Executive summary

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

This report has been produced as the first stage of the National Public Health Expenditure Project (NPHEP) which has the objective of more accurately describing public health expenditure in Australia. The report reviews what was known about expenditure on public health in Australia in 1999 and assesses the data which were current then. It also describes the overall Project.

A major difficulty in completing this task lay in addressing the complexity of public health. It is difficult to reach agreement on what constitutes public health expenditure. This report only includes 'core' public health expenditure as items of public health expenditure. Many government programs have a public health purpose or function or a public health impact. Only government programs where the public health function was the predominant function are included for discussion in this paper.

'Public health' and 'population health' are terms that are often used as synonyms to describe the organised efforts of a society to protect, promote and restore a population's health through collective or social actions. This report uses the term 'public health' as it is the term used by the National Public Health Partnership, under whose auspices the NPHEP is conducted.

Key findings

The main data discussed in this report are public health expenditure estimates produced by the Commonwealth Grants Commission as part of its February 1999 Report. These data are supplemented by information from the Australian Bureau of Statistics and the Department of Health and Aged Care.

- Data current in 1999 indicated that public health investment by governments in Australia comprised approximately 2% of recurrent health expenditure. In dollar terms, public health services expenditure in 1997–98 was $776m, while total recurrent health expenditure amounted to $43,994m. (This was 1.8% of recurrent health expenditure but, given the uncertainties in the data, the best we can say is that public health expenditure was about 2% of recurrent health expenditure.)
- Available evidence indicated that it is likely that public health expenditure made an impact on improvements in health status and well-being that was greater than its share of 2% of total health expenditure. For example, it has been asserted in the *American Journal of Preventive Medicine* that

  > Some of the greatest improvements in the nation's health status have resulted from population based, community wide approaches. For example, the dramatic increase in life expectancy in the twentieth century is due largely to public health measures to improve sanitation practices, provide safe water, control infectious diseases, and reduce the incidence of many chronic diseases. (Public Health Foundation 1994:58)

- Public health expenditure by the Commonwealth Department of Health and Aged Care was estimated to be $113m or 14.6% of total public health services expenditure.

Commonwealth grants to the States and Territories comprised $145m or 18.6% of total public health services expenditure. In total, therefore, the Commonwealth in 1997–98 funded $258m or 33.2% of total public health expenditure provided by all governments.

- Total State and Territory expenditure on public health was $624m. Public health expenditure funded by States and Territories (excluding that portion funded by the Commonwealth) totalled $479m or 61.7% of government public health expenditure.
- Local government involvement in the delivery of public health programs varies in accordance with the respective Local Government Acts and Health Acts. The limited information available in 1999 indicated that local governments spent at least $40m on public health services in 1997–98, which was 5% of total government expenditure on public health.
- It is estimated that expenditure on public health research in 1996–97 was $182m.

Data deficiencies

Notwithstanding the key findings outlined above, this report indicates that the accuracy and scope of data on public health expenditure which was current in 1999 was inadequate for the purpose of informing public health policy. More information was required on expenditure on the components of public health in order to provide a more accurate understanding of public health expenditure. Obtaining this information required clear definitions of core public health functions and required public health expenditure to be reported according to these definitions. Problems that needed to be addressed included:

- Inconsistency in the way current definitions were applied from State to State.
- Lack of clarity as to how activities on the borderline between public and community health should be classified.
- Collection of reliable data from local governments.
- Collection of reliable data from non-health government departments.
- The unknown overlap between public health research expenditure and other public health expenditure data.
- Non-inclusion of expenditure funded by non-government organisations and the household sector.
- Comparability across time.

The NPHEP addresses these data deficiencies in Stage 2 of the Project, through collecting public health expenditure data in a more uniform manner according to an agreed set of definitions of public health functions.