

2 Total health expenditure

Total expenditure on health goods and services in Australia in 2007–08 was estimated at \$103.6 billion (Table 2.1). Of this, 94.6% was recurrent expenditure and 5.4% was capital expenditure (Table A3). Expenditure in 2007–08 was 9.1% higher than in the previous year (an increase of \$8.6 billion). This was, due to a 6.0% growth in real health expenditure and a health inflation rate of 2.9% during the year (see tables 2.1 and 2.4).

Real growth in expenditure between 2006–07 and 2007–08 was 6.0%. This was just under one (0.8) percentage point above the average for the decade 1997–98 to 2007–08 (5.2%).

Table 2.1: Total health expenditure, current and constant prices^(a), and annual rates of change, 1997–98 to 2007–08

Year	Amount (\$ million)		Change from previous year (%)	
	Current	Constant	Nominal change ^(b)	Real growth ^(b)
1997–98	44,802	62,305
1998–99	48,428	65,679	8.1	5.4
1999–00	52,570	69,637	8.6	6.0
2000–01	58,269	74,321	10.8	6.7
2001–02	63,099	77,886	8.3	4.8
2002–03	68,798	82,020	9.0	5.3
2003–04	73,509	84,657	6.8	3.2
2004–05	81,060	89,634	10.3	5.9
2005–06	86,685	92,191	6.9	2.9
2006–07	94,938	97,720	9.5	6.0
2007–08	103,563	103,563	9.1	6.0
			Average annual change	
1997–98 to 2002–03			9.0	5.7
2002–03 to 2007–08			8.5	4.8
1997–98 to 2007–08			8.7	5.2

(a) Constant price health expenditure for 1997–98 to 2007–08 is expressed in terms of 2007–08 prices. Refer to Appendix E 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.

Source: AIHW health expenditure database.

2.1 Sources of nominal change in health expenditure

The current price expenditure on any good or service during any year can be calculated by multiplying the quantity of the goods or services provided by the average prices of those goods and services in that year. 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 1.2).

The first of these – inflation – can be further sub-divided and analysed in terms of ‘general inflation’ and ‘excess health inflation’ (Box 2.1). The second – volume growth – is affected by things like changes in the population’s age structure, changes in the overall and relative intensity of use of different health goods and services, changes in technology and medical practice, and general economic and social conditions.

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. The indicator used for the general rate of inflation is the implicit price deflator for GDP.

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. It is measured by changes in the total health prices index (see Appendix E).

Excess health inflation

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

Total health expenditure increased in nominal terms from \$44.8 billion in 1997–98 to \$103.6 billion in 2007–08 (Table 2.1). Of the \$58.8 billion increase, \$23.4 billion was due to inflation, \$9.4 billion to population growth, and \$25.9 billion resulted from an increase in real expenditure per person.

2.2 Health expenditure and the GDP

The ratio of Australia’s health expenditure to GDP (health to GDP ratio) can be viewed from two perspectives. It indicates the proportion of overall economic activity contributed by health expenditure and it shows the cost to the nation of maintaining its health system.

Spending on health accounted for 9.1% of GDP in 2007–08. This was the same percentage as in 2006–07 and an increase of 1.3% from the 7.8% of GDP in 1997–98 (Table 2.2). The largest annual increase in the ratio between 1997–98 and 2007–08 occurred in 2000–01 when it increased by almost one-half of a percentage point (0.4%) from 8.1% to 8.5%.

The health to GDP ratio can change between periods for one or both of the following reasons:

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

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

Table 2.2: Total health expenditure and GDP, current prices, and annual health to GDP ratios, 1997–98 to 2007–08

Year	Total health expenditure (\$ million)	GDP	Ratio of health expenditure to GDP (%)
1997–98	44,802	577,373	7.8
1998–99	48,428	607,759	8.0
1999–00	52,570	645,058	8.1
2000–01	58,269	689,262	8.5
2001–02	63,099	735,714	8.6
2002–03	68,798	781,675	8.8
2003–04	73,509	841,351	8.7
2004–05	81,060	897,642	9.0
2005–06	86,685	967,454	9.0
2006–07	94,938	1,045,674	9.1
2007–08	103,563	1,131,918	9.1

Sources: AIHW health expenditure database and ABS 2009a.

Differential growth in health expenditure and GDP

Over the decade from 1997–98 to 2007–08, expenditure on health grew at an average of 5.2% per year, compared with an average annual real growth in GDP of 3.5% (Table 2.3). Both GDP and health expenditure grew in every year from 1997–98 to 2007–08.

Apart from 2 years, 2003–04 and 2005–06, health expenditure grew more strongly than GDP after 1997–98. The greatest single year's difference was in 2000–01 when the health expenditure and GDP growth rates were 6.7% and 1.9%, respectively. The actual change in the rate of growth from year to year for health expenditure and GDP moved in opposite directions in most years. That is, when the rate of growth in GDP accelerated, growth in health expenditure generally decelerated (Figure 2.1).

Growth rates for both health expenditure and GDP were generally higher in the years up to 2002–03 (averaging 5.7% and 3.6% per year, respectively) compared with the period from 2002–03 to 2007–08 (4.8% and 3.4%, respectively).

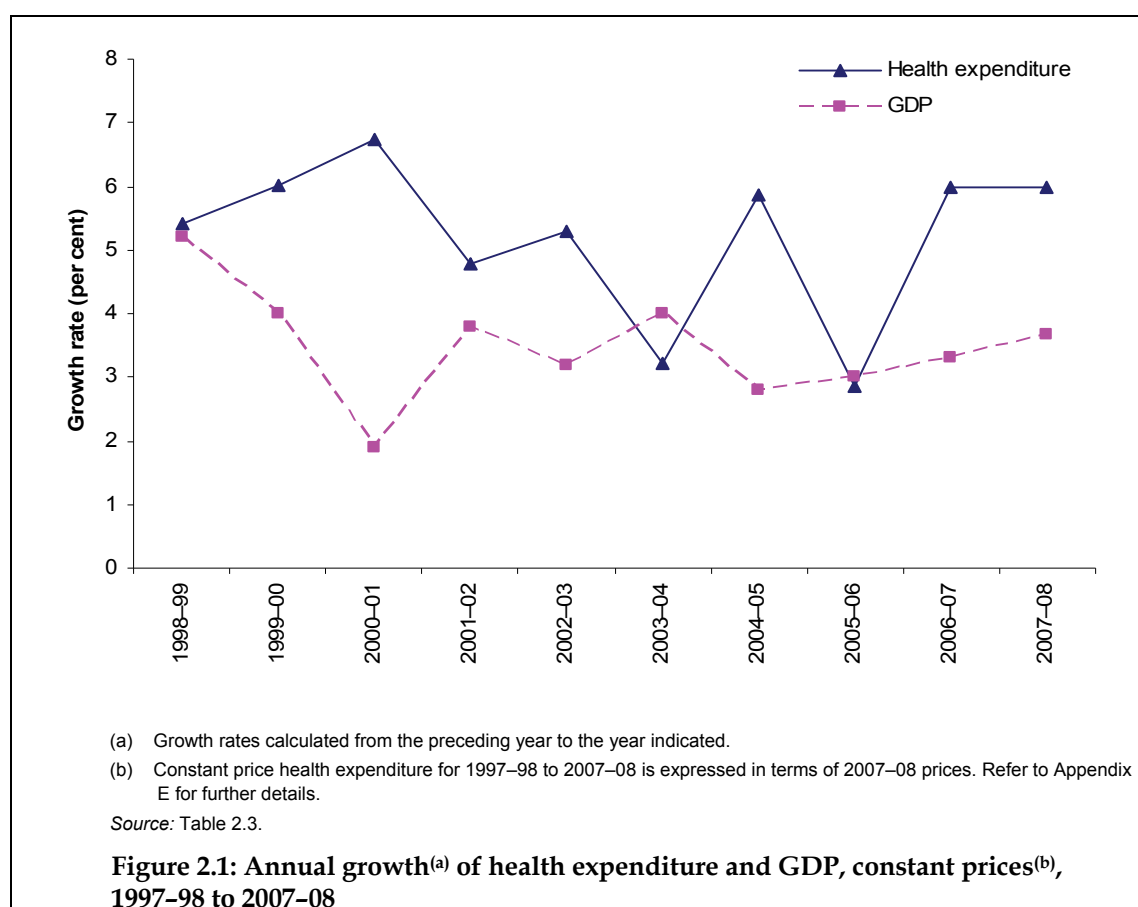
In 2007–08, health expenditure and GDP increased by 6.0% and 3.7% respectively. The real health expenditure growth rate for 2007–08 (6.0%) was the same as it was in the previous year and 0.8 percentage points higher than the average annual growth rate (5.2%) over the decade.

Table 2.3: Total health expenditure and GDP, constant prices^(a), and annual growth rates, 1997–98 to 2007–08

Year	Total health expenditure		GDP	
	Amount (\$ million)	Growth rate (%)	Amount (\$ million)	Growth rate (%)
1997–98	62,305	..	803,636	..
1998–99	65,679	5.4	845,425	5.2
1999–00	69,637	6.0	879,242	4.0
2000–01	74,321	6.7	895,947	1.9
2001–02	77,886	4.8	929,993	3.8
2002–03	82,020	5.3	959,753	3.2
2003–04	84,657	3.2	998,143	4.0
2004–05	89,634	5.9	1,026,092	2.8
2005–06	92,191	2.9	1,056,874	3.0
2006–07	97,720	6.0	1,091,751	3.3
2007–08	103,563	6.0	1,131,918	3.7
Average annual growth rate				
1997–98 to 2002–03		5.7		3.6
2002–03 to 2007–08		4.8		3.4
1997–98 to 2007–08		5.2		3.5

(a) Constant price health expenditure for 1997–98 to 2007–08 is expressed in terms of 2007–08 prices. Refer to Appendix E for further details.

Sources: AIHW health expenditure database and ABS 2009a.



Health inflation

The prices of different goods and services in the economy often move at different rates. Some goods and services become more or less expensive relative to others. Differences in the rate at which prices in the health sector move (health inflation) relative to the general level of inflation have an influence on the proportion of GDP that is devoted to health goods and services – the health to GDP ratio.

In order to gauge differences between health inflation and general inflation, it is necessary to have agreed measures of both. In Australia, general inflation is usually measured by changes in the ABS implicit price deflator for GDP and health inflation by changes in the AIHW total health price index (THPI). These two inflation measures moved at different rates for most years since 1997–98 (Table 2.4). In some years they moved in the same direction, but at different rates; in others they have moved in different directions. Over the whole period, however, inflation for both the health sector and the total economy averaged 3.4% per year.

In the latest 3 years – from 2004–05 to 2007–08 – Australia’s health inflation rate was lower than the general level of inflation. Previously health prices had tended to increase at a faster rate than prices generally.

Because general inflation and health inflation moved at the same overall average rate (3.4% per year) over the whole period 1997–98 to 2007–08, Australia had a zero ‘excess health inflation’ rate for that period. When viewed in the shorter term, however, it could be said that after 2004–05, Australia moved from a period of positive excess health inflation (that is, where health inflation was greater than general inflation) into a negative excess health inflation period. Some of this was due to rapid movements in the general level of prices.

The GDP deflator is the generally accepted measure of inflation for the economy and gives a good indication of the ‘opportunity cost’ of health spending to the economy as a whole. However as the GDP deflator includes the price received for exports, during times of large increases in export prices, the GDP deflator shows increases which are not due to goods and services that consumers themselves consume. If the desire was to measure the impact of health spending on consumers, the price change related to total final consumption expenditure may be a better indicator of general inflation. This would have given an inflation rate of 3.6% in 2007–08 (ABS 2009a) rather than 4.4%, and a less negative excess health inflation rate for that year.

Table 2.4: Annual rates of health inflation, 1997–98 to 2007–08 (per cent)

Period	Health inflation ^(a)	General inflation ^(b)	Excess health inflation
1997–98 to 1998–99	2.5	0.1	2.5
1998–99 to 1999–00	2.4	2.1	0.3
1999–00 to 2000–01	3.9	4.9	-1.0
2000–01 to 2001–02	3.3	2.8	0.5
2001–02 to 2002–03	3.5	3.0	0.6
2002–03 to 2003–04	3.5	3.5	—
2003–04 to 2004–05	4.2	3.8	0.4
2004–05 to 2005–06	4.0	4.6	-0.6
2005–06 to 2006–07	3.3	4.6	-1.2
2006–07 to 2007–08	2.9	4.4	-1.4
Average annual growth rate			
1997–98 to 2002–03	3.1	2.5	0.6
2002–03 to 2007–08	3.6	4.2	-0.6
1997–98 to 2007–08	3.4	3.4	—

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

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

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

Sources: AIHW health expenditure database and ABS 2009a.

The way real growth in health goods and services and excess health inflation contribute 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. The last column is excess health inflation and shows the increase or decrease in the price of health goods and services compared to price changes in the economy as a whole.

In 2007–08, the ratio of health expenditure to GDP was 9.1%, the same as it was the previous year (Table 2.5). This comprised a 2.2% increase in the volume of health goods and services, relative to the increase in GDP volume, and a 1.4% deficit in the health inflation rate compared with price changes in the general economy.

During 2005–06 the change in the health to GDP ratio was -0.8% (Table 2.5). This comprised a decrease in the volume of health goods and services relative to the increase in GDP volume (-0.1%) and a greater decrease (-0.6%) in health prices relative to general inflation.

Table 2.5: Components of the annual change in the health expenditure to GDP ratio, 1997–98 to 2007–08 (per cent)

Year	Ratio of health expenditure to GDP	Change in ratio	Components of change in ratio	
			Difference in relative growth rates—health expenditure and GDP ^(a)	Excess health inflation
1997–98	7.8
1998–99	8.0	2.7	0.2	2.5
1999–00	8.1	2.3	1.9	0.3
2000–01	8.5	3.7	4.7	-1.0
2001–02	8.6	1.5	1.0	0.5
2002–03	8.8	2.6	2.0	0.6
2003–04	8.7	-0.7	-0.8	—
2004–05	9.0	3.4	3.0	0.4
2005–06	9.0	-0.8	-0.1	-0.6
2006–07	9.1	1.3	2.6	-1.2
2007–08	9.1	0.8	2.2	-1.4

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

Sources: AIHW health expenditure database and ABS 2009a.

2.3 Health expenditure per person

In the absence of a measurable indication of changes in the cost-effectiveness of the existing mix of health goods and services, it would be anticipated that health expenditure would need to grow at the same rate as the population in order to maintain the average level of health goods and services available to each person in the community. Similarly, it would be expected that larger populations should incur higher total expenditures just to provide their members with the same average levels of health goods and services as smaller populations (ignoring the impact of economies of scale). Therefore, it is important to examine health expenditure on an average per person basis, in order to remove these population differences from the analysis.

During 2007–08, estimated per person expenditure on health averaged \$4,874, which was \$328 more per person than in the previous year (Table 2.6). Real growth in per person health expenditure between 1997–98 and 2007–08 averaged 3.8% per year, compared with 5.2% for total national health expenditure (tables 2.6 and 2.1). The difference between these two growth rates is attributable to growth in the overall size of the Australian population.

Table 2.6: Average health expenditure per person^(a), current and constant prices^(b), and annual growth rates, 1997–98 to 2007–08

Year	Amount (\$)		Annual change in expenditure (%)	
	Current	Constant	Nominal change	Real growth
1997–98	2,407	3,347
1998–99	2,573	3,490	6.9	4.3
1999–00	2,760	3,657	7.3	4.8
2000–01	3,022	3,854	9.5	5.4
2001–02	3,230	3,987	6.9	3.4
2002–03	3,479	4,147	7.7	4.0
2003–04	3,672	4,229	5.6	2.0
2004–05	4,001	4,424	8.9	4.6
2005–06	4,218	4,486	5.4	1.4
2006–07	4,546	4,679	7.8	4.3
2007–08	4,874	4,874	7.2	4.2
Average annual growth rate				
1997–98 to 2002–03			7.6	4.4
2002–03 to 2007–08			7.0	3.3
1997–98 to 2007–08			7.3	3.8

(a) Based on annual mean resident population. Refer to Appendix F for further details.

(b) Constant price health expenditure for 1997–98 to 2007–08 is expressed in terms of 2007–08 prices. Refer to Appendix E for further details.

Source: AIHW health expenditure database.

2.4 Recurrent health expenditure

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

Recurrent expenditure usually accounts for around 95% of all expenditure on health goods and services in a year (Table 2.7). In 2007–08 recurrent expenditure was \$98.0 billion (94.6% of total expenditure). The remainder is incremental change in the health-related capital stock – capital expenditure.

Total health expenditure and recurrent expenditure grew at 5.2% and 5.1% per year, respectively, between 1997–98 and 2007–08. In both cases, growth was more rapid during the first half of the period to 2002–03 (5.7% and 5.5%, respectively). After 2002–03 annual growth averaged 4.8% per year for both (Table 2.8).

Table 2.7: Total and recurrent health expenditure, current prices, and recurrent expenditure as a proportion of total health expenditure, 1997–98 to 2007–08

Year	Total health expenditure (\$ million)	Recurrent expenditure (\$ million)	Recurrent as a proportion of total health expenditure (%)
1997–98	44,802	42,339	94.5
1998–99	48,428	45,863	94.7
1999–00	52,570	49,564	94.3
2000–01	58,269	54,978	94.4
2001–02	63,099	59,522	94.3
2002–03	68,798	64,822	94.2
2003–04	73,509	69,901	95.1
2004–05	81,060	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

Source: AIHW health expenditure database.

Table 2.8: Total and recurrent health expenditure, constant prices^(a) and annual growth rates, 1997–98 to 2007–08

Year	Total health expenditure		Recurrent expenditure	
	(\$ million)	Annual growth (%)	(\$ million)	Annual growth (%)
1997–98	62,305	..	59,419	..
1998–99	65,679	5.4	62,694	5.5
1999–00	69,637	6.0	66,092	5.4
2000–01	74,321	6.7	70,595	6.8
2001–02	77,886	4.8	73,867	4.6
2002–03	82,020	5.3	77,656	5.1
2003–04	84,657	3.2	80,661	3.9
2004–05	89,634	5.9	85,004	5.4
2005–06	92,191	2.9	87,169	2.5
2006–07	97,720	6.0	92,080	5.6
2007–08	103,563	6.0	98,017	6.4
Average annual growth (%)				
1997–98 to 2002–03		5.7		5.5
2002–03 to 2007–08		4.8		4.8
1997–98 to 2007–08		5.2		5.1

(a) Constant price health expenditure for 1997–98 to 2007–08 is expressed in terms of 2007–08 prices. Refer to Appendix E for further details.

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

Source: AIHW health expenditure database.

Recurrent expenditure, by state and territory

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

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

Of the \$98 billion in national recurrent health expenditure in 2007–08, over half (57%) was spent in the two most populous states, New South Wales (\$32 billion) and Victoria (\$24 billion) (Table 2.9).

Queensland had the highest average annual growth in recurrent health expenditure between 2002–03 and 2007–08 (6.7%) (Table 2.10). This was, in part, due to Queensland having a higher than average rate of population growth over that period (see Appendix Table F3, page 164). In contrast, New South Wales had an average annual growth rate of 4.4% over the period which was 0.4 percentage points below the national average.

Table 2.9: Total recurrent health expenditure, current prices, for each state and territory, all sources of funds, 1997–98 to 2007–08 (\$ million)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
1997–98	14,462	10,598	7,631	4,020	3,229	1,122	764	512	42,339
1998–99	16,071	11,291	8,145	4,214	3,584	1,150	875	535	45,863
1999–00	16,896	12,382	8,863	4,605	3,920	1,254	1,037	606	49,564
2000–01	18,440	14,086	10,035	5,186	4,233	1,363	974	663	54,978
2001–02	19,913	15,468	10,595	5,611	4,539	1,586	1,103	709	59,522
2002–03	21,424	16,962	11,532	6,335	5,052	1,513	1,222	782	64,822
2003–04	23,643	17,590	12,451	6,936	5,501	1,575	1,336	868	69,901
2004–05	26,110	19,120	13,734	7,620	6,075	1,704	1,477	941	76,781
2005–06	27,390	20,401	15,199	8,035	6,446	1,851	1,564	1,047	81,933
2006–07	29,644	22,005	17,124	8,925	6,882	2,016	1,712	1,142	89,449
2007–08	32,033	23,765	19,058	10,013	7,718	2,294	1,837	1,300	98,017

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 per cent change, 1997–98 to 2007–08

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
	\$ million								
1997–98	20,562	14,850	10,632	5,582	4,441	1,556	1,061	735	59,419
1998–99	22,191	15,408	11,078	5,719	4,809	1,543	1,200	746	62,694
1999–00	22,673	16,483	11,788	6,138	5,161	1,645	1,386	818	66,092
2000–01	23,821	18,000	12,906	6,642	5,377	1,730	1,256	863	70,595
2001–02	24,863	19,087	13,140	6,970	5,583	1,965	1,370	891	73,867
2002–03	25,801	20,224	13,810	7,588	6,017	1,808	1,457	950	77,656
2003–04	27,396	20,226	14,350	8,014	6,307	1,813	1,538	1,016	80,661
2004–05	28,937	21,102	15,201	8,456	6,726	1,887	1,635	1,059	85,004
2005–06	29,139	21,650	16,186	8,581	6,848	1,975	1,660	1,130	87,169
2006–07	30,523	22,632	17,623	9,206	7,078	2,078	1,756	1,184	92,080
2007–08	32,033	23,765	19,058	10,013	7,718	2,294	1,837	1,300	98,017
Average annual growth rate (%)									
1997–98 to 2002–03	4.6	6.4	5.4	6.3	6.3	3.0	6.6	5.3	5.5
2002–03 to 2007–08	4.4	4.1 ^(b)	6.7	5.7	5.1	4.9	4.7	6.5	4.8
1997–98 to 2007–08	4.5	4.8	6.0	6.0	5.7	4.0	5.6	5.9	5.1

(a) Constant price health expenditure for 1997–98 to 2007–08 is expressed in terms of 2007–08 prices. Refer to Appendix E for further details.

(b) Average annual growth rate for 2003–04 to 2007–08 was used due to differences in the methodologies used by the Victorian Department of Human Services in their calculation of 2002–03 and 2003–04 data.

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

Source: AIHW health expenditure database.

Average recurrent expenditure per person

Average recurrent health expenditure per person varies from state to state, for example because of different socioeconomic and demographic profiles. In addition, health expenditure in a particular state or territory is influenced by health policy initiatives pursued by the state or territory government and the Australian Government.

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

On a per person basis, in 2007–08, the estimated national average level of recurrent expenditure on health was \$4,613 per person (Table 2.11 and Figure 2.2). In that year, expenditure in Queensland (\$4,492 per person) was 2.6% below the national average, while the Northern Territory's average spending (\$5,981 per person) was 29.6% higher than the national average. New South Wales and Tasmania were within 1% of the national average. Table 2.12 shows the average recurrent health expenditure per person after adjusting for the

effects of inflation. The average annual real growth per person over the period 2002–03 to 2007–08 was highest in the Northern Territory (4.6%). The national average for that period was 3.3% (Table 2.13).

Table 2.11: Average recurrent health expenditure per person^(a), current prices, for each state and territory^(b), all sources of funds, 1997–98 to 2007–08 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(c)
1997–98	2,292	2,295	2,230	2,223	2,174	2,374	2,718	2,274
1998–99	2,520	2,421	2,344	2,294	2,399	2,437	2,796	2,437
1999–00	2,620	2,626	2,510	2,472	2,610	2,658	3,121	2,603
2000–01	2,823	2,950	2,792	2,746	2,806	2,890	3,372	2,851
2001–02	3,014	3,199	2,886	2,931	2,993	3,358	3,569	3,047
2002–03	3,221	3,466	3,064	3,268	3,310	3,185	3,922	3,278
2003–04	3,534	3,551	3,229	3,524	3,581	3,277	4,324	3,492
2004–05	3,879	3,811	3,480	3,810	3,929	3,515	4,610	3,789
2005–06	4,035	4,009	3,759	3,942	4,131	3,791	5,023	3,987
2006–07	4,320	4,253	4,134	4,278	4,363	4,100	5,370	4,283
2007–08	4,613	4,513	4,492	4,677	4,840	4,630	5,981	4,613
Percentage variation from the national average								
1997–98	0.8	0.9	–1.9	–2.3	–4.4	4.4	19.5	
1998–99	3.4	–0.6	–3.8	–5.9	–1.5	—	14.7	
1999–00	0.7	0.9	–3.6	–5.0	0.3	2.1	19.9	
2000–01	–1.0	3.5	–2.1	–3.7	–1.6	1.4	18.3	
2001–02	–1.1	5.0	–5.3	–3.8	–1.8	10.2	17.2	
2002–03	–1.7	5.7	–6.5	–0.3	1.0	–2.8	19.7	
2003–04	1.2	1.7	–7.5	0.9	2.5	–6.2	23.8	
2004–05	2.3	0.6	–8.2	0.5	3.7	–7.2	21.6	
2005–06	1.2	0.6	–5.7	–1.1	3.6	–4.9	26.0	
2006–07	0.9	–0.7	–3.5	–0.1	1.9	–4.3	25.4	
2007–08	—	–2.2	–2.6	1.4	4.9	0.4	29.6	

(a) Based on annual mean resident population. Refer to Appendix F for further details.

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

(c) Australian average includes ACT.

Source: AIHW health expenditure database.



- (a) Based on annual mean resident population. Refer to Appendix F for further details.
- (b) ACT per person figures are not calculated, as the expenditure numbers for the ACT include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.
- (c) Average for Australia includes ACT.

Source: Table 2.11.

Figure 2.2: Average recurrent health expenditure per person^(a), current prices, for each state and territory^(b) and Australia^(c), 2007-08 (\$)

Table 2.12: Average recurrent health expenditure per person^(a), constant prices^(b), for each state and territory^(c), all sources of funds, 1997-98 to 2007-08 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(d)
1997-98	3,259	3,216	3,107	3,086	2,989	3,291	3,902	3,192
1998-99	3,480	3,304	3,189	3,113	3,220	3,271	3,900	3,331
1999-00	3,515	3,496	3,338	3,294	3,436	3,488	4,215	3,471
2000-01	3,647	3,770	3,591	3,517	3,564	3,669	4,393	3,661
2001-02	3,764	3,948	3,579	3,641	3,682	4,160	4,490	3,781
2002-03	3,879	4,132	3,669	3,914	3,942	3,806	4,765	3,927
2003-04	4,094	4,083	3,721	4,071	4,106	3,773	5,062	4,030
2004-05	4,298	4,207	3,851	4,228	4,350	3,893	5,188	4,195
2005-06	4,292	4,255	4,003	4,210	4,389	4,045	5,417	4,242
2006-07	4,448	4,374	4,255	4,413	4,488	4,225	5,571	4,409
2007-08	4,613	4,513	4,492	4,677	4,840	4,630	5,981	4,613

- (a) Based on annual mean resident population. Refer to Appendix F for further details.
- (b) Constant price health expenditure for 1997-98 to 2007-08 is expressed in terms of 2007-08 prices. Refer to Appendix E for further details.
- (c) ACT per person averages are not separately calculated, as the expenditure numbers for the ACT include substantial expenditures for NSW residents. Thus the ACT population is not the appropriate denominator.
- (d) National 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, by state and territory^(c), 1997–98 to 2007–08 (per cent)

Period	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(d)
1997–98 to 1998–99	6.8	2.8	2.6	0.9	7.7	–0.6	—	4.4
1998–99 to 1999–00	1.0	5.8	4.7	5.8	6.7	6.6	8.1	4.2
1999–00 to 2000–01	3.8	7.9	7.6	6.8	3.7	5.2	4.2	5.5
2000–01 to 2001–02	3.2	4.7	–0.3	3.5	3.3	13.4	2.2	3.3
2001–02 to 2002–03	3.1	4.7	2.5	7.5	7.1	–8.5	6.1	3.9
2002–03 to 2003–04	5.6	–1.2	1.4	4.0	4.1	–0.9	6.2	2.6
2003–04 to 2004–05	5.0	3.0	3.5	3.9	5.9	3.2	2.5	4.1
2004–05 to 2005–06	–0.1	1.1	3.9	–0.4	0.9	3.9	4.4	1.1
2005–06 to 2006–07	3.6	2.8	6.3	4.8	2.3	4.5	2.8	3.9
2006–07 to 2007–08	3.7	3.2	5.6	6.0	7.9	9.6	7.4	4.6
Average annual growth rate								
1997–98 to 2002–03	3.5	5.1	3.4	4.9	5.7	3.0	4.1	4.2
2002–03 to 2007–08	3.5	2.5 ^(e)	4.1	3.6	4.2	4.0	4.6	3.3
1997–98 to 2007–08	3.5	3.4	3.8	4.2	4.9	3.5	4.4	3.8

(a) Based on annual mean resident population. Refer to Appendix F for further details.

(b) Constant price health expenditure for 1997–98 to 2007–08 is expressed in terms of 2007–08 prices. Refer to Appendix E for further details.

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

(d) Australian average includes ACT.

(e) Average annual growth rate for 2003–04 to 2007–08 was used due to differences in the methodologies used by the Victorian Department of Human Services in their calculation of 2002–03 and 2003–04 data.

Source: AIHW health expenditure database.