

Health expenditure Australia 2002–03

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HEALTH AND WELFARE EXPENDITURE SERIES

Number 20

Health expenditure Australia 2002–03

September 2004

Australian Institute of Health and Welfare
Canberra

AIHW cat. no. HWE 27

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ISSN 1323-5850

ISBN 1 74024 410 9

Suggested citation

Australian Institute of Health and Welfare (AIHW) 2004. Health expenditure Australia 2002–03. AIHW Cat. No. HWE 27 (Health and Welfare Expenditure Series No. 20). Canberra: AIHW.

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Published by the Australian Institute of Health and Welfare

Printed by Pirion Pty. Ltd.

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Preface

In 2002–03, Australia’s health expenditure totalled \$72.2 billion, representing 9.5% of gross domestic product (GDP). This compares with 8.2% of GDP in 1992–93. Given the continual calls for more resources across the different components of the health system, it is essential to understand what is currently spent if there is to be rational discussion about resource allocation.

Regular reporting of national health expenditure statistics is vital to understanding Australia’s health system. Such statistics show the volume and proportion of economic resources allocated to the production and consumption of health goods and services, which in turn contribute to the health and wellbeing of the nation. Reporting of health expenditure involves estimates of the overall level of health expenditure as well as expenditure on the different components of the health care system. It also involves identification of the sources of funding for that expenditure.

Health Expenditure Australia 2002–03 continues the Australian Institute of Health and Welfare’s series of reports on national health expenditures, which have been produced annually since 1986. This publication presents estimates for Australia for the year 2002–03, and time-series data covering the period from 1992–93.

A feature of this issue is the inclusion of a detailed matrix breaking down the Institute’s preliminary estimates of national health expenditure for 2002–03 by areas of expenditure and sources of funding. This is the second time such a break-down of the preliminary estimates has been provided and aims to give analysts more timely indications of the ways in which expenditure on, and funding for, particular areas have moved in recent years. Users should, however, exercise caution when using these preliminary estimates as they are subject to change when more complete data are received from data providers.

In recent issues the publication has provided individual health expenditure matrices at the national level for the previous decade and for each of the states and territories from 1996–97. This issue contains matrices for the years 1999–00 to 2002–03 only. All previously published and revised matrices are now available on the Institute’s website (<http://www.aihw.gov.au/expenditure/health>).

As was the case in the 2001–02 publication, there have been some revisions to previously published estimates of health expenditure, due to receipt of additional or revised data. Comparisons over time should, therefore, be based on information provided in this publication, rather than by reference to earlier editions.

Richard Madden
Director
Australian Institute of Health and Welfare

Abbreviations and symbols

ABS	Australian Bureau of Statistics
AHCA	Australian Health Care Agreement
AIHW	Australian Institute of Health and Welfare
ATO	Australian Taxation Office
CGC	Commonwealth Grants Commission
DoHA	Australian Government Department of Health and Ageing
DVA	Department of Veterans' Affairs
GDP	Gross domestic product
GPC	Government Purpose Classification
HEAC	Health Expenditure Advisory Committee
HFCE	Household final consumption expenditure
NHA	National Health Accounts
NPHEP	National Public Health Expenditure Project
NPHER	National Public Health Expenditure Reports
OECD	Organisation for Economic Cooperation and Development
PBS	Pharmaceutical Benefits Scheme
PHIAC	Private Health Insurance Advisory Council
PHIIS	Private Health Insurance Incentives Subsidy
PPP	Purchasing power parity
RPBS	Repatriation pharmaceutical benefits scheme
SPPs	Specific-purpose payments for health under Section 96 of the Australian Constitution
WHO	World Health Organization
n.a.	not available
..	not applicable
nec	not elsewhere classified
—	nil or rounded down to zero

1 Background and summary

1.1 Background

This publication reports on health expenditure in Australia, by area of expenditure and source of funds from 1992–93 to 2001–02. It also provides preliminary estimates of recurrent, capital and total expenditure by source of funds for 2002–03. Expenditure is analysed in terms of who provides the funding for health care and what types of services attract that funding.

The bulk of funding for health expenditure is provided by the Australian Government and the state and territory governments. Therefore, as well as consideration of the whole period from 1992–93 to 2002–03, analyses of trends in expenditure have been linked to the periods covered by the major health care funding agreements between these two levels of government. These are:

- up to 1992–93;
- from 1993–94 to 1997–98; and
- from 1998–99 to 2002–03.

Australia is compared with other member countries of the Organisation for Economic Cooperation and Development (OECD).

The tables and figures in this publication detail expenditure in terms of current and constant prices. Constant price expenditure adjusts for the effects of inflation using, wherever possible, chain price indexes provided by the Australian Bureau of Statistics (ABS). Where such chain price indexes are not available, implicit price deflators are used. Because the reference year for both the chain price indexes and the implicit price deflators is 2001–02, the constant price estimates indicate what expenditure would have been had 2001–02 prices applied in all years.

Throughout this publication there are references to the general rate of inflation. These refer to changes in economy wide prices, not just consumer prices. The general rate of inflation is calculated with reference to the implicit price deflator for gross domestic product (GDP).

Some expenditure estimates for 1996–97 to 2001–02 have been revised since the publication of *Health Expenditure Australia 2001–02*: these are detailed in Section 6.7.

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 is determined by the institutional frameworks in place, both government and non-government. Australia is a federation, governed by a national government (the Australian Government or Commonwealth) and eight state and territory governments. Both these levels of government play important roles in the provision and funding of health care. In some jurisdictions, local

governments also play an important role. All of these levels of government collectively are called the public sector. What remains is the non-government sector, which in the case of funding for health care comprises individuals, private health insurers and other non-government funding sources (principally workers' compensation and compulsory motor vehicle third-party insurers). Figure 1 shows the major flows of funding between the government and non-government sectors and the providers of health goods and services.

Most non-hospital health care in Australia is delivered by non-government providers, among them private medical and dental practitioners, other health professionals (such as physiotherapists, acupuncturists and podiatrists) and pharmaceutical retailers. Delivery of health care can occur in a diverse range of settings – hospitals, residential care facilities, hospices, rehabilitation centres, community health centres, health clinics, ambulatory care services, the private consulting rooms of health professionals, patients' homes or workplaces, and so on.

In summary, the following are the main features of Australia's health system:

- Universal access to benefits for privately provided medical services under Medicare, which are funded by the Australian Government, with co-payments by users where the services are patient-billed.
- Eligibility for public hospital services, free at the point of service, funded approximately equally by the states and territories and the Australian Government.
- Growing private hospital activity, largely funded by private health insurance, which in turn, is subsidised by the Australian Government through its 30% rebate on members' contributions to private health insurance.
- The Australian Government, through its Pharmaceutical Benefits Scheme, subsidises a wide range of drugs and medicinal preparations outside public hospitals.
- The Australian Government provides most of the funding for high-level residential care and for health research. It also directly funds a wide range of services for eligible veterans.
- State and territory health authorities are primarily responsible for mental health programs, the transport of patients, community health services, and public health services such as health promotion and disease prevention.
- Individuals primarily spend money on pharmaceuticals, dental services, aids and appliances, medical services and other professional services.

1.3 Summary of findings

- Total health expenditure in Australia was an estimated \$72.2 billion in 2002–03 (Table 1). This is equivalent to \$3,652 per person (Table 5).
- Health expenditure as a proportion of GDP was estimated at 9.5% in 2002–03, up from 9.3% (\$66.5 billion) in 2001–02 (Table 2).
- Governments funded 67.9% of health expenditure in Australia in 2002–03 (Table 12).
- Average real growth in funding by individuals (out-of-pocket expenditures) between 1997–98 and 2002–03 was 8.3% per year, 3.2 percentage points above the real growth in health expenditure (5.1%) over the period (Tables 1 and 20).
- In 2002–03, \$2.3 billion of health expenditure was funded by the Australian Government’s health insurance rebates (Table 18).
- Real growth in expenditure on health averaged 4.5% between 1992–93 and 2002–03, with the highest annual growth (7.4%) occurring in 2000–01 (Table 1).
- Real expenditure on pharmaceuticals has grown rapidly (11.6% annually from 1997–98 to 2002–03), with growth peaking at 17% in 2000–01 (Table 16).
- Health prices increased, on average, 0.9% per year, more rapidly than the general inflation rate between 1992–93 and 2002–03 (Table 4).
- Excess health inflation was positive and rising in 2001–02 (1.0%) and 2002–03 (1.6%), after experiencing negative growth of 1.4% in 2000–01 (Table 4).

1.4 Revisions to ABS estimates

In *Health Expenditure Australia 2001–02* a number of revisions to key ABS source data for the health expenditure estimates were outlined. Subsequent revisions to ABS estimates of GDP and household final consumption expenditure have again affected the estimates in this publication.

GDP estimates for this publication are sourced from the ABS (ABS 2004). The current price GDP estimates in that ABS publication are higher than those published in *Health Expenditure Australia 2001–02*. For instance, the 2001–02 current price estimate of GDP was revised up in the December quarter 2003 publication by \$1.5 billion, compared with the published number used in *Health Expenditure Australia 2001–02*. This lowered the proportion of GDP spent on health goods and services (the health–GDP ratio) for that year.

For the 2002–03 ratio, the current price estimate of GDP from the June quarter 2004 ABS publication was used. This had been revised up by \$2.1 billion compared with the December quarter 2003 estimate.

Estimated total household final consumption expenditure (HFCE) has been revised down since the publication of *Health Expenditure Australia 2000–01*. The major revision related to HFCE for medicines, aids and appliances; the national estimate of HFCE was revised down by \$357 million in 1999–00, \$50 million in 2000–01, and \$14 million in 2001–02. The result of the large revision in 1999–00 was to greatly increase the growth rate between 1999–00 and 2000–01. Very strong growth in nominal household expenditure on dentists (\$650 million

between 2000-01 and 2001-02, and \$263 million between 2001-02 and 2002-03) contributed to the strong growth in health expenditure between 2000-01 and 2001-02.

2 Total health expenditure

Total expenditure on health goods and services, health-related services and capital formation in Australia in 2002-03 was estimated at \$72.2 billion (Table 1). This was an increase of \$5.6 billion over the previous year. Most of this increase between 2001-02 and 2002-03 was in four areas of expenditure:

- hospitals – up \$1.6 billion;
- pharmaceuticals – up \$0.9 billion;
- medical services – up \$0.8 billion; and
- dental services – up \$0.3 billion.

After allowing for inflation, real growth between 2001-02 and 2002-03 was estimated at 4.2%. This was 0.3 percentage points below the average since 1992-93 (4.5%), and 0.9 percentage points below the 5 year average since 1997-98 (5.1%).

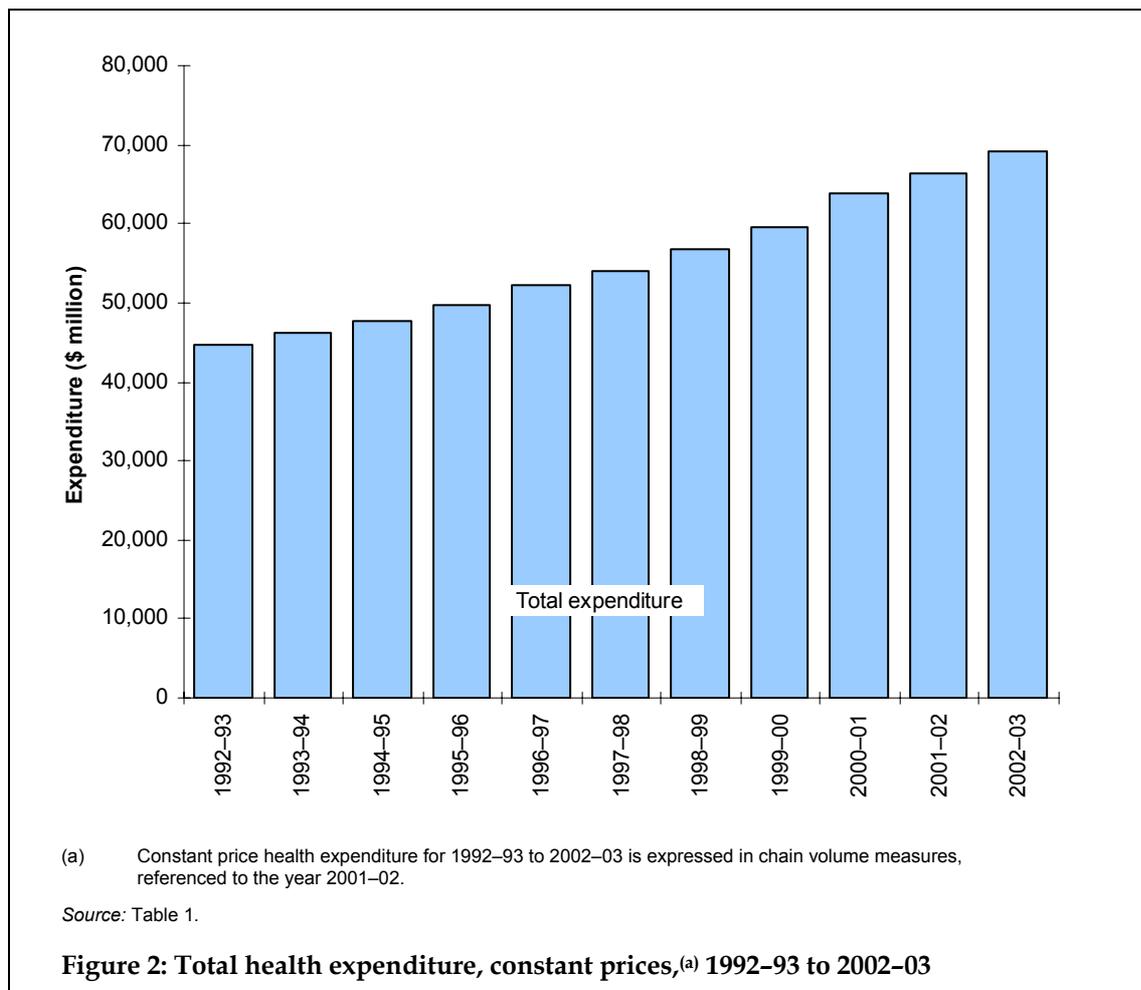


Table 1: Total health expenditure, current and constant prices^(a) and annual growth rates, 1992–93 to 2002–03

Year	Amount (\$ million)		Growth rate over previous year (%)	
	Current	Constant	Current	Constant
1992–93	35,098	44,764	..	..
1993–94	36,990	46,080	5.4	2.9
1994–95	39,216	47,733	6.0	3.6
1995–96	42,082	49,688	7.3	4.1
1996–97	45,296	52,182	7.6	5.0
1997–98	48,274	54,131	6.6	3.7
1998–99	51,726	56,785	7.2	4.9
1999–00	55,427	59,435	7.2	4.7
2000–01	61,660	63,812	11.2	7.4
2001–02	66,541	66,541	7.9	4.3
2002–03 ^(b)	72,183	69,306	8.5	4.2
Average annual growth rate				
1992–93 to 1997–98			6.6	3.9
1997–98 to 2002–03			8.4	5.1
1992–93 to 2002–03			7.5	4.5

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

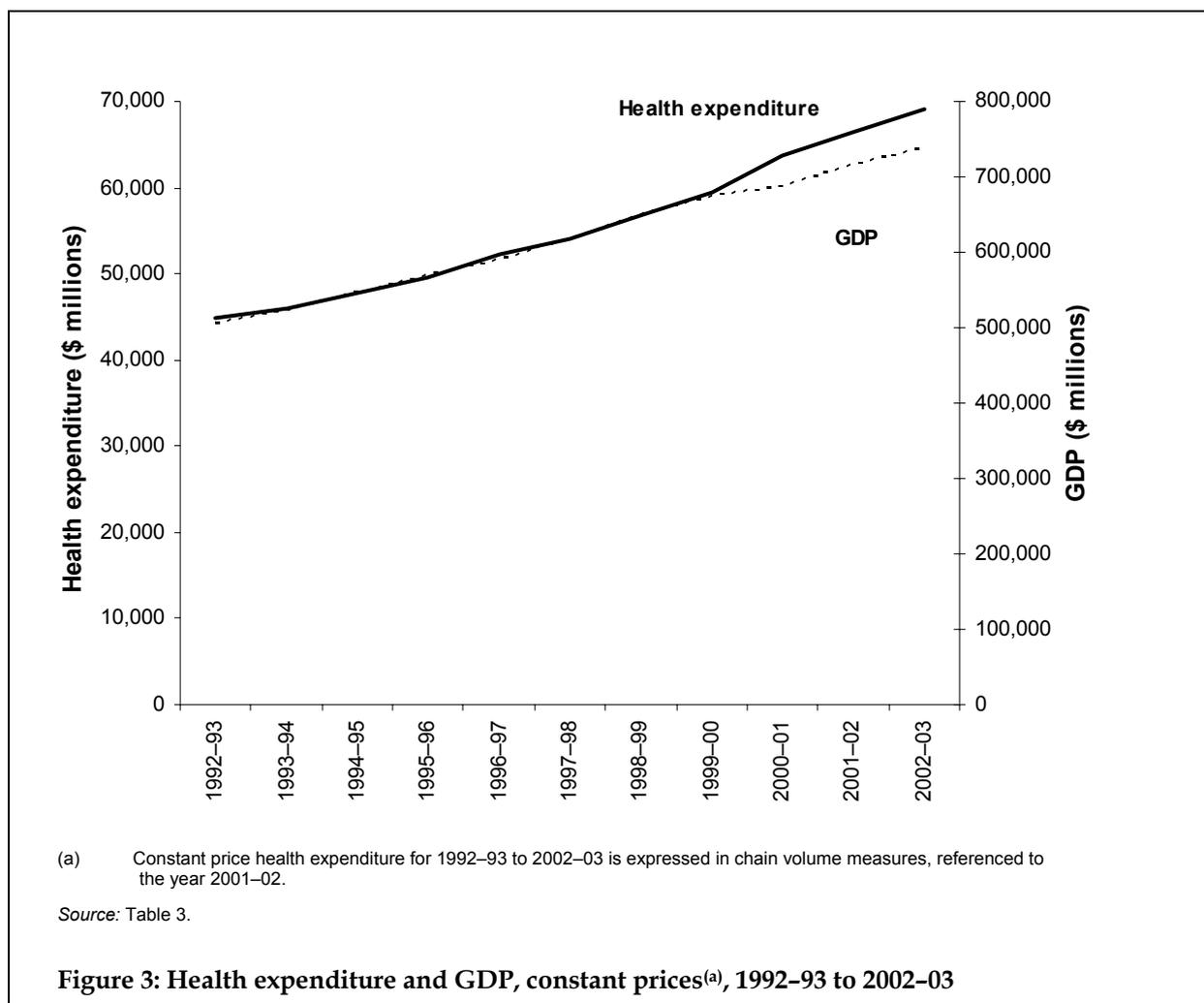
(b) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

2.1 Health expenditure and the general level of economic activity

Both GDP and health expenditure grew in every year from 1992–93 to 2002–03 (Figure 3 and Table 3).

Although rates of real GDP growth after 1998–99 have been slower than during the second half of the 1990s, real health expenditure has shown sturdier rates of growth.



At the national level, GDP is the main measure used to indicate the overall level of economic activity. It is also a principal measure used to make international comparisons of the relative sizes and growth rates of different countries' health sectors and this is discussed in Chapter 5. The ratio of Australia's health expenditure to GDP (health-GDP ratio) provides an indication of the proportion of overall economic activity contributed by the health sector. It is estimated that spending on health accounted for 9.5% of GDP in 2002-03 – up from 9.3% in the previous year and from 8.2% in 1992-93 (Table 2).

The health-GDP ratio can increase during a period for one or both of the following reasons:

- the level of use of goods and services in health increased at a greater rate than the increase in the use of all goods and services in the economy (a quantity effect); and
- price rises in the health sector exceeded economy-wide price rises – excess health inflation (a price effect).

Table 2: Total health expenditure and GDP, current prices, and annual growth rates, 1992–93 to 2002–03

Year	Total health expenditure		GDP		Ratio of health expenditure to GDP (%)
	Amount (\$ million)	Nominal growth rate (%)	Amount (\$ million)	Nominal growth rate (%)	
1992–93	35,098	..	426,232	..	8.2
1993–94	36,990	5.4	447,025	4.9	8.3
1994–95	39,216	6.0	471,348	5.4	8.3
1995–96	42,082	7.3	502,828	6.7	8.4
1996–97	45,296	7.6	529,886	5.4	8.5
1997–98	48,274	6.6	561,229	5.9	8.6
1998–99	51,726	7.2	591,917	5.5	8.7
1999–00	55,427	7.2	626,037	5.8	8.9
2000–01	61,660	11.2	671,120	7.2	9.2
2001–02	66,541	7.9	714,370	6.4	9.3
2002–03 ^(a)	72,183	8.5	756,170	5.9	9.5
Average annual growth rate					
		6.6		5.7	
		8.4		6.1	
		7.5		5.9	

(a) Based on preliminary AIHW and ABS estimates.

Sources: AIHW health expenditure database and ABS 2004.

The general trend in the health–GDP ratio was a gradual increase over the 11-year period. The most significant increase occurred in 2000–01, when the ratio grew by 0.3 percentage points (Table 2), the increase being largely due to volume effects. Between 1999–00 and 2000–01, real growth in expenditure on pharmaceuticals, aids and appliances, other health professionals, ambulance and dental services accelerated (Table A5).

From 1997–98, real health expenditures grew by an average of 5.1% per year, compared with a real GDP growth rate of 3.6% (Table 3), while average excess health inflation was 0.7% (Table 4). This indicates a sharp rise in the use of health services.

Preliminary estimates for 2002–03 show a continued increase in health–GDP ratio of 0.2 percentage points due to a continuation of a large volume effect – with real health expenditure increasing by 4.2% compared with 3.3% for real GDP (Table 3); a positive (1.6%) excess health inflation figure contributed to nominal growth (Table 4).

Table 3: Total health expenditure and GDP, constant prices,^(a) and annual growth rates, 1992–93 to 2002–03

Year	Total health expenditure		GDP	
	Amount (\$m)	Growth rate (%)	Amount (\$m)	Growth rate (%)
1992–93	44,764	..	504,147	..
1993–94	46,080	2.9	523,762	3.9
1994–95	47,733	3.6	545,919	4.2
1995–96	49,688	4.1	569,125	4.3
1996–97	52,182	5.0	590,471	3.8
1997–98	54,131	3.7	616,805	4.5
1998–99	56,785	4.9	649,550	5.3
1999–00	59,435	4.7	673,944	3.8
2000–01	63,812	7.4	687,720	2.0
2001–02	66,541	4.3	714,370	3.9
2002–03 ^(b)	69,306	4.2	737,710	3.3
Average annual growth rate				
1992–93 to 1997–98		3.9		4.1
1997–98 to 2002–03		5.1		3.6
1992–93 to 2002–03		4.5		3.9

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Based on preliminary AIHW and ABS estimates.

Sources: AIHW health expenditure database and ABS 2004.

Table 4: Annual rates of health inflation, 1992–93 to 2002–03 (per cent)

Period	Health inflation	General inflation ^(a)	Excess health inflation
1992–93 to 1993–94	2.4	1.0	1.4
1993–94 to 1994–95	2.3	1.2	1.2
1994–95 to 1995–96	3.1	2.3	0.7
1995–96 to 1996–97	2.5	1.6	0.9
1996–97 to 1997–98	2.7	1.4	1.3
1997–98 to 1998–99	2.1	0.2	2.0
1998–99 to 1999–00	2.4	1.9	0.4
1999–00 to 2000–01	3.6	5.1	-1.4
2000–01 to 2001–02	3.5	2.5	1.0
2001–02 to 2002–03	4.2	2.5	1.6
Average annual rates of inflation			
1992–93 to 1997–98	2.6	1.5	1.1
1997–98 to 2002–03	3.2	2.4	0.7
1992–93 to 2002–03	2.9	1.9	0.9

(a) Based on the implicit price deflator for GDP.

Sources: AIHW health expenditure database and ABS 2004.

Health inflation

The relationship between movements in health prices and the general level of inflation in the economy as a whole has a strong influence on the health-GDP ratio. The general level of inflation is measured by reference to the implicit price deflator for GDP, and health inflation is indicated by reference to the total health price index (see Table 37). Australia's health inflation has tended to move ahead of the general level of inflation in most years.

Between 1992-93 and 2002-03, the average rate of general inflation was 1.9% per year (Table 4). Health inflation during that period averaged 2.9% per year, giving an excess health inflation rate of 0.9% per year. In the last three years (2000-01 to 2002-03), health inflation was higher (3.6%, 3.5% and 4.2%, respectively) than at any other time during the period since 1992-93.

2.2 Health expenditure per person

As the population grows, it could be anticipated that health expenditure must also increase, to maintain the average level of goods and services available to each person in the community. By examining health expenditure on a per person basis, the influence of changes in the overall size of the population is removed from the analysis.

During 2002-03, estimated per person health expenditure averaged \$3,652 (Table 5).

Real growth in per person health expenditure between 1992-93 and 2002-03 averaged 3.3% per year, compared with 4.5% for aggregate national health expenditure (Table 3; Table 5). The difference between these two growth rates is the result of growth in the overall size of the Australian population.

Table 5: Average health expenditure per person,^(a) current and constant prices,^(b) and annual growth rates, 1992–93 to 2002–03

Year	Amount (\$)		Growth rate over previous year (%)	
	Current	Constant	Current	Constant
1992–93	1,996	2,545	..	..
1993–94	2,082	2,594	4.3	1.9
1994–95	2,183	2,658	4.9	2.5
1995–96	2,313	2,731	5.9	2.8
1996–97	2,459	2,832	6.3	3.7
1997–98	2,593	2,908	5.5	2.7
1998–99	2,748	3,017	6.0	3.8
1999–00	2,910	3,121	5.9	3.4
2000–01	3,186	3,297	9.5	5.6
2001–02	3,395	3,395	6.5	3.0
2002–03 ^(c)	3,652	3,506	7.6	3.3
Average annual growth rate				
1992–93 to 1997–98			5.4	2.7
1997–98 to 2002–03			7.1	3.8
1992–93 to 2002–03			6.2	3.3

(a) Based on annual mean resident population.

(b) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(c) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

2.3 Total health expenditure, by state and territory

As well as being affected by national priorities, health expenditure in Australia is influenced by the different health policy initiatives pursued by the state and territory governments. Consequently, while expenditure broadly aligns with the spread of the population, there are differences between the states and territories in the way health expenditure is distributed. Further, there are changes in average expenditures because of different socio-economic and demographic profiles and the mix of public and private providers in the states and territories.

Disaggregation of total health expenditure on a state and territory basis has been undertaken since 1996–97. This has enabled some limited comparison of expenditure patterns over time for each of the states and territories. It is estimated that, during 2002–03, 58.8% (\$42.5 billion) of total national health expenditure was incurred in the two most populous states, New South Wales (\$24.3 billion) and Victoria (\$18.1 billion) (Table 6). These two states account for 58.4% of the total Australian population.

Table 6: Total health expenditure, current prices, by state and territory, 1996–97 to 2002–03 (\$ million)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
1996–97	15,679	11,310	8,242	3,963	3,550	1,308	764	480	45,296
1997–98	16,550	11,979	8,821	4,561	3,740	1,263	828	530	48,274
1998–99	17,706	12,894	9,598	4,838	3,922	1,321	890	557	51,726
1999–00	18,814	13,568	10,534	5,133	4,420	1,383	953	622	55,427
2000–01	20,652	15,542	11,368	5,906	4,896	1,596	1,048	653	61,660
2001–02	22,238	16,889	11,782	6,806	5,247	1,688	1,163	728	66,541
2002–03 ^(a)	24,342	18,118	12,729	7,363	5,638	1,921	1,254	817	72,183

(a) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

Table 7: Total health expenditure, constant prices,^(a) by state and territory, 1996–97 to 2002–03 (\$ million)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
1996–97	18,218	13,169	9,359	4,559	3,975	1,487	882	532	52,182
1997–98	18,630	13,634	9,754	5,079	4,107	1,415	923	588	54,131
1998–99	19,504	14,313	10,478	5,243	4,239	1,429	975	603	56,785
1999–00	20,174	14,702	11,264	5,458	4,691	1,468	1,020	658	59,435
2000–01	21,371	16,155	11,752	6,082	5,052	1,645	1,086	669	63,812
2001–02	22,238	16,889	11,782	6,806	5,247	1,688	1,163	728	66,541
2002–03 ^(b)	23,440	17,341	12,141	7,125	5,420	1,846	1,204	788	69,306

(a) Constant price health expenditure for 1996–97 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Based on preliminary AIHW and ABS estimates.

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

Source: AIHW health expenditure database.

Table 8: Average health expenditure per person, current prices, by state and territory, 1996–97 to 2002–03 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia ^(b)
1996–97	2,511	2,469	2,447	2,225	2,402	2,758	2,473	2,603	2,459
1997–98	2,623	2,594	2,578	2,522	2,518	2,672	2,680	2,811	2,593
1998–99	2,777	2,765	2,763	2,633	2,626	2,800	2,863	2,912	2,748
1999–00	2,917	2,878	2,983	2,755	2,943	2,934	3,036	3,202	2,910
2000–01	3,162	3,255	3,163	3,127	3,246	3,384	3,306	3,324	3,186
2001–02	3,364	3,489	3,214	3,555	3,461	3,576	3,627	3,680	3,395
2002–03 ^(a)	3,654	3,706	3,392	3,800	3,701	4,049	3,892	4,126	3,652

(a) Based on preliminary AIHW and ABS estimates.

(b) Based on annual mean resident population.

Source: AIHW health expenditure database.

On a per person basis, in 2002–03 the estimated national average level of expenditure on health was \$3,652. Queensland (\$3,392) had the lowest average level of expenditure while the Northern Territory (\$4,126), had the highest average level of expenditure (Table 8).

Table 9: Annual growth in health expenditure per person, constant prices,^(a) all sources of funding, by state and territory, 1996–97 to 2002–03 (per cent)

Period	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia ^(d)
1996–97 to 1997–98	1.2	2.7	2.6	9.7	2.8	–4.5	4.6	8.2	2.7
1997–98 to 1998–99	3.6	4.0	5.8	1.6	2.7	1.2	5.0	1.0	3.8
1998–99 to 1999–00	2.3	1.6	5.8	2.6	10.0	2.8	3.7	7.5	3.4
1999–00 to 2000–01	4.6	8.5	2.5	9.9	7.3	12.0	5.4	0.4	5.6
2000–01 to 2001–02	2.8	3.1	–1.7	10.4	3.3	2.5	5.9	8.1	3.0
2001–02 to 2002–03 ^(b)	4.6	1.7	0.7	3.4	2.8	8.8	3.0	8.1	3.3
Average annual growth rate									
1996–97 to 2002–03 ^(b)	3.2	3.6	2.6	6.2	4.8	3.7	4.6	5.5	3.6
1997–98 to 2002–03 ^{(b)(c)}	3.6	3.7	2.6	5.5	5.2	5.4	4.6	5.0	3.8

(a) Constant price health expenditure for 1996–97 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Based on preliminary AIHW and ABS estimates.

(c) AHCA period.

(d) Based on annual mean resident population.

Source: AIHW health expenditure database.

During the period covered by the 1998 Australian Health Care Agreements between the Australian Government and the states and territories, that is, from the end of the 1997–98 fiscal year to 2002–03, five states and territories recorded real average annual growth rates per person that were above the national average of 3.8% – Western Australia (5.5%), Tasmania (5.4%), South Australia (5.2%), the Northern Territory (5.0%) and the Australian Capital Territory (4.6%). Victoria (3.7%), New South Wales (3.6%) and Queensland (2.6%) had growth rates below the national average (Table 9).

Table 10: Average annual growth in health expenditure, constant prices,^(a) by state and territory, by area of expenditure, 1996–97 to 2001–02 (per cent)

Area of expenditure	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
Hospitals	1.4	2.5	3.4	7.8	0.3	2.7	4.3	10.1	2.8
Public (non-psychiatric)	1.8	3.7	3.4	9.0	-0.7	5.0	4.1	9.3	3.3
Public (psychiatric)	-4.2	15.6	1.9	4.1	5.4	-2.5	..	..	0.2
Private	0.9	-0.7	3.6	4.6	2.4	-2.2	5.2	18.1	1.5
High-level residential care	1.2	5.2	9.4	11.0	5.0	2.9	12.3	3.1	4.8
Ambulance	12.0	5.4	15.4	-0.2	22.9	0.8	2.6	51.0	11.4
<i>Total institutional</i>	1.7	3.0	4.8	8.1	1.9	2.7	4.9	11.4	3.4
Medical services	3.1	2.8	3.2	3.6	3.6	2.4	1.4	3.6	3.1
Other health professionals	1.3	1.9	2.5	-3.2	1.1	6.1	1.4	11.1	1.6
Pharmaceuticals	11.5	10.7	9.8	13.4	13.7	10.2	14.8	17.0	11.4
Benefit-paid items	9.7	11.0	11.8	12.2	10.7	10.3	12.6	18.7	10.8
All other items	15.3	10.3	7.1	15.0	19.6	10.1	18.8	15.3	12.3
Aids and appliances	16.8	14.4	9.3	18.5	22.6	10.9	18.0	10.4	14.9
Dental services	2.9	5.1	6.1	14.1	0.1	5.4	7.8	19.2	5.0
Other non-institutional, community health, administration and research	7.2	7.7	1.6	9.9	13.2	-0.7	6.8	-0.8	6.7
<i>Total non-institutional</i>	6.6	6.6	4.7	8.6	9.8	3.5	6.3	2.8	6.6
Total recurrent	4.3	5.1	4.7	8.3	6.2	3.1	5.7	6.5	5.1
Capital outlays	-4.4	2.4	1.1	5.9	-7.8	-19.7	10.9	-10.7	-1.0
Capital consumption	8.6	22.5	17.2	15.0	9.9	5.1	-3.6	22.0	13.4
Total capital	-0.6	6.1	4.5	8.7	-3.5	-13.4	5.8	4.0	2.5
Direct health expenditure	4.1	5.1	4.7	8.3	5.7	2.6	5.7	6.4	5.0

(a) Constant price health expenditure for 1996–97 to 2001–02, from which growth rates were calculated, is expressed in chain volume measures, referenced to the year 2001–02.

Source: AIHW health expenditure database.

The state-based health expenditure data include estimates of expenditure that has been funded by sources other than the state and territory governments. These include funding by the Australian Government, private health insurance, individuals (through out-of-pocket payments) and providers of injury compensation cover. This means that estimates of expenditure within a state are not limited to those areas of responsibility of state and territory governments.

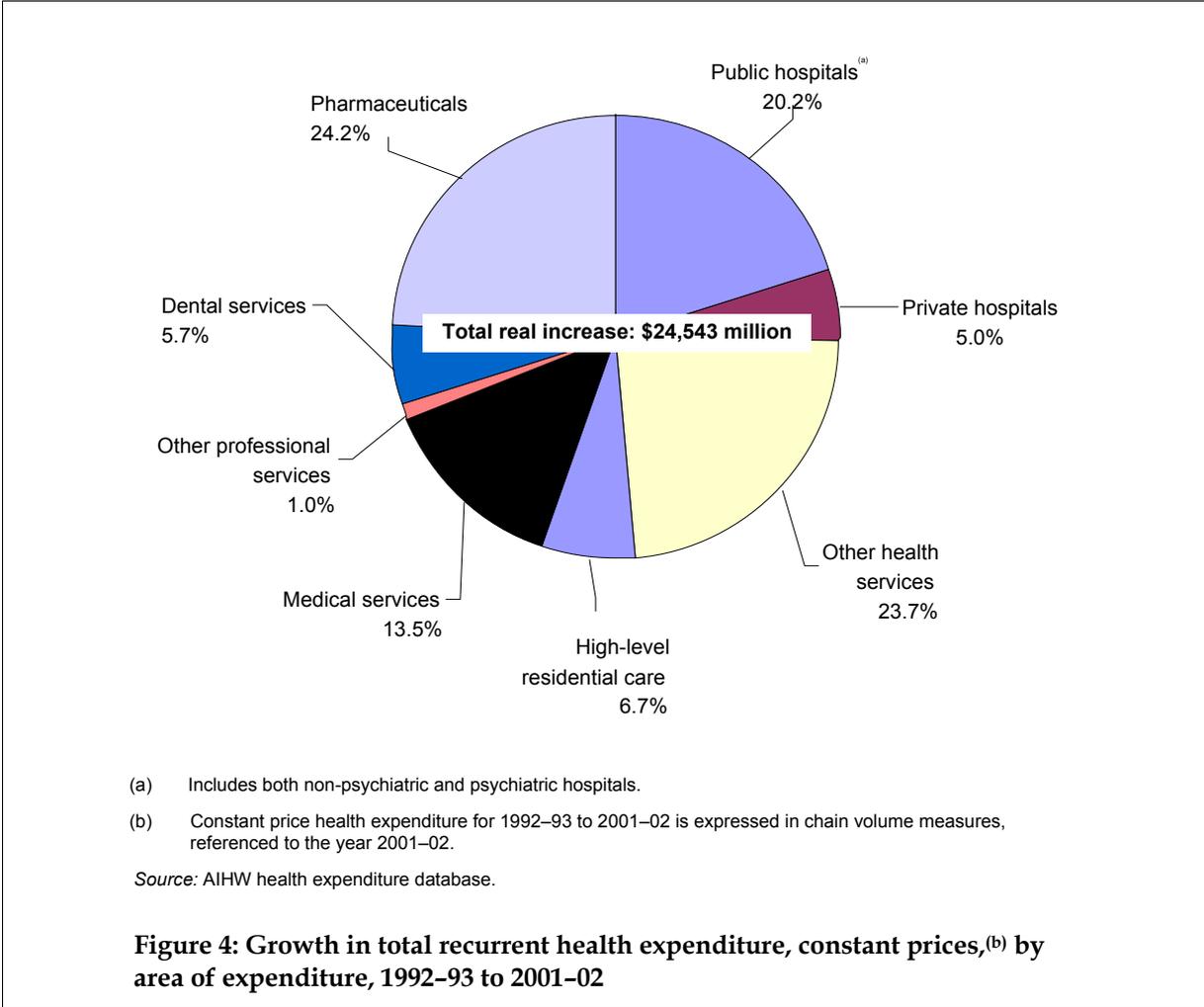
Average annual real growth over the period 1996–97 to 2001–02 was highest in Western Australia (8.3%) and lowest in Tasmania (2.6%). The national average for that period was 5.0% (Table 10). These differences reflect trends in expenditure on hospitals, high-level residential care and community health in those states.

To the greatest extent possible, the AIHW has applied consistent methods to derive estimates for the different states and territories. But there will be differences from one jurisdiction to another in the quality of the data on which these estimates are based. This means that, while some broad comparisons can be made, caution should be exercised when comparing the results for jurisdictions.

The work of the Health Expenditure Advisory Committee (HEAC) (see Chapter 6) will, over time, further enhance the quality and comparability of health expenditure data reported in the Health Expenditure Australia series of publications.

2.4 Sources of growth in real health expenditure

Just over one-quarter (25.2%) of real growth in recurrent health expenditure between 1992–93 and 2001–02 was concentrated in hospitals (Figure 4) – public (20.2%) and private (5.0%). Another quarter of the growth over this period came from pharmaceuticals (24.2%), and expenditure on medical services contributed a further 13.5% of growth. Together, these three areas of expenditure accounted for 62.9% of the growth in expenditure during the decade; accordingly, their expenditure as a percentage of GDP rose from 4.5% in 1992–93 to 5.9% in 2001–02.



2.5 Sources of growth in nominal health expenditure

The growth in nominal health expenditure can be analysed in terms of population growth, inflation and real increase in expenditure per person (or utilisation). Real increase in expenditure per person is indicative of increases in service use per person. Many factors contribute to growth in health expenditure, such as:

- the combined effects of general inflation and excess health inflation (see Appendix C); and

- changes in the quantities of services used, reflecting either population growth (less significant in Australia's case) or more intensive per capita use of services.

Also influencing these factors are the effects of changes in the population's age structure, changes in the composition and relative prices of health goods and services, and general economic and social conditions.

It is difficult to precisely quantify the various inter-related effects. Over this decade, growth in nominal health expenditure was 51.7%. Of this increase, 39.4% was due to inflation, and the remaining 60.6% was due to population growth (15.4%) and the increase in real expenditure per person (45.1%) (Appendix A tables).

3 Funding of health expenditure in Australia

3.1 Broad trends

This section makes broad comparisons between government and non-government funding (as described in Section 1.2). Sections 3.2 and 3.3 will discuss in more detail the funding arrangements within the government and non-government sectors. Chapter 4 provides an analysis of funding of specific classes of health goods and services (including capital).

In 2002–03, government funding of health expenditure was \$49.0 billion, compared with \$23.2 billion for non-government sources (Table 11).

In the decade to 2002–03, funding of health expenditure by governments in Australia grew at a higher average annual real rate (5.3%) than did total expenditure on health funded from all sources, which averaged 4.5% per year (Table 17).

As a consequence, the contribution of governments to the funding of total health expenditure increased from 66.9% in 1992–93 to 67.9% in 2002–03 (Table 12).

Table 11: Total health expenditure, current prices, by broad source of funds, 1992–93 to 2002–03 (\$ million)

Year	Government			Non-government ^(a)	Total
	Australian Government ^(a)	State/territory and local	Total		
1992–93	15,291	8,202	23,494	11,605	35,098
1993–94	16,683	7,868	24,550	12,440	36,990
1994–95	17,551	8,460	26,010	13,205	39,216
1995–96	19,005	9,260	28,265	13,817	42,082
1996–97	19,809	10,391	30,200	15,096	45,296
1997–98	21,448	11,489	32,938	15,336	48,274
1998–99	23,656	11,676	35,332	16,393	51,726
1999–00	26,199	12,492	38,691	16,736	55,427
2000–01	29,026	13,558	42,585	19,075	61,660
2001–02	30,961	14,476	45,437	21,104	66,541
2002–03 ^(b)	33,377	15,615	48,992	23,191	72,183

(a) Expenditure has been adjusted for tax expenditures.

(b) Based on preliminary AIHW and ABS estimates.

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

Source: AIHW health expenditure database.

Table 12: Total health expenditure, current prices, by broad source of funds, as a proportion of total health expenditure, 1992–93 to 2002–03 (per cent)

Year	Government			Non-government ^(a)	Total
	Australian Government ^(a)	State/territory and local	Total		
1992–93	43.6	23.4	66.9	33.1	100.0
1993–94	45.1	21.3	66.4	33.6	100.0
1994–95	44.8	21.6	66.3	33.7	100.0
1995–96	45.2	22.0	67.2	32.8	100.0
1996–97	43.7	22.9	66.7	33.3	100.0
1997–98	44.4	23.8	68.2	31.8	100.0
1998–99	45.7	22.6	68.3	31.7	100.0
1999–00	47.3	22.5	69.8	30.2	100.0
2000–01	47.1	22.0	69.1	30.9	100.0
2001–02	46.5	21.8	68.3	31.7	100.0
2002–03 ^(b)	46.2	21.6	67.9	32.1	100.0

(a) Expenditure has been adjusted for tax expenditures.

(b) Based on preliminary AIHW and ABS estimates.

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

Source: AIHW health expenditure database.

Table 13: Total health expenditure, by broad source of funds, as a proportion of GDP, 1992–93 to 2002–03 (per cent)

Year	Government			Non-government ^(a)	Total
	Australian Government ^(a)	State/territory and local	Total		
1992–93	3.6	1.9	5.5	2.7	8.2
1993–94	3.7	1.8	5.5	2.8	8.3
1994–95	3.7	1.8	5.5	2.8	8.3
1995–96	3.8	1.8	5.6	2.7	8.4
1996–97	3.7	2.0	5.7	2.8	8.5
1997–98	3.8	2.0	5.9	2.7	8.6
1998–99	4.0	2.0	6.0	2.8	8.7
1999–00	4.2	2.0	6.2	2.7	8.9
2000–01	4.3	2.0	6.3	2.8	9.2
2001–02	4.3	2.0	6.4	3.0	9.3
2002–03 ^(b)	4.4	2.1	6.5	3.1	9.5

(a) Expenditure has been adjusted for tax expenditures.

(b) Based on preliminary AIHW and ABS estimates.

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

Sources: AIHW health expenditure database and ABS 2004.

Funding can also be expressed as a ratio of health expenditure to GDP. Over the decade from 1992–93 to 2002–03, the Australian Government increased its share from 3.6% to 4.4%. For state and territory and local governments, the ratio remained steady at around 2.0%, while

non-government sources increased their share of GDP by 0.4 percentage points, from 2.7% to 3.1% (Table 13).

Recurrent funding shares

In real terms, recurrent funding of health grew by an average of 4.5% a year in the decade from 1992–93 to 2002–03 (Table 16). The government sector's funding grew by 5.2%, while non-government funding grew by 3.1% (Table 14; Table 15). These growth rates are similar to those for total government (5.3%) and total non-government funding (2.9%) of health (Table 17).

Pharmaceuticals consistently experienced the greatest growth in total funding. Overall, pharmaceuticals real growth averaged 9.4% between 1992–93 and 2002–03. Funding for high-level residential care (4.0%) and public hospitals (3.6%) were the next highest in terms of real growth in funding (Table 16).

Government sector funding

Over the last decade, the area that attracted the most rapid real growth in government funding was private hospitals – 23.7% per year (Table 14). This was largely a transfer from the non-government sector (private health insurance funds) to the Australian Government brought about by the effect of the rebate to holders of private health insurance cover. The increased use of private hospital services by veterans funded by the Department of Veterans' Affairs also contributed to the rapid real growth in government funding.

The period from 1997–98 to 2002–03, during which the Australian Government's private health insurance incentives were being introduced, saw growth in government recurrent funding of 5.3%. Growth during that period was largely in two areas – private hospitals (17.9% per year) and other professional services (14.8%) – both of which were strongly influenced by changes to private health insurance arrangements. The other area that attracted strong growth in government funding after 1997–98 was expenditure on pharmaceuticals (12.6%).

Non-government funding

The area that attracted the fastest real growth in funding by non-government sources between 1992–93 and 2002–03 was pharmaceuticals – 8.3% per year (Table 15).

The only area to contract over that period was funding for private hospitals – down 1.7%.

Growth in non-government funding was most rapid between 1997–98 and 2002–03. It averaged 5.2% over this period, with much of the growth being driven by pharmaceuticals (10.6%), medical services (4.6%) and public hospitals (3.8%).

Table 14: Government funding of recurrent health expenditure, constant prices,^(a) by area of expenditure, and annual growth rates, 1992–93 to 2002–03

Year	High-level residential care		Pharmaceuticals		Medical services		Other prof. services		Private hospitals		Public hospitals		Other		Total government		
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	
1992–93	2,522	..	1,883	..	6,382	..	273	..	210	..	10,821	..	4,569	..	26,660	..	
1993–94	2,458	-2.6	1,930	2.5	6,789	6.4	269	-1.4	292	39.0	10,783	-0.3	4,723	3.4	27,244	2.2	
1994–95	2,490	1.3	2,127	10.2	7,138	5.1	254	-5.5	410	40.3	11,196	3.8	4,896	3.7	28,510	4.6	
1995–96	2,644	6.2	2,551	20.0	7,492	5.0	271	6.6	462	12.7	11,759	5.0	5,291	8.1	30,471	6.9	
1996–97	2,833	7.1	2,762	8.3	7,689	2.6	267	-1.4	476	2.9	12,606	7.2	5,412	2.3	32,046	5.2	
1997–98	3,071	8.4	2,830	2.5	7,905	2.8	278	4.2	776	63.1	13,558	7.5	5,790	7.0	34,209	6.7	
1998–99	3,149	2.5	3,106	9.7	8,108	2.6	288	3.5	1,214	56.4	14,043	3.6	5,712	-1.3	35,620	4.1	
1999–00	3,437	9.1	3,544	14.1	8,533	5.2	438	52.2	1,616	33.1	14,324	2.0	6,668	16.7	38,560	8.3	
2000–01	3,527	2.6	4,399	24.1	8,672	1.6	573	30.7	1,813	12.2	14,689	2.6	7,254	8.8	40,927	6.1	
2001–02	3,808	8.0	4,678	6.3	8,961	3.3	563	-1.7	1,760	-2.9	14,852	1.1	7,939	9.4	42,562	4.0	
2002–03 ^(b)	3,956	3.9	5,121	9.5	8,987	0.3	556	-1.3	1,765	0.3	15,596	5.0	8,291	4.4	44,273	4.0	
Average annual growth rate																	
1992–93 to 1997–98		4.0		8.5		4.4		0.4		29.8		4.6		4.8		5.1	
1997–98 to 2002–03		5.2		12.6		2.6		14.8		17.9		2.8		7.4		5.3	
1992–93 to 2002–03		4.6		10.5		3.5		7.4		23.7		3.7		6.1		5.2	

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02. Not adjusted for general tax expenditures.

(b) Based on preliminary AIHW and ABS estimates.

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

Source: AIHW health expenditure database.

Table 15: Non-government funding of recurrent health expenditure, constant prices,^(a) by area of expenditure, and annual growth rates, 1992-93 to 2002-03

Year	High-level residential care		Pharmaceuticals		Medical services		Other prof. services		Private hospitals		Public hospitals		Other		Total non-government	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
1992-93	696	..	2,156	..	2,011	..	1,781	..	3,818	..	1,052	..	4,376	..	15,890	..
1993-94	760	9.3	2,163	0.3	1,932	-3.9	1,755	-1.5	4,018	5.2	1,184	12.5	4,584	4.7	16,396	3.2
1994-95	763	0.4	2,370	9.6	1,925	-0.4	1,692	-3.6	4,310	7.3	1,166	-1.5	4,580	-0.1	16,806	2.5
1995-96	789	3.5	2,303	-2.8	1,905	-1.0	1,598	-5.6	4,344	0.8	1,195	2.5	4,651	1.6	16,785	-0.1
1996-97	808	2.4	2,538	10.2	1,951	2.4	1,834	14.8	4,225	-2.7	1,203	0.7	4,804	3.3	17,362	3.4
1997-98	839	3.8	2,893	14.0	1,916	-1.8	1,580	-13.9	3,751	-11.2	1,105	-8.2	4,701	-2.1	16,783	-3.3
1998-99	885	5.5	3,089	6.8	1,984	3.6	1,844	16.7	3,582	-4.5	1,171	6.0	5,080	8.1	17,636	5.1
1999-00	718	-18.9	3,379	9.4	2,125	7.1	1,791	-2.9	3,238	-9.6	1,151	-1.8	4,984	-1.9	17,384	-1.4
2000-01	761	6.0	3,699	9.5	2,066	-2.8	2,114	18.1	3,136	-3.1	1,268	10.2	6,236	25.1	19,279	10.9
2001-02	800	5.1	4,399	18.9	2,251	9.0	1,706	-19.3	3,309	5.5	1,383	9.0	6,991	12.1	20,840	8.1
2002-03 ^(b)	810	1.2	4,789	8.8	2,402	6.7	1,801	5.6	3,221	-2.6	1,334	-3.6	7,290	4.3	21,647	3.9
Average annual growth rate																
1992-93 to 1997-98		3.8		6.1		-1.0		-2.4		-0.4		1.0		1.4		1.1
1997-98 to 2002-03		-0.7		10.6		4.6		2.7		-3.0		3.8		9.2		5.2
1992-93 to 2002-03		1.5		8.3		1.8		0.1		-1.7		2.4		5.2		3.1

(a) Constant price health expenditure for 1992-93 to 2002-03 is expressed in chain volume measures, referenced to the year 2001-02. Not adjusted for general tax expenditures.

(b) Based on preliminary AIHW and ABS estimates.

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

Source: AIHW health expenditure database.

Table 16: Total funding of recurrent health expenditure, constant prices,^(a) by area of expenditure, and annual growth rates, 1992–93 to 2002–03

Year	High-level residential care		Pharmaceuticals		Medical services		Other prof. services		Private hospitals		Public hospitals		Other		Total	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
1992–93	3,218	..	4,039	..	8,393	..	2,054	..	4,028	..	11,873	..	8,945	..	42,550	..
1993–94	3,218	—	4,093	1.3	8,721	3.9	2,024	–1.5	4,310	7.0	11,967	0.8	9,307	4.0	43,640	2.6
1994–95	3,253	1.1	4,497	9.9	9,062	3.9	1,946	–3.8	4,721	9.5	12,361	3.3	9,476	1.8	45,316	3.8
1995–96	3,434	5.6	4,855	8.0	9,396	3.7	1,869	–4.0	4,806	1.8	12,954	4.8	9,942	4.9	47,255	4.3
1996–97	3,641	6.0	5,300	9.2	9,640	2.6	2,101	12.4	4,700	–2.2	13,809	6.6	10,216	2.8	49,408	4.6
1997–98	3,910	7.4	5,723	8.0	9,821	1.9	1,858	–11.6	4,527	–3.7	14,663	6.2	10,491	2.7	50,992	3.2
1998–99	4,034	3.2	6,195	8.2	10,092	2.8	2,132	14.8	4,796	6.0	15,215	3.8	10,792	2.9	53,256	4.4
1999–00	4,155	3.0	6,923	11.7	10,659	5.6	2,229	4.5	4,853	1.2	15,475	1.7	11,652	8.0	55,945	5.0
2000–01	4,287	3.2	8,099	17.0	10,737	0.7	2,687	20.5	4,949	2.0	15,957	3.1	13,490	15.8	60,207	7.6
2001–02	4,608	7.5	9,078	12.1	11,212	4.4	2,269	–15.5	5,069	2.4	16,235	1.7	14,930	10.7	63,401	5.3
2002–03 ^(b)	4,766	3.4	9,910	9.2	11,389	1.6	2,357	3.9	4,987	–1.6	16,930	4.3	15,582	4.4	65,920	4.0
Average annual growth rate																
1992–93 to 1997–98		4.0		7.2		3.2		–2.0		2.4		4.3		3.2		3.7
1997–98 to 2002–03		4.0		11.6		3.0		4.9		2.0		2.9		8.2		5.3
1992–93 to 2002–03		4.0		9.4		3.1		1.4		2.2		3.6		5.7		4.5

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02. Not adjusted for general tax expenditures.

(b) Based on preliminary AIHW and ABS estimates.

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

Source: AIHW health expenditure database.

3.2 Government sources of funds

In 2002-03, the Australian Government's (Commonwealth's) funding of health expenditure was an estimated \$33.4 billion (Table 11). This was 46.2% of total funding for health by all sources of funds (Table 12; Figure 5). State, territory and local government sources provided 21.6% of all funding for health expenditure. The remaining 32.1% was provided by non-government funding sources.

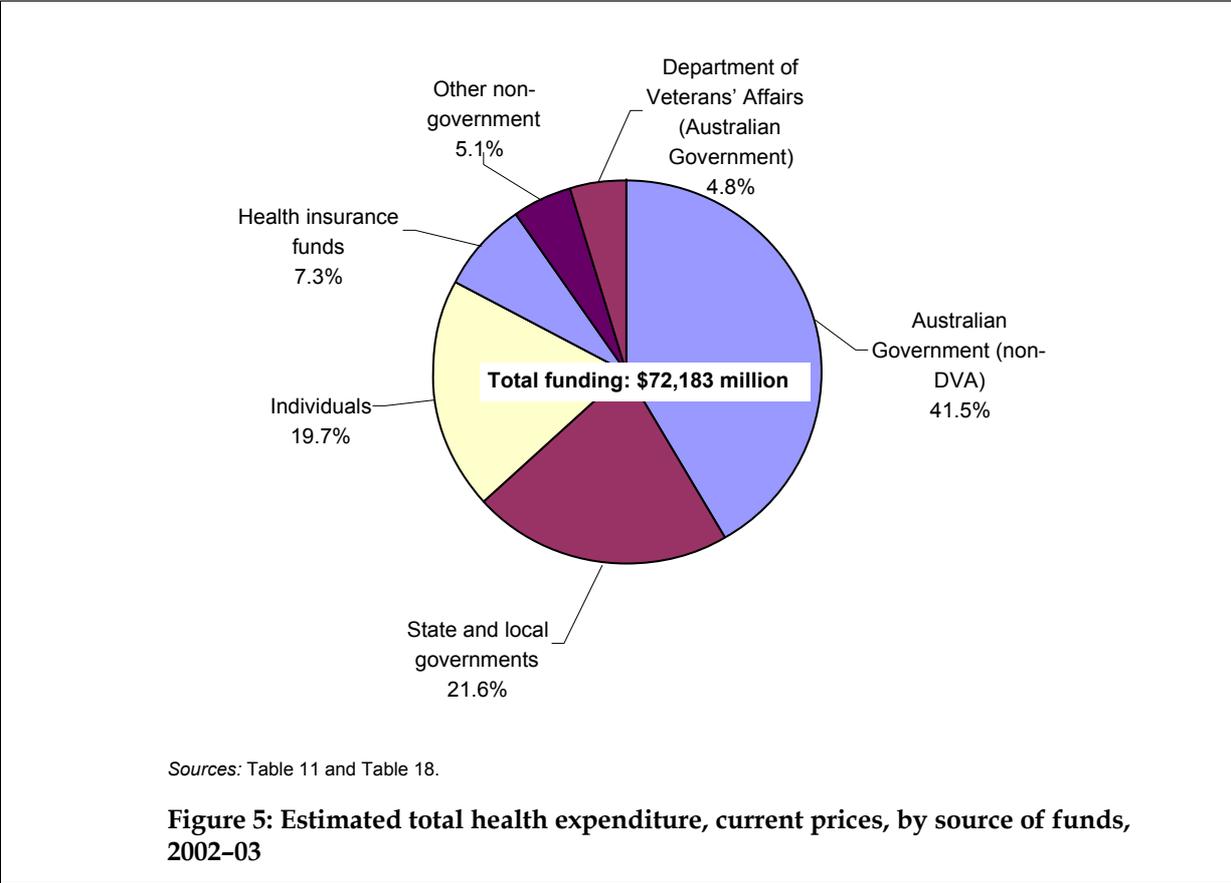


Table 17: Total health expenditure, constant prices,^(a) and annual growth rates, by broad source of funds, 1992–93 to 2002–03

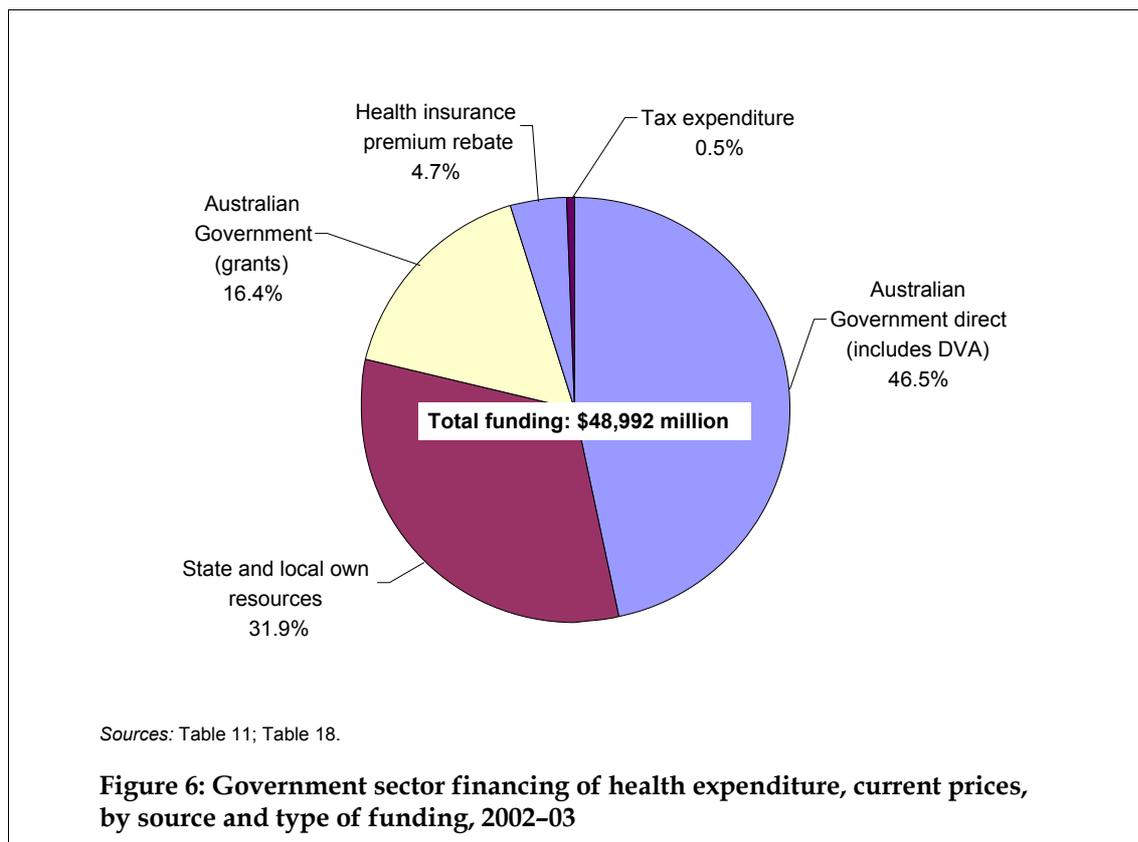
Year	Government						Non-government ^(b)		Total	
	Australian Government ^(b)		State/territory and local		Total		Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)				
1992–93	18,527	..	9,730	..	28,257	..	16,507	..	44,764	..
1993–94	19,707	6.4	9,200	-5.4	28,907	2.3	17,173	4.0	46,080	2.9
1994–95	20,466	3.9	9,723	5.7	30,188	4.4	17,544	2.2	47,733	3.6
1995–96	21,695	6.0	10,468	7.7	32,163	6.5	17,524	-0.1	49,688	4.1
1996–97	22,302	2.8	11,632	11.1	33,933	5.5	18,248	4.1	52,182	5.0
1997–98	23,809	6.8	12,637	8.6	36,446	7.4	17,685	-3.1	54,131	3.7
1998–99	25,691	7.9	12,564	-0.6	38,255	5.0	18,530	4.8	56,785	4.9
1999–00	27,880	8.5	13,203	5.1	41,083	7.4	18,352	-1.0	59,435	4.7
2000–01	29,966	7.5	13,894	5.2	43,860	6.8	19,952	8.7	63,812	7.4
2001–02	30,961	3.3	14,476	4.2	45,437	3.6	21,104	5.8	66,541	4.3
2002–03 ^(c)	32,268	4.2	15,107	4.4	47,374	4.3	21,932	3.9	69,306	4.2
Average annual growth rate										
1992–93 to 1997–98		5.1		5.4		5.2		1.4		3.9
1997–98 to 2002–03		6.3		3.6		5.4		4.4		5.1
1992–93 to 2002–03		5.7		4.5		5.3		2.9		4.5

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Expenditure has been adjusted for tax expenditures.

(c) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.



Australian Government

In 2002-03 the Australian Government provided 68.1% of estimated total government expenditure (Figure 6). This sub-section provides more detail on the Australian Government's funding of recurrent expenditure. Funding for capital formation is discussed in Section 4.2.

The Australian Government's contribution to funding for health includes:

- payments through the Department of Veterans' Affairs in respect of eligible veterans and their dependants;
- specific-purpose payments (SPPs) to the states and territories;
- direct expenditure by the Australian Government on health programs (such as Medicare, PBS, residential care subsidies);
- rebates and subsidies under the *Private Health Insurance Incentives Act 1997*; and
- taxation expenditures.

Health expenditure funded by private health insurance subsidies has risen from zero (1996-97) to \$2.3 billion in 2002-03 (Table 18).

Table 18: Total health expenditure by the Australian Government, current prices, by type of expenditure, 1992–93 to 2002–03 (\$ million)

Year	General expenditure					Non-specific tax expenditure	Total
	DVA	Grants to states	Rebates of health insurance premiums ^(b)	Direct expenditure	Total		
1992–93	1,276	4,050	..	9,874	15,200	91	15,291
1993–94	1,412	4,404	..	10,771	16,588	95	16,683
1994–95	1,488	4,729	..	11,242	17,459	91	17,551
1995–96	1,540	5,012	..	12,340	18,892	113	19,005
1996–97	1,658	5,202	..	12,822	19,681	128	19,809
1997–98	1,799	5,656	407	13,441	21,303	145	21,448
1998–99	2,142	6,328	957	14,067	23,494	162	23,656
1999–00	2,408	6,552	1,576	15,492	26,028	170	26,199
2000–01	2,710	6,996	2,031	17,097	28,834	192	29,026
2001–02	2,983	7,386	2,106	18,277	30,751	210	30,961
2002–03 ^(a)	3,434	8,032	2,312	19,366	33,144	233	33,377

(a) Based on preliminary AIHW estimates.

(b) Includes rebates of health insurance premiums claimed through the taxation system.

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

Source: AIHW health expenditure database.

The Department of Veterans' Affairs

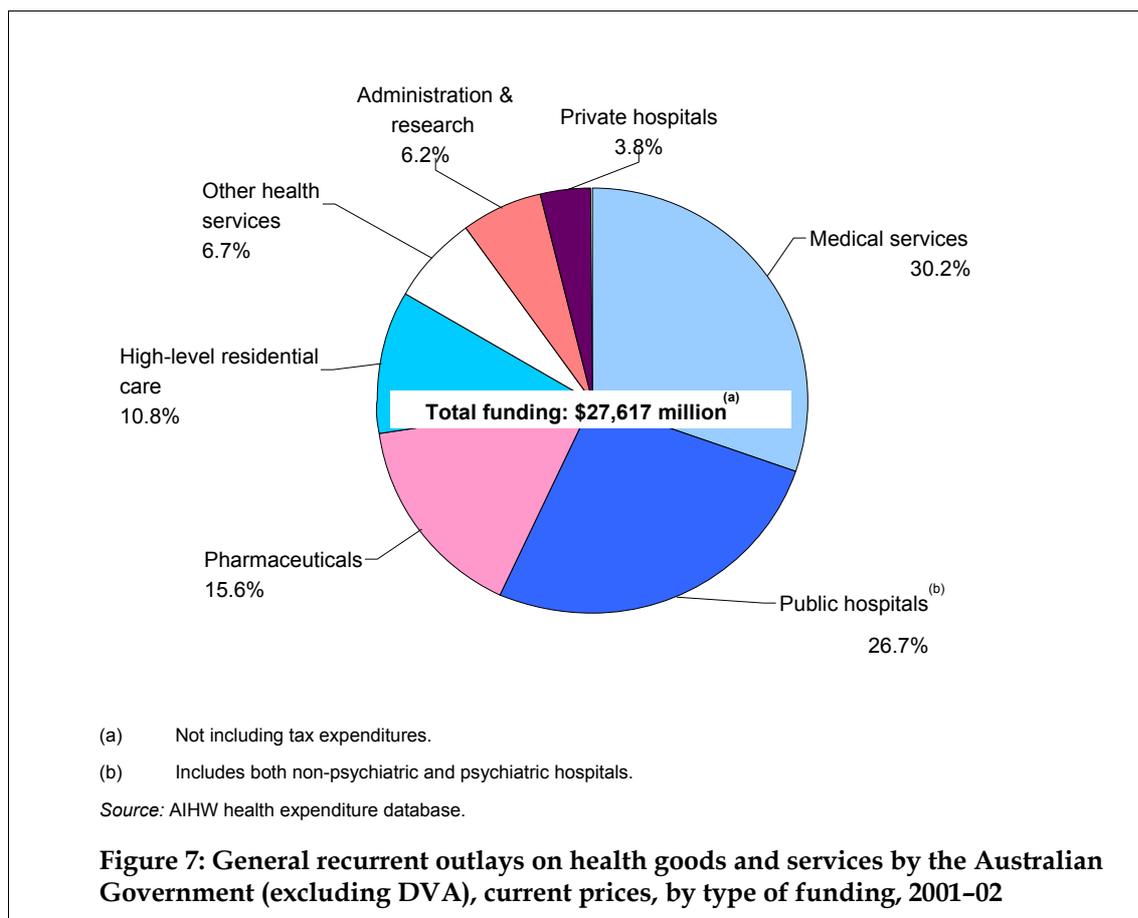
DVA funding of health services is through its purchase of health goods and services on behalf of eligible veterans and their dependants. In 2001–02, its funding totalled \$2,983 million (Table 18). Nearly three-quarters of this (72.5%) was for institutional services (mainly hospitals and high-level residential care services). In 2002–03, estimated funding by DVA was \$3,434 million.

Other Australian Government sources of funding

General expenditure

Expenditures recorded as 'general expenditure' are recurrent expenditures paid out of appropriations by the Australian Government. Most of those expenditures are administered by the Department of Health and Ageing (DoHA). They include:

- SPPs to the states and territories that are for health purposes;
- payments of personal health benefits to individuals – for example, Medicare and pharmaceutical benefits;
- subsidies and rebates under the *Private Health Insurance Incentives Act 1997* (including amounts claimed through the taxation system); and
- subsidies paid to providers of health services – for example, high-level residential care subsidies.



Nearly one-third of all funding by the Australian Government was for medical services. In 2001-02, this accounted for 30.2% of all general recurrent outlays on health by the Australian Government (Figure 7).

Most of the SPPs to state and territory governments recorded in the general recurrent outlays on health are provided under the Australian Health Care Agreements between these two levels of government. The payments are primarily directed to expenditure in the public hospital systems of the states and territories. Other SPPs that are regarded as expenditure on public hospitals include payments for high-cost drugs and blood transfusion services. A proportion of the 30% rebate on private health insurance is also included as funding by the Australian Government for public hospitals. In 2001-02, payments relating to public hospital care accounted for more than one-quarter (26.7%) of total general recurrent outlays by the Australian Government.

The other two main areas for which the Australian Government provided funding are pharmaceuticals, which in 2001-02 accounted for 15.6% of general recurrent outlays, and high-level residential care subsidies, which accounted for 10.8%.

Rebates of health insurance contributions (30% rebate)

There are two methods for claiming the 30% rebate on private health insurance premiums (Table 18). The first involves a reduced premium being charged by the private health insurance fund (with a subsequent reimbursement to the fund by the Australian Government). The second is where the private health insurance fund charges the full (non-rebated) premium and the person paying the full premium claims the 30% rebate directly from the Australian Government through the taxation system.

During 2002-03, the total value of the 30% rebate was \$2.3 billion (Table 18).

Non-specific tax expenditures

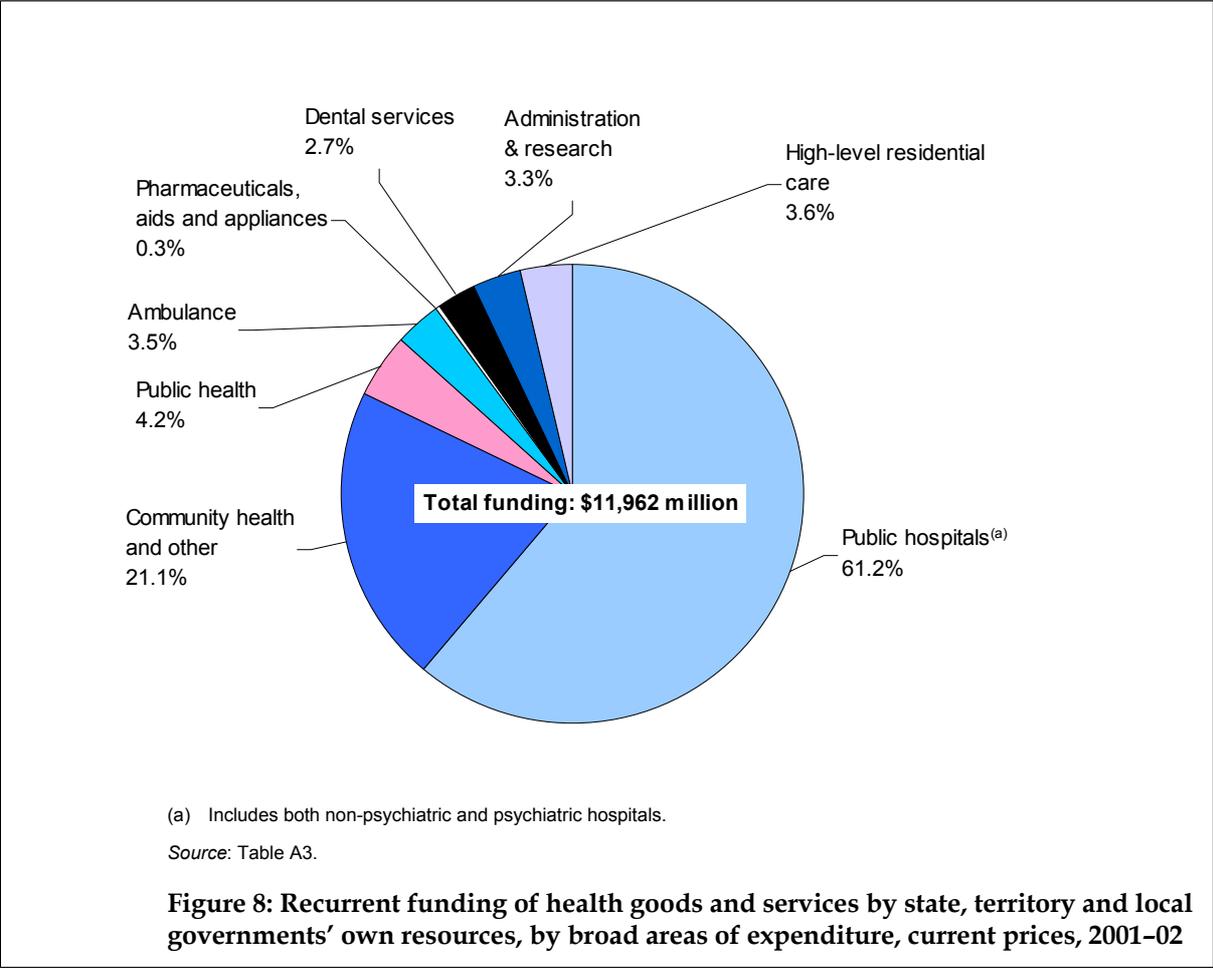
As explained above, the 30% rebate claimed through taxation was regarded as part of Australian Government tax expenditures from 1997-98 to 1999-00.

A second form of tax expenditure relates to a tax rebate of 20 cents in the dollar that can be claimed in respect of direct health expenditures that exceed a prescribed threshold (in 2002-03 that threshold was \$1,500 per taxpayer). That second form of tax expenditure is referred to in this publication as 'non-specific tax expenditures'. This is because they cannot be allocated to any particular area(s) of health expenditure (see Chapter 6).

In 2002-03, the total value of tax expenditures was \$233 million (Table 18).

State and territory governments and local government authorities

State and territory governments are the main providers of publicly provided health goods and services in Australia. Those goods and services are financed by a combination of SPPs from the Australian Government, funding by the states and territories out of their own fiscal resources, and funding provided by non-government sources (usually in the form of user fees).

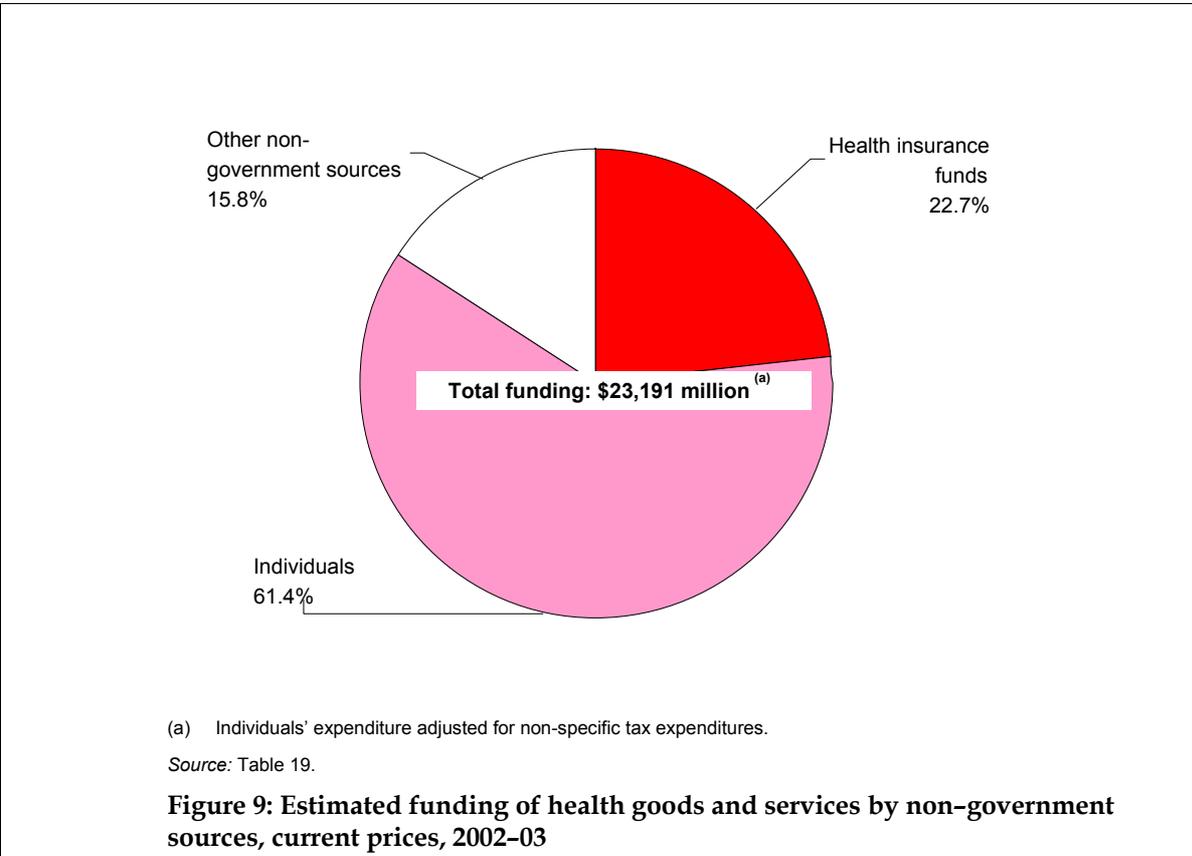


In terms of the types of health goods and services funded by the states and territories and by local government authorities, spending on public hospitals dominates, accounting for 61.2 of recurrent funding provided by those government sources in 2001–02 (Figure 8).

In real terms, funding for health by state, territory and local governments increased, by an average of 4.5% per year between 1992–93 and 2002–03, the annual growth having peaked at 11.1% in 1996–97 (Table 17).

3.3 Non-government sources of funds

Most non-government funding for health goods and services in Australia comes from out-of-pocket payments by individuals. This includes situations where individuals meet the full cost of a service or good as well as where they share the funding of goods and services with third-party payers – for example, private health insurance funds or the Australian Government. Funding by individuals accounted for 61.4% (\$14.2 billion) of estimated non-government funding of health goods and services during 2002–03 (Figure 9; Table 19). That proportion rose by 10.6 percentage points in the decade to 2002–03 (Table 19). Private health insurance funds provided 22.7% (\$5.3 billion) in 2002–03, down from 34.3% in 1992–93. The remaining 15.8% (\$3.7 billion) came from other non-government sources (mainly compulsory motor vehicle, third-party and workers’ compensation insurers), which experienced a rise in their share of health funding, by 0.9 percentage points, in the decade to 2002–03.



Non-government funding, which averaged around 33% of total health expenditure each year between 1992–93 and 1996–97 and around 31% between 1997–98 and 2001–02, was 31.7% in 2001–02 (Table 12). The fall after 1996–97 was largely due to the influence of the Australian Government’s subsidy for private health insurance. The effect of that subsidy is that the benefits paid for private health goods and services used by insured people are now jointly funded by the Australian Government (through the contribution rebates) and the funds’ members.

Table 19: Non-government sector funding of total health expenditure, current prices, by source of funds, 1992–93 to 2002–03

Year	Private health insurance funds ^(a)		Individuals ^(b)		Other non-government ^(c)		All non-government sources ^(b)	
	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)
1992–93	3,979	34.3	5,895	50.8	1,731	14.9	11,605	100.0
1993–94	4,075	32.8	6,272	50.4	2,092	16.8	12,440	100.0
1994–95	4,201	31.8	6,702	50.8	2,303	17.4	13,205	100.0
1995–96	4,426	32.0	6,743	48.8	2,649	19.2	13,817	100.0
1996–97	4,700	31.1	7,541	50.0	2,856	18.9	15,096	100.0
1997–98	4,271	27.8	8,037	52.4	3,029	19.7	15,336	100.0
1998–99	3,886	23.7	9,218	56.2	3,290	20.1	16,393	100.0
1999–00	3,610	21.6	9,701	58.0	3,425	20.5	16,736	100.0
2000–01	4,160	21.8	11,653	61.1	3,263	17.1	19,075	100.0
2001–02	5,015	23.8	12,852	60.9	3,237	15.3	21,104	100.0
2002–03 ^(d)	5,275	22.7	14,244	61.4	3,672	15.8	23,191	100.0

(a) Adjusted for private health insurance incentives subsidy and 30% premium rebates claimed through the tax system for years from 1997–98 to 1999–00.

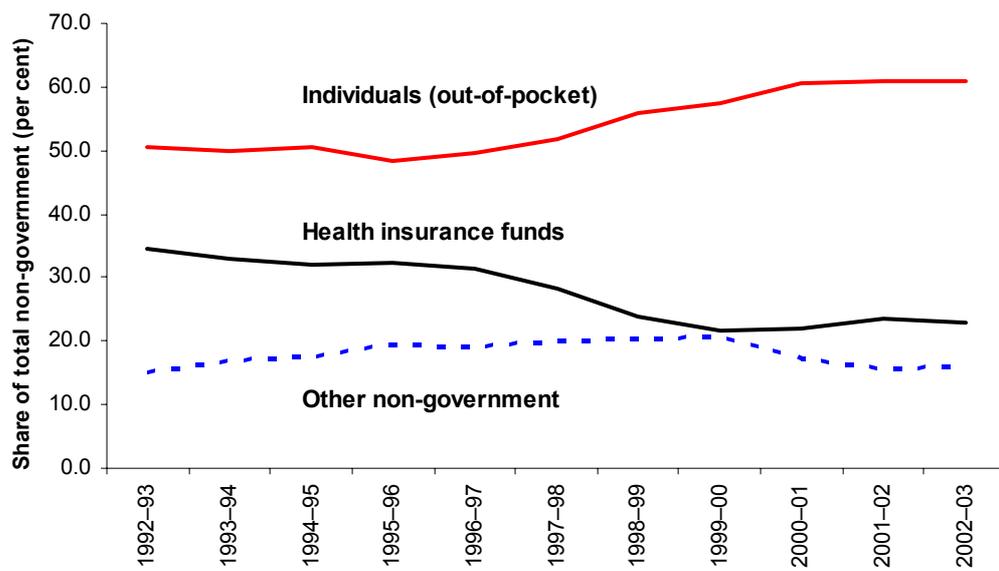
(b) Adjusted for non-specific tax expenditures.

(c) Includes expenditure on capital formation.

(d) Based on preliminary AIHW and ABS estimates.

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

Source: AIHW health expenditure database.



Source: Table 19.

Figure 10: Non-government sector funding of total health expenditure, current prices, by source of funds, 1992-93 to 2002-03

Table 20: Non-government sector funding of total health expenditure, by source of funds, constant prices,^(a) and annual growth rates, 1992-93 to 2002-03

Year	Private health insurance funds ^(b)		Individuals ^(c)		Other non-government ^(d)		All non-government sources	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
1992-93	5,965	..	8,271	..	2,270	..	16,507	..
1993-94	6,048	1.4	8,500	2.8	2,625	15.6	17,173	4.0
1994-95	6,085	0.6	8,616	1.4	2,843	8.3	17,544	2.2
1995-96	6,056	-0.5	8,261	-4.1	3,207	12.8	17,524	-0.1
1996-97	5,961	-1.6	8,924	8.0	3,364	4.9	18,248	4.1
1997-98	5,096	-14.5	9,129	2.3	3,460	2.9	17,685	-3.1
1998-99	4,547	-10.8	10,289	12.7	3,694	6.8	18,530	4.8
1999-00	4,049	-10.9	10,543	2.5	3,759	1.8	18,352	-1.0
2000-01	4,444	9.8	12,084	14.6	3,424	-8.9	19,952	8.7
2001-02	5,015	12.8	12,852	6.4	3,237	-5.4	21,104	5.8
2002-03 ^(e)	4,900	-2.3	13,575	5.6	3,457	6.8	21,932	3.9
Average annual growth rate								
1992-93 to 1997-98		-3.1		2.0		8.8		1.4
1997-98 to 2002-03		-0.8		8.3		—		4.4
1992-93 to 2002-03		-1.9		5.1		4.3		2.9

(a) Constant price health expenditure for 1992-93 to 2002-03 is expressed in chain volume measures, referenced to the year 2001-02.

(b) Adjusted for private health insurance incentives subsidy and 30% premium rebates claimed through the tax system for years from 1997-98 to 1999-00.

(c) Adjusted for tax expenditures.

(d) Includes expenditure on capital formation.

(e) Based on preliminary AIHW estimates.

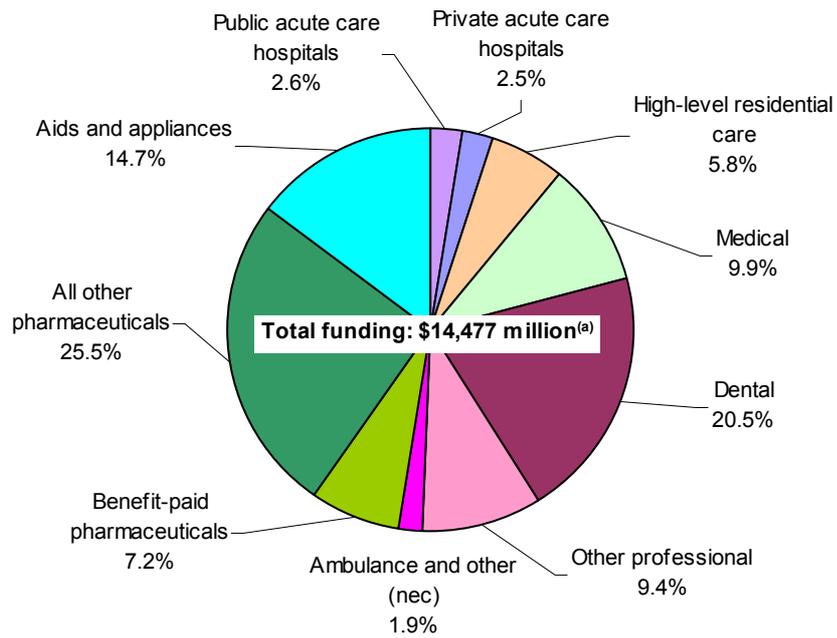
Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.

Individuals

In 2002-03, of the estimated \$14.5 billion out-of-pocket expenditure by individuals on health care goods and services (Figure 11):

- 32.7% was spent on pharmaceuticals
 - 7.2% on PBS and RPBS patient contributions; and
 - 25.5% on other pharmaceuticals (see Glossary in Appendix C for a detailed definition);
- 20.5% on dental services;
- 14.7% on aids and appliances; and
- 9.9% on medical services.

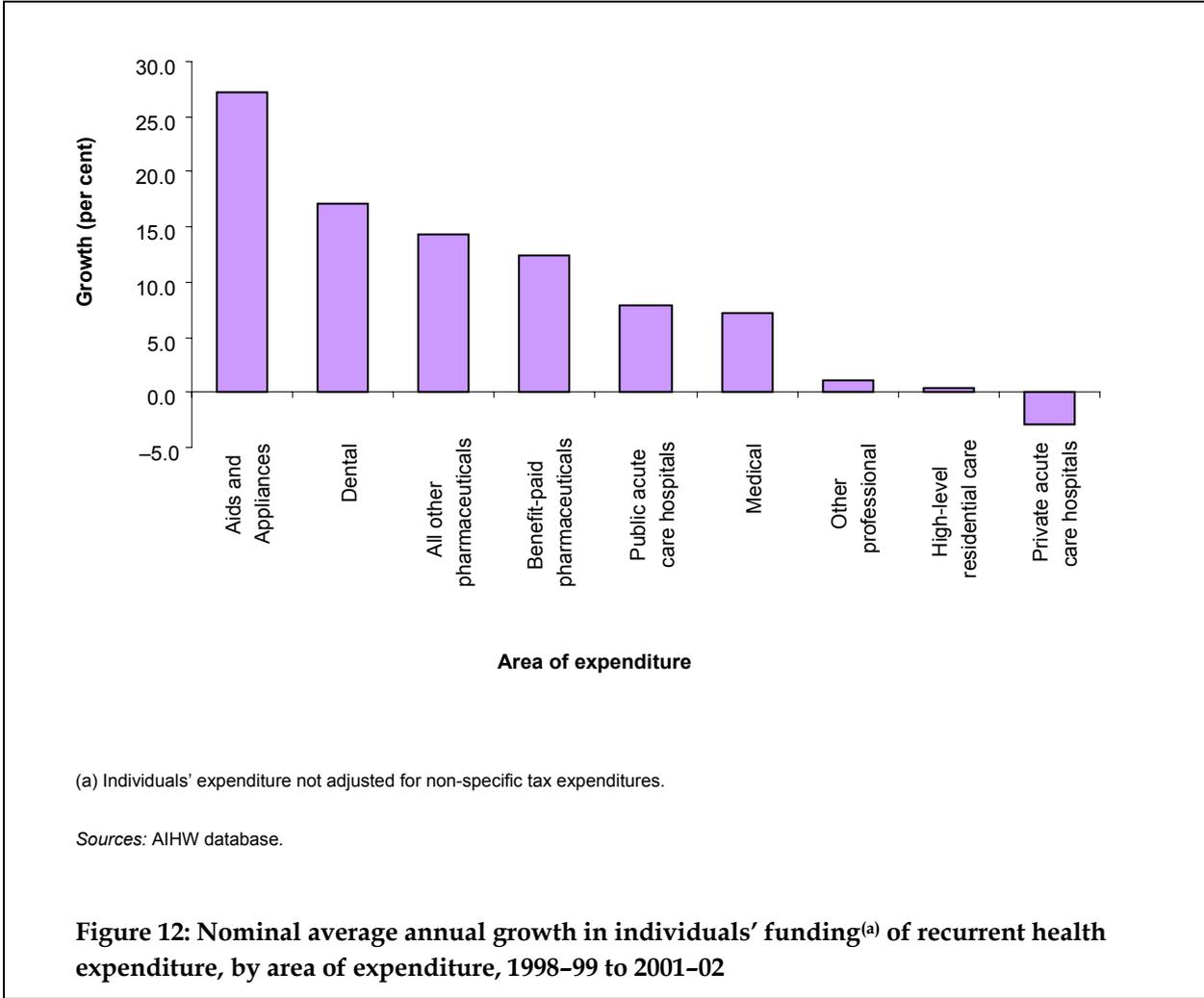


(a) Individuals' expenditure not adjusted for non-specific tax expenditures.

Source: Table A4

Figure 11: Expenditure by individuals, in current prices, by area of expenditure, 2002-03

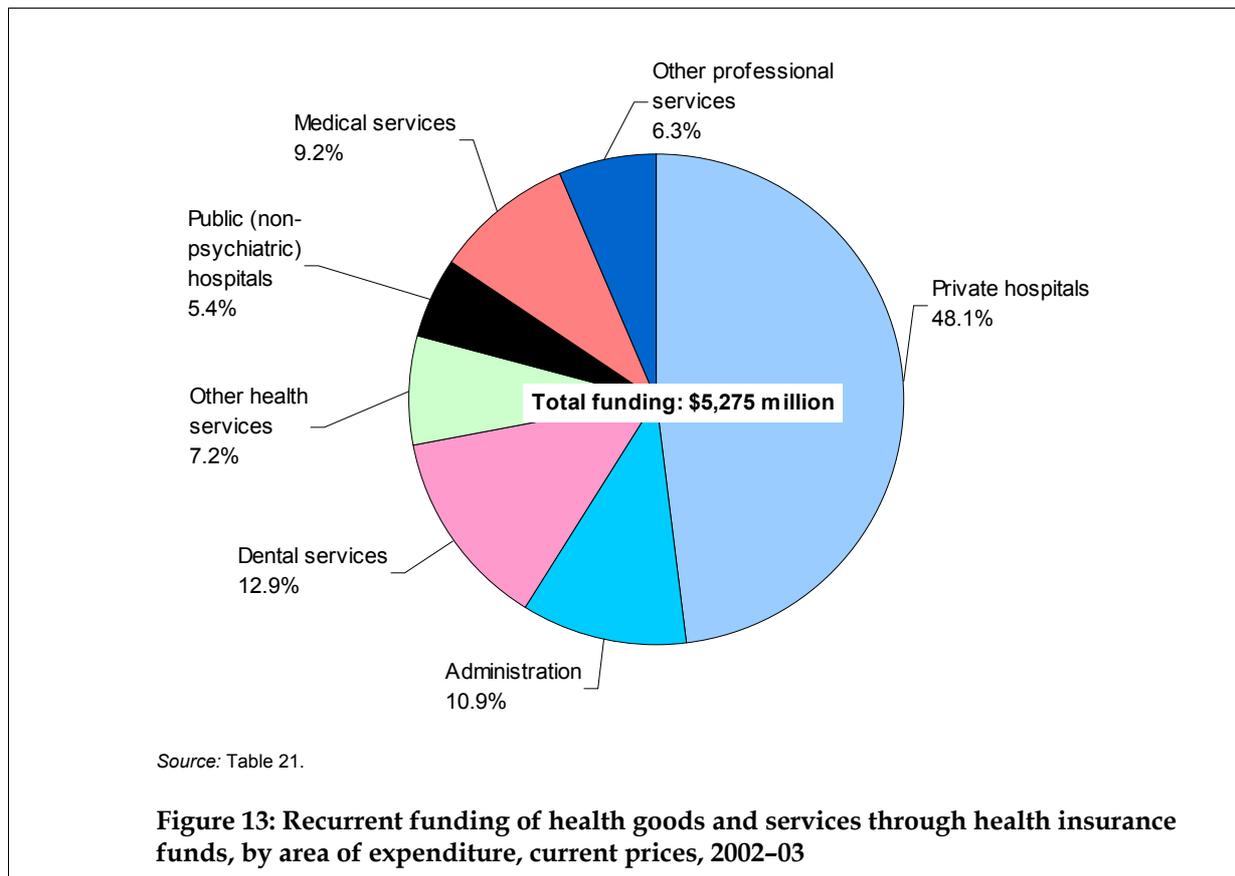
Over the last 5 years of the period, the main areas of growth in individuals' out-of-pocket funding was for aids and appliances, dental services, and pharmaceuticals (Figure 12). These are areas of expenditure for which benefits are paid out of ancillary tables offered by health funds. Policies in recent years to encourage people to take out private health cover may have induced demand for health goods and services and an accompanying increase in out-of-pocket expenditure (where the costs of the goods or services exceed the benefits paid by private health funds).



Private health insurance

Funding by private health insurance funds is chiefly directed at private hospital services. During 2002–03, private hospitals accounted for 48.1% of the \$5.3 billion in funding provided by health insurance funds (Figure 13). Other major areas of expenditure that received funding were dental services (12.9%), administration (10.9%), and medical services (9.2%).

The insurance funds had an operating profit, before abnormals and extraordinary items, of \$196 million in 2002–03 after a loss of \$32 million in 2001–02 (Table 21).



General benefits and administration

Gross health benefits paid through the health insurance funds in 2002–03 amounted to \$6,760 million – up \$442 million from \$6,318 million in 2000–01 and up \$1,412 million since 2000–01 (Table 21). A further \$828 million funded administration during 2002–03; this was lower than in 2000–01 (\$843 million) but higher than in 2001–02 (\$804 million).

Table 21: Expenditure on health goods and services funded through health insurance funds, current prices, 2000–01 to 2002–03 (\$ million)

Area of expenditure	2000–01			2001–02			2002–03		
	Gross benefits paid	Premium rebates ^(a)	Net benefits paid	Gross benefits paid	Premium rebates ^(a)	Net benefits paid	Gross benefits paid	Premium rebates ^(a)	Net benefits paid
Expenditure									
Hospitals	3,312	1,087	2,225	3,783	1,118	2,664	4,058	1,237	2,822
Public (non-psychiatric)	322	106	216	375	111	264	411	125	286
Private	2,990	981	2,009	3,407	1,007	2,400	3,648	1,112	2,536
Ambulance	181	59	121	189	56	137	133	40	92
Medical services	427	140	287	598	177	416	700	213	486
Other health professionals	333	109	224	420	124	296	475	145	330
Pharmaceuticals	53	17	36	64	19	45	75	23	52
Aids and appliances	268	88	180	318	94	224	341	104	237
Community and public health	1	—	—	1	—	—	1	—	—
Dental services	774	254	520	946	280	666	977	298	680
Total health	5,348	1,755	3,594	6,318	1,868	4,449	6,760	2,060	4,700
Health administration	843	277	566	804	238	566	828	252	576
Direct expenditure	6,191	2,031	4,160	7,122	2,106	5,015	7,588	2,312	5,275
Non-health ancillaries	27	9	18	72	21	51	73	22	51
Outstanding claims	220	72	148	42	12	30	–1	—	–1
Total expenditure	6,438	2,112	4,326	7,236	2,139	5,095	7,660	2,334	5,326

Continued . .

Table 21(continued): Expenditure on health goods and services funded through health insurance funds, current prices, 2000–01 to 2002–03 (\$ million)

Operating expenses and revenue of funds			
	2000–01	2001–02	2002–03
Expenses	Amount	Amount	Amount
Total cost of benefits ^(b)	5,569	6,459	6,953
State levies (Ambulance)	94	99	102
Management expenses	843	804	829
Total expenses (not including provisions adjustments)	6,506	7,362	7,884
Revenue			
Contributions income	7,132	7,266	7,885
Other revenue	226	66	194
Total revenue	7,358	7,331	8,079
Operating profit/loss before abnormals and extraordinary items	852	–32	196

(a) Premium rebate is pro-rated across all categories (including change in provisions for outstanding claims).

(b) Includes adjustment to provisions for outstanding claims.

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

Sources: PHIAC quarterly reports and Annual Report: Operations of the Registered Health Benefits Organisations 1998–99 to 2002–03; Department of the Treasury, *Tax Expenditures Statement*, various years.

The initial effect of the introduction of the Australian Government subsidy in 1997 was a sharp drop in net expenditure by health insurance funds in each year up to 1999–00, followed by a recovery after the introduction of the lifetime health cover arrangements in the September quarter of 2000. Net expenditure in real terms had, by 2002–03, returned to around the 1997–98 level (Table 22; Figure 14).

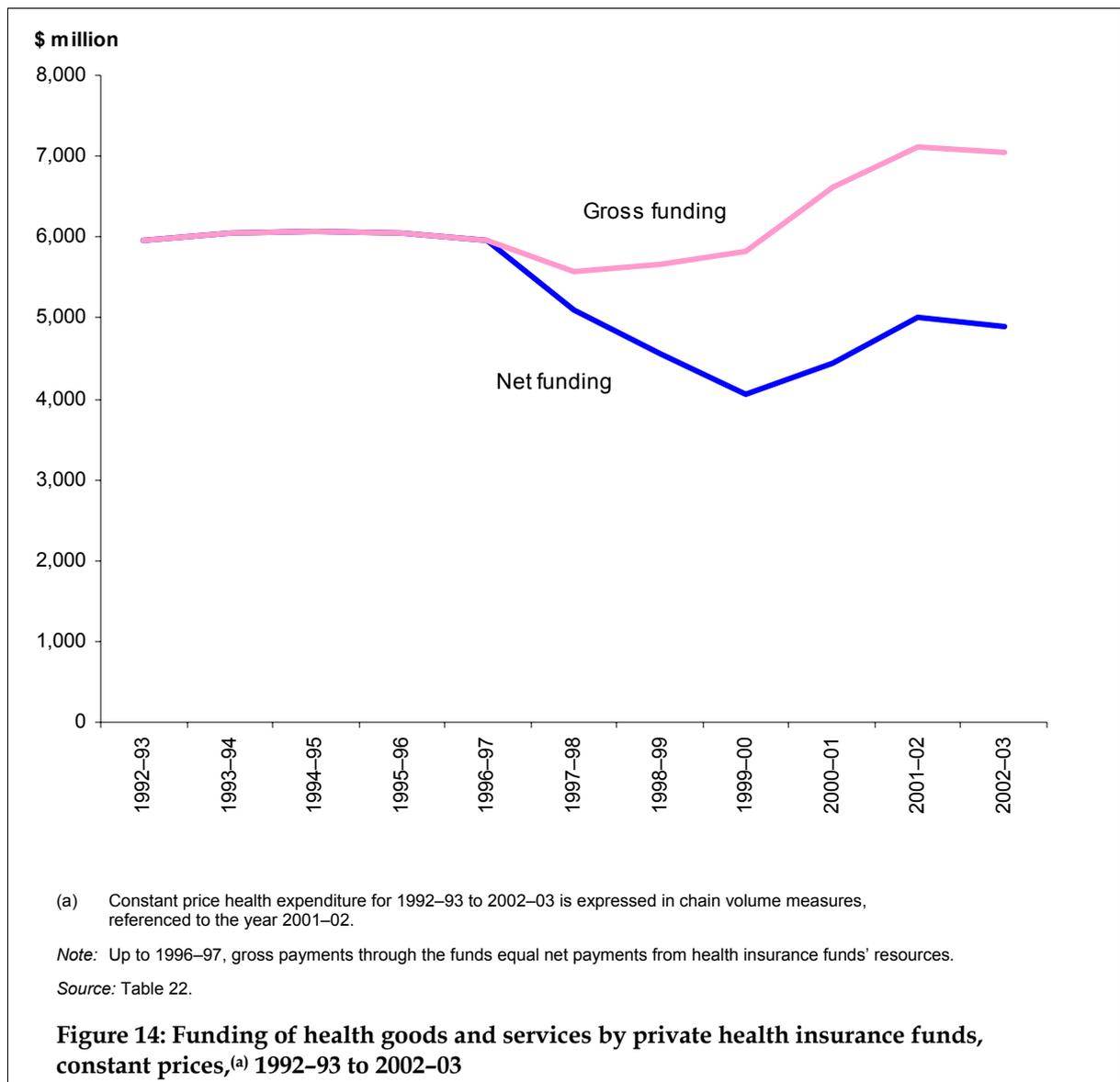
Table 22: Expenditure on health goods and services and administration through private health insurance funds, constant prices,^(a) and annual growth rates, 1992–93 to 2002–03

Year	Gross payments through health insurance funds		Reimbursement for rebates allowed by funds		Rebates through taxation system		Net payments from health insurance funds resources	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
1992–93	5,965	..	..	..	..	..	5,965	..
1993–94	6,048	1.4	..	..	..	..	6,048	1.4
1994–95	6,085	0.6	..	..	..	..	6,085	0.6
1995–96	6,056	–0.5	..	..	..	..	6,056	–0.5
1996–97	5,961	–1.6	..	..	..	..	5,961	–1.6
1997–98	5,582	–6.3	297	..	189	..	5,096	–14.5
1998–99	5,667	1.5	910	206.5	208	10.3	4,548	–10.7
1999–00	5,818	2.7	1,553	70.6	210	0.7	4,054	–10.9
2000–01	6,615	13.7	2,170	39.7	—	..	4,445	9.6
2001–02	7,120	7.6	2,106	–3.0	—	..	5,015	12.8
2002–03	7,047	–1.0	2,148	2.0	—	..	4,900	–2.3
Average annual growth rate								
1992–93 to 1997–98		–1.3		..		..		–3.1
1997–98 to 2002–03		4.8		48.5		..		–0.8
1992–93 to 2002–03		1.7		..		..		–1.9

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

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

Source: AIHW health expenditure database.



4 Health expenditure and funding, by area of health expenditure

4.1 Recurrent expenditure on health goods and services

Recurrent health expenditure in Australia is considered under two broad categories of health goods and services – institutional services and ‘non-institutional’ goods and services. This follows the format suggested by the World Health Organisation (AIH 1985).

The broad areas of health expenditure that are classified as institutional health expenditure are:

- hospitals;
- high-level residential care (formerly nursing homes);
- ambulance (patient transport) services; and
- other institutional health services (not elsewhere classified).

Non-institutional expenditure takes in:

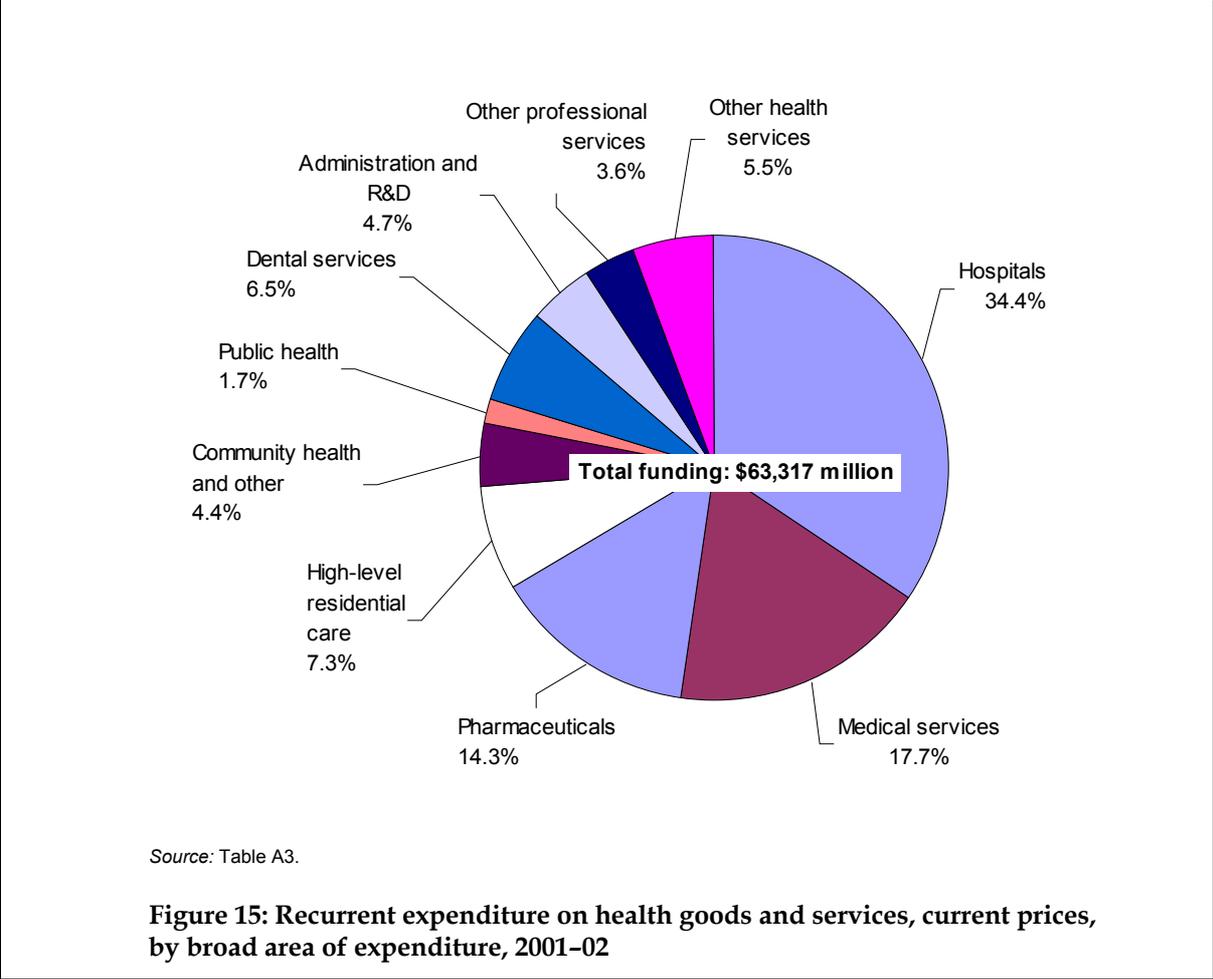
- ambulatory health services, such as those provided by doctors, dentists and other health professionals;
- community health services and public health services;
- health goods (pharmaceuticals and aids and appliances) provided to patients in the community; and
- health-related expenditures, such as expenditure on health administration and research.

Over the period 1992–93 to 2001–02, total institutional services has decreased its share of total health expenditure from 47.9% to 43.2% (Table A6) while the corresponding data for total non-institutional goods and services has increased its share from 52.1% to 56.8%.

Of the areas of health goods and services that attract recurrent expenditure, hospitals and medical services account for more than half. In 2001–02 hospitals were estimated to have accounted for 34.4% of total recurrent expenditure on health services and medical services 17.7% (Figure 15).

Within these two categories, however, there is substantial overlap. For example, public hospitals spent \$2,024 million on salaried medical staff and visiting medical officers during 2001–02 (AIHW 2003a). While these are payments in respect of staff that provide ‘medical’ services, they are included in the gross operating costs of the public hospitals and are counted as expenditure on public hospitals. Further, some other expenditures that make up the estimates of expenditure on hospitals (for example, salaries of technical staff involved in providing diagnostic services) relate to the provision of services to public patients in hospitals that could usually be classified as ‘medical’ services (pathology and radiology).

Expenditures classified as medical services, on the other hand, include medical services provided to private patients in public and private hospitals.



Institutional health services

Hospitals

In terms of the amount of expenditure involved, hospitals are the largest providers of health services in Australia. In the Australian context there are three broad categories of hospitals:

- public (non-psychiatric) hospitals;
- private hospitals; and
- public (psychiatric) hospitals.

The first two of these fall within the description of ‘general hospitals’ under the OECD’s international classification of health care providers. The third category, public (psychiatric) hospitals, refers to those remaining ‘stand-alone’ public hospitals that cater almost exclusively for the needs of people with mental illness.

Table 23: Recurrent expenditure on hospitals, constant prices,^(a) by broad type of hospital, and annual growth rates, 1992–93 to 2002–03

Year	Public hospitals							
	Public (non-psychiatric)		Public (psychiatric)		Private hospitals		All hospitals	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
1992–93	11,873	..	622	..	4,028	..	16,523	..
1993–94	11,967	0.8	591	–5.0	4,310	7.0	16,868	2.1
1994–95	12,361	3.3	567	–4.1	4,721	9.5	17,649	4.6
1995–96	12,954	4.8	525	–7.3	4,806	1.8	18,285	3.6
1996–97	13,809	6.6	467	–11.0	4,700	–2.2	18,977	3.8
1997–98	14,663	6.2	425	–9.1	4,527	–3.7	19,614	3.4
1998–99	15,215	3.8	433	1.9	4,796	6.0	20,444	4.2
1999–00	15,475	1.7	449	3.8	4,853	1.2	20,777	1.6
2000–01	15,957	3.1	402	–10.5	4,949	2.0	21,309	2.6
2001–02	16,235	1.7	472	17.2	5,069	2.4	21,775	2.2
2002–03 ^(b)	16,930	4.3	383	–18.9	4,987	–1.6	22,299	2.4
Average annual growth rate								
1992–93 to 1997–98		4.3					2.4	3.5
1997–98 to 2002–03		2.9					2.0	2.6
1992–93 to 2002–03		3.6					2.2	3.0

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

In real terms, expenditure on the general hospitals – public (non-psychiatric) and private hospitals – grew by 3.6% and 2.2% per year, respectively, between 1992–93 and 2002–03. Expenditure on public (psychiatric) hospitals, on the other hand, fell consistently over the same period, averaging a real annual decrease of 4.8% (Table 23).

The relative growth in expenditures on the different types of hospitals is often inter-related, with policy initiatives moving expenditures sometimes in the same direction and sometimes in opposite directions.

One important influence on growth in expenditure on hospitals is the Australian Government’s policy for funding hospital services. In the case of the public (non-psychiatric) hospitals, funding is governed to a large extent by bilateral agreements between the Australian Government and the various state and territory governments (the Australian Health Care Agreements or AHCAs). Private funding for hospitals is also influenced by the Australian Government’s private health insurance initiatives. This is because private health insurance provides the bulk of funding for private hospitals and for private patients in public (non-psychiatric) hospitals.

The latest series of AHCAs for which estimates are included in this publication covered the 5 years from 1 July 1998 to 30 June 2003. Since then, new agreements have been negotiated to cover the period from 1 July 2003 to 30 June 2008.

To date there have been three major incentives relating to private health insurance:

- in July 1997, the introduction of the means-tested Private Health Insurance Incentives Subsidy (PHIIS);
- in January 1999, the replacement of the PHIIS with an open-ended 30% rebate on private health insurance premiums; and
- in July 2000, the introduction of the 'lifetime' cover initiatives to encourage more people to take out and maintain private hospital insurance cover.

During the 5-year AHCA period that ended in June 1998, expenditure on public (non-psychiatric) hospitals grew, in real terms, at an average of 4.3% per year, compared with an average growth for private hospitals of 2.4% per year (Table 23). From 1997–98 (the last year of the previous agreement period and the year the PHIIS was introduced) to 2002–03, public (non-psychiatric) hospitals experienced a lower average rate of real growth in expenditure (2.9% per year) than they had previously. But this did not translate into increased growth in expenditure on private hospitals, which also slowed to 2.0% per year for the 5-year period ending 2002–03.

Table 24: Funding of general hospitals,^(a) current prices, by broad source of funds, 1992–93 to 2002–03 (per cent)

Year	Government			Non-government ^(b)	Total
	Australian Government ^(b)	State/territory and local	Total		
1992–93	39.0	35.3	74.3	25.7	100.0
1993–94	42.0	31.0	73.0	27.0	100.0
1994–95	40.8	32.1	72.9	27.1	100.0
1995–96	38.9	33.8	72.7	27.3	100.0
1996–97	37.4	35.7	73.1	26.9	100.0
1997–98	39.0	37.0	76.0	24.0	100.0
1998–99	42.7	34.7	77.5	22.5	100.0
1999–00	44.8	34.5	79.2	20.8	100.0
2000–01	45.8	33.7	79.5	20.5	100.0
2001–02	45.7	32.3	78.0	22.0	100.0
2002–03 ^(c)	45.9	32.8	78.7	21.3	100.0

(a) Public (non-psychiatric) and private hospitals.

(b) Funding by the Australian Government and non-government sources has been adjusted for tax expenditures in respect of private health incentives claimed through the taxation system.

(c) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

Public (non-psychiatric) hospitals

More than 90% of all funding for public (non-psychiatric) hospitals comes from governments. The Australian Government's contribution – estimated at 49.2% in 2002–03 (Table 25) – is largely in the form of SPPs under the AHCA. The states and territories, which have the major responsibility for operating and regulating public hospitals that operate within their jurisdictions, meet the balance of the net operating costs of the hospitals. In 2002–03, the contribution of the states and territories accounted for 42.9% of the funding for public (non-psychiatric) hospitals.

The non-government contribution has declined over the decade from 8.9% in 1992–93 to 7.9% in 2002–03.

Table 25: Funding of public (non-psychiatric) hospitals, current prices, by broad source of funds, 1992–93 to 2002–03

Year	Government					
	Australian Government		State/territory and local		Non-government	
	Amount (\$m)	Share (%)	Amount (\$m)	Share (%)	Amount (\$m)	Share (%)
1992–93	4,614	47.2	4,291	43.9	869	8.9
1993–94	5,071	51.1	3,871	39.0	977	9.8
1994–95	5,180	49.7	4,263	40.9	979	9.4
1995–96	5,278	47.3	4,843	43.5	1,025	9.2
1996–97	5,465	45.3	5,558	46.0	1,048	8.7
1997–98	5,898	45.1	6,191	47.4	984	7.5
1998–99	6,650	47.7	6,219	44.6	1,073	7.7
1999–00	6,978	48.1	6,447	44.5	1,078	7.4
2000–01	7,496	48.5	6,732	43.6	1,228	7.9
2001–02	7,981	49.2	6,871	42.3	1,383	8.5
2002–03 ^(a)	8,621	49.2	7,526	42.9	1,381	7.9

(a) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

The shares of funding met by the two major levels of government – Australian, and state and territory – fluctuate from year-to-year. For the 1993–98 AHCA, the Australian Government share first rose some 3.9 percentage points and then fell back 6.0 percentage points from this level to the end of that agreement. It rose again by 2.6 percentage points in the first year of the 1998–2003 AHCA, and continued to rise, being 1.5 percentage points higher in the last year of this agreement. The non-government share has fluctuated within a narrow band over this period (Table 25). See Box 1 below for the periods of all health service funding agreements between the Australian Government and the states/territories.

Box 1: Australian Government–state/territory health funding agreement periods

First Medicare (Compensation) Agreement: 1984 to June 1988

Second Medicare Agreement: 1 July 1988 to 30 June 1993

Third Medicare Agreement: 1 July 1993 to 30 June 1998

First Australian Health Care Agreement: 1 July 1998 to 30 June 2003

Second Australian Health Care Agreement: 1 July 2003 to 30 June 2008

Table 26: Recurrent funding of public (non-psychiatric) hospitals, constant prices,^(a) by source of funds, and annual growth rates, 1992–93 to 2002–03

Year	Government						Non-government ^(b)		Total	
	Australian Government ^(b)		State/territory and local		Total		Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)				
1992–93	5,606	..	5,214	..	10,821	..	1,052	..	11,873	..
1993–94	6,120	9.2	4,663	-10.6	10,783	-0.3	1,184	12.5	11,967	0.8
1994–95	6,145	0.4	5,051	8.3	11,196	3.8	1,166	-1.5	12,361	3.3
1995–96	6,134	-0.2	5,625	11.4	11,759	5.0	1,195	2.5	12,954	4.8
1996–97	6,244	1.8	6,363	13.1	12,606	7.2	1,203	0.7	13,809	6.6
1997–98	6,612	5.9	6,946	9.2	13,558	7.5	1,105	-8.2	14,663	6.2
1998–99	7,257	9.7	6,786	-2.3	14,043	3.6	1,171	6.0	15,215	3.8
1999–00	7,446	2.6	6,878	1.4	14,324	2.0	1,151	-1.8	15,475	1.7
2000–01	7,739	3.9	6,950	1.0	14,689	2.6	1,268	10.2	15,957	3.1
2001–02	7,981	3.1	6,871	-1.1	14,852	1.1	1,383	9.0	16,235	1.7
2002–03 ^(c)	8,328	4.3	7,268	5.8	15,596	5.0	1,334	-3.6	16,930	4.3
Average annual growth rate										
1992–93 to 1997–98		3.4		5.9		4.6		1.0		4.3
1997–98 to 2002–03		4.7		0.9		2.8		3.8		2.9
1992–93 to 2002–03		4.0		3.4		3.7		2.4		3.6

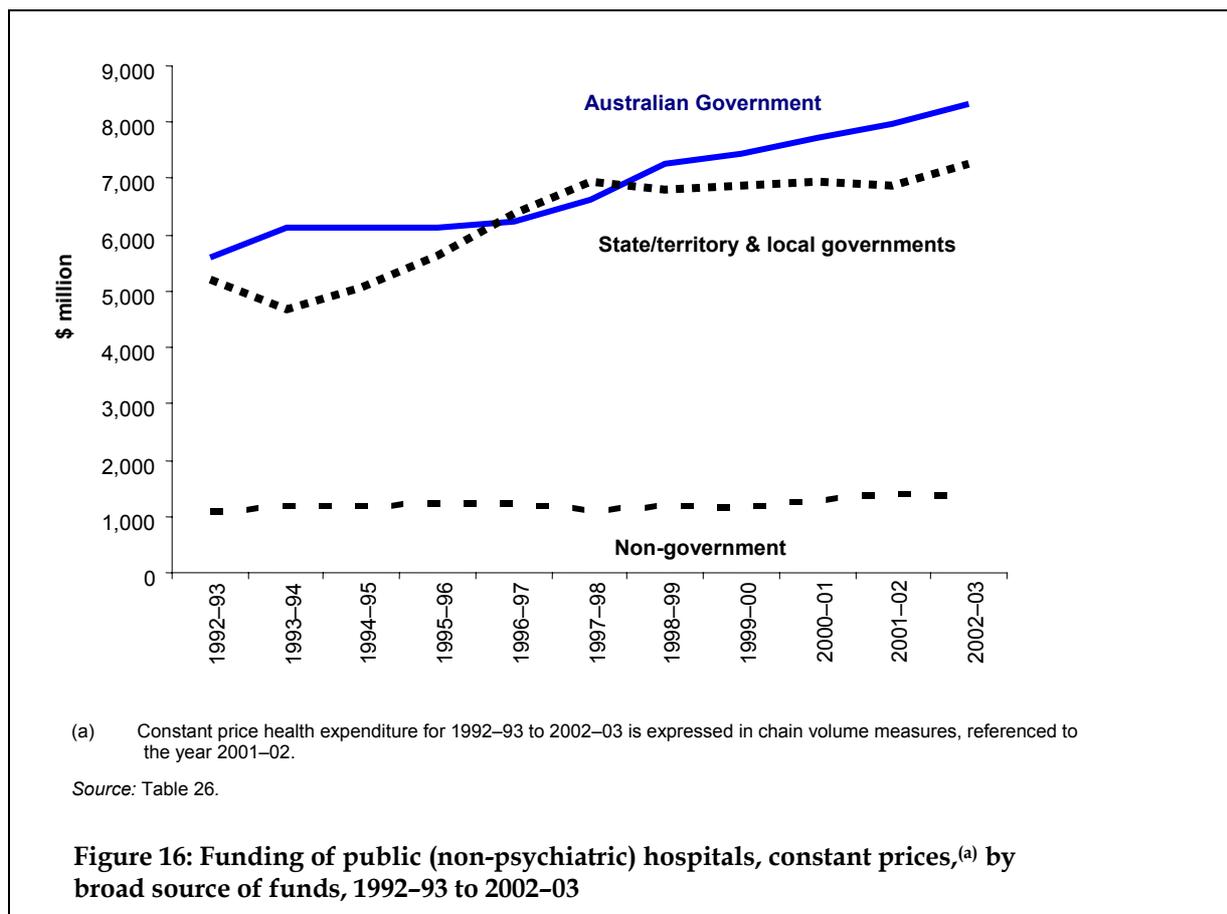
(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Funding by the Australian Government and non-government sources has been adjusted for tax expenditures in respect of private health incentives claimed through the taxation system.

(c) Based on preliminary AIHW and ABS estimates.

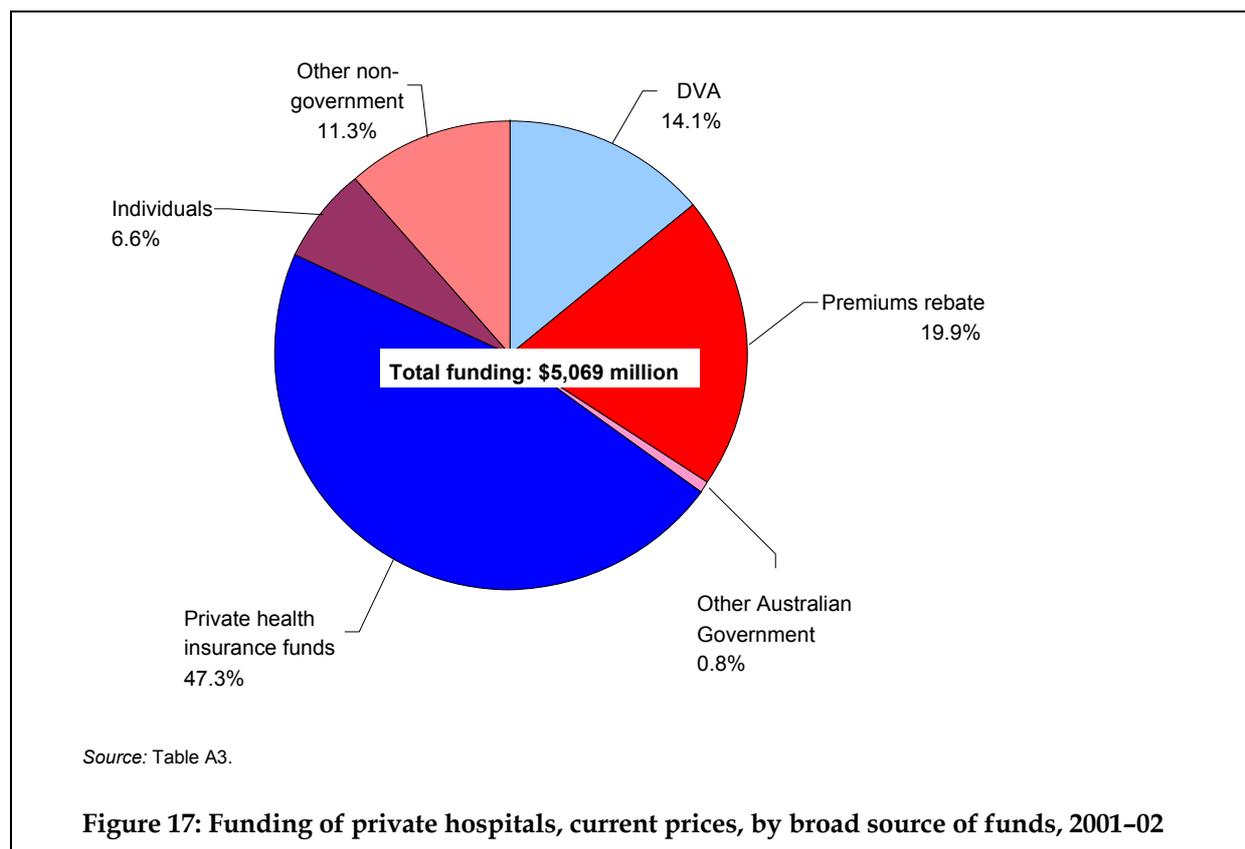
Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.



Private hospitals

Total expenditure on private hospitals in 2001-02 was \$5,069 million (Figure 17). More than two-thirds (67.2%) of this was sourced through private health insurance funds. This comprised 47.3% out of the premiums paid by members and other revenues flowing to the funds, and the remaining 19.9% being indirectly funded out of the rebates paid by the Australian Government in respect of contributors' premiums. In 2002-03 those rebates, in total, amounted to \$2.3 billion (Table 21), and \$1.1 billion of that is estimated to have been directed to the funding of private hospitals.



Public (psychiatric) hospitals

Public (psychiatric) hospitals are stand-alone institutions operated by, or on behalf of, state and territory governments. Their main function is to provide psychiatric care to admitted patients. It should be noted that institutions classified in this publication as public (non-psychiatric) hospitals also provide psychiatric care, sometimes in general wards and sometimes in dedicated psychiatric wards. The related expenditure, however, is captured as part of expenditure on public (non-psychiatric) hospital care.

Total expenditure on public (psychiatric) hospitals in 2001-02 is estimated at \$472 million (Table A3). Almost all of this (\$452 million) was funded by state and territory governments.

High-level residential care services

The technical notes (Chapter 6) explain the concepts behind the definition of high-level residential care.

Total recurrent expenditure on high-level residential care in 2001-02 was \$4,608 million. Of this, the Australian Government funded \$3,377 million, state and territory and local governments funded \$432 million and the non-government sector \$800 million (Table A3 in Appendix A).

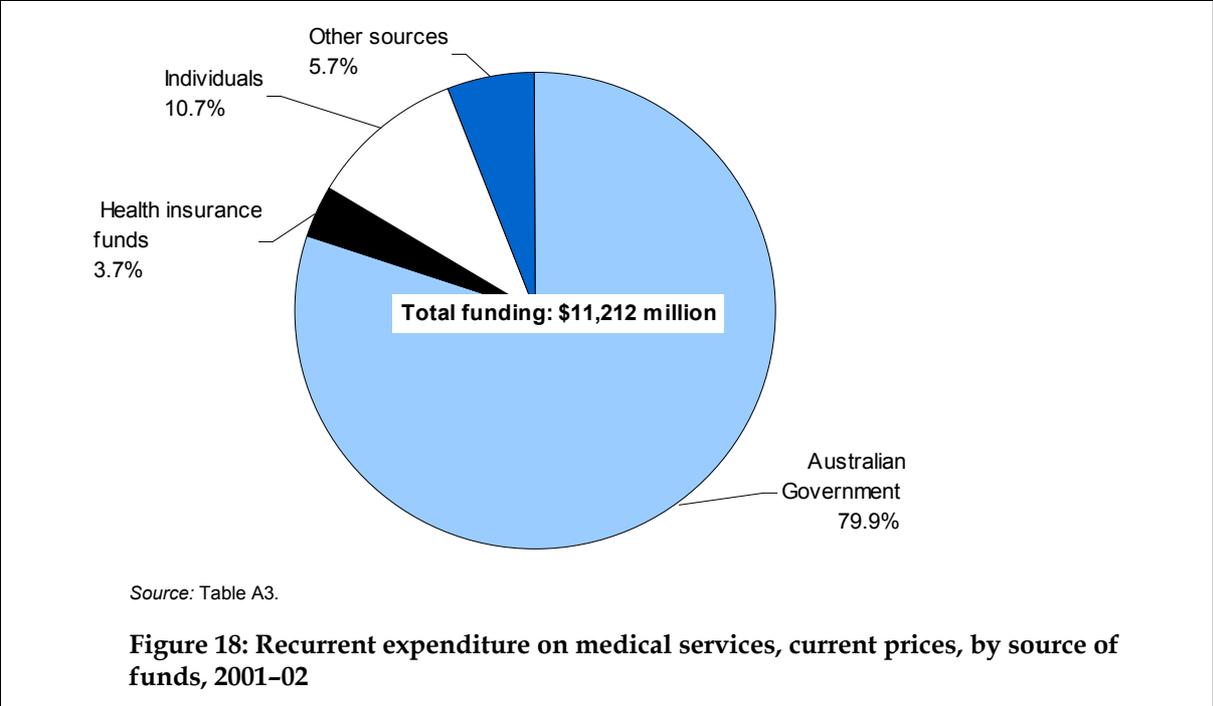
From 1992-93 to 2001-02, real growth in expenditure on high-level residential care was 4.1% per year compared with 4.5% per year for total health expenditure (Table A5). For the period 1997-98 to 2001-02, the differential between the two growth rates widened by 1.1 percentage points - for high-level residential care the growth rate was 4.2% per year, while for total health expenditure it was 5.3% per year.

Non-institutional health services

Medical services

Between 1992-93 and 2002-03, expenditure on medical services increased, in real terms, at an average of 3.1% per year (Table 27). Between 2001-02 and 2002-03, the rate of growth was 1.6%.

Almost all expenditure on medical services in Australia relates to services that are provided by practitioners on a 'fee-for-service' basis. This is reflected in the distribution of funding for medical services. Of the \$11.2 billion spent on medical services in 2001-02, 79.9% was funded by the Australian Government (Figure 18). This was made up almost exclusively of medical benefits paid under Medicare, with some funding from the Department of Veterans' Affairs for medical services to eligible veterans and their dependants, as well as payments to general practitioners under alternative funding arrangements.



Because it provides the bulk of the funding for medical services, the Australian Government's expenditure was the main determinant of growth. Between 1992-93 and 1993-94, the Australian Government's expenditure grew by 6.4%, while expenditure by individuals fell by 5.6% (Table 27). This reflects the considerable growth in the direct billing rate for medical services in this period (DoHA, 2004). In 1992-93, the rate had been 65.1% of services; it rose to 68.1% in 1993-94.

As Australian Government expenditure slowed from 1994-95 to 1998-99, expenditure by individuals accelerated. In 1999-00, expenditure by the Australian Government grew by 5.2%, while expenditure by individuals grew by 10.4%. In 2000-01, Australian Government expenditure grew more slowly, while health insurance funds accelerated sharply by 37.6%.

Table 27: Recurrent funding of medical services, constant prices,^(a) by source of funds, and annual growth rates, 1992–93 to 2001–02

Year	Australian Government		Individuals		Health insurance funds		Other non-government		Total	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
1992–93	6,382	..	1,178	..	344	..	489	..	8,393	..
1993–94	6,789	6.4	1,112	-5.6	338	-1.8	482	-1.4	8,721	3.9
1994–95	7,138	5.1	1,057	-5.0	320	-5.3	548	13.7	9,062	3.9
1995–96	7,492	5.0	1,050	-0.7	307	-4.2	548	0.1	9,396	3.7
1996–97	7,689	2.6	1,077	2.5	302	-1.6	572	4.4	9,640	2.6
1997–98	7,905	2.8	1,115	3.5	259	-14.2	542	-5.3	9,821	1.9
1998–99	8,108	2.6	1,171	5.1	244	-5.9	569	5.0	10,092	2.8
1999–00	8,533	5.2	1,293	10.4	228	-6.5	604	6.2	10,659	5.6
2000–01	8,672	1.6	1,179	-8.8	313	37.6	574	-5.1	10,737	0.7
2001–02	8,961	3.3	1,195	1.4	416	32.9	640	11.5	11,212	4.4
2002–03	8,987	0.3	1,282	7.3	435	4.4	686	7.2	11,389	1.6
Average annual growth rate										
1992–93 to 1997–98		4.4		-1.1		-5.5		2.1		3.2
1997–98 to 2002–03		2.6		2.8		10.9		4.8		3.0
1992–93 to 2002–03		3.5		0.8		2.4		3.5		3.1

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Australian Government and health insurance funds expenditures have not been adjusted for rebates claimed as tax expenditures.

Source: AIHW health expenditure database.

Other professional services

Expenditure on other professional services is largely funded by individual users of services (50.1% in 2001–02) and totalled \$2.3 billion in that year (Table A3).

In real terms, expenditure on other professional services grew at an average of 1.1% per year between 1992–93 and 2001–02 (Table A5). In the years 1997–98 to 2001–02 it accelerated to 5.1% per year, almost the same as for total real health expenditure (5.3%) over that period.

Community health and other

In 2001–02, expenditure by state and territory governments and by local government authorities totalled \$2.5 billion out of a total of \$2.8 billion spent on community health services (Table A3). In 2002–03, community health is estimated at \$3.0 billion (Table A4).

Public health

While reliable estimates are not available for earlier years, since 1998–99 estimates of public health expenditure data have been compiled on a consistent basis in each state and territory and for the Australian Government using a single collection protocol developed through the National Public Health Expenditure Project (AIHW 2002c and 2004a). In these years public health expenditure was:

- 1999–00 – \$0.84 billion;
- 2000–01 – \$1.0 billion; and
- 2001–02 – \$1.0 billion.

Over these 3 years the Australian Government's direct expenditure share of total public health expenditure has gone from 56.6% to 54.9% (Tables A1, A2 and A3).

In 2002–03, it is estimated to increase to \$1.4 billion, with the Australian Government share being 56.4% (Table A4).

Dental services

Individuals contributed almost 67% of the total expenditure of \$4.1 billion for dental services in 2001–02 (Table A3). For the period 1992–93 to 2001–02, real growth in expenditure on dental services was 3.9%, some 0.6 percentage points below that of total health expenditure (Table A5).

For the period 1997–98 to 2001–02, however, real growth for dental services exceeded that for total health expenditure by 1.6 percentage points.

Pharmaceuticals and other non-durable health goods

In real terms, total expenditure on pharmaceuticals increased by 9.4% from 1992–93 to 2001–02, to reach \$9,078 million in 2001–02 (Table A3 and Table A5). While total expenditure experienced consistent growth between 1992–93 and 2000–01, expenditure on benefit-paid items and non-benefit items fluctuated greatly from year to year. This is due to the effects of the co-payment in determining what items attract benefits. The benefit-paid items category includes only those items listed under the Schedule of Pharmaceutical Benefits for which benefits were actually paid. Items that are listed on the PBS but have a price below the statutory patient co-payment are recorded in the 'all other pharmaceuticals' category.

Benefit-paid items

In real terms, expenditure on benefit-paid items grew at an average of 10.2% per year from 1992–93 to 2002–03 (Table 28). The period of most rapid growth was from 1997–98 to 2002–03, when growth averaged 12.4% per year, greater than the overall rate of growth in health expenditure. Growth in that period was shared between the Australian Government (12.5% a year) and individuals (11.8% a year).

Table 28: Recurrent expenditure on benefit-paid pharmaceuticals, constant prices,^(a) by source of funds, and annual growth rates, 1992–93 to 2002–03

Year	Australian Government		Individuals		Total	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
1992–93	1,883	..	423	..	2,306	..
1993–94	1,930	2.5	404	–4.4	2,334	1.2
1994–95	2,125	10.1	470	16.2	2,595	11.2
1995–96	2,540	19.5	500	6.4	3,040	17.1
1996–97	2,751	8.3	556	11.2	3,307	8.8
1997–98	2,810	2.2	599	7.8	3,409	3.1
1998–99	3,098	10.3	629	4.9	3,727	9.3
1999–00	3,530	13.9	682	8.4	4,212	13.0
2000–01	4,318	22.3	776	13.8	5,094	20.9
2001–02	4,623	7.1	891	14.8	5,514	8.2
2002–03 ^(b)	5,063	9.5	1,045	17.3	6,107	10.8
Average annual growth rate						
1992–93 to 1997–98		8.3		7.2		8.1
1997–98 to 2002–03		12.5		11.8		12.4
1992–93 to 2002–03		10.4		9.5		10.2

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Based on preliminary AIHW estimates.

Source: AIHW health expenditure database.

All other pharmaceuticals

‘Other pharmaceuticals’ is defined in Table 36.

In real terms, expenditure on other pharmaceutical items grew by an average of 8.2% between 1992–93 and 2002–03 (Table 29). To some extent, this growth mirrors that for benefit-paid items. This is largely due to the effect of the PBS patient co-payment threshold and the increased availability of cheaper alternatives to items on the PBS that would have attracted pharmaceutical benefits. Expenditure by the Australian Government from 1997–98 reflects the private health insurance rebates.

The main sources of funding for other pharmaceutical items are individuals’ out-of-pocket expenditure and ancillary tables provided by private health insurance funds. The most rapid period of growth (10.4%) was from 1997–98 to 2002–03, which can largely be attributed to growth in expenditure by individuals (10.3%).

Table 29: Recurrent funding of other pharmaceuticals, constant prices,^(a) by source of funds, and annual growth rates, 1992–93 to 2002–03

Year	Australian Government		State/territory and local governments		Health insurance funds		Individuals and other non-govt		Total	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
1992–93	..	..	..	..	48	..	1,685	..	1,733	..
1993–94	..	..	..	..	50	5.1	1,709	1.4	1,759	1.5
1994–95	..	..	2	..	48	-4.3	1,852	8.4	1,902	8.1
1995–96	..	..	12	662.2	49	2.5	1,754	-5.3	1,815	-4.6
1996–97	..	..	12	0.1	48	-3.5	1,934	10.3	1,993	9.8
1997–98	3	..	17	44.8	33	-31.3	2,261	16.9	2,314	16.1
1998–99	7	124.0	—	..	30	-8.0	2,430	7.5	2,468	6.6
1999–00	14	84.0	—	..	31	3.9	2,665	9.7	2,710	9.8
2000–01	81	493.7	—	..	36	14.6	2,888	8.3	3,005	10.9
2001–02	53	-35.0	2	..	45	24.8	3,464	19.9	3,564	18.6
2002–03 ^(b)	58	10.0	—	..	51	13.1	3,693	6.6	3,802	6.7
Average annual growth rate										
1992–93 to 1997–98	..		..		-7.3		6.1		5.9	
1997–98 to 2002–03	77.3		..		9.1		10.3		10.4	
1992–93 to 2002–03	..		..		0.6		8.2		8.2	

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Based on preliminary AIHW estimates.

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

Source: AIHW health expenditure database.

Aids and appliances

Expenditure on this item grew 10.9% in real terms over the period 1992–93 to 2001–02. The fastest period of growth was between 1997–98 and 2001–01, where it grew by 18.0% (Table A5). Revisions to the ABS estimate of household final consumption expenditure for medicines, aids and appliances resulted in substantial upward revisions to this series (see Chapter 6).

In 2001–02 expenditure on aids and appliances was \$2,480 million, of which almost 80% was funded by individuals' out-of-pocket expenditure (Table A3).

Research

Total estimated expenditure on health research in 2001–02 was \$1,180 million (Table A3). In real terms, estimated expenditure grew at an average of 8.7% per year between 1992–93 and 2001–02 (Table A5). Much of the expenditure in 2001–02 (60.3%) was funded by the Australian Government (Figure 19). State and territory and local governments provided 14.2% of funding for research and a further 25.5% was provided by non-government sources.

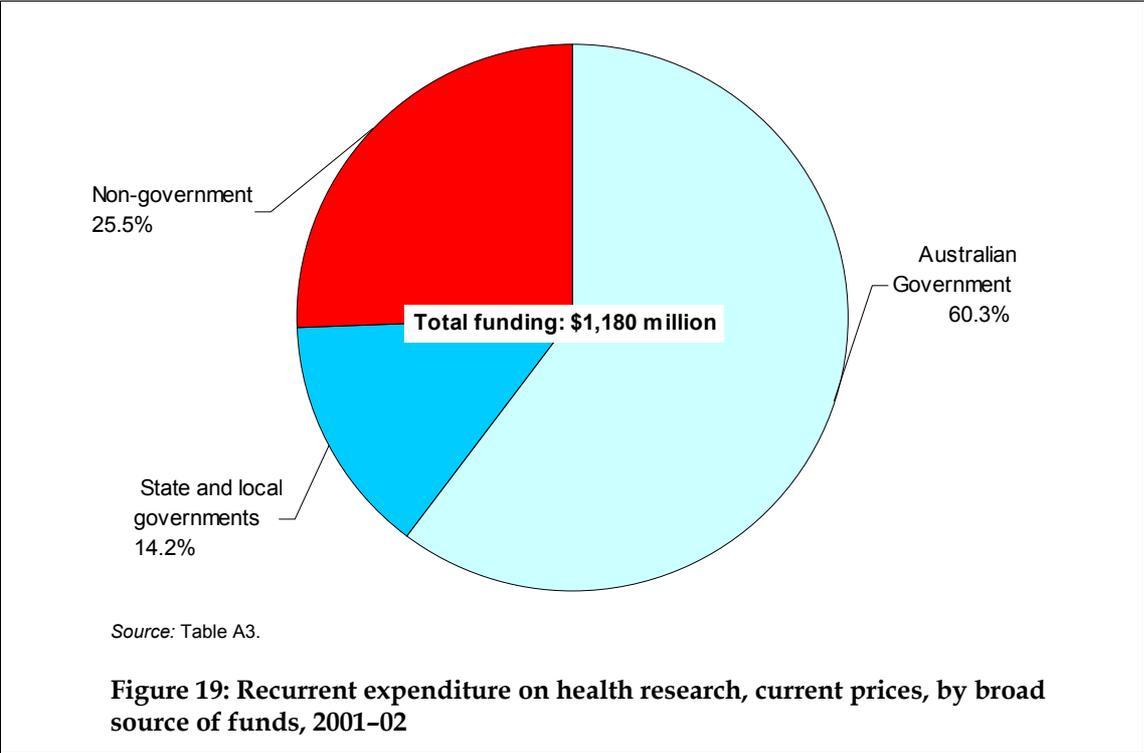


Table 30: Recurrent funding for health research, constant prices,^(a) and annual growth rates, by broad source of funds, 1992–93 to 2002–03

Year	Government							
	Australian Government		State/territory and local		Non-government		Total	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
1992–93	423	..	44	..	88	..	556	..
1993–94	444	4.9	67	54.5	100	13.7	612	10.2
1994–95	449	1.0	105	55.8	112	11.5	666	8.8
1995–96	490	9.2	94	-11.0	120	7.5	704	5.7
1996–97	506	3.3	112	19.4	130	7.9	748	6.2
1997–98	462	-8.7	104	-7.3	140	7.7	705	-5.6
1998–99	551	19.2	100	-3.1	132	-6.0	783	10.9
1999–00	597	8.5	120	19.4	208	58.0	925	18.2
2000–01	742	24.2	146	22.0	252	21.4	1,140	23.3
2001–02	712	-4.0	167	14.3	301	19.2	1,180	3.5
2002–03 ^(b)	742	4.3	175	4.6	373	24.0	1,290	9.3
Average annual growth rate								
1992–93 to 1997–98		1.8		18.9		9.6		4.9
1997–98 to 2002–03		10.0		11.0		21.7		12.8
1992–93 to 2002–03		5.8		14.9		15.5		8.8

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

4.2 Capital formation

Because investments in health facilities and equipment involve large outlays and the lives of such facilities and equipment can be very long (up to 50 years is not uncommon for buildings), capital expenditure fluctuates greatly from year to year (Table 31 and Figure 20). It is, therefore, meaningless to look at average growth rates over a relatively short period such as 10 years. Capital expenditure on health facilities and investments in 2001–02 was \$2,122 million, 3.2% of total health expenditure (Tables 1 and 31). In 2002–03, it is estimated to have increased, in real terms, by 7.4%.

Australian Government funding of capital is often by way of grants and subsidies to other levels of government or to non-government organisations. In the early 1990s, the estimates of Australian Government funding of capital were somewhat distorted by the negative outlays that resulted from the disposal of the Repatriation General Hospitals.

State and territory and local governments, in contrast, devote much of their resources to new and replacement capital for government service providers (for example, hospitals and community health facilities). There were particularly high levels of capital expenditure in Queensland towards the end of the 1990s as some of the state's very old or run-down capital stock was replaced.

Typically, capital expenditure by the non-government sector accounts for between one-third and one-half of all capital outlays in any year. This is largely the result of investment in private hospitals and residential care facilities.

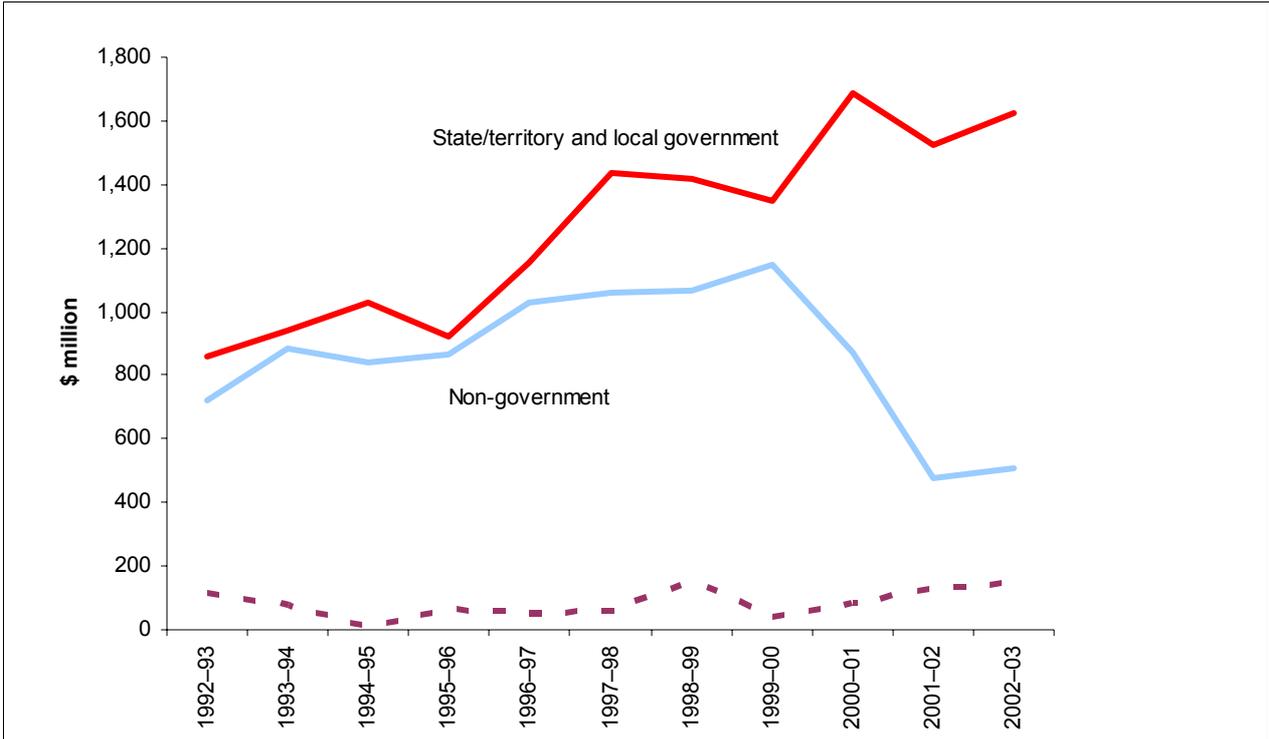
Table 31: Outlays on capital, constant prices,^(a) by source of funds, 1992–93 to 2002–03 (\$ million)

Year	Government		Non-government	Total
	Australian Government	State/territory and local		
1992–93	110	856	723	1,689
1993–94	77	941	885	1,903
1994–95	7	1,026	841	1,873
1995–96	65	924	863	1,852
1996–97	50	1,155	1,026	2,232
1997–98	58	1,435	1,058	2,551
1998–99	153	1,419	1,068	2,640
1999–00	41	1,350	1,147	2,538
2000–01	82	1,685	870	2,637
2001–02	124	1,523	474	2,122
2002–03 ^(b)	146	1,624	509	2,280

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.



(a) Constant price health expenditure for 1992-93 to 2002-03 is expressed in chain volume measures, referenced to the year 2001-02.
 Source: Table 31.

Figure 20: Outlays of capital, constant prices,^(a) by broad source of funds, 1992-93 to 2002-03

4.3 Capital consumption by governments

Capital consumption (depreciation) by governments was \$1,018 million in 2001–02 and estimated to have increased, in real terms, by 8.7% in 2002–03 (Table 32).

Table 32: Estimated capital consumption by governments, current and constant prices,^(a) and annual growth rates, 1992–93 to 2002–03

Year	Current prices	Constant prices	Real growth (%)
	\$ million	\$ million	
1992–93	508	524	..
1993–94	523	536	2.3
1994–95	529	543	1.2
1995–96	571	580	6.8
1996–97	531	542	–6.5
1997–98	579	587	8.3
1998–99	877	888	51.2
1999–00	934	953	7.3
2000–01	970	968	1.6
2001–02	1,018	1,018	5.1
2002–03 ^(b)	1,125	1,106	8.7

(a) Constant price health expenditure for 1992–93 to 2002–03 is expressed in chain volume measures, referenced to the year 2001–02.

(b) Based on preliminary AIHW and ABS estimates.

Source: AIHW health expenditure database.

5 International comparisons

The countries included in this comparison are current members of the OECD. The comparison, which looks at the period from 1992 to 2002, provides an indication of the relative efforts being made to meet the need for health goods and services and capital formation in countries with similar economic and social structures or with which Australia has important economic and social links. Differences between countries in terms of what is included as 'health expenditure' complicate the comparison to some extent, so caution is warranted when making comparisons. It is also important to acknowledge that there is no definitive relationship between what a country spends on health and the health status of its population.

Health expenditure by different countries can be compared as a proportion of GDP. This gives a measure of the proportion of a nation's productive effort that is spent on funding its health goods, services and capital investment. Fluctuations in the health-GDP ratio can, however, be misleading because they can reflect movements in GDP as well as in health expenditure.

Health expenditure per person allows for comparisons between countries and within a country over time without the distorting effect of movements in GDP and population size differences. In calculating it, allowance was made for the different purchasing powers of currencies in the various countries. This has been done by using purchasing power parities (PPPs) to convert expenditures in each of the countries first into US dollars and then into Australian dollars. The PPPs used are for the whole of the GDP because of the poor reliability of health-specific ones, particularly in the early part of the period.

The average health expenditure to GDP ratio for all those OECD countries that submitted data in both 1992 and 2002 was 7.7% in both 1992 and 1997, and 8.4% in 2002. Australia's average was slightly higher in each of these periods (respectively, 8.2%, 8.6% and 9.5%). A similar story applies to health expenditure in per capita terms. The United States was by far the highest spender on health care, spending 14.6% of GDP in 2002. Its expenditure per person has been around double that of Australia over the decade. For instance, it was \$7,163 compared with \$3,652 for Australia in 2002 (Table 33).

Table 33: International comparison of health expenditure as a proportion of GDP and per person, OECD countries, 1992 to 2002,^(a) (per cent)

Country	1992		1997		2002	
	Health to GDP ratio	Per person expenditure	Health to GDP ratio	Per person expenditure	Health to GDP ratio	Per person expenditure
	%	(A\$)	%	(A\$)	%	(A\$)
Australia	8.2	1,996	8.6	2,593	9.5	3,652
Austria	7.5	2,109	7.6	2,439	7.7	3,019
Belgium	8.0	2,104	8.6	2,596	9.1	3,420
Canada	10.0	2,664	8.9	2,812	9.6	3,986
Czech Republic	5.4	767	7.1	1,206	7.4	1,520
Denmark	8.5	2,258	8.2	2,677	8.8	3,509
Finland	9.1	2,097	7.3	2,086	7.3	2,642
France	9.0	2,406	9.4	2,855	9.7	3,721
Germany	9.9	2,668	10.7	3,189	10.9	3,831
Greece	7.9	1,321	9.4	1,804	9.5	2,467
Hungary	7.7	846	7.0	913	7.8	1,467
Iceland	8.3	2,278	8.1	2,660	9.9	3,818
Ireland	7.1	1,367	6.4	1,870	7.3	3,219
Italy	8.4	2,154	7.7	2,251	8.5	2,946
Japan	6.2	1,729	6.9	2,226	7.8	2,825
Korea	4.4	536	4.7	812	5.9	1,266
Luxembourg	6.2	2,410	5.9	2,823	6.2	4,168
Mexico	5.6	505	5.3	529	6.1	752
Netherlands	8.4	2,207	8.2	2,556	9.1	3,594
New Zealand	7.5	1,484	7.4	1,791	8.5	2,526
Norway	8.2	2,234	7.8	2,876	8.7	4,193
Poland	6.2	510	5.7	667	6.1	889
Portugal	7.0	1,138	8.5	1,609	9.3	2,315
Slovak Republic	n.a.	n.a.	5.8	717	5.7	949
Spain	7.2	1,408	7.5	1,699	7.6	2,239
Sweden	8.3	2,168	8.2	2,468	9.2	3,423
Switzerland	9.3	3,189	10.2	3,712	11.2	4,685
Turkey	3.8	254	4.2	350	6.6	607
United Kingdom	6.9	1,610	6.8	2,026	7.7	2,938
United States	13.0	4,304	13.0	5,199	14.6	7,163
OECD average	7.7	1,818	7.7	2,134	8.4	2,925

(a) See definition of 'OECD financial year' in Box 2.

Sources: AIHW health expenditure database; OECD Health Data 2004.

Factors contributing to the growth in the health–GDP ratio are inflation (both general inflation and excess health inflation) and changes in the level of goods and services used, either from population growth or from more intensive per person use of goods and services. The general rate of inflation is an indication of price pressures that apply throughout the economy, and the rate of excess health inflation indicates additional price rises specific to the health sector. The ability of a nation’s health financing system to influence health prices is an important factor in controlling growth in total expenditure on health.

- For the years 1992 to 2002, Australia had an average annual excess health inflation rate of 0.9%, above the OECD average of 0.5% (Table 34).
- Rates of health inflation were positive for all countries, except Japan, which was slightly negative (Table 34).

In order to compare the level of expenditure without the complication of different rates of population growth, it is useful to examine real growth in average per person expenditure on health. For the decade to 2002, Australia had a lower than average real growth in per person expenditure (3.3%), compared to the OECD average of 3.6% (Table 34).

Table 34: Components of growth in health expenditure, OECD countries, 1992 to 2002,^(a) (per cent)

Country	Nominal growth	Inflation			Real growth		Total
		General	Excess health	Health	Population component	Utilisation component	
Australia	7.6	1.9	0.9	2.9	1.2	3.3	4.5
Austria	3.9	1.6	—	1.7	0.3	2.0	2.3
Belgium	5.2	1.8	0.1	1.8	0.3	3.0	3.3
Canada	4.7	1.5	0.0	1.5	1.0	2.2	3.2
Czech Republic	14.0	8.4	0.4	8.8	-0.1	5.3	5.2
Denmark	4.8	1.9	0.1	2.0	0.4	2.5	2.9
Finland	3.2	2.1	0.0	2.1	0.3	0.7	1.0
France	4.2	1.4	0.0	1.5	0.4	2.3	2.7
Germany	3.7	1.4	0.0	1.4	0.2	2.0	2.3
Greece	11.8	6.8	0.3	7.1	0.3	4.4	4.7
Hungary	19.0	15.3	0.5	15.8	-0.2	3.4	3.2
Iceland	8.9	3.7	0.2	3.9	1.0	4.0	5.0
Ireland	12.8	4.1	0.3	4.4	1.0	7.3	8.4
Italy	5.0	3.2	—	3.3	0.2	1.5	1.7
Japan	3.2	-0.6	—	-0.6	0.2	3.6	3.8
Korea	12.8	3.6	0.3	4.0	0.9	8.0	8.8
Luxembourg	7.8	2.8	0.1	2.9	1.3	3.5	4.8
Mexico	19.6	15.4	0.6	15.9	1.5	2.2	3.7
Netherlands	6.1	2.5	0.1	2.6	0.6	2.9	3.5
New Zealand	6.6	1.6	0.1	1.7	1.1	3.8	4.9
Norway	7.4	3.3	0.1	3.5	0.6	3.4	4.0
Poland	20.0	15.2	0.6	15.9	0.0	4.1	4.1
Portugal	10.1	4.5	0.2	4.7	0.4	5.0	5.4
Slovak Republic	8.5	5.6	0.1	5.8	—	2.7	2.7
Spain	7.1	3.6	0.1	3.8	0.7	2.7	3.4
Sweden	5.4	1.8	0.1	1.9	0.3	3.3	3.6
Switzerland	3.9	0.7	0.0	0.8	0.6	2.5	3.1
Turkey	93.9	74.5	8.3	82.7	1.8	9.3	11.1
United Kingdom	6.7	2.5	0.1	2.6	0.3	3.8	4.1
United States	6.5	1.9	0.1	2.0	1.2	3.3	4.5
OECD average	11.1	6.5	0.5	6.9	0.6	3.6	4.2

(a) See definition of 'OECD financial year' in Box 2.

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

Sources: AIHW health expenditure database; OECD Health Data 2004.

It is interesting to compare how much the government sector spends on health compared with the private sector. In 2002, Australia's three tiers of government contributed an average of 67.9% to total health expenditure, which was 4.8 percentage points below the OECD average of 72.7%. Over the decade, the government contribution to the provision of health

care in Australia edged up by 1 percentage point, while the government share of total funding remained almost constant for the OECD average as a whole.

Table 35: Government health expenditure as a proportion of total health expenditure, OECD countries, 1992 to 2002^(a) (per cent)

Country	1992	1997	2002
Australia	66.9	68.2	67.9
Austria	73.5	70.0	69.9
Belgium	69.5	69.8	71.2
Canada	74.1	70.1	69.9
Czech Republic	95.5	91.7	91.4
Denmark	83.2	82.3	83.1
Finland	79.6	76.1	75.7
France	76.6	76.2	76.0
Germany	80.9	79.1	78.5
Greece	54.6	52.8	52.9
Hungary	88.0	81.3	70.2
Iceland	84.8	83.7	84.0
Ireland	71.5	74.6	75.2
Italy	77.1	72.2	75.6
Japan	78.1	81.5	81.7
Korea	35.1	43.4	54.4
Luxembourg	92.8	92.5	85.4
Mexico	43.1	44.7	44.9
Netherlands	72.8	67.8	n.a.
New Zealand	79.0	77.3	77.9
Norway	84.8	84.3	85.3
Poland	76.4	72.0	72.4
Portugal	59.6	65.7	70.5
Slovak Republic	n.a.	91.7	89.1
Spain	77.4	72.5	71.4
Sweden	87.2	85.8	85.3
Switzerland	53.8	55.2	57.9
Turkey	67.0	71.6	62.9
United Kingdom	84.6	80.4	83.4
United States	42.4	45.3	44.9
OECD average	72.7	72.6	72.7

(a) See definition of 'OECD financial year' in Box 2.

Sources: AIHW health expenditure database; OECD Health Data 2004.

6 Technical notes

6.1 General

Health expenditure is reported domestically using the Australian National Health Accounts (NHA) framework. This framework, which has operated since the early 1960s, is based on a national health expenditure matrix showing areas of expenditure by sources of funding.

Since 1998, the Australian Institute of Health and Welfare, which has responsibility for developing estimates of national health expenditure, has collated and stored its health expenditure data in a way that enables it to simultaneously report national health expenditure according to the national framework and the OECD's System of Health Accounts (SHA).

Health Expenditure Advisory Committee (HEAC)

In 2003, the Institute established a Health Expenditure Advisory Committee (HEAC) comprising data users and providers to provide advice on health expenditure reporting in Australia. The committee, which meets twice a year, consists of representatives of Australian government agencies – DoHA, ABS, DVA, CGC and PHIAC – and each state and territory health department. The terms of reference for this committee are to provide advice to the Institute on:

- data sources, analysis and presentation of its estimates of health expenditure in Australia;
- integration of AIHW's health expenditure collections with all other Australian sub-national and national collections and with international frameworks and collections of health expenditure statistics; and
- longer term directions related to the reporting of expenditure on health, both within Australia and to international bodies, such as the OECD and WHO.

6.2 Definition of health expenditure

The term 'health expenditure' refers to expenditure on health goods and services, health-related services and health-related investment. Health goods and services expenditure includes expenditure on health goods (pharmaceuticals, aids and appliances), health services (clinical interventions), and health-related services (public health, research and administration), often termed recurrent expenditure. Health-related investment is called capital formation or capital expenditure.

The Institute's definition of health expenditure closely follows the definitions and concepts provided by the OECD's System of Health Accounts (OECD 2000) framework. It excludes the following:

- 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 professionals);
- expenditure on personal activities not directly related to maintaining or improving personal health; and
- expenditure that does not have health as the main area of expected national benefit.

Total health and health-related expenditure reported for Australia (both domestically and internationally) is slightly underestimated in that it excludes health expenditure by the Australian Defence Force, some school health expenditure and some expenditure incurred by Corrective Services Institutions in the various states and territories. Difficulties in separating expenditures incurred by local governments on particular health functions from those of state and territory governments means that these funding sources are often combined. However, the ABS data indicates that the contribution of local governments would be quite small.

Table 36: Areas of health expenditure used in this report

Term	Definition
Public (non-psychiatric) hospitals	Hospitals operated by, or on behalf of, state and territory governments that provide a range of general hospital services. Such hospitals are recognised under Australian Health Care Agreements.
Private hospitals	Privately owned and operated institutions that provide a range of general hospital services. In health expenditure publications the term includes private free-standing day hospital facilities.
Public (psychiatric) hospitals	Hospitals operated by, or on behalf of, state and territory governments that provide treatment and care specifically to patients with psychiatric disorders.
High-level residential care	Care provided to residents in residential care facilities who have been classified as having a need for and are receiving a very high level of care (i.e. patients classified in RCS categories 1–4).
Residential care facilities	Establishments that provide long-term care involving regular basic nursing care to chronically ill, frail, disabled or convalescent persons or senile in-patients. They must be approved by DoHA and licensed by a state or territory government.
Ambulance services	Public or registered non-profit organisations which provide patient transport (or ambulance) services associated with out-patient or residential episodes to and from health care facilities. Excludes patient transport expenses that are included in the operating costs of public hospitals.
Medical services	Services listed in the Medical Benefits Schedule that are provided by registered medical practitioners. Most medical services in Australia are provided on a fee-for-service basis and attract benefits from the Australian Government under Medicare. Expenditure on medical services includes services provided to private in-patients in hospitals as well as some expenditure that is not based on fee-for-service (i.e. alternative funding arrangements). Excludes expenditure on medical services provided to public patients in public hospitals and medical services provided at out-patient clinics in public hospitals.
Other professional services	Services provided by registered health practitioners (other than doctors and dentists). These include chiropractors, optometrists, physiotherapists, speech therapists, audiologists, dieticians, podiatrists, homeopaths, naturopaths, practitioners of Chinese medicine and other forms of traditional medicine, etc.
Benefit-paid pharmaceuticals	Pharmaceuticals in the PBS and the RPBS (see Appendix C) for which the Australian Government paid a benefit.

(Continued)

Table 36 (continued): Areas of health expenditure used in this report

Other pharmaceuticals	<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 concerned;• medicines dispensed through private prescriptions for items not listed in the PBS or RPBS; and• over-the-counter medicines such as aspirin, cough and cold medicines, vitamins and minerals, some herbal and other complementary medicines and a range of medical non-durables, such as bandages, band aids and condoms.
Aids and appliances	<p>Durable medical goods dispensed to out-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 in-patient care in a hospital.</p>
Community health	<p>Non-residential health services offered by public or registered non-profit establishments to patients/clients, in an integrated and coordinated manner in a community setting, or the coordination of health services elsewhere in the community.</p> <p>Includes:</p> <ul style="list-style-type: none">• domiciliary nursing services;• well baby clinics;• health services provided to particular groups such as Aboriginal and Torres Strait Islander people, as well as family planning services, alcohol and drug rehabilitation, etc;• specialised mental health programs for patients with mental illness that are delivered in a community setting.
Public health	<p>Services provided and/or funded by governments that are aimed at protecting and promoting the health of the whole population or specified population sub-groups and/or preventing illness, injury and disability, in the whole population or specified population sub-groups.</p>
Dental services	<p>A range of services provided by registered dental practitioners.</p> <p>Includes maxiofacial surgery items listed in the Medical Benefits Schedule.</p>
Health administration	<p>Activities related to the formulation and administration of government and non-government policy in health and in the setting and enforcement of standards for medical and paramedical personnel and for hospitals, clinics, etc.</p> <p>Includes the regulation and licensing of providers of health services.</p>
Health research	<p>Research undertaken at tertiary institutions, in private non-profit organisations and in government facilities that has a health socio-economic objective.</p> <p>Excludes commercially oriented research carried out or commissioned by private business, the costs of which are assumed to have been included in the prices charged for the goods and services (e.g. pharmaceuticals that have been developed and/or supported by research activities).</p>
Capital expenditure	<p>Expenditure on large-scale fixed assets (e.g. new buildings and equipment with a useful life extending over a number of years).</p>
Capital consumption	<p>The estimated proportion of the health capital stock that was used up (consumed) in the production of health goods and services during a period. This is also called depreciation.</p>

6.3 Deflators

Expenditure aggregates in this publication are expressed in current price terms, constant price terms or both. The transformation of a current price aggregate into its constant price counterpart is called 'deflation' and the price indexes used in this transformation are called 'deflators'. The analytical benefit of a constant price estimate (of, say, expenditure on health goods, health services or capital) lies in the fact that the effects of price change have been removed to provide a measure of the volume of the goods, services or capital.

In technical terms, the constant price aggregates shown in this publication are 'chain volume measures'. They are expressed in dollar value terms relative to a reference year; for this issue of *Health Expenditure Australia*, the reference year is 2001–02. Broadly, they are derived by revaluing a current price aggregate into the prices of the previous year to obtain a measure of the year-on-year percentage change in volume, then compounding ('chaining') the annual percentage changes together.

A variety of general price indexes or price indexes specific to health might be used to deflate current price aggregates into constant price terms. These include chain price indexes, implicit price deflators (IPDs) and fixed-weight indexes such as the consumer price index (CPI) or its components. For this publication, deflation has been undertaken using chain price indexes and IPDs only.

The chain price indexes published in the ABS national accounts and used in this publication are annually re-weighted Laspeyres (base-period-weighted) chain price indexes. The indexes are calculated at a finely detailed level, and the ABS considers that they provide a close approximation to measures of pure price change. In this publication, the chain price index for:

- gross fixed capital expenditure has been used to deflate capital expenditure and capital consumption;
- government final consumption expenditure on hospital and high-level residential care has been used to deflate most institutional services and facilities that are provided by or purchased through the public sector.

Other constant price aggregates in this publication have been derived using IPDs. They are implicit rather than directly computed measures of price; they are not measures of pure price change as they are affected by compositional changes. The IPD for gross domestic product is the broadest measure of price change available in the national accounts; it provides an indication of the overall changes in the prices of goods and services produced in Australia.

Neither the CPI nor its health services sub-group is appropriate for measuring movements in overall prices of health goods and services, or 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 provided by governments.

Table 37 shows the main indexes used to derive constant price aggregates for this publication. All indexes are sourced from the ABS, except for the IPDs for Medicare medical services, PBS pharmaceuticals and the total health price index, which have been derived by the AIHW.

Table 37: Total health price index and industry-wide indexes (reference year 2001–02 = 100)

Year ended 30 June	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total health price index ^(a)	80.27	82.16	84.69	86.80	89.18	91.09	93.26	96.63	100.00	104.15
Final consumption expenditure (FCE) by governments										
Hospital/nursing home care	83.00	84.40	86.10	87.70	89.30	91.70	93.70	96.90	100.00	103.50
Total non-defence FCE	87.30	88.90	90.70	91.30	92.70	92.70	95.10	97.60	100.00	103.80
FCE by households										
Doctors and other health professionals	61.40	67.40	72.10	75.90	81.10	83.10	85.80	91.40	100.00	111.90
Medicare medical services ^(a)	84.04	85.40	86.84	87.32	88.29	91.11	93.42	96.55	100.00	103.32
Dental services	70.10	73.30	76.60	79.80	82.90	85.70	90.30	95.30	100.00	105.50
Medicines, aids and appliances	86.10	89.40	91.50	94.90	96.30	96.10	96.90	99.90	100.00	102.20
PBS pharmaceuticals ^(a)	97.84	98.15	98.61	98.83	99.05	99.61	99.80	99.94	100.00	100.09
Total health FCE	69.80	72.80	76.70	81.80	86.00	87.40	90.20	94.80	100.00	106.70
Gross fixed capital expenditure										
Australian Government	128.70	124.80	122.20	115.70	111.90	108.70	103.40	102.90	100.00	96.70
State, territory and local	95.50	96.50	98.10	97.30	98.00	98.50	97.90	100.10	100.00	101.90
Private capital	96.50	96.70	96.60	94.30	93.80	94.40	94.80	98.90	100.00	100.90
Gross domestic product	85.30	86.30	88.40	89.70	91.00	91.10	92.90	97.60	100.00	102.60

(a) IPD, constructed by AIHW.

6.4 Data and methods used to produce estimates

General

The total expenditure and revenue data used to generate the tables are, to the greatest extent possible, produced on an accrual basis; that is, expenditures reported for each area relate to expenses incurred in the year in which they are reported. This is not, however, achievable in all cases. For example, where the data on which the estimates are based are provided by a funding source, such as the private health insurance funds, they often relate to the date of processing claims. These do not necessarily coincide with the date on which the related service was provided. As a further consequence, the contribution of that funding source may be understated in one year and overstated in another.

The AIHW gathers information on which to base its estimates of health expenditure from a wide range of sources. The ABS, the DoHA, and state and territory health authorities provided most of the basic data used in this publication. Other major data sources are the

DVA, the PHIAC, Comcare, and the major workers' compensation and compulsory third-party motor vehicle insurers in each state and territory.

State and territory expenditure tables

The state and territory tables are intended to give some indication of differences in the overall levels of expenditure on health in the states and territories; they do not necessarily reflect levels of activity by state and territory governments. For example, the states and territories pursue a variety of funding arrangements involving inputs from 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 that in another state. The estimates will enable a state or territory to monitor the impact of policies on overall expenditure on health goods and services provided within its borders.

It should be noted that estimates of funding by state and local government in respect of a particular state/territory table relates to all state/territory and local governments on services provided in the state or territory concerned. Some of the services concerned are actually the subject of cross-border reimbursement arrangements between the states and territories concerned.

Where funding data are provided only on a national basis, the AIHW calculates allocations for those expenditures by state and territory.

Expenditure by the Australian Government

The bulk of the expenditures by the Australian Government can readily be allocated on a state and territory basis. These include:

- SPPs to the states and territories for public hospitals;
- other SPPs to the states and territories for health;
- high-level residential care subsidies;
- Medicare benefits payments; and
- pharmaceutical benefit payments.

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 general practitioners in each state or territory. Expenditures on public health that are not part of SPPs to the states and territories have been allocated according to the allocation of public health SPPs.

Expenditure by state, territory and local governments

The ABS produces annual estimates of public finance, which form part of the Australian National Accounts. These include expenses and revenues for all levels of government.

Until 1996–97, public finance data were reported on a cash basis. From 1997–98, reporting has been on an accrual basis for most jurisdictions. Where states or territories have not reported on an accrual basis, their cash accounts have been modified by the ABS to conform to accrual definitions. State and territory data included in the ABS's public finance database are provided by each of the state and territory treasuries. Government Purpose

Classifications (GPCs) developed by the ABS are used to allocate expenses and revenues by function.

There have always been difficulties associated with the way the government expenditures in the public finance database have been allocated to purpose (function). This is particularly the case at the lower levels of disaggregation.

Since the move to accrual-based accounting, the emphasis of the ABS and the Treasury Departments has been on ensuring that transaction-type classifications of expenditure are correct (that is, ensuring that expenses and revenues are correctly classified in the state and territory accounts). To date, less attention has been given to the verification of expenditure according to function. As a consequence, the ABS estimates of total expenditure only by state and local governments are used as a guide to the overall movements in state and local government recurrent funding for health from one year to the next.

The Institute relies on data from state and territory health authorities for its estimates of state and local government expenditure and funding for:

- public hospitals;
- high-level residential care; and
- dental services.

These have proved consistent over time, whereas there has been a lack of consistency in the ABS public finance data for these types of services.

On the other hand, in most years the ABS public finance database estimates have been used for state, territory and local government expenditure on:

- administration;
- ambulance services; and
- pharmaceuticals.

The ABS *Research and Experimental Development Survey* series has provided information about research. Estimates of state and territory expenditure on community and public health services are then derived by subtraction. Thus, this is a residual category and has been somewhat volatile.

In 1998–99 and 2001–02, as part of the process for collection of data for studies into expenditure on health goods and services for Aboriginal and Torres Strait Islander peoples, each of the states and territories provided detailed estimates of expenditure for programs for which they had primary responsibility. That information has been extensively checked and verified with the provider agencies. Because of the rigorous processes gone through in verifying the accuracy of the data, the AIHW has, wherever possible, incorporated them in the state/territory estimates of health expenditure for those years.

It should also be noted that the estimates of expenditure on public hospitals in this publication reflect the level of expenditure on goods and services provided in hospitals, including community health services that are operated by public hospitals. The estimates of community health services exclude expenditure on community health services that is already included in the gross operating expenditures of public hospitals. This complicates state-by-state comparisons as far as those services are concerned, because the proportion of community health services delivered by hospitals (and included in the hospital operating costs) varies from state-to-state.

Expenditure by the non-government sector

Funding by the non-government sector is shown in the various state matrices in three broad 'source of funds' categories:

- health insurance funds;
- individuals; and
- other non-government sources.

Funding by health insurance funds on health goods and services within a state or territory is assumed to be equal to the level of expenditure by health insurance funds that operate from that state or territory. In the case of New South Wales and the Australian Capital Territory, it is assumed that their combined total expenditure is equal to the total funding by health insurance funds registered in New South Wales. This is then split between New South Wales and the Australian Capital Territory according to the relative numbers of available private hospital beds in the two jurisdictions. In all years from 1997–98, funding by health insurance funds has been reduced by the extent of the Australian Government subsidy through the PHIS and the 30% rebate on private health insurance contributions.

Estimates of expenditure by individuals on:

- patient transport (ambulance services);
- dental services;
- other professional services;
- non-benefit pharmaceuticals; and
- aids and appliances

are based on ABS estimates of household final consumption expenditure (HFCE). Funding of these services by private health insurance funds are deducted from HFCE estimates to arrive at the estimates of individuals' out-of-pocket funding.

Blank cells in matrices

The national and the state and territory matrices in Appendices A and B have some cells for which there is no expenditure recorded. The reasons for this are manifold, 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 so small that it rounds to less than \$50,000;
- (iii) a flow of funds exists but it cannot be estimated from available data sources; and
- (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. This, in turn, means that there is no residual to be allocated to the 'catch-all' categories.

As to (i), for example, there are no funding flows by the state and local 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 Pharmaceutical Benefits Scheme.

An example of (iii) is state and local governments' funding for private hospitals. There are known to be 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. The AIHW is negotiating with state and territory health departments to obtain data that would support estimates of their funding of private hospitals.

As to (iv), in some years some small miscellaneous expenditures by the Australian Government have been allocated to the category 'Other non-institutional (nec)'. 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 that data over long time series.

Population

The per capita estimates of expenditure are calculated using estimates of annual mean resident population, which are calculated using quarterly population estimates from the ABS.

6.5 International comparisons

The countries chosen for international comparisons are, like Australia, members of the OECD. The OECD averages in this publication are averages (means) of 28 member countries for which data are available for all the years presented. The periods covered by the OECD data for a particular year may differ from one country to another (see Box 2 for examples).

Box 2: Periods equating to OECD year 2002

Country	Financial year
<i>Australia</i>	<i>1 July 2002 to 30 June 2003</i>
<i>Canada</i>	<i>1 April 2002 to 31 March 2003</i>
<i>France</i>	<i>1 January 2002 to 31 December 2002</i>
<i>Germany</i>	<i>1 January 2002 to 31 December 2002</i>
<i>Japan</i>	<i>1 April 2002 to 31 March 2003</i>
<i>Netherlands</i>	<i>1 January 2002 to 31 December 2002</i>
<i>New Zealand</i>	<i>1 July 2002 to 30 June 2003</i>
<i>Sweden</i>	<i>1 January 2002 to 31 December 2002</i>
<i>United Kingdom</i>	<i>1 April 2002 to 31 March 2003</i>
<i>United States</i>	<i>1 October 2001 to 30 September 2002</i>

6.6 Preliminary estimates

Estimates throughout this report are derived from the Institute's health expenditure database. This contains comprehensive estimates for all areas of expenditure and all sources of funds for years up to and including 2001-02. It also contains estimates in respect of some areas of expenditure and some sources of funds for 2002-03 and a very limited number of estimates for 2003-04.

In order to provide an indication of the likely level of expenditure for the latest year possible, the Institute has devised methods for developing preliminary estimates that can substitute for these missing data for 2002-03. The shaded cells in Table A4 indicate that all or part of

the data that are used in the estimates for these cells are based on very preliminary data and are likely to be changed when more precise data become available. Unshaded cells, on the other hand, are fully based on data from the health expenditure database and are unlikely to be changed substantially. Of course, estimates for all areas and sources of funding for all years are subject to revision if better data become available. Some estimates contained in this publication differ from those previously published by the Institute, because of this type of on-going revision. These are discussed in detail in the Revisions section below.

6.7 Revisions of definitions and estimates

Definitions

High-level residential care

'High-level residential care' refers to services of a type that would have been provided to patients in institutions that were formerly classified as nursing homes.

Facilities that were formerly classified as nursing homes are now incorporated into the class of facility known as 'residential care facilities'. Aged persons' hostels are also included in this class of facilities, as are aged persons' complexes.

Residents in such facilities are classified according to the level of care that they need and receive and there are 8 such care-level categories. For the purpose of maintaining consistency with international reporting, residents who are classified into the four highest categories are included as receiving 'health care' and the associated expenditure is included in this publication as high-level residential care.

All residents whose care needs do not come within the four highest levels of care are regarded as receiving welfare services, and none of the expenditure related to that care is classified as health services expenditure. In Australia this distinction is made to conform with the OECD requirement that expenditure on residential care relates to aged people and people with a disability who require nursing care. This is different in intensity of care from, say, limited medical assistance (such as the supervision of compliance with medication in hostel type-care) which is expenditure associated with welfare services rather than health expenditure.

Public and community health

In this publication there is now a separate category for public health expenditure. In previous health expenditure publications, public health expenditure was included with community health expenditure because of the difficulty in obtaining reliable data about these two categories of expenditure which was sourced from the public finance statistics of the ABS and from the states and territories themselves.

However, separate and timely data on public health expenditure data have now become available from the Institute's Public Health Expenditure Project. This project, which forms an integral part in the development of public health information under the National Public Health Partnership, is funded by DoHA. It aims to develop reliable estimates of public health investment in Australia, both in the public sector and in the non-government sector.

The data for 1999-00, 2000-01 and 2001-02 are published in the Institute's *National Public Health Expenditure Reports* (NPHER). The estimates of public health expenditure in this report will now be based on the data in the NPHER. Note that, at present, public health expenditure data are collected only for the public sector (it excludes a smaller amount of expenditure on public health undertaken by the non-government sector and not funded through government programs).

Other pharmaceuticals

Expenditure on all other pharmaceutical items includes expenditure on over-the-counter medicines, other therapeutic medical non-durables, as well as prescribed medications for which no benefits are paid under the PBS.

The over-the-counter medicines are all therapeutic goods of a type that are sold at pharmacies, supermarkets and convenience stores and are used to treat or cure a condition. Examples of over-the-counter therapeutic goods are analgesics, antacids and cough medicines. Goods that are for personal use such as tanning lotion are not considered to be therapeutic, whereas after-sun lotion to treat sunburn would be within scope of health expenditure.

This year the AIHW has obtained over-the-counter data from *Retail Pharmacy* (Flanagan 2002a) and *Retail World* (Flanagan 2002b), having previously obtained it from *Pharmacy 2000* (Feros 1998 to 2001). This change in data source has enabled a more comprehensive break-down of each category of products sold at pharmacies and supermarkets. For example, the estimates are now able to include the therapeutic proportion of the total sales of mouthwash sold at supermarkets. No data are yet available for health goods sold through retail outlets such as convenience stores but such expenditure constitutes a very small part of total over-the-counter sales of pharmaceuticals and medical non-durables.

Non-specific tax expenditure

These are a form of tax expenditure known as the medical expenses tax offset. This becomes available to individuals to claim through the taxation system if they have out-of-pocket medical expenses over a specified limit in an income year. For the 2001–02 income year, the tax offset was 20 cents for each \$1 by which a taxpayer's net medical expenses exceeded \$1,500 (the threshold).

Net medical expenses are the medical expenses that have been paid less any refunds that have been received, or could be received, from Medicare or a private health fund. The medical expenses tax offset covers a wide range of health expenditures, not just expenses associated with doctors as its name might suggest. It is named 'non-specific tax expenditure' in this publication to reflect the fact that it cannot be specifically allocated to the various areas of expenditure.

Revision of estimates

Some estimates of recurrent health expenditure have been revised since the publication of *Health Expenditure Australia 2000–01*. These revisions relate to all years after 1997–98 (Table 38).

The large downward revision of estimated expenditure for 1999–00, and the large upward revision for the ensuing year (2000–01) has meant that growth in expenditure – both in nominal and real terms – was unusually high between those two years (see Table 1).

Table 38: Comparison of previously published estimates of total health expenditure,^(a) current prices, 1998–99 to 2000–01, with current estimates (\$ million)

Year	Previous estimate	Revised estimate	Change
1998–99	51,629	51,726	97
1999–00	55,809	55,427	–383
2000–01	60,897	61,660	763

(a) *Health Expenditure Australia 2001–02*, September 2003, p. 8.

Revision of 1998–99 estimates

Table 39: Comparison of previously published estimates of total health expenditure,^(a) current prices, 1998–99, with current estimates (\$ million)

Description	Previous estimate	Revised estimate	Change
Other non-government funding of public (non-psychiatric) hospitals	361	550	189
Individuals' funding of public (non-psychiatric) hospitals	288	293	5
State and local funding of public (non-psychiatric) hospitals	6,351	6,219	–132
Individuals' funding of aids and appliances	978	955	–23
Individuals' funding of dental services	1,640	1,699	59
Total change	9,619	9,715	97

(a) *Health Expenditure Australia 2001–02*, September 2003, p. 73.

Revision of 1999–00 estimates

Overall, the estimates of health expenditure for 1999–00 were revised down by \$383 million (Table 40).

The major areas of revision were:

- (i) funding by individuals on aids and appliances (–\$264 million);
- (ii) individuals' funding of dental services (\$94 million);
- (iii) state and local government funding of ambulance services (–\$155 million);
- (iv) Australian Government funding of high-level residential care (\$158 million); and
- (v) funding by individuals for public (non-psychiatric) hospitals (–\$98 million).

Revision items (i) and (ii) were due to changes in ABS estimates of household expenditure and item (iv) was undertaken to rectify an error in the way DVA expenditure on high-level residential care had been treated in the estimates in previous health expenditure publications.

Table 40: Comparison of previously published estimates of total health expenditure,^(a) current prices, 1999–00, with current estimates (\$ million)

Description	Previous estimate	Revised estimate	Change
Other non-government funding of public (non-psychiatric) hospitals	609	465	-144
Individuals' funding of public (non-psychiatric) hospitals	381	283	-98
State and local funding of high-level residential care	241	258	17
Australian Government funding of high-level residential care	2,806	2,964	158
State and local government funding of ambulance	468	313	-155
Australian Government funding of medical services	7,931	7,964	33
Individuals' funding of medical services	1,005	1,109	104
Other non-government funding of aids and appliances	92	46	-46
Individuals' funding of aids and appliances	1,272	1,008	-264
Individuals' funding of community and public health	7	9	2
Funding of community health and other (nec)	3,100	3,324	224
Australian Government funding of community and public health	606	576	-30
Individuals' funding of dental services	1,700	1,794	94
Australian Government funding of general health administration	661	916	255
Australian Government capital outlays	79	42	-37
Other gov't community and public health	2261	2055	-206
Australian Gov't Research	625	567	-58
State and local gov't research	122	114	-8
Other miscellaneous changes			-224
Total change			-383

(a) *Health Expenditure Australia 2001–02*, September 2003, p. 74.

Revision of 2000–01 estimates

There was a net increase in the estimate of total expenditure on public (non-psychiatric) hospitals of \$108 million. Information received by the AIHW after the release of the 2001–02 publication identified additional revenue sources of \$375 million. This was partly offset against funding by state and local government (-\$267 million).

An error in the processing of DVA data for high-level residential care was rectified by an upward adjustment of expenditure by the Australian Government of \$255 million.

The 2001–02 publication did not include estimated funding by the Australian Government through the 30% health insurance premium rebate claimed through the Australian Taxation Office (ATO). This has been rectified in this publication and led to a number of revisions of estimated funding by both the Australian Government and the health insurance funds.

Changes to the ABS estimates of household expenditure on 'medicines, aids and appliances' and dental services resulted in upward revisions of individuals' funding of aids and appliance and dental services of \$109 million and \$362 million, respectively.

Table 41: Comparison of previously published estimates of total health expenditure,^(a) current prices, 2000–01, with current estimates (\$ million)

Description	Previous estimate	Revised estimate	Change
Other non-government funding of public (non-psychiatric) hospitals	421	617	196
Individuals' funding of public (non-psychiatric) hospitals	216	395	179
State and local funding of public (non-psychiatric) hospitals	6,999	6,732	-267
Australian Government funding of public (non-psychiatric) hospitals	7,481	7,496	15
Other non-government funding of private hospitals	521	581	60
Individuals' funding of private hospitals	288	282	-6
Health insurance funding of private hospitals	2,094	2,009	-85
Australian Government funding of private hospitals (through premium rebate)	897	981	84
Australian Government funding of high-level residential care	2,877	3,132	255
Health insurance funding of ambulance	126	121	-5
State and local government funding of ambulance	471	478	7
Australian Government funding of ambulance (through premium rebate)	54	59	5
Other non-government funding of medical services	492	526	34
Health insurance funding of medical services	299	287	-12
Australian Government funding of medical services (through premium rebate)	128	140	12
Australian Government funding of medical services	8,279	8,364	85
Other non-government funding of other professional services	230	247	17
Health insurance funding of other professional services	233	224	-9
Australian Government funding of other professional services (through premium rebate)	100	109	9
Individuals' funding of aids and appliances	1,700	1,809	109
Health insurance funding of aids and appliances	188	180	-8
Australian Government funding of aids and appliances	80	180	100
Individuals' funding of community and public health	-1	--	1
Funding of community health and other (nec)	3,100	3,324	224
Other non-government funding of dental services	8	10	2
Individuals' funding of dental services	1,893	2,255	362
Health insurance funding of dental services	542	520	-22
Australian Government funding of dental services (through premium rebate)	232	254	22
State and local government funding of capital	1,373	1,686	313
Non-government funding of capital	1,174	861	-313
Total	42,495	43,258	763

(a) *Health Expenditure Australia 2001–02*, September 2003, p. 75.

Appendix A: National health expenditure matrices, 1999–00 to 2002–03

Table A1: Total health expenditure, current prices, Australia, by area of expenditure and source of funds, 1999–00	81
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Note: Components in some appendix tables may not add to totals due to rounding.

Table A1: Total health expenditure, current prices, Australia, by area of expenditure and source of funds,^(a) 1999-00 (\$ million)

Area of expenditure	Government					Non-government sources				Total expenditure
	Australian Government			State & local	Total	Private health insurance funds	Individuals	Other ^(c)	Total	
	Direct outlays	Premium rebates ^(b)	Total							
Total hospitals	7,497	881	8,378	6,847	15,225	2,019	661	1,225	3,904	19,129
Public (non-psychiatric) hospitals	6,891	87	6,978	6,447	13,426	200	283	596	1,078	14,504
Public psychiatric hospitals	—	—	—	400	400	—	17	4	21	421
Private hospitals	605	794	1,399	—	1,399	1,819	361	625	2,805	4,204
High-level residential care	2,964	—	2,964	258	3,222	—	673	—	673	3,894
Ambulance and other (nec)	62	41	103	313	416	95	280	40	415	832
<i>Total institutional</i>	<i>10,522</i>	<i>922</i>	<i>11,444</i>	<i>7,418</i>	<i>18,862</i>	<i>2,114</i>	<i>1,614</i>	<i>1,265</i>	<i>4,993</i>	<i>23,855</i>
Medical services	7,878	85	7,964	—	7,964	196	1,109	524	1,830	9,793
Other professional services	298	80	378	—	378	182	1,123	228	1,534	1,911
Total pharmaceuticals	3,523	13	3,536	—	3,536	30	3,182	62	3,274	6,811
Benefit-paid pharmaceuticals	3,523	—	3,523	—	3,523	—	680	—	680	4,204
All other pharmaceuticals	—	13	13	—	13	30	2,502	62	2,594	2,607
Aids and appliances	81	64	144	—	144	146	1,008	46	1,200	1,344
Other non-institutional services ^(d)	1,516	411	1,928	2,733	4,660	941	1,835	15	2,791	7,451
Community health and other ^(e)	302	—	302	1,715	2,017	—	5	3	8	2,026
Public health	448	—	448	340	787	—	4	—	4	792
Dental services	69	193	262	373	635	442	1,794	11	2,247	2,882
Administration	698	218	916	304	1,220	499	32	—	531	1,751
Research	567	—	567	114	681	—	—	197	197	878
<i>Total non-institutional</i>	<i>13,863</i>	<i>653</i>	<i>14,517</i>	<i>2,847</i>	<i>17,363</i>	<i>1,496</i>	<i>8,257</i>	<i>1,073</i>	<i>10,826</i>	<i>28,189</i>
Total recurrent expenditure	24,385	1,576	25,961	10,265	36,226	3,610	9,871	2,338	15,818	52,044
Capital outlays	42	—	42	1,319	1,361	—	—	1,087	1,087	2,449
Capital consumption	25	—	25	909	934	—	—	—	—	934
<i>Total capital</i>	<i>67</i>	<i>—</i>	<i>67</i>	<i>2,228</i>	<i>2,295</i>	<i>—</i>	<i>—</i>	<i>1,087</i>	<i>1,087</i>	<i>3,383</i>
Direct health expenditure	24,453	1,576	26,028	12,492	38,521	3,610	9,871	3,425	16,906	55,427
Non-specific tax expenditure	170	—	170	—	170	—	-170	—	-170	—
Total health expenditure	24,623	1,576	26,199	12,492	38,691	3,610	9,701	3,425	16,736	55,427

Notes: See page 87.

Table A2: Total health expenditure, current prices, Australia, by area of expenditure and source of funds, ^(a) 2000–01 (\$ million)

Area of expenditure	Government					Non-government sources				Total expenditure
	Australian Government			State & local	Total	Private health insurance funds	Individuals	Other ^(c)	Total	
	Direct outlays	Premium rebates ^(b)	Total							
Total hospitals	8,069	1,087	9,155	7,100	16,255	2,225	693	1,203	4,122	20,377
Public (non-psychiatric) hospitals	7,391	106	7,496	6,732	14,228	216	395	617	1,228	15,456
Public psychiatric hospitals	1	—	1	368	369	—	15	6	21	390
Private hospitals	678	981	1,659	—	1,659	2,009	282	581	2,872	4,531
High-level residential care	3,132	—	3,132	284	3,416	—	737	—	737	4,153
Ambulance and other (nec)	67	59	126	478	604	121	231	44	397	1,002
<i>Total institutional</i>	<i>11,267</i>	<i>1,146</i>	<i>12,413</i>	<i>7,862</i>	<i>20,275</i>	<i>2,347</i>	<i>1,661</i>	<i>1,248</i>	<i>5,256</i>	<i>25,531</i>
Medical services	8,224	140	8,364	—	8,364	287	1,078	526	1,891	10,255
Other professional services	416	109	525	—	525	224	1,461	247	1,931	2,456
Total pharmaceuticals	4,379	17	4,397	—	4,397	36	3,580	73	3,689	8,085
Benefit-paid pharmaceuticals	4,316	—	4,316	—	4,316	—	775	—	775	5,091
All other pharmaceuticals	63	17	81	—	81	36	2,805	73	2,914	2,995
Aids and appliances	92	88	180	—	180	180	1,809	47	2,037	2,217
Other non-institutional services ^(d)	1,590	531	2,121	2,923	5,044	1,087	2,255	15	3,357	8,401
Community health and other ^(e)	219	—	219	1,912	2,130	—	—	5	6	2,136
Public health	549	—	549	344	893	—	—	—	—	893
Dental services	68	254	322	341	663	520	2,255	10	2,785	3,448
Administration	755	277	1,032	326	1,358	566	—	—	566	1,924
Research	724	—	724	143	867	—	—	246	246	1,114
<i>Total non-institutional</i>	<i>15,426</i>	<i>885</i>	<i>16,311</i>	<i>3,066</i>	<i>19,377</i>	<i>1,813</i>	<i>10,184</i>	<i>1,154</i>	<i>13,151</i>	<i>32,528</i>
Total recurrent expenditure	26,693	2,031	28,724	10,928	39,652	4,160	11,845	2,402	18,407	58,059
Capital outlays	84	—	84	1,686	1,770	—	—	861	861	2,631
Capital consumption	26	—	26	944	970	—	—	—	—	970
<i>Total capital</i>	<i>110</i>	<i>—</i>	<i>110</i>	<i>2,630</i>	<i>2,740</i>	<i>—</i>	<i>—</i>	<i>861</i>	<i>861</i>	<i>3,601</i>
Direct health expenditure	26,803	2,031	28,834	13,558	42,392	4,160	11,845	3,263	19,268	61,660
Non-specific tax expenditure	192	—	192	—	192	—	-192	—	-192	—
Total health expenditure	26,995	2,031	29,026	13,558	42,585	4,160	11,653	3,263	19,075	61,660

Notes: See page 87.

Table A3: Total health expenditure, current prices, Australia, by area of expenditure and source of funds, ^(a) 2001–02 (\$ million)

Area of expenditure	Government					Non-government sources				Total expenditure
	Australian Government			State & local	Total	Private health insurance funds	Individuals	Other ^(c)	Total	
	Direct outlays	Premium rebates ^(b)	Total							
Total hospitals	8,623	1,118	9,741	7,323	17,065	2,664	719	1,327	4,711	21,775
Public (non-psychiatric) hospitals	7,870	111	7,981	6,871	14,852	264	368	750	1,383	16,235
Public psychiatric hospitals	—	—	—	452	452	—	15	4	19	472
Private hospitals	753	1,007	1,760	—	1,760	2,400	336	573	3,309	5,069
High-level residential care	3,377	—	3,377	432	3,808	—	800	—	800	4,608
Ambulance and other (nec)	78	56	134	416	550	137	252	58	447	996
<i>Total institutional</i>	<i>12,077</i>	<i>1,174</i>	<i>13,252</i>	<i>8,171</i>	<i>21,423</i>	<i>2,801</i>	<i>1,771</i>	<i>1,385</i>	<i>5,957</i>	<i>27,380</i>
Medical services	8,784	177	8,961	—	8,961	416	1,195	640	2,251	11,212
Other professional services	439	124	563	—	563	296	1,136	275	1,706	2,269
Total pharmaceuticals	4,657	19	4,676	2	4,678	45	4,268	86	4,399	9,078
Benefit-paid pharmaceuticals	4,623	—	4,623	—	4,623	—	891	—	891	5,514
All other pharmaceuticals	34	19	53	2	55	45	3,377	86	3,509	3,564
Aids and appliances	104	94	198	38	235	224	1,965	56	2,245	2,480
Other non-institutional services ^(d)	1,721	517	2,239	3,566	5,805	1,233	2,727	20	3,980	9,802
Community health and other ^(e)	252	—	253	2,526	2,779	—	—	8	8	2,787
Public health	589	—	589	485	1,073	—	—	—	—	1,091
Dental services	71	280	351	329	679	666	2,727	12	3,405	4,085
Administration	809	238	1,047	226	1,273	566	—	—	566	1,839
Research	712	—	712	185	897	—	—	301	301	1,180
<i>Total non-institutional</i>	<i>16,417</i>	<i>931</i>	<i>17,348</i>	<i>3,791</i>	<i>21,139</i>	<i>2,214</i>	<i>11,291</i>	<i>1,378</i>	<i>14,882</i>	<i>36,021</i>
Total recurrent expenditure	28,494	2,106	30,600	11,962	42,562	5,015	13,062	2,763	20,840	63,401
Capital outlays	124	—	124	1,523	1,648	—	—	474	474	2,122
Capital consumption	28	—	28	990	1,018	—	—	—	—	1,018
<i>Total capital</i>	<i>152</i>	<i>—</i>	<i>152</i>	<i>2,514</i>	<i>2,666</i>	<i>—</i>	<i>—</i>	<i>474</i>	<i>474</i>	<i>3,140</i>
Direct health expenditure	28,646	2,106	30,751	14,476	45,227	5,015	13,062	3,237	21,314	66,541
Non-specific tax expenditure	210	—	210	—	210	—	-210	—	-210	—
Total health expenditure	28,856	2,106	30,961	14,476	45,437	5,015	12,852	3,237	21,104	66,541

Notes: See page 87.

Table A4: Preliminary estimates^(h) of total health expenditure, current prices, Australia, by area of expenditure and source of funds,^(a) 2002-03 (\$ million)

Area of expenditure	Government					Non-government sources				Total expenditure
	Australian Government			State & local	Total	Private health insurance funds	Individuals	Other ^(c)	Total	
	Direct outlays	Premium rebates ^(b)	Total							
Total hospitals	9,315	1,237	10,552	7,902	18,453	2,822	738	1,358	4,918	23,371
Public (non-psychiatric) hospitals	8,496	125	8,621	7,526	16,148	286	362	733	1,381	17,528
Public psychiatric hospitals	—	—	—	375	375	—	17	4	21	396
Private hospitals	819	1,112	1,930	—	1,930	2,536	359	621	3,516	5,447
High-level residential care	3,643	—	3,643	452	4,095	—	838	—	838	4,934
Ambulance and other (nec)	90	40	130	471	601	92	281	68	441	1,043
<i>Total institutional</i>	<i>13,048</i>	<i>1,277</i>	<i>14,325</i>	<i>8,825</i>	<i>23,150</i>	<i>2,914</i>	<i>1,857</i>	<i>1,426</i>	<i>6,197</i>	<i>29,348</i>
Medical services	9,089	213	9,302	—	9,302	486	1,432	762	2,680	11,982
Other professional services	476	145	621	—	621	330	1,363	328	2,022	2,642
Total pharmaceuticals	5,104	23	5,127	—	5,127	52	4,731	96	4,879	10,006
Benefit-paid pharmaceuticals	5,067	—	5,067	—	5,067	—	1,046	—	1,046	6,113
All other pharmaceuticals	37	23	59	—	59	52	3,686	96	3,834	3,893
Aids and appliances	112	104	216	17	233	237	2,130	61	2,429	2,662
Other non-institutional services ^(d)	2,045	550	2,595	3,837	6,432	1,255	2,963	96	4,314	10,746
Community health and other ^(e)	337	—	338	2,660	2,998	—	—	8	8	3,005
Public health	763	—	763	589	1,353	—	—	—	—	1,353
Dental services	78	298	376	342	718	680	2,963	14	3,656	4,374
Administration	866	252	1,118	245	1,364	576	—	75	650	2,014
Research	771	—	771	201	972	—	—	388	388	1,360
<i>Total non-institutional</i>	<i>17,596</i>	<i>1,035</i>	<i>18,631</i>	<i>4,056</i>	<i>22,687</i>	<i>2,361</i>	<i>12,620</i>	<i>1,730</i>	<i>16,712</i>	<i>39,399</i>
Total recurrent expenditure	30,644	2,312	32,956	12,881	45,837	5,275	14,477	3,157	22,909	68,747
Capital outlays	141	—	141	1,655	1,796	—	—	515	515	2,311
Capital consumption	47	—	47	1,078	1,125	—	—	—	—	1,125
<i>Total capital</i>	<i>188</i>	<i>—</i>	<i>188</i>	<i>2,733</i>	<i>2,921</i>	<i>—</i>	<i>—</i>	<i>515</i>	<i>515</i>	<i>3,436</i>
Direct health expenditure	30,832	2,312	33,144	15,614	48,758	5,275	14,477	3,672	23,424	72,182
Non-specific tax expenditure	233	—	233	—	233	—	-233	—	-233	—
Total health expenditure	31,065	2,312	33,377	15,614	48,991	5,275	14,244	3,672	23,191	72,182

Notes: See page 87.

Table A5: Annual growth in health expenditure, constant prices,⁽ⁱ⁾ Australia, by area of expenditure, 1992–93 to 2001–02 (per cent)

Area of expenditure	1992–93 to 1993–94	1993–94 to 1994–95	1994–95 to 1995–96	1995–96 to 1996–97	1996–97 to 1997–98	1997–98 to 1998–99	1998–99 to 1999–00	1999–00 to 2000–01	2000–01 to 2001–02	Average growth		
										1992–93 to 2001–02	1992–93 to 1997–98	1997–98 to 2001–02
Hospitals	2.1	4.6	3.6	3.8	3.4	4.2	1.6	2.6	2.2	3.1	3.5	2.6
Public (non-psychiatric) hospitals	0.8	3.3	4.8	6.6	6.2	3.8	1.7	3.1	1.7	3.5	4.3	2.6
Public psychiatric hospitals	-5.0	-4.1	-7.3	-11.0	-9.1	1.9	3.8	-10.5	17.2	-3.0	-7.4	2.7
Private hospitals	7.0	9.5	1.8	-2.2	-3.7	6.0	1.2	2.0	2.4	2.6	2.4	2.9
High-level residential care	—	1.1	5.6	6.0	7.4	3.2	3.0	3.2	7.5	4.1	4.0	4.2
Ambulance and other (nec)	9.5	-5.0	10.9	-23.7	24.2	5.2	16.9	16.5	-3.6	4.7	1.8	8.4
<i>Total institutional</i>	2.0	3.7	4.1	3.2	4.5	4.1	2.3	3.1	2.8	3.3	3.5	3.1
Medical services	3.9	3.9	3.7	2.6	1.9	2.8	5.6	0.7	4.4	3.3	3.2	3.4
Other health professionals	-1.5	-3.8	-4.0	12.4	-11.6	14.8	4.5	20.5	-15.5	1.1	-2.0	5.1
Pharmaceuticals	1.3	9.9	8.0	9.2	8.0	8.2	11.7	17.0	12.1	9.4	7.2	12.2
Benefit-paid items	1.2	11.2	17.1	8.8	3.1	9.3	13.0	20.9	8.2	10.2	8.1	12.8
All other items	1.5	8.1	-4.6	9.8	16.1	6.6	9.8	10.9	18.6	8.3	5.9	11.4
Aids and appliances	15.8	1.7	3.5	3.7	3.4	5.6	3.4	59.2	11.5	10.9	5.5	18.0
Other non-institutional services ^(d)	n.a.	n.a.	5.6	7.6	1.8	0.4	8.0	8.6	11.0	3.9	1.5	6.9
Community health and other ^(e)	n.a.	n.a.	19.6	27.8	1.5	14.3	-3.2	2.8	27.5	4.5	0.5	9.8
Public health	n.a.	n.a.	5.2	-4.1	8.3	10.6	-0.7	9.9	17.4	n.a.	n.a.	9.1
Dental services	1.7	1.2	4.4	3.0	-2.2	-2.1	4.2	13.3	12.9	3.9	1.6	6.9
Administration	-7.4	18.5	-3.7	-3.3	11.6	-11.8	34.4	6.9	-10.9	2.9	2.7	3.1
Research	10.2	8.8	5.7	6.2	-5.6	10.9	18.2	23.3	3.5	8.7	4.9	13.7
<i>Total non-institutional</i>	3.1	3.9	4.4	5.8	2.1	4.8	7.5	11.5	7.3	5.6	3.8	7.7
Total recurrent expenditure	2.6	3.8	4.3	4.6	3.2	4.4	5.0	7.6	5.3	4.5	3.7	5.6
Capital outlays	12.7	-1.6	-1.1	20.5	14.3	3.5	-3.9	3.9	-19.5	2.6	8.6	-4.5
Capital consumption	2.3	1.2	6.8	-6.5	8.3	51.2	7.3	1.6	5.1	7.7	2.3	14.7
<i>Total capital</i>	10.2	-1.0	0.7	14.1	13.1	12.4	-1.1	3.3	-12.9	4.0	7.2	—
Direct health expenditure	2.9	3.6	4.1	5.0	3.7	4.9	4.7	7.4	4.3	4.5	3.9	5.3

Notes: See page 87.

Table A6: Proportions of recurrent health expenditure, current prices, Australia, by area of expenditure, 1992–93 to 2001–02 (per cent)

Area of expenditure	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	1998–99	1999–00	2000–01	2001–02
Hospitals	38.8	38.7	38.9	38.7	38.4	38.5	38.4	37.1	35.4	34.4
Public (non-psychiatric) hospitals	27.9	27.4	27.3	27.4	27.9	28.8	28.6	27.7	26.5	25.6
Public psychiatric hospitals	1.5	1.4	1.3	1.1	0.9	0.8	0.8	0.8	0.7	0.7
Private hospitals	9.5	9.9	10.4	10.2	9.5	8.9	9.0	8.7	8.2	8.0
High-level residential care	7.6	7.4	7.2	7.3	7.4	7.7	7.6	7.4	7.1	7.3
Ambulance and other (nec)	1.6	1.7	1.5	1.6	1.2	1.4	1.4	1.6	1.7	1.6
<i>Total institutional</i>	<i>47.9</i>	<i>47.7</i>	<i>47.6</i>	<i>47.6</i>	<i>47.0</i>	<i>47.5</i>	<i>47.4</i>	<i>46.2</i>	<i>44.2</i>	<i>43.2</i>
Medical services	19.7	20.0	20.0	19.9	19.5	19.3	18.9	19.1	17.8	17.7
Other health professionals	4.8	4.6	4.3	4.0	4.3	3.6	4.0	4.0	4.5	3.6
Pharmaceuticals	9.5	9.4	9.9	10.3	10.7	11.2	11.6	12.4	13.5	14.3
Benefit-paid items	5.4	5.3	5.7	6.4	6.7	6.7	7.0	7.5	8.5	8.7
All other items	4.1	4.0	4.2	3.8	4.0	4.5	4.6	4.8	5.0	5.6
Aids and appliances	2.3	2.6	2.5	2.5	2.5	2.5	2.5	2.5	3.7	3.9
Other non-institutional services ^(d)	14.4	14.3	14.1	14.3	14.5	14.4	14.0	14.3	14.4	15.3
Community health and other ^(e)	4.4	4.3	2.7	3.1	3.8	3.8	4.1	3.8	3.6	4.4
Public health	—	0.4	1.5	1.5	1.4	1.5	1.6	1.5	1.5	1.7
Dental services	6.8	6.7	6.6	6.6	6.5	6.1	5.8	5.7	6.0	6.5
Administration	3.2	2.9	3.3	3.0	2.8	3.0	2.6	3.3	3.3	2.8
Research	1.3	1.4	1.5	1.5	1.5	1.4	1.5	1.7	1.9	1.9
<i>Total non-institutional</i>	<i>52.1</i>	<i>52.3</i>	<i>52.4</i>	<i>52.4</i>	<i>53.0</i>	<i>52.5</i>	<i>52.6</i>	<i>53.8</i>	<i>55.8</i>	<i>56.8</i>
Total recurrent expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes: See page 87.

Notes to Appendix A tables

- (a) Tables show funding provided by the Australian Government, state and territory governments and local government authorities and by the major non-government sources of funding for health care. They do not show gross outlays on health goods and services by the different service provider sectors.
- (b) Includes rebates claimed through taxation.
- (c) 'Other' includes 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, interest earned) for service providers.
- (d) 'Other non-institutional services' is a summary of community and public health, dental services and administration.
- (e) Includes some expenditures that were previously classified as 'other non-institutional (nec)' as well as expenditure on community health services.
- (f) Capital formation for the non-government sector cannot be allocated according to the source of funds.
- (g) Non-government capital consumption (depreciation) is incorporated in recurrent expenditure.
- (h) Preliminary estimates for 2002-03 are based on estimated growth between 2001-02 and 2002-03 for particular types of services and sources of funds.
- (i) Constant price health expenditure for 1992-93 to 2001-02 from which growth rates were calculated is expressed in chain volume measures, referenced to the year 2001-02.

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Table B24: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds, 2001–02	113
<i>Note:</i> Components in some appendix tables may not add to totals due to rounding.	

Table B1: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds,^(a) 1999–00 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	397	2,428	2,825	2,521	5,346	600	197	482	1,280	6,626
Public non-psychiatric hospitals	215	2,196	2,411	2,354	4,766	98	137	243	478	5,243
Public psychiatric hospitals	—	—	—	167	167	—	9	2	12	178
Private hospitals	181	233	414	—	414	502	51	237	791	1,204
High-level residential care	118	1,007	1,125	97	1,222	—	253	—	253	1,475
Ambulance and other (nec)	14	31	45	107	152	66	122	16	204	356
<i>Total institutional</i>	<i>529</i>	<i>3,466</i>	<i>3,995</i>	<i>2,726</i>	<i>6,721</i>	<i>666</i>	<i>573</i>	<i>498</i>	<i>1,737</i>	<i>8,457</i>
Medical services	199	2,690	2,889	—	2,889	58	364	248	669	3,558
Other professional services	—	130	130	—	130	64	380	96	541	671
Total pharmaceuticals	104	1,187	1,292	—	1,292	15	1,045	29	1,089	2,381
Benefit-paid pharmaceuticals	104	1,181	1,285	—	1,285	—	243	—	243	1,528
All other pharmaceuticals	—	6	6	—	6	15	802	29	846	853
Aids and appliances	—	53	53	—	53	62	285	20	367	420
Other non-institutional services ^(c)	28	542	570	698	1,268	355	624	7	986	2,254
Community health and other ^(d)	—	72	72	516	588	—	—	2	2	590
Public health	—	154	154	89	243	—	—	—	—	243
Dental services	23	76	99	93	192	170	624	5	799	991
Administration	5	240	245	—	245	185	—	—	185	429
Research	—	147	147	29	175	—	—	50	50	226
<i>Total non-institutional</i>	<i>331</i>	<i>4,749</i>	<i>5,080</i>	<i>726</i>	<i>5,807</i>	<i>554</i>	<i>2,698</i>	<i>450</i>	<i>3,703</i>	<i>9,509</i>
Total recurrent expenditure	860	8,215	9,075	3,452	12,527	1,220	3,271	948	5,439	17,967
Capital expenditure	—	9	9	295	304	—	—	229	229	533
Capital consumption	—	6	6	308	314	—	—	—	—	314
Total capital	—	16	16	603	618	—	—	229	229	847
Direct health expenditure	860	8,231	9,091	4,055	13,146	1,220	3,271	1,177	5,668	18,814
Non-specific tax expenditure	—	70	70	—	70	—	–70	—	–70	—
Total health expenditure	860	8,301	9,161	4,055	13,215	1,220	3,201	1,177	5,598	18,814

Notes: See page 114.

Table B2: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds,^(a) 2000–01 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	441	2,673	3,114	2,469	5,583	676	209	414	1,299	6,882
Public non-psychiatric hospitals	250	2,378	2,628	2,309	4,937	106	181	229	516	5,453
Public psychiatric hospitals	—	—	—	159	159	—	10	4	14	173
Private hospitals	191	296	487	—	487	570	18	181	769	1,256
High-level residential care	124	1,042	1,166	83	1,249	—	272	—	272	1,521
Ambulance and other (nec)	17	45	62	122	184	89	33	16	139	323
<i>Total institutional</i>	<i>582</i>	<i>3,760</i>	<i>4,342</i>	<i>2,674</i>	<i>7,016</i>	<i>765</i>	<i>514</i>	<i>430</i>	<i>1,710</i>	<i>8,726</i>
Medical services	205	2,789	2,994	—	2,994	79	403	238	720	3,714
Other professional services	33	149	181	—	181	80	494	95	670	851
Total pharmaceuticals	118	1,439	1,558	—	1,558	17	1,123	35	1,175	2,733
Benefit-paid pharmaceuticals	118	1,409	1,527	—	1,527	—	274	—	274	1,801
All other pharmaceuticals	—	31	31	—	31	17	849	35	901	932
Aids and appliances	—	69	69	—	69	77	476	20	573	642
Other non-institutional services ^(c)	26	679	705	750	1,455	411	783	6	1,200	2,655
Community health and other ^(d)	—	55	55	534	589	—	—	2	3	592
Public health	—	185	185	83	268	—	—	—	—	268
Dental services	21	101	123	74	196	203	783	4	990	1,187
Administration	5	337	341	60	401	208	—	—	208	609
Research	—	197	197	38	235	—	—	62	62	296
<i>Total non-institutional</i>	<i>382</i>	<i>5,322</i>	<i>5,703</i>	<i>788</i>	<i>6,491</i>	<i>665</i>	<i>3,279</i>	<i>456</i>	<i>4,400</i>	<i>10,891</i>
Total recurrent expenditure	963	9,082	10,045	3,462	13,508	1,430	3,793	886	6,110	19,617
Capital expenditure	—	22	22	464	485	—	—	227	227	712
Capital consumption	—	6	6	316	323	—	—	—	—	323
Total capital	—	28	28	780	808	—	—	227	227	1,035
Direct health expenditure	963	9,110	10,073	4,242	14,316	1,430	3,793	1,113	6,337	20,652
Non-specific tax expenditure	—	79	79	—	79	—	-79	—	-79	—
Total health expenditure	963	9,189	10,152	4,242	14,395	1,430	3,714	1,113	6,258	20,652

Notes: See page 114.

Table B3: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds,^(a) 2001–02 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
Total hospitals	467	2,816	3,283	2,524	5,806	823	287	364	1,474	7,281
Public non-psychiatric hospitals	267	2,501	2,768	2,352	5,120	132	182	262	576	5,696
Public psychiatric hospitals	—	—	—	172	172	—	9	2	12	184
Private hospitals	200	314	514	—	514	691	95	100	887	1,401
High-level residential care	142	1,093	1,235	44	1,279	—	292	—	292	1,571
Ambulance and other (nec)	18	42	60	128	188	98	28	19	145	333
<i>Total institutional</i>	<i>628</i>	<i>3,950</i>	<i>4,578</i>	<i>2,696</i>	<i>7,273</i>	<i>922</i>	<i>607</i>	<i>383</i>	<i>1,911</i>	<i>9,185</i>
Medical services	214	3,006	3,220	—	3,220	117	452	313	882	4,102
Other professional services	36	159	194	—	194	107	352	111	570	764
Total pharmaceuticals	137	1,525	1,662	—	1,662	21	1,310	44	1,375	3,037
Benefit-paid pharmaceuticals	137	1,505	1,641	—	1,641	—	313	—	313	1,955
All other pharmaceuticals	—	20	20	—	20	21	996	44	1,062	1,082
Aids and appliances	—	75	75	16	90	94	493	26	613	703
Other non-institutional services ^(c)	27	701	727	1,064	1,791	451	944	9	1,404	3,196
Community health and other ^(d)	—	64	64	836	900	—	—	4	4	904
Public health	—	193	193	142	335	—	—	—	—	335
Dental services	22	112	134	78	211	261	944	5	1,210	1,422
Administration	5	332	336	9	346	190	—	—	190	536
Research	—	196	196	48	244	—	—	75	75	319
<i>Total non-institutional</i>	<i>414</i>	<i>5,661</i>	<i>6,075</i>	<i>1,127</i>	<i>7,202</i>	<i>791</i>	<i>3,550</i>	<i>577</i>	<i>4,918</i>	<i>12,120</i>
Total recurrent expenditure	1,041	9,611	10,652	3,823	14,476	1,712	4,157	960	6,830	21,305
Capital expenditure	—	22	22	459	481	—	—	97	97	578
Capital consumption	—	6	6	339	345	—	—	—	—	345
Total capital	—	29	29	797	826	—	—	97	97	923
Direct health expenditure	1,041	9,640	10,681	4,621	15,302	1,712	4,157	1,057	6,926	22,228
Non-specific tax expenditure	—	86	86	—	86	—	–86	—	–86	—
Total health expenditure	1,041	9,726	10,767	4,621	15,388	1,712	4,071	1,057	6,840	22,228

Notes: See page 114.

Table B4: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds,^(a) 1999–00 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	289	1,788	2,077	1,498	3,575	547	207	357	1,111	4,686
Public non-psychiatric hospitals	161	1,567	1,728	1,498	3,226	39	103	185	326	3,553
Public psychiatric hospitals	—	—	—	—	—	—	—	—	—	—
Private hospitals	128	222	349	—	349	508	105	172	784	1,134
High-level residential care	79	632	710	25	736	—	153	—	153	889
Ambulance and other (nec)	9	4	13	61	74	5	43	11	59	133
<i>Total institutional</i>	<i>377</i>	<i>2,424</i>	<i>2,801</i>	<i>1,584</i>	<i>4,385</i>	<i>552</i>	<i>403</i>	<i>368</i>	<i>1,324</i>	<i>5,709</i>
Medical services	133	1,890	2,023	—	2,023	56	243	88	387	2,410
Other professional services	—	88	88	—	88	33	390	50	474	562
Total pharmaceuticals	59	820	879	—	879	3	895	17	916	1,794
Benefit-paid pharmaceuticals	59	818	877	—	877	—	168	—	168	1,045
All other pharmaceuticals	—	2	2	—	2	3	728	17	748	750
Aids and appliances	—	33	33	—	33	23	328	10	361	394
Other non-institutional services ^(c)	15	367	383	493	876	197	656	3	856	1,732
Community health and other ^(d)	—	53	53	262	315	—	—	1	1	315
Public health	—	101	101	59	160	—	—	—	—	160
Dental services	12	34	46	107	153	72	656	2	731	884
Administration	3	180	183	66	249	125	—	—	125	374
Research	—	179	179	43	222	—	—	73	73	295
<i>Total non-institutional</i>	<i>208</i>	<i>3,376</i>	<i>3,584</i>	<i>537</i>	<i>4,120</i>	<i>313</i>	<i>2,513</i>	<i>241</i>	<i>3,067</i>	<i>7,187</i>
Total recurrent expenditure	585	5,800	6,385	2,121	8,506	865	2,916	609	4,391	12,896
Capital expenditure	—	9	9	257	266	—	—	216	216	482
Capital consumption	—	5	5	185	190	—	—	—	—	190
Total capital	—	14	14	442	456	—	—	216	216	672
Direct health expenditure	585	5,814	6,399	2,563	8,962	865	2,916	825	4,607	13,568
Non-specific tax expenditure	—	47	47	—	47	—	–47	—	–47	—
Total health expenditure	585	5,861	6,446	2,563	9,009	865	2,869	825	4,560	13,568

Notes: See page 114.

Table B5: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds,^(a) 2000–01 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	284	2,006	2,290	1,802	4,092	589	233	394	1,216	5,308
Public non-psychiatric hospitals	135	1,732	1,867	1,802	3,669	40	148	239	427	4,096
Public psychiatric hospitals	—	—	—	—	—	—	—	—	—	—
Private hospitals	149	274	423	—	423	549	85	155	788	1,212
High-level residential care	84	673	757	45	803	—	170	—	170	972
Ambulance and other (nec)	11	5	16	102	117	6	54	15	75	192
<i>Total institutional</i>	380	2,684	3,063	1,949	5,012	595	457	409	1,461	6,473
Medical services	138	1,967	2,105	—	2,105	81	256	101	438	2,543
Other professional services	20	98	117	—	117	41	507	59	607	725
Total pharmaceuticals	96	1,015	1,111	—	1,111	4	984	21	1,009	2,121
Benefit-paid pharmaceuticals	96	998	1,094	—	1,094	—	192	—	192	1,285
All other pharmaceuticals	—	17	17	—	17	4	793	21	818	835
Aids and appliances	—	37	37	—	37	29	564	11	603	640
Other non-institutional services ^(c)	15	417	432	394	826	229	813	3	1,045	1,871
Community health and other ^(d)	—	15	15	203	217	—	—	1	2	219
Public health	—	123	123	79	201	—	—	—	—	201
Dental services	11	44	56	65	121	86	813	2	901	1,022
Administration	3	235	239	48	286	143	—	—	143	429
Research	—	218	218	52	270	—	—	92	92	363
<i>Total non-institutional</i>	268	3,753	4,021	446	4,467	384	3,123	288	3,795	8,262
Total recurrent expenditure	648	6,436	7,084	2,395	9,479	979	3,580	697	5,256	14,734
Capital expenditure	—	13	13	461	473	—	—	135	135	609
Capital consumption	—	5	5	194	199	—	—	—	—	199
Total capital	—	18	18	654	672	—	—	135	135	807
Direct health expenditure	648	6,454	7,101	3,049	10,151	979	3,580	832	5,391	15,542
Non-specific tax expenditure	—	52	52	—	52	—	-52	—	-52	—
Total health expenditure	648	6,506	7,154	3,049	10,203	979	3,527	832	5,338	15,542

Notes: See page 114.

Table B6: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds,^(a) 2001-02 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	319	2,095	2,414	1,560	3,973	640	263	507	1,410	5,383
Public non-psychiatric hospitals	160	1,832	1,992	1,536	3,528	43	133	305	481	4,009
Public psychiatric hospitals	—	—	—	23	23	—	—	1	1	24
Private hospitals	159	263	422	—	422	597	130	201	928	1,350
High-level residential care	96	726	822	99	921	—	187	—	187	1,108
Ambulance and other (nec)	15	4	18	77	95	8	68	19	95	191
<i>Total institutional</i>	<i>430</i>	<i>2,824</i>	<i>3,254</i>	<i>1,736</i>	<i>4,990</i>	<i>648</i>	<i>518</i>	<i>526</i>	<i>1,692</i>	<i>6,681</i>
Medical services	144	2,096	2,240	—	2,240	115	279	113	508	2,748
Other professional services	22	104	127	—	127	55	475	64	595	721
Total pharmaceuticals	82	1,077	1,159	—	1,159	5	1,153	23	1,181	2,340
Benefit-paid pharmaceuticals	82	1,067	1,149	—	1,149	—	220	—	220	1,369
All other pharmaceuticals	—	10	10	—	10	5	933	23	961	971
Aids and appliances	—	41	41	22	63	37	595	12	645	708
Other non-institutional services ^(c)	16	451	467	746	1,213	217	983	4	1,204	2,417
Community health and other ^(d)	—	20	20	527	547	—	—	2	2	549
Public health	—	144	144	124	268	—	—	—	—	268
Dental services	12	49	61	95	156	112	983	2	1,097	1,253
Administration	4	238	242	1	242	105	—	—	105	347
Research	—	227	227	73	300	—	—	122	122	422
<i>Total non-institutional</i>	<i>264</i>	<i>3,996</i>	<i>4,261</i>	<i>841</i>	<i>5,102</i>	<i>430</i>	<i>3,485</i>	<i>339</i>	<i>4,254</i>	<i>9,356</i>
Total recurrent expenditure	694	6,820	7,515	2,577	10,091	1,078	4,003	865	5,946	16,037
Capital expenditure	—	42	42	402	444	—	—	145	145	590
Capital consumption	—	6	6	217	222	—	—	—	—	222
Total capital	—	48	48	619	666	—	—	145	145	812
Direct health expenditure	694	6,868	7,562	3,196	10,758	1,078	4,003	1,010	6,091	16,849
Non-specific tax expenditure	—	57	57	—	57	—	-57	—	-57	—
Total health expenditure	694	6,925	7,619	3,196	10,815	1,078	3,946	1,010	6,034	16,849

Notes: See page 114.

Table B7: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds,^(a) 1999–00 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	211	1,313	1,523	1,108	2,631	379	84	148	611	3,242
Public non-psychiatric hospitals	25	1,156	1,181	1,017	2,197	20	12	51	83	2,280
Public psychiatric hospitals	—	—	—	91	91	—	3	1	5	96
Private hospitals	186	157	343	—	343	359	69	95	524	866
High-level residential care	60	443	502	33	536	—	123	—	123	658
Ambulance and other (nec)	8	8	16	60	76	6	63	3	72	147
<i>Total institutional</i>	<i>279</i>	<i>1,763</i>	<i>2,042</i>	<i>1,201</i>	<i>3,243</i>	<i>385</i>	<i>270</i>	<i>150</i>	<i>805</i>	<i>4,048</i>
Medical services	125	1,333	1,458	—	1,458	36	293	25	355	1,812
Other professional services	—	69	69	—	69	30	217	12	259	329
Total pharmaceuticals	57	570	627	—	627	5	663	1	670	1,298
Benefit-paid pharmaceuticals	57	568	625	—	625	—	122	—	122	747
All other pharmaceuticals	—	2	2	—	2	5	541	1	548	551
Aids and appliances	—	28	28	—	28	24	231	1	256	284
Other non-institutional services ^(c)	17	322	339	696	1,035	154	195	1	350	1,385
Community health and other ^(d)	—	73	73	500	573	—	—	—	—	573
Public health	—	77	77	49	126	—	—	—	—	126
Dental services	14	31	46	102	147	69	195	1	265	412
Administration	3	141	144	46	190	85	—	—	85	274
Research	—	80	80	16	96	—	—	27	27	124
<i>Total non-institutional</i>	<i>200</i>	<i>2,402</i>	<i>2,602</i>	<i>712</i>	<i>3,314</i>	<i>250</i>	<i>1,599</i>	<i>69</i>	<i>1,918</i>	<i>5,232</i>
Total recurrent expenditure	479	4,165	4,644	1,913	6,557	635	1,869	219	2,723	9,280
Capital expenditure	—	17	17	520	537	—	—	486	486	1,023
Capital consumption	—	4	4	227	231	—	—	—	—	231
Total capital	—	21	21	747	768	—	—	486	486	1,254
Direct health expenditure	479	4,186	4,665	2,660	7,325	635	1,869	705	3,209	10,534
Non-specific tax expenditure	—	25	25	—	25	—	–25	—	–25	—
Total health expenditure	479	4,211	4,690	2,660	7,350	635	1,844	705	3,184	10,534

Notes: See page 114.

Table B8: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds,^(a) 2000–01 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	229	1,467	1,695	1,115	2,811	416	84	150	650	3,461
Public non-psychiatric hospitals	29	1,273	1,302	1,027	2,329	20	13	59	92	2,421
Public psychiatric hospitals	—	—	—	89	89	—	3	1	4	93
Private hospitals	199	194	392	—	392	396	69	90	555	947
High-level residential care	68	465	533	111	644	—	134	—	134	778
Ambulance and other (nec)	9	9	18	151	169	7	84	1	92	261
<i>Total institutional</i>	<i>306</i>	<i>1,941</i>	<i>2,246</i>	<i>1,377</i>	<i>3,623</i>	<i>423</i>	<i>303</i>	<i>151</i>	<i>877</i>	<i>4,500</i>
Medical services	131	1,405	1,536	—	1,536	53	204	35	292	1,828
Other professional services	20	80	100	—	100	39	281	17	338	438
Total pharmaceuticals	50	732	782	—	782	7	654	—	661	1,443
Benefit-paid pharmaceuticals	50	717	766	—	766	—	140	—	140	906
All other pharmaceuticals	—	15	15	—	15	7	514	—	521	537
Aids and appliances	—	33	33	—	33	33	340	—	372	405
Other non-institutional services ^(c)	18	371	389	578	966	187	244	2	432	1,398
Community health and other ^(d)	—	52	52	359	412	—	—	—	—	412
Public health	—	97	97	44	141	—	—	—	—	141
Dental services	14	45	59	104	163	89	244	2	334	497
Administration	4	176	180	71	251	98	—	—	98	348
Research	—	108	108	24	132	—	—	38	38	170
<i>Total non-institutional</i>	<i>219</i>	<i>2,729</i>	<i>2,948</i>	<i>601</i>	<i>3,549</i>	<i>319</i>	<i>1,723</i>	<i>92</i>	<i>2,134</i>	<i>5,683</i>
Total recurrent expenditure	524	4,670	5,194	1,978	7,172	742	2,026	243	3,010	10,183
Capital expenditure	—	37	37	471	508	—	—	429	429	937
Capital consumption	—	4	4	243	248	—	—	—	—	248
Total capital	—	41	41	715	756	—	—	429	429	1,185
Direct health expenditure	524	4,711	5,235	2,693	7,928	742	2,026	672	3,440	11,368
Non-specific tax expenditure	—	28	28	—	28	—	–28	—	–28	—
Total health expenditure	524	4,739	5,263	2,693	7,956	742	1,998	672	3,411	11,368

Notes: See page 114.

Table B9: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds,^(a) 2001-02 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	261	1,570	1,831	1,192	3,023	525	66	194	785	3,809
Public non-psychiatric hospitals	41	1,347	1,388	1,075	2,463	23	18	64	106	2,569
Public psychiatric hospitals	—	—	—	117	117	—	3	—	3	120
Private hospitals	221	223	444	—	444	502	45	130	676	1,120
High-level residential care	77	517	594	117	711	—	146	—	146	857
Ambulance and other (nec)	12	9	22	117	138	9	93	8	109	247
<i>Total institutional</i>	<i>351</i>	<i>2,096</i>	<i>2,447</i>	<i>1,426</i>	<i>3,873</i>	<i>534</i>	<i>305</i>	<i>202</i>	<i>1,041</i>	<i>4,914</i>
Medical services	144	1,493	1,637	—	1,637	83	223	57	364	2,000
Other professional services	22	88	110	—	110	56	228	28	311	421
Total pharmaceuticals	80	769	849	—	849	9	777	4	789	1,639
Benefit-paid pharmaceuticals	80	758	838	—	838	—	162	—	162	1,000
All other pharmaceuticals	—	11	11	—	11	9	615	4	628	638
Aids and appliances	—	37	37	—	37	43	364	2	410	447
Other non-institutional services ^(c)	19	390	409	422	831	216	280	3	498	1,329
Community health and other ^(d)	—	60	60	160	220	—	—	1	1	221
Public health	—	97	97	73	170	—	—	—	—	170
Dental services	15	53	68	111	179	123	280	2	405	585
Administration	4	179	183	78	261	92	—	—	92	353
Research	—	100	100	29	129	—	—	44	44	173
<i>Total non-institutional</i>	<i>266</i>	<i>2,876</i>	<i>3,142</i>	<i>451</i>	<i>3,593</i>	<i>406</i>	<i>1,872</i>	<i>138</i>	<i>2,416</i>	<i>6,009</i>
Total recurrent expenditure	617	4,973	5,589	1,876	7,466	940	2,177	340	3,457	10,923
Capital expenditure	—	38	38	422	460	—	—	147	147	606
Capital consumption	—	5	5	245	250	—	—	—	—	250
Total capital	—	43	43	667	710	—	—	147	147	856
Direct health expenditure	617	5,015	5,632	2,544	8,176	940	2,177	486	3,603	11,779
Non-specific tax expenditure	—	31	31	—	31	—	-31	—	-31	—
Total health expenditure	617	5,046	5,663	2,544	8,206	940	2,146	486	3,573	11,779

Notes: See page 114.

Table B10: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds,^(a) 1999–00 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	90	726	816	739	1,555	211	87	112	410	1,965
Public non-psychiatric hospitals	25	642	667	687	1,354	19	10	56	85	1,439
Public psychiatric hospitals	—	—	—	52	52	—	1	—	1	53
Private hospitals	65	84	149	—	149	192	76	56	324	473
High-level residential care	25	201	227	73	299	—	51	—	51	351
Ambulance and other (nec)	4	13	17	26	43	15	1	4	20	63
<i>Total institutional</i>	<i>119</i>	<i>940</i>	<i>1,059</i>	<i>838</i>	<i>1,897</i>	<i>226</i>	<i>139</i>	<i>116</i>	<i>481</i>	<i>2,378</i>
Medical services	39	625	663	—	663	17	89	60	165	828
Other professional services	—	40	40	—	40	27	46	32	104	144
Total pharmaceuticals	18	271	289	—	289	3	244	9	256	545
Benefit-paid pharmaceuticals	18	270	288	—	288	—	61	—	61	348
All other pharmaceuticals	—	1	1	—	1	3	184	9	195	197
Aids and appliances	—	12	12	—	12	15	72	6	93	106
Other non-institutional services ^(c)	7	203	210	283	493	119	202	2	323	816
Community health and other ^(d)	—	37	37	164	200	—	5	1	5	205
Public health	—	40	40	45	85	—	3	—	3	88
Dental services	6	32	38	37	75	73	163	1	238	313
Administration	2	93	95	38	133	45	32	—	77	210
Research	—	46	46	6	52	—	—	13	13	65
<i>Total non-institutional</i>	<i>64</i>	<i>1,197</i>	<i>1,261</i>	<i>289</i>	<i>1,550</i>	<i>180</i>	<i>653</i>	<i>121</i>	<i>954</i>	<i>2,504</i>
Total recurrent expenditure	183	2,137	2,320	1,127	3,447	406	792	236	1,435	4,882
Capital expenditure	—	3	3	95	98	—	—	77	77	175
Capital consumption	—	3	3	73	76	—	—	—	—	76
Total capital	—	6	6	168	175	—	—	77	77	251
Direct health expenditure	183	2,143	2,326	1,296	3,622	406	792	313	1,511	5,133
Non-specific tax expenditure	—	12	12	—	12	—	–12	—	–12	—
Total health expenditure	183	2,155	2,338	1,296	3,634	406	780	313	1,499	5,133

Notes: See page 114.

Table B11: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds,^(a) 2000–01 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	91	766	857	748	1,605	226	94	134	453	2,059
Public non-psychiatric hospitals	25	663	688	695	1,384	19	23	39	82	1,465
Public psychiatric hospitals	—	—	—	53	53	—	1	—	1	54
Private hospitals	66	102	169	—	169	207	70	94	371	540
High-level residential care	29	214	243	37	280	—	57	—	57	337
Ambulance and other (nec)	4	14	18	27	45	16	1	4	22	67
<i>Total institutional</i>	<i>124</i>	<i>994</i>	<i>1,119</i>	<i>812</i>	<i>1,930</i>	<i>242</i>	<i>152</i>	<i>138</i>	<i>532</i>	<i>2,462</i>
Medical services	43	673	716	—	716	32	87	57	177	892
Other professional services	8	45	52	—	52	29	60	32	121	173
Total pharmaceuticals	20	359	379	—	379	3	344	9	357	735
Benefit-paid pharmaceuticals	20	352	372	—	372	—	71	—	71	442
All other pharmaceuticals	—	7	7	—	7	3	274	9	286	293
Aids and appliances	—	17	17	—	17	17	183	6	206	223
Other non-institutional services ^(c)	8	221	229	505	734	129	216	2	347	1,082
Community health and other ^(d)	—	37	37	337	374	—	—	1	1	375
Public health	—	52	52	45	97	—	—	—	—	97
Dental services	6	38	44	44	87	76	216	1	294	381
Administration	2	95	97	79	176	53	—	—	53	229
Research	—	66	66	7	73	—	—	16	16	89
<i>Total non-institutional</i>	<i>78</i>	<i>1,381</i>	<i>1,459</i>	<i>512</i>	<i>1,971</i>	<i>211</i>	<i>891</i>	<i>122</i>	<i>1,223</i>	<i>3,194</i>
Total recurrent expenditure	202	2,376	2,578	1,324	3,901	453	1,042	260	1,755	5,656
Capital expenditure	—	5	5	140	145	—	—	27	27	172
Capital consumption	—	3	3	73	77	—	—	—	—	77
Total capital	—	8	8	214	222	—	—	27	27	249
Direct health expenditure	202	2,384	2,586	1,538	4,124	453	1,042	287	1,782	5,906
Non-specific tax expenditure	—	14	14	—	14	—	–14	—	–14	—
Total health expenditure	202	2,398	2,600	1,538	4,138	453	1,028	287	1,768	5,906

Notes: See page 114.

Table B12: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds,^(a) 2001–02 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	110	849	960	1,104	2,063	287	54	144	485	2,548
Public non-psychiatric hospitals	45	734	779	1,047	1,826	22	12	55	89	1,915
Public psychiatric hospitals	—	—	—	57	57	—	1	—	1	58
Private hospitals	65	115	180	—	180	264	42	89	395	575
High-level residential care	33	226	259	132	391	—	61	—	61	452
Ambulance and other (nec)	5	13	18	10	28	19	1	4	24	51
<i>Total institutional</i>	<i>148</i>	<i>1,089</i>	<i>1,237</i>	<i>1,245</i>	<i>2,482</i>	<i>305</i>	<i>116</i>	<i>149</i>	<i>570</i>	<i>3,052</i>
Medical services	44	730	774	—	774	44	99	50	193	966
Other professional services	9	47	55	—	55	35	12	28	75	131
Total pharmaceuticals	27	374	401	—	401	4	479	8	491	892
Benefit-paid pharmaceuticals	27	369	396	—	396	—	82	—	82	478
All other pharmaceuticals	—	5	5	—	5	4	398	8	410	414
Aids and appliances	—	19	19	—	19	20	264	5	289	307
Other non-institutional services ^(c)	8	230	238	482	720	140	276	2	418	1,138
Community health and other ^(d)	—	42	42	336	378	—	—	1	1	379
Public health	—	54	54	40	93	—	—	—	—	93
Dental services	6	37	43	20	63	87	276	1	364	427
Administration	2	97	99	87	186	53	—	—	53	238
Research	—	61	61	10	71	—	—	18	18	88
<i>Total non-institutional</i>	<i>89</i>	<i>1,459</i>	<i>1,547</i>	<i>492</i>	<i>2,039</i>	<i>243</i>	<i>1,131</i>	<i>110</i>	<i>1,484</i>	<i>3,523</i>
Total recurrent expenditure	236	2,548	2,784	1,736	4,521	549	1,247	259	2,054	6,575
Capital expenditure	—	10	10	96	106	—	—	42	42	147
Capital consumption	—	3	3	79	83	—	—	—	—	83
Total capital	—	13	13	175	188	—	—	42	42	230
Direct health expenditure	236	2,561	2,797	1,912	4,709	549	1,247	300	2,096	6,805
Non-specific tax expenditure	—	15	15	—	15	—	–15	—	–15	—
Total health expenditure	236	2,576	2,813	1,912	4,724	549	1,231	300	2,081	6,805

Notes: See page 114.

Table B13: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds,^(a) 1999-00 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	81	683	764	556	1,321	182	17	55	254	1,574
Public non-psychiatric hospitals	63	610	673	478	1,151	14	4	19	37	1,188
Public psychiatric hospitals	—	—	—	79	79	—	4	—	4	83
Private hospitals	18	73	91	—	91	167	9	36	213	304
High-level residential care	25	248	273	29	302	—	65	—	65	367
Ambulance and other (nec)	5	4	9	30	39	2	47	6	55	94
<i>Total institutional</i>	<i>110</i>	<i>936</i>	<i>1,046</i>	<i>615</i>	<i>1,661</i>	<i>184</i>	<i>129</i>	<i>61</i>	<i>374</i>	<i>2,035</i>
Medical services	35	566	601	—	601	24	61	72	158	758
Other professional services	—	33	33	—	33	23	38	17	77	111
Total pharmaceuticals	20	274	294	—	294	2	201	3	206	500
Benefit-paid pharmaceuticals	20	273	293	—	293	—	55	—	55	348
All other pharmaceuticals	—	1	1	—	1	2	145	3	150	152
Aids and appliances	—	12	12	—	12	16	50	3	70	82
Other non-institutional services ^(c)	7	179	186	242	428	88	67	1	156	584
Community health and other ^(d)	—	26	26	96	122	—	—	—	—	122
Public health	—	38	38	36	74	—	2	—	2	76
Dental services	5	20	26	31	57	45	66	1	112	169
Administration	2	94	96	80	175	43	—	—	43	218
Research	—	70	70	13	83	—	—	22	22	105
<i>Total non-institutional</i>	<i>61</i>	<i>1,134</i>	<i>1,195</i>	<i>255</i>	<i>1,450</i>	<i>154</i>	<i>417</i>	<i>118</i>	<i>688</i>	<i>2,139</i>
Total recurrent expenditure	172	2,070	2,241	870	3,111	338	546	179	1,062	4,174
Capital expenditure	—	1	1	129	130	—	—	37	37	167
Capital consumption	—	3	3	76	80	—	—	—	—	80
Total capital	—	4	4	205	210	—	—	37	37	246
Direct health expenditure	172	2,074	2,246	1,075	3,321	338	546	215	1,099	4,420
Non-specific tax expenditure	—	8	8	—	8	—	-8	—	-8	—
Total health expenditure	172	2,083	2,254	1,075	3,330	338	537	215	1,090	4,420

Notes: See page 114.

Table B14: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds,^(a) 2000–01 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	99	692	790	559	1,350	199	7	47	253	1,603
Public non-psychiatric hospitals	68	601	669	500	1,169	16	11	12	39	1,208
Public psychiatric hospitals	—	—	—	59	59	—	2	1	2	62
Private hospitals	31	90	121	—	121	182	–5	35	212	333
High-level residential care	28	267	294	2	297	—	72	—	72	369
Ambulance and other (nec)	5	4	9	32	41	2	55	5	62	104
<i>Total institutional</i>	<i>131</i>	<i>962</i>	<i>1,094</i>	<i>594</i>	<i>1,688</i>	<i>201</i>	<i>134</i>	<i>53</i>	<i>388</i>	<i>2,075</i>
Medical services	39	623	662	—	662	34	62	61	158	820
Other professional services	6	38	45	—	45	27	51	20	98	143
Total pharmaceuticals	31	346	377	—	377	3	311	3	317	694
Benefit-paid pharmaceuticals	31	339	370	—	370	—	63	—	63	433
All other pharmaceuticals	—	6	6	—	6	3	248	3	254	261
Aids and appliances	—	16	16	—	16	18	164	4	186	201
Other non-institutional services ^(c)	7	169	176	278	454	98	89	1	188	642
Community health and other ^(d)	—	14	14	201	215	—	—	—	—	215
Public health	—	45	45	35	80	—	—	—	—	80
Dental services	5	25	31	34	65	51	89	1	141	206
Administration	2	84	86	8	94	47	—	—	47	142
Research	—	82	82	17	100	—	—	28	28	128
<i>Total non-institutional</i>	<i>84</i>	<i>1,274</i>	<i>1,358</i>	<i>295</i>	<i>1,653</i>	<i>180</i>	<i>677</i>	<i>117</i>	<i>975</i>	<i>2,628</i>
Total recurrent expenditure	216	2,236	2,452	889	3,341	381	812	170	1,362	4,703
Capital expenditure	—	4	4	107	111	—	—	14	14	125
Capital consumption	—	3	3	65	68	—	—	—	—	68
Total capital	—	7	7	172	179	—	—	14	14	193
Direct health expenditure	216	2,244	2,459	1,061	3,520	381	812	184	1,376	4,896
Non-specific tax expenditure	—	9	9	—	9	—	–9	—	–9	—
Total health expenditure	216	2,253	2,469	1,061	3,529	381	802	184	1,367	4,896

Notes: See page 114.

Table B15: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds,^(a) 2001-02 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	97	730	827	361	1,188	245	5	37	287	1,475
Public non-psychiatric hospitals	63	633	696	288	984	22	4	22	47	1,031
Public psychiatric hospitals	—	—	—	73	73	—	2	—	2	75
Private hospitals	34	97	131	—	131	222	—	15	237	368
High-level residential care	32	287	318	40	358	—	78	—	78	437
Ambulance and other (nec)	6	3	10	36	46	3	57	5	65	111
<i>Total institutional</i>	<i>135</i>	<i>1,020</i>	<i>1,155</i>	<i>438</i>	<i>1,592</i>	<i>247</i>	<i>141</i>	<i>42</i>	<i>430</i>	<i>2,022</i>
Medical services	42	669	710	—	710	45	69	69	183	894
Other professional services	8	40	48	—	48	35	6	21	62	110
Total pharmaceuticals	28	364	392	—	392	3	358	3	364	756
Benefit-paid pharmaceuticals	28	360	388	—	388	—	72	—	72	460
All other pharmaceuticals	—	4	4	—	4	3	285	3	292	296
Aids and appliances	—	17	17	—	17	21	166	5	192	208
Other non-institutional services ^(c)	7	182	190	506	695	88	108	1	197	893
Community health and other ^(d)	—	17	17	430	446	—	—	—	—	446
Public health	—	52	52	44	96	—	—	—	—	96
Dental services	6	28	33	2	36	64	108	1	173	209
Administration	2	86	88	30	118	24	—	—	24	142
Research	—	74	74	19	92	—	—	31	31	123
<i>Total non-institutional</i>	<i>85</i>	<i>1,345</i>	<i>1,430</i>	<i>524</i>	<i>1,955</i>	<i>193</i>	<i>707</i>	<i>130</i>	<i>1,029</i>	<i>2,984</i>
Total recurrent expenditure	220	2,365	2,585	962	3,547	440	848	172	1,460	5,006
Capital expenditure	—	8	8	93	102	—	—	36	36	137
Capital consumption	—	3	3	71	74	—	—	—	—	74
Total capital	—	11	11	164	176	—	—	36	36	211
Direct health expenditure	220	2,376	2,596	1,126	3,722	440	848	208	1,495	5,218
Non-specific tax expenditure	—	10	10	—	10	—	-10	—	-10	—
Total health expenditure	220	2,387	2,607	1,126	3,733	440	837	208	1,485	5,218

Notes: See page 114.

Table B16: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds,^(a) 1999–00 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	1	163	191	174	365	54	37	25	117	482
Public non-psychiatric hospitals	12	141	152	162	315	4	7	12	23	338
Public psychiatric hospitals	—	—	—	11	11	—	—	—	—	11
Private hospitals	17	22	39	—	39	50	30	13	93	132
High-level residential care	10	79	89	—	89	—	19	—	19	108
Ambulance and other (nec)	1	—	2	15	17	—	—	1	1	18
<i>Total institutional</i>	<i>40</i>	<i>242</i>	<i>282</i>	<i>189</i>	<i>471</i>	<i>54</i>	<i>56</i>	<i>26</i>	<i>137</i>	<i>608</i>
Medical services	17	166	184	—	184	4	26	14	44	228
Other professional services	—	9	9	—	9	4	20	10	34	43
Total pharmaceuticals	10	90	99	—	99	1	81	2	84	184
Benefit-paid pharmaceuticals	10	89	99	—	99	—	18	—	18	117
All other pharmaceuticals	—	—	—	—	—	1	64	2	67	67
Aids and appliances	—	4	4	—	4	5	27	1	33	37
Other non-institutional services ^(c)	2	71	74	103	176	24	27	—	52	228
Community health and other ^(d)	—	9	9	92	102	—	—	—	—	102
Public health	—	17	17	10	28	—	—	—	—	28
Dental services	1	5	6	—	6	10	27	—	38	44
Administration	1	40	41	—	41	14	—	—	14	55
Research	—	5	5	1	5	—	—	2	2	7
<i>Total non-institutional</i>	<i>30</i>	<i>345</i>	<i>375</i>	<i>103</i>	<i>478</i>	<i>38</i>	<i>182</i>	<i>29</i>	<i>248</i>	<i>727</i>
Total recurrent expenditure	70	587	657	292	949	92	238	55	385	1,334
Capital expenditure	—	1	1	6	7	—	—	28	28	35
Capital consumption	—	1	1	12	14	—	—	—	—	14
Total capital	—	2	2	19	21	—	—	28	28	49
Direct health expenditure	70	590	659	311	971	92	238	83	413	1,383
Non-specific tax expenditure	—	2	2	—	2	—	-2	—	-2	—
Total health expenditure	70	592	662	311	973	92	236	83	411	1,383

Notes: See page 114.

Table B17: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds,^(a) 2000–01 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	34	180	214	157	372	65	27	32	124	495
Public non-psychiatric hospitals	12	151	163	149	312	4	6	19	29	341
Public psychiatric hospitals	—	—	—	8	9	—	—	—	1	9
Private hospitals	22	29	51	—	51	60	21	13	94	145
High-level residential care	11	86	98	6	104	—	21	—	21	125
Ambulance and other (nec)	1	—	2	21	23	—	—	1	1	24
<i>Total institutional</i>	<i>47</i>	<i>267</i>	<i>314</i>	<i>184</i>	<i>498</i>	<i>65</i>	<i>49</i>	<i>33</i>	<i>146</i>	<i>644</i>
Medical services	18	174	192	—	192	6	27	17	50	242
Other professional services	3	10	14	—	14	5	26	11	42	56
Total pharmaceuticals	9	112	121	—	121	1	87	2	90	212
Benefit-paid pharmaceuticals	9	110	118	—	118	—	20	—	20	138
All other pharmaceuticals	—	3	3	—	3	1	67	2	71	73
Aids and appliances	—	5	5	—	5	6	42	2	49	54
Other non-institutional services ^(c)	2	59	61	214	276	27	33	1	61	337
Community health and other ^(d)	—	6	6	180	186	—	—	—	—	187
Public health	—	20	20	9	29	—	—	—	—	29
Dental services	1	6	7	10	17	12	33	—	45	62
Administration	1	27	28	16	44	15	—	—	15	59
Research	—	8	8	—	8	—	—	1	1	9
<i>Total non-institutional</i>	<i>32</i>	<i>368</i>	<i>401</i>	<i>215</i>	<i>616</i>	<i>45</i>	<i>214</i>	<i>34</i>	<i>294</i>	<i>909</i>
Total recurrent expenditure	79	635	715	399	1,114	109	263	67	440	1,554
Capital expenditure	—	1	1	11	12	—	—	15	15	27
Capital consumption	—	1	1	13	15	—	—	—	—	15
Total capital	—	3	3	24	27	—	—	15	15	42
Direct health expenditure	79	638	718	423	1,141	109	263	82	455	1,596
Non-specific tax expenditure	—	2	2	—	2	—	-2	—	-2	—
Total health expenditure	79	641	720	423	1,143	109	261	82	453	1,596

Notes: See page 114.

Table B18: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds,^(a) 2001–02 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	36	190	226	212	438	77	21	40	137	576
Public non-psychiatric hospitals	13	161	174	201	376	7	16	20	43	418
Public psychiatric hospitals	—	—	—	10	10	—	1	—	1	11
Private hospitals	23	29	52	—	52	70	4	20	94	146
High-level residential care	13	91	104	—	104	—	24	—	24	128
Ambulance and other (nec)	2	1	2	19	22	—	—	1	1	23
<i>Total institutional</i>	<i>51</i>	<i>282</i>	<i>333</i>	<i>231</i>	<i>564</i>	<i>77</i>	<i>45</i>	<i>41</i>	<i>162</i>	<i>726</i>
Medical services	19	190	209	—	209	9	28	17	55	264
Other professional services	4	11	15	—	15	7	18	11	36	51
Total pharmaceuticals	13	118	130	—	130	2	104	2	108	238
Benefit-paid pharmaceuticals	13	116	128	—	128	—	23	—	23	151
All other pharmaceuticals	—	2	2	—	2	2	81	2	85	87
Aids and appliances	—	6	6	—	6	7	45	2	53	59
Other non-institutional services ^(c)	3	64	67	170	237	30	40	1	70	308
Community health and other ^(d)	—	7	7	135	142	—	—	—	—	142
Public health	—	21	21	4	25	—	—	—	—	25
Dental services	1	7	8	10	18	15	40	—	56	73
Administration	1	29	30	22	53	15	—	—	15	67
Research	—	6	6	1	7	—	—	1	1	8
<i>Total non-institutional</i>	<i>38</i>	<i>395</i>	<i>433</i>	<i>171</i>	<i>604</i>	<i>55</i>	<i>235</i>	<i>34</i>	<i>324</i>	<i>928</i>
Total recurrent expenditure	89	676	766	402	1,168	132	279	75	486	1,654
Capital expenditure	—	2	2	13	15	—	—	5	5	19
Capital consumption	—	2	2	13	14	—	—	—	—	14
Total capital	—	3	3	26	29	—	—	5	5	34
Direct health expenditure	89	680	769	428	1,197	132	279	79	491	1,688
Non-specific tax expenditure	—	3	3	—	3	—	-3	—	-3	—
Total health expenditure	89	683	772	428	1,200	132	277	79	488	1,688

Notes: See page 114.

Table B19: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds,^(a) 1999–00 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	18	86	104	145	250	36	20	30	86	335
Public non-psychiatric hospitals	8	86	94	145	240	6	3	18	27	267
Private hospitals	10	—	10	—	10	30	17	12	59	68
High-level residential care	4	25	29	—	29	—	7	—	7	36
Ambulance and other (nec)	—	—	—	3	3	—	2	1	3	6
<i>Total institutional</i>	22	111	133	149	282	36	28	31	95	377
Medical services	8	99	107	—	107	—	27	12	39	146
Other professional services	—	5	5	—	5	—	21	10	31	36
Total pharmaceuticals	4	41	44	—	44	—	32	1	34	78
Benefit-paid pharmaceuticals	4	41	44	—	44	—	11	—	11	55
All other pharmaceuticals	—	—	—	—	—	—	22	1	23	23
Aids and appliances	—	1	1	—	1	—	10	1	11	12
Other non-institutional services ^(c)	24	66	90	78	167	—	45	—	46	213
Community health and other ^(d)	—	2	2	11	13	—	—	—	—	13
Public health	—	11	11	17	27	—	—	—	—	27
Dental services	—	—	—	4	4	—	45	—	46	50
Administration	24	53	77	46	123	—	—	—	—	123
Research	—	40	40	5	45	—	—	8	8	52
<i>Total non-institutional</i>	36	251	287	82	369	—	136	32	168	537
Total recurrent expenditure	58	362	420	231	651	36	164	63	263	915
Capital expenditure	—	—	—	12	12	—	—	14	14	27
Capital consumption	—	1	1	10	11	—	—	—	—	11
Total capital	—	1	1	22	24	—	—	14	14	38
Direct health expenditure	58	364	422	253	675	36	164	77	278	953
Non-specific tax expenditure	—	5	5	—	5	—	–5	—	–5	—
Total health expenditure	58	369	427	253	680	36	159	77	273	953

Notes: See page 114.

Table B20: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds,^(a) 2000–01 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	19	94	113	144	257	46	23	18	86	344
Public non-psychiatric hospitals	9	94	103	144	247	10	4	9	23	270
Private hospitals	10	—	10	—	10	36	19	9	63	74
High-level residential care	4	27	32	—	32	—	8	—	8	40
Ambulance and other (nec)	—	—	—	4	4	—	3	1	3	7
<i>Total institutional</i>	23	122	145	148	293	46	33	19	98	390
Medical services	13	105	117	—	117	—	31	12	43	160
Other professional services	6	5	12	—	12	—	28	9	38	49
Total pharmaceuticals	2	53	55	—	55	—	55	2	57	112
Benefit-paid pharmaceuticals	2	53	54	—	54	—	13	—	13	67
All other pharmaceuticals	—	1	1	—	1	—	42	2	44	45
Aids and appliances	—	2	2	—	2	—	30	1	31	33
Other non-institutional services ^(c)	33	26	59	89	147	—	56	—	56	204
Community health and other ^(d)	—	2	2	50	53	—	—	—	—	53
Public health	—	13	13	20	33	—	—	—	—	33
Dental services	1	—	1	4	5	—	56	—	56	62
Administration	32	11	43	14	57	—	—	—	—	57
Research	—	42	42	4	45	—	—	6	6	52
<i>Total non-institutional</i>	53	233	286	92	378	—	201	31	232	610
Total recurrent expenditure	76	354	430	240	671	46	234	50	329	1,000
Capital expenditure	—	1	1	22	23	—	—	13	13	36
Capital consumption	—	1	1	11	12	—	—	—	—	12
Total capital	—	2	2	33	35	—	—	13	13	48
Direct health expenditure	76	356	433	274	706	46	234	63	342	1,048
Non-specific tax expenditure	—	6	6	—	6	—	–6	—	–6	—
Total health expenditure	76	362	439	274	712	46	228	63	336	1,048

Notes: See page 114.

Table B21: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds,^(a) 2001-02 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	18	96	114	193	307	55	11	26	92	399
Public non-psychiatric hospitals	8	95	103	193	296	14	—	13	26	323
Private hospitals	11	—	11	—	11	41	12	13	66	77
High-level residential care	5	30	35	—	35	—	9	—	9	44
Ambulance and other (nec)	—	—	—	6	6	—	2	1	3	9
<i>Total institutional</i>	23	126	149	199	348	55	23	26	105	452
Medical services	11	112	123	—	123	—	37	15	53	175
Other professional services	4	6	10	—	10	—	28	10	38	48
Total pharmaceuticals	5	55	60	—	60	—	62	2	64	124
Benefit-paid pharmaceuticals	5	54	59	—	59	—	15	—	15	74
All other pharmaceuticals	—	—	—	—	—	—	47	2	49	50
Aids and appliances	—	2	2	—	2	—	28	1	29	31
Other non-institutional services ^(c)	39	30	68	89	157	—	69	—	69	226
Community health and other ^(d)	—	2	2	55	58	—	—	—	—	58
Public health	—	14	14	27	40	—	—	—	—	40
Dental services	1	—	1	7	8	—	69	—	69	77
Administration	38	13	51	—	51	—	—	—	—	51
Research	—	46	46	5	51	—	—	7	7	58
<i>Total non-institutional</i>	59	250	309	94	403	—	224	35	259	662
Total recurrent expenditure	82	375	457	293	750	55	247	62	364	1,114
Capital expenditure	—	1	1	32	33	—	—	3	3	36
Capital consumption	—	1	1	12	13	—	—	—	—	13
Total capital	—	2	2	44	46	—	—	3	3	49
Direct health expenditure	82	377	459	337	796	55	247	64	367	1,163
Non-specific tax expenditure	—	7	7	—	7	—	-7	—	-7	—
Total health expenditure	82	384	466	337	803	55	241	64	360	1,163

Notes: See page 114.

Table B22: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds,^(a) 1999–00 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	1	75	76	106	181	9	12	15	36	218
Public non-psychiatric hospitals	—	72	72	106	177	1	7	11	19	196
Private hospitals	1	4	4	—	4	8	5	4	17	22
High-level residential care	—	8	8	—	8	—	2	—	2	10
Ambulance and other (nec)	—	2	2	11	12	—	1	—	2	14
<i>Total institutional</i>	<i>1</i>	<i>85</i>	<i>86</i>	<i>117</i>	<i>202</i>	<i>9</i>	<i>15</i>	<i>16</i>	<i>40</i>	<i>242</i>
Medical services	1	39	39	—	39	1	7	5	13	52
Other professional services	—	3	3	—	3	1	10	2	13	16
Total pharmaceuticals	—	12	12	—	12	—	19	1	20	32
Benefit-paid pharmaceuticals	—	12	12	—	12	—	3	—	3	15
All other pharmaceuticals	—	—	—	—	—	—	16	1	17	17
Aids and appliances	—	1	1	—	1	1	6	3	9	10
Other non-institutional services ^(c)	—	76	76	140	216	5	18	—	23	239
Community health and other ^(d)	—	30	30	75	105	—	—	—	—	105
Public health	—	10	10	35	45	—	—	—	—	45
Dental services	—	1	1	—	1	1	18	—	19	20
Administration	—	36	36	30	65	4	—	—	4	69
Research	—	1	1	1	3	—	—	3	3	5
<i>Total non-institutional</i>	<i>1</i>	<i>132</i>	<i>133</i>	<i>141</i>	<i>274</i>	<i>8</i>	<i>60</i>	<i>13</i>	<i>81</i>	<i>355</i>
Total recurrent expenditure	2	217	219	258	476	17	75	29	121	597
Capital expenditure	—	—	—	6	6	—	—	1	1	7
Capital consumption	—	2	2	16	17	—	—	—	—	17
Total capital	—	1	1	22	23	—	—	1	1	25
Direct health expenditure	2	218	220	279	499	17	75	30	122	622
Non-specific tax expenditure	—	1	1	—	1	—	-1	—	-1	—
Total health expenditure	2	219	221	279	500	17	75	30	121	622

Notes: See page 114.

Table B23: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds,^(a) 2000-01 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	—	80	80	105	185	10	15	15	40	225
Public non-psychiatric hospitals	—	75	76	105	181	—	9	11	20	201
Private hospitals	—	5	5	—	5	10	6	4	20	24
High-level residential care	—	9	9	—	9	—	2	—	2	11
Ambulance and other (nec)	—	1	1	19	21	—	2	1	3	24
<i>Total institutional</i>	—	91	91	124	215	10	19	15	45	260
Medical services	1	42	43	—	43	1	7	5	14	56
Other professional services	—	4	4	—	4	1	14	2	17	21
Total pharmaceuticals	1	14	15	—	15	—	21	1	22	37
Benefit-paid pharmaceuticals	1	13	14	—	14	—	4	—	4	18
All other pharmaceuticals	—	—	—	—	—	—	17	1	18	19
Aids and appliances	—	2	2	—	2	1	12	3	16	18
Other non-institutional services ^(c)	—	70	70	115	185	6	21	—	28	213
Community health and other ^(d)	—	36	36	48	84	—	—	—	—	84
Public health	—	14	14	30	44	—	—	—	—	44
Dental services	—	1	1	6	7	3	21	—	24	31
Administration	—	18	18	31	49	4	—	—	4	53
Research	—	3	3	1	4	—	—	3	3	7
<i>Total non-institutional</i>	2	134	136	116	252	10	75	14	99	352
Total recurrent expenditure	2	225	227	241	468	21	95	29	144	612
Capital expenditure	—	1	1	10	11	—	—	1	1	12
Capital consumption	—	1	1	28	29	—	—	—	—	29
Total capital	—	2	2	38	41	—	—	1	1	41
Direct health expenditure	2	227	229	279	508	21	95	30	145	653
Non-specific tax expenditure	—	1	1	—	1	—	-1	—	-1	—
Total health expenditure	2	228	230	279	509	21	94	30	144	653

Notes: See page 114.

Table B24: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds,^(a) 2001-02 (\$ million)

Area of expenditure	Government sector					Non-government sector				Total health expenditure
	Australian Government			State and local	Total	Health insurance funds	Individuals	Other ^(b)	Total	
	DVA	Other	Total							
Total hospitals	1	86	87	178	265	12	11	16	40	305
Public non-psychiatric hospitals	—	81	81	178	259	1	3	11	14	273
Private hospitals	1	5	6	—	6	12	8	5	26	32
High-level residential care	—	9	9	—	9	—	2	—	2	12
Ambulance and other (nec)	—	4	4	23	27	—	3	1	4	31
<i>Total institutional</i>	<i>1</i>	<i>99</i>	<i>100</i>	<i>202</i>	<i>301</i>	<i>12</i>	<i>17</i>	<i>17</i>	<i>46</i>	<i>348</i>
Medical services	1	48	48	—	48	2	7	6	15	63
Other professional services	—	4	4	—	4	2	15	2	19	23
Total pharmaceuticals	1	23	23	2	25	—	26	1	27	52
Benefit-paid pharmaceuticals	1	22	23	—	23	—	4	—	4	27
All other pharmaceuticals	—	—	—	2	3	—	21	1	22	25
Aids and appliances	—	2	2	—	2	2	11	3	15	17
Other non-institutional services ^(c)	—	73	73	87	160	6	27	—	34	193
Community health and other ^(d)	—	40	40	48	88	—	—	—	—	88
Public health	—	14	14	32	46	—	—	—	—	46
Dental services	—	1	2	7	8	3	27	—	31	39
Administration	—	17	17	—	17	3	—	—	3	20
Research	—	1	1	2	3	—	—	4	4	6
<i>Total non-institutional</i>	<i>1</i>	<i>150</i>	<i>151</i>	<i>91</i>	<i>242</i>	<i>12</i>	<i>86</i>	<i>15</i>	<i>113</i>	<i>354</i>
Total recurrent expenditure	3	248	251	292	543	24	103	31	159	702
Capital expenditure	—	1	1	6	7	—	—	1	1	8
Capital consumption	—	2	2	15	17	—	—	—	—	17
Total capital	—	3	3	21	24	—	—	1	1	25
Direct health expenditure	3	251	254	313	567	24	103	32	160	727
Non-specific tax expenditure	—	1	1	—	1	—	-1	—	-1	—
Total health expenditure	3	252	255	313	568	24	102	32	159	727

Notes: See page 114.

Notes to Appendix B tables

- (a) Tables show funding provided by the Australian Government, state and territory governments and local government authorities and by the major non-government sources of funding for health goods and services. They do not show gross outlays on health services by the different service provider sectors.
- (b) '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.
- (c) 'Other non-institutional services' is a summary of community and public health, dental services and administration.
- (d) Includes some expenditures that were previously classified as 'other non-institutional (nec)' as well as expenditure on community health services.
- (e) Capital formation for the non-government sector cannot be allocated according to source of funds.
- (f) Non-government capital consumption (depreciation) is included as part of recurrent expenditure.

Appendix C: Glossary

Accrual accounting	The method of accounting most commonly used by governments in Australia. Relates expenses, revenues and accruals to the period in which they are incurred (see also <i>Cash accounting</i>).
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).
Australian Government administered expenses	Expenses incurred by Department of Health and Ageing 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 Agreement payments and SPPs to state and territory governments) (see also <i>Australian Government departmental expenses</i>).
Australian Government departmental expenses	Those expenses incurred by the Department of Health and Ageing in the production of the department's outputs (mostly consisting of the cost of employees but also including 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 public 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.
Australian Health Care Agreement	The Australian Government, via a series of 5-year agreements, provides funding to each state and territory to support the provision of free public hospital services and some related state health services to all Australians. See Box 1, for details.
Benefit paid pharmaceuticals	Pharmaceuticals for which a benefit has been paid under the PBS or the RPBS.

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>).
Excess health inflation	The difference where the health inflation rate exceeds the general inflation rate i.e. 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 Purpose Classification	Classifies current outlays, capital outlays and selected other transactions of the non-financial public sector in terms of the purposes for which the transactions are made.
Gross domestic product	A statistic commonly used to indicate national wealth. It 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.
Health inflation	The increase in the price level of goods and services in the health care sector.
Implicit price deflator	A GDP price deflator that is calculated by dividing its nominal GDP component by the chain volume measure of real GDP. There is a series of such price indices to deflate National Accounts items to real terms.
In-patient	An OECD term that roughly equates with the Australian 'admitted patient' classification (see above).
Highly specialised drugs	Under Section 100 of the National Health Act, certain drugs can only be supplied to community patients through hospitals because 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.
Household final consumption expenditure	Net expenditure on goods and services of a current nature by households and by private non-profit institutions serving households.
Jurisdictions	Australian, state and territory 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, wheelchairs, that can be used more than once.
Non-admitted patient	Patients who receive care from a recognised non-admitted patient service/clinic of a hospital.
Out-patient	An OECD term that roughly equates with the Australian 'non-admitted patient' classification (see above).
Over-the-counter medicines	Private non-prescription therapeutic medicinal preparations that can be purchased from pharmacies, supermarkets and other retail outlets such as convenience stores.
Over-the-counter medical non-durables	Private households' expenditure of non-prescription therapeutic goods, that tend to be single-use items, such as bandages, elastic stockings, incontinence articles, condoms and other mechanical contraceptive devices, from pharmacies, supermarkets and convenience stores.
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.
Pharmaceuticals, other	Includes over-the-counter pharmaceuticals and medical non-durables; prescriptions for which no benefit is paid, including PBS items less than or equivalent to the co-payment; and vitamins, herbals and complimentary medicines.
Private hospital	A privately owned and operated institution, catering for patients who are treated by a doctor of their own choice. Patients are charged fees for accommodation and other services provided by the hospital and relevant medical and paramedical practitioners. The term includes private freestanding day hospital facilities.
Private patient	Person admitted to a private hospital, or person admitted to a public hospital who decides to choose the doctor(s) who will treat them and to have private ward accommodation. This means that the patient will be charged for medical services, food and accommodation.

Public hospital	A hospital controlled by a state or territory health authority. In Australia public hospitals offer free diagnostic services, treatment, care and accommodation to all Australians who need it.
Public patient	A patient admitted to a public hospital who has agreed to be treated by doctors of the hospital's choice and to accept shared ward accommodation. This means that the patient is not charged.
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. Does not include treatment services.
Purchasing power parity	This exchange rate is one adjusted for differences in the prices of goods and services between countries. It shows how much <u>the same good or service</u> will cost across countries.
Real expenditure	Expenditure expressed in terms which have been adjusted for inflation (for example, in 2001-02 dollars). This enables comparisons to be made between expenditures in different years
Recurrent expenditure	Expenditure incurred by organisations on a recurring basis, for the provision of health services, excluding capital expenditure, but including indirect expenditure.
Repatriation Pharmaceutical Benefits Scheme (RPBS)	This scheme provides assistance to eligible veterans (with recognised war or service related disabilities) and their dependants for both pharmaceuticals under the PBS and a supplementary Repatriation list, at the same cost as patients entitled to the concessional payment under the PBS.
Specific purpose payments	Australian Government payments to the states and territories under the provisions of Section 96 of the Constitution, to be 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.
Therapeutic	Having to do with the treating or curing of a disease.

Appendix D: OECD System of Health Accounts

The Australian Institute of Health and Welfare has the responsibility for collecting, collating and reporting expenditure on health in Australia each year. It is also the national coordinating body for the provision of most social expenditures to the Organisation for Economic Co-operation and Development (OECD). The Institute's responsibilities in this regard include expenditure on welfare services, social security and housing as well as health.

The format that the Institute uses for its national reports of expenditure on health is based on one adopted by the World Health Organisation (WHO) during the 1970s. Australia's reporting format has not changed markedly since the Institute's first national health expenditure report in 1986, despite considerable change in the way health care is delivered. WHO has recently moved to adopt a reporting framework based on a system of health accounts developed by the OECD.

In 2001, the OECD published guidelines for a new method of international reporting for health expenditure. That publication, *A System of Health Accounts*, was developed to encourage international consistency in the way health expenditure was reported throughout the OECD membership. This International Classification for Health Accounts (ICHA) classifies expenditure on health in terms of:

- health care by function (ICHA-HC);
- health care service provider industries (ICHA-HP); and
- sources of funding health care (ICHA-HF).

The *functional* classification refers to the goals or purposes of health care such as disease prevention, health promotion, treatment, rehabilitation and long-term care.

The *provider* classification is a list of health care providers which has been refined and modified from the International Standard Industrial Classification.

The *funder* classification follows the System of National Accounts 1993 guidelines for the allocation of funds by sector.

The major difference between estimates derived using the Australian NHA and the SHA is the value of total expenditure. The NHA includes all the 'health' and 'health-related' functional classifications, except—'Education and training of health personnel'—in its estimates of total health expenditure. The SHA, on the other hand, includes, as well as the 'health' functions, only HC.R.1—'Capital formation of health care provider institutions'—from the 'health-related' functions in its total health expenditure estimates. In 2001, the difference was \$1.4 billion and 2.1% of NHA total health expenditure.

AIHW's health expenditure database for all years since 1998–99 is structured in a way that allows simultaneous reporting according to the NHA reporting matrix and the SHA classifications. Through the work of the HEAC it is expected that an Australian System of Health Accounts will be developed that can be mapped to the OECD's SHA, but which uses terminology that is more relevant to the Australian domestic situation. If this can be

achieved, the revised SHA will be better able to provide more detailed and comprehensive data for both national purposes and international comparability.

The following three tables provide a snapshot of the data for 2001-02, following the OECD format.

Table D1: Total health expenditure by financing agents, Australia, current prices, 2001-02

SHA Code	Description	\$ million	per cent
<i>HF.1</i>	<i>General government</i>	<i>44,318</i>	<i>68.1</i>
HF.1.1	General government excluding social security funds	44,318	68.1
HF.1.1.1	Central government	29,524	45.4
HF.1.1.2, 1.1.3	Provincial / local government	14,794	22.7
HF.1.2	Social security funds	—	—
<i>HF.2</i>	<i>Private sector</i>	<i>20,719</i>	<i>31.9</i>
HF.2.1	Private social insurance	—	—
HF.2.2	Private insurance enterprises (other than social insurance)	4,931	7.6
HF.2.3	Private household out-of-pocket expenditure	13,484	20.7
HF.2.4	Non-profit institutions serving households (other than social insurance)	—	—
HF.2.5	Corporations (other than health insurance)	2,304	3.5
<i>HF.3</i>	<i>Rest of the world</i>	<i>—</i>	<i>—</i>
Total health expenditure		65,038	100.0

Source: AIHW health expenditure database.

Table D2: Total health expenditure by mode of production, Australia, current prices, 2001–02

SHA Code	Description	\$ million	per cent
In-patient care^(a)			
HC.1.1;2.1	Curative & rehabilitative care	21,540	33.1
HC.3.1	Long-term nursing care	4,870	7.5
Services of day-care^(a)			
HC.1.2;2.2	Day cases of curative & rehabilitative care	—	—
HC.3.2	Day cases of long-term nursing care	—	—
Out-patient care			
HC.1.3;2.3	Out-patient curative & rehabilitative care	16,612	25.5
HC.1.3.1	Basic medical and diagnostic services	7,065	10.9
HC.1.3.2	Out-patient dental care	4,078	6.3
HC.1.3.3	All other specialised health care	1,566	2.4
HC.1.3.9;2.3	All other out-patient curative care	3,904	6.0
Home care			
HC.1.4;2.4	Home care (curative & rehabilitative)	—	—
HC.3.3	Home care (long term nursing care)	28	—
Ancillary services to health care			
HC.4.1	Clinical laboratory	1,155	1.8
HC.4.2	Diagnostic imaging	1,306	2.0
HC.4.3	Patient transport and emergency rescue	996	1.5
HC.4.9	All other miscellaneous ancillary services	—	—
Medical goods dispensed to out-patients			
HC.5.1	Pharmaceuticals and other medical non-durables	9,111	14.0
HC.5.2	Therapeutic appliances and other medical durables	2,652	4.1
<i>Total expenditure on personal health care</i>		58,270	89.6
HC.6	Prevention and public health services	871	1.3
HC.7	Health administration and health insurance	2,757	4.2
<i>Total expenditure on collective health care</i>		3,627	5.6
<i>Total current expenditure on health care</i>		61,898	95.2
Health-related functions			
HC.R.1	Capital formation of health care provider institutions	3,140	4.8
Total health expenditure		65,038	100.0

(a) In-patient includes all admitted patient services.

Source: AIHW health expenditure database.

Table D3: Total health expenditure by provider, Australia, current prices, 2001–02

SHA Code	Description	\$ million	per cent
HP.1	Hospitals	22,186	34.1
HP.2	Nursing and residential care facilities	4,636	7.1
HP.3	Providers of ambulatory health care	20,438	31.4
HP.3.1	Offices of physicians	8,483	13.0
HP.3.2	Offices of dentists	4,085	6.3
HP.3.3–3.9	All other providers of ambulatory health care	7,915	12.2
HP.4	Retail sale and other providers of medical goods	11,495	17.7
HP.5	Provision and administration of public health programs	645	1.0
HP.6	General health administration and insurance	5,638	8.7
HP.6.1	Government administration of health	4,700	7.2
HP.6.2	Social security funds	—	—
HP.6.3; 6.4; 6.9	Other social insurance	938	1.4
HP.7	Other industries (rest of the economy)	—	—
HP.7.1	Occupational health care services	—	—
HP.7.2	Private households as providers of home care	—	—
HP.7.9	All other secondary producers of health care	—	—
HP.9	Rest of the world	—	—
Total health expenditure		65,038	100.0

Source: AIHW health expenditure database.

The definitions of OECD categories can be found at:
<http://www.oecd.org/dataoecd/49/51/21160591.pdf>

Appendix E: Capital

The AIHW, under the guidance of the Health Expenditure Advisory Committee (HEAC), is developing a more comprehensive suite of statistics on capital in the Australian health care sector. The development project must address significant differences in scope and accounting practice between the jurisdictions and across the basic data collections.

Background

At present, *Health Expenditure Australia* provides a relatively small amount of information on capital in the Australian health care sector:

- Section 4.2 presents a 10-year time series of outlays on capital, in constant price terms, dissected by three sectors – Australian government; state, territory and local government (in total); and non-government.
- Section 4.3 presents a 10-year time series of depreciation (capital consumption), in current and constant prices terms.

These presentations are based on Australian Bureau of Statistics data. The ABS publishes an integrated suite of time series for capital expenditure, depreciation and capital stock in the whole health industry (*Australian System of National Accounts*, ABS Cat. no. 5204.0). These series are valuable for macro analyses of the industry, but policy makers and researchers particularly interested in the economics and performance of the Australian health care sector would like to obtain similar series dissected more finely by, say, type of institution, type of asset, jurisdiction, and so on.

Australian Hospital Statistics shows estimates of depreciation for the latest year, in current price terms, for public acute and psychiatric hospitals in each state and territory. These estimates are derived from the AIHW's public hospitals establishments data collection.

What capital data are available at present?

During 2003–04, the AIHW, in collaboration with representatives from New South Wales, Victoria and the ABS, explored the range of data sources currently available and the conceptual and accounting foundations that underlie them.

The data sources that were examined included:

- The ABS's National Accounts, Government Finance Statistics, Private Hospitals Establishments Collection and business surveys.
- The AIHW's National Public Hospitals Establishments Database, National Hospital Costs Data Collection and National Survey of Mental Health Services.
- Data assembled by individual state and territory health authorities and central agencies.
- Other data such as those held by the ATO.

Any comprehensive statistics on capital in the Australian health care sector would have to draw on multiple data sources, and would have to resolve differences of scope and accounting practice. Among the key differences identified in the exploratory study were the following:

- The range of assets covered and whether, for example, land is included in the value of buildings and structures.
- The principles and thresholds used to distinguish capital expenditure from recurrent expenditure.
- The use of cash or accrual accounting; accrual accounting has become the dominant practice in recent years, but different methods underlie the historical data that might be used to construct time series.
- The measurement of capital expenditure gross or net of disposals of existing assets.
- The depreciation model (such as straight line or diminishing balance) and assumptions about asset lives or rates of depreciation.
- The basis for valuing capital stocks and the method and frequency of revaluing them.
- The level at which the basic data are assembled, such as health care establishment, managerial unit, whole of agency or whole of government.

An initial examination of the data showed variations of up to 20 per cent between alternative estimates of capital expenditure and depreciation.

The goal for statistics on capital

Ideally, policy makers, researchers and others interested in the economics of the Australian health care sector would like consistent estimates of:

- key aggregates (capital expenditure, depreciation, capital stock and, perhaps the cost of capital),
- for each jurisdiction,
- dissected by major type of service-delivery institution (public hospitals, private hospitals, medical practices, and so on), and
- dissected by major type of asset (buildings, equipment, software, land, and so on).

And insofar as it is practicable, these estimates should be consistent (or at least reconcilable) with:

- on the one hand, the macro estimates of capital that form part of the Australian system of national accounts, and
- on the other hand, capital estimates at the level of the individual jurisdiction or service delivery unit.

Such statistics would provide a valuable counterpart to the detailed information on recurrent expenditures in the health care sector that are presented in *Health Expenditure Australia*. They would support the compilation of aggregate balance sheets for the sector, estimates of productivity and other analyses.

A demonstration project – public hospitals capital

Given the significant inconsistencies within the basic data, this goal would take some years to achieve, and may not be fully achieved even then. HEAC has agreed to sponsor an AIHW project in 2004–05 that aims to develop an experimental integrated suite of capital statistics for public hospitals. This demonstration project will generate statistics that would be valuable in their own right and would form part of the suite of capital statistics for the whole health care sector. It will also inform the development of relevant metadata standards that would guide future national collections of data on capital.

Appendix F: Capital consumption

Capital consumption is otherwise known as depreciation and represents the amount of fixed capital used up each year. The Institute sources the data for this item from ABS government finance statistics. Traditionally within the NHA tables, capital consumption has been excluded from recurrent expenditure and has been grouped with capital expenditure to add to total health expenditure.

Capital consumption, however, is a cost of production and is therefore part of the expenditure involved in producing health goods and services. It should therefore be recorded as part of recurrent expenditure.

The AIHW is currently developing a way to present capital consumption as part of recurrent expenditure, yet provide separate estimates of it for interested persons. In future publications of *Health Expenditure Australia*, this will be shown through an extra column for capital consumption expenditure in Appendix tables A and B. Total capital consumption by governments in 2001–02 was \$1,069 million (Table F1). Of this, 73.8% was spent on hospitals.

Table F1: Government sector shares of capital consumption expenditure by area of expenditure (per cent) and total capital consumption expenditure (\$ million), 2001–02

Area of expenditure	Australian Government	State and local government	Total government
Hospitals	—	79.58	73.75
High-level residential care	—	0.97	0.90
Ambulance	—	3.31	3.07
<i>Total institutional</i>	—	83.86	77.72
Benefit-paid pharmaceuticals	—	0.03	0.03
All other pharmaceuticals	—	0.02	0.02
Aids and appliances	—	0.01	0.01
Community health and other	53.94	10.10	13.31
Public health	8.81	2.73	3.17
Health administration	37.25	3.11	5.61
Research	—	0.15	0.13
<i>Total non-institutional</i>	100.00	16.14	22.28
Total	100.00	100.00	100.00
Total expenditure (current prices) \$ million	28	990	1,018

Source: AIHW health expenditure database.

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