact of a substantial component of the Australian economy for other analyses, such as when comparing the scale of the health industry against the broader economy. For these reasons, the rest of this report uses GDP rather than GNE.



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

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

Sources: Tables 2.4.

Figure 2.2: Change in annual rates of GNE and GDP excess inflation, 2000–01 to 2010–11 (per cent)

The contribution of inflation to health expenditure growth

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

In 2010–11, the ratio of health expenditure to GDP was 9.3%, a decrease of 0.8% on the previous year (Table 2.5). This comprised a 4.4% increase in the volume of health goods and services, relative to the increase in GDP volume, and a 4.9% decrease in the health inflation rate compared with price changes in the general economy (Table 2.4).

Table 2.5: Components of the annual change in the health expenditure to GDP ratio, 2000–01 to 2010–11 (per cent)

			Components of change in ratio	
Year	Ratio of health expenditure to GDP	Change in ratio	Difference in growth rates—health expenditure and GDP[(a)]	Excess health inflation
2000–01	8.2	. .	. .	. .
2001–02	8.4	1.4	1.3	0.1
2002–03	8.6	2.8	1.8	0.9
2003–04	8.6	–0.4	–0.6	0.2
2004–05	8.8	2.9	3.1	–0.2
2005–06	8.7	–1.0	–0.2	–0.8
2006–07	8.8	0.6	2.0	–1.4
2007–08	8.8	0.5	2.8	–2.2
2008–09	9.1	3.1	5.9	–2.7
2009–10	9.4	3.4	1.9	1.5
2010–11	9.3	–0.8	4.4	–4.9

(a) The difference between the real growth rate in total health expenditure and the real growth rate in GDP (see Table 2.3).

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

Sources: AIHW health expenditure database and ABS 2012a.

2.3 Health expenditure per person

Assuming there are no changes in the cost–effectiveness of the existing mix of health goods and services, it would be anticipated that health expenditure would need to grow at the same rate as the population in order to maintain the average level of health goods and services provided to each person in the community. Similarly, it would be expected that larger populations should incur higher total expenditures just to provide their members with the same average levels of health goods and services as smaller populations (ignoring the impact of economies of scale). Therefore, it is important to examine health expenditure on an average per person basis, to remove these population differences from the analysis.

During 2010–11, estimated per person expenditure on health averaged $5,796, which was $317 more per person than in the previous year (Table 2.6 and Figure 2.3). Real growth in per person health expenditure between 2000–01 and 2010–11 averaged 3.7% per year, compared with 5.3% for total national health expenditure (Table 2.1). The difference between these two growth rates is attributable to growth in the overall size of the Australian population.

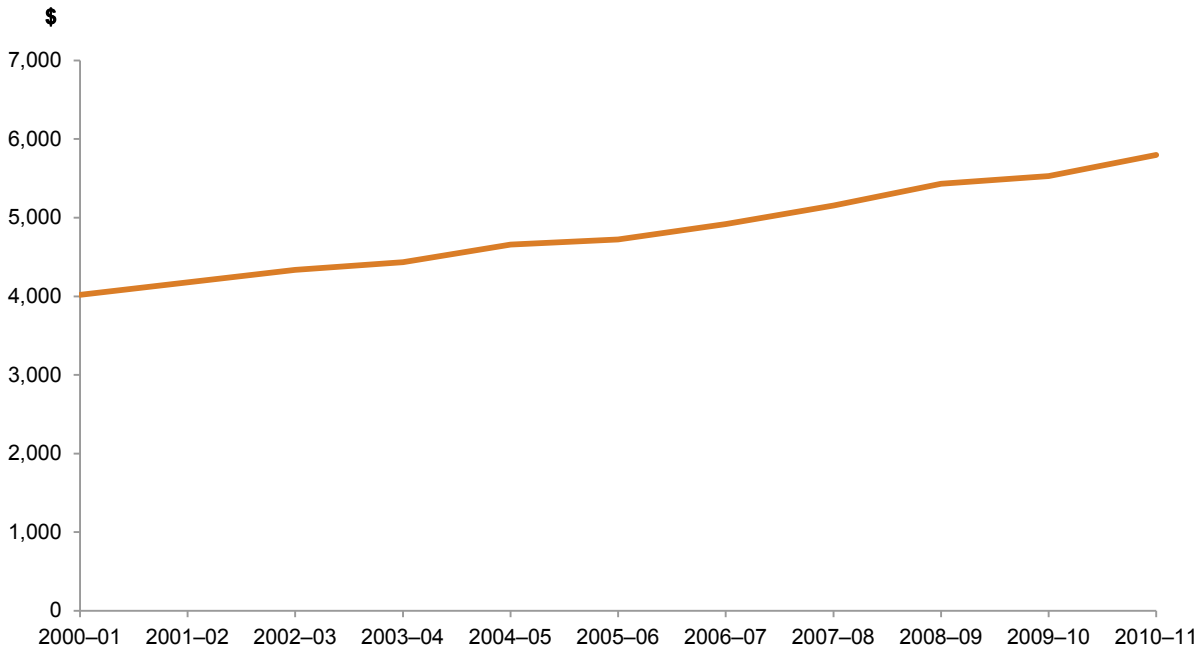
Table 2.6: Average health expenditure per person[(a)], current and constant prices[(b)], and annual growth rates, 2000–01 to 2010–11

	Amount ($)		Annual change in expenditure (%)	
Year	Current	Constant	Nominal change	Real growth
2000–01	3,024	4,020	. .	. .
2001–02	3,231	4,177	6.8	3.9
2002–03	3,480	4,334	7.7	3.8
2003–04	3,674	4,433	5.6	2.3
2004–05	4,003	4,659	9.0	5.1
2005–06	4,220	4,721	5.4	1.3
2006–07	4,549	4,919	7.8	4.2
2007–08	4,877	5,155	7.2	4.8
2008–09	5,252	5,429	7.7	5.3
2009–10	5,479	5,529	4.3	1.8
2010–11	5,796	5,796	5.8	4.8
	Average annual growth rate (%)			
2000–01 to 2005–06	. .	. .	6.9	3.3
2005–06 to 2010–11	. .	. .	6.6	4.2
2000–01 to 2010–11	. .	. .	6.7	3.7

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

(b) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.



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

(b) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Source: Table 2.6.

Figure 2.3: Average health expenditure per person[(a)], constant prices[(b)], 2000–01 to 2010–11

2.4 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 96% of all expenditure on health goods and services in a year (Table 2.7). In 2010–11, recurrent expenditure was $123.7 billion (94.9% of total expenditure). The remainder was incremental change in the health–related capital stock—capital expenditure.

Total health expenditure and recurrent expenditure both grew in real terms at 5.3% per year between 2000–01 and 2010–11. After 2005–06 annual real growth averaged 6.1% for both total health expenditure and recurrent expenditure (Table 2.8).

Table 2.7: Total and recurrent health expenditure, current prices, and recurrent expenditure as a proportion of total health expenditure, 2000–01 to 2010–11

Year	Total health expenditure ($ million)	Recurrent expenditure ($ million)	Recurrent as a proportion of total health expenditure (%)
2000–01	58,269	54,978	94.4
2001–02	63,099	59,522	94.3
2002–03	68,798	64,822	94.2
2003–04	73,509	69,901	95.1
2004–05	81,061	76,781	94.7
2005–06	86,685	81,933	94.5
2006–07	94,938	89,449	94.2
2007–08	103,563	98,017	94.6
2008–09	113,661	107,961	95.0
2009–10	121,353	116,304	95.8
2010–11	130,266	123,656	94.9

Source: AIHW health expenditure database.

Table 2.8: Total and recurrent health expenditure, constant prices[(a)] and annual growth rates, 2000–01 to 2010–11

	Total health expenditure		Recurrent expenditure	
Year	($ million)	Annual growth (%)	($ million)	Annual growth (%)
2000–01	77,471	. .	73,517	. .
2001–02	81,573	5.3	77,389	5.3
2002–03	85,683	5.0	81,153	4.9
2003–04	88,699	3.5	84,542	4.2
2004–05	94,345	6.4	89,531	5.9
2005–06	96,977	2.8	91,779	2.5
2006–07	102,656	5.9	96,837	5.5
2007–08	109,467	6.6	103,805	7.2
2008–09	117,496	7.3	111,854	7.8
2009–10	122,464	4.2	117,406	5.0
2010–11	130,266	6.4	123,656	5.3
		Average annual growth rate (%)		
2000–01 to 2005–06		4.6		4.5
2005–06 to 2010–11		6.1		6.1
2000–01 to 2010–11		5.3		5.3

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.

Recurrent expenditure, by state and territory

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.

To the greatest extent possible, the Institute has applied consistent estimation methods and data sources across all the states and territories. But there could be differences from one jurisdiction to another in the data on which they are based. This means that, while some broad comparisons can be made, caution should be exercised when comparing the results for jurisdictions.

Of the $123.7 billion in national recurrent health expenditure in 2010–11, over half (56.4%) was spent in the two most populous states, New South Wales ($38.9 billion) and Victoria ($30.8 billion) (Table 2.9).

The average annual real growth in recurrent health expenditure between 2000–01 and 2010–11 ranged between 4.6% in Tasmania and 6.4% in the Northern Territory (Table 2.10). In contrast, the national average growth in recurrent health expenditure was 5.3% in the same period.

Table 2.9: Total recurrent health expenditure, current prices, for each state and territory, all sources of funds, 2000–01 to 2010–11 ($ million)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2000–01	18,434	14,086	10,035	5,186	4,233	1,363	979	663	54,978
2001–02	19,907	15,468	10,595	5,611	4,539	1,586	1,109	709	59,522
2002–03	21,416	16,962	11,532	6,335	5,052	1,513	1,230	782	64,822
2003–04	23,640	17,590	12,451	6,936	5,501	1,575	1,339	868	69,901
2004–05	26,106	19,120	13,734	7,620	6,075	1,704	1,482	941	76,781
2005–06	27,386	20,401	15,199	8,035	6,446	1,851	1,569	1,047	81,933
2006–07	29,637	22,005	17,124	8,925	6,882	2,016	1,718	1,142	89,449
2007–08	32,025	23,765	19,058	10,013	7,718	2,294	1,845	1,300	98,017
2008–09	34,880	26,271	21,278	11,100	8,465	2,495	2,008	1,465	107,961
2009–10	37,356	28,733	23,276	11,639	9,077	2,601	2,128	1,493	116,304
2010–11	38,947	30,815	24,621	12,791	9,631	2,842	2,322	1,687	123,656

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

Source: AIHW health expenditure database.

Table 2.10: Total recurrent health expenditure, constant prices[(a)], for each state and territory, all sources of funds, and annual growth rates, 2000–01 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
	$ million								
2000–01	24,164	18,521	13,931	7,174	5,658	1,816	1,349	904	73,517
2001–02	25,446	19,765	14,281	7,511	5,885	2,079	1,490	931	77,389
2002–03	26,501	20,957	14,817	8,057	6,337	1,901	1,596	988	81,153
2003–04	28,104	21,094	15,390	8,592	6,699	1,918	1,680	1,066	84,542
2004–05	29,936	22,110	16,319	9,107	7,165	1,996	1,779	1,119	89,531
2005–06	29,968	22,759	17,435	9,228	7,305	2,084	1,800	1,201	91,779
2006–07	31,270	23,847	18,927	9,885	7,552	2,194	1,899	1,262	96,837
2007–08	33,054	25,320	20,572	10,787	8,250	2,443	1,965	1,415	103,805
2008–09	35,816	27,233	22,295	11,510	8,809	2,584	2,072	1,533	111,854
2009–10	37,457	29,109	23,627	11,753	9,178	2,631	2,137	1,513	117,406
2010–11	38,947	30,815	24,621	12,791	9,631	2,842	2,322	1,687	123,656
	Average annual growth rate (per cent)								
2000–01 to 2005–06	4.4	4.2	4.6	5.2	5.2	2.8	5.9	5.8	4.5
2005–06 to 2010–11	5.4	6.2	7.1	6.7	5.7	6.4	5.2	7.0	6.1
2000–01 to 2010–11	4.9	5.2	5.9	6.0	5.5	4.6	5.6	6.4	5.3

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 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 varies from state to state, for example, because of different socioeconomic and demographic profiles. Health policy initiatives that the state or territory government and the Australian Government pursue have additional influences on health expenditure 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, which includes expenditure for relatively large numbers of New South Wales residents. Per person estimates for the Australian Capital Territory are therefore not reported in this publication.

On a per person basis, in 2010–11, the estimated national average level of recurrent expenditure on health was $5,502 per person (Table 2.11 and Figure 2.4). In that year, expenditure in New South Wales ($5,356 per person) was 2.7% below the national average, while the Northern Territory's average spending ($7,399 per person) was 33.4% higher than the national average. Table 2.12 shows the average recurrent health expenditure per person after adjusting for the effects of inflation. The average annual real growth per person over the period 2000–01 to 2010–11 was highest in the Northern Territory and South Australia (4.8% and 4.5% respectively). The national average for that period was 3.7% (Table 2.13).

Table 2.11: Average recurrent health expenditure per person[(a)], current prices, for each state and territory[(b)], all sources of funds, 2000–01 to 2010–11 ($)

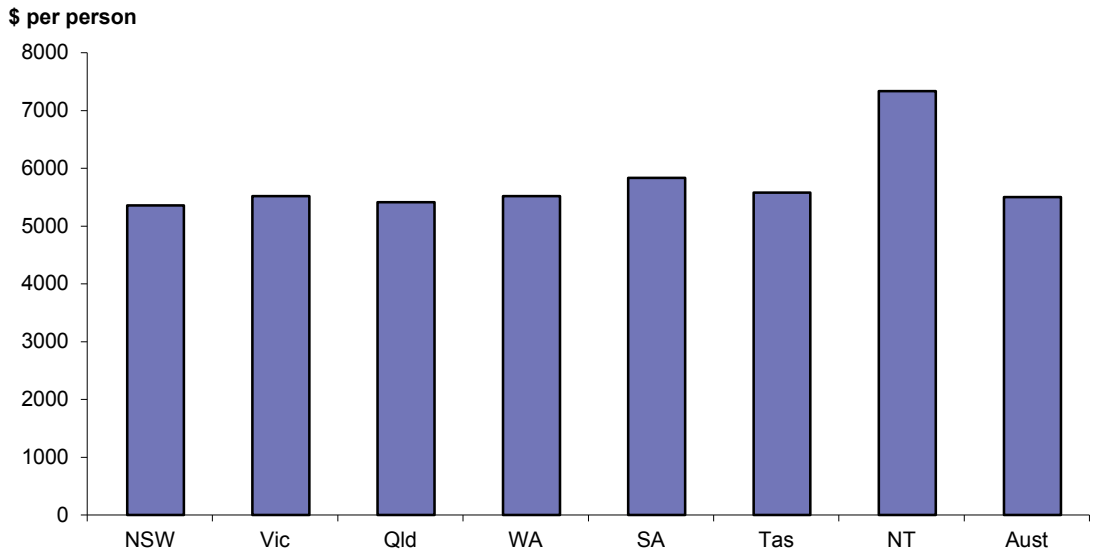
Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia[(c)]
2000–01	2,824	2,953	2,793	2,747	2,807	2,891	3,377	2,853
2001–02	3,014	3,200	2,886	2,931	2,992	3,358	3,572	3,048
2002–03	3,221	3,467	3,063	3,270	3,311	3,186	3,924	3,279
2003–04	3,534	3,552	3,228	3,525	3,581	3,276	4,329	3,493
2004–05	3,880	3,813	3,481	3,812	3,931	3,516	4,617	3,792
2005–06	4,035	4,012	3,758	3,944	4,134	3,790	5,026	3,989
2006–07	4,321	4,256	4,137	4,281	4,365	4,100	5,377	4,286
2007–08	4,612	4,516	4,492	4,683	4,843	4,631	5,977	4,616
2008–09	4,954	4,897	4,892	5,036	5,251	4,986	6,606	4,989
2009–10	5,200	5,224	5,204	5,128	5,553	5,147	6,550	5,251
2010–11	5,356	5,517	5,413	5,520	5,836	5,580	7,339	5,502
				Percentage variation from the national average				
2000–01	–1.0	3.5	–2.1	–3.7	–1.6	1.3	18.3	. .
2001–02	–1.1	5.0	–5.3	–3.8	–1.8	10.2	17.2	. .
2002–03	–1.8	5.7	–6.6	–0.3	1.0	–2.8	19.7	. .
2003–04	1.2	1.7	–7.6	0.9	2.5	–6.2	23.9	. .
2004–05	2.3	0.6	–8.2	0.5	3.7	–7.3	21.8	. .
2005–06	1.2	0.6	–5.8	–1.1	3.6	–5.0	26.0	. .
2006–07	0.8	–0.7	–3.5	–0.1	1.9	–4.3	25.5	. .
2007–08	–0.1	–2.2	–2.7	1.5	4.9	0.3	29.5	. .
2008–09	–0.7	–1.8	–1.9	1.0	5.3	–0.0	32.4	. .
2009–10	–1.0	–0.5	–0.9	–2.3	5.7	–2.0	24.7	. .
2010–11	–2.7	0.3	–1.6	0.3	6.1	1.4	33.4	. .

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

(b) 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 ACT.

Source: AIHW health expenditure database.



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

(b) 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 ACT.

Source: Table 2.11.

Figure 2.4: Average recurrent health expenditure per person[(a)], current prices, for each state and territory[(b)] and Australia[(c)], 2010–11 ($)

Table 2.12: Average recurrent health expenditure per person[(a)], constant prices[(b)], for each state and territory[(c)], all sources of funds, 2000–01 to 2010–11 ($)

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia[(d)]
2000–01	3,702	3,883	3,878	3,800	3,752	3,853	4,605	3,815
2001–02	3,852	4,089	3,891	3,924	3,880	4,401	4,696	3,962
2002–03	3,985	4,284	3,936	4,158	4,153	4,002	4,956	4,105
2003–04	4,202	4,260	3,990	4,366	4,360	3,989	5,313	4,225
2004–05	4,449	4,410	4,136	4,556	4,636	4,118	5,493	4,421
2005–06	4,416	4,475	4,312	4,530	4,685	4,266	5,761	4,468
2006–07	4,559	4,612	4,572	4,742	4,790	4,462	5,945	4,640
2007–08	4,760	4,811	4,849	5,045	5,177	4,932	6,506	4,888
2008–09	5,086	5,076	5,126	5,222	5,465	5,165	6,917	5,168
2009–10	5,214	5,293	5,283	5,178	5,614	5,206	6,637	5,301
2010–11	5,356	5,517	5,413	5,520	5,836	5,580	7,339	5,502

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

(b) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

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

(d) Australian average includes ACT.

Source: AIHW health expenditure database.

Table 2.13: Annual growth in recurrent health expenditure per person[(a)], constant prices[(b)], all sources of funding for each state and territory[(c)], 2000–01 to 2010–11 (per cent)

Period	NSW	Vic	Qld	WA	SA	Tas	NT	Australia[(d)]
2000–01 to 2001–02	4.1	5.3	0.3	3.3	3.4	14.2	2.0	3.9
2001–02 to 2002–03	3.5	4.7	1.2	6.0	7.0	–9.1	5.5	3.6
2002–03 to 2003–04	5.4	–0.6	1.4	5.0	5.0	–0.3	7.2	2.9
2003–04 to 2004–05	5.9	3.5	3.6	4.4	6.3	3.2	3.4	4.6
2004–05 to 2005–06	–0.7	1.5	4.3	–0.6	1.0	3.6	4.9	1.1
2005–06 to 2006–07	3.2	3.1	6.0	4.7	2.3	4.6	3.2	3.8
2006–07 to 2007–08	4.4	4.3	6.0	6.4	8.1	10.5	9.4	5.4
2007–08 to 2008–09	6.9	5.5	5.7	3.5	5.5	4.7	6.3	5.7
2008–09 to 2009–10	2.5	4.3	3.1	–0.8	2.7	0.8	–4.0	2.6
2009–10 to 2010–11	2.7	4.2	2.5	6.6	3.9	7.2	10.6	3.8
				Average annual growth rate (%)				
2000–01 to 2005–06	3.6	2.9	2.1	3.6	4.5	2.1	4.6	3.2
2005–06 to 2010–11	3.9	4.3	4.7	4.0	4.5	5.5	5.0	4.3
2000–01 to 2010–11	3.8	3.6	3.4	3.8	4.5	3.8	4.8	3.7

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

(b) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

(c) 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.

(d) Australian average includes ACT.

Source: AIHW health expenditure database.

3 Funding of health expenditure

3.1 Broad trends

In 2010–11, governments provided $90.1 billion or 69.1% of health expenditure in Australia. The contribution of the Australian Government was $55.6 billion (42.7% of total funding) and state and territory governments contributed $34.4 billion (26.4%) (tables 3.1 and 3.2).

Non–government funding sources (individuals, private health insurance and other non–government sources) provided the remaining $40.2 billion (30.9%).

Australian Government funding increased between 2009–10 and 2010–11 by $2.6 billion; state and territory governments' funding by $2.6 billion; and non–government funding by $3.7 billion (nominal).

Table 3.1: Total funding for health expenditure, current prices, by source of funds, 2000–01 to 2010–11 ($ million)

	Government				
Year	Australian Government	State and territory governments	Total	Non–government	Total
2000–01	25,864	13,601	39,465	18,803	58,269
2001–02	27,752	14,661	42,413	20,686	63,099
2002–03	30,005	16,780	46,785	22,013	68,798
2003–04	32,033	17,349	49,382	24,127	73,509
2004–05	35,493	19,426	54,918	26,143	81,061
2005–06	37,074	21,907	58,981	27,704	86,685
2006–07	39,872	24,485	64,358	30,581	94,938
2007–08	44,773	26,379	71,152	32,411	103,563
2008–09	50,071	28,493	78,563	35,098	113,661
2009–10	52,977	31,870	84,847	36,506	121,353
2010–11	55,618	34,446	90,064	40,202	130,266

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

Source: AIHW health expenditure database.

At the broad level, the relative shares of funding by the different funding sources altered little between 2000–01 and 2010–11. The Australian Government's contribution ranged from a low of 42.0% in 2006–07 to a high of 44.4% in 2000–01, while state and territory governments' contribution ranged from a low of 23.2% in 2001–02 to a high of 26.4% in 2010–11. Non–government sector funding ranged from 30.1% to 32.8%. In 2010–11 the Australian Government's contribution was 42.7%, while the state and territory governments contributed 26.4% (Table 3.2 and Figure 3.1).

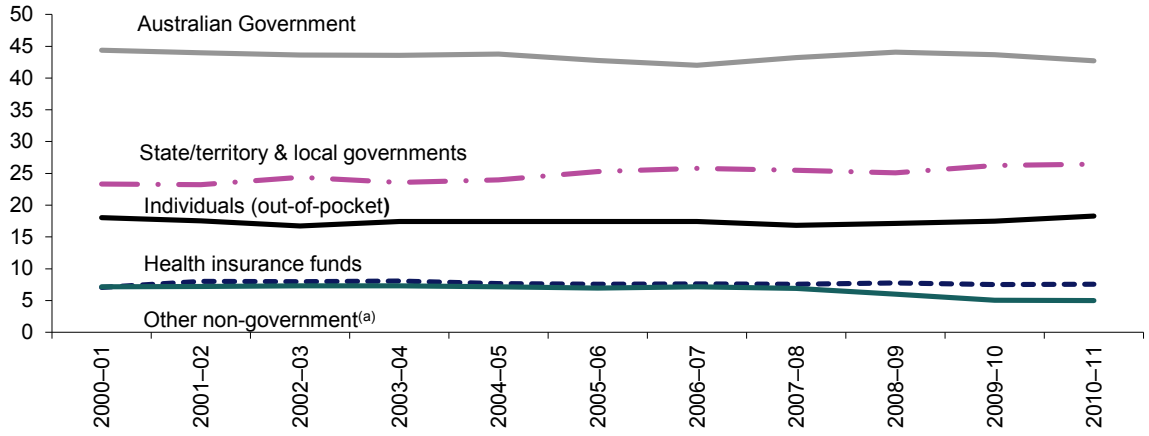
Table 3.2: Total funding for health expenditure, by source of funds as a proportion of total health expenditure, 2000–01 to 2010–11 (per cent)

	Government			Non–government			
Year	Australian Government	State and territory governments	Total	Health insurance funds	Individuals	Other[(a)]	Total
2000–01	44.4	23.3	67.7	7.1	18.0	7.2	32.3
2001–02	44.0	23.2	67.2	8.0	17.5	7.2	32.8
2002–03	43.6	24.4	68.0	8.0	16.7	7.3	32.0
2003–04	43.6	23.6	67.2	8.1	17.5	7.3	32.8
2004–05	43.8	24.0	67.7	7.7	17.4	7.1	32.3
2005–06	42.8	25.3	68.0	7.6	17.4	6.9	32.0
2006–07	42.0	25.8	67.8	7.6	17.4	7.2	32.2
2007–08	43.2	25.5	68.7	7.6	16.8	6.9	31.3
2008–09	44.1	25.1	69.1	7.8	17.1	6.0	30.9
2009–10	43.7	26.3	69.9	7.5	17.5	5.0	30.1
2010–11	42.7	26.4	69.1	7.6	18.3	5.0	30.9

(a) Largely funding by injury compensation insurers.

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

Source: AIHW health expenditure database.



(a) Largely funding by injury compensation insurers.

Source: AIHW health expenditure database.

Figure 3.1: Total health expenditure, by source of funds as a proportion of total health expenditure, 2000–01 to 2010–11 (per cent)

Over the decade from 2000–01 to 2010–11, government funding increased, as a proportion of GDP, from 5.6% to 6.4%. Funding by the Australian Government was stable for the first part of the decade and increased from 3.8% in 2007–08 to 4.0% in 2010–11. Funding by state and territory governments increased in most years throughout the period from 1.9% to 2.5% (Table 3.3). Non–government funding sources increased from 2.7% to 2.9% of GDP.

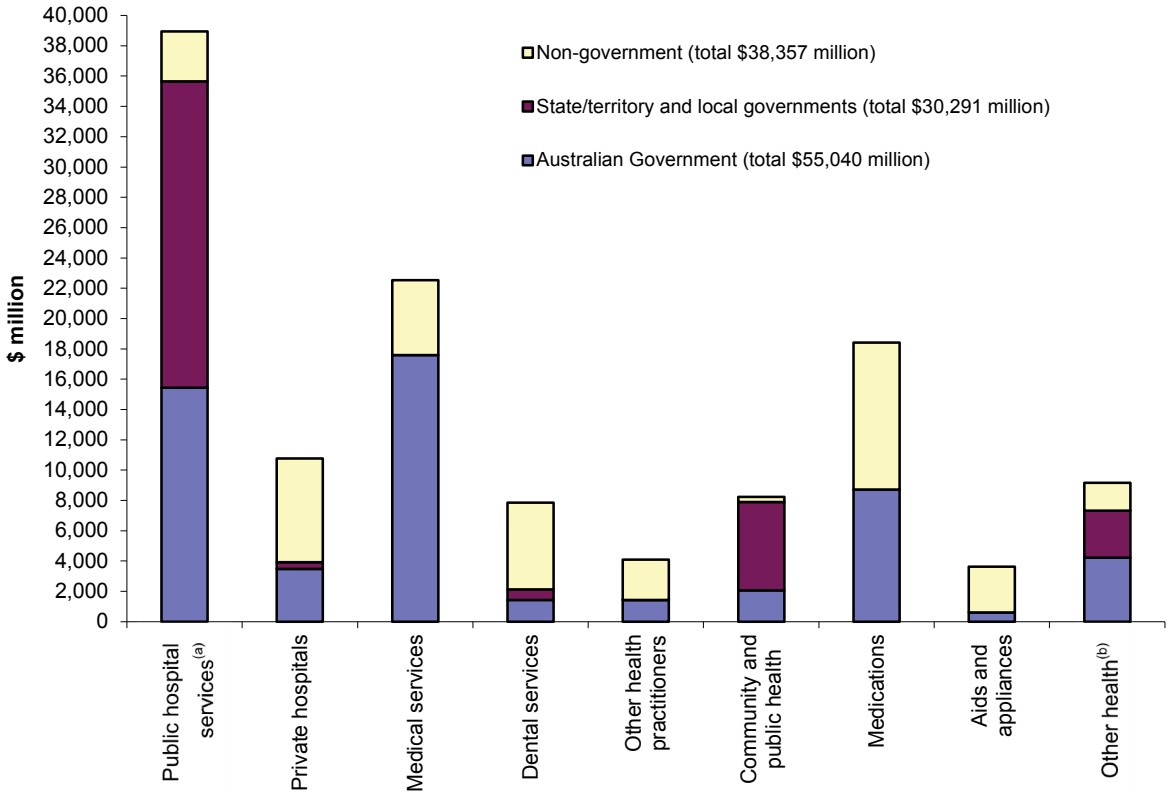
Table 3.3: Total health expenditure, current prices, by source of funds as a proportion of GDP, 2000–01 to 2010–11 (per cent)

	Government				
Year	Australian Government[(a)]	State/territory	Total	Non–government[(a)]	Total
2000–01	3.7	1.9	5.6	2.7	8.2
2001–02	3.7	1.9	5.6	2.7	8.4
2002–03	3.7	2.1	5.8	2.7	8.6
2003–04	3.7	2.0	5.7	2.8	8.6
2004–05	3.9	2.1	6.0	2.8	8.8
2005–06	3.7	2.2	5.9	2.8	8.7
2006–07	3.7	2.3	5.9	2.8	8.8
2007–08	3.8	2.2	6.1	2.8	8.8
2008–09	4.0	2.3	6.3	2.8	9.1
2009–10	4.1	2.5	6.6	2.8	9.4
2010–11	4.0	2.5	6.4	2.9	9.3

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

Sources: AIHW health expenditure database and ABS 2012a.

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 (Figure 3.2). The Australian Government provides a substantial amount of funding for medical services, with the balance primarily sourced from individuals. The state and territory governments, on the other hand, provide most of the funding for community and public health services. The governments share most of the funding for public hospital services, while individuals account for large portions of the funding for medications, dental services, and aids and appliances.



(a) Public hospital services exclude certain services undertaken in hospitals. Can include services provided off–site, such as hospital in the home and dialysis (see Box 4.1).

(b) Other health comprises patient transport services, administration and research.

Source: Table A3.

Figure 3.2: Recurrent health expenditure, by area of expenditure and source of funds, current prices, 2010–11

After allowing for inflation, real growth in the Australian Government's funding for health averaged 4.9% a year from 2000–01 to 2010–11. At the same time, the state and territory government funding grew at an average of 6.4% per year and non–government funding by 5.2% a year (Table 3.4).

In 2010–11, the Australian Government's funding grew by 3.9%, while funding by state and territory governments and by non–government sources grew by 6.7% and 9.6%, respectively.

Table 3.4: Funding of total health expenditure, constant prices[a], and annual growth in funding, by source of funds, 2000–01 to 2010–11

	Government									
	Australian Government		State/territory and local		Total		Non–government		Total	
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	34,598	. .	18,568	. .	53,166	. .	24,305	. .	77,471	. .
2001–02	35,853	3.6	19,465	4.8	55,318	4.0	26,256	8.0	81,573	5.3
2002–03	37,415	4.4	21,587	10.9	59,003	6.7	26,681	1.6	85,683	5.0
2003–04	38,516	2.9	21,741	0.7	60,256	2.1	28,443	6.6	88,699	3.5
2004–05	41,018	6.5	23,597	8.5	64,614	7.2	29,730	4.5	94,345	6.4
2005–06	41,172	0.4	25,397	7.6	66,569	3.0	30,408	2.3	96,977	2.8
2006–07	42,922	4.3	27,303	7.5	70,225	5.5	32,430	6.7	102,656	5.9
2007–08	47,322	10.2	28,578	4.7	75,900	8.1	33,568	3.5	109,467	6.6
2008–09	51,919	9.7	29,804	4.3	81,723	7.7	35,772	6.6	117,496	7.3
2009–10	53,518	3.1	32,281	8.3	85,799	5.0	36,665	2.5	122,464	4.2
2010–11	55,618	3.9	34,446	6.7	90,064	5.0	40,202	9.6	130,266	6.4
					Average annual growth rate (%)					
2000–01 to 2005–09		3.5		6.5		4.6		4.6		4.6
2005–06 to 2010–11		6.2		6.3		6.2		5.7		6.1
2000–01 to 2010–11		4.9		6.4		5.4		5.2		5.3

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 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 Australian Government funding

The Australian Government provided $55.6 billion to fund health expenditure in 2010–11 (Table 3.5). This represented 61.8% of total government health funding (calculated from Table 3.1). This was made up of:

- direct expenditure by the Australian Government on health programs—mostly administered through the Australian Government Department of Health and Ageing (DoHA)—for which it has primary responsibility, such as Medicare Benefits Schedule (MBS) and Pharmaceutical Benefit Scheme (PBS) ($32.8 billion or 58.9%)
- the Specific purpose payment (SPP) associated with the National Healthcare Agreement and National Partnership (NP) payments to the states and territories ($14.2 billion or 25.6%)
- rebates and subsidies for privately insured persons under the *Private Health Insurance Act 2007* ($4.6 billion or 8.3%)
- funding by the Australian Government Department of Veterans' Affairs (DVA) for goods and services provided to eligible veterans and their dependants ($3.5 billion or 6.3% of the Australian Government total)
- medical expenses tax rebate ($0.5 billion or 0.9%).

Table 3.5: Funding of health expenditure by the Australian Government, current prices, by type of expenditure, 2000–01 to 2010–11 ($ million)

Year	DVA	Grants to states (SPP & NP payments)	Health insurance premium rebates[(a)]	Own program expenditure	Medical expenses tax rebates	Total
2000–01	2,371	6,874	2,031	14,415	173	25,864
2001–02	2,593	7,391	2,118	15,447	203	27,752
2002–03	2,836	8,095	2,250	16,599	225	30,005
2003–04	3,013	8,219	2,387	18,162	250	32,033
2004–05	3,162	8,840	2,645	20,554	291	35,493
2005–06	3,126	9,233	2,883	21,501	332	37,074
2006–07	3,302	9,894	3,073	23,228	376	39,872
2007–08	3,437	11,316	3,587	26,052	382	44,773
2008–09	3,507	12,984	3,643	29,455	483	50,071
2009–10	3,502	12,721	4,320	31,894	540	52,977
2010–11	3,506	14,240	4,631	32,765	475	55,618

(a) 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 charged to individuals for health insurance policies. This includes the portions of the rebates that relate to health activities; see Box 3.1 and Chapter 7 Technical notes for further details.

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

Source: AIHW health expenditure database.

Australian Government funding of its own expenditures

The Australian Government funds health programs that are regarded as being its own expenditures. These include the Meicare Benefit Schedule (MBS) and the Pharmaceutical Benefits Scheme (PBS), public health activities, research, Aboriginal community–controlled

health and substance use services, and health–related capital consumption and capital expenditure. In 2010–11, the Australian Government provided $32.8 billion in funding for its own program expenditures (Table 3.5).

Grants to states and territories

Historically, most of the Specific Purpose Payments (SPPs) by the Australian Government to state and territory governments were provided through 5–year Australian Health Care Agreements (AHCAs) between the Australian Government and each state and territory government. The AHCA payments were primarily to fund expenditure on public hospital services. The SPPs for highly specialised drugs were also categorised as funding for public hospital services for these estimates. In addition, funding for public health activities was provided through the 5–year Public Health Outcome Funding Agreements (PHOFAs).

From 1 January 2009, the new Australian Government financial framework and the National Healthcare Agreement came into effect and one SPP associated with the National Healthcare Agreement became the major source of funding of health activities by the state and territory governments. The Australian Government also provides National Partnership (NP) payments to fund specific projects. In 2010–11, those relevant to health included Hospitals and Health Workforce Reform and Preventive Health. Funding for public health programs is included within the one SPP and through NP payments. From 1 July 2012, the SPP associated with the National Healthcare Agreement will be replaced by National Health Reform funding.

Rebates of private health insurance contributions

The Australian Government provides a 30–40% rebate of the premium charged to people with private health insurance cover by a registered private health insurer. Members of private health funds mostly claimed this rebate through a reduction in the premium charged by the insurer. In this case, the insurer could claim a payment from the Australian Government to cover the cost of charging a reduced premium. Alternatively, individuals could pay the full premium and then claim the rebate back through the taxation system.

Although this rebate, which has been available from 1998, was actually a rebate based on the health insurance premium payable, it has been regarded in these estimates as a form of subsidy by the Australian Government of the expenses incurred—including benefits paid for health goods and services—by the private health insurance funds.

During 2010–11, the total value of the rebate that related to health goods and services was estimated at $4.6 billion (Table 3.5). The majority of this ($4.6 billion) was in the form of reimbursement of reduced premiums that private health insurance funds charged, with the balance provided in the form of rebates to individuals payable through the taxation system (Table 3.14).

Department of Veterans' Affairs

DVA funding of health is largely through its purchase of health goods and services on behalf of eligible veterans and their dependants. In 2010–11, its funding totalled $3.5 billion (Table 3.6). Almost half of this (48.3%) was for hospitals, including public hospital services (21.8%) and private hospitals (26.5%).

Table 3.6: Department of Veterans' Affairs health expenditure, by area of expenditure, 2010–11

Area of expenditure	Amount ($ million)	Proportion (%)
Public hospital services[(a)]	765	21.8
Private hospitals	927	26.5
Patient transport services	146	4.2
Medical services	839	23.9
Dental services	105	3.0
Other health practitioners	202	5.8
Community health	1	—
Medications	473	13.5
Aids and appliances	2	0.1
Administration	41	1.2
Research	2	0.1
Total	**3,506**	**100.0**

(a) Public hospital services exclude certain services undertaken in hospitals. Services can include those provided off–site, such as hospital in the home and dialysis (see Box 4.1).

Source: AIHW health expenditure database.

Medical expenses tax rebate

The only tax expenditure for health included in the AIHW health expenditure database is the 'medical expenses tax rebate'. Taxpayers who spend large amounts of money on health–related goods and services for themselves and/or their dependants in a tax year are able to claim a tax rebate. The rebate in 2010–11 was set at 20 cents in the dollar and applied only to the amount by which those expenditures exceeded the prescribed threshold of $2,000.

The individual expenditures that are subject to this form of rebate cannot be identified separately. Therefore it is not possible to allocate this form of funding to particular area(s) of health expenditure. The related expenditures are assumed to have been included in the estimates of health expenditure and they would be shown as being funding by individuals in the various health expenditure matrices. 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. In 2010–11, the total value of these medical expenses tax rebates was estimated at $0.5 billion (Table 3.5).

3.3 State and territory governments

State and territory governments are the main providers of publicly provided health goods and services in Australia. Those goods and services are financed by a combination of Special Purpose Payments (SPPs) and National Partnership (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).

Approximately two–thirds (66.8%) of recurrent funding by state and territory governments was for public hospital services. The state and territory governments provided a total of $20.2 billion to fund public hospital services in 2010–11 (calculated from Table A3). Other substantial expenditures by state and territory governments included:

- Community health and other services ($5.0 billion)
- Patient transport services ($1.9 billion)
- Public health programs ($0.8 billion)
- Research ($0.8 billion)
- Dental services ($0.7 billion)
- Private hospitals ($0.5 billion), and
- Administration ($0.4 billion).

Funding for health by state and territory governments grew at an average of 6.4% per year between 2000–01 and 2010–11 (Table 3.4).

3.4 Non–government funding

Non–government funding for health was estimated at $40.2 billion, or 30.9% of total funding in 2010–11 (Table 3.7).

From 2000–01 to 2006–07, the non–government share of total funding fluctuated around 32% to 33% and dropped to 30.1% in 2009–10. The average annual real growth in funding from non–government sources from 2000–01 to 2010–11 was 5.2% (Table 3.8 and Figure 3.3).

Most non–government funding for health goods and services in Australia comes from out–of–pocket payments by individuals. This includes where people meet the full cost of goods and services and where they share the funding of goods and services with third–party payers—for example, private health insurance funds or the Australian Government. Funding by individuals accounted for 59.3% ($23.8 billion) of estimated non–government funding of health goods and services during 2010–11 (calculated from Table 3.7). This was 18.3% of total funding of health expenditure (government and non–government). Private health insurance funds provided 7.6% ($9.8 billion) of total funding in 2010–11, with the balance of non–government funding—5.0% ($6.5 billion)—coming from other non–government sources (mainly in the form of payments by compulsory motor vehicle third–party and workers compensation insurers).

Over the decade to 2010–11, the proportion of total health funding that private health insurance funds and individuals provided did not vary a great deal while other non–government sources declined overall from 7.2% to 5.0% (Table 3.7).

Table 3.7: Non–government sector funding of total health expenditure, by source of funds, current prices, 2000–01 to 2010–11

	Private health insurance funds[a]		Individuals		Other non–government[b]		All non–government sources	
Year	Amount ($m)	Proportion (%)	Amount ($m)	Proportion (%)	Amount ($m)	Proportion (%)	Amount ($m)	Proportion (%)
2000–01	4,123	7.1	10,499	18.0	4,181	7.2	18,803	32.3
2001–02	5,075	8.0	11,050	17.5	4,562	7.2	20,686	32.8
2002–03	5,472	8.0	11,514	16.7	5,027	7.3	22,013	32.0
2003–04	5,919	8.1	12,828	17.5	5,381	7.3	24,127	32.8
2004–05	6,220	7.7	14,131	17.4	5,792	7.1	26,143	32.3
2005–06	6,578	7.6	15,108	17.4	6,018	6.9	27,704	32.0
2006–07	7,216	7.6	16,553	17.4	6,811	7.2	30,581	32.2
2007–08	7,862	7.6	17,416	16.8	7,133	6.9	32,411	31.3
2008–09	8,845	7.8	19,451	17.1	6,803	6.0	35,098	30.9
2009–10	9,145	7.5	21,246	17.5	6,116	5.0	36,506	30.1
2010–11	9,841	7.6	23,834	18.3	6,527	5.0	40,202	30.9

(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 is 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 5.5% per year between 2000–01 and 2010–11. The other two non–government funding sources—individuals and other non–government—had average real growth rates of 6.2% and 1.8% per year respectively over the same period (Table 3.8 and Figure 3.3).

Table 3.8: Non–government sector funding of total health expenditure, by source of funds, constant prices[a], and annual growth rates, 2000–01 to 2010–11

	Private health insurance funds[b]		Individuals		Other non–government[c]		All non–government sources[b]	
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	5,785	. .	13,064	. .	5,456	. .	24,305	. .
2001–02	6,903	19.3	13,642	4.4	5,710	4.7	26,256	8.0
2002–03	7,078	2.5	13,507	–1.0	6,095	6.7	26,681	1.6
2003–04	7,365	4.1	14,645	8.4	6,433	5.5	28,443	6.6
2004–05	7,462	1.3	15,544	6.1	6,725	4.5	29,730	4.5
2005–06	7,553	1.2	16,123	3.7	6,732	0.1	30,408	2.3
2006–07	7,969	5.5	17,108	6.1	7,354	9.2	32,430	6.7
2007–08	8,448	6.0	17,678	3.3	7,441	1.2	33,568	3.5
2008–09	9,230	9.3	19,598	10.9	6,944	–6.7	35,772	6.6
2009–10	9,255	0.3	21,244	8.4	6,166	–11.2	36,665	2.5
2010–11	9,841	6.3	23,834	12.2	6,527	5.8	40,202	9.6
				Average annual growth rate (%)				
2000–01 to 2005–06		5.5		4.3		4.3		4.6
2005–06 to 2010–11		5.4		8.1		–0.6		5.7
2000–01 to 2010–11		5.5		6.2		1.8		5.2

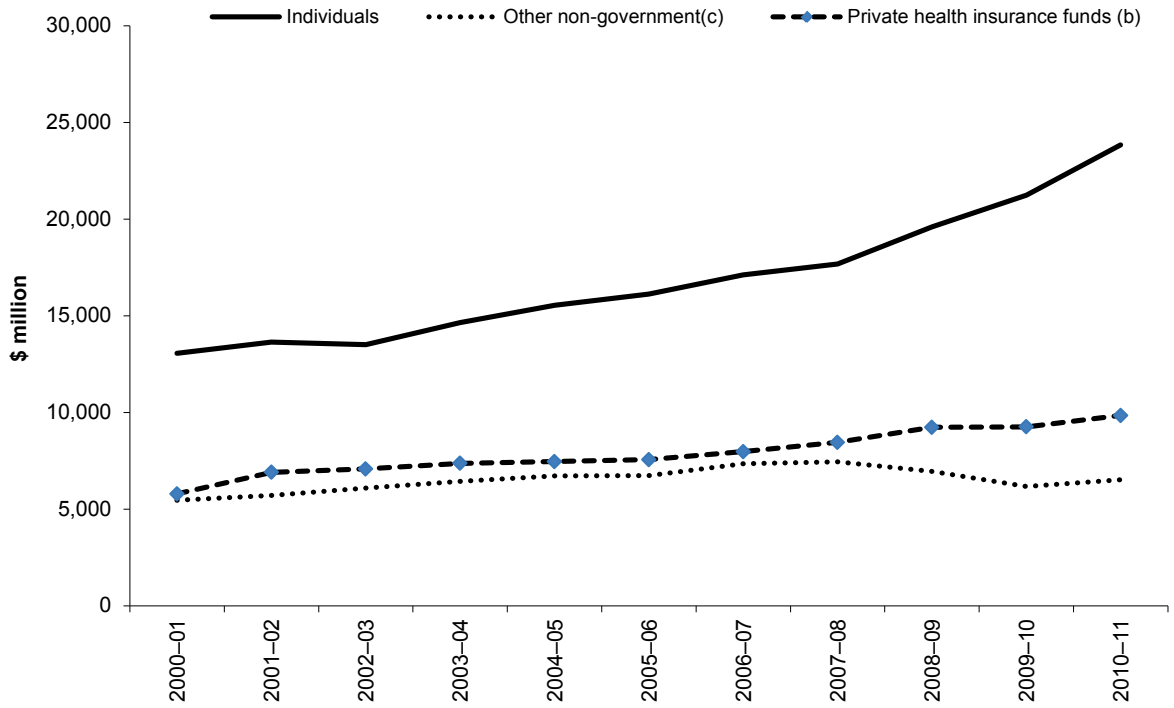
(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

(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.



(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 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.

Source: Table 3.8.

Figure 3.3: Non–government sector funding of total health expenditure, by source of funds, constant prices[(a)], 2000–01 to 2010–11

Individuals

Real growth in funding by individuals between 2000–01 and 2010–11 was 6.2% per year, 0.9 of a percentage point above the real growth in total funding for health expenditure (5.3%) (tables 3.4 and 3.8 and Figure 3.3).

In 2010–11, individuals spent an estimated $24.3 billion in recurrent funding for health goods and services (Table 3.9). Over one–third (39.5%) of this was for medications (6.5% being by way of copayments on PBS and RPBS benefit–paid items and 33.0% for other medications). A further 18.8% of funding by individuals was for dental services; 10.4 % for health aids and appliances; and 11.6% for medical services. An additional 7.3% was spent on services that other health practitioners provided.

Table 3.9: Individuals' funding[a] of recurrent health expenditure, by area of expenditure, current prices, 2010–11

Area of expenditure	Amount ($ million)	Per cent
Public hospital services[b]	1,159	4.8%
Private hospitals	1,347	5.5%
Patient transport services	365	1.5%
Medical services	2,814	11.6%
Dental services	4,564	18.8%
Other health practitioners	1,775	7.3%
Community health and other[c]	144	0.6%
Public health	16	0.1%
Benefit–paid pharmaceuticals	1,574	6.5%
All other medications	8,013	33.0%
Aids and appliances	2,536	10.4%
Administration	—	—
Research	3	—
Total	**24,309**	**100%**

(a) Individuals' expenditure has not been adjusted down for medical expenses tax rebates. This accounts for the $475 million difference between the total in this figure and the individuals' total reported in Table 3.8.

(b) Public hospital services exclude certain services undertaken in hospitals. Can include services provided off–site, such as hospital in the home, dialysis or other services (see Box 4.1).

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

Source: Table A3.

Per person health funding by individuals (that is, averaged over the whole population) grew at an average of 6.1% per year from 2005–06 to 2010–11 (Table 3.10). Over this period, funding for benefit–paid pharmaceuticals grew at 2.7% per year compared to 12.6% for all other medications. Average per person out–of–pocket expenditure on medical services grew 6.5% per year.

Table 3.10: Average out-of-pocket funding of recurrent health expenditure per person, constant prices[a], and annual growth rates, by area of expenditure, 2000–01 to 2010–11

	Hospitals[b][c]		Patient transport[b]		Medical services		Dental services[b]		Other health practitioners		Community and public health[b][d]		Benefit–paid pharmaceuticals		All other medications		Aids and appliances		Total recurrent expenditure	
Year	Amount ($)	Growth (%)	Amount ($)	Growth (%)	Amount ($)	Growth (%)	Amount ($)	Growth (%)	Amount ($)	Growth (%)	Amount ($)	Growth (%)	Amount ($)	Growth (%)	Amount ($)	Growth ($)	Amount ($)	Growth (%)	Amount ($)	Growth (%)
2000–01	52	. .	13	. .	80	. .	185	. .	67	. .	—	. .	41	. .	150	. .	103	. .	691	. .
2001–02	46	–12.4	14	9.8	83	3.2	205	10.5	72	8.5	—	. .	44	6.9	174	15.8	76	–26.1	713	3.2
2002–03	30	–34.9	15	4.7	93	11.8	194	–5.3	77	6.5	—	. .	49	11.6	158	–8.8	84	10.1	699	–2.0
									Break in series[b]											
2003–04	27	. .	11	. .	98	5.5	201	. .	82	. .	11	. .	53	7.5	177	11.9	88	. .	748	. .
2004–05	33	21.0	11	1.5	91	–7.0	206	2.6	88	7.2	11	–5.1	58	9.7	196	10.6	92	4.7	786	5.0
2005–06	36	9.4	12	4.8	91	0.5	206	–0.3	91	3.2	13	21.3	61	6.1	200	2.1	94	2.7	804	2.4
2006–07	33	–6.9	12	6.1	100	9.7	206	0.0	91	0.1	14	6.8	62	1.2	224	11.8	98	4.0	841	4.5
2007–08	42	24.1	13	5.8	105	5.1	199	–3.5	82	–10.2	14	2.5	63	1.4	241	7.7	94	–3.9	853	1.4
2008–09	92	121.8	16	22.6	113	7.8	197	–0.7	70	–14.3	7	–47.4	67	7.3	269	11.5	97	3.1	930	9.0
2009–10	99	7.4	16	0.9	119	5.2	214	8.4	68	–2.3	12	62.4	70	3.2	281	4.7	105	7.9	984	5.9
2010–11	112	12.7	16	–0.5	125	5.0	203	–5.0	67	–1.4	19	53.9	70	0.6	357	26.8	113	7.8	1,082	9.9
											Average annual growth rate (%)										
2005–06 to 2010–11		25.4		6.7		6.5		–0.3		–5.8		7.6		2.7		12.2		3.7		6.1
2000–01 to 2010–11		. .		. .		4.6		. .		. .		. .		5.5		9.0		. .		. .

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

(b) Up to 2002–03 patient transport, dental, community health and public health services that were delivered in public hospitals were included as expenditure on public hospitals. From 2003–04 they are included under their own classifications and are not included in expenditure on public hospital services. Care must be taken when comparing 2002–03 to 2003–04 (see Chapter 7 Technical notes for further information).

(c) Includes public hospital services and private hospitals.

(d) For 1998–99 and 2000–01 this also includes administration expenditure.

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

Source: AIHW health expenditure database.

Private health insurance

During 2010–11, private hospitals received 49.6% ($4.9 billion) of the $9.8 billion in funding that private health insurance funds provided (tables 3.10 and 3.11). Other major areas of expenditure that received this funding were dental services (11.4% or $1.1 billion), medical services (10.7% or $1.1 billion) and administration (9.7% or $1.0 billion). The funding for medical services includes some of the fees charged for in–hospital medical services that are provided to privately admitted patients in hospitals. Patient transport services and medications received funding of $162 million and $48 million, respectively, from health insurance funds in 2010–11 (Table 3.11).

Table 3.11: Funding of recurrent health expenditure by private health insurance funds, by area of expenditure, current prices, 2010–11

Area of expenditure	Amount	Per cent
Private hospitals	4,883	49.6
Dental services	1,122	11.4
Medical services	1,053	10.7
Administration	951	9.7
Public hospital services[(a)]	671	6.8
Other health practitioners	517	5.3
Aids and appliances	433	4.4
Ambulance	162	1.7
All other medications	48	0.5
Total	**9,840**	**100.0**

(a) Public hospital services exclude certain services undertaken in hospitals. Can include services provided off–site, such as hospital in the home, dialysis or other services (see Box 4.1).

Source: Table 3.12.

General benefits and administration

Gross health benefits paid through the health insurance funds in 2010–11 amounted to $13.1 billion—up $1.0 billion from $12.0 billion in 2009–10 and up $1.9 billion since 2008–09 (Table 3.12). A further $1.4 billion was used to fund administration during 2010–11; this was $0.1 billion more than both the previous 2 years (DoHA 2011; PHIAC 2009a, 2009b).

The premium rebates that the Australian Government paid through the tax system or directly to private health insurance funds (see Box 3.1) increased from $4.3 billion in 2009–10 to $4.6 billion in 2010–11 (Table 3.12).

The reserves of the health insurance funds increased between 2009–10 and 2010–11, with operating profits (before abnormals and extraordinary items) of $1.5 billion in 2010–11 (Table 3.13) (DoHA 2011; PHIAC 2009a, 2009b, 2010, 2011).

From 1999–00, there were 2 years of rapid increase in both gross payments through the funds and net health insurance funding, which followed the introduction of the Lifetime Health Cover (LHC) arrangements at the beginning of 2000–01 (Table 3.14).

Net funding by the health insurance funds (that is, not including Australian Government rebates) grew at an average annual growth of 5.5% over the period 2000–01 to 2005–06 (Table 3.14). Between 2005–06 and 2010–11, net funding by the health insurance funds grew

at an average annual growth rate of 5.4% per year, taking it to $9.8 billion in 2010–11. The gross amounts paid through health insurance funds grew at a slower rate of 4.7% per year from 2000–01 to 2005–06 and then by 5.9% per year to 2010–11 (Table 3.14 and Figure 3.4).

Box 3.1: Treatment of private health insurance premium rebates

Before 1997, all health benefits that the funds paid, plus their administration costs, were regarded as being funding 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% and then from 1 April 2005, the Private Health Insurance Rebate increased to 35% for people aged 65 to 69 years and to 40% for people aged 70 years and older. It remained at 30% for those aged less than 65.

There are two 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 these 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 compiling its estimates, the AIHW allocates the rebates across all the expenses incurred by the funds each year—including both health and non–health goods and services (such as funeral benefits, domestic assistance and so on); management expenses; and any adjustment to provisions for outstanding and unpresented 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) is included when estimating private health insurance funding for health expenditure. This portion of the rebate is deducted from the gross benefits paid by the health insurance funds to calculate net health funding by private health insurance funds for particular areas of expenditure. These rebate amounts are then added to the funding of the Australian Government for those areas of expenditure.

Table 3.12: Expenditure[a] on health goods and services funded by health insurance funds, current prices, 2008–09 to 2010–11 ($ million)

	2008–09			2009–10			2010–11		
Area of expenditure	**Gross benefits paid**	**Premium rebates[b]**	**Net benefits paid**	**Gross benefits paid**	**Premium rebates[b]**	**Net benefits paid**	**Gross benefits paid**	**Premium rebates[b]**	**Net benefits paid**
Hospitals	6,921	2,019	4,902	7,581	2,433	5,149	8,167	2,613	5,553
Public hospital services[c]	875	255	620	948	304	644	987	316	671
Private hospitals	6,046	1,764	4,282	6,633	2,128	4,505	7,180	2,298	4,883
Patient transport[d]	207	60	147	231	74	157	239	76	162
Medical services	1,298	379	919	1,407	451	956	1,548	495	1,053
Dental services	1,459	426	1,034	1,571	504	1,067	1,650	528	1,122
Other health practitioners	706	206	500	718	230	488	761	244	517
Community and public health	2	1	2	2	1	1	1	—	1
Medications	70	20	49	75	24	51	71	23	48
Aids and appliances	514	150	364	580	186	394	637	204	433
Total health benefits and levies	**11,177**	**3,261**	**7,916**	**12,165**	**3,903**	**8,262**	**13,074**	**4,184**	**8,890**
Health administration	1,311	382	929	1,300	417	883	1,398	447	951
Total expenditure on health goods and services	**12,488**	**3,643**	**8,845**	**13,465**	**4,320**	**9,145**	**14,472**	**4,631**	**9,841**

(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) 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.

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

(d) 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: ATO 2009, 2010, 2011; DoHA 2009, 2010, 2011;PHIAC 2009a, 2009b, 2010, 2011.

Table 3.13: Health insurance funds' reported expenses and revenues, current prices, 2008–09 to 2010–11 ($ million)

Operating expenses and revenue of funds	2008–09	2009–10	2010–11
Expenses			
Total cost of benefits[(a)]	11,203	12,067	13,003
State levies (patient transport services)	146	160	157
Management expenses	1,311	1,300	1,398
Total expenses	12,660	13,526	14,559
Revenues			
Contributions income	13,078	14,170	15,421
Other revenues	–9	444	556
Total revenue	13,069	14,614	15,978
Operating profit (loss) before abnormals and extraordinary items	405	1,175	1,456

(a) Includes the adjustment to provisions for outstanding claims accruing in the year and non–health benefits.

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

Sources: PHIAC 2009a, 2009b, 2010, 2011.

Table 3.14: Expenditure on health goods and services and administration funded through private health insurance funds, constant prices[(a)], and annual growth rates, 2000–01 to 2010–11

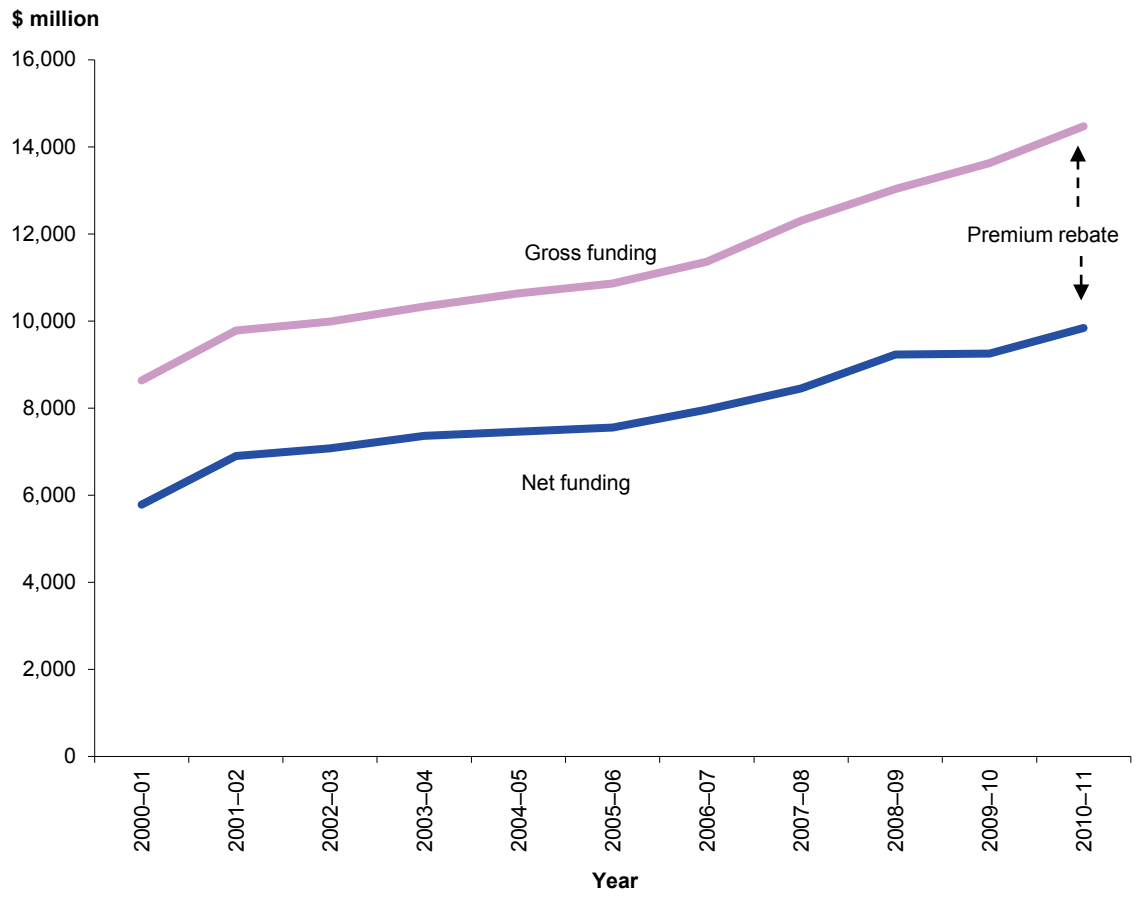
	Gross amounts paid through health insurance funds		Premium rebates				Net amounts funded from health insurance funds' own resources[(b)]	
			Through reduced premiums		Through taxation system			
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	8,634	. .	2,604	. .	246	. .	5,785	. .
2001–02	9,784	13.3	2,648	1.7	233	–5.1	6,903	19.3
2002–03	9,988	2.1	2,708	2.3	201	–13.6	7,078	2.5
2003–04	10,336	3.5	2,788	2.9	183	–9.0	7,365	4.1
2004–05	10,635	2.9	2,999	7.6	174	–4.9	7,462	1.3
2005–06	10,864	2.1	3,140	4.7	170	–2.5	7,553	1.2
2006–07	11,362	4.6	3,220	2.5	174	2.1	7,969	5.5
2007–08	12,303	8.3	3,673	14.1	182	4.9	8,448	6.0
2008–09	13,032	5.9	3,617	–1.5	185	1.8	9,230	9.3
2009–10	13,628	4.6	4,189	15.8	183	–1.1	9,255	0.3
2010–11	14,472	6.2	4,444	6.1	187	2.1	9,841	6.3
			Average annual growth rate (%)					
2000–01 to 2005–06		4.7		3.8		–7.1		5.5
2005–06 to 2010–11		5.9		7.2		1.9		5.4

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

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

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

Source: AIHW health expenditure database.



(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Source: Table 3.12.

Figure 3.4: Funding of recurrent health expenditure through private health insurance, constant prices[(a)], 2000–01 to 2010–11

In 2010–11, it was estimated that net health funding by private health insurance providers averaged $967 per person covered (Table 3.15). In South Australia the average funding per person covered ($1,057) was well above the national average, while for people in the Northern Territory and the Australian Capital Territory it was well below the average at $541 and $668, respectively. From 2000–01 to 2010–11 funding increased by between 2.8% and 4.8% in all states and territories.

Table 3.15: Average health expenditure funded by private health insurance, per person covered[(a)], constant prices[(b)], by state and territory, 2000–01 to 2010–11 ($)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2000–01	642	613	715	708	769	719	507	405	662
2001–02	761	730	870	841	925	849	576	501	790
2002–03	777	779	895	835	958	871	576	438	814
2003–04	815	818	940	863	971	921	607	469	851
2004–05	828	826	945	867	974	892	608	446	858
2005–06	813	852	943	846	973	913	600	455	857
2006–07	849	878	956	853	997	922	628	466	882
2007–08	869	896	960	864	1,009	935	636	507	896
2008–09	935	958	1,009	905	1,062	1,013	662	527	954
2009–10	916	944	985	904	1,025	983	657	498	935
2010–11	953	982	1,002	933	1,057	1,010	668	541	967
				Average annual growth rate (%)					
2000–01 to 2005–06	4.8	6.8	5.7	3.6	4.8	4.9	3.4	2.3	5.3
2005–06 to 2010–11	3.2	2.9	1.2	2.0	1.7	2.0	2.2	3.6	2.4
2000–01 to 2010–11	4.0	4.8	3.4	2.8	3.2	3.5	2.8	2.9	3.9

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

(b) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.

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

Hospital services

In 2010–11, the average fee charged for hospital services per insured patient increased with the age of the patient. For example, the average fee charged for hospital services for patients aged under 14 years was $190 per person covered in that age group, and for patients aged 85 and over, the average fee was $4,544 per person covered (Table 3.16). At the same time, the average copayment for patients aged under 14 was $56 per person covered and $1,101 for patients aged 85 years and over (Table 3.16).

For the older age groups (65 years and over), copayments for males were, on the average, higher than for females. Insured female patients aged under 14 met, on average, a copayment of $51 while those aged 65–84 had an average copayment of $1,050. Males in the same age groups had copayments of $60 and $1,302 per person, respectively.

Females in the age category 20–44 spent, on average, more than twice the rate of males ($147 and $301 respectively). This ratio represents the greatest difference between the sexes in hospital services copayments. The high ratio difference for this age category reflects the higher outlays on hospital services that women face in their child–bearing years.

Ancillaries

The average per person out–of–pocket expenditure for ancillary health services paid in respect of females with ancillary cover was higher than that paid for their male counterparts

at all ages less than 85. The absolute difference was greatest in the age category 45–64 years, where the average amount paid by females was $516 and for males it was $390.

Table 3.16: Fees charged, benefits paid and out–of–pocket expenditure, per person[(a)] with private health insurance hospital cover and/or ancillary cover, by age group and sex, current prices, 2010–11

	Age group					
	0–14	15–19	20–44	45–64	65–84	85+
	Hospital benefits paid, fees charged and out–of–pocket expenditure ($)					
Males						
Out–of–pocket	60	107	147	445	1,302	1,361
Benefits paid	145	160	200	618	2,157	3,652
Fees charged	206	267	347	1,063	3,459	5,013
Females						
Out–of–pocket	51	107	301	437	1,050	989
Benefits paid	122	202	595	668	1,902	3,353
Fees charged	173	309	897	1,105	2,951	4,342
All persons						
Out–of–pocket	56	107	228	440	1,171	1,101
Benefits paid	134	181	408	644	2,024	3,443
Fees charged	190	287	637	1,085	3,195	4,544
	Ancillary benefits paid, fees charged and out–of–pocket expenditure ($)					
Males						
Out–of–pocket	127	190	217	390	470	444
Benefits paid	155	210	231	361	405	360
Fees charged	282	400	448	751	876	804
Females						
Out–of–pocket	141	233	312	516	516	431
Benefits paid	163	248	316	459	441	327
Fees charged	305	481	628	975	957	758
All persons						
Out–of–pocket	134	211	267	455	494	435
Benefits paid	159	229	276	412	424	337
Fees charged	293	440	543	867	917	772

(a) Based on the number of people with health insurance cover.

Source: PHIAC 2011.

Injury compensation insurers

In 2010–11, injury compensation insurers funded $2.4 billion of expenditure on health goods and services—a total of $1.5 billion by workers compensation insurers and $938 million by motor vehicle third–party insurers (Table 3.17).

Over the period 2000–01 to 2010–11, real funding by workers compensation insurers rose on average by 2.9% per year while the annual real growth over this decade for motor vehicle third–party insurers was 3.4%. However, on a year–on–year basis, growth was quite volatile

for both types of injury compensation insurers. Expenditure on health funded by workers compensation and motor vehicle third–party insurers is most of the 'other non–government' source of funds category elsewhere in this report.

Table 3.17: Expenditure by injury compensation insurers, constant prices[(a)], and annual growth rates, 2000–01 to 2010–11

	Workers compensation insurers		Motor vehicle accident third–party insurers		Total injury compensation insurers	
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	1,110	. .	670	. .	1,780	. .
2001–02	1,129	1.8	787	17.6	1,917	7.7
2002–03	1,224	8.4	799	1.5	2,023	5.6
2003–04	1,306	6.7	735	–8.1	2,041	0.9
2004–05	1,279	–2.1	805	9.5	2,084	2.1
2005–06	1,287	0.6	817	1.5	2,103	0.9
2006–07	1,296	0.7	852	4.3	2,148	2.1
2007–08	1,379	6.4	920	8.0	2,298	7.0
2008–09	1,395	1.2	885	–3.8	2,280	–0.8
2009–10	1,398	0.2	885	0.0	2,283	0.1
2010–11	1,484	6.1	938	6.0	2,422	6.1
			Average annual growth rate (%)			
2000–01 to 2005–06		3.0		4.1		3.4
2005–06 to 2010–11		2.9		2.8		2.9
2000–01 to 2010–11		2.9		3.4		3.1

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

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

Source: AIHW health expenditure database.

4 Health expenditure and funding, by area of health expenditure

Health expenditure consists of recurrent expenditure and capital expenditure. Recurrent expenditure includes capital consumption and can be split by area of health expenditure, while capital expenditure cannot. There is some overlap across categories of recurrent health expenditure. An example of this is where medical services are provided to private patients in a hospital. These expenditures are captured as Medicare expenditure which is categorised as 'medical services' not 'hospitals' for this report.

4.1 Recurrent expenditure

Of the $123.7 billion recurrent health expenditure in 2010–11, around half was for public hospital services and medical services (31.5% and 18.2% respectively). Expenditure on medications accounted for a further 14.9% (tables 4.1 and 4.2).

In 2010–11, most areas of expenditure experienced real growth (tables 4.2 and A8). The areas of increased expenditure included:

- medications —12.7%
- aids and appliances —9.9%
- patient transport services, such as ambulances—6.1 %
- public hospital services—6.0%
- community health and other —5.8%
- private hospitals—5.7%

Expenditure on public health, however, decreased in real terms by 4.2%, mainly due to the reduction in funding for the human papillomavirus vaccination program. This program was implemented in 2007–08 and, as with most organised immunisation programs, the majority of funding was spent in that year with progressively lower amounts in the following years. Expenditure on health administration also decreased in real terms by 30.6% (Table A8).

Between 2005–06 and 2010–11, expenditure on public hospital services accounted for the largest amount of real growth in recurrent health expenditure ($9.5 billion or 29.9% derived from Table 4.3). Expenditure on medications accounted for $6.7 billion or 21.1% of the growth over that period, and medical services for $5.9 billion or 18.5%. Together, these three areas of expenditure accounted for two–thirds (69.2%) of the growth in expenditure during the past 5 years.

Between 2005–06 and 2010–11, expenditure on non-benefit paid medications showed the highest real growth in total recurrent expenditure (averaging 14.8% per year) (Table A8). Growth in expenditure on research was 11.7% per year and patient transport had an average annual real growth of 9.4% (Table A8).

In terms of the proportion of total expenditure, public hospitals grew from 30.4% to 31.5% between 2002-04 and 2010-11. Private hospitals declined initially from 8.5% in 2003-04 to 8.0% in 2006-07 but then grew to 8.7% in 2010-11. Medical services, dental services and medications remained comparatively stable.

Table 4.1: Total funding of recurrent health expenditure, current prices, by area of expenditure, and proportion of total recurrent expenditure, 2000–01 to 2010–11

	Public hospitals [a]		Private hospitals		Medical services		Dental services[a]		Other health practitioners[b]		Medications		Other health[a][c]		Total recurrent
Year	Amount ($m)	Prop'n (%)	Amount ($m)	Prop'n (%)	Amount ($m)	Prop'n (%)	Amount ($m)	Prop'n (%)	Amount ($m)	Prop'n (%)	Amount ($m)	Prop'n (%)	Amount ($m)	Prop'n (%)	Amount ($m)
2000–01	16,582	30.2	4,532	8.2	10,218	18.6	3,461	6.3	1,909	3.5	8,161	14.8	10,115	18.4	54,978
2001–02	17,900	30.1	5,030	8.5	11,203	18.8	4,023	6.8	2,189	3.7	9,013	15.1	10,164	17.1	59,522
2002–03[c]	19,723	30.4	5,505	8.5	12,004	18.5	4,316	6.7	2,460	3.8	9,401	14.5	11,413	17.6	64,822
							Break in series[a]								
2003–04[c]	21,243	30.4	5,958	8.5	12,905	18.5	4,663	6.7	2,652	3.8	10,324	14.8	12,155	17.4	69,901
2004–05	23,271	30.3	6,328	8.2	14,648	19.1	5,090	6.6	2,801	3.6	11,206	14.6	13,437	17.5	76,781
2005–06	25,429	31.0	6,684	8.2	15,495	18.9	5,375	6.6	3,038	3.7	11,545	14.1	14,368	17.5	81,933
2006–07	28,016	31.3	7,155	8.0	16,766	18.7	5,749	6.4	3,273	3.7	12,611	14.1	15,880	17.8	89,449
2007–08	30,817	31.4	7,740	7.9	18,338	18.7	6,106	6.2	3,373	3.4	13,720	14.0	17,922	18.3	98,017
2008–09	33,474	31.0	9,198	8.5	19,820	18.4	6,790	6.3	3,426	3.2	15,206	14.1	20,045	18.6	107,961
2009–10	36,238	31.2	10,050	8.6	21,242	18.3	7,688	6.6	3,742	3.2	16,303	14.0	21,040	18.1	116,304
2010–11	38,937	31.5	10,768	8.7	22,525	18.2	7,857	6.4	4,103	3.3	18,425	14.9	21,041	17.0	123,656

(a) The break in time series between 2002–03 and 2003–04 affects public hospitals, dental services and patient transport services, community and public health components of other health (see Box 4.1). (See Chapter 7Technical notes for further information.

(b) Includes paramedics, physiotherapists, psychologists and so forth.

(c) Other health comprises patient transport services, community health, public health, aids and appliances, other non–institutional health n.e.c., administration and research.

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

Source: AIHW health expenditure database.

Table 4.2: Total funding of recurrent health expenditure, constant prices[a], by area of expenditure, and annual growth rates, 2000–01 to 2010–11

	Public hospitals [b][c]		Private hospitals		Medical services		Dental services[b]		Other health practitioners[d]		Medications		Other health[b][e]		Total recurrent funding	
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	22,477	. .	6,190	. .	14,647	. .	5,570	. .	2,688	. .	8,298	. .	13,647	. .	73,517	. .
2001–02	23,615	5.1	6,680	7.9	15,171	3.6	6,295	13.0	2,880	7.1	9,226	11.2	13,522	–0.9	77,389	5.3
2002–03	25,352	7.4	7,120	6.6	15,440	1.8	5,851	–7.0	3,053	6.0	9,600	4.1	14,738	9.0	81,153	4.9
							Break in series[b]									
2003–04	26,440	. .	7,448	4.6	15,771	2.1	6,064	. .	3,216	. .	10,587	10.3	15,015	. .	84,542	. .
2004–05	28,210	6.7	7,701	3.4	16,600	5.3	6,220	2.6	3,301	2.6	11,443	8.1	16,055	6.9	89,531	5.9
2005–06	29,454	4.4	7,792	1.2	16,638	0.2	6,312	1.5	3,415	3.5	11,725	2.5	16,443	2.4	91,779	2.5
2006–07	31,207	6.0	8,011	2.8	17,447	4.9	6,397	1.3	3,608	5.6	12,670	8.1	17,496	6.4	96,837	5.5
2007–08	33,364	6.9	8,414	5.0	18,890	8.3	6,531	2.1	3,722	3.2	13,728	8.3	19,156	9.5	103,805	7.2
2008–09	35,191	5.5	9,681	15.1	20,316	7.5	7,033	7.7	3,630	–2.5	15,256	11.1	20,746	8.3	111,854	7.8
2009–10	36,726	4.4	10,190	5.3	21,272	4.7	7,757	10.3	3,862	6.4	16,356	7.2	21,242	2.4	117,406	5.0
2010–11	38,937	6.0	10,768	5.7	22,525	5.9	7,857	1.3	4,103	6.2	18,425	12.7	21,041	–0.9	123,656	5.3
							Average annual growth rate (%)									
2005–06 to 2010–11		5.7		6.7		6.2		4.5		3.7		9.5		5.1		6.1
2000–01 to 2010–11		. .		5.7		4.4		. .		. .		8.3		. .		. .

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

(b) Prior to 2003–04, includes all health goods and services provided in public hospitals. From 2003–04 includes only services classified as 'public hospital services' and excludes dental services, community health services, patient transport services, public health and health research undertaken by the hospital. Can include services provided off site, such as hospital in the home, dialysis or other services (see Box 4.1).

(c) Methodology change in 2003–04, which mainly affects public hospitals, dental services and patient transport services, community and public health components of other health (see Box 4.1).

(d) Includes paramedics, physiotherapists, psychologists, and so forth.

(e) Comprises patient transport services, community health, public health, aids and appliances, other recurrent health services n.e.c., administration and research.

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

Source: AIHW health expenditure database.

Box 4.1 Public hospitals and public hospital services

Prior to 2003–04, expenditure data was collected from the states and territories in a myriad of formats. From 2003–04, the AIHW has collected state and territory government expenditure data directly from the state and territory health authorities using a uniform data collection template (Since 2008–09 the format has been specified by the Government Health Expenditure National Minimum Data Set [GHE NMDS]).

Where possible, this report uses the GHE NMDS data as the main source for reporting, however, for public hospitals this data is not comparable to the data collected prior to 2003–04.

The AIHW public hospitals establishments (PHE) data does extend further back than 2003–04. To assist comparison over time, therefore, the PHE data has been used in some contexts in this report, including the time series data in tables 4.3 to 4.7 and figure 4.3.

The label 'public hospitals' is used in this report where the PHE data are the main source of information. The term 'public hospital services' is preferred where the GHE NMDS data are used.

Clearly identifying the differences between the PHE and GHE NMDS data is difficult as they involve very different data collection approaches and practices vary between the jurisdictions. For example, as part of the GHE NMDS reporting process, some states and territories were able to allocate head office and central costs to functional areas, such as public hospital services, community health services, public health. This was instead of simply reporting all such expenditures as 'administration'.

More information about the PHE can be found in the AIHW's *Australian Hospitals Statistics* publication series. More information about the GHE NMDS is provided in Chapter 6 of this report.

Table 4.3: Recurrent expenditure on health goods and services, current prices, by broad area of expenditure, 2010–11

Area of expenditure	Amount ($ million)	Per cent
Public hospitals	38,937	31.5%
Medical services	22,525	18.2%
Medications	18,425	14.9%
Private hospitals	10,768	8.7%
Dental services	7,857	6.4%
Community health and other	6,295	5.1%
Research	4,331	3.5%
Other health practitioners	4,103	3.3%
Aids and appliances	3,632	2.9%
Patient transport services	2,785	2.3%
Administration	2,051	1.7%
Public health	1,947	1.6%
Total	**123,656**	**100%**

Source: Table A3.

The annual real growth in total recurrent health expenditure over time provides a broad picture of what is happening to the whole health system. It does not show what is actually

driving that growth. To identify the drivers of overall growth, it is important to look at the contribution that growth in different areas of expenditure makes to growth in expenditure overall. The analysis that follows covers the last three years of the period, from 2007–08 to 2010–11.

In the years 2008–09, 2009–10 and 2010–11, recurrent health expenditure grew by 7.8%, 5.0% and 5.3%, respectively (see Table A8).

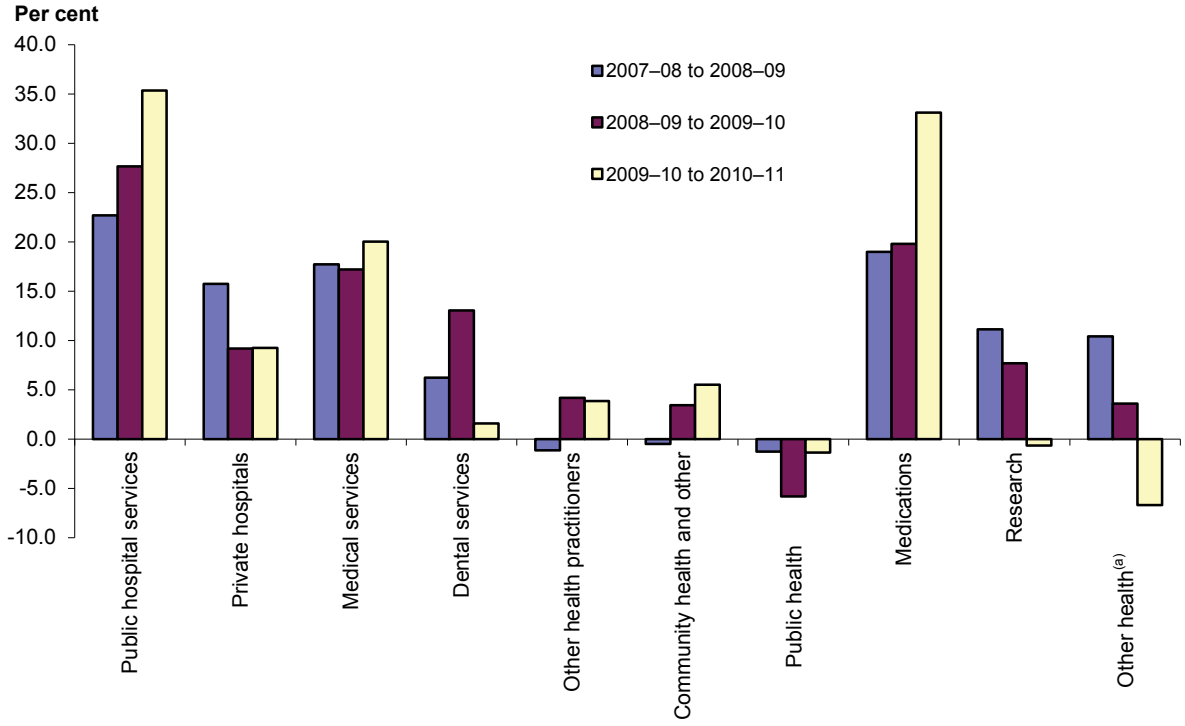
Expenditure on hospitals, which comprised 40.2% of total recurrent spending on health in 2010–11 (calculated from Table 4.2), was the largest contributor to growth in recurrent expenditure in each of those years. In 2008–09 and 2009–10, public hospital services accounted for around one–quarter (22.7% and 27.7%) of the total growth in recurrent expenditure. During 2010–11, it contributed over one–third (35.4%) (Figure 4.1).

Expenditure on medical services contributed 17.7% of total growth between 2007–08 and 2008–09, and 17.2% and 20.0% in 2009–10 and 2010–11 (Figure 4.1).

Medication expenditure also contributed strongly to growth in these years (19.0%, 19.8% and 33.1% respectively). Private hospitals' contribution to growth over the three years was 15.7%, 9.2% and 9.2% in 2010–11.

Expenditure on public health experienced negative growth (–4.2%) between 2009–10 and 2010–11 (see Table A8) and this reflected its negative (–1.4%) contribution to overall growth in that year. This negative growth followed negative growth in the previous year (–13.7%). These declines followed rapid growth in public health expenditure in 2007–08 when public health expenditure grew by 21.4% (Table A8). These trends reflect the implementation of organised immunisation programs—mainly the costs associated with the 2007–08 implementation of the human papillomavirus vaccination program. The majority of the new immunisation program funds were spent in the first year with a steady decline after high initial take–up. Further information on public health expenditure is provided later in this chapter.

Health research showed higher than average increases in spending over the two of the three years, with growth rates of 29.3%, 10.8% and -1.0%, respectively (Table A8). However, because spending on research contributes a small proportion of overall recurrent expenditure, its influence on growth in total recurrent expenditure is also quite small.



(a) Includes patient transport services, aids and appliances and administration.

Source: AIHW health expenditure database.

Figure 4.1: Proportions of annual growth in health expenditure, by area of expenditure, constant prices, 2007–08 to 2010–11 (per cent)

Hospitals

More is spent on hospitals than other health provider types. Expenditure on hospitals is analysed in two categories:

- public hospitals
- private hospitals.

In this part of the report the analysis relates to expenditure by public hospitals as providers of a range of services (sourced from the PHE data), rather than expenditure on public hospital services (see Box 4.1), which is the focus of the rest of the report.

In real terms, expenditure on public hospitals and private hospitals grew at an average of 5.5% and 5.7% per year, respectively, between 2000–01 and 2010–11 (Table 4.4).

The funding arrangements for hospitals were integral to the 5–year bilateral AHCAs between the Australian Government and each of the state/territory governments for the funding of government health services. The last of these agreements ceased on 30 June 2009 and from 1 July 2009 a Special Puroise Payment (SPP) under the National Healthcare Agreement provided the funding arrangements between the Australian Government and state and territory governments.

The Australian Government's private health insurance initiatives also influence funding for hospitals (see Box 3.1). This is because private health insurance provides most of the funding for private hospitals and for private patients in public hospitals.

The private hospital share of hospital expenditure ranged from 20.2% in 2007–08 to 22.4% in 2009–10 (calculated from Table 4.4).

Table 4.4: Recurrent expenditure by public hospitals and private hospitals, constant prices[a] and annual growth rates, 2000–01 to 2010–11

	Public hospitals [b][c]		Private hospitals		All hospitals	
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	22,477	. .	6,190	. .	28,667	. .
2001–02	23,615	5.1	6,680	7.9	30,294	5.7
2002–03	25,352	7.4	7,120	6.6	32,471	7.2
2003–04	26,067	2.8	7,448	4.6	33,515	3.2
2004–05	28,126	7.9	7,701	3.4	35,826	6.9
2005–06	29,394	4.5	7,792	1.2	37,186	3.8
2006–07	31,027	5.6	8,011	2.8	39,039	5.0
2007–08	33,329	7.4	8,414	5.0	41,743	6.9
2008–09	33,936	1.8	9,681	15.1	43,617	4.5
2009–10	35,298	4.0	10,190	5.3	45,488	4.3
2010–11	38,338	8.6	10,768	5.7	49,106	8.0
		Average annual growth rate (%)				
2000–01 to 2005–06		5.5		4.7		5.3
2005–06 to 2010–11		5.5		6.7		5.7
2000–01 to 2010–11		5.5		5.7		5.5

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

(b) Includes dental services, community health services, patient transport services, public health and health research undertaken by the hospital (see Box 4.1).

(c) Public hospital expenditure estimates are derived from Public Hospital Establishments (PHE) data published in Australian hospital statistics. These differ from the estimates included in other sections of this report that are derived from the GHE NMDS (see Box 4.1). Private hospital expenditure data are based on ABS, *Private hospitals Australia* and are derived by the AIHW for 2010–11 based on trends (see Chapter 7 Technical notes).

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

Source: AIHW health expenditure database.

In 2000–01, the governments' share of hospital funding was 80.5% and by 2010–11 it was 78.1%, a 2.4 percentage points decrease (Table 4.5). All of this decrease was in funding by the Australian Government which, despite some variation in individual years, decreased its share from 43.4% to 38.5% over the period. The state/territory governments' share also varied during this time, from a low of 37.1% to a high of 43.2%, and in 2010–11 its share was 39.6%. The proportion of funding met by non–government sources showed similar variation but an overall increase—from 19.5% in 2000–01 to 21.9% in 2010–11.

Table 4.5: Funding of public hospitals [(a)(b)] and private hospitals, current prices, by source of funds, 2000–01 to 2010–11 (per cent)

	Government			Non–government			
Year	Australian Government[(c)]	State/territory and local	Total	Private health insurance funds[(c)]	Other non–government	Total	Total
2000–01	43.4	37.1	80.5	10.5	9.0	19.5	100.0
2001–02	42.6	37.1	79.7	12.0	8.3	20.3	100.0
2002–03	42.1	39.4	81.5	11.8	6.7	18.5	100.0
2003–04	41.4	39.3	80.8	12.1	7.1	19.2	100.0
2004–05	40.6	40.4	81.0	11.7	7.3	19.0	100.0
2005–06	38.9	42.2	81.1	11.3	7.5	18.9	100.0
2006–07	37.9	43.2	81.1	11.4	7.5	18.9	100.0
2007–08	38.6	42.9	81.5	11.2	7.3	18.5	100.0
2008–09	40.9	37.6	78.5	11.8	9.7	21.5	100.0
2009–10	38.3	40.1	78.3	11.5	10.2	21.7	100.0
2010–11	38.5	39.6	78.1	11.3	10.6	21.9	100.0

(a) Includes dental services, community health services, patient transport services, public health and health research undertaken by public hospitals (see Box 4.1).

(b) Public hospital expenditure estimates for 2003–04 to 2010–11 are derived from Public Hospital Establishments (PHE) data published in Australian hospital statistics. These differ from the estimates included other sections of this report that are derived from the NMDS (see Box 4.1). Private hospital expenditure data are based on ABS, *Private hospitals Australia*.

(c) Funding by the Australian Government and private health insurance funds has been adjusted for the private health insurance rebate (see Box 3.1).

Source: AIHW health expenditure database.

Public hospitals

Analysis of expenditure on public hospitals has been featured in all the AIHW's health expenditure publications since 1985. The analyses related to expenditure on hospitals as providers of a range of services, which included hospital services. The data that were used to compile estimates of expenditure on public hospitals initially came from the cost–sharing data that Medibank in 1975 and Medicare after 1977 required states and territories to provide. That series was continued under the AIHW's *Hospital Utilisation and Cost Studies* from the mid–1980s to the early 1990s and, since 1993–94, through its annual *Australian Hospital Statistics* collections.

The data have always included expenditure on dental services, community health services, patient transport services, public health and health research that was undertaken in or by public hospitals. This was in addition to expenditure associated with general hospital care and treatment, but was not separately identified in the data submissions.

Public hospital expenditure data did not include any expenditure that state and territory governments incurred in purchasing services from private hospitals for public patients. The related expenditure was included as expenditure on private hospitals, but was often not identified as being funded by governments.

The AIHW has refined its data collection and expenditure reporting to identify expenditures more clearly according to the types of services they support, rather than the institutions in which they are provided. This means that most of the analyses in this publication are on expenditure on 'hospital services', rather than expenditure on 'hospitals' (see Box 4.1). Also,

expenditures on dental, community health and patient transport services that hospitals provide, and on public health and health research, are now reported as expenditures on those particular services.

Expenditure on public hospitals comprises expenditure on services provided to patients who are treated in public psychiatric hospitals and other hospitals. It excludes expenditure on dental services, community and public health services, patient transport services and health research that the hospital provided.

The Australian Government's funding for blood and blood products cannot be split between public and private hospitals. Therefore all such funding has been allocated to public hospital services. To this extent the estimates may understate expenditure on private hospitals and overstate expenditure on public hospital services.

Governments provided 88.7% of total funding for public hospitals in 2010–11. The Australian Government's contribution—estimated at 39.2%—was largely in the form of the SPP associated with the National Healthcare Agreement, and some NP payments for specific health purposes. The states and territories, which have the major responsibility for operating and regulating the public hospitals, provided 49.5% of their funding in 2010–11 (Table 4.6).

The Australian Government's share of public hospitals funding was lower (40.3%) in 2010–11 than it had been at the start of the period (2000–01), when it was 45.2%. This reduction in the share of funding occurred between 2000–01 and 2006–07 and was due to growth in the state and territory governments' funding exceeding that of the Australian Government in each of those years. By 2006–07, the Australian Government's share had fallen to its lowest point during the period (38.6%) (Table 4.6).

In the last year of the period (2010–11), growth in funding by the Australian Government was 11.3% (Table 4.6). The high growth in 2007–08 of 12.3% largely reflected a one–off provision by the Australian Government of $0.5 billion funding to support national blood services, the Elective Surgery Waiting List Reduction Plan, and funding of public hospital services at the Mersey Community Hospital.

The Australian Government's funding growth in 2010–11 (11.3%) was greater than that of the state and territory governments (7.8%).

Growth in funding for public hospitals by state and territory governments is almost a mirror image of the Australian Government's funding (Figure 4.2). The share of state and territory governments' funding in 2010–11 (49.5%) was 2.3 percentage points higher than at the start of the period (47.2% in 2000–01). However, within this period the state and territory governments' funding share rose to a peak of 53.4% in 2006–07.

The non–government contribution increased from a low of 6.9% in 2002–03 to a high of 10.2% in 2004–05 (Table 4.6). It consisted of funding by private health insurance, payments by individuals, purchase of services by workers compensation insurers and motor vehicle third–party insurance and other (non–identified) funders.

Table 4.6: Funding of public hospitals[(a)(b)], current prices, by broad source of funds and annual growth rates, 2000–01 to 2010–11

	Government											
	Australian Government			State/territory			Non–government			Total		
Year	Amount ($m)	Growth (%)	Share (%)	Amount ($m)	Growth (%)	Share (%)	Amount ($m)	Growth (%)	Share (%)	Amount ($m)	Growth (%)	Share (%)
2000–01	7,499	. .	45.2	7,834	. .	47.2	1,249	. .	7.5	16,582	. .	100.0
2001–02	7,988	6.5	44.6	8,503	8.5	47.5	1,408	12.8	7.9	17,900	7.9	100.0
2002–03	8,700	8.9	44.1	9,654	13.5	48.9	1,370	–2.7	6.9	19,723	10.2	100.0
2003–04	9,059	4.1	43.3	10,361	7.3	49.5	1,497	9.3	7.2	20,916	6.0	100.0
2004–05	9,727	7.4	42.0	11,705	13.0	50.5	1,737	16.1	7.5	23,169	10.8	100.0
2005–06	10,089	3.7	39.9	13,262	13.3	52.4	1,962	12.9	7.8	25,313	9.3	100.0
2006–07	10,741	6.5	38.6	14,854	12.0	53.4	2,200	12.1	7.9	27,795	9.8	100.0
2007–08	12,063	12.3	39.3	16,226	9.2	52.8	2,439	10.9	7.9	30,728	10.6	100.0
2008–09	14,061	16.6	43.6	15,248	–6.0	47.2	2,970	21.7	9.2	32,279	5.0	100.0
2009–10	13,863	–1.4	39.8	17,601	15.4	50.5	3,361	13.2	9.7	34,826	7.9	100.0
2010–11	15,437	11.3	40.3	18,981	7.8	49.5	3,920	16.6	10.2	38.338	10.1	100.0
						Average annual growth rate (%)						
2000–01 to 2005–06		6.1			11.1			9.5			8.8	
2005–06 to 2010–11		8.9			7.4			14.8			8.7	
2000–01 to 2010–11		7.5			9.3			12.1			8.7	

(a) Includes dental services, community health services, patient transport services, public health and health research undertaken by public hospitals (see Box 4.1).

(b) Public hospital expenditure estimates for 2003–04 to 2010–11 are derived from Public Hospital Establishments (PHE) data published in Australian hospital statistics. These differ from the estimates included other sections of this report that are derived from the NMDS (see Box 4.1).

Source: AIHW health expenditure database.

There were three major sources of Australian Government funding for public hospitals in operation between 2000–01 and 2010–11 (Table 4.7):

- DVA funded hospitals either by purchasing services for veterans and their dependants from hospitals or through contractual arrangements with states and territories
- the states and territories received SPP funding under the AHCAs or, from 2009–10 from the SPP associated with the National Healthcare Agreement, and some NP payments for specific health purposes
- the Australian Government provided other forms of funding up to 2008–09, including extra payments in addition to the AHCAs for services provided in public hospitals.

There was also a small share of the rebates on private health insurance premiums that was allocated to funding of public hospitals.

DVA funding fell, as a proportion of all funding, from 3.2% in 2000–01 to 2.0% in 2010–11.

As a proportion of total funding, Australian Government grants to states and territories decreased from 40.5% in 2000–01 to 33.3% in 2006–07. The Australian Government grants to states and territories then increased to 38.0% of total funding in 2008–09 (Table 4.7). In 2010–11, Australian Government grants to states and territories were 35.4% of total funding.

Table 4.7: Government shares of recurrent expenditure on public hospitals[a][b], by level of government, current prices, 2000–01 to 2010–11 (per cent)

	Australian Government						
Year	DVA	Australian Government grants to states[c][d]	Rebates of health insurance premiums	Other Australian Government[e]	Total	State/ territory governments	Total govern–ment
2000–01	3.2	40.5	0.6	0.9	45.2	47.2	92.5
2001–02	3.3	39.6	0.6	1.0	44.6	47.5	92.1
2002–03	3.5	38.8	0.6	1.1	44.1	48.9	93.1
2003–04	3.6	37.5	0.7	1.6	43.3	49.5	92.8
2004–05	3.5	35.9	0.7	1.8	42.0	50.5	92.5
2005–06	2.7	34.6	0.7	1.8	39.9	52.4	92.2
2006–07	2.8	33.3	0.7	1.8	38.6	53.4	92.1
2007–08	2.4	33.7	0.8	2.4	39.3	52.8	92.1
2008–09	2.4	38.0	0.8	2.3	43.6	47.2	90.8
2009–10	2.2	34.7	0.9	2.1	39.8	50.5	90.3
2010–11	2.0	35.4	0.8	2.1	40.3	49.5	89.8

(a) Includes dental services, community health services, patient transport services, public health and health research undertaken by public hospitals (see Box 4.1).

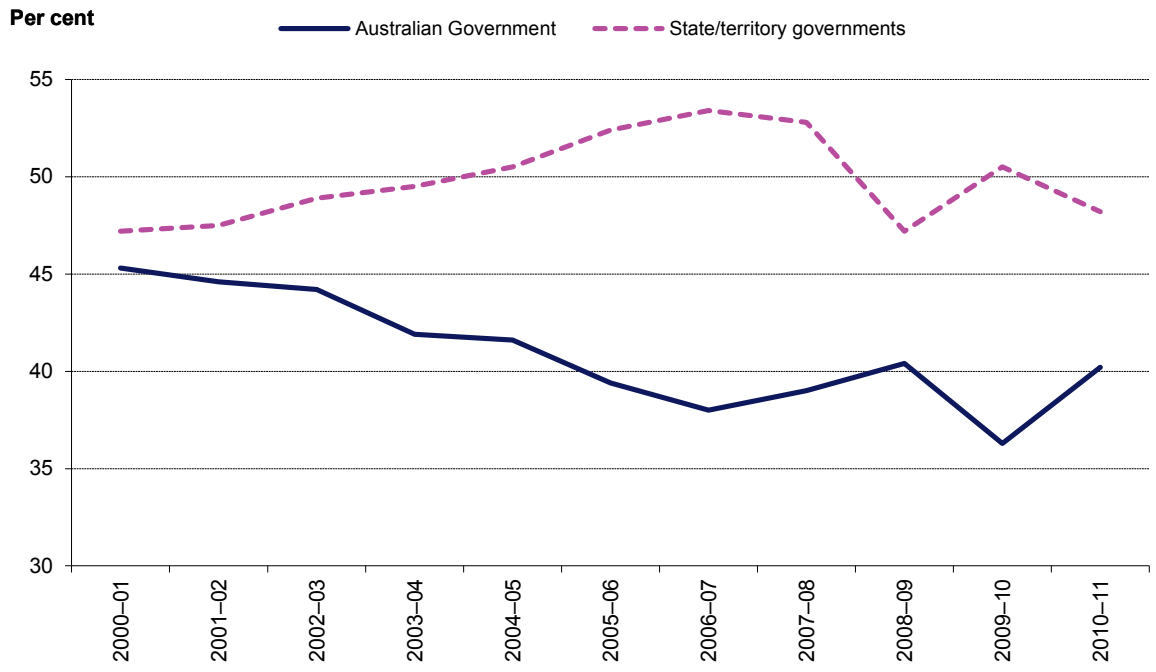
(b) Public hospital expenditure estimates for 2003–04 to 2010–11 are derived from Public Hospital Establishments (PHE) data published in Australian hospital statistics. These differ from the estimates included in other sections of this report that are derived from the GHE NMDS (see Box 4.1).

(c) Up to 2008–09, includes AHCA SPPs, highly specialised drugs and positron emission tomography (PET) scanner grants.

(d) From 2009–10, includes the healthcare SPP, public hospital–related NP payments, highly specialised drugs, and PET scanner grants.

(e) Includes DoHA direct expenditure on public hospitals, such as for blood sector payments, and hepatitis C funding.

Source: AIHW health expenditure database.



(a) Includes dental services, community health services, patient transport services, public health and health research undertaken by public hospitals (see Appendix C).

(b) Public hospital expenditure estimates for 2003–04 to 2010–11 are derived from Public Hospital Establishments (PHE) data published in Australian hospital statistics. These differ from the estimates included other sections of this report that are derived from the NMDS (see Box 4.1).

Source: Table 4.7.

Figure 4.2: Government funding of public hospitals[(a)(b)], current prices, 2000–01 to 2010–11 (per cent)

In 2010–11, total recurrent funding of public hospitals had a real growth of 8.6% (Table 4.8). Total recurrent funding consists of government and non–government funding. Government funding had a real growth of 7.9%. The Australian Government's contribution increased by 9.9% to $15.4 billion, while the state and territory governments' contribution increased by 6.4%, providing $19.0 billion in funding in 2010–11. The non–government funding of public hospitals increased from $3.4 billion in 2009–10 to $3.9 billion in 2010–11— a real growth of 15.1%.

From 2000–01 to 2010–11, total recurrent funding of public hospitals increased in real terms by $15.9 billion to comprise $38.3 billion (Table 4.8). The largest increase was by state and territory governments ($8.4 billion or 53.2% of total increase) comprising 6.1% average annual real growth. The Australian Government funded an increase of $5.2 billion (32.7%) at 4.2% yearly growth on average and the non–government sector provided a real increase of $2.2 billion which comprised an average annual growth of 8.7%.

Table 4.8: Funding of public hospitals[(a)(b)], constant prices[(c)], by broad source of funds, and annual growth rates, 2000–01 to 2010–11

	Government									
	Australian Government[(d)]		State/territory		Total		Non–government[(d)]		Total recurrent funding	
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	10,245	. .	10,537	. .	20,782	. .	1,695	. .	22,477	. .
2001–02	10,607	3.5	11,149	5.8	21,756	4.7	1,859	9.6	23,615	5.1
2002–03	11,246	6.0	12,341	10.7	23,587	8.4	1,764	–5.1	25,352	7.4
2003–04	11,304	0.5	12,904	4.6	24,208	2.6	1,859	5.4	26,067	2.8
2004–05	11,820	4.6	14,199	10.0	26,019	7.5	2,106	13.3	28,126	7.9
2005–06	11,729	–0.8	15,393	8.4	27,122	4.2	2,272	7.9	29,394	4.5
2006–07	11,995	2.3	16,585	7.7	28,580	5.4	2,447	7.7	31,027	5.6
2007–08	13,082	9.1	17,608	6.2	30,690	7.4	2,640	7.9	33,329	7.4
2008–09	14,783	13.0	16,034	–8.9	30,817	0.4	3,119	18.2	33,936	1.8
2009–10	14,049	–5.0	17,842	11.3	31,891	3.5	3,407	9.2	35,298	4.0
2010–11	15,437	9.9	18,981	6.4	34,418	7.9	3,920	15.1	38,338	8.6
					Average annual growth rate (%)					
2000–01 to 2005–06		2.7		7.9		5.5		6.0		5.5
2005–06 to 2010–11		5.6		4.3		4.9		11.5		5.5
2000–01 to 2010–11		4.2		6.1		5.2		8.7		5.5

(a) Includes dental services, community health services, patient transport services, public health and health research undertaken by the hospital (see Box 4.1).

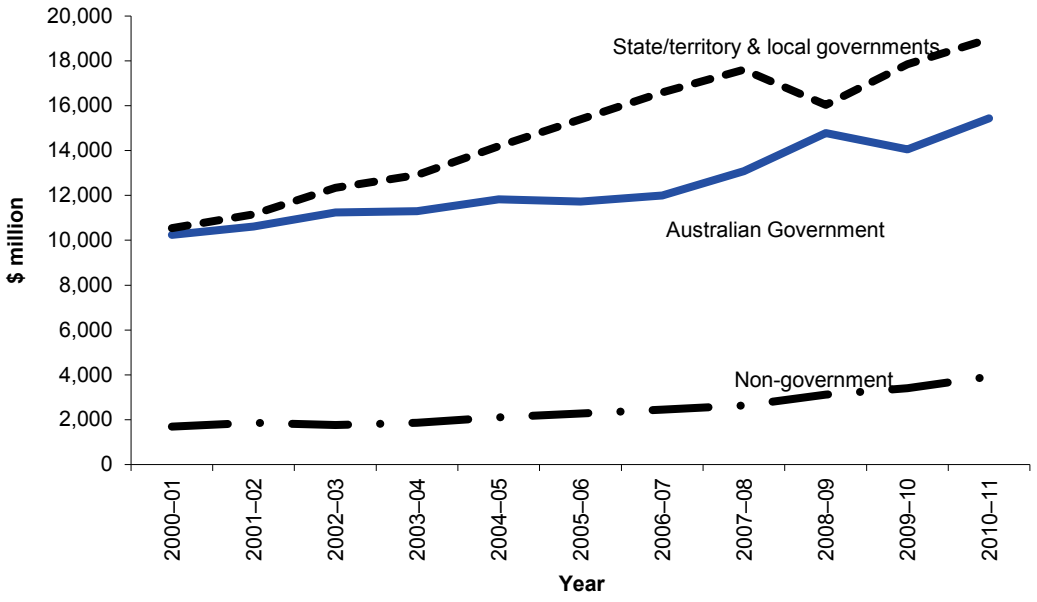
(b) Public hospital expenditure estimates for 2003–04 to 2010–11 are derived from Public Hospital Establishments (PHE) data published in Australian hospital statistics. These differ from the estimates included other sections of this report that are derived from the NMDS (see Box 4.1).

(c) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

(d) Funding by the Australian Government and private health insurance funds has been adjusted for the private health insurance rebate (see Box 3.1).

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

Source: AIHW health expenditure database.



(a) Includes dental services, community health services, patient transport services, public health and health research undertaken by the hospital (see Box 4.1).

(b) Public hospital expenditure estimates for 2003–04 to 2010–11 are derived from Public Hospital Establishments (PHE) data published in Australian hospital statistics. These differ from the estimates included other sections of this report that are derived from the NMDS (see Box 4.1).

(c) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Sources: Table 4.8 and AIHW health expenditure database.

Figure 4.3: Recurrent funding of public hospitals[(a)(b)], constant prices[(c)], by source of funds, 2000–01 to 2010–11

Public hospital services

Expenditure on public hospital services differs from expenditure on public hospitals (see *Public hospitals* section above). Expenditure on public hospital services comprises expenditure on services provided to patients who are treated in public psychiatric and other hospitals, but excludes expenditure on dental services, community and public health services, patient transport services and health research that the hospital provided.

The Australian Government's funding for blood and blood products cannot be split between public and private hospitals. Therefore all such funding has been allocated to public hospital services. To this extent the estimates may understate expenditure on private hospitals and overstate expenditure on public hospital services.

The funding patterns of the different levels of government in respect of public hospital services closely follows those of hospitals discussed previously in this report. For example, in 2010–11, the Australian Government provided 39.7% ($15.4 billion) of the funding for public hospital services, compared with 39.2% of the funding of public hospitals (tables 4.9 and 4.6). In the case of public hospital services, this was an increase of $1,558 million on the previous year, and the share of funding increased by 1.4 percentage points.

The Australian Government's share of funding for public hospital services has varied since 2006–07. In that year the Australian Government provided 38.3% of total funding for hospital services (Table 4.9).

In comparison, state and territory governments contributed 51.9% ($20.2 billion) of the funding in 2010–11, which was 2.0 percentage points lower than their share in 2009–10 (53.9%) (Table 4.9). Non–government sources provided 8.4% of the funding for public hospital services in 2010–11 ($3.3 billion)—an increase of 1.3 percentage points since 2006–07 (7.1%) and 0.6 percentage points higher than in 2009–10 (7.8%).

Table 4.9: Funding of public hospital services[(a)(b)], Australia, current prices, by source of funds, 2006–07 to 2010–11

	Australian Government						
Year	DVA	Rebates of health insurance premiums	Other Australian Govern–ment[(c)]	Total	State/ territory govern–ments	Non–govern–ment	Total
				Amount ($ million)			
2006–07	770	207	9,764	10,741	15,279	1,996	28,016
2007–08	738	244	11,081	12,063	16,537	2,218	30,817
2008–09	773	255	13,049	14,077	16,722	2,676	33,474
2009–10	760	304	12,818	13,882	19,522	2,834	36,238
2010–11	765	316	14,359	15,440	20,221	3,276	38,937
				Proportion (%)			
2006–07	2.7	0.7	34.9	38.3	54.5	7.1	100.0
2007–08	2.4	0.8	36.0	39.1	53.7	7.2	100.0
2008–09	2.3	0.8	39.0	42.1	50.0	8.0	100.0
2009–10	2.1	0.8	35.4	38.3	53.9	7.8	100.0
2010–11	2.0	0.8	36.9	39.7	51.9	8.4	100.0

(a) Can include services provided off–site, such as hospital in the home, dialysis or other services (see Box 4.1).

(b) Public hospital services expenditure does not include expenditure on public patients who are contracted with private hospitals as this is part of private hospital expenditure. In 2010–11, this expenditure was $449 million (Table 4.10).

(c) Includes DoHA direct expenditure on public hospitals, such as for blood sector payments, and hepatitis C funding.

Source: AIHW health expenditure database.

Funding of public hospital services in all jurisdictions increased from 2008–09 to 2010–11, as did funding of these services by state and territory governments (Table 4.10).

Funding by the Australian Government was more variable during this period with decreases in most jurisdictions in 2009–10, followed by increases in 2010–11 in all jurisdictions, except Western Australia, Tasmania and the Northern Territory.

In 2010–11, around half or greater of total funding of public hospital services came from state and territory governments—ranging from 49.4% in New South Wales to 68.7% in the Australian Capital Territory.

The Australian Government's share of funding in 2010–11 ranged from 29.0% in the Australian Capital Territory to 40.9% in New South Wales (Table 4.10). The share of funding attributable to non–government sources in 2010–11 ranged from 2.0% in the Northern Territory to 9.9% in Victoria (Table 4.10).

Table 4.10: Funding of public hospital services [(a)], current prices, and shares of total funding for public hospital services, by source of funds, by state and territory, 2008–09 to 2010–11

		Australian Government														
		DVA		Australian Government grants to states[(b)(c)]		Insurance rebates		Other[(d)]		Total		State and territory government		Non–government		Total
State	Year	$ million	%	$ million	%	$	%	$ million	%	$ million	%	$ million	%	$ million	%	$ million
NSW	2008–09	325	2.9	4,063	36.3	135	1.2	223	2.0	4,747	42.4	5,415	48.4	1,032	9.2	11,194
	2009–10	335	2.8	3,995	33.2	162	1.3	208	1.7	4,700	39.0	6,213	51.6	1,129	9.4	12,042
	2010–11	313	2.5	4,432	35.1	165	1.3	257	2.0	5,166	40.9	6,243	49.4	1,221	9.7	12,629
Vic	2008–09	186	2.4	2,995	38.5	58	0.8	179	2.3	3,419	44.0	3,539	45.5	815	10.5	7,773
	2009–10	185	2.1	2,850	32.9	67	0.8	177	2.0	3,279	37.8	4,546	52.5	841	9.7	8,666
	2010–11	171	1.8	3,368	34.6	74	0.8	194	2.0	3,807	39.1	4,975	51.0	963	9.9	9,745
Qld	2008–09	89	1.4	2,389	36.9	14	0.2	143	2.2	2,635	40.7	3,486	53.8	353	5.5	6,475
	2009–10	77	1.1	2,369	33.2	19	0.3	138	1.9	2,603	36.5	4,086	57.3	444	6.2	7,134
	2010–11	120	1.6	2,655	36.1	23	0.3	174	2.4	2,973	40.4	3,800	51.6	587	8.0	7,360
WA	2008–09	49	1.4	1,225	36.5	20	0.6	59	1.8	1,352	40.3	1,777	53.0	226	6.7	3,355
	2009–10	57	1.7	1,227	35.6	24	0.7	59	1.7	1,368	39.7	1,865	54.1	213	6.2	3,446
	2010–11	75	1.9	1,374	35.9	22	0.6	62	1.6	1,533	40.0	2,016	52.6	282	7.4	3,831
SA	2008–09	78	2.9	1,003	36.8	17	0.6	48	1.8	1,147	42.1	1,419	52.1	160	5.9	2,726
	2009–10	71	2.4	991	34.1	20	0.7	47	1.6	1,129	38.9	1,621	55.8	154	5.3	2,904
	2010–11	56	1.8	1,050	34.3	20	0.6	60	2.0	1,186	38.8	1,714	56.0	160	5.2	3,059
Tas	2008–09	18	2.4	277	35.9	6	0.7	89	11.5	389	50.6	320	41.6	60	7.8	770
	2009–10	17	2.1	293	37.0	7	0.9	90	11.4	407	51.4	360	45.5	24	3.1	791
	2010–11	13	1.4	310	34.8	7	0.8	30	3.3	359	40.3	499	56.0	33	3.8	892
ACT	2008–09	26	3.7	166	23.7	4	0.6	23	3.3	219	31.2	467	66.6	15	2.2	700
	2009–10	16	2.1	166	21.9	5	0.6	25	3.3	211	27.9	531	70.0	16	2.1	758
	2010–11	17	2.0	207	24.9	4	0.5	13	1.6	241	29.0	572	68.7	19	2.3	832
NT[(e)]	2008–09	3	0.6	163	33.8	—	—	4	0.8	170	35.3	298	61.9	14	2.8	482
	2009–10	2	0.4	178	35.7	—	—	4	0.8	185	37.0	301	60.3	13	2.7	499
	2010–11	2	0.3	167	28.4	—	—	5	0.8	174	29.6	402	68.4	12	2.0	588

(a) Does not include expenditure on services provided to public patients by contracted private hospitals ($448 million in 2010–11). This is included in private hospital expenditure (see Table 4.10).
(b) Up to 2008–09, includes AHCA SPPs, highly specialised drugs and positron emission tomography (PET) scanner grants.
(c) From 2009–10, includes the National healthcare SPP, public hospital–related NP payments, highly specialised drugs, and positron emission tomography (PET) scanner grants.
(d) Includes DoHA direct expenditure on public hospitals, such as for blood sector payments, and hepatitis C funding.
(e) Includes NP payments for Royal Darwin Hospital of $13.0 million in 2007–08, $13.7 million in 2008–09 and $14.0 million in 2009–10.

Source: AIHW health expenditure database.

Private hospitals

Total expenditure on private hospitals in 2010–11 was estimated at $10.8 billion. Just over two–thirds (66.7%) of the funding for this was through private health insurance funds. This comprised 45.3% funded from the insurers' own funds, and 21.3% in the form of indirect subsidies through the 30–40% Australian Government rebate on premiums. In 2010–11, those premium rebates totalled $4.6 billion, of which $2.3 billion was estimated to have been used to fund private hospitals (Table A3).

The purchase of private hospital services for public patients is a state government source of funding for private hospitals—particularly in Western Australia and Tasmania. In 2010–11, state government purchases of private hospital services in Western Australia accounted for 21.7% of total revenue of private hospitals in that state. In Tasmania, Victoria and the Northern Territory it represented 4.8%, 2.8% and 2.2% of total private hospital revenue respectively. The state with the largest population—New South Wales— did not provide details of any purchases of private hospital services for public patients. In the other states and territories, this generally accounted for 1% or less of private hospitals' revenues (Table 4.11).

The Northern Territory had a very high proportion of its funding for private hospitals sourced from individuals (34.2% in 2010–11). The Northern Territory also had the lowest proportions funded by health insurance (36.2%) and the Australian Government (21.0%) (Table 4.11). This is likely to reflect low private health insurance coverage in the Northern Territory— estimated at 36.2% in 2010–11, compared with a national coverage of 45.3% (calculated from tables D1 and D3).

Table 4.11: Funding of private hospitals, current prices, and shares of total, by state and territory, by source of funds, 2008–09 to 2010–11

		Government sources								Non–government sources					
		Australian Government						State/territory governments[a]		Health insurance funds		Individuals		Other non–government[b]	
		Direct outlays		Premium rebates		Total									
		$ million	%	$ million	%	$ million	%	$ million	%	$ million	%	$ million	%	$ million	%
NSW	2008–09	298	11.8	504	20.0	802	31.8	. .	. .	1,225	48.6	258	10.2	238	9.4
	2009–10	314	11.6	612	22.5	926	34.0	. .	. .	1,295	47.6	278	10.2	222	8.2
	2010–11	305	10.5	672	23.1	977	33.5	. .	. .	1,429	49.0	283	9.7	225	7.7
Vic	2008–09	258	11.3	464	20.3	722	31.6	71	3.1	1,126	49.2	195	8.5	173	7.6
	2009–10	273	10.5	551	21.2	823	31.7	74	2.8	1,166	44.9	373	14.4	163	6.3
	2010–11	266	9.6	591	21.4	857	31.0	79	2.8	1,255	45.4	415	15.0	160	5.8
Qld	2008–09	347	16.2	395	18.5	742	34.8	25	1.2	959	45.0	265	12.4	143	6.7
	2009–10	374	16.2	482	20.8	856	37.0	24	1.0	1,020	44.1	261	11.3	153	6.6
	2010–11	379	15.3	511	20.5	890	35.8	26	1.1	1,085	43.7	327	13.1	157	6.3
WA	2008–09	123	10.2	191	15.9	315	26.1	244	20.2	464	38.5	93	7.7	90	7.4
	2009–10	119	8.8	239	17.6	357	26.4	265	19.6	505	37.3	192	14.1	36	2.7
	2010–11	128	8.5	264	17.6	391	26.1	326	21.7	560	37.3	192	12.8	31	2.1
SA	2008–09	61	9.8	136	22.0	196	31.8	5	0.7	330	53.4	59	9.5	28	4.5
	2009–10	63	9.5	159	24.3	221	33.8	5	0.7	336	51.4	69	10.5	24	3.6
	2010–11	63	9.2	167	24.3	230	33.5	5	0.7	355	51.7	83	12.0	15	2.1
Tas	2008–09	24	10.2	45	19.0	70	29.2	13	5.5	110	46.0	3	1.3	43	18.0
	2009–10	25	11.4	53	23.6	78	35.0	13	5.7	111	50.0	7	3.0	14	6.3
	2010–11	23	10.1	56	24.6	79	34.8	11	4.8	119	52.4	5	2.0	14	6.0
ACT	2008–09	14	10.2	21	15.6	35	25.8	1	0.4	49	36.7	26	19.5	24	17.6
	2009–10	14	11.4	25	19.9	39	31.4	—	—	53	42.2	26	21.0	7	5.3
	2010–11	13	10.1	27	21.3	40	31.3	1	0.8	57	45.2	22	17.1	7	5.6
NT	2008–09	2	3.2	8	12.5	10	15.7	1	2.1	18	30.3	20	33.2	11	18.7
	2009–10	2	3.7	9	15.4	11	19.1	1	1.6	18	32.6	22	39.4	4	7.3
	2010–11	2	4.0	10	17.1	13	21.0	1	2.2	22	36.2	21	34.2	4	6.4

(a) Comprises expenditure on public patients who are treated in private hospitals. New South Wales did not provide details of any purchases of private hospital services for public patients.

(b) Includes expenditure on health goods and services by workers compensation and compulsory third–party motor vehicle insurers and other sources of income (e.g. interest earned) of service providers.

Source: AIHW health expenditure database.

Patient transport services

'Patient transport services' mostly refers to the transporting of patients to and from health–care facilities to receive outpatient or admitted patient treatment. Expenditure includes that on a variety of public and private patient transport services, including St John of God ambulance and Careflight aerial ambulance services. It also includes expenditure on public ambulance services by public hospitals.

Total expenditure on patient transport services in 2010–11 was $2.8 billion. The Australian Government's share of that was 10.2%. State and territory governments provided almost two–thirds (67.2%) of the funding and non–government sources 22.6% (calculated from Table A3). Real growth in patient transport services expenditure averaged 9.4% per year between 2005–06 and 2010–11 (Table A8).

Medical services

Between 2000–01 and 2010–11, expenditure on medical services increased, in real terms, at an average of 5.2% per year (Table 4.12).

Almost all expenditure on medical services in Australia relates to services that private medical practitioners provided on a 'fee–for–service' basis. These are generally funded by a combination of Medicare benefits and patient copayments under the Medicare Benefits Scheme. Of the $22.5 billion spent on medical services in 2010–11, the Australian Government funded over three–quarters (78.1% or $17.6 billion) (Table 4.13). This was made up almost exclusively of Medicare benefits payments, with some funding from the DVA for medical services to eligible veterans and their dependants. There is also a small amount made up of Australian Government payments to general practitioners (GPs) under alternative funding arrangements to Medicare. Of the remaining expenditure, individuals funded 12.5% through Medicare copayments, while 4.7% was from other non–government funding and 4.7% was from health insurance funds (Table 4.13).

Medical services out–of–pocket expenditure increased, in real terms, by 6.5% ($172.2 million) in 2010–11 (calculated from tables A5 and A6).

Box 4.2: Medical services scheduled fees and benefits

The benefits paid to providers under Medicare for patient–billed services are related to a set of fees established by the Australian Government that are included in the MBS. Medical practitioners are able to charge a fee for a listed item that is at variance to the schedule fee for that service in the MBS.

Some medical practitioners charge fees that are higher than the schedule fee for the services they provide. Where this occurs or where there is gap between the schedule fee and the benefit paid to the practitioner, patients may be required to meet a copayment equal to the difference between the fee actually charged and the MBS benefit payable for that service. In the case of out–of–hospital medical services, patients are not permitted to insure against such copayments.

In the case of medical services that are bulk–billed, the total fee that a provider can charge must be equal to the MBS benefit payable in respect of the services concerned (that is, there cannot be any copayment by the patient or any third party).

Thus, individual medical service providers set the total fees charged for medical services in Australia and the Australian Government sets the benefits that are paid under Medicare for those services.

There are a large number of medical and other items in the MBS. They have a variety of fees charged and benefits paid. The Australian Government collects statistics on services claimed under Medicare, including the number of services provided and the fees charged and benefits paid for those services.

To provide a broad picture of the volume change and price movements in relation to medical services provided under Medicare, the AIHW has constructed a 'basket of medical services' and calculated a weighted average price for the medical services that make up that basket of services. The basket of services contains:

- non–referred (GP) attendances (practice nurses are excluded)
- specialist attendances
- pathology tests (excluding pathology Patient Episode Initiation)
- diagnostic imaging
- other Medicare services (excluding obstetrics).

These components are re–weighted annually to reflect any changes in their relative contributions to total expenditure on medical services, as reflected in the aggregated total fees charged. The fee charged for each type of medical service is used as the weighting mechanism so as to give an indicative measure of average changes in fees charged from year to year. It is not a simple calculation of total fee charged divided by total services provided.

While the weighted average fee charged for medical services provided under Medicare increased by 5.2% per year between 2000–01 and 2010–11, the weighted average benefit paid increased at a lower annual rate of 4.7% (Table 4.12). The result is that average copayments increased at a faster rate (7.1% per year).

In the latter half of the period (from 2005–06), there was no difference between the annual rates of increase for the average fee charged and benefit paid (both 3.5%) while for the previous period the annual rate of increase was 7.0% for the average fee charged and 5.9% for the benefit paid. This resulted in an average rate of increase for copayments of 3.6% per

year, compared with 10.8% per year up to 2005–06 (note that the copayments analysed here could be paid by individuals or by health insurance funds).

Table 4.12: Annual fluctuations in the weighted average payments per service[a] for medical services provided under Medicare, by component of total fee charged, 2000–01 to 2010–11

	Annual change					
	Average weighted medical benefit paid per service[b]		Average weighted copayment[b][c] paid per service		Average weighted fee charged per service[b]	
Year	Average benefit ($)	Price change (%)	Average payment ($)	Price change (%)	Average fee ($)	Price change (%)
2000–01	52.16	. .	14.07	. .	66.23	. .
2001–02	54.11	3.7	16.53	17.5	70.64	6.7
2002–03	56.16	3.8	19.31	16.8	75.48	6.8
2003–04	59.44	5.8	21.63	12.0	81.06	7.4
2004–05	66.73	12.3	22.37	3.4	89.10	9.9
2005–06	69.45	4.1	23.46	4.9	92.91	4.3
2006–07	71.76	3.3	25.51	8.7	97.27	4.7
2007–08	74.75	4.2	26.59	4.2	101.33	4.2
2008–09	78.21	4.6	27.25	2.5	105.46	4.1
2009–10	81.27	3.9	27.45	0.7	108.72	3.1
2010–11	82.34	1.3	27.97	1.9	110.32	1.5
		Average annual change in price				
2000–01 to 2005–06		5.9		10.8		7.0
2005–06 to 2010–11		3.5		3.6		3.5
2000–01 to 2010–11		4.7		7.1		5.2

(a) Weighted by the relative fee charged of the individual components of the basket of medical services used in the construction of the Medicare services fees index (see page 64).

(b) The average weighted fees and the average weighted benefit paid per service are not the same as the actual average fee or average benefit per service, but are a statistical construct which aims to measure the fee and benefit changes in a consistent way. Thus it is the price changes which are the relevant statistics in this table, not the average benefit or fee.

(c) Refers to the difference between the fee charged and benefit paid. Some of this copayment will be paid by individuals and some by health insurance funds.

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

Source: AIHW health expenditure database.

Between 2000–01 and 2010–11, the Australian Government's real funding of medical services grew at an average of 4.0% per year, while funding by individuals grew at 6.2% per year and that by health insurance funds at 9.8% per year (Table 4.14).

The introduction of the LHC incentives and subsequent changes increased insurance cover —that is, the proportion of the total population with private health (hospital) insurance cover—to peaked at 45.4% in 2000–01. Coverage has remained between 42.9% and 44.7% more recently (calculated from tables D1 and D3).

Table 4.13: Recurrent expenditure on medical services, current prices, by source of funds, 2010–11

Area of expenditure	Amount ($ million)	Per cent
Australian Government	17,600	78.1%
Individuals	2,814	12.5%
Health insurance funds	1,053	4.7%
Other non–government(a)	1,059	4.7%
Total	**22,525**	**100%**

(a) Includes funding by injury compensation insurers.

Source: Table A3.

These increases in coverage resulted in a high growth in the health insurance funds' funding of health services at 38% in 2001–02. The rate of growth then slowed each year to 2004–05, when funding grew by 0.5%. In 2010–11 health insurance funding grew by 9.6% (Table 4.14).

The large increase in the Australian Government funding proportion in 2004–05 and the decline in the individual funding proportion reflects a number of factors, including the Strengthening Medicare program which, from 1 January 2005, increased the benefit paid for GP services from 85% to 100% of the Schedule Fee.

Payments by individuals increased in 2010–11 have returned to a high of 12.5% of medical services expenditure, while the Australian Government share decreased from the peak of 81.5% in 2000–01 to 78.1% in 2010–11 (calculated from Table 4.14).

Table 4.14: Recurrent funding of medical services, constant prices[a], by source of funds, and annual growth rates, 2000–01 to 2010–11

	Australian Government[b]		Health insurance funds[b]		Individuals		Injury compensation insurers		Total recurrent funding	
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	11,933	. .	414	. .	1,545	. .	755	. .	14,647	. .
2001–02	12,143	1.8	571	38.0	1,617	4.6	840	11.3	15,171	3.6
2002–03	12,079	–0.5	644	12.7	1,829	13.2	888	5.6	15,440	1.8
2003–04	12,180	0.8	694	7.7	1,954	6.8	944	6.4	15,771	2.1
2004–05	13,126	7.8	697	0.5	1,838	–5.9	939	–0.6	16,600	5.3
2005–06	13,122	0.0	723	3.7	1,874	1.9	919	–2.0	16,638	0.2
2006–07	13,634	3.9	773	6.9	2,088	11.4	952	3.5	17,447	4.9
2007–08	14,780	8.4	846	9.5	2,232	6.9	1,031	8.3	18,890	8.3
2008–09	15,866	7.3	946	11.8	2,453	9.9	1,051	1.9	20,316	7.5
2009–10	16,643	4.9	960	1.5	2,641	7.7	1,027	–2.3	21,272	4.7
2010–11	17,600	5.7	1,053	9.6	2,814	6.5	1,059	3.1	22,525	5.9
					Average annual growth rate (%)					
2000–01 to 2005–06		1.9		11.8		3.9		4.0		2.6
2005–06 to 2010–11		6.0		7.8		8.5		2.9		6.2
2000–01 to 2010–11		4.0		9.8		6.2		3.4		4.4

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

(b) Funding by the Australian Government and private health insurance funds has been adjusted for the private health insurance rebate (see Box 3.1).

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

Source: AIHW health expenditure database.

Other health practitioners

Other health practitioner services are those services that private health practitioners, other than doctors and dentists, provide. These include psychologists, chiropractors, optometrists, physiotherapists, speech therapists, audiologists, dietitians, podiatrists, homeopaths, naturopaths, practitioners of Chinese medicine and other forms of traditional medicine.

Of the $4.1 billion spent on other health practitioners in 2010–11, individual users of services funded 43.3% (calculated from Table A3). Of the remaining expenditure ($2.3 billion), $761 million (18.5% of the total) was funded through private health insurance, including the Australian Government private health insurance premium rebates.

Expenditure on other health practitioners increased by 6.2% in 2010–11 and grew at an average of 3.7% per year between 2005–06 and 2010–11 (Table A8). The average growth was 2.4 percentage points lower than the growth in total recurrent health expenditure (6.1%) over that period.

Medications

Medications comprise benefit–paid pharmaceuticals (that is, for which benefits were paid under either the PBS or the RPBS) and other medications provided through community pharmacies (that is, not in a hospital) for which no benefits were paid. Other medications include private prescriptions for non–PBS–listed medications; prescriptions for PBS–listed medications with a total cost that is under the copayment level; and over–the–counter medicines such as pharmacy–only medicines, painkillers, cough and cold medicines, vitamins and minerals, and a range of medical non–durables, including condoms, adhesive and non-adhesive bandages. These non–prescription items include only over–the–counter medicines purchased from pharmacies and supermarkets. They do not include medicines purchased from convenience stores.

In real terms, recurrent expenditure on medications increased by 8.3% per year from 2000–01 to 2010–11, to reach $18.4 billion in 2010–11 (tables A6 and A8). The rate of growth in recurrent expenditure on medications between 2000–01 and 2010–11 (8.3%) reflected similar high growth over the decade for benefit–paid pharmaceuticals (6.5%) and all other medications (10.8%) (Table A8).

Some of the annual variations in growth were due to the effects of the copayment in determining which items attract benefits. Benefit–paid pharmaceuticals include only those items listed under the Pharmaceutical Benefits Schedule for which PBS benefits were actually paid. Items that are listed on the PBS but have a price below the statutory copayment for a particular category of patient are recorded in the 'other medications' category. Therefore, when there is an increase in copayment levels, some items that would previously have been included as benefit–paid pharmaceuticals become classified as 'other medications', because they no longer attract pharmaceutical benefits.

Benefit–paid pharmaceuticals

In real terms, recurrent expenditure on benefit–paid pharmaceuticals grew at an average of 6.5% per year from 2000–01 to 2010–11, compared to growth in total recurrent health expenditure of 5.2% (tables 2.9 and 4.16). The period of most rapid growth was from 2000–01 to 2005–06, when growth averaged 7.3% per year—shared between the Australian Government (6.9% per year) and individuals (9.7% per year) (Table 4.16).

In 2010–11, the total amount spent on pharmaceuticals for which benefits were paid was $9.8 billion (Table 4.15 and Table 4.16). This was a growth in real terms of 1.6% from the previous year. Benefits that the Australian Government paid for PBS and RPBS items accounted for 79.8% of this expenditure and 16.1% was due to patient contributions for PBS and RPBS items. The balance (4.1%) was due to Section 100 drugs (3.7%— excluding highly specialised drugs that are included in hospital expenditure) and other DoHA–administered expense items (0.4%) (Table 4.15).

Table 4.15: Recurrent expenditure on benefit–paid pharmaceuticals, current prices, 2010–11

Source of expenditure	Amount ($m)	Per cent
Australian Government benefits paid for PBS and RPBS items	7,803	79.8%
Patient contribution for PBS and RPBS items	1,574	16.1%
Section 100 drugs (excluding highly specialised drugs)	362	3.7%
Other[(a)]	36	0.4%
Total	**9,775**	**100%**

(a) 'Other' refers to other DoHA–administered expense items.

Source: AIHW health expenditure database.

Table 4.16: Recurrent expenditure on benefit–paid pharmaceuticals, constant prices[(a)], by source of funds, and annual growth rates, 2000–01 to 2010–11

	Australian Government		Individuals		Total recurrent expenditure	
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	4,400	. .	790	. .	5,191	. .
2001–02	4,758	8.1	856	8.3	5,614	8.2
2002–03	5,256	10.5	967	13.0	6,224	10.9
2003–04	5,754	9.5	1,053	8.8	6,807	9.4
2004–05	6,024	4.7	1,169	11.0	7,192	5.7
2005–06	6,132	1.8	1,257	7.6	7,389	2.7
2006–07	6,303	2.8	1,292	2.8	7,595	2.8
2007–08	6,856	8.8	1,334	3.2	8,190	7.8
2008–09	7,503	9.4	1,459	9.4	8,962	9.4
2009–10	8,075	7.6	1,542	5.7	9,617	7.3
2010–11	8,201	1.6	1,574	2.1	9,775	1.6
	Average annual growth rate (%)					
2000–01 to 2005–06		6.9		9.7		7.3
2005–06 to 2010–11		6.0		4.6		5.8
2000–01 to 2010–11		6.4		7.1		6.5

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

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

Source: AIHW health expenditure database.

All other medications

Between 2000–01 and 2010–11 expenditure on other medications grew at an average of 10.8% per year (Table 4.17). Expenditure by the Australian Government in this category includes that proportion of the private health insurance rebate allocated to other medications.

Most of the funding for other medication items came from individuals. Funding from individuals grew at an average of 10.5% per year over the whole period. In 2010–11 this funding grew very rapidly (28.3%). There was also rapid growth in, 2001–02, when funding by individuals grew by 17.4%, 2006–07 (13.5%) and 2008–09 (13.4%) (Table 4.17).

Table 4.17: Recurrent expenditure on other medications[a], constant prices[b], by source of funds, and annual growth rates, 2000–01 to 2010–11

	Australian Government		State and territory governments		Health insurance funds		Individuals and other non–government[c]		Total recurrent funding	
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	106	. .	. .	. .	36	. .	2,966	. .	3,108	. .
2001–02	82	–22.0	2		46	27.8	3,481	17.4	3,612	16.2
2002–03	93	12.7	. .	. .	54	17.0	3,229	–7.2	3,377	–6.5
2003–04	118	27.2	. .	. .	53	–3.3	3,609	11.8	3,780	11.9
2004–05[d]	167	40.8	. .	. .	54	2.9	4,030	11.7	4,251	12.5
2005–06	111	–33.4	. .	. .	50	–7.7	4,175	3.6	4,336	2.0
2006–07	290	161.6	. .	. .	47	–6.9	4,738	13.5	5,075	17.0
2007–08	305	5.2	. .	. .	46	–1.9	5,188	9.5	5,538	9.1
2008–09	360	18.1	. .	. .	49	8.2	5,885	13.4	6,295	13.7
2009–10	389	8.1	. .	. .	51	3.1	6,298	7.0	6,739	7.1
2010–11	520	33.5	. .	. .	48	–5.9	8,082	28.3	8,650	28.4
					Average annual growth rate (%)					
2000–01 to 2005–06		0.9		. .		6.6		7.1		6.9
2005–06 to 2010–11		36.2		. .		–0.8		14.1		14.8
2000–01 to 2010–11		17.3		. .		2.8		10.5		10.8

(a) A large component of other medications is over–the–counter medications (see Table 4.18). Care needs to be taken when comparing data prior to 2008–09 with data from 2008–09 onwards (see Chapter 7Technical notes for further details).

(b) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

(c) Includes funding by injury compensation insurers.

(d) The large increase in Australian Government expenditure was due to pharmacy restructuring grants in this year.

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

Source: AIHW health expenditure database.

In 2010–11, expenditure on all other medication items was estimated at $8.7 billion (Table 4.17). Over–the–counter medicines accounted for the largest share of this expenditure at 62.7% ($5.4 billion). Under copayment prescriptions (that is, PBS–listed items where the individual covers the full price) accounted for 19.6%, private prescriptions for 11.1%, and the remainder (6.6%) comprised funding from injury compensation insurers and other DoHA–administered expense items (Table 4.18).

Table 4.18: Other medications expenditure, by category, current prices, 2010–11

Medications	Amount ($m)	Per cent
Over–the–counter medications	5,428	62.7%
Under copayment prescriptions	1,694	19.6%
Private prescriptions	962	11.1%
Other[a]	567	6.6%
Total	**8,650**	**100%**

(a) Includes injury compensation insurers' payments and some DoHA–administered expense items.

Sources: Gloria 2011; Pharmacy Guild of Australia unpublished data; Retail pharmacy data and AIHW health expenditure database.

Table 4.19: Expenditure on prescribed medications, dispensed in the community and by hospitals[a], current prices, 2010–11 ($ million)

		All other medications		
Provider and funder	Benefit–paid pharmaceuticals	Non–hospital[b]	Hospital[c][d]	Total
Community pharmacies				
Funded by				
Australian Government DVA	473	. .	. .	473
Australian Government DoHA	7,728[e]	520	. .	8,248
Health insurance funds	. .	48	. .	48
Individuals	1,574	2,585	. .	4,159
Injury compensation insurers and other	. .	70	. .	70
Total pharmacies	*9,775*	*3,222*	. .	*12,998*
Public hospitals[f]	. .	. .	2,619	2,619
Private hospitals[g]	. .	. .	249	249
Total	**9,775**	**3,222**	**2,868**	**15,865**

(a) Excludes complementary and alternative medicines and over–the–counter medicines for which a prescription is not required.

(b) Includes private prescriptions and under copayment prescriptions.

(c) Does not include the costs of paying hospital staff to dispense these pharmaceuticals. Dispensary costs are, however, included in the first two columns of this table.

(d) Includes $985 million in payments for Section 100 highly specialised drugs.

(e) Includes $365 million in Section 100 payments for human growth hormones, in–vitro fertilisation and other subsidised pharmaceuticals.

(f) Includes $736 million in Australian Government payments to states and territories for highly specialised drugs.

(g) Comprises Australian Government payments for highly specialised drugs only.

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

Source: AIHW health expenditure database.

Expenditure on prescribed medications

In 2010–11, estimated expenditure on prescribed medications was $15.9 billion (Table 4.19). This is made up of prescribed medications in community settings and medications in hospitals. It does not include expenditures that governments incur in the purchase, dispensing and administration of vaccines under state, territory and national public health programs.

The majority of the expenditure on prescribed pharmaceuticals was for benefit–paid items (61.6% or $9.8 billion), which the Australian Government (83.9%) and individuals (16.1%)

jointly funded. Expenditure on in–hospital drugs comprised $2.6 billion for those prescribed in public hospitals and $0.2 billion in private hospitals. The private hospital drugs only include Australian Government payments for highly specialised drugs (Table 4.19).

The cost to government of PBS items in 2010–11 was estimated at $8.7 billion (Table 4.20). This was $0.3 billion higher than in 2009–10 ($8.4 billion).

From 2006–07 to 2010–11, the patient contribution for benefit–paid items, as a proportion of the total cost of benefit–paid items, decreased from 17.4% to 16.3%. There was also a corresponding increase in the Australian Government's share of funding over that period, from 82.6% to 83.7%.

There have also been some changes over time in the proportion of total patient contributions paid by general and concessional patients and funding under the safety net arrangements. In 2005–06, concessional patients contributed $0.5 billion or 43.5% of total patient contributions (Table 4.20). Since then, however, this proportion has been rising and in 2010–11, concessional patients contributed $0.7 billion, or 48.4% of total patient contributions. During the same period, the cost to the Australian Government for general and concessional patients under the safety net arrangement increased from $1.4 billion in 2005–06 to $1.5 billion in 2010–11. This was a decrease in the proportion of the cost to the Australian Government from 25.8% in 2005–06 to 21.1% in 2010–11 (calculated from Table 4.20).

Table 4.20: Pharmaceutical Benefits Scheme[a], Australian Government and patients' contributions, current prices, 2005–06 to 2010–11 ($ million)

Benefit category	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
Patient contributions						
General patients	634	619	630	691	727	735
Concessional patients	489	533	560	617	657	689
Total patient contributions[b]	*1,123*	*1,151*	*1,189*	*1,309*	*1,384*	*1,424*
Share of total (per cent)	17.3	17.4	16.7	16.6	16.5	16.3
Government benefits						
General patients–no safety net	850	890	1,039	1,220	1,339	1,413
General patients–safety net	216	174	173	217	200	212
Total general patients	*1,066*	*1,064*	*1,213*	*1,438*	*1,539*	*1,625*
Concessional patients–no safety net	3,145	3,334	3,561	3,910	4,220	4,368
Concessional patients–safety net	1,173	1,067	1,138	1,216	1,260	1,331
Total concessional patients	*4,318*	*4,401*	*4,699*	*5,126*	*5,480*	*5,698*
Total cost to government	*5,384*	*5,466*	*5,912*	*6,563*	*7,019*	*7,323*
Cost to government as share of total (per cent)	82.7	82.6	83.3	83.4	83.5	83.7
Total cost of PBS benefit–paid items[d]	6,508	6,617	7,102	7,872	8,403	8,747

(a) Does not include Repatriation Pharmaceutical Benefits Scheme or 'doctor's bag' pharmaceuticals.

(b) Is not comparable to 'Benefit–paid pharmaceuticals' total for 'Individuals' in Table 4.19 as inclusions differ.

(c) Is not comparable to 'Benefit–paid pharmaceuticals' total for 'Australian Government (DoHA)' in Table 4.19 as inclusions differ.

(d) Excludes Section 100 payments for human growth hormones, in–vitro fertilisation, Aboriginal health service providers and other non–PBS subsidised pharmaceuticals.

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

Source: DoHA unpublished data.

Aids and appliances

Expenditure on health aids and appliances grew by 6.5% per year in real terms over the period 2003–04 to 2010–11. This was higher than the growth in total recurrent health expenditure (5.5%) over that period (Table A8).

In 2010–11, expenditure on aids and appliances was $3.6 billion, of which individuals' out–of–pocket expenditure funded 69.8% (calculated from Table A3).

Community health and other

In 2010–11, expenditure on 'community health and other' was estimated at $6.3 billion, up by $0.4 billion from 2009–10. State and territory governments funded $5.0 billion (79.1%) (calculated from tables A2 and A3). 'Other' in the community health and other category comprises recurrent health expenditure that could not be classified to other areas of expenditure (see Glossary for further details).

Public health

Public health covers those activities that aim to prevent illness and injury and protect or promote the health of the whole population, or of specified population subgroups. While reliable estimates are not available for earlier years, since 2000–01 estimates of expenditure on defined public health activities have been compiled on a consistent basis by all governments using a single data collection protocol developed through the National Public Health Expenditure Project (AIHW 2002, 2004, 2006, 2007b, 2008a, AIHW 2008b, 2009, 2011). Prior to June 2009, these data were provided under the auspices of the PHOFAs. The PHOFAs ceased on 30 June 2009 and since then Australian Government funding for public health programs was included within the SPP associated with the National Healthcare Agreement and through NP payments.

In 2011, dedicated Public Health Expenditure reporting was halted pending a review of the scope and content of the collection. As a result, public health expenditure data for 2009–10 and 2010–11 are reported as total public health expenditure rather than for specific types of public health activities, nationally and for each state and territory (appendixes A and B tables respectively).

The expenditures on public health services outlined in this report include DoHA departmental regulator expenses for the Therapeutic Goods Administration (TGA), the Office of the Gene Technology Regulator (OGTR) and the National Industrial Chemicals Notification and Assessment Scheme (NICNAS). These were not included in the reports of government–funded expenditure under the National Public Health Expenditure Project.

Public health expenditure was estimated in real terms as (using tables A4, A5 and A6):

- 2008–09—$2.4 billion or 2.1% of recurrent health expenditure
- 2009–10—$2.0 billion or 1.7% of recurrent health expenditure
- 2010–11—$1.9 billion or 1.6% of recurrent health expenditure.

The Australian Government's share of funding was 51.8%, 46.8% and 54.5%, in 2008–09, 2009–10 and 2010–11 (calculated from tables A4, A5 and A6). State and territory governments' own–source funding of public health was 42.5%, 46.6% and 43.1% respectively (calculated from tables A4, A5 and A6).

Public health activity expenditure

In real terms between 2000–01 and 2010–11, estimated government expenditure on public health activities grew at an average rate of 3.8% per year (Table 4.21). Between 2000–01 and 2010–11, all activities (with the exception of environmental health and public health research) showed real increases in expenditure, with the highest average annual growth rates being recorded for expenditure on prevention of hazardous and harmful drug use (7.1%) and organised immunisation (6.0%) and selected health promotion (3.2%) (Table 4.21). Much of the growth in expenditure on organised immunisation resulted from costs associated with the implementation of the human papillomavirus vaccination program (AIHW 2009).

Table 4.21: Total government expenditure[a] on public health activities, constant prices[b], by activity, 2000–01 to 2010–11 ($ million)

Public health activity categories	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10[c]	2010–11	Average annual growth rate (%) 2000–01 to 2010–11
Communicable disease control	223.5	246.8	258.8	254.7	282.0	288.2	284.2	278.7	299.7		294.4	1.8%
Selected health promotion	280.5	309.8	285.8	274.1	273.0	280.4	307.2	386.6	455.3		425.8	3.2%
Organised immunisation	268.6	274.0	346.2	348.8	413.4	376.8	485.3	753.2	661.1		490.0	6.0%
Environmental health	91.8	95.2	91.9	96.9	98.3	95.8	97.1	105.4	105.8		74.2	–2.5%
Food standards and hygiene	51.5	46.8	46.5	46.5	41.5	41.6	40.0	43.2	40.9		54.2	1.5%
Breast and cervical cancer screening programs[d]	187.7	191.3	185.9	200.8	225.6	230.9	265.1	292.0	338.0		253.0	2.8%
Prevention of hazardous and harmful drug use	143.9	142.5	157.4	174.7	199.9	179.0	207.4	251.1	273.8		283.7	7.1%
Public health research[e]	69.3	82.7	92.3	92.1	101.2	114.8	134.0	138.8	151.2		0.2	–44.7%
Public Health Outcome Funding Agreements admin[f]	0.3	0.3	0.3	0.3	0.3	0.3	. .	. .	. .		. .	. .
Public health n.f.d[g]	. .	. .	. .	. .	. .	. .	. .	. .	. .		71.9	. .
Total	**1,250.0**	**1,347.1**	**1,411.2**	**1,500.2**	**1,535.4**	**1,677.0**	**1,639.7**	**1,861.7**	**2,274.2**		**1,947.4**	**3.8**

(a) Includes regulatory expenditures by TGA, OGTR and NICNAS.

(b) Constant price public health expenditure for 2000–01 to 2008–09 is expressed in terms of 2008–09 prices and cannot be compared with other tables in this report.

(c) Data not reported for 2009–10. 2009-10 excluded from average annual growth rate calculations.

(d) Includes bowel cancer screening in 2006–07, 2007–08 and 2008–09.

(e) For 2010–11, most expenditure on public health research has been reclassified as health research.

(f) In previous reports, direct expenditure incurred by the Australian Government in administering the PHOFAs was reported separately as it could not be specifically allocated to any of the core public health activity categories. For 2006–07, 2007–08, and 2008–09 this expenditure was treated as corporate overhead expenditure and apportioned across all categories.

(g) The GHE NMDS introduced this category in 2010–11 that had not been previously reported.

Source: AIHW public health expenditure database.

Dental services

Individuals funded 58.1% of the $7.9 billion spent on dental services in 2010–11 compared to 27.2% or $2.1 billion funded by governments (Table A3). For the period 2003–04 to 2010–11, real growth in dental services expenditure averaged 4.0% per year—1.5 percentage points below the average annual real growth in total recurrent health expenditure of 5.5% (Table A8).

Research

Estimated expenditure on health research in 2010–11 was $4.3 billion or 3.5% of total recurrent health expenditure (tables 4.22 and 4.23). In real terms, estimated expenditure grew at an average of 9.7% per year between 2000–01 and 2010–11 (Table 4.22). More than three–quarters (76.1%) of the expenditure on health research in 2010–11 was funded by the Australian Government, 17.9% by state and territory governments and a further 6.0% was funded by non–government sources (calculated from Table 4.22). Note that health research funded by 'for–profit' corporations is not included here, as that health research expenditure is considered to be an intermediate good, the cost of which has already been included in the cost of the associated final output.

Table 4.22: Recurrent funding for health research, constant prices[(a)], and annual growth rates, by source of funds, 2000–01 to 2010–11

	Government							
	Australian Government		State/territory and local		Non–government		Total recurrent funding	
Year	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)	Amount ($m)	Growth (%)
2000–01	1,301	. .	274	. .	141	. .	1,715	. .
2001–02	1,391	6.9	267	–2.5	154	9.8	1,812	5.7
2002–03	1,505	8.2	235	–12.0	167	8.3	1,907	5.2
2003–04	1,600	6.3	272	15.8	175	4.9	2,047	7.4
2004–05	1,727	7.9	296	9.0	184	4.9	2,207	7.8
2005–06	1,961	13.5	332	12.2	202	9.6	2,495	13.0
2006–07	2,128	8.5	377	13.7	218	8.1	2,723	9.2
2007–08	2,382	11.9	432	14.4	237	8.5	3,050	12.0
2008–09	2,961	24.3	664	53.8	320	35.2	3,945	29.3
2009–10	3,350	13.1	763	14.8	261	–18.6	4,373	10.8
2010–11	3,297	–1.6	776	1.7	259	–0.5	4,331	–1.0
				Average annual growth rate (%)				
2000–01 to 2005–06		8.6		4.0		7.5		7.8
2005–06 to 2010–11		10.9		18.5		5.1		11.7
2000–01 to 2010–11		9.7		11.0		6.3		9.7

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

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

Source: AIHW health expenditure database.

The proportion of health expenditure on health research since 2000–01 has varied across the states and territories from less than 1% in the Northern Territory in some years to more than 9% in the Australian Capital Territory in some years (Table 4.23). Caution should be taken

with the interpretation of these ratios as the research is based on the location of where the research has taken place, rather than the population which the research serves.

Table 4.23: Proportion of recurrent health expenditure spent on health research[(a)] and development, 2000–01 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2000–01	1.63	2.95	1.42	1.88	2.52	1.81	7.94	1.87	2.14
2001–02	1.68	3.03	1.46	1.84	2.39	1.22	8.04	1.56	2.16
2002–03	1.74	2.94	1.45	1.75	2.23	1.95	8.08	1.23	2.16
2003–04	1.79	3.05	1.51	1.97	2.26	1.89	8.53	1.23	2.24
2004–05	1.83	3.05	1.57	2.06	2.32	1.96	8.75	0.94	2.28
2005–06	2.13	3.46	1.70	2.20	2.53	2.11	8.36	0.74	2.52
2006–07	2.33	3.70	1.72	2.16	2.64	1.74	7.66	0.76	2.63
2007–08	2.57	3.93	1.82	2.25	2.70	1.82	7.70	0.83	2.79
2008–09	3.39	4.38	2.35	2.72	3.22	2.24	9.43	1.67	3.41
2009–10	3.56	4.72	2.45	2.90	3.44	2.58	9.37	3.89	3.64
2010–11	3.13	4.58	2.93	2.78	3.24	1.75	8.89	3.18	3.50

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

Source: AIHW Health expenditure database.

Capital consumption by governments

Capital consumption is otherwise known as depreciation and represents the amount of fixed capital used up each year. The AIHW sources the data for government capital consumption from ABS government finance statistics (GFS). In this report, government capital consumption has been included as an expense in each individual category of recurrent health expenditure. This means that:

- government and private capital consumption are treated consistently
- there is consistency in the way that Australia reports health expenditure internationally, reporting depreciation as part of recurrent expenditure.

Table 4.24 shows the total for government capital consumption in the one table, but all other tables in this report include that capital consumption expenditure in the appropriate detailed health expenditure category, such as public hospital services.

Capital consumption by governments was estimated at $1.7 billion in 2010–11 (Table 4.24). This was an decrease, in real terms, of 10.4% from 2009–10.

Because capital consumption is, essentially, the using up of fixed capital in the process of providing health goods and services and capital expenditure is the measure of additions to the capital stock, it is useful to examine the ratio of capital expenditure to capital consumption (Table 4.25).

For most years since 2000–2001, capital expenditure exceeded the rate of consumption of capital in all states and territories, except the Northern Territory and in the last 2 years in Victoria. This resulted in a capital expenditure to capital consumption ratio that was greater than 1 for those other jurisdictions, which implies that their capital stock was growing, not eroding. In the case of the Northern Territory, which consistently had a ratio of less than 1

until 2009–10, the data suggest that the capital stock was being used up at a faster rate than it was being replaced. In 2009–10 and 2010–11, the Northern Territory had ratios of 2.34:1 and 2.26:1 respectively and Western Australia recorded its highest ratio (6.74:1) which suggests there were substantial new investments in health assets in the Northern Territory and substantial ongoing investment in health assets in Western Australia.

Table 4.24: Capital consumption by governments, current and constant prices[(a)], and annual growth rates, 2000–01 to 2010–11

Year	Current prices ($ million)	Constant prices ($ million)	Real growth (per cent)
2000–01	935	1,078	. .
2001–02	940	1,090	1.1
2002–03	973	1,118	2.6
2003–04	1,037	1,179	5.5
2004–05	1,107	1,226	3.9
2005–06	1,238	1,334	8.9
2006–07	1,337	1,397	4.7
2007–08	1,375	1,405	0.6
2008–09	1,523	1,505	7.1
2009–10	1,920	1,936	28.6
2010–11	1,734	1,734	–10.4

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.

Table 4.25: Government capital expenditure as a proportion of government[(a)] capital consumption for health–care facilities, 2000–01 to 2010–11

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2000–01	1.25	1.57	2.13	1.53	1.31	0.53	1.58	0.37	1.53
2001–02	1.49	1.85	1.85	1.43	1.52	0.94	1.90	0.32	1.59
2002–03	1.45	3.01	1.03	1.42	1.80	0.51	1.17	0.60	1.65
2003–04	1.14	1.00	1.06	1.79	1.73	1.26	1.50	0.73	1.17
2004–05	1.25	1.63	1.27	2.23	2.08	1.71	1.82	0.88	1.49
2005–06	1.48	2.09	1.35	1.90	1.61	1.65	2.14	0.72	1.62
2006–07	1.20	2.65	1.56	1.75	0.50	1.69	1.29	0.88	1.60
2007–08	1.42	0.99	1.97	2.80	1.18	1.54	1.89	0.62	1.51
2008–09	1.46	1.45	2.49	3.74	1.92	1.21	2.76	0.97	1.90
2009–10	1.40	0.27	2.90	4.37	2.26	1.17	2.67	2.34	1.57
2010–11	1.56	0.75	3.66	6.74	2.06	4.14	3.84	2.26	2.15

(a) Expenditure on publicly owned health–care facilities.

Source: AIHW Health expenditure database.

4.2 Capital expenditure

Capital expenditure on health facilities and investments in 2010–11 was $6.6 billion, 5.1% of total health expenditure (tables 2.1 and 4.26).

The Australian Government's capital funding was mostly by way of grants and subsidies to other levels of government or to non–government organisations.

State and territory governments use capital for the provision of government health services (for example, hospitals and community health facilities).

Capital expenditure by the non–government sector accounts for around 35% to nearly 70% of all capital expenditure, while government capital expenditure over the same period from 2000–01 to 2010–11, has fluctuated from around 30% to 65% (Table 4.27).

Table 4.26: Capital expenditure, current prices, by source of funds, 2000–01 to 2010–11 ($ million)

	Government			
Year	Australian Government	State and territory	Non–government	Total
2000–01	130	1,243	1,917	3,291
2001–02	78	1,437	2,062	3,577
2002–03	70	1,559	2,347	3,976
2003–04	87	1,037	2,485	3,609
2004–05	119	1,559	2,602	4,280
2005–06	97	1,944	2,711	4,752
2006–07	108	2,128	3,253	5,489
2007–08	108	2,010	3,429	5,546
2008–09	96	2,695	2,909	5,700
2009–10	134	2,814	2,101	5,049
2010–11	135	4,155	2,320	6,610

Source: AIHW health expenditure database.

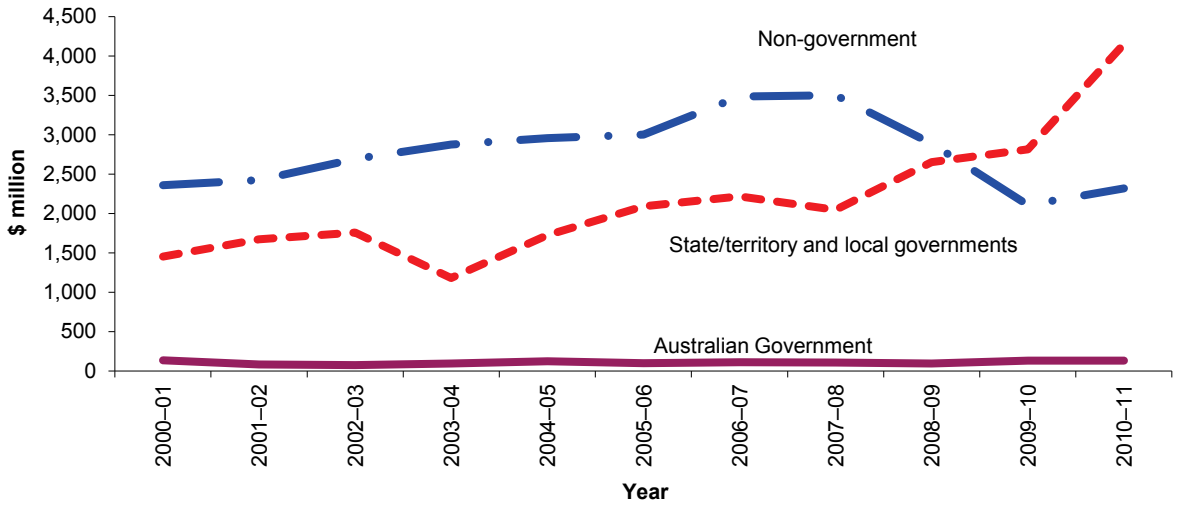
The lives of health facilities and equipment can be very long (up to 50 years is not uncommon for buildings). Because investments in health facilities and equipment involve large outlays, capital expenditure can fluctuate from year to year (Table 4.27 and Figure 4.4).

Table 4.27: Capital expenditure, constant prices[(a)], by source of funds, 2000–01 to 2010–11 ($ million)

	Government							
	Australian Government		State and territory governments		Non–government		Total	
Year	Amount ($ million)	Growth (%)	Amount ($ million)	Growth (%)	Amount ($ million)	Growth (%)	Amount ($ million)	Growth (%)
2000–01	139	. .	1,453	. .	2,362	. .	3,954	. .
2001–02	84	–39.7	1,674	15.2	2,428	2.8	4,185	5.8
2002–03	76	–8.8	1,759	5.1	2,695	11.0	4,530	8.2
2003–04	95	25.2	1,183	–32.7	2,878	6.8	4,157	–8.2
2004–05	127	33.3	1,728	46.0	2,958	2.8	4,814	15.8
2005–06	102	–19.5	2,093	21.1	3,003	1.5	5,198	8.0
2006–07	112	8.9	2,220	6.1	3,486	16.1	5,818	11.9
2007–08	110	–1.1	2,048	–7.8	3,504	0.5	5,662	–2.7
2008–09	96	–13.2	2,655	29.6	2,891	–17.5	5,642	–0.4
2009–10	135	40.4	2,815	6.0	2,109	–27.1	5,058	–10.4
2010–11	135	0.3	4,155	47.6	2,320	10.0	6,610	30.7

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.



(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Source: Table 4.27.

Figure 4.4: Capital expenditure, constant prices[(a)], by broad source of funds, 2000–01 to 2010–11

4.3 Medical expenses tax rebate

The 'medical expenses tax rebate' is a 'tax expenditure', which is available to taxpayers in respect of health expenditures they incur in a year.

The medical expenses tax rebate applies to the amount by which a taxpayer's total net health–related expenditures exceed a statutory threshold in any year. For 2010–11, the tax rebate was 20 cents for each $1 by which a taxpayer's net health expenses exceeded $2,000. Net health expenses are the expenses that the taxpayer has paid in respect of her/himself and dependants, less any refunds they have received, or could receive, from Medicare, a private health fund or any other third–party payer.

The medical expenses tax rebate applies in regard to a wide range of health expenditures, not just expenses associated with medical services, as its name might suggest. It cannot be allocated to any specific areas of health expenditure.

Medical expenses tax rebates were estimated at $475 million in 2010–11. This was a decrease in real terms of 15.0% from 2009–10. The average annual real growth over the decade from 2000–01 was 6.5% (Table 4.28).

Table 4.28 Medical expenses tax rebate, current and constant[(a)] prices, and annual growth rates, 2000–01 to 2010–11

Year	Current prices ($ million)	Constant prices ($ million)	Real growth (%)
2000–01	173	254	. .
2001–02	203	288	13.7
2002–03	225	308	6.9
2003–04	250	327	6.1
2004–05	291	368	12.5
2005–06	332	400	8.7
2006–07	376	435	8.8
2007–08	382	425	–2.2
2008–09	483	519	22.0
2009–10	540	559	7.7
2010–11	475	475	–15.0
		Average annual growth rate (%)	
2000–01 to 2010–11			6.5

(a) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.

5 International comparisons

This chapter compares Australia's expenditure on health with that of OECD member economies and a number of countries in the Asia–Pacific region. For the purpose of this comparison, Australian health expenditure estimates in this chapter 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 Section 5.3 for further details).

The estimates of Australia's total health expenditure and recurrent health expenditure discussed here differ somewhat from similarly titled estimates in the other chapters of this report. For example, in Table 2.2 health expenditure as a proportion of GDP is shown as 9.3% in 2010–11, but using the SHA estimating framework, expenditure on health is estimated at 8.8% of GDP in 2010 (Table 5.1). See Section 2.2 for further details.

One method for comparing different countries' health expenditures is by reference to the proportion of GDP that is related to health expenditure—the 'health to GDP' ratio. This gives a measure of the proportion of a nation's productive effort that is spent on funding its health goods and services. Fluctuations in the health to GDP ratio can be due to movements in GDP as well as in health expenditure. Therefore caution should be exercised when drawing inferences about changes in health expenditure from changes in the health to GDP ratio itself.

Estimates of average health expenditure per person also allow comparisons to be made between countries and within a country over time without the potentially confounding effect that annual movements in GDP and different population sizes can have.

In this chapter, both the health to GDP ratios and the average expenditure per person are used to compare Australia with other countries.

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 from the different national currency units into Australian dollars. The PPPs for the whole of GDP are used for this conversion because of the poor reliability of health–specific PPPs, particularly in the 1990s.

Box 5.1: Periods equating to Organisation for Economic Co–operation and Development (OECD) year 2010

Country	Financial year
Australia	1 July 2010 to 30 June 2011
Canada	1 April 2010 to 31 March 2011
France	1 January 2010 to 31 December 2010
Germany	1 January 2010 to 31 December 2010
Japan	1 April 2010 to 31 March 2011
New Zealand	1 July 2010 to 30 June 2011
Sweden	1 January 2010 to 31 December 2010
United Kingdom	1 April 2010 to 31 March 2011
United States	1 October 2009 to 30 September 2010

For comparing different countries with the OECD as a whole, weighted averages have been calculated. For example, the weighted average of the per person health expenditure is 'total health expenditure' divided by the 'total OECD population'.

The months covered by the OECD data for a particular year differ from one country to another (see Box 5.1). The OECD averages (both weighted averages and medians) are (where possible) averages of member countries for which data are available for all the years presented.

5.1 Health expenditure in Organisation for Economic Co–operation and Development countries

Health expenditure to GDP ratio

The OECD median health to GDP ratio for 2000, 2005 and 2010 was 7.8%, 8.4% and 9.4% respectively. The median expenditure per person for the whole of the OECD was estimated at $2,397, $3,573 and $4,964 in those same years (Table 5.1).

Australia's health to GDP ratio in 2000 was slightly higher than the OECD median (8.0% compared to 7.8%), in 2005 it was the same (8.4%) and in 2010 in was lower (8.88% compared with OECD median 9.4%) (Table 5.1 and Figure 5.1).

Average per person expenditure on health in Australia ($2,947 in 2000, $4,171 in 2005 and $5,580 in 2010) was higher than the OECD median expenditure in all 3 years (Table 5.1).

The United States was by far the highest spender on health care, spending 17.6% of GDP in 2010, with an average expenditure per person that was more than double the amount for Australia ($12,349 per person compared with $5,580 for Australia) (Table 5.1).

In 2010, Australia spent a similar proportion of GDP on health as Finland, Slovenia, the Slovak Republic and Ireland (Table 5.1).

Government funding of health expenditure

Australia's governments funded 69.0% of total health expenditure in 2010, which was 4.7 percentage points below the OECD median of 73.7%. Of the countries that provided data for 2010, Norway had the highest proportion of government health funding (85.5%), while Mexico (47.3%) and the United States (48.2%) had the lowest. Over the decade, the government contribution to the funding of health care in Australia rose by 2.2 percentage points, while the average government share for the OECD overall increased by 0.1 percentage points (Table 5.2).

Government health expenditure in 2010 as a proportion of GDP was 6.1% in Australia, 1.6 percentage points below the OECD median, 1.9 percentage points below the United Kingdom, 2.0 percentage points below Canada and 2.4 percentage points below that spent by the United States (Table 5.2).

To some extent, the fact that Australia has been one of the first countries to adopt a newly developed international standard, the System of National Accounts 2009, has driven these differences. The new system has increased the scope of production activities included in the measurement of GDP. The changes have increased the size of Australia's GDP, which has

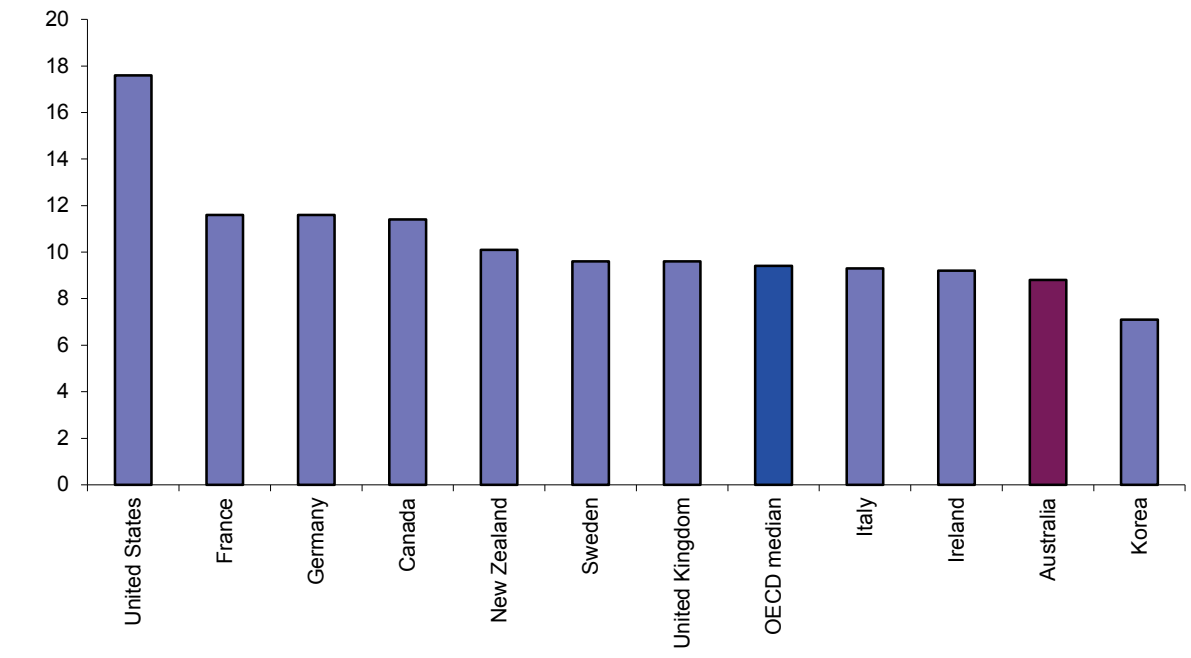
had the effect of reducing Australia's health to GDP ratio, particularly in comparison with other countries that have not yet adopted the new standard. In Australia, GDP data have been revised back to 2000–01. More information about the new system can be found at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/5310.0.55.002>.

Out–of–pocket expenditure

In 2000, Australia's average out–of–pocket expenditure per person ($583) was $35 above the weighted OECD average ($548). In 2010, Australia's average out–of–pocket expenditure per person ($1,075) was $94 above the weighted OECD average ($981) (Table 5.3).

Australia's out–of–pocket expenditure as a percentage of total health expenditure fell between the two periods from 19.8% to 19.3%.

Australia's out–of–pocket expenditure as a percentage of total household final consumption expenditure (HFCE) rose between the two periods from 2.7% to 3.2%. For the OECD as a whole, out–of–pocket expenditure calculated as a percentage of total HFCE increased from 2.7% to 2.9%, while it declined as a percentage of total health expenditure from 16.3% to 13.9% (Table 5.3 and Figure 5.2).



(a) See definition of 'OECD financial year' in Box 5.1.

Source: Table 5.1.

Figure 5.1: Health expenditure as a proportion of GDP, selected OECD countries, 2010[(a)]

Table 5.1: Health expenditure as a proportion of GDP and per person, OECD countries, 2000 to 2010[a]

Country[b]	2000		2005		2010	
	Health to GDP (%)	Per person (A$)	Health to GDP (%)	Per person (A$)	Health to GDP[c] (%)	Per person (A$)
United States	13.7	6,228	15.8	9,419	17.6	12,349
Netherlands	8.0	3,042	9.8	4,831	12.0	7,584
France	10.1	3,308	11.2	4,612	11.6	5,961
Germany	10.4	3,481	10.8	4,707	11.6	6,508
Canada	8.8	3,275	9.8	4,827	11.4	6,667
Switzerland	10.2	4,188	11.2	5,622	11.4	7,905
Denmark	8.7	3,260	9.8	4,540	11.1	6,696
Austria	10.0	3,767	10.4	4,905	11.0	6,592
Portugal	9.3	2,151	10.4	3,097	10.7	4,092
Belgium	8.1	2,919	10.1	4,546	10.6	5,953
Greece	8.0	1,886	9.7	3,294	10.3	4,371
New Zealand	7.6	2,089	8.4	2,974	10.1	4,533
Sweden	8.2	2,973	9.1	4,149	9.6	5,637
United Kingdom	7.0	2,385	8.3	3,780	9.6	5,150
Norway	8.4	3,956	9.0	6,021	9.4	8,081
Iceland	9.5	3,563	9.4	4,626	9.3	4,964
Italy	8.0	2,684	8.9	3,523	9.3	4,446
Ireland	6.1	2,291	7.6	4,138	9.2	5,577
Slovak Republic	5.5	787	7.0	1,595	9.0	3,143
Slovenia	8.3	1,886	8.4	2,744	9.0	3,643
Finland	7.2	2,410	8.4	3,624	8.9	4,876
Australia	**8.0**	**2,947**	**8.4**	**4,171**	**8.8**	**5,580**
Chile	6.6	800	6.9	1,180	8.0	1,803
Hungary	7.2	1,109	8.5	2,007	7.8	2,401
Czech Republic	6.3	1,276	6.9	2,064	7.5	2,825
Korea	4.5	1,002	5.7	1,807	7.1	3,053
Poland	5.5	755	6.2	1,199	7.0	2,083
Estonia	5.3	680	5.0	1,164	6.4	1,941
Mexico	5.1	661	5.9	1,023	6.2	1,374
Israel	7.5	2,295	7.8	2,561	n.a.	n.a.
Japan	7.6	2,566	8.2	3,487	n.a.	n.a.
Luxembourg	7.5	4,250	7.9	5,813	n.a.	n.a.
Spain	7.2	1,999	8.3	3,176	n.a.	n.a.
Turkey	5.0	563	5.5	827	n.a.	n.a.
Weighted average[d][e]	**9.9**	**3,135**	**11.2**	**4,636**	**13.0**	**6,928**
Median[d]	**7.8**	**2,397**	**8.4**	**3,573**	**9.4**	**4,964**

(a) See definition of 'OECD financial year' in Box 5.1.

(b) Countries in this table are sorted in descending order according to the 2010 health to GDP ratio.

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

(d) Averages incorporate data for countries that were available for that year.

(e) Average weighted by GDP or population.

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

Sources: AIHW health expenditure database; OECD 2012.

Table 5.2: Government health expenditure as a proportion of total health expenditure and GDP, OECD countries, 2000 to 2010[a] (per cent)

	2000		2005		2010	
Country[b]	Share of total health expenditure	Share of GDP	Share of total health expenditure	Share of GDP	Share of total health expenditure[b]	Share of GDP
Norway	82.5	7.0	83.5	7.5	85.5	8.1
Denmark	83.9	7.3	84.5	8.3	85.1	9.5
Czech Republic	90.3	5.7	87.3	6.1	83.8	6.3
New Zealand	78.0	5.9	79.7	6.7	83.2	8.4
United Kingdom	78.8	5.6	81.7	6.7	83.2	8.0
Sweden	84.9	6.9	81.2	7.4	81.1	7.7
Iceland	81.1	7.7	81.4	7.7	80.4	7.5
Italy	72.5	5.8	76.2	6.8	79.6	7.4
Estonia	77.2	4.1	76.7	3.9	78.9	5.0
France	79.4	8.0	78.8	8.8	77.0	9.0
Germany	79.5	8.3	76.6	8.3	76.8	8.9
Austria	75.6	7.6	75.3	7.9	76.2	8.4
Belgium	74.6	6.1	75.9	7.7	75.6	8.0
Finland	71.3	5.1	75.4	6.4	74.5	6.6
Slovenia	74.0	6.1	72.7	6.1	72.8	6.6
Poland	70.0	3.9	69.3	4.3	71.7	5.0
Canada	70.4	6.2	70.2	6.9	71.1	8.1
Ireland	75.1	4.6	75.9	5.8	69.5	6.4
Australia	**66.8**	**5.4**	**66.9**	**5.6**	**69.0**	**6.1**
Portugal	66.6	6.2	68.0	7.0	65.8	7.1
Switzerland	55.4	5.6	59.5	6.7	65.2	7.4
Hungary	70.7	5.1	70.0	5.9	64.8	5.1
Slovak Republic	89.4	4.9	74.4	5.2	64.5	5.8
Greece	60.0	4.8	60.1	5.8	59.4	6.1
Korea	48.6	2.2	52.9	3.0	58.2	4.1
Chile	52.1	3.5	40.0	2.8	48.2	3.8
United States	43.0	5.9	44.2	7.0	48.2	8.5
Mexico	46.6	2.4	45.0	2.6	47.3	2.9
Israel	62.6	4.7	59.3	4.7	n.a.	n.a.
Japan	80.8	6.1	81.6	6.7	n.a.	n.a.
Luxembourg	85.1	6.4	84.9	6.7	n.a.	n.a.
Netherlands	63.1	5.0	n.a.	n.a.	n.a.	n.a.
Spain	71.6	5.2	70.6	5.8	n.a.	n.a.
Turkey	62.9	3.1	67.8	3.7	n.a.	n.a.
Weighted average[c][d]	**58.8**	**5.8**	**58.8**	**6.6**	**58.9**	**7.7**
Median[c]	**73.3**	**5.7**	**75.3**	**6.7**	**73.7**	**7.2**

(a) See definition of 'OECD financial year' in Box 5.1.

(b) Countries in this table are sorted in descending order according to the 2010 share of government to total health expenditure.

(c) Averages incorporate data for countries that were available for that year.

(d) Average weighted by total health expenditure or GDP.

Sources: AIHW health expenditure database; OECD 2012.

Table 5.3: Out–of–pocket health expenditure per person, and as shares of total health expenditure and household final consumption expenditure[a], OECD countries, 2000 and 2010[b]

	1999			2010		
Country[c]	Per person out–of–pocket expenditure (A$)	Share of total health expenditure (%)	Share of total HFCE (%)	Per person out–of–pocket expenditure (A$)	Share of total health expenditure (%)	Share of total HFCE (%)
Switzerland	1,381	33.0	5.9	1,988	25.2	n.a.
Greece	n.a.	n.a.	n.a.	1,677	38.4	5.3
United States	930	14.9	3.0	1,455	11.8	3.0
Belgium	n.a.	n.a.	n.a.	1,156	19.4	4.1
Australia	**583**	**19.8**	**2.7**	**1,075**	**19.3**	**3.2**
Portugal	523	24.3	3.7	1,066	26.0	n.a.
Korea	416	41.5	3.5	980	32.1	4.4
Ireland	350	15.3	2.1	969	17.4	3.5
Sweden	n.a.	n.a.	n.a.	948	16.8	3.4
Canada	521	15.9	2.5	946	14.2	2.8
Finland	538	22.3	3.4	939	19.3	3.2
Iceland	675	19.0	3.1	903	18.2	3.4
Denmark	478	14.7	2.7	883	13.2	3.1
Germany	398	11.4	2.2	857	13.2	2.7
Slovak Republic	84	10.6	1.0	813	25.9	3.9
Italy	658	24.5	3.2	792	17.8	2.7
Mexico	337	50.9	4.0	673	49.0	4.6
Hungary	291	26.3	3.5	628	26.2	3.9
Chile	n.a.	n.a.	n.a.	601	33.3	4.3
New Zealand	321	15.4	2.0	476	10.5	n.a.
Slovenia	n.a.	n.a.	n.a.	471	12.9	2.0
Poland	226	30.0	2.6	460	22.1	2.6
United Kingdom	272	11.4	1.2	459	8.9	1.5
France	235	7.1	1.3	435	7.3	1.6
Czech Republic	124	9.7	1.2	420	14.9	2.2
Estonia	135	19.9	2.1	360	18.6	2.2
Austria	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Israel	650	28.3	4.0	n.a.	n.a.	n.a.
Japan	394	15.4	2.1	n.a.	n.a.	n.a.
Luxembourg	502	11.8	2.2	n.a.	n.a.	n.a.
Netherlands	273	9.0	1.5	n.a.	n.a.	n.a.
Norway	662	16.7	3.4	n.a.	n.a.	n.a.
Spain	471	23.6	2.8	n.a.	n.a.	n.a.
Turkey	156	27.7	2.1	n.a.	n.a.	n.a.
Weighted average[d][e]	**548**	**16.3**	**2.7**	**981**	**13.9**	**2.9**
Median[d]	**416**	**19.0**	**2.7**	**883**	**18.6**	**3.2**

(a) Total Household Final Consumption Expenditure covers all goods and services, including health.

(b) See definition of 'OECD financial year' in Box 5.1.

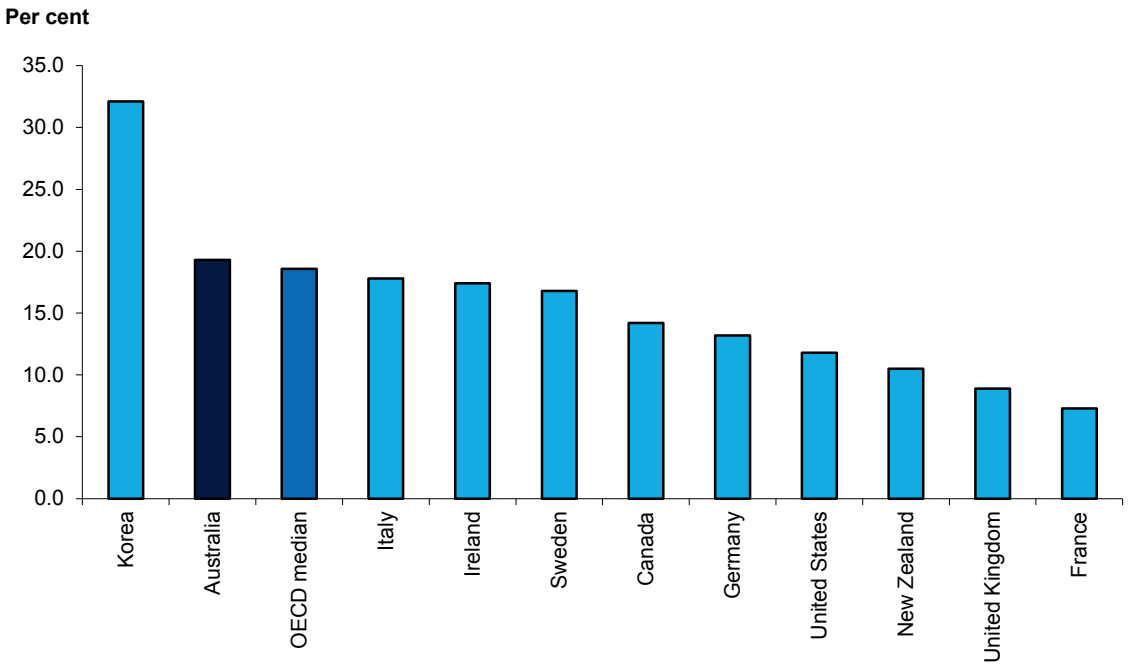
(c) Countries in this table are sorted in descending order according to the 2010 per person out–of–pocket expenditure.

(d) Averages incorporate data for countries that were available for that year.

(e) Averages weighted by population for per person out–of–pocket expenditure.

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

Sources: AIHW health expenditure database; OECD 2012.



(a) See definition of 'OECD financial year' in Box 5.1.

Source: Table 5.3.

Figure 5.2: Out–of–pocket health expenditure as a share of total health expenditure, selected OECD countries, 2010[(a)] (per cent)

Components of growth

Factors contributing to the growth in the health to GDP ratio are inflation (both general inflation and excess health inflation) and changes in the level of goods and services used. A change in the level of goods and services used can occur from population growth and/or from more intensive per person use of goods and services.

The general rate of inflation is an indication of average price changes that apply throughout the economy, and the rate of excess health inflation indicates additional price rises specific to the health sector.

For the decade to 2010, Australia recorded negative excess health inflation of –3.1%. That means that health prices changed over the period at a slower rate than prices elsewhere in the economy. Over the same period, Iceland also recorded negative excess health inflation, while Canada, Denmark, Finland, France, Italy, Sweden, and Switzerland had positive excess health inflation. Switzerland and Finland, recorded the highest rates of excess health inflation at 2.0% and 0.8% over the decade (Table 5.4).

Australia had an average annual real growth in per person expenditure of 1.5% between 2000 and 2010 (Table 5.4). This represents the growth in the average volume of health services per resident, and was the highest growth rate of the 10 countries.

Table 5.4: Components of growth in health expenditure, selected OECD countries, 2000 to 2010[(a)], (per cent)

		Average annual inflation			Average annual real growth		
Country	Nominal change	General	Excess health	Health	Population component	Utilisation component	Total
Australia	**8.1**	**3.7**	**–3.1**	**0.5**	**1.5**	**6.0**	**7.5**
Canada	6.9	2.3	0.1	2.4	1.1	3.3	4.4
Denmark	5.7	2.5	0.7	3.2	0.4	2.0	2.4
Finland	5.3	1.3	0.8	2.1	0.4	2.8	3.1
France	4.5	1.8	0.7	2.6	0.6	1.2	1.9
Iceland	8.2	6.1	–4.6	1.2	1.2	5.6	6.9
Italy	4.2	2.2	0.1	2.4	0.6	1.1	1.7
Sweden	5.6	1.8	0.1	1.9	0.6	3.0	3.6
Switzerland	3.9	1.0	2.0	3.0	0.9	–0.1	0.8
United States	6.5	2.3	0.0	2.3	0.9	3.2	4.2

(a) See definition of 'OECD financial year' in Box 5.1.

(b) Expenditure based on the OECD SHA framework.

Sources: AIHW health expenditure database; OECD 2012.

5.2 Health expenditure in the Asia–Pacific region

The economies within the Asia–Pacific region are quite diverse. They include highly developed economies like Australia and Japan (tables 5.1 to 5.3) as well as an emerging world economic power in China and developing economies like Malaysia, Thailand, Vietnam, Indonesia and Bangladesh (Table 5.5).

In 2010, Australia had the second highest health to GDP ratio among these countries, at 8.8%. Of the other countries in Table 5.5, Myanmar (2.0%), Indonesia (2.6%), Bangladesh (3.5%) and Philippines and Papua New Guinea (both 3.6%) had relatively low health to GDP ratios.

Australia ($5,580 per person) had the highest average expenditure on health and Myanmar ($52 per person) had the lowest. Australia had the second highest out–of–pocket costs ($1,075) after Singapore ($1,842) while the Solomon Islands had the lowest ($12) (Table 5.5).

There may be many reasons underlying the substantial differences between the levels of resourcing for health in these countries. In many cases, low GDP sometimes means that few resources are available to health because of different national development priorities.

It is also the case that many developing economies rely heavily on donor organisations. These are often international organisations that both fund and provide health services in developing countries. It is unclear from the available statistics if all the expenditure incurred and/or funded by donors is included in the national health accounts of developing countries.

Table 5.5: Health expenditure comparison for selected Asia–Pacific countries, 2010

Country[a]	Health to GDP (%)	Per person[b] (A$)	Government to total (%)	Per person out–of–pocket (A$)	Out–of–pocket to total (%)
Australia	**8.8**	**5,580**	**69.0**	**1,075**	**19.3**
Japan	9.5	4,806	82.5	689	14.3
Singapore	4.0	3,409	36.3	1,842	54.0
Malaysia	4.4	962	55.5	329	34.2
China	5.1	568	53.6	208	36.6
Thailand	3.9	495	75.0	69	13.9
Samoa	6.5	424	87.7	33	7.8
Bhutan	5.2	412	86.8	49	12.0
Vanuatu	5.2	360	90.6	19	5.3
Tonga	5.1	344	81.5	43	12.5
Solomon Islands	8.6	341	93.4	12	3.6
Mongolia	5.4	326	55.1	135	41.4
Vietnam	6.8	323	37.8	186	57.6
Fiji	4.9	298	70.1	59	19.7
Sri Lanka	2.9	223	44.7	100	44.9
Philippines	3.6	214	35.3	115	54.0
India	4.1	198	29.2	121	61.2
Cambodia	5.6	182	37.2	73	40.4
Indonesia	2.6	168	49.1	64	38.3
Lao	4.5	146	33.3	75	51.2
Papua New Guinea	3.6	132	71.5	21	15.9
Timor–Leste	9.1	126	55.8	14	11.3
Nepal	5.5	99	33.2	48	48.3
Bangladesh	3.5	86	33.6	55	64.1
Myanmar	2.0	52	12.2	42	81.1

(a) Countries in this table are sorted in descending order according to the per person health expenditure.

(b) Expenditure based on the OECD SHA framework.

Sources: AIHW health expenditure database; WHO database.

5.3 Australian health expenditure using the OECD System of Health Accounts framework

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

In 2000, the OECD published guidelines for a new method of international reporting for health expenditure. That publication, *A system of health accounts* (SHA) (OECD 2000), was

developed to encourage international consistency in the way health expenditure is reported throughout the OECD member countries. Data in this chapter are reported according to the OECD's SHA.

The SHA includes an International Classification for Health Accounts (ICHA), which classifies expenditure on health in terms of:

- health care by function (ICHA–HC)
- health care service provider industries (ICHA–HP)
- sources of funding for health care (ICHA–HF).

The functional classification refers to the goals or purposes of health care. At the broadest level these are disease prevention, health promotion, treatment, rehabilitation and long–term care.

The provider classification is a list of health care provider types. This has been refined and modified from the International Standard Industrial Classification (UN 2002).

The funder classification follows the *System of National Accounts 2008* (UN 2009) guidelines for the allocation of funds by sector.

The major difference between estimates derived using the Australian NHA and the SHA is the value of total expenditure. The NHA includes all the 'health' functional classifications defined in the SHA. In addition, the following 'health–related' functional classifications in its estimates of total health expenditure are included:

- capital expenditure of health care provider institutions
- research and development in health
- food, hygiene and drinking water control
- environmental health.

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

The SHA, on the other hand, includes all the 'health' functions, but only one health–related function, namely 'Capital formation of health care provider institutions' in its total health expenditure estimates.

Since 2007, the OECD has been revising its SHA manual to enhance its suitability as a global standard accounting framework for statistics on health expenditure and financing. It will also enhance the analytical power of the SHA and the usefulness of the statistical guidelines.

Previously, the AIHW undertook a major restructure of its health expenditure database to allow simultaneous reporting according to the NHA reporting matrix and the existing SHA classifications. This restructure applied to all years from 1998–99. Through the work of the HEAC, an Australian System of Health Accounts is being developed that can be mapped to the OECD's SHA, but which uses terminology that is relevant to the Australian domestic situation. When this is achieved, the Australian SHA will be better able to provide more detailed and comprehensive data for both national purposes and international comparability.

The following three tables provide a snapshot of the data for 2009–10 and 2010–11, following the OECD SHA format. In 2010–11 (OECD year 2010), the estimate of total health expenditure using the SHA was $125.6 billion (Table 5.6), which is $4.7 billion lower than the NHA estimate ($130.3 billion) (Table 2.1).

The definitions for the categories used in the OECD SHA can be found at: <http://www.oecd.org/health/healthpoliciesanddata/1841456.pdf >.

Table 5.6: Total health expenditure, by financing agents, current prices, 2009–10 and 2010–11

		2009–10		2010–11	
SHA code	Description	Amount ($m)	Prop'n (%)	Amount ($m)	Prop'n (%)
HF.1	*General government*	*80,062*	*68.5*	*85,163*	*67.8*
HF.1.1	General government excluding social security funds	80,062	68.5	85,163	67.8
HF.1.1.1	Central government	49,050	42.0	51,525	41.0
HF.1.1.2, 1.1.3	Provincial/local government	31,012	26.5	33,637	26.8
HF.1.2	Social security funds	. .	. .	. .	. .
HF.2	*Private sector*	*36,793*	*31.5*	*40,414*	*32.2*
HF.2.1	Private social insurance	. .	. .	. .	. .
HF.2.2	Private insurance enterprises (other than social insurance)	9,145	7.8	9,841	7.8
HF.2.3	Private household out–of–pocket expenditure	21,709	18.6	24,223	19.3
HF.2.4	Non–profit institutions serving households (other than social insurance)	427	0.4	715	0.6
HF.2.5	Corporations (other than health insurance)	5,512	4.7	5,635	4.5
HF.3	*Rest of the world*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Total health expenditure		**116,855**	**100.0**	**125,577**	**100.0**

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

Source: AIHW health expenditure database.

Table 5.7: Total health expenditure, by mode of production, current prices, 2009–10 and 2010–11

SHA code	Description	2009–10 Amount ($m)	2009–10 Proportion (%)	2010–11 Amount ($m)	2010–11 Proportion (%)
Inpatient care[(a)]					
HC.1.1, 2.1	Curative & rehabilitative care	41,045	35.1	39,553	31.5
HC.3.1	Long–term nursing care	490	0.4	1,412	1.1
Services of day care					
HC.1.2, 2.2	Day cases of curative & rehabilitative care	746	0.6	5,120	4.1
HC.3.2	Day cases of long–term nursing care	—	—	1	—
Outpatient care					
HC.1.3, 2.3	Outpatient curative & rehabilitative care	36,271	31.0	38,270	30.5
HC.1.3.1	Basic medical and diagnostic services	7,304	6.3	7,767	6.2
HC.1.3.2	Outpatient dental care	7,676	6.6	7,852	6.3
HC.1.3.3	All other specialised health care	12,370	10.6	13,195	10.5
HC.1.3.9	All other outpatient curative care	7,255	6.2	7,823	6.2
HC.2.3	Outpatient rehabilitative care	1,665	1.4	1,633	1.3
Home care					
HC.1.4, 2.4	Home care (curative & rehabilitative)	—	—	—	—
HC.3.3	Home care (long–term nursing care)	31	—	2	—
Ancillary services to health care					
HC.4.1	Clinical laboratory	1,872	1.6	1,928	1.5
HC.4.2	Diagnostic imaging	2,303	2.0	2,430	1.9
HC.4.3	Patient transport and emergency rescue	2,589	2.2	2,785	2.2
HC.4.9	All other miscellaneous ancillary services	26	—	—	—
Medical goods dispensed to outpatients					
HC.5.1	Pharmaceuticals and other medical non–durables	17,223	14.7	19,406	15.5
HC.5.2	Therapeutic appliances and other medical durables	3,501	3.0	3,632	2.9
Total expenditure on personal health care		*106,098*	*90.8*	*114,539*	*91.2*
HC.6	Prevention and public health services	2,063	1.8	2,127	1.7
HC.7	Health administration and health insurance	3,644	3.1	2,301	1.8
Total expenditure on collective health care		*5,707*	*4.9*	*4,428*	*3.5*
Total current expenditure on health care		*111,806*	*95.7*	*118,967*	*94.7*
Health–related functions					
HC.R.1	Capital formation of health care provider institutions	5,049	4.3	6,610	5.3
Total health expenditure		**116,855**	**100.0**	**125,577**	**100.0**

(a) Inpatient care includes all admitted patient services, whether they are overnight admissions or same–day admissions.

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

Source: AIHW health expenditure database.

Table 5.8: Total health expenditure, by provider, current prices, 2009–10 and 2010–11

		2009–10		2010–11	
SHA code	Description	Amount ($m)	Proportion (%)	Amount ($m)	Proportion (%)
HP.1	Hospitals	47,184	42.2	50,614	42.5
HP.2	Nursing and residential care facilities	..	..	..	..
HP.3	Providers of ambulatory health care	39,676	35.5	41,708	35.1
HP.3.1	Offices of physicians	16,151	14.4	16,932	14.2
HP.3.2	Offices of dentists	7,258	6.5	7,360	6.2
HP.3.3–3.9	All other providers of ambulatory health care	28,643	25.6	17,417	14.6
HP.4	Retail sales and other providers of medical goods	19,653	17.6	21,659	18.2
HP.5	Provision and administration of public health programs	1,461	1.3	2,106	1.8
HP.6	General health administration and insurance	3,816	3.4	2,635	2.2
HP.6.1	Government administration of health	2,514	2.2	1,237	1.0
HP.6.2	Social security funds	. .	. .	. .	. .
HP.6.3, 6.4, 6.9	Other social insurance	1,303	1.2	1,398	1.2
HP.7	Other industries (rest of the economy)	16	—	245	0.2
HP.9	Rest of the world	n.a.	n.a.	n.a.	n.a.
Total health expenditure		**111,806**	**100.0**	**118,967**	**100.0**

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

Source: AIHW health expenditure database.

6 Data quality statement

Summary of key issues

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

Description

The AIHW annually compiles the AIHW health expenditure database that comprises a wide range of information about health expenditure in Australia. Data from the database is reported 15 months after the end of the financial year. Each release provides a 10 year time series from the reference year. In this release data is provided for 2010–11 with estimates back to 2000–01.

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

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

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

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

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

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

Information provided on the type of economic transaction is based on the Australian Bureau of Statistics (ABS) economic type framework classification. For the 2010–11 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, this 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 statutory authority established in 1987, governed by a management Board, and accountable to the Australian Parliament through the Health and Ageing 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*, ensures that the data collections managed by the AIHW are kept securely and under the strictest conditions with respect to privacy and confidentiality.

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

Australia's expenditure reporting format has not changed markedly since the AIHW's first national health expenditure report in 1985. The format that the AIHW has used for reporting expenditure on health since 1985 is based on the World Health Organization's (WHO) reporting structure, which the WHO adopted during the 1970s. The WHO structure is

generally referred to as the National Health Accounts (NHA) and it shows areas of expenditure by sources of funding. The Australian version is the Australian National Health Accounts.

The consistency in 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 both the national framework and the OECD SHA (OECD 2000). 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 2011). The AIHW is working towards reporting its health expenditure to the OECD in accordance with the new guidelines.

In 2004, the AIHW established the Health Expenditure Advisory Committee (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 DoHA, Treasury, ABS, DVA, Commonwealth Grants Commission, Medicare Australia, the PHIAC and each state and territory health department. It also includes a representative from the Ministry of Health New Zealand, and an academic health economist.

Timeliness

The current release includes data for the 2010–11 financial year.

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 2010–11 financial year data was supplied by all jurisdictions by 5 April 2012.

The NHA are generally released 15 months following 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 additional 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. <http://www.aihw.gov.au/expenditure-publications/>

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

General enquiries about AIHW publications can be made to the Communications, Media and Marketing Unit on (02) 6244 1032 or via email to info@aihw.gov.au

Specific enquires about health expenditure data can be made to the Expenditure and Economics Unit.

Interpretability

The primary purpose of AIHW's health expenditure database is to enable reporting of estimates of national health expenditure. Because definitions closely follow those used by the OECD 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 Box 4.1 in this report for more details).

See Chaper 7 Technical note for detailed descriptions of concepts, data sources and estimation methods and the Glossary for the terms used. The GHE NMDS can also be found on the AIHW's METeOR system.

Relevance

The AIHW health expenditure database is highly relevant for monitoring trends in health expenditure including allowing international comparisons. The data are used for many purposes by policy–makers, researchers, government and non–government organisations and the public.

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 highly relevant to health policy and administration. Similarly, expenditure by the non–government sector including the out–of–pocket expenses of individuals are also relevant to a range of health policy issues such as those related to access and the provision of services.

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

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 additional 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 health expenditure on health services provided by the Australian Defence Force, some school health expenditure and some health expenditure incurred by corrective services institutions in the various states and territories.

Some of the expenditure by non–government health organisations, such as the National Heart Foundation and Diabetes Australia, is not included. In particular, most of the non–

research expenditure funded by donations to these organisations is not included, as data are not available. The estimates do not include indirect expenditure such 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; they do not necessarily reflect levels of activity by state and territory governments. For example, service providers located in the different states and territories pursue a variety of funding arrangements involving inputs from both government and non–government sources. As a result, one state or territory may have a mix of services and facilities that is quite different from another.

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

From 2002–03, estimates of individuals' 'out–of–pocket' expenditure on dental services, other health practitioners and aids and appliances mostly relied on detailed private health insurance data from the PHIAC. The methods in respect of years before 2002–03 relied on highly aggregated ABS data. The methodology currently used to estimate individuals' expenditure is based on growth in the cost of services, combined with changes in the proportion of the population who have ancillary health insurance cover; see Chapter 7 Technical notes for further details.

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

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

Coherence

Comparisons over time should be based on the estimates provided in the latest publication, or from the online data cubes, rather than by reference to earlier editions. This is because periodically there are revisions to previously published estimates, due to receipt of additional or revised data or changes in methodology.

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

It is possible that the revised data collection process has led to the identification of previously unreported health expenditure, or to disaggregations of existing items that allow them to be more precisely allocated to health expenditure categories. All measures have been taken to ensure that, particularly at the higher level, statistics are consistent with previous years. There is a possibility that, in some of the more disaggregated state expenditure tables, these changes to the data collection and analysis process have driven the variations, rather than actual changes in health expenditure.

There are breaks in the series due to differences in definitions of public hospitals and public hospital services between 2002–03 and 2003–04. There is a resulting break in time series between 2002–03 and 2003–04 for community and public health services and for dental and patient transport services. Although valid comparisons across the discontinuity can be made for total health expenditure, caution should be exercised when comparing data across the decade for these areas of expenditure. See Chapter 7 Technical notes for further details of these breaks in series.

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

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

GDP estimates for this publication are sourced from the ABS (ABS 2012a) in which ABS made revisions to incorporate 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 2000–01 in this report are not consistent with those shown in *Health expenditure Australia* reports prior to this.

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

7 Technical notes

7.1 Definition of health expenditure

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

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

7.2 Data and methods used to produce estimates

Australian Government

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

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

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

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

From November 2008, a COAG reform package was agreed that included funding for National healthcare SPP and NP payments. These payments replaced the second Australian Healthcare Agreement (AHCA) that ended on 30 June 2009. Total Australian Government expenditure to the states and territories under the SPP associated with the National Healthcare Agreement and NP payments was $12.2 billion in 2008–09 and $12.2 billion in 2009–10. These payments are made to state treasuries and can cover several years of funding. These payments include those associated with the National Partnership on Hospital and Health Workforce Reform.

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 methodology used to produce estimates in this report. Expenditure of this funding by states and territories, however, can be spread over 5 years.

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

State and territory governments

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

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

Public hospitals and public hospital services

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

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

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

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

hospital services' are greater in total than the excluded expenditures, expenditure on public hospital services would increase.

Comparisons over time of expenditure on public hospitals, public hospital services, community and public health services, dental services and patient transport services can be made for the following time periods:

- up to and including 2002–03
- from 2003–04 onwards.

Health expenditure for these areas cannot be compared across 2002–03 and 2003–04, expect for public hospitals, nor can they be used to compare expenditure relating to a specific year, such as 2006–07, to expenditure, or growth in expenditure, for the decade from 2000–01 to 2010–11.

Community and public health services and dental and patient transport services

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

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

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

It is arguable that there is some overestimation of health expenditure in the dental area. Expenditure on orthodontics is included in dental expenditure, but the principal purpose of some of this expenditure is cosmetic and health is a secondary purpose. Thus some of it should probably not be part of health expenditure. On the other hand, expenditure on toothbrushes and toothpaste is not currently included in health expenditure but it could be argued that the primary purpose of this expenditure is health, with the secondary purpose being personal care/hygiene.

Contracting of private hospital services

The annual matrices for states and territories for years before 2002–03 indicate that state and territory governments provided no funding for services that private hospitals provided. There were, however, at least two situations where the states and territories did provide funding to private hospitals. These were where:

- state or territory governments or Area Health Services had contracts with private hospitals to provide services to public patients
- individual public hospitals purchased services from private hospitals in respect of their public patients.

The AIHW began collecting and reporting these types of data from 2002–03 onwards and they have been included in both the national and the state and territory matrices from that year.

Public health

Separate data on public health expenditure, based on nine core public health expenditure activities, are available from the AIHW's Public Health Expenditure Project.

The data for 2000–01 to 2008–09 have been published in the AIHW's *National public health expenditure* reports (AIHW 2002, 2004, 2006, 2007b, 2008a) and *Public health expenditure in Australia* reports (AIHW 2008b, 2009, 2011). The data collected for these reports only include expenditure by key health departments and agencies of the Australian Government and states and territories.

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

In 2011, the Public Health Expenditure Project was halted pending a review of the scope and content of the collection. This was partly due to the above changes in Australian Government funding arrangements with the states and territories that commenced in 2009, and also to address a number of data quality concerns relating to the scope of the collection and consistency of reporting across states and territories. As a result, public health expenditure data for 2010–11 are only reported as total public health expenditure, nationally and for each state and territory (appendixes A and B tables respectively).

Research and capital

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

Research expenditure data come from the *Research and Experimental Development Survey* series (ABS 2010b, 2010c, ABS 2011c, ABS 2012b) which is generally only available every second year. The AIHW made projections every second year up to and including 2010–11.

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

In previous *Health expenditure Australia* reports, private capital consumption was included as part of recurrent expenditure, while government capital consumption was reported as part of total health expenditure but not part of recurrent health expenditure. From *Health expenditure Australia 2007–08* 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.

Non–government

Private hospitals

Spending on private hospitals comes from the annual ABS survey of private hospitals, the most recent being *Private hospitals, Australia, 2009–10* (ABS 2011b). In 2007–08, the survey was not conducted and an estimate of private hospital expenditure was made.

The results of the survey for 2010–11 were not available prior to publication of this report. An estimate has been made using a linear model based on growth in the previous 5 years. Care should be taken when comparing private hospital expenditure for 2007–08 and 2010–11 with all other years.

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 two categories:

- private health insurance funding
- Australian Government funding.

This reflects the effect of two forms of indirect Australian Government subsidy of private health insurance—the means–tested PHIIS (up until the end of 1998) and the non–means–tested 30–40% rebate on private health insurance premiums (from 1 January 1999). Refer to Box 3.1 for further details.

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

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

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

From 2009–10, private health insurance funding data are available separately for the Australian Capital Territory. The data for the Australian Capital Territory for all previous years in this report have been adjusted using the 2009–10 proportions The revised numbers are substantially higher than the numbers using the previous method. This is because the

previous method did not include a proportion relating to funding for Extras cover—such as for dental, spectacles etc.

Individuals

From 2002–03, estimates of individuals' expenditure on dental services, other health practitioners and aids and appliances mostly relied on detailed private health insurance data from the PHIAC. The methods in respect of years before 2002–03 relied on highly aggregated ABS data, which proved to be unreliable and were subject to substantial revisions over time. The current 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 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 NMDS.

Data for over–the–counter medicines sold at pharmacies for 2001–02 to 2004–05 were sourced from *Retail pharmacy* (Flanagan 2002a, Flanagan 2004a, Flanagan 2005a). For 2005–06 to 2007–08 this data was were sourced from AZTEC to enable a more comprehensive breakdown of each category of products sold. For 2008–09 and 2009–10, the methodology was kept consistent, and the data was source from the *Retail world annual report* (Gloria 2009, 2010). For this year the source was AZTEC <http://www.aztec.com.au/www/home/>. Care needs to be taken when comparing data prior to 2008–09 with data from 2008–09 onwards.

Retail sales of medicines in major retail chains such as supermarkets is sourced from *Pharmacy 2000* (Feros 2000, 2001), *Retail pharmacy* and *Pharmacy world* (Flanagan 2002a, 2002b, 2003, 2004a, 2004b, 2005a, 2005b, 2006, 2007, 2008) and the *Retail world annual report* (Gloria 2009, 2010, 2011).

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 the respective injury compensation insurers in each state and territory.

Blank cells in expenditure tables

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

(i) There are assumed to be no funding flows because they do not exist in the institutional framework for health care funding.

(ii) The total funding is nil or so small that it rounds to zero—designated as '—'.

(iii) A flow of funds exists but it cannot be estimated from available data sources.

(iv) Some cells relate to 'catch–all' categories and the data and metadata are of such high quality as to enable all expenditure to be allocated to specified areas. This, in turn, means that there are no residual data to be allocated to the 'catch–all' categories.

As to (i), for example, 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 of (iii) is state funding for private hospitals. There are known funding flows in this area because state and territory governments are known to contract with private hospitals to provide some hospital services to public patients. Data have been inserted in the matrices from 2002–03 onwards, but not for earlier years.

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

Appendix tables

There are four appendixes to this report. They show the following:

Appendix A: National health expenditure tables in current and constant prices, by area of expenditure and source of funds, 2007–08 to 2010–11.

Appendix B: State and territory health expenditure tables in current prices, by area of expenditure and source of funds, 2007–08 to 2010–11.

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 matrices, 2008–09 to 2010–11

Table A1: Total health expenditure, current prices, by area of expenditure and source of funds[a], 2008–09 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	1,683	13,266	2,019	16,968	17,081	34,049	4,902	1,894	1,829	8,624	42,673
Public hospital services[e]	773	13,049	255	14,077	16,722	30,799	620	976	1,080	2,676	33,474
Private hospitals	910	217	1,764	2,891	359	3,250	4,282	918	749	5,949	9,198
Patient transport services	140	66	60	267	1,555	1,821	147	334	89	569	2,391
Medical services	860	14,235	379	15,474	—	15,474	919	2,395	1,031	4,346	19,820
Dental services	103	436	426	965	640	1,605	1,034	4,129	22	5,185	6,790
State/territory provider	. .	1	. .	1	640	642	. .	27	11	37	679
Private provider	103	435	426	963	. .	963	1,034	4,102	11	5,148	6,111
Other health practitioners	187	791	206	1,184	—	1,184	500	1,431	311	2,243	3,426
Community health and other[f]	2	727	1	729	4,552	5,281	2	116	61	178	5,459
Public health	—	1,159	—	1,159	951	2,110	—	19	110	129	2,239
Medications	478	7,328	20	7,826	—	7,826	49	7,259	72	7,381	15,206
Benefit–paid pharmaceuticals	478	6,988	—	7,466	—	7,466	—	1,452	—	1,452	8,917
All other medications	—	340	20	360	—	360	49	5,807	72	5,929	6,289
Aids and appliances	1	366	150	518	—	518	364	2,337	49	2,750	3,268
Administration	50	1,212	382	1,644	399	2,043	929	3	36	968	3,011
Research	2	2,756	—	2,758	620	3,378	—	17	283	300	3,678
Total recurrent funding	**3,507**	**42,342**	**3,643**	**49,492**	**25,798**	**75,289**	**8,845**	**19,934**	**3,893**	**32,672**	**107,961**
Capital expenditure	—	96	. .	96	2,695	2,791	—	—	2,909	2,909	5,700
Total health funding[g]	**3,507**	**42,438**	**3,643**	**49,588**	**28,493**	**78,080**	**8,845**	**19,934**	**6,803**	**35,581**	**113,661**
Medical expenses tax rebate	—	483	. .	483	—	483	—	–483	—	–483	—
Total health funding	**3,507**	**42,921**	**3,643**	**50,071**	**28,493**	**78,563**	**8,845**	**19,451**	**6,803**	**35,098**	**113,661**

*Notes:*See page 119.

Table A2: Total health expenditure, current prices, by area of expenditure and source of funds[a], 2009–10 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	1,684	13,079	2,433	17,195	19,904	37,099	5,149	2,161	1,880	9,189	46,288
Public hospital services[e]	760	12,818	304	13,882	19,522	33,404	644	933	1,256	2,834	36,238
Private hospitals	924	261	2,128	3,313	382	3,694	4,505	1,228	623	6,356	10,050
Patient transport services	145	62	74	281	1,681	1,962	157	357	114	627	2,589
Medical services	832	15,331	451	16,615	—	16,615	956	2,641	1,031	4,627	21,242
Dental services	107	654	504	1,266	628	1,894	1,067	4,696	32	5,794	7,688
State/territory provider	. .	2	. .	2	628	630	. .	20	20	40	669
Private provider	107	653	504	1,264	. .	1,264	1,067	4,676	12	5,755	7,019
Other health practitioners	202	911	230	1,343	—	1,343	488	1,593	318	2,399	3,742
Community health and other[f]	2	855	1	858	4,738	5,595	1	121	134	256	5,851
Public health	—	937	—	937	935	1,872	—	19	114	133	2,005
Medications	486	7,927	24	8,438	—	8,438	51	7,743	72	7,866	16,303
Benefit–paid pharmaceuticals	486	7,563	—	8,050	—	8,050	—	1,537	—	1,537	9,586
All other medications	—	364	24	388	—	388	51	6,206	72	6,329	6,717
Aids and appliances	2	412	186	600	—	600	394	2,456	50	2,900	3,501
Administration	40	1,076	417	1,534	431	1,964	883	—	18	901	2,865
Research	1	3,236	—	3,238	740	3,977	—	—	252	252	4,229
Total recurrent funding	**3,502**	**44,481**	**4,320**	**52,303**	**29,056**	**81,359**	**9,145**	**21,786**	**4,015**	**34,945**	**116,304**
Capital expenditure	—	134	. .	134	2,814	2,948	—	—	2,101	2,101	5,049
Total health funding[g]	**3,502**	**44,615**	**4,320**	**52,437**	**31,870**	**84,307**	**9,145**	**21,786**	**6,116**	**37,046**	**121,353**
Medical expenses tax rebate	—	540	. .	540	—	540	—	–540	—	–540	—
Total health funding	**3,502**	**45,155**	**4,320**	**52,977**	**31,870**	**84,847**	**9,145**	**21,246**	**6,116**	**36,506**	**121,353**

*Notes:*See page 119.

Table A3: Total health expenditure, current prices, by area of expenditure and source of funds[a], 2010–11 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	1,693	14,610	2,613	18,917	20,670	39,586	5,553	2,506	2,059	10,119	49,705
Public hospital services[e]	765	14,359	316	15,440	20,221	35,661	671	1,159	1,446	3,276	38,937
Private hospitals	927	252	2,298	3,477	449	3,926	4,883	1,347	613	6,842	10,768
Patient transport services	146	61	76	284	1,872	2,155	162	365	102	629	2,785
Medical services	839	16,265	495	17,600	—	17,600	1,053	2,814	1,059	4,925	22,525
Dental services	105	803	528	1,437	699	2,136	1,122	4,564	35	5,721	7,857
State/territory provider	. .	. .	. .	. .	699	699	. .	20	24	43	743
Private provider	105	803	528	1,437	. .	1,437	1,122	4,545	11	5,678	7,115
Other health practitioners	202	987	244	1,433	6	1,439	517	1,775	372	2,664	4,103
Community health and other[f]	1	1,005	—	1,007	4,982	5,989	1	144	161	305	6,295
Public health	—	1,061	—	1,061	840	1,901	—	15	31	46	1,947
Medications	473	8,226	23	8,721	—	8,721	48	9,586	70	9,704	18,425
Benefit–paid pharmaceuticals	473	7,728	—	8,201	—	8,201	—	1,574	—	1,574	9,775
All other medications	—	497	23	520	—	520	48	8,013	70	8,130	8,650
Aids and appliances	2	399	204	606	—	606	433	2,536	57	3,026	3,632
Administration	41	159	447	647	447	1,094	951	—	6	957	2,051
Research	2	3,294	—	3,297	776	4,072	—	3	256	259	4,331
Total recurrent funding	**3,506**	**46,870**	**4,631**	**55,008**	**30,292**	**85,299**	**9,841**	**24,309**	**4,206**	**38,357**	**123,656**
Capital expenditure	—	135	. .	135	4,155	4,290	—	—	2,320	2,320	6,610
Total health funding[g]	**3,506**	**47,005**	**4,631**	**55,143**	**34,447**	**89,589**	**9,841**	**24,309**	**6,527**	**40,677**	**130,266**
Medical expenses tax rebate	—	475	. .	475	—	475	—	–475	—	–475	—
Total health funding	**3,506**	**47,480**	**4,631**	**55,618**	**34,447**	**90,064**	**9,841**	**23,834**	**6,527**	**40,202**	**130,266**

*Notes:*See page 119.

Table A4: Total health expenditure, constant prices[h], by area of expenditure and source of funds[a], 2008–09 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	1,771	13,949	2,123	17,843	17,959	35,803	5,155	1,994	1,920	9,069	44,872
Public hospital services[e]	811	13,721	267	14,799	17,583	32,382	649	1,027	1,133	2,809	35,191
Private hospitals	960	228	1,856	3,044	377	3,421	4,506	967	787	6,260	9,681
Patient transport services	148	70	63	281	1,639	1,920	153	350	93	597	2,516
Medical services	882	14,595	390	15,866	—	15,866	946	2,453	1,051	4,450	20,316
Dental services	106	451	440	998	674	1,672	1,069	4,270	23	5,362	7,033
State/territory provider	. .	2	. .	2	674	675	. .	28	11	39	715
Private provider	106	450	440	996	. .	996	1,069	4,242	12	5,322	6,319
Other health practitioners	198	838	218	1,254	—	1,254	530	1,516	330	2,376	3,630
Community health and other[f]	2	781	1	783	4,790	5,573	2	121	64	187	5,760
Public health	—	1,219	—	1,219	1,000	2,219	—	20	116	135	2,355
Medications	480	7,363	20	7,863	—	7,863	49	7,272	72	7,393	15,256
Benefit–paid pharmaceuticals	480	7,023	—	7,503	—	7,503	—	1,459	—	1,459	8,962
All other medications	—	340	20	360	—	360	49	5,813	72	5,934	6,295
Aids and appliances	1	331	135	467	—	467	327	2,100	44	2,471	2,938
Administration	53	1,304	412	1,769	422	2,191	1,000	4	37	1,041	3,232
Research	2	2,959	—	2,961	664	3,625	—	18	302	320	3,945
Total recurrent funding	**3,644**	**43,859**	**3,802**	**51,305**	**27,149**	**78,454**	**9,230**	**20,117**	**4,053**	**33,400**	**111,854**
Capital expenditure	—	96	. .	96	2,655	2,751	—	—	2,891	2,891	5,642
Total health funding[g]	**3,644**	**43,955**	**3,802**	**51,400**	**29,804**	**81,204**	**9,230**	**20,117**	**6,944**	**36,291**	**117,496**
Medical expenses tax rebate	—	519	. .	519	—	519	—	–519	—	–519	—
Total health funding	**3,644**	**44,474**	**3,802**	**51,919**	**29,804**	**81,723**	**9,230**	**19,598**	**6,944**	**35,772**	**117,496**

*Notes:*See page 119.

Table A5: Total health expenditure, constant prices[h], by area of expenditure and source of funds[a], 2009–10 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	1,707	13,255	2,466	17,428	20,173	37,601	5,219	2,192	1,905	9,316	46,917
Public hospital services[e]	770	12,991	308	14,068	19,787	33,855	652	947	1,272	2,871	36,726
Private hospitals	937	265	2,158	3,360	386	3,746	4,567	1,245	632	6,444	10,190
Patient transport services	147	63	75	285	1,705	1,990	158	362	115	635	2,625
Medical services	833	15,357	454	16,643	—	16,643	960	2,641	1,027	4,628	21,272
Dental services	108	660	508	1,277	637	1,913	1,076	4,736	32	5,844	7,757
State/territory provider	. .	2	. .	2	637	638	. .	20	20	40	678
Private provider	108	658	508	1,275	. .	1,275	1,076	4,716	12	5,804	7,079
Other health practitioners	208	940	238	1,386	—	1,386	503	1,645	328	2,476	3,862
Community health and other[f]	2	884	1	886	4,805	5,691	1	122	136	259	5,950
Public health	—	950	—	950	947	1,897	—	19	116	135	2,032
Medications	488	7,953	24	8,465	—	8,465	51	7,767	73	7,891	16,356
Benefit–paid pharmaceuticals	488	7,587	—	8,075	—	8,075	—	1,542	—	1,542	9,617
All other medications	—	365	24	389	—	389	51	6,226	73	6,349	6,739
Aids and appliances	2	390	176	568	—	568	372	2,319	48	2,738	3,306
Administration	42	1,114	432	1,587	436	2,024	914	—	18	932	2,956
Research	1	3,348	—	3,350	763	4,112	—	—	260	261	4,373
Total recurrent funding	**3,539**	**44,913**	**4,373**	**52,824**	**29,467**	**82,291**	**9,255**	**21,802**	**4,057**	**35,115**	**117,406**
Capital expenditure	—	135	. .	135	2,815	2,949	—	—	2,109	2,109	5,058
Total health funding[g]	**3,539**	**45,048**	**4,373**	**52,959**	**32,281**	**85,240**	**9,255**	**21,802**	**6,166**	**37,224**	**122,464**
Medical expenses tax rebate	—	559	. .	559	—	559	—	–559	—	–559	—
Total health funding	**3,539**	**45,606**	**4,373**	**53,518**	**32,281**	**85,799**	**9,255**	**21,244**	**6,166**	**36,665**	**122,464**

*Notes:*See page 119.

Table A6: Total health expenditure, constant prices[h], by area of expenditure and source of funds[a], 2010–11 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	1,693	14,610	2,613	18,917	20,670	39,586	5,553	2,506	2,059	10,119	49,705
Public hospital services[e]	765	14,359	316	15,440	20,221	35,661	671	1,159	1,446	3,276	38,937
Private hospitals	927	252	2,298	3,477	449	3,926	4,883	1,347	613	6,842	10,768
Patient transport services	146	61	76	284	1,872	2,155	162	365	102	629	2,785
Medical services	839	16,265	495	17,600	—	17,600	1,053	2,814	1,059	4,925	22,525
Dental services	105	803	528	1,437	699	2,136	1,122	4,564	35	5,721	7,857
State/territory provider	. .	. .	. .	. .	699	699	. .	20	24	43	743
Private provider	105	803	528	1,437	. .	1,437	1,122	4,545	11	5,678	7,115
Other health practitioners	202	987	244	1,433	6	1,439	517	1,775	372	2,664	4,103
Community health and other[f]	1	1,005	—	1,007	4,982	5,989	1	144	161	305	6,295
Public health	—	1,061	—	1,061	840	1,901	—	15	31	46	1,947
Medications	473	8,226	23	8,721	—	8,721	48	9,586	70	9,704	18,425
Benefit–paid pharmaceuticals	473	7,728	—	8,201	—	8,201	—	1,574	—	1,574	9,775
All other medications	—	497	23	520	—	520	48	8,013	70	8,130	8,650
Aids and appliances	2	399	204	606	—	606	433	2,536	57	3,026	3,632
Administration	41	159	447	647	447	1,094	951	—	6	957	2,051
Research	2	3,294	—	3,297	776	4,072	—	3	256	259	4,331
Total recurrent funding	**3,506**	**46,870**	**4,631**	**55,008**	**30,292**	**85,299**	**9,841**	**24,309**	**4,206**	**38,357**	**123,656**
Capital expenditure	—	135	. .	135	4,155	4,290	—	—	2,320	2,320	6,610
Total health funding[g]	**3,506**	**47,005**	**4,631**	**55,143**	**34,447**	**89,589**	**9,841**	**24,309**	**6,527**	**40,677**	**130,266**
Medical expenses tax rebate	—	475	. .	475	—	475	—	–475	—	–475	—
Total health funding	**3,506**	**47,480**	**4,631**	**55,618**	**34,447**	**90,064**	**9,841**	**23,834**	**6,527**	**40,202**	**130,266**

*Notes:*See page 119.

Table A7: Annual growth in health expenditure, current prices, by area of expenditure, 2000–01 to 2010–11 (per cent)

Area of expenditure	2000–01 to 2000–01	2001–02 to 2002–03	2002–03 to 2003–04	2003–04 to 2004–05	2004–05 to 2005–06	2005–06 to 2006–07	2006–07 to 2007–08	2007–08 to 2008–09	2008–09 to 2009–10	2009–10 to 2010–11	Average annual growth: 2000–01 to 2010–11	Average annual growth: 2005–06 to 2010–11
Total hospitals	8.6	10.0	. .	8.8	8.5	9.5	9.6	10.7	8.5	7.4	. .	9.1
Public hospitals (i)/public hospital services(e)	7.9	10.2	. .	9.5	9.3	10.2	10.0	8.6	8.3	4.5	. .	8.3
Private hospitals	11.0	9.4	8.2	6.2	5.6	7.0	8.2	18.8	9.3	7.1	9.0	10.0
Patient transport services	12.8	15.3	. .	9.0	4.3	16.7	12.0	19.3	8.3	7.6	. .	12.7
Medical services	9.6	7.2	7.5	13.5	5.8	8.2	9.4	8.1	7.2	6.0	8.2	7.8
Dental services	16.2	7.3	. .	9.2	5.6	7.0	6.2	11.2	13.2	2.2	. .	7.9
State/territory provider	. .	. .	. .	11.6	3.8	2.8	9.3	13.3	–1.5	10.9	. .	. .
Private provider	16.2	4.2	. .	8.9	5.8	7.4	5.9	11.0	14.9	1.4	. .	. .
Other health practitioners	14.7	12.4	. .	5.6	8.5	7.7	3.1	1.6	9.2	9.6	. .	6.2
Community health and other[f]	7.5	13.7	. .	9.3	9.2	12.7	14.5	5.1	7.2	7.6	. .	9.4
Public health	8.4	12.6	. .	14.1	1.6	16.4	25.0	–1.1	–10.4	–2.9	. .	4.6
Medications	10.4	4.3	9.8	8.5	3.0	9.2	8.8	10.8	7.2	13.0	8.5	9.8
Benefit–paid pharmaceuticals	8.3	10.9	9.5	5.8	2.9	3.0	8.1	10.0	7.5	2.0	6.7	6.1
All other medications	14.0	–6.1	10.5	13.7	3.2	19.9	9.9	12.1	6.8	28.8	10.9	15.2
Aids and appliances	–16.6	9.2	. .	12.6	7.0	8.0	2.9	4.9	7.1	3.7	. .	5.3
Administration	–5.1	13.9	9.6	8.3	0.2	–0.8	10.3	15.2	–4.9	–28.4	1.0	–3.0
Research	9.3	8.7	11.7	11.8	18.1	13.8	16.3	34.6	15.0	2.4	13.9	16.0
Total recurrent expenditure	**8.3**	**8.9**	. .	**9.8**	**6.7**	**9.2**	**9.6**	**10.1**	**7.7**	**6.3**	**. .**	**8.6**
Capital expenditure	8.7	11.2	–9.2	18.6	11.0	15.5	1.0	2.8	–11.4	30.9	7.2	6.8
Total health expenditure[g]	**8.3**	**9.0**	. .	**10.3**	**6.9**	**9.5**	**9.1**	**9.8**	**6.8**	**7.3**	**. .**	**8.5**

Break in series

Notes: See page 119.

Table A8: Annual growth in health expenditure, constant prices[h], by area of expenditure, 2000–01 to 2010–11 (per cent)

Area of expenditure	2000–01 to 2001–02	2001–02 to 2002–03	2002–03 to 2003–04	2003–04 to 2004–05	2004–05 to 2005–06	2005–06 to 2006–07	2006–07 to 2007–08	2007–08 to 2008–09	2008–09 to 2009–10	2009–10 to 2010–11	Average annual growth 2000–01 to 2010–11	Average annual growth 2005–06 to 2010–11
Total hospitals	5.7	7.2	. .	6.0	3.7	5.3	6.5	7.4	4.6	5.9	. .	5.9
Public hospitals[i]/public hospital services[e]	5.1	7.4	. .	6.7	4.4	6.0	6.9	5.5	4.4	6.0	. .	5.7
Private hospitals	7.9	6.6	4.6	3.4	1.2	2.8	5.0	15.1	5.3	5.7	5.7	6.7
Patient transport services	9.9	12.2	. .	6.2	–0.1	12.3	8.8	15.8	4.3	6.1	. .	9.4
Medical services	3.6	1.8	. .	5.3	0.2	4.9	8.3	7.5	4.7	5.9	4.4	6.2
Dental services	13.0	–7.0	. .	2.6	1.5	1.3	2.1	7.7	10.3	1.3	. .	4.5
State/territory provider	. .	. .	. .	4.9	–0.2	–2.6	5.1	11.5	–5.1	9.4	. .	2.7
Private provider	13.0	–9.7	. .	2.3	1.7	1.8	1.8	7.3	12.0	0.5	. .	4.7
Other health practitioners	7.1	6.0	. .	2.6	3.5	5.6	3.2	–2.5	6.4	6.2	. .	3.7
Community health and other[f]	3.9	9.9	. .	5.4	3.7	8.0	10.5	–0.7	3.3	5.8	. .	5.3
Public health	5.4	9.6	. .	11.1	–2.7	11.9	21.4	–4.2	–13.7	–4.2	. .	1.5
Medications	11.2	4.1	10.3	8.1	2.5	8.1	8.3	11.1	7.2	12.7	8.3	9.5
Benefit–paid pharmaceuticals	8.2	10.9	9.4	5.7	2.7	2.8	7.8	9.4	7.3	1.6	6.5	5.8
All other medications	16.2	–6.5	11.9	12.5	2.0	17.0	9.1	13.7	7.1	28.4	10.8	14.8
Aids and appliances	–15.0	6.6	. .	9.8	4.2	5.7	0.1	6.9	12.5	9.9	. .	6.9
Administration	–8.0	10.1	4.9	4.4	–4.1	–5.0	6.1	10.5	–8.5	–30.6	–2.8	–6.7
Research	5.7	5.2	7.4	7.8	13.0	9.2	12.0	29.3	10.8	–1.0	9.7	11.7
Total recurrent expenditure	**5.3**	**4.9**	. .	**5.9**	**2.5**	**5.5**	**7.2**	**7.8**	**5.0**	**5.3**	**. .**	**6.1**
Capital expenditure	5.8	8.2	–8.2	15.8	8.0	11.9	–2.7	–0.4	–10.4	30.7	5.3	4.9
Total health expenditure[g]	**5.3**	**5.0**	. .	**6.4**	**2.8**	**5.9**	**6.6**	**7.3**	**4.2**	**6.4**	**. .**	**6.1**

Break in series

Notes: See page 119.

Table A9: Proportions of recurrent health expenditure, current prices, by area of expenditure, 2000–01 to 2010–11 (per cent)

Area of expenditure	2000–01	2001–02	2002–03		2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
Total hospitals	38.4	38.5	38.9		38.9	38.5	39.2	39.3	39.3	39.5	39.8	40.2
Public hospitals[(h)]/public hospital services[(e)]	30.2	30.1	30.4		30.4	30.3	31.0	31.3	31.4	31.0	31.2	31.5
Private hospitals	8.2	8.5	8.5		8.5	8.2	8.2	8.0	7.9	8.5	8.6	8.7
Patient transport services	1.7	1.7	1.8		1.9	1.9	1.9	2.0	2.0	2.2	2.2	2.3
Medical services	18.6	18.8	18.5		18.5	19.1	18.9	18.7	18.7	18.4	18.3	18.2
Dental services	6.3	6.8	6.7		6.7	6.6	6.6	6.4	6.2	6.3	6.6	6.4
State/territory provider	. .	. .	0.2	Break in series	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6
Private provider	6.3	6.8	6.5		6.0	6.0	5.9	5.8	5.6	5.7	6.0	5.8
Other health practitioners	3.5	3.7	3.8		3.8	3.6	3.7	3.7	3.4	3.2	3.2	3.3
Community health and other[(f)]	5.1	5.1	5.3		4.8	4.8	4.9	5.1	5.3	5.1	5.0	5.1
Public health	1.9	1.9	2.0		1.9	2.0	1.9	2.0	2.3	2.1	1.7	1.6
Medications	14.8	15.1	14.5		14.8	14.6	14.1	14.1	14.0	14.1	14.0	14.9
Benefit–paid pharmaceuticals	9.3	9.3	9.4		9.6	9.2	8.9	8.4	8.3	8.3	8.2	7.9
All other medications	5.6	5.9	5.1		5.2	5.4	5.2	5.7	5.7	5.8	5.8	7.0
Aids and appliances	4.2	3.2	3.2		3.3	3.4	3.4	3.4	3.2	3.0	3.0	2.9
Administration	3.4	3.0	3.1		3.1	3.1	2.9	2.6	2.7	2.8	2.5	1.7
Research	2.1	2.2	2.2		2.2	2.3	2.5	2.6	2.8	3.4	3.6	3.5
Total recurrent expenditure	**100.0**	**100.0**	**100.0**		**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Notes: See page 119.

Notes to Appendix A tables

(a) Tables show funding provided by the Australian Government, and state and territory governments authorities and by 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) 'DoHA and other' comprises DoHA 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 offset, and health research not funded by DoHA.

(c) Includes the 30–40% rebate on health insurance premiums that can be claimed either directly from the Australian Government through the taxation system or it may involve a reduced premium being charged by the private health insurance fund.

(d) Expenditure on health goods and services by workers compensation and compulsory third–party motor vehicle insurers, as well as other sources of income (for example, rent, interest earned) for service providers.

(e) Public hospital services exclude certain services undertaken in hospitals. Can include services provided off–site, such as hospital in the home, dialysis or other services (see Box 4.1).

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

(g) Total health funding has not been adjusted to include the medical expenses tax rebate as funding by the Australian Government.

(h) Constant price health expenditure for 2000–01 to 2010–11 is expressed in terms of 2010–11 prices.

(i) Public hospitals (1998–99 to 2002–03) includes any dental services, community health services, patient transport services, public health and health research undertaken by the hospital. Includes services provided off–site, such as hospital in the home, dialysis or other services (see Box 4.1).

Notes: Due to changes in methods, care must be taken comparing the growth between 2002–03 and 2003–04 (see Chapter 7 Technical notes for further information).

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

Appendix B: State and territory health expenditure matrices, 2008–09 to 2010–11

Table B1: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds[a], 2008–09 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	563	4,347	639	5,549	5,415	10,964	1,554	412	787	2,753	13,716
Public hospital services[e]	325	4,286	135	4,747	5,415	10,161	329	154	550	1,032	11,194
Private hospitals	238	61	504	802	—	802	1,225	258	238	1,720	2,523
Patient transport services	45	5	40	90	420	511	98	78	35	210	721
Medical services	285	4,987	107	5,379	—	5,379	259	879	549	1,687	7,066
Dental services	34	286	143	463	181	645	348	1,272	7	1,626	2,271
State/territory provider	. .	. .	. .	. .	181	181	. .	7	5	11	193
Private provider	34	286	143	463	. .	463	348	1,265	2	1,615	2,078
Other health practitioners	57	270	69	396	—	396	168	480	113	762	1,158
Community health and other[f]	—	158	—	159	1,257	1,416	—	84	19	103	1,519
Public health	—	369	—	369	250	619	—	—	32	32	651
Medications	167	2,494	9	2,670	—	2,670	21	2,281	11	2,313	4,983
Benefit–paid pharmaceuticals	167	2,384	—	2,552	—	2,552	—	489	—	489	3,040
All other medications	—	110	9	118	—	118	21	1,792	11	1,824	1,943
Aids and appliances	1	122	54	176	—	176	131	484	5	619	796
Administration	—	385	126	511	—	511	305	—	—	305	816
Research	—	886	—	886	147	1,034	—	15	134	149	1,183
Total recurrent funding	**1,153**	**14,310**	**1,186**	**16,649**	**7,670**	**24,318**	**2,884**	**5,984**	**1,693**	**10,561**	**34,880**
Capital expenditure	—	28	. ..	28	679	707	—	—	890	890	1,597
Total health funding[g]	**1,153**	**14,338**	**1,186**	**16,677**	**8,349**	**25,025**	**2,884**	**5,984**	**2,583**	**11,451**	**36,477**
Medical expenses tax rebate	—	187	. .	187	—.	187	—	–187	—	–187	—
Total health funding	**1,153**	**14,525**	**1,186**	**16,864**	**8,349**	**25,213**	**2,884**	**5,797**	**2,583**	**11,264**	**36,477**

Notes: See page 145.

Table B2: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds[a], 2009–10 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	578	4,275	774	5,626	6,213	11,839	1,638	432	854	2,924	14,763
Public hospital services[e]	335	4,203	162	4,700	6,213	10,913	344	154	632	1,129	12,042
Private hospitals	242	72	612	926	—	926	1,295	278	222	1,795	2,721
Patient transport services	50	5	48	103	468	572	102	69	55	226	797
Medical services	271	5,403	129	5,803	—	5,803	272	965	526	1,763	7,566
Dental services	35	375	163	573	188	761	346	1,658	8	2,011	2,772
State/territory provider	. .	. .	. .	. .	188	188	. .	3	5	8	196
Private provider	35	375	163	573	—	573	346	1,655	2	2,003	2,576
Other health practitioners	62	306	77	445	. .	445	163	527	110	800	1,245
Community health and other[f]	—	197	—	197	1,126	1,323	—	51	69	120	1,443
Public health	—	283	—	283	217	500	—	—	34	34	534
Medications	172	2,692	10	2,873	—	2,873	21	2,419	10	2,449	5,322
Benefit–paid pharmaceuticals	172	2,574	—	2,745	—	2,745	—	515	—	515	3,260
All other medications	—	118	10	128	—	128	21	1,903	10	1,934	2,062
Aids and appliances	1	137	65	202	—	202	138	481	7	626	828
Administration	—	344	132	476	—	476	280	—	—	280	756
Research	—	1,086	—	1,086	159	1,245	—	—	84	84	1,328
Total recurrent funding	**1,169**	**15,102**	**1,398**	**17,669**	**8,371**	**26,040**	**2,960**	**6,602**	**1,754**	**11,316**	**37,356**
Capital expenditure	—	40	. .	40	658	698	—	—	737	737	1,435
Total health funding[g]	**1,169**	**15,141**	**1,398**	**17,709**	**9,029**	**26,738**	**2,960**	**6,602**	**2,491**	**12,053**	**38,791**
Medical expenses tax rebate	—	204	. .	204	—	204	—	–204	—	–204	—
Total health funding	**1,169**	**15,346**	**1,398**	**17,914**	**9,029**	**26,942**	**2,960**	**6,397**	**2,491**	**11,849**	**38,791**

Notes: See page 145.

Table B3: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds[a], 2010–11 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	541	4,764	838	6,144	6,243	12,386	1,780	510	867	3,158	15,544
Public hospital services[e]	313	4,688	165	5,166	6,243	11,409	352	227	642	1,221	12,629
Private hospitals	229	76	672	977	—	977	1,429	283	225	1,937	2,914
Patient transport services	47	5	47	99	504	603	101	67	46	214	818
Medical services	273	5,595	142	6,009	—	6,009	301	977	480	1,758	7,767
Dental services	34	408	169	612	199	811	360	1,277	7	1,644	2,454
State/territory provider	. .	. .	. .	. .	199	199	. .	1	5	6	205
Private provider	34	408	169	612	. .	612	360	1,276	2	1,637	2,249
Other health practitioners	64	332	81	478	—	478	173	575	107	855	1,333
Community health and other[f]	—	231	—	232	1,339	1,571	—	61	87	148	1,719
Public health	—	314	—	314	187	501	—	—	30	30	531
Medications	166	2,791	9	2,967	—	2,967	19	3,219	10	3,248	6,215
Benefit–paid pharmaceuticals	166	2,629	—	2,795	—	2,795	—	527	—	527	3,323
All other medications	—	162	9	171	—	171	19	2,692	10	2,721	2,892
Aids and appliances	1	131	70	203	—	203	150	488	5	643	846
Administration	—	51	140	191	10	201	298	—	1	299	500
Research	—	959	—	959	170	1,129	—	—	92	92	1,221
Total recurrent funding	**1,127**	**15,583**	**1,497**	**18,207**	**8,651**	**26,858**	**3,181**	**7,175**	**1,732**	**12,089**	**38,947**
Capital expenditure	—	41	. .	41	804	845	—	—	892	892	1,737
Total health funding[g]	**1,127**	**15,624**	**1,497**	**18,249**	**9,455**	**27,704**	**3,181**	**7,175**	**2,624**	**12,981**	**40,684**
Medical expenses tax rebate	—	180	. .	180	—	180	—	–180	—	–180	—
Total health funding	**1,127**	**15,804**	**1,497**	**18,428**	**9,455**	**27,884**	**3,181**	**6,995**	**2,624**	**12,801**	**40,684**

Notes: See page 145.

Table B4: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds[a], 2008–09 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	388	3,230	522	4,141	3,610	7,750	1,268	598	444	2,309	10,060
Public hospital services[e]	186	3,175	58	3,419	3,539	6,958	142	403	271	815	7,773
Private hospitals	203	56	464	722	71	793	1,126	195	173	1,494	2,287
Patient transport services	38	1	6	45	288	333	15	203	24	242	574
Medical services	190	3,698	104	3,992	—.	3,992	252	533	121	906	4,898
Dental services	17	95	82	194	117	311	198	1,438	6	1,642	1,953
State/territory provider	. .	1	. .	1	117	119	. .	11	4	15	133
Private provider	17	93	82	192	. .	192	198	1,427	2	1,627	1,820
Other health practitioners	37	212	43	292	—	292	104	468	70	643	935
Community health and other[f]	1	99	—	100	784	884	—	3	12	15	898
Public health	—	279	—	279	201	480	—	—	24	24	504
Medications	102	1,821	2	1,925	—	1,925	6	1,868	26	1,900	3,825
Benefit–paid pharmaceuticals	102	1,741	—	1,843	—	1,843	—	359	—	359	2,201
All other medications	—	80	2	83	—	83	6	1,509	26	1,541	1,624
Aids and appliances	—	92	29	121	—	121	71	692	15	778	899
Administration	—	272	88	360	—	360	213	—	—	213	574
Research	—	885	—	885	177	1,063	—	—	88	88	1,151
Total recurrent funding	**775**	**10,684**	**876**	**12,335**	**5,177**	**17,512**	**2,128**	**5,802**	**830**	**8,760**	**26,271**
Capital expenditure	—	20	—	20	506	526	—	.	372	372	898
Total health funding[g]	**775**	**10,704**	**876**	**12,355**	**5,683**	**18,038**	**2,128**	**5,802**	**1,203**	**9,132**	**27,170**
Medical expenses tax rebate	—	124	—	124	—	124	—	–124	—	–124	—
Total health funding	**775**	**10,828**	**876**	**12,479**	**5,683**	**18,162**	**2,128**	**5,677**	**1,203**	**9,008**	**27,170**

Notes: See page 145.

Table B5: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds[a], 2009–10 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	391	3,094	618	4,103	4,620	8,723	1,308	719	516	2,543	11,265
Public hospital services[e]	185	3,027	67	3,279	4,546	7,825	142	345	353	841	8,666
Private hospitals	206	67	551	823	74	897	1,166	373	163	1,702	2,600
Patient transport services	38	1	8	46	321	367	17	220	27	264	631
Medical services	184	3,824	123	4,131	—	4,131	261	588	153	1,002	5,133
Dental services	18	161	99	278	127	405	209	1,591	15	1,814	2,219
State/territory provider	. .	2	. .	2	127	129	. .	3	12	16	144
Private provider	18	159	99	276	. .	276	209	1,587	2	1,799	2,074
Other health practitioners	41	248	50	339	—	339	105	539	86	729	1,068
Community health and other(f)	1	114	—	115	812	926	—	8	33	40	967
Public health	—	228	—	228	175	403	—	—	24	24	426
Medications	103	1,977	3	2,083	—	2,083	7	2,000	27	2,034	4,117
Benefit–paid pharmaceuticals	103	1,891	—	1,993	—	1,993	—	381	—	381	2,374
All other medications	—	87	3	90	—	90	7	1,619	27	1,653	1,743
Aids and appliances	—	103	37	140	—	140	78	754	16	848	988
Administration	—	247	102	349	—	349	216	—	—	216	565
Research	—	1,046	—	1,046	212	1,257	—	—	97	97	1,355
Total recurrent funding	**775**	**11,041**	**1,040**	**12,856**	**6,266**	**19,122**	**2,201**	**6,418**	**993**	**9,612**	**28,733**
Capital expenditure	—	27	. .	27	155	182	—	—	523	523	705
Total health funding[g]	**775**	**11,068**	**1,040**	**12,883**	**6,421**	**19,303**	**2,201**	**6,418**	**1,516**	**10,135**	**29,438**
Medical expenses tax rebate	—	140	. .	140	—	140	—	–140	—	–140	—
Total health funding	**775**	**11,207**	**1,040**	**13,022**	**6,421**	**19,443**	**2,201**	**6,278**	**1,516**	**9,995**	**29,438**

Notes: See page 145.

Table B6: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds[a], 2010–11 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	378	3,621	665	4,664	5,053	9,717	1,412	805	577	2,794	12,511
Public hospital services[e]	171	3,562	74	3,807	4,975	8,782	157	389	417	963	9,745
Private hospitals	207	59	591	857	79	935	1,255	415	160	1,831	2,766
Patient transport services	37	1	9	47	353	399	18	223	27	268	668
Medical services	184	4,064	136	4,384	—	4,384	288	638	162	1,089	5,472
Dental services	18	190	105	314	139	453	223	1,640	15	1,879	2,331
State/territory provider	. .	—	. .	—	139	139	. .	3	13	16	155
Private provider	18	190	105	314	. .	314	223	1,637	3	1,863	2,176
Other health practitioners	43	270	54	366	—	366	114	589	115	818	1,184
Community health and other[f]	—	138	—	138	535	673	—	4	31	35	708
Public health	—	258	—	258	180	438	—	—	—	—	438
Medications	100	2,046	3	2,149	—	2,149	7	2,484	27	2,518	4,666
Benefit–paid pharmaceuticals	100	1,928	—	2,028	—	2,028	—	391	—	391	2,419
All other medications	—	118	3	121	—	121	7	2,093	27	2,127	2,247
Aids and appliances	—	100	41	141	—	141	87	796	17	899	1,040
Administration	—	39	111	150	—	150	235	—	—	235	385
Research	—	1,119	—	1,119	193	1,312	—	—	99	99	1,411
Total recurrent funding	**760**	**11,846**	**1,122**	**13,728**	**6,453**	**20,181**	**2,384**	**7,180**	**1,069**	**10,634**	**30,815**
Capital expenditure	—	28	. .	28	504	532	—.	—	630	630	1,162
Total health funding[g]	**760**	**11,874**	**1,122**	**13,756**	**6,957**	**20,713**	**2,384**	**7,180**	**1,699**	**11,264**	**31,976**
Medical expenses tax rebate	—	123	. .	123	—	123	—	–123	—	–123	—
Total health funding	**760**	**11,996**	**1,122**	**13,879**	**6,957**	**20,836**	**2,384**	**7,057**	**1,699**	**11,141**	**31,976**

Notes: See page 145.

Table B7: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds[a], 2008–09 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	382	2,585	409	3,377	3,512	6,888	994	476	250	1,720	8,608
Public hospital services[e]	89	2,532	14	2,635	3,486	6,121	35	212	107	353	6,475
Private hospitals	294	53	395	742	25	767	959	265	143	1,366	2,133
Patient transport services	36	18	—	54	497	551	—	—	8	8	560
Medical services	221	2,704	78	3,003	—	3,003	189	500	118	807	3,810
Dental services	29	27	84	140	155	295	204	522	2	729	1,024
State/territory provider	. .	. .	—	. .	155	155	. .	. .	1	1	157
Private provider	29	27	84	140	. .	140	204	522	1	727	868
Other health practitioners	44	145	41	231	—	231	100	306	52	459	689
Community health and other[f]	—	141	—	141	1,091	1,232	—	11	15	27	1,258
Public health	—	228	—	228	203	430	—	11	20	30	461
Medications	110	1,411	4	1,526	—	1,526	10	1,556	9	1,575	3,100
Benefit–paid pharmaceuticals	110	1,343	—	1,453	—	1,453	—	285	—	285	1,737
All other medications	—	69	4	73	—	73	10	1,271	9	1,290	1,363
Aids and appliances	—	71	29	100	—	100	70	452	6	527	628
Administration	—	252	81	333	110	442	196	—	—	196	639
Research	—	308	—	308	167	475	—	—	25	25	501
Total recurrent funding	**822**	**7,891**	**727**	**9,440**	**5,734**	**15,174**	**1,764**	**3,835**	**505**	**6,104**	**21,278**
Capital expenditure	—	16	—	16	868	884	—	—	896	896	1,781
Total health funding[g]	**822**	**7,908**	**727**	**9,456**	**6,602**	**16,058**	**1,764**	**3,835**	**1,401**	**7,000**	**23,058**
Medical expenses tax rebate	—	85	—	85	—	85	—	–85	—	–85	—
Total health funding	**822**	**7,993**	**727**	**9,541**	**6,602**	**16,143**	**1,764**	**3,750**	**1,401**	**6,915**	**23,058**

Notes: See page 145.

Table B8: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds[a], 2009–10 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	386	2,573	501	3,460	4,110	7,570	1,060	514	304	1,878	9,449
Public hospital services[e]	77	2,507	19	2,603	4,086	6,690	39	254	151	444	7,134
Private hospitals	309	66	482	856	24	881	1,020	261	153	1,434	2,315
Patient transport services	37	17	—	54	530	584	—	—	9	10	594
Medical services	223	2,958	91	3,272	—	3,272	193	546	115	853	4,125
Dental services	30	61	103	194	160	354	217	551	3	771	1,124
State/territory provider	. .	. .	. .	. .	160	160	. .	—	2	2	162
Private provider	30	61	103	194	. .	194	217	551	1	769	963
Other health practitioners	51	169	45	265	—	265	96	343	49	488	752
Community health and other[f]	—	179	—	180	1,367	1,547	—	12	16	28	1,575
Public health	—	185	—	185	215	400	—	13	23	36	436
Medications	113	1,528	5	1,646	—	1,646	11	1,672	8	1,691	3,338
Benefit–paid pharmaceuticals	113	1,457	—	1,570	—	1,570	—	301	—	301	1,871
All other medications	—	71	5	76	—	76	11	1,371	8	1,390	1,467
Aids and appliances	1	81	37	119	—	119	79	489	5	573	691
Administration	—	218	85	303	138	441	179	—	—	179	621
Research	—	347	—	347	192	538	—	—	33	33	571
Total recurrent funding	**841**	**8,316**	**867**	**10,023**	**6,713**	**16,736**	**1,835**	**4,140**	**565**	**6,540**	**23,276**
Capital expenditure	—	22	. .	22	1,099	1,121	—	—	572	572	1,693
Total health funding[g]	**841**	**8,338**	**867**	**10,045**	**7,812**	**17,857**	**1,835**	**4,140**	**1,137**	**7,112**	**24,969**
Medical expenses tax rebate	—	98	. .	98	—	98	—	–98	—	–98	—
Total health funding	**841**	**8,436**	**867**	**10,144**	**7,812**	**17,955**	**1,835**	**4,042**	**1,137**	**7,014**	**24,969**

Notes: See page 145.

Table B9: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds[a], 2010–11 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	438	2,891	534	3,863	3,827	7,690	1,135	635	387	2,157	9,846
Public hospital services[e]	120	2,829	23	2,973	3,800	6,773	50	308	229	587	7,360
Private hospitals	318	61	511	890	26	916	1,085	327	157	1,569	2,486
Patient transport services	38	16	—	54	629	684	—	—	6	6	689
Medical services	225	3,218	100	3,543	—	3,543	213	586	151	950	4,493
Dental services	30	120	106	256	192	448	224	569	4	797	1,245
State/territory provider	. .	. .	. .	. .	192	192	. .	—	3	3	195
Private provider	30	120	106	256	. .	256	224	569	1	794	1,050
Other health practitioners	58	185	46	289	—	289	99	422	55	575	864
Community health and other[f]	—	193	—	194	1,453	1,647	—	14	21	35	1,682
Public health	—	212	—	212	156	368	—	14	—	14	382
Medications	110	1,581	5	1,695	—	1,695	10	1,823	6	1,839	3,534
Benefit–paid pharmaceuticals	110	1,482	—	1,592	—	1,592	—	307	—	307	1,899
All other medications	—	98	5	103	—	103	10	1,515	6	1,531	1,634
Aids and appliances	—	79	41	120	—	120	88	501	7	596	717
Administration	—	32	90	122	134	257	192	—	—	192	448
Research	—	459	—	459	231	690	—	—	31	31	721
Total recurrent funding	**900**	**8,985**	**922**	**10,807**	**6,622**	**17,430**	**1,960**	**4,564**	**668**	**7,192**	**24,621**
Capital expenditure	—	23	. .	23	1,480	1,503	—	—	484	484	1,987
Total health funding[g]	**900**	**9,008**	**922**	**10,830**	**8,102**	**18,932**	**1,960**	**4,564**	**1,152**	**7,676**	**26,608**
Medical expenses tax rebate	—	87	. .	87	—	87	—	–87	—	–87	—
Total health funding	**900**	**9,095**	**922**	**10,917**	**8,102**	**19,019**	**1,960**	**4,477**	**1,152**	**7,589**	**26,608**

Notes: See page 145.

Table B10: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds[a], 2008–09 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	143	1,312	211	1,667	2,021	3,688	513	229	132	873	4,560
Public hospital services[e]	49	1,284	20	1,352	1,777	3,129	48	136	42	226	3,355
Private hospitals	95	29	191	315	244	558	464	93	90	647	1,205
Patient transport services	9	19	5	34	103	137	12	—	7	19	155
Medical services	64	1,199	41	1,303	—	1,303	99	243	93	435	1,738
Dental services	10	6	58	74	65	139	141	587	3	731	871
State/territory provider	. .	. .	. .	. .	65	65	. .	6	—	6	71
Private provider	10	6	58	74	. .	74	141	581	3	726	800
Other health practitioners	15	73	22	110	—	110	53	68	22	143	253
Community health and other[f]	—	100	—	100	565	666	1	17	4	21	687
Public health	—	117	—	117	90	207	—	6	13	19	226
Medications	39	653	2	694	—	694	5	733	16	753	1,447
Benefit–paid pharmaceuticals	39	620	—	659	—	659	—	139	—	139	798
All other medications	—	33	2	35	—	35	5	594	16	614	649
Aids and appliances	—	36	16	52	—	52	40	469	7	516	568
Administration	—	120	41	161	33	193	99	—	—	100	293
Research	—	228	—	228	59	287	—	—	15	15	302
Total recurrent funding	**281**	**3,862**	**397**	**4,539**	**2,936**	**7,476**	**963**	**2,350**	**311**	**3,624**	**11,100**
Capital expenditure	—	10	. .	10	353	363	—	—	324	324	686
Total health funding[g]	**281**	**3,872**	**397**	**4,549**	**3,289**	**7,838**	**963**	**2,350**	**635**	**3,948**	**11,787**
Medical expenses tax rebate	—	23	. .	23	—	23	—	–23	—	–23	—
Total health funding	**281**	**3,894**	**397**	**4,572**	**3,289**	**7,861**	**963**	**2,328**	**635**	**3,926**	**11,787**

Notes: See page 145.

Table B11: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds[a], 2009–10 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	144	1,319	263	1,725	2,130	3,856	556	306	83	945	4,801
Public hospital services[e]	57	1,287	24	1,368	1,865	3,233	51	114	47	213	3,446
Private hospitals	87	32	239	357	265	623	505	192	36	732	1,355
Patient transport services	8	18	6	33	118	151	13	—	8	21	172
Medical services	60	1,319	50	1,429	.	1,429	107	268	97	472	1,901
Dental services	10	7	72	88	64	153	151	541	4	696	848
State/territory provider	. .	. .	. .	. .	64	64	. .	8	—	8	72
Private provider	10	7	72	88	. .	88	151	533	4	688	776
Other health practitioners	16	83	25	124	—	124	52	73	22	148	272
Community health and other[f]	—	115	—	115	562	677	—	14	5	19	695
Public health	—	95	—	95	95	191	—	5	11	16	207
Medications	39	697	2	738	—	738	5	778	18	801	1,539
Benefit–paid pharmaceuticals	39	662	—	701	—	701	—	146	—	146	847
All other medications	—	35	2	37	—	37	5	632	18	655	692
Aids and appliances	—	40	21	61	—	61	44	483	8	535	596
Administration	—	104	47	151	21	172	99	—	0	99	271
Research	—	255	—	255	66	321	—	—	17	17	338
Total recurrent funding	**277**	**4,053**	**486**	**4,815**	**3,056**	**7,871**	**1,028**	**2,468**	**272**	**3,768**	**11,639**
Capital expenditure	—	13	. .	13	477	490	—	—	165	165	655
Total health funding[g]	**277**	**4,065**	**486**	**4,828**	**3,533**	**8,361**	**1,028**	**2,468**	**437**	**3,933**	**12,293**
Medical expenses tax rebate	—	25	. .	25	—	25	—	–25	—	–25	—
Total health funding	**277**	**4,091**	**486**	**4,854**	**3,533**	**8,386**	**1,028**	**2,442**	**437**	**3,907**	**12,293**

Notes: See page 145.

Table B12: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds[a], 2010–11 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	170	1,469	286	1,924	2,342	4,266	607	384	75	1,065	5,331
Public hospital services[e]	75	1,437	22	1,533	2,016	3,549	47	192	43	282	3,831
Private hospitals	95	32	264	391	326	717	560	192	31	783	1,501
Patient transport services	10	17	8	35	149	184	17	—	10	28	212
Medical services	62	1,382	54	1,498	—	1,498	115	293	105	513	2,011
Dental services	10	10	78	98	69	167	165	698	4	866	1,033
State/territory provider	. .	. .	. .	. .	69	69	. .	8	—	8	77
Private provider	10	10	78	98	. .	98	165	690	4	858	956
Other health practitioners	17	88	27	132	—	132	57	64	33	155	287
Community health and other[f]	—	158	—	158	581	738	—	3	6	9	748
Public health	—	113	—	113	107	220	—	—	—	0	220
Medications	38	745	3	785	—	785	6	894	18	917	1,703
Benefit–paid pharmaceuticals	38	695	—	732	—	732	—	151	—	151	884
All other medications	—	50	3	53	—	53	6	743	18	766	819
Aids and appliances	1	39	23	63	—	63	50	500	8	558	622
Administration	—	16	52	68	90	159	110	—	—	110	268
Research	—	248	—	248	94	343	—	—	13	13	356
Total recurrent funding	**307**	**4,286**	**530**	**5,124**	**3,432**	**8,556**	**1,126**	**2,837**	**272**	**4,235**	**12,791**
Capital expenditure	—	13	. .	13	807	820	—	—	178	178	999
Total health funding[g]	**307**	**4,300**	**530**	**5,137**	**4,239**	**9,376**	**1,126**	**2,837**	**451**	**4,414**	**13,790**
Medical expenses tax rebate	—	22	. .	22	—	22	—	–22	—	–22	—
Total health funding	**307**	**4,322**	**530**	**5,159**	**4,239**	**9,398**	**1,126**	**2,815**	**451**	**4,391**	**13,790**

Notes: See page 145.

Table B13: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds[a], 2008–09 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	125	1,064	153	1,343	1,424	2,767	372	125	78	576	3,343
Public hospital services[e]	78	1,051	17	1,147	1,419	2,566	42	67	50	160	2,726
Private hospitals	48	13	136	196	5	201	330	59	28	416	617
Patient transport services	8	8	5	21	154	176	12	51	12	75	250
Medical services	58	1,061	35	1,154	—	1,154	85	117	116	318	1,473
Dental services	9	17	40	67	71	137	98	127	3	227	365
State/territory provider	. .	. .	. .	. .	71	71	. .	4	1	5	75
Private provider	9	17	40	67	. .	67	98	123	2	223	289
Other health practitioners	13	57	22	92	—	92	54	39	35	128	220
Community health and other[f]	—	59	—	59	378	437	—	2	8	10	448
Public health	—	83	—	83	84	167	—	2	10	12	178
Medications	37	615	2	653	—	653	4	516	7	528	1,181
Benefit–paid pharmaceuticals	37	587	—	624	—	624	—	114	—	114	738
All other medications	—	28	2	29	—	29	4	402	7	413	443
Aids and appliances	—	29	14	43	—	43	34	148	13	195	238
Administration	—	98	30	128	257	386	73	3	35	112	497
Research	—	236	—	236	22	259	—	2	12	13	272
Total recurrent funding	**250**	**3,328**	**302**	**3,880**	**2,390**	**6,271**	**734**	**1,132**	**329**	**2,194**	**8,465**
Capital expenditure	—	9	. .	9	196	205	—	—	392	392	597
Total health funding[g]	**250**	**3,337**	**302**	**3,890**	**2,586**	**6,476**	**734**	**1,132**	**721**	**2,586**	**9,062**
Medical expenses tax rebate	—	40	. .	40	—	40	—	–40	—	–40	—
Total health funding	**250**	**3,377**	**302**	**3,930**	**2,586**	**6,516**	**734**	**1,092**	**721**	**2,546**	**9,062**

Notes: See page 145.

Table B14: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds[a], 2009–10 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	117	1,055	179	1,351	1,625	2,976	379	130	74	582	3,558
Public hospital services[e]	71	1,038	20	1,129	1,621	2,750	42	62	50	154	2,904
Private hospitals	46	16	159	221	5	226	336	69	24	429	655
Patient transport services	8	8	6	22	140	162	13	65	12	90	252
Medical services	54	1,153	41	1,249	—	1,249	87	132	107	326	1,575
Dental services	9	45	47	100	50	150	99	166	2	267	417
State/territory provider	. .	. .	. .	. .	50	50	. .	6	—	6	56
Private provider	9	45	47	100	. .	100	99	161	1	261	361
Other health practitioners	14	66	25	105	—	105	53	39	32	124	229
Community health and other[f]	—	67	—	68	436	504	—	37	10	47	551
Public health	—	68	—	68	106	174	—	1	10	11	185
Medications	38	669	2	709	—	709	4	549	6	559	1,268
Benefit–paid pharmaceuticals	38	638	—	675	—	675	—	123	—	123	798
All other medications	—	31	2	33	—	33	4	426	6	436	470
Aids and appliances	—	32	17	49	—	49	36	153	12	201	250
Administration	—	86	33	119	271	390	71	—	18	88	478
Research	—	272	—	272	27	300	—	—	13	13	312
Total recurrent funding	**241**	**3,521**	**350**	**4,112**	**2,657**	**6,768**	**741**	**1,272**	**296**	**2,309**	**9,077**
Capital expenditure	—	14	. .	14	274	288	—	—	55	55	343
Total health funding[g]	**241**	**3,534**	**350**	**4,125**	**2,931**	**7,056**	**741**	**1,272**	**351**	**2,364**	**9,420**
Medical expenses tax rebate	—	46	. .	46	—	46	—	–46	—	–46	—
Total health funding	**241**	**3,581**	**350**	**4,172**	**2,931**	**7,102**	**741**	**1,226**	**351**	**2,318**	**9,420**

Notes: See page 145.

Table B15: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds[a], 2010–11 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	104	1,125	187	1,416	1,718	3,134	396	118	97	612	3,746
Public hospital services[e]	56	1,110	20	1,186	1,714	2,899	41	36	82	160	3,059
Private hospitals	48	15	167	230	5	235	355	83	15	452	687
Patient transport services	10	7	7	24	134	158	15	72	8	94	252
Medical services	55	1,232	46	1,333	—	1,333	97	145	122	364	1,697
Dental services	9	63	48	121	59	180	103	136	3	242	422
State/territory provider	. .	. .	. .	. .	59	59	. .	5	2	7	66
Private provider	9	63	48	121	. .	121	103	131	1	235	356
Other health practitioners	14	71	26	111	—	111	55	41	39	135	246
Community health and other[f]	—	80	—	80	552	632	—	61	13	74	705
Public health	—	86	—	86	76	162	—	1	1	2	164
Medications	37	681	2	719	—	719	4	759	6	769	1,488
Benefit–paid pharmaceuticals	37	641	—	678	—	678	—	124	—	124	802
All other medications	—	39	2	41	—	41	4	635	6	645	687
Aids and appliances	—	31	18	49	—	49	39	155	14	208	257
Administration	—	12	36	47	212	260	76	—	5	81	341
Research	—	273	—	273	24	296	—	3	13	16	312
Total recurrent funding	**230**	**3,661**	**369**	**4,260**	**2,775**	**7,035**	**785**	**1,491**	**320**	**2,596**	**9,631**
Capital expenditure	—	12	. .	12	258	270	—	—	57	57	327
Total health funding[g]	**230**	**3,673**	**369**	**4,272**	**3,033**	**7,305**	**785**	**1,491**	**378**	**2,654**	**9,958**
Medical expenses tax rebate	—	41	. .	41	—	41	—	–41	—	–41	—
Total health funding	**230**	**3,714**	**369**	**4,313**	**3,033**	**7,345**	**785**	**1,450**	**378**	**2,613**	**9,958**

Notes: See page 145.

Table B16: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds[a], 2008–09 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	38	370	51	459	334	792	123	3	90	216	1,008
Public hospital services[e]	18	365	6	389	320	710	14	—	47	60	770
Private hospitals	20	5	45	70	13	83	110	3	43	156	239
Patient transport services	4	1	—	5	50	55	—	2	2	4	60
Medical services	22	307	9	338	—	338	22	46	17	85	423
Dental services	2	2	8	12	25	38	19	65	—	85	122
State/territory provider	. .	. .	. .	. .	25	25	. .	. .	. .	. .	25
Private provider	2	2	8	12	. .	12	19	65	—	85	97
Other health practitioners	6	19	4	29	—	29	10	24	9	44	73
Community health and other[f]	—	15	—	15	137	152	—	—	2	2	154
Public health	—	37	—	37	25	63	—	—	3	3	66
Medications	14	194	1	209	—	209	2	174	2	178	387
Benefit–paid pharmaceuticals	14	185	—	199	—	199	—	37	—	37	236
All other medications	—	10	1	11	—	11	2	138	2	141	152
Aids and appliances	—	9	4	13	—	13	9	53	2	65	77
Administration	—	34	10	44	—	44	24	—	—	24	68
Research	—	43	—	43	10	53	—	—	3	3	56
Total recurrent funding	**86**	**1,033**	**87**	**1,205**	**582**	**1,788**	**210**	**368**	**129**	**707**	**2,495**
Capital expenditure	—	4	. .	4	26	30	—	—	22	22	52
Total health funding[g]	**86**	**1,037**	**87**	**1,210**	**608**	**1,818**	**210**	**368**	**151**	**729**	**2,546**
Medical expenses tax rebate	—	6	. .	6	—	6	—	–6	—	–6	—
Total health funding	**86**	**1,043**	**87**	**1,216**	**608**	**1,824**	**210**	**362**	**151**	**723**	**2,546**

Notes: See page 145.

Table B17: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds[a], 2009–10 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	36	389	60	485	373	857	126	7	23	157	1,014
Public hospital services[e]	17	383	7	407	360	767	15	—	9	24	791
Private hospitals	19	6	53	78	13	91	111	7	14	132	223
Patient transport services	4	1	—	5	50	56	—	2	1	3	59
Medical services	21	365	10	397	—	397	22	52	17	91	488
Dental services	2	3	10	15	26	41	21	65	—	85	127
State/territory provider	. .	. .	. .	. .	26	26	. .	. .	. .	. .	26
Private provider	2	3	10	15	. .	15	21	65	—	85	101
Other health practitioners	7	21	4	32	—	32	9	27	9	45	78
Community health and other[f]	—	18	—	18	126	144	—	—	1	1	145
Public health	—	29	—	29	28	57	—	—	3	3	60
Medications	14	211	1	226	—	226	2	184	2	188	414
Benefit–paid pharmaceuticals	14	201	—	216	—	216	—	39	—	39	254
All other medications	—	10	1	11	—	11	2	146	2	149	160
Aids and appliances	—	10	5	15	—	15	10	57	2	69	84
Administration	—	33	10	43	—	43	22	—	—	22	65
Research	—	52	—	52	13	65	—	—	3	3	67
Total recurrent funding	**85**	**1,133**	**100**	**1,318**	**616**	**1,933**	**212**	**394**	**62**	**668**	**2,601**
Capital expenditure	—	6	. .	6	33	39	—	—	27	27	66
Total health funding[g]	**85**	**1,138**	**100**	**1,324**	**649**	**1,972**	**212**	**394**	**89**	**695**	**2,667**
Medical expenses tax rebate	—	7	. .	7	—	7	—	–7	—	–7	—
Total health funding	**85**	**1,145**	**100**	**1,330**	**649**	**1,979**	**212**	**387**	**89**	**688**	**2,667**

Notes: See page 145.

Table B18: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds[a], 2010–11 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	31	345	63	438	510	948	134	5	32	170	1,119
Public hospital services[e]	13	340	7	359	499	859	15	—	18	33	892
Private hospitals	18	5	56	79	11	90	119	5	14	137	226
Patient transport services	4	4	—	8	59	66	—	2	4	6	72
Medical services	21	437	11	469	—	469	24	66	19	108	577
Dental services	2	5	10	17	23	41	21	75	1	97	138
State/territory provider	. .	. .	. .	. .	23	23	. .	2	1	3	26
Private provider	2	5	10	17	. .	17	21	73	—	94	112
Other health practitioners	7	22	4	34	—	34	9	36	11	56	90
Community health and other[f]	—	21	—	21	118	139	—	—	2	2	141
Public health	—	27	—	27	25	51	—	—	—	0	51
Medications	14	221	1	236	—	236	1	243	2	246	482
Benefit–paid pharmaceuticals	14	208	—	222	—	222	—	40	—	40	263
All other medications	—	13	1	13	—	13	1	203	2	206	219
Aids and appliances	—	10	5	15	—	15	11	56	3	70	85
Administration	—	4	11	14	—	14	23	—	—	23	37
Research	—	40	—	40	8	48	—	—	2	2	50
Total recurrent funding	**79**	**1,134**	**105**	**1,319**	**743**	**2,061**	**224**	**484**	**73**	**781**	**2,842**
Capital expenditure	—	5	. .	5	129	134	—	—	48	48	182
Total health funding[g]	**79**	**1,139**	**105**	**1,324**	**872**	**2,195**	**224**	**484**	**121**	**829**	**3,024**
Medical expenses tax rebate	—	6	. .	6	—	6	—	–6	—	–6	—
Total health funding	**79**	**1,145**	**105**	**1,330**	**872**	**2,201**	**224**	**478**	**121**	**823**	**3,024**

Notes: See page 145.

Table B19: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds[a], 2008–09 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	39	189	25	253	467	720	59	26	29	114	835
Public hospital services[e]	26	189	4	219	467	685	9	—	6	15	700
Private hospitals	13	1	21	35	1	35	49	26	24	99	134
Patient transport services	—	—	4	4	11	15	10	—	1	11	26
Medical services	20	183	4	207	—	207	9	62	8	79	285
Dental services	1	2	8	11	10	21	19	64	—	84	105
State/territory provider	. .	. .	. .	. .	10	10	. .	. .	. .	. .	10
Private provider	1	2	8	11	. .	11	19	64	—	84	95
Other health practitioners	14	11	3	28	—	28	7	27	8	42	70
Community health and other[f]	—	8	—	8	122	131	—	—	—	—	131
Public health	—	23	—	23	27	50	—	—	5	5	55
Medications	7	88	—	96	—	96	1	94	1	96	192
Benefit–paid pharmaceuticals	7	83	—	91	—	91	—	23	—	23	114
All other medications	—	5	—	5	—	5	1	71	1	73	79
Aids and appliances	—	5	3	8	—	8	6	22	1	29	37
Administration	50	15	5	70	—	70	13	—	—	13	83
Research	2	157	—	159	25	184	—	—	5	5	189
Total recurrent funding	**134**	**681**	**53**	**868**	**663**	**1,531**	**124**	**295**	**59**	**477**	**2,008**
Capital expenditure	—	2	—	2	53	55	—	—	9	9	64
Total health funding[g]	**134**	**684**	**53**	**870**	**716**	**1,586**	**124**	**295**	**68**	**486**	**2,072**
Medical expenses tax rebate	—	15	.	15	—	15	—	–15	—	–15	—
Total health funding	**134**	**698**	**53**	**885**	**716**	**1,601**	**124**	**280**	**68**	**471**	**2,072**

Notes: See page 145.

Table B20: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds[a], 2009–10 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	29	192	30	250	531	781	63	26	13	102	883
Public hospital services[e]	16	191	5	211	531	742	10	—	6	16	758
Private hospitals	13	1	25	39	—	39	53	26	7	85	125
Patient transport services	—	—	5	5	22	27	11	—	1	12	39
Medical services	17	195	5	217	—	217	10	73	8	91	307
Dental services	2	3	9	14	10	24	19	70	—	90	114
State/territory provider	. .	. .	. .	. .	10	10	. .	. .	. .	. .	10
Private provider	2	3	9	14	. .	14	19	70	—	90	104
Other health practitioners	11	12	3	26	—	26	7	27	8	42	68
Community health and other[f]	—	10	—	10	141	150	—	—	—	—	151
Public health	—	18	—	18	28	46	—	—	5	5	51
Medications	7	97	—	105	—	105	1	100	2	102	207
Benefit–paid pharmaceuticals	7	92	—	99	—	99	—	24	—	24	123
All other medications	—	5	—	6	—	6	1	76	2	78	84
Aids and appliances	—	6	3	9	—	9	6	22	1	29	38
Administration	40	13	6	59	—	59	12	—	—	12	71
Research	1	166	—	168	27	194	—	—	5	5	199
Total recurrent funding	**108**	**711**	**61**	**880**	**758**	**1,638**	**128**	**319**	**43**	**490**	**2,128**
Capital expenditure	—	4	. .	4	76	80	—	—	15	15	95
Total health funding[g]	**108**	**715**	**61**	**884**	**834**	**1,718**	**128**	**319**	**59**	**505**	**2,223**
Medical expenses tax rebate	—	2	. .	2	—	2	—	–2	—	–2	—
Total health funding	**108**	**717**	**61**	**886**	**834**	**1,720**	**128**	**316**	**59**	**503**	**2,223**

Notes: See page 145.

Table B21: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds[a], 2010–11 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	28	222	31	281	573	854	66	24	15	105	959
Public hospital services[e]	17	220	4	241	572	813	9	2	8	19	832
Private hospitals	11	2	27	40	1	41	57	22	7	86	127
Patient transport services	—	—	5	5	17	22	11	—	1	12	34
Medical services	19	225	5	249	—	249	11	94	9	113	362
Dental services	2	5	9	16	11	27	20	102	—	123	149
State/territory provider	. .	. .	. .	. .	11	11	. .	. .	. .	. .	11
Private provider	2	5	9	16	. .	16	20	102	—	123	138
Other health practitioners	–2	14	4	16	1	17	8	27	9	43	60
Community health and other[f]	—	24	—	24	143	167	—	—	—	—	167
Public health	—	18	—	18	32	49	—	—	—	—	49
Medications	8	101	—	110	—	110	1	122	1	124	234
Benefit–paid pharmaceuticals	8	95	—	102	—	102	—	25	—	25	128
All other medications	—	7	—	7	—	7	1	97	1	99	106
Aids and appliances	—	6	3	9	—	9	7	22	1	30	40
Administration	41	3	6	50	—	50	13	—	—	13	62
Research	2	163	—	165	36	201	—	—	6	6	206
Total recurrent funding	**98**	**779**	**64**	**941**	**813**	**1,754**	**136**	**391**	**42**	**569**	**2,322**
Capital expenditure	—	4	. .	4	120	124	—	—	17	17	142
Total health funding[g]	**98**	**784**	**64**	**945**	**933**	**1,878**	**136**	**391**	**60**	**586**	**2,464**
Medical expenses tax rebate	—	2	. .	2	—	2	—	–2	—	–2	—
Total health funding	**98**	**786**	**64**	**947**	**933**	**1,880**	**136**	**388**	**60**	**584**	**2,464**

Notes: See page 145.

Table B22: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds[a], 2008–09 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	4	167	8	180	300	479	19	25	20	63	543
Public hospital services[e]	3	167	—	170	298	468	1	4	8	14	482
Private hospitals	1	1	8	10	1	11	18	20	11	50	61
Patient transport services	—	13	—	13	30	44	—	—	—	1	44
Medical services	1	96	2	98	—	98	4	15	9	28	126
Dental services	—	—	2	3	15	18	5	55	—	61	79
State/territory provider	. .	. .	. .	. .	15	15	. .	. .	—	—	15
Private provider	—	—	2	3	. .	3	5	55	—	61	64
Other health practitioners	—	5	1	6	—	6	3	19	2	23	29
Community health and other[f]	—	147	—	147	217	364	—	—	—	—	364
Public health	—	23	—	23	71	94	—	—	4	4	98
Medications	1	51	—	52	—	52	—	38	—	38	91
Benefit–paid pharmaceuticals	1	45	—	46	—	46	—	7	—	7	53
All other medications	—	6	—	6	—	6	—	31	—	31	38
Aids and appliances	—	3	1	4	—	4	3	17	1	20	24
Administration	—	35	2	37	—	37	4	—	—	4	41
Research	—	12	—	12	11	24	—	—	1	1	24
Total recurrent funding	**7**	**553**	**16**	**576**	**645**	**1,221**	**39**	**168**	**37**	**244**	**1,465**
Capital expenditure	—	6	. .	6	14	20	—	—	5	5	25
Total health funding[g]	**7**	**559**	**16**	**582**	**659**	**1,241**	**39**	**168**	**42**	**249**	**1,490**
Medical expenses tax rebate	—	2	. .	2	—	2	—	–2	—	–2	—
Total health funding	**7**	**561**	**16**	**584**	**659**	**1,243**	**39**	**166**	**42**	**247**	**1,490**

Notes: See page 145.

Table B23: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds[a], 2009–10 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	3	183	9	195	302	497	19	27	12	58	555
Public hospital services[e]	2	182	—	185	301	485	1	5	8	13	499
Private hospitals	1	1	9	11	1	12	18	22	4	45	57
Patient transport services	—	12	—	12	32	45	—	—	—	1	45
Medical services	1	115	2	118	—	118	4	17	9	30	148
Dental services	—	—	3	3	3	6	6	55	—	61	67
State/territory provider	. .	. .	. .	. .	3	3	. .	. .	. .	. .	3
Private provider	—	—	3	3	. .	3	6	55	—	61	64
Other health practitioners	—	5	1	7	—	7	3	19	2	23	30
Community health and other[f]	—	155	—	155	169	324	—	—.	—	0	324
Public health	—	31	—	31	71	101	—	—	4	4	105
Medications	1	56	—	57	—	57	—	40	—	41	98
Benefit–paid pharmaceuticals	1	49	—	50	—	50	—	7	—	7	57
All other medications	—	7	—	7	—	7	—	33	—	33	41
Aids and appliances	—	3	1	5	—	5	3	17	1	21	25
Administration	—	32	2	34	—	34	4	—	—	4	38
Research	—	12	—	12	45	57	—	—	1	1	58
Total recurrent funding	**6**	**606**	**19**	**630**	**621**	**1,251**	**39**	**174**	**29**	**243**	**1,493**
Capital expenditure	—	9	. .	9	42	51	—	—	7	7	58
Total health funding[g]	**6**	**615**	**19**	**639**	**663**	**1,302**	**39**	**174**	**36**	**250**	**1,552**
Medical expenses tax rebate	—	17	. .	17	—	17	—	–17	—	–17	—
Total health funding	**6**	**632**	**19**	**656**	**663**	**1,319**	**39**	**157**	**36**	**233**	**1,552**

Notes: See page 145.

Table B24: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds[a], 2010–11 ($ million)

	Government						Non–government				
	Australian Government										
Area of expenditure	DVA	DoHA and other[b]	Premium rebates[c]	Total	State and local	Total	Health insurance funds	Individuals	Other[d]	Total	Total health expenditure
Total hospitals	3	173	11	187	404	591	23	26	10	58	649
Public hospital services[e]	2	172	—	174	402	576	1	5	6	12	588
Private hospitals	1	1	10	13	1	14	22	21	4	47	61
Patient transport services	—	12	—	12	27	39	—	—	—	1	40
Medical services	1	113	2	115	—	115	4	15	10	29	145
Dental services	—	1	3	4	8	11	6	67	—	73	85
State/territory provider	. .	. .	. .	. .	8	8	. .	. .	. .	. .	8
Private provider	—	1	3	4	. .	4	6	67	—	73	77
Other health practitioners	—	5	1	7	5	11	3	21	—	28	40
Community health and other[f]	—	161	—	161	262	423	—	—	—	1	424
Public health	—	34	—	34	78	112	—	—	—	—	112
Medications	1	60	—	61	—	61	—	42	—	42	103
Benefit–paid pharmaceuticals	1	50	—	51	—	51	—	8	—	8	58
All other medications	—	10	—	10	—	10	—	34	—	35	45
Aids and appliances	—	3	2	5	—	5	3	18	1	22	27
Administration	—	2	2	4	—	4	5	—	—	5	9
Research	—	33	—	33	20	53	—	—	1	1	54
Total recurrent funding	**5**	**596**	**21**	**622**	**803**	**1,425**	**45**	**188**	**29**	**262**	**1,687**
Capital expenditure	—	9	. .	9	53	62	—	—	13	13	74
Total health funding[g]	**5**	**604**	**21**	**631**	**856**	**1,487**	**45**	**188**	**42**	**275**	**1,761**
Medical expenses tax rebate	—	15	. .	15	—	15	—	–15	—	–15	—
Total health funding	**5**	**619**	**21**	**645**	**856**	**1,501**	**45**	**173**	**42**	**260**	**1,761**

Notes: See page 145.

Notes to Appendix B tables

(a) Tables show funding provided by the Australian Government, state and territory governments and by the major non–government sources of funding for health goods and services. They do not show total expenditure on health services by the different service provider sectors.

(b) 'DoHA and other' comprises DoHA 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 offset, and health research not funded by DoHA.

(c) Includes the 30–40% rebate on health insurance premiums that can be claimed either directly from the Australian Government through the taxation system or it may involve a reduced premium being charged by the private health insurance fund.

(d) 'Other' includes expenditure on health goods and services by workers compensation and compulsory motor vehicle third–party insurers, as well as other sources of income (for example, interest earned) of service providers.

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

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

(g) Total health funding has not been adjusted to include the medical expenses tax rebate as funding by the Australian Government.

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

Appendix C: Price indexes and deflation

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

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

Price indexes

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

- By the scope of the index—the economic variable to which the price indexes refer (such as all health expenditure, capital consumption, capital expenditure, and so on); 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, and so on).
- By the technical manner in which the indexes are constructed—such as 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 broadbrush indexes that cover all health services. Chain indexes, which give better measures of pure price change, are preferred to IPDs. But the suite of available indexes is not always ideal, and in some cases it has been necessary to resort to proxies for the preferred indexes. Note that neither the consumer price index (CPI) nor its health services subgroup is appropriate for measuring movements in overall prices of health goods and services, nor for deflating macro expenditure aggregates. This is because the CPI measures movements in the prices faced by households only. The overall CPI and its components do not, for example, include government subsidies, benefit payments and non–marketed services that governments provide.

The deflators that the AIHW uses in this report are either annually re–weighted Laspeyres (base–period–weighted) chain price indexes or IPDs. The chain price indexes are calculated at a detailed level, and they provide a close approximation to measures of pure price change while IPDs are affected by compositional changes. The IPDs for GDP and GNE are broad measures of price change in the national accounts; they provide an indication of the overall changes in the prices of goods and services produced in Australia. The reference year for both the chain price indexes and the IPDs in this report is 2010–11. Constant price estimates therefore indicate what expenditure would have been had 2010–11 prices applied in all years. The change in constant price expenditures is a measure of changes in the volume of health goods and services.

There are nine different deflators used in this report (Table C1). Most deflators are very specific to the type of expenditure they are applied to. For example, all hospitals use the government final consumption expenditure (GFCE) hospitals and nursing homes deflator.

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

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

(a) See Box 4.1 for details on the distinction between public hospitals and public hospital services.

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

The following deflators are sourced from the ABS: GFCE hospitals and nursing homes, professional health workers wage rate index, HFCE on chemist goods, gross fixed capital formation and GDP. The ABS deflators use 2009–10 as their base year but for this report the AIHW has re–referenced them to 2010–11. The AIHW has derived the chain price index for Medicare medical services fees charged and the IPD for PBS pharmaceuticals from Medicare Australia and Pharmaceutical Pricing Authority data respectively. The IPDs for dental services, other health practitioners and aids and appliances have been derived by the AIHW from ABS and PHIAC data. The total health price index (THPI) is discussed in detail below.

Total health price index

The THPI is the AIHW's index of annual ratios of 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 2010–11 (that is, the prices are given a value of 100 in 2010–11). 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 prior to 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 utilised 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.

The national THPI provides the most useful available measure of overall health inflation in Australia. As such, it has now been integrated into the indexation formula for payments in support of the National Healthcare Agreement under the Intergovernmental Agreement on Federal Financial Relations, implicitly in 2010–11 and explicitly thereafter.

Table C2 shows the THPI and other industry–wide indexes used in this report, referenced to 2010–11, 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 2010–11 = 100)

Index	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
Total health price index[(a)]	75.21	77.35	80.29	82.88	85.92	89.39	92.48	94.61	96.74	99.09	100.00
Government final consumption expenditure on hospitals and nursing homes	73.18	75.25	77.32	80.08	82.25	85.90	89.45	92.11	95.07	98.62	100.00
Medicare medical services fees charged[(b)]	66.95	70.82	74.63	78.60	84.72	89.48	92.29	94.81	96.27	98.55	100.00
Dental services[(a)]	62.92	64.62	73.73	76.87	81.81	85.13	89.86	93.47	96.71	99.15	100.00
Other health practitioners[(a)]	71.01	76.02	80.57	82.47	84.85	88.95	90.72	90.62	94.40	96.89	100.00
Professional health workers wage rates	68.05	70.27	72.68	76.16	78.86	82.43	86.20	89.38	92.76	96.53	100.00
PBS pharmaceuticals[(a)]	98.08	98.22	98.28	98.36	98.45	98.60	98.80	99.03	99.50	99.68	100.00
HFCE on chemist goods	99.00	97.01	97.51	96.12	97.11	98.41	100.70	101.29	99.90	99.60	100.00
Aids and appliances[(a)]	95.39	93.47	95.74	102.39	105.06	107.87	110.18	113.26	111.30	105.93	100.00
Australian Government gross fixed capital formation	98.80	97.80	95.91	94.41	96.21	96.91	98.50	98.40	100.60	99.80	100.00
State, territory and local government gross fixed capital formation	86.37	85.87	86.57	87.26	89.65	92.34	95.42	97.71	101.49	99.50	100.00
Private gross fixed capital formation	81.16	85.04	86.24	87.14	88.53	91.23	93.22	97.91	100.30	99.70	100.00
Gross domestic product	68.26	70.16	72.16	74.35	77.20	80.94	84.91	88.84	93.33	94.20	100.00

(a) IPD, constructed by the AIHW.

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

Table C3: Growth rates for the total health price index and industry-wide indexes, 2000–01 to 2010–11 (per cent)

Index	2000–01 to 2001–02	2001–02 to 2002–03	2002–03 to 2003–04	2003–04 to 2004–05	2004–05 to 2005–06	2005–06 to 2006–07	2006–07 to 2007–08	2007–08 to 2008–09	2008–09 to 2009–10	2009–10 to 2010–11
Total health price index[(a)]	2.8	3.8	3.2	3.7	4.0	3.5	2.3	2.3	2.4	0.9
Government final consumption expenditure on hospitals and nursing homes	2.8	2.8	3.6	2.7	4.4	4.1	3.0	3.2	3.7	1.4
Medicare medical services fees charged[(b)]	5.8	5.4	5.3	7.8	5.6	3.1	2.7	1.5	2.4	1.5
Dental services[(a)]	2.7	14.1	4.3	6.4	4.1	5.5	4.0	3.5	2.5	0.9
Other health practitioners[(a)]	7.1	6.0	2.3	2.9	4.8	2.0	–0.1	4.2	2.6	3.2
Professional health workers wage rates	3.3	3.4	4.8	3.5	4.5	4.6	3.7	3.8	4.1	3.6
PBS pharmaceuticals[(a)]	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.5	0.2	0.3
HFCE on chemist goods	–2.0	0.5	–1.4	1.0	1.3	2.3	0.6	–1.4	–0.3	0.4
Aids and appliances[(a)]	–2.0	2.4	6.9	2.6	2.7	2.1	2.8	–1.7	–4.8	–5.6
Australian Government gross fixed capital formation	–1.0	–1.9	–1.6	1.9	0.7	1.6	–0.1	2.2	–0.8	0.2
State, territory and local government gross fixed capital formation	–0.6	0.8	0.8	2.7	3.0	3.3	2.4	3.9	–2.0	0.5
Private gross fixed capital formation	4.8	1.4	1.0	1.6	3.0	2.2	5.0	2.4	–0.6	0.3
Gross domestic product	2.8	2.8	3.0	3.8	4.8	4.9	4.6	5.1	0.9	6.2

(a) IPD, constructed by the AIHW.

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

Appendix D: Population

In previous reports, the per person estimates of expenditure were calculated using estimates of annual mean resident population, which were based on quarterly estimated resident population data from the ABS (ABS 2011a).

As of the 2010–11 report, the per person estimates of expenditure are calculated using the estimated resident population (ERP) as at 31 December (ABS 2011a). As a result of this change, per person estimates contained in this report are not comparable to those published in previous reports.

Table D1 show the Australian estimated resident population and state and territory estimated resident populations, while Table D2 shows annual population growth. Table D3 shows the number of insured persons with hospital treatment cover between 2000–01 and 2010–11.

Table D1: Estimated resident population, by state and territory, 2000–01 to 2010–11 ('000)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2000–01	6,527.4	4,770.0	3,592.4	1,887.7	1,508.0	471.4	316.8	196.3	19,270.0
2001–02	6,605.1	4,833.4	3,670.8	1,914.0	1,516.7	472.3	320.8	198.3	19,531.4
2002–03	6,649.5	4,892.5	3,764.7	1,937.6	1,525.9	474.9	324.1	199.3	19,768.4
2003–04	6,688.7	4,952.2	3,857.1	1,967.9	1,536.3	480.8	326.0	200.6	20,009.4
2004–05	6,728.9	5,014.0	3,946.0	1,998.8	1,545.5	484.6	328.2	203.8	20,249.7
2005–06	6,786.4	5,085.5	4,043.8	2,037.3	1,559.4	488.5	332.4	208.4	20,541.7
2006–07	6,858.6	5,170.6	4,139.7	2,084.7	1,576.5	491.8	337.1	212.3	20,871.3
2007–08	6,943.9	5,262.4	4,242.8	2,138.1	1,593.5	495.4	342.1	217.4	21,235.5
2008–09	7,041.4	5,364.8	4,349.5	2,204.0	1,612.0	500.3	347.8	221.7	21,641.6
2009–10	7,184.3	5,499.8	4,472.6	2,269.7	1,634.8	505.4	355.0	228.0	22,149.4
2010–11	7,272.2	5,585.6	4,548.7	2,317.1	1,650.4	509.3	361.9	229.9	22,474.9

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

Source: ABS 2011a.

Table D2: Annual population growth, by state and territory, 2000–01 to 2010–11 (per cent)

Period	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2000–01 to 2001–02	1.2	1.3	2.2	1.4	0.6	0.2	1.3	1.1	1.4
2001–02 to 2002–03	0.7	1.2	2.6	1.2	0.6	0.5	1.0	0.5	1.2
2002–03 to 2003–04	0.6	1.2	2.5	1.6	0.7	1.2	0.6	0.6	1.2
2003–04 to 2004–05	0.6	1.2	2.3	1.6	0.6	0.8	0.7	1.6	1.2
2004–05 to 2005–06	0.9	1.4	2.5	1.9	0.9	0.8	1.3	2.3	1.4
2005–06 to 2006–07	1.1	1.7	2.4	2.3	1.1	0.7	1.4	1.9	1.6
2006–07 to 2007–08	1.2	1.8	2.5	2.6	1.1	0.7	1.5	2.4	1.7
2007–08 to 2008–09	1.4	1.9	2.5	3.1	1.2	1.0	1.7	2.0	1.9
2008–09 to 2009–10	2.0	2.5	2.8	3.0	1.4	1.0	2.1	2.8	2.3
2009–10 to 2010–11	1.2	1.6	1.7	2.1	1.0	0.8	2.0	0.8	1.5
				Average annual growth rate (%)					
2000–01 to 2005–06	0.8	1.3	2.4	1.5	0.7	0.7	1.0	1.2	1.3
2005–06 to 2010–11	1.4	1.9	2.4	2.6	1.1	0.8	1.7	2.0	1.8
2000–01 to 2010–11	1.1	1.6	2.4	2.1	0.9	0.8	1.3	1.6	1.6

Source: ABS 2011a.

Table D3: Number of insured persons with hospital treatment coverage, 2000–01 to 2010–11

Year	NSW & ACT	Vic	Qld	WA	SA	Tas	NT	Australia
2000–01	3,163,640	2,159,479	1,525,041	920,404	693,120	209,843	70,071	8,741,597
2001–02	3,149,329	2,152,371	1,551,111	913,562	691,659	210,382	66,913	8,735,325
2002–03	3,143,669	2,129,396	1,552,171	906,975	685,336	208,070	64,740	8,690,357
2003–04	3,133,488	2,112,666	1,557,221	907,028	677,275	204,592	63,519	8,655,789
2004–05	3,141,827	2,112,766	1,576,205	920,629	674,882	205,013	63,337	8,694,657
2005–06	3,169,613	2,128,507	1,614,167	949,550	679,193	204,546	63,821	8,809,398
2006–07	3,225,824	2,180,529	1,675,599	991,121	689,397	206,560	66,127	9,035,157
2007–08	3,331,903	2,267,809	1,774,475	1,055,205	708,720	212,894	72,645	9,423,650
2008–09	3,386,645	2,317,560	1,848,647	1,110,380	721,201	215,998	76,215	9,676,645
2009–10	3,450,884	2,367,368	1,896,070	1,149,675	731,367	218,535	79,581	9,893,479
2010–11	3,541,337	2,429,268	1,955,553	1,206,991	742,557	221,545	83,246	10,180,497

Sources: PHIAC 2007, 2008, 2009a, 2009b, 2010, 2011.

Glossary

Accrual accounting

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

Admitted patient

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

Aids and appliances

Durable medical goods dispensed to ambulatory patients that are used more than once, for therapeutic purposes, such as glasses, hearing aids, wheelchairs and orthopaedic appliances and prosthetics that are not implanted surgically but are external to the user of the appliance.

Excludes prostheses fitted as part of admitted patient care in a hospital.

Australian Government administered expenses

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

Australian Government departmental expenses

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

Australian Government expenditure

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

Australian Government funding

The sum of Australian Government expenditure and section 96 grants to states and territories. This also includes the 30–40% private health insurance premium rebates.

Australian Health Care Agreements (AHCAs)

The Australian Government, via a 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 2000–01 and 2010–11 you would apply the following formula:
(($million in 2010–11/$million in 1999–10)^(1/10)–1)*100.

Benefit–paid pharmaceuticals

Pharmaceuticals that are listed in the schedule of pharmaceuticals under 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 the full cost of which 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 additional charge for the service.

The practitioner then claims the Medicare benefit from Medicare in full payment of the service.

Capital consumption

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

Capital expenditure

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

Capital formation

Gross fixed capital formation is the value of acquisitions less disposals of new or existing fixed assets. Assets consist of tangible or intangible assets that have come into existence as outputs from processes of production, and that are themselves used repeatedly or continuously in other processes of production over periods of time longer than 1 year. See *Australian national accounts: concepts, sources and methods* (ABS cat. no. 5216.0, November 2000) for further details.

Cash accounting

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

Chain price index

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

Community health services

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

Includes, for example:

- well baby clinics
- health services provided to particular groups, such as Aboriginal and Torres Strait Islander people, women, youth and migrants, as well as family planning services, alcohol and drug treatment services, and so forth
- specialised mental health programs for patients with mental illness that are 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 2010–11 in this report. Constant price estimates indicate what expenditure would have been had 2010–11 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. So changes in current price expenditures reflect changes in both price and volume.
Dental services	A range of services provided by registered dental practitioners. Includes oral and maxillofacial surgery items; orthodontic, pedodontic and periodontic services; cleft lip and palate services; dental assessment and treatment; and other dental items listed in the MBS.
Excess health inflation	The difference where the health inflation rate exceeds the general inflation rate; that is, the rate of increase in the price of goods and services in the health care sector exceeds the rate of increase in the price of goods and services in the economy as a whole.
General inflation	The increase in the general price level of goods and services in the economy.
Government finance statistics (GFS)	Provides details of revenues, expenses, cash flows, assets and liabilities of the Australian public sector and comprises units which are owned and/or controlled by the Australian Government, state and territory governments and local governments. See ABS 2005 and ABS 2010a for further details.
Government purpose classification (GPC)	An ABS classification that classifies current outlays, capital outlays and selected other transactions of the non–financial public sector in terms of the government purposes for which the transactions are made. See ABS 2005 and ABS 2010a for further details.

Gross domestic product (GDP)	A statistic commonly used to indicate national income. It 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)	GNE is an alternative measure to GDP. It is equal to GDP less export income and including imports.
Health administration	Activities related to the formulation and administration of government and non–government policy in health and in the setting and enforcement of standards for health personnel and for hospitals, clinics, and so forth. Includes the regulation and licensing of providers of health services. Where possible, administrative costs related to the delivery of particular health goods and services are added to the direct expenditure on those goods and services.
Health inflation	The increase in the price level of goods and services in the health sector.
Health research	Research undertaken at tertiary institutions, in private non–profit organisations and in government facilities that has a health socioeconomic objective. Excludes commercially oriented research funded by private business, the costs of which are assumed to be included in the prices charged for the goods and services (for example, medications that have been developed and/or supported by research activities).
Highly specialised drugs	Under Section 100 of the *National Health Act 1953*, certain drugs can only be supplied to patients through hospitals because only the hospitals can provide the facilities or staff necessary to oversee the appropriate use of the drugs. These drugs are funded by the Australian Government.
Hospital services	Services of a type that are normally 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, for example, 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' classification (see *Admitted patient*).
Jurisdictions	State, territory and local governments.
Local government	A public sector unit where the political authority underlying its function is limited to a local government area or other region within a state or territory, or the functions involve policies that are primarily of concern at the local level.
Medical durables	Therapeutic devices, such as glasses, hearing aids and wheelchairs that can be used more than once.
Medical services	Includes services provided by, or on behalf of, registered medical practitioners that are funded by the Medicare Benefits Schedule (MBS), DVA, compulsory motor vehicle third–party insurance, workers compensation insurance, private health insurance funds, Australian Government premium rebates allocated to medical services, Medicare copayments and other out–of–pocket payments. Most medical services in Australia are provided on a fee–for–service basis and attract benefits from the Australian Government under Medicare. This includes both private in–hospital medical services and out–of–hospital medical services. It also includes non–MBS medical services, such as the provision of vaccines for overseas travel, as well as some expenditure by the Australian Government under funding arrangements that are alternatives to the fees for service. Excludes medical services provided to public admitted patients in public hospitals and medical services provided to public patients at outpatient clinics in public hospitals.

Medical expenses tax rebate

This tax rebate applies in regard to a wide range of health expenditures, not just expenses associated with doctors, as its name might suggest. 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. For the 2010–11 income year, the tax rebate was 20 cents for each $1 by which a taxpayer's net medical expenses exceeded $2,000 (the threshold).

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

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

Medications

Comprises benefit–paid pharmaceuticals and other medications.

Nominal expenditure

Expenditure expressed in terms of current prices.

Non–admitted patient

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

Other health practitioner services

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

Other medications

Pharmaceuticals for which no PBS or RPBS benefit was paid and other medications.

Includes:

- 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 concerned
- pharmaceuticals dispensed through private prescriptions that do not fulfil the criteria for payment of benefit under the PBS or RPBS
- over–the–counter medicines including pharmacy–only medicines, aspirin, cough and cold medicines, vitamins and minerals, herbal and other complementary medicines, and a range of medical non–durables, such as, condoms, adhesive and non-adhesive bandages.

Other recurrent health services n.e.c.

Miscellaneous expenditures that could not, at that time, be allocated to the specific health expenditure areas in the matrix.

Over–the–counter medicines

Therapeutic medicinal preparations that can be purchased from pharmacies and supermarkets.

Over–the–counter therapeutic medical non–durables

Non–prescription therapeutic goods that tend to be single–use items, such as bandages, elastic stockings, condoms and other mechanical contraceptive devices, from pharmacies or supermarkets.

Patient transport services

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

For 2003–04 onwards, this category includes patient transport expenses that are included in the operating costs of public hospitals.

Pharmaceutical Benefits Scheme (PBS)	A national, government–funded scheme that subsidises the cost of a wide range of pharmaceutical drugs, and that covers all Australians to help them afford standard medications.
Private Health Insurance Incentives Scheme (PHIIS)	The PHIIS, which was introduced on 1 July 1997, was to encourage more people to take out private health insurance by providing 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 they were neither eligible for the tax subsidy nor liable to incur a tax penalty, regardless of their private health insurance status. The scheme ceased operation on 31 December 1998.
Private hospital	A health care provider facility, other than a public hospital, that has been established under state or territory legislation as a hospital or freestanding day procedure unit and authorised to facilitate the provision of hospital services to patients. A private hospital is not defined by whether it is privately owned but by whether it is *not* a public hospital (as defined below). Private hospital expenditure includes expenditures incurred by a private hospital in providing contracted and/or ad hoc treatments for public patients.
Private patient	A person admitted to a private hospital, or a person admitted to a public hospital who is treated by a doctor of their own choice and/or who has private ward accommodation. This means that the patient will be charged for medical services, food and accommodation.

Public health activities

Nine types of activities undertaken or funded by the key jurisdictional health departments that address 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.

For 2000–01 onwards public health services also include departmental costs for the following departmental regulators: Therapeutic Goods Administration, Office of Gene Technology Regulator (OGTR) and the National Industrial Chemicals Notification and Assessment Scheme (NICNAS). These departmental costs are not included in the *National public health expenditure* or *Public health expenditure in Australia* reports.

Public hospital

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

Public hospital services	The balance of public hospital expenditure remaining, after community health services, public health services, non–admitted dental services, patient transport services and health research activities that are undertaken by public hospitals have been removed and reallocated to their own expenditure categories.
Public patient	A patient admitted to a public hospital who is treated by doctors of the hospital's choice and accepts shared ward accommodation if necessary. This means that the patient is not charged.
Purchasing power parity (PPP)	This exchange rate is one which adjusts for differences in the prices of goods and services between countries. It shows how much the same good or service will cost across countries.
Real expenditure	Expenditure that has been adjusted to remove the effects of inflation (for example, expenditure for all years has been compiled using 2010–11 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. There are two types of rebates of health insurance premiums. The first rebate is where the 30–40% rebate is taken as a reduced premium payable by the individual with private health cover (with the health fund claiming payment from the Australian Government). The second rebate is taken as an income tax rebate, where individuals with private health cover elect to claim the rebate through the tax system at the end of the financial year for the 30–40% rebate, having paid the health funds 100% of their premiums up front.
Recurrent expenditure	Expenditure incurred by organisations on a recurring basis, for the provision of health goods and services. This excludes capital expenditure. For all years recurrent expenditure includes capital consumption.

Repatriation Pharmaceutical Benefits Scheme (RPBS)	This scheme provides assistance to eligible veterans (with recognised war or service–related disabilities) and their dependants for both pharmaceuticals listed on the PBS and a supplementary repatriation list, at the same cost as patients entitled to the concessional payment under the PBS.
Specific purpose payments (SPPs)	Australian Government payments to the states and territories under the provisions of section 96 of the Constitution, to be 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 only to be spent within the sector described e.g. within the health sector. In addition, there are National partnership payments under National partnership agreements that are targeted to specific areas of health expenditure.
State and territory dental services	School dental programs, community dental services and hospital dental programs funded by state and territory health authorities.
Therapeutic	Having to do with the treating or curing of a disease.
Total health price index (THPI)	The ratio of total national health expenditure at current prices, to total national health expenditure at constant prices.

References

ABS (Australian Bureau of Statistics) 2005. Australian system of government finance statistics: concepts, sources and methods, 2005. Cat. no. 5514.0. Canberra: ABS.

ABS 2010a. Australian system of government finance statistics: concepts, sources and methods, 2005. Cat. no. 5514.0.55.001. Canberra: ABS.

ABS 2010b. Research and experimental development, all sector summary, Australia, 2008–09. Cat. no. 8112.0. Canberra: ABS.

ABS 2010c. Research and experimental development, government and private non–profit organisations, Australia, 2008–09. Cat. no. 8109.0. Canberra: ABS.

ABS 2011a. Australian demographic statistics, December 2010. Cat. no.3101.0. Canberra: ABS.

ABS 2011b. Private hospitals, Australia, 2009–10. Cat. no. 4390.0. Canberra: ABS.

ABS 2011c. Research and experimental development, businesses, Australia, 2009–10. Cat. no. 8104.0. Canberra: ABS.

ABS 2012a. Australian national accounts: national income, expenditure and product, March 2012. Cat. no. 5206.0. Canberra: ABS.

ABS 2012b. Research and experimental development, higher education organisations, Australia 2010. Cat. no. 8111.0. Canberra: ABS.

AIHW (Australian Institute of Health and Welfare) 2002. National public health expenditure report 1999–00. Cat. no. HWE 22. Canberra: AIHW.

AIHW 2004. National public health expenditure report 2000–01. Cat. no. HWE 25. Canberra: AIHW.

AIHW 2006. National public health expenditure report 2001–02 to 2003–04. Cat. no. HWE 33. Canberra: AIHW.

AIHW 2007a. Health expenditure Australia 2005–06. Cat. no. HWE 37. Canberra: AIHW.

AIHW 2007b. National public health expenditure report 2004–05. Cat. no. HWE 36. Canberra: AIHW.

AIHW 2008a. National public health expenditure report 2005–06. Canberra: AIHW.

AIHW 2008b. Public health expenditure in Australia 2006–07. Cat. no. HWE 41. Canberra: AIHW.

AIHW 2009. Public health expenditure in Australia, 2007–08. Cat. no. HWE 47. Canberra: AIHW.

AIHW 2011. Public health expenditure in Australia, 2008–09. Cat. no. HWE 52. Canberra: AIHW.

ATO (Australian Taxation Office) 2009. 2008–09 Commissioner of taxation annual report. Canberra: ATO.

ATO 2010. 2009–10 Commissioner of taxation annual report. Canberra: ATO.

ATO 2011. 2010–11 Commissioner of taxation annual report. Canberra: ATO.

DoHA (Department of Health and Ageing) 2009. Annual report 2008–09. Canberra: DoHA.

DoHA 2010. Annual report 2009–10. Canberra: DoHA.

DoHA 2011. Annual report 2010–11. Canberra: DoHA.

Feros Pe 2000. Pharmacy 2000: management and marketing for pharmacists. Issue no. 3. . Sydney: Pharmacy Works.

Feros Pe 2001. Pharmacy 2000: management and marketing for pharmacists. Issue no. 3. . Sydney: Pharmacy Works.

Flanagan Be 2002a. Retail pharmacy: keeping you ahead of the rest.Vol. 11, no 6. Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan Be 2002b. Retail world: food and grocery for the new millennium. Vol. 55, No. 24. Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan Be 2003. Retail world: food and grocery for the new millennium. Vol. 56, No. 24. Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan Be 2004a. Retail pharmacy: keeping you ahead of the rest. vol 13, no. 6. Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan Be 2004b. Retail world: food and grocery for the new millennium. Vol. 57, No. 24. Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan Be 2005a. Retail pharmacy: keeping you ahead of the rest. vol 14, no. 6. Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan Be 2005b. Retail world: food and grocery for the new millennium. Vol 58, no.24. Sydney: Agency Printing (Aust) Pty Ltd.

Flanagan Be 2006. Retail world: food and grocery for the new millennium. Vol 59, no.24. Sydney: Pegasus Print Group.

Flanagan Be 2007. Retail world: food and grocery for the new millennium. Vol 60, no.24. Sydney: Fast Proof Press.

Flanagan Be 2008. Retail world: food and grocery for the new millennium. Vol 61, no.24. Sydney: Fast Proof Press.

Gloria Lde 2009. Retail world annual report 2009. Vol. 62, No 24. Sydney: GEON Group.

Gloria Lde 2010. Retail world annual report 2010. Vol. 63, No 23. Sydney: GEON Group.

Gloria Lde 2011. Retail world annual report 2011. Vol. 64, No 23. Sydney: GEON Group.

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

OECD 2011. A system of health accounts version 2.0, pre–edited version, annexes A1 to A7. Paris: International Health Advisory Team OECD.

OECD 2012. OECD health data 2012. Paris: OECD.

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

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

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

PHIAC 2009b. PHIAC Quarterly reports 2008–09. . Canberra: AusInfo.

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

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

SCRCSSP 2003. Report on government services 2003. Canberra: AusInfo.

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

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

UN 2002. International Standard Industrial Classification of All Economic Activities (ISIC) Revision 3.1. New York: United Nations.

UN 2009. A system of national accounts 2008. New York: United Nations.

List of tables

List of figures

List of boxes

Related publications

This report, *Health expenditure Australia 2010–11*, is part of an annual series. The earlier editions and any published subsequently can be downloaded free from the AIHW website <http://www.aihw.gov.au/expenditure–publications/>. The website also includes information on ordering printed copies.

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

AIHW (Australian Institute of Health and Welfare) 2011. Australian health expenditure by remoteness: a comparison of remote, regional and city health expenditure. Health and welfare expenditure series no. 41. Cat. no. HWE 50. Canberra: AIHW.

AIHW 2011. Expenditure on health for Aboriginal and Torres Strait Islander people 2009–10: an analysis by remoteness and disease. Health and welfare expenditure series no. 45. Cat. no. HWE 54. Canberra: AIHW.

AIHW 2011. Expenditure on health for Aboriginal and Torres Strait Islander people 2009–10. Health and welfare expenditure series no. 44. Cat. no. HWE 53.Canberra: AIHW.

Expenditure on health in Australia was estimated to be $130.3 billion in 2010–11, up from $77.5 billion in 2000–01. This expenditure was 9.3% of gross domestic product in 2010-11, down from 9.4% in 2009–10 but up from 8.2% in 2000–01. The estimated recurrent expenditure on health was $5,796 per person, and 69.1% was funded by governments, up from 67.7% in 2000–01. The two largest components of the increase in health expenditure were public hospital services, which grew by $2.2 billion in real terms, followed by medications ($2.1 billion).