Australian Government

Australian Institute of Health and Welfare

# Health expenditure Australia

## 2015–16

AIHW

Stronger evidence,
better decisions,
improved health and welfare

Australian Government
Australian Institute of Health and Welfare

HEALTH AND WELFARE EXPENDITURE SERIES
Number 58

# Health expenditure Australia

# 2015–16

Australian Institute of Health and Welfare
Canberra
Cat. no. HWE 68

**The Australian Institute of Health and Welfare is a major national agency whose purpose is to create authoritative and accessible information and statistics that inform decisions and improve the health and welfare of all Australians.**



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

ISSN 2205-6610 (PDF)
ISSN 1323-5850 (Print)
ISBN 978-1-76054-206-1 (PDF)
ISBN 978-1-76054-207-8 (Print)

**Suggested citation**

Australian Institute of Health and Welfare 2017. Health expenditure Australia 2015–16. Health and welfare expenditure series no. 58. Cat. no. HWE 68. Canberra: AIHW.



Any enquiries relating to copyright or comments on this publication should be directed to:
Australian Institute of Health and Welfare
GPO Box 570
Canberra ACT 2601
Tel: (02) 6244 1000
Email: info@aihw.gov.au

Published by the Australian Institute of Health and Welfare

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


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

# Contents

# Acknowledgments

This report would not have been possible without the valued cooperation and effort of the data providers in the health authorities of the states and territories and the Australian Government.

The Australian Institute of Health and Welfare (AIHW) would like to express its appreciation to state, territory and other providers for the timely supply of data and assistance with data validation. The AIHW also wishes to thank the members of the AIHW's Health Expenditure Advisory Committee who helped to plan this report, and provided advice on its content.

Janice Miller, Emily Bourke and Vicki Bennett carried out the collection and analysis of the data and the writing of this publication.

# Abbreviations

| | |
|---|---|
| ABS | Australian Bureau of Statistics |
| ACT | Australian Capital Territory |
| AIHW | Australian Institute of Health and Welfare |
| Amt | amount |
| APRA | Australian Prudential Regulation Authority |
| CPI | consumer price index |
| DVA | Australian Government Department of Veterans' Affairs |
| GDP | gross domestic product |
| GFCE | government final consumption expenditure |
| GHE NMDS | Government Health Expenditure National Minimum Data Set |
| GNE | gross national expenditure |
| HFCE | household final consumption expenditure |
| HIF | health insurance funds |
| IHPA | Independent Hospital Pricing Authority |
| IPD | implicit price deflator |
| MBS | Medicare Benefits Schedule |
| METeOR | Metadata Online Registry |
| NPP | national partnership payment |
| NSW | New South Wales |
| NT | Northern Territory |
| OECD | Organisation for Economic Co-operation and Development |
| PBS | Pharmaceutical Benefits Scheme |
| Qld | Queensland |
| SA | South Australia |
| SPP | special purpose payment |
| Tas | Tasmania |
| Treasury | Australian Government Department of the Treasury |
| Vic | Victoria |
| WA | Western Australia |
| WHO | World Health Organization |

# Symbols

| | |
|---|---|
| — | nil or rounded to zero |
| . . | not applicable |

# Summary

This report provides the latest annual overview of the key trends in health expenditure in Australia. It is the latest in the 33 years of the AIHW's health expenditure series, and examines health expenditure according to who paid (the source of funds) and the types of health goods and services purchased (area of expenditure) between 2005–06 and 2015–16.

Growth in total health expenditure in Australia continued to be relatively low in 2015–16 compared with the 10-year average. However, this was not the case for all sources of funds and it did not result in a reduction in the ratio of health expenditure to gross domestic product (GDP).

## Total health expenditure

Total health expenditure (recurrent and capital expenditure combined) in 2015–16 was $170.4 billion—$6.0 billion (3.6%) higher in real terms than in 2014–15. This was the fourth consecutive year that growth in health expenditure was below the 10-year average (4.7% between 2005–06 and 2015–16).

Growth in real health expenditure per Australian ($7,096 in 2015–16) was also relatively low, at about two-thirds the average annual growth rate over the decade (2.2% compared with 3.0%).

Despite the relatively low growth, the share of the economy (GDP) represented by health (10.3%) increased 0.3 percentage points due to a slower increase in GDP. The increase in the health to GDP ratio was driven more by price rises in the health sector than by the volume of goods and services provided.

## Government expenditure

Total government health expenditure ($114.6 billion)—about two-thirds (67.3%) of all health expenditure—grew by 4.1% in real terms in 2015–16. This was lower than the average annual growth rate for the decade (4.4%).

Government expenditure on public hospital services was $46.9 billion (40.9% of total government expenditure) in 2015–16. This was up from $44.3 billion the previous year—a real growth of 5.7%. State and territory expenditure accounted for 52.5% of all sources of expenditure on public hospital services in 2015–16.

In 2015–16, primary health care accounted for almost one-third ($34.6 billion or 30.2%) of all government expenditure—three-quarters of this was Australian Government expenditure (74.0%).

## Non-government expenditure

Non-government sources (individuals, private health insurance funds and other non-government sources) spent $55.8 billion on health in 2015–16 (32.7% of total health spending, down from 33.1% the previous year). Growth in non-government expenditure in 2015–16 (2.7%) was half the average annual growth over the decade (5.4%).

Expenditure by individuals accounted for 52.7% of non-government expenditure—down from 53.4% the previous year—and represented 17.3% of total health expenditure, down from 17.7% in 2014–15. In 2015–16, 68.0% of individual expenditure was spent on primary health care and 19.5% of individual expenditure was on dental services.

# 1 Introduction

This report is the latest in the Australian Institute of Health and Welfare's (AIHW) *Health expenditure Australia* series and includes estimates of how much was spent on health between 2005–06 and 2015–16. These estimates form Australia's National Health Accounts, which are a related (but separate) collection from the National Accounts prepared by the Australian Bureau of Statistics (ABS). This information contributes to understanding the performance and efficiency of Australia's health system and changes over time.

## 1.1 What is health expenditure?

Health expenditure is defined as expenditure on health goods and services, including investment in equipment and facilities (see Glossary for detailed descriptions of health expenditure components). This definition closely follows the definitions and concepts that the Organisation for Economic Co-operation and Development (OECD) System of Health Accounts (OECD, Eurostat & WHO 2011) framework provides. It excludes:

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

Expenditure on health is traditionally analysed in terms of recurrent expenditure and capital expenditure.

Recurrent expenditure can generally be thought of as goods and services consumed within a year. It includes expenditure on health goods (such as medications and health aids and appliances), health services (such as hospital, dental and medical services), public health activities, and other activities that support health systems (such as research and administration). Capital consumption or depreciation is also included as part of recurrent expenditure.

Capital expenditure is expenditure on fixed assets, such as new buildings.

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

In many cases, funds pass through several entities before providers (such as hospitals, general practices and pharmacies) use them to provide health goods and services.

The term 'health expenditure' in this context includes the funds the Australian Government provides to the state and territory governments, as well as funds that the state and territory governments allocate to health service providers.

In the case of public hospital care; for example, the states and territories use funds provided from several sources, including from the Australian Government, as outlined in Figure 1.1. The hospitals themselves also receive funds from several sources before ultimately spending this money on accommodation, medical and surgical supplies, drugs, salaries of doctors and nurses, and so on.

In many cases, data on expenditure are not available directly from the providers of health goods and services. As a result, data for this report are derived mainly from entities that

spend money on health goods and services—particularly state and territory governments, the Australian Government, private health insurers and individuals.

In this report, efforts have been made to record as much of this health expenditure as possible. To avoid double counting, expenditure by some entities is offset against expenditure by others. For example, when estimating total expenditure on hospital services in a year, the funds the Australian Government provides to states and territories for hospital services are subtracted from the hospital expenditure reported by the states and territories in order to derive the amount that the states and territories spent from their own resources.

This method has limitations where the funds provided by the Australian Government are not all spent by the state or territory government in the same year. For example, in 2008–09, the Australian Government provided $1.2 billion 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 expenditure, even though they may have actually spent the funds over several years. This is an extreme example, however, and its overall effect on trends in health expenditure would be limited.

**Box 1.1: Expenditure at current and constant prices**

**Current price estimates**

Expenditure at current prices refers to expenditure that is not adjusted for movements in prices from 1 year to another (that is, not adjusted for inflation). Comparisons over time using figures expressed in current prices can be misleading due to the effect of inflation. For example, $1 billion spent in 2005–06 will have bought more health goods and services than $1 billion spent in 2015–16.

**Deflation and constant price estimates**

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

The reference year used in this report is 2015–16. See Appendix C for more information on the deflation methods used.

**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 rises in the volume of health goods and services.

Growth in expenditure, expressed in constant prices, is referred to as ‘real growth’ or ‘growth in real terms’.

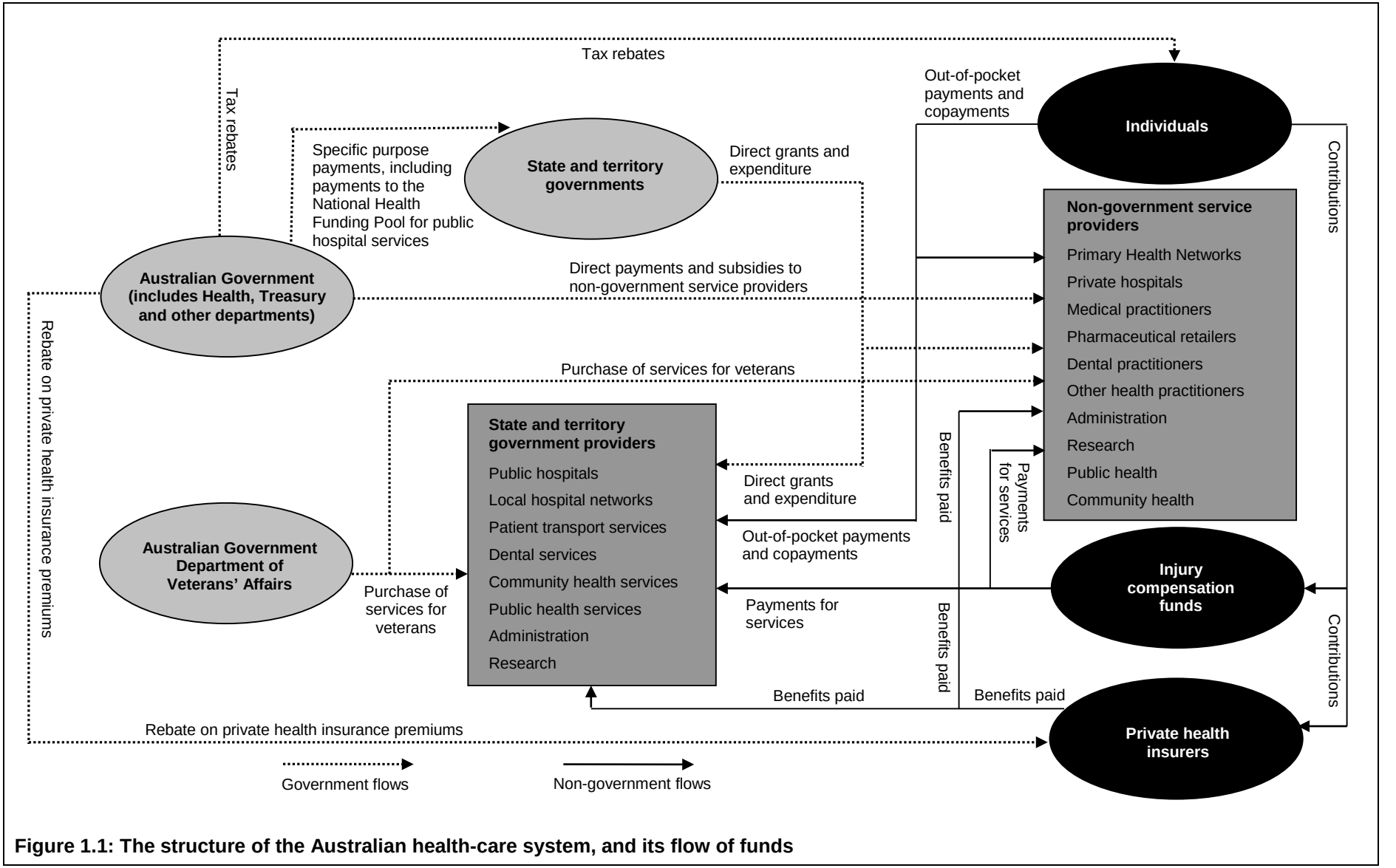



**Figure 1.1: The structure of the Australian health-care system, and its flow of funds**

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

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

## 1.3 Structure of this report

This report focuses on national trends in health expenditure. Detailed analyses of specific areas of health expenditure are covered in supplementary publications which are available from the AIHW's website <www.aihw.gov.au>.

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

Chapter 2 presents a broad picture of total national health expenditure in 2015–16 and over the decade since 2005–06.

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

The appendixes include more detailed national and state and territory health expenditure data, information on the data sources and methods used to create the expenditure estimates and a data quality statement for 2015–16 for the AIHW health expenditure database.

Data for all tables and figures in the publication can be downloaded free from <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/data>.

# 2 Health expenditure

This chapter outlines macro-level trends in health expenditure over the past decade. Australia's expenditure is considered in the context of changes in the economy and population growth. The focus is on total health expenditure (recurrent plus capital and the medical expenses tax rebate) in all sections except Section 2.3, which deals specifically with recurrent expenditure.

Total health expenditure in 2015–16 was $170.4 billion—$6.0 billion higher in real terms than in 2014–15, and $63.2 billion higher than in 2005–06 (Table 2.1).

This growth of 3.6% was approximately three-quarters (77.0%) of the average annual growth over the decade (4.7%)—the fourth consecutive year that growth was lower than the decade average.

**Table 2.1: Total health expenditure, current and constant prices[(a)], and annual rates of change, 2005–06 to 2015–16**

| | Amount ($ million) | | Change from previous year (%) | |
|---|---|---|---|---|
| Year | Current | Constant | Nominal change[(b)] | Real growth[(b)] |
| 2005–06 | 86,685 | 107,231 | . . | . . |
| 2006–07 | 94,938 | 113,652 | 9.52 | 5.99 |
| 2007–08 | 103,563 | 121,166 | 9.08 | 6.61 |
| 2008–09 | 114,401 | 130,039 | 10.46 | 7.32 |
| 2009–10 | 121,710 | 135,024 | 6.39 | 3.83 |
| 2010–11 | 131,612 | 144,623 | 8.14 | 7.11 |
| 2011–12 | 141,957 | 153,367 | 7.86 | 6.05 |
| 2012–13 | 146,953 | 155,166 | 3.52 | 1.17 |
| 2013–14 | 154,671 | 160,139 | 5.25 | 3.20 |
| 2014–15 | 161,619 | 164,393 | 4.49 | 2.66 |
| 2015–16 | 170,386 | 170,386 | 5.42 | 3.65 |
| | | Average annual change (%) | | |
| 2005–06 to 2010–11 | . . | . . | 8.71 | 6.17 |
| 2010–11 to 2015–16 | . . | . . | 5.30 | 3.33 |
| 2005–06 to 2015–16 | . . | . . | 6.99 | 4.74 |

(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

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

*Source:* AIHW health expenditure database.

## 2.1 Health expenditure and the GDP

The ratio of Australia's health expenditure to GDP (health to GDP ratio) measures the proportion of total economic activity represented by the health sector.

Despite recent low growth in health spending, health's share of GDP has continued to rise, from 10.0% in 2014–15 to 10.3% in 2015–16. This has reflected the continued low growth in GDP (2.3% nominal growth in 2015–16 compared with the decade average of 5.2%) (Table 2.2).

**Table 2.2: Total health expenditure and GDP, current prices, and annual health to GDP ratios, 2005–06 to 2015–16**

| Year | Total health expenditure ($ million) | GDP ($ million) | Nominal GDP growth (%)[(a)] | Ratio of health expenditure to GDP (%) |
|---|---|---|---|---|
| 2005–06 | 86,685 | 998,458 | . . | 8.68 |
| 2006–07 | 94,938 | 1,087,440 | 8.91 | 8.73 |
| 2007–08 | 103,563 | 1,178,809 | 8.40 | 8.79 |
| 2008–09 | 114,401 | 1,259,280 | 6.83 | 9.08 |
| 2009–10 | 121,710 | 1,297,508 | 3.04 | 9.38 |
| 2010–11 | 131,612 | 1,410,442 | 8.70 | 9.33 |
| 2011–12 | 141,957 | 1,491,741 | 5.76 | 9.52 |
| 2012–13 | 146,953 | 1,527,529 | 2.40 | 9.62 |
| 2013–14 | 154,671 | 1,589,940 | 4.09 | 9.73 |
| 2014–15 | 161,619 | 1,617,016 | 1.70 | 9.99 |
| 2015–16 | 170,386 | 1,654,928 | 2.34 | 10.30 |
| **Average** | . . | . . | **5.18** | **9.37** |

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

*Sources:* AIHW health expenditure database; ABS 2017b.

## Differential growth in real health expenditure and GDP

Once inflation in both the health sector and the overall economy are taken into account, real health spending grew by 3.6% in 2015–16, while GDP increased by 2.7% over the same period (Table 2.3; Figure 2.1). Total health expenditure grew an average of 4.7% annually from 2005–06 and 2015–16, while GDP grew 2.8% over the same period. The rate of real growth in health expenditure has slowed since the first half of the decade, where average annual expenditure increased at a rate of 6.2%. Over the period 2010–11 to 2015–16, the average annual growth rate of health expenditure has decreased to 3.3%. The average growth rate for GDP was steady over the decade at 2.8%.

**Table 2.3: Total health expenditure and GDP, constant prices[a], and annual growth rates, 2005–06 to 2015–16**

| | Total health expenditure | | GDP | |
|---|---|---|---|---|
| **Year** | **Amount ($ million)** | **Growth rate (%)** | **Amount ($ million)** | **Growth rate (%)** |
| 2005–06 | 107,231 | . . | 1,261,475 | . . |
| 2006–07 | 113,652 | 5.99 | 1,308,777 | 3.75 |
| 2007–08 | 121,166 | 6.61 | 1,357,178 | 3.70 |
| 2008–09 | 130,039 | 7.32 | 1,381,769 | 1.81 |
| 2009–10 | 135,024 | 3.83 | 1,409,486 | 2.01 |
| 2010–11 | 144,623 | 7.11 | 1,442,930 | 2.37 |
| 2011–12 | 153,367 | 6.05 | 1,495,370 | 3.63 |
| 2012–13 | 155,166 | 1.17 | 1,533,799 | 2.57 |
| 2013–14 | 160,139 | 3.20 | 1,573,823 | 2.61 |
| 2014–15 | 164,393 | 2.66 | 1,611,935 | 2.42 |
| 2015–16 | 170,386 | 3.65 | 1,654,928 | 2.67 |
| | **Average annual growth rate (%)** | | | |
| 2005–06 to 2010–11 | . . | 6.17 | . . | 2.72 |
| 2010–11 to 2015–16 | . . | 3.33 | . . | 2.78 |
| 2005–06 to 2015–16 | . . | 4.74 | . . | 2.75 |

(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

*Sources:* AIHW health expenditure database; ABS 2017b.


(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

*Source:* Table 2.3.

**Figure 2.1: Annual growth rates of health expenditure and GDP, constant prices[(a)], 2005–06 to 2015–16**

## Health inflation

A change in expenditure, at current prices, from 1 year to another can result from either increased prices (inflation) or growth in volume, or a combination of both (see Box 1.1).

Inflation can be further subdivided and analysed in terms of 'general inflation' and 'excess health inflation', which indicates whether inflation in the health sector was higher or lower than in the general economy (see Box 2.1).

Health inflation is measured by changes in the AIHW total health price index. Inflation across the economy is measured by changes in the ABS implicit price deflators (IPDs) for GDP and gross national expenditure (GNE). These 2 measures take a different approach to the treatment of the export and import components of the economy (see Box 2.1).

**Box 2.1: Inflation**

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

**General inflation**

General inflation refers to the average rate of change in prices throughout the economy over time. Two measures are used for the general rate of inflation—the implicit price deflators for GDP and GNE. The ABS produces figures for both of these implicit price deflators.

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

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

**Health inflation**

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

**Excess health inflation**

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

Health inflation was estimated at 1.7% in 2015–16 (Table 2.4). On average, excess health inflation was negative over the decade, whether compared with either the GDP or GNE implicit price deflators, which were both –0.2%. This suggests that price growth in the health sector has generally been slower than in the rest of the economy (Table 2.4; Figure 2.2).

**Table 2.4: Annual rates of health inflation, 2005–06 to 2015–16 (%)**

| | | GDP IPD measures | | GNE IPD measures | |
|---|---|---|---|---|---|
| Period | Health inflation[a] | General inflation[b] | Excess health inflation | General inflation[c] | Excess health inflation |
| 2005–06 to 2006–07 | 3.33 | 4.98 | –1.56 | 3.47 | –0.14 |
| 2006–07 to 2007–08 | 2.32 | 4.54 | –2.12 | 3.24 | –0.89 |
| 2007–08 to 2008–09 | 2.93 | 4.93 | –1.90 | 3.37 | –0.43 |
| 2008–09 to 2009–10 | 2.46 | 1.01 | 1.44 | 1.80 | 0.65 |
| 2009–10 to 2010–11 | 0.96 | 6.18 | –4.92 | 2.21 | –1.22 |
| 2010–11 to 2011–12 | 1.71 | 2.06 | –0.34 | 1.94 | –0.23 |
| 2011–12 to 2012–13 | 2.32 | –0.17 | 2.49 | 2.01 | 0.30 |
| 2012–13 to 2013–14 | 1.98 | 1.44 | 0.54 | 2.18 | –0.19 |
| 2013–14 to 2014–15 | 1.79 | –0.70 | 2.51 | 1.63 | 0.16 |
| 2014–15 to 2015–16 | 1.72 | –0.31 | 2.04 | 1.80 | –0.08 |
| | | Average annual growth rate (%) | | | |
| 2005–06 to 2010–11 | 2.40 | 4.31 | –1.81 | 2.81 | –0.41 |
| 2010–11 to 2015–16 | 1.90 | 0.46 | 1.45 | 1.91 | –0.01 |
| 2005–06 to 2015–16 | 2.15 | 2.37 | –0.18 | 2.36 | –0.21 |

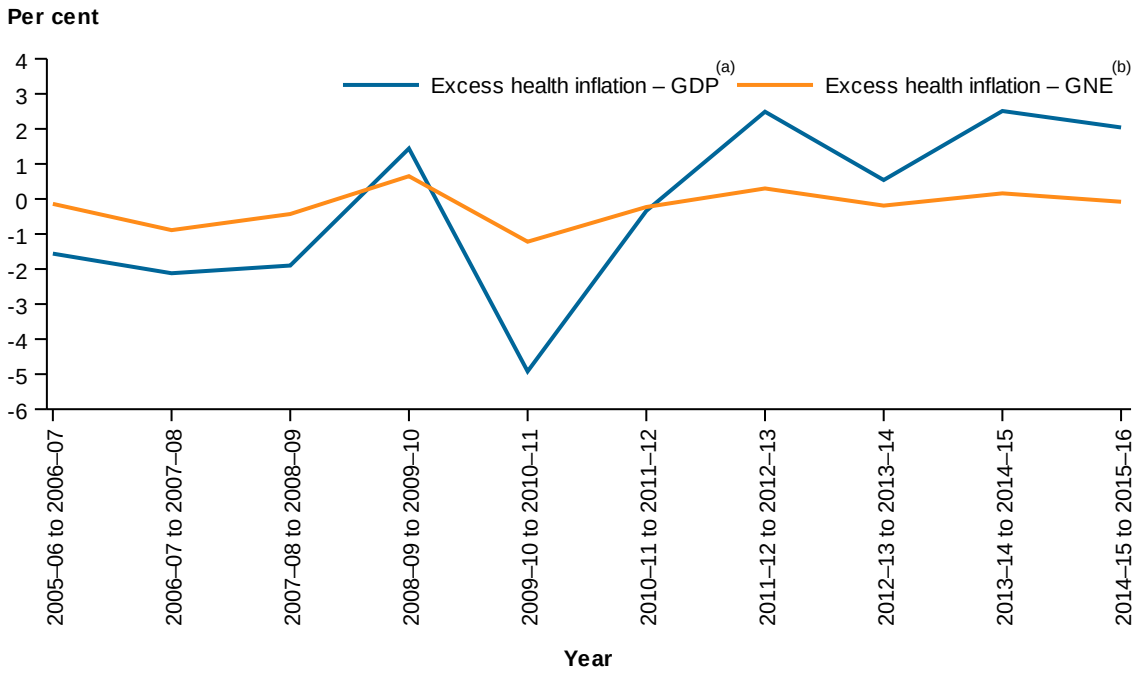
(a) Based on the total health price index. See Appendix C for more details.

(b) Based on the IPD for GDP. See Appendix C for more details.

(c) Based on the IPD for GNE. See Appendix C for more details.

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

*Sources:* AIHW health expenditure database; ABS 2017b.




(a) Based on the IPD for GDP. See Appendix C for more details.

(b) Based on the IPD for GNE. See Appendix C for more details.

*Source:* Table 2.4.

**Figure 2.2: Change in annual rates of GDP and GNE excess health inflation, 2005–06 to 2015–16**

## The contribution of inflation to health expenditure growth

Increases in health expenditure are due to both changes in the volume of goods and services, and changes in the prices of goods and services. The contribution of these components to the relative increase in health expenditure to GDP ratio is shown in Table 2.5.

In 2015–16, the ratio of health expenditure to GDP was 10.3%, up by 0.3 percentage points on the previous year (10.0%). This was comprised of a 1.0% increase in the volume of health goods and services, relative to the increase in GDP volume, and a 2.0% rise in the price of health goods and services compared with price changes in the general economy. This suggests that the increase in the health to GDP ratio was driven more by price rises in the health sector than by the volume of goods and services (Table 2.5).

**Table 2.5: Components of the annual change in the health expenditure to GDP ratio, 2005–06 to 2015–16 (%)**

| Year | Ratio of health expenditure to GDP | Percentage change in ratio of health expenditure to GDP from previous year | Components of change in ratio | |
|---|---|---|---|---|
| | | | Change in the volume of health goods and services purchased[a] | Change in the price of health goods and services purchased[b] |
| 2005–06 | 8.68 | . . | . . | . . |
| 2006–07 | 8.73 | 0.56 | 2.16 | –1.56 |
| 2007–08 | 8.79 | 0.63 | 2.81 | –2.12 |
| 2008–09 | 9.08 | 3.41 | 5.41 | –1.90 |
| 2009–10 | 9.38 | 3.25 | 1.79 | 1.44 |
| 2010–11 | 9.33 | –0.52 | 4.63 | –4.92 |
| 2011–12 | 9.52 | 1.98 | 2.33 | –0.34 |
| 2012–13 | 9.62 | 1.09 | –1.36 | 2.49 |
| 2013–14 | 9.73 | 1.12 | 0.58 | 0.54 |
| 2014–15 | 9.99 | 2.74 | 0.23 | 2.51 |
| 2015–16 | 10.30 | 3.01 | 0.95 | 2.04 |

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

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

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

*Sources:* AIHW health expenditure database; ABS 2017b.

# 2.2 Health expenditure per person

Assuming there are no changes in the value of the existing mix of health goods and services, health expenditure would need to grow in proportion to population growth to maintain the same average level of supply of health goods and services per person in the community. That is, larger populations would need higher levels of expenditure to provide their members with the same average levels of health goods and services as smaller populations (ignoring the impact of economies of scale and other sources of efficiency). To account for these population differences, it is important to look at average per person health expenditure.

In 2015–16, the estimated per person expenditure on health averaged $7,096, which was $151 more (in real terms) per person than in the previous year. This represented a 2.2% growth—more than two-thirds of the average annual growth over the decade (3.0%), and twice the 1.1% growth of the previous year (Table 2.6; Figure 2.3).

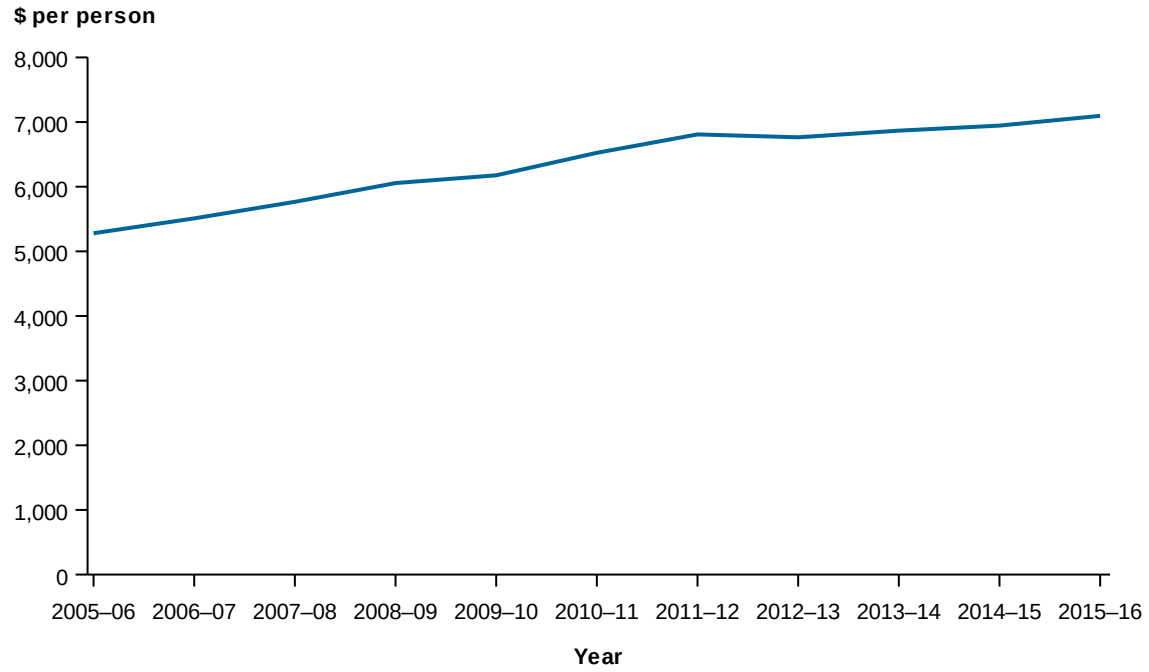
**Table 2.6: Average health expenditure per person[(a)], current and constant prices[(b)], and annual growth rates, 2005–06 to 2015–16**

| | Amount ($) | | Annual change in expenditure (%) | |
|---|---|---|---|---|
| Year | Current | Constant | Nominal change | Real growth |
| 2005–06 | 4,268 | 5,280 | . . | . . |
| 2006–07 | 4,603 | 5,510 | 7.8 | 4.4 |
| 2007–08 | 4,928 | 5,766 | 7.1 | 4.6 |
| 2008–09 | 5,328 | 6,056 | 8.1 | 5.0 |
| 2009–10 | 5,567 | 6,176 | 4.5 | 2.0 |
| 2010–11 | 5,937 | 6,524 | 6.6 | 5.6 |
| 2011–12 | 6,302 | 6,809 | 6.2 | 4.4 |
| 2012–13 | 6,406 | 6,764 | 1.6 | –0.7 |
| 2013–14 | 6,633 | 6,867 | 3.5 | 1.5 |
| 2014–15 | 6,828 | 6,945 | 2.9 | 1.1 |
| 2015–16 | 7,096 | 7,096 | 3.9 | 2.2 |
| | | **Average annual growth rate (%)** | | |
| 2005–06 to 2010–11 | . . | . . | 6.8 | 4.3 |
| 2010–11 to 2015–16 | . . | . . | 3.6 | 1.7 |
| 2005–06 to 2015–16 | . . | . . | 5.2 | 3.0 |

(a) Based on annual estimated resident population. See Appendix C for more details.

(b) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

*Source:* AIHW health expenditure database.




(a) Based on annual estimated resident population. See Appendix C for more details.

(b) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

*Source:* Table 2.6.

**Figure 2.3: Average health expenditure per person(a), constant prices(b), 2005–06 to 2015–16**

# 2.3 Recurrent health expenditure

Recurrent health expenditure is expenditure that does not result in creating or acquiring fixed assets. It consists mainly of expenditure on wages, salaries and supplements, purchases of goods and services, and depreciation. It excludes expenditure on capital, which is included under 'total health expenditure' in this report.

Recurrent expenditure usually accounts for about 94%–95% of total expenditure on health goods and services in a year. In 2015–16, recurrent expenditure was $160.2 billion (94.0% of total health expenditure) (Table 2.7). The remainder was change in the health-related capital stock—that is, capital expenditure.

Recurrent health expenditure grew in real terms by 4.6% per year between 2005–06 and 2015–16, which closely matched the growth in total health expenditure (4.7%) (Table 2.8).

**Table 2.7: Total and recurrent health expenditure, current prices, and recurrent expenditure as a proportion of total health expenditure, 2005–06 to 2015–16**

| Year | Total health expenditure ($ million) | Recurrent expenditure ($ million) | Recurrent expenditure as a proportion of total health expenditure (%) |
|---|---|---|---|
| 2005–06 | 86,685 | 81,933 | 94.5 |
| 2006–07 | 94,938 | 89,449 | 94.2 |
| 2007–08 | 103,563 | 98,017 | 94.6 |
| 2008–09 | 114,401 | 107,934 | 94.3 |
| 2009–10 | 121,710 | 115,923 | 95.2 |
| 2010–11 | 131,612 | 124,122 | 94.3 |
| 2011–12 | 141,957 | 133,144 | 93.8 |
| 2012–13 | 146,953 | 138,347 | 94.1 |
| 2013–14 | 154,671 | 145,557 | 94.1 |
| 2014–15 | 161,619 | 152,053 | 94.1 |
| 2015–16 | 170,386 | 160,182 | 94.0 |

*Source:* AIHW health expenditure database.

**Table 2.8: Total and recurrent health expenditure, constant prices[(a)] and annual growth rates, 2005–06 to 2015–16**

| | Total health expenditure | | Recurrent expenditure | |
|---|---|---|---|---|
| Year | ($ million) | Annual growth (%) | ($ million) | Annual growth (%) |
| 2005–06 | 107,231 | . . | 101,695 | . . |
| 2006–07 | 113,652 | 6.0 | 107,396 | 5.6 |
| 2007–08 | 121,166 | 6.6 | 115,115 | 7.2 |
| 2008–09 | 130,039 | 7.3 | 123,191 | 7.0 |
| 2009–10 | 135,024 | 3.8 | 128,824 | 4.6 |
| 2010–11 | 144,623 | 7.1 | 136,676 | 6.1 |
| 2011–12 | 153,367 | 6.0 | 144,060 | 5.4 |
| 2012–13 | 155,166 | 1.2 | 146,127 | 1.4 |
| 2013–14 | 160,139 | 3.2 | 150,686 | 3.1 |
| 2014–15 | 164,393 | 2.7 | 154,655 | 2.6 |
| 2015–16 | 170,386 | 3.6 | 160,182 | 3.6 |
| | **Average annual growth rate (%)** | | | |
| 2005–06 to 2010–11 | . . | 6.2 | . . | 6.1 |
| 2010–11 to 2015–16 | . . | 3.3 | . . | 3.2 |
| 2005–06 to 2015–16 | . . | 4.7 | . . | 4.6 |

(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

*Source:* AIHW health expenditure database.

## Recurrent expenditure in states and territories

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

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

Of the $160.2 billion in national recurrent health expenditure in 2015–16, more than half (55.5%) was spent in the 2 states with the largest populations—New South Wales ($50.1 billion) and Victoria ($38.9 billion) (Table 2.9).

**Table 2.9: Recurrent health expenditure, current prices, for each state and territory, all sources of funds, 2005–06 to 2015–16 ($ million)**

| Year | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Australia |
|---|---|---|---|---|---|---|---|---|---|
| 2005–06 | 27,386 | 20,401 | 15,199 | 8,035 | 6,446 | 1,851 | 1,569 | 1,047 | 81,933 |
| 2006–07 | 29,637 | 22,005 | 17,124 | 8,925 | 6,882 | 2,016 | 1,718 | 1,142 | 89,449 |
| 2007–08 | 32,025 | 23,765 | 19,058 | 10,013 | 7,718 | 2,294 | 1,845 | 1,300 | 98,017 |
| 2008–09 | 34,882 | 26,257 | 21,281 | 11,095 | 8,452 | 2,495 | 2,007 | 1,464 | 107,934 |
| 2009–10 | 36,967 | 28,660 | 23,297 | 11,724 | 9,047 | 2,608 | 2,120 | 1,500 | 115,923 |
| 2010–11 | 39,273 | 30,884 | 24,667 | 12,796 | 9,636 | 2,844 | 2,326 | 1,696 | 124,122 |
| 2011–12 | 41,937 | 32,705 | 26,861 | 13,792 | 10,330 | 2,998 | 2,530 | 1,991 | 133,144 |
| 2012–13 | 43,953 | 33,597 | 28,124 | 14,655 | 10,475 | 3,027 | 2,556 | 1,960 | 138,347 |
| 2013–14 | 46,192 | 35,264 | 29,605 | 15,601 | 11,073 | 3,178 | 2,666 | 1,978 | 145,557 |
| 2014–15 | 48,047 | 36,958 | 30,868 | 16,775 | 11,299 | 3,294 | 2,823 | 1,987 | 152,053 |
| 2015–16 | 50,107 | 38,858 | 33,213 | 17,621 | 11,798 | 3,488 | 3,011 | 2,086 | 160,182 |

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

*Source:* AIHW health expenditure database.

Queensland had the highest average annual real growth in recurrent health expenditure between 2005–06 and 2015–16 (5.7%). The lowest average annual growth rate was (2.7%) in the Australian Capital Territory over the same period. The annual growth over the decade for all states and territories was 4.6% (Table 2.10).

**Table 2.10: Recurrent health expenditure, constant prices[(a)], for each state and territory, all sources of funds, and average annual growth rates, 2005–06 to 2015–16 ($ million)**

| Year | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Australia |
|---|---|---|---|---|---|---|---|---|---|
| 2005–06 | 33,608 | 24,694 | 19,126 | 10,293 | 8,044 | 2,280 | 2,296 | 1,355 | 101,695 |
| 2006–07 | 35,106 | 25,884 | 20,794 | 11,028 | 8,312 | 2,399 | 2,453 | 1,420 | 107,396 |
| 2007–08 | 37,107 | 27,472 | 22,592 | 12,033 | 9,085 | 2,676 | 2,570 | 1,580 | 115,115 |
| 2008–09 | 39,495 | 29,492 | 24,483 | 12,863 | 9,652 | 2,827 | 2,670 | 1,711 | 123,191 |
| 2009–10 | 40,844 | 31,475 | 25,959 | 13,191 | 10,059 | 2,873 | 2,719 | 1,703 | 128,824 |
| 2010–11 | 43,082 | 33,566 | 27,158 | 14,283 | 10,630 | 3,116 | 2,934 | 1,905 | 136,676 |
| 2011–12 | 45,192 | 35,091 | 29,055 | 15,016 | 11,193 | 3,227 | 3,100 | 2,186 | 144,060 |
| 2012–13 | 46,206 | 35,299 | 29,656 | 15,508 | 11,067 | 3,184 | 3,100 | 2,106 | 146,127 |
| 2013–14 | 47,663 | 36,326 | 30,528 | 16,128 | 11,457 | 3,292 | 3,222 | 2,070 | 150,686 |
| 2014–15 | 48,702 | 37,437 | 31,261 | 17,035 | 11,474 | 3,351 | 3,350 | 2,046 | 154,655 |
| 2015–16 | 50,107 | 38,858 | 33,213 | 17,621 | 11,798 | 3,488 | 3,011 | 2,086 | 160,182 |
| | | | | **Average annual growth rate (%)** | | | | | |
| 2005–06 to 2010–11 | 5.1 | 6.3 | 7.3 | 6.8 | 5.7 | 6.4 | 5.0 | 7.0 | 6.1 |
| 2010–11 to 2015–16 | 3.1 | 3.0 | 4.1 | 4.3 | 2.1 | 2.3 | 0.5 | 1.8 | 3.2 |
| 2005–06 to 2015–16 | 4.1 | 4.6 | 5.7 | 5.5 | 3.9 | 4.3 | 2.7 | 4.4 | 4.6 |

(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

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

*Source:* AIHW health expenditure database.

## Recurrent expenditure per person

Average recurrent health expenditure per person varies between states and territories for various reasons, such as differences in socioeconomic and demographic profiles. Health policy initiatives of the state or territory government or the Australian Government can also influence health expenditure per person in a particular state or territory.

The per person recurrent health expenditure estimates for individual states and territories must always be treated with caution. The estimates on which they are based include expenditures on health goods and services provided to patients from other states and territories. The population that provides the denominator in the calculation is, however, the resident population of the state or territory in which the expenditure was incurred. This particularly affects the estimates for the Australian Capital Territory, which provides a high volume of health services to New South Wales residents in the surrounding region. As a result, per person estimates for the Australian Capital Territory are not reported in this publication, but are included in the national estimates.

In 2015–16, the estimated national average level of recurrent expenditure on health was $6,671 per person. The Northern Territory had the highest per person recurrent expenditure ($8,534), 27.9% higher than the national average (Table 2.11; Figure 2.4).

**Table 2.11: Average recurrent health expenditure per person[a], current prices, for each state and territory[b], all sources of funds, 2005–06 to 2015–16 ($)**

| Year | NSW | Vic | Qld | WA | SA | Tas | NT | Australia[c] |
|---|---|---|---|---|---|---|---|---|
| 2005–06 | 4,076 | 4,061 | 3,834 | 3,958 | 4,172 | 3,793 | 5,050 | 4,034 |
| 2006–07 | 4,367 | 4,311 | 4,222 | 4,297 | 4,408 | 4,102 | 5,410 | 4,337 |
| 2007–08 | 4,652 | 4,571 | 4,581 | 4,690 | 4,889 | 4,627 | 6,000 | 4,664 |
| 2008–09 | 4,982 | 4,942 | 4,977 | 5,023 | 5,289 | 4,971 | 6,581 | 5,027 |
| 2009–10 | 5,206 | 5,289 | 5,334 | 5,179 | 5,590 | 5,149 | 6,587 | 5,302 |
| 2010–11 | 5,470 | 5,620 | 5,560 | 5,518 | 5,903 | 5,573 | 7,364 | 5,599 |
| 2011–12 | 5,775 | 5,847 | 5,944 | 5,780 | 6,271 | 5,857 | 8,556 | 5,911 |
| 2012–13 | 5,973 | 5,882 | 6,099 | 5,951 | 6,298 | 5,911 | 8,187 | 6,031 |
| 2013–14 | 6,190 | 6,041 | 6,314 | 6,220 | 6,597 | 6,192 | 8,136 | 6,242 |
| 2014–15 | 6,344 | 6,195 | 6,494 | 6,623 | 6,670 | 6,405 | 8,170 | 6,424 |
| 2015–16 | 6,523 | 6,373 | 6,900 | 6,907 | 6,913 | 6,759 | 8,534 | 6,671 |
| | **Percentage variation from the national average (%)** | | | | | | | |
| 2005–06 | 1.0 | 0.7 | –5.0 | –1.9 | 3.4 | –6.0 | 25.2 | . . |
| 2006–07 | 0.7 | –0.6 | –2.6 | –0.9 | 1.6 | –5.4 | 24.7 | . . |
| 2007–08 | –0.3 | –2.0 | –1.8 | 0.5 | 4.8 | –0.8 | 28.6 | . . |
| 2008–09 | –0.9 | –1.7 | –1.0 | –0.1 | 5.2 | –1.1 | 30.9 | . . |
| 2009–10 | –1.8 | –0.3 | 0.6 | –2.3 | 5.4 | –2.9 | 24.2 | . . |
| 2010–11 | –2.3 | 0.4 | –0.7 | –1.4 | 5.4 | –0.5 | 31.5 | . . |
| 2011–12 | –2.3 | –1.1 | 0.5 | –2.2 | 6.1 | –0.9 | 44.7 | . . |
| 2012–13 | –1.0 | –2.5 | 1.1 | –1.3 | 4.4 | –2.0 | 35.7 | . . |
| 2013–14 | –0.8 | –3.2 | 1.1 | –0.4 | 5.7 | –0.8 | 30.3 | . . |
| 2014–15 | –1.2 | –3.6 | 1.1 | 3.1 | 3.8 | –0.3 | 27.2 | . . |
| 2015–16 | –2.2 | –4.5 | 3.4 | 3.5 | 3.6 | 1.3 | 27.9 | . . |

(a) Based on annual estimated resident population. See Appendix C for more details.

(b) The ACT per person figures are not calculated, as they include substantial expenditures for NSW residents; therefore, the ACT population is not an appropriate denominator.

(c) Australian average includes the ACT.

*Source:* AIHW health expenditure database.


(a) Based on annual estimated resident population. See Appendix C for more details.

(b) The ACT per person figures are not calculated as they include substantial expenditures for New South Wales residents; therefore, the Australian Capital Territory population is not an appropriate denominator.

(c) Australian average includes the 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)], 2015–16**

Table 2.12 shows the average recurrent health expenditure per person after adjusting for the effects of inflation. Over the decade, health expenditure rose by $1,664 per person—from $5,007 in 2005–06 to $6,671 in 2015–16.

**Table 2.12: Average recurrent health expenditure per person[(a)], constant prices[(b)], for each state and territory[(c)], all sources of funds, 2005–06 to 2015–16 ($)**

| Year | NSW | Vic | Qld | WA | SA | Tas | NT | Australia[(d)] |
|---|---|---|---|---|---|---|---|---|
| 2005–06 | 5,003 | 4,916 | 4,825 | 5,070 | 5,207 | 4,671 | 6,535 | 5,007 |
| 2006–07 | 5,173 | 5,071 | 5,127 | 5,310 | 5,324 | 4,880 | 6,728 | 5,207 |
| 2007–08 | 5,390 | 5,283 | 5,431 | 5,636 | 5,755 | 5,397 | 7,295 | 5,478 |
| 2008–09 | 5,641 | 5,551 | 5,726 | 5,823 | 6,040 | 5,633 | 7,688 | 5,737 |
| 2009–10 | 5,751 | 5,808 | 5,944 | 5,827 | 6,215 | 5,672 | 7,476 | 5,892 |
| 2010–11 | 6,000 | 6,108 | 6,121 | 6,159 | 6,511 | 6,108 | 8,273 | 6,165 |
| 2011–12 | 6,223 | 6,274 | 6,429 | 6,293 | 6,795 | 6,304 | 9,392 | 6,396 |
| 2012–13 | 6,279 | 6,180 | 6,431 | 6,297 | 6,654 | 6,218 | 8,795 | 6,370 |
| 2013–14 | 6,387 | 6,222 | 6,511 | 6,430 | 6,826 | 6,415 | 8,516 | 6,462 |
| 2014–15 | 6,431 | 6,275 | 6,577 | 6,725 | 6,773 | 6,516 | 8,412 | 6,534 |
| 2015–16 | 6,523 | 6,373 | 6,900 | 6,907 | 6,913 | 6,759 | 8,534 | 6,671 |

(a) Based on annual estimated resident population. See Appendix C for more details.

(b) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

(c) The ACT per person averages are not calculated, as they include substantial expenditures for NSW residents; therefore, the ACT population is not an appropriate denominator.

(d) Australian average includes the ACT.

*Source:* AIHW health expenditure database.

All states and territories expenditure grew in 2015–16; however, the national growth (2.1%) was about two-thirds of the 10-year average annual growth (2.9%) (Table 2.13). Queensland was the only state or territory with a growth in recurrent per person expenditure (4.9%) above its 10-year average annual rate in real terms (3.6%).

**Table 2.13: Annual growth in recurrent health expenditure per person[(a)], constant prices[(b)], for each state and territory[(c)], all sources of funds, 2005–06 to 2015–16 (%)**

| Period | NSW | Vic | Qld | WA | SA | Tas | NT | Australia[(d)] |
|---|---|---|---|---|---|---|---|---|
| 2005–06 to 2006–07 | 3.4 | 3.2 | 6.3 | 4.7 | 2.2 | 4.5 | 3.0 | 4.0 |
| 2006–07 to 2007–08 | 4.2 | 4.2 | 5.9 | 6.1 | 8.1 | 10.6 | 8.4 | 5.2 |
| 2007–08 to 2008–09 | 4.6 | 5.1 | 5.4 | 3.3 | 4.9 | 4.4 | 5.4 | 4.7 |
| 2008–09 to 2009–10 | 2.0 | 4.6 | 3.8 | 0.1 | 2.9 | 0.7 | –2.8 | 2.7 |
| 2009–10 to 2010–11 | 4.3 | 5.2 | 3.0 | 5.7 | 4.8 | 7.7 | 10.7 | 4.6 |
| 2010–11 to 2011–12 | 3.7 | 2.7 | 5.0 | 2.2 | 4.4 | 3.2 | 13.5 | 3.7 |
| 2011–12 to 2012–13 | 0.9 | –1.5 | 0.0 | 0.1 | –2.1 | –1.4 | –6.4 | –0.4 |
| 2012–13 to 2013–14 | 1.7 | 0.7 | 1.2 | 2.1 | 2.6 | 3.2 | –3.2 | 1.4 |
| 2013–14 to 2014–15 | 0.7 | 0.8 | 1.0 | 4.6 | –0.8 | 1.6 | –1.2 | 1.1 |
| 2014–15 to 2015–16 | 1.4 | 1.6 | 4.9 | 2.7 | 2.1 | 3.7 | 1.5 | 2.1 |
| **Average annual growth rate (%)** | | | | | | | | |
| 2005–06 to 2010–11 | 3.7 | 4.4 | 4.9 | 4.0 | 4.6 | 5.5 | 4.8 | 4.2 |
| 2010–11 to 2015–16 | 1.7 | 0.9 | 2.4 | 2.3 | 1.2 | 2.0 | 0.6 | 1.6 |
| 2005–06 to 2015–16 | 2.7 | 2.6 | 3.6 | 3.1 | 2.9 | 3.8 | 2.7 | 2.9 |

(a) Based on annual estimated resident population. See Appendix C for more details.

(b) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

(c) The ACT per person figures are not calculated, as they include substantial expenditures for NSW residents; therefore, the ACT population is not an appropriate denominator.

(d) Australian average includes the ACT.

*Source:* Table 2.12.

# 3 Sources of funds

Health expenditure is considered here in terms of the main entities that spend money on health in Australia. These bodies include the Australian Government, state and territory governments and non-government entities, such as individuals and private health insurers—referred to as sources of funds. The report defines the main types of health services and identifies how expenditure in these areas is changing over time.

## 3.1 Broad trends

In 2015–16, governments spent $114.6 billion on health, or 67.3% of total health expenditure (recurrent plus capital and the medical expenses tax rebate) in Australia. The proportion that governments funded in 2015–16 was 0.4 percentage points higher than in 2014–15, the first increase since 2011–12 (tables 3.1 and 3.2).

In 2015–16, overall government contribution grew by 6.0%, including a 6.0% increase in the Australian Government contribution ($70.2 billion or 41.2% of total health expenditure) and a 6.1% increase in the state and territory contribution ($44.4 billion or 26.1% of total health expenditure). The proportion of expenditure by governments has remained relatively stable over recent years (tables 3.1 and 3.2; Figure 3.1).

Non-government sources (individuals, private health insurance and other non-government sources) provided the remaining $55.8 billion—approximately one-third of total health expenditure (32.7%) (Table 3.1).

The health insurance funds' share of total expenditure rose following the introduction of income testing of the private health insurance rebate in July 2012, from 7.4% in 2011–12 to 8.8% in 2015–16. This coincided with a fall in the Australian Government's share by 1.8 percentage points over the same period (Table 3.2).

Expenditure by health insurance funds (as defined in this report) equates to the total benefits paid, minus any subsidies received from the Australian Government. The introduction of income testing has had the effect of reducing the subsidies paid by the Australian Government on private health insurance premiums without an equivalent reduction in benefits paid (tables 3.1 and 3.2; Figure 3.5).

**Table 3.1: Total health expenditure, current prices, by source of funds, 2005–06 to 2015–16 ($ million)**

| | Government | | | Non-government | | | |
|---|---|---|---|---|---|---|---|
| Year | Australian Government | State/territory and local | Total | Health insurance funds | Individuals | Other[(a)] | Total |
| 2005–06 | 37,144 | 21,907 | 59,051 | 6,578 | 15,038 | 6,018 | 27,634 |
| 2006–07 | 39,948 | 24,485 | 64,434 | 7,216 | 16,478 | 6,811 | 30,505 |
| 2007–08 | 44,854 | 26,379 | 71,234 | 7,862 | 17,334 | 7,133 | 32,330 |
| 2008–09 | 50,160 | 28,493 | 78,653 | 8,845 | 19,334 | 7,570 | 35,748 |
| 2009–10 | 53,076 | 31,870 | 84,946 | 9,145 | 20,766 | 6,854 | 36,765 |
| 2010–11 | 56,676 | 34,490 | 91,166 | 9,841 | 23,199 | 7,406 | 40,446 |
| 2011–12 | 61,092 | 38,224 | 99,316 | 10,459 | 24,121 | 8,061 | 42,641 |
| 2012–13 | 61,022 | 39,351 | 100,373 | 11,849 | 26,172 | 8,560 | 46,580 |
| 2013–14 | 63,701 | 41,181 | 104,882 | 12,877 | 27,402 | 9,511 | 49,789 |
| 2014–15 | 66,217 | 41,880 | 108,097 | 14,028 | 28,677 | 10,817 | 53,522 |
| 2015–16 | 70,171 | 44,416 | 114,587 | 14,917 | 29,414 | 11,468 | 55,799 |

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

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

*Source:* AIHW health expenditure database.

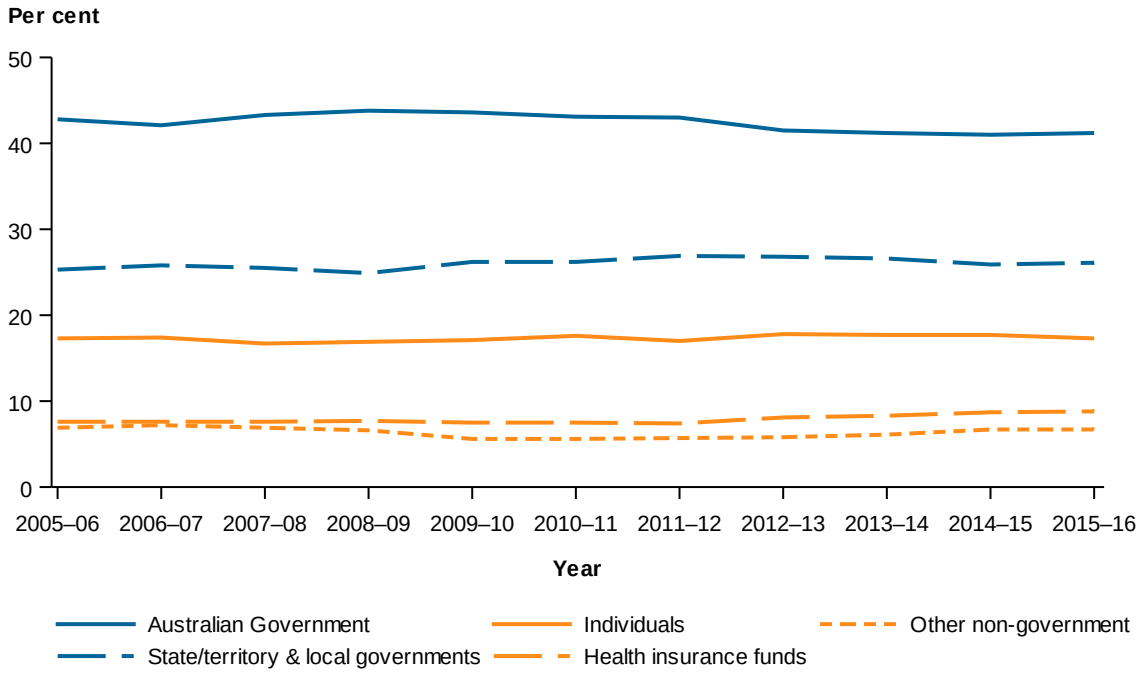
**Table 3.2: Proportion of total health expenditure, by source of funds, 2005–06 to 2015–16 (%)**

| | Government | | | Non-government | | | |
|---|---|---|---|---|---|---|---|
| Year | Australian Government | State/territory and local | Total | Health insurance funds | Individuals | Other[(a)] | Total |
| 2005–06 | 42.8 | 25.3 | 68.1 | 7.6 | 17.3 | 6.9 | 31.9 |
| 2006–07 | 42.1 | 25.8 | 67.9 | 7.6 | 17.4 | 7.2 | 32.1 |
| 2007–08 | 43.3 | 25.5 | 68.8 | 7.6 | 16.7 | 6.9 | 31.2 |
| 2008–09 | 43.8 | 24.9 | 68.8 | 7.7 | 16.9 | 6.6 | 31.2 |
| 2009–10 | 43.6 | 26.2 | 69.8 | 7.5 | 17.1 | 5.6 | 30.2 |
| 2010–11 | 43.1 | 26.2 | 69.3 | 7.5 | 17.6 | 5.6 | 30.7 |
| 2011–12 | 43.0 | 26.9 | 70.0 | 7.4 | 17.0 | 5.7 | 30.0 |
| 2012–13 | 41.5 | 26.8 | 68.3 | 8.1 | 17.8 | 5.8 | 31.7 |
| 2013–14 | 41.2 | 26.6 | 67.8 | 8.3 | 17.7 | 6.1 | 32.2 |
| 2014–15 | 41.0 | 25.9 | 66.9 | 8.7 | 17.7 | 6.7 | 33.1 |
| 2015–16 | 41.2 | 26.1 | 67.3 | 8.8 | 17.3 | 6.7 | 32.7 |

(a) Includes funding by injury compensation insurers and other private funding. All non-government sector capital expenditure is also included here, as the funding sources 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.

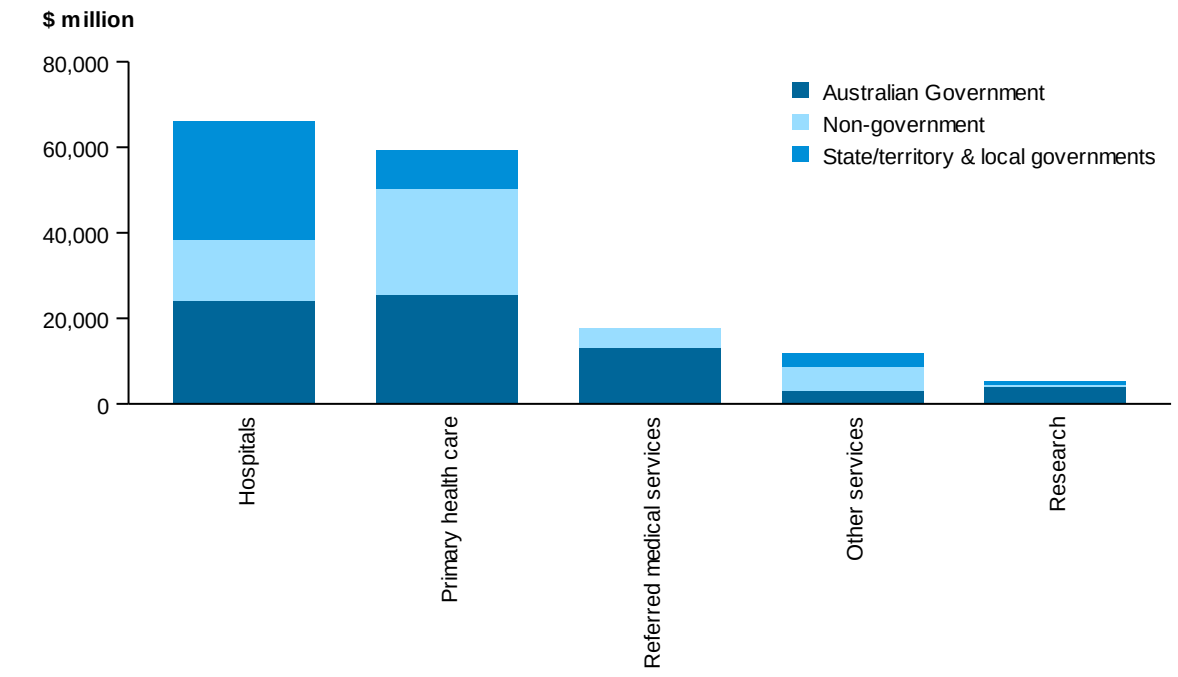



*Source:* Table 3.2.

**Figure 3.1: Total health expenditure, by source of funds as a proportion of total health expenditure, 2005–06 to 2015–16**

The distribution of expenditure by the Australian Government, state and territory governments and the non-government sector varies depending on the types of health goods and services being provided. The Australian Government spends a relatively large amount on medical services (including both unreferred—largely general practitioner—and referred medical services) and benefit-paid medications, with the balance sourced from the non-government sector. Expenditure on community health services, on the other hand, comes mostly from the state and territory governments.

The governments share most of the expenditure on public hospital services, while non-government sources account for large portions of the expenditure on dental services, private hospitals, aids and appliances, medications for which no government benefit has been paid ('all other medications') and other health practitioner services (Figure 3.2; Table A3).




*Source:* Table A3.

**Figure 3.2: Recurrent health expenditure, current prices, by area of expenditure and source of funds, 2015–16**

After removing the effects of inflation, real growth in the Australian Government's expenditure averaged 4.4% per year from 2005–06 to 2015–16. In 2015–16, this expenditure grew by 4.1%—the largest percentage growth since 2011–12 (5.8%) (Table 3.3).

State and territory and local government expenditure also grew in real terms in 2015–16 by 4.1%, reversing the negative growth experienced in the previous year (–0.7%).The average annual growth in state and territory and local government expenditure over the decade (4.5%) was similar to the total government expenditure growth (4.4%).

Combined, government expenditure in 2015–16 grew at a slower rate than the average annual growth rate for the decade (4.1% and 4.4%, respectively).

Non-government sources of expenditure had the lowest growth rate in 2015–16 (2.7%)—only half of the decade average of 5.4%. This was the lowest rate of growth since 2009–10 (1.1%) (Table 3.3).

**Table 3.3: Total health expenditure, constant prices[(a)], and annual growth in funding, by source of funds, 2005–06 to 2015–16**

| | 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 (%) |
| 2005–06 | 45,711 | . . | 28,656 | . . | 74,368 | . . | 32,864 | . . | 107,231 | . . |
| 2006–07 | 47,720 | 4.4 | 30,922 | 7.9 | 78,642 | 5.7 | 35,011 | 6.5 | 113,652 | 6.0 |
| 2007–08 | 52,651 | 10.3 | 32,149 | 4.0 | 84,800 | 7.8 | 36,366 | 3.9 | 121,166 | 6.6 |
| 2008–09 | 57,158 | 8.6 | 33,502 | 4.2 | 90,660 | 6.9 | 39,379 | 8.3 | 130,039 | 7.3 |
| 2009–10 | 58,897 | 3.0 | 36,327 | 8.4 | 95,224 | 5.0 | 39,800 | 1.1 | 135,024 | 3.8 |
| 2010–11 | 62,226 | 5.7 | 38,706 | 6.6 | 100,932 | 6.0 | 43,691 | 9.8 | 144,623 | 7.1 |
| 2011–12 | 65,857 | 5.8 | 41,917 | 8.3 | 107,774 | 6.8 | 45,593 | 4.4 | 153,367 | 6.0 |
| 2012–13 | 64,216 | –2.5 | 42,067 | 0.4 | 106,283 | –1.4 | 48,883 | 7.2 | 155,166 | 1.2 |
| 2013–14 | 65,860 | 2.6 | 42,933 | 2.1 | 108,793 | 2.4 | 51,347 | 5.0 | 160,139 | 3.2 |
| 2014–15 | 67,384 | 2.3 | 42,654 | –0.7 | 110,037 | 1.1 | 54,356 | 5.9 | 164,393 | 2.7 |
| 2015–16 | 70,171 | 4.1 | 44,416 | 4.1 | 114,587 | 4.1 | 55,799 | 2.7 | 170,386 | 3.6 |
| | | | | | Average annual growth rate (%) | | | | | |
| 2005–06 to 2010–11 | . . | 6.4 | . . | 6.2 | . . | 6.3 | . . | 5.9 | . . | 6.2 |
| 2010–11 to 2015–16 | . . | 2.4 | . . | 2.8 | . . | 2.6 | . . | 5.0 | . . | 3.3 |
| 2005–06 to 2015–16 | . . | 4.4 | . . | 4.5 | . . | 4.4 | . . | 5.4 | . . | 4.7 |

(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

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

*Source:* AIHW health expenditure database.

## Public hospital services

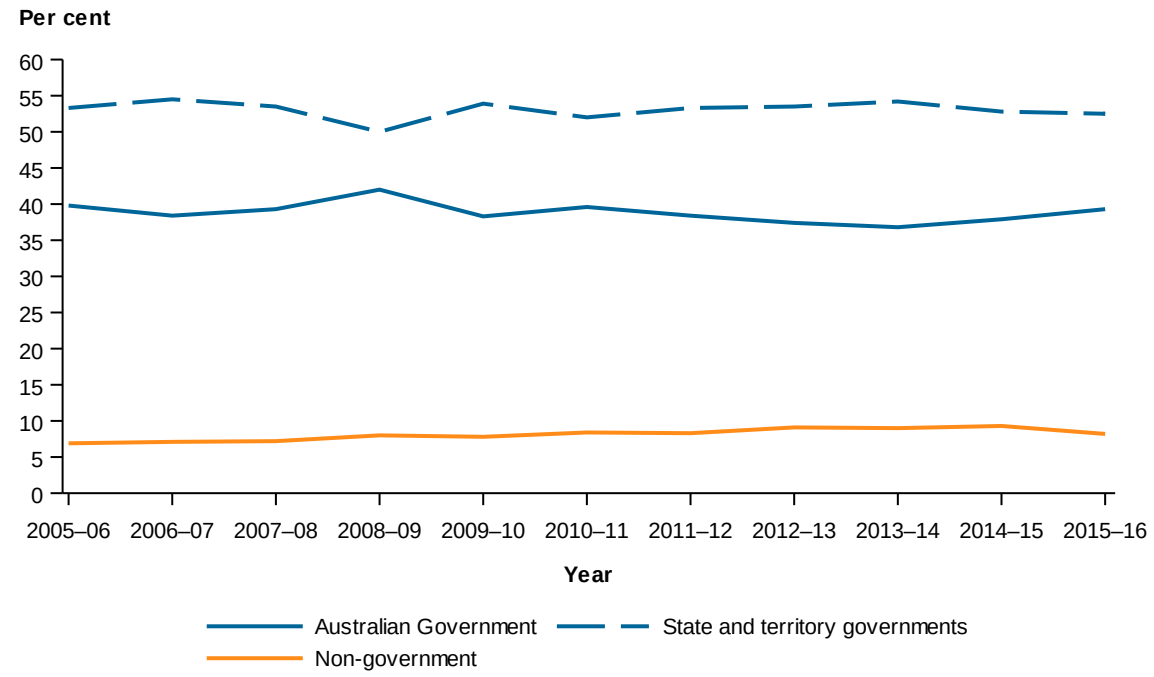
Expenditure on public hospital services was $51.1 billion in 2015–16 (Table A10). This was up from $48.9 billion the previous year—a real growth of 4.4%—the same as the average annual real growth over the decade.

In 2015–16, Australian Government expenditure on public hospital services ($20.1 billion) was up by 8.4% in real terms from 2014–15—almost twice the 10-year average annual growth of 4.3%.

State and territory government expenditure was $26.8 billion—a 3.8% real rise from 2014–15, which reversed the negative growth experienced in the previous year (−0.1%).

Non-government expenditure on public hospital services was $4.2 billion—down by 8.3% on 2014–15 and the first negative real growth experience over the decade.

Between 2014–15 and 2015–16, the share of recurrent expenditure on public hospital services contributed by the Australian Government rose by 1.4 percentage points (from 37.9% to 39.3%). The state and territory government expenditure fell by 0.3 percentage points from 52.8% to 52.5%, while the non-government share fell from 9.3% to 8.2% (Figure 3.3; Table A10).




*Source:* Table A10.

**Figure 3.3: Share of recurrent health expenditure on public hospital services, by source of funds, 2005–06 to 2015–16**

## 3.2 Australian Government expenditure

The Australian Government spent $70.2 billion on health (recurrent expenditure plus capital expenditure and the medical expenses tax rebate) in 2015–16 (Table 3.4). This represented 61.2% of total government health expenditure—the same as the previous year (Table 3.3). It included:

- direct Australian Government expenditure ($42.2 billion, or 60.2% of Australian Government funding)—mostly administered through the Australian Government Department of Health on programs for which the government has responsibility, such as the Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) (Table 3.4)
- the specific purpose payments (SPPs) associated with the National Health Reform Agreement ($19.0 billion, or 27.0%), including the Activity Based Funding arrangements, and national partnership payments (NPPs) to the states and territories (Table 3.4)
- rebates and subsidies for privately insured persons under the *Private Health Insurance Act 2007* ($5.7 billion, or 8.2%) (Table 3.4)
- Australian Government Department of Veterans' Affairs (DVA) funding for goods and services provided to eligible veterans and their dependants ($3.2 billion, or 4.5%) (Table 3.4)
- the medical expenses tax rebate ($36 million, or 0.1%) (Table 3.4).

Direct Australian Government expenditure and SPPs and NPPs to the states and territories both grew in 2015–16 (5.9% and 5.1% respectively). All other types of Australian Government expenditure fell in real terms (Table 3.4).

**Table 3.4: Australian Government health expenditure, constant prices[(a)], by type of expenditure, 2005–06 to 2015–16 ($ million)**

| Year | Own program expenditure | Grants to states (SPP & NPP) | Health insurance premium rebates[(b)] | Department of Veterans' Affairs | Medical expenses tax rebate | Total |
|---|---|---|---|---|---|---|
| 2005–06 | 25,527 | 12,130 | 3,703 | 3,893 | 459 | 45,711 |
| 2006–07 | 26,923 | 12,495 | 3,798 | 4,003 | 500 | 47,720 |
| 2007–08 | 29,868 | 13,872 | 4,317 | 4,104 | 489 | 52,651 |
| 2008–09 | 32,861 | 15,421 | 4,245 | 4,036 | 595 | 57,158 |
| 2009–10 | 34,893 | 14,567 | 4,878 | 3,918 | 642 | 58,897 |
| 2010–11 | 36,559 | 16,087 | 5,159 | 3,876 | 545 | 62,226 |
| 2011–12 | 38,805 | 16,647 | 5,868 | 3,933 | 604 | 65,857 |
| 2012–13 | 37,666 | 16,940 | 5,468 | 3,686 | 456 | 64,216 |
| 2013–14 | 38,744 | 17,455 | 5,742 | 3,681 | 238 | 65,860 |
| 2014–15 | 39,877 | 18,053 | 5,790 | 3,514 | 149 | 67,384 |
| 2015–16 | 42,239 | 18,965 | 5,745 | 3,186 | 36 | 70,171 |

(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

(b) Comprises health insurance rebates claimed through the taxation system, as well as rebates paid directly to health insurance funds by the Australian Government that enable them to reduce premiums. This includes the portions of the rebates that relate to health activities. See Glossary and Appendix C for more details.

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

*Source:* AIHW health expenditure database.

## 3.3 State and territory expenditure

Total health expenditure by state and territory governments in 2015–16 was estimated at $44.4 billion, while recurrent expenditure was only $40.6 billion (tables 3.1 and 3.5). More than two-thirds of recurrent expenditure (66.0% or $26.8 billion) was for public hospital services (Table 3.5). This represented a 3.8% growth in public hospital spending by states and territories in real terms, compared with an average annual growth of 4.3% for the decade.

The next largest area of recurrent spending by state and territory governments was community health and other ($7.0 billion or 17.3% of recurrent spending), which also grew more than the average annual growth rate in real terms (5.1% compared with 4.4%).

Between 2014–15 and 2015–16, overall growth in recurrent expenditure for states and territories was 5.5%—a growth rate of 1.1 percentage points higher than the average annual growth of 4.4% (Table 3.5).

Detailed tables on state and territory expenditure can be found in Appendix B.

**Table 3.5: State and territory government recurrent health expenditure, constant prices[a], and annual growth rates, by selected areas of expenditure, 2005–06 to 2015–16**

| | Public hospitals[b] | | Private hospitals | | Patient transport | | Dental services | | Community health and other[c] | | Public health | | Other[d] | | Total recurrent expenditure | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 (%) |
| 2005–06 | 17,680 | . . | 335 | . . | 1,302 | . . | 645 | . . | 4,570 | . . | 817 | . . | 1,007 | . . | 26,357 | . . |
| 2006–07 | 19,203 | 8.6 | 329 | –1.8 | 1,504 | 15.5 | 619 | –4.0 | 5,053 | 10.6 | 864 | 5.8 | 862 | –14.4 | 28,433 | 7.9 |
| 2007–08 | 20,137 | 4.9 | 343 | 4.3 | 1,586 | 5.5 | 648 | 4.7 | 5,464 | 8.1 | 930 | 7.6 | 883 | 2.4 | 29,991 | 5.5 |
| 2008–09 | 19,876 | –1.3 | 437 | 27.4 | 1,852 | 16.8 | 763 | 17.7 | 5,425 | –0.7 | 1,131 | 21.6 | 1,242 | 40.7 | 30,726 | 2.5 |
| 2009–10 | 22,369 | 12.5 | 446 | 2.1 | 1,928 | 4.1 | 720 | –5.6 | 5,446 | 0.4 | 1,073 | –5.1 | 1,371 | 10.4 | 33,354 | 8.6 |
| 2010–11 | 22,904 | 2.4 | 520 | 16.6 | 2,119 | 9.9 | 791 | 9.9 | 5,653 | 3.8 | 952 | –11.3 | 1,407 | 2.6 | 34,344 | 3.0 |
| 2011–12 | 24,751 | 8.1 | 554 | 6.5 | 2,301 | 8.6 | 793 | 0.3 | 6,310 | 11.6 | 733 | –23.0 | 1,158 | –17.7 | 36,601 | 6.6 |
| 2012–13 | 24,922 | 0.7 | 497 | –10.3 | 2,216 | –3.7 | 677 | –14.6 | 6,408 | 1.6 | 949 | 29.5 | 1,127 | –2.7 | 36,796 | 0.5 |
| 2013–14 | 25,856 | 3.7 | 532 | 7.0 | 2,290 | 3.3 | 725 | 7.1 | 6,510 | 1.6 | 873 | –8.0 | 1,243 | 10.3 | 38,028 | 3.3 |
| 2014–15 | 25,827 | –0.1 | 635 | 19.4 | 2,487 | 8.6 | 713 | –1.7 | 6,691 | 2.8 | 966 | 10.7 | 1,182 | –4.9 | 38,501 | 1.2 |
| 2015–16 | 26,819 | 3.8 | 819 | 29.0 | 2,687 | 8.0 | 761 | 6.7 | 7,035 | 5.1 | 1,206 | 24.8 | 1,298 | 9.8 | 40,626 | 5.5 |
| | | | | | | | **Average annual growth rate (%)** | | | | | | | | | |
| 2005–06 to 2010–11 | . . | 5.3 | . . | 9.2 | . . | 10.2 | . . | 4.2 | . . | 4.3 | . . | 3.1 | . . | 6.9 | . . | 5.4 |
| 2010–11 to 2015–16 | . . | 3.2 | . . | 9.5 | . . | 4.9 | . . | –0.8 | . . | 4.5 | . . | 4.8 | . . | –1.6 | . . | 3.4 |
| 2005–06 to 2015–16 | . . | 4.3 | . . | 9.4 | . . | 7.5 | . . | 1.7 | . . | 4.4 | . . | 4.0 | . . | 2.6 | . . | 4.4 |

(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

(b) Includes public hospital services. Public hospital services exclude certain services provided in hospitals, and can include those provided off-site, such as hospital in the home and dialysis. See Appendix C for more details.

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

(d) 'Other' combines several areas of expenditure that attract relatively little expenditure by state and territory governments. The category includes medical services, other professional services, pharmaceuticals, aids and appliances, administration and research.

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

*Source:* AIHW health expenditure database.

## 3.4 Non-government expenditure

Non-government health expenditure was estimated at $55.8 billion in 2015–16. This represented real growth of 2.7% from 2014–15, which was half the average annual growth over the decade (5.4%). The non-government share of total expenditure fell from 33.1% to 32.7% (tables 3.6 and 3.7; Figure 3.4).

Expenditure by individuals was $29.4 billion in 2015–16, with a growth in real terms of 1.3% from 2014–15. This included:

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

Expenditure by individuals accounted for 52.7% of non-government expenditure—down from 53.4% the previous year—and represented 17.3% of total health expenditure (government and non-government), down from 17.7% in 2014–15 (tables A5 and A6).

Private health insurance funds provided 8.8% ($14.9 billion) of total expenditure in 2015–16 (Table 3.6). These funds are indirectly sourced from individuals who pay premiums to private health insurance funds.

The balance of non-government funding ($11.5 billion) came from other non-government sources, including payments by compulsory third-party motor vehicle and workers compensation insurers (Table 3.6).

The proportion of total health expenditure by private health insurance funds rose from 7.4% in 2011–12 to 8.8% in 2015–16, coinciding with the introduction of income testing for the Australian Government's private health insurance premium rebates. This had the impact of reducing the Australian Government's contribution and increasing the share that private health insurers funded from their own sources (Table 3.6).

**Table 3.6: Non-government health expenditure, current prices, by source of funds, 2005–06 to 2015–16**

| | Individuals | | Private health insurance funds[a] | | Other non-government[b] | | All non-government sources | |
|---|---|---|---|---|---|---|---|---|
| Year | Amount ($m) | Proportion (%) | Amount ($m) | Proportion (%) | Amount ($m) | Proportion (%) | Amount ($m) | Proportion (%) |
| 2005–06 | 15,038 | 17.3 | 6,578 | 7.6 | 6,018 | 6.9 | 27,634 | 31.9 |
| 2006–07 | 16,478 | 17.4 | 7,216 | 7.6 | 6,811 | 7.2 | 30,505 | 32.1 |
| 2007–08 | 17,334 | 16.7 | 7,862 | 7.6 | 7,133 | 6.9 | 32,330 | 31.2 |
| 2008–09 | 19,334 | 16.9 | 8,845 | 7.7 | 7,570 | 6.6 | 35,748 | 31.2 |
| 2009–10 | 20,766 | 17.1 | 9,145 | 7.5 | 6,854 | 5.6 | 36,765 | 30.2 |
| 2010–11 | 23,199 | 17.6 | 9,841 | 7.5 | 7,406 | 5.6 | 40,446 | 30.7 |
| 2011–12 | 24,121 | 17.0 | 10,459 | 7.4 | 8,061 | 5.7 | 42,641 | 30.0 |
| 2012–13 | 26,172 | 17.8 | 11,849 | 8.1 | 8,560 | 5.8 | 46,580 | 31.7 |
| 2013–14 | 27,402 | 17.7 | 12,877 | 8.3 | 9,511 | 6.1 | 49,789 | 32.2 |
| 2014–15 | 28,677 | 17.7 | 14,028 | 8.7 | 10,817 | 6.7 | 53,522 | 33.1 |
| 2015–16 | 29,414 | 17.3 | 14,917 | 8.8 | 11,468 | 6.7 | 55,799 | 32.7 |

(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 funding sources of non-government capital expenditure are not known. If funding sources were known, this capital expenditure would be spread across all funding columns.

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

*Source:* AIHW health expenditure database.

**Table 3.7: Non-government health expenditure, constant prices[a], by source of funds, and annual growth rates, 2005–06 to 2015–16**

| Year | Individuals | | Private health insurance funds[b] | | Other non-government[c] | | All non-government sources | |
|---|---|---|---|---|---|---|---|---|
| | Amount ($m) | Growth (%) | Amount ($m) | Growth (%) | Amount ($m) | Growth (%) | Amount ($m) | Growth (%) |
| 2005–06 | 17,038 | . . | 8,449 | . . | 7,376 | . . | 32,864 | . . |
| 2006–07 | 18,043 | 5.9 | 8,920 | 5.6 | 8,048 | 9.1 | 35,011 | 6.5 |
| 2007–08 | 18,634 | 3.3 | 9,462 | 6.1 | 8,271 | 2.8 | 36,366 | 3.9 |
| 2008–09 | 20,541 | 10.2 | 10,305 | 8.9 | 8,533 | 3.2 | 39,379 | 8.3 |
| 2009–10 | 21,823 | 6.2 | 10,325 | 0.2 | 7,652 | –10.3 | 39,800 | 1.1 |
| 2010–11 | 24,572 | 12.6 | 10,962 | 6.2 | 8,157 | 6.6 | 43,691 | 9.8 |
| 2011–12 | 25,403 | 3.4 | 11,415 | 4.1 | 8,775 | 7.6 | 45,593 | 4.4 |
| 2012–13 | 27,133 | 6.8 | 12,595 | 10.3 | 9,155 | 4.3 | 48,883 | 7.2 |
| 2013–14 | 28,031 | 3.3 | 13,379 | 6.2 | 9,936 | 8.5 | 51,347 | 5.0 |
| 2014–15 | 29,043 | 3.6 | 14,255 | 6.5 | 11,058 | 11.3 | 54,356 | 5.9 |
| 2015–16 | 29,414 | 1.3 | 14,917 | 4.6 | 11,468 | 3.7 | 55,799 | 2.7 |
| | | | | **Average annual growth rate (%)** | | | | |
| 2005–06 to 2010–11 | . . | 7.6 | . . | 5.3 | . . | 2.0 | . . | 5.9 |
| 2010–11 to 2015–16 | . . | 3.7 | . . | 6.4 | . . | 7.1 | . . | 5.0 |
| 2005–06 to 2015–16 | . . | 5.6 | . . | 5.8 | . . | 4.5 | . . | 5.4 |

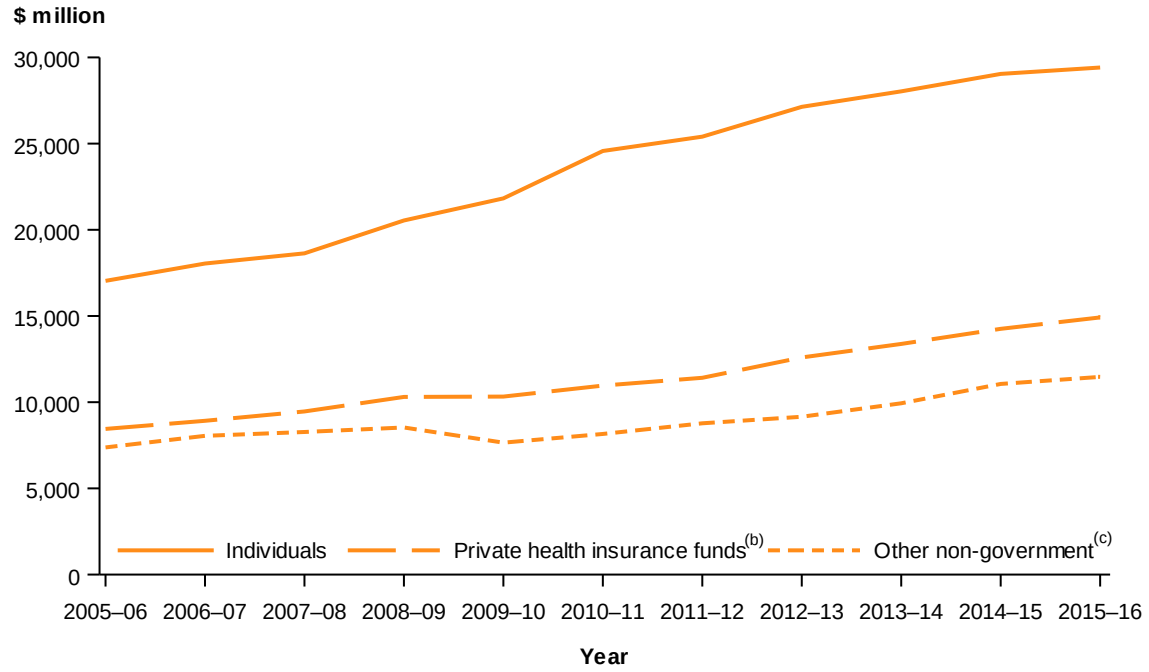
(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

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

(c) Includes funding by injury compensation insurers and other private funding. All non-government sector capital expenditure is also included here, as the funding sources 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 is expressed in terms of 2015–16 prices. See Appendix C for more details.

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

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

*Source:* Table 3.7.

**Figure 3.4: Non-government health expenditure, constant prices(a), by source of funds, 2005–06 to 2015–16**

## Individuals

Individuals spent $29.5 billion on health-related expenses before receiving subsidies from the medical expenses tax rebate in 2015–16—68.3% more than they spent in real terms in 2005–06 ($17.5 billion). More than two-thirds (68.0%) of health expenditure by individuals was for primary health care in 2015–16. About one-third (36.8%) was for medications (including both benefit-paid pharmaceuticals and all other medications). Hospital costs accounted for 11.1% of expenditure by individuals, a figure that has more than doubled over the period since 2005–06 (4.8%) (Table 3.8). The medical expenses tax rebate in 2015–16 was $36 million (Table A3).

**Table 3.8: Health expenditure by individuals[a], constant prices[b], by area of expenditure, 2005–06 and 2015–16**

| | 2005–06 | | 2015–16 | |
|---|---|---|---|---|
| Area of expenditure | Amount ($ million) | Proportion (%) | Amount ($ million) | Proportion (%) |
| Hospitals | 837 | 4.8 | 3,274 | 11.1 |
| Public hospitals/public hospital services[c] | 461 | 2.6 | 1,419 | 4.8 |
| Private hospitals | 376 | 2.1 | 1,855 | 6.3 |
| Primary health care | 12,826 | 73.3 | 20,026 | 68.0 |
| Unreferred medical services | 489 | 2.8 | 741 | 2.5 |
| Dental services | 4,418 | 25.3 | 5,740 | 19.5 |
| Other health practitioners | 2,263 | 12.9 | 2,464 | 8.4 |
| Community health and other[d] | 244 | 1.4 | 242 | 0.8 |
| Public health | 64 | — | 22 | — |
| Benefit-paid pharmaceuticals | 1,169 | 6.7 | 1,407 | 4.8 |
| All other medications | 4,178 | 23.9 | 9,410 | 32.0 |
| Referred medical services | 1,671 | 9.5 | 2,932 | 10.0 |
| Other services | 2,164 | 12.4 | 3,216 | 10.9 |
| Patient transport services | 273 | 1.6 | 397 | 1.3 |
| Aids and appliances | 1,890 | 10.8 | 2,811 | 9.5 |
| Administration | . . | . . | 7 | — |
| Research | . . | . . | 2 | — |
| **Total** | **17,497** | **100.0** | **29,451** | **100.0** |

(a) The figures reflect the expenditure by individuals before receiving any subsidy through the medical expenses tax rebate. For 2015–16, this accounts for the $36 million difference between the total in this table and the individuals' total reported in tables 3.7 and A3. For 2005–06, the difference between the totals in this table and the total reported in Table 3.7 is $459 million.

(b) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

(c) Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis. See Appendix C for more details.

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

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

*Source:* AIHW health expenditure database.

Per person expenditure by individuals (that is, averaged over the whole population) grew at an average of 3.6% per year from 2005–06 to 2015–16 (Table 3.9). In 2015–16, per person expenditure by individuals fell by 0.5%, a fall of 2.3 percentage points from the previous year. Expenditure declined for all areas in 2015–16, except for hospitals, medical services, dental services and aids and appliances, where it grew by 2.3%, 3.5%, 2.3% and 2.0%, respectively.

**Table 3.9: Average individual recurrent health expenditure per person, constant prices[a], and annual growth rates, by selected areas of expenditure, 2005–06 to 2015–16**

| | Hospitals[b][c][d] | | Patient transport | | Medical services | | Dental services | | Other health practitioners | | Community and public health | | Benefit-paid pharmaceuticals | | All other medications | | Aids and appliances | | Total recurrent | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | Amt ($) | Growth (%) | Amt ($) | Growth (%) | Amt ($) | Growth (%) | Amt ($) | Growth (%) | Amt ($) | Growth (%) | Amt ($) | Growth (%) | Amt ($) | Growth (%) | Amt ($) | Growth (%) | Amt ($) | Growth (%) | Amt ($) | Growth (%) |
| 2005–06 | 41 | . . | 13 | . . | 82 | . . | 218 | . . | 111 | . . | 15 | . . | 58 | . . | 206 | . . | 93 | . . | 837 | . . |
| 2006–07 | 38 | –6.7 | 14 | 5.8 | 92 | 11.4 | 218 | 0.1 | 112 | 0.1 | 16 | 7.0 | 58 | 1.1 | 229 | 11.4 | 97 | 4.1 | 874 | 4.4 |
| 2007–08 | 47 | 23.5 | 15 | 5.6 | 95 | 3.9 | 210 | –3.6 | 100 | –10.4 | 17 | 2.4 | 59 | 1.2 | 247 | 7.7 | 93 | –4.0 | 883 | 1.0 |
| 2008–09 | 105 | . . | 18 | 21.1 | 99 | 4.4 | 207 | –1.6 | 85 | –14.6 | 7 | –55.3 | 63 | 7.3 | 275 | 11.3 | 96 | 2.8 | 955 | 8.2 |
| 2009–10 | 113 | 8.0 | 19 | 1.5 | 105 | 5.8 | 206 | –0.1 | 91 | 6.6 | 7 | –1.4 | 65 | 3.6 | 287 | 4.4 | 104 | 8.4 | 998 | 4.4 |
| 2010–11 | 128 | 12.8 | 18 | –0.3 | 109 | 3.8 | 215 | 4.3 | 111 | 21.7 | 8 | 10.9 | 66 | 1.2 | 334 | 16.4 | 112 | 7.9 | 1,102 | 10.4 |
| 2011–12 | 120 | –6.3 | 17 | –7.2 | 111 | 1.8 | 220 | 2.1 | 112 | 1.6 | 7 | –18.4 | 69 | 3.9 | 357 | 6.9 | 111 | –1.0 | 1,123 | 2.0 |
| 2012–13 | 126 | 5.4 | 16 | –3.7 | 112 | 0.7 | 227 | 3.4 | 117 | 4.4 | 8 | 18.7 | 67 | –2.4 | 385 | 7.8 | 112 | 1.5 | 1,172 | 4.3 |
| 2013–14 | 119 | –6.2 | 18 | 8.9 | 116 | 3.3 | 233 | 2.3 | 114 | –3.0 | 11 | 43.1 | 68 | 1.8 | 387 | 0.7 | 115 | 2.6 | 1,181 | 0.8 |
| 2014–15 | 133 | 12.4 | 18 | –1.5 | 118 | 2.1 | 234 | 0.4 | 109 | –4.4 | 12 | 9.2 | 64 | –6.7 | 399 | 3.1 | 115 | –0.4 | 1,202 | 1.8 |
| 2015–16 | 136 | 2.3 | 17 | –6.4 | 122 | 3.5 | 239 | 2.3 | 103 | –5.8 | 11 | –10.6 | 59 | –8.2 | 392 | –1.9 | 117 | 2.0 | 1,195 | –0.5 |
| | | | | | | | | | | **Average annual growth rate (%)** | | | | | | | | | | |
| 2005–06 to 2010–11 | . . | . . | . . | 6.5 | . . | 5.8 | . . | –0.2 | . . | –0.1 | . . | –11.7 | . . | 2.9 | . . | 10.2 | . . | 3.7 | . . | 5.6 |
| 2010–11 to 2015–16 | . . | . . | . . | –2.1 | . . | 2.3 | . . | 2.1 | . . | –1.5 | . . | 6.2 | . . | –2.4 | . . | 3.3 | . . | 0.9 | . . | 1.6 |
| 2005–06 to 2015–16 | . . | . . | . . | 2.1 | . . | 4.0 | . . | 0.9 | . . | –0.8 | . . | –3.2 | . . | 0.2 | . . | 6.7 | . . | 2.3 | . . | 3.6 |

(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

(b) Includes public hospitals/public hospital services and private hospitals.

(c) Growth rates were not calculated for 2008–09, as the introduction of the GHE NMDS led to more comprehensive reporting of expenditure by individuals and by the states and territories on public hospital services. This effect is meaningful in scale when analysing trends in individual expenditure on public hospital services, but it has a relatively insubstantial impact on public hospital services expenditure figures more generally. See Appendix C for more details.

(d) Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis. See Appendix C for more details.

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

*Source:* AIHW health expenditure database.

## Private health insurance

In 2015–16, hospitals received more than half (57.0% or $8.5 billion) of the $14.9 billion in expenditure by private health insurance funds, with private hospitals receiving $7.4 billion (Table 3.10).

Primary health care attracted 17.8% of expenditure by private health insurance funds ($2.6 billion), with the majority of this (12.0% of the total private health insurance payment) being for dental services (Table 3.10).

**Table 3.10: Health expenditure by private health insurance funds, current prices, by area of expenditure, 2015–16**

| Area of expenditure | Amount ($ million) | Proportion (%) |
|---|---|---|
| Hospitals | 8,505 | 57.0 |
| Public hospital services[(a)] | 1,136 | 7.6 |
| Private hospitals | 7,368 | 49.4 |
| Primary health care | 2,648 | 17.8 |
| Dental services | 1,791 | 12.0 |
| Other health practitioners | 812 | 5.4 |
| Community health and other[(b)] | 1 | — |
| All other medications | 44 | 0.3 |
| Referred medical services | 1,564 | 10.5 |
| Other services | 2,200 | 14.7 |
| Patient transport services | 212 | 1.4 |
| Aids and appliances | 656 | 4.4 |
| Administration | 1,332 | 8.9 |
| **Total** | **14,917** | **100.0** |

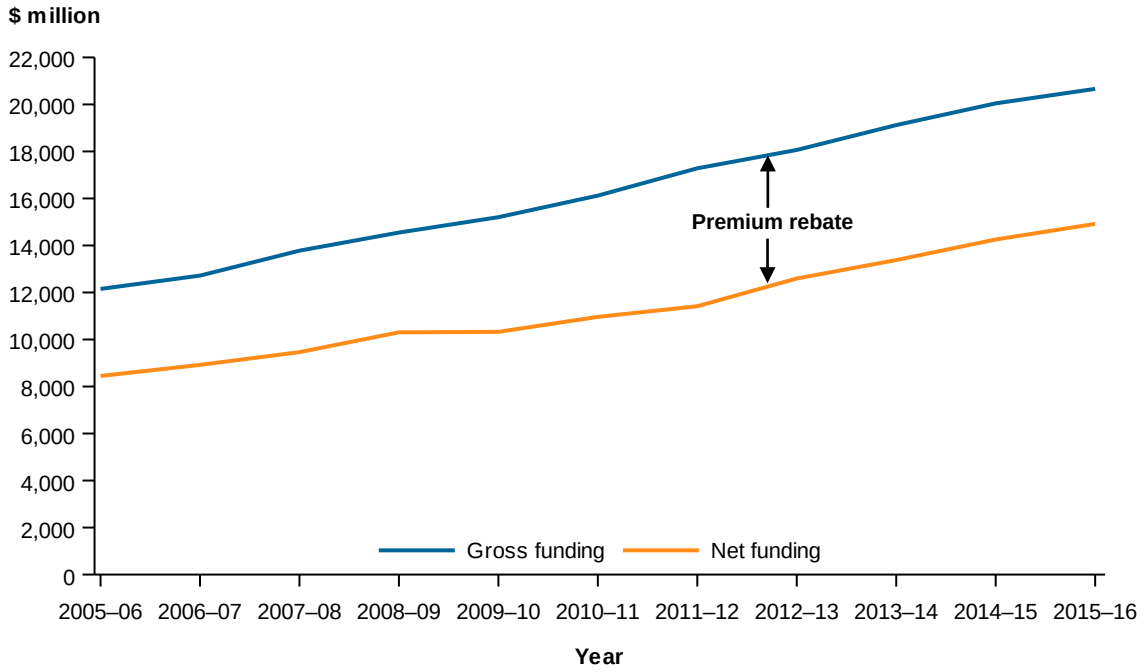
(a) Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis. See Appendix C for more details.

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

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

*Source:* AIHW health expenditure database.

For the purpose of this report, premium rebates were deducted from the gross benefits paid to individuals to reflect the amount spent by private health insurance funds that was not funded by the Australian Government. The premium rebates that the Australian Government paid rose by 55.1% over the decade, from $3.7 billion in 2005–06 to $5.7 billion in 2015–16. Since the introduction of income testing of the premium rebate in July 2012, the share of gross benefits contributed by the private health insurance funds has grown from 66.0% to 72.2% (Figure 3.5).




(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

*Note:* For information on the health insurance premium rebate and the mechanisms for payment, see Appendix C and Glossary.

*Source:* AIHW health expenditure database.

**Figure 3.5: Recurrent health expenditure by private health insurance funds, constant prices[(a)], 2005–06 to 2015–16**

In 2015–16, it was estimated that net health expenditure by private health insurance providers averaged $1,318 per person covered—a growth of 3.6% on 2014–15, compared with an average annual growth of 3.2% over the decade (Table 3.11).

Tasmania ($1,431) and South Australia ($1,424) had the highest expenditure by private health insurance funds per person covered, almost twice the per person amount of the Northern Territory ($762).

Average annual growth in net expenditure per person was greatest in the Northern Territory (4.1%) and lowest in the Australian Capital Territory (0.7%) over the decade (Table 3.11).

**Table 3.11: Average health expenditure by private health insurance, per person covered[(a)], constant prices[(b)], by state and territory, 2005–06 to 2015–16 ($)**

| Year | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Australia |
|---|---|---|---|---|---|---|---|---|---|
| 2005–06 | 911 | 940 | 1,054 | 964 | 1,089 | 1,021 | 711 | 509 | 959 |
| 2006–07 | 952 | 969 | 1,071 | 972 | 1,115 | 1,031 | 747 | 520 | 987 |
| 2007–08 | 976 | 988 | 1,075 | 985 | 1,129 | 1,046 | 765 | 563 | 1,004 |
| 2008–09 | 1,042 | 1,056 | 1,128 | 1,034 | 1,184 | 1,132 | 799 | 584 | 1,065 |
| 2009–10 | 1,020 | 1,040 | 1,100 | 1,028 | 1,144 | 1,096 | 788 | 554 | 1,044 |
| 2010–11 | 1,058 | 1,081 | 1,118 | 1,060 | 1,180 | 1,128 | 796 | 606 | 1,077 |
| 2011–12 | 1,073 | 1,106 | 1,152 | 1,048 | 1,168 | 1,132 | 817 | 598 | 1,092 |
| 2012–13 | 1,156 | 1,196 | 1,226 | 1,104 | 1,253 | 1,247 | 882 | 664 | 1,172 |
| 2013–14 | 1,216 | 1,234 | 1,271 | 1,160 | 1,289 | 1,298 | 763 | 672 | 1,217 |
| 2014–15 | 1,265 | 1,285 | 1,341 | 1,185 | 1,379 | 1,405 | 832 | 729 | 1,272 |
| 2015–16 | 1,314 | 1,320 | 1,384 | 1,277 | 1,424 | 1,431 | 765 | 762 | 1,318 |
| | **Average annual growth rate (%)** | | | | | | | | |
| 2005–06 to 2010–11 | 3.0 | 2.8 | 1.2 | 1.9 | 1.6 | 2.0 | 2.3 | 3.5 | 2.3 |
| 2010–11 to 2015–16 | 4.4 | 4.1 | 4.4 | 3.8 | 3.8 | 4.9 | –0.8 | 4.7 | 4.1 |
| 2005–06 to 2015–16 | 3.7 | 3.4 | 2.8 | 2.8 | 2.7 | 3.4 | 0.7 | 4.1 | 3.2 |

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

(b) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

*Sources:* AIHW health expenditure database; Table C6.

## Other non-government funding

In 2015–16, injury compensation insurers spent $2.7 billion on health goods and services, comprising $1.6 billion by workers compensation insurers and $1.1 billion by compulsory third-party motor vehicle insurers. This represented a decline of 4.2% on 2014–15, the third consecutive year there has been a decline. Average annual growth over the decade was 1.2% (Table 3.12). This does not include non-government sector capital expenditure and other private funding.

Growth across the 10 years was quite volatile for both types of injury compensation insurers, but both had a positive average annual growth rate over the period.

Recurrent expenditure on health funded by workers compensation and compulsory third-party motor vehicle insurers forms the largest component of the 'other non-government' source of funds category presented elsewhere in this report.

**Table 3.12: Expenditure by injury compensation insurers, constant prices[(a)], and annual growth rates, 2005–06 to 2015–16**

| | Workers compensation insurers | | Compulsory third party motor vehicle insurers | | Total injury compensation insurer | |
|---|---|---|---|---|---|---|
| Year | Amount ($m) | Growth (%) | Amount ($m) | Growth (%) | Amount ($m) | Growth (%) |
| 2005–06 | 1,477 | . . | 924 | . . | 2,401 | . . |
| 2006–07 | 1,487 | 0.7 | 967 | 4.6 | 2,455 | 2.2 |
| 2007–08 | 1,580 | 6.2 | 1,046 | 8.2 | 2,627 | 7.0 |
| 2008–09 | 1,559 | –1.4 | 994 | –5.0 | 2,552 | –2.8 |
| 2009–10 | 1,564 | 0.3 | 993 | –0.1 | 2,556 | 0.2 |
| 2010–11 | 1,648 | 5.4 | 1,048 | 5.6 | 2,696 | 5.5 |
| 2011–12 | 1,704 | 3.4 | 1,145 | 9.3 | 2,849 | 5.7 |
| 2012–13 | 1,837 | 7.8 | 1,150 | 0.5 | 2,987 | 4.9 |
| 2013–14 | 1,725 | –6.1 | 1,187 | 3.2 | 2,911 | –2.5 |
| 2014–15 | 1,636 | –5.1 | 1,192 | 0.5 | 2,829 | –2.8 |
| 2015–16 | 1,628 | –0.5 | 1,082 | –9.3 | 2,710 | –4.2 |
| | | | Average annual growth rate (%) | | | |
| 2005–06 to 2010–11 | . . | 2.2 | . . | 2.6 | . . | 2.3 |
| 2010–11 to 2015–16 | . . | –0.2 | . . | 0.6 | . . | 0.1 |
| 2005–06 to 2015–16 | . . | 1.0 | . . | 1.6 | . . | 1.2 |

(a) Constant price health expenditure is expressed in terms of 2015–16 prices. See Appendix C for more details.

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

*Source:* AIHW health expenditure database.

# Appendix A: National health expenditure matrixes

## Notes to tables

Data in all tables are sourced from the AIHW health expenditure database.

Constant price estimates have been indexed to the most recent year (see Appendix C for more details).

Australian Government expenditure for public hospital services in 2015–16 includes some payments related to the financial year 2014–15, as part of the National Health Reform Agreement. As such, growth in Australian Government expenditure for public hospital services between 2014–15 and 2015–16 may be inflated.

The private health insurance rebate amounts include the rebate on health insurance premiums that can be claimed directly from the Australian Government through the taxation system, or through a reduced premium charged by the private health insurance fund. The rebate was reduced from 9.68%–38.72% to 9.27%–37.09% on 1 April 2015, and to 8.93%–35.72% on 1 April 2016.

The non-government source of funds labelled ‘other’ includes expenditure on health goods and services incurred 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.

The term ‘other’ in ‘community health and other’ includes recurrent health expenditure that could not be allocated to a specific category; for example, expenditure by substance abuse treatment centres, providers of general health administration, or providers of regional health services not further defined.

Changes to how the Australian Government Department of Health report Aboriginal and Torres Strait Islander health expenditure contributed to the decrease in expenditure on community health services between 2014–15 and 2015–16. In 2015–16, a number of Aboriginal and Torres Strait Islander community health program funding allocations were combined with other Indigenous programs, which resulted in some of the expenditure on community health services being attributed to other areas of expenditure, such as unreferred medical services. The impact of the changes can be seen nationally and across all states and territories. It is most evident in the Northern Territory which had a larger proportion of the reallocated expenditure.

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

State and local governments include territory governments.

More information about the expenditure categories and data sources can be found in Appendix C.

Tables in Appendix A are available in Excel format and can be downloaded free from <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/data>.

**Table A1: Total health expenditure, current prices, by area of expenditure and source of funds, 2013–14 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 1,673 | 15,983 | 3,128 | 20,784 | 25,298 | 46,082 | 7,289 | 2,650 | 2,742 | 12,681 | 58,763 |
| Public hospital services | 759 | 15,677 | 405 | 16,841 | 24,790 | 41,632 | 944 | 1,308 | 1,842 | 4,094 | 45,725 |
| Private hospitals | 914 | 306 | 2,723 | 3,943 | 507 | 4,450 | 6,344 | 1,343 | 900 | 8,587 | 13,037 |
| Primary health care | 1,628 | 20,708 | 997 | 23,334 | 7,736 | 31,069 | 2,323 | 19,358 | 2,023 | 23,704 | 54,773 |
| Unreferred medical services | 857 | 7,837 | . . | 8,694 | . . | 8,694 | . . | 686 | 1,217 | 1,903 | 10,597 |
| Dental services | 109 | 503 | 664 | 1,275 | 713 | 1,989 | 1,547 | 5,336 | 43 | 6,925 | 8,914 |
| Other health practitioners | 256 | 1,253 | 312 | 1,822 | 10 | 1,831 | 726 | 2,490 | 372 | 3,589 | 5,420 |
| Community health and other | 1 | 1,252 | — | 1,253 | 6,176 | 7,429 | 1 | 224 | 185 | 409 | 7,838 |
| Public health | . . | 1,251 | . . | 1,251 | 837 | 2,088 | . . | 26 | 128 | 154 | 2,242 |
| Benefit-paid pharmaceuticals | 406 | 8,047 | . . | 8,452 | . . | 8,452 | . . | 1,598 | . . | 1,598 | 10,050 |
| All other medications | . . | 566 | 21 | 587 | . . | 587 | 49 | 8,999 | 78 | 9,126 | 9,713 |
| Referred medical services | . . | 11,593 | 589 | 12,182 | . . | 12,182 | 1,374 | 2,584 | . . | 3,958 | 16,140 |
| Other services | 210 | 1,863 | 812 | 2,884 | 2,544 | 5,428 | 1,892 | 3,030 | 185 | 5,107 | 10,535 |
| Patient transport services | 169 | 57 | 78 | 304 | 2,196 | 2,500 | 183 | 402 | 104 | 689 | 3,188 |
| Aids and appliances | 2 | 458 | 247 | 707 | . . | 707 | 575 | 2,625 | 80 | 3,280 | 3,987 |
| Administration | 38 | 1,349 | 487 | 1,873 | 348 | 2,221 | 1,134 | 4 | 1 | 1,138 | 3,360 |
| Research | 2 | 4,240 | . . | 4,242 | 821 | 5,063 | . . | 5 | 278 | 283 | 5,346 |
| **Total recurrent expenditure** | **3,513** | **54,386** | **5,526** | **63,426** | **36,398** | **99,824** | **12,877** | **27,628** | **5,229** | **45,733** | **145,557** |
| Capital expenditure | . . | 49 | . . | 49 | 4,783 | 4,832 | . . | . . | 4,282 | 4,282 | 9,114 |
| Medical expenses tax rebate | . . | 226 | . . | 226 | . . | 226 | . . | –226 | . . | –226 | — |
| **Total health expenditure** | **3,513** | **54,661** | **5,526** | **63,701** | **41,181** | **104,882** | **12,877** | **27,402** | **9,511** | **49,789** | **154,671** |

*Source:* AIHW health expenditure database.

**Table A2: Total health expenditure, current prices, by area of expenditure and source of funds, 2014–15 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 1,670 | 17,271 | 3,239 | 22,180 | 25,972 | 48,152 | 7,974 | 3,095 | 2,995 | 14,064 | 62,216 |
| Public hospital services | 793 | 16,946 | 431 | 18,170 | 25,351 | 43,521 | 1,060 | 1,485 | 1,930 | 4,475 | 47,996 |
| Private hospitals | 877 | 325 | 2,808 | 4,010 | 621 | 4,631 | 6,913 | 1,611 | 1,064 | 9,588 | 14,220 |
| Primary health care | 1,535 | 21,411 | 1,017 | 23,962 | 8,193 | 32,155 | 2,504 | 19,865 | 1,990 | 24,359 | 56,514 |
| Unreferred medical services | 840 | 8,376 | . . | 9,216 | . . | 9,216 | . . | 701 | 1,157 | 1,858 | 11,075 |
| Dental services | 96 | 788 | 681 | 1,565 | 712 | 2,277 | 1,676 | 5,521 | 67 | 7,265 | 9,542 |
| Other health practitioners | 235 | 1,355 | 317 | 1,907 | 5 | 1,912 | 781 | 2,509 | 355 | 3,645 | 5,557 |
| Community health and other | 1 | 1,242 | — | 1,243 | 6,527 | 7,770 | 1 | 258 | 209 | 467 | 8,237 |
| Public health | . . | 1,185 | . . | 1,185 | 948 | 2,133 | . . | 26 | 124 | 150 | 2,283 |
| Benefit-paid pharmaceuticals | 363 | 7,899 | . . | 8,262 | . . | 8,262 | . . | 1,513 | . . | 1,513 | 9,775 |
| All other medications | . . | 566 | 19 | 585 | . . | 585 | 46 | 9,335 | 79 | 9,459 | 10,044 |
| Referred medical services | . . | 12,137 | 608 | 12,745 | . . | 12,745 | 1,496 | 2,699 | . . | 4,196 | 16,940 |
| Other services | 209 | 2,055 | 834 | 3,098 | 2,816 | 5,914 | 2,053 | 3,160 | 186 | 5,400 | 11,313 |
| Patient transport services | 168 | 59 | 80 | 307 | 2,442 | 2,749 | 198 | 411 | 100 | 709 | 3,458 |
| Aids and appliances | 1 | 483 | 254 | 739 | . . | 739 | 625 | 2,744 | 86 | 3,455 | 4,193 |
| Administration | 40 | 1,513 | 500 | 2,052 | 374 | 2,426 | 1,230 | 5 | 1 | 1,236 | 3,662 |
| Research | 2 | 4,003 | . . | 4,006 | 774 | 4,779 | . . | 3 | 286 | 289 | 5,069 |
| **Total recurrent expenditure** | **3,416** | **56,877** | **5,698** | **65,991** | **37,755** | **103,746** | **14,028** | **28,823** | **5,457** | **48,307** | **152,053** |
| Capital expenditure | . . | 81 | . . | 81 | 4,125 | 4,206 | . . | . . | 5,361 | 5,361 | 9,567 |
| Medical expenses tax rebate | . . | 146 | . . | 146 | . . | 146 | . . | –146 | . . | –146 | — |
| **Total health expenditure** | **3,416** | **57,103** | **5,698** | **66,217** | **41,880** | **108,097** | **14,028** | **28,677** | **10,817** | **53,522** | **161,619** |

*Source:* AIHW health expenditure database.

## Table A3: Total health expenditure, current prices, by area of expenditure and source of funds, 2015–16 ($ million)

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 1,547 | 19,214 | 3,275 | 24,036 | 27,638 | 51,674 | 8,505 | 3,274 | 2,685 | 14,464 | 66,137 |
| Public hospital services | 739 | 18,886 | 438 | 20,064 | 26,819 | 46,882 | 1,136 | 1,419 | 1,626 | 4,181 | 51,064 |
| Private hospitals | 807 | 328 | 2,838 | 3,973 | 819 | 4,791 | 7,368 | 1,855 | 1,059 | 10,282 | 15,074 |
| Primary health care | 1,437 | 23,164 | 1,020 | 25,621 | 9,008 | 34,629 | 2,648 | 20,026 | 1,924 | 24,598 | 59,227 |
| Unreferred medical services | 774 | 9,151 | . . | 9,925 | . . | 9,925 | . . | 741 | 1,088 | 1,828 | 11,753 |
| Dental services | 87 | 792 | 690 | 1,570 | 761 | 2,331 | 1,791 | 5,740 | 42 | 7,573 | 9,904 |
| Other health practitioners | 230 | 1,508 | 313 | 2,050 | 5 | 2,056 | 812 | 2,464 | 343 | 3,619 | 5,674 |
| Community health and other | 1 | 898 | — | 899 | 7,035 | 7,934 | 1 | 242 | 203 | 446 | 8,380 |
| Public health | . . | 1,293 | . . | 1,293 | 1,206 | 2,500 | . . | 22 | 147 | 169 | 2,669 |
| Benefit-paid pharmaceuticals | 346 | 9,017 | . . | 9,363 | . . | 9,363 | . . | 1,407 | . . | 1,407 | 10,770 |
| All other medications | . . | 504 | 17 | 521 | . . | 521 | 44 | 9,410 | 102 | 9,556 | 10,077 |
| Referred medical services | . . | 12,608 | 602 | 13,210 | . . | 13,210 | 1,564 | 2,932 | . . | 4,497 | 17,707 |
| Other services | 200 | 2,080 | 847 | 3,127 | 3,140 | 6,267 | 2,200 | 3,216 | 216 | 5,632 | 11,899 |
| Patient transport services | 156 | 65 | 82 | 302 | 2,687 | 2,989 | 212 | 397 | 133 | 743 | 3,732 |
| Aids and appliances | 1 | 506 | 253 | 759 | . . | 759 | 656 | 2,811 | 80 | 3,548 | 4,307 |
| Administration | 44 | 1,510 | 513 | 2,066 | 452 | 2,519 | 1,332 | 7 | 3 | 1,342 | 3,861 |
| Research | 2 | 4,072 | . . | 4,073 | 841 | 4,914 | . . | 2 | 295 | 297 | 5,211 |
| **Total recurrent expenditure** | **3,186** | **61,137** | **5,745** | **70,067** | **40,626** | **110,693** | **14,917** | **29,451** | **5,121** | **49,488** | **160,182** |
| Capital expenditure | . . | 68 | . . | 68 | 3,790 | 3,857 | . . | . . | 6,347 | 6,347 | 10,205 |
| Medical expenses tax rebate | . . | 36 | . . | 36 | . . | 36 | . . | –36 | . . | –36 | — |
| **Total health expenditure** | **3,186** | **61,241** | **5,745** | **70,171** | **44,416** | **114,587** | **14,917** | **29,414** | **11,468** | **55,799** | **170,386** |

*Source:* AIHW health expenditure database.

## Table A4: Total health expenditure, constant prices, by area of expenditure and source of funds, 2013–14 ($ million)

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 1,745 | 16,668 | 3,262 | 21,675 | 26,388 | 48,063 | 7,601 | 2,763 | 2,858 | 13,223 | 61,286 |
| Public hospital services | 792 | 16,349 | 423 | 17,563 | 25,856 | 43,419 | 985 | 1,364 | 1,920 | 4,268 | 47,688 |
| Private hospitals | 953 | 319 | 2,839 | 4,112 | 532 | 4,644 | 6,616 | 1,399 | 939 | 8,954 | 13,598 |
| Primary health care | 1,716 | 21,141 | 1,029 | 23,886 | 8,118 | 32,003 | 2,397 | 19,696 | 2,095 | 24,188 | 56,191 |
| Unreferred medical services | 926 | 8,070 | . . | 8,996 | . . | 8,996 | . . | 724 | 1,248 | 1,972 | 10,968 |
| Dental services | 111 | 511 | 675 | 1,296 | 725 | 2,022 | 1,572 | 5,424 | 44 | 7,040 | 9,062 |
| Other health practitioners | 273 | 1,337 | 333 | 1,943 | 10 | 1,953 | 775 | 2,656 | 397 | 3,828 | 5,781 |
| Community health and other | 1 | 1,320 | — | 1,321 | 6,510 | 7,830 | 1 | 236 | 194 | 431 | 8,261 |
| Public health | . . | 1,305 | . . | 1,305 | 873 | 2,178 | . . | 27 | 133 | 160 | 2,338 |
| Benefit-paid pharmaceuticals | 405 | 8,031 | . . | 8,436 | . . | 8,436 | . . | 1,595 | . . | 1,595 | 10,031 |
| All other medications | . . | 568 | 21 | 589 | . . | 589 | 49 | 9,033 | 79 | 9,162 | 9,750 |
| Referred medical services | . . | 11,930 | 604 | 12,534 | . . | 12,534 | 1,407 | 2,695 | . . | 4,103 | 16,637 |
| Other services | 219 | 1,948 | 847 | 3,014 | 2,658 | 5,671 | 1,974 | 3,109 | 191 | 5,274 | 10,946 |
| Patient transport services | 177 | 59 | 82 | 317 | 2,290 | 2,607 | 191 | 418 | 109 | 718 | 3,325 |
| Aids and appliances | 2 | 468 | 253 | 724 | . . | 724 | 589 | 2,686 | 82 | 3,357 | 4,080 |
| Administration | 40 | 1,420 | 513 | 1,973 | 368 | 2,341 | 1,195 | 4 | 1 | 1,200 | 3,541 |
| Research | 2 | 4,462 | . . | 4,465 | 865 | 5,329 | . . | 5 | 293 | 298 | 5,627 |
| **Total recurrent expenditure** | **3,681** | **56,149** | **5,742** | **65,572** | **38,028** | **103,601** | **13,379** | **28,269** | **5,437** | **47,085** | **150,686** |
| Capital expenditure | . . | 50 | . . | 50 | 4,904 | 4,954 | . . | . . | 4,499 | 4,499 | 9,453 |
| Medical expenses tax rebate | . . | 238 | . . | 238 | . . | 238 | . . | –238 | . . | –238 | — |
| **Total health expenditure** | **3,681** | **56,437** | **5,742** | **65,860** | **42,933** | **108,793** | **13,379** | **28,031** | **9,936** | **51,347** | **160,139** |

*Source:* AIHW health expenditure database.

**Table A5: Total health expenditure, constant prices, by area of expenditure and source of funds, 2014–15 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 1,701 | 17,592 | 3,299 | 22,593 | 26,462 | 49,054 | 8,122 | 3,154 | 3,050 | 14,325 | 63,380 |
| Public hospital services | 808 | 17,262 | 439 | 18,508 | 25,827 | 44,335 | 1,080 | 1,513 | 1,965 | 4,558 | 48,893 |
| Private hospitals | 893 | 331 | 2,861 | 4,085 | 635 | 4,719 | 7,043 | 1,640 | 1,084 | 9,767 | 14,486 |
| Primary health care | 1,597 | 21,676 | 1,027 | 24,301 | 8,376 | 32,677 | 2,529 | 20,102 | 2,024 | 24,655 | 57,332 |
| Unreferred medical services | 897 | 8,558 | . . | 9,455 | . . | 9,455 | . . | 736 | 1,172 | 1,908 | 11,363 |
| Dental services | 97 | 789 | 682 | 1,568 | 713 | 2,281 | 1,679 | 5,530 | 68 | 7,276 | 9,557 |
| Other health practitioners | 241 | 1,392 | 326 | 1,960 | 5 | 1,965 | 802 | 2,579 | 365 | 3,746 | 5,711 |
| Community health and other | 1 | 1,274 | — | 1,275 | 6,691 | 7,966 | 1 | 264 | 214 | 479 | 8,445 |
| Public health | . . | 1,206 | . . | 1,206 | 966 | 2,172 | . . | 27 | 126 | 153 | 2,325 |
| Benefit-paid pharmaceuticals | 362 | 7,886 | . . | 8,248 | . . | 8,248 | . . | 1,511 | . . | 1,511 | 9,759 |
| All other medications | . . | 571 | 19 | 590 | . . | 590 | 47 | 9,455 | 80 | 9,582 | 10,172 |
| Referred medical services | . . | 12,391 | 618 | 13,009 | . . | 13,009 | 1,522 | 2,794 | . . | 4,316 | 17,325 |
| Other services | 213 | 2,088 | 845 | 3,147 | 2,871 | 6,018 | 2,081 | 3,140 | 187 | 5,408 | 11,426 |
| Patient transport services | 171 | 60 | 82 | 313 | 2,487 | 2,800 | 202 | 418 | 102 | 722 | 3,522 |
| Aids and appliances | 1 | 479 | 251 | 731 | . . | 731 | 619 | 2,716 | 85 | 3,420 | 4,151 |
| Administration | 40 | 1,550 | 512 | 2,103 | 384 | 2,487 | 1,261 | 5 | 1 | 1,267 | 3,753 |
| Research | 2 | 4,101 | . . | 4,103 | 793 | 4,896 | . . | 3 | 293 | 296 | 5,193 |
| **Total recurrent expenditure** | **3,514** | **57,849** | **5,790** | **67,153** | **38,501** | **105,655** | **14,255** | **29,192** | **5,553** | **49,001** | **154,655** |
| Capital expenditure | . . | 81 | . . | 81 | 4,152 | 4,233 | . . | . . | 5,504 | 5,504 | 9,737 |
| Medical expenses tax rebate | . . | 149 | . . | 149 | . . | 149 | . . | –149 | . . | –149 | — |
| **Total health expenditure** | **3,514** | **58,079** | **5,790** | **67,384** | **42,654** | **110,037** | **14,255** | **29,043** | **11,058** | **54,356** | **164,393** |

*Source:* AIHW health expenditure database.

## Table A6: Total health expenditure, constant prices, by area of expenditure and source of funds, 2015–16 ($ million)

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 1,547 | 19,214 | 3,275 | 24,036 | 27,638 | 51,674 | 8,505 | 3,274 | 2,685 | 14,464 | 66,137 |
| Public hospital services | 739 | 18,886 | 438 | 20,064 | 26,819 | 46,882 | 1,136 | 1,419 | 1,626 | 4,181 | 51,064 |
| Private hospitals | 807 | 328 | 2,838 | 3,973 | 819 | 4,791 | 7,368 | 1,855 | 1,059 | 10,282 | 15,074 |
| Primary health care | 1,437 | 23,164 | 1,020 | 25,621 | 9,008 | 34,629 | 2,648 | 20,026 | 1,924 | 24,598 | 59,227 |
| Unreferred medical services | 774 | 9,151 | . . | 9,925 | . . | 9,925 | . . | 741 | 1,088 | 1,828 | 11,753 |
| Dental services | 87 | 792 | 690 | 1,570 | 761 | 2,331 | 1,791 | 5,740 | 42 | 7,573 | 9,904 |
| Other health practitioners | 230 | 1,508 | 313 | 2,050 | 5 | 2,056 | 812 | 2,464 | 343 | 3,619 | 5,674 |
| Community health and other | 1 | 898 | — | 899 | 7,035 | 7,934 | 1 | 242 | 203 | 446 | 8,380 |
| Public health | . . | 1,293 | . . | 1,293 | 1,206 | 2,500 | . . | 22 | 147 | 169 | 2,669 |
| Benefit-paid pharmaceuticals | 346 | 9,017 | . . | 9,363 | . . | 9,363 | . . | 1,407 | . . | 1,407 | 10,770 |
| All other medications | . . | 504 | 17 | 521 | . . | 521 | 44 | 9,410 | 102 | 9,556 | 10,077 |
| Referred medical services | . . | 12,608 | 602 | 13,210 | . . | 13,210 | 1,564 | 2,932 | . . | 4,497 | 17,707 |
| Other services | 200 | 2,080 | 847 | 3,127 | 3,140 | 6,267 | 2,200 | 3,216 | 216 | 5,632 | 11,899 |
| Patient transport services | 156 | 65 | 82 | 302 | 2,687 | 2,989 | 212 | 397 | 133 | 743 | 3,732 |
| Aids and appliances | 1 | 506 | 253 | 759 | . . | 759 | 656 | 2,811 | 80 | 3,548 | 4,307 |
| Administration | 44 | 1,510 | 513 | 2,066 | 452 | 2,519 | 1,332 | 7 | 3 | 1,342 | 3,861 |
| Research | 2 | 4,072 | . . | 4,073 | 841 | 4,914 | . . | 2 | 295 | 297 | 5,211 |
| **Total recurrent expenditure** | **3,186** | **61,137** | **5,745** | **70,067** | **40,626** | **110,693** | **14,917** | **29,451** | **5,121** | **49,488** | **160,182** |
| Capital expenditure | . . | 68 | . . | 68 | 3,790 | 3,857 | . . | . . | 6,347 | 6,347 | 10,205 |
| Medical expenses tax rebate | . . | 36 | . . | 36 | . . | 36 | . . | –36 | . . | –36 | — |
| **Total health expenditure** | **3,186** | **61,241** | **5,745** | **70,171** | **44,416** | **114,587** | **14,917** | **29,414** | **11,468** | **55,799** | **170,386** |

*Source:* AIHW health expenditure database.

**Table A7: Annual growth in health expenditure, current prices, by area of expenditure, 2005–06 to 2015–16 (%)**

| Area of expenditure | 2005–06 to 2006–07 | 2006–07 to 2007–08 | 2007–08 to 2008–09 | 2008–09 to 2009–10 | 2009–10 to 2010–11 | 2010–11 to 2011–12 | 2011–12 to 2012–13 | 2012–13 to 2013–14 | 2013–14 to 2014–15 | 2014–15 to 2015–16 | Average annual growth 2005–06 to 2015–16 | Average annual growth 2010–11 to 2015–16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Hospitals | 9.7 | 9.6 | 10.7 | 8.5 | 7.5 | 7.6 | 3.7 | 5.9 | 5.9 | 6.3 | 7.5 | 5.9 |
| Public hospitals/public hospital services | 10.4 | 10.0 | 8.6 | 8.3 | 7.6 | 7.8 | 3.3 | 5.3 | 5.0 | 6.4 | 7.2 | 5.5 |
| Private hospitals | 7.0 | 8.2 | . . | 9.3 | 7.1 | 6.6 | 5.2 | 8.0 | 9.1 | 6.0 | . . | 7.0 |
| Primary health care | 8.9 | 9.9 | 7.3 | 6.7 | 8.2 | 6.8 | 4.6 | 3.4 | 3.2 | 4.8 | 6.4 | 4.6 |
| Unreferred medical services | 6.4 | 11.3 | 4.7 | 8.2 | 8.2 | 4.0 | 6.0 | 4.2 | 4.5 | 6.1 | 6.4 | 5.0 |
| Dental services | 7.0 | 6.2 | 10.7 | 7.5 | 8.1 | 6.1 | 4.4 | 2.4 | 7.1 | 3.8 | 6.3 | 4.7 |
| Other health practitioners | 7.7 | 3.1 | 1.6 | 9.2 | 16.4 | 9.1 | 9.6 | 4.0 | 2.5 | 2.1 | 6.4 | 5.4 |
| Community health and other | 12.7 | 14.5 | 5.1 | 7.2 | 7.6 | 12.6 | 5.0 | 5.3 | 5.1 | 1.7 | 7.6 | 5.9 |
| Public health | 16.4 | 25.0 | –1.1 | –10.4 | –2.9 | 15.3 | –4.6 | 4.6 | 1.9 | 16.9 | 5.5 | 6.5 |
| Medications | 9.3 | 8.7 | 10.8 | 7.5 | 7.9 | 5.1 | 3.7 | 2.5 | 0.3 | 5.2 | 6.0 | 3.3 |
| Benefit-paid pharmaceuticals | 3.1 | 7.9 | 9.9 | 7.5 | 2.0 | 3.3 | –1.8 | 0.8 | –2.7 | 10.2 | 3.9 | 1.8 |
| All other medications | 19.9 | 9.9 | 12.1 | 7.4 | 16.3 | 7.4 | 10.3 | 4.3 | 3.4 | 0.3 | 9.0 | 5.1 |
| Referred medical services | 8.9 | 8.2 | 10.4 | 6.5 | 4.5 | 7.6 | 6.4 | 6.5 | 5.0 | 4.5 | 6.8 | 6.0 |
| Other services | 6.8 | 7.6 | 12.1 | 3.3 | 5.3 | 7.1 | –2.8 | 7.3 | 7.4 | 5.2 | 5.9 | 4.8 |
| Patient transport services | 16.7 | 12.0 | 19.3 | 8.3 | 7.6 | 7.4 | 0.7 | 5.8 | 8.4 | 7.9 | 9.3 | 6.0 |
| Aids and appliances | 8.0 | 2.9 | 4.9 | 7.1 | 3.7 | 1.5 | 4.3 | 3.7 | 5.2 | 2.7 | 4.4 | 3.5 |
| Administration | –0.8 | 10.3 | 15.2 | –4.9 | 5.1 | 13.4 | –13.4 | 13.6 | 9.0 | 5.4 | 4.9 | 5.1 |
| Research | 13.8 | 16.3 | 34.6 | 15.0 | 2.4 | 8.2 | 4.9 | 8.8 | –5.2 | 2.8 | 9.7 | 3.8 |
| **Total recurrent expenditure** | **9.2** | **9.6** | **10.1** | **7.4** | **7.1** | **7.3** | **3.9** | **5.2** | **4.5** | **5.3** | **6.9** | **5.2** |
| Capital expenditure | 15.5 | 1.0 | 16.6 | –10.5 | 29.4 | 17.7 | –2.3 | 5.9 | 5.0 | 6.7 | 7.9 | 6.4 |
| **Total health expenditure** | **9.5** | **9.1** | **10.5** | **6.4** | **8.1** | **7.9** | **3.5** | **5.3** | **4.5** | **5.4** | **7.0** | **5.3** |

*Source:* AIHW health expenditure database.

**Table A8: Annual growth in health expenditure, constant prices, by area of expenditure, 2005–06 to 2015–16 (%)**

| Area of expenditure | 2005–06 to 2006–07 | 2006–07 to 2007–08 | 2007–08 to 2008–09 | 2008–09 to 2009–10 | 2009–10 to 2010–11 | 2010–11 to 2011–12 | 2011–12 to 2012–13 | 2012–13 to 2013–14 | 2013–14 to 2014–15 | 2014–15 to 2015–16 | Average annual growth: 2005–06 to 2015–16 | Average annual growth: 2010–11 to 2015–16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Hospitals | 5.6 | 6.4 | 7.6 | 4.6 | 6.1 | 5.1 | 0.8 | 3.0 | 3.4 | 4.4 | 4.7 | 3.3 |
| Public hospitals/public hospital services | 6.3 | 6.7 | 5.7 | 4.4 | 6.2 | 5.3 | 0.4 | 2.4 | 2.5 | 4.4 | 4.4 | 3.0 |
| Private hospitals | 2.8 | 5.0 | . . | 5.2 | 5.7 | 4.0 | 2.2 | 5.0 | 6.5 | 4.1 | . . | 4.3 |
| Primary health care | 5.9 | 8.2 | 4.1 | 4.6 | 7.6 | 5.6 | 2.8 | 1.8 | 2.0 | 3.3 | 4.6 | 3.1 |
| Unreferred medical services | 3.4 | 10.5 | 0.5 | 6.0 | 7.3 | 2.3 | 3.3 | 3.1 | 3.6 | 3.4 | 4.3 | 3.1 |
| Dental services | 1.4 | 2.1 | 8.1 | 4.7 | 7.2 | 5.8 | 2.3 | 1.1 | 5.5 | 3.6 | 4.1 | 3.6 |
| Other health practitioners | 5.6 | 3.2 | –2.5 | 6.4 | 12.5 | 3.5 | 6.3 | –0.1 | –1.2 | –0.6 | 3.2 | 1.5 |
| Community health and other | 8.2 | 10.4 | –2.2 | 3.4 | 5.5 | 9.8 | 2.9 | 2.3 | 2.2 | –0.8 | 4.1 | 3.3 |
| Public health | 11.9 | 21.3 | –4.2 | –13.6 | –4.2 | 12.6 | –7.3 | 1.7 | –0.5 | 14.8 | 2.7 | 3.9 |
| Medications | 8.1 | 8.4 | 11.4 | 6.9 | 9.2 | 5.5 | 2.9 | 1.8 | 0.8 | 4.6 | 5.9 | 3.1 |
| Benefit-paid pharmaceuticals | 3.1 | 7.8 | 9.7 | 7.5 | 2.0 | 3.3 | –1.7 | 1.0 | –2.7 | 10.4 | 3.9 | 1.9 |
| All other medications | 16.5 | 9.3 | 13.8 | 6.2 | 19.4 | 8.3 | 8.3 | 2.7 | 4.3 | –0.9 | 8.6 | 4.5 |
| Referred medical services | 5.7 | 7.0 | 6.3 | 4.4 | 3.2 | 5.5 | 4.0 | 5.1 | 4.1 | 2.2 | 4.7 | 4.2 |
| Other services | 2.8 | 4.9 | 10.7 | 1.7 | 6.5 | 6.0 | –5.2 | 6.6 | 4.4 | 4.1 | 4.2 | 3.1 |
| Patient transport services | 12.4 | 8.7 | 15.8 | 4.4 | 6.2 | 4.9 | –2.1 | 3.0 | 5.9 | 6.0 | 6.4 | 3.5 |
| Aids and appliances | 5.8 | 0.1 | 6.9 | 12.5 | 11.7 | 3.0 | 3.1 | 6.5 | 1.7 | 3.8 | 5.4 | 3.6 |
| Administration | –5.2 | 6.2 | 10.1 | –8.6 | 1.8 | 10.1 | –16.0 | 10.5 | 6.0 | 2.9 | 1.4 | 2.2 |
| Research | 9.1 | 12.1 | 29.0 | 10.8 | –0.9 | 5.3 | 1.7 | 5.9 | –7.7 | 0.4 | 6.2 | 1.0 |
| **Total recurrent expenditure** | **5.6** | **7.2** | **7.0** | **4.6** | **6.1** | **5.4** | **1.4** | **3.1** | **2.6** | **3.6** | **4.6** | **3.2** |
| Capital expenditure | 13.0 | –3.3 | 13.2 | –9.5 | 28.2 | 17.1 | –2.9 | 4.6 | 3.0 | 4.8 | 6.3 | 5.1 |
| **Total health expenditure** | **6.0** | **6.6** | **7.3** | **3.8** | **7.1** | **6.0** | **1.2** | **3.2** | **2.7** | **3.6** | **4.7** | **3.3** |

*Source:* AIHW health expenditure database.

**Table A9: Proportions of recurrent health expenditure, current prices, by area of expenditure, 2005–06 to 2015–16 (%)**

| Area of expenditure | 2005–06 | 2006–07 | 2007–08 | 2008–09 | 2009–10 | 2010–11 | 2011–12 | 2012–13 | 2013–14 | 2014–15 | 2015–16 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Hospitals | 39.1 | 39.3 | 39.3 | 39.5 | 39.9 | 40.1 | 40.2 | 40.1 | 40.4 | 40.9 | 41.3 |
| Public hospitals/public hospital services | 31.0 | 31.3 | 31.4 | 31.0 | 31.3 | 31.4 | 31.6 | 31.4 | 31.4 | 31.6 | 31.9 |
| Private hospitals | 8.2 | 8.0 | 7.9 | 8.5 | 8.7 | 8.7 | 8.6 | 8.7 | 9.0 | 9.4 | 9.4 |
| Primary health care | 39.0 | 38.9 | 39.0 | 38.0 | 37.8 | 38.2 | 38.0 | 38.3 | 37.6 | 37.2 | 37.0 |
| Unreferred medical services | 7.7 | 7.6 | 7.7 | 7.3 | 7.3 | 7.4 | 7.2 | 7.3 | 7.3 | 7.3 | 7.3 |
| Dental services | 6.6 | 6.4 | 6.2 | 6.3 | 6.3 | 6.3 | 6.3 | 6.3 | 6.1 | 6.3 | 6.2 |
| Other health practitioners | 3.7 | 3.7 | 3.4 | 3.2 | 3.2 | 3.5 | 3.6 | 3.8 | 3.7 | 3.7 | 3.5 |
| Community health and other | 4.9 | 5.1 | 5.3 | 5.1 | 5.0 | 5.1 | 5.3 | 5.4 | 5.4 | 5.4 | 5.2 |
| Public health | 1.9 | 2.0 | 2.3 | 2.1 | 1.7 | 1.6 | 1.7 | 1.5 | 1.5 | 1.5 | 1.7 |
| Benefit-paid pharmaceuticals | 8.9 | 8.4 | 8.3 | 8.3 | 8.3 | 7.9 | 7.6 | 7.2 | 6.9 | 6.4 | 6.7 |
| All other medications | 5.2 | 5.7 | 5.7 | 5.8 | 5.8 | 6.3 | 6.3 | 6.7 | 6.7 | 6.6 | 6.3 |
| Referred medical services | 11.2 | 11.1 | 11.0 | 11.0 | 10.9 | 10.7 | 10.7 | 11.0 | 11.1 | 11.1 | 11.1 |
| Other services | 8.2 | 8.0 | 7.9 | 8.0 | 7.7 | 7.6 | 7.6 | 7.1 | 7.2 | 7.4 | 7.4 |
| Patient transport services | 1.9 | 2.0 | 2.0 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.2 | 2.3 | 2.3 |
| Aids and appliances | 3.4 | 3.4 | 3.2 | 3.0 | 3.0 | 2.9 | 2.8 | 2.8 | 2.7 | 2.8 | 2.7 |
| Administration | 2.9 | 2.6 | 2.7 | 2.8 | 2.5 | 2.4 | 2.6 | 2.1 | 2.3 | 2.4 | 2.4 |
| Research | 2.5 | 2.6 | 2.8 | 3.4 | 3.6 | 3.5 | 3.5 | 3.6 | 3.7 | 3.3 | 3.3 |
| **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** |

*Source:* AIHW health expenditure database.

**Table A10: Recurrent funding of public hospital services, constant prices, by source of funds and annual growth rates, 2005–06 to 2015–16 (%)**

| | Government | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | State/territory and local | | | Non-government | | | Total | | |
| Year | Amount ($m) | Growth (%) | Share (%) | Amount ($m) | Growth (%) | Share (%) | Amount ($m) | Growth (%) | Share (%) | Amount ($m) | Growth (%) | Share (%) |
| 2005–06 | 13,191 | . . | 39.8 | 17,680 | . . | 53.3 | 2,292 | . . | 6.9 | 33,163 | . . | 100.0 |
| 2006–07 | 13,552 | 2.7 | 38.4 | 19,203 | 8.6 | 54.5 | 2,498 | 9.0 | 7.1 | 35,253 | 6.3 | 100.0 |
| 2007–08 | 14,778 | 9.0 | 39.3 | 20,137 | 4.9 | 53.5 | 2,704 | 8.2 | 7.2 | 37,618 | 6.7 | 100.0 |
| 2008–09 | 16,713 | 13.1 | 42.0 | 19,876 | –1.3 | 50.0 | 3,165 | 17.1 | 8.0 | 39,754 | 5.7 | 100.0 |
| 2009–10 | 15,887 | –4.9 | 38.3 | 22,369 | 12.5 | 53.9 | 3,235 | 2.2 | 7.8 | 41,491 | 4.4 | 100.0 |
| 2010–11 | 17,447 | 9.8 | 39.6 | 22,904 | 2.4 | 52.0 | 3,693 | 14.2 | 8.4 | 44,044 | 6.2 | 100.0 |
| 2011–12 | 17,796 | 2.0 | 38.4 | 24,751 | 8.1 | 53.3 | 3,853 | 4.3 | 8.3 | 46,400 | 5.3 | 100.0 |
| 2012–13 | 17,411 | –2.2 | 37.4 | 24,922 | 0.7 | 53.5 | 4,247 | 10.2 | 9.1 | 46,581 | 0.4 | 100.0 |
| 2013–14 | 17,563 | 0.9 | 36.8 | 25,856 | 3.7 | 54.2 | 4,268 | 0.5 | 9.0 | 47,688 | 2.4 | 100.0 |
| 2014–15 | 18,508 | 5.4 | 37.9 | 25,827 | –0.1 | 52.8 | 4,558 | 6.8 | 9.3 | 48,893 | 2.5 | 100.0 |
| 2015–16 | 20,064 | 8.4 | 39.3 | 26,819 | 3.8 | 52.5 | 4,181 | –8.3 | 8.2 | 51,064 | 4.4 | 100.0 |
| | | | | | | Average annual growth rate (%) | | | | | | |
| 2005–06 to 2010–11 | . . | 5.8 | . . | . . | 5.3 | . . | . . | 10.0 | . . | . . | 5.8 | . . |
| 2010–11 to 2015–16 | . . | 2.8 | . . | . . | 3.2 | . . | . . | 2.5 | . . | . . | 3.0 | . . |
| 2005–06 to 2015–16 | . . | 4.3 | . . | . . | 4.3 | . . | . . | 6.2 | . . | . . | 4.4 | . . |

*Source:* AIHW health expenditure database.

# Appendix B: State and territory health expenditure matrixes

## Notes to tables

Tables show funding provided by the Australian Government, state and territory and local governments, and the major non-government sources of funding for health goods and services.

Data in all tables are sourced from the AIHW health expenditure database.

The private health insurance rebate amounts include the rebate on health insurance premiums that can be claimed either directly from the Australian Government through the taxation system, or through a reduced premium charged by the private health insurance fund. The rebate was reduced from 9.68%–38.72% to 9.27%–37.09% on 1 April 2015, and to 8.93%–35.72% on 1 April 2016.

The non-government source of funds labelled 'other' includes 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.

'Health and other' comprises Australian Government Department of Health-funded expenditure, such as on the MBS and PBS, and other Australian Government expenditure, such as for the SPPs associated with the National Healthcare Agreement and health-related NPPs, capital consumption, estimates of the medical expenses tax rebate, and health research not funded by the Australian Government Department of Health.

Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis. See Appendix C for more information.

The term 'other' in 'community health and other' includes recurrent health expenditure that could not be allocated to a specific category; for example, expenditure by substance abuse treatment centres, providers of general health administration, or providers of regional health services not further defined.

Cross-border activity based funding under the National Health Reform Agreement is paid directly by the Administrator of the National Health Funding Pool to the jurisdiction where services were provided. However, the population used for per capita spend calculations is actual state population. This may lead to over- or under-estimation of per capita health expenditure in each state or territory.

Changes to how the Australian Government Department of Health report Aboriginal and Torres Strait Islander health expenditure contributed to the decrease in expenditure on community health services between 2014–15 and 2015–16. In 2015–16, a number of Aboriginal and Torres Strait Islander community health program funding allocations were combined with other Indigenous programs, which resulted in some of the expenditure on community health services being attributed to other areas of expenditure, such as unreferred medical services. The impact of the changes can be seen nationally and across all states and territories. It is most evident in the Northern Territory which had a larger proportion of the reallocated expenditure.

Data for Victoria prior to 2015–16 included payments by health insurance funds to hospitals as personal contributions, thus overstating the amount reported for patient contributions.

Some research expenditure for South Australia is included in public hospital expenditure, as not all research expenditure can be separately identified.

Data for the Northern Territory for 2014–15 and 2015–16 are not directly comparable with data from earlier years due to significant changes and improvements in Northern Territory financial reporting procedures.

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

More information about the expenditure categories and data sources can be found in Appendix C.

Tables in Appendix B are available in Excel format and can be downloaded free from <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/data>.

They are also available through a data visualisation tool at <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/overview>.

**Table B1: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds, 2015–16 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 530 | 6,140 | 1,071 | 7,740 | 7,803 | 15,543 | 2,780 | 879 | 1,083 | 4,741 | 20,284 |
| Public hospital services | 319 | 6,046 | 212 | 6,577 | 7,803 | 14,380 | 551 | 344 | 758 | 1,653 | 16,033 |
| Private hospitals | 211 | 94 | 858 | 1,163 | . . | 1,163 | 2,229 | 534 | 326 | 3,089 | 4,252 |
| Primary health care | 438 | 7,659 | 318 | 8,415 | 2,289 | 10,704 | 826 | 6,330 | 866 | 8,022 | 18,726 |
| Unreferred medical services | 230 | 3,019 | . . | 3,250 | . . | 3,250 | . . | 187 | 501 | 688 | 3,938 |
| Dental services | 26 | 319 | 214 | 559 | 210 | 768 | 554 | 1,617 | 11 | 2,182 | 2,951 |
| Other health practitioners | 63 | 488 | 98 | 649 | . . | 649 | 255 | 738 | 91 | 1,084 | 1,733 |
| Community health and other | — | 282 | — | 282 | 1,745 | 2,027 | — | 162 | 114 | 276 | 2,303 |
| Public health | . . | 407 | . . | 407 | 334 | 741 | . . | . . | 144 | 144 | 885 |
| Benefit-paid pharmaceuticals | 119 | 2,979 | . . | 3,097 | . . | 3,097 | . . | 461 | . . | 461 | 3,559 |
| All other medications | . . | 165 | 6 | 171 | . . | 171 | 16 | 3,165 | 5 | 3,187 | 3,357 |
| Referred medical services | . . | 4,436 | 176 | 4,612 | . . | 4,612 | 457 | 1,153 | . . | 1,611 | 6,223 |
| Other services | 87 | 671 | 301 | 1,059 | 701 | 1,760 | 783 | 580 | 48 | 1,411 | 3,171 |
| Patient transport services | 86 | 5 | 51 | 142 | 701 | 842 | 132 | 41 | 44 | 217 | 1,060 |
| Aids and appliances | — | 164 | 86 | 250 | . . | 250 | 223 | 540 | 4 | 766 | 1,017 |
| Administration | — | 502 | 165 | 667 | . . | 667 | 428 | . . | . . | 428 | 1,095 |
| Research | — | 1,347 | . . | 1,347 | 224 | 1,571 | . . | 1 | 131 | 132 | 1,703 |
| **Total recurrent expenditure** | **1,054** | **20,253** | **1,866** | **23,173** | **11,016** | **34,190** | **4,846** | **8,944** | **2,128** | **15,918** | **50,107** |
| Capital expenditure | . . | 30 | . . | 30 | 1,168 | 1,198 | . . | . . | 1,907 | 1,907 | 3,105 |
| Medical expenses tax rebate | . . | 14 | . . | 14 | . . | 14 | . . | –14 | . . | –14 | — |
| **Total health expenditure** | **1,054** | **20,297** | **1,866** | **23,217** | **12,185** | **35,402** | **4,846** | **8,930** | **4,035** | **17,810** | **53,212** |

*Source:* AIHW health expenditure database.

**Table B2: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds, 2015–16 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 323 | 4,667 | 809 | 5,798 | 6,640 | 12,439 | 2,100 | 809 | 439 | 3,348 | 15,786 |
| Public hospital services | 149 | 4,595 | 96 | 4,840 | 6,640 | 11,480 | 248 | 246 | 119 | 613 | 12,093 |
| Private hospitals | 174 | 71 | 713 | 959 | . . | 959 | 1,851 | 563 | 321 | 2,735 | 3,693 |
| Primary health care | 283 | 5,697 | 209 | 6,188 | 1,094 | 7,282 | 543 | 6,016 | 351 | 6,910 | 14,192 |
| Unreferred medical services | 154 | 2,182 | . . | 2,336 | . . | 2,336 | . . | 193 | 205 | 399 | 2,735 |
| Dental services | 14 | 202 | 135 | 350 | 164 | 515 | 351 | 2,161 | 6 | 2,518 | 3,033 |
| Other health practitioners | 43 | 413 | 71 | 527 | . . | 527 | 185 | 922 | 82 | 1,189 | 1,716 |
| Community health and other | — | 181 | — | 181 | 593 | 773 | — | 8 | 34 | 42 | 815 |
| Public health | . . | 309 | . . | 309 | 337 | 646 | . . | 1 | — | 1 | 647 |
| Benefit-paid pharmaceuticals | 72 | 2,288 | . . | 2,360 | . . | 2,360 | . . | 353 | . . | 353 | 2,712 |
| All other medications | . . | 122 | 3 | 125 | . . | 125 | 7 | 2,379 | 23 | 2,409 | 2,534 |
| Referred medical services | . . | 3,142 | 161 | 3,303 | . . | 3,303 | 417 | 669 | . . | 1,086 | 4,389 |
| Other services | 24 | 503 | 186 | 714 | 568 | 1,282 | 484 | 1,156 | 58 | 1,698 | 2,980 |
| Patient transport services | 24 | 1 | 10 | 35 | 568 | 603 | 27 | 257 | 28 | 311 | 914 |
| Aids and appliances | — | 128 | 52 | 180 | . . | 180 | 134 | 900 | 31 | 1,064 | 1,244 |
| Administration | — | 374 | 125 | 499 | . . | 499 | 324 | . . | . . | 324 | 823 |
| Research | — | 1,234 | . . | 1,234 | 184 | 1,418 | . . | — | 92 | 92 | 1,510 |
| **Total recurrent expenditure** | **630** | **15,243** | **1,365** | **17,238** | **8,486** | **25,724** | **3,544** | **8,650** | **940** | **13,134** | **38,858** |
| Capital expenditure | . . | 8 | . . | 8 | 816 | 824 | . . | . . | 1,485 | 1,485 | 2,309 |
| Medical expenses tax rebate | . . | 9 | . . | 9 | . . | 9 | . . | –9 | . . | –9 | — |
| **Total health expenditure** | **630** | **15,260** | **1,365** | **17,255** | **9,302** | **26,557** | **3,544** | **8,641** | **2,425** | **14,610** | **41,167** |

*Source:* AIHW health expenditure database.

**Table B3: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds, 2015–16 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 391 | 3,909 | 664 | 4,964 | 5,379 | 10,343 | 1,723 | 823 | 706 | 3,252 | 13,595 |
| Public hospital services | 105 | 3,821 | 56 | 3,983 | 5,260 | 9,243 | 146 | 349 | 502 | 997 | 10,240 |
| Private hospitals | 286 | 88 | 607 | 981 | 119 | 1,101 | 1,577 | 474 | 204 | 2,255 | 3,355 |
| Primary health care | 406 | 4,799 | 207 | 5,412 | 2,803 | 8,215 | 536 | 3,502 | 289 | 4,327 | 12,543 |
| Unreferred medical services | 226 | 1,957 | . . | 2,183 | . . | 2,183 | . . | 158 | 172 | 330 | 2,513 |
| Dental services | 30 | 154 | 141 | 325 | 203 | 527 | 367 | 619 | 9 | 996 | 1,523 |
| Other health practitioners | 72 | 303 | 62 | 436 | . . | 436 | 160 | 570 | 76 | 806 | 1,242 |
| Community health and other | — | 196 | — | 196 | 2,444 | 2,639 | — | 22 | 19 | 41 | 2,681 |
| Public health | . . | 262 | . . | 262 | 157 | 419 | . . | 19 | . . | 19 | 438 |
| Benefit-paid pharmaceuticals | 79 | 1,825 | . . | 1,904 | . . | 1,904 | . . | 282 | . . | 282 | 2,186 |
| All other medications | . . | 103 | 3 | 106 | . . | 106 | 9 | 1,832 | 12 | 1,854 | 1,960 |
| Referred medical services | . . | 2,571 | 123 | 2,695 | . . | 2,695 | 320 | 549 | . . | 869 | 3,563 |
| Other services | 25 | 428 | 157 | 610 | 1,052 | 1,662 | 408 | 543 | 19 | 970 | 2,632 |
| Patient transport services | 25 | 17 | — | 42 | 806 | 848 | — | . . | 4 | 4 | 853 |
| Aids and appliances | — | 100 | 51 | 152 | . . | 152 | 133 | 543 | 15 | 691 | 843 |
| Administration | — | 311 | 106 | 416 | 246 | 662 | 275 | . . | . . | 275 | 937 |
| Research | — | 621 | . . | 621 | 229 | 850 | . . | . . | 29 | 29 | 879 |
| **Total recurrent expenditure** | **823** | **12,329** | **1,151** | **14,302** | **9,463** | **23,765** | **2,988** | **5,417** | **1,043** | **9,448** | **33,213** |
| Capital expenditure | . . | 9 | . . | 9 | 877 | 886 | . . | . . | 1,574 | 1,574 | 2,459 |
| Medical expenses tax rebate | . . | 7 | . . | 7 | . . | 7 | . . | –7 | . . | –7 | — |
| **Total health expenditure** | **823** | **12,344** | **1,151** | **14,318** | **10,340** | **24,658** | **2,988** | **5,410** | **2,617** | **11,015** | **35,672** |

*Source:* AIHW health expenditure database.

**Table B4: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds, 2015–16 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 130 | 2,016 | 382 | 2,528 | 3,664 | 6,192 | 992 | 405 | 158 | 1,555 | 7,747 |
| Public hospital services | 55 | 1,971 | 31 | 2,056 | 2,981 | 5,038 | 79 | 411 | 38 | 529 | 5,567 |
| Private hospitals | 75 | 45 | 351 | 472 | 683 | 1,154 | 912 | –6 | 119 | 1,026 | 2,180 |
| Primary health care | 116 | 2,098 | 153 | 2,367 | 1,142 | 3,509 | 396 | 2,108 | 192 | 2,696 | 6,205 |
| Unreferred medical services | 56 | 839 | . . | 895 | . . | 895 | . . | 95 | 93 | 188 | 1,082 |
| Dental services | 9 | 29 | 111 | 149 | 86 | 235 | 288 | 893 | 6 | 1,187 | 1,422 |
| Other health practitioners | 25 | 130 | 39 | 194 | . . | 194 | 101 | 65 | 43 | 209 | 403 |
| Community health and other | — | 100 | — | 100 | 895 | 995 | — | 19 | 3 | 22 | 1,017 |
| Public health | . . | 140 | . . | 140 | 160 | 300 | . . | . . | . . | . . | 300 |
| Benefit-paid pharmaceuticals | 26 | 811 | . . | 838 | . . | 838 | . . | 136 | . . | 136 | 973 |
| All other medications | . . | 51 | 2 | 53 | . . | 53 | 6 | 901 | 48 | 955 | 1,008 |
| Referred medical services | . . | 1,098 | 68 | 1,166 | . . | 1,166 | 177 | 298 | . . | 476 | 1,642 |
| Other services | 7 | 213 | 104 | 325 | 383 | 708 | 271 | 584 | 17 | 872 | 1,580 |
| Patient transport services | 7 | 21 | 10 | 38 | 258 | 296 | 27 | 6 | 16 | 49 | 345 |
| Aids and appliances | — | 51 | 31 | 82 | . . | 82 | 80 | 570 | — | 651 | 733 |
| Administration | — | 141 | 63 | 204 | 126 | 330 | 164 | 7 | 1 | 172 | 502 |
| Research | — | 354 | . . | 354 | 75 | 429 | . . | 1 | 17 | 19 | 447 |
| **Total recurrent expenditure** | **254** | **5,779** | **707** | **6,740** | **5,264** | **12,004** | **1,837** | **3,396** | **384** | **5,617** | **17,621** |
| Capital expenditure | . . | 6 | . . | 6 | 582 | 588 | . . | . . | 744 | 744 | 1,332 |
| Medical expenses tax rebate | . . | 3 | . . | 3 | . . | 3 | . . | –3 | . . | –3 | — |
| **Total health expenditure** | **254** | **5,788** | **707** | **6,749** | **5,846** | **12,595** | **1,837** | **3,393** | **1,128** | **6,358** | **18,953** |

*Source:* AIHW health expenditure database.

**Table B5: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds, 2015–16 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 97 | 1,349 | 220 | 1,666 | 2,464 | 4,129 | 571 | 179 | 200 | 950 | 5,079 |
| Public hospital services | 55 | 1,328 | 26 | 1,408 | 2,457 | 3,866 | 66 | 42 | 149 | 258 | 4,124 |
| Private hospitals | 42 | 21 | 194 | 257 | 6 | 263 | 504 | 137 | 51 | 692 | 955 |
| Primary health care | 96 | 1,751 | 91 | 1,938 | 896 | 2,834 | 237 | 1,095 | 151 | 1,482 | 4,316 |
| Unreferred medical services | 47 | 665 | . . | 712 | . . | 712 | . . | 50 | 74 | 124 | 836 |
| Dental services | 7 | 62 | 59 | 128 | 60 | 189 | 153 | 165 | 7 | 324 | 512 |
| Other health practitioners | 15 | 114 | 31 | 160 | . . | 160 | 80 | 39 | 35 | 153 | 313 |
| Community health and other | — | 64 | — | 64 | 725 | 789 | — | 31 | 28 | 59 | 848 |
| Public health | . . | 98 | . . | 98 | 110 | 208 | . . | 2 | 2 | 5 | 213 |
| Benefit-paid pharmaceuticals | 26 | 710 | . . | 736 | . . | 736 | . . | 112 | . . | 112 | 847 |
| All other medications | . . | 38 | 2 | 40 | . . | 40 | 4 | 697 | 5 | 706 | 746 |
| Referred medical services | . . | 872 | 51 | 923 | . . | 923 | 132 | 135 | . . | 267 | 1,190 |
| Other services | 5 | 155 | 69 | 230 | 146 | 376 | 180 | 255 | 57 | 491 | 868 |
| Patient transport services | 5 | 8 | 9 | 22 | 146 | 168 | 23 | 90 | 33 | 146 | 315 |
| Aids and appliances | — | 38 | 21 | 59 | . . | 59 | 54 | 164 | 24 | 242 | 302 |
| Administration | — | 109 | 40 | 149 | . . | 149 | 103 | . . | . . | 103 | 252 |
| Research | — | 277 | . . | 277 | 51 | 328 | . . | 1 | 16 | 17 | 345 |
| **Total recurrent expenditure** | **199** | **4,405** | **431** | **5,034** | **3,557** | **8,591** | **1,119** | **1,664** | **424** | **3,207** | **11,798** |
| Capital expenditure | . . | 4 | . . | 4 | 133 | 137 | . . | . . | 406 | 406 | 543 |
| Medical expenses tax rebate | . . | 2 | . . | 2 | . . | 2 | . . | –2 | . . | –2 | — |
| **Total health expenditure** | **199** | **4,410** | **431** | **5,040** | **3,690** | **8,730** | **1,119** | **1,662** | **830** | **3,611** | **12,341** |

*Source:* AIHW health expenditure database.

**Table B6: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds, 2015–16 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 33 | 538 | 77 | 649 | 509 | 1,158 | 200 | 81 | 49 | 330 | 1,488 |
| Public hospital services | 18 | 533 | 10 | 561 | 509 | 1,071 | 26 | 14 | 27 | 68 | 1,139 |
| Private hospitals | 16 | 5 | 67 | 87 | . . | 87 | 173 | 67 | 22 | 262 | 349 |
| Primary health care | 36 | 603 | 19 | 657 | 122 | 779 | 49 | 480 | 30 | 559 | 1,338 |
| Unreferred medical services | 18 | 240 | . . | 258 | . . | 258 | . . | 23 | 19 | 42 | 300 |
| Dental services | 2 | 16 | 13 | 31 | 13 | 44 | 34 | 91 | 2 | 127 | 171 |
| Other health practitioners | 6 | 33 | 5 | 44 | 2 | 46 | 13 | 46 | 3 | 63 | 109 |
| Community health and other | — | 26 | — | 26 | 92 | 118 | — | — | — | — | 119 |
| Public health | . . | 30 | . . | 30 | 15 | 45 | . . | . . | . . | . . | 45 |
| Benefit-paid pharmaceuticals | 10 | 244 | . . | 254 | . . | 254 | . . | 37 | . . | 37 | 291 |
| All other medications | . . | 14 | 1 | 14 | . . | 14 | 1 | 283 | 6 | 290 | 304 |
| Referred medical services | . . | 254 | 15 | 268 | . . | 268 | 38 | 42 | . . | 80 | 348 |
| Other services | 8 | 51 | 18 | 77 | 69 | 146 | 47 | 59 | 8 | 113 | 259 |
| Patient transport services | 8 | 1 | — | 9 | 66 | 75 | — | 4 | 3 | 7 | 81 |
| Aids and appliances | — | 12 | 6 | 18 | . . | 18 | 16 | 55 | 4 | 75 | 93 |
| Administration | — | 38 | 12 | 50 | 3 | 53 | 31 | . . | . . | 31 | 84 |
| Research | — | 44 | . . | 44 | 10 | 55 | . . | . . | 1 | 1 | 55 |
| **Total recurrent expenditure** | **77** | **1,490** | **128** | **1,696** | **710** | **2,406** | **333** | **662** | **87** | **1,082** | **3,488** |
| Capital expenditure | . . | 2 | . . | 2 | 59 | 61 | . . | . . | 132 | 132 | 193 |
| Medical expenses tax rebate | . . | — | . . | — | . . | — | . . | — | . . | — | — |
| **Total health expenditure** | **77** | **1,493** | **128** | **1,698** | **769** | **2,467** | **333** | **661** | **219** | **1,214** | **3,681** |

*Source:* AIHW health expenditure database.

**Table B7: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds, 2015–16 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 36 | 374 | 39 | 449 | 694 | 1,143 | 102 | 57 | 21 | 179 | 1,323 |
| Public hospital services | 35 | 371 | 5 | 411 | 683 | 1,094 | 14 | 4 | 11 | 29 | 1,123 |
| Private hospitals | 1 | 3 | 34 | 38 | 11 | 49 | 88 | 53 | 10 | 150 | 200 |
| Primary health care | 59 | 294 | 17 | 370 | 272 | 642 | 44 | 326 | 19 | 389 | 1,032 |
| Unreferred medical services | 41 | 114 | . . | 155 | . . | 155 | . . | 29 | 10 | 39 | 194 |
| Dental services | — | 7 | 12 | 18 | 12 | 30 | 31 | 118 | — | 149 | 180 |
| Other health practitioners | 5 | 19 | 5 | 29 | 2 | 31 | 12 | 51 | 7 | 71 | 102 |
| Community health and other | — | 16 | — | 16 | 230 | 245 | — | . . | — | — | 245 |
| Public health | . . | 21 | . . | 21 | 29 | 50 | . . | . . | . . | . . | 50 |
| Benefit-paid pharmaceuticals | 13 | 111 | . . | 125 | . . | 125 | . . | 21 | . . | 21 | 145 |
| All other medications | . . | 5 | — | 6 | . . | 6 | 1 | 107 | 1 | 109 | 115 |
| Referred medical services | . . | 163 | 6 | 169 | . . | 169 | 16 | 73 | . . | 89 | 258 |
| Other services | 44 | 28 | 5 | 76 | 47 | 124 | 14 | 24 | 2 | 40 | 163 |
| Patient transport services | — | — | 1 | 1 | 47 | 48 | 2 | — | 1 | 4 | 52 |
| Aids and appliances | — | 8 | 4 | 12 | . . | 12 | 11 | 24 | 1 | 35 | 47 |
| Administration | 44 | 20 | — | 64 | . . | 64 | 1 | . . | . . | 1 | 65 |
| Research | 2 | 172 | . . | 174 | 56 | 229 | . . | — | 7 | 7 | 236 |
| **Total recurrent expenditure** | **141** | **1,030** | **67** | **1,238** | **1,069** | **2,307** | **175** | **480** | **49** | **704** | **3,011** |
| Capital expenditure | . . | 5 | . . | 5 | 73 | 78 | . . | . . | 67 | 67 | 145 |
| Medical expenses tax rebate | . . | 1 | . . | 1 | . . | 1 | . . | –1 | . . | –1 | — |
| **Total health expenditure** | **141** | **1,035** | **67** | **1,244** | **1,142** | **2,386** | **175** | **479** | **116** | **770** | **3,156** |

*Source:* AIHW health expenditure database.

**Table B8: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds, 2015–16 ($ million)**

| | Government | | | | | | Non-government | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Australian Government | | | | | | | | | | |
| Area of expenditure | DVA | Health and other | Premium rebates | Total | State and local | Total | HIF | Individuals | Other | Total | Total health expenditure |
| Hospitals | 6 | 221 | 15 | 242 | 484 | 726 | 38 | 42 | 29 | 109 | 835 |
| Public hospital services | 4 | 221 | 2 | 227 | 484 | 712 | 4 | 8 | 22 | 35 | 746 |
| Private hospitals | 1 | — | 13 | 15 | . . | 15 | 34 | 33 | 7 | 74 | 89 |
| Primary health care | 3 | 263 | 7 | 272 | 390 | 662 | 18 | 168 | 27 | 213 | 875 |
| Unreferred medical services | 1 | 135 | . . | 136 | . . | 136 | . . | 6 | 14 | 19 | 156 |
| Dental services | — | 4 | 5 | 9 | 14 | 23 | 12 | 77 | — | 90 | 113 |
| Other health practitioners | 1 | 8 | 2 | 10 | 1 | 12 | 5 | 32 | 7 | 44 | 55 |
| Community health and other | — | 36 | — | 36 | 311 | 347 | — | — | 5 | 6 | 352 |
| Public health | . . | 26 | . . | 26 | 64 | 90 | . . | — | 1 | 1 | 91 |
| Benefit-paid pharmaceuticals | 1 | 48 | . . | 49 | . . | 49 | . . | 6 | . . | 6 | 55 |
| All other medications | . . | 6 | — | 6 | . . | 6 | — | 46 | — | 46 | 52 |
| Referred medical services | . . | 72 | 3 | 74 | . . | 74 | 7 | 13 | . . | 20 | 94 |
| Other services | — | 31 | 5 | 36 | 174 | 209 | 13 | 16 | 8 | 37 | 246 |
| Patient transport services | — | 13 | — | 13 | 96 | 109 | 1 | — | 4 | 5 | 114 |
| Aids and appliances | — | 4 | 2 | 6 | . . | 6 | 5 | 16 | 2 | 23 | 28 |
| Administration | — | 14 | 3 | 17 | 78 | 94 | 7 | — | 2 | 9 | 104 |
| Research | — | 22 | . . | 22 | 12 | 34 | . . | — | 1 | 1 | 35 |
| **Total recurrent expenditure** | **8** | **609** | **29** | **647** | **1,060** | **1,707** | **76** | **238** | **65** | **379** | **2,086** |
| Capital expenditure | . . | 4 | . . | 4 | 82 | 85 | . . | . . | 33 | 33 | 119 |
| Medical expenses tax rebate | . . | — | . . | — | . . | — | . . | — | . . | — | — |
| **Total health expenditure** | **8** | **613** | **29** | **651** | **1,142** | **1,793** | **76** | **238** | **98** | **412** | **2,204** |

*Source:* AIHW health expenditure database.

# Appendix C: Data sources and methods

## Australian Government

Data on Australian Government health expenditure come from the Australian Government Department of the Treasury (Treasury), Australian Government Department of Health and DVA, and include data on expenditure on a range of programs, including Medicare and pharmaceutical benefits.

Most of the Australian Government's expenditure can be readily allocated on a state and territory basis; areas of spending include:

- the health-care SPPs and the health-related NPPs to the states and territories
- MBS payments (based on the residence of patients)
- PBS payments (based on the residence of patients)
- DVA expenditure (based on the residence of patients).

Data on other items of Australian Government health expenditure are generally not available on a state and territory basis. In those cases, proxies are used to derive state and territory estimates. For example, non-Medicare payments to primary health care medical service providers, with the purpose of improving or modifying medical practice, are allocated according to the proportion of vocationally registered general practitioners in each state or territory.

From November 2008, a Council of Australian Governments' reform package agreed to include funding for National Healthcare SPPs and NPPs. These payments replaced the second Australian Healthcare Agreement that ended on 30 June 2009. They are made to state treasuries, and can cover several years of funding. The payments include the National Healthcare SPPs and National Health Reform payments for public hospitals, including funding paid into the National Health Funding Pool. It also includes payments associated with the National Partnership Agreement for Improving Public Hospital Services (which ceased on 1 July 2015).

Funding reported for 2008–09 in this report includes $1.2 billion in Australian Government funding through the 5-year National Partnership Agreement on Health and Hospital Workforce Reform. This funding has been offset against 2008–09 state and territory government funding in keeping with the method in this report series. Expenditure of this state and territory funding, however, was spread over 5 years.

The AIHW health expenditure database includes the 'medical expenses tax rebate'. Some taxpayers who spend large amounts of money on health-related goods and services for themselves and/or their dependants in a tax year can claim a tax rebate.

Before 2012–13, the tax rebate was set at 20 cents in the dollar, and applied to the amount spent over the threshold for that financial year. From July 2012, the tax rebate became income tested. In March 2014, eligibility for the tax rebate changed again, restricting who can claim and what medical expenses can be claimed.

The areas of expenditure that are funded by this rebate cannot be identified separately, so it is not possible to allocate this form of funding to particular area(s) of health expenditure. The related expenditures are assumed to have been included in the estimates of health expenditure, and they are shown as being funded by individuals in the health expenditure matrixes in appendixes A and B.

## State and territory and local governments

Most health expenditure data for state and territory governments come from each of the state and territory health authorities. These data are now all supplied on an accrual basis. Before 2007–08, South Australia was only able to supply its data on a cash basis. Since 2008–09, data have been collected through the Government Health Expenditure National Minimum Data Set (GHE NMDS). Further information on the GHE NMDS can be found on the AIHW's Metadata Online Registry (METeOR); see <http://meteor.aihw.gov.au/content/index.phtml/itemId/540601>.

Estimates of expenditure by state and territory governments exclude any Australian Government grants and other revenue received by the state and territory health authorities.

Cross-border adjustments are not generally made in these estimates.

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

## Public hospitals and public hospital services

State and territory health authorities directly provide estimates of expenditure on public hospital services from 2003–04 onwards. These reflect only that part of public hospitals' expenses that are used in providing hospital services. That is, they exclude expenses incurred in providing community and public health services, dental, 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 is reported as part of 'other' expenditure.

## Dental services

It is arguable that there is some overestimation of health expenditure in the dental area. Expenditure on orthodontics is included in dental expenditure, but the principal purpose of some of this expenditure is cosmetic, with health being secondary. As a result, some of it should probably not be classed as health expenditure.

## Contracting of private hospital services

From 2004–05 onwards, the AIHW has collected and reported on funding by state and territory governments for services private hospitals provide. This includes where state or territory governments had contracts with private hospitals to provide services to public patients or where individual public hospitals purchased services from private hospitals for public patients.

## Research and capital

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

Research expenditure data in this report come from the *Research and experimental development survey* series (ABS 2010, 2016b, 2016c), which is generally only available

every second year. Where data were unavailable, estimates were calculated based on the data available for the preceding years.

The data for government capital consumption and capital expenditure are sourced from the ABS' government finance statistics.

In previous *Health expenditure Australia* reports, private capital consumption was included as part of recurrent expenditure, while government capital consumption was reported as part of total health expenditure but not recurrent expenditure. From *Health expenditure Australia 2007–08* (AIHW 2009) onwards, government capital consumption has been included as part of recurrent health expenditures.

There are 2 reasons for incorporating both government and non-government capital consumption as part of recurrent expenditure:

- It ensures 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 Private Health Establishments Collection, with the most recent results published in *Private hospitals, Australia, 2014–15* (ABS 2017c). In 2007–08, data was not collected, and an estimate of private hospital expenditure was made using data from the preceding years.

From 2008–09 onwards, expenditure by individuals in private hospitals was estimated from the reported revenue (rather than from reported expenditure, as previously used) in the ABS collection. This has not been updated retrospectively, so care should be taken when comparing private hospital expenditure for years up to 2007–08 with subsequent years.

## Health insurance funds

Expenditure on health goods and services by health insurance funds within a state or territory is assumed to be equal to the amount of benefits paid by health insurance funds to patients who live in that state or territory.

Although the Australian Government's premium rebate relates to the premiums payable by health insurance members, it is regarded as being an indirect Australian Government subsidy of all the types of services funded through private health insurance.

In April 2007, private health insurance legislation redefined the scope of the health insurance business to mean insuring liability for treatments by a hospital or other treatment provider to manage a disease, condition or injury. Before this change in legislation, non-health services—such as funeral benefits, domestic assistance and so on—were offered with health insurance policies, and thus attracted the Australian Government rebate.

In compiling its estimates, the AIHW allocates the rebates across all the expenses that the funds incur each year—including health (hospital, medical or physiotherapy for instance) and non-health goods and services, management expenses, and any adjustment to provisions for outstanding and unpresented claims. Only the part of the rebate that can be attributed to benefits for health goods and services (which includes the funds' management expenses) was included when estimating private health insurance health expenditure. This portion of the rebate was deducted from the gross benefits that the health insurance funds paid to

calculate net health expenditure by private health insurance funds for particular areas of expenditure. These rebate amounts were then added to the expenditure by the Australian Government for those areas of expenditure.

Before 2009–10, data on private health insurance expenditure for the Australian Capital Territory were included in the total for New South Wales. To estimate expenditure 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 then applied this proportion to private health insurance expenditure.

From 2009–10, private health insurance expenditure data for the Australian Capital Territory have been available separately; however, these figures have not been used retrospectively to update the earlier data.

## Individuals

Estimates of individuals' expenditure on dental services, other health practitioners and aids and appliances mostly rely on detailed private health insurance data from the Australian Prudential Regulation Authority (APRA) and ABS survey data. This method uses growth in the cost of services, combined with changes in the proportion of the population who have ancillary health cover from year to year to estimate the individual out-of-pocket expenditure for these categories. Expenditure on these services by private health insurance funds, Medicare and injury compensation insurers is deducted from these estimates to arrive at the estimates of individuals' out-of-pocket funding.

There are 2 types of mechanisms for rebates on health insurance premiums. The first is where insurers offer members a reduced premium and then insurers claim reimbursement from the Australian Government. The second is where members pay the full premium and claim the rebate through the tax system at the end of the financial year. Both forms of rebates have been treated in these estimates as subsidies by the Australian Government for services that were partially funded through benefits paid by the health insurance funds.

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 have been provided by states and territories through the GHE NMDS.

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

Retail sales of medicines in major retail chains, such as supermarkets, are sourced from *Retail world* (Flanagan 2004b, 2005b, 2006, 2007, 2008) and the *Retail world annual report* (Gloria 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016).

## Other non-government sources

Workers compensation and compulsory third-party motor vehicle insurance payments form the largest component of expenditure in this category. The AIHW obtains these data from state and territory health authorities and 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. The main reasons are as follows:

- It is assumed there are no funding flows, as they do not exist in the institutional framework for health-care funding; for example, there are no funding flows by the state and territory governments for referred medical services and benefit-paid pharmaceuticals because these are funded by the Australian Government, individuals and private health insurance funds.
- The total funding is nil or so small that it rounds to zero—shown as '—'.
- A flow of funds exists, but it cannot be estimated from available data sources.
- Some cells relate to 'catch-all' categories. When the relevant data and metadata are highly refined, it is possible to allocate all expenditure to specified areas. As a result, there are no residual data to allocate to the 'catch-all' categories.

# Price indexes

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

- the scope of the index—the economic variable to which the price indexes refer (such as all health expenditure, capital consumption, capital expenditure); the economic agents over which the indexes are combined (such as all agents, households, all government, state and territory governments); the segment of health services to which the indexes refer (such as all health services, medical services, pharmaceuticals)
- the technical manner in which the indexes are constructed—IPD or directly computed indexes (for example, base-weighted, current-weighted or symmetric indexes, chained or unchained indexes).

Different indexes are appropriate for different analytical purposes. For the purpose of this report, the AIHW prefers indexes where the scope matches the particular health services being analysed, rather than broad-brush indexes that cover all health services. Chain indexes, which give better measures of pure price change, are preferred to IPD. But available indexes are not always ideal, and in some cases it has been necessary to use proxies for the preferred indexes.

Neither the consumer price index (CPI) nor its health services subgroup is appropriate to measure movements in overall prices of health goods and services, nor to deflate macro-expenditure aggregates. This is because the CPI only measures movements in the prices that households face. The overall CPI and its components do not, for example, include government subsidies, benefit payments and non-marketed services that governments provide.

The deflators that the AIHW uses in this report are either annually re-weighted Laspeyres (base-period-weighted) chain price indexes or IPDs. The chain price indexes are calculated at a detailed level, and they provide a close approximation to measures of pure price change, while changes in the composition of goods affect IPDs.

The IPDs for the 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 IPDs in this report is 2015–16. As such, constant price estimates indicate what expenditure would

have been had 2015–16 prices applied in all years. The change in constant price expenditures is a measure of changes in the volume of health goods and services.

This report uses 9 deflators (Table C1). Most deflators are very specific to the type of expenditure they are applied to. For example, for hospitals the government final consumption expenditure (GFCE) hospitals and nursing homes deflator is used.

The following deflators are sourced from the ABS: GFCE for hospitals and nursing homes, professional health workers wage rate index, household final consumption expenditure (HFCE) for chemist goods, and gross fixed capital formation. The ABS deflators use 2014–15 as their base year, but for this report the AIHW has re-referenced them to 2015–16. The AIHW has derived the chain price index from Medicare medical services fees charged and the IPD for PBS pharmaceuticals from data provided by the Australian Government Department of Health. The IPDs for dental services, other health practitioners and aids and appliances were derived from ABS and APRA data.

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

| Area of expenditure | Deflator applied |
|---|---|
| Public hospitals/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 (incl. unreferred and referred services) | Medicare medical services fees charged |
| Dental services | Dental services |
| Other health practitioners | Other health practitioners |
| Community health and other[(b)] | Professional health workers wage rate index |
| Public health | GFCE hospitals and nursing homes |
| Benefit-paid pharmaceuticals | PBS pharmaceuticals |
| All other medications | HFCE on chemist goods |
| Aids and appliances | Aids and appliances |
| Administration | Professional health workers wage rate index |
| Research | Professional health workers wage rate index |
| Capital expenditure | Gross fixed capital formation |
| Medical expenses tax rebate | Professional health workers wage rate index |

(a) Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis.

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

# Total health price index

The total health price index is the AIHW's index of annual ratios of estimated total national health expenditure at current prices to estimated total national health expenditure at constant prices. All prices in the total health price index for this report are referenced to 2015–16 (that is, the deflators used are given a value of 100 in 2015–16). As a result, because in most years there is positive health inflation, prices in all years before the reference year would be expected to be lower than those applying in the reference year. So all years before the reference year would usually have an index number of less than 100, except for those years where there was negative health inflation—for example, where prices in some areas of health expenditure were lower than the previous year (see tables C2 and C3).

The AIHW's method for deriving constant price estimates also allows it to produce total health price indexes for each state and territory. As the national total health price index is a measure of the change in average health prices from year to year at the national level, it can be used as a broad deflator for the health sector. The deflator, however, is not used to convert current price expenditures to constant price estimates in the AIHW's National Health Accounts. This conversion is done at the individual expenditure component level.

Table C2 shows the total health price index and other industry-wide indexes used in this report, referenced to 2015–16. Table C3 shows the corresponding annual growth rates for each of these indexes over the decade to 2015–16.

**Table C2: Total health price index and industry-wide indexes, 2005–06 to 2015–16 (reference year 2015–16 = 100)**

| Index | 2005–06 | 2006–07 | 2007–08 | 2008–09 | 2009–10 | 2010–11 | 2011–12 | 2012–13 | 2013–14 | 2014–15 | 2015–16 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total health price index[(a)] | 80.8 | 83.5 | 85.5 | 88.0 | 90.1 | 91.0 | 92.6 | 94.7 | 96.6 | 98.3 | 100.0 |
| GFCE on hospitals and nursing homes | 76.1 | 79.1 | 81.6 | 84.1 | 87.2 | 88.4 | 90.6 | 93.2 | 95.9 | 98.1 | 100.0 |
| Medicare medical services fees charged[(b)] | 83.1 | 85.7 | 86.5 | 89.9 | 91.6 | 93.0 | 94.5 | 96.7 | 98.3 | 99.4 | 100.0 |
| Dental services[(a)] | 81.5 | 85.9 | 89.4 | 92.5 | 94.8 | 95.7 | 95.7 | 97.1 | 98.4 | 99.8 | 100.0 |
| Other health practitioners[(a)] | 73.5 | 75.0 | 74.9 | 78.0 | 80.1 | 82.6 | 87.2 | 90.1 | 93.7 | 97.3 | 100.0 |
| Professional health workers wage rates | 71.6 | 74.8 | 77.7 | 80.6 | 83.8 | 86.8 | 89.3 | 92.3 | 94.9 | 97.6 | 100.0 |
| PBS pharmaceuticals[(a)] | 100.0 | 100.0 | 100.1 | 100.4 | 100.4 | 100.5 | 100.5 | 100.4 | 100.2 | 100.2 | 100.0 |
| HFCE on chemist goods | 96.8 | 99.6 | 100.0 | 98.4 | 99.5 | 97.6 | 96.5 | 98.0 | 99.6 | 98.7 | 100.0 |
| Aids and appliances[(a)] | 110.4 | 112.7 | 115.9 | 113.9 | 108.4 | 102.4 | 100.4 | 100.3 | 97.7 | 101.0 | 100.0 |
| Australian Government gross fixed capital formation | 97.2 | 95.5 | 101.9 | 105.1 | 102.5 | 100.7 | 99.7 | 99.3 | 98.7 | 99.7 | 100.0 |
| State and territory and local government gross fixed capital formation | 84.2 | 85.2 | 92.9 | 96.7 | 94.2 | 94.8 | 95.7 | 96.8 | 97.4 | 99.3 | 100.0 |
| Private gross fixed capital formation | 86.4 | 88.8 | 90.4 | 92.3 | 92.1 | 93.0 | 92.7 | 93.4 | 95.4 | 97.6 | 100.0 |
| GDP | 79.2 | 83.1 | 86.9 | 91.1 | 92.1 | 97.7 | 99.8 | 99.6 | 101.0 | 100.3 | 100.0 |
| GNE | 79.2 | 81.9 | 84.6 | 87.4 | 89.0 | 91.0 | 92.7 | 94.6 | 96.7 | 98.2 | 100.0 |

(a) IPD, constructed by the AIHW.

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

*Source:* AIHW health expenditure database.

**Table C3: Growth rates for the total health price index and industry-wide indexes, 2005–06 to 2015–16 (%)**

| Index | 2005–06 to 2006–07 | 2006–07 to 2007–08 | 2007–08 to 2008–09 | 2008–09 to 2009–10 | 2009–10 to 2010–11 | 2010–11 to 2011–12 | 2011–12 to 2012–13 | 2012–13 to 2013–14 | 2013–14 to 2014–15 | 2014–15 to 2015–16 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total health price index[(a)] | 3.3 | 2.3 | 2.9 | 2.5 | 1.0 | 1.7 | 2.3 | 2.0 | 1.8 | 1.7 |
| GFCE on hospitals and nursing homes | 4.0 | 3.1 | 3.1 | 3.7 | 1.3 | 2.4 | 2.9 | 2.8 | 2.4 | 1.9 |
| Medicare medical services fees charged[(b)] | 3.1 | 0.9 | 3.9 | 2.0 | 1.5 | 1.7 | 2.3 | 1.6 | 1.1 | 0.6 |
| Dental services[(a)] | 5.5 | 4.0 | 3.5 | 2.5 | 0.9 | — | 1.5 | 1.3 | 1.5 | 0.2 |
| Other health practitioners[(a)] | 2.0 | –0.1 | 4.2 | 2.6 | 3.2 | 5.5 | 3.3 | 4.1 | 3.8 | 2.8 |
| Professional health workers wage rates | 4.5 | 3.8 | 3.8 | 4.0 | 3.6 | 2.8 | 3.4 | 2.9 | 2.8 | 2.5 |
| PBS pharmaceuticals[(a)] | — | 0.1 | 0.2 | 0.1 | — | — | –0.1 | –0.2 | — | –0.2 |
| HFCE on chemist goods | 2.9 | 0.4 | –1.6 | 1.1 | –1.9 | –1.1 | 1.5 | 1.6 | –0.9 | 1.3 |
| Aids and appliances[(a)] | 2.1 | 2.8 | –1.7 | –4.8 | –5.6 | –1.9 | –0.1 | –2.6 | 3.4 | –1.0 |
| Australian Government gross fixed capital formation | –1.7 | 6.7 | 3.1 | –2.5 | –1.8 | –1.0 | –0.4 | –0.6 | 1.0 | 0.3 |
| State and territory and local government gross fixed capital formation | 1.2 | 9.1 | 4.1 | –2.6 | 0.6 | 0.9 | 1.1 | 0.6 | 1.9 | 0.7 |
| Private gross fixed capital formation | 2.7 | 1.9 | 2.0 | –0.2 | 1.0 | –0.3 | 0.7 | 2.2 | 2.2 | 2.5 |
| GPD | 5.0 | 4.5 | 4.9 | 1.0 | 6.2 | 2.1 | –0.2 | 1.4 | –0.7 | –0.3 |
| GNE | 3.5 | 3.2 | 3.4 | 1.8 | 2.2 | 1.9 | 2.0 | 2.2 | 1.6 | 1.8 |

(a) IPD, constructed by the AIHW.

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

*Source:* AIHW health expenditure database.

# Population estimates

The estimated resident population as at 31 December 2015 (ABS 2017a) is used to calculate the per person estimates of expenditure. Per person estimates included in this report are therefore not comparable to those published in earlier reports that used previously published estimated resident population data.

Table C4 shows the Australian and state and territory estimated resident populations, while Table C5 shows annual population growth.

Table C6 shows the number of insured persons with hospital treatment cover between 2005–06 and 2015–16.

**Table C4: Estimated resident population, by state and territory, 2005–06 to 2015–16 ('000)**

| Year | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Australia[(a)] |
|---|---|---|---|---|---|---|---|---|---|
| 2005–06 | 6,718 | 5,023 | 3,964 | 2,030 | 1,545 | 488 | 334 | 207 | 20,309 |
| 2006–07 | 6,786 | 5,104 | 4,056 | 2,077 | 1,561 | 492 | 338 | 211 | 20,625 |
| 2007–08 | 6,884 | 5,200 | 4,160 | 2,135 | 1,578 | 496 | 344 | 217 | 21,013 |
| 2008–09 | 7,002 | 5,313 | 4,276 | 2,209 | 1,598 | 502 | 351 | 223 | 21,473 |
| 2009–10 | 7,102 | 5,419 | 4,367 | 2,264 | 1,619 | 506 | 358 | 228 | 21,863 |
| 2010–11 | 7,180 | 5,496 | 4,437 | 2,319 | 1,632 | 510 | 365 | 230 | 22,169 |
| 2011–12 | 7,262 | 5,593 | 4,519 | 2,386 | 1,647 | 512 | 372 | 233 | 22,524 |
| 2012–13 | 7,358 | 5,712 | 4,611 | 2,463 | 1,663 | 512 | 380 | 239 | 22,939 |
| 2013–14 | 7,462 | 5,838 | 4,689 | 2,508 | 1,678 | 513 | 387 | 243 | 23,319 |
| 2014–15 | 7,573 | 5,966 | 4,753 | 2,533 | 1,694 | 514 | 393 | 243 | 23,670 |
| 2015–16 | 7,681 | 6,098 | 4,813 | 2,551 | 1,707 | 516 | 400 | 244 | 24,010 |

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

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

*Source:* ABS 2017a.

**Table C5: Annual population growth, by state and territory, 2005–06 to 2015–16 (%)**

| Period | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Australia[(a)] |
|---|---|---|---|---|---|---|---|---|---|
| 2005–06 to 2006–07 | 1.0 | 1.6 | 2.3 | 2.3 | 1.0 | 0.7 | 1.4 | 1.7 | 1.5 |
| 2006–07 to 2007–08 | 1.4 | 1.8 | 2.5 | 2.7 | 1.1 | 0.8 | 1.7 | 2.6 | 1.8 |
| 2007–08 to 2008–09 | 1.7 | 2.1 | 2.7 | 3.4 | 1.2 | 1.1 | 2.0 | 2.7 | 2.1 |
| 2008–09 to 2009–10 | 1.4 | 1.9 | 2.1 | 2.4 | 1.2 | 0.9 | 1.9 | 2.3 | 1.8 |
| 2009–10 to 2010–11 | 1.1 | 1.4 | 1.5 | 2.4 | 0.8 | 0.7 | 1.9 | 1.1 | 1.4 |
| 2010–11 to 2011–12 | 1.1 | 1.7 | 1.8 | 2.8 | 0.9 | 0.3 | 1.9 | 1.0 | 1.6 |
| 2011–12 to 2012–13 | 1.3 | 2.1 | 2.0 | 3.2 | 0.9 | — | 2.2 | 2.8 | 1.8 |
| 2012–13 to 2013–14 | 1.4 | 2.2 | 1.6 | 1.8 | 0.9 | 0.2 | 1.7 | 1.5 | 1.6 |
| 2013–14 to 2014–15 | 1.4 | 2.1 | 1.3 | 0.9 | 0.9 | 0.2 | 1.5 | — | 1.5 |
| 2014–15 to 2015–16 | 1.4 | 2.2 | 1.2 | 0.7 | 0.7 | 0.3 | 1.7 | 0.4 | 1.4 |
| **Average annual growth rate (%)** | | | | | | | | | |
| 2005–06 to 2010–11 | 1.3 | 1.8 | 2.2 | 2.6 | 1.1 | 0.8 | 1.8 | 2.1 | 1.7 |
| 2010–11 to 2015–16 | 1.3 | 2.1 | 1.6 | 1.9 | 0.8 | 0.2 | 1.8 | 1.1 | 1.6 |
| 2005–06 to 2015–16 | 1.3 | 1.9 | 1.9 | 2.3 | 1.0 | 0.5 | 1.8 | 1.6 | 1.6 |

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

*Source:* ABS 2017a.

**Table C6: Number of insured persons with hospital treatment coverage, 2005–06 to 2015–16**

| Year | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Australia |
|---|---|---|---|---|---|---|---|---|---|
| 2005–06 | 2,988,945 | 2,128,507 | 1,614,167 | 949,550 | 679,193 | 204,546 | 180,668 | 63,821 | 8,809,398 |
| 2006–07 | 3,041,952 | 2,180,529 | 1,675,599 | 991,121 | 689,397 | 206,560 | 183,872 | 66,127 | 9,035,157 |
| 2007–08 | 3,141,984 | 2,267,809 | 1,774,475 | 1,055,205 | 708,720 | 212,894 | 189,918 | 72,645 | 9,423,649 |
| 2008–09 | 3,193,606 | 2,317,560 | 1,848,647 | 1,110,380 | 721,201 | 215,998 | 193,039 | 76,215 | 9,676,645 |
| 2009–10 | 3,254,655 | 2,367,368 | 1,896,070 | 1,149,675 | 731,367 | 218,535 | 196,229 | 79,581 | 9,893,479 |
| 2010–11 | 3,338,166 | 2,429,268 | 1,955,553 | 1,206,991 | 742,557 | 221,545 | 203,170 | 83,246 | 10,180,497 |
| 2011–12 | 3,415,781 | 2,485,557 | 2,017,393 | 1,258,238 | 752,159 | 225,134 | 209,233 | 86,522 | 10,450,017 |
| 2012–13 | 3,496,307 | 2,544,409 | 2,084,627 | 1,324,499 | 763,730 | 228,520 | 215,769 | 90,810 | 10,748,671 |
| 2013–14 | 3,568,274 | 2,600,974 | 2,131,816 | 1,374,962 | 772,739 | 230,889 | 221,393 | 94,122 | 10,995,168 |
| 2014–15 | 3,640,078 | 2,653,643 | 2,160,875 | 1,417,662 | 782,314 | 232,650 | 225,822 | 96,600 | 11,209,642 |
| 2015–16 | 3,687,979 | 2,685,400 | 2,158,642 | 1,438,696 | 785,797 | 232,780 | 229,112 | 99,265 | 11,317,670 |

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

*Source:* APRA 2017.

# Appendix D: Data quality statement for AIHW health expenditure data—2015–16

## Summary of key data quality issues

- Total health expenditure excludes some types of health-related expenditure, including health-related Australian Defence Force expenditure, some local government expenditure and some non-government organisation expenditure, such as that by the National Heart Foundation and Diabetes Australia.
- The state and territory estimates are intended to give some indication of differences in the overall levels of expenditure on health within the states and territories; they do not necessarily reflect levels of activity by state and territory governments.
- The data, to the greatest extent possible, are produced on an accrual basis.
- Estimates in this report are not comparable with the data published in reports issued before 2005–06, due to the reclassification of expenditure on high-level residential aged care from 'health services' to 'welfare services'.
- The processing of the 2015–16 health expenditure was carried out with improved methods for allocating areas of expenditure by non-government funders compared with previous years. Hence, data on funding by workers compensation insurers and compulsory third-party motor vehicle insurers may not be directly comparable with data for previous years.
- Changes to how the Australian Government Department of Health report Aboriginal and Torres Strait Islander health expenditure contributed to the decrease in expenditure on community health services between 2014–15 and 2015–16. In 2015–16, a number of Aboriginal and Torres Strait Islander community health program funding allocations were combined with other Indigenous programs, which resulted in some of the expenditure on community health services being attributed to other areas of expenditure, such as unreferred medical services. The impact of the changes can be seen nationally and across all states and territories. It is most evident in the Northern Territory which had a larger proportion of the reallocated expenditure.

### Description

The AIHW annually compiles its health expenditure database, which comprises a wide range of information about health expenditure in Australia. Data from this database are reported 15 months after the end of the financial year. Each release provides a 10-year time series from the reference year. In this release, data are provided for 2015–16 and back to 2005–06.

Health expenditure is defined as expenditure on health goods and services and health-related investment. The definition closely follows the definitions and concepts that the OECD System of Health Accounts (OECD, Eurostat & WHO 2011) framework provides. It excludes:

- expenditure that may have a health outcome, but is incurred outside the health sector (such as expenditure on building safer transport systems and educating health practitioners)

- expenditure on personal activities not directly related to maintaining or improving personal health
- expenditure that does not have health as the main area of expected benefit.

Recurrent expenditure, capital expenditure and the medical expenses tax rebate are included.

These data are provided to the OECD annually to enable monitoring of the impact of changes in the way health care is delivered and financed, as well as to enable international comparisons.

## Institutional environment

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

The AIHW aims to improve the health and wellbeing of Australians through the provision of better health and welfare information and statistics. It collects and reports information on a wide variety of topics and issues—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, in order to promote national consistency of reporting and comparability of data.

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

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

For further information see <www.aihw.gov.au>.

The AIHW's reporting on expenditure forms Australia's National Health Accounts, which are distinct from but related to the National Accounts produced by the ABS.

The AIHW compiles its health expenditure database from a wide variety of government and non-government sources. Since 2008–09, the main source of state and territory government expenditure data has been the GHE NMDS, which consists of data provided by the states and territories to the AIHW. Information about Australian Government expenditure is sourced from the Australian Government Department of Health, Treasury, Australian Taxation Office, ABS, DVA and APRA.

## Timeliness

This release includes data for the 2015–16 financial year, as well as data back to 2005–06.

The AIHW health expenditure database cannot be compiled for a given year until all providers have supplied data for that year. Timely reporting depends on whether all providers

meet the deadline for data supply. Any delay to data supply past the deadline has an impact on the release date.

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

There have been some revisions to previously published estimates of health expenditure, due to receipt of extra or revised data or changes in method. As a result, comparisons over time should be based on the estimates provided in the most recent publication, or from the data visualisation tool available at <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/overview>, rather than by reference to earlier editions.

## Accessibility

Reports are published and are available on the AIHW website where they can be downloaded for free: see <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/reports>.

Tables and figures (and the underlying data) in the report are available in Excel format and can be downloaded free from <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/data>.

Data are also available through a data visualisation tool at <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/overview>.

General enquiries about AIHW publications can be made to the Strategic Communications and Stakeholder Engagement Unit on (02) 6244 1000 or via email to <info@aihw.gov.au>.

Specific enquiries about health expenditure data can be made to the Expenditure and Workforce Unit via email to <info@aihw.gov.au>.

## Interpretability

See Appendix C for detailed descriptions of concepts, data sources and estimation methods, and see the Glossary for the terms used.

Further information on the GHE NMDS can also be found on the AIHW's METeOR system: see <http://meteor.aihw.gov.au/content/index.phtml/itemId/540601>.

## Relevance

### Scope and coverage

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

Comparisons with GDP enable consideration of the size of the health sector relative to the broader economy, and per person expenditure provides an indication of changes in expenditure in relation to the population.

The relative contribution of the Australian Government and state and territory governments is relevant to health policy and administration. Similarly, non-government sector expenditure,

including the out-of-pocket expenses of individuals, is also relevant to various health policy issues, such as those related to access and provision of services.

The estimates enable state and territory governments to monitor the impact of their policy initiatives on their overall expenditure on health goods and services.

### Reference period

The most recent reference period for these data is the 2015–16 financial year.

### Geographic detail

Data are presented at the national and state and territory levels.

### Statistical standards

The data are collated in terms of the AIHW's classification of area of expenditure and source of funds as well as the OECD's System of Health Accounts.

## Accuracy

### Potential sources of error

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

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

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

In some cases, public hospitals receive fees from medical practitioners in return for the right to practise privately within the hospital. The medical practitioner may then receive payment from the MBS, individuals and/or private health insurance funds for these services. The expenditure from these sources is captured in the expenditure data, but the fees received by the hospital are not always captured as revenue in the hospitals' data. This can effectively lead to a double counting of expenditure on the same service. For example, it may appear as though the hospital paid for a portion of the service as well as the MBS.

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

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

### Data validation

Data provided by state and territory health agencies are validated by the agency to ensure they have been collected accurately. State and territory health agencies are also provided with an opportunity to review the final data for their jurisdiction before publication.

### Agency participation

The AIHW's Health Expenditure Advisory Committee provides advice on health expenditure collection and reporting. The committee consists of representatives from the Australian Government Department of Health, Treasury, ABS, DVA, Commonwealth Grants Commission, Australian Government Department of Human Services, Independent Hospital Pricing Authority (IHPA), APRA, and each state and territory health department.

## Coherence

Due to differing estimation methods and data sources, state and territory estimates reported here may differ from the data published by individual jurisdictions and in other reports, including AIHW reports such as the *Australian hospital statistics* series and publications by the IHPA, the National Health Funding Body and the Productivity Commission.

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

The processing of the 2015–16 health expenditure data was carried out with improved methods for allocating areas of expenditure by non-government funders compared with previous years. Hence, data on funding by workers compensation insurers and compulsory third-party motor vehicle insurers may not be directly comparable with data for previous years.

Changes to how the Australian Government Department of Health report Aboriginal and Torres Strait Islander health expenditure contributed to the decrease in expenditure on community health services between 2014–15 and 2015–16. In 2015–16, a number of Aboriginal and Torres Strait Islander community health program funding allocations were combined with other Indigenous programs, which resulted in some of the expenditure on community health services being attributed to other areas of expenditure, such as unreferred medical services. The impact of the changes can be seen nationally and across all states and territories. It is most evident in the Northern Territory which had a larger proportion of the reallocated expenditure.

# Glossary

**admitted patient:** A patient who undergoes a hospital's admission process to receive treatment and/or care. This treatment and/or care are provided over 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 prostheses fitted externally (rather than implanted surgically). Excludes prostheses fitted as part of admitted patient care in a hospital.

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

**average annual growth rate:** To calculate the average annual growth rate in health expenditure between 2005–06 and 2015–16, the following formula applies:
(($ million in 2015–16/$ million in 2005–06)^(1/10)–1)*100.

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

**capital consumption:** The amount of fixed capital used up each year—sometimes referred to as depreciation.

**capital expenditure:** Expenditure on large-scale fixed assets (for example, new buildings and equipment with a useful life extending over a number of years). The term is used in this report to refer to what the ABS calls gross fixed capital formation (see also **capital formation**).

**capital formation:** Gross fixed capital formation is the value of acquisitions less disposals of new or existing fixed assets. Assets consist of tangible or intangible assets that have come into existence as outputs from processes of production, and that are themselves used repeatedly or continuously in other processes of production over periods of time longer than 1 year. See *Australian national accounts: concepts, sources and methods* (ABS 2000, 2016a) for more details. (See also **capital expenditure**).

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

**community health services:** Non-residential health services that establishments offer to patients/clients in an integrated and coordinated manner in a community setting, or the coordination of health services elsewhere in the community.

Including, 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, community mental health and alcohol and drug treatment services
- specialised mental health programs delivered in a community setting.

**constant prices:** Constant price expenditure adjusts current prices for the effects of inflation—that is, it aims to remove the effects of inflation. Constant price estimates for expenditure aggregates have been derived using either annually re-weighted chain price indexes or IPDs. For this report, the reference year for both the chain price indexes and the IPDs is 2015–16. Constant price estimates indicate what expenditure would have been had 2015–16 prices applied in all years. As a result, expenditures in different years can be compared on a dollar-for-dollar basis, using this as a measure of changes in the volume of health goods and services (see also **real expenditure**).

**copayment:** A payment made by an individual who has health insurance, usually at the time a health service is received, to offset some of the cost of care.

**current prices:** Refers to expenditures reported for a particular year, unadjusted for inflation. Changes in current price expenditures reflect changes in both price and volume.

**dental services:** Services that registered dental practitioners provide. These include oral and maxillofacial surgery items, orthodontic, pedodontic and periodontic services, cleft lip and palate services, dental assessment, and other dental items listed in the MBS. The term covers dental services funded by health funds, state and territory governments and also individuals' out-of-pocket payments.

**excess health inflation:** The difference when the health inflation rate exceeds the general inflation rate—that is, the rise in the price of goods and services in the health-care sector exceeds the rise in the price of goods and services in the economy as a whole.

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

**government finance statistics:** Provides details of revenues, expenses, cash flows, assets and liabilities of the Australian public sector, and comprises units that are owned and/or controlled by the Australian Government, state and territory governments and local governments. See ABS 2005 and ABS 2015 for more details.

**gross domestic product (GDP):** Commonly used to indicate national income—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 depreciation.

**gross national expenditure (GNE):** An alternative measure to GDP; GNE is equal to GDP minus export income, but including imports.

**health administration:** Activities related to the formulation and administration of government and non-government health policy, and in the setting and enforcement of standards for health personnel and health services. One activity, for example, is the regulation and licensing of providers of health services.

The term includes only those administrative services that cannot be allocated to a particular health good or service. Such services might include, for example, maintaining an office for the chief medical officer, a departmental liaison officer in the office of the minister, or other agency-wide items for which it is not possible to derive appropriate or meaningful allocations to particular health programs.

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

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

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

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

**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, or where they share the cost of goods and services with third-party payers, such as private health insurance funds or the Australian Government.

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

**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 where its functions involve policies that are primarily of concern at the local level.

**medical expenses tax rebate:** An Australian Government subsidy to assist with the cost of medical expenses. It applies to a wide variety of health expenditures, not just expenses associated with doctors. This rebate is now income tested and is currently being phased out.

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

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

This term includes medical services not from the MBS, such as vaccines for overseas travel, as well as some expenditure by the Australian Government under alternative funding arrangements.

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

**medications:** Benefit-paid pharmaceuticals and other medications.

**other health practitioner services:** Services that health practitioners (other than doctors and dentists) provide. These include, but are not limited to practice nurses, chiropractors, optometrists, physiotherapists, occupational therapists, speech therapists, audiologists, dieticians, podiatrists, homeopaths, naturopaths, practitioners of Chinese medicine and other forms of traditional medicine.

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

- pharmaceuticals listed in the PBS or Repatriation PBS, the total costs of which are equal to, or less than, the statutory patient contribution for the class of patient (under copayment pharmaceuticals)

- pharmaceuticals dispensed through private prescriptions that do not fulfil the criteria for payment of benefit under the PBS
- Repatriation PBS over-the-counter medicines, including pharmacy-only medicines, aspirin, cough and cold medicines, vitamins and minerals, herbal and other complementary medicines, and various medical non-durables, such as condoms, adhesive and non-adhesive bandages.

**out-of-pocket costs:** The total costs incurred by individuals for health-care services over and above any refunds from Medicare and private health insurance funds.

**over-the-counter medicines:** Medicinal preparations that are primarily bought from pharmacies and supermarkets, that are not prescription medicines.

**patient transport services:** Expenditure by organisations primarily engaged in providing transportation of patients by ground or air, along with health (or medical) care. These services are often provided during a medical emergency, but are not restricted to emergencies. The vehicles are equipped with lifesaving equipment operated by medically trained personnel. Patient transport services include public ambulance services or flying doctor services, such as Royal Flying Doctor Service and Care Flight. Also includes patient transport programs, such as patient transport vouchers or support programs to assist isolated patients with travel to obtain specialised health care. From 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 variety of pharmaceutical drugs, and that covers all Australians to help them afford standard medications. The PBS lists all the medicinal products available under the PBS and explains the uses for which they can be subsidised (see **Repatriation Pharmaceutical Benefits Scheme**).

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

**private hospital:** A privately owned and operated institution, catering for patients who are treated by a doctor of their own choice. Patients are charged fees for accommodation and other services provided by the hospital and relevant medical and paramedical practitioners. Acute care and psychiatric hospitals are included, as are private free-standing day hospital facilities (see **public hospital**). Private hospital expenditure includes expenditures incurred by a private hospital in providing contracted and/or ad hoc treatments for public patients.

**private patient:** Person admitted to a private hospital, or person admitted to a public hospital who decides to choose the doctor(s) who will treat them or to have private ward accommodation. This means they will be charged for medical services, food and accommodation.

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

- communicable disease control
- selected health promotion

- organised immunisation
- environmental health
- food standards and hygiene
- 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 until 2008–09 also include departmental costs for the following Commonwealth regulators: the Therapeutic Goods Administration, the Office of Gene Technology Regulator, and the National Industrial Chemicals Notification and Assessment Scheme. These are now reported as administration expenses.

**public hospital:** A hospital controlled by a state or territory health authority. In Australia public hospitals offer free diagnostic services, treatment, care and accommodation to all Australians who need them. Public hospitals include some denominational hospitals that are privately owned. Defence force hospitals are not included in the scope of public hospitals (see **private hospital**).

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

**public patient:** A patient admitted to a public hospital who has agreed to be treated by doctors of the hospital's choice and to accept shared ward accommodation. This means that the patient is not charged.

**real expenditure:** Expenditure that has been adjusted to remove the effects of inflation (for example, expenditure for all years has been compiled using 2015–16 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 (see **constant prices**).

**rebates of health insurance premiums:** Introduced in January 1999, a non-income-tested rebate on private health insurance premiums replaced the Private Health Insurance Incentives Scheme subsidy. From 1 July 2012, the private health insurance rebate became income tested. From 1 April 2014, all rebate percentages are adjusted annually by a rebate adjustment factor—the rebate was reduced from 9.68%–38.72% to 9.27%–37.09% on 1 April 2015, and to 8.93%–35.72% on 1 April 2016.

There are 2 mechanisms for rebates of health insurance premiums:

- The first is where the rebate is taken as a reduced premium payable by the individual with private health cover (with the health fund claiming reimbursement from the Australian Government).
- The second 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, having paid the health funds 100% of their premiums up front.

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

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

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

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

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

**total health expenditure:** Comprises **recurrent expenditure**, **capital expenditure and medical expenses tax rebate**.

**total health price index:** The ratio of total national health expenditure at current prices, to total national health expenditure at constant prices.

**unreferred medical services:** A medical service provided to a person by, or under the supervision of, a medical practitioner, being a service that has not been referred to that practitioner by another medical practitioner or person with referring rights. In this report, these are medical services that are classified as primary health care (see **referred medical services**).

# References


ABS (Australian Bureau of Statistics) 2000. Australian national accounts: concepts, sources and methods, 2000. ABS cat. no. 5216.0. Canberra: ABS.

ABS 2005. Australian system of government finance statistics: concepts, sources and methods, 2005. ABS cat. no. 5514.0. Canberra: ABS.

ABS 2010. Research and experimental development, all sector summary, Australia, 2008–09. ABS cat. no. 8112.0. Canberra: ABS.

ABS 2015. Australian system of government finance statistics: concepts, sources and methods, 2015. ABS cat. no. 5514.0. Canberra: ABS.

ABS 2016a. Australian national accounts: concepts, sources and methods, 2015. ABS cat. no. 5216.0. Canberra: ABS.

ABS 2016b. Research and experimental development, higher education organisations, Australia, 2014. ABS cat. no. 8111.0. Canberra: ABS.

ABS 2016c. Research and experimental development, government and private non-profit organisations, Australia, 2014–15. ABS cat. no. 8109.0. Canberra: ABS.

ABS 2017a. Australian demographic statistics, December 2016. ABS cat. no. 3101.0. Canberra: ABS.

ABS 2017b. Australian national accounts: national income, expenditure and product, March 2017. ABS cat. no. 5206.0. Canberra: ABS.

ABS 2017c. Private hospitals, Australia, 2015–16. ABS cat. no. 4390.0. Canberra: ABS.

AIHW (Australian Institute of Health and Welfare) 2009. Health expenditure Australia 2007–08. Health and welfare expenditure series no. 37. Cat. no. HWE 46. Canberra: AIHW.

APRA (Australian Prudential Regulation Authority) 2017. Private health insurance membership and coverage, June 2017. Sydney: APRA.

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

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

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

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

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

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

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

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

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

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

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

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

Gloria L (ed.) 2014. Retail world annual report 2014. Volume 67(17). Sydney: GEON Group.

Gloria L (ed.) 2015. Retail world annual report 2015. Volume 68(13). Sydney: GEON Group.

Gloria L (ed.) 2016. Retail world annual report 2016. Volume 69(12). Sydney: GEON Group.

OECD (Organisation for Economic Co-operation and Development), Eurostat & WHO (World Health Organization) 2011. A system of health accounts: 2011 edition. Paris: OECD Publishing.

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

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

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

# List of tables

# List of figures

# List of boxes

# Related publications

This report, *Health expenditure Australia 2015–16,* is part of an annual series. The earlier editions and any published subsequently can be downloaded free from <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/reports>. The website also includes information on ordering printed copies.

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

- AIHW 2016. Health expenditure Australia 2014–15. Health and welfare expenditure series no. 57. Cat. no. HWE 67. Canberra: AIHW.
- AIHW 2016. 25 years of health expenditure in Australia 1989–90 to 2013–14. Health and welfare expenditure series no. 56. Cat. no. HWE 66. Canberra: AIHW.
- AIHW 2015. Health expenditure Australia 2013–14: analysis by sector. Health and welfare expenditure series no. 55. Cat. no. HWE 65. Canberra: AIHW.
- AIHW 2013. Expenditure on health for Aboriginal and Torres Strait Islander people 2010–11. Health and welfare expenditure series no. 48. Cat. no. HWE 57. Canberra: AIHW.
- AIHW 2013. Expenditure on health for Aboriginal and Torres Strait Islander people 2010–11: an analysis by remoteness and disease. Health and welfare expenditure series no. 49. Cat. no. HWE 58. Canberra: AIHW.

A series of topic-based fact sheets using the 2015–16 data will be released in coming months and available at <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/reports>.

Total spending on health in Australia was $170.4 billion in 2015–16, $6.0 billion (3.6%) higher in real terms than in 2014–15. This was the fourth consecutive year that growth was below the 10-year average of 4.7%.

Despite the low growth, the share of the economy (GDP) represented by health (10.3%) continued to grow, due to slower real GDP growth (2.7%).

aihw.gov.au

AIHW

Stronger evidence,
better decisions,
improved health and welfare