

1 Expenditure on public health services in Australia, 1999–00

1.1 Background

Government-funded public health activity is an important part of the Australian health care system. Public health activities generally represent the organised response of society to protect and promote the current and future health of the whole population or of specific subgroups of the population and can be viewed as a form of investment in the overall health status of the nation.

The National Public Health Partnership (NPHP) defines public health as:

the organised response by society to protect and promote health, and to prevent illness, injury and disability. The starting point for identifying public health issues, problems and priorities, and for designing and implementing interventions, is the population as a whole, or population subgroups (NPHP 1998).

Public health is characterised by planning and intervening for better health in populations rather than focusing on the health of the individual. These efforts are usually aimed at addressing the factors that determine health, and the causes of illness rather than its consequences, with the aim of protecting or promoting health, or preventing illness.

This is the second comprehensive report on expenditure on public health services in Australia. The first, published in 2001, covered the financial year 1998–99 and examined expenditure based on eight core public health categories.

1.1.1 Structure of report

In this report, expenditure on public health services during 1999–00 is analysed for each jurisdiction (the Commonwealth and the State and Territory Governments) through a separate chapter for each.

Each jurisdiction's chapter reports expenditure against each of the agreed core public health activities as outlined below. Detailed information is provided about particular programs within core activities where it is important in understanding the composition of expenditure.

An additional chapter provides limited information on expenditure by local government authorities (LGAs) and non-government organisations (NGOs) on 'public health-type' activities. These may not necessarily conform to the nine core public health activities used elsewhere throughout the report. The chapter aims to indicate the importance of LGAs and NGOs in the overall provision of public health services in Australia.

Expenditures through the State and Territory health departments are summarised in Chapter 12. The limitations of the data militate against direct comparisons between States and Territories. These limitations are discussed in the chapter.

Some details of the methods and concepts used in developing estimates are described in 'Technical notes' (see page 108), which also provide detailed information on exclusions and

inclusions for each category. A glossary gives definitions of concepts that may not be familiar to some readers.

1.2 Introduction

In this second report on public health expenditure in Australia, the number of core public health activities has been expanded from eight to nine. This has been achieved by the inclusion of two new categories – *Prevention of hazardous and harmful drug use* and *Public health research* – and the removal of the *All other core public health* category used in the first report (see Table 13.1, page 119 for a comparison of the categories used for this and the previous collection). Some expenditures incurred under these new categories would previously have been spread across a number of the categories used in the previous collection. Others would have been outside the scope of the previous collection.

The core categories for the 1999–00 collection are:

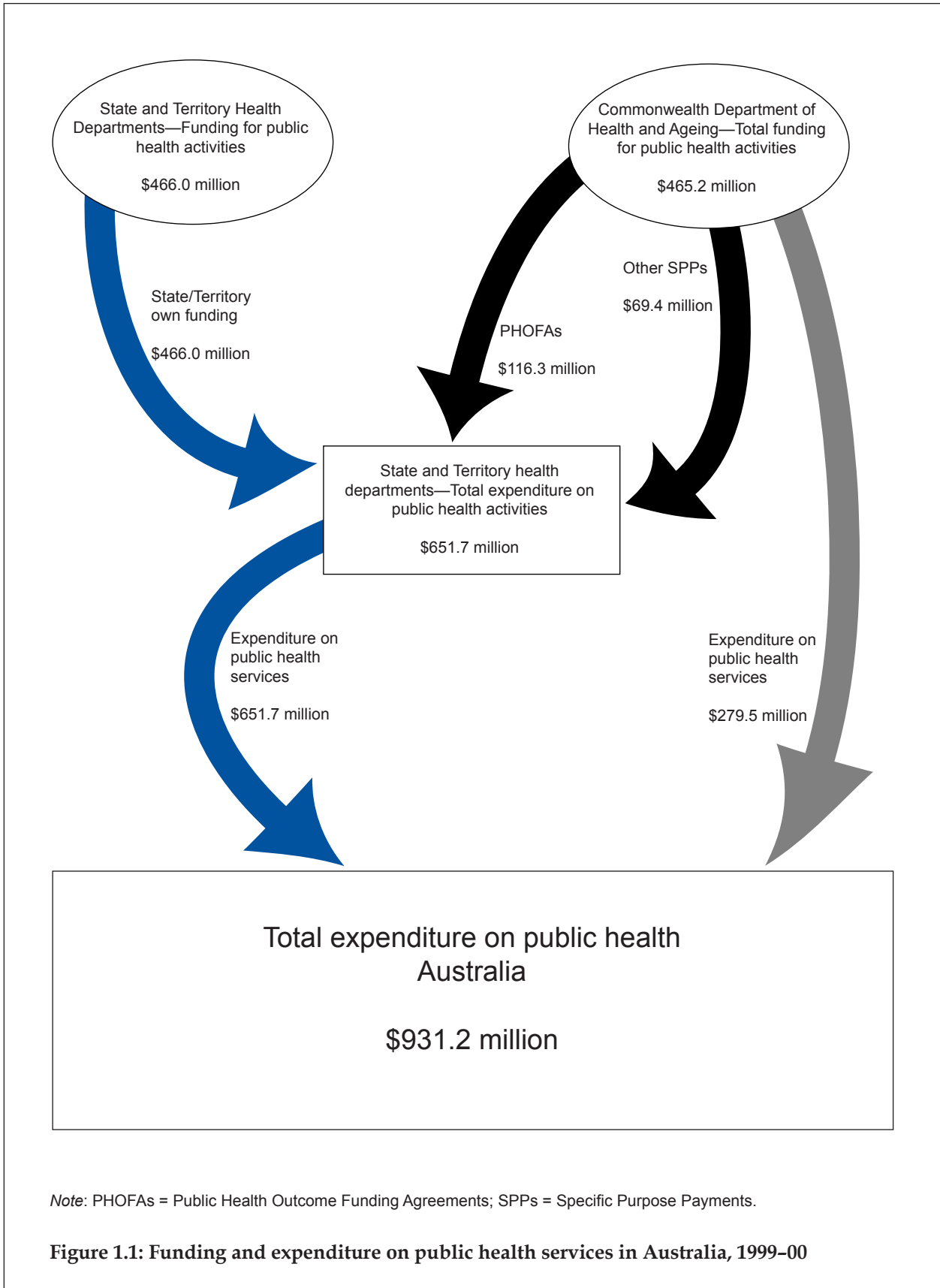
- *Communicable disease control*
- *Selected health promotion*
- *Organised immunisation*
- *Environmental health*
- *Food standards and hygiene*
- *Breast cancer screening*
- *Cervical screening*
- *Prevention of hazardous and harmful drug use*
- *Public health research.*

Jurisdictions were required to consistently report on these nine core categories, as specified in the data collection manual developed for this study. The inclusions and exclusions for each of these categories have been listed in ‘Technical notes’.

As well as the expenditure information collected under the core categories, jurisdictions collected information on activities related to public health. This information enabled the jurisdictions to report on non-core activities that they considered to be related to public health and important in explaining their data. These expenditures were not included in the 1999–00 national aggregates. Note that some of this expenditure was previously included in the *All other core public health* category or was not previously reported.

Total expenditure recorded by each State and Territory for the core categories comprises three components: activity-specific, program-wide and agency-wide expenditure (refer to ‘Technical notes’ for details). The Commonwealth has recorded both total expenditure and funding, with funding being the sum of expenditure and payments to States and Territories. Commonwealth expenditure can be separated into ‘administered’ and ‘departmental’ expenditure.

The expenditures examined in this study included only those incurred by the key health departments and agencies of the Commonwealth and the States and Territories (Figure 1.1).



This study includes only that part of expenditure on core public health activities by LGAs and NGOs that was covered by funding provided by State and Territory and/or Commonwealth health departments. Nonetheless, some attempt has been made to quantify the financial contribution that NGOs and LGAs make towards public health by developing broad preliminary estimates of their own funding for 'public health-type' activities.

In the case of LGAs, information was gathered from State Grants Commissions and the ABS and this was used to calculate the likely expenditure incurred by LGAs in undertaking public health-type activities. For the NGOs, the financial statements of a sample group of organisations, known to be involved in public health-type activities, were examined and the proportion of their total expenditure that was directed to public health-type expenditure was identified. The amount spent by both LGAs and NGOs was found to be substantial when compared to the \$931.2 million of government expenditure that this report records. These findings are presented in Chapter 11, but, as mentioned earlier, only those (unidentified) parts of that expenditure funded by the Commonwealth and/or State and Territory health departments have been included in the national aggregates of expenditure on core public health activities.

The study does not include expenditures incurred in complying with public health regulations, nor does it include the contribution made by households in preventing injury and illness and promoting healthy environments within the family and the larger community. These are, nonetheless, important contributions to public health.

Spending on public health is examined from two aspects:

- who incurs the expenditure (expenditure)
- who provides the funds for that expenditure (funding).

While State and Territory Governments are the major providers of public health services and therefore incur most of the related expenditure, the responsibility for funding those services is shared equally between the Commonwealth and the States and Territories.

Comparisons between the 1998–99 and 1999–00 expenditure estimates, particularly at the level of the individual component activities, are not recommended due to the changes in the public health categories between the two collections.

The public health expenditure categories that will be used for the 2000–01 collection are consistent with the nine core categories used in this collection. It will therefore be possible to make comparisons between the 1999–00 and 2000–01 expenditure data in the next report.

1.3 Key findings

- Total expenditure on core public health activities during 1999–00 was estimated at \$931 million.
- Total public health expenditure in 1999–00 represents 1.8% of total recurrent expenditure on all health services in Australia (Table 1.1).
- The three core public health activities attracting the highest levels of expenditure were:
 - *Selected health promotion* – \$166 million
 - *Communicable disease control* – \$154 million
 - *Organised immunisation* – \$153 million.
- Expenditure on *Organised immunisation* decreased from 1998–99 to 1999–00 by \$25 million. This was largely due to cessation of the National Measles Control Campaign, which was a one-off program that applied during 1998–99.

- Spending on *Public health research*, which became a discrete core category in this 1999–00 collection, totalled \$70 million.
- Expenditure on *Prevention of hazardous and harmful drug use*, another new discrete category in 1999–00, totalled \$123 million. Expenditures on these types of activities were reported for 1998–99 under *Selected health promotion* and *All other core public health*.
- Of a total of \$931.2 million spent on public health activities during 1999–00, the States and Territories spent \$652 million or 70%, and the Commonwealth, \$280 million (30%).
- The Commonwealth Government provided \$465 million, almost 50%, of total funding for core public health activities in Australia and the State and Territory Governments just over 50%, at \$466 million.
- LGAs spent an estimated \$223 million on public health-type activities in 1999–00. Of this, only that part that was funded by grants from health departments has been included in the estimates of expenditure on core public health.
- NGOs provided at least \$93 million from their own resources to fund public health-type activities, based on a survey of 32 large NGOs receiving public health funding from the Commonwealth and State/Territory health departments. Like the LGA expenditure, only that part of the NGO expenditure that was funded by health departments is included in the estimates of expenditure on core public health.

Table 1.1: Public health expenditure by Commonwealth, State and Territory Governments, and total recurrent health expenditure, current prices, Australia, 1999–00 (\$ million)

	1999–00
Total core public health expenditure	\$931
Estimated recurrent health expenditure ^(a)	\$52,092
Public health as a proportion of total recurrent health expenditure	1.8%

(a) Based on preliminary AIHW and ABS estimates.

1.4 Government funding of public health services

State and Territory Governments funded just over half (\$466 million) of the expenditure on public health activities in 1999–00. The Commonwealth provided the balance of \$465 million.

All of the funding provided by States and Territories is regarded, for the purposes of this study, as being for State and Territory programs. The Commonwealth’s funding, on the other hand, was regarded as being for both their own programs and to support some State and Territory programs. Most Commonwealth funding (\$279.5 million) was to fund Commonwealth expenditures, with the remaining \$185.7 million funding expenditures incurred by the States and Territories (Table 1.2).

Of the Commonwealth funding that went to States and Territories, almost two-thirds (\$116.3 million) were provided under the Public Health Outcome Funding Agreements (PHOFAs) (Table 2.2 and Figure 1.1).

Table 1.2: National public health expenditure (including program-wide and agency-wide expenditure) by source of funds, 1999–00

Expenditure type	Amount (\$ million)	Proportion of total public health expenditure (%)
Funding by the Commonwealth		
Commonwealth's own expenditure	279.5	30.0
Payments to the States and Territories	185.7	19.9
<i>Total Commonwealth funding</i>	<i>465.2</i>	<i>50.0</i>
Funding by the States and Territories	466.0	50.0
Total expenditure on core public health activities	931.2	100.0

1.5 Expenditure on government public health services

Expenditure incurred by States and Territories on public health activities during 1999–00 was \$651.7 million. This represented 70.0% of total expenditure. Expenditure by the Commonwealth was \$279.5 million or 30.0% (Table 1.3).

1.5.1 Expenditure on the major core public health categories

Selected health promotion accounted for \$166.0 million, or 17.8% of all expenditure on core public health activities by all jurisdictions. This included spending on a broad range of programs, including municipal health planning, injury prevention, public health nutrition and the promotion of mental health awareness.

Other core public health activities that each attracted more than 10% of total expenditure were:

- *Communicable disease control*, \$153.5 million or 16.5%
- *Organised immunisation*, \$153.3 million (16.5%)
- *Prevention of hazardous and harmful drug use*, \$123.2 million or 13.2%, and
- *Breast cancer screening* – \$97.2 million (10.4%).

Table 1.3: National expenditure by Commonwealth, States and Territories on core public health categories, including program-wide and agency-wide expenditure, 1999-00 (\$ million)

	Commonwealth ^(a)	States and Territories ^(b)	Total	Proportion of total (%)
Communicable disease control	21.4	132.1	153.5	16.5
Selected health promotion	36.0	129.9	166.0	17.8
Organised immunisation	49.1	104.3	153.3	16.5
Environmental health	18.7	42.7	61.4	6.6
Food standards and hygiene	10.8	14.2	25.1	2.7
Breast cancer screening	2.1	95.1	97.2	10.4
Cervical screening	57.9	23.0	80.9	8.7
Prevention of hazardous and harmful drug use	27.3	96.0	123.2	13.2
Public health research	56.0	14.3	70.3	7.5
PHOFAs and other general public health grants	0.3	..	^(c) 0.3	..
Total expenditure	279.5	651.7	931.2	100.0
Percentage of total	30.0%	70.0%	100.0%	

(a) Commonwealth expenditure excludes grants to States and Territories and includes departmental and administered expenditure (see Glossary for an explanation of these terms).

(b) States and Territories' expenditure includes activity-specific expenditure and indirect expenditure (see Glossary).

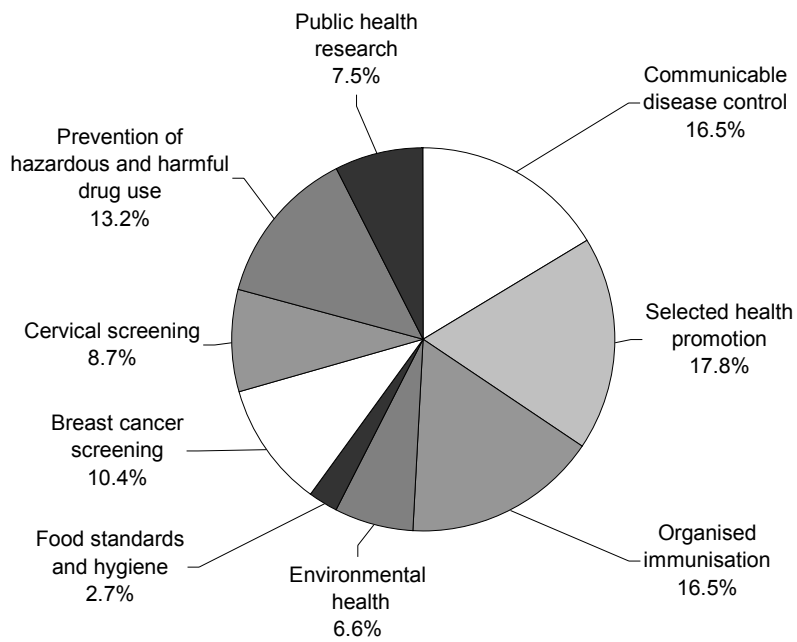
(c) \$0.3 million represents expenditure by the Commonwealth in administering grants of \$185.7 million to States and Territories. The grants themselves are included within the expenditure recorded in the above nine core categories but cannot be discretely identified for each of those categories.

Expenditure on *Cervical screening* amounted to \$80.9 million or 8.7% of total expenditure on core public health activities.

For the new core category, *Public health research*, expenditure was estimated at \$70.3 million (7.5%).

Total expenditure on *Environmental health*, which included such programs as mosquito and rat control, *Legionella* control and hazardous materials management, and activities such as water quality testing and sampling, was \$61.4 million (6.6%).

Expenditure on *Food standards and hygiene* amounted to \$25.1 million (2.7%).



Total core funding: \$931.2 million

Figure 1.2: Total expenditure on core public health activities, all jurisdictions, current prices, by category, 1999-00