

AUSTRALIAN INSTITUTE OF HEALTH

INFORMATION BULLETIN NO. 3

AUSTRALIAN HEALTH EXPENDITURE

1982-83 TO 1985-86

In 1985-86 total Australian health expenditure was \$18 465 million and was 7.8 per cent of Gross Domestic Product (GDP).

Health expenditure per person was \$1 161.

Between 1982-83 and 1985-86 health expenditure changed as follows:

Table 1: Increase in Health Expenditure on Preceding Years.

	TOTAL HEALTH EXPENDITURE (%)	HEALTH EXPENDITURE PER PERSON (%)
1983-84	12.1	10.6
1984-85	10.9	9.6
1985-86	11.5	9.8

Growth in health expenditure averaged 11.5 per cent per year in this period.

The Commonwealth's share of expenditure increased from 26.3 per cent in 1982-83 to 37.7 per cent in 1985-86.

A preliminary estimate of health expenditure in 1986-87 is \$20 600 million.

Hospital expenditure fell from 46 per cent of total recurrent expenditure in 1982-83 to 44 per cent in 1985-86.

Total and Per Person Health Expenditure

Table 2 shows the total amount of money spent on health in Australia from 1982–83 to 1986–87, as well as the rates of growth.

Table 2: Total Health Expenditure, Rate of Growth 1982–83 to 1986–87

Year	Amount (\$m)		Rate of Growth(%)	
	Current Prices	Constant 1984–85 Prices	Current Prices	Constant 1984–85 Prices
1982–83	13 327	15 074		
1983–84	14 939	15 894	12.1	5.4
1984–85	16 567	16 567	10.9	4.2
1985–86	18 465	17 279	11.5	4.3
1986–87(a)	20 591	17 719(b)	11.5	2.5

(a) AIH preliminary estimates based on ABS data presented in Table 10: Estimates of Total Health Expenditure, p. 10.

(b) Health expenditure 1982–83 to 1985–86 deflated to constant prices using health specific deflators. 1986–87 health expenditure deflated using primarily the IPD 1 index. Further information about adjustment for inflation given in Explanatory Notes.

The rate of growth of total health expenditure (current prices) was 12.1 per cent between 1982–83 and 1983–84 but declined to 10.9 per cent from 1983–84 to 1984–85. It then increased to 11.5 per cent from 1984–85 to 1985–86. The same pattern also applied to the rate of growth in constant 1984–85 prices. A preliminary estimate of 1986–87 total health expenditure showed the rate of growth between 1985–86 and 1986–87 to be the same as the previous year. Rate of growth in constant prices for the period 1985–86 to 1986–87 was 2.5 per cent reflecting a higher rate of inflation in the health sector as compared to the economy as a whole (see Explanatory Notes).

Table 3 illustrates that health expenditure per person in both current prices and constant prices increased over time.

Table 3: Health Expenditure Per Person, Rate of Growth 1982–83 to 1986–87 (Current and Constant 1984–85 Prices)

Year	Per Person (\$)		Rate of Growth (%)	
	Current Prices	Constant 1984–85 Prices	Current Prices	Constant 1984–85 Prices
1982–83	872	986		
1983–84	964	1026	10.6	4.1
1984–85	1057	1057	9.6	3.0
1985–86	1161	1087	9.8	2.8
1986–87(a)	1276	1098	9.9	1.0

(a) AIH preliminary estimates

Source: Population figures are from ABS *Australian Demographic Statistics, March Quarter 1988* Catalogue 3101.0

Rates of growth of health expenditure per person in both current and constant prices fluctuated over the period. No trend can be readily observed. Of the 38.6 per cent total growth in health expenditure from 1982-83 to 1985-86, 24 per cent was due to inflation and 4.4 per cent was due to population growth. Thus the real per person growth over the three years was only 10.2 per cent, or 3.3 per cent per annum.

Estimated growth in real terms of health expenditure per person for the period 1985-86 to 1986-87 was only one per cent. This low growth is partly explained by the high inflation rate in the health sector in 1986-87.

Table 4: GDP Per Person, Rate of Growth
1982-83 to 1986-87 (Current and Constant 1984-85 Prices)

Year	Per Person (\$)		Rate of Growth (%)	
	Current Prices	Constant 1984-85 Prices	Current Prices	Constant 1984-85 Prices
1982-83	11 100	12 574		
1983-84	12 303	12 987	10.8	3.3
1984-85	13 486	13 486	9.6	3.8
1985-86	15 062	13 913	11.7	3.2
1986-87	16 133	14 053	7.1	1.0

Source: Population figures as in Table 3.

GDP figures 1982-83 to 1983-84 from ABS *National Income and Expenditure 1986-87 Catalogue 5204.0*. 1984-85 to 1986-87 from ABS *Australian National Accounts, National Income and Expenditure June Quarter 1988 Catalogue 5206.0*.

Tables 3 and 4 show that GDP per person in current prices grew by 9.8 per cent in the period 1982-83 to 1986-87 as compared to a growth in health expenditure per person of 10 per cent. In real terms, the average annual rate of growth of health expenditure per person was 2.7 per cent, very similar to the average annual rate of growth of GDP per person which was 2.8 per cent.

Proportion of Gross Domestic Product Spent on Health

Table 5 shows that the proportion of Gross Domestic Product spent on health has been stable at 7.8 per cent over the period 1982-83 to 1985-86. The 1986-87 preliminary estimate of total health expenditure in current prices of \$20 591m was 7.9 per cent of GDP, only marginally higher. This reflects a slow down in the growth of GDP not an acceleration in health expenditure (see Tables 3 and 4).

Table 5: Gross Domestic Product and Total Health Expenditure
1982-83 to 1986-87

Year	GDP (\$m)	Total Health Expenditure (\$m)	Proportion (%)
1982-83	169 866	13 327	7.8
1983-84	190 517	14 939	7.8
1984-85	211 483	16 567	7.8
1985-86	236 202	18 465	7.8
1986-87	260 379	20 591 (a)	7.9

(a) AIH preliminary estimate

Source: As in Table 4

Health Expenditure by Source of Funds and Area of Expenditure

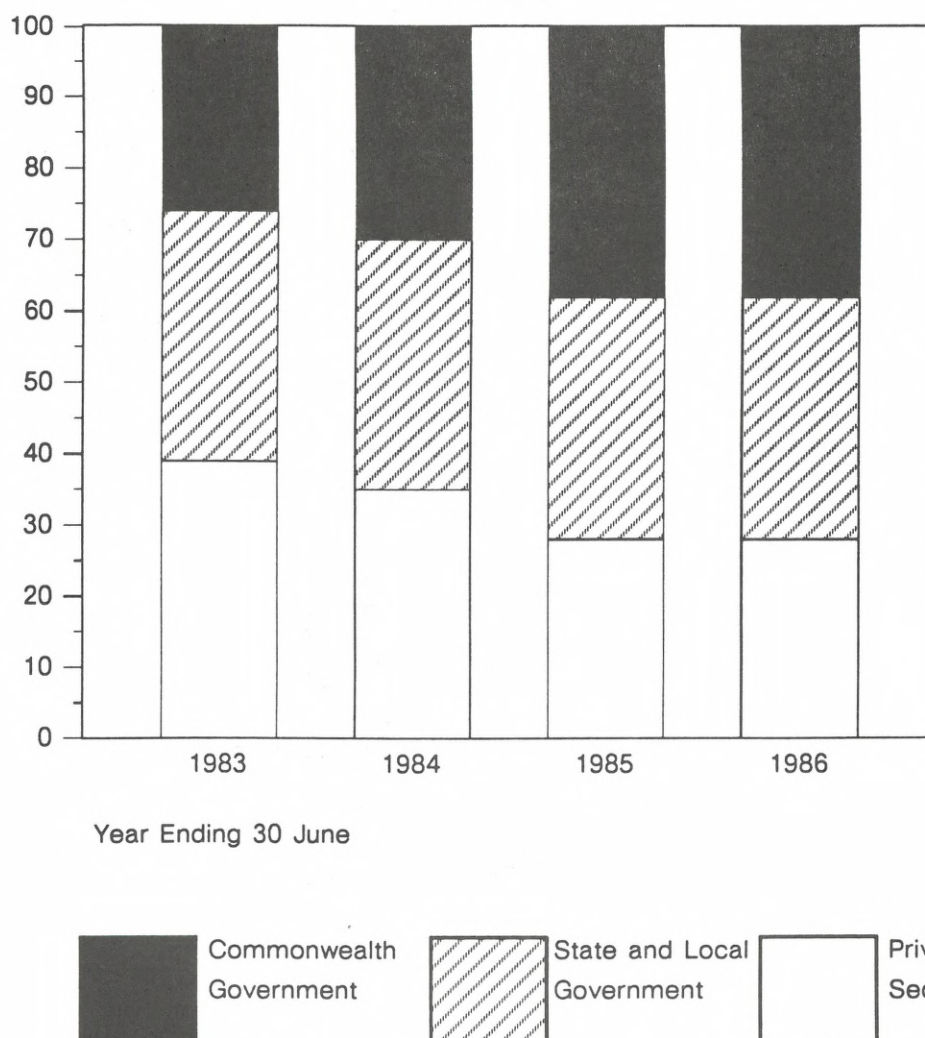
Changes in Funding of Health Expenditure

Tables 6 to 9 show health expenditure classified by source of funds and by area of expenditure for 1982-83 to 1985-86. They are revised figures which, therefore, differ to some extent from previous publications. Most changes were made as a result of revisions by the Australian Bureau of Statistics to relevant data (see Explanatory Notes).

Figure 1 shows the proportion of health expenditure by various sources of funds. Over the period 1982-83 to 1985-86, the proportion of health expenditure funded by the Commonwealth Government increased, while that funded by the private sector decreased. This was due to Medicare which was introduced in February 1984. Prior to Medicare, only pensioners and persons in special need were eligible for Commonwealth medical benefits and for free accommodation and treatment by hospital doctors in public hospitals. With Medicare, all Australian residents became eligible for free treatment in public hospitals and a rebate of 85 per cent of the Schedule Fee for medical services. In the years since the introduction of Medicare, the proportions of health expenditure borne by each sector have stabilised.

The average annual rates of increase of Commonwealth funding, State and local government funding were 25.7 and 11.3 per cent respectively over the period 1982-83 to 1985-86. The average rate of annual decline in private funding was 1.3 per cent.

Figure 1: Proportion of Total Health Expenditure by Source of Funds
(Per cent)



Expenditure on Specific Areas of Health Expenditure

Figure 2 and Tables 6 to 9 show health expenditure by major areas of expenditure as a proportion of recurrent expenditure, and the rate of growth in each area of expenditure respectively. Hospital expenditure continued to dominate health expenditure, accounting for 44 per cent of recurrent expenditure in 1985-86. However, the rate of growth of hospital expenditure in the years 1982-83 to 1985-86 averaged only 9.2 per cent as compared to the average growth rate for total recurrent expenditure of 10.9 per cent.

The dental and medical services areas showed substantial growth. Average annual growth rates of dental and medical services were 16.5 and 12.7 per cent respectively over the period 1982-83 to 1985-86. But growth in expenditure on other professional services such as chiropractic, physiotherapy, natural therapy etc. was higher - an annual average growth of 17.8 per cent.

Community health services and health promotion and illness prevention expenditure continued to show substantial growth in 1985-86 but still only represented 2.8 and .9 per cent of recurrent health expenditure respectively. Administration expenditure again appeared to only grow moderately in 1985-86, but some of this apparent efficiency merely represented transferring of administration costs from 'general administration' to functional areas.

Figure 2: Recurrent Health Expenditure by Major Area of Expenditure
(Per cent)

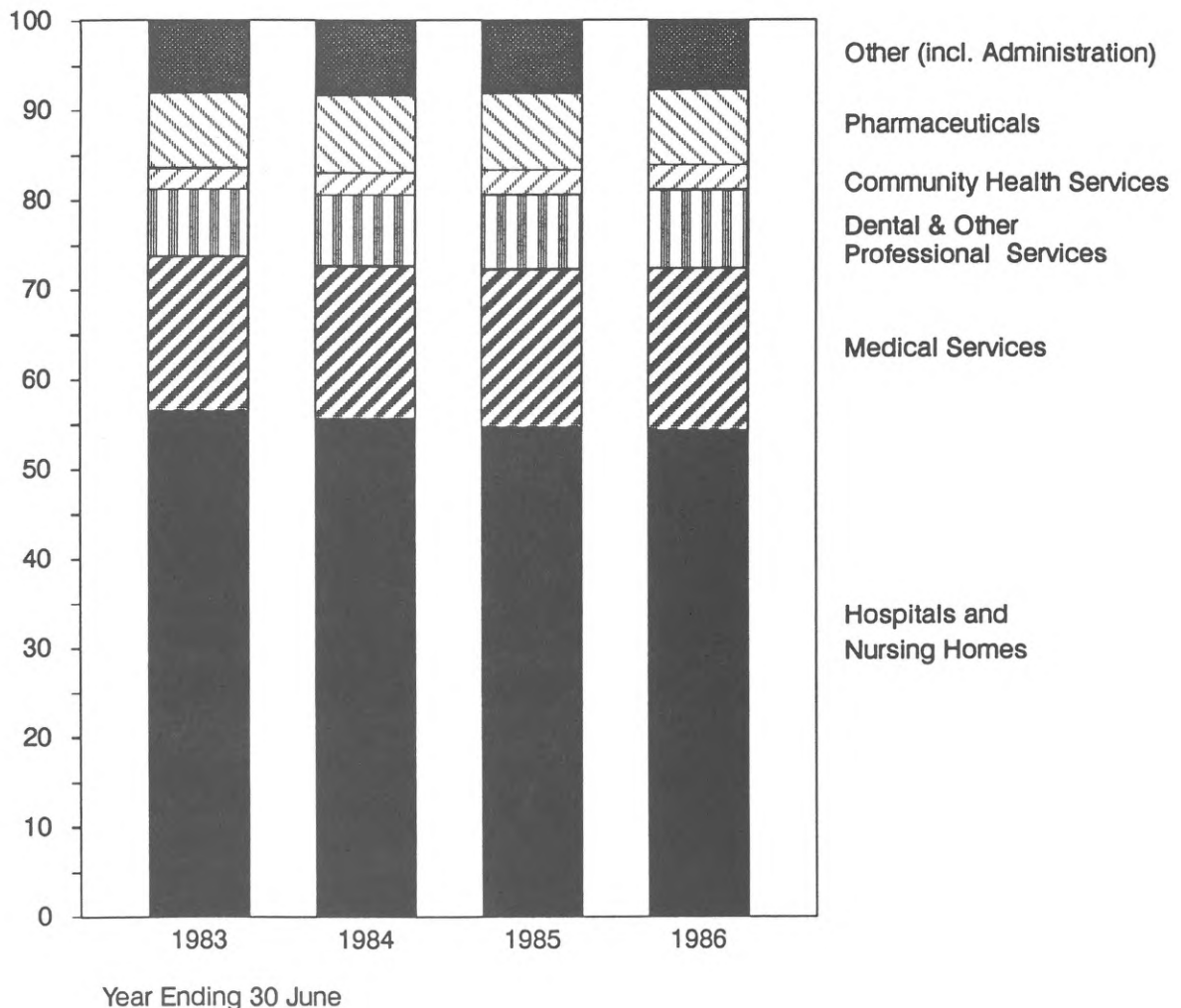


Table 6: Total Health Expenditure, Area of Expenditure by Source of Funds (1982-83)

AREA OF EXPENDITURE	PUBLIC SECTOR			PRIVATE SECTOR			Total (\$m)	% of Recur- rent	
	Commonwealth (\$m)	State and Local Government (\$m)	Total Government (\$m)	Health Insurance Funds (\$m)	Individuals (\$m)	Other Private (\$m)			
1. TOTAL INSTITUTIONAL	1562	3571	5133	1259	389	300	1948	7080	56.6
(a) Total Hospitals	719	3413	4132	1249	92	284	1626	5758	46.0
(i) Recognised Public	387	2964	3351	733		237	969	4320	34.5
(ii) Private	113		113	509	55	40	603	716	5.7
(iii) Repatriation	199		199	8			8	207	1.7
(iv) Public Psychiatric	21	449	470		37	8	45	515	4.1
(b) Total Nursing Homes	788	72	860	2	211	2	216	1076	8.6
(i) Government and Other	566	72	638	2	145	2	149	786	6.3
(ii) Deficit Financed	222		222		67	1	67	289	2.3
(c) Other Institutional Services	55	86	141	7	86	13	106	247	2.0
(i) Ambulance	32	86	118	7	86	13	106	224	1.8
(ii) Other Institutional (nec)	23		23					23	0.2
2. TOTAL NON-INSTITUTIONAL	1652	298	1950	1142	1458	178	2778	4728	37.8
(a) Medical Services	992		992	854	187	126	1167	2159	17.2
(b) Dental Services	15	51	66	175	326	11	511	578	4.6
(c) Other Professional Services	25		25	54	244	27	326	351	2.8
(d) Community Health Services	89	202	291	1	3	2	6	297	2.4
(e) Pharmaceuticals	491		491	13	541	5	558	1050	8.4
(i) Benefits Paid Items	491		491		177		177	668	5.3
(ii) All Other Items				13	364	5	382	382	3.1
(f) Aids and Appliances	38	1	39	44	157	6	207	246	2.0
(g) Other Non-institutional	1	44	45	2			2	47	0.4
3. HEALTH PROMOTION AND ILLNESS PREVENTION	2	70	72					72	0.6
4. ADMINISTRATION	118	102	220	265			265	485	3.9
5. RESEARCH	115	13	129		23		23	152	1.2
TOTAL RECURRENT EXPENDITURE	3449	4054	7503	2666	1870	478	5014	12 517	
CAPITAL CONSUMPTION	22	319	341					341	
CAPITAL EXPENDITURE	28	240	269				200	469	
TOTAL HEALTH EXPENDITURE	3499	4614	8113				5214	13 327	

Table 7: Total Health Expenditure, Area of Expenditure by Source of Funds (1983-84)

AREA OF EXPENDITURE	PUBLIC SECTOR			PRIVATE SECTOR				Total (\$m)	% of Recur- rent
	Commonwealth (\$m)	State and Local Government (\$m)	Total Government (\$m)	Health Insurance Funds (\$m)	Individuals (\$m)	Other (\$m)	Total Private (\$m)		
1. TOTAL INSTITUTIONAL	1863	3976	5839	1134	522	290	1947	7785	55.7
(a) Total Hospitals	897	3770	4667	1127	180	279	1586	6253	44.8
(i) Recognised Public	523	3275	3798	614		238	853	4651	33.3
(ii) Private	123		123	505	142	32	680	803	5.7
(iii) Repatriation	227		227	7			7	234	1.7
(iv) Public Psychiatric	23	495	518		38	8	47	565	4.0
(b) Total Nursing Homes	905	107	1012		243	3	246	1257	9.0
(i) Government and Other	657	107	764		168	2	170	934	6.7
(ii) Deficit Financed	248		248		75	1	76	324	2.3
(c) Other Institutional Services	61	99	160	7	99	8	114	275	2.0
(i) Ambulance	37	99	136	7	99	8	114	250	1.8
(ii) Other Institutional (nec)	24		24					24	0.2
2. TOTAL NON-INSTITUTIONAL	2205	347	2552	929	1732	165	2827	5378	38.5
(a) Medical Services	1442		1442	615	197	114	926	2368	16.9
(b) Dental Services	18	54	72	193	395		588	660	4.7
(c) Other Professional Services	39		39	77	285	46	408	447	3.2
(d) Community Health Services	105	236	341	1			1	342	2.4
(e) Pharmaceuticals	555		555	18	636	4	658	1213	8.7
(i) Benefits Paid Items	555		555		177	0	177	732	5.2
(ii) All Other Items				18	460	4	482	482	3.4
(f) Aids and Appliances	38	3	41	19	219	1	240	281	2.0
(g) Other Non-institutional	6	54	60	7			7	67	0.5
3. HEALTH PROMOTION AND ILLNESS PREVENTION	4	85	89					89	0.6
4. ADMINISTRATION	193	100	293	241			241	534	3.8
5. RESEARCH	135	17	152		30		30	182	1.3
TOTAL RECURRENT EXPENDITURE	4398	4525	8924	2304	2285	455	5044	13 968	
CAPITAL CONSUMPTION	26	332	358					358	
CAPITAL EXPENDITURE	74	305	379				234	613	
TOTAL HEALTH EXPENDITURE	4498	5163	9661				5278	14 939	

Table 8: Total Health Expenditure, Area of Expenditure by Source of Funds (1984-85)

AREA OF EXPENDITURE	PUBLIC SECTOR			PRIVATE SECTOR				Total (\$m)	% of Recur- rent
	Commonwealth (\$m)	State and Local Government (\$m)	Total Government (\$m)	Health Insurance Funds (\$m)	Individuals (\$m)	Other (\$m)	Total Private (\$m)		
1. TOTAL INSTITUTIONAL	2551	4257	6808	838	558	239	1635	8443	54.8
(a) Total Hospitals	1483	4067	5550	832	179	229	1240	6789	44.1
(i) Recognised Public	1043	3529	4572	295		187	482	5054	32.8
(ii) Private	166		166	533	136	33	703	869	5.6
(iii) Repatriation	248	6	254	4			4	258	1.7
(iv) Public Psychiatric	26	532	558		43	8	51	609	4.0
(b) Total Nursing Homes	1005	79	1084		270	3	273	1357	8.8
(i) Government and Other	722	79	801		188	2	190	990	6.4
(ii) Deficit Financed	283		283		83	1	83	367	2.4
(c) Other Institutional Services	64	111	175	6	109	7	122	297	1.9
(i) Ambulance	37	111	148	6	109	7	122	271	1.8
(ii) Other Institutional (nec)	26		26					26	0.2
2. TOTAL NON-INSTITUTIONAL	3206	411	3617	416	1829	223	2468	6085	39.5
(a) Medical Services	2316		2316	25	220	130	374	2690	17.5
(b) Dental Services	21	64	85	232	459		691	776	5.0
(c) Other Professional Services	63		63	109	264	85	458	520	3.4
(d) Community Health Services	120	290	410	1	3	3	7	417	2.7
(e) Pharmaceuticals	637		637	25	644	4	673	1310	8.5
(i) Benefits Paid Items	637		637		186		186	823	5.3
(ii) All Other Items				25	458	4	487	487	3.2
(f) Aids and Appliances	41		41	18	239	2	259	300	1.9
(g) Other Non-institutional	9	57	66	7			7	72	0.5
3. HEALTH PROMOTION AND ILLNESS PREVENTION	9	112	121					121	0.8
4. ADMINISTRATION	220	114	334	204			204	538	3.5
5. RESEARCH	157	22	179		39		39	219	1.4
TOTAL RECURRENT EXPENDITURE	6143	4916	11 059	1458	2427	462	4346	15 406	
CAPITAL CONSUMPTION	30	350	380					380	
CAPITAL EXPENDITURE	42	394	436				345	781	
TOTAL HEALTH EXPENDITURE	6215	5660	11 875				4691	16 567	

Table 9: Total Health Expenditure, Area of Expenditure by Source of Funds (1985-86)

AREA OF EXPENDITURE	PUBLIC SECTOR			PRIVATE SECTOR				Total \$m	% of Recur- rent
	Commonwealth \$m	State and Local Government \$m	Total Government \$m	Health Insurance Funds \$m	Individuals \$m	Other \$m	Total Private \$m		
1. TOTAL INSTITUTIONAL	2767	4792	7559	846	680	181	1706	9265	54.3
(a) Total Hospitals	1604	4605	6209	840	286	169	1295	7504	44.0
(i) Recognised Public	1116	4026	5142	306		125	431	5573	32.7
(ii) Private	168		168	534	239	37	810	978	5.7
(iii) Repatriation	287	6	293					293	1.7
(iv) Public Psychiatric	32	574	605		48	7	54	660	3.9
(b) Total Nursing Homes	1086	72	1158		303	3	306	1464	8.6
(i) Government and Other	779	72	851		209	2	211	1062	6.2
(ii) Deficit Financed	307		307		94	1	95	402	2.4
(c) Other Institutional Services	77	114	192	6	91	8	105	297	1.7
(i) Ambulance	45	114	160	6	91	8	105	265	1.6
(ii) Other Institutional (nec)	32		32					32	0.2
2. TOTAL NON-INSTITUTIONAL	3655	472	4127	518	1990	205	2714	6840	40.1
(a) Medical Services	2686		2686	17	268	120	405	3091	18.1
(b) Dental Services	25	70	95	295	523	2	820	915	5.4
(c) Other Professional Services	69		69	170	259	76	505	574	3.4
(d) Community Health Services	120	351	471	1			1	472	2.8
(e) Pharmaceuticals	702		702	31	701	5	737	1439	8.4
(i) Benefits Paid Items	702		702		243		243	945	5.5
(ii) All Other Items				31	458	5	494	494	2.9
(f) Aids and Appliances	43		43	4	239	2	246	289	1.7
(g) Other Non-institutional	9	51	61					61	0.4
3. HEALTH PROMOTION AND ILLNESS PREVENTION	31	125	156					156	0.9
4. ADMINISTRATION	249	73	322	233			233	555	3.3
5. RESEARCH	167	24	191		42		42	233	1.4
TOTAL RECURRENT EXPENDITURE	6869	5485	12 354	1597	2712	386	4695	17 050	
CAPITAL CONSUMPTION	35	381	416					416	
CAPITAL EXPENDITURE	49	498	547				452	999	
TOTAL HEALTH EXPENDITURE	6953	6364	13 317				5147	18 465	

Preliminary Estimates of 1986-87 Health Expenditure

Table 10 shows preliminary estimates of total health expenditure derived directly from the ABS data presented in Tables 11 and 12. Estimates of total health expenditure produced by the AIH (Tables 1 to 9) differ from those produced by the ABS because the Institute includes a broader range of expenditure (such as health research funded by Universities) and there are differences in the methodologies used by the two organisations.

From 1983-84 to 1985-86, AIH estimates of recurrent expenditure on health have been, on average, approximately 1.9 per cent higher than those deriving directly from ABS data (Table 10). The 1986-87 recurrent expenditure of \$18 663m in Table 10 is therefore adjusted upward by 1.9 per cent to arrive at the AIH recurrent expenditure estimate of \$19 010m and total health expenditure of \$20 591m. (Total health expenditure includes recurrent expenditure, capital consumption and capital expenditure.)

Table 10: Estimates of Total Health Expenditure from ABS data 1982-83 to 1986-87 (\$million)

	1982-83	1983-84	1984-85	1985-86	1986-87
RECURRENT EXPENDITURE					
Commonwealth Government	3404	4358	6071	6615	7181
Other Governments	4032	4497	4881	5448	6020
Private Sector	4673	4794	4247	4671	5463
TOTAL	12 109	13 649	15 199	16 734	18 663
CAPITAL CONSUMPTION *					
Commonwealth Government	22	26	30	35	41
Other Governments	319	332	350	381	413
TOTAL	341	358	380	416	454
CAPITAL EXPENDITURE					
Commonwealth Government	29	73	50	101	131
Other Government	246	307	400	453	520
Private Sector	200	234	332	445	475
TOTAL	474	614	781	998	1126
TOTAL EXPENDITURE					
Commonwealth Government	3454	4457	6151	6751	7353
Other Government	4596	5136	5631	6282	6953
Private Sector	4873	5028	4578	5116	5937
TOTAL HEALTH EXPENDITURE	12 924	14 621	16 360	18 148	20 243

* Only capital consumption for the public sector is included here. Capital consumption (Depreciation) in the private sector is included in private sector recurrent expenditure and cannot be separated out.

The figures in this table are from Table 11 and Table 12

Table 11: Estimates of Total Recurrent Expenditure on Health from ABS data 1982-83 to 1986-87 (\$ million)

		1982-83	1983-84	1984-85	1985-86	1986-87
Commonwealth Government						
Final Consumption Expenditure (FCE)	(b)	688	861	959	942	1008
Capital Consumption (CC)	(c)	22	26	30	35	41
FCE and CC	(a)	710	887	989	977	1049
Plus - Subsidies	(b)	92.6	110.3	140.2	147.8	59
- Personal Benefit Payments	(b)	2066	2600	3598	4058	4547
- Grants to Non-profit Organisations	(b)	304.4	351.1	410.8	416.2	481.8
- Grants to Other Governments	(b)	252.7	435.2	962.8	1051.2	1084.7
Total Commonwealth Government Outlays		3425.7	4383.6	6100.8	6650.2	7221.5
State and Local Governments						
Final Consumption Expenditure (FCE)	(d)	4222	4862	5777	6438	7038
Capital Consumption (CC)	(c)	319	332	350	381	413
FCE and CC	(a)	4541	5194	6127	6819	7451
Plus - State Grants to Non-profit Organisations	(c)	62.6	70	66.5	60.8	66.3
Less - Grants from Commonwealth	(b)	252.7	435.2	962.	1051.2	1084.7
Total State and Local Governments Outlays		4350.9	4828.8	5230.7	5828.6	6432.6
Private Sector						
Final Consumption Expenditure	(a)	7199	7925	8462	9354	10 617
Less - Subsidies	(b)	92.6	110.3	140.2	147.8	59
- Personal Benefit Payments	(b)	2066	2600	3598	4058	4547
- Grants from Commonwealth	(b)	304.4	351.1	410.8	416.2	481.8
- Grants from State Government	(c)	62.6	70	66.5	60.8	66.3
Total Private Sector Outlays		4673.4	4793.6	4246.5	4671.2	5462.9
All Sectors Recurrent Expenditure		12 450	14 006	15 578	17 150	19 117

Notes: (a) Australian Bureau of Statistics *National Income and Expenditure 1986-87* ABS Catalogue No. 5204.0

(b) Australian Bureau of Statistics *Commonwealth Government Finance, Australia August 1988*

(c) Australian Bureau of Statistics, unpublished data

(d) Calculated by taking difference between (a) and (c)

Table 12: Estimates of Total Capital Expenditure on Health from ABS data 1982-83 to 1986-87 (\$ million)

		1982-83	1983-84	1984-85	1985-86	1986-87
Commonwealth Government						
Gross Fixed Capital Expenditure	(a)	24	69	42	48	72
Plus - Grants to Private Sector	(b)	1.3	2.7	4.4	2.7	3.1
- Grants to Other Governments	(b)	3.2	1.7	3.2	50	56
Total Commonwealth Government		28.5	73.4	49.6	100.7	131.1
State and Local Governments						
Gross Fixed Capital Expenditure	(a)	245	303	394	498	573
Plus - State Grants to Non-profit Organisations	(c)	3.7	5.4	8.9	4.7	3.4
Less - Grants from Commonwealth	(b)	3.2	1.7	3.2	50	56
Total State and Local Governments		245.5	306.7	399.7	452.7	520.4
Private Sector						
Gross Fixed Capital Expenditure	(c)	205	242	345	452	481
Less - Grants from Commonwealth	(b)	1.3	2.7	4.4	2.7	3.1
- Grants from State Governments	(c)	3.7	5.4	8.9	4.7	3.4
Total Private Sector		200	233.9	331.7	444.6	474.5
All Sectors Capital Expenditure		474	614	781	998	1126

Notes: (a) Australian Bureau of Statistics *Australian National Accounts, National Income and Expenditure, March 87 and June 88*

(b) Australian Bureau of Statistics *Commonwealth Government Finance, Australia August 1988*

(c) Australian Bureau of Statistics, unpublished data

Explanatory Notes

a) Changes of Definitions and Data

Some of the figures included in this Information Bulletin have been revised as compared to the previous edition, Information Bulletin No.2. The major revisions were as follows:

1. *Private capital expenditure:* ABS has adopted Australian Accounting Standard 17 (AAS17) Accounting for Leases. This standard means that the leasing of hospital and medical equipment is now counted as capital expenditure (*Australian National Accounts, National Income and Expenditure 1985-86*). For example, private capital expenditure on health for 1985-86 prior to adoption of AAS17 was \$340m. After adoption of AAS17, it was \$452m.

2. *GDP:* ABS has revised GDP figures as a result of the incorporation of data from periodic benchmark collections (1985-86 Retail Census, 1986 Population Census) and from the use of new data sources. The major areas of revision are the dwelling rent component of private final consumption expenditure (\$9 000 million revision in 1986-87), the 'goods' components of private final consumption expenditure, the items 'Purchase of motor vehicles' and 'Operation of motor vehicles' expenditure by private non-profit organisations serving households, and the entertainment and recreation component of private final consumption expenditure (*ABS Quarterly Estimates of National Income and Expenditure Australia, December Quarter 1987*).

3. *Private sector expenditure:* ABS has revised the figures for 1982-83 to 1984-85 in the light of more accurate recent information resulting in higher private final consumption expenditure on health. For an instance, the private final consumption expenditure on health for 1984-85 published in September quarter 1987 was \$8 178m. But the figure became \$8 462m in December quarter 1987 (*ABS Quarterly Estimates of National Income and Expenditure, Australia, September and December Quarters 1987*).

b) Adjustment for Inflation

To adjust for inflation, six price deflators including three health specific deflators were used for 1982-83 to 1985-86. For 1986-87, only IPD 1, IPD 2 and IPD 3 were used to arrive at the estimate of real total health expenditure. These deflators are shown in Table 13.

Table 13: Deflators

Type of Deflator		1982-83	1983-84	1984-85	1985-86	1986-87
Total Health Expenditure Deflator	(a)	88.4	94.0	100.0	106.9	n.a.
IPD 1	(b)	89.0	94.5	100.0	106.2	116.1
IPD 2	(c)	89.4	94.8	100.0	107.7	120.2
IPD 3	(c)	89.2	93.7	100.0	111.8	115.6
IPD for Gross Domestic Product	(c)	88.4	94.6	100.0	106.8	114.6

n.a. = not available

Source : (a) calculated using ABS unpublished data on various deflators: Doctors, Dentist and Pharmaceuticals, as well as IPD 1, IPD 2, and IPD 3

(b) ABS *National Income and Expenditure 1986-87*, Catalogue 5204.0

(c) ABS *Australian National Accounts June Quarter 1988*, Catalogue 5206.0

IPD 1 is the Implicit Price Deflator for Government Final Consumption Expenditure on Health, Social Security and Welfare. IPD 2 is the Implicit Price Deflator for General Government Gross Fixed Capital Expenditure. IPD 3 is the Implicit Price Deflator for Private Gross Fixed Capital Expenditure on Non-Dwelling Construction. This was used to deflate private sector capital expenditure.

The total health expenditure deflator and IPD 1 use a base year of 1979-80. The figures in Table 13 have been recalculated setting 1984-85 to 100. IPD 2, IPD 3 and the implicit price deflator for GDP use a base year of 1984-85.

Definitions and Sources

The AIH collected information for the estimates of health expenditure from a wide range of sources, with the ABS and the Commonwealth Department of Community Services and Health providing most of the raw data.

Tables in this bulletin may not add due to rounding.

The 'Other' column in Tables 6 to 9 includes the health costs of workers' compensation and motor vehicle third party insurance.

The 'Medical Services' category includes expenditure on medical services provided on a 'fee for service' basis, and includes medical services provided to private patients in hospitals. It does not include the cost of salaried medical practitioners or of Visiting Medical Officers at recognised (public) hospitals.

These figures do not include expenditures which are primarily of a welfare nature even if they have a health component. Also excluded are most costs associated with the training of health personnel in universities and colleges of advanced education. However in some cases, for example, hospital based nursing training, the cost of training cannot be separated from the operational costs of health services.

Further details of the sources and definitions of the health expenditure categories used in this bulletin are contained in Appendixes A and B of the AIH publication *Australian Health Expenditure 1970-71 to 1984-85* (in press).

Further copies of this bulletin can be obtained by writing to the Australian Institute of Health, GPO Box 570, Canberra, ACT, 2601, or by telephoning John Goss on (062)435028 or Maneerat Pinyopusarerk on (062)435079.

PUBLICATIONS OF THE AUSTRALIAN INSTITUTE OF HEALTH

Publications available from the AIH include:-

Health Expenditure

- Australian Health Expenditure 1979-80 to 1981-82* (free)
Information Bulletin No.1, Preliminary Estimates of Total Health Expenditure: 1982-83 to 1984-85 (free)
Information Bulletin No.2, Australian Health Expenditure: 1982-83 to 1984-85 (free)
Information Bulletin No.3, Australian Health Expenditure: 1982-83 to 1985-86 (free)
Australian Health Expenditure 1970-71 to 1984-85 (in press).

Other Topics

- Aboriginal Health Statistics : Proceedings of a Workshop Darwin, April 1986*
 Hall J, et al (1986) *Report to the National Committee on Health and Vital Statistics on Outcome Data in Health*
 Roy Harvey (1987) *Hoarding and Wastage of Prescription Drugs*
 Paper presented to the 1987 Public Health Association Conference, Sydney, August 1987
 Smith L R, et al (1987) *Cancer in Australia 1982* National Cancer Statistics Clearing House, Scientific Publication No. 1
National Health Technology Advisory Panel Reports various (ring 435000 for further details)
National Health Technology Advisory Panel Newsletters No 1 - 7
Health Workforce Information Bulletins (analysis of 1981 Census)

- No.1 Nurse Workforce 1981
- No.2 Medical Workforce 1981
- No.3 Dental Workforce 1981
- No.4 Physiotherapy Workforce 1981
- No.5 Occupational Therapy Workforce 1981
- No.6 Speech Therapy Workforce 1981
- No.7 Radiography Workforce 1981
- No.8 Dietitian Workforce 1981
- No.9 Chiroprody Workforce 1981

Available from Commonwealth Government Bookshops : -

Australia's Health (1988)

In its new publication, the Australian Institute of Health has produced a unique assemblage of statistical data on the state of Australia's health. Topics discussed are: changes in occurrence of diseases and in expectation of life since white settlement; the effects of age, sex, social status and occupation on the incidence of sickness and disease; the present scope and cost of health services; and the changes in the health picture that are to be expected as the Australian population ages.

An invaluable reference book, for health workers and students in the health field; for hospitals and health care institutions; for organisations concerned with health care and health insurance; and for those involved in planning for the effects of demographic change.

Daly J, et al (1987) *Technologies in Health Care: Policies and Politics* Proceedings of a workshop held at the Australian National University, Canberra, 3-4 August 1985

Lewis M (1988) *Managing Madness : Psychiatry and Society in Australia 1788-1980*

Lee Sun-Hee (1988) *Women's Health Data Requirements*