

**National public health
expenditure report
2004–05**

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Australian Institute of Health and Welfare

Board Chair
Hon. Peter Collins, QC, AM

Director
Penny Allbon

Any enquiries about or comments on this publication should be directed to:

Mr John Goss
Australian Institute of Health and Welfare
GPO Box 570
Canberra ACT 2601
Phone: (02) 6244 1151
Email: expenditure@aihw.gov.au

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Preface

Public health activities undertaken or funded by governments are important aspects of the Australian health care system. Such activities are aimed at preventing illness and enhancing the wellbeing and quality of life of a nation's population. What is spent now on public health activities lowers the future demand for more expensive health interventions.

This is the fifth in a series of reports that has published expenditure data on public health activities in Australia. Each of these reports has been compiled by the AIHW with the cooperation of the Australian Government and state health authorities. Like the other reports in the series, this report has been funded by the Population Health Division of the Australian Government Department of Health and Ageing.

This publication presents the most recent estimates of funding and recurrent expenditure on public health activities for the financial year 2004–05 along with selected time series data back to 1999–00. As there have been no substantial changes made to the public health expenditure activity classification, this has provided a high degree of consistency and comparability of estimates over an extended period.

These statistics are an important source of information on public health expenditure. They are of interest to governments, health analysts, academics and the wider community in the formulation of policy and in the planning and management of public health.

Because of the revisions to previously published estimates, any comparisons of expenditure over time should be based on the funding and expenditure information provided in this publication rather than by reference to earlier publications.

A review of the public health expenditure data collection is to be undertaken over the coming months. The key objectives are to review the scope of the current data collection, and to assess the quality of the data and the validity of the methods currently used to compile the expenditure estimates including the activity classification. As part of this review process, we would appreciate any comments from users on the appropriateness of the statistics currently published and areas of emerging interest. This will assist in getting a better understanding of the value of this report and ways to make it more relevant to users.

Penny Allbon
Director
Australian Institute of Health and Welfare

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In addition, thanks are extended to the individual jurisdictions for compiling the public health expenditure estimates and to the Australian Government Department of Health and Ageing for funding the Public Health Expenditure Project.

Australian Government Department of Health and Ageing	Mr Brian Harrison (TAG) Mr Brett Rogers (TAG) Mr Paul Janmaat
New South Wales Health Department	Ms Cristalyn Da Chuna Mr Vineet Makhij (TAG)
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South Australian Department of Health	Mr Tony Woollacott (TAG) Ms Bianca Barbaro
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Northern Territory Department of Health and Community Services	Dr Steve Guthridge (TAG)
National Health and Medical Research Council	Mr Carlyle Bremner
Australian Institute of Health and Welfare	Mr Daniel Aherne (TAG) Mr Tony Hynes Mr John Goss (TAG)

Executive summary

This is the fifth report on public health funding and recurrent expenditure by the Australian Government and the state and territory governments.

The report presents statistics on public health in Australia for 2004–05 and time series data back to 1999–00.

Public health funding refers to the total funding provided by an agency for public health purposes, and public health expenditure relates to the agency directly incurring the costs of programs (see Box 1, page 2).

Government funding of public health activities

- It is estimated that government funding for public health activities during 2004–05 was \$1,436.3 million (Table 1.1). Of this, the Australian Government's share of funding was estimated at \$863.3 million (60.1%). The state and territory governments' share was \$573.0 million (39.9%) (Table 1.1).
- The Australian Government funded \$395.3 million (27.5%) was in the form of Specific Purpose Payments (SPPs) to support state and territory governments' programs aimed at achieving agreed public health outcomes (see diagram on page xiii).

Government expenditure on public health activities

Government expenditure relates to the public health expenditure incurred on a regular basis by the Australian Government and the state and territory governments. This excludes capital expenditure. The expenditure is reported in terms of who directly incurs the expenditure rather than who ultimately pays for that expenditure:

- In 2004–05, state and territory health departments spent \$968.3 million (or 67.4% of total government expenditure) on public health activities. The remaining \$468.0 million (32.6%) was spent by the Australian Government on health programs and activities for which it was directly responsible (see diagram on page xiii).
- The highest expenditure in 2004–05 was on *Organised immunisation* which amounted to \$338.3 million or 23.6% of the total expenditure by jurisdictions (Table 1.3). Other significant expenditures were reported on:
 - *Selected health promotion* – \$232.8 million (16.2%)
 - *Communicable disease control* – \$232.0 million (16.1%)
 - *Prevention of hazardous and harmful drug use* – \$194.2 million (13.5%).

Total public health expenditure as a proportion of total recurrent health expenditure

- Total recurrent expenditure on health goods and services (excluding capital formation and depreciation) in Australia in 2004–05 was estimated at \$82,176 million (Table 1.5). Of this, \$56,010 million was funded by governments with the balance being funded by private sources. Total government expenditure on public health in Australia in 2004–05

represented 1.7% of total recurrent expenditure and 2.6% of recurrent government expenditure (Table 1.5; Table 1.6). These proportions have remained virtually constant since 1999–00.

- On a state and territory basis, the share of total government expenditure on public health activities from all funding sources, as a proportion of total recurrent health expenditure, varied considerably across jurisdictions in 2004–05, ranging from 6.84% in the Northern Territory to 1.56% in Victoria (Table 1.6).
- On a state and territory basis, the share of total government expenditure on public health activities from government funding sources, as a proportion of total recurrent health expenditure, varied considerably across jurisdictions in 2004–05, ranging from 8.57% in the Northern Territory to 2.39% in Victoria (Table 1.6).

Growth in expenditure on public health

In order to measure the real changes in expenditure over time on public health activities, the expenditure estimates have been recalculated in 2003–04 prices:

- Expenditure on public health grew by 9.7%, in real terms, between 2003–04 and 2004–05 with expenditure on *Organised immunisation* reflecting the highest real growth rate (21.6%) followed by *Prevention of hazardous and harmful drug use* (11.5%) and *Cervical screening* (11.1%) (Table 1.9).
- Expenditure over the period 1999–00 to 2004–05 has grown at an average rate of 5.8% per annum in real terms (Table 1.9). The highest average real growth rates were recorded for *Organised immunisation* (13.6%) and *Prevention of hazardous and harmful drug use* (6.8%).
- At a jurisdictional level, the highest growth in real terms over the period 1999–00 to 2004–05 was recorded by the Australian Government (8.6%) followed by Queensland (7.2%) and Victoria (5.0%) (Table 1.10).

Growth in expenditure on public health activities, constant prices^(a), by jurisdiction, 1999–00 to 2004–05

Jurisdiction	1999–00 to 2000–01	2000–01 to 2001–02	2001–02 to 2002–03	2002–03 to 2003–04	2003–04 to 2004–05	1999–00 to 2004–05 ^(b)
Australian Government	8.4	3.5	–1.0	4.3	30.4	8.6
New South Wales	2.2	6.3	2.6	7.7	3.3	4.4
Victoria	20.0	2.2	14.8	–6.8	–2.9	5.0
Queensland	6.7	9.4	13.6	1.2	5.3	7.2
Western Australia	4.9	8.3	9.2	0.8	–1.4	4.3
South Australia	5.3	2.1	16.6	–6.5	–0.5	3.1
Tasmania	6.5	5.6	13.7	–6.3	–5.9	2.4
Australian Capital Territory	–6.0	–0.9	5.1	0.1	7.4	1.0
Northern Territory	–8.1	–1.7	–6.6	15.6	18.9	3.0
Total	7.2	4.5	6.4	1.4	9.7	5.8

(a) Constant price expenditure has been expressed in 2003–04 prices (see Section 11.1).

(b) Average annual growth rate.

