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**Australian Institute of
Health and Welfare**

Health expenditure Australia 2011–12

HEALTH AND WELFARE EXPENDITURE SERIES NO. 50



Australian Government

**Australian Institute of
Health and Welfare**

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

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Adam Majchrzak-Smith, Rebecca Bennetts, Elizabeth Dernie, Theresa Rowan, Barbara Gray and Adrian Webster carried out the collection and analysis of the data and the writing of this publication.

Abbreviations

ABS	Australian Bureau of Statistics
AHCAs	Australian Health Care Agreements
AIHW	Australian Institute of Health and Welfare
COAG	Council of Australian Governments
CPI	Consumer Price Index
DoHA	Australian Government Department of Health and Ageing
DVA	Australian Government Department of Veterans' Affairs
GDP	Gross Domestic Product
GFCE	Government Final Consumption Expenditure
GFS	Government Finance Statistics
GHE	Government Health Expenditure
GNE	Gross National Expenditure
GP	General Practitioner
HEAC	Health Expenditure Advisory Committee
HFCE	Household Final Consumption Expenditure
IPD	Implicit Price Deflator
MBS	Medicare Benefits Schedule
NHA	National Health Accounts
NMDS	National Minimum Data Set
NP	National Partnership
OECD	Organisation for Economic Co-operation and Development
PBS	Pharmaceutical Benefits Scheme
PHE	Public Hospital Establishments
PHIAC	Private Health Insurance Administration Council
PHIIS	Private Health Insurance Incentives Scheme
PHOFAs	Public Health Outcome Funding Agreements

PPP	Purchasing Power Parity
RPBS	Repatriation Pharmaceutical Benefits Scheme
SHA	System of Health Accounts
SPP	Specific Purpose Payment
TGA	Therapeutic Goods Administration
THPI	Total Health Price Index
WHO	World Health Organization

Symbols

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

Summary

This report provides estimates of health expenditure in Australia between 2001–02 and 2011–12. Expenditure was estimated to be \$140.2 billion in 2011–12, up in real terms (after adjustment for inflation) from \$82.9 billion in 2001–02 and \$132.6 billion in 2010–11.

In 2011–12, health expenditure as a percentage of gross domestic product (GDP) was 9.5%, up from 8.4% in 2001–02. Much of the increase coincided with the Global Financial Crisis. From 2001–02 to 2007–08, the ratio of health expenditure to GDP increased by 0.4 percentage points from 8.4% to 8.8%. In just the following two years, the ratio increased by 0.6 percentage points to 9.4% in 2009–10.

The ratio of government health expenditure to taxation revenue was relatively stable between 2001–02 and 2007–08, increasing from 19.9% to 20.8%. It then rose to a peak in 2009–10 of 26.2% and declined to 25.6% in 2011–12. Over the decade to 2011–12, the Australian Government ratio of health expenditure to taxation revenue rose by 4.0 percentage points to 26.4%, while the state and territory governments ratio rose by 8.1 percentage points to 24.5%.

Analysis of health inflation suggests that the annual increase in prices in the broader economy in recent years has generally been faster than increases in prices in the health sector. Growth in health expenditure, has largely been driven by increases in the volume of health goods and services purchased, rather than price.

In 2011–12, the estimated national average level of recurrent expenditure on health was \$5,881 per person. Expenditure varied from \$5,711 per person in New South Wales to \$8,512 per person in the Northern Territory.

Governments funded 69.7% of total health expenditure during 2011–12, an increase from 69.1% in 2010–11. The percentage contribution of the Australian Government fluctuated throughout the decade, dropping from 44.0% in 2001–02 to 42.4% in 2011–12. The state and territory contribution grew steadily from 23.2% to 27.3% over the same period.

Non-government sources funded 30.3% in 2011–12, down from 32.8% in 2001–02.

Spending on public hospital services in 2011–12 was estimated at \$42.0 billion, or 31.8% of recurrent expenditure. Expenditure on medical services (\$23.9 billion, or 18.1%) and medications (\$18.8 billion, or 14.2%) were other major contributors. Increased spending on public hospital services of \$2.1 billion in real terms was the largest component of the increase in health expenditure since 2010–11, accounting for approximately one-third (32.9%) of the increase in recurrent expenditure. This was followed by spending on medical services, which grew by \$1.0 billion in real terms.

The Australian Government's share of public hospital services funding was 38.2% in 2011–12, down from 39.6% in 2010–11. State and territory governments' share was 53.3% in 2011–12, up from 52.0% in 2010–11 and 47.2% in 2001–02.

Based on the Organisation for Economic Co-operation and Development (OECD) System of Health Accounts framework, Australia's health expenditure to GDP ratio in 2011 (9.1%) was just above the OECD median (9.0%). Australia's average health expenditure per person in 2011 (\$5,952) was also higher than the OECD average (\$5,484) and median (\$4,851).

1 Introduction

This report is the latest in the *Health expenditure Australia* series. It includes estimates of how much was spent on health between 2001–02 and 2011–12. This information contributes to understanding the performance, efficiency and affordability of Australia’s health system and how these factors change over time.

1.1 What is health expenditure?

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

In many cases, funds pass through a number of different entities before they are ultimately spent by providers (such as hospitals, general practices and pharmacies) on health goods and services.

The term ‘health expenditure’ in this context relates to all funds given to, or for, providers of health goods and services. It includes the funds provided by the Australian Government to the state and territory governments, as well as the funds provided by the state and territory governments to providers.

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

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

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

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

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

Box 1.1: Expenditure at current and constant prices

Current price estimates

Expenditure at 'current prices' refers to expenditure which is not adjusted for movements in prices from one year to another (that is, not adjusted for inflation). Comparisons over time using figures expressed in current prices can be misleading due to the effect of inflation. For example, \$1 billion spent in 2001–02 will have purchased more health goods and services than \$1 billion spent in 2011–12.

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 one selected reference year (known as 'constant prices').

The reference year used in this report is 2011–12. See Appendix C for more information on the deflation process.

Measuring change

Changes from year to year in the estimates of expenditure at current prices are referred to throughout this report as 'nominal changes in expenditure', 'in nominal terms' or 'nominal changes'. These reflect changes that come about because of the combined effects of inflation and increases in the volume of health goods and services.

Growth in expenditure expressed in constant prices is referred to as 'real growth' or 'growth in real terms'.

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

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

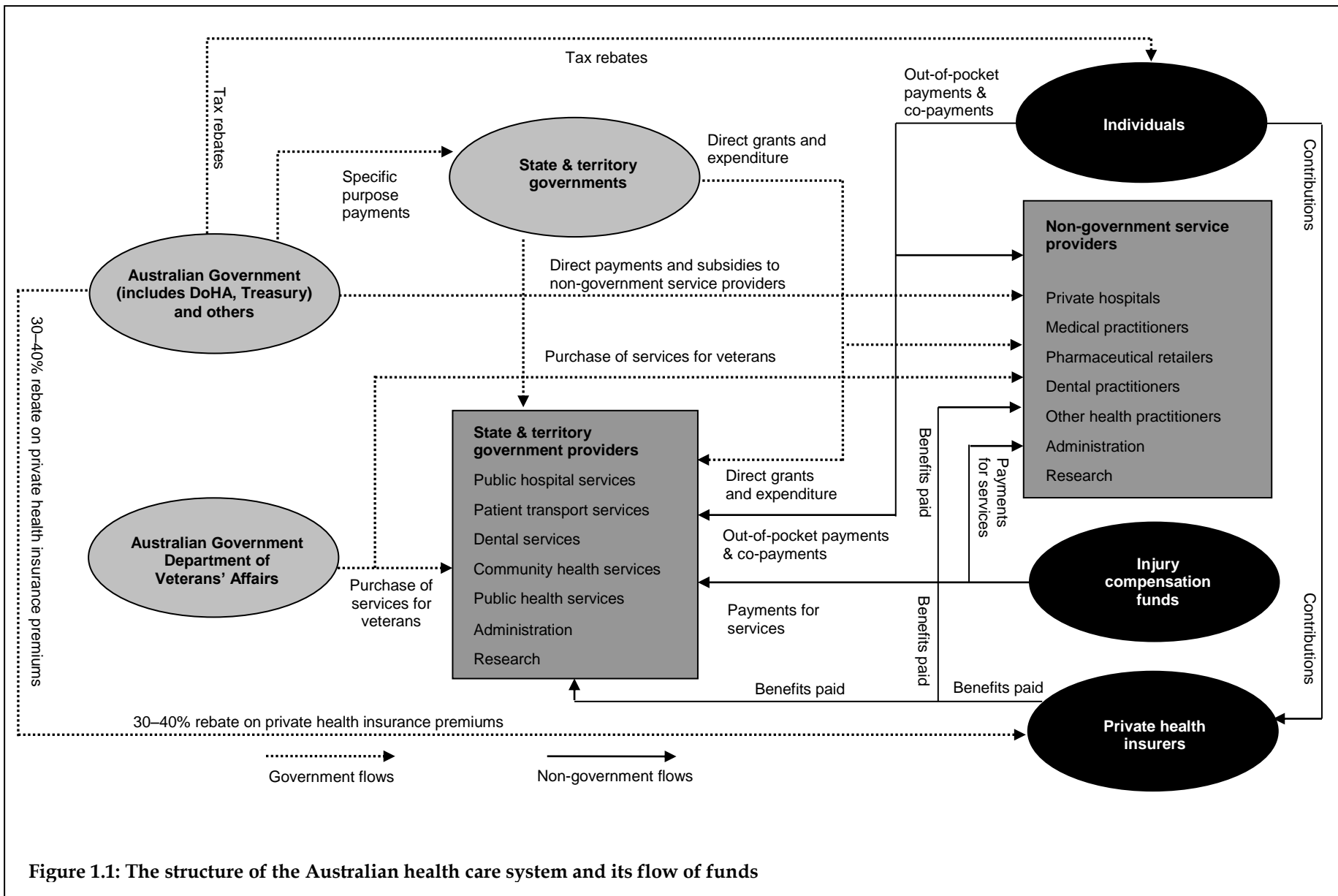


Figure 1.1: The structure of the Australian health care system and its flow of funds

1.3 Structure of this report

This issue of *Health expenditure Australia* focuses more acutely on national trends in health expenditure than in previous reports. Detailed analyses of specific areas of health expenditure and international comparisons will be covered in supplementary publications scheduled for release in the coming months.

The tables and figures in this publication provide expenditure in terms of current and constant prices (see Box 1.1). Constant price expenditure adjusts for the effects of inflation using either annually re-weighted chain price indexes produced by the Australian Bureau of Statistics (ABS), or implicit price deflators (IPDs) produced by the ABS or Australian Institute of Health and Welfare (AIHW). Because the reference year for both the chain price indexes and the IPDs is 2011–12, the constant price estimates indicate what expenditure would have been had 2011–12 prices applied in all years.

In this publication there are references to the general rate of inflation, which is calculated using the IPD for GDP or the IPD for GNE. Both of these IPDs are produced by the ABS. The general rate of inflation refers to changes in economy-wide prices, not just consumer prices, and takes into account changing expenditure patterns in the whole economy over time.

Chapter 2 presents a broad picture of total national health expenditure in 2011–12 and back to 2001–02.

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

Chapter 4 provides a data quality statement for the AIHW health expenditure database.

Chapter 5 provides technical information on the definitions, methods and data used in this report.

The appendixes include more detailed national and state and territory health expenditure matrixes and information on the price indexes and deflators; and population data.

1.4 Changes to Australian Institute of Health and Welfare estimates

There have been some revisions to previously published estimates of health expenditure due to the receipt of additional or revised data, or changes in methodology. Comparisons over time should therefore be based on the estimates in this publication, or from the online data cubes on the AIHW website, rather than earlier editions of this report. For example, estimates in this report are not comparable with the data published in issues prior to 2005–06, because of the reclassification of expenditure on high-level residential aged care from ‘health services’ to ‘welfare services’.

In 2007–08, an important change was made to include capital consumption as part of recurrent health expenditure for all years (see ‘Chapter 5 Technical notes’ for details). In previous editions it had been shown as a separate (non-recurrent) form of expenditure. The AIHW’s online data cubes also incorporate this change for all years back to 1961.

Funding for 2008–09 in this report includes \$1.2 billion in Australian Government funding provided to the states and territories through the 5-year *National Partnership agreement on*

health and hospital workforce reform. This funding has been offset against 2008–09 state and territory government funding in keeping with the methodology used in this report. However, states and territories may have spent the funds over several years.

1.5 Revisions to Australian Bureau of Statistics estimates

GDP estimates for this report are sourced from the ABS (ABS 2013c). These estimates include revisions to incorporate up-to-date data and concurrent seasonal adjustments.

The GDP estimates are based on the international standard, the System of National Accounts 2008, which Australia adopted in September 2009. This new system increased the scope of production activities included in the measurement of GDP. The changes increased the size of Australia's GDP, which had the effect of reducing Australia's health to GDP ratio, particularly compared with other countries that have not yet adopted the new standard.

The revisions have been applied retrospectively, so health expenditure to GDP ratios for all years back to 2001–02 in this report are not consistent with those shown in previous *Health expenditure Australia* reports.

2 Health expenditure

2.1 Total health expenditure

Total expenditure on health goods and services in Australia in 2011–12 was estimated at \$140.2 billion, which was around 1.7 times higher in real terms (once inflation was accounted for) than in 2001–02 (Table 2.1).

Expenditure in 2011–12 was nominally 7.6% higher than in the previous year (an increase of \$9.9 billion). This equated to a 5.8% growth in real health expenditure. The real growth was 0.4 percentage points lower than the previous year but 0.4 percentage points higher than the average annual growth over the decade (5.4%).

Of total health expenditure, 94.4% was recurrent expenditure and 5.6% was capital expenditure (Table 2.7).

Table 2.1: Total health expenditure, current and constant prices^(a), and annual rates of change, 2001–02 to 2011–12

Year	Amount (\$ million)		Change from previous year (%)	
	Current	Constant	Nominal change ^(b)	Real growth ^(b)
2001–02	63,099	82,886	..	..
2002–03	68,798	87,705	9.0	5.8
2003–04	73,509	90,611	6.8	3.3
2004–05	81,061	96,503	10.3	6.5
2005–06	86,685	99,079	6.9	2.7
2006–07	94,938	104,974	9.5	5.9
2007–08	103,563	112,099	9.1	6.8
2008–09	113,661	119,758	9.8	6.8
2009–10	121,353	124,782	6.8	4.2
2010–11	130,310	132,578	7.4	6.2
2011–12	140,241	140,241	7.6	5.8
	Average annual change (%)			
2001–02 to 2006–07	..	..	8.5	4.8
2006–07 to 2011–12	..	..	8.1	6.0
2001–02 to 2011–12	..	..	8.3	5.4

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

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

Source: AIHW health expenditure database.

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

Inflation can be further subdivided and analysed in terms of ‘general inflation’ and ‘excess health inflation’ (see Box 2.1). Volume growth is affected by factors such as changes in the population’s age structure, changes in the overall and relative intensity of use of different

health goods and services, changes in technology and medical practice, and general economic and social conditions.

Health inflation was estimated at 1.74% for 2011-12 (Table 2.4).

Box 2.1: Inflation

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

General inflation

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

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

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

Health inflation

Health inflation is a measure of the average rate of change in prices within the health goods and services sector of the economy. Changes in the total health 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 increasing more rapidly than prices generally throughout the economy. It will be negative when the general level of prices throughout the broader economy are increasing more rapidly than health prices.

2.2 Health expenditure and the GDP

The ratio of Australia's health expenditure to GDP (health to GDP ratio) measures the cost to the nation of funding its health system as a proportion of the total economic activity.

The health expenditure to GDP ratio can change over time for one or both of the following reasons:

- the level of use of health goods and services can grow at a different rate from the rate for all goods and services in the economy (a volume effect)
- prices in the health sector can move at different rates from those in the economy more generally (referred to as excess health inflation, see Box 2.1).

Changes in the ratio, both up and down, can have as much to do with changes in GDP as with changes in health expenditure (see Tables 2.2 and 2.3).

Spending on health accounted for 9.51% of GDP in 2011-12 (Table 2.2).

Over recent years, the health to GDP ratio has been influenced by the Global Financial Crisis (GFC). In the six years from 2001–02 and 2007–08, the ratio of health expenditure to GDP increased by 0.45 percentage points from 8.36% to 8.81%. In just the following two years, the ratio increased by 0.58 percentage points to 9.39% in 2009–10. Following stronger economic growth in 2010–11, the ratio of health expenditure to GDP dropped back to 9.28% (Table 2.2).

GDP growth in both 2008–09 and 2009–10 was below the ten year average annual nominal growth rate (6.9%). These figures illustrate a sharp fall in the growth of Australia’s economic activity during the GFC (Table 2.2).

A similar reduction in health expenditure growth was not observed over this time. Nominal health expenditure growth in 2008–09 was 9.8%, which was above the average for the decade (8.3%). In 2009–10, health expenditure growth was below average at 6.8% but still well above the nominal GDP growth rate (3.0%) (Tables 2.1 and 2.2).

An improvement in economic conditions during 2010–11 saw the ratio of health expenditure to GDP drop back down to 9.28%. Nominal growth in GDP (8.6%) exceeded nominal health expenditure growth (7.4%) during this time (Tables 2.1 and 2.2).

In 2011–12, the health to GDP ratio rose again from 9.28% to 9.51%. Health expenditure grew at 7.6% in nominal terms, which was higher than the 5.0% growth in nominal GDP. The health to GDP ratio of 9.51% was 0.62 percentage points higher than the average for the decade (8.89%) (Tables 2.1 and 2.2).

Table 2.2: Total health expenditure and GDP, current prices, and annual health to GDP ratios, 2001–02 to 2011–12

Year	Total health expenditure (\$ million)	GDP (\$ million)	Nominal GDP growth (%) ^(a)	Ratio of health expenditure to GDP (%)
2001–02	63,099	754,948	..	8.36
2002–03	68,798	800,936	6.1	8.59
2003–04	73,509	859,635	7.3	8.55
2004–05	81,061	920,969	7.1	8.80
2005–06	86,685	994,968	8.0	8.71
2006–07	94,938	1,083,303	8.9	8.76
2007–08	103,563	1,175,321	8.5	8.81
2008–09	113,661	1,254,293	6.7	9.06
2009–10	121,353	1,292,315	3.0	9.39
2010–11	130,310	1,403,888	8.6	9.28
2011–12	140,241	1,474,628	5.0	9.51
10 year average	..	..	6.9	8.89

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

Sources: AIHW health expenditure database and ABS 2013c.

Differential growth in real health expenditure and GDP

Over the decade from 2001–02 to 2011–12, total health expenditure grew in real terms at an average of 5.4% per year, compared with an average annual real growth in GDP of 3.1%. In real terms, health expenditure and GDP both grew every year over the decade (Table 2.3).

Apart from 2 years, 2003–04 and 2005–06, health expenditure grew more strongly than GDP. The greatest difference between them was in 2008–09 when health expenditure grew by 6.8% and GDP grew by 1.6% (Table 2.3).

The real average annual growth rate for total health expenditure was higher over the last five years from 2006–07 to 2011–12 (6.0%) than for the first five years of the decade (4.8%) (Table 2.3).

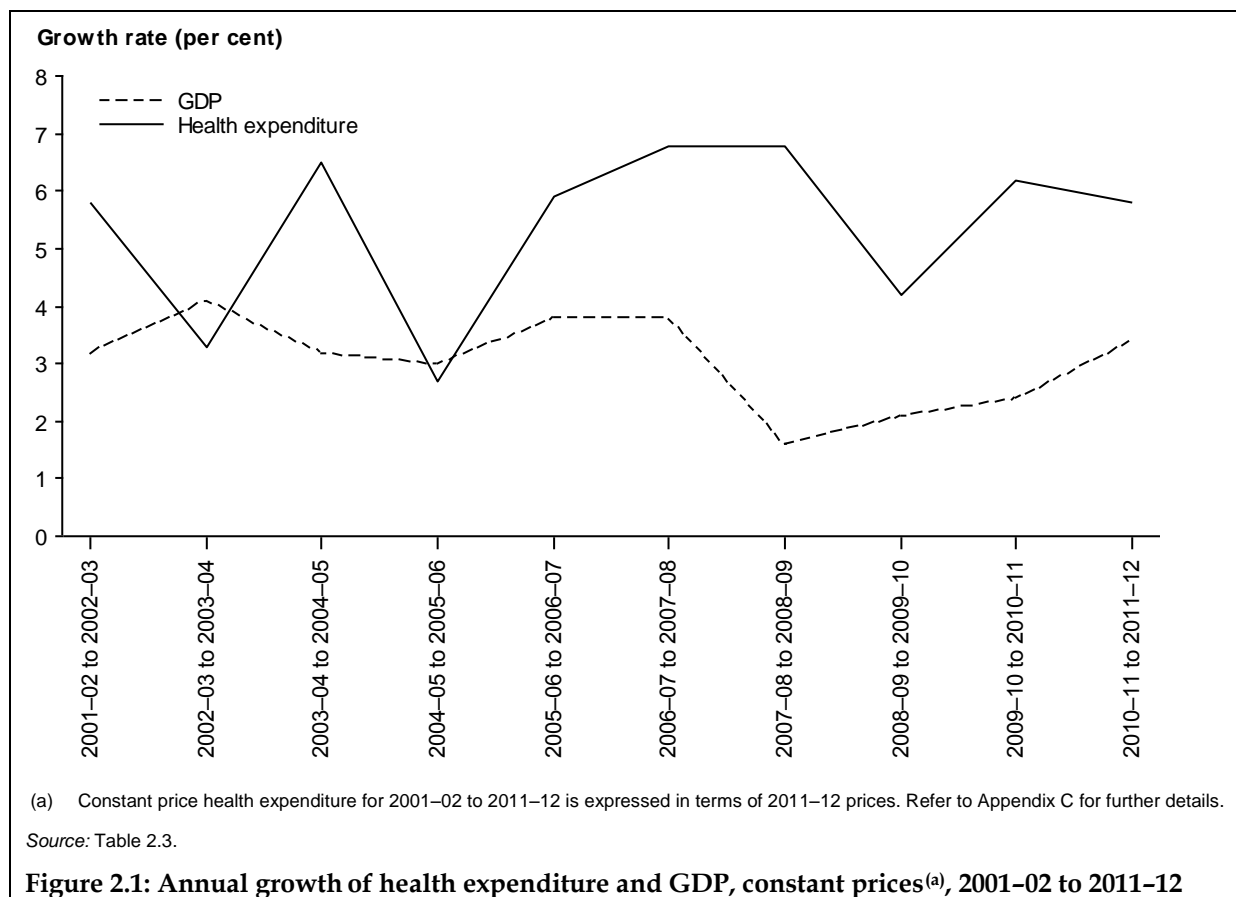
In comparison, the real average annual growth rate for GDP in the last five years (2.7%) was lower than for the first five years (3.5%) (Table 2.3).

Table 2.3: Total health expenditure and GDP, constant prices^(a), and annual growth rates, 2001–02 to 2011–12

Year	Total health expenditure		GDP	
	Amount (\$ million)	Growth rate (%)	Amount (\$ million)	Growth rate (%)
2001–02	82,886	..	1,090,637	..
2002–03	87,705	5.8	1,125,002	3.2
2003–04	90,611	3.3	1,171,661	4.1
2004–05	96,503	6.5	1,209,001	3.2
2005–06	99,079	2.7	1,245,788	3.0
2006–07	104,974	5.9	1,292,978	3.8
2007–08	112,099	6.8	1,341,709	3.8
2008–09	119,758	6.8	1,363,823	1.6
2009–10	124,782	4.2	1,392,294	2.1
2010–11	132,578	6.2	1,426,171	2.4
2011–12	140,241	5.8	1,474,628	3.4
	Average annual growth rate (%)			
2001–02 to 2006–07	..	4.8	..	3.5
2006–07 to 2011–12	..	6.0	..	2.7
2001–02 to 2011–12	..	5.4	..	3.1

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to 'Appendix C' for further details.

Sources: AIHW health expenditure database and ABS 2013c.



Health inflation

In order to gauge differences between health inflation and general inflation, it is necessary to have agreed measures of both. In Australia, inflation across the economy is often measured by changes in the ABS Implicit Price Deflator (IPD) for GDP, while health inflation is measured by changes in the AIHW total health price index (THPI). In this report, the IPD for Gross National Expenditure (GNE) has also been considered as a measure of economy-wide inflation. The THPI is compared with both the GDP IPD and the GNE IPD. These two measures take a different approach to the treatment of the export and import components of the economy on inflation in particular (see Box 2.1).

When measured against the GDP IPD, health inflation has been lower than general inflation for six of the past 10 years. Across the whole decade to 2011-12, excess health inflation was negative (-0.95%) (Table 2.4 and Figure 2.2). This suggests that prices in the health sector have risen at a slower rate than prices in the broader economy when using domestic production as the comparator.

When using the GNE IPD measure of inflation, however, excess health inflation over the past 10 years was positive (0.24%) (Table 2.4 and Figure 2.2). This suggests that, on average, prices in the health sector rose faster than general inflation when using national expenditure as the comparator.

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

approach (GNE) suggests that health prices overall have been contained in the last five years after growth in the first five years.

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

Table 2.4: Annual rates of health inflation, 2001–02 to 2011–12 (per cent)

Period	GDP IPD measures			GNE IPD measures	
	Health inflation ^(a)	General inflation ^(b)	Excess health inflation	General inflation ^(c)	Excess health inflation
2001–02 to 2002–03	3.04	2.85	0.19	2.56	0.47
2002–03 to 2003–04	3.42	3.05	0.36	2.37	1.02
2003–04 to 2004–05	3.54	3.83	–0.28	1.34	2.17
2004–05 to 2005–06	4.16	4.84	–0.66	2.05	2.07
2005–06 to 2006–07	3.37	4.90	–1.46	2.83	0.52
2006–07 to 2007–08	2.15	4.55	–2.30	3.44	–1.25
2007–08 to 2008–09	2.73	4.99	–2.15	3.22	–0.47
2008–09 to 2009–10	2.47	0.92	1.53	3.44	–0.94
2009–10 to 2010–11	1.07	6.05	–4.70	1.77	–0.69
2010–11 to 2011–12	1.74	1.59	0.15	2.15	–0.40
	Average growth rate				
2001–02 to 2006–07	3.51	3.89	–0.37	2.23	1.25
2006–07 to 2011–12	2.03	3.60	–1.52	2.80	–0.75
2001–02 to 2011–12	2.77	3.75	–0.95	2.52	0.24

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

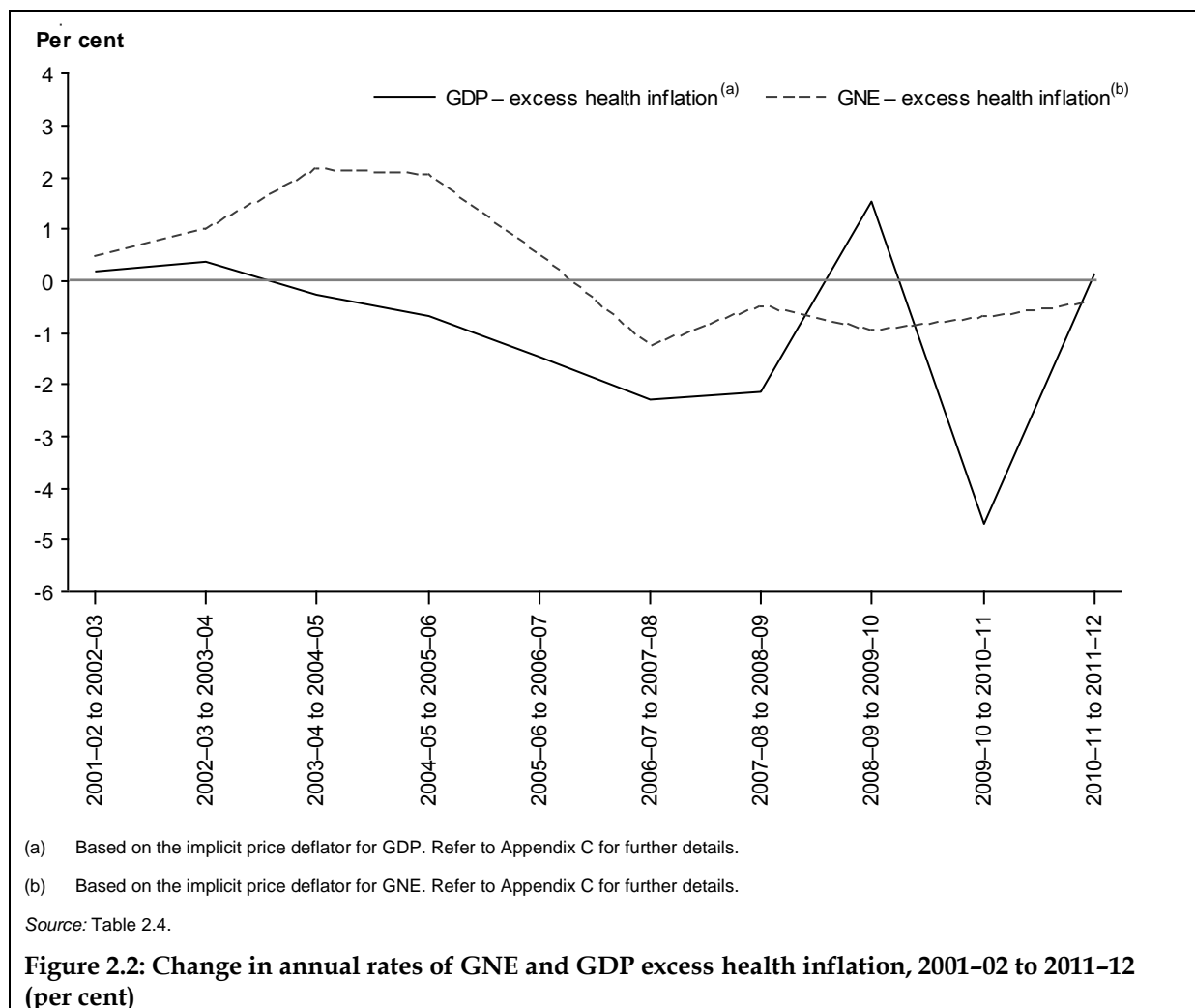
(b) Based on the implicit price deflator for GDP. Refer to Appendix C for further details.

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

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

Sources: AIHW health expenditure database and ABS 2013c.

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



The contribution of inflation to health expenditure growth

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

In 2011–12, the ratio of health expenditure to GDP was 9.5%, up 0.2 percentage points on the previous year. This comprised a 2.3% increase in the volume of health goods and services, relative to the increase in GDP volume, and a 0.2% increase in price of health goods and services compared with price changes in the general economy (Table 2.5).

Table 2.5: Components of the annual change in the health expenditure to GDP ratio, 2001–02 to 2011–12 (per cent)

Year	Ratio of health expenditure to GDP	Percentage change in ratio of health expenditure to GDP from previous year	Components of change in ratio	
			Change in the volume of health goods and services purchased ^(a)	Change in the price of health goods and services purchased ^(b)
2001–02	8.4	..	..	..
2002–03	8.6	2.8	2.6	0.2
2003–04	8.6	–0.4	–0.8	0.4
2004–05	8.8	2.9	3.2	–0.3
2005–06	8.7	–1.0	–0.4	–0.7
2006–07	8.8	0.6	2.1	–1.5
2007–08	8.8	0.5	2.9	–2.3
2008–09	9.1	2.8	5.1	–2.1
2009–10	9.4	3.6	2.1	1.5
2010–11	9.3	–1.2	3.7	–4.7
2011–12	9.5	2.5	2.3	0.2

(a) The difference between 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 and ABS 2013c.

2.3 Government health expenditure and tax revenue

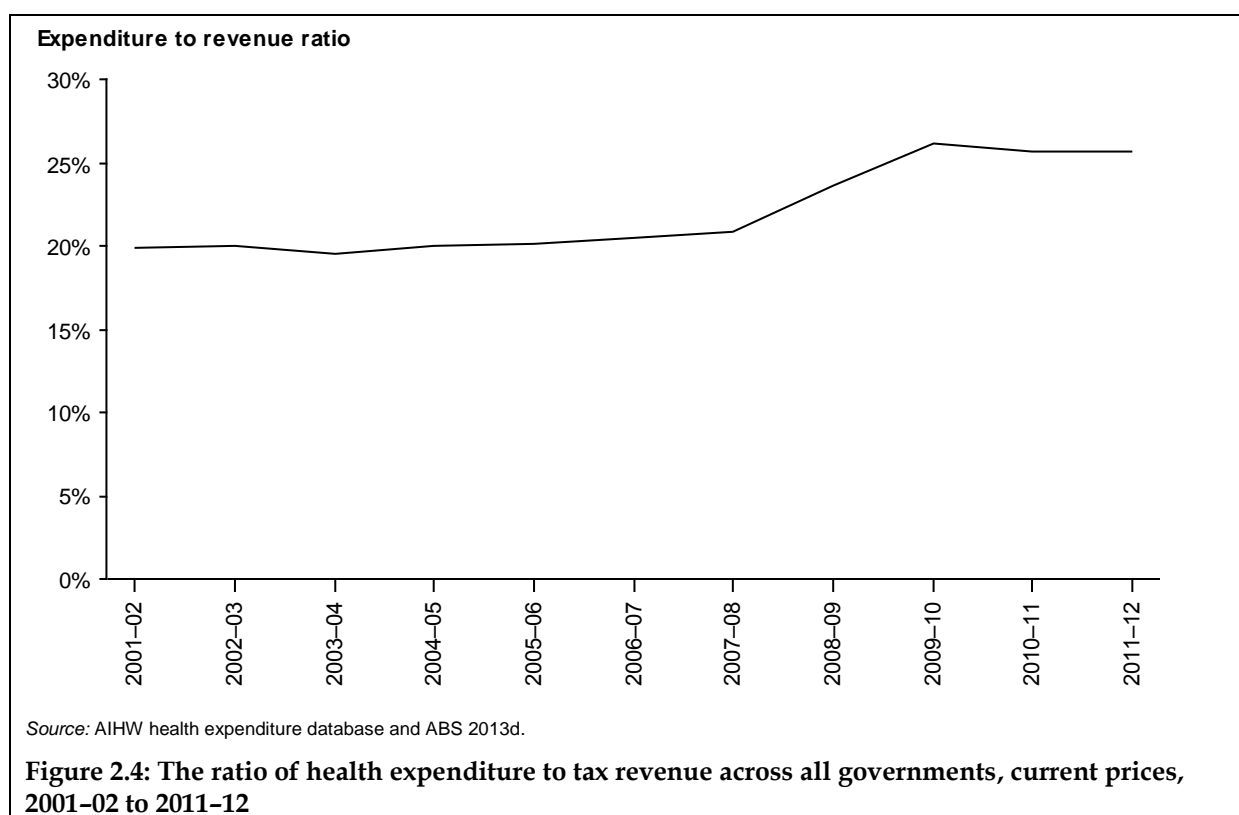
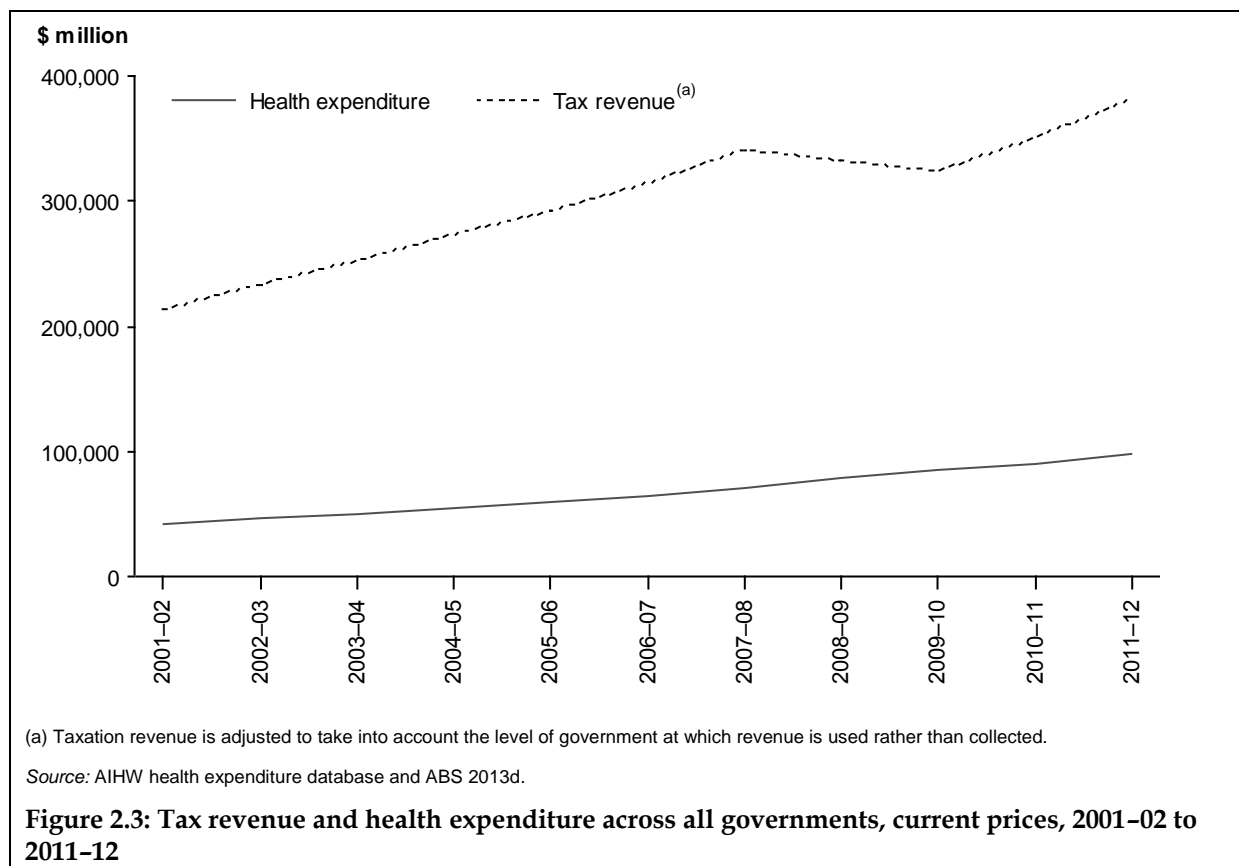
For the first time, this issue of *Health expenditure Australia* includes analysis of government health expenditure as a proportion of tax revenue. This analysis has been included to monitor growth in government health expenditure in relation to government revenues over time. The analysis looks first at total government expenditure to total government taxation revenues, and then looks separately at the Australian Government and state and local governments (as a single group). All analysis is in current prices.

At the national level, tax revenue growth was less consistent than growth in government health expenditure from 2001–02 to 2011–12, largely as a result of the GFC (Figure 2.3).

Over the same period, tax revenue across all governments rose in current prices from \$213.4 billion to \$381.7 billion. Between 2001–02 and 2007–08 (prior to the GFC), this nominal growth was relatively steady, with yearly growth rates varying between 6.8% and 9.6%. The average annual growth over the decade was 6.0% (Figure 2.3).

At the national level, government health expenditure rose from \$42.2 billion in 2001–02 to \$97.8 billion in 2011–12. Between 2001–02 and 2007–08, government health expenditure grew at a rate of between 5.6% and 11.2%, with an average annual nominal growth rate of 8.7% over this period (Figure 2.3).

The ratio of government health expenditure to tax revenue declined from 19.9% in 2001–02 to 19.6% in 2003–04, before rising to 20.5% in 2006–07 and 20.8% in 2007–08 (Figure 2.4).



Government tax revenue fell by 2.6% in 2008–09 and 2.5% in 2009–10, before recovering with a growth of 8.2% in 2010–11 and 8.8% in 2011–12 (Figure 2.3).

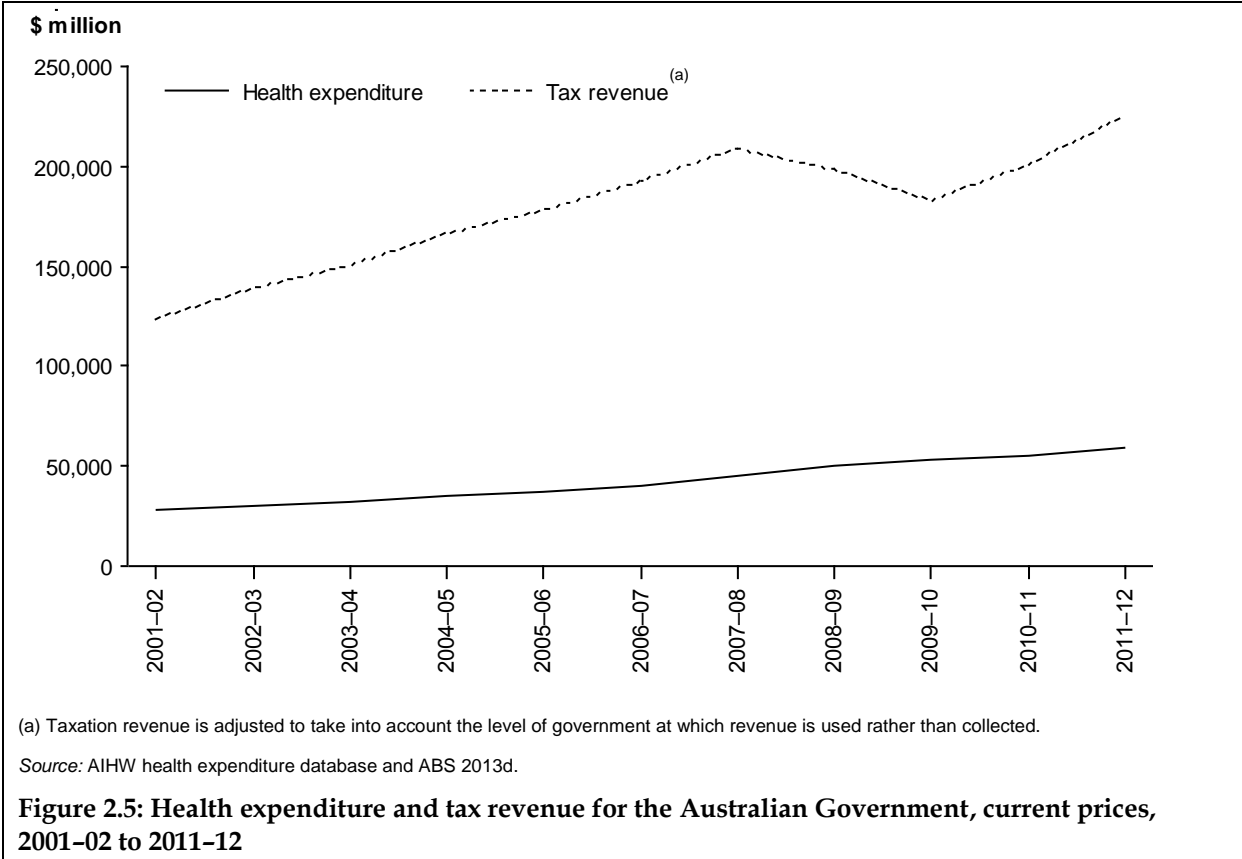
Unlike tax revenue, government health expenditure did not decline following the GFC (Figure 2.3). The expenditure to tax revenue ratio rose to a high in 2009–10 of 26.2%. It has since declined slightly to 25.6% in 2011–12 (Figure 2.4).

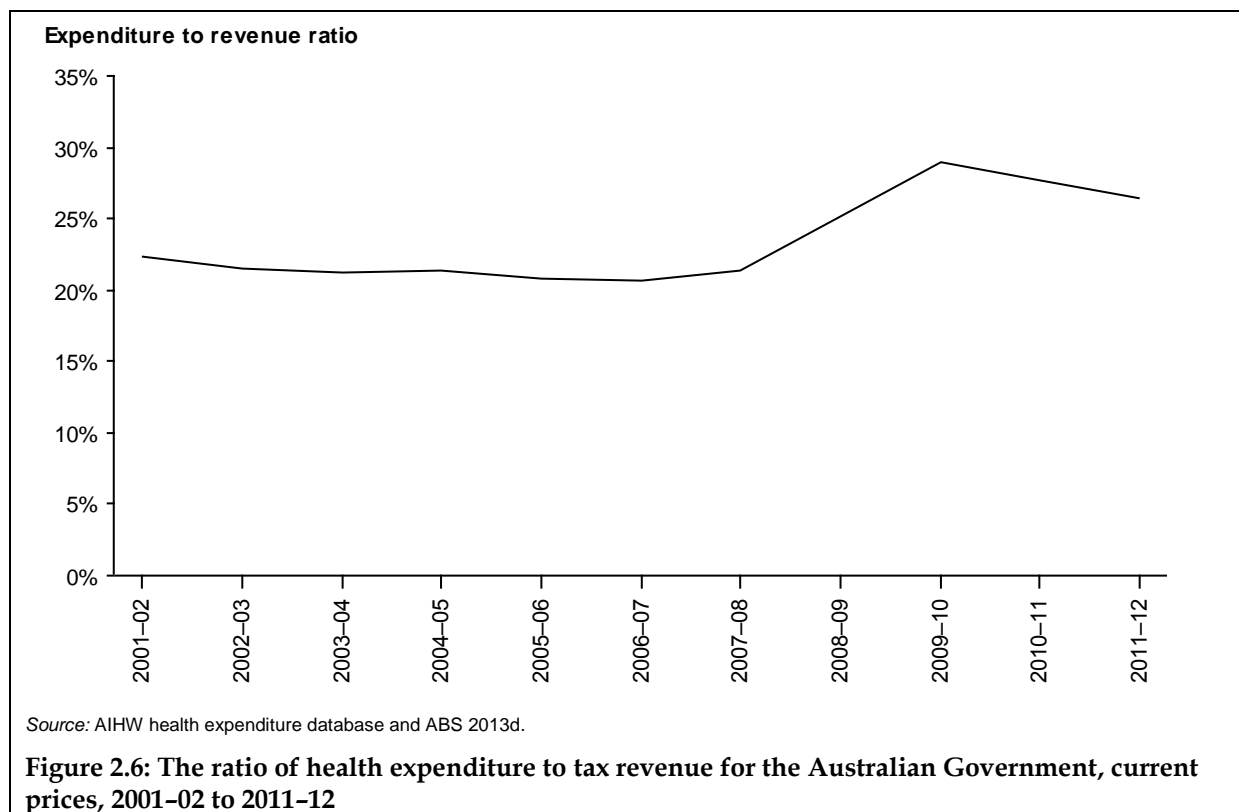
What this data suggests is that, prior to the GFC, the growth in tax revenue was keeping pace with the growth in health expenditure. The reduced tax revenue resulting from the GFC, however, had a substantial impact on the health expenditure to tax revenue ratio.

Australian Government

Tax revenues accrued by the Australian Government followed a similar trend to revenues for all governments (presented above). Prior to the GFC, tax revenues grew steadily between 2001–02 (\$123.7 billion) and 2007–08 (\$209.0 billion). Following the GFC, they declined in 2008–09 and 2009–10 but recovered in 2010–11 and 2011–12 (\$225.2 billion) (Figure 2.5).

Health expenditure by the Australian Government increased steadily throughout the period from \$27.8 billion in 2001–02 to \$59.5 billion in 2011–12 (Figure 2.5).





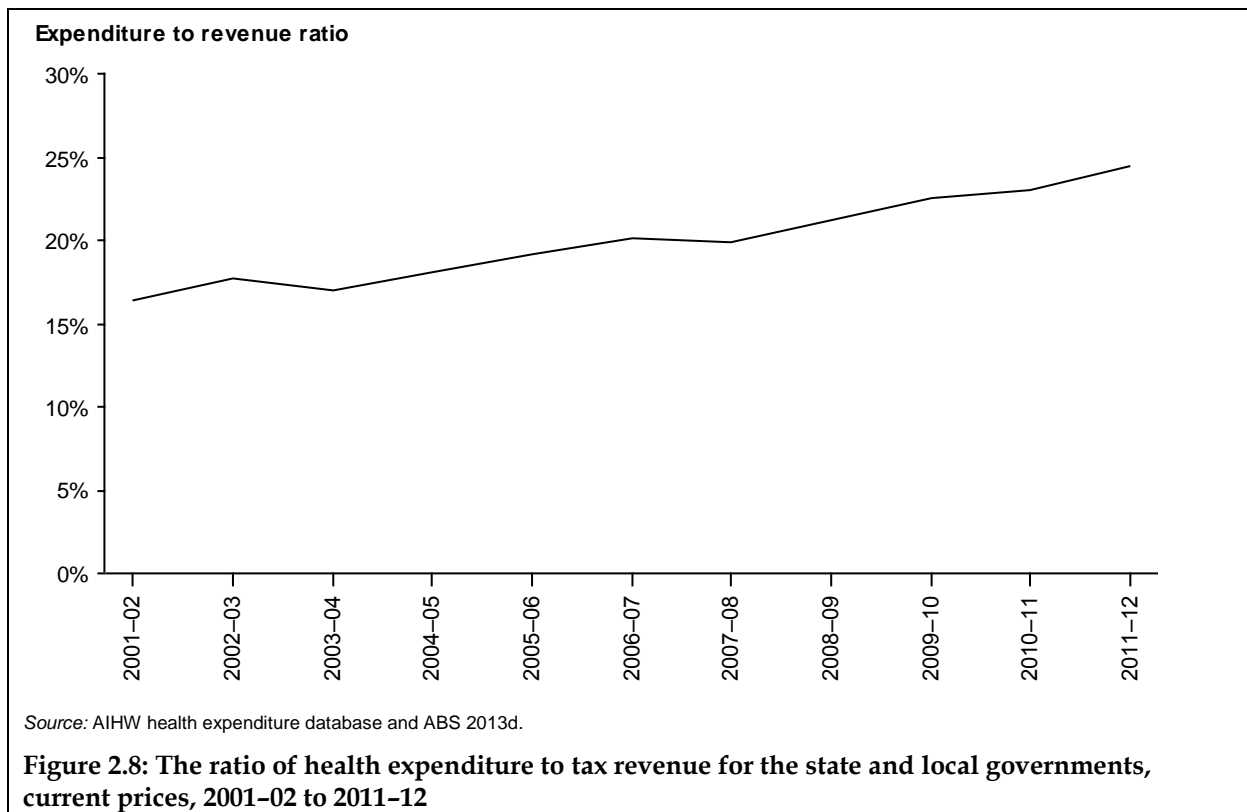
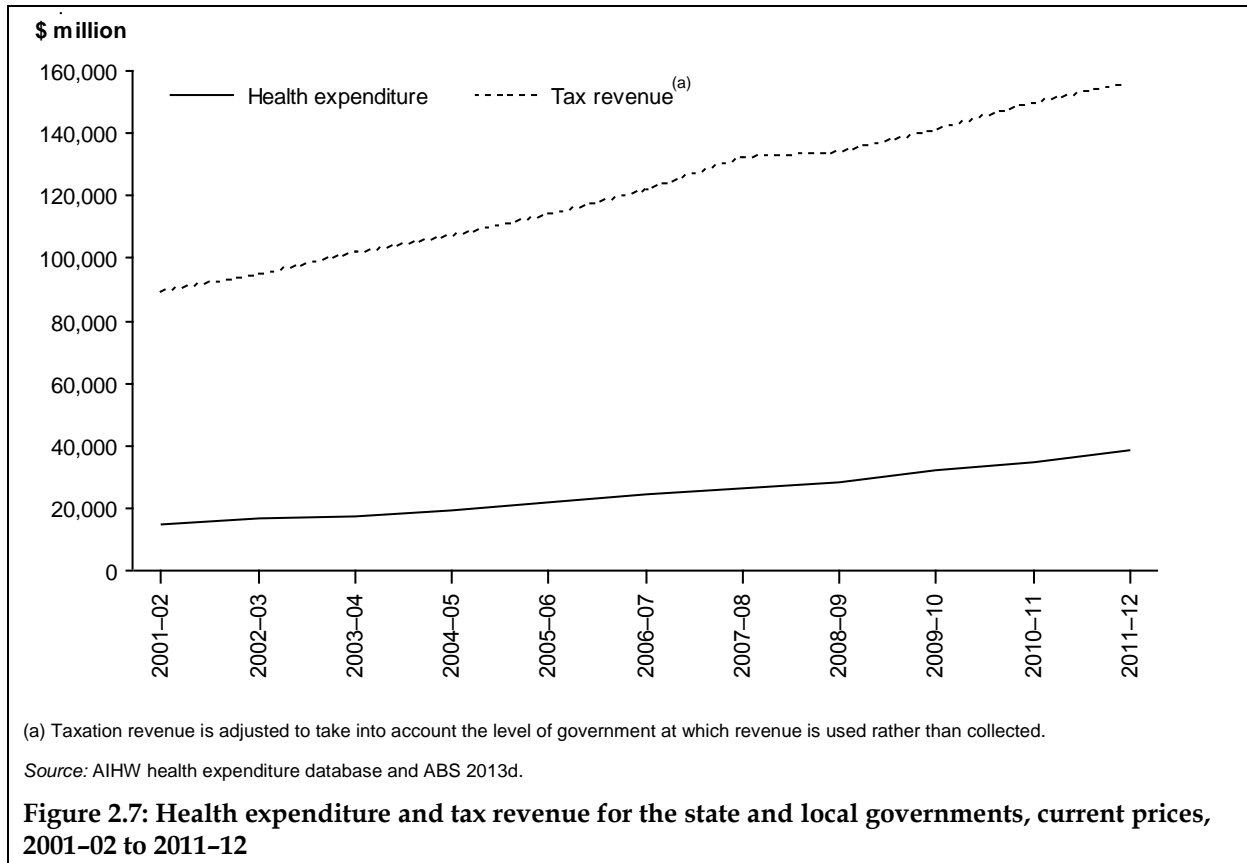
The ratio of health expenditure to revenue for the Australian Government declined from 22.4% in 2001-02 to 21.4% in 2007-08, averaging 21.4% over the period (Figure 2.6).

A drop in tax revenue following the GFC caused the ratio to increase to 25.2% in 2008-09 and 28.9% in 2009-10, before declining to 27.7% in 2010-11 and 26.4% in 2011-12 (Figure 2.6).

State and local governments

State and local government tax revenues grew throughout the decade from \$89.7 billion in 2001-02 to \$156.5 billion in 2011-12, at an average annual growth rate of 5.7% per year. These revenues were less affected by the GFC and there was a slowing in revenue growth rather than a reduction in revenues (Figure 2.7).

Health expenditure by the state and local governments grew from \$14.7 billion in 2001-02 to \$38.3 billion in 2011-12, at an average annual growth rate of 10.1% per year (Figure 2.7).



The ratio of health expenditure to revenue for the state and local governments rose from 16.4% in 2001–02 to 17.7% in 2002–03, before declining to 17.0% in 2003–04. By 2006–07, this ratio had risen to 20.1% and in 2007–08 it was 19.9%. The GFC saw the ratio rise to 21.2% in 2008–09 before further gradual increases to 24.5% in 2011–12 (Figure 2.8).

The 8.1 percentage point increase over the decade was more than double the increase experienced by the Australian Government over the same period (4.0 percentage points) (Figures 2.8 and 2.6).

2.4 Health expenditure per person

Assuming there are no changes in the cost-effectiveness of the existing mix of health goods and services, health expenditure would need to grow in proportion to population growth in order to maintain the average level of health goods and services provided to each person in the community. That is, larger populations should incur higher total expenditures to provide their members with the same average levels of health goods and services as smaller populations (ignoring the impact of economies of scale). To account for these population differences, it is important to examine health expenditure on an average per person basis.

In 2011–12, estimated per person expenditure on health averaged \$6,230, which was \$250 more (in real terms) per person than in the previous year (Table 2.6 and Figure 2.9). Real growth in per person health expenditure averaged 3.8% per year over the decade, compared with 5.4% for total national health expenditure (Table 2.1). The difference between these two rates is attributable to overall growth in the Australian population.

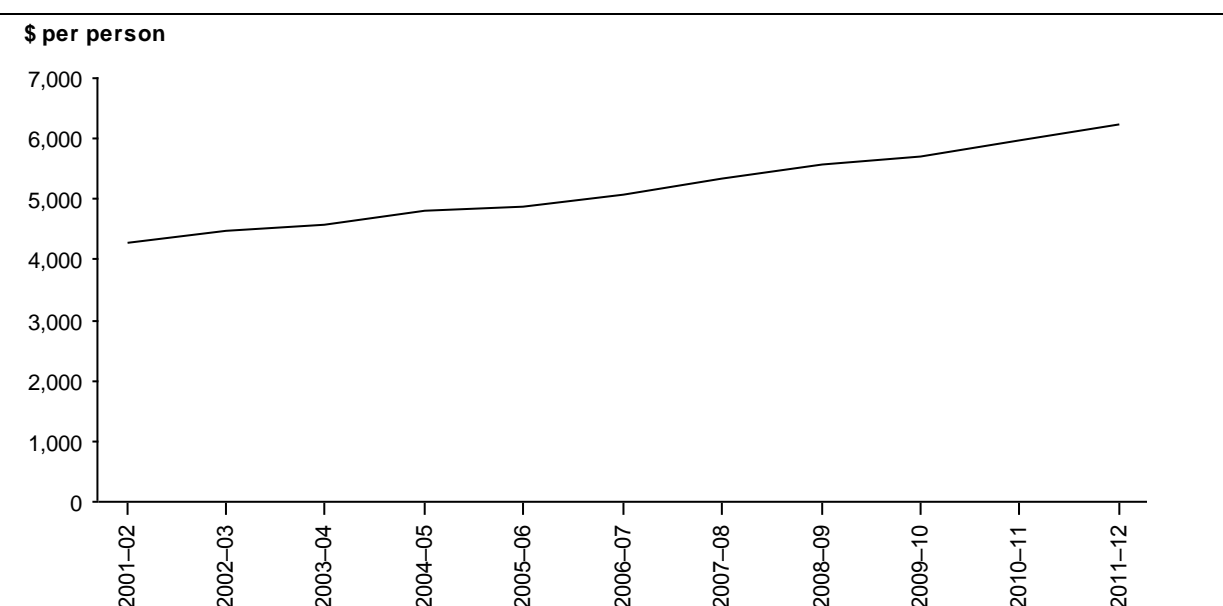
Table 2.6: Average health expenditure per person^(a), current and constant prices^(b), and annual growth rates, 2001–02 to 2011–12

Year	Amount (\$)		Annual change in expenditure (%)	
	Current	Constant	Nominal change	Real growth
2001–02	3,255	4,276	..	..
2002–03	3,510	4,474	7.8	4.6
2003–04	3,708	4,571	5.7	2.2
2004–05	4,044	4,815	9.1	5.3
2005–06	4,268	4,879	5.5	1.3
2006–07	4,603	5,090	7.8	4.3
2007–08	4,928	5,335	7.1	4.8
2008–09	5,293	5,577	7.4	4.5
2009–10	5,551	5,708	4.9	2.3
2010–11	5,878	5,980	5.9	4.8
2011–12	6,230	6,230	6.0	4.2
Average annual growth rate (%)				
2001–02 to 2006–07	..	..	7.2	3.5
2006–07 to 2011–12	..	..	6.2	4.1
2001–02 to 2011–12	..	..	6.7	3.8

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

(b) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.



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

(b) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

Source: Table 2.6.

Figure 2.9: Average health expenditure per person^(a), constant prices^(b), 2001–02 to 2011–12

2.5 Recurrent health expenditure

Recurrent health expenditure is expenditure that does not result in the creation or acquisition of fixed assets (new or second-hand). It consists mainly of expenditure on wages, salaries and supplements, purchases of goods and services and consumption of fixed capital. It excludes expenditure on capital, which is included in total health expenditure.

Recurrent expenditure usually accounts for around 94% to 96% of all expenditure on health goods and services in a year. In 2011–12, recurrent expenditure was \$132.4 billion (94.4% of total expenditure) (Table 2.7). The remainder was incremental change in the health-related capital stock – capital expenditure.

Recurrent expenditure grew in real terms at 5.3% per year between 2001–02 and 2011–12, which was slightly less than the growth in total health expenditure (5.4%). After 2006–07, the annual real growth averaged 6.0% for total health expenditure and 5.9% for recurrent health expenditure (Table 2.8).

Table 2.7: Total and recurrent health expenditure, current prices, and recurrent expenditure as a proportion of total health expenditure, 2001–02 to 2011–12

Year	Total health expenditure (\$ million)	Recurrent expenditure (\$ million)	Recurrent expenditure as a proportion of total health expenditure (%)
2001–02	63,099	59,522	94.3
2002–03	68,798	64,822	94.2
2003–04	73,509	69,901	95.1
2004–05	81,061	76,781	94.7
2005–06	86,685	81,933	94.5
2006–07	94,938	89,449	94.2
2007–08	103,563	98,017	94.6
2008–09	113,661	107,961	95.0
2009–10	121,353	116,304	95.8
2010–11	130,310	123,700	94.9
2011–12	140,241	132,386	94.4

Source: AIHW health expenditure database.

Table 2.8: Total and recurrent health expenditure, constant prices^(a) and annual growth rates, 2001–02 to 2011–12

Year	Total health expenditure		Recurrent expenditure	
	(\$ million)	Annual growth (%)	(\$ million)	Annual growth (%)
2001–02	82,886	..	78,735	..
2002–03	87,705	5.8	83,203	5.7
2003–04	90,611	3.3	86,526	4.0
2004–05	96,503	6.5	91,792	6.1
2005–06	99,079	2.7	93,954	2.4
2006–07	104,974	5.9	99,251	5.6
2007–08	112,099	6.8	106,437	7.2
2008–09	119,758	6.8	114,102	7.2
2009–10	124,782	4.2	119,701	4.9
2010–11	132,578	6.2	125,937	5.2
2011–12	140,241	5.8	132,386	5.1
Average annual growth rate (%)				
2001–02 to 2006–07	..	4.8	..	4.7
2006–07 to 2011–12	..	6.0	..	5.9
2001–02 to 2011–12	..	5.4	..	5.3

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.

Recurrent expenditure, by state and territory governments

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

Where possible, consistent estimation methods and data sources have been applied across all the states and territories. However, there could be differences in the data from one jurisdiction to another 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 jurisdictions.

Of the \$132.4 billion in national recurrent health expenditure in 2011–12, over half (56.0%) was spent in the two most populous states, New South Wales (\$41.5 billion) and Victoria (\$32.6 billion) (Table 2.9).

The average annual real growth in recurrent health expenditure between 2001–02 and 2011–12 ranged from 3.5% in Tasmania to 7.7% in the Northern Territory. The national average growth was 5.3% over the same period (Table 2.10).

Table 2.9: Total recurrent health expenditure, current prices, for each state and territory, all sources of funds, 2001–02 to 2011–12 (\$ million)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2001–02	19,907	15,468	10,595	5,611	4,539	1,586	1,109	709	59,522
2002–03	21,416	16,962	11,532	6,335	5,052	1,513	1,230	782	64,822
2003–04	23,640	17,590	12,451	6,936	5,501	1,575	1,339	868	69,901
2004–05	26,106	19,120	13,734	7,620	6,075	1,704	1,482	941	76,781
2005–06	27,386	20,401	15,199	8,035	6,446	1,851	1,569	1,047	81,933
2006–07	29,637	22,005	17,124	8,925	6,882	2,016	1,718	1,142	89,449
2007–08	32,025	23,765	19,058	10,013	7,718	2,294	1,845	1,300	98,017
2008–09	34,880	26,271	21,278	11,100	8,465	2,495	2,008	1,465	107,961
2009–10	37,356	28,733	23,276	11,639	9,077	2,601	2,128	1,493	116,304
2010–11	38,947	30,858	24,621	12,791	9,631	2,842	2,322	1,687	123,700
2011–12	41,450	32,640	26,729	13,760	10,304	2,981	2,540	1,981	132,386

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

Source: AIHW health expenditure database.

Table 2.10: Total recurrent health expenditure, constant prices^(a), for each state and territory, all sources of funds, and annual growth rates, 2001–02 to 2011–12 (\$ million)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2001–02	26,547	19,868	14,267	7,535	5,951	2,104	1,522	942	78,735
2002–03	27,620	21,219	15,081	8,252	6,447	1,933	1,641	1,011	83,203
2003–04	29,208	21,317	15,635	8,791	6,812	1,948	1,725	1,089	86,526
2004–05	31,169	22,389	16,599	9,337	7,297	2,028	1,828	1,146	91,792
2005–06	31,156	23,011	17,716	9,445	7,432	2,118	1,848	1,227	93,954
2006–07	32,560	24,146	19,260	10,126	7,685	2,230	1,953	1,291	99,251
2007–08	34,452	25,638	20,939	11,057	8,400	2,486	2,019	1,447	106,437
2008–09	36,717	27,593	22,701	11,732	9,033	2,627	2,131	1,569	114,102
2009–10	38,383	29,484	24,047	11,970	9,401	2,673	2,197	1,547	119,701
2010–11	39,670	31,277	25,079	13,036	9,871	2,896	2,382	1,725	125,937
2011–12	41,450	32,640	26,729	13,760	10,304	2,981	2,540	1,981	132,386
Average annual growth rate (%)									
2001–02 to 2006–07	4.2	4.0	6.2	6.1	5.2	1.2	5.1	6.5	4.7
2006–07 to 2011–12	4.9	6.2	6.8	6.3	6.0	6.0	5.4	8.9	5.9
2001–02 to 2011–12	4.6	5.1	6.5	6.2	5.6	3.5	5.3	7.7	5.3

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

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

Source: AIHW health expenditure database.

Average recurrent expenditure per person

Average recurrent health expenditure per person varies from state to state for various reasons such as differences in socioeconomic and demographic profiles. Health policy initiatives that the state or territory government and the Australian Government pursue also influences health expenditure in a particular state or territory.

The per person recurrent health expenditure estimates for individual states and territories must always be treated with caution. The estimates on which they are based include expenditures on health goods and services provided to patients from other states and territories. The population that provides the denominator in the calculation is, however, the resident population of the state or territory in which the expenditure was incurred. This particularly affects the estimates for the Australian Capital Territory due to its relatively unique cross-border circumstances with New South Wales, which renders it a principal health service area for the surrounding regional centres in New South Wales (ACT Government 2013). Per person estimates for the Australian Capital Territory are therefore not reported in this publication. Australian Capital Territory data is included in the national estimates.

In 2011–12, the estimated national average level of recurrent expenditure on health was \$5,881 per person. Expenditure in New South Wales was \$5,711 per person, 2.9% below the national average, while in the Northern Territory it was \$8,512 per person, 44.7% higher than the national average (Table 2.11 and Figure 2.10).

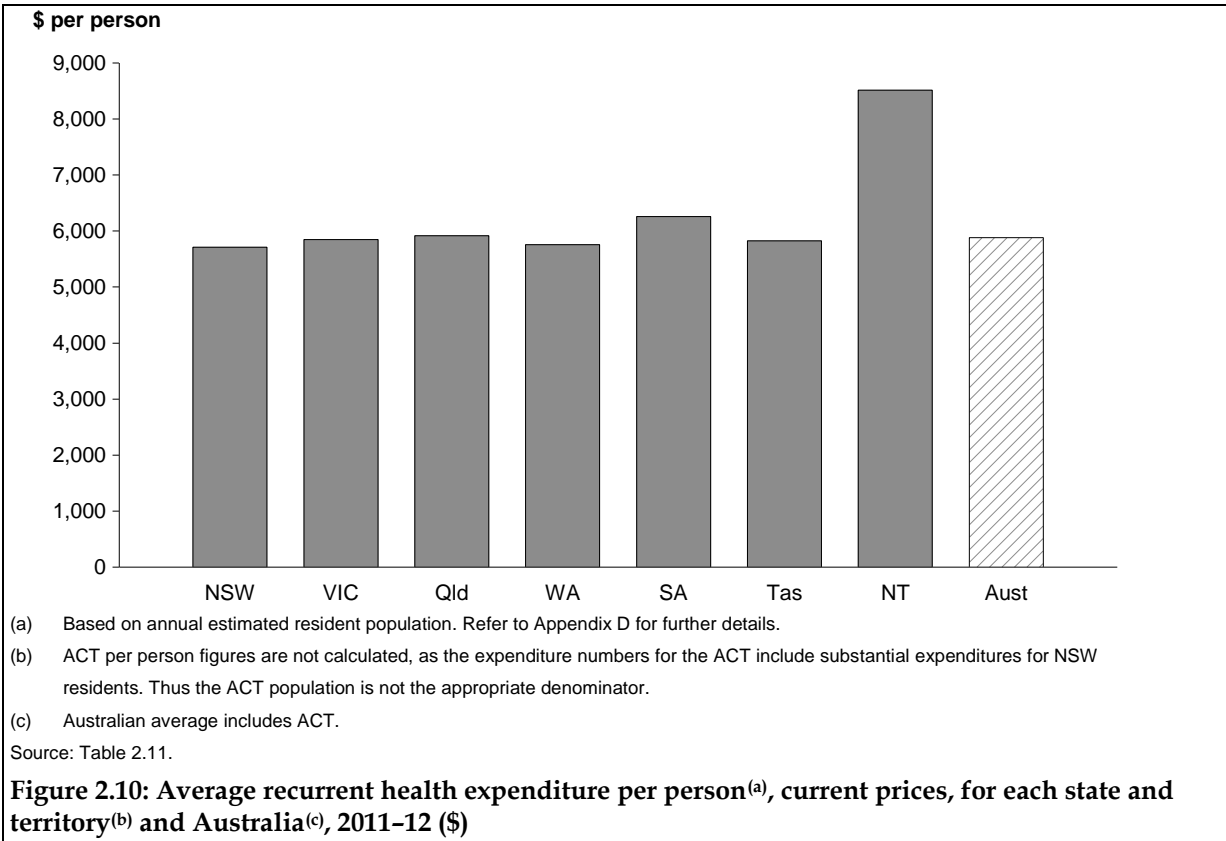


Table 2.11: Average recurrent health expenditure per person^(a), current prices, for each state and territory^(b), all sources of funds, 2001–02 to 2011–12 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(c)
2001–02	3,035	3,229	2,934	2,926	3,010	3,346	3,512	3,071
2002–03	3,245	3,501	3,116	3,268	3,333	3,179	3,880	3,307
2003–04	3,563	3,590	3,286	3,528	3,608	3,272	4,305	3,526
2004–05	3,914	3,857	3,547	3,821	3,964	3,515	4,615	3,831
2005–06	4,076	4,061	3,834	3,958	4,172	3,793	5,050	4,034
2006–07	4,367	4,311	4,222	4,297	4,408	4,102	5,410	4,337
2007–08	4,652	4,571	4,581	4,690	4,889	4,627	6,000	4,664
2008–09	4,982	4,944	4,977	5,025	5,298	4,971	6,581	5,028
2009–10	5,260	5,302	5,329	5,141	5,608	5,136	6,556	5,320
2010–11	5,424	5,615	5,549	5,516	5,900	5,570	7,325	5,580
2011–12	5,711	5,849	5,916	5,758	6,258	5,823	8,512	5,881
Percentage variation from the national average (%)								
2001–02	-1.2	5.2	-4.5	-4.7	-2.0	9.0	14.4	..
2002–03	-1.9	5.9	-5.8	-1.2	0.8	-3.9	17.3	..
2003–04	1.1	1.8	-6.8	0.1	2.3	-7.2	22.1	..
2004–05	2.2	0.7	-7.4	-0.3	3.5	-8.3	20.5	..
2005–06	1.0	0.7	-5.0	-1.9	3.4	-6.0	25.2	..
2006–07	0.7	-0.6	-2.6	-0.9	1.6	-5.4	24.7	..
2007–08	-0.3	-2.0	-1.8	0.5	4.8	-0.8	28.6	..
2008–09	-0.9	-1.7	-1.0	-0.1	5.4	-1.1	30.9	..
2009–10	-1.1	-0.3	0.2	-3.4	5.4	-3.5	23.2	..
2010–11	-2.8	0.6	-0.5	-1.1	5.7	-0.2	31.3	..
2011–12	-2.9	-0.5	0.6	-2.1	6.4	-1.0	44.7	..

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

(b) ACT per person figures are not calculated, as the ACT expenditure estimates include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.

(c) Australian average includes ACT.

Source: AIHW health expenditure database.

Table 2.12 shows the average recurrent health expenditure per person after adjusting for the effects of inflation. Over the decade, health expenditure increased by \$1,819 per person from \$4,062 in 2001–02 to \$5,881 in 2011–12.

The average annual real growth rate per person over the decade was highest in the Northern Territory (6.2%) and South Australia (4.7%). The national average was 3.8% (Table 2.13).

Table 2.12: Average recurrent health expenditure per person^(a), constant prices^(b), for each state and territory^(c), all sources of funds, 2001–02 to 2011–12 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(d)
2001–02	4,048	4,148	3,951	3,929	3,947	4,440	4,668	4,062
2002–03	4,185	4,380	4,075	4,257	4,254	4,060	5,015	4,244
2003–04	4,402	4,350	4,127	4,471	4,467	4,047	5,400	4,365
2004–05	4,674	4,516	4,286	4,682	4,761	4,183	5,620	4,580
2005–06	4,638	4,581	4,469	4,653	4,811	4,339	5,918	4,626
2006–07	4,798	4,731	4,749	4,876	4,922	4,538	6,118	4,812
2007–08	5,005	4,931	5,033	5,179	5,321	5,013	6,681	5,065
2008–09	5,244	5,193	5,310	5,311	5,653	5,236	7,049	5,314
2009–10	5,405	5,441	5,506	5,288	5,808	5,278	6,790	5,475
2010–11	5,525	5,691	5,652	5,621	6,047	5,675	7,491	5,681
2011–12	5,711	5,849	5,916	5,758	6,258	5,823	8,512	5,881

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

(b) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

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

(d) Australian average includes ACT.

Source: AIHW health expenditure database.

Table 2.13: Annual growth in recurrent health expenditure per person^(a), constant prices^(b), all sources of funding for each state and territory^(c), 2001–02 to 2011–12 (per cent)

Period	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(d)
2001–02 to 2002–03	3.4	5.6	3.1	8.3	7.8	–8.5	7.4	4.5
2002–03 to 2003–04	5.2	–0.7	1.3	5.0	5.0	–0.3	7.7	2.8
2003–04 to 2004–05	6.2	3.8	3.9	4.7	6.6	3.4	4.1	4.9
2004–05 to 2005–06	–0.8	1.4	4.3	–0.6	1.0	3.7	5.3	1.0
2005–06 to 2006–07	3.5	3.3	6.3	4.8	2.3	4.6	3.4	4.0
2006–07 to 2007–08	4.3	4.2	6.0	6.2	8.1	10.5	9.2	5.3
2007–08 to 2008–09	4.8	5.3	5.5	2.6	6.2	4.5	5.5	4.9
2008–09 to 2009–10	3.1	4.8	3.7	–0.4	2.7	0.8	–3.7	3.0
2009–10 to 2010–11	2.2	4.6	2.7	6.3	4.1	7.5	10.3	3.8
2010–11 to 2011–12	3.4	2.8	4.7	2.4	3.5	2.6	13.6	3.5
Average annual growth rate (%)								
2001–02 to 2006–07	3.5	2.7	3.7	4.4	4.5	0.4	5.6	3.4
2006–07 to 2011–12	3.5	4.3	4.5	3.4	4.9	5.1	6.8	4.1
2001–02 to 2011–12	3.5	3.5	4.1	3.9	4.7	2.7	6.2	3.8

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

(b) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

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

(d) Australian average includes ACT.

Source: Table 2.12.

2.6 International comparisons

This section compares Australia's expenditure on health with that of the Organisation for Economic Co-operation and Development (OECD) member economies. For the purpose of this comparison, Australian health expenditure estimates in this section have been derived using the framework for estimating and reporting national health expenditure that the OECD developed as part of its System of Health Accounts (SHA) (see Box 2.2).

Health expenditure to GDP ratio

The OECD median health to GDP ratio was 7.7% in 2001, 8.0% in 2006 and 9.0% in 2011. The median health expenditure per person for all countries in the OECD was estimated at \$2,980, \$3,874 and \$4,851 in those same years (Table 2.14).

Australia's health to GDP ratio was equal to the OECD median in both 2001 and 2006 at 7.7% and 8.0% respectively. In 2011, it was still around the OECD median (9.1% compared with the OECD median of 9.0%) (Table 2.14 and Figure 2.11).

Average per person expenditure on health in Australia (\$3,356 in 2001, \$4,448 in 2006 and \$5,952 in 2011) was higher than the OECD median expenditure in all 3 years (Table 2.14).

In 2011, Australia spent a similar proportion of GDP on health as Spain and the United Kingdom, a higher proportion than Sweden, Norway and Ireland, and a lower proportion than New Zealand, Canada and France.

The United States was by far the highest spender on health care, spending 17.0% of GDP in 2011. The average expenditure per person for the United States (\$12,206) was more than double the per person amount for Australia (\$5,952) (Table 2.14).

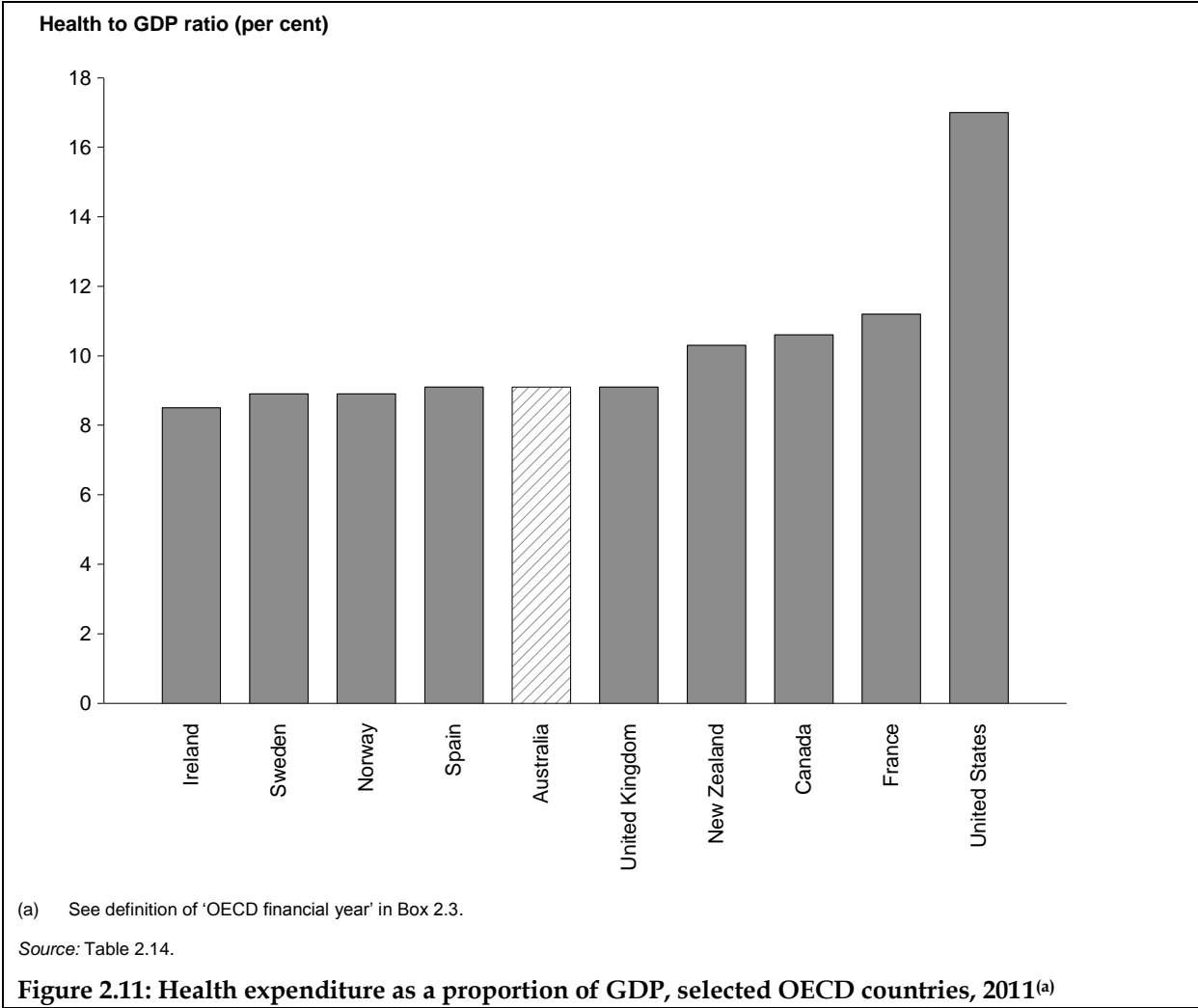


Table 2.14: Health expenditure^(a) as a proportion of GDP and per person, OECD countries, 2001 to 2011^(b)

Country ^(c)	2001		2006		2011	
	Health to GDP (%)	Per person (A\$)	Health to GDP (%)	Per person (A\$)	Health to GDP (%)	Per person (A\$)
United States	13.7	7,346	15.3	10,170	17.0	12,206
France	10.0	3,965	10.5	4,921	11.2	5,928
Netherlands	7.9	3,642	10.0	5,661	11.1	7,073
Germany	10.1	4,020	10.3	5,132	11.0	6,489
Switzerland	10.3	5,118	10.4	6,341	11.0	8,425
Canada	8.9	3,902	9.5	5,208	10.6	6,413
Belgium	8.3	3,531	9.5	4,840	10.5	6,064
Denmark	8.7	3,813	9.5	5,081	10.5	6,398
New Zealand	n.a.	n.a.	8.8	3,567	10.3	4,751
Austria	9.5	4,139	9.7	5,311	10.2	6,430
Portugal	8.6	2,376	9.4	3,217	9.7	3,693
Australia	7.7	3,356	8.0	4,448	9.1	5,952
Spain	7.0	2,352	8.1	3,664	9.1	4,495
United Kingdom	7.0	2,872	8.0	4,264	9.1	4,898
Greece	8.4	2,471	9.4	3,737	9.0	3,477
Iceland	9.1	4,152	9.1	4,878	9.0	4,934
Norway	8.2	4,522	8.0	6,457	8.9	8,149
Sweden	8.5	3,575	8.6	4,576	8.9	5,529
Italy	7.7	3,138	8.5	3,837	8.7	4,262
Finland	7.1	2,811	7.9	3,911	8.6	4,804
Ireland	6.2	2,853	7.3	4,585	8.5	5,257
Slovenia	..	..	7.8	2,956	8.5	3,489
Hungary	7.0	1,392	8.0	2,182	7.7	2,448
Slovak Republic	5.4	975	7.0	1,924	7.6	2,729
Czech Republic	6.2	1,551	6.5	2,252	7.4	2,880
Chile	..	..	6.1	1,427	7.2	2,257
Korea	4.7	1,264	5.8	2,088	7.0	3,136
Poland	5.7	929	5.9	1,316	6.4	2,017
Estonia	4.8	767	5.0	1,419	5.8	1,921
Israel	7.7	2,689	7.3	2,618	n.a.	n.a.
Japan	7.5	2,980	8.0	3,815	n.a.	n.a.
Luxembourg	6.8	4,334	6.7	5,928	n.a.	n.a.
Mexico	5.4	808	5.5	1,125	n.a.	n.a.
Turkey	5.0	647	5.4	1,039	n.a.	n.a.
Weighted average^{(d)(e)}	8.6	3,301	9.1	4,316	10.1	5,484
Median^(d)	7.7	2,980	8.0	3,874	9.0	4,851

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

(b) See definition of 'OECD financial year' in Box 2.3.

(c) Countries in this table are sorted in descending order according to the 2011 health to GDP ratio.

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

(e) Average weighted by GDP or population.

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

Sources: AIHW health expenditure database; OECD 2013.

Box 2.2: Australian health expenditure using the OECD System of Health Accounts framework

Australian health expenditure estimates in this section have been derived using the framework for estimating and reporting national health expenditure that the OECD developed as part of its System of Health Accounts (SHA).

The estimates of Australia's total health expenditure and recurrent health expenditure discussed here differ somewhat from similarly titled estimates in other sections of this report. For example, in Table 2.2 health expenditure as a proportion of GDP is shown as 9.5% in 2011–12, but using the SHA estimating framework, it is estimated at 9.1% (Table 2.14).

The comparison of average health expenditure per person is undertaken using a common currency unit. This is achieved using purchasing power parities (PPPs), sourced from the OECD, for the whole of GDP for each country to convert its expenditures into Australian dollars. The PPPs for the whole of GDP are used because of the poor reliability of health-specific PPPs, particularly in the 1990s.

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

The months covered by the OECD data for a particular year differ from one country to another (see Box 2.3). The OECD weighted averages and medians are averages of member countries for which data are available for all the years presented.

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

In 2000, the OECD published guidelines for a new method of international reporting for health expenditure. *A system of health accounts* (SHA) (OECD 2000) was developed to encourage international consistency. Data in this chapter are reported according to the SHA. Since 2007, the OECD has been revising its SHA manual to; further improve the comparability of health expenditure data across countries; provide better information to assess the performance of health systems; and provide better information on the role of the health sector within the national economy. In October 2011, a new edition, building on the original manual was released (OECD, Eurostat, WHO 2011). The AIHW is working towards reporting its health expenditure to the OECD in accordance with the new guidelines.

The major difference between estimates derived using the NHA and SHA is the value of total expenditure. The NHA includes all the 'health' functional classifications and the health-related function 'Capital formation of health care provider institutions' as defined in the SHA. In addition, the following 'health-related' functional classifications in its estimates of total health expenditure are included in NHA:

- research and development in health
- food, hygiene and drinking water control
- environmental health.

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

Box 2.3: Periods equating to OECD year 2011

Country	Financial year
Australia	1 July 2011 to 30 June 2012
Canada	1 April 2011 to 31 March 2012
France	1 January 2011 to 31 December 2011
Germany	1 January 2011 to 31 December 2011
Japan	1 April 2011 to 31 March 2012
New Zealand	1 July 2011 to 30 June 2012
Sweden	1 January 2011 to 31 December 2011
United Kingdom	1 April 2011 to 31 March 2012
United States	1 October 2010 to 30 September 2011

3 Funding of health expenditure

3.1 Broad trends

In 2011–12, governments provided \$97.8 billion, or 69.7% of total health expenditure in Australia. The Australian Government's contribution was \$59.5 billion (42.4% of total funding) and state and territory governments contributed \$38.3 billion (27.3%) (Tables 3.1 and 3.2).

Non-government funding sources (individuals, private health insurance and other non-government sources) provided the remaining \$42.4 billion (30.3%) (Tables 3.1 and 3.2).

Australian Government funding increased between 2010–11 and 2011–12 by \$3.9 billion in nominal terms; state and territory governments' funding increased by \$3.8 billion; and non-government funding increased by \$2.2 billion (Table 3.1).

Table 3.1: Total funding for health expenditure, current prices, by source of funds, 2001–02 to 2011–12 (\$ million)

Year	Government			Non-government	Total
	Australian Government	State/territory and local governments	Total		
2001–02	27,752	14,661	42,413	20,686	63,099
2002–03	30,005	16,780	46,785	22,013	68,798
2003–04	32,033	17,349	49,382	24,127	73,509
2004–05	35,493	19,426	54,918	26,143	81,061
2005–06	37,074	21,907	58,981	27,704	86,685
2006–07	39,872	24,485	64,358	30,581	94,938
2007–08	44,773	26,379	71,152	32,411	103,563
2008–09	50,071	28,493	78,563	35,098	113,661
2009–10	52,977	31,870	84,847	36,506	121,353
2010–11	55,618	34,490	90,108	40,202	130,310
2011–12	59,524	38,290	97,815	42,426	140,241

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

Source: AIHW health expenditure database.

The Australian Government's share of total health expenditure has fluctuated but generally decreased over the period from 44.0% in 2001–02 to 42.4% in 2011–12. The average over the period was 43.3% (Table 3.2 and Figure 3.1).

The state and territory and local governments' share of expenditure grew relatively steadily from a low of 23.2% in 2001–02 to a high of 27.3% in 2011–12.

The non-government sector share declined from 32.8% in 2001–02 to 30.3% in 2011–12 (Table 3.2 and Figure 3.1).

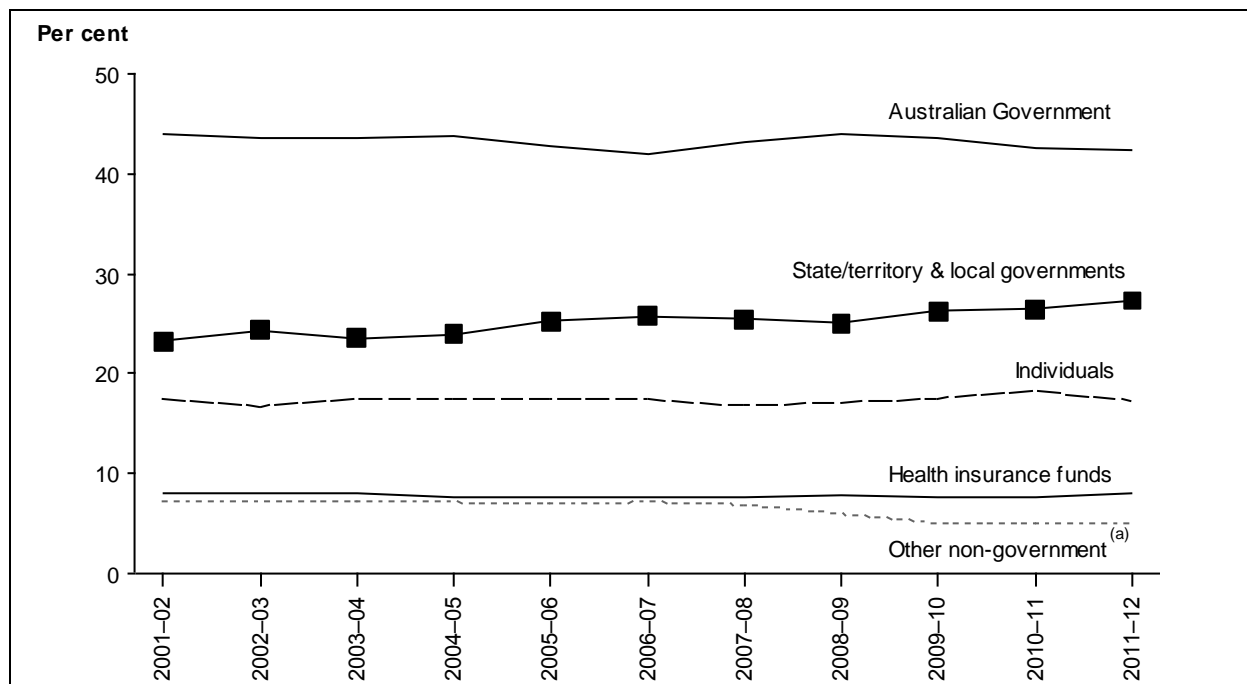
Table 3.2: Total funding for health expenditure as a proportion of total health expenditure, by source of funds, 2001-02 to 2011-12 (per cent)

Year	Government			Non-government			Total
	Australian Government	State/territory and local governments	Total	Health insurance funds	Individuals	Other ^(a)	
2001-02	44.0	23.2	67.2	8.0	17.5	7.2	32.8
2002-03	43.6	24.4	68.0	8.0	16.7	7.3	32.0
2003-04	43.6	23.6	67.2	8.1	17.5	7.3	32.8
2004-05	43.8	24.0	67.7	7.7	17.4	7.1	32.3
2005-06	42.8	25.3	68.0	7.6	17.4	6.9	32.0
2006-07	42.0	25.8	67.8	7.6	17.4	7.2	32.2
2007-08	43.2	25.5	68.7	7.6	16.8	6.9	31.3
2008-09	44.1	25.1	69.1	7.8	17.1	6.0	30.9
2009-10	43.7	26.3	69.9	7.5	17.5	5.0	30.1
2010-11	42.7	26.5	69.1	7.6	18.3	5.0	30.9
2011-12	42.4	27.3	69.7	8.0	17.3	5.0	30.3

(a) Largely funding by injury compensation insurers.

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

Source: AIHW health expenditure database.

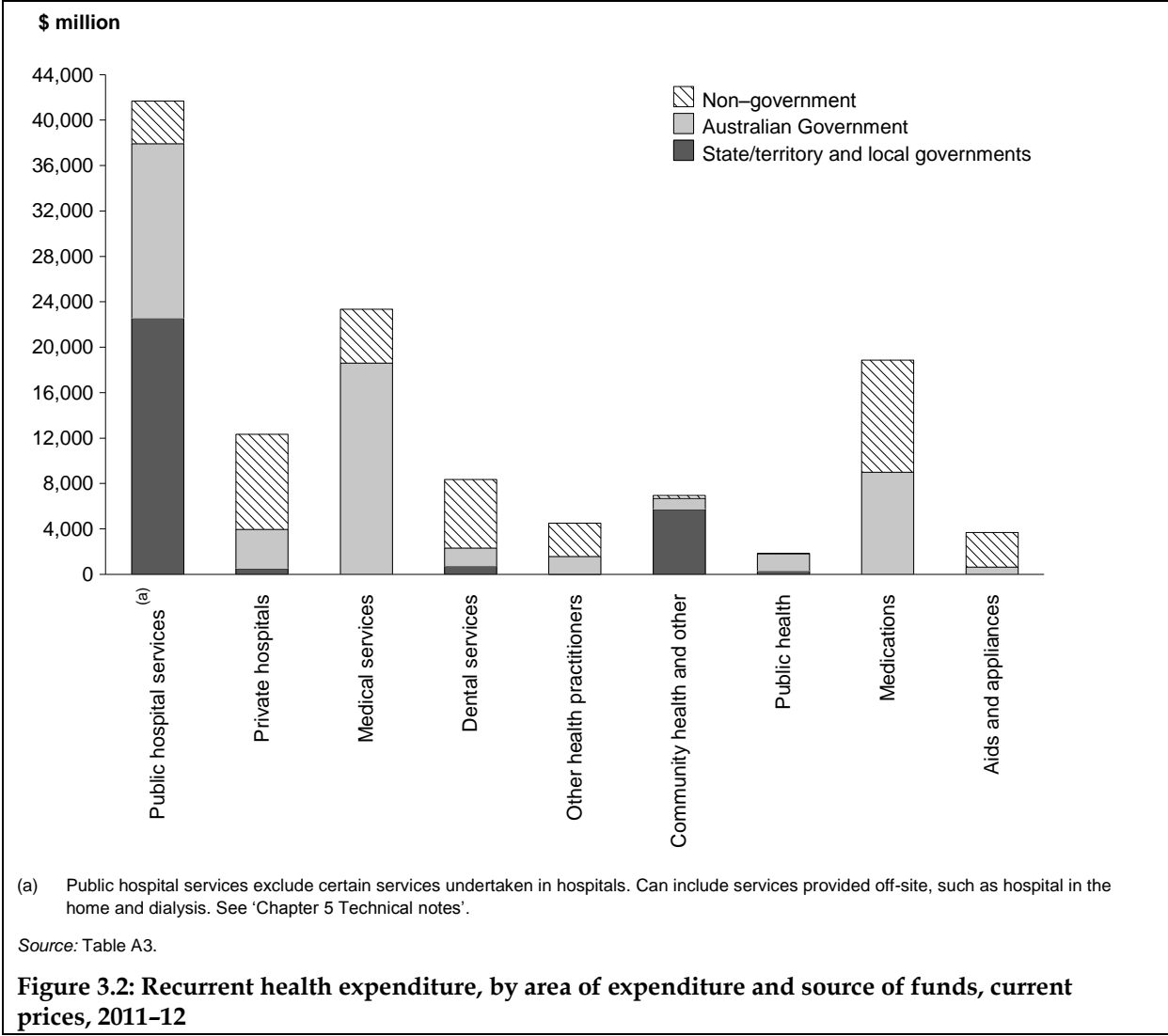


(a) Largely funding by injury compensation insurers.

Source: Table 3.2.

Figure 3.1: Total health expenditure, by source of funds as a proportion of total health expenditure, 2001-02 to 2011-12 (per cent)

The distribution of funding by the Australian Government, state and territory governments and the non-government sector varies depending on the types of health goods and services being provided. The Australian Government provides a substantial amount of funding for medical services and medications, with the balance sourced from the non-government sector. The state and territory governments, on the other hand, provide most of the funding for community health services. The governments share most of the funding for public hospital services, while non-government sources account for large portions of the funding for dental services, private hospitals, aids and appliances and other health practitioner services (Figure 3.2).



After removing the effects of inflation, real growth in the Australian Government’s funding for health averaged 4.9% a year from 2001-02 to 2011-12. At the same time, the state and territory and local government funding grew at an average of 6.8% per year, while non-government funding grew by 5.0% a year (Table 3.3).

In 2011-12, the Australian Government’s funding grew by 5.1%, while funding by state and territory and local governments and by non-government sources grew by 8.5% and 4.4%, respectively.

Public hospitals

Expenditure on public hospital services was \$42.0 billion, or 31.8% of total recurrent health expenditure in 2011–12 (Table A3 and A9). This was the largest single component of total recurrent health expenditure.

In 2011–12, the Australian Government provided 38.2% of recurrent funding for public hospital services, which was largely in the form of Specific Purpose Payments (SPPs) associated with the National Healthcare Agreement and some National Partnership (NP) payments for specific health purposes. The state and territory governments, who have primary responsibility for operating and regulating public hospitals, provided 53.3% of recurrent funding (Table A10).

Between 2010–11 and 2011–12, the Australian Government's share of recurrent funding for public hospital services decreased from 39.6% to 38.2%, while the state and territory governments share increased from 52.0% to 53.3%.

In 2011–12, there was a 1.6% increase in Australian Government funding for public hospital services compared to an 8.0% growth in state and territory government funding.

The average annual growth rate for the Australian Government between 2001–02 and 2011–12 (4.0%) was lower than the state and territory governments growth rate (7.0%) over the same period. In 2011–12, this resulted in the Australian Government share of funding falling to its lowest level since 2001–02 (38.2%) (Table A10).

Table 3.3: Funding of total health expenditure, constant prices^(a), and annual growth in funding, by source of funds, 2001–02 to 2011–12

Year	Government						Non-government		Total	
	Australian Government		State/territory and local		Total		Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)				
2001–02	36,981	..	19,812	..	56,793	..	26,093	..	82,886	..
2002–03	38,626	4.4	22,075	11.4	60,701	6.9	27,004	3.5	87,705	5.8
2003–04	39,718	2.8	22,238	0.7	61,956	2.1	28,655	6.1	90,611	3.3
2004–05	42,323	6.6	24,155	8.6	66,478	7.3	30,026	4.8	96,503	6.5
2005–06	42,458	0.3	25,966	7.5	68,424	2.9	30,655	2.1	99,079	2.7
2006–07	44,282	4.3	27,937	7.6	72,219	5.5	32,755	6.9	104,974	5.9
2007–08	48,812	10.2	29,247	4.7	78,059	8.1	34,040	3.9	112,099	6.8
2008–09	53,073	8.7	30,498	4.3	83,570	7.1	36,188	6.3	119,758	6.8
2009–10	54,694	3.1	33,041	8.3	87,735	5.0	37,047	2.4	124,782	4.2
2010–11	56,652	3.6	35,279	6.8	91,930	4.8	40,647	9.7	132,578	6.2
2011–12	59,524	5.1	38,290	8.5	97,815	6.4	42,426	4.4	140,241	5.8
Average annual growth rate (%)										
2001–02 to 2006–07		3.7	..	7.1	..	4.9	..	4.7	..	4.8
2006–07 to 2011–12		6.1	..	6.5	..	6.3	..	5.3	..	6.0
2001–02 to 2011–12		4.9	..	6.8	..	5.6	..	5.0	..	5.4

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

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

Source: AIHW health expenditure database.

3.2 Capital expenditure

In 2011–12, capital expenditure on health facilities and investments in Australia was estimated at \$7.9 billion. Almost two-thirds (65.1%) of this was provided by the state and territory governments (\$5.1 billion). The Australian Government provided \$0.3 billion (4.3%) of total capital expenditure, while the non-government sector provided \$2.4 billion (30.7%) (Table 3.4).

The Australian Government experienced the largest growth in capital expenditure between 2001–02 and 2011–12 with an average annual growth rate of 14.9%. Expenditure by the state and territory governments grew by 11.7% per year over the same period, while non-government expenditure grew on average by 0.2% per year (Table 3.4 and Figure 3.3).

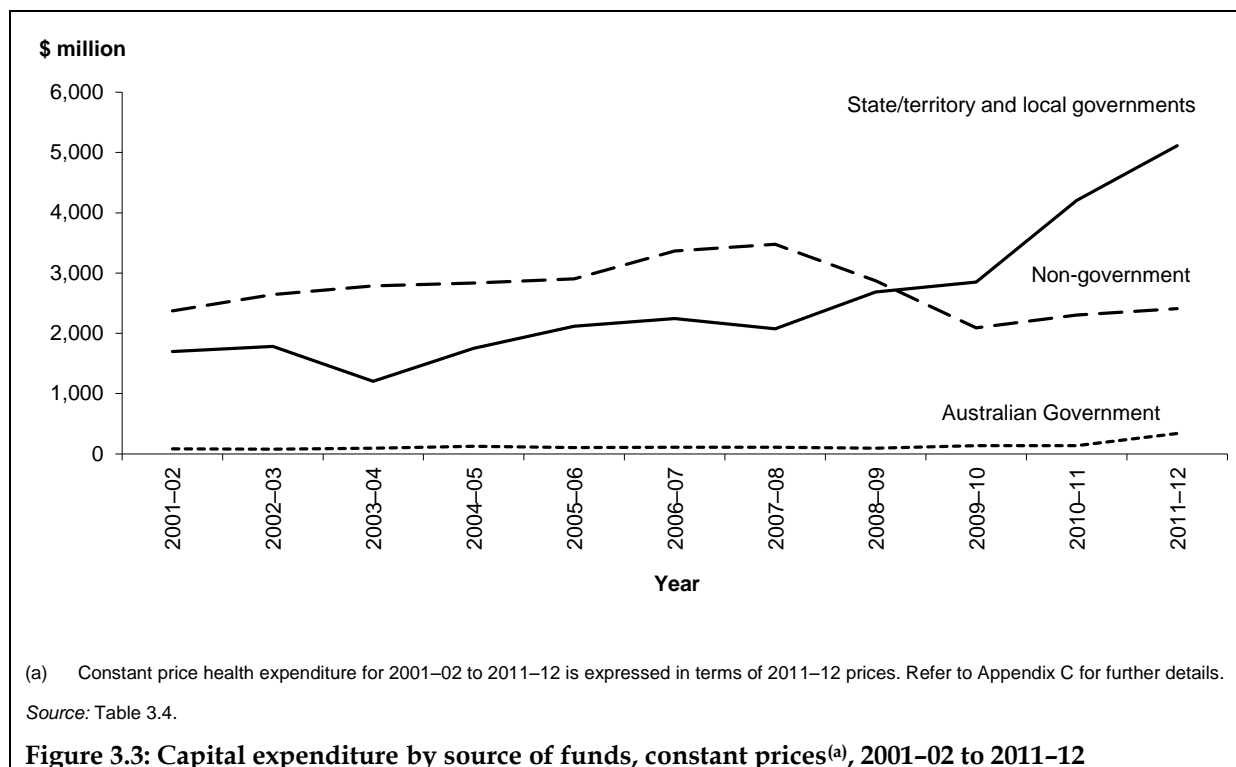
Table 3.4: Capital expenditure by source of funds, constant prices^(a), 2001–02 to 2011–12 (\$ million)

	Australian Government		State/territory and local		Non-government		Total capital expenditure	
	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)
2001–02	84	..	1,697	..	2,370	..	4,151	..
2002–03	77	–8.8	1,781	4.9	2,644	11.6	4,501	8.4
2003–04	96	25.3	1,203	–32.4	2,786	5.4	4,085	–9.2
2004–05	128	33.3	1,750	45.4	2,834	1.7	4,711	15.3
2005–06	103	–19.5	2,120	21.2	2,902	2.4	5,125	8.8
2006–07	112	8.9	2,245	5.9	3,366	16.0	5,723	11.7
2007–08	111	–1.0	2,075	–7.6	3,477	3.3	5,663	–1.1
2008–09	96	–13.1	2,688	29.5	2,871	–17.4	5,656	–0.1
2009–10	135	40.3	2,853	6.1	2,093	–27.1	5,081	–10.2
2010–11	135	0.2	4,204	47.4	2,302	10.0	6,641	30.7
2011–12	336	148.4	5,111	21.6	2,408	4.6	7,855	18.3
	Average annual growth rate (%)							
2001–02 to 2006–07	..	5.9	..	5.8	..	7.3	..	6.6
2006–07 to 2011–12	..	24.6	..	17.9	..	–6.5	..	6.5
2001–02 to 2011–12	..	14.9	..	11.7	..	0.2	..	6.6

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

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

Source: AIHW health expenditure database.



3.3 Australian Government funding

The Australian Government provided \$59.5 billion to fund health expenditure in 2011-12 (Table 3.5). This represented 60.9% of total government health funding (Table 3.8). This was made up of:

- direct expenditure by the Australian Government – mostly administered through the Department of Health and Ageing (DoHA), on programs for which the Government has primary responsibility, such as the Medicare Benefits Schedule (MBS) and Pharmaceutical Benefit Scheme (PBS) (\$35.6 billion, or 59.8% of Australian Government funding) (Table 3.5)
- the Specific Purpose Payment (SPP) associated with the National Healthcare Agreement and National Partnership (NP) payments to the states and territories (\$15.1 billion, or 25.3%) (Table 3.5)
- rebates and subsidies for privately insured persons under the *Private Health Insurance Act 2007* (\$4.7 billion, or 7.8%) (Table 3.5). The majority of this was in the form of reimbursement of reduced premiums that private health insurance funds charged, with the balance provided in the form of rebates to individuals, payable through the taxation system (Table 3.13).
- funding by the Australian Government Department of Veterans' Affairs (DVA) for goods and services provided to eligible veterans and their dependants (\$3.6 billion, or 6.1% of the Australian Government total) (Table 3.5). Half of this (\$1.8 billion) was for hospitals, including public hospital services (\$0.9 billion) and private hospitals (\$0.9 billion) (Table 3.6).
- medical expenses tax rebate (\$0.5 billion, or 0.9%) (Table 3.5). See Box 3.1 for further information.

Table 3.5: Funding of health expenditure by the Australian Government, constant prices^(a), by type of expenditure, 2001–02 to 2011–12 (\$ million)

Year	Own program expenditure	Grants to states (SPP & NP payments)	Health insurance premium rebates ^(b)	Department of Veterans' Affairs	Medical expenses tax rebate	Total
2001–02	15,447	7,391	2,118	2,593	203	27,752
2002–03	16,599	8,095	2,250	2,836	225	30,005
2003–04	18,162	8,219	2,387	3,013	250	32,033
2004–05	20,554	8,840	2,645	3,162	291	35,493
2005–06	21,501	9,233	2,883	3,126	332	37,074
2006–07	23,228	9,894	3,073	3,302	376	39,872
2007–08	26,052	11,316	3,587	3,437	382	44,773
2008–09	29,455	12,984	3,643	3,507	483	50,071
2009–10	31,894	12,721	4,320	3,502	540	52,977
2010–11	32,765	14,240	4,631	3,506	475	55,618
2011–12	35,608	15,086	4,671	3,619	541	59,524

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

(b) Comprises health insurance rebates claimed through the taxation system as well as rebates paid directly to health insurance funds by the Australian Government that enable them to reduce premiums. This includes the portions of the rebates that relate to health activities. See Box 3.2 and 'Chapter 5 Technical notes' for further details.

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

Source: AIHW health expenditure database.

Table 3.6: Department of Veterans' Affairs health expenditure, by area of expenditure, 2011–12

Area of expenditure	Amount (\$ million)	Proportion (%)
Public hospital services ^(a)	853	23.6
Private hospitals	924	25.5
Patient transport services	151	4.2
Medical services	837	23.1
Dental services	104	2.9
Other health practitioners	236	6.5
Community health and other ^(b)	1	—
Medications	467	12.9
Aids and appliances	2	0.1
Administration	43	1.2
Research	2	—
Total	3,619	100.0

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

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

Source: AIHW health expenditure database.

Box 3.1: Medical expenses tax rebate

The only tax expenditure for health included in the AIHW health expenditure database is the 'medical expenses tax rebate'. Taxpayers who spend large amounts of money on health-related goods and services for themselves and/or their dependants in a tax year can claim a tax rebate. In 2011–12, this was set at 20 cents in the dollar and applied only to the amount spent over a \$2,060 threshold.

The individual expenditures that are subject to this rebate cannot be identified separately. Therefore it is not possible to allocate this form of funding to particular area(s) of health expenditure. The related expenditures are assumed to have been included in the estimates of health expenditure and they would be shown as being funded by individuals in the various health expenditure matrixes. An adjustment is made to allocate the medical expenses tax rebates to funding by the Australian Government where the data is not allocated by area of health expenditure.

3.4 State and territory, and local governments

State and territory governments are the main administrators of publicly provided health goods and services in Australia. These goods and services are financed by a combination of Special Purpose Payments (SPPs) and National Partnership (NP) payments from the Australian Government, funding by the states and territories out of their own fiscal resources, and funding from non-government sources (usually in the form of user fees).

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

Recurrent funding by state and territory governments was estimated at \$33.2 billion in 2011–12 (25.1% of total recurrent funding) (Tables 3.7 and A3).

Over two-thirds (67.5%), or \$22.4 billion, of recurrent funding by state and territory governments was for public hospital services in 2011–12. Other substantial expenditures included:

- Community health and other (\$5.7 billion)
- Patient transport (\$2.1 billion)
- Public health (\$0.7 billion)
- Dental services (\$0.7 billion) (Table 3.7).

Between 2006–07 and 2011–12, recurrent funding for health by state and territory governments grew at an average annual rate of 5.2% in real terms (Table 3.7).

Over this period, the main areas of growth in recurrent funding were private hospital services (11.1% per year) and patient transport services (8.9%). Funding of public health services declined by 3.3% between 2006–07 and 2011–12, while growth in dental services was below average at 4.3% (Table 3.7).

Detailed tables on state and territory and local government funding by area of expenditure can be found in Appendix B.

Table 3.7: State and territory government recurrent funding of health expenditure, constant prices^(a), and annual growth rates, by area of expenditure, 2001–02 to 2011–12

Year	Public hospitals ^(b)		Private hospitals		Patient transport		Dental services		Community health and other ^(b)		Public health		Other ^(c)		Total recurrent expenditure	
	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)
2001–02	11,407	..	..	..	757	..	551	..	4,008	..	702	..	690	..	18,116	..
2002–03	12,621	10.6	386	..	870	14.9	564	2.4	4,432	10.6	652	-7.1	770	11.6	20,294	12.0
<i>Break in series^(d)</i>																
2003–04	13,832	..	278	-28.0	1,095	..	570	..	3,745	..	688	..	827	7.4	21,035	3.7
2004–05	14,791	6.9	285	2.5	1,178	7.6	613	7.5	3,915	4.5	642	-6.7	980	18.5	22,405	6.5
2005–06	16,047	8.5	298	4.6	1,182	0.3	600	-2.1	4,087	4.4	741	15.4	892	-9.0	23,846	6.4
2006–07	17,397	8.4	292	-2.0	1,363	15.3	583	-2.8	4,507	10.3	784	5.8	766	-14.1	25,692	7.7
2007–08	18,299	5.2	305	4.5	1,441	5.7	614	5.3	4,885	8.4	843	7.5	786	2.6	27,172	5.8
2008–09	18,003	-1.6	386	26.6	1,679	16.5	690	12.4	4,907	0.5	1,025	21.6	1,119	42.4	27,809	2.3
2009–10	20,263	12.6	395	2.3	1,747	4.1	652	-5.5	4,925	0.4	971	-5.3	1,234	10.3	30,188	8.6
2010–11	20,748	2.4	460	16.5	1,918	9.8	716	9.8	5,109	3.7	861	-11.3	1,263	2.4	31,075	2.9
2011–12	22,411	8.0	494	7.4	2,084	8.7	718	0.3	5,703	11.6	663	-23.0	1,107	-12.4	33,179	6.8
Average annual growth rate (%)																
2006–07 to 2011–12		5.2	..	11.1	..	8.9	..	4.3	..	4.8	..	-3.3	..	7.6	..	5.2
2001–02 to 2011–12 ^(d)		..	..	..	..	..	..	..	..	..	..	..	..	4.8	..	6.2

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

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

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

(d) Up to 2002–03, patient transport, dental, community health and public health services that were delivered in public hospitals were included as expenditure on public hospitals. From 2003–04, they are included under their own classifications and are not included in expenditure on public hospital services. Care must be taken when comparing 2002–03 with 2003–04 (see 'Chapter 5 Technical notes' for further information).

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

Source: AIHW health expenditure database.

3.5 Non-government funding

Non-government funding for health was estimated at \$42.4 billion, or 30.3% of total funding in 2011–12 (Table 3.8).

From 2001–02 to 2006–07, the non-government share of total funding fluctuated around 32% to 33% and dropped to 30.3% in 2011–12 (Table 3.8). The average annual real growth in funding from non-government sources from 2001–02 to 2011–12 was 5.0% (Table 3.9).

Funding by individuals accounted for 57.2% (\$24.3 billion) of estimated non-government funding of health goods and services in 2011–12 (Table 3.8). This was 17.3% of total funding of health expenditure (government and non-government). This includes:

- where individuals meet the full cost of goods and services – for example, medications that are not subsidised by the PBS
- where individuals share the cost of health goods and services with third-party payers – for example, private health insurance funds.

Private health insurance funds provided 8.0% (\$11.2 billion) of total funding in 2011–12. These funds are indirectly sourced by individuals who pay premiums to private health insurance funds (Table 3.8).

The balance of non-government funding (\$7.0 billion) came from other non-government sources, mainly in the form of payments by compulsory motor vehicle third-party and workers compensation insurers (Table 3.8).

Over the decade to 2011–12, the proportion of total health funding that private health insurance funds and individuals provided was relatively stable, while other non-government sources declined overall from 7.2% in 2001–02 to 5.0% in 2011–12 (Table 3.8).

Real growth in funding by private health insurance funds averaged 4.9% per year between 2001–02 and 2011–12. The other two non-government funding sources – individuals and other non-government – had average annual real growth rates of 6.1% and 1.9% respectively over the same period (Table 3.9 and Figure 3.4).

Table 3.8: Non-government sector funding of total health expenditure, by source of funds, current prices, 2001–02 to 2011–12

Year	Individuals		Private health insurance funds ^(a)		Other non-government ^(b)		All non-government sources	
	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)
2001–02	11,050	17.5	5,075	8.0	4,562	7.2	20,686	32.8
2002–03	11,514	16.7	5,472	8.0	5,027	7.3	22,013	32.0
2003–04	12,828	17.5	5,919	8.1	5,381	7.3	24,127	32.8
2004–05	14,131	17.4	6,220	7.7	5,792	7.1	26,143	32.3
2005–06	15,108	17.4	6,578	7.6	6,018	6.9	27,704	32.0
2006–07	16,553	17.4	7,216	7.6	6,811	7.2	30,581	32.2
2007–08	17,416	16.8	7,862	7.6	7,133	6.9	32,411	31.3
2008–09	19,451	17.1	8,845	7.8	6,803	6.0	35,098	30.9
2009–10	21,246	17.5	9,145	7.5	6,116	5.0	36,506	30.1
2010–11	23,834	18.3	9,841	7.6	6,527	5.0	40,202	30.9
2011–12	24,254	17.3	11,165	8.0	7,007	5.0	42,426	30.3

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

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

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

Source: AIHW health expenditure database.

Table 3.9: Non-government sector funding of total health expenditure, by source of funds, constant prices^(a), and annual growth rates, 2001–02 to 2011–12

Year	Private health insurance funds ^(b)		Individuals		Other non-government ^(c)		All non-government sources ^(b)	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2001–02	6,932	..	13,383	..	5,778	..	26,093	..
2002–03	7,230	4.3	13,600	1.6	6,174	6.9	27,004	3.5
2003–04	7,503	3.8	14,665	7.8	6,486	5.1	28,655	6.1
2004–05	7,629	1.7	15,647	6.7	6,750	4.1	30,026	4.8
2005–06	7,707	1.0	16,174	3.4	6,775	0.4	30,655	2.1
2006–07	8,149	5.7	17,224	6.5	7,383	9.0	32,755	6.9
2007–08	8,644	6.1	17,823	3.5	7,573	2.6	34,040	3.9
2008–09	9,431	9.1	19,718	10.6	7,039	–7.1	36,188	6.3
2009–10	9,455	0.2	21,329	8.2	6,263	–11.0	37,047	2.4
2010–11	10,041	6.2	23,999	12.5	6,607	5.5	40,647	9.7
2011–12	11,165	11.2	24,254	1.1	7,007	6.1	42,426	4.4
Average annual growth rate (%)								
2001–02 to 2006–07		3.3	..	5.2	..	5.0	..	4.7
2006–07 to 2011–12		6.5	..	7.1	..	–1.0	..	5.3
2001–02 to 2011–12		4.9	..	6.1	..	1.9	..	5.0

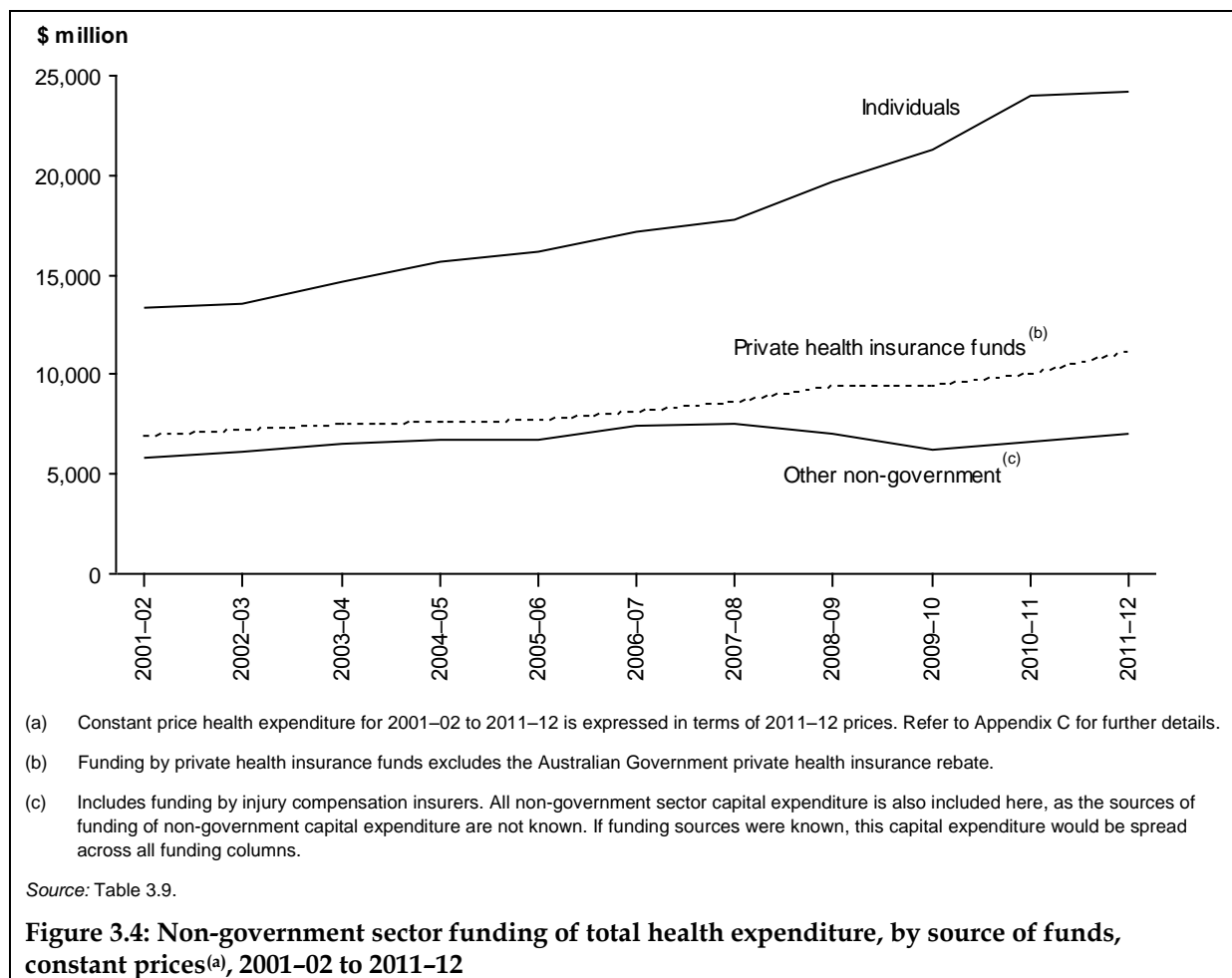
(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

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

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

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

Source: AIHW health expenditure database.



3.6 Individuals

Between 2001-02 and 2011-12, funding by individuals grew by an average of 6.1% a year in real terms (Table 3.9), compared with an average of 5.4% for total funding of health expenditure (Table 3.3).

In 2011-12, individuals spent an estimated \$24.8 billion in recurrent funding for health goods and services. Over two-thirds (39.2%) of this was for medications (benefit-paid pharmaceuticals and all other medications). A further 19.1% was for dental services; 11.9% for medical services; 10.1% for aids and appliances; and 7.8% for other health practitioner services (Table 3.10).

Table 3.10: Individuals' funding^(a) of recurrent health expenditure, by area of expenditure, current prices, 2011-12

Area of expenditure	Amount (\$ million)	Per cent
Public hospital services ^(b)	1,117	4.5
Private hospitals	1,334	5.4
Patient transport services	351	1.4
Medical services	2,955	11.9
Dental services	4,736	19.1
Other health practitioners	1,928	7.8
Community health and other ^(c)	115	0.5
Public health	20	0.1
Benefit-paid pharmaceuticals	1,665	6.7
All other medications	8,067	32.5
Aids and appliances	2,503	10.1
Administration	—	—
Research	5	—
Total	24,795	100.0

(a) Individuals' expenditure has not been adjusted down for the medical expenses tax rebates. This accounts for the \$541 million difference between the total in this figure and the individuals' total reported in Table 3.9.

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

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

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

Source: AIHW health expenditure database.

Per person health funding by individuals (that is, averaged over the whole population) grew at an average of 5.2% per year from 2001-02 to 2011-12 (Table 3.11).

The areas of expenditure with the highest per person growth rates in 2011-12 included benefit-paid pharmaceuticals (4.2%) and dental services (2.2%). The areas with negative growth included community and public health services (-18.8%), patient transport services (-7.4%) and hospital services (-5.9%) (Table 3.11).

Table 3.11: Average individual recurrent health expenditure per person, constant prices^(a), and annual growth rates, by area of expenditure, 2001–02 to 2011–12

Year	Hospitals ^{(b)(c)(d)}		Patient transport ^(b)		Medical services		Dental services ^(b)		Other health practitioners ^(e)		Community and public health ^(b)		Benefit-paid pharmaceuticals		All other medications		Aids and appliances ^(e)		Total recurrent	
	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)	Amount (\$)	Growth (%)
2001–02	47	..	14	..	89	..	185	..	77	..	..	..	44	..	174	..	75	..	706	..
2002–03	31	-34.9	15	4.8	99	11.8	192	3.7	82	6.6	..	..	49	11.7	159	-8.7	83	10.2	710	0.6
<i>Break in series</i>																				
2003–04	28	..	11	..	105	5.5	196	..	88	..	12	..	53	7.6	178	12.0	87	..	757	..
2004–05	34	21.1	12	1.7	97	-6.9	205	5.0	94	7.3	11	-4.9	58	9.8	197	10.7	91	4.8	800	5.7
2005–06	37	9.5	12	4.8	98	0.5	202	-1.6	97	3.3	14	21.4	62	6.2	201	2.2	93	2.9	817	2.1
2006–07	35	-6.8	13	6.0	107	9.6	205	1.5	97	0.2	15	6.9	63	1.2	225	11.9	97	4.0	857	4.9
2007–08	43	23.6	14	5.6	113	5.0	199	-3.1	87	-10.4	15	2.4	63	1.3	242	7.5	93	-4.0	869	1.4
2008–09	..	..	17	22.2	118	4.4	199	-0.1	74	-14.6	7	-54.8	68	7.1	269	11.1	96	2.8	942	8.4
2009–10	103	8.0	17	1.5	125	5.7	217	8.9	79	6.5	7	-1.2	71	3.8	281	4.4	104	8.5	1,002	6.3
2010–11	116	12.7	17	-0.4	129	3.8	206	-5.0	84	6.4	7	11.3	71	0.7	362	28.9	112	7.9	1,104	10.2
2011–12	109	-5.9	16	-7.4	131	1.6	210	2.2	86	1.4	6	-18.8	74	4.2	358	-0.9	111	-0.9	1,101	-0.3
Average annual growth rate (%)																				
2006–07 to 2011–12	..		3.8		4.1		0.5		-2.5		-16.2		3.4		9.8		2.7		5.2	
2001–02 to 2011–12	..		..		4.0		..		..		..		5.3		7.5		..		..

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

(b) Up to 2002–03, patient transport, dental, community health and public health services that were delivered in public hospitals were included as expenditure on public hospitals. From 2003–04, they are included under their own classifications and are not included in expenditure on public hospital services. Care must be taken when comparing 2002–03 with 2003–04 (see 'Chapter 5 Technical notes' for further information).

(c) Includes public hospital services and private hospitals.

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

(e) Change in reporting methods for other health practitioners and aids and appliances in 2003–04. See 'Chapter 5 Technical Notes' for further details.

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

Source: AIHW health expenditure database.

Private health insurance

In 2011–12, private hospitals received 49.1% (\$5.5 billion) of the \$11.2 billion in funding that private health insurance funds provided (Table 3.12).

Other major areas of expenditure that received funding were dental services (\$1.3 billion, or 11.3%), medical services (\$1.2 billion, or 10.7%) and administration (\$1.1 billion, or 9.9%) (Table 3.12).

The funding for medical services includes some of the fees charged for in-hospital medical services that are provided to privately admitted patients.

Patient transport services and medications received funding of \$179 million and \$50 million, respectively, from health insurance funds in 2011–12 (Table 3.12).

Table 3.12: Funding of recurrent health expenditure by private health insurance funds, by area of expenditure, current prices, 2011–12

Area of expenditure	Amount (\$ million)	Per cent
Public hospitals ^(a)	805	7.2
Private hospitals	5,483	49.1
Patient transport services	179	1.6
Medical services	1,200	10.7
Dental services	1,261	11.3
Other health practitioners	599	5.4
Community health and other ^(b)	1	—
Medications	50	0.4
Aids and appliances	488	4.4
Administration	1,100	9.9
Total	11,165	100.0

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

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

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

Source: AIHW health expenditure database.

General benefits and administration

Gross health benefits paid through health insurance funds in 2011–12 was estimated at \$15.8 billion, up from \$14.8 billion in 2010–11 and \$13.9 billion in 2009–10 (Table 3.13).

In 2011–12, \$1.6 billion was used to fund administration of the health insurance funds, which was \$122 million more than in 2010–11 (Table 3.13).

The premium rebates that the Australian Government paid through the tax system or directly to private health insurance funds (see Box 3.2) remained roughly constant between 2010–11 and 2011–12 at around \$4.7 billion (Table 3.13).

Net funding by the health insurance funds (that is, not including the Australian Government rebates) grew at an average of 3.3% per year from 2001–02 to 2006–07. Between 2006–07 and

2011–12, growth in net funding increased to an average of 6.5% per year, taking net funding to \$11.2 billion in 2011–12 (Table 3.14).

Similarly, the gross amounts paid through health insurance funds grew at an average of 3.4% per year from 2001–02 to 2006–07 and by 6.4% per year from 2006–07 to 2011–12 (Table 3.14 and Figure 3.5).

Box 3.2: Treatment of private health insurance premium rebates

Before 1997, all health benefits that the funds paid, plus their administration costs, were regarded as being funded by health insurers out of their premiums and other earnings. The introduction of the Private Health Insurance Incentive Scheme (PHIIS) and the non-means-tested 30–40% rebate meant that the Australian Government provided some of the premium income of the insurers. Initially, the rebate was 30%. From 1 April 2005, the rebate increased to 35% for people aged 65 to 69 and to 40% for people aged 70 and older. It remained at 30% for those under 65. From 1 July 2012, the private health insurance rebate became income tested. This means that if you have a higher income, your rebate entitlement may be reduced, or you may not be entitled to receive any rebate at all.

There are two types of mechanisms for rebates on health insurance premiums. The first rebate is where insurers offer members a reduced premium and then insurers claim reimbursement from the Australian Government. The second is where members pay the full premium and claim the rebate through the tax system at the end of the financial year.

Both forms of rebates have been treated in these estimates as indirect subsidies by the Australian Government of the services that were partially funded through benefits paid by the health insurance funds.

In April 2007, Private Health Insurance legislation redefined the scope of the health insurance business to mean insuring liability for treatments by a hospital or other general treatment provider to manage a disease, condition or injury. Prior to the change in legislation, non-health services, such as funeral benefits, domestic assistance and so on, were offered with health insurance policies and attracted the Australian Government rebate. In compiling its estimates for 2006–07 and earlier, the AIHW allocated the rebates across all the expenses incurred by the funds each year – including both health (hospital, medical or physiotherapy for instance) and non-health goods and services; management expenses; and any adjustment to provisions for outstanding and un-presented claims. But only that part of the rebate that can be attributed to benefits for health goods and services (which includes the funds' management expenses) was included when estimating private health insurance funding for health expenditure. This portion of the rebate was deducted from the gross benefits paid by the health insurance funds to calculate net health funding by private health insurance funds for particular areas of expenditure. These rebate amounts were then added to the funding of the Australian Government for those areas of expenditure.

Table 3.13: Expenditure^(a) on health goods and services funded by health insurance funds, constant prices^(b), 2009–10 to 2011–12 (\$ million)

Area of expenditure	2009–10			2010–11			2011–12		
	Gross benefits paid	Premium rebates ^(c)	Net benefits paid	Gross benefits paid	Premium rebates ^(c)	Net benefits paid	Gross benefits paid	Premium rebates ^(c)	Net benefits paid
Hospitals	7,867	2,524	5,343	8,359	2,675	5,684	8,918	2,630	6,287
Public hospital services ^(d)	982	315	667	1,009	323	686	1,142	337	805
Private hospitals	6,885	2,209	4,676	7,350	2,352	4,998	7,776	2,293	5,483
Patient transport ^(e)	239	77	162	245	78	166	254	75	179
Medical services	1,452	466	986	1,574	504	1,071	1,702	502	1,200
Dental services	1,585	509	1,076	1,651	528	1,122	1,789	528	1,261
Other health practitioners	782	251	531	803	257	546	849	250	599
Community and public health	2	1	1	1	—	1	1	—	1
Medications	74	24	50	71	23	48	70	21	50
Aids and appliances	537	172	365	625	200	425	693	204	488
Total health benefits and levies	12,537	4,023	8,515	13,328	4,265	9,063	14,276	4,211	10,066
Health administration	1,384	444	940	1,438	460	978	1,560	460	1,100
Total expenditure on health goods and services	13,921	4,467	9,455	14,767	4,725	10,041	15,836	4,671	11,165

(a) This expenditure shows the payments made by health insurance funds over the year, and does not necessarily reflect the actual services provided during the year.

(b) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

(c) The premium rebate is pro-rated across all expense categories (including change in provisions for outstanding claims). The rebate includes rebates paid through the tax system as well as rebates paid to funds, which directly reduce premiums.

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

(e) Includes an Ambulance Service Levy that is payable by all private insurance funds with members in New South Wales and the Australian Capital Territory to offset the cost of this service.

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

Sources: AIHW health expenditure database; ATO 2010, 2011, 2012; DoHA 2010, 2011, 2012; PHIAC 2010, 2011, 2012.

Table 3.14: Expenditure on health goods and services and administration funded through private health insurance funds, constant prices^(a), and annual growth rates, 2001–02 to 2011–12

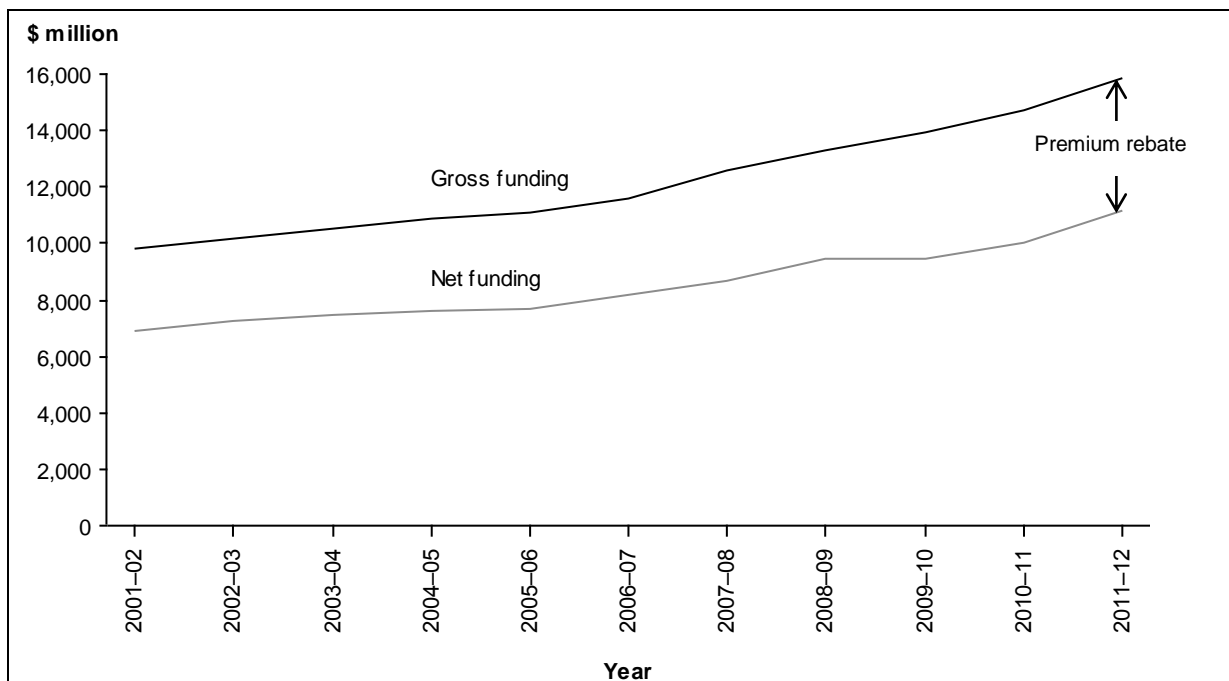
Year	Gross amounts paid through health insurance funds		Premium rebates				Net amounts funded from health insurance funds' own resources ^(b)	
	Amount (\$m)	Growth (%)	Through reduced premiums	Through reduced premiums	Through taxation system	Through taxation system	Amount (\$m)	Growth (%)
2001–02	9,824	..	2,659	..	234	..	6,932	..
2002–03	10,202	3.8	2,766	4.0	206	–12.1	7,230	4.3
2003–04	10,530	3.2	2,840	2.7	187	–9.3	7,503	3.8
2004–05	10,873	3.3	3,066	8.0	178	–4.5	7,629	1.7
2005–06	11,085	1.9	3,204	4.5	173	–2.7	7,707	1.0
2006–07	11,619	4.8	3,293	2.8	177	2.4	8,149	5.7
2007–08	12,589	8.3	3,758	14.1	186	5.0	8,644	6.1
2008–09	13,316	5.8	3,695	–1.7	189	1.6	9,431	9.1
2009–10	13,921	4.5	4,280	15.8	187	–1.1	9,455	0.2
2010–11	14,767	6.1	4,535	6.0	191	2.0	10,041	6.2
2011–12	15,836	7.2	4,477	–1.3	194	1.7	11,165	11.2
Average annual growth rate (%)								
2001–02 to 2006–07		3.4	..	4.4	..	–5.4	..	3.3
2006–07 to 2011–12		6.4	..	6.3	..	1.9	..	6.5

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

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

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

Source: AIHW health expenditure database.



(a) Constant price health expenditure for 2001-02 to 2011-12 is expressed in terms of 2011-12 prices. Refer to Appendix C for further details.

Source: Table 3.14.

Figure 3.5: Funding of recurrent health expenditure through private health insurance, constant prices^(a), 2001-02 to 2011-12

In 2011-12, it was estimated that net health funding by private health insurance providers averaged \$1,068 per person covered (Table 3.15).

In South Australia, the average funding per person covered (\$1,141) was above the national average (\$1,068), while in the Northern Territory and the Australian Capital Territory it was substantially below the average, at \$584 and \$748, respectively (Table 3.15).

From 2001-02 to 2011-12, private health insurance funding per person increased on average by between 1.6% and 4.0% each year in all states and territories, with Victoria having the fastest growth (4.0% per year) and the Northern Territory the slowest growth (1.6% per year) (Table 3.15).

Table 3.15: Average health expenditure funded by private health insurance, per person covered^(a), constant prices^(b), by state and territory, 2001–02 to 2011–12 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2001–02	780	734	849	831	930	850	578	497	794
2002–03	797	790	913	858	977	888	588	446	832
2003–04	833	828	956	883	987	937	617	476	867
2004–05	850	838	965	891	994	909	620	455	877
2005–06	833	864	960	868	990	930	612	462	875
2006–07	873	892	977	877	1,016	941	642	474	902
2007–08	894	909	981	889	1,030	955	650	517	917
2008–09	957	974	1,031	926	1,093	1,035	679	538	975
2009–10	937	959	1,007	924	1,054	1,003	674	508	956
2010–11	972	997	1,024	953	1,087	1,032	684	552	986
2011–12	1,052	1,090	1,126	1,014	1,141	1,106	748	584	1,068
Average annual growth rate (%)									
2001–02 to 2006–07	2.3	4.0	2.8	1.1	1.8	2.0	2.1	–0.9	2.6
2006–07 to 2011–12	3.8	4.1	2.9	2.9	2.4	3.3	3.1	4.3	3.4
2001–02 to 2011–12	3.0	4.0	2.9	2.0	2.1	2.7	2.6	1.6	3.0

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

(b) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

Source: AIHW health expenditure database.

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

Injury compensation insurers

In 2011–12, injury compensation insurers funded \$2.6 billion of expenditure on health goods and services, including \$1.6 billion by workers compensation insurers and \$1.0 billion by motor vehicle third-party insurers (Table 3.16).

From 2001–02 to 2011–12, real funding by workers compensation insurers increased on average by 2.8% per year, while motor vehicle third-party insurers increased by 2.5% per year (Table 3.16).

Growth across years was quite volatile for both types of injury compensation insurers.

Expenditure on health funded by workers compensation and motor vehicle third-party insurers comprises most of the 'other non-government' source of funds category presented elsewhere in this report.

Table 3.16: Expenditure by injury compensation insurers, constant prices^(a), and annual growth rates, 2001–02 to 2011–12

Year	Workers compensation insurers		Motor vehicle accident third-party insurers		Total injury compensation insurers	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2001–02	1,190	..	820	..	2,010	..
2002–03	1,287	8.1	834	1.7	2,121	5.5
2003–04	1,389	7.9	761	–8.7	2,150	1.4
2004–05	1,357	–2.3	835	9.7	2,193	2.0
2005–06	1,362	0.3	846	1.3	2,208	0.7
2006–07	1,373	0.8	885	4.6	2,258	2.3
2007–08	1,460	6.4	956	8.1	2,416	7.0
2008–09	1,444	–1.1	909	–4.9	2,353	–2.6
2009–10	1,446	0.1	909	–0.1	2,354	0.1
2010–11	1,520	5.2	959	5.6	2,479	5.3
2011–12	1,572	3.4	1,048	9.3	2,620	5.7
Average annual growth rate (%)						
2001–02 to 2006–07		2.9	..	1.5	..	2.4
2006–07 to 2011–12		2.7	..	3.4	..	3.0
2001–02 to 2011–12		2.8	..	2.5	..	2.7

(a) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices. Refer to Appendix C for further details.

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

Source: AIHW health expenditure database.

4 Data quality statement

4.1 Summary of key issues

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

4.2 Description

The AIHW annually compiles the AIHW health expenditure database that comprises a wide range of information about health expenditure in Australia. Data from the database is reported 15 months after the end of the financial year. Each release provides a 10 year time series from the reference year. In this release, data is provided for 2011–12 with estimates back to 2001–02.

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

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

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

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

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

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

Information provided on the type of economic transaction is based on the ABS economic type framework classification. For the 2011–12 report, the data have been reconciled with established reporting structures to ensure the robustness of the estimates provided under this new reporting framework. In future years, this data will increasingly be used to present health expenditure estimates in new ways, such as identifying the various forms of public and private revenue that are used to fund the various health services.

4.3 Institutional environment

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

The Institute aims to improve the health and wellbeing of Australians through better health and welfare information and statistics. It collects and reports information on a wide range of topics and issues, ranging from health and welfare expenditure, hospitals, disease and injury, and mental health, to ageing, homelessness, disability and child protection.

The Institute also plays a role in developing and maintaining national metadata standards. This work contributes to improving the quality and consistency of national health and welfare statistics. The Institute works closely with governments and non-government organisations to achieve greater adherence to these standards in administrative data collections to promote national consistency and comparability of data and reporting.

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

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

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

Australia's expenditure reporting format has not changed markedly since the AIHW's first national health expenditure report in 1985. The format that the AIHW has used for reporting expenditure on health since 1985 is based on the World Health Organization's (WHO) reporting structure, which the WHO adopted during the 1970s. The WHO structure is generally referred to as the National Health Accounts (NHA) and it shows areas of

expenditure by sources of funding. The Australian version is the Australian National Health Accounts.

The consistency in reporting format allows the impact of changes in the way health care is delivered and financed to be monitored over time.

Since 1998, the AIHW has collated and stored its health expenditure data in a way that enables it to simultaneously report national health expenditure according to both the national framework and the OECD SHA (OECD 2000). Since 2007, the OECD has been revising its SHA manual to; further improve the comparability of health expenditure data across countries; provide better information to assess the performance of health systems; and provide better information on the role of the health sector within the national economy.

In October 2011, a new edition, building on the original manual was released (OECD, WHO, Eurostat 2011). The AIHW is working towards reporting its health expenditure to the OECD in accordance with the new guidelines.

In 2004, the AIHW established the Health Expenditure Advisory Committee (HEAC), comprising data users and providers, to give advice and feedback on its health expenditure reporting. The committee meets twice a year and consists of representatives from DoHA, Treasury, ABS, DVA, Commonwealth Grants Commission, Medicare Australia, the PHIAC and each state and territory health department. It also includes an academic health economist.

4.4 Timeliness

This release includes data for the 2011–12 financial year, as well as data back to 2001–02.

The AIHW health expenditure database cannot be compiled for a given year until each jurisdiction is able to supply data for that year. Ability for timely reporting is dependent on whether all jurisdictions meet the deadline for data supply and any delay to data supply past the deadline has an impact on the release date. The 2011–12 financial year data was supplied by all jurisdictions by 18 June 2013.

The NHA 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 additional or revised data or changes in methodology. Comparisons over time should therefore be based on the estimates provided in the most recent publication, or from the online data cubes, rather than by reference to earlier editions.

4.5 Accessibility

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

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

General enquiries about AIHW publications can be made to the Media and Strategic Engagement Unit on (02) 6244 1025 or via email to <info@aihw.gov.au>.

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

4.6 Interpretability

The primary purpose of AIHW's health expenditure database is to enable reporting of estimates of national health expenditure. Because definitions closely follow those used by the OECD, the database can be used to report internationally.

State and territory estimates are also provided, however, as the methodology used in the report is primarily for national reporting, there may be some differences in figures reported by individual jurisdictions.

Similarly, there may be differences with other reporting of expenditure such as that in AIHW's National Public Hospitals Establishments Database (see 'Chapter 5 Technical notes' in this report for more details).

See Chapter 5 for detailed descriptions of concepts, data sources and estimation methods and the Glossary for the terms used. Further information on the GHE NMDS can also be found on the AIHW's METeOR system.

4.7 Relevance

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

Comparisons with GDP enable consideration of the role of the health sector and per person expenditure provides an indication of changes in expenditure with respect to the population.

The relative contribution of the Australian Government and state and territory governments is highly relevant to health policy and administration. Similarly, expenditure by the non-government sector including the out-of-pocket expenses of individuals are also relevant to a range of health policy issues such as those related to access and the provision of services.

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

4.8 Accuracy

The AIHW health expenditure database is generally considered to provide accurate estimates of total and component health expenditure in Australia. The introduction of the GHE NMDS in 2008–09 allows additional scrutiny and improvement of the expenditure and revenue data, and mitigates the chances of double-counting.

Total health expenditure reported for Australia (both domestically and internationally) is slightly underestimated in that it excludes health expenditure on health services provided by the Australian Defence Force, some school health expenditure and some health expenditure incurred by corrective services institutions in the various states and territories.

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

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

The state and territory estimates are intended to give some indication of differences in the overall levels of expenditure on health within the states and territories; they do not necessarily reflect levels of activity by state and territory governments. For example, service providers located in the different states and territories pursue a variety of funding arrangements with both government and non-government sources. As a result, one state or territory may have a mix of services and facilities that is quite different from another.

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

From 2003–04, estimates of individuals' 'out-of-pocket' expenditure on dental services, other health practitioners and aids and appliances, mostly relied on detailed private health insurance data from the Private Health Insurance Administration Council (PHIAC). The methods before 2003–04 relied on highly aggregated ABS data. Current methods are based on growth in the cost of services, combined with changes in the proportion of the population who have ancillary health insurance cover; see 'Chapter 5 Technical notes' for further details.

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

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

4.9 Coherence

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

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

It is possible that the revised data collection process has led to the identification of previously unreported health expenditure, or to disaggregations of existing items that allow

them to be more precisely allocated to health expenditure categories. All measures have been taken to ensure that, particularly at the higher level, statistics are consistent with previous years. There is a possibility that, in some of the more disaggregated state expenditure tables, these changes to the data collection and analysis process have driven the variations, rather than actual changes in health expenditure.

There are breaks in the series due to differences in definitions of public hospitals and public hospital services between 2002–03 and 2003–04. There is a resulting break in time series between 2002–03 and 2003–04 for community and public health services and for dental and patient transport services. Although valid comparisons across the discontinuity can be made for total health expenditure, caution should be exercised when comparing data across the decade for these areas of expenditure. See 'Chapter 5 Technical notes' for further details of these breaks in series.

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

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

GDP estimates for this publication are sourced from the ABS (ABS 2013c). The ABS made revisions to their GDP estimates, which incorporated more up-to-date data and concurrent seasonal adjustments. The revisions have been applied retrospectively, so health expenditure to GDP ratios for all years back to 2001–02 in this report are not consistent with those shown in previous *Health expenditure Australia* reports.

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

5 Technical notes

5.1 Definition of health expenditure

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

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

5.2 Data and methods used to produce estimates

Australian Government

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

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

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

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

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

Funding reported for 2008–09 in this report includes \$1.2 billion in Australian Government funding through the 5 year *National Partnership agreement on health and hospital workforce reform*. This funding has been offset against 2008–09 state and territory government funding in keeping with the methodology in this report series. Expenditure of this funding by states and territories, however, can be spread over 5 years.

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

State and territory governments

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

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

Public hospitals and public hospital services

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

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

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

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

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

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

Health expenditure for these areas cannot be compared across 2002–03 and 2003–04, except for public hospitals, nor can they be used to compare expenditure relating to a specific year, such as 2006–07, to expenditure, or growth in expenditure, for the decade from 2001–02 to 2011–12.

Community and public health services and dental and patient transport services

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

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

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

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

Contracting of private hospital services

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

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

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

Public health

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

The data for 2001–02 to 2008–09 have been published in the AIHW's *National public health expenditure* reports (AIHW 2006, 2007b, 2008a) and *Public health expenditure in Australia* reports (AIHW 2008b, 2009a, 2011). The data collected for these reports only include expenditure by key health departments and agencies of the Australian Government and states and territories.

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

In 2011, the Public Health Expenditure Project was halted pending a review of the scope and content of the collection. This was partly due to the above changes in Australian Government funding arrangements with the states and territories that commenced in 2009, and also to address a number of data quality concerns relating to the scope of the collection and consistency of reporting across states and territories. As a result, public health expenditure data for 2011–12 are only reported as total public health expenditure, nationally and for each state and territory (Appendix A and B tables, respectively).

Research and capital

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

Research expenditure data in this report come from the *Research and Experimental Development Survey* series (ABS 2010a, 2012a, ABS 2012b, ABS 2013a) which is generally only available every second year. The AIHW made projections every second year up to and including 2011–12.

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

In previous *Health expenditure Australia* reports, private capital consumption was included as part of recurrent expenditure, while government capital consumption was reported as part of total health expenditure but not part of recurrent health expenditure. From *Health expenditure Australia 2007–08* (AIHW 2009b) onwards, government capital consumption has been included as part of recurrent health expenditures for all years. The reasons for incorporating both government and non-government capital consumption as part of recurrent expenditure are:

- government and private capital consumption are treated consistently
- international reporting includes depreciation as part of recurrent expenditures.

5.3 Non-government

Private hospitals

Spending on private hospitals comes from the annual ABS survey of private hospitals, the most recent being *Private hospitals, Australia, 2011–12* (ABS 2013b). In 2007–08, the survey was not conducted and an estimate of private hospital expenditure was made.

From 2008–09, expenditure by individuals in private hospitals was estimated from the reported revenue in the ABS survey. Care should be taken when comparing private hospital expenditure for years up to 2007–08 with years from 2008–09 onwards.

Health insurance funds

Funding for health goods and services by health insurance funds within a state or territory is assumed to be equal to the level of benefits paid by health insurance funds with patients who reside in that state or territory.

In all years in this report, funding of health goods and services through health insurance funds has been divided into two categories:

- private health insurance funding
- Australian Government funding.

This reflects the effect of two forms of indirect Australian Government subsidy of private health insurance.

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

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

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

From 2009–10, private health insurance funding data for the Australian Capital Territory are available separately. The data for the Australian Capital Territory for all previous years in this report have been adjusted using the 2009–10 proportions. The revised numbers are substantially higher than the numbers using the previous method. This is because the previous method did not include a proportion relating to funding for Extras cover – such as for dental, spectacles etc.

Individuals

From 2003–04, estimates of individuals' expenditure on dental services, other health practitioners and aids and appliances mostly relied on detailed private health insurance data from the PHIAC. The methods before 2003–04 relied on highly aggregated ABS data, which proved to be unreliable and were subject to substantial revisions over time. The current methodology uses growth in the cost of services, combined with changes in the proportion of the population who have ancillary cover from year to year, to project the individual out-of-pocket expenditure for these categories. Funding of these services by private health insurance funds and injury compensation insurers is deducted from these estimates to arrive at the estimates of individuals' out-of-pocket funding.

Up to the introduction of the GHE NMDS in 2008–09, estimates of expenditure by individuals on patient transport services were based on data from the Productivity Commission's *Report on government services* (SCRCSSP 2003; SCRGSP 2007, 2009). From 2008–09, these data are provided by states and territories through the GHE NMDS.

Data for over-the-counter medicines sold at pharmacies for 2001–02 to 2004–05 were sourced from *Retail pharmacy* (Flanagan 2002a, 2003a, 2004a, 2005a). For 2005–06 to 2007–08 and for 2010–11, this data was sourced from AZTEC to enable a more comprehensive breakdown of each category of products sold. For 2008–09, 2009–10 and 2011–12, estimates were required with the use of data sourced from the *Retail world annual report* (Gloria 2009, 2010, 2011) and past AZTEC data.

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

Other non-government sources

Workers compensation and compulsory third-party motor vehicle insurance payments comprise the majority of expenditure for this category. The AIHW obtains these data from the respective injury compensation insurers in each state and territory.

5.4 Blank cells in expenditure tables

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

- (i) There are assumed to be no funding flows because they do not exist in the institutional framework for health care funding.
- (ii) The total funding is nil or so small that it rounds to zero – designated as '–'.
- (iii) A flow of funds exists but it cannot be estimated from available data sources.
- (iv) Some cells relate to 'catch-all' categories and the data and metadata are of such high quality as to enable all expenditure to be allocated to specified areas. Thus, there is no residual data to allocate to the 'catch-all' categories.

As to (i), for example, there are no funding flows by the state and territory government for medical services and Benefit-paid pharmaceuticals because these are funded by the

Australian Government, individuals and private health insurance funds through Medicare and the PBS.

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

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

Appendix tables

There are four appendixes to this report:

Appendix A: National health expenditure matrixes.

Appendix B: State and territory health expenditure tables in current prices, by area of expenditure and source of funds, 2009–10 to 2011–12.

Appendix C: Price indexes and deflation.

Appendix D: Population data, comprising estimated resident population and the number of insured persons with hospital treatment cover.

Appendix A: National health expenditure matrixes

Table A1: Total health expenditure, current prices, by area of expenditure and source of funds^(a), 2009–10 (\$ million)

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

Notes: See page 79.

Table A2: Total health expenditure, current prices, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government					State and local	Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	Total						
Total hospitals	1,693	14,618	2,613	18,924	20,713	39,637	5,553	2,506	2,059	10,119	49,756
Public hospital services ^(e)	765	14,366	316	15,447	20,264	35,712	671	1,159	1,446	3,276	38,988
Private hospitals	927	252	2,298	3,477	449	3,926	4,883	1,347	613	6,842	10,768
Patient transport services	146	61	76	284	1,872	2,155	162	365	102	629	2,785
Medical services	839	16,257	495	17,592	—	17,592	1,053	2,814	1,059	4,925	22,517
Dental services	105	803	528	1,437	699	2,136	1,122	4,564	35	5,721	7,857
State/territory provider	—	—	—	—	699	699	—	20	24	43	743
Private provider	105	803	528	1,437	—	1,437	1,122	4,545	11	5,678	7,115
Other health practitioners	202	987	244	1,433	6	1,439	517	1,775	372	2,664	4,103
Community health and other ^(f)	1	1,005	—	1,007	4,982	5,989	1	144	161	305	6,295
Public health	—	1,061	—	1,061	840	1,901	—	15	31	46	1,947
Medications	473	8,226	23	8,721	—	8,721	48	9,586	70	9,704	18,425
Benefit-paid pharmaceuticals	473	7,728	—	8,201	—	8,201	—	1,574	—	1,574	9,775
All other medications	—	497	23	520	—	520	48	8,013	70	8,130	8,650
Aids and appliances	2	399	204	606	—	606	433	2,536	57	3,026	3,632
Administration	41	159	447	647	447	1,094	951	—	6	957	2,051
Research	2	3,294	—	3,297	776	4,072	—	3	256	259	4,331
Total recurrent funding	3,506	46,870	4,631	55,008	30,335	85,343	9,841	24,309	4,206	38,357	123,700
Capital expenditure	—	135	—	135	4,155	4,290	—	—	2,320	2,320	6,610
Total health funding^(g)	3,506	47,005	4,631	55,143	34,490	89,633	9,841	24,309	6,527	40,677	130,310
Medical expenses tax rebate	—	475	—	475	—	475	—	-475	—	-475	—
Total health funding	3,506	47,480	4,631	55,618	34,490	90,108	9,841	23,834	6,527	40,202	130,310

Notes: See page 79.

Table A3: Total health expenditure, current prices, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	1,776	15,130	2,630	19,536	22,905	42,441	6,287	2,450	2,331	11,068	53,509
Public hospital services ^(e)	853	14,883	337	16,072	22,411	38,483	805	1,117	1,630	3,552	42,034
Private hospitals	924	247	2,293	3,464	494	3,958	5,483	1,334	701	7,517	11,475
Patient transport services	151	55	75	281	2,084	2,365	179	351	96	626	2,991
Medical services	837	17,278	502	18,617	—	18,617	1,200	2,955	1,128	5,283	23,900
Dental services	104	956	528	1,587	718	2,305	1,261	4,736	34	6,031	8,336
State/territory provider	—	—	—	—	718	718	—	20	22	42	760
Private provider	104	956	528	1,587	—	1,587	1,261	4,716	12	5,989	7,576
Other health practitioners	236	1,061	250	1,547	8	1,555	599	1,928	390	2,916	4,472
Community health and other ^(f)	1	1,121	—	1,122	5,703	6,825	1	115	149	265	7,090
Public health	—	1,503	—	1,503	663	2,166	—	20	47	66	2,232
Medications	467	8,492	21	8,980	—	8,980	50	9,733	78	9,860	18,839
Benefit-paid pharmaceuticals	467	7,963	—	8,430	—	8,430	—	1,665	—	1,665	10,096
All other medications	—	528	21	549	—	549	50	8,067	78	8,195	8,744
Aids and appliances	2	425	204	631	—	631	488	2,503	65	3,056	3,687
Administration	43	485	460	988	300	1,288	1,100	—	2	1,102	2,390
Research	2	3,854	—	3,855	798	4,653	—	5	281	286	4,939
Total recurrent funding	3,619	50,357	4,671	58,647	33,179	91,826	11,165	24,795	4,599	40,560	132,386
Capital expenditure	—	336	—	336	5,111	5,447	—	—	2,408	2,408	7,855
Total health funding^(g)	3,619	50,694	4,671	58,983	38,290	97,274	11,165	24,795	7,007	42,968	140,241
Medical expenses tax rebate	—	541	—	541	—	541	—	-541	—	-541	—
Total health funding	3,619	51,235	4,671	59,524	38,290	97,815	11,165	24,254	7,007	42,426	140,241

Notes: See page 79.

Table A4: Total health expenditure, constant prices^(h), by area of expenditure and source of funds^(a), 2009–10 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	1,748	13,572	2,524	17,844	20,658	38,502	5,343	2,243	1,948	9,534	48,036
Public hospital services ^(e)	788	13,301	315	14,404	20,263	34,667	667	969	1,301	2,937	37,604
Private hospitals	960	271	2,209	3,440	395	3,835	4,676	1,274	647	6,597	10,432
Patient transport services	151	64	77	292	1,747	2,039	162	369	118	649	2,688
Medical services	857	15,809	466	17,132	—	17,132	986	2,723	1,063	4,772	21,904
Dental services	108	660	509	1,277	652	1,929	1,076	4,737	32	5,846	7,775
State/territory provider	—	2	—	2	652	654	—	20	21	41	695
Private provider	108	658	509	1,275	—	1,275	1,076	4,717	12	5,805	7,080
Other health practitioners	220	991	251	1,462	—	1,462	531	1,734	346	2,612	4,074
Community health and other ^(f)	2	910	1	913	4,925	5,838	1	126	139	266	6,103
Public health	—	973	—	973	971	1,944	—	19	119	138	2,082
Medications	488	7,947	24	8,459	—	8,459	50	7,677	72	7,799	16,258
Benefit-paid pharmaceuticals	488	7,586	—	8,074	—	8,074	—	1,541	—	1,541	9,616
All other medications	—	361	24	385	—	385	50	6,135	72	6,257	6,642
Aids and appliances	2	383	172	558	—	558	365	2,275	47	2,686	3,244
Administration	43	1,146	444	1,633	451	2,084	940	—	19	959	3,043
Research	2	3,441	—	3,443	783	4,226	—	—	267	268	4,494
Total recurrent funding	3,620	45,898	4,467	53,985	30,188	84,172	9,455	21,904	4,170	35,529	119,701
Capital expenditure	—	135	—	135	2,853	2,988	—	—	2,093	2,093	5,081
Total health funding^(g)	3,620	46,033	4,467	54,120	33,041	87,160	9,455	21,904	6,263	37,622	124,782
Medical expenses tax rebate	—	575	—	575	—	575	—	-575	—	-575	—
Total health funding	3,620	46,608	4,467	54,694	33,041	87,735	9,455	21,329	6,263	37,047	124,782

Notes: See page 79.

Table A5: Total health expenditure, constant prices^(h), by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	1,733	14,962	2,675	19,370	21,208	40,578	5,684	2,564	2,106	10,353	50,931
Public hospital services ^(e)	784	14,705	323	15,811	20,748	36,560	686	1,185	1,479	3,350	39,910
Private hospitals	949	257	2,352	3,559	460	4,019	4,998	1,379	627	7,003	11,021
Patient transport services	150	63	78	290	1,918	2,208	166	373	104	644	2,852
Medical services	854	16,549	504	17,907	—	17,907	1,071	2,864	1,077	5,012	22,919
Dental services	105	805	528	1,438	716	2,155	1,122	4,566	35	5,723	7,878
State/territory provider	—	—	—	—	716	716	—	20	24	44	761
Private provider	105	805	528	1,438	—	1,438	1,122	4,545	11	5,679	7,117
Other health practitioners	213	1,036	257	1,506	6	1,512	546	1,872	392	2,810	4,322
Community health and other ^(f)	1	1,030	—	1,032	5,109	6,141	1	148	165	313	6,455
Public health	—	1,086	—	1,086	861	1,947	—	16	32	47	1,994
Medications	473	8,236	23	8,731	—	8,731	48	9,593	70	9,711	18,442
Benefit-paid pharmaceuticals	473	7,728	—	8,201	—	8,201	—	1,574	—	1,574	9,775
All other medications	—	508	23	531	—	531	48	8,019	70	8,137	8,668
Aids and appliances	2	409	200	611	—	611	425	2,488	55	2,969	3,580
Administration	43	162	460	665	461	1,126	978	—	7	985	2,111
Research	2	3,387	—	3,389	796	4,186	—	3	263	266	4,452
Total recurrent funding	3,577	47,726	4,725	56,028	31,075	87,103	10,041	24,487	4,305	38,834	125,937
Capital expenditure	—	135	—	135	4,204	4,339	—	—	2,302	2,302	6,641
Total health funding^(g)	3,577	47,861	4,725	56,163	35,279	91,442	10,041	24,487	6,607	41,136	132,578
Medical expenses tax rebate	—	489	—	489	—	489	—	–489	—	–489	—
Total health funding	3,577	48,350	4,725	56,652	35,279	91,930	10,041	23,999	6,607	40,647	132,578

Notes: See page 79.

Table A6: Total health expenditure, constant prices^(h), by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government					State and local	Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	Total						
Total hospitals	1,776	15,130	2,630	19,536	22,905	42,441	6,287	2,450	2,331	11,068	53,509
Public hospital services ^(e)	853	14,883	337	16,072	22,411	38,483	805	1,117	1,630	3,552	42,034
Private hospitals	924	247	2,293	3,464	494	3,958	5,483	1,334	701	7,517	11,475
Patient transport services	151	55	75	281	2,084	2,365	179	351	96	626	2,991
Medical services	837	17,278	502	18,617	—	18,617	1,200	2,955	1,128	5,283	23,900
Dental services	104	956	528	1,587	718	2,305	1,261	4,736	34	6,031	8,336
State/territory provider	—	—	—	—	718	718	—	20	22	42	760
Private provider	104	956	528	1,587	—	1,587	1,261	4,716	12	5,989	7,576
Other health practitioners	236	1,061	250	1,547	8	1,555	599	1,928	390	2,916	4,472
Community health and other ^(f)	1	1,121	—	1,122	5,703	6,825	1	115	149	265	7,090
Public health	—	1,503	—	1,503	663	2,166	—	20	47	66	2,232
Medications	467	8,492	21	8,980	—	8,980	50	9,733	78	9,860	18,839
Benefit-paid pharmaceuticals	467	7,963	—	8,430	—	8,430	—	1,665	—	1,665	10,096
All other medications	—	528	21	549	—	549	50	8,067	78	8,195	8,744
Aids and appliances	2	425	204	631	—	631	488	2,503	65	3,056	3,687
Administration	43	485	460	988	300	1,288	1,100	—	2	1,102	2,390
Research	2	3,854	—	3,855	798	4,653	—	5	281	286	4,939
Total recurrent funding	3,619	50,357	4,671	58,647	33,179	91,826	11,165	24,795	4,599	40,560	132,386
Capital expenditure	—	336	—	336	5,111	5,447	—	—	2,408	2,408	7,855
Total health funding^(g)	3,619	50,694	4,671	58,983	38,290	97,274	11,165	24,795	7,007	42,968	140,241
Medical expenses tax rebate	—	541	—	541	—	541	—	-541	—	-541	—
Total health funding	3,619	51,235	4,671	59,524	38,290	97,815	11,165	24,254	7,007	42,426	140,241

Notes: See page 79.

Table A7: Annual growth in health expenditure, current prices, by area of expenditure, 2001–02 to 2011–12 (per cent)

Area of expenditure	2001–02 to 2002–03	2002–03 to 2003–04	2003–04 to 2004–05	2004–05 to 2005–06	2005–06 to 2006–07	2006–07 to 2007–08	2007–08 to 2008–09	2008–09 to 2009–10	2009–10 to 2010–11	2010–11 to 2011–12	Average annual growth	
											2001–02 to 2011–12	2006–07 to 2011–12
Total hospitals	10.0	..	8.8	8.5	9.5	9.6	10.7	8.5	7.5	7.5	..	8.8
Public hospitals ⁽ⁱ⁾ /public hospital services ^(e)	10.2	..	9.5	9.3	10.2	10.0	8.6	8.3	7.6	7.8	..	8.5
Private hospitals	9.4	8.2	6.2	5.6	7.0	8.2	..	9.3	7.1	6.6	..	..
Patient transport services	15.3	..	9.0	4.3	16.7	12.0	19.3	8.3	7.6	7.4	..	10.8
Medical services	7.2	7.5	13.5	5.8	8.2	9.4	8.1	7.2	6.0	6.1	7.9	7.3
Dental services	7.3	..	9.2	5.6	7.0	6.2	11.2	13.2	2.2	6.1	..	7.7
State/territory provider	..	..	11.6	3.8	2.8	9.3	13.3	–1.5	11.0	2.6	..	6.8
Private provider	4.2	..	8.9	5.8	7.4	5.9	11.0	14.9	1.4	6.5	..	7.8
Other health practitioners	12.4	..	5.6	8.5	7.7	3.1	1.6	9.2	9.6	9.0	..	6.4
Community health and other ^(f)	13.7	..	9.3	9.2	12.7	14.5	5.1	7.2	7.6	12.6	..	9.3
Public health	12.6	..	14.1	1.6	16.4	25.0	–1.1	–10.4	–2.9	14.6	..	4.3
Medications	4.3	9.8	8.5	3.0	9.2	8.8	10.8	7.2	13.0	2.2	7.7	8.4
Benefit-paid pharmaceuticals	10.9	9.5	5.8	2.9	3.0	8.1	10.0	7.5	2.0	3.3	6.2	6.1
All other medications	–6.1	10.5	13.7	3.2	19.9	9.9	12.1	6.8	28.8	1.1	9.6	11.4
Aids and appliances	9.2	..	12.6	7.0	8.0	2.9	4.9	7.1	3.7	1.5	..	4.0
Administration	13.9	9.6	8.3	0.2	–0.8	10.3	15.2	–4.9	–28.4	16.5	3.1	0.2
Research	8.7	11.7	11.8	18.1	13.8	16.3	34.6	15.0	2.4	14.0	14.4	16.0
Total recurrent expenditure	8.9	7.8	9.8	6.7	9.2	9.6	10.1	7.7	6.4	7.0	8.3	8.2
Capital expenditure	11.2	–9.2	18.6	11.0	15.5	1.0	2.8	–11.4	30.9	18.8	8.2	7.4
Total health expenditure ^(g)	9.0	6.8	10.3	6.9	9.5	9.1	9.8	6.8	7.4	7.6	8.3	8.1

Notes: See page 79.

Table A8: Annual growth in health expenditure, constant prices^(h), by area of expenditure, 2001–02 to 2011–12 (per cent)

Area of expenditure	2001–02 to 2002–03	2002–03 to 2003–04	2003–04 to 2004–05	2004–05 to 2005–06	2005–06 to 2006–07	2006–07 to 2007–08	2007–08 to 2008–09	2008–09 to 2009–10	2009–10 to 2010–11	2010–11 to 2011–12	Average annual growth	
											2001–02 to 2011–12	2006–07 to 2011–12
Total hospitals	7.2	..	6.0	3.7	5.4	6.5	7.4	4.6	6.0	5.1	..	5.9
Public hospitals ⁽ⁱ⁾ /public hospital services ^(e)	7.3	..	6.8	4.3	6.0	6.9	5.5	4.4	6.1	5.3	..	5.6
Private hospitals	6.6	4.6	3.5	1.2	2.9	5.0	..	5.3	5.6	4.1	..	..
Patient transport services	12.1	..	6.2	–0.2	12.3	8.8	15.8	4.3	6.1	4.9	..	7.9
Medical services	1.7	2.1	5.2	0.2	4.9	8.3	4.5	4.7	4.6	4.3	4.0	5.3
Dental services	2.9	..	4.9	0.0	2.8	2.6	8.9	10.3	1.3	5.8	..	5.7
State/territory provider	..	..	7.3	–1.6	–1.1	5.6	15.3	–5.1	9.5	0.1	..	4.8
Private provider	–0.1	..	4.6	0.2	3.3	2.3	8.3	12.0	0.5	6.4	..	5.8
Other health practitioners	6.0	Break in series	2.6	3.5	5.6	3.2	–2.5	6.4	6.1	3.5	..	3.3
Community health and other ^(f)	10.0	..	5.5	3.5	8.0	10.6	–1.2	3.4	5.8	9.8	..	5.6
Public health	9.6	..	11.2	–2.8	11.9	21.3	–4.2	–13.6	–4.2	11.9	..	1.5
Medications	4.1	10.3	8.1	2.5	8.0	8.4	11.1	6.9	13.4	2.2	7.4	8.3
Benefit-paid pharmaceuticals	10.9	9.4	5.7	2.7	2.8	7.8	9.4	7.3	1.7	3.3	6.0	5.9
All other medications	–6.5	11.9	12.5	2.0	17.0	9.2	13.6	6.3	30.5	0.9	9.3	11.7
Aids and appliances	6.6	..	9.8	4.2	5.7	0.1	6.9	12.5	10.4	3.0	..	6.5
Administration	10.2	4.9	4.5	–4.1	–5.1	6.2	10.4	–8.6	–30.6	13.2	–0.8	–3.4
Research	5.3	7.4	7.8	13.0	9.1	12.1	29.2	10.8	–0.9	10.9	10.2	12.0
Total recurrent expenditure	5.7	4.0	6.1	2.4	5.6	7.2	7.2	4.9	5.2	5.1	5.3	5.9
Capital expenditure	8.4	–9.2	15.3	8.8	11.7	–1.1	–0.1	–10.2	30.7	18.3	6.6	6.5
Total health expenditure^(g)	5.8	3.3	6.5	2.7	5.9	6.8	6.8	4.2	6.2	5.8	5.4	6.0

Notes: See page 79.

Table A9: Proportions of recurrent health expenditure, current prices, by area of expenditure, 2001-02 to 2011-12 (per cent)

Area of expenditure	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Total hospitals	38.5	38.9	38.9	38.5	39.2	39.3	39.3	39.5	39.8	40.2	40.4
Public hospitals ⁽ⁱ⁾ /public hospital services ^(e)	30.1	30.4	30.4	30.3	31.0	31.3	31.4	31.0	31.2	31.5	31.8
Private hospitals	8.5	8.5	8.5	8.2	8.2	8.0	7.9	8.5	8.6	8.7	8.7
Patient transport services	1.7	1.8	1.9	1.9	1.9	2.0	2.0	2.2	2.2	2.3	2.3
Medical services	18.8	18.5	18.5	19.1	18.9	18.7	18.7	18.4	18.3	18.2	18.1
Dental services	6.8	6.7	6.7	6.6	6.6	6.4	6.2	6.3	6.6	6.4	6.3
State/territory provider	. .	0.2	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6
Private provider	6.8	6.5	6.0	6.0	5.9	5.8	5.6	5.7	6.0	5.8	5.7
Other health practitioners	3.7	3.8	3.8	3.6	3.7	3.7	3.4	3.2	3.2	3.3	3.4
Community health and other ^(f)	5.1	5.3	4.8	4.8	4.9	5.1	5.3	5.1	5.0	5.1	5.4
Public health	1.9	2.0	1.9	2.0	1.9	2.0	2.3	2.1	1.7	1.6	1.7
Medications	15.1	14.5	14.8	14.6	14.1	14.1	14.0	14.1	14	14.9	14.2
Benefit-paid pharmaceuticals	9.3	9.4	9.6	9.2	8.9	8.4	8.3	8.3	8.2	7.9	7.6
All other medications	5.9	5.1	5.2	5.4	5.2	5.7	5.7	5.8	5.8	7.0	6.6
Aids and appliances	3.2	3.2	3.3	3.4	3.4	3.4	3.2	3.0	3.0	2.9	2.8
Administration	3.0	3.1	3.1	3.1	2.9	2.6	2.7	2.8	2.5	1.7	1.8
Research	2.2	2.2	2.2	2.3	2.5	2.6	2.8	3.4	3.6	3.5	3.7
Total recurrent expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: See page 79.

Table A10: Recurrent funding of public hospitals^{(e)(i)}, constant prices^(h), by source of funds and annual growth rates, 2001–02 to 2011–12 (per cent)

Year	Government						Non-government			Total		
	Australian Government			State/territory			Amount (\$m)	Growth (%)	Share (%)	Amount (\$m)	Growth (%)	Share (%)
	Amount (\$m)	Growth (%)	Share (%)	Amount (\$m)	Growth (%)	Share (%)						
2001–02	10,862	..	44.9	11,407	..	47.2	1,900	..	7.9	24,169	..	100.0
2002–03	11,513	6.0	44.4	12,621	10.6	48.7	1,804	-5.1	7.0	25,938	7.3	100.0
<i>Break in series</i>												
2003–04	11,567	..	42.8	13,832	..	51.1	1,651	..	6.1	27,049	..	100.0
2004–05	12,104	4.6	41.9	14,791	6.9	51.2	1,985	20.3	6.9	28,880	6.8	100.0
2005–06	12,005	-0.8	39.8	16,047	8.5	53.3	2,083	4.9	6.9	30,134	4.3	100.0
2006–07	12,285	2.3	38.4	17,397	8.4	54.4	2,270	9.0	7.1	31,952	6.0	100.0
2007–08	13,389	9.0	39.2	18,299	5.2	53.6	2,453	8.1	7.2	34,141	6.9	100.0
2008–09 ^(j)	15,148	13.1	42.0	18,003	-1.6	50.0	2,872	17.1	8.0	36,023	5.5	100.0
2009–10	14,404	-4.9	38.3	20,263	12.6	53.9	2,937	2.3	7.8	37,604	4.4	100.0
2010–11	15,811	9.8	39.6	20,748	2.4	52.0	3,350	14.1	8.4	39,910	6.1	100.0
2011–12	16,072	1.6	38.2	22,411	8.0	53.3	3,552	6.0	8.4	42,034	5.3	100.0
Average annual growth rate (%)												
2001–02 to 2006–07	..	2.5	..	..	8.8	..	..	3.6	..	..	5.7	..
2006–07 to 2011–12	..	5.5	..	..	5.2	..	..	9.4	..	..	5.6	..
2001–02 to 2011–12	..	4.0	..	..	7.0	..	..	6.5	..	..	5.7	..

Notes: See page 79.

Notes to Appendix A tables

- (a) Tables show funding provided by the Australian Government, and state and territory government authorities and by the major non-government sources of funding for health care. They do not show total expenditure on health goods and services by the different service provider sectors.
- (b) 'DoHA and other' comprises DoHA funded-expenditure such as on MBS and PBS, and other Australian Government expenditure such as for the SPP associated with the National Healthcare Agreement and health-related NP payments, capital consumption, estimates of the medical expenses tax offset, and health research not funded by DoHA.
- (c) Includes the 30–40% rebate on health insurance premiums that can be claimed either directly from the Australian Government through the taxation system or it may involve a reduced premium being charged by the private health insurance fund.
- (d) Expenditure on health goods and services by workers compensation and compulsory third-party motor vehicle insurers, as well as other sources of income (for example, rent, interest earned) for service providers.
- (e) Public hospital services (2003–04 onwards) exclude certain services undertaken in hospitals. Can include services provided off-site, such as hospital in the home, dialysis or other services.
- (f) 'Other' denotes 'other recurrent health services n.e.c.'.
- (g) Total health funding has not been adjusted to include the medical expenses tax rebate as funding by the Australian Government.
- (h) Constant price health expenditure for 2001–02 to 2011–12 is expressed in terms of 2011–12 prices.
- (i) Public hospitals (2001–02 to 2002–03) includes any dental services, community health services, patient transport services, public health and health research undertaken by the hospital. Includes services provided off-site, such as hospital in the home, dialysis or other services.
- (j) In 2008–09, Australian Government funding through the *National Partnership agreement on health and hospital workforce* was offset against state and territory government funding. More information can be found in 'Chapter 5 Technical notes' under Australian Government.

Notes: Due to changes in methods, care must be taken comparing the growth between 2002–03 and 2003–04 (see 'Chapter 5 Technical notes' for further information).

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

Appendix B: State and territory health expenditure matrixes, 2009–10 to 2011–12

Table B1: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds ^(a), 2009–10 (\$ million)

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

Notes: See page 105.

Table B2: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

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

Notes: See page 105.

Table B3: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	643	4,832	843	6,319	6,838	13,156	2,016	588	926	3,530	16,686
Public hospital services ^(e)	407	4,753	166	5,326	6,838	12,164	396	242	685	1,324	13,487
Private hospitals	236	79	678	993	—	993	1,620	346	240	2,206	3,199
Patient transport services	78	4	47	130	513	643	112	78	36	226	868
Medical services	268	5,988	144	6,400	—	6,400	344	1,076	539	1,959	8,359
Dental services	32	462	166	660	190	850	397	1,305	7	1,708	2,558
State/territory provider	—	—	—	—	190	190	—	—	4	5	194
Private provider	32	462	166	660	—	660	397	1,305	2	1,703	2,363
Other health practitioners	69	355	83	506	—	506	198	393	119	710	1,217
Community health and other ^(f)	—	267	—	267	1,521	1,789	—	35	103	138	1,927
Public health	—	452	—	452	110	562	—	—	45	45	607
Medications	164	2,847	8	3,020	—	3,020	20	3,272	11	3,302	6,322
Benefit-paid pharmaceuticals	164	2,678	—	2,842	—	2,842	—	554	—	554	3,396
All other medications	—	169	8	178	—	178	20	2,718	11	2,749	2,926
Aids and appliances	1	140	70	211	—	211	168	479	5	652	863
Administration	—	158	142	300	9	309	340	—	2	342	651
Research	—	1,065	—	1,065	219	1,284	—	—	108	108	1,392
Total recurrent funding	1,256	16,570	1,504	19,330	9,400	28,730	3,594	7,227	1,900	12,720	41,450
Capital expenditure	—	105	—	105	765	870	—	—	989	989	1,858
Total health funding^(g)	1,256	16,675	1,504	19,435	10,165	29,600	3,594	7,227	2,888	13,709	43,308
Medical expenses tax rebate	—	206	—	206	—	206	—	-206	—	-206	—
Total health funding	1,256	16,881	1,504	19,642	10,165	29,806	3,594	7,020	2,888	13,502	43,308

Notes: See page 105.

Table B4: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds^(a), 2009–10 (\$ million)

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

Notes: See page 105.

Table B5: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	378	3,628	665	4,671	5,097	9,768	1,412	805	577	2,794	12,562
Public hospital services ^(e)	171	3,569	74	3,814	5,018	8,833	157	389	417	963	9,796
Private hospitals	207	59	591	857	79	935	1,255	415	160	1,831	2,766
Patient transport services	37	1	9	47	353	399	18	223	27	268	668
Medical services	184	4,057	136	4,376	—	4,376	288	638	162	1,089	5,465
Dental services	18	190	105	314	139	453	223	1,640	15	1,879	2,331
State/territory provider	..	..	..	..	139	139	..	3	13	16	155
Private provider	18	190	105	314	..	314	223	1,637	3	1,863	2,176
Other health practitioners	43	270	54	366	—	366	114	589	115	818	1,184
Community health and other ^(f)	—	138	—	138	535	673	—	4	31	35	708
Public health	—	258	—	258	180	438	—	—	—	—	438
Medications	100	2,046	3	2,149	—	2,149	7	2,484	27	2,518	4,666
Benefit-paid pharmaceuticals	100	1,928	—	2,028	—	2,028	—	391	—	391	2,419
All other medications	—	118	3	121	—	121	7	2,093	27	2,127	2,247
Aids and appliances	—	100	41	141	—	141	87	796	17	899	1,040
Administration	—	39	111	150	—	150	235	—	—	235	385
Research	—	1,119	—	1,119	193	1,312	—	—	99	99	1,411
Total recurrent funding	760	11,846	1,122	13,728	6,497	20,224	2,384	7,180	1,069	10,634	30,858
Capital expenditure	—	28	..	28	504	532	—	—	630	630	1,162
Total health funding^(g)	760	11,874	1,122	13,756	7,001	20,756	2,384	7,180	1,699	11,264	32,020
Medical expenses tax rebate	—	123	..	123	—	123	—	-123	—	-123	—
Total health funding	760	11,996	1,122	13,879	7,001	20,879	2,384	7,057	1,699	11,141	32,020

Notes: See page 105.

Table B6: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	361	3,834	666	4,862	5,157	10,018	1,593	763	738	3,093	13,112
Public hospital services ^(e)	163	3,780	80	4,023	5,074	9,097	190	388	499	1,078	10,175
Private hospitals	198	54	587	839	82	921	1,402	375	238	2,015	2,936
Patient transport services	33	1	9	42	405	446	20	196	30	246	692
Medical services	177	4,324	138	4,639	—	4,639	329	669	173	1,170	5,809
Dental services	17	219	106	342	153	495	254	1,768	14	2,035	2,530
State/territory provider	—	—	—	—	153	153	—	3	12	15	168
Private provider	17	219	106	342	—	342	254	1,765	2	2,021	2,362
Other health practitioners	44	291	56	390	—	390	134	790	118	1,042	1,432
Community health and other ^(f)	—	143	—	143	548	692	—	3	15	18	709
Public health	—	333	—	333	168	501	—	—	—	—	501
Medications	99	2,093	3	2,194	—	2,194	7	2,452	28	2,487	4,681
Benefit-paid pharmaceuticals	99	1,966	—	2,065	—	2,065	—	410	—	410	2,475
All other medications	—	126	3	129	—	129	7	2,042	28	2,077	2,207
Aids and appliances	—	106	42	148	—	148	100	798	18	916	1,064
Administration	—	110	114	224	—	224	273	—	—	273	497
Research	—	1,310	—	1,310	199	1,509	—	—	104	104	1,613
Total recurrent funding	730	12,764	1,133	14,627	6,629	21,256	2,709	7,438	1,237	11,384	32,640
Capital expenditure	—	73	—	73	626	699	—	—	695	695	1,393
Total health funding^(g)	730	12,837	1,133	14,699	7,255	21,955	2,709	7,438	1,932	12,079	34,033
Medical expenses tax rebate	—	141	—	141	—	141	—	-141	—	-141	—
Total health funding	730	12,977	1,133	14,840	7,255	22,096	2,709	7,297	1,932	11,938	34,033

Notes: See page 105.

Table B7: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds^(a), 2009–10 (\$ million)

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

Notes: See page 105.

Table B8: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

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

Notes: See page 105.

Table B9: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	420	3,000	551	3,972	4,237	8,209	1,318	758	415	2,491	10,700
Public hospital services ^(e)	110	2,938	38	3,086	4,209	7,295	91	440	256	787	8,082
Private hospitals	310	62	514	886	28	913	1,228	318	159	1,704	2,618
Patient transport services	23	15	—	38	667	705	—	—	5	5	711
Medical services	229	3,400	102	3,731	—	3,731	244	593	151	988	4,720
Dental services	29	175	108	311	188	500	257	539	4	801	1,300
State/territory provider	—	—	—	—	188	188	—	—	3	3	192
Private provider	29	175	108	311	—	311	257	539	1	798	1,109
Other health practitioners	65	202	48	315	—	315	115	493	55	663	978
Community health and other ^(f)	—	227	—	227	1,822	2,049	—	15	7	22	2,071
Public health	—	325	—	325	84	409	—	16	—	16	425
Medications	109	1,657	4	1,769	—	1,769	10	1,878	6	1,894	3,663
Benefit-paid pharmaceuticals	109	1,551	—	1,659	—	1,659	—	327	—	327	1,986
All other medications	—	106	4	110	—	110	10	1,551	6	1,567	1,677
Aids and appliances	—	84	41	126	—	126	99	486	12	597	722
Administration	—	117	96	213	186	399	228	—	—	228	627
Research	—	591	—	591	189	780	—	—	33	33	812
Total recurrent funding	875	9,792	950	11,618	7,374	18,991	2,272	4,778	688	7,738	26,729
Capital expenditure	—	62	—	62	1,853	1,915	—	—	375	375	2,290
Total health funding^(g)	875	9,854	950	11,679	9,227	20,906	2,272	4,778	1,063	8,113	29,019
Medical expenses tax rebate	—	99	—	99	—	99	—	-99	—	-99	—
Total health funding	875	9,953	950	11,779	9,227	21,006	2,272	4,679	1,063	8,014	29,019

Notes: See page 105.

Table B10: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds^(a), 2009–10 (\$ million)

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

Notes: See page 105.

Table B11: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

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

Notes: See page 105.

Table B12: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	149	1,494	285	1,928	3,003	4,932	680	98	64	843	5,775
Public hospital services ^(e)	64	1,461	22	1,546	2,629	4,175	52	—	59	110	4,286
Private hospitals	86	34	263	382	374	757	629	98	6	732	1,489
Patient transport services	7	16	8	31	167	199	20	—	10	30	229
Medical services	60	1,464	56	1,580	—	1,580	134	313	103	550	2,129
Dental services	10	14	78	101	73	175	187	739	5	931	1,106
State/territory provider	—	—	—	—	73	73	—	9	—	9	82
Private provider	10	14	78	101	—	101	187	731	5	923	1,024
Other health practitioners	19	91	29	139	—	139	69	86	33	187	326
Community health and other ^(f)	—	156	—	156	616	772	—	5	8	13	785
Public health	—	172	—	172	105	277	—	—	—	—	277
Medications	37	803	2	843	—	843	6	939	24	969	1,812
Benefit-paid pharmaceuticals	37	750	—	787	—	787	—	167	—	167	953
All other medications	—	54	2	56	—	56	6	772	24	803	859
Aids and appliances	—	42	23	66	—	66	55	498	9	562	628
Administration	—	46	53	99	105	204	126	—	—	126	330
Research	—	279	—	279	73	351	—	—	13	13	364
Total recurrent funding	283	4,577	534	5,394	4,142	9,536	1,276	2,678	270	4,225	13,760
Capital expenditure	—	31	—	31	1,160	1,191	—	—	177	177	1,368
Total health funding^(g)	283	4,608	534	5,425	5,302	10,727	1,276	2,678	447	4,402	15,128
Medical expenses tax rebate	—	25	—	25	—	25	—	-25	—	-25	—
Total health funding	283	4,632	534	5,449	5,302	10,751	1,276	2,654	447	4,377	15,128

Notes: See page 105.

Table B13: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds^(a), 2009–10 (\$ million)

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

Notes: See page 105.

Table B14: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

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

Notes: See page 105.

Table B15: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	114	1,191	180	1,486	2,069	3,554	431	137	122	690	4,245
Public hospital services ^(e)	67	1,180	19	1,267	2,065	3,332	46	37	97	180	3,511
Private hospitals	47	11	161	219	4	223	385	100	25	511	733
Patient transport services	7	7	6	19	187	206	14	75	8	96	303
Medical services	53	1,305	45	1,403	—	1,403	106	146	120	372	1,775
Dental services	8	73	47	129	66	195	113	140	2	256	451
State/territory provider	—	—	—	—	67	67	—	6	1	7	74
Private provider	8	73	47	129	—	128	113	134	1	248	377
Other health practitioners	15	78	26	118	—	118	61	51	36	148	266
Community health and other ^(f)	—	94	—	94	640	734	—	57	14	71	805
Public health	—	116	—	116	73	189	—	4	2	6	195
Medications	36	697	2	735	—	735	4	749	6	760	1,495
Benefit-paid pharmaceuticals	36	655	—	691	—	691	—	131	—	131	822
All other medications	—	42	2	44	—	44	4	618	6	628	672
Aids and appliances	—	33	18	51	—	51	43	152	15	209	260
Administration	—	32	36	68	—	68	86	—	—	86	154
Research	—	304	—	304	33	337	—	5	14	19	356
Total recurrent funding	234	3,931	359	4,523	3,068	7,591	859	1,515	339	2,713	10,304
Capital expenditure	—	28	—	28	311	339	—	—	54	54	393
Total health funding^(g)	234	3,959	359	4,551	3,379	7,930	859	1,515	394	2,767	10,698
Medical expenses tax rebate	—	45	—	45	—	45	—	–45	—	–45	—
Total health funding	234	4,004	359	4,596	3,379	7,975	859	1,470	394	2,722	10,698

Notes: See page 105.

Table B16: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds^(a), 2009–10 (\$ million)

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

Notes: See page 105.

Table B17: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

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

Notes: See page 105.

Table B18: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	33	346	61	441	508	949	147	52	41	240	1,188
Public hospital services ^(e)	16	342	8	366	508	873	18	1	22	41	915
Private hospitals	18	4	54	75	—	75	129	51	19	198	274
Patient transport services	3	2	—	5	69	74	—	2	5	7	81
Medical services	21	412	11	444	—	444	27	55	18	101	544
Dental services	2	6	10	18	25	43	24	77	1	102	144
State/territory provider	—	—	—	—	25	25	—	2	1	3	28
Private provider	2	6	10	18	—	18	24	74	—	99	116
Other health practitioners	6	23	5	34	—	34	11	42	11	64	98
Community health and other ^(f)	—	22	—	22	117	139	—	—	2	2	141
Public health	—	43	—	43	16	59	—	—	—	—	59
Medications	14	231	1	246	—	246	2	295	1	297	543
Benefit-paid pharmaceuticals	14	217	—	231	—	231	—	43	—	43	274
All other medications	—	14	1	14	—	14	2	251	1	254	268
Aids and appliances	—	10	5	15	—	15	12	52	4	68	84
Administration	—	10	11	21	—	21	27	—	—	27	48
Research	—	42	—	42	8	49	—	—	2	2	52
Total recurrent funding	79	1,147	104	1,331	742	2,072	249	576	84	909	2,981
Capital expenditure	—	12	—	12	103	115	—	—	79	79	193
Total health funding^(g)	79	1,159	104	1,342	845	2,187	249	576	163	988	3,175
Medical expenses tax rebate	—	6	—	6	—	6	—	–6	—	–6	—
Total health funding	79	1,165	104	1,349	845	2,193	249	569	163	981	3,175

Notes: See page 105.

Table B19: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds^(a), 2009–10 (\$ million)

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

Notes: See page 105.

Table B20: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

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

Notes: See page 105.

Table B21: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	51	231	32	315	640	954	77	21	18	116	1,070
Public hospital services ^(e)	23	229	4	256	635	891	11	3	9	23	914
Private hospitals	28	2	28	58	5	63	66	18	9	93	156
Patient transport services	—	—	5	5	17	23	13	—	1	14	37
Medical services	27	246	5	278	—	278	12	84	9	105	383
Dental services	6	6	9	21	11	32	22	103	—	125	157
State/territory provider	—	—	—	—	11	11	—	—	—	—	11
Private provider	6	6	9	21	—	21	22	103	—	125	146
Other health practitioners	19	15	4	37	2	39	9	48	10	66	105
Community health and other ^(f)	—	14	—	14	156	169	—	—	—	—	170
Public health	—	26	—	26	28	54	—	—	—	—	54
Medications	8	102	—	110	—	110	1	106	1	109	219
Benefit-paid pharmaceuticals	8	95	—	103	—	103	—	26	—	26	129
All other medications	—	7	—	8	—	8	1	81	1	83	90
Aids and appliances	—	6	3	10	—	10	8	22	1	31	40
Administration	43	7	6	56	1	56	15	—	—	15	71
Research	2	182	—	183	44	227	—	—	7	7	234
Total recurrent funding	155	835	65	1,055	897	1,953	156	383	48	587	2,540
Capital expenditure	—	10	—	10	174	184	—	—	18	18	202
Total health funding^(g)	155	845	65	1,065	1,071	2,137	156	383	66	605	2,742
Medical expenses tax rebate	—	2	—	2	—	2	—	–2	—	–2	—
Total health funding	155	847	65	1,067	1,071	2,139	156	380	66	603	2,742

Notes: See page 105.

Table B22: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds^(a), 2009–10 (\$ million)

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

Notes: See page 105.

Table B23: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds^(a), 2010–11 (\$ million)

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

Notes: See page 105.

Table B24: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds^(a), 2011–12 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government						Health insurance funds	Individuals	Other ^(d)	Total	
	DVA	DoHA and other ^(b)	Premium rebates ^(c)	Total	State and local	Total					
Total hospitals	3	200	11	214	454	669	25	33	8	66	734
Public hospital services ^(e)	2	200	1	202	453	655	1	6	2	9	664
Private hospitals	2	—	10	12	1	13	24	27	6	57	70
Patient transport services	—	11	—	11	58	69	—	—	1	1	70
Medical services	1	140	2	142	—	142	5	19	14	37	180
Dental services	—	2	3	5	12	17	7	65	—	73	89
State/territory provider	—	—	—	—	12	12	—	—	—	—	12
Private provider	—	2	3	5	—	6	7	65	—	73	78
Other health practitioners	1	6	1	8	6	14	3	25	7	36	50
Community health and other ^(f)	—	199	—	199	282	480	—	—	1	1	482
Public health	—	35	—	35	80	116	—	—	—	—	116
Medications	1	61	—	62	—	62	—	41	—	42	104
Benefit-paid pharmaceuticals	1	51	—	52	—	52	—	8	—	8	60
All other medications	—	10	—	10	—	10	—	34	—	34	44
Aids and appliances	—	3	2	5	—	5	4	16	1	21	26
Administration	—	5	2	7	—	7	5	—	—	5	12
Research	—	81	—	81	35	116	—	—	1	1	117
Total recurrent funding	6	743	21	770	927	1,697	51	200	33	284	1,981
Capital expenditure	—	17	—	17	119	136	—	—	22	22	157
Total health funding^(g)	6	759	21	786	1,046	1,833	51	200	55	306	2,138
Medical expenses tax rebate	—	16	—	16	—	16	—	–16	—	–16	—
Total health funding	6	775	21	802	1,046	1,849	51	184	55	289	2,138

Notes: See page 105.

Notes to Appendix B tables

- (a) Tables show funding provided by the Australian Government, state and territory governments and by the major non-government sources of funding for health goods and services. They do not show total expenditure on health services by the different service provider sectors.
- (b) 'DoHA and other' comprises DoHA funded-expenditure such as on MBS and PBS, and other Australian Government expenditure such as for the SPP associated with the National Healthcare Agreement and health-related NP payments, capital consumption, estimates of the medical expenses tax offset, and health research not funded by DoHA.
- (c) Includes the 30–40% rebate on health insurance premiums that can be claimed either directly from the Australian Government through the taxation system or it may involve a reduced premium being charged by the private health insurance fund.
- (d) 'Other' includes expenditure on health goods and services by workers compensation and compulsory motor vehicle third-party insurers, as well as other sources of income (for example, interest earned) of service providers.
- (e) Public hospital services exclude certain services undertaken in hospitals. Can include services provided off-site, such as hospital in the home, dialysis or other services.
- (f) 'Other' denotes 'other recurrent health services n.e.c.'
- (g) Total health funding has not been adjusted to include the medical expenses tax rebate as funding by the Australian Government.

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

Appendix C: Price indexes and deflation

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

Constant price expenditure aims to remove the effects of inflation. So changes in constant price expenditures attempt to reflect changes in just the amount (volume) of goods and services in the economy. The transformation of a current price expenditure number into its constant price counterpart is called 'deflation' and the price indexes used in this transformation are called 'deflators'.

Price indexes

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

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

Different indexes are appropriate for different analytical purposes. For this report, the AIHW prefers indexes whose scope matches the particular health services being analysed rather than broadbrush indexes that cover all health services. Chain indexes, which give better measures of pure price change, are preferred to IPDs. But the suite of available indexes is not always ideal, and in some cases it has been necessary to resort to proxies for the preferred indexes. Note that neither the consumer price index (CPI) nor its health services subgroup is appropriate for measuring movements in overall prices of health goods and services, nor for deflating macro expenditure aggregates. This is because the CPI measures movements in the prices faced by households only. The overall CPI and its components do not, for example, include government subsidies, benefit payments and non-marketed services that governments provide.

The deflators that the AIHW uses in this report are either annually re-weighted Laspeyres (base-period-weighted) chain price indexes or IPDs. The chain price indexes are calculated at a detailed level, and they provide a close approximation to measures of pure price change while IPDs are affected by compositional changes. The IPDs for GDP and GNE are broad measures of price change in the national accounts; they provide an indication of the overall changes in the prices of goods and services produced in Australia. The reference year for both the chain price indexes and the IPDs in this report is 2011–12. Constant price estimates therefore indicate what expenditure would have been had 2011–12 prices applied in all years. The change in constant price expenditures is a measure of changes in the volume of health goods and services.

Nine deflators are used in this report (Table C1). Most deflators are very specific to the type of expenditure they are applied to. For example, all hospitals use the government final consumption expenditure (GFCE) hospitals and nursing homes deflator.

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

Area of expenditure	Deflator applied
Public hospitals ^(a) /Public hospital services ^(a)	GFCE hospitals and nursing homes
Private hospitals	GFCE hospitals and nursing homes
Patient transport services	GFCE hospitals and nursing homes
Medical services	Medicare medical services fees charged
Dental services	Dental services ^(b)
Other health practitioners	Other health practitioners ^(b)
Community health and other	Professional health workers wage rate index ^(b)
Public health	GFCE hospitals and nursing homes
Benefit-paid pharmaceuticals	PBS pharmaceuticals
All other medications	HFCE on chemist goods
Aids and appliances	Aids and appliances ^(b)
Administration	Professional health workers wage rate index
Research	Professional health workers wage rate index
Capital expenditure	Gross fixed capital formation
Capital consumption	Gross fixed capital formation
Medical expenses tax rebate	Professional health workers wage rate index

(a) See 'Chapter 5 Technical notes' for details on the distinction between public hospitals and public hospital services.

(b) These deflators were first used in *Health expenditure Australia 2005–06* (AIHW 2007a) and replaced those used in previous editions.

The following deflators are sourced from the ABS: GFCE hospitals and nursing homes, professional health workers wage rate index, HFCE on chemist goods, gross fixed capital formation and GDP. The ABS deflators use 2010–11 as their base year but for this report the AIHW has re-referenced them to 2011–12. The AIHW has derived the chain price index for Medicare medical services fees charged and the IPD for PBS pharmaceuticals from Medicare Australia and Pharmaceutical Pricing Authority data respectively. The IPDs for dental services, other health practitioners and aids and appliances have been derived by the AIHW from ABS and PHIAC data. The total health price index (THPI) is discussed in detail below.

Total health price index

The THPI is the AIHW's index of annual ratios of estimated total national health expenditure at current prices, to estimated total national health expenditure at constant prices. All prices in the THPI for this report are referenced to 2011–12 (that is, the deflators used are given a value of 100 in 2011–12). Thus, because in most years there is positive health inflation, prices in all years prior to the reference year would be expected to be lower than those applying in the reference year. Therefore, all years before the reference year would usually have an index number of less than 100, except for those years where there was negative health inflation, for example where prices in some areas of health expenditure were lower than the previous year (see Tables C2 and C3).

The AIHW's method for deriving constant price estimates also allows it to produce THPIs for each state and territory. As the national THPI is a measure of the change in average health prices from year to year. At the national level it can be used as a broad deflator for the health sector. It is not the deflator that is used to convert current price expenditures to constant price estimates in the AIHW's national health accounts. This is done at the individual expenditure component level.

The national THPI provides the most useful available measure of overall health inflation in Australia. As such, it has been integrated into the indexation formula for payments in support of the National Healthcare Agreement under the Intergovernmental Agreement on Federal Financial Relations.

Table C2 shows the THPI and other industry-wide indexes used in this report, referenced to 2011–12, while Table C3 shows the corresponding annual growth rates for each of these indexes over the past decade.

Table C2: Total health price index and industry-wide indexes (reference year 2011-12 = 100)

Index	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Total health price index ^(a)	76.1	78.4	81.1	84.0	87.5	90.4	92.4	94.9	97.3	98.3	100.0
Government final consumption expenditure on hospitals and nursing homes	73.5	75.5	78.2	80.3	84.0	87.3	89.9	92.9	96.4	97.7	100.0
Medicare medical services fees charged ^(b)	69.6	73.3	77.2	83.2	87.9	90.6	93.1	94.5	96.8	98.4	100.0
Dental services ^(a)	71.9	75.0	79.8	83.0	87.6	91.2	94.3	96.7	99.1	100.0	100.0
Other health practitioners ^(a)	72.1	76.4	78.2	80.5	84.3	86.0	85.9	89.5	91.9	94.8	100.0
Professional health workers wage rates	68.3	70.7	74.0	76.7	80.2	83.8	86.9	90.2	93.8	97.2	100.0
PBS pharmaceuticals ^(a)	98.2	98.3	98.4	98.5	98.6	98.8	99.0	99.5	99.7	100.0	100.0
HFCE on chemist goods	97.7	98.2	96.8	97.8	99.1	101.5	102.0	100.6	101.0	99.9	100.0
Aids and appliances ^(a)	95.3	97.6	104.4	107.1	110.0	112.3	115.5	113.5	108.0	101.9	100.0
Australian Government gross fixed capital formation	97.4	95.6	94.0	95.7	96.5	98.1	98.0	100.2	99.5	99.9	100.0
State, territory and local government gross fixed capital formation	84.9	85.6	86.3	88.6	91.3	94.4	96.6	100.5	98.4	98.9	100.0
Private gross fixed capital formation	86.8	87.6	89.2	91.9	93.9	96.5	98.5	100.9	100.2	100.5	100.0
Gross domestic product	69.2	71.2	73.4	76.2	79.9	83.8	87.6	92.0	92.8	98.4	100.0

(a) IPD, constructed by the AIHW.

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

Table C3: Growth rates for the total health price index and industry-wide indexes, 2001-02 to 2011-12 (per cent)

Index	2001-02 to 2002-03	2002-03 to 2003-04	2003-04 to 2004-05	2004-05 to 2005-06	2005-06 to 2006-07	2006-07 to 2007-08	2007-08 to 2008-09	2008-09 to 2009-10	2009-10 to 2010-11	2010-11 to 2011-12
Total health price index ^(a)	3.0	3.4	3.5	4.2	3.4	2.2	2.7	2.5	1.1	1.7
Government final consumption expenditure on hospitals and nursing homes	2.7	3.6	2.6	4.6	4.0	3.0	3.3	3.8	1.3	2.4
Medicare medical services fees charged ^(b)	5.4	5.3	7.8	5.6	3.1	2.7	1.5	2.4	1.6	1.7
Dental services ^(a)	4.3	6.4	4.1	5.6	4.0	3.5	2.5	2.5	0.9	—
Other health practitioners ^(a)	6.0	2.4	2.9	4.8	2.0	-0.1	4.2	2.6	3.2	5.5
Professional health workers wage rates	3.4	4.7	3.7	4.6	4.5	3.7	3.8	4.0	3.6	2.9
PBS pharmaceuticals ^(a)	0.1	0.1	0.1	0.2	0.2	0.2	0.5	0.2	0.3	—
HFCE on chemist goods	0.5	-1.4	1.0	1.3	2.4	0.5	-1.4	0.4	-1.1	0.1
Aids and appliances ^(a)	2.4	6.9	2.6	2.7	2.2	2.8	-1.7	-4.8	-5.6	-1.9
Australian Government gross fixed capital formation	-1.9	-1.7	1.8	0.8	1.7	-0.1	2.2	-0.7	0.4	0.1
State, territory and local government gross fixed capital formation	0.8	0.8	2.8	3.0	3.4	2.4	4.0	-2.1	0.5	1.1
Private gross fixed capital formation	0.9	1.7	3.0	2.2	2.8	2.1	2.5	-0.7	0.3	-0.5
Gross domestic product	2.9	3.1	3.8	4.8	4.9	4.6	5.0	0.9	6.1	1.6

(a) IPD, constructed by the AIHW.

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

Appendix D: Population

In previous reports, the per person estimates of expenditure were calculated using estimates of annual mean resident population, which were based on quarterly estimated resident population data from the ABS (ABS 2012c).

As of the 2011–12 report, the per person estimates of expenditure are calculated using the estimated resident population (ERP) as at 31 December (ABS 2012c). As a result of this change, per person estimates contained in this report are not comparable to those published in previous reports.

Table D1 shows the Australian estimated resident population and state and territory estimated resident populations, while Table D2 shows annual population growth. Table D3 shows the number of insured persons with hospital treatment cover between 2001–02 and 2011–12.

Table D1: Estimated resident population, by state and territory, 2001–02 to 2011–12 ('000)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2001–02	6,558	4,790	3,611	1,918	1,508	474	323	202	19,386
2002–03	6,599	4,845	3,701	1,939	1,516	476	326	202	19,605
2003–04	6,635	4,900	3,789	1,966	1,525	481	328	202	19,827
2004–05	6,669	4,957	3,872	1,994	1,533	485	329	204	20,046
2005–06	6,718	5,023	3,964	2,030	1,545	488	334	207	20,312
2006–07	6,786	5,104	4,056	2,077	1,561	492	338	211	20,628
2007–08	6,884	5,200	4,160	2,135	1,578	496	344	217	21,016
2008–09	7,002	5,313	4,276	2,209	1,598	502	351	223	21,476
2009–10	7,102	5,419	4,367	2,264	1,619	506	358	228	21,866
2010–11	7,180	5,496	4,437	2,319	1,632	510	365	230	22,172
2011–12	7,258	5,580	4,518	2,390	1,647	512	371	233	22,512

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

Source: ABS 2012c.

Table D2: Annual population growth, by state and territory, 2001–02 to 2011–12 (per cent)

Period	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2001–02 to 2002–03	0.6	1.1	2.5	1.1	0.5	0.4	1.0	-0.1	1.1
2002–03 to 2003–04	0.5	1.1	2.4	1.4	0.6	1.1	0.5	0.1	1.1
2003–04 to 2004–05	0.5	1.2	2.2	1.4	0.5	0.7	0.6	1.1	1.1
2004–05 to 2005–06	0.7	1.3	2.4	1.8	0.8	0.7	1.2	1.7	1.3
2005–06 to 2006–07	1.0	1.6	2.3	2.3	1.1	0.7	1.5	1.8	1.6
2006–07 to 2007–08	1.4	1.9	2.6	2.8	1.1	0.9	1.7	2.6	1.9
2007–08 to 2008–09	1.7	2.2	2.8	3.5	1.2	1.2	2.0	2.7	2.2
2008–09 to 2009–10	1.4	2.0	2.1	2.5	1.3	0.9	1.9	2.4	1.8
2009–10 to 2010–11	1.1	1.4	1.6	2.4	0.9	0.7	1.9	1.1	1.4
2010–11 to 2011–12	1.1	1.5	1.8	3.0	0.9	0.4	1.7	1.0	1.5
Average annual growth rate (%)									
2001–02 to 2006–07	0.7	1.3	2.3	1.6	0.7	0.7	0.9	0.9	1.2
2006–07 to 2011–12	1.4	1.8	2.2	2.8	1.1	0.8	1.9	2.0	1.8
2001–02 to 2011–12	1.0	1.5	2.3	2.2	0.9	0.8	1.4	1.4	1.5

Source: ABS 2012c.

Table D3: Number of insured persons with hospital treatment coverage, 2001–02 to 2011–12

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2001–02	2,969,817	2,152,371	1,551,111	913,562	691,659	210,382	179,512	66,913	8,735,327
2002–03	2,964,480	2,129,396	1,552,171	906,975	685,336	208,070	179,189	64,740	8,690,357
2003–04	2,954,879	2,112,666	1,557,221	907,028	677,275	204,592	178,609	63,519	8,655,789
2004–05	2,962,743	2,112,766	1,576,205	920,629	674,882	205,013	179,084	63,337	8,694,659
2005–06	2,988,945	2,128,507	1,614,167	949,550	679,193	204,546	180,668	63,821	8,809,397
2006–07	3,041,952	2,180,529	1,675,599	991,121	689,397	206,560	183,872	66,127	9,035,157
2007–08	3,141,984	2,267,809	1,774,475	1,055,205	708,720	212,894	189,918	72,645	9,423,650
2008–09	3,193,606	2,317,560	1,848,647	1,110,380	721,201	215,998	193,039	76,215	9,676,646
2009–10	3,254,655	2,367,368	1,896,070	1,149,675	731,367	218,535	196,229	79,581	9,893,480
2010–11	3,338,166	2,429,268	1,955,553	1,206,991	742,557	221,545	203,170	83,246	10,180,496
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

Sources: PHIAC 2007, 2008, 2009, 2010, 2011, 2012.

Glossary

Accrual accounting	The method of accounting now most commonly used by governments in Australia. Relates expenses, revenues and accruals to the period in which they are incurred (see also Cash accounting).
Admitted patient	A patient who undergoes a hospital's formal admission process to receive treatment and/or care. This treatment and/or care is provided over a period of time and can occur in hospital and/or in the person's home (for hospital-in-the-home patients).
Aids and appliances	<p>Durable medical goods dispensed to ambulatory patients that are used more than once, for therapeutic purposes, such as glasses, hearing aids, wheelchairs and orthopaedic appliances and prosthetics that are not implanted surgically but are external to the user of the appliance.</p> <p>Excludes prostheses fitted as part of admitted patient care in a hospital.</p>
Australian Government administered expenses	Expenses incurred by the Australian Government Department of Health and Ageing (DoHA) in administering resources on behalf of the government to contribute to the specified outcome. For example, most grants in which the grantee has some control over how, when and to whom funds can be expended, including Public Health Outcome Funding Agreements (PHOFAs) payments and specific purpose payments to state and territory governments) (see also <i>Australian Government departmental expenses</i>).
Australian Government departmental expenses	Expenses incurred by the Australian Government Department of Health and Ageing (DoHA) in the production of the Department's outputs. This mostly consists of the cost of employees but also includes suppliers of goods and services, particularly those where the Australian Government retains full control of how, when and to whom funds are to be provided.
Australian Government expenditure	Total expenditure actually incurred by the Australian Government on its own health programs. It does not include the funding provided by the Australian Government to the states and territories by way of grants under section 96 of the Constitution.

Australian Government funding	The sum of Australian Government expenditure and section 96 grants to states and territories. This includes the 30–40% private health insurance premium rebates.
Australian Health Care Agreements (AHCAs)	The Australian Government, via two 5-year agreements, provided funding to each state and territory to support the provision of free public hospital services and some related state health services to all Australians. The AHCAs operated between 1 July 1998 and 30 June 2009.
Average annual growth rate	To calculate the average annual growth rate in health expenditure between 2001–02 and 2011–12, the following formula applies: $((\$ \text{million in 2011–12} / \$ \text{million in 2001–02})^{(1/10)} - 1) * 100.$
Benefit-paid pharmaceuticals	Pharmaceuticals listed in the schedule of the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS) for which pharmaceutical benefits have been paid or are payable. Does not include listed pharmaceutical items where the full cost is met from the patient co-payment under the PBS or RPBS.
Bulk-billed service under Medicare	If a practitioner agrees to the bulk-billing method, the patient assigns his/her right to a Medicare benefit to the practitioner as full payment for the medical service. The practitioner (or any other person or company) cannot make any additional charge for the service. The practitioner then claims the Medicare benefit from Medicare in full payment of the service.
Capital consumption	The amount of fixed capital used up each year in the provision of health goods and services (sometimes referred to as depreciation).
Capital expenditure	Expenditure on fixed assets (for example, new buildings and equipment with a useful life that extends beyond 1 year). This does not include changes in inventories. This term is used in this publication to refer to what the ABS calls gross fixed capital formation. See <i>Capital formation</i> .

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 <i>Australian national accounts: concepts, sources and methods</i> (ABS 2000) for further details.
Cash accounting	Relates receipts and payments to the period in which the cash transfer actually occurred. Does not have the capacity to reflect non-cash transactions, such as depreciation (see also <i>Accrual accounting</i>).
Chain price index	An annually re-weighted index providing a close approximation to measures of pure price change.
Community health services	<p>Non-residential health services offered by establishments to patients/clients, in an integrated and coordinated manner in a community setting, or the coordination of health services elsewhere in the community. Such services are provided by, or on behalf of, state and territory governments.</p> <p>Includes, for example:</p> <ul style="list-style-type: none"> • well baby clinics • health services provided to particular groups, such as Aboriginal and Torres Strait Islander people, women, youth and migrants, as well as family planning services, alcohol and drug treatment services • specialised mental health programs delivered in a community setting.
Constant prices	Constant price expenditure adjusts current prices for the effects of inflation, that is, it aims to remove the effects of inflation. Constant price estimates for expenditure aggregates have been derived using either annually re-weighted chain price indexes or implicit price deflators (IPDs). The reference year for both the chain price indexes and the IPDs is 2011–12 in this report. Constant price estimates indicate what expenditure would have been had 2011–12 prices applied in all years. Hence, expenditures in different years can be compared on a dollar-for-dollar basis, using this measure of changes in the volume of health goods and services.

Current prices	The term 'current prices' refers to expenditures reported for a particular year, unadjusted for inflation. Changes in current price expenditures reflect changes in both price and volume.
Dental services	Services provided by registered dental practitioners, such as oral and maxillofacial surgery items; orthodontic, pedodontic and periodontic services; cleft lip and palate services; dental assessment and treatment; and other dental items listed in the MBS.
Excess health inflation	The difference where the health inflation rate exceeds the general inflation rate; that is, the rate of increase in the price of goods and services in the health care sector exceeds the rate of increase in the price of goods and services in the economy as a whole.
General inflation	The increase in the general price level of goods and services in the economy.
Government finance statistics (GFS)	Provides details of revenues, expenses, cash flows, assets and liabilities of the Australian public sector and comprises units that are owned and/or controlled by the Australian Government, state and territory governments and local governments. See ABS 2005 and ABS 2010b for further details.
Government purpose classification (GPC)	An ABS classification that classifies current outlays, capital outlays and selected other transactions of the non-financial public sector in terms of the government purposes for which the transactions are made. See ABS 2005 and ABS 2010b for further details.
Gross domestic product (GDP)	Commonly used to indicate national income, this is the total market value of goods and services produced within a given period after deducting the cost of goods and services used up in the process of production but before deducting allowances for the consumption of fixed capital.
Gross national expenditure (GNE)	An alternative measure to GDP, GNE is equal to GDP minus export income but including imports.

Health administration	Activities related to the formulation and administration of government and non-government policy in health and in the setting and enforcement of standards for health personnel and for hospitals, clinics, and so forth. Includes the regulation and licensing of providers of health services.
Health inflation	The increase in the price level of goods and services in the health sector.
Health research	<p>Research undertaken at tertiary institutions, in private non-profit organisations and in government facilities that has a health socioeconomic objective.</p> <p>Excludes commercially oriented research funded by private business, the costs of which are assumed to be included in the prices charged for the goods and services (for example, medications that have been developed and/or supported by research activities).</p>
Highly specialised drugs	Under Section 100 of the <i>National Health Act 1953</i> , certain drugs can only be supplied to patients through hospitals because only the hospitals can provide the facilities or staff necessary to oversee the appropriate use of the drugs. These drugs are funded by the Australian Government.
Hospital services	Services provided to a patient who is receiving admitted patient services or non-admitted patient services in a hospital, but <i>excludes</i> dental services, community health services, patient transport services, public health activities and health research undertaken within the hospital. Can include services provided off-site, such as hospital in the home, dialysis or other services.
Household final consumption expenditure (HFCE)	Net expenditure on goods and services by households and by private non-profit institutions serving households.
Implicit price deflator (IPD)	An index obtained using the ratio of current price expenditure to constant price expenditure.
Individuals' out-of-pocket funding	Payments by individuals where they meet the full cost of a good or service as well as where they share the cost of goods and services with third-party payers, for example, private health insurance funds or the Australian Government.

Injury compensation insurers	Workers compensation and compulsory third-party motor vehicle insurers.
Inpatient	An OECD term that roughly equates with the Australian 'admitted patient' classification (see <i>Admitted patient</i>).
Jurisdictions	State, territory and local governments.
Local government	A public sector unit where the political authority underlying its function is limited to a local government area or other region within a state or territory, or the functions involve policies that are primarily of concern at the local level.
Medical durables	Therapeutic devices, such as glasses, hearing aids and wheelchairs that can be used more than once.
Medical services	<p>Includes services provided by, or on behalf of, registered medical practitioners that are funded by the Medicare Benefits Schedule (MBS), DVA, compulsory motor vehicle third-party insurance, workers compensation insurance, private health insurance funds, Australian Government premium rebates allocated to medical services, Medicare co-payments and other out-of-pocket payments.</p> <p>Most medical services in Australia are provided on a fee-for-service basis and attract benefits from the Australian Government under Medicare. This includes both private in-hospital medical services and out-of-hospital medical services.</p> <p>It also includes non-MBS medical services, such as the provision of vaccines for overseas travel, as well as some expenditure by the Australian Government under alternative funding arrangements.</p> <p>Excludes medical services provided to public admitted patients in public hospitals and medical services provided to public patients at outpatient clinics in public hospitals.</p>

Medical expenses tax rebate	<p>Applies in regard to a wide range of health expenditures, not just expenses associated with doctors as the name might suggest. It cannot be specifically allocated to the various areas of health expenditure.</p> <p>Individuals are able to claim a rebate in respect of that part of their eligible personal health expenses that exceeds a threshold in an income year. For the 2011–12 income year, the tax rebate was 20 cents for each \$1 by which a taxpayer’s net medical expenses exceeded \$2,060 (the threshold).</p> <p>These tax expenditures are a form of funding only. The related expenditures have already been allocated to particular area(s) of health expenditure, but it is not possible to allocate this form of funding to particular health expenditure areas.</p> <p>The Australian Department of the Treasury estimates other tax expenditures in the health area, such as the cost of exempting low-income earners from the Medicare levy. These tax expenditures are not included in the Australian NHA framework.</p>
Medications	Benefit-paid pharmaceuticals and other medications.
Nominal expenditure	Expenditure expressed in terms of current prices.
Non-admitted patient	Patients who receive care from a recognised non-admitted patient service/clinic of a hospital.
Other health practitioner services	Services provided by health practitioners (other than doctors and dentists). These include chiropractors, optometrists, physiotherapists, speech therapists, audiologists, dietitians, podiatrists, homeopaths, naturopaths, practitioners of Chinese medicine and other forms of traditional medicine.

Other medications	<p>Pharmaceuticals for which no PBS or RPBS benefit was paid.</p> <p>Includes:</p> <ul style="list-style-type: none"> • pharmaceuticals listed in the PBS or RPBS, the total costs of which are equal to, or less than, the statutory patient contribution for the class of patient • pharmaceuticals dispensed through private prescriptions that do not fulfil the criteria for payment of benefit under the PBS or RPBS • over-the-counter medicines including pharmacy-only medicines, aspirin, cough and cold medicines, vitamins and minerals, herbal and other complementary medicines, and a range of medical non-durables, such as condoms, adhesive and non-adhesive bandages.
Other recurrent health services n.e.c.	<p>Miscellaneous expenditures that could not, at that time, be allocated to the specific health expenditure areas in the matrix.</p>
Over-the-counter medicines	<p>Therapeutic medicinal preparations that can be purchased from pharmacies and supermarkets.</p>
Over-the-counter therapeutic medical non-durables	<p>Non-prescription therapeutic goods that tend to be single-use items, such as bandages, elastic stockings, condoms and other mechanical contraceptive devices, from pharmacies or supermarkets.</p>
Patient transport services	<p>Expenditure by organisations primarily engaged in providing transportation of patients by ground or air, along with health (or medical) care. These services are often provided during a medical emergency but are not restricted to emergencies. The vehicles are equipped with lifesaving equipment operated by medically trained personnel. Includes public ambulance services or flying doctor services, such as Royal Flying Doctor Service and Care Flight. Also includes patient transport programs, such as patient transport vouchers or support programs to assist isolated patients with travel to obtain specialised health care.</p> <p>For 2003–04 onwards, this category includes patient transport expenses that are included in the operating costs of public hospitals.</p>

Pharmaceutical Benefits Scheme (PBS)	A national, government-funded scheme that subsidises the cost of a wide range of pharmaceutical drugs, and that covers all Australians to help them afford standard medications.
Private Health Insurance Incentives Scheme (PHIIS)	The PHIIS was introduced on 1 July 1997 to encourage more people to take out private health insurance. It provided a subsidy to low-income earners who did, and a tax penalty to high-income earners who did not. Middle-income earners were not the target of this policy and as such were neither eligible for the tax subsidy nor liable to incur a tax penalty, regardless of their private health insurance status. The scheme ended on 31 December 1998.
Private hospital	A health care provider facility, other than a public hospital, that has been established under state or territory legislation as a hospital or freestanding day procedure unit and authorised to facilitate the provision of hospital services to patients. A private hospital is not defined by whether it is privately owned but by whether it is <i>not</i> a public hospital (as defined below). Private hospital expenditure includes expenditures incurred by a private hospital in providing contracted and/or ad hoc treatments for public patients.
Private patient	A person admitted to a private hospital, or a person admitted to a public hospital who is treated by a doctor of their own choice and/or who has private ward accommodation. This means that the patient will be charged for medical services, food and accommodation.

Public health activities

Nine types of activities undertaken or funded by the key jurisdictional health departments that address issues related to populations, rather than individuals. These activities comprise:

- communicable disease control
- selected health promotion
- organised immunisation
- environmental health
- food standards and hygiene
- breast cancer, cervical and bowel cancer screening
- prevention of hazardous and harmful drug use
- public health research.

These activities do not include treatment services.

Public health services

Services provided and/or funded by governments that are aimed at protecting and promoting the health of the whole population or specified population subgroups and/or preventing illness or injury in the whole population or specified population subgroups.

Public health services do not include treatment services.

For 2001–02 onwards, public health services also include departmental costs for the following departmental regulators: Therapeutic Goods Administration, Office of Gene Technology Regulator and the National Industrial Chemicals Notification and Assessment Scheme. These departmental costs are not included in the *National public health expenditure* or *Public health expenditure in Australia* reports.

Public hospital

A health care provider facility that has been established under state or territory legislation as a hospital or as a freestanding day procedure unit. Public hospitals are operated by, or on behalf of, the government of the state or territory in which they are established and are authorised under that state/territory's legislation to provide or facilitate the provision of hospital services to patients. Public hospitals are recognised under the NHCAs and include some hospitals, such as some denominational hospitals, that are privately owned. Defence force hospitals are not included in the scope of public hospitals.

Public hospital services	The balance of public hospital expenditure remaining, after community health services, public health services, non-admitted dental services, patient transport services and health research activities that are undertaken by public hospitals have been removed and reallocated to their own expenditure categories.
Public patient	A patient admitted to a public hospital who is treated by doctors of the hospital's choice and accepts shared ward accommodation if necessary. This means that the patient is not charged.
Purchasing power parity (PPP)	This exchange rate is one which adjusts for differences in the prices of goods and services between countries. It shows how much the same good or service will cost across countries.
Real expenditure	Expenditure that has been adjusted to remove the effects of inflation (for example, expenditure for all years has been compiled using 2011–12 prices). Removing the effects of inflation enables comparisons to be made between expenditures in different years on an equal dollar-for-dollar basis. Changes in real expenditure measure the change in the volume of goods and services produced.
Rebates of health insurance premiums	<p>Introduced in January 1999, a non-means-tested rebate on private health insurance premiums replaced the PHIIS subsidy. There are two types of rebates of health insurance premiums.</p> <p>The first rebate is where the 30–40% rebate is taken as a reduced premium payable by the individual with private health cover (with the health fund claiming payment from the Australian Government).</p> <p>The second rebate is taken as an income tax rebate, where individuals with private health cover elect to claim the rebate through the tax system at the end of the financial year for the 30–40% rebate, having paid the health funds 100% of their premiums up front.</p>
Recurrent expenditure	Expenditure incurred by organisations on a recurring basis, for the provision of health goods and services. This excludes capital expenditure. For all years, recurrent expenditure includes capital consumption.

Repatriation Pharmaceutical Benefits Scheme (RPBS)	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.
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 e.g. within the health sector. In addition, there are National partnership payments under National partnership agreements that are targeted to specific areas of health expenditure.
State and territory dental services	School dental programs, community dental services and hospital dental programs funded by state and territory health authorities.
Therapeutic	Relating to the treating or curing of a disease.
Total health price index (THPI)	The ratio of total national health expenditure at current prices, to total national health expenditure at constant prices.

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Related publications

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

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.

Expenditure on health in Australia was estimated to be \$140.2 billion in 2011–12, up from \$82.9 billion in 2001–02. This expenditure was 9.5% of GDP in 2011–12, up from 9.3% in 2010–11 and up from 8.4% in 2001–02. The estimated recurrent expenditure on health was \$5,881 per person. Governments funded 69.7% of total health expenditure, a slight increase from 69.1% in 2010–11. The largest components of health spending were public hospital services (\$42.0 billion, or 31.8% of recurrent expenditure), followed by medical services (\$23.9 billion, or 18.1%) and medications (\$18.8 billion, or 14.2%).