

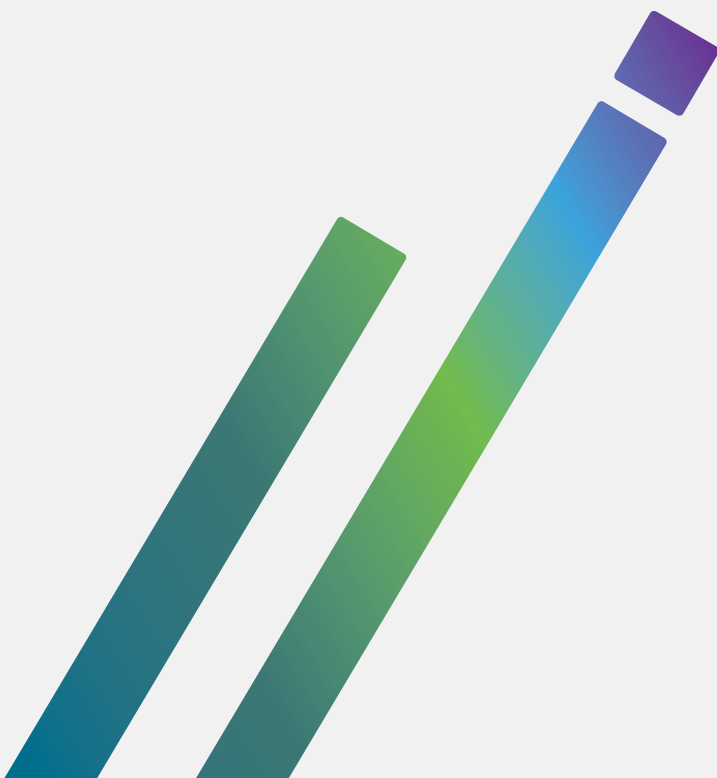


Australian Government
**Australian Institute of
Health and Welfare**



Health expenditure Australia

2016–17



AIHW



Australian Government

**Australian Institute of
Health and Welfare**

Health and welfare expenditure series

Number 64

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2016–17

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Janice Miller, Emily Bourke and Vergil Dolar carried out the collection and analysis of the data and the writing of this publication.

Abbreviations

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
AIHW	Australian Institute of Health and Welfare
Amt	amount
APRA	Australian Prudential Regulation Authority
CPI	consumer price index
DVA	Australian Government Department of Veterans' Affairs
GDP	gross domestic product
GFCE	government final consumption expenditure
GHE NMDS	Government Health Expenditure National Minimum Data Set
GNE	gross national expenditure
GST	goods and services tax
HFCE	household final consumption expenditure
HIF	health insurance funds
IHPA	Independent Hospital Pricing Authority
IPD	implicit price deflator
IRI	Information Resources Incorporated
MBS	Medicare Benefits Schedule
METeOR	Metadata Online Registry
NPP	national partnership payment
NSW	New South Wales
NT	Northern Territory
OECD	Organisation for Economic Co-operation and Development
PBS	Pharmaceutical Benefits Scheme
Qld	Queensland
SA	South Australia
SPP	special purpose payment
Tas	Tasmania
Treasury	Australian Government Department of the Treasury
Vic	Victoria
WA	Western Australia
WHO	World Health Organization

Symbols

%	per cent
—	nil or rounded to zero
..	not applicable

Summary

Australia spent nearly \$181 billion on health in 2016–17—this is more than \$7,400 per person and 10% of overall economic activity. This represents higher growth in spending than in recent years. The real growth (adjusted for inflation) in health spending of 4.7% in 2016–17 was 1.6 percentage points higher than the average over the past 5 years (3.1%) and higher than the average over the decade for the first time since 2011–12.

Governments driving growth

More than two-thirds (69%) of health spending is funded by the Australian Government and state and territory governments (\$75 billion and \$50 billion, respectively) and governments were the main drivers of the recent growth in spending. Total government spending on health grew by 6.8% in real terms in 2016–17 to \$124 billion, well above the average growth rate for the previous 5 years of 2.6%.

Tax revenue is the main source of government income used to fund public services, including health care. Due to the relatively rapid growth in government spending, the ratio of government health expenditure to tax revenue increased in 2016–17 following a period of relative stability (rising by 0.8 percentage points to 27.1%).

Real growth in health expenditure over the decade to 2016–17 was similar for the Australian Government and state and territory governments (4.5% and 4.6%, respectively), though average growth in the last 5 years was greater for states and territories (3.1% compared with 2.4%).

In contrast, in 2016–17, non-government sources recorded the lowest growth rate in health spending in the decade since 2006–07—0.2% compared with the decade average of 4.8%. Around \$30 billion of this spending came from individuals.

Balance of public hospital funding shifting

In 2016–17, \$69 billion was spent on hospitals—a real increase of \$2 billion from the previous year.

Funding of public hospitals has shifted between governments in recent years. Australian Government expenditure on public hospitals rose 6.2% in real terms to nearly \$22 billion, whereas state and territory government funding for public hospitals increased 0.1% in real terms from the previous year, to \$27 billion.

Because of this shift, the share of public hospital funding contributed by the state and territory governments fell from 52.4% to 51.0%, with the Australian Government share increasing from 39.3% to 40.6% between 2015–16 and 2016–17.

Spending on new treatment for hepatitis C

Around \$1.7 billion was spent on new treatments to treat hepatitis C in 2016–17. This contributed to an overall increase in Australian Government spending on benefit-paid pharmaceuticals of \$1.3 billion in real terms.

Impact of private health insurance changes

Since the introduction of income testing of the private health insurance premium rebate in July 2012, the rebate amount paid by the Australian Government has not changed in real terms from 2011–12 (around \$6 billion). This contributed to growth in net health expenditure by private health insurance providers of 4.8%, compared with average growth of 5.8% over the decade.

1 Introduction

This report is the latest in the Australian Institute of Health and Welfare's (AIHW) *Health expenditure Australia* series and includes estimates of how much was spent on health between 2006–07 and 2016–17. These estimates form Australia's National Health Accounts. The National Health Accounts give in-depth information relating to the performance and efficiency of Australia's health system and changes over time. They are a related (but separate) collection from the Australian National Accounts prepared by the Australian Bureau of Statistics (ABS), which cover the entire economy.

1.1 What is health expenditure?

Health expenditure is defined as expenditure on health goods and services, including investment in equipment and facilities (see Glossary for detailed descriptions of health expenditure components). This definition closely follows the definitions and concepts that the Organisation for Economic Co-operation and Development (OECD) System of Health Accounts (OECD, Eurostat & WHO 2011) framework gives. It excludes:

- expenditure that may have a 'health' outcome, but is incurred outside the health sector (such as building safer transport systems, or educating health practitioners)
- expenditure on personal activities not directly related to maintaining or improving personal health
- expenditure where health is not the main area of expected benefit.

Expenditure on health is categorised in terms of recurrent expenditure and capital expenditure.

Recurrent expenditure can generally be thought of as goods and services consumed within a year. It includes expenditure on health goods (such as medications and health aids and appliances), health services (such as hospital, dental and medical services), public health activities, and other activities that support health systems (such as research and administration). Capital consumption or depreciation is also included as part of recurrent expenditure.

Capital expenditure is expenditure on fixed assets such as new buildings or medical equipment.

Health expenditure occurs when money is spent on health goods and services. This spending occurs at different levels of government, as well as by non-government entities such as private health insurers and individuals.

In many cases, funds pass through several entities before providers (such as hospitals, general practices and pharmacies) use them to provide health goods and services.

The term 'health expenditure' in this context includes the funds the Australian Government provides to the state and territory governments, as well as funds that the state and territory governments allocate to health service providers.

In the case of public hospital care, for example; the states and territories use funds provided from several sources, including from the Australian Government, as outlined in Figure 1.1. Hospitals also receive funds from several sources before ultimately spending this money on accommodation, medical and surgical supplies, drugs, salaries, and so forth.

In many cases, expenditure data are not available directly from the providers of health goods and services. As a result, data for this report are derived mainly from entities that spend

money on health goods and services—particularly state and territory governments, the Australian Government, private health insurers and individuals.

In this report, efforts have been made to record as much health expenditure as possible. To avoid double counting, expenditure by some entities is offset against expenditure by others. For example, when estimating total expenditure on hospital services in a year, the funds the Australian Government gives to states and territories for hospital services are subtracted from the hospital expenditure reported by the states and territories to derive the amount that the states and territories spent from their own resources.

This method has limitations where the funds provided by the Australian Government are not all spent by the state or territory government in the same year. For example, in 2008–09, the Australian Government gave \$1.2 billion to the states and territories through the 5-year National Partnership Agreement on Health and Hospital Workforce Reform. This funding has been offset against 2008–09 state and territory government expenditure, even though they may have actually spent the funds over several years. This is an extreme example, however, and its overall effect on trends in health expenditure is limited.

Box 1.1: Expenditure at current and constant prices

Current price estimates

Expenditure at current prices refers to expenditure that is not adjusted for movements in prices from one year to another (that is, not adjusted for inflation). Comparisons over time using figures expressed in current prices can be misleading due to the effect of inflation. For example, \$1 billion spent in 2006–07 will have bought more health goods and services than \$1 billion spent in 2016–17.

Deflation and constant price estimates

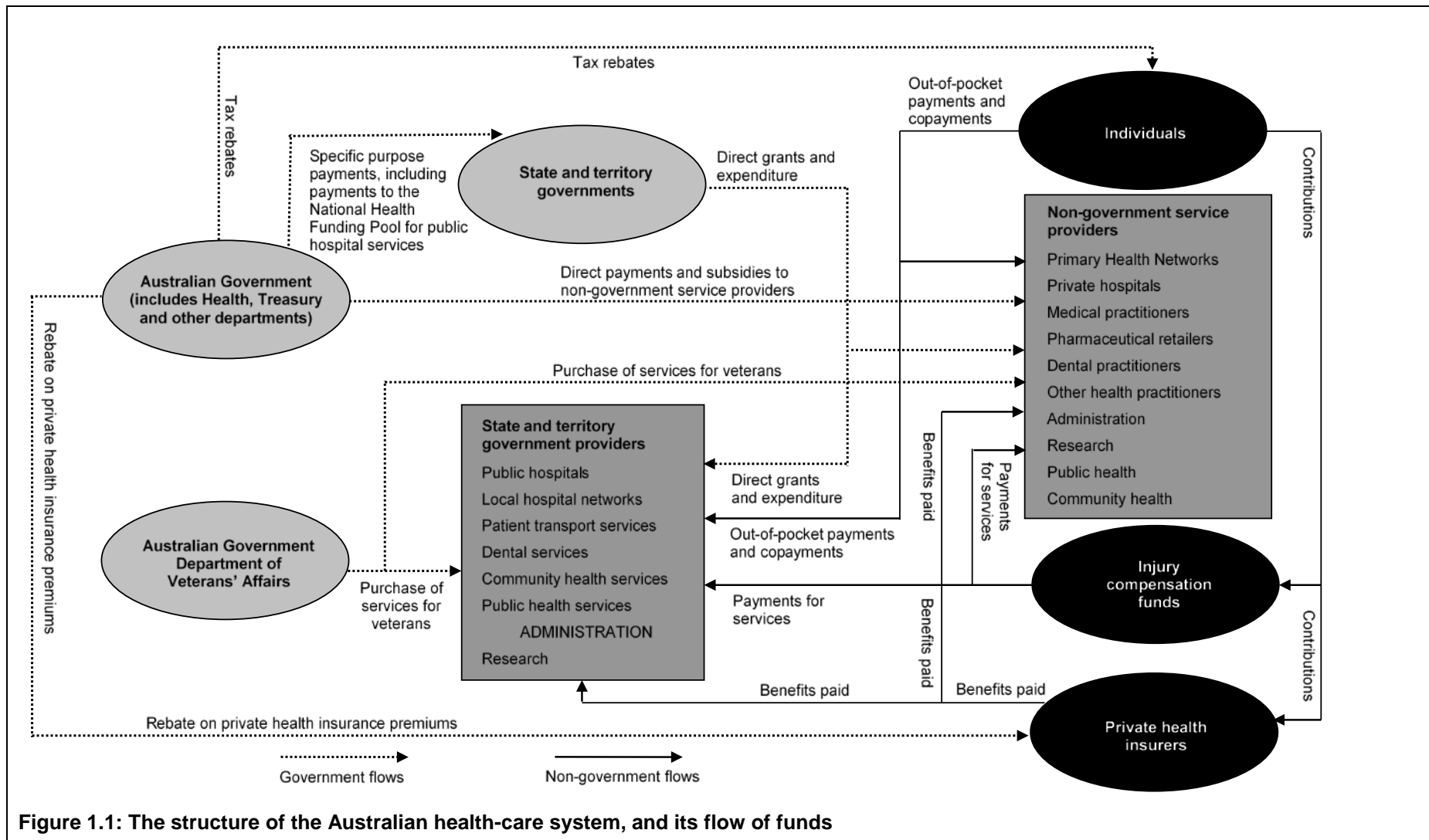
To compare estimates of expenditures in different time periods, it is necessary to compensate for inflation. This process is known as 'deflation'. The result is a series of annual estimates of expenditure that are expressed in terms of the value of currency in a selected reference year. These are referred to as 'constant prices'.

The reference year used in this report is 2016–17. See Appendix C for more information on the deflation methods used.

Measuring change

Changes from year to year in the estimates of expenditure at current prices are referred to throughout this report as 'nominal growth in expenditure' or 'nominal growth'. These reflect changes that come about because of the combined effects of inflation and rises in the volume of health goods and services.

Growth in expenditure, expressed in constant prices, is referred to as 'real growth' or 'growth in real terms'.



1.2 The structure of the health sector and its flow of funds

The flow of funds around the Australian health-care system is complex and the institutional frameworks in place—both government and non-government—determine how this occurs. The government sector includes the Australian and state and territory governments and, in some jurisdictions, local government. The non-government sector comprises individuals, private health insurers and other non-government funding sources. Other non-government sources principally include workers' compensation, compulsory third-party motor vehicle insurers, funding for research from non-government sources and miscellaneous non-patient revenue that hospitals receive. Figure 1.1 shows the major flows of funding between the government and non-government sectors and the providers of health goods and services.

1.3 Structure of this report

This report focuses on national trends in health expenditure.

The tables and figures in this publication provide expenditure in terms of current and constant prices (see Box 1.1).

Chapter 2 presents a broad picture of total national health expenditure in 2016–17 and over the decade since 2006–07.

Chapter 3 analyses health expenditure in terms of who provided the funding for the expenditure—the Australian Government, state and territory governments, or the non-government sector.

The appendixes include more detailed national and state and territory health expenditure data, information on the data sources and methods used to create the expenditure estimates and a data quality statement for 2016–17 for the AIHW health expenditure database.

Data for all tables and figures in the publication can be downloaded free from www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/data.

2 Health expenditure

This chapter describes broad trends in health expenditure over the past decade. Australia's expenditure is considered in the context of changes in the economy and population growth. The focus is on total health expenditure (recurrent plus capital expenditure and the medical expenses tax rebate) in all sections except Section 2.4, which deals specifically with recurrent expenditure.

Total expenditure on health goods and services in 2016–17 was \$180.7 billion. This was around \$8.1 billion higher in real terms (after accounting for inflation) than in 2015–16 (Table 2.1).

The rate of real growth in health expenditure was slower in the second half of the decade to 2016–17 than the first. Average annual expenditure increased at a rate of 6.2% between 2006–07 and 2011–12, compared with 3.1% between 2011–12 and 2016–17. The real growth of 4.7% in 2016–17 was, however, higher than the average annual growth over the decade (4.6%) for the first time since 2011–12.

Table 2.1: Total health expenditure, current and constant prices^(a), and annual rates of change, 2006–07 to 2016–17

Year	Amount (\$ million)		Change from previous year (%)	
	Current	Constant	Nominal change ^(b)	Real growth ^(b)
2006–07	94,938	114,955	..	..
2007–08	103,563	122,459	9.08	6.53
2008–09	114,401	131,469	10.46	7.36
2009–10	121,710	136,483	6.39	3.81
2010–11	131,612	146,174	8.14	7.10
2011–12	141,957	154,993	7.86	6.03
2012–13	146,953	156,733	3.52	1.12
2013–14	154,671	161,703	5.25	3.17
2014–15	161,619	165,938	4.49	2.62
2015–16	170,527	172,594	5.51	4.01
2016–17	180,658	180,658	5.94	4.67
Average annual change (%)				
2006–07 to 2011–12	..	..	8.38	6.16
2011–12 to 2016–17	..	..	4.94	3.11
2006–07 to 2016–17	..	..	6.65	4.62

(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

(b) Nominal changes in expenditure from year to year refer to the change in current price estimates. Real growth is the growth in expenditure at constant prices. See Box 1.1 for more information.

Source: AIHW health expenditure database.

A change in expenditure, at current prices, from one year to another can result from either increased prices (inflation) or growth in volume, or a combination of both (see Box 1.1). Inflation can be further subdivided and analysed in terms of 'general inflation' and 'excess health inflation', which indicates whether inflation in the health sector was higher or lower than in the general economy (see Box 2.1).

Box 2.1: Inflation

Inflation refers to changes in prices over time. Inflation can be positive (that is, prices are rising over time) or negative.

General inflation

General inflation refers to the average rate of change in prices throughout the economy over time. Two measures are used for the general rate of inflation—the implicit price deflators for gross domestic product (GDP) and gross national expenditure (GNE). The ABS produces figures for both of these implicit price deflators.

The GDP implicit price deflator measures change in the total value of goods and services that Australian residents produce, including exports but excluding imports. The GNE implicit price deflator includes imports but excludes exports.

Where exports form a major part of an economy's product, the GDP inflation figure can reflect international trends more than shifts in domestic pricing. In these cases, GNE can give a more accurate indication of inflation in domestic prices.

Health inflation

Health inflation is a measure of the average rate of change in prices within the health goods and services sector of the economy. Changes in the total health price index measure health inflation (see Appendix C).

Excess health inflation

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

2.1 Health expenditure and the GDP

The ratio of Australia's health expenditure to gross domestic product (GDP) (health to GDP ratio) measures the proportion of total economic activity represented by the health sector.

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

- the volume of health goods and services consumed can grow at a different rate than all other goods and services in the economy
- prices in the health sector can move at different rates from those in the economy more generally (referred to as excess health inflation, see Box 2.1).

Changes in the ratio are influenced as much by changes in GDP as by health expenditure.

Health's share of GDP remained steady at 10.3% from 2015–16 to 2016–17. This was only the second time in the decade that the ratio did not increase from year to year and was reflective of GDP and health expenditure both increasing at the same rate (5.9%) in 2016–17, before accounting for inflation (tables 2.1 and 2.2).

Table 2.2: Total health expenditure and GDP, current prices, and annual health to GDP ratios, 2006–07 to 2016–17

Year	Total health expenditure (\$ million)	GDP (\$ million)	Nominal GDP growth (%) ^(a)	Ratio of health expenditure to GDP (%)
2006–07	94,938	1,085,145	..	8.75
2007–08	103,563	1,175,737	8.35	8.81
2008–09	114,401	1,258,302	7.02	9.09
2009–10	121,710	1,299,079	3.24	9.37
2010–11	131,612	1,414,219	8.86	9.31
2011–12	141,957	1,496,800	5.84	9.48
2012–13	146,953	1,533,882	2.48	9.58
2013–14	154,671	1,595,776	4.04	9.69
2014–15	161,619	1,621,404	1.61	9.97
2015–16	170,527	1,659,604	2.36	10.28
2016–17	180,658	1,758,130	5.94	10.28
Average	..	..	4.94	9.51

(a) Nominal growth in GDP from year to year refers to the change in current price estimates.

Sources: AIHW health expenditure database; ABS 2018b.

Growth in health expenditure compared with GDP

Once inflation in both the health sector and the overall economy are taken into account, real health spending grew by 4.7% in 2016–17, 2.6 percentage points higher than GDP (Table 2.3; Figure 2.1).

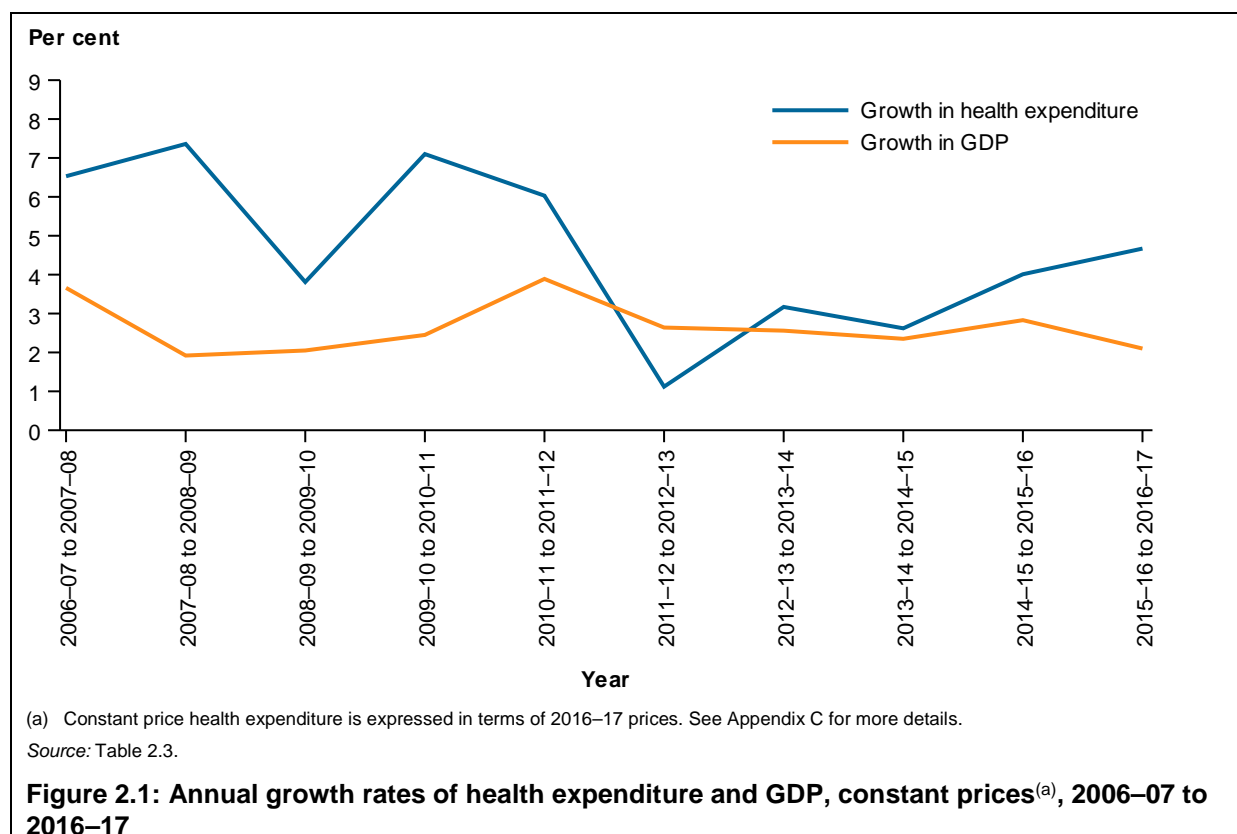
This pattern is consistent over the decade to 2016–17 where expenditure grew an average of 4.6% annually, while GDP grew 2.6% over the same period (Table 2.3). Between 2012–13 and 2014–15, the gap between health expenditure growth and GDP growth reduced but in the most recent years it has shown signs of widening again (Figure 2.1).

Table 2.3: Total health expenditure and GDP, constant prices^(a), and annual growth rates, 2006–07 to 2016–17

Year	Total health expenditure		GDP	
	Amount (\$ million)	Growth rate (%)	Amount (\$ million)	Growth rate (%)
2006–07	114,955	..	1,354,362	..
2007–08	122,459	6.53	1,403,901	3.66
2008–09	131,469	7.36	1,430,895	1.92
2009–10	136,483	3.81	1,460,270	2.05
2010–11	146,174	7.10	1,496,063	2.45
2011–12	154,993	6.03	1,554,289	3.89
2012–13	156,733	1.12	1,595,314	2.64
2013–14	161,703	3.17	1,636,127	2.56
2014–15	165,938	2.62	1,674,595	2.35
2015–16	172,594	4.01	1,721,941	2.83
2016–17	180,658	4.67	1,758,130	2.10
Average annual growth rate (%)				
2006–07 to 2011–12	..	6.16	..	2.79
2011–12 to 2016–17	..	3.11	..	2.50
2006–07 to 2016–17	..	4.62	..	2.64

(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

Sources: AIHW health expenditure database; ABS 2018b.



Health inflation

To gauge differences between health inflation and general inflation, it is necessary to have agreed measures of both. Inflation across the economy is often measured by changes in the ABS implicit price deflator (IPD) for GDP, while health inflation is measured by changes in the AIHW total health price index. In this report, the IPD for gross national expenditure (GNE) has also been considered as a measure of economy-wide inflation. These two measures take a different approach to the treatment of the export and import components of the economy (see Box 2.1).

Health inflation was estimated at 1.2% in 2016–17. When using price increases for domestic production as a comparator, health inflation was lower than general inflation (3.8%), with an excess health inflation of –2.5%. However, when compared with price increases for national expenditure (0.9%), excess health inflation was 0.3% (Table 2.4). On average, excess health inflation was negative over the decade, whether compared with either the GDP or GNE IPDs, which were –0.3% and –0.2%, respectively. This suggests that price growth in the health sector over the past decade has generally been slower than in the rest of the economy when compared with both domestic production and national expenditure (Table 2.4; Figure 2.2).

The difference between the two measures is due to differences in prices for imports and exports of goods, and indicates that the inclusion or exclusion of exports and imports has a large impact on whether prices in the health sector appear to have risen slower or faster than the general inflation rate.

Table 2.4: Annual rates of health inflation, 2006–07 to 2016–17 (%)

Period	Health inflation ^(a)	GDP IPD measures		GNE IPD measures	
		General inflation ^(b)	Excess health inflation	General inflation ^(c)	Excess health inflation
2006–07 to 2007–08	2.40	4.53	–2.03	3.29	–0.86
2007–08 to 2008–09	2.89	5.00	–2.01	3.42	–0.51
2008–09 to 2009–10	2.48	1.16	1.30	1.83	0.64
2009–10 to 2010–11	0.97	6.26	–4.98	2.24	–1.25
2010–11 to 2011–12	1.72	1.87	–0.15	1.75	–0.03
2011–12 to 2012–13	2.37	–0.16	2.53	2.05	0.32
2012–13 to 2013–14	2.02	1.44	0.57	2.22	–0.20
2013–14 to 2014–15	1.83	–0.73	2.57	1.55	0.27
2014–15 to 2015–16	1.44	–0.46	1.91	1.73	–0.28
2015–16 to 2016–17	1.21	3.76	–2.45	0.90	0.31
Average annual growth rate (%)					
2006–07 to 2011–12	2.09	3.75	–1.57	2.51	–0.40
2011–12 to 2016–17	1.77	0.76	1.03	1.69	0.08
2006–07 to 2016–17	1.93	2.24	–0.27	2.10	–0.16

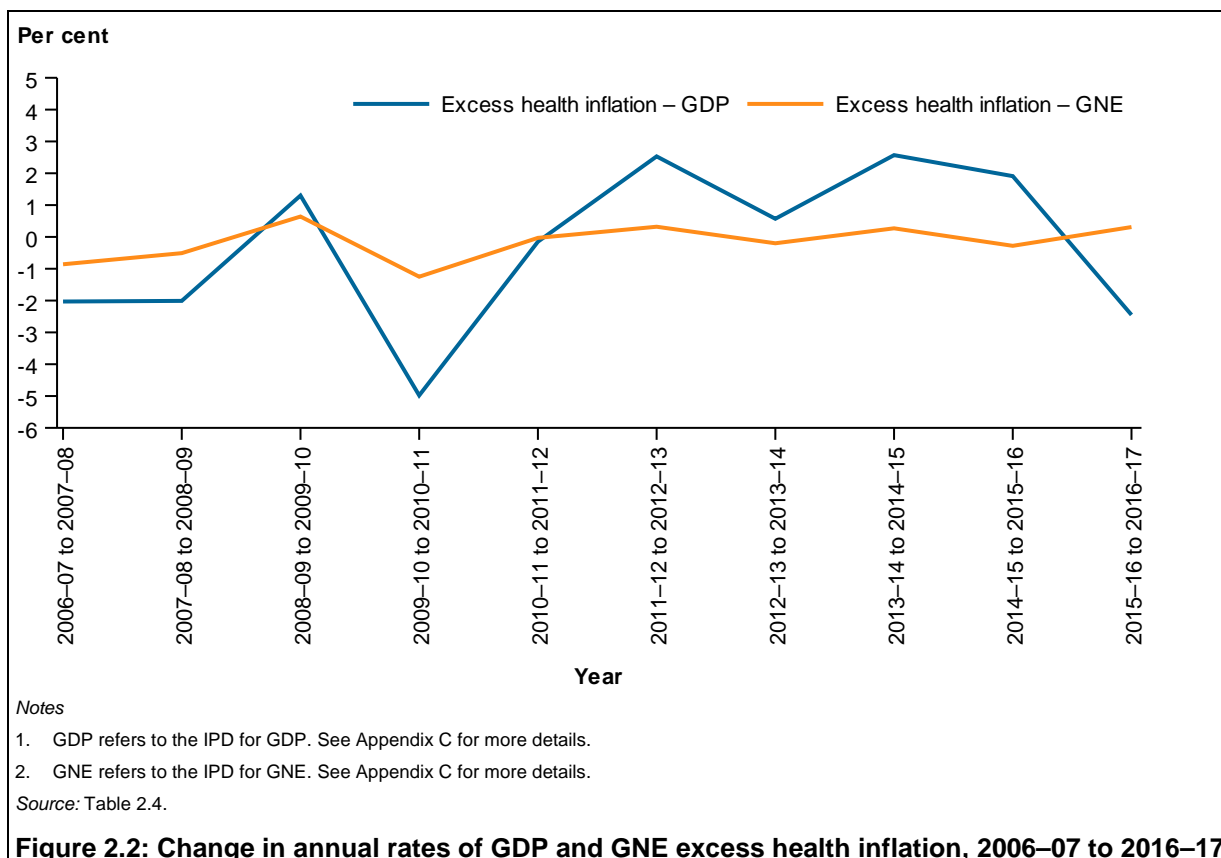
(a) Based on the total health price index. See Appendix C for more details.

(b) Based on the IPD for GDP. See Appendix C for more details.

(c) Based on the IPD for GNE. See Appendix C for more details.

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

Sources: AIHW health expenditure database; ABS 2018b.



The contribution of inflation to health expenditure growth

Changes in health expenditure are due to both changes in the volume of goods and services, and changes in the prices of goods and services. The way real growth in health goods and services and health inflation contributed to changes in the annual ratio of health expenditure to GDP is shown in Table 2.5.

In 2016-17, the ratio of health expenditure to GDP was 10.3%, with no change on the previous year. The stability in the health to GDP ratio is due to a rise in the volume of health goods and services consumed with slower price growth, relative to the general economy. The volume of health goods and services increased 2.5% relative to the increase in GDP volume, and the price of health goods and services fell 2.5% compared with price changes in the general economy (Table 2.5).

Table 2.5: Components of the annual change in the health expenditure to GDP ratio, 2006–07 to 2016–17 (%)

Year	Ratio of health expenditure to GDP	Percentage change in ratio of health expenditure to GDP from previous year	Components of change in ratio	
			Change in the volume of health goods and services purchased ^(a)	Change in the price of health goods and services purchased ^(b)
2006–07	8.75	..	..	..
2007–08	8.81	0.68	2.77	-2.03
2008–09	9.09	3.22	5.33	-2.01
2009–10	9.37	3.05	1.73	1.30
2010–11	9.31	-0.67	4.54	-4.98
2011–12	9.48	1.91	2.06	-0.15
2012–13	9.58	1.02	-1.48	2.53
2013–14	9.69	1.17	0.60	0.57
2014–15	9.97	2.84	0.26	2.57
2015–16	10.28	3.08	1.15	1.91
2016–17	10.28	—	2.52	-2.45

(a) Calculated using the real growth rate in total health expenditure and the real growth rate in GDP (see Table 2.3).

(b) Calculated using the IPD for GDP (see Table 2.4).

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

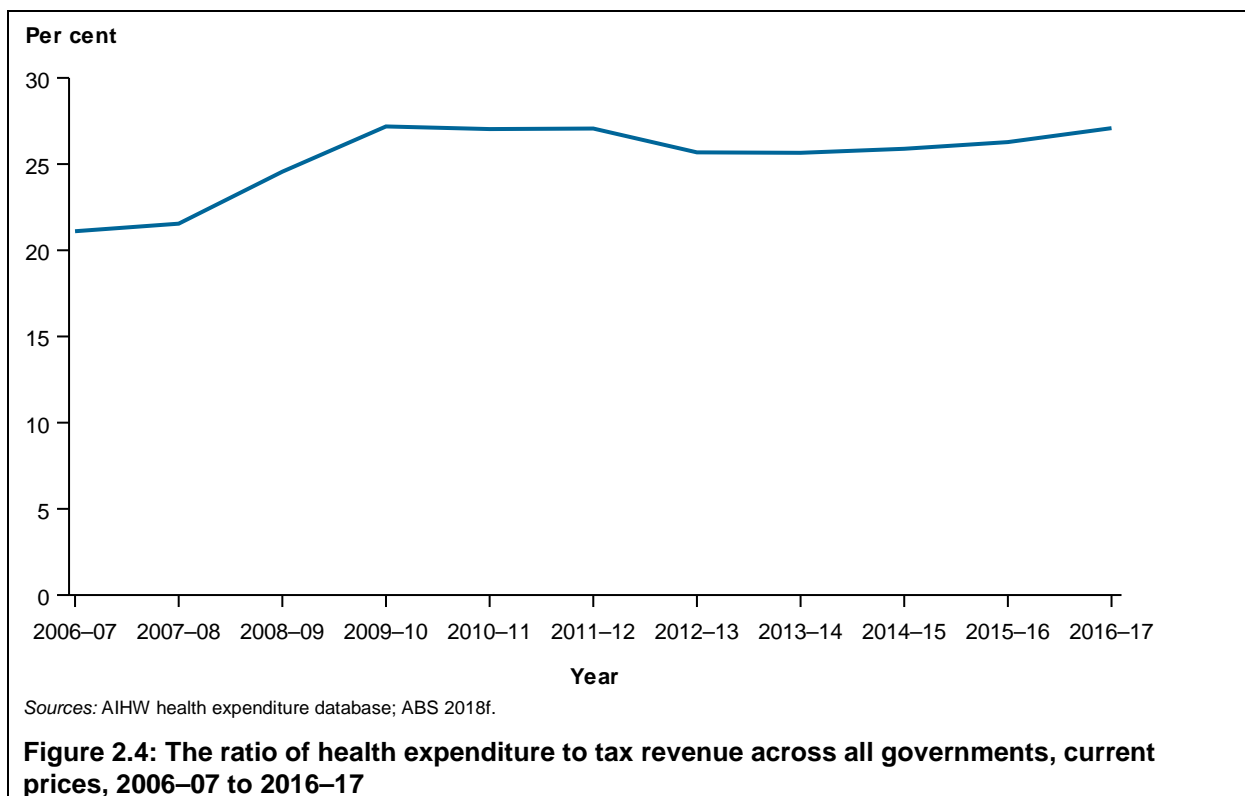
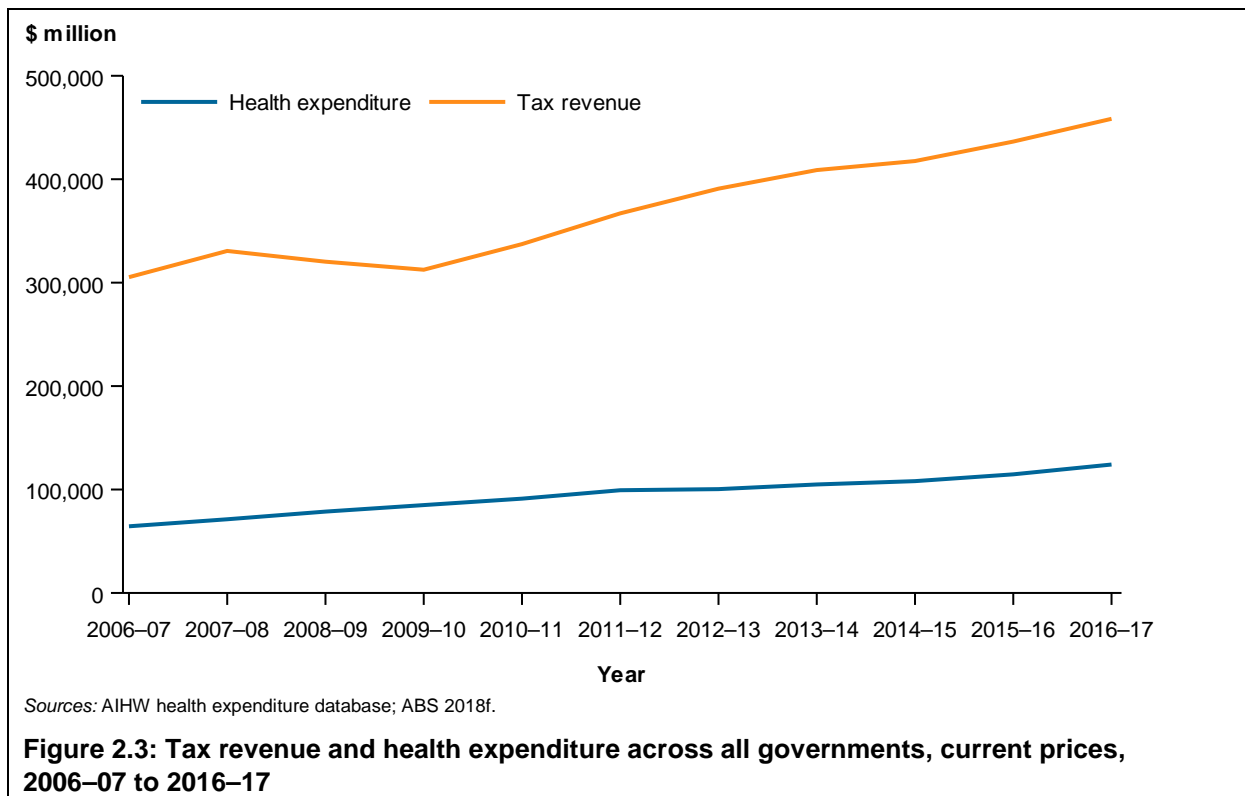
Sources: AIHW health expenditure database; ABS 2018b.

2.2 Government health expenditure and tax revenue

As well as measuring the size of the health sector relative to the overall economy, it can be useful to consider the size of government expenditure on health relative to government incomes, specifically tax revenue. Tax revenue is the main source of government income used to fund public services including health care.

At the national level, tax revenue growth was less consistent than growth in government health expenditure in the decade to 2016–17. This was largely a result of the global financial crisis (GFC) (Figure 2.3). Government health expenditure, not adjusted for inflation, grew by 8.3% between 2015–16 and 2016–17 compared with an annual average of 6.8% over the decade. Tax revenue grew by 5.0%, compared with an average annual growth rate of 4.2%.

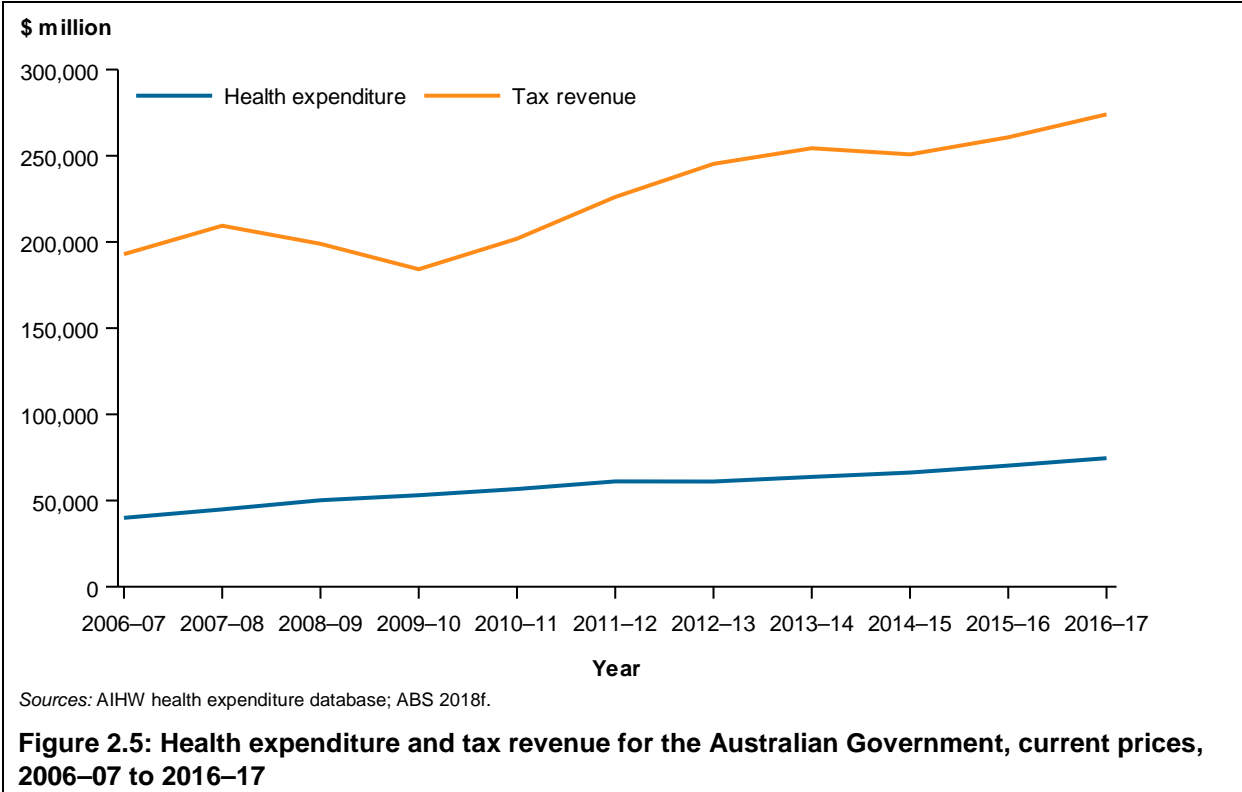
As a result, the ratio of government health expenditure to tax revenue has increased, following a period of relative stability over the four years to 2015–16. It was between 25.7% and 26.3% over this period, and rose by 0.8 of a percentage point in 2016–17 to 27.1% (Figure 2.4). This is the highest proportion of government health expenditure to tax revenue since 2011–12, and slightly lower than the decade peak of 27.2% in 2009–10 (when tax revenue was heavily impacted by the GFC).

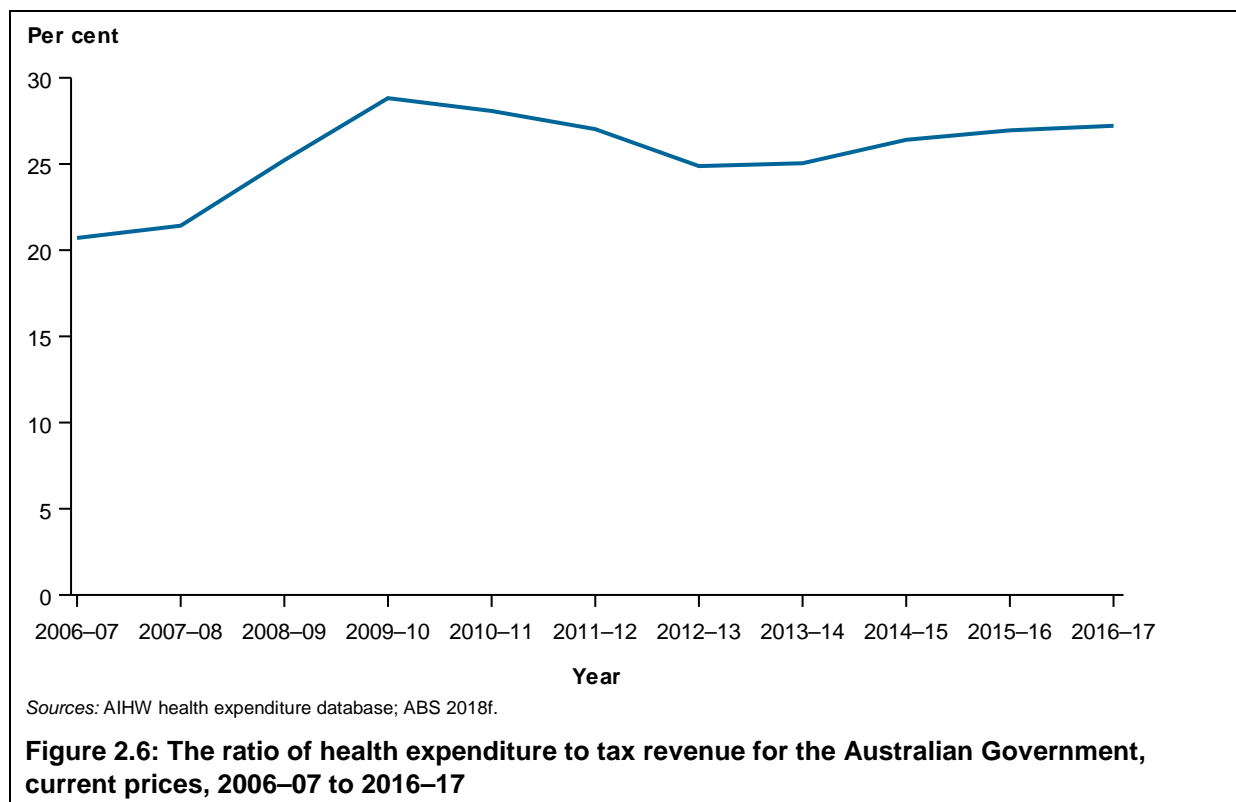


Australian Government

The relatively strong growth in overall tax revenue in 2016–17 was mostly driven by an increase in Australian Government tax revenues, excluding revenue from the goods and services tax (GST). Australian Government tax revenues grew by 5.1% in 2016–17, and by an average 3.8% over the decade (Figure 2.5).

Growth in Australian Government health expenditure was slightly below the annual average growth between 2006–07 and 2016–17 (6.1% compared with 6.5%) (Figure 2.5), but still higher than tax revenue growth, leading to 0.3 of a percentage point rise in the ratio of health expenditure to taxation revenue (from 27.0% in 2015–16 to 27.2% in 2016–17) (Figure 2.6). This is the highest proportion of health expenditure to tax revenue since 2010–11, when it was 28.1%.





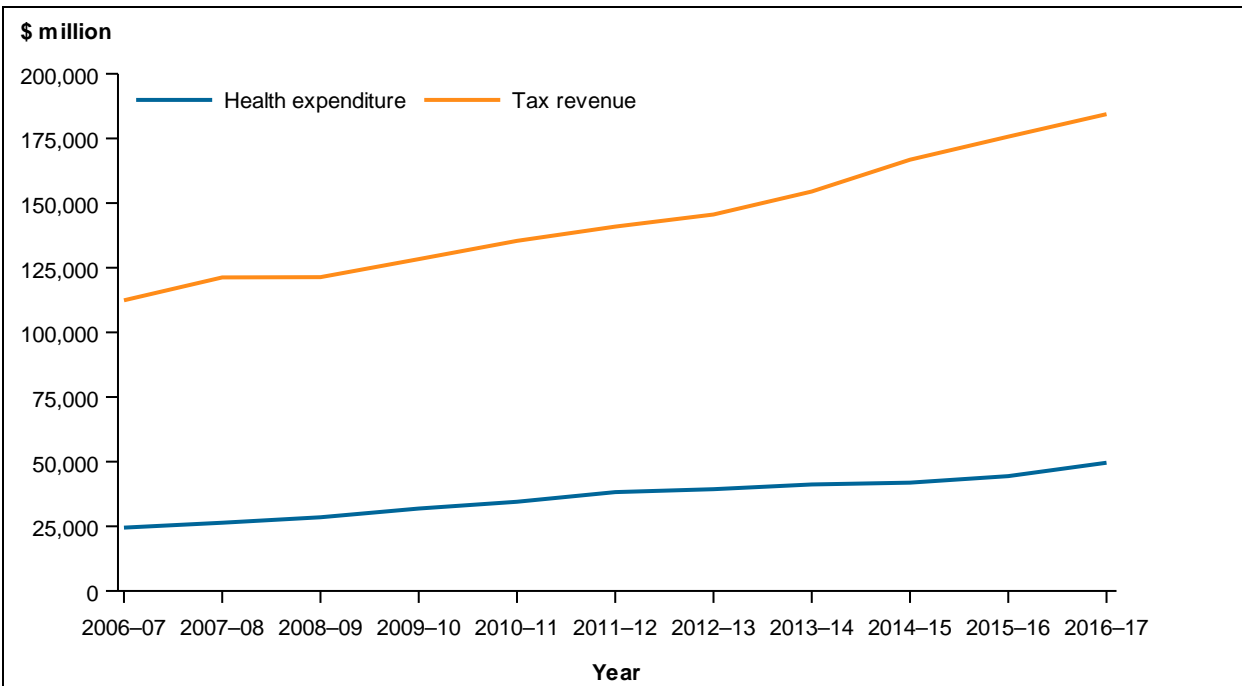
State and territory and local governments

Unlike Australian Government tax revenue, state and territory and local government tax revenue has grown consistently over the decade to 2016-17. In 2016-17, state and territory and local government tax revenues (including the GST) grew 5.0% (compared with 5.1% annual average growth over the decade, not adjusted for inflation) (Figure 2.7).

In contrast, health expenditure by state and territory and local governments grew by 11.7% in 2016-17, nearly three-fifths greater than the average annual growth rate for the decade (7.4%) (Figure 2.7).

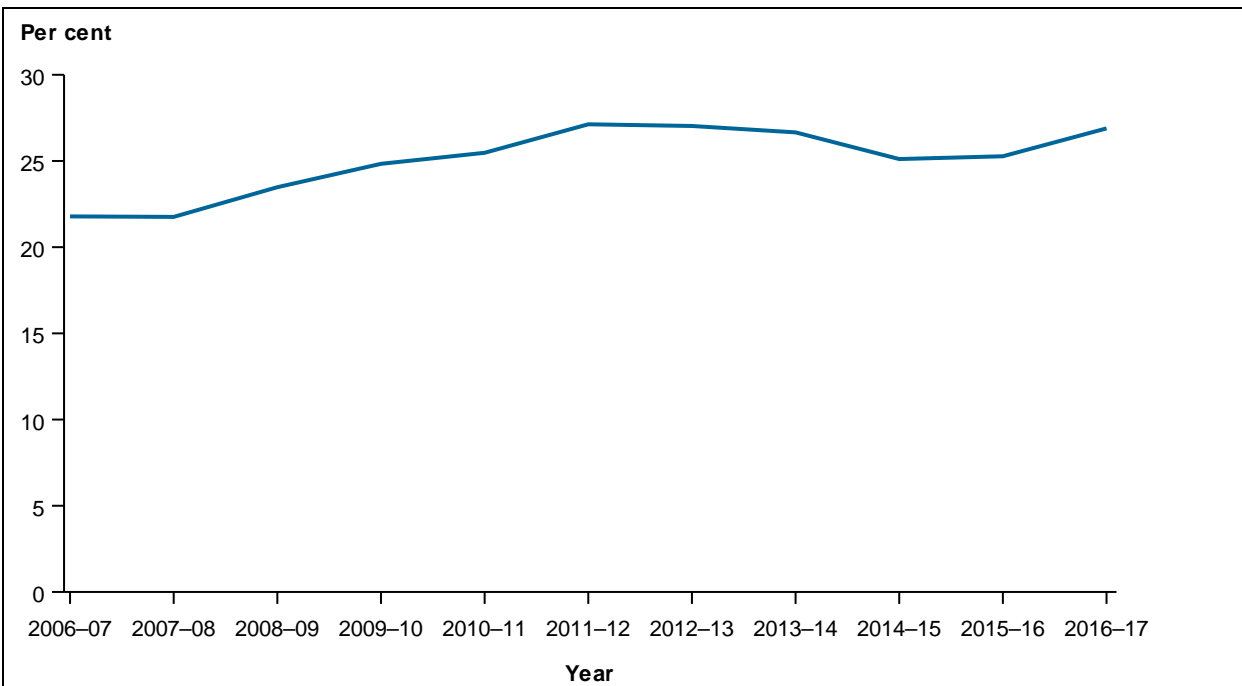
As a result, the ratio of health expenditure to revenue for state and territory and local governments increased by about 1.6 percentage points (from 25.3% in 2015-16 to 26.9% in 2016-17) (Figure 2.8). This is the second consecutive year that this ratio has increased, and the highest since 2012-13 when the ratio was 27.0%. The increase occurred in most states and territories, although the amount varied.

South Australia had the largest increase in the ratio of health expenditure to tax revenue (20.6 percentage points) due to a large amount of 'one-off' capital expenditure on the new Royal Adelaide Hospital in 2016-17 (see Appendix A—Notes to tables). New South Wales and Victoria had the smallest increase at 0.1 of a percentage point. The ratio for Queensland was 31.0%, unchanged between 2015-16 and 2016-17 (Figure 2.9).



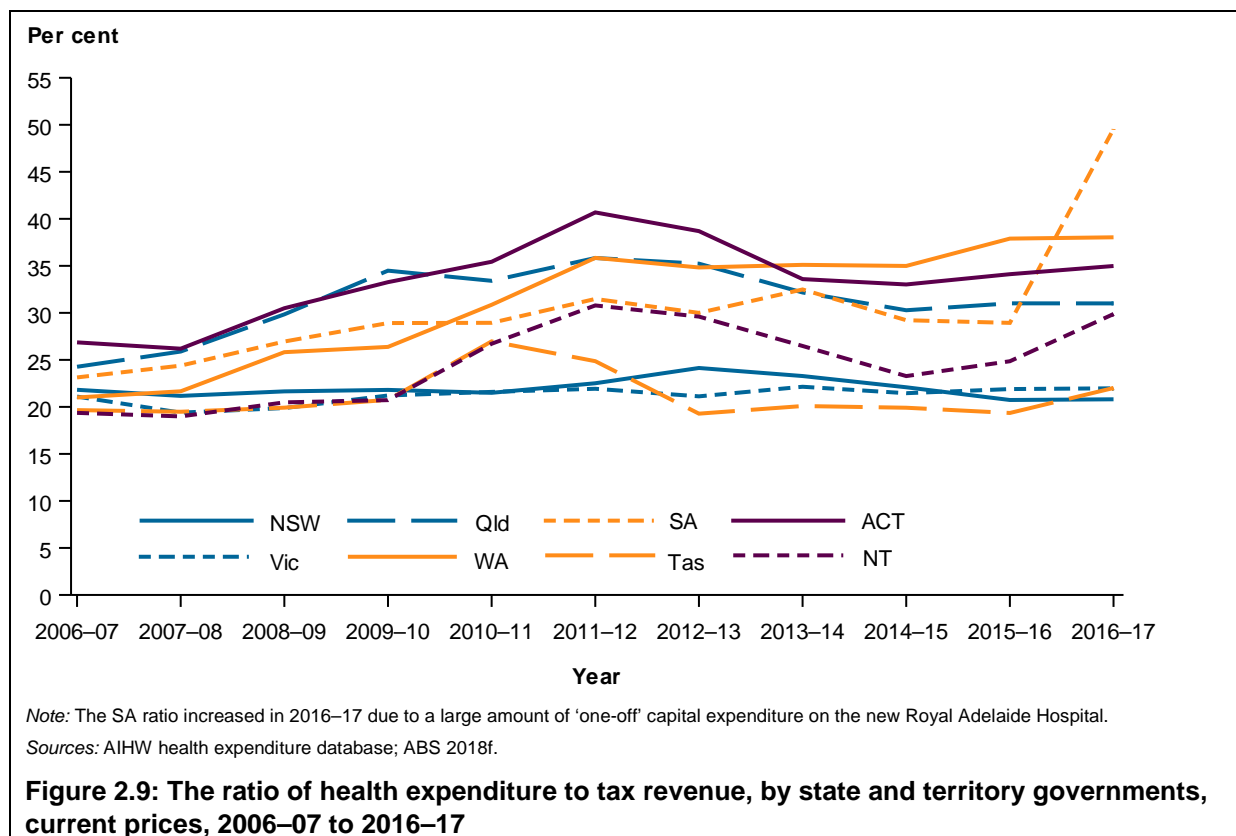
Sources: AIHW health expenditure database; ABS 2018f.

Figure 2.7: Health expenditure and tax revenue for state and territory and local governments, current prices, 2006-07 to 2016-17



Sources: AIHW health expenditure database; ABS 2018f.

Figure 2.8: The ratio of health expenditure to tax revenue for state and territory and local governments, current prices, 2006-07 to 2016-17



2.3 Health expenditure per person

Assuming there are no changes in the value of the existing mix of health goods and services, to maintain the same average level of supply of health goods and services per person in the community, health expenditure would need to grow in proportion to population growth. That is, larger populations would need higher levels of expenditure to give their members the same average levels of health goods and services as smaller populations (ignoring the impact of economies of scale and other sources of efficiency). To account for these population differences, it is important to consider average per person health expenditure.

In 2016-17, the estimated per person expenditure on health averaged \$7,411, which was \$214 more (in real terms) per person than in the previous year. This represented a 3.0% growth—slightly higher than the average annual growth over the decade (2.9%), and the growth of the previous year (2.5%) (Table 2.6; Figure 2.10).

Per person growth was 1.7 percentage points lower compared to the total real health spending growth of 4.7% (tables 2.1 and 2.3) in 2016-17, implying that about one-third of increased total real health expenditure is due to changes in the population size, and two-thirds is due to increased volume of goods and services per person.

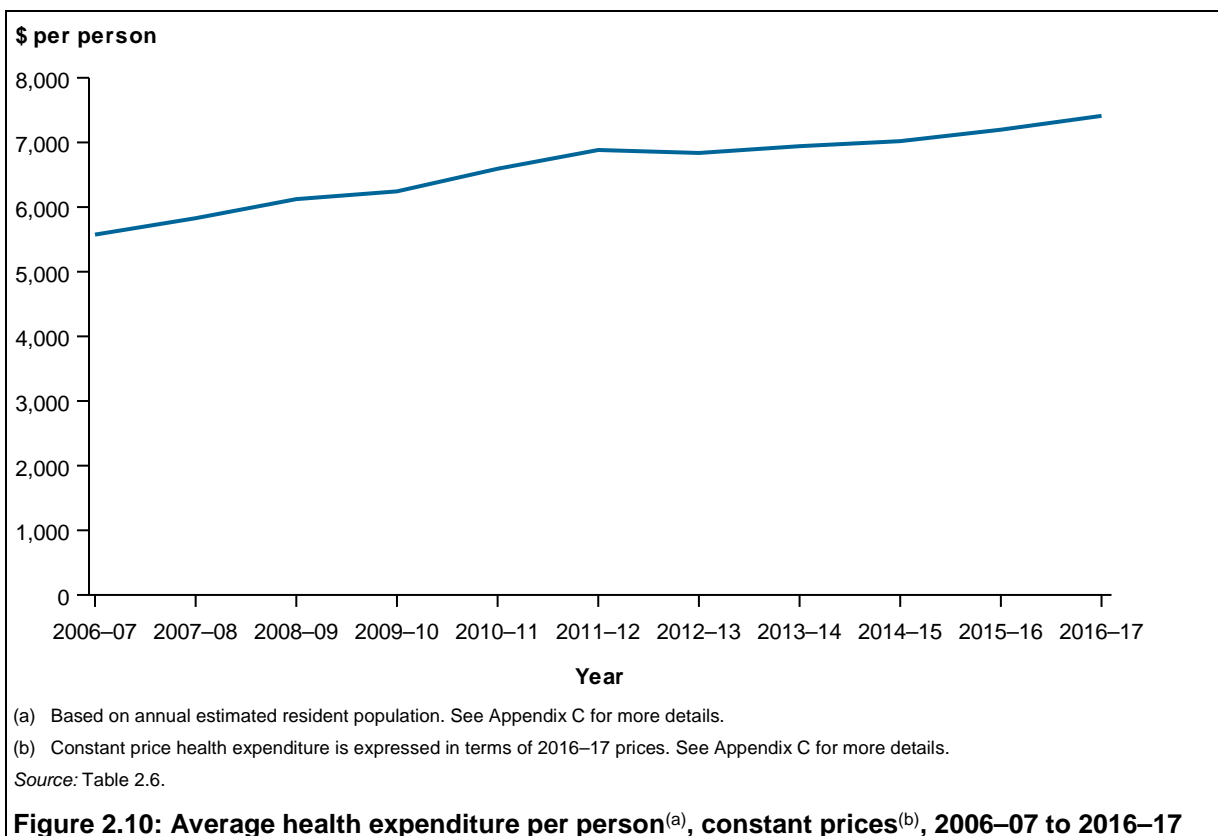
Table 2.6: Average health expenditure per person^(a), current and constant prices^(b), and annual growth rates, 2006–07 to 2016–17

Year	Amount (\$)		Annual change in expenditure (%)	
	Current	Constant	Nominal change	Real growth
2006–07	4,603	5,574	..	..
2007–08	4,928	5,828	7.1	4.6
2008–09	5,328	6,123	8.1	5.1
2009–10	5,567	6,243	4.5	2.0
2010–11	5,937	6,593	6.6	5.6
2011–12	6,304	6,883	6.2	4.4
2012–13	6,410	6,837	1.7	–0.7
2013–14	6,640	6,942	3.6	1.5
2014–15	6,837	7,020	3.0	1.1
2015–16	7,111	7,197	4.0	2.5
2016–17	7,411	7,411	4.2	3.0
Average annual growth rate (%)				
2006–07 to 2011–12	..	..	6.5	4.3
2011–12 to 2016–17	..	..	3.3	1.5
2006–07 to 2016–17	..	..	4.9	2.9

(a) Based on annual estimated resident population. See Appendix C for more details.

(b) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

Sources: AIHW health expenditure database; ABS 2018a.



2.4 Recurrent health expenditure

Recurrent health expenditure does not result in the creation or acquisition of fixed assets. It consists mainly of expenditure on wages; salaries and supplement, purchases of goods and services; and depreciation. It excludes expenditure on capital, which is included under ‘total health expenditure’ in this report.

Recurrent expenditure accounted for about 94% of total expenditure on health goods and services in the decade since 2006–07. In 2016–17, recurrent expenditure was \$168.0 billion (93.0% of total health expenditure) (Table 2.7). This was the lowest proportion over the decade. The remainder was change in the health-related capital stock—that is, capital expenditure. Capital expenditure in 2016–17 is affected by a large amount of ‘one-off’ capital expenditure on the new Royal Adelaide Hospital in South Australia (see Appendix A—Notes to tables).

Similarly to total health expenditure, growth in recurrent health expenditure had slowed since the first half of the decade. Recurrent health expenditure grew in real terms by 6.1% per year between 2006–07 and 2011–12, compared with 2.9% between 2011–12 and 2016–17. The real growth of 3.5% in 2016–17 was the second largest increase in recurrent expenditure since 2011–12 (Table 2.8).

Table 2.7: Total and recurrent health expenditure, current prices, and recurrent expenditure as a proportion of total health expenditure, 2006–07 to 2016–17

Year	Total health expenditure (\$ million)	Recurrent expenditure (\$ million)	Recurrent expenditure as a proportion of total health expenditure (%)
2006–07	94,938	89,449	94.2
2007–08	103,563	98,017	94.6
2008–09	114,401	107,934	94.3
2009–10	121,710	115,923	95.2
2010–11	131,612	124,122	94.3
2011–12	141,957	133,144	93.8
2012–13	146,953	138,347	94.1
2013–14	154,671	145,557	94.1
2014–15	161,619	152,053	94.1
2015–16	170,527	160,322	94.0
2016–17	180,658	167,991	93.0

Source: AIHW health expenditure database.

Table 2.8: Total and recurrent health expenditure, constant prices^(a) and annual growth rates, 2006–07 to 2016–17

Year	Total health expenditure		Recurrent expenditure	
	(\$ million)	Annual growth (%)	(\$ million)	Annual growth (%)
2006–07	114,955	..	108,507	..
2007–08	122,459	6.5	116,262	7.1
2008–09	131,469	7.4	124,474	7.1
2009–10	136,483	3.8	130,177	4.6
2010–11	146,174	7.1	138,120	6.1
2011–12	154,993	6.0	145,577	5.4
2012–13	156,733	1.1	147,595	1.4
2013–14	161,703	3.2	152,175	3.1
2014–15	165,938	2.6	156,131	2.6
2015–16	172,594	4.0	162,352	4.0
2016–17	180,658	4.7	167,991	3.5
	Average annual growth rate (%)			
2006–07 to 2011–12	..	6.2	..	6.1
2011–12 to 2016–17	..	3.1	..	2.9
2006–07 to 2016–17	..	4.6	..	4.5

(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

Source: AIHW health expenditure database.

Recurrent expenditure in states and territories

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

Where possible, consistent estimation methods and data sources have been applied across all the states and territories, but there could be differences between jurisdictions in the data on which estimation methods are based. This means that, while some broad comparisons can be made, caution should be exercised when comparing the results across states and territories.

Of the \$168.0 billion in national recurrent health expenditure in 2016–17, more than half (55.5%) was spent in the two states with the largest populations—New South Wales (\$52.1 billion) and Victoria (\$41.1 billion) (Table 2.9). This proportion has steadily decreased over the decade from 57.7% in 2006–07.

Table 2.9: Recurrent health expenditure, current prices, for each state and territory, all sources of funds, 2006–07 to 2016–17 (\$ million)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2006–07	29,637	22,005	17,124	8,925	6,882	2,016	1,718	1,142	89,449
2007–08	32,025	23,765	19,058	10,013	7,718	2,294	1,845	1,300	98,017
2008–09	34,882	26,257	21,281	11,095	8,452	2,495	2,007	1,464	107,934
2009–10	36,967	28,660	23,297	11,724	9,047	2,608	2,120	1,500	115,923
2010–11	39,273	30,884	24,667	12,796	9,636	2,844	2,326	1,696	124,122
2011–12	41,937	32,705	26,861	13,792	10,330	2,998	2,530	1,991	133,144
2012–13	43,953	33,597	28,124	14,655	10,475	3,027	2,556	1,960	138,347
2013–14	46,192	35,264	29,605	15,601	11,073	3,178	2,666	1,978	145,557
2014–15	48,047	36,958	30,868	16,775	11,299	3,294	2,823	1,987	152,053
2015–16	50,196	38,861	33,138	17,621	11,823	3,485	3,019	2,180	160,322
2016–17	52,081	41,078	34,922	18,608	11,986	3,638	3,259	2,419	167,991

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

Source: AIHW health expenditure database.

Western Australia and the Northern Territory had the highest average annual real growth in recurrent health expenditure between 2006–07 and 2016–17 (both 5.3%). The lowest average annual growth rate was (3.6%) in South Australia over the same period. The annual growth over the decade for all states and territories was 4.5%. For all states and territories, growth was lower in the second half of the decade, from 2011–12 to 2016–17, than the first. (Table 2.10).

Table 2.10: Recurrent health expenditure, constant prices^(a), for each state and territory, all sources of funds, and average annual growth rates, 2006–07 to 2016–17 (\$ million)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2006–07	35,592	26,256	21,109	11,119	8,426	2,430	2,135	1,440	108,507
2007–08	37,591	27,856	22,934	12,133	9,204	2,710	2,232	1,601	116,262
2008–09	40,025	29,911	24,848	12,962	9,775	2,864	2,354	1,735	124,474
2009–10	41,381	31,937	26,347	13,296	10,185	2,908	2,400	1,723	130,177
2010–11	43,657	34,055	27,571	14,395	10,762	3,154	2,592	1,934	138,120
2011–12	45,769	35,599	29,486	15,130	11,335	3,267	2,772	2,219	145,577
2012–13	46,799	35,791	30,093	15,629	11,206	3,223	2,716	2,138	147,595
2013–14	48,280	36,837	30,987	16,246	11,603	3,332	2,793	2,097	152,175
2014–15	49,320	37,949	31,721	17,160	11,615	3,388	2,908	2,071	156,131
2015–16	50,810	39,382	33,617	17,743	11,974	3,530	3,069	2,227	162,352
2016–17	52,081	41,078	34,922	18,608	11,986	3,638	3,259	2,419	167,991
Average annual growth rate (%)									
2006–07 to 2011–12	5.2	6.3	6.9	6.4	6.1	6.1	5.4	9.0	6.1
2011–12 to 2016–17	2.6	2.9	3.4	4.2	1.1	2.2	3.3	1.7	2.9
2006–07 to 2016–17	3.9	4.6	5.2	5.3	3.6	4.1	4.3	5.3	4.5

(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

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

Source: AIHW health expenditure database.

Recurrent expenditure per person

Average recurrent health expenditure per person varies between states and territories due to differences including socioeconomic and demographic profiles and variability in approaches to planning and delivering health services. Health policy initiatives of the state or territory government or the Australian Government can also influence health expenditure per person in a particular state or territory.

The per person recurrent health expenditure estimates for individual states and territories include expenditures on health goods and services provided to patients from other states and territories. The population that provides the denominator in the calculation is, however, the resident population of the state or territory in which the expenditure was incurred. This particularly affects the estimates for the Australian Capital Territory, which provides a high volume of health services to New South Wales residents in the surrounding regions. As a result, per person estimates for the Australian Capital Territory are not reported in this publication, but are included in the national estimates.

In 2016–17, the estimated national average level of recurrent expenditure on health was \$6,891 per person. Recurrent expenditure in Victoria was \$6,581 per person, 4.5% below the national average. The Northern Territory had the highest per person recurrent expenditure (\$9,827), 42.6% higher than the national average (Table 2.11; Figure 2.11).

Table 2.11: Average recurrent health expenditure per person^(a), current prices, for each state and territory^(b), all sources of funds, 2006–07 to 2016–17 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(c)
2006–07	4,367	4,311	4,222	4,297	4,408	4,102	5,410	4,337
2007–08	4,652	4,571	4,581	4,690	4,889	4,627	6,000	4,664
2008–09	4,982	4,942	4,977	5,023	5,289	4,971	6,581	5,027
2009–10	5,206	5,289	5,334	5,179	5,590	5,149	6,587	5,302
2010–11	5,470	5,620	5,560	5,518	5,903	5,573	7,364	5,599
2011–12	5,777	5,849	5,945	5,780	6,271	5,858	8,548	5,913
2012–13	5,977	5,884	6,099	5,963	6,298	5,914	8,211	6,035
2013–14	6,196	6,046	6,318	6,235	6,599	6,194	8,161	6,248
2014–15	6,354	6,204	6,502	6,634	6,674	6,409	8,186	6,433
2015–16	6,543	6,378	6,897	6,916	6,930	6,758	8,930	6,685
2016–17	6,678	6,581	7,151	7,259	6,979	7,000	9,827	6,891
Percentage variation from the national average (%)								
2006–07	0.7	-0.6	-2.6	-0.9	1.6	-5.4	24.7	..
2007–08	-0.3	-2.0	-1.8	0.5	4.8	-0.8	28.6	..
2008–09	-0.9	-1.7	-1.0	-0.1	5.2	-1.1	30.9	..
2009–10	-1.8	-0.3	0.6	-2.3	5.4	-2.9	24.2	..
2010–11	-2.3	0.4	-0.7	-1.4	5.4	-0.5	31.5	..
2011–12	-2.3	-1.1	0.5	-2.2	6.1	-0.9	44.6	..
2012–13	-1.0	-2.5	1.1	-1.2	4.4	-2.0	36.1	..
2013–14	-0.8	-3.2	1.1	-0.2	5.6	-0.9	30.6	..
2014–15	-1.2	-3.6	1.1	3.1	3.7	-0.4	27.3	..
2015–16	-2.1	-4.6	3.2	3.5	3.7	1.1	33.6	..
2016–17	-3.1	-4.5	3.8	5.3	1.3	1.6	42.6	..

(a) Based on annual estimated resident population. See Appendix C for more details.

(b) The ACT per person figures are not calculated, as they include large expenditures for NSW residents; therefore, the ACT population is not an appropriate denominator.

(c) Australian average includes the ACT.

Sources: AIHW health expenditure database; ABS 2018a.

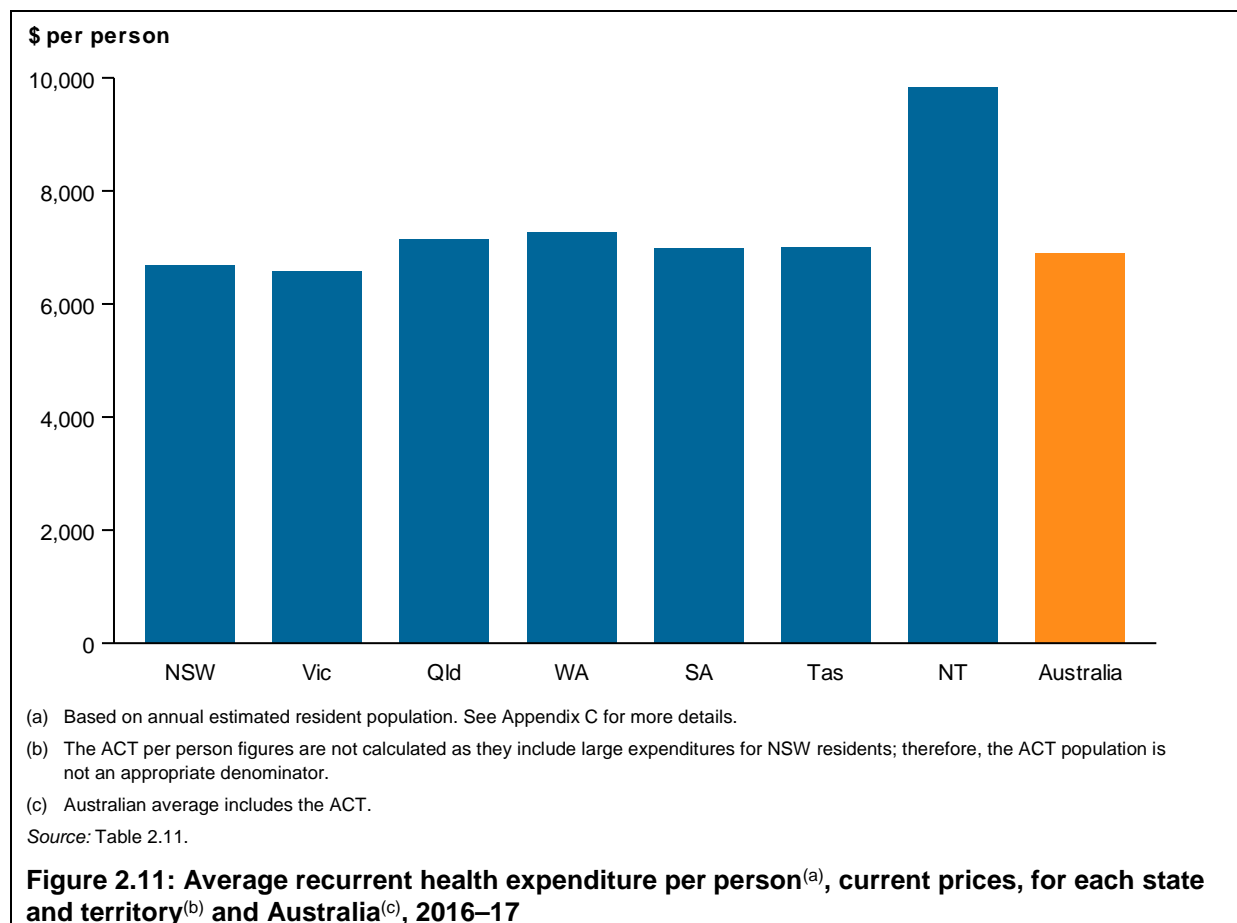


Table 2.12 shows the average recurrent health expenditure per person after adjusting for the effects of inflation. Over the decade, health expenditure rose by \$1,630 per person—from \$5,261 in 2006–07 to \$6,891 in 2016–17.

Table 2.12: Average recurrent health expenditure per person^(a), constant prices^(b), for each state and territory^(c), all sources of funds, 2006–07 to 2016–17 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(d)
2006–07	5,245	5,144	5,205	5,354	5,396	4,945	6,825	5,261
2007–08	5,461	5,358	5,513	5,683	5,831	5,466	7,393	5,533
2008–09	5,716	5,629	5,812	5,868	6,117	5,708	7,795	5,797
2009–10	5,827	5,893	6,033	5,873	6,293	5,741	7,566	5,954
2010–11	6,080	6,197	6,214	6,207	6,592	6,182	8,397	6,230
2011–12	6,305	6,366	6,525	6,341	6,882	6,384	9,527	6,465
2012–13	6,364	6,269	6,526	6,360	6,738	6,298	8,954	6,438
2013–14	6,476	6,316	6,613	6,493	6,915	6,494	8,653	6,533
2014–15	6,522	6,370	6,682	6,786	6,860	6,590	8,530	6,605
2015–16	6,623	6,463	6,996	6,964	7,019	6,846	9,124	6,770
2016–17	6,678	6,581	7,151	7,259	6,979	7,000	9,827	6,891

- (a) Based on annual estimated resident population. See Appendix C for more details.
 (b) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.
 (c) The ACT per person averages are not calculated, as they include large expenditures for NSW residents; therefore, the ACT population is not an appropriate denominator.
 (d) Australian average includes the ACT.
 Sources: AIHW health expenditure database; ABS 2018a.

Recurrent per person expenditure grew in 2016–17 in all states and territories except for South Australia. The national growth (1.8%) was about two-thirds of the 10-year average annual growth (2.7%) (Table 2.13). Western Australia and the Northern Territory were the only jurisdictions with a growth in recurrent per person expenditure above their 10-year average annual rate in real terms.

Table 2.13: Annual growth in recurrent health expenditure per person^(a), constant prices^(b), for each state and territory^(c), all sources of funds, 2006–07 to 2016–17 (%)

Period	NSW	Vic	Qld	WA	SA	Tas	NT	Australia ^(d)
2006–07 to 2007–08	4.1	4.1	5.9	6.1	8.1	10.5	8.3	5.2
2007–08 to 2008–09	4.7	5.1	5.4	3.3	4.9	4.4	5.4	4.8
2008–09 to 2009–10	1.9	4.7	3.8	0.1	2.9	0.6	-2.9	2.7
2009–10 to 2010–11	4.3	5.1	3.0	5.7	4.8	7.7	11.0	4.6
2010–11 to 2011–12	3.7	2.7	5.0	2.2	4.4	3.3	13.5	3.8
2011–12 to 2012–13	0.9	-1.5	—	0.3	-2.1	-1.4	-6.0	-0.4
2012–13 to 2013–14	1.8	0.8	1.3	2.1	2.6	3.1	-3.4	1.5
2013–14 to 2014–15	0.7	0.9	1.0	4.5	-0.8	1.5	-1.4	1.1
2014–15 to 2015–16	1.6	1.5	4.7	2.6	2.3	3.9	7.0	2.5
2015–16 to 2016–17	0.8	1.8	2.2	4.2	-0.6	2.3	7.7	1.8
Average annual growth rate (%)								
2006–07 to 2011–12	3.8	4.4	4.6	3.4	5.0	5.2	6.9	4.2
2011–12 to 2016–17	1.2	0.7	1.8	2.7	0.3	1.9	0.6	1.3
2006–07 to 2016–17	2.4	2.5	3.2	3.1	2.6	3.5	3.7	2.7

(a) Based on annual estimated resident population. See Appendix C for more details.

(b) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

(c) The ACT per person figures are not calculated, as they include large expenditures for NSW residents; therefore, the ACT population is not an appropriate denominator.

(d) Australian average includes the ACT.

Source: Table 2.12.

3 Sources of funds

Health expenditure is considered here in terms of the main entities that spend money on health in Australia. These bodies include the Australian Government, state and territory governments and non-government entities, such as individuals and private health insurers—referred to as sources of funds. The report defines the main types of health services and identifies how expenditure in these areas is changing over time.

3.1 Broad trends

In 2016–17, governments spent \$124.2 billion on health, or 68.7% of total health expenditure (recurrent plus capital and the medical expenses tax rebate) in Australia. The proportion of expenditure by governments has remained relatively stable over recent years, increasing by 1.5 percentage points between 2015–16 and 2016–17 (tables 3.1 and 3.2).

In 2016–17, overall government contributions grew by 8.3%, including a 6.1% increase in the Australian Government contribution (\$74.6 billion or 41.3% of total health expenditure) and an 11.7% increase in the state and territory contribution (\$49.6 billion or 27.4% of total health expenditure). The increase in the proportion of total health expenditure by governments was driven by a 1.4 percentage point increase by states and territories (tables 3.1 and 3.2; Figure 3.1).

Non-government sources (individuals, private health insurance and other non-government sources) provided the remaining \$56.5 billion—about one-third of total health expenditure (31.3%) (tables 3.1 and 3.2).

The health insurance funds' share of total expenditure rose following the introduction of income testing of the private health insurance rebate in July 2012, from 7.4% in 2011–12 to 8.8% in 2016–17. This coincided with a fall in the Australian Government's share by 1.7 percentage points over the same period (Table 3.2).

Expenditure by health insurance funds (as defined in this report) equates to the total benefits paid, minus any subsidies received from the Australian Government. The introduction of income testing has had the effect of reducing the subsidies paid by the Australian Government on private health insurance premiums without an equivalent reduction in benefits paid (tables 3.1 and 3.2; Figure 3.5).

Table 3.1: Total health expenditure, current prices, by source of funds, 2006–07 to 2016–17 (\$ million)

Year	Government			Non-government			
	Australian Government	State/territory and local	Total	Health insurance funds	Individuals	Other ^(a)	Total
2006–07	39,948	24,485	64,434	7,216	16,478	6,811	30,505
2007–08	44,854	26,379	71,234	7,862	17,334	7,133	32,330
2008–09	50,160	28,493	78,653	8,845	19,334	7,570	35,748
2009–10	53,076	31,870	84,946	9,145	20,766	6,854	36,765
2010–11	56,676	34,490	91,166	9,841	23,199	7,406	40,446
2011–12	61,092	38,224	99,316	10,459	24,121	8,061	42,641
2012–13	61,022	39,351	100,373	11,849	26,172	8,560	46,580
2013–14	63,701	41,181	104,882	12,877	27,402	9,511	49,789
2014–15	66,217	41,880	108,097	14,028	28,677	10,817	53,522
2015–16	70,264	44,404	114,667	14,917	29,343	11,600	55,860
2016–17	74,573	49,584	124,158	15,859	29,766	10,876	56,500

(a) Includes funding by injury compensation insurers and other private funding. All non-government sector capital expenditure is also included here, as the funding sources of non-government capital expenditure are not known. If funding sources were known, this capital expenditure would be spread across all funding columns.

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

Source: AIHW health expenditure database.

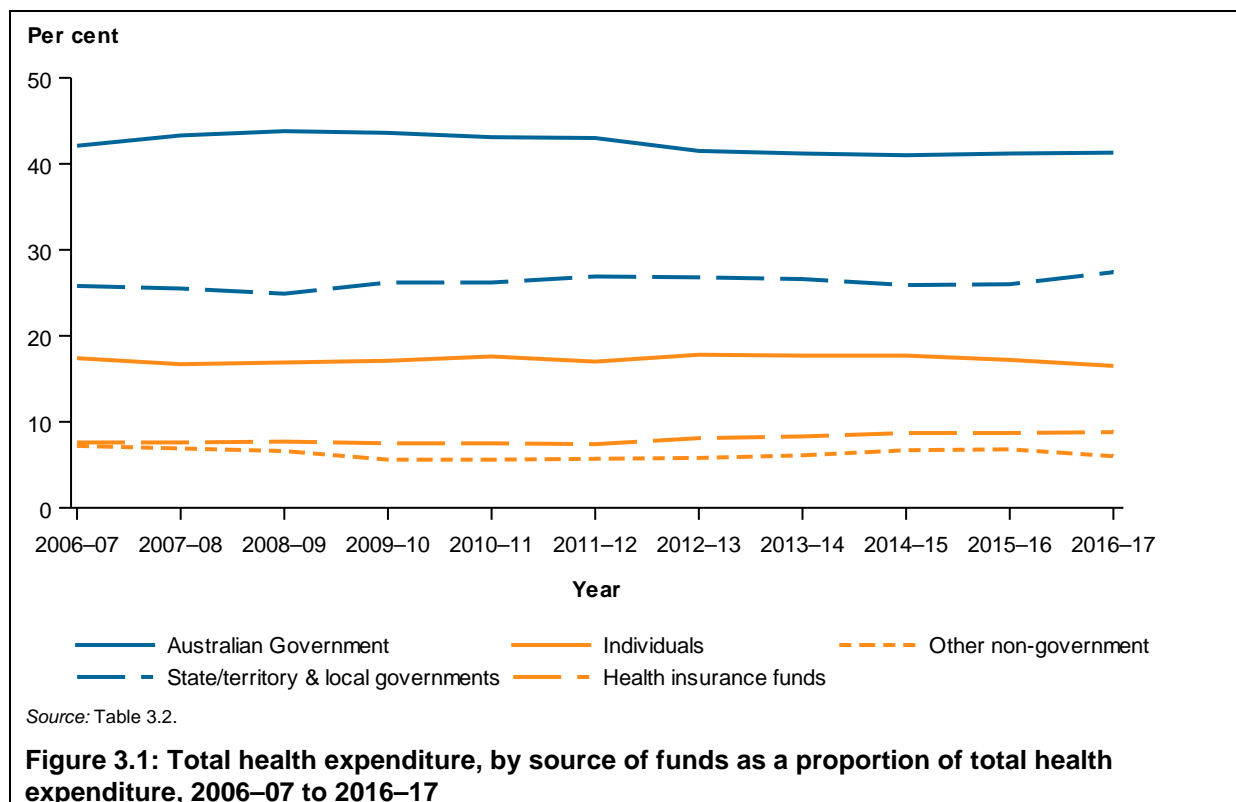
Table 3.2: Proportion of total health expenditure, by source of funds, 2006–07 to 2016–17 (%)

Year	Government			Non-government			
	Australian Government	State/territory and local	Total	Health insurance funds	Individuals	Other ^(a)	Total
2006–07	42.1	25.8	67.9	7.6	17.4	7.2	32.1
2007–08	43.3	25.5	68.8	7.6	16.7	6.9	31.2
2008–09	43.8	24.9	68.8	7.7	16.9	6.6	31.2
2009–10	43.6	26.2	69.8	7.5	17.1	5.6	30.2
2010–11	43.1	26.2	69.3	7.5	17.6	5.6	30.7
2011–12	43.0	26.9	70.0	7.4	17.0	5.7	30.0
2012–13	41.5	26.8	68.3	8.1	17.8	5.8	31.7
2013–14	41.2	26.6	67.8	8.3	17.7	6.1	32.2
2014–15	41.0	25.9	66.9	8.7	17.7	6.7	33.1
2015–16	41.2	26.0	67.2	8.7	17.2	6.8	32.8
2016–17	41.3	27.4	68.7	8.8	16.5	6.0	31.3

(a) Includes funding by injury compensation insurers and other private funding. All non-government sector capital expenditure is also included here, as the funding sources of non-government capital expenditure are not known. If funding sources were known, this capital expenditure would be spread across all funding columns.

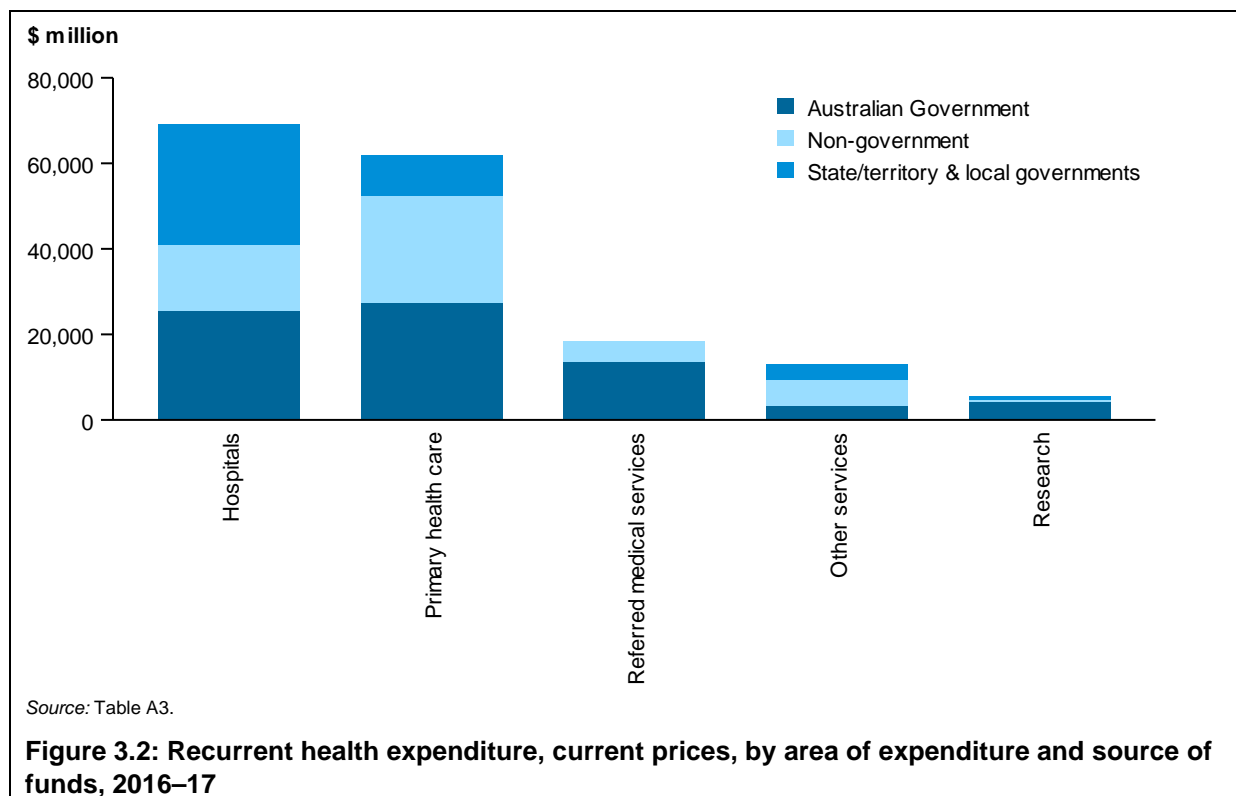
Note: Components may not add to totals due to rounding.

Source: AIHW health expenditure database.



The distribution of expenditure by the Australian Government, state and territory governments and the non-government sector varies depending on the types of health goods and services being provided. The Australian Government spends a relatively large amount on primary health care (including unreferred medical services—largely general practitioners—and benefit-paid medications) and referred medical services, with the balance of these services sourced from the non-government sector in the form of co-payments. Expenditure on community health services, on the other hand, comes mostly from the state and territory governments.

Governments share most of the expenditure on public hospital services, while non-government sources account for large portions of the expenditure on dental services, private hospitals, aids and appliances, medications for which no government benefit has been paid ('all other medications') and other health practitioner services (Figure 3.2; Table A3).



After removing the effects of inflation, real growth in the Australian Government’s expenditure averaged 4.5% per year in the decade to 2016–17. In 2016–17, this expenditure grew by 4.9% (Table 3.3).

State and territory and local government expenditure also grew in real terms in 2016–17 by 9.8%. The average annual growth in state and territory and local government expenditure over the decade (4.6%) was similar to the total government expenditure growth (4.5%).

Combined, government expenditure in 2016–17 grew at a faster rate than the average annual growth rate for the decade (6.8% and 4.5%, respectively).

Non-government sources of expenditure had the lowest growth rate in 2016–17 (0.2%)—a fraction of the decade average of 4.8% (Table 3.3). This was the lowest rate of growth in the last 10 years.

Table 3.3: Total health expenditure, constant prices^(a), and annual growth in funding, by source of funds, 2006–07 to 2016–17

Year	Government						Non-government		Total	
	Australian Government		State/territory and local		Total		Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)				
2006–07	48,016	..	31,623	..	79,639	..	35,316	..	114,955	..
2007–08	52,985	10.3	32,787	3.7	85,772	7.7	36,687	3.9	122,459	6.5
2008–09	57,574	8.7	34,151	4.2	91,725	6.9	39,744	8.3	131,469	7.4
2009–10	59,317	3.0	37,008	8.4	96,325	5.0	40,158	1.0	136,483	3.8
2010–11	62,695	5.7	39,409	6.5	102,104	6.0	44,070	9.7	146,174	7.1
2011–12	66,364	5.9	42,650	8.2	109,014	6.8	45,979	4.3	154,993	6.0
2012–13	64,634	-2.6	42,816	0.4	107,451	-1.4	49,283	7.2	156,733	1.1
2013–14	66,275	2.5	43,690	2.0	109,966	2.3	51,738	5.0	161,703	3.2
2014–15	67,786	2.3	43,410	-0.6	111,196	1.1	54,742	5.8	165,938	2.6
2015–16	71,067	4.8	45,163	4.0	116,230	4.5	56,363	3.0	172,594	4.0
2016–17	74,573	4.9	49,584	9.8	124,158	6.8	56,500	0.2	180,658	4.7
	Average annual growth rate (%)									
2006–07 to 2011–12	..	6.7	..	6.2	..	6.5	..	5.4	..	6.2
2011–12 to 2016–17	..	2.4	..	3.1	..	2.6	..	4.2	..	3.1
2006–07 to 2016–17	..	4.5	..	4.6	..	4.5	..	4.8	..	4.6

(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

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

Source: AIHW health expenditure database.

Public hospital services

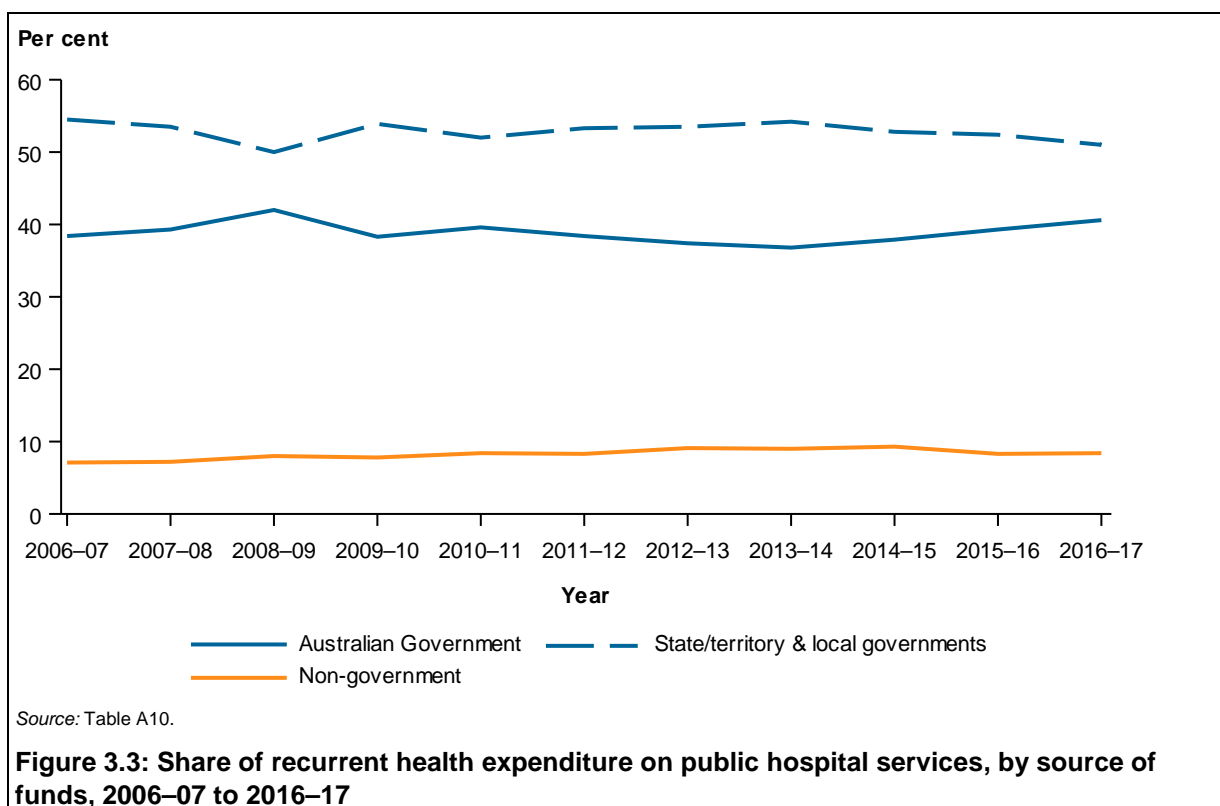
Expenditure on public hospital services was \$53.5 billion in 2016–17 (Table A10). This was up from \$52.0 billion the previous year—a real growth of 2.9%—below the average annual real growth over the decade of 4.1%.

In 2016–17, Australian Government expenditure on public hospital services (\$21.7 billion) was up by 6.2% in real terms from 2015–16—1.6 percentage points above the 10-year average annual growth of 4.6%. This was largely in the form of specific purpose payments (SPPs) associated with the National Health Reform Agreement and some national partnership payments (NPPs) for particular health purposes.

The state and territory governments have primary responsibility for operating and regulating public hospitals. State and territory and local government expenditure was \$27.3 billion—a 0.1% real increase from 2015–16, well below the 10-year average annual growth of 3.4%.

Non-government expenditure on public hospital services was \$4.5 billion—up by 4.8% on 2015–16, which reversed the negative growth experienced in the previous year (–7.2%). This includes \$1.2 billion by private health insurers, \$1.4 billion by individuals, and \$1.9 billion by injury compensation insurers (Table A3). While public hospitals are free for public patients, this expenditure by individuals is largely due to gap payments during use of private health insurance in public hospitals.

Between 2015–16 and 2016–17, the share of recurrent expenditure on public hospital services contributed by the Australian Government rose by 1.3 percentage points (from 39.3% to 40.6%). The state and territory and local government expenditure fell by 1.4 percentage points from 52.4% to 51.0%, while the non-government share rose slightly from 8.3% to 8.4% (Figure 3.3; Table A10).



3.2 Australian Government expenditure

The Australian Government spent \$74.6 billion on health (recurrent expenditure plus capital expenditure and the medical expenses tax rebate) in 2016–17 (Table 3.4). This represented 60.1% of total government health expenditure, slightly lower than the previous year (61.1%, Table 3.3). It comprised:

- direct Australian Government expenditure (\$45.1 billion, or 60.5% of Australian Government funding)—mostly administered through the Department of Health on programs for which the government has responsibility, such as the Medicare Benefits Schedule (MBS) and Pharmaceutical Benefits Scheme (PBS) (Table 3.4)
- the SPPs associated with the National Health Reform Agreement (\$20.5 billion, or 27.4%), including the Activity Based Funding arrangements, and NPPs to the states and territories (Table 3.4)
- rebates and subsidies for privately insured persons under the *Private Health Insurance Act 2007* (\$5.9 billion, or 7.9%) (Table 3.4)
- Department of Veterans' Affairs (DVA) funding for goods and services provided to eligible veterans and their dependants (\$3.1 billion, or 4.2%), which was made up of 47.8% hospital expenditure, 45.5% primary health care and 6.6% other services (tables 3.4 and 3.5)
- the medical expenses tax rebate (\$41 million, or 0.1%) (Table 3.4).

Over one-third of total Australian Government health expenditure related to primary health care (36.9% or \$27.5 billion), of which benefit-paid pharmaceuticals contributed \$10.7 billion and unreferral medical services \$10.2 billion), hospital services (\$25.5 billion or 34.2%), and referral medical services (\$13.7 billion or 18.4%) (Table A6).

Between 2015–16 and 2016–17, total Australian Government expenditure rose by \$3.5 billion. Health expenditure by the DVA went down by \$98 million (a fall of 3.0%). All other types of Australian Government expenditure went up in real terms (tables 3.4, A5 and A6).

The rise in total expenditure is mostly due to an increase of \$1.3 billion for both public hospital services and benefit-paid pharmaceuticals, \$0.4 billion for referral medical services, and \$0.2 billion for unreferral medical services. This reflects increased hospital funding under the National Health Reform Agreement, and the 2015–16 listing on the PBS of new pharmaceuticals to treat hepatitis C (which alone cost \$1.7 billion in 2016–17) (DoH 2017).

Table 3.4: Australian Government health expenditure, constant prices^(a), by type of expenditure, 2006–07 to 2016–17 (\$ million)

Year	Own program expenditure	Grants to states (SPP & NPP)	Health insurance premium rebates ^(b)	Department of Veterans' Affairs	Medical expenses tax rebate	Total
2006–07	26,906	12,728	3,852	4,018	512	48,016
2007–08	29,875	14,130	4,378	4,101	501	52,985
2008–09	32,886	15,712	4,305	4,061	610	57,574
2009–10	34,925	14,841	4,948	3,946	657	59,317
2010–11	36,612	16,389	5,233	3,902	559	62,695
2011–12	38,887	16,956	5,951	3,951	619	66,364
2012–13	37,681	17,238	5,544	3,704	467	64,634
2013–14	38,784	17,756	5,823	3,669	243	66,275
2014–15	39,886	18,371	5,871	3,506	153	67,786
2015–16	42,662	19,303	5,830	3,235	37	71,067
2016–17	45,085	20,455	5,855	3,137	41	74,573

(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

(b) Comprises health insurance rebates claimed through the taxation system, as well as rebates paid directly to health insurance funds by the Australian Government that enable them to reduce premiums. This includes the portions of the rebates that relate to health activities. See Glossary and Appendix C for more details.

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

Source: AIHW health expenditure database.

Table 3.5: Health expenditure by Department of Veterans' Affairs, current prices, by area of expenditure, 2016–17

Area of expenditure	Amount (\$ million)	Proportion (%)
Hospitals	1,500	47.8
Public hospital services ^(a)	683	21.8
Private hospitals	817	26.1
Primary health care	1,429	45.5
Unreferred medical services	780	24.9
Dental services	86	2.7
Other health practitioners	251	8.0
Community health and other ^(b)	1	—
Benefit-paid pharmaceuticals	312	9.9
Referred medical services	—	—
Other services	207	6.6
Patient transport services	152	4.8
Aids and appliances	1	—
Administration	54	1.7
Research	2	—
Total	3,137	100.0

(a) Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis. See Appendix C for more details.

(b) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure; for example, expenditure by substance abuse treatment centres, providers of general health administration, or providers of regional health services not further defined.

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

Source: AIHW health expenditure database.

3.3 State and territory expenditure

The AIHW does not directly collect health expenditure information from local government authorities. However, if a local government authority receives funding for health care from its state or territory government, this expenditure is included in that jurisdiction's expenditure.

Total health expenditure by state and territory governments in 2016–17 was estimated at \$49.6 billion, while recurrent expenditure was \$42.2 billion (tables 3.1 and 3.6). About two-thirds of recurrent expenditure (64.6% or \$27.3 billion) was for public hospital services (Table 3.6). This represented a 0.1% rise in public hospital spending by states and territories in real terms, compared with an average annual growth of 3.4% for the decade.

The next largest area of recurrent spending by state and territory governments was community health and other (\$7.3 billion or 17.2% of recurrent spending), which had a lower growth rate than the average annual growth rate in real terms for the decade (0.6% compared with 3.5%).

States and territories spent \$2.8 billion on patient transport services, \$1.3 billion on public health, \$0.8 billion on dental services, and \$1.7 billion on other services.

Between 2015–16 and 2016–17, overall growth in recurrent expenditure for states and territories was 2.0%—1.8 percentage points lower than the average annual growth rate of 3.8% for the decade (Table 3.6). The large growth in total expenditure by states and territories in 2016–17 (9.8%) is due to a rise in capital expenditure.

Detailed tables on state and territory expenditure can be found in Appendix B.

Table 3.6: State and territory government recurrent health expenditure, constant prices^(a), and annual growth rates, by selected areas of expenditure, 2006–07 to 2016–17

Year	Public hospitals ^(b)		Private hospitals		Patient transport		Dental services		Community health and other ^(c)		Public health		Other ^(d)		Total recurrent expenditure	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2006–07	19,600	..	333	..	1,536	..	609	..	5,178	..	881	..	882	..	29,018	..
2007–08	20,521	4.7	348	4.5	1,617	5.3	637	4.6	5,594	8.0	948	7.6	904	2.5	30,569	5.3
2008–09	20,252	-1.3	443	27.3	1,888	16.8	777	22.0	5,527	-1.2	1,153	21.6	1,268	40.3	31,308	2.4
2009–10	22,792	12.5	453	2.3	1,964	4.0	734	-5.5	5,549	0.4	1,093	-5.2	1,401	10.5	33,986	8.6
2010–11	23,337	2.4	527	16.3	2,159	9.9	806	9.8	5,759	3.8	970	-11.3	1,436	2.5	34,993	3.0
2011–12	25,207	8.0	562	6.6	2,344	8.6	807	0.1	6,428	11.6	747	-23.0	1,182	-17.7	37,278	6.5
2012–13	25,380	0.7	504	-10.3	2,258	-3.7	665	-17.6	6,564	2.1	967	29.5	1,154	-2.4	37,490	0.6
2013–14	26,340	3.8	539	6.9	2,333	3.3	712	7.1	6,665	1.5	890	-8.0	1,272	10.2	38,751	3.4
2014–15	26,307	-0.1	644	19.5	2,534	8.6	700	-1.7	6,852	2.8	984	10.6	1,210	-4.9	39,231	1.2
2015–16	27,264	3.6	830	28.9	2,743	8.2	753	7.6	7,230	5.5	1,220	24.0	1,340	10.7	41,380	5.5
2016–17	27,295	0.1	981	18.2	2,800	2.1	836	11.0	7,274	0.6	1,288	5.6	1,748	30.4	42,221	2.0
Average annual growth rate (%)																
2006–07 to 2011–12	..	5.2	..	11.0	..	8.8	..	5.8	..	4.4	..	-3.2	..	6.0	..	5.1
2011–12 to 2016–17	..	1.6	..	11.8	..	3.6	..	0.7	..	2.5	..	11.5	..	8.1	..	2.5
2006–07 to 2016–17	..	3.4	..	11.4	..	6.2	..	3.2	..	3.5	..	3.9	..	7.1	..	3.8

(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

(b) Includes public hospital services. Public hospital services exclude certain services provided in hospitals, and can include those provided off-site, such as hospital in the home and dialysis. See Appendix C for more details.

(c) 'Other' includes recurrent health expenditure that could not be allocated to a specific area; for example, expenditure by substance abuse treatment centres, providers of general health administration, or providers of regional health services not further defined.

(d) 'Other' combines several areas of expenditure that attract relatively little expenditure by state and territory governments. The category includes medical services, other professional services, pharmaceuticals, aids and appliances, administration and research.

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

Source: AIHW health expenditure database.

3.4 Non-government expenditure

Non-government health expenditure was estimated at \$56.5 billion in 2016–17. This represented real growth of 0.2% from 2015–16, which was a fraction of the average annual growth over the decade (4.8%). The non-government share of total expenditure fell from 32.8% to 31.3% (tables 3.7 and 3.8; Figure 3.4).

Expenditure by individuals was \$29.8 billion in 2016–17, with a growth in real terms of 0.9% from 2015–16. This includes:

- individuals copayments for subsidised goods and services—for example, copayments for specialist services subsidised by Medicare
- individuals meeting the full cost of goods and services—for example, medications that the PBS does not subsidise
- individuals sharing the cost of health goods and services with third-party payers—for example, private health insurance funds.

Expenditure by individuals accounted for 52.7% of non-government expenditure—up from 52.3% the previous year—and represented 16.5% of total health expenditure (government and non-government), down from 17.1% in 2015–16 (tables A5 and A6).

Private health insurance funds provided 8.8% (\$15.9 billion) of total expenditure in 2016–17 (Table 3.7). These funds are indirectly sourced from individuals who pay premiums to private health insurance funds.

The balance of non-government funding (\$10.9 billion) came from other non-government sources, including payments by compulsory third-party motor vehicle and workers compensation insurers (Table 3.7).

The proportion of total health expenditure by private health insurance funds rose from 7.4% in 2011–12 to 8.8% in 2016–17 (Table 3.7), coinciding with the introduction of income testing for the Australian Government's private health insurance premium rebates in July 2012. This had the impact of reducing the Australian Government's contribution and increasing the share that private health insurers funded from their own sources.

Table 3.7: Non-government health expenditure, current prices, by source of funds, 2006–07 to 2016–17

Year	Individuals		Private health insurance funds ^(a)		Other non-government ^(b)		All non-government sources	
	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)
2006–07	16,478	17.4	7,216	7.6	6,811	7.2	30,505	32.1
2007–08	17,334	16.7	7,862	7.6	7,133	6.9	32,330	31.2
2008–09	19,334	16.9	8,845	7.7	7,570	6.6	35,748	31.2
2009–10	20,766	17.1	9,145	7.5	6,854	5.6	36,765	30.2
2010–11	23,199	17.6	9,841	7.5	7,406	5.6	40,446	30.7
2011–12	24,121	17.0	10,459	7.4	8,061	5.7	42,641	30.0
2012–13	26,172	17.8	11,849	8.1	8,560	5.8	46,580	31.7
2013–14	27,402	17.7	12,877	8.3	9,511	6.1	49,789	32.2
2014–15	28,677	17.7	14,028	8.7	10,817	6.7	53,522	33.1
2015–16	29,343	17.2	14,917	8.7	11,600	6.8	55,860	32.8
2016–17	29,766	16.5	15,859	8.8	10,876	6.0	56,500	31.3

(a) Funding by private health insurance funds excludes the Australian Government private health insurance rebate.

(b) Includes funding by injury compensation insurers and other private funding. All non-government sector capital expenditure is also included here, as the funding sources of non-government capital expenditure are not known. If funding sources were known, this capital expenditure would be spread across all funding columns.

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

Source: AIHW health expenditure database.

Table 3.8: Non-government health expenditure, constant prices^(a), by source of funds, and annual growth rates, 2006–07 to 2016–17

Year	Individuals		Private health insurance funds ^(b)		Other non-government ^(c)		All non-government sources	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2006–07	18,086	..	9,046	..	8,184	..	35,316	..
2007–08	18,675	3.3	9,595	6.1	8,416	2.8	36,687	3.9
2008–09	20,613	10.4	10,452	8.9	8,678	3.1	39,744	8.3
2009–10	21,910	6.3	10,473	0.2	7,775	–10.4	40,158	1.0
2010–11	24,670	12.6	11,120	6.2	8,279	6.5	44,070	9.7
2011–12	25,501	3.4	11,577	4.1	8,901	7.5	45,979	4.3
2012–13	27,235	6.8	12,771	10.3	9,277	4.2	49,283	7.2
2013–14	28,114	3.2	13,567	6.2	10,056	8.4	51,738	5.0
2014–15	29,102	3.5	14,453	6.5	11,188	11.3	54,742	5.8
2015–16	29,490	1.3	15,139	4.8	11,734	4.9	56,363	3.0
2016–17	29,766	0.9	15,859	4.8	10,876	–7.3	56,500	0.2
Average annual growth rate (%)								
2006–07 to 2011–12	..	7.1	..	5.1	..	1.7	..	5.4
2011–12 to 2016–17	..	3.1	..	6.5	..	4.1	..	4.2
2006–07 to 2016–17	..	5.1	..	5.8	..	2.9	..	4.8

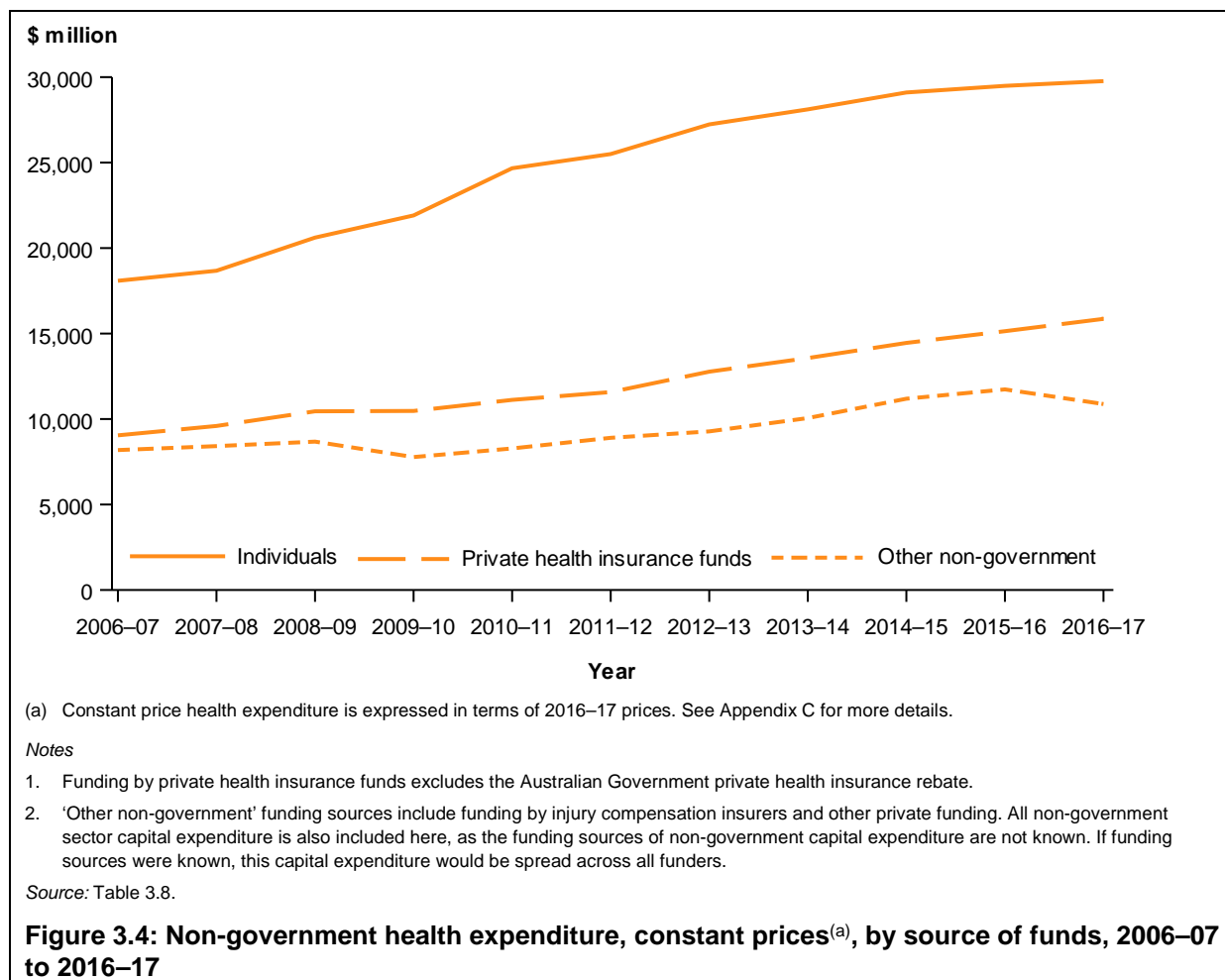
(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

(b) Funding by private health insurance funds excludes the Australian Government private health insurance rebate.

(c) Includes funding by injury compensation insurers and other private funding. All non-government sector capital expenditure is also included here, as the funding sources of non-government capital expenditure are not known. If funding sources were known, this capital expenditure would be spread across all funding columns.

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

Source: AIHW health expenditure database.



Individuals

Individuals spent \$29.8 billion on health-related expenses before receiving subsidies from the medical expenses tax rebate in 2016–17—60.3% more than they spent in real terms in 2006–07 (\$18.6 billion). More than two-thirds (67.8%) of health expenditure by individuals was for primary health care in 2016–17, including \$5.9 billion (19.6%) on dental services. About one-third (36.9%) was for medications (comprised of both benefit-paid pharmaceuticals and all other medications). Hospital costs accounted for 10.9% of expenditure by individuals, a proportion that has more than doubled since 2006–07 (Table 3.9). The medical expenses tax rebate in 2016–17 was \$41 million (Table A3). Individual expenditure estimates do not include premiums paid for private health insurance.

Table 3.9: Health expenditure by individuals^(a), constant prices^(b), by area of expenditure, 2006–07 and 2016–17

Area of expenditure	2006–07		2016–17	
	Amount (\$ million)	Proportion (%)	Amount (\$ million)	Proportion (%)
Hospitals	807	4.3	3,242	10.9
Public hospital services ^(c)	317	1.7	1,447	4.9
Private hospitals	490	2.6	1,795	6.0
Primary health care	13,556	72.9	20,213	67.8
Unreferred medical services	500	2.7	766	2.6
Dental services	4,411	23.7	5,856	19.6
Other health practitioners	2,363	12.7	2,324	7.8
Community health and other ^(d)	305	1.6	240	0.8
Public health	38	—	20	—
Benefit-paid pharmaceuticals	1,191	6.4	1,408	4.7
All other medications	4,747	25.5	9,601	32.2
Referred medical services	1,842	9.9	3,031	10.2
Other services	2,392	12.9	3,318	11.1
Patient transport services	299	1.6	429	1.4
Aids and appliances	2,093	11.3	2,866	9.6
Administration	..	..	22	—
Research	..	..	3	—
Total	18,597	100.0	29,807	100.0

(a) The figures reflect the expenditure by individuals before receiving any subsidy through the medical expenses tax rebate. For 2016–17, this accounts for the \$41 million difference between the total in this table and the individuals' total reported in tables 3.7 and A3. For 2006–07, the difference between the totals in this table and the total reported in Table 3.8 is \$459 million.

(b) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

(c) Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis. See Appendix C for more details.

(d) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure; for example, expenditure by substance abuse treatment centres, providers of general health administration, or providers of regional health services not further defined.

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

Source: AIHW health expenditure database.

Per person expenditure by individuals (that is, averaged over the whole population) grew at an average of 3.1% per year from 2006–07 to 2016–17. In 2016–17, per person expenditure by individuals fell by \$9 to \$1,222. The per person expenditure also decreased the previous year (from \$1,237 in 2014–15 to \$1,231 in 2015–16) (Table 3.10).

Expenditure declined for most areas in 2016–17, except for patient transport, medical services, dental services, and all other medications where it grew by 4.2%, 1.0%, 2.2% and 0.3%, respectively (Table 3.10).

On average in 2016–17, individuals spent \$394 on all other medications, \$240 on dental services, \$156 on medical services (referred and unreferred), \$133 on hospitals, \$118 on aids and appliances, \$95 on other health practitioners, and \$58 on benefit-paid pharmaceuticals (Table 3.10).

Table 3.10: Average individual recurrent health expenditure per person, constant prices^(a), and annual growth rates, by selected areas of expenditure^(b), 2006–07 to 2016–17

Year	Hospitals ^{(c)(d)(e)}		Patient transport		Medical services ^(f)		Dental services		Other health practitioners		Community and public health		Benefit-paid pharmaceuticals		All other medications		Aids and appliances		Total	
	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)	Amt (\$)	Growth (%)
2006–07	39	..	15	..	114	..	214	..	115	..	17	..	58	..	230	..	101	..	902	..
2007–08	48	23.5	15	5.6	119	5.2	206	-3.6	103	-10.4	17	2.4	58	1.2	248	7.5	97	-4.0	913	1.2
2008–09	107	..	19	21.3	124	4.0	203	-1.6	88	-14.6	8	-55.6	63	7.3	276	11.6	100	2.8	987	8.2
2009–10	115	8.0	19	1.5	132	6.1	203	-0.1	93	6.6	7	-1.4	65	3.6	289	4.5	109	8.4	1,032	4.6
2010–11	130	12.8	19	-0.3	136	3.5	211	4.3	114	21.7	8	11.0	66	1.2	336	16.3	117	7.9	1,138	10.2
2011–12	122	-6.2	17	-7.2	139	1.7	216	2.1	115	1.6	7	-18.4	68	3.9	359	6.8	116	-1.0	1,160	1.9
2012–13	129	5.4	17	-3.7	139	0.4	223	3.5	121	4.4	8	19.4	67	-2.4	386	7.7	118	1.5	1,208	4.2
2013–14	121	-6.1	18	9.0	143	2.8	229	2.3	117	-3.0	12	43.2	68	1.8	388	0.5	121	2.6	1,217	0.7
2014–15	136	12.4	18	-1.5	146	1.7	230	0.5	112	-4.3	13	9.2	63	-6.7	399	2.9	120	-0.4	1,237	1.7
2015–16	136	—	17	-6.4	154	5.9	235	2.3	105	-5.9	11	-10.6	58	-8.2	393	-1.7	121	0.8	1,231	-0.5
2016–17	133	-2.1	18	4.2	156	1.0	240	2.2	95	-9.6	11	-5.7	58	-0.8	394	0.3	118	-3.1	1,222	-0.7
Average annual growth rate (%)																				
2006–07 to 2011–12	..	..	..	3.8	..	4.1	..	0.2	..	0.2	..	-16.5	..	3.4	..	9.3	..	2.7	..	5.2
2011–12 to 2016–17	..	1.7	..	0.2	..	2.3	..	2.1	..	-3.8	..	9.5	..	-3.3	..	1.9	..	0.3	..	1.0
2006–07 to 2016–17	..	..	..	2.0	..	3.2	..	1.2	..	-1.8	..	-4.4	..	—	..	5.5	..	1.5	..	3.1

(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

(b) Total of selected areas of expenditure excludes administration and research.

(c) Includes public hospitals/public hospital services and private hospitals.

(d) Growth rates were not calculated for 2008–09, as the introduction of the GHE NMDS led to more comprehensive reporting of expenditure by individuals and by the states and territories on public hospital services. This effect is meaningful in scale when analysing trends in individual expenditure on public hospital services, but it has a relatively small impact on public hospital services expenditure figures more generally. See Appendix C for more details.

(e) Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis. See Appendix C for more details.

(f) Includes referred and unreferred medical services.

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

Source: AIHW health expenditure database.

Private health insurance

Private health insurance policies generally offer cover for two broad categories of health-care services: hospital treatment for admitted patient services; and general treatment for non-medical health services such as physiotherapy (or combined policies). In 2016–17, 11.3 million Australians were covered by a hospital treatment policy (APRA 2018).

Private health insurance can be used to cover medical services that are provided through Medicare when the services are provided during hospital inpatient care. This can occur in a private hospital or in a public hospital for private patients. In 2016–17, more than half (57.0%, or \$9.0 billion) of the \$15.9 billion in expenditure by private health insurance funds was for hospital services, with private hospitals receiving \$7.8 billion (Table 3.11).

General treatment private health insurance cannot cover private or public hospital services, or services provided through Medicare which occur outside of a hospital admission. Primary health care attracted 17.6% of expenditure by private health insurance funds (\$2.8 billion), with the majority of this (12.0% of the total private health insurance payment) being for dental services (Table 3.11).

Most privately insured people who use hospital and/or general treatment services for which they are covered need to meet some level of copayment. These copayments are regarded in the expenditure estimates as expenditure by individuals.

Table 3.11: Health expenditure by private health insurance funds, current prices, by area of expenditure, 2016–17

Area of expenditure	Amount (\$ million)	Proportion (%)
Hospitals	9,041	57.0
Public hospital services ^(a)	1,213	7.7
Private hospitals	7,828	49.4
Primary health care	2,785	17.6
Dental services	1,900	12.0
Other health practitioners	839	5.3
Community health and other ^(b)	—	—
All other medications	45	0.3
Referred medical services	1,648	10.4
Other services	2,385	15.0
Patient transport services	224	1.4
Aids and appliances	692	4.4
Administration	1,468	9.3
Total	15,859	100.0

(a) Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis. See Appendix C for more details.

(b) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure; for example, expenditure by substance abuse treatment centres, providers of general health administration, or providers of regional health services not further defined.

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

Source: AIHW health expenditure database.

General benefits and administration

The expenditure by private health insurance funds reported elsewhere in this report does not include the premium rebates the Australian Government paid through the tax system or directly to the funds (see Box 3.1). The premium rebates are deducted from the gross benefits paid to reflect the amount spent by private health insurance funds that was not funded by the Australian Government (Table 3.12 details these amounts).

The gross health benefits (including the Australian Government rebates) paid by private health insurance funds in 2016–17 were estimated at \$21.7 billion, up 3.5% from \$21.0 billion in 2015–16 (tables 3.12 and 3.13).

Net funding by the health insurance funds (that is, not including the Australian Government rebates) grew by 4.8%. This makes it the fastest growing area of non-government expenditure. However, this growth was below the average annual growth rate of 5.8% per year from 2006–07 to 2016–17 (Table 3.13).

The premium rebates that the Australian Government paid rose by 0.4% from \$5.8 billion in 2015–16 to \$5.9 billion in 2016–17 (Table 3.12).

Premium rebates rose by 52.0% over the decade, from \$3.9 billion in 2006–07 to \$5.9 billion in 2016–17. Since the introduction of income testing of the premium rebate in July 2012, the share of gross benefits contributed by the private health insurance funds has grown from 66.0% in 2011–12 to 73.0% in 2016–17 (Table 3.13; Figure 3.5).

Box 3.1: Treatment of private health insurance premium rebates

There are two types of mechanisms for rebates on health insurance premiums. The first rebate is where insurers offer members a reduced premium and then insurers claim reimbursement from the Australian Government. The second is where members pay the full premium and claim the rebate through the tax system at the end of the financial year.

Both forms of rebates have been treated in these estimates as subsidies by the Australian Government of the services that were partially funded through benefits paid by the health insurance funds.

Table 3.12: Expenditure^(a) by private health insurance funds on health goods and services, constant prices^(b), 2014–15 to 2016–17 (\$ million)

Area of expenditure	2014–15			2015–16			2016–17		
	Gross benefits paid	Premium rebates ^(c)	Net benefits paid	Gross benefits paid	Premium rebates ^(c)	Net benefits paid	Gross benefits paid	Premium rebates ^(c)	Net benefits paid
Hospitals	11,634	3,361	8,273	11,996	3,335	8,661	12,379	3,338	9,041
Public hospital services ^(d)	1,547	447	1,100	1,603	446	1,157	1,661	448	1,213
Private hospitals	10,087	2,914	7,173	10,393	2,890	7,504	10,718	2,890	7,828
Primary health care	3,544	1,024	2,520	3,652	1,015	2,637	3,813	1,028	2,785
Dental services	2,319	670	1,649	2,435	677	1,758	2,601	701	1,900
Other health practitioners	1,159	335	824	1,154	321	833	1,149	310	839
Community health and other ^(e)	1	—	1	1	—	1	1	—	—
All other medications	66	19	47	61	17	44	62	17	45
Referred medical services	2,130	615	1,514	2,182	607	1,575	2,257	609	1,648
Other services	3,016	871	2,145	3,140	873	2,267	3,265	880	2,385
Patient transport services ^(f)	289	83	205	299	83	216	307	83	224
Aids and appliances	911	263	648	952	265	687	947	255	692
Administration	1,815	524	1,291	1,889	525	1,364	2,010	542	1,468
Total recurrent expenditure	20,323	5,871	14,453	20,970	5,830	15,139	21,714	5,855	15,859

(a) This expenditure shows the payments made by health insurance funds over the year, and does not necessarily reflect the actual services provided during the year.

(b) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

(c) The premium rebate is pro-rated across all expense categories (including change in provisions for outstanding claims). The rebate includes rebates paid through the tax system as well as rebates paid to funds, which directly reduce premiums.

(d) Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis. See Appendix C for more details.

(e) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure. For example, expenditure by substance abuse treatment centres, providers of general health administration, or providers of regional health services not further defined.

(f) Includes an Ambulance Service Levy that is payable by all private insurance funds with members in New South Wales and the Australian Capital Territory to offset the cost of this service.

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

Source: AIHW health expenditure database.

Table 3.13: Expenditure by private health insurance funds on health goods and services and administration, constant prices^(a), and annual growth rates, 2006–07 to 2016–17

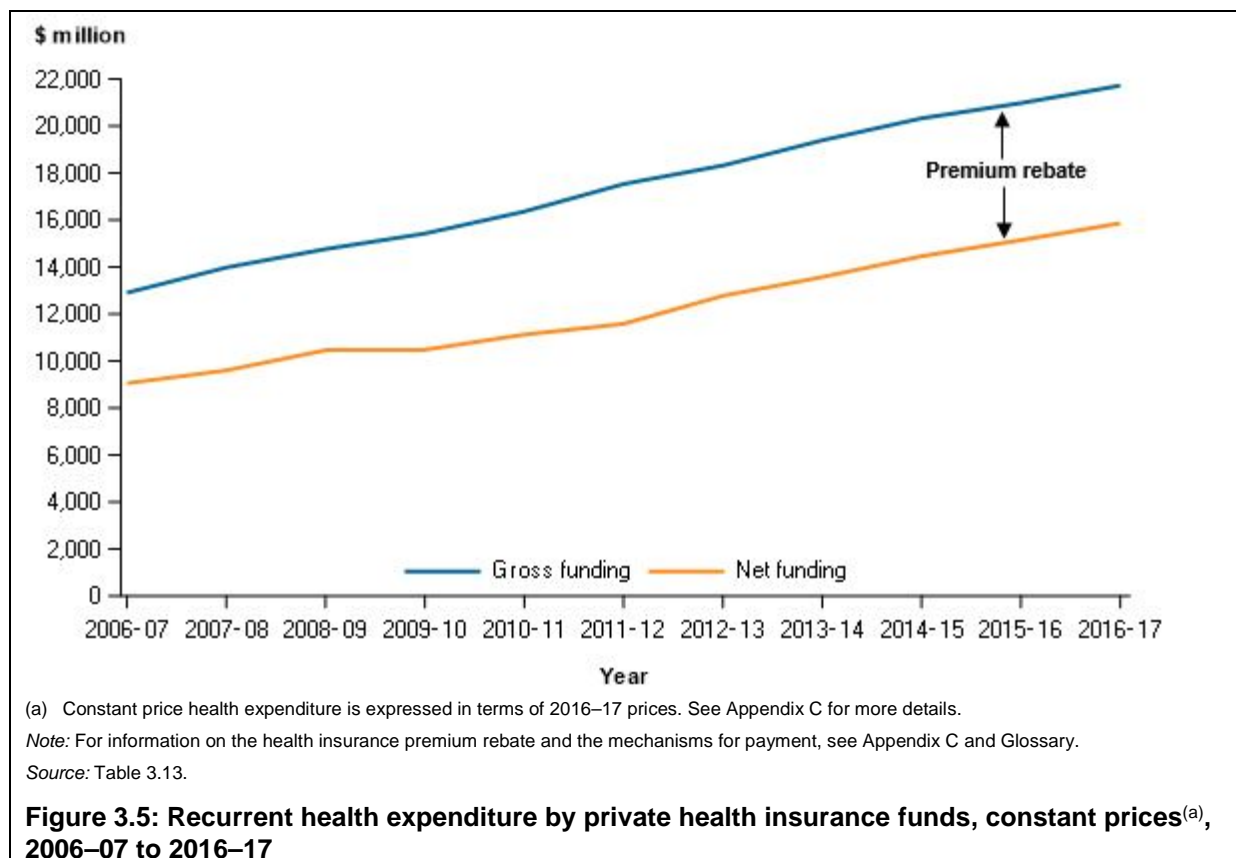
Year	Premium rebates						Net amounts funded from health insurance funds' own resources ^(b)	
	Gross amounts paid through health insurance funds		Through reduced premiums		Through taxation system			
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2006–07	12,898	..	3,655	..	197	..	9,046	..
2007–08	13,973	8.3	4,171	14.1	207	4.9	9,595	6.1
2008–09	14,757	5.6	4,095	-1.8	210	1.5	10,452	8.9
2009–10	15,420	4.5	4,740	15.8	207	-1.2	10,473	0.2
2010–11	16,354	6.1	5,022	5.9	211	2.0	11,120	6.2
2011–12	17,528	7.2	5,736	14.2	215	1.6	11,577	4.1
2012–13	18,315	4.5	5,314	-7.4	230	7.1	12,771	10.3
2013–14	19,390	5.9	5,621	5.8	201	-12.4	13,567	6.2
2014–15	20,323	4.8	5,661	0.7	210	4.1	14,453	6.5
2015–16	20,970	3.2	5,596	-1.2	235	12.0	15,139	4.8
2016–17	21,714	3.5	5,625	0.5	230	-2.0	15,859	4.8
Average annual growth rate (%)								
2006–07 to 2011–12	..	6.3	..	9.4	..	1.8	..	5.1
2011–12 to 2016–17	..	4.4	..	-0.4	..	1.4	..	6.5
2006–07 to 2016–17	..	5.3	..	4.4	..	1.6	..	5.8

(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

(b) The gross payments through health insurance funds minus the sum of the reimbursement through reduced premiums and the rebates claimed through the taxation system.

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

Source: AIHW health expenditure database.



In 2016–17, it was estimated that net health expenditure by private health insurance providers averaged \$1,399 per person covered—a growth of \$61 or 4.6% on 2015–16, compared with an average annual growth of 3.4% over the decade (Table 3.14).

Tasmania (\$1,520) and South Australia (\$1,526) had the highest expenditure by private health insurance funds per person covered, almost twice the per person amount of the Northern Territory (\$820).

Average annual growth in net expenditure per person covered was greatest in the Northern Territory (4.6%) and lowest in the Australian Capital Territory (1.6%) over the decade (Table 3.14). Part of this difference in growth may be due to the impact of income testing the private health insurance premium rebate on the level of coverage in policies purchased. A greater proportion of residents of the Australian Capital Territory meet the threshold for income testing than in other jurisdictions.

Table 3.14: Average health expenditure by private health insurance, per person covered^(a), constant prices^(b), by state and territory, and annual growth rates, 2006–07 to 2016–17 (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2006–07	967	986	1,088	980	1,130	1,048	708	524	1,001
2007–08	991	1,005	1,093	994	1,145	1,063	721	569	1,018
2008–09	1,059	1,074	1,147	1,043	1,200	1,150	752	591	1,080
2009–10	1,036	1,058	1,118	1,037	1,160	1,114	742	560	1,059
2010–11	1,075	1,100	1,137	1,069	1,196	1,145	750	613	1,092
2011–12	1,090	1,125	1,171	1,058	1,184	1,150	769	604	1,108
2012–13	1,174	1,216	1,245	1,114	1,270	1,266	830	672	1,188
2013–14	1,235	1,255	1,292	1,170	1,306	1,318	707	679	1,234
2014–15	1,285	1,306	1,363	1,195	1,397	1,426	769	736	1,289
2015–16	1,334	1,342	1,406	1,287	1,444	1,455	776	777	1,338
2016–17	1,378	1,400	1,498	1,350	1,526	1,520	826	820	1,399
Average annual growth rate (%)									
2006–07 to 2011–12	2.4	2.7	1.5	1.5	0.9	1.9	1.7	2.9	2.0
2011–12 to 2016–17	4.8	4.5	5.0	5.0	5.2	5.8	1.4	6.3	4.8
2006–07 to 2016–17	3.6	3.6	3.3	3.2	3.0	3.8	1.6	4.6	3.4

(a) Based on the number of people with health insurance cover living in each state and territory.

(b) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

Sources: AIHW health expenditure database; Table C6.

Other non-government funding

In 2016–17, injury compensation insurers spent \$3.0 billion on health goods and services, comprised of \$1.7 billion by workers compensation insurers and \$1.2 billion by compulsory third-party motor vehicle insurers. This represented an increase of 2.4% on 2015–16. Average annual growth over the decade was 1.8% (Table 3.15). This does not include non-government sector capital expenditure and other private funding.

Growth across the 10 years was quite volatile for both types of injury compensation insurers, but both had a positive average annual growth rate over the period.

Recurrent expenditure on health funded by workers compensation and compulsory third-party motor vehicle insurers forms the largest component of the 'other non-government' source of funds category presented elsewhere in this report.

Table 3.15: Expenditure by injury compensation insurers, constant prices^(a), and annual growth rates, 2006–07 to 2016–17

Year	Workers compensation insurers		Motor vehicle accident third-party insurers		Total injury compensation insurer	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
2006–07	1,501	..	978	..	2,479	..
2007–08	1,595	6.2	1,057	8.1	2,652	7.0
2008–09	1,574	-1.3	1,005	-5.0	2,579	-2.8
2009–10	1,580	0.4	1,004	-0.1	2,584	0.2
2010–11	1,666	5.5	1,060	5.6	2,726	5.5
2011–12	1,722	3.3	1,158	9.3	2,880	5.6
2012–13	1,855	7.7	1,163	0.4	3,018	4.8
2013–14	1,740	-6.2	1,201	3.2	2,941	-2.5
2014–15	1,657	-4.8	1,205	0.4	2,862	-2.7
2015–16	1,641	-0.9	1,245	3.3	2,886	0.8
2016–17	1,749	6.5	1,207	-3.0	2,956	2.4
	Average annual growth rate (%)					
2006–07 to 2011–12	..	2.8	..	3.4	..	3.0
2011–12 to 2016–17	..	0.3	..	0.8	..	0.5
2006–07 to 2016–17	..	1.5	..	2.1	..	1.8

(a) Constant price health expenditure is expressed in terms of 2016–17 prices. See Appendix C for more details.

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

Source: AIHW health expenditure database.

Appendix A: National health expenditure matrixes

Notes to tables

Data in all tables are sourced from the AIHW health expenditure database.

Constant price estimates have been indexed to the most recent year (see Appendix C for more details).

Australian Government expenditure for public hospital services in 2016–17 includes some payments related to the financial year 2015–16, as part of the National Health Reform Agreement.

The private health insurance rebate amounts include the rebate on health insurance premiums that can be claimed either directly from the Australian Government through the taxation system, or through a reduced premium charged by the private health insurance fund. The rebate was reduced from 9.27%–37.09% to 8.93%–35.72% on 1 April 2016, and to 8.64%–34.58% on 1 April 2017.

The non-government source of funds labelled ‘other’ includes expenditure on health goods and services incurred by workers compensation and compulsory third-party motor vehicle insurers, as well as other sources of income (for example, rent, interest earned) for service providers.

The term ‘other’ in ‘community health and other’ includes recurrent health expenditure that could not be allocated to a specific category; for example, expenditure by substance abuse treatment centres, providers of general health administration, or providers of regional health services not further defined.

Changes to how the Department of Health reports Aboriginal and Torres Strait Islander health expenditure contributed to the fall in expenditure on community health services between 2014–15 and 2015–16. In 2015–16, a number of Aboriginal and Torres Strait Islander community health program funding allocations were combined with other Indigenous programs, which resulted in some of the expenditure on community health services being attributed to other areas of expenditure, such as unreferral medical services. The impact of the changes can be seen nationally and across all states and territories. It is most evident in the Northern Territory, which had a larger proportion of the reallocated expenditure.

The processing of the 2016–17 health expenditure data was carried out using a new data source for over-the-counter sales of health-related products by individuals at supermarkets. The new data are disaggregated by detailed product groups, which has improved the identification of health-related products included in the reporting of health expenditure estimates. Hence, data on expenditure by individuals may not be directly comparable with data for previous years.

Administration expenditure for Western Australia (WA) went up substantially in 2016–17 due to the introduction of a new reporting framework by the WA Department of Health. As a result, corporate costs are directly allocated to administration and no longer distributed across service areas. The impact of the rise can be seen nationally for state and local governments and total administration expenditure.

Capital expenditure in 2016–17 for South Australia includes the recognition of the new Royal Adelaide Hospital building and plant and equipment assets under a public–private

partnership arrangement. The impact of the increase can be seen nationally for state and local governments and total capital expenditure.

Components in some appendix tables may not add to totals due to rounding.

State and local governments include territory governments.

More information about the expenditure categories and data sources can be found in Appendix C.

Tables in Appendix A are available in Excel format and can be downloaded free from <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/data>.

Table A1: Total health expenditure, current prices, by area of expenditure and source of funds, 2014–15 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	1,670	17,271	3,239	22,180	25,972	48,152	7,974	3,095	2,995	14,064	62,216
Public hospital services	793	16,946	431	18,170	25,351	43,521	1,060	1,485	1,930	4,475	47,996
Private hospitals	877	325	2,808	4,010	621	4,631	6,913	1,611	1,064	9,588	14,220
Primary health care	1,535	21,411	1,017	23,962	8,193	32,155	2,504	19,865	1,990	24,359	56,514
Unreferred medical services	840	8,376	..	9,216	..	9,216	..	701	1,157	1,858	11,075
Dental services	96	788	681	1,565	712	2,277	1,676	5,521	67	7,265	9,542
Other health practitioners	235	1,355	317	1,907	5	1,912	781	2,509	355	3,645	5,557
Community health and other	1	1,242	—	1,243	6,527	7,770	1	258	209	467	8,237
Public health	..	1,185	..	1,185	948	2,133	..	26	124	150	2,283
Benefit-paid pharmaceuticals	363	7,899	..	8,262	..	8,262	..	1,513	..	1,513	9,775
All other medications	..	566	19	585	..	585	46	9,335	79	9,459	10,044
Referred medical services	..	12,137	608	12,745	..	12,745	1,496	2,699	..	4,196	16,940
Other services	209	2,055	834	3,098	2,816	5,914	2,053	3,160	186	5,400	11,313
Patient transport services	168	59	80	307	2,442	2,749	198	411	100	709	3,458
Aids and appliances	1	483	254	739	..	739	625	2,744	86	3,455	4,193
Administration	40	1,513	500	2,052	374	2,426	1,230	5	1	1,236	3,662
Research	2	4,003	..	4,006	774	4,779	..	3	286	289	5,069
Total recurrent expenditure	3,416	56,877	5,698	65,991	37,755	103,746	14,028	28,823	5,457	48,307	152,053
Capital expenditure	..	81	..	81	4,125	4,206	..	..	5,361	5,361	9,567
Medical expenses tax rebate	..	146	..	146	..	146	..	-146	..	-146	—
Total health expenditure	3,416	57,103	5,698	66,217	41,880	108,097	14,028	28,677	10,817	53,522	161,619

Source: AIHW health expenditure database.

Table A2: Total health expenditure, current prices, by area of expenditure and source of funds, 2015–16 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	1,547	19,214	3,275	24,036	27,589	51,625	8,505	3,200	2,747	14,452	66,076
Public hospital services	739	18,886	438	20,063	26,770	46,833	1,136	1,419	1,675	4,231	51,064
Private hospitals	807	328	2,838	3,973	819	4,791	7,368	1,781	1,072	10,221	15,012
Primary health care	1,437	23,256	1,020	25,713	9,032	34,745	2,648	20,061	1,970	24,679	59,424
Unreferred medical services	774	9,151	..	9,925	..	9,925	..	741	1,169	1,909	11,835
Dental services	87	792	690	1,569	767	2,336	1,791	5,740	39	7,570	9,906
Other health practitioners	230	1,508	313	2,050	6	2,057	812	2,464	345	3,620	5,677
Community health and other	1	899	—	900	7,060	7,960	1	242	203	446	8,406
Public health	..	1,294	..	1,294	1,198	2,492	..	22	147	170	2,661
Benefit-paid pharmaceuticals	346	9,108	..	9,454	..	9,454	..	1,407	..	1,407	10,861
All other medications	..	504	17	521	..	521	44	9,445	67	9,556	10,077
Referred medical services	..	12,608	602	13,210	..	13,210	1,564	2,932	..	4,497	17,707
Other services	200	2,081	847	3,128	3,145	6,273	2,200	3,183	241	5,624	11,897
Patient transport services	156	65	82	302	2,692	2,994	212	397	125	734	3,729
Aids and appliances	1	506	253	759	..	759	656	2,779	113	3,548	4,307
Administration	44	1,510	513	2,066	453	2,519	1,332	7	3	1,342	3,861
Research	2	4,072	..	4,073	848	4,922	..	2	295	297	5,219
Total recurrent expenditure	3,186	61,230	5,745	70,160	40,614	110,774	14,917	29,379	5,253	49,549	160,322
Capital expenditure	..	68	..	68	3,790	3,857	..	..	6,347	6,347	10,205
Medical expenses tax rebate	..	36	..	36	..	36	..	–36	..	–36	—
Total health expenditure	3,186	61,334	5,745	70,264	44,404	114,667	14,917	29,343	11,600	55,860	170,527

Source: AIHW health expenditure database.

Table A3: Total health expenditure, current prices, by area of expenditure and source of funds, 2016–17 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	1,500	20,668	3,338	25,505	28,276	53,782	9,041	3,242	3,022	15,306	69,087
Public hospital services	683	20,568	448	21,699	27,295	48,994	1,213	1,447	1,856	4,516	53,510
Private hospitals	817	100	2,890	3,807	981	4,788	7,828	1,795	1,167	10,790	15,578
Primary health care	1,429	25,028	1,028	27,485	9,403	36,888	2,785	20,213	2,064	25,062	61,951
Unreferred medical services	780	9,413	..	10,193	..	10,193	..	766	1,244	2,009	12,202
Dental services	86	729	701	1,516	836	2,351	1,900	5,856	43	7,799	10,150
Other health practitioners	251	1,577	310	2,138	6	2,143	839	2,324	356	3,519	5,662
Community health and other	1	1,016	—	1,017	7,274	8,291	—	240	209	449	8,741
Public health	..	1,283	..	1,283	1,288	2,571	..	20	148	169	2,740
Benefit-paid pharmaceuticals	312	10,366	..	10,678	..	10,678	..	1,408	..	1,408	12,086
All other medications	..	644	17	660	..	660	45	9,601	64	9,710	10,370
Referred medical services	..	13,135	609	13,744	..	13,744	1,648	3,031	..	4,680	18,423
Other services	207	2,300	880	3,387	3,693	7,080	2,385	3,318	221	5,923	13,003
Patient transport services	152	71	83	305	2,800	3,105	224	429	96	750	3,855
Aids and appliances	1	592	255	849	..	849	692	2,866	123	3,681	4,530
Administration	54	1,637	542	2,233	893	3,126	1,468	22	2	1,492	4,618
Research	2	4,316	..	4,318	849	5,167	..	3	357	360	5,527
Total recurrent expenditure	3,137	65,447	5,855	74,439	42,221	116,661	15,859	29,807	5,664	51,330	167,991
Capital expenditure	..	93	..	93	7,363	7,456	..	..	5,211	5,211	12,667
Medical expenses tax rebate	..	41	..	41	..	41	..	-41	..	-41	—
Total health expenditure	3,137	65,581	5,855	74,573	49,584	124,158	15,859	29,766	10,876	56,500	180,658

Source: AIHW health expenditure database.

Table A4: Total health expenditure, constant prices, by area of expenditure and source of funds, 2014–15 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	1,733	17,918	3,361	23,011	26,950	49,962	8,273	3,212	3,107	14,593	64,554
Public hospital services	823	17,581	447	18,851	26,307	45,157	1,100	1,540	2,003	4,643	49,801
Private hospitals	910	337	2,914	4,161	644	4,804	7,173	1,671	1,104	9,949	14,753
Primary health care	1,553	21,615	1,024	24,192	8,542	32,734	2,520	20,028	2,040	24,588	57,322
Unreferred medical services	851	8,482	..	9,333	..	9,333	..	709	1,172	1,881	11,214
Dental services	95	775	670	1,540	700	2,240	1,649	5,431	66	7,146	9,386
Other health practitioners	248	1,429	335	2,012	6	2,017	824	2,647	374	3,846	5,863
Community health and other	1	1,305	—	1,306	6,852	8,158	1	271	219	491	8,649
Public health	..	1,227	..	1,227	984	2,212	..	28	128	156	2,368
Benefit-paid pharmaceuticals	359	7,825	..	8,184	..	8,184	..	1,499	..	1,499	9,683
All other medications	..	571	19	590	..	590	47	9,443	80	9,569	10,159
Referred medical services	..	12,293	615	12,908	..	12,908	1,514	2,733	..	4,248	17,156
Other services	217	2,150	871	3,238	2,927	6,165	2,145	3,278	193	5,615	11,780
Patient transport services	175	61	83	319	2,534	2,853	205	427	103	735	3,589
Aids and appliances	1	501	263	766	..	766	648	2,846	89	3,583	4,349
Administration	42	1,587	524	2,153	393	2,546	1,291	5	1	1,297	3,843
Research	2	4,201	..	4,203	812	5,016	..	3	300	303	5,319
Total recurrent expenditure	3,506	58,176	5,871	67,553	39,231	106,784	14,453	29,254	5,640	49,347	156,131
Capital expenditure	..	81	..	81	4,178	4,259	..	..	5,548	5,548	9,807
Medical expenses tax rebate	..	153	..	153	..	153	..	-153	..	-153	—
Total health expenditure	3,506	58,409	5,871	67,786	43,410	111,196	14,453	29,102	11,188	54,742	165,938

Source: AIHW health expenditure database.

Table A5: Total health expenditure, constant prices, by area of expenditure and source of funds, 2015–16 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	1,575	19,568	3,335	24,479	28,094	52,573	8,661	3,259	2,798	14,718	67,291
Public hospital services	753	19,234	446	20,433	27,264	47,698	1,157	1,444	1,706	4,307	52,005
Private hospitals	822	334	2,890	4,046	830	4,876	7,504	1,815	1,092	10,411	15,286
Primary health care	1,454	23,316	1,015	25,786	9,209	34,995	2,637	19,989	1,994	24,620	59,615
Unreferred medical services	780	9,219	..	9,999	..	9,999	..	746	1,177	1,923	11,922
Dental services	86	778	677	1,541	753	2,293	1,758	5,634	39	7,431	9,725
Other health practitioners	236	1,547	321	2,104	7	2,111	833	2,528	354	3,715	5,826
Community health and other	1	921	—	922	7,230	8,151	1	248	208	457	8,608
Public health	..	1,315	..	1,315	1,220	2,535	..	23	150	173	2,708
Benefit-paid pharmaceuticals	352	9,034	..	9,386	..	9,386	..	1,396	..	1,396	10,783
All other medications	..	502	17	519	..	519	44	9,413	67	9,524	10,043
Referred medical services	..	12,701	607	13,308	..	13,308	1,575	2,953	..	4,529	17,836
Other services	204	2,142	873	3,219	3,207	6,426	2,267	3,323	248	5,838	12,264
Patient transport services	158	66	83	308	2,743	3,050	216	405	127	748	3,798
Aids and appliances	1	530	265	795	..	795	687	2,911	118	3,716	4,511
Administration	45	1,546	525	2,116	464	2,580	1,364	7	3	1,374	3,954
Research	2	4,171	..	4,173	869	5,042	..	3	302	305	5,346
Total recurrent expenditure	3,235	61,898	5,830	70,963	41,380	112,343	15,139	29,527	5,343	50,009	162,352
Capital expenditure	..	67	..	67	3,783	3,851	..	..	6,391	6,391	10,242
Medical expenses tax rebate	..	37	..	37	..	37	..	-37	..	-37	—
Total health expenditure	3,235	62,002	5,830	71,067	45,163	116,230	15,139	29,490	11,734	56,363	172,594

Source: AIHW health expenditure database.

Table A6: Total health expenditure, constant prices, by area of expenditure and source of funds, 2016–17 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	1,500	20,668	3,338	25,505	28,276	53,782	9,041	3,242	3,022	15,306	69,087
Public hospital services	683	20,568	448	21,699	27,295	48,994	1,213	1,447	1,856	4,516	53,510
Private hospitals	817	100	2,890	3,807	981	4,788	7,828	1,795	1,167	10,790	15,578
Primary health care	1,429	25,028	1,028	27,485	9,403	36,888	2,785	20,213	2,064	25,062	61,951
Unreferred medical services	780	9,413	..	10,193	..	10,193	..	766	1,244	2,009	12,202
Dental services	86	729	701	1,516	836	2,351	1,900	5,856	43	7,799	10,150
Other health practitioners	251	1,577	310	2,138	6	2,143	839	2,324	356	3,519	5,662
Community health and other	1	1,016	—	1,017	7,274	8,291	—	240	209	449	8,741
Public health	..	1,283	..	1,283	1,288	2,571	..	20	148	169	2,740
Benefit-paid pharmaceuticals	312	10,366	..	10,678	..	10,678	..	1,408	..	1,408	12,086
All other medications	..	644	17	660	..	660	45	9,601	64	9,710	10,370
Referred medical services	..	13,135	609	13,744	..	13,744	1,648	3,031	..	4,680	18,423
Other services	207	2,300	880	3,387	3,693	7,080	2,385	3,318	221	5,923	13,003
Patient transport services	152	71	83	305	2,800	3,105	224	429	96	750	3,855
Aids and appliances	1	592	255	849	..	849	692	2,866	123	3,681	4,530
Administration	54	1,637	542	2,233	893	3,126	1,468	22	2	1,492	4,618
Research	2	4,316	..	4,318	849	5,167	..	3	357	360	5,527
Total recurrent expenditure	3,137	65,447	5,855	74,439	42,221	116,661	15,859	29,807	5,664	51,330	167,991
Capital expenditure	..	93	..	93	7,363	7,456	..	..	5,211	5,211	12,667
Medical expenses tax rebate	..	41	..	41	..	41	..	-41	..	-41	—
Total health expenditure	3,137	65,581	5,855	74,573	49,584	124,158	15,859	29,766	10,876	56,500	180,658

Source: AIHW health expenditure database.

Table A7: Annual growth in health expenditure, current prices, by area of expenditure, 2006–07 to 2016–17 (%)

Area of expenditure	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	Average annual growth	
	to 2007–08	to 2008–09	to 2009–10	to 2010–11	to 2011–12	to 2012–13	to 2013–14	to 2014–15	to 2015–16	to 2016–17	2006–07 to 2016–17	2011–12 to 2016–17
Hospitals	9.6	10.7	8.5	7.5	7.6	3.7	5.9	5.9	6.2	4.6	7.0	5.2
Public hospital services	10.0	8.6	8.3	7.6	7.8	3.3	5.3	5.0	6.4	4.8	6.7	4.9
Private hospitals	8.2	..	9.3	7.1	6.6	5.2	8.0	9.1	5.6	3.8	..	6.3
Primary health care	9.9	7.3	6.7	8.2	6.8	4.6	3.4	3.2	5.1	4.3	5.9	4.1
Unreferred medical services	11.3	4.7	8.2	8.2	4.0	6.0	4.2	4.5	6.9	3.1	6.1	4.9
Dental services	6.2	10.7	7.5	8.1	6.1	4.4	2.4	7.1	3.8	2.5	5.8	4.0
Other health practitioners	3.1	1.6	9.2	16.4	9.1	9.6	4.0	2.5	2.2	-0.3	5.6	3.6
Community health and other	14.5	5.1	7.2	7.6	12.6	5.0	5.3	5.1	2.0	4.0	6.8	4.3
Public health	25.0	-1.1	-10.4	-2.9	15.3	-4.6	4.6	1.9	16.6	2.9	4.2	4.1
Medications	8.7	10.8	7.5	7.9	5.1	3.7	2.5	0.3	5.6	7.2	5.9	3.9
Benefit-paid pharmaceuticals	7.9	9.9	7.5	2.0	3.3	-1.8	0.8	-2.7	11.1	11.3	4.8	3.6
All other medications	9.9	12.1	7.4	16.3	7.4	10.3	4.3	3.4	0.3	2.9	7.3	4.2
Referred medical services	8.2	10.4	6.5	4.5	7.6	6.4	6.5	5.0	4.5	4.0	6.3	5.3
Other services	7.6	12.1	3.3	5.3	7.1	-2.8	7.3	7.4	5.2	9.3	6.1	5.2
Patient transport services	12.0	19.3	8.3	7.6	7.4	0.7	5.8	8.4	7.8	3.4	8.0	5.2
Aids and appliances	2.9	4.9	7.1	3.7	1.5	4.3	3.7	5.2	2.7	5.2	4.1	4.2
Administration	10.3	15.2	-4.9	5.1	13.4	-13.4	13.6	9.0	5.4	19.6	6.9	6.2
Research	16.3	34.6	15.0	2.4	8.2	4.9	8.8	-5.2	3.0	5.9	8.9	3.3
Total recurrent expenditure	9.6	10.1	7.4	7.1	7.3	3.9	5.2	4.5	5.4	4.8	6.5	4.8
Capital expenditure	1.0	16.6	-10.5	29.4	17.7	-2.3	5.9	5.0	6.7	24.1	8.7	7.5
Total health expenditure	9.1	10.5	6.4	8.1	7.9	3.5	5.3	4.5	5.5	5.9	6.6	4.9

Source: AIHW health expenditure database.

Table A8: Annual growth in health expenditure, constant prices, by area of expenditure, 2006–07 to 2016–17 (%)

Area of expenditure	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	Average annual growth	
	to 2007–08	to 2008–09	to 2009–10	to 2010–11	to 2011–12	to 2012–13	to 2013–14	to 2014–15	to 2015–16	to 2016–17	2006–07 to 2016–17	2011–12 to 2016–17
Hospitals	6.3	7.6	4.6	6.1	5.0	0.8	3.0	3.4	4.2	2.7	4.3	2.8
Public hospital services	6.6	5.7	4.4	6.2	5.3	0.4	2.4	2.5	4.4	2.9	4.1	2.5
Private hospitals	5.0	..	5.2	5.7	4.0	2.1	5.1	6.5	3.6	1.9	..	3.8
Primary health care	8.2	4.2	4.6	7.8	5.6	2.7	1.7	2.0	4.0	3.9	4.4	2.8
Unreferred medical services	10.3	0.9	6.1	7.8	2.1	2.7	2.8	3.7	6.3	2.3	4.5	3.6
Dental services	2.1	8.5	4.6	7.2	5.8	1.9	1.1	5.5	3.6	4.4	4.4	3.3
Other health practitioners	3.2	-2.5	6.4	12.5	3.5	6.3	-0.1	-1.2	-0.6	-2.8	2.4	0.3
Community health and other	10.3	-2.7	3.4	5.4	9.8	3.5	2.3	2.2	-0.5	1.5	3.5	1.8
Public health	21.3	-4.2	-13.6	-4.2	12.6	-7.3	1.8	-0.6	14.4	1.2	1.6	1.6
Medications	8.4	11.5	7.0	9.3	5.5	2.9	1.7	0.6	5.0	7.8	5.9	3.6
Benefit-paid pharmaceuticals	7.8	9.7	7.5	2.0	3.3	-1.7	1.0	-2.7	11.4	12.1	4.9	3.8
All other medications	9.1	14.1	6.3	19.4	8.1	8.1	2.4	4.0	-1.1	3.3	7.2	3.3
Referred medical services	7.2	6.3	4.4	3.0	5.8	4.0	5.1	4.1	4.0	3.3	4.7	4.1
Other services	4.8	10.7	1.8	6.4	6.0	-5.0	6.6	4.4	4.1	6.0	4.5	3.1
Patient transport services	8.6	15.8	4.3	6.2	4.8	-2.2	3.0	5.9	5.9	1.5	5.3	2.8
Aids and appliances	0.1	6.9	12.5	11.3	3.0	3.4	6.5	1.7	3.7	0.4	4.9	3.1
Administration	6.2	10.0	-8.6	1.8	10.1	-15.9	10.5	6.0	2.9	16.8	3.6	3.4
Research	12.0	28.9	10.8	-0.9	5.3	1.7	5.9	-7.7	0.5	3.4	5.6	0.6
Total recurrent expenditure	7.1	7.1	4.6	6.1	5.4	1.4	3.1	2.6	4.0	3.5	4.5	2.9
Capital expenditure	-3.9	12.9	-9.8	27.7	16.9	-2.9	4.3	2.9	4.4	23.7	7.0	6.1
Total health expenditure	6.5	7.4	3.8	7.1	6.0	1.1	3.2	2.6	4.0	4.7	4.6	3.1

Source: AIHW health expenditure database.

Table A9: Proportions of recurrent health expenditure, current prices, by area of expenditure, 2006–07 to 2016–17 (%)

Area of expenditure	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
Hospitals	39.3	39.3	39.5	39.9	40.1	40.2	40.1	40.4	40.9	41.2	41.1
Public hospitals/Public hospital services	31.3	31.4	31.0	31.3	31.4	31.6	31.4	31.4	31.6	31.9	31.9
Private hospitals	8.0	7.9	8.5	8.7	8.7	8.6	8.7	9.0	9.4	9.4	9.3
Primary health care	38.9	39.0	38.0	37.8	38.2	38.0	38.3	37.6	37.2	37.1	36.9
Unreferred medical services	7.6	7.7	7.3	7.3	7.4	7.2	7.3	7.3	7.3	7.4	7.3
Dental services	6.4	6.2	6.3	6.3	6.3	6.3	6.3	6.1	6.3	6.2	6.0
Other health practitioners	3.7	3.4	3.2	3.2	3.5	3.6	3.8	3.7	3.7	3.5	3.4
Community health and other	5.1	5.3	5.1	5.0	5.1	5.3	5.4	5.4	5.4	5.2	5.2
Public health	2.0	2.3	2.1	1.7	1.6	1.7	1.5	1.5	1.5	1.7	1.6
Benefit-paid pharmaceuticals	8.4	8.3	8.3	8.3	7.9	7.6	7.2	6.9	6.4	6.8	7.2
All other medications	5.7	5.7	5.8	5.8	6.3	6.3	6.7	6.7	6.6	6.3	6.2
Referred medical services	11.1	11.0	11.0	10.9	10.7	10.7	11.0	11.1	11.1	11.0	11.0
Other services	8.0	7.9	8.0	7.7	7.6	7.6	7.1	7.2	7.4	7.4	7.7
Patient transport services	2.0	2.0	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3
Aids and appliances	3.4	3.2	3.0	3.0	2.9	2.8	2.8	2.7	2.8	2.7	2.7
Administration	2.6	2.7	2.8	2.5	2.4	2.6	2.1	2.3	2.4	2.4	2.7
Research	2.6	2.8	3.4	3.6	3.5	3.5	3.6	3.7	3.3	3.3	3.3
Total recurrent expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: AIHW health expenditure database.

Table A10: Recurrent funding of public hospital services, constant prices, by source of funds and annual growth rates, 2006–07 to 2016–17 (%)

Year	Government						Non-government			Total		
	Australian Government			State and local			Amount (\$m)	Growth (%)	Share (%)	Amount (\$m)	Growth (%)	Share (%)
	Amount (\$m)	Growth (%)	Share (%)	Amount (\$m)	Growth (%)	Share (%)						
2006–07	13,804	..	38.4	19,600	..	54.5	2,546	..	7.1	35,950	..	100.0
2007–08	15,053	9.0	39.3	20,521	4.7	53.5	2,754	8.2	7.2	38,327	6.6	100.0
2008–09	17,028	13.1	42.0	20,252	-1.3	50.0	3,225	17.1	8.0	40,505	5.7	100.0
2009–10	16,184	-5.0	38.3	22,792	12.5	53.9	3,296	2.2	7.8	42,272	4.4	100.0
2010–11	17,776	9.8	39.6	23,337	2.4	52.0	3,763	14.2	8.4	44,876	6.2	100.0
2011–12	18,125	2.0	38.4	25,207	8.0	53.3	3,927	4.4	8.3	47,259	5.3	100.0
2012–13	17,732	-2.2	37.4	25,380	0.7	53.5	4,326	10.2	9.1	47,438	0.4	100.0
2013–14	17,891	0.9	36.8	26,340	3.8	54.2	4,348	0.5	9.0	48,580	2.4	100.0
2014–15	18,851	5.4	37.9	26,307	-0.1	52.8	4,643	6.8	9.3	49,801	2.5	100.0
2015–16	20,433	8.4	39.3	27,264	3.6	52.4	4,307	-7.2	8.3	52,005	4.4	100.0
2016–17	21,699	6.2	40.6	27,295	0.1	51.0	4,516	4.8	8.4	53,510	2.9	100.0
	Average annual growth rate (%)											
2006–07 to 2011–12	..	5.6	..	..	5.2	..	..	9.1	..	..	5.6	..
2011–12 to 2016–17	..	3.7	..	..	1.6	..	..	2.8	..	..	2.5	..
2006–07 to 2016–17	..	4.6	..	..	3.4	..	..	5.9	..	..	4.1	..

Source: AIHW health expenditure database.

Appendix B: State and territory health expenditure matrixes

Notes to tables

Tables show funding provided by the Australian Government, state and territory and local governments, and the major non-government sources of funding for health goods and services.

Data in all tables are sourced from the AIHW health expenditure database.

The private health insurance rebate amounts include the rebate on health insurance premiums that can be claimed either directly from the Australian Government through the taxation system, or through a reduced premium charged by the private health insurance fund. The rebate was reduced from 9.27%–37.09% to 8.93%–35.72% on 1 April 2016, and to 8.64%–34.58% on 1 April 2017.

The non-government source of funds labelled '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, rent, interest earned) for service providers.

'Health and other' comprises Department of Health-funded expenditure, such as on the MBS and PBS, and other Australian Government expenditure, such as for the SPPs associated with the National Healthcare Agreement and health-related NPPs, capital consumption, estimates of the medical expenses tax rebate, and health research not funded by the Department of Health.

Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis. See Appendix C for more information.

The term 'other' in 'community health and other' includes recurrent health expenditure that could not be allocated to a specific category; for example, expenditure by substance abuse treatment centres, providers of general health administration, or providers of regional health services not further defined.

Cross-border Activity Based Funding under the National Health Reform Agreement is paid directly by the Administrator of the National Health Funding Pool to the jurisdiction where services were provided. However, the population used for per capita spend calculations is actual state population. This may lead to over- or under-estimation of per capita health expenditure in each state or territory.

Changes to how the Department of Health report Aboriginal and Torres Strait Islander health expenditure contributed to the fall in expenditure on community health services between 2014–15 and 2015–16. In 2015–16, a number of Aboriginal and Torres Strait Islander community health program funding allocations were combined with other Indigenous programs, which resulted in some of the expenditure on community health services being attributed to other areas of expenditure, such as unreferral medical services. The impact of the changes can be seen nationally and across all states and territories. It is most evident in the Northern Territory, which had a larger proportion of the reallocated expenditure.

The processing of the 2016–17 health expenditure data was carried out using a new data source for over-the-counter sales of health-related products by individuals at supermarkets. The new data are disaggregated by detailed product groups, which has improved the identification of health-related products included in the reporting of health expenditure

estimates. Hence, data on expenditure by individuals may not be directly comparable with data for previous years.

Data for Victoria before 2015–16 included payments by health insurance funds to hospitals as personal contributions, therefore overstating the amount reported for patient contributions.

Administration expenditure for Western Australia (WA) went up substantially in 2016–17 due to the introduction of a new reporting framework by the WA Department of Health. As a result, corporate costs are directly allocated to administration and no longer distributed across service areas.

Capital expenditure in 2016–17 for South Australia includes the recognition of the new Royal Adelaide Hospital building and plant and equipment assets under a public–private partnership arrangement.

Some research expenditure for South Australia is included in public hospital expenditure, as not all research expenditure can be separately identified.

Components in some appendix tables may not add to totals due to rounding.

More information about the expenditure categories and data sources can be found in Appendix C.

Tables in Appendix B are available in Excel format and can be downloaded free from www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/data.

They are also available through a data visualisation tool at www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/overview.

Table B1: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds, 2014–15 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	566	5,450	1,049	7,066	7,768	14,834	2,583	668	1,174	4,425	19,259
Public hospital services	342	5,344	211	5,898	7,768	13,666	520	272	821	1,612	15,278
Private hospitals	224	106	838	1,168	..	1,168	2,063	396	354	2,813	3,981
Primary health care	477	7,166	321	7,964	2,155	10,120	790	6,285	927	8,002	18,122
Unreferred medical services	256	2,820	..	3,076	..	3,076	..	175	542	717	3,793
Dental services	29	316	213	557	199	756	523	1,552	16	2,091	2,847
Other health practitioners	67	448	101	616	..	616	249	753	107	1,109	1,725
Community health and other	—	329	—	330	1,718	2,047	—	142	134	276	2,324
Public health	..	376	..	376	239	615	..	..	119	119	735
Benefit-paid pharmaceuticals	125	2,689	..	2,814	..	2,814	..	499	..	499	3,313
All other medications	..	188	7	195	..	195	17	3,165	9	3,191	3,386
Referred medical services	..	4,286	177	4,464	..	4,464	437	1,061	..	1,497	5,961
Other services	89	672	296	1,057	619	1,675	728	588	48	1,364	3,039
Patient transport services	88	5	50	142	619	761	122	66	42	230	990
Aids and appliances	1	159	87	247	..	247	214	522	6	742	989
Administration	—	508	159	668	—	668	392	..	..	392	1,060
Research	—	1,324	..	1,324	217	1,541	..	1	125	126	1,667
Total recurrent expenditure	1,132	18,900	1,843	21,874	10,759	32,633	4,537	8,602	2,275	15,414	48,047
Capital expenditure	..	31	..	31	1,275	1,306	..	..	1,610	1,610	2,916
Medical expenses tax rebate	..	55	..	55	..	55	..	-55	..	-55	—
Total health expenditure	1,132	18,986	1,843	21,961	12,034	33,994	4,537	8,547	3,885	16,969	50,964

Source: AIHW health expenditure database.

Table B2: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds, 2015–16 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	530	6,140	1,071	7,741	7,744	15,484	2,780	787	1,172	4,739	20,224
Public hospital services	319	6,046	212	6,577	7,744	14,321	551	344	817	1,712	16,033
Private hospitals	211	94	858	1,163	..	1,163	2,229	443	356	3,027	4,191
Primary health care	438	7,723	318	8,479	2,289	10,768	826	6,327	950	8,103	18,871
Unreferred medical services	230	3,028	..	3,258	..	3,258	..	187	560	747	4,005
Dental services	26	320	214	559	210	769	554	1,617	12	2,183	2,952
Other health practitioners	63	490	98	651	..	651	255	738	112	1,105	1,756
Community health and other	—	278	—	278	1,745	2,024	—	162	114	276	2,300
Public health	..	409	..	409	334	743	..	..	144	144	887
Benefit-paid pharmaceuticals	119	3,032	..	3,150	..	3,150	..	461	..	461	3,611
All other medications	..	167	6	173	..	173	16	3,162	9	3,187	3,360
Referred medical services	..	4,436	176	4,612	..	4,612	457	1,153	..	1,611	6,223
Other services	87	676	301	1,064	701	1,764	783	580	48	1,411	3,176
Patient transport services	86	5	51	142	701	843	132	41	44	217	1,060
Aids and appliances	—	167	86	253	..	253	223	540	4	766	1,019
Administration	—	504	165	669	..	669	428	..	..	428	1,097
Research	—	1,347	..	1,347	224	1,571	..	1	131	132	1,703
Total recurrent expenditure	1,054	20,322	1,866	23,242	10,957	34,200	4,846	8,849	2,302	15,996	50,196
Capital expenditure	..	30	..	30	1,168	1,198	..	..	1,907	1,907	3,105
Medical expenses tax rebate	..	14	..	14	..	14	..	-14	..	-14	—
Total health expenditure	1,054	20,366	1,866	23,286	12,126	35,412	4,846	8,835	4,208	17,889	53,301

Source: AIHW health expenditure database.

Table B3: Total health expenditure, current prices, New South Wales, by area of expenditure and source of funds, 2016–17 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	508	6,410	1,079	7,998	8,151	16,148	2,924	774	1,211	4,909	21,057
Public hospital services	303	6,392	216	6,910	8,151	15,061	584	305	849	1,738	16,799
Private hospitals	205	19	864	1,088	..	1,088	2,340	469	362	3,170	4,258
Primary health care	411	8,142	320	8,872	2,320	11,192	866	6,442	1,001	8,309	19,501
Unreferred medical services	217	3,023	..	3,240	..	3,240	..	197	614	811	4,051
Dental services	25	299	217	540	245	786	588	1,657	12	2,257	3,043
Other health practitioners	62	504	97	662	..	662	263	701	114	1,077	1,739
Community health and other	—	295	—	295	1,718	2,013	—	168	112	280	2,294
Public health	..	397	..	397	356	753	..	..	141	141	894
Benefit-paid pharmaceuticals	107	3,415	..	3,523	..	3,523	..	460	..	460	3,983
All other medications	..	209	6	215	..	215	16	3,260	8	3,283	3,498
Referred medical services	..	4,599	178	4,777	..	4,777	481	1,183	..	1,664	6,441
Other services	81	737	310	1,127	689	1,816	839	604	53	1,496	3,312
Patient transport services	80	5	51	136	689	825	137	50	46	233	1,058
Aids and appliances	—	192	86	279	..	279	233	554	7	795	1,073
Administration	—	539	173	712	..	712	469	..	..	469	1,181
Research	—	1,403	..	1,403	211	1,613	..	1	155	155	1,769
Total recurrent expenditure	999	21,291	1,887	24,176	11,370	35,547	5,110	9,004	2,420	16,534	52,081
Capital expenditure	..	28	..	28	1,281	1,309	..	..	1,429	1,429	2,739
Medical expenses tax rebate	..	16	..	16	..	16	..	-16	..	-16	—
Total health expenditure	999	21,335	1,887	24,221	12,651	36,872	5,110	8,988	3,849	17,947	54,819

Source: AIHW health expenditure database.

Table B4: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds, 2014–15 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	342	4,281	806	5,429	5,876	11,305	1,984	931	645	3,560	14,865
Public hospital services	148	4,209	96	4,454	5,876	10,329	237	469	323	1,029	11,358
Private hospitals	194	72	710	976	..	976	1,747	462	322	2,531	3,507
Primary health care	302	5,213	210	5,725	1,006	6,731	517	5,970	344	6,830	13,561
Unreferred medical services	169	2,080	..	2,249	..	2,249	..	182	196	378	2,627
Dental services	16	199	134	348	157	505	329	2,081	17	2,426	2,931
Other health practitioners	43	370	73	486	..	486	181	938	78	1,196	1,682
Community health and other	—	199	—	199	575	774	—	13	29	42	816
Public health	..	284	..	284	275	558	..	2	1	3	562
Benefit-paid pharmaceuticals	75	1,944	..	2,020	..	2,020	..	384	..	384	2,404
All other medications	..	136	3	139	..	139	7	2,369	23	2,399	2,538
Referred medical services	..	3,032	164	3,196	..	3,196	403	597	..	1,000	4,196
Other services	32	495	185	713	514	1,227	457	1,138	55	1,649	2,876
Patient transport services	32	1	11	44	515	558	26	249	25	300	859
Aids and appliances	—	121	52	173	..	173	129	889	29	1,047	1,220
Administration	—	374	123	496	—	496	302	..	..	302	798
Research	—	1,215	..	1,215	154	1,370	..	..	91	91	1,461
Total recurrent expenditure	677	14,236	1,365	16,278	7,550	23,828	3,360	8,636	1,134	13,130	36,958
Capital expenditure	..	18	..	18	880	899	..	..	1,254	1,254	2,153
Medical expenses tax rebate	..	38	..	38	..	38	..	–38	..	–38	—
Total health expenditure	677	14,292	1,365	16,334	8,430	24,764	3,360	8,598	2,388	14,347	39,111

Source: AIHW health expenditure database.

Table B5: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds, 2015–16 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	323	4,666	809	5,798	6,641	12,439	2,100	809	439	3,348	15,786
Public hospital services	149	4,595	96	4,839	6,641	11,480	248	246	119	613	12,093
Private hospitals	174	71	713	959	..	959	1,851	563	321	2,735	3,693
Primary health care	283	5,704	209	6,196	1,086	7,281	543	6,016	351	6,910	14,191
Unreferred medical services	154	2,185	..	2,339	..	2,339	..	193	205	399	2,738
Dental services	14	201	135	350	164	514	351	2,161	6	2,518	3,032
Other health practitioners	43	412	71	527	..	527	185	922	82	1,189	1,715
Community health and other	—	176	—	176	593	769	—	8	34	42	811
Public health	..	306	..	306	329	635	..	1	—	1	636
Benefit-paid pharmaceuticals	72	2,301	..	2,372	..	2,372	..	353	..	353	2,725
All other medications	..	122	3	125	..	125	7	2,379	23	2,409	2,534
Referred medical services	..	3,142	161	3,303	..	3,303	417	669	..	1,086	4,389
Other services	24	500	186	711	568	1,279	484	1,156	58	1,698	2,977
Patient transport services	24	1	10	35	568	603	27	257	28	311	914
Aids and appliances	—	126	52	178	..	178	134	900	31	1,064	1,242
Administration	—	373	125	498	..	498	324	..	..	324	821
Research	—	1,234	..	1,234	191	1,425	..	—	92	92	1,517
Total recurrent expenditure	630	15,247	1,365	17,241	8,486	25,727	3,544	8,650	940	13,134	38,861
Capital expenditure	..	8	..	8	816	824	..	..	1,485	1,485	2,309
Medical expenses tax rebate	..	9	..	9	..	9	..	-9	..	-9	—
Total health expenditure	630	15,264	1,365	17,258	9,302	26,560	3,544	8,641	2,425	14,610	41,170

Source: AIHW health expenditure database.

Table B6: Total health expenditure, current prices, Victoria, by area of expenditure and source of funds, 2016–17 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	279	5,188	823	6,290	6,885	13,175	2,230	812	572	3,614	16,789
Public hospital services	107	5,165	95	5,367	6,885	12,252	257	215	220	691	12,943
Private hospitals	171	24	728	924	..	924	1,973	597	353	2,923	3,846
Primary health care	268	6,163	212	6,643	1,245	7,888	573	6,047	388	7,009	14,896
Unreferred medical services	147	2,234	..	2,381	..	2,381	..	204	228	431	2,813
Dental services	13	185	138	336	182	518	375	2,170	7	2,552	3,070
Other health practitioners	43	434	71	548	..	548	191	866	92	1,149	1,696
Community health and other	—	195	—	195	711	906	—	9	38	47	953
Public health	..	323	..	323	351	675	..	1	—	1	676
Benefit-paid pharmaceuticals	65	2,635	..	2,700	..	2,700	..	356	..	356	3,057
All other medications	..	157	3	160	..	160	7	2,441	24	2,472	2,632
Referred medical services	..	3,285	164	3,448	..	3,448	443	702	..	1,145	4,594
Other services	27	559	195	781	618	1,399	529	1,186	54	1,768	3,167
Patient transport services	26	1	11	38	618	656	29	276	18	323	979
Aids and appliances	—	151	52	203	..	203	142	910	36	1,087	1,290
Administration	—	407	132	540	..	540	358	..	..	358	898
Research	—	1,364	..	1,364	157	1,522	..	..	111	111	1,633
Total recurrent expenditure	573	16,559	1,394	18,526	8,905	27,431	3,775	8,746	1,126	13,647	41,078
Capital expenditure	..	23	..	23	1,111	1,134	..	..	1,580	1,580	2,714
Medical expenses tax rebate	..	11	..	11	..	11	..	-11	..	-11	—
Total health expenditure	573	16,593	1,394	18,560	10,016	28,576	3,775	8,736	2,706	15,217	43,792

Source: AIHW health expenditure database.

Table B7: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds, 2014–15 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	417	3,400	676	4,494	4,887	9,381	1,665	714	698	3,078	12,459
Public hospital services	109	3,321	56	3,485	4,766	8,251	137	326	524	987	9,238
Private hospitals	308	80	621	1,009	122	1,130	1,528	388	174	2,090	3,221
Primary health care	424	4,277	204	4,906	2,498	7,404	503	3,460	281	4,244	11,648
Unreferred medical services	236	1,720	..	1,957	..	1,957	..	149	167	316	2,272
Dental services	31	150	139	320	199	519	342	601	11	954	1,473
Other health practitioners	73	266	62	401	..	401	152	569	72	792	1,193
Community health and other	—	253	—	253	2,188	2,441	—	22	20	42	2,482
Public health	..	237	..	237	112	349	..	20	..	20	369
Benefit-paid pharmaceuticals	83	1,538	..	1,621	..	1,621	..	298	..	298	1,920
All other medications	..	114	4	117	..	117	9	1,802	11	1,822	1,939
Referred medical services	..	2,459	124	2,583	..	2,583	306	518	..	824	3,407
Other services	27	416	156	598	975	1,573	384	533	14	931	2,504
Patient transport services	26	16	—	42	742	785	—	..	4	5	789
Aids and appliances	—	95	51	147	..	147	126	533	10	669	816
Administration	—	304	105	409	233	642	257	..	..	257	899
Research	—	610	..	610	212	821	..	..	28	28	850
Total recurrent expenditure	867	11,162	1,161	13,190	8,573	21,763	2,858	5,226	1,022	9,106	30,868
Capital expenditure	..	9	..	9	957	966	..	..	1,329	1,329	2,295
Medical expenses tax rebate	..	27	..	27	..	27	..	-27	..	-27	—
Total health expenditure	867	11,198	1,161	13,226	9,530	22,756	2,858	5,199	2,351	10,408	33,164

Source: AIHW health expenditure database.

Table B8: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds, 2015–16 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	391	3,909	664	4,964	5,390	10,354	1,723	828	690	3,241	13,595
Public hospital services	105	3,821	56	3,983	5,271	9,253	146	349	491	986	10,240
Private hospitals	286	88	607	981	119	1,101	1,577	479	199	2,255	3,355
Primary health care	406	4,743	207	5,356	2,803	8,159	536	3,503	274	4,313	12,472
Unreferred medical services	226	1,902	..	2,128	..	2,128	..	158	161	319	2,448
Dental services	30	154	141	325	203	527	367	619	9	995	1,523
Other health practitioners	72	301	62	435	..	435	160	570	72	802	1,237
Community health and other	—	183	—	183	2,444	2,627	—	22	19	41	2,668
Public health	..	263	..	263	157	420	..	19	..	19	438
Benefit-paid pharmaceuticals	79	1,839	..	1,918	..	1,918	..	282	..	282	2,200
All other medications	..	101	3	105	..	105	9	1,833	12	1,854	1,958
Referred medical services	..	2,571	123	2,695	..	2,695	320	549	..	869	3,563
Other services	25	426	157	609	1,052	1,660	408	543	16	968	2,628
Patient transport services	25	18	—	43	806	849	—	..	2	2	851
Aids and appliances	—	100	51	151	..	151	133	543	15	691	842
Administration	—	308	106	414	246	660	275	..	..	275	935
Research	—	621	..	621	229	850	..	..	29	29	879
Total recurrent expenditure	823	12,271	1,151	14,244	9,474	23,718	2,988	5,423	1,009	9,420	33,138
Capital expenditure	..	9	..	9	877	886	..	..	1,574	1,574	2,459
Medical expenses tax rebate	..	7	..	7	..	7	..	-7	..	-7	—
Total health expenditure	823	12,286	1,151	14,260	10,350	24,610	2,988	5,416	2,583	10,987	35,597

Source: AIHW health expenditure database.

Table B9: Total health expenditure, current prices, Queensland, by area of expenditure and source of funds, 2016–17 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	360	4,194	690	5,245	5,553	10,798	1,870	918	757	3,545	14,344
Public hospital services	81	4,162	61	4,303	5,441	9,745	164	364	519	1,048	10,793
Private hospitals	280	33	630	942	112	1,054	1,706	554	238	2,497	3,551
Primary health care	402	5,208	208	5,818	2,964	8,782	562	3,543	278	4,384	13,165
Unreferred medical services	225	2,033	..	2,258	..	2,258	..	161	166	326	2,584
Dental services	29	141	143	313	214	527	388	619	10	1,017	1,544
Other health practitioners	76	318	61	456	..	456	166	548	75	789	1,245
Community health and other	—	224	—	224	2,561	2,785	—	21	16	38	2,822
Public health	..	260	..	260	189	448	..	17	..	17	465
Benefit-paid pharmaceuticals	71	2,102	..	2,173	..	2,173	..	283	..	283	2,456
All other medications	..	131	3	134	..	134	9	1,893	11	1,914	2,048
Referred medical services	..	2,673	123	2,796	..	2,796	332	570	..	902	3,698
Other services	26	473	164	662	1,068	1,730	444	562	12	1,018	2,748
Patient transport services	25	19	—	44	813	857	—	..	1	2	858
Aids and appliances	—	117	52	169	..	169	140	562	11	713	883
Administration	—	337	112	449	255	704	303	..	..	303	1,007
Research	—	682	..	682	239	920	..	..	46	46	967
Total recurrent expenditure	788	13,230	1,185	15,203	9,823	25,026	3,209	5,593	1,094	9,896	34,922
Capital expenditure	..	15	..	15	1,114	1,129	..	..	1,569	1,569	2,698
Medical expenses tax rebate	..	8	..	8	..	8	..	–8	..	–8	—
Total health expenditure	788	13,252	1,185	15,225	10,937	26,162	3,209	5,585	2,663	11,457	37,619

Source: AIHW health expenditure database.

Table B10: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds, 2014–15 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	166	1,894	355	2,415	3,458	5,872	873	500	157	1,530	7,403
Public hospital services	88	1,849	27	1,964	2,970	4,934	66	339	40	445	5,379
Private hospitals	78	45	328	450	488	938	807	161	117	1,085	2,024
Primary health care	120	1,980	149	2,249	1,022	3,271	366	2,057	196	2,620	5,890
Unreferred medical services	61	743	..	804	..	804	..	94	122	216	1,020
Dental services	9	38	108	155	72	227	265	856	6	1,128	1,355
Other health practitioners	22	114	38	175	..	175	95	78	37	210	384
Community health and other	—	152	—	152	815	967	—	17	3	20	987
Public health	..	130	..	130	135	265	..	..	..	..	265
Benefit-paid pharmaceuticals	28	746	..	774	..	774	..	146	..	146	919
All other medications	..	57	2	60	..	60	6	867	27	900	960
Referred medical services	..	1,044	68	1,112	..	1,112	166	277	..	444	1,556
Other services	8	205	100	314	346	660	247	550	28	825	1,485
Patient transport services	8	17	10	35	231	266	25	5	12	42	307
Aids and appliances	—	48	30	78	..	78	75	540	15	630	708
Administration	—	141	60	200	116	316	147	5	1	153	469
Research	—	349	..	349	75	424	..	1	17	18	442
Total recurrent expenditure	294	5,472	671	6,438	4,901	11,339	1,652	3,386	398	5,436	16,775
Capital expenditure	..	7	..	7	635	642	..	..	628	628	1,270
Medical expenses tax rebate	..	12	..	12	..	12	..	-12	..	-12	—
Total health expenditure	294	5,491	671	6,457	5,536	11,993	1,652	3,373	1,027	6,052	18,045

Source: AIHW health expenditure database.

Table B11: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds, 2015–16 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	130	2,016	382	2,528	3,664	6,192	992	418	145	1,555	7,747
Public hospital services	55	1,971	31	2,056	2,981	5,038	79	411	38	529	5,567
Private hospitals	75	45	351	472	683	1,154	912	6	107	1,026	2,180
Primary health care	116	2,095	153	2,364	1,142	3,506	396	2,146	168	2,709	6,215
Unreferred medical services	56	839	..	895	..	895	..	95	124	219	1,114
Dental services	9	29	111	149	86	235	288	893	3	1,184	1,419
Other health practitioners	25	129	39	193	..	193	101	65	27	194	387
Community health and other	—	94	—	94	895	990	—	19	3	22	1,012
Public health	..	138	..	138	160	299	..	..	..	..	299
Benefit-paid pharmaceuticals	26	814	..	841	..	841	..	136	..	136	977
All other medications	..	51	2	54	..	54	6	938	10	955	1,008
Referred medical services	..	1,098	68	1,166	..	1,166	177	298	..	476	1,642
Other services	7	209	104	321	383	704	271	551	43	866	1,570
Patient transport services	7	19	10	37	258	294	27	6	10	43	338
Aids and appliances	—	50	31	81	..	81	80	538	33	651	732
Administration	—	140	63	203	126	329	164	7	1	172	501
Research	—	354	..	354	75	429	..	1	17	19	447
Total recurrent expenditure	254	5,771	707	6,732	5,264	11,996	1,837	3,414	374	5,624	17,621
Capital expenditure	..	6	..	6	582	588	..	..	744	744	1,332
Medical expenses tax rebate	..	3	..	3	..	3	..	-3	..	-3	—
Total health expenditure	254	5,781	707	6,742	5,846	12,588	1,837	3,411	1,118	6,365	18,953

Source: AIHW health expenditure database.

Table B12: Total health expenditure, current prices, Western Australia, by area of expenditure and source of funds, 2016–17 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	173	2,261	386	2,821	3,569	6,390	1,045	449	155	1,649	8,039
Public hospital services	100	2,251	32	2,382	2,731	5,113	86	498	37	622	5,735
Private hospitals	74	11	354	439	838	1,276	959	-49	118	1,028	2,304
Primary health care	115	2,277	153	2,545	1,149	3,694	413	2,076	168	2,658	6,352
Unreferred medical services	55	870	..	925	..	925	..	93	126	218	1,144
Dental services	9	25	111	145	88	233	301	944	3	1,247	1,480
Other health practitioners	27	139	39	205	..	205	106	52	27	185	390
Community health and other	—	104	—	104	890	994	—	23	3	26	1,020
Public health	..	137	..	137	171	308	..	..	..	..	308
Benefit-paid pharmaceuticals	24	936	..	960	..	960	..	133	..	133	1,093
All other medications	..	65	3	68	..	68	7	833	10	849	917
Referred medical services	..	1,166	69	1,236	..	1,236	188	302	..	490	1,726
Other services	6	235	109	350	776	1,126	295	598	49	942	2,069
Patient transport services	6	23	10	39	245	284	28	6	10	44	328
Aids and appliances	—	60	32	92	..	92	87	570	37	694	785
Administration	—	153	67	220	531	751	181	22	2	205	955
Research	—	330	..	330	74	404	..	1	17	19	423
Total recurrent expenditure	295	6,270	717	7,282	5,569	12,850	1,942	3,426	390	5,758	18,608
Capital expenditure	..	7	..	7	316	323	..	..	228	228	551
Medical expenses tax rebate	..	3	..	3	..	3	..	-3	..	-3	—
Total health expenditure	295	6,280	717	7,292	5,885	13,177	1,942	3,423	618	5,982	19,159

Source: AIHW health expenditure database.

Table B13: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds, 2014–15 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	103	1,239	219	1,562	2,333	3,895	539	154	217	910	4,805
Public hospital services	56	1,224	24	1,304	2,329	3,633	59	48	165	272	3,905
Private hospitals	47	15	195	258	5	262	480	106	51	638	900
Primary health care	102	1,620	91	1,814	830	2,644	225	1,148	165	1,539	4,183
Unreferred medical services	51	622	..	673	..	673	..	48	87	135	808
Dental services	8	62	59	129	50	179	145	163	7	316	494
Other health practitioners	16	102	31	149	..	149	76	43	40	159	308
Community health and other	—	92	—	93	685	778	—	64	21	85	863
Public health	..	82	..	82	95	177	..	4	3	7	184
Benefit-paid pharmaceuticals	28	616	..	644	..	644	..	118	..	118	761
All other medications	..	44	2	46	..	46	4	708	7	719	765
Referred medical services	..	843	52	895	..	895	128	123	..	251	1,145
Other services	7	155	69	231	149	380	169	255	32	457	837
Patient transport services	7	7	9	23	149	172	22	88	12	122	294
Aids and appliances	—	38	21	59	..	59	52	167	20	239	298
Administration	—	111	39	150	—	150	96	..	..	96	245
Research	—	271	..	271	41	312	..	2	16	17	329
Total recurrent expenditure	212	4,129	431	4,772	3,354	8,126	1,061	1,682	430	3,173	11,299
Capital expenditure	..	4	..	4	145	149	..	..	343	343	492
Medical expenses tax rebate	..	7	..	7	..	7	..	-7	..	-7	—
Total health expenditure	212	4,140	431	4,783	3,499	8,282	1,061	1,675	773	3,509	11,791

Source: AIHW health expenditure database.

Table B14: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds, 2015–16 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	97	1,349	220	1,666	2,464	4,129	571	179	200	950	5,079
Public hospital services	55	1,328	26	1,408	2,457	3,866	66	42	149	258	4,123
Private hospitals	42	21	194	257	6	263	504	137	51	692	955
Primary health care	96	1,773	91	1,960	896	2,856	237	1,095	151	1,482	4,338
Unreferred medical services	47	673	..	720	..	720	..	50	74	124	844
Dental services	7	62	59	128	60	189	153	165	7	324	512
Other health practitioners	15	115	31	161	..	161	80	39	35	153	314
Community health and other	—	67	—	67	725	792	—	31	28	59	851
Public health	..	99	..	99	110	210	..	2	2	5	214
Benefit-paid pharmaceuticals	26	717	..	744	..	744	..	112	..	112	855
All other medications	..	39	2	41	..	41	4	697	5	706	747
Referred medical services	..	872	51	923	..	923	132	135	..	267	1,190
Other services	5	158	69	233	146	379	180	255	57	491	871
Patient transport services	5	8	9	22	146	169	23	90	33	146	315
Aids and appliances	—	39	21	60	..	60	54	164	24	242	303
Administration	—	111	40	150	..	150	103	..	..	103	253
Research	—	277	..	277	51	328	..	1	16	17	345
Total recurrent expenditure	199	4,429	431	5,059	3,557	8,616	1,119	1,664	424	3,207	11,823
Capital expenditure	..	4	..	4	133	137	..	..	406	406	543
Medical expenses tax rebate	..	2	..	2	..	2	..	-2	..	-2	—
Total health expenditure	199	4,435	431	5,064	3,690	8,754	1,119	1,662	830	3,611	12,366

Source: AIHW health expenditure database.

Table B15: Total health expenditure, current prices, South Australia, by area of expenditure and source of funds, 2016–17 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	88	1,384	225	1,697	2,382	4,079	608	170	220	998	5,077
Public hospital services	46	1,374	27	1,448	2,362	3,810	74	38	169	281	4,092
Private hospitals	42	10	197	249	20	268	534	132	51	717	985
Primary health care	93	1,855	93	2,040	856	2,896	251	1,101	148	1,501	4,397
Unreferred medical services	46	681	..	727	..	727	..	51	66	117	844
Dental services	7	58	61	126	56	182	164	169	8	342	523
Other health practitioners	16	119	30	165	..	165	82	31	32	146	310
Community health and other	—	70	—	70	696	766	—	17	34	50	816
Public health	..	91	..	91	104	194	..	2	5	7	201
Benefit-paid pharmaceuticals	24	789	..	812	..	812	..	112	..	112	925
All other medications	..	48	2	50	..	50	4	720	4	728	778
Referred medical services	..	905	52	957	..	957	141	141	..	281	1,238
Other services	12	170	73	255	195	451	199	267	38	503	954
Patient transport services	12	8	10	30	195	225	27	93	13	133	358
Aids and appliances	—	45	21	66	..	66	57	173	25	256	322
Administration	—	117	42	160	..	160	114	..	..	114	274
Research	—	258	..	258	45	304	..	—	15	16	319
Total recurrent expenditure	193	4,572	443	5,208	3,479	8,686	1,199	1,679	422	3,299	11,986
Capital expenditure	..	9	..	9	3,088	3,097	..	..	258	258	3,355
Medical expenses tax rebate	..	2	..	2	..	2	..	-2	..	-2	—
Total health expenditure	193	4,583	443	5,218	6,567	11,785	1,199	1,677	679	3,555	15,340

Source: AIHW health expenditure database.

Table B16: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds, 2014–15 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	34	488	79	602	521	1,123	195	57	50	303	1,426
Public hospital services	17	484	10	511	521	1,033	25	19	28	71	1,104
Private hospitals	17	4	69	90	..	90	170	38	22	231	322
Primary health care	39	523	19	580	90	670	46	484	36	565	1,235
Unreferred medical services	20	193	..	213	..	213	..	21	20	41	254
Dental services	2	13	13	28	9	38	32	86	4	121	158
Other health practitioners	6	30	5	41	2	43	13	47	10	70	113
Community health and other	—	27	—	27	66	93	—	—	1	1	94
Public health	..	29	..	29	11	40	..	..	..	..	40
Benefit-paid pharmaceuticals	11	217	..	228	..	228	..	39	..	39	267
All other medications	..	14	1	14	..	14	1	292	—	294	308
Referred medical services	..	248	14	263	..	263	36	40	..	76	339
Other services	7	50	18	76	58	133	44	59	4	107	241
Patient transport services	7	1	—	9	56	64	—	3	2	5	70
Aids and appliances	—	12	6	18	..	18	15	56	2	73	91
Administration	—	37	12	49	2	51	29	..	..	29	80
Research	—	43	..	43	10	54	..	..	1	1	54
Total recurrent expenditure	80	1,353	130	1,563	679	2,243	321	640	91	1,052	3,294
Capital expenditure	..	2	..	2	64	66	..	..	111	111	178
Medical expenses tax rebate	..	2	..	2	..	2	..	-2	..	-2	—
Total health expenditure	80	1,357	130	1,567	743	2,310	321	639	202	1,161	3,472

Source: AIHW health expenditure database.

Table B17: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds, 2015–16 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	33	538	77	649	509	1,158	200	81	49	330	1,488
Public hospital services	18	533	10	561	509	1,070	26	14	27	68	1,138
Private hospitals	16	5	67	87	..	87	173	67	22	262	349
Primary health care	36	564	19	618	154	772	49	480	30	559	1,331
Unreferred medical services	18	207	..	225	..	225	..	23	19	42	267
Dental services	2	16	13	31	18	49	34	91	2	127	176
Other health practitioners	6	33	5	44	3	47	13	46	3	63	110
Community health and other	—	21	—	21	118	138	—	—	—	—	139
Public health	..	31	..	31	15	45	..	..	..	..	45
Benefit-paid pharmaceuticals	10	244	..	254	..	254	..	37	..	37	291
All other medications	..	12	1	13	..	13	1	283	6	290	303
Referred medical services	..	254	15	268	..	268	38	42	..	80	348
Other services	8	50	18	76	74	150	47	59	8	113	263
Patient transport services	8	1	—	9	70	79	—	4	3	7	86
Aids and appliances	—	12	6	18	..	18	16	55	4	75	94
Administration	—	37	12	49	4	53	31	..	..	31	83
Research	—	44	..	44	10	55	..	..	1	1	55
Total recurrent expenditure	77	1,450	128	1,655	747	2,403	333	662	87	1,082	3,485
Capital expenditure	..	2	..	2	59	61	..	..	132	132	193
Medical expenses tax rebate	..	—	..	—	..	—	..	—	..	—	—
Total health expenditure	77	1,452	128	1,658	806	2,464	333	661	219	1,214	3,678

Source: AIHW health expenditure database.

Table B18: Total health expenditure, current prices, Tasmania, by area of expenditure and source of funds, 2016–17 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	28	572	78	678	556	1,234	211	67	52	330	1,564
Public hospital services	14	570	10	593	556	1,149	27	16	26	69	1,217
Private hospitals	15	3	68	85	..	85	184	52	26	262	347
Primary health care	34	593	19	646	156	802	52	491	33	576	1,378
Unreferred medical services	18	213	..	232	..	232	..	24	19	43	275
Dental services	2	13	14	29	21	49	37	95	3	134	184
Other health practitioners	5	35	5	44	3	47	14	45	3	62	109
Community health and other	—	22	—	22	118	140	—	1	1	2	142
Public health	..	27	..	27	14	41	..	..	1	1	42
Benefit-paid pharmaceuticals	9	266	..	275	..	275	..	37	..	37	312
All other medications	..	17	1	17	..	17	1	289	6	296	314
Referred medical services	..	264	14	278	..	278	39	44	..	83	361
Other services	2	55	19	76	93	168	50	60	6	116	285
Patient transport services	2	1	—	3	87	90	—	4	2	6	96
Aids and appliances	—	14	6	20	..	20	17	57	4	77	97
Administration	—	40	12	52	6	58	34	..	..	34	91
Research	—	43	..	43	7	50	..	..	1	1	51
Total recurrent expenditure	64	1,527	130	1,721	811	2,532	352	663	92	1,107	3,638
Capital expenditure	..	5	..	5	116	121	..	..	84	84	204
Medical expenses tax rebate	..	1	..	1	..	1	..	-1	..	-1	—
Total health expenditure	64	1,532	130	1,726	927	2,653	352	662	175	1,190	3,843

Source: AIHW health expenditure database.

Table B19: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds, 2014–15 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	37	332	40	409	660	1,069	99	34	27	161	1,230
Public hospital services	30	329	6	366	653	1,018	14	4	10	28	1,046
Private hospitals	7	3	34	44	7	51	85	31	18	133	184
Primary health care	68	279	17	364	235	599	42	311	15	368	966
Unreferred medical services	47	112	..	159	..	159	..	27	6	33	192
Dental services	1	6	12	19	12	31	29	115	6	150	181
Other health practitioners	8	18	5	30	2	32	12	53	3	67	100
Community health and other	—	17	—	17	195	212	—	..	—	—	212
Public health	..	19	..	19	26	45	..	..	..	..	45
Benefit-paid pharmaceuticals	12	101	..	113	..	113	..	22	..	22	135
All other medications	..	6	—	6	..	6	1	94	1	95	102
Referred medical services	..	157	6	163	..	163	15	70	..	85	248
Other services	40	27	5	72	38	110	13	22	2	37	148
Patient transport services	—	—	1	1	38	39	2	—	1	3	43
Aids and appliances	—	7	4	11	..	11	10	22	1	33	44
Administration	40	20	—	60	—	60	1	..	..	1	61
Research	2	169	..	171	53	224	..	—	7	7	231
Total recurrent expenditure	147	963	69	1,179	986	2,165	169	437	52	658	2,823
Capital expenditure	..	5	..	5	80	85	..	..	56	56	141
Medical expenses tax rebate	..	4	..	4	..	4	..	—4	..	—4	—
Total health expenditure	147	972	69	1,188	1,066	2,254	169	433	108	710	2,964

Source: AIHW health expenditure database.

Table B20: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds, 2015–16 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	36	374	39	449	693	1,143	102	56	22	180	1,323
Public hospital services	35	371	5	411	682	1,093	14	4	12	30	1,123
Private hospitals	1	3	34	38	11	49	88	52	10	150	200
Primary health care	59	301	17	377	272	650	44	326	20	391	1,040
Unreferred medical services	41	120	..	161	..	161	..	29	11	40	201
Dental services	—	7	12	18	12	30	31	118	—	149	180
Other health practitioners	5	19	5	29	2	31	12	51	8	71	102
Community health and other	—	15	—	15	230	245	—	..	—	—	245
Public health	..	21	..	21	29	50	..	..	..	..	50
Benefit-paid pharmaceuticals	13	113	..	126	..	126	..	21	..	21	147
All other medications	..	6	—	6	..	6	1	107	1	109	115
Referred medical services	..	163	6	169	..	169	16	73	..	89	258
Other services	44	27	5	76	47	123	14	23	2	40	163
Patient transport services	—	—	1	1	47	48	2	—	1	4	51
Aids and appliances	—	7	4	12	..	12	11	23	1	35	47
Administration	44	20	—	64	..	64	1	..	..	1	65
Research	2	172	..	174	56	229	..	—	7	7	236
Total recurrent expenditure	141	1,037	67	1,245	1,068	2,313	175	479	52	706	3,019
Capital expenditure	..	5	..	5	73	78	..	..	67	67	145
Medical expenses tax rebate	..	1	..	1	..	1	..	-1	..	-1	—
Total health expenditure	141	1,043	67	1,251	1,141	2,392	175	478	118	772	3,164

Source: AIHW health expenditure database.

Table B21: Total health expenditure, current prices, Australian Capital Territory, by area of expenditure and source of funds, 2016–17 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	62	382	41	484	694	1,178	112	17	23	152	1,330
Public hospital services	33	380	6	419	681	1,100	16	4	11	31	1,132
Private hospitals	29	2	35	66	12	78	96	13	12	120	198
Primary health care	103	357	17	477	282	758	47	334	17	399	1,157
Unreferred medical services	68	119	..	188	..	188	..	31	10	42	229
Dental services	1	6	12	19	13	32	33	120	—	154	186
Other health practitioners	21	21	5	47	2	49	12	47	6	65	114
Community health and other	1	17	—	18	238	256	—	..	—	—	256
Public health	..	23	..	23	29	52	..	..	..	..	52
Benefit-paid pharmaceuticals	11	164	..	175	..	175	..	20	..	20	195
All other medications	..	7	—	8	..	8	1	115	1	117	125
Referred medical services	..	170	6	176	..	176	17	76	..	93	269
Other services	54	32	5	92	48	140	15	24	2	41	180
Patient transport services	—	—	1	1	48	49	3	—	1	4	53
Aids and appliances	—	9	4	13	..	13	11	24	1	36	49
Administration	54	23	—	77	..	77	1	..	..	1	78
Research	2	212	..	214	99	312	..	—	10	11	323
Total recurrent expenditure	221	1,152	70	1,442	1,122	2,564	190	451	53	694	3,259
Capital expenditure	..	5	..	5	157	162	..	..	42	42	204
Medical expenses tax rebate	..	1	..	1	..	1	..	-1	..	-1	—
Total health expenditure	221	1,157	70	1,448	1,279	2,727	190	449	96	735	3,463

Source: AIHW health expenditure database.

Table B22: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds, 2014–15 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	4	185	14	204	469	673	35	36	26	98	770
Public hospital services	3	185	1	189	469	658	3	9	19	31	688
Private hospitals	2	—	13	15	..	15	33	27	7	67	82
Primary health care	3	352	6	361	356	718	16	150	26	191	909
Unreferred medical services	1	86	..	87	..	87	..	6	17	23	109
Dental services	—	4	4	9	14	23	11	68	—	79	103
Other health practitioners	—	7	2	9	1	10	5	29	8	42	52
Community health and other	—	173	—	173	286	459	—	1	—	1	460
Public health	..	28	..	28	55	83	..	—	—	—	84
Benefit-paid pharmaceuticals	1	48	..	48	..	48	..	7	..	7	55
All other medications	..	7	—	7	..	7	—	39	—	39	46
Referred medical services	..	68	3	71	..	71	6	13	..	19	90
Other services	—	33	5	38	116	154	12	15	3	29	183
Patient transport services	—	12	—	12	92	104	1	—	1	2	106
Aids and appliances	—	4	2	6	..	6	5	14	2	21	26
Administration	—	18	3	20	24	44	6	—	—	7	51
Research	—	22	..	22	12	34	..	—	1	1	35
Total recurrent expenditure	7	661	28	696	954	1,650	69	214	55	338	1,987
Capital expenditure	..	4	..	4	89	93	..	..	28	28	121
Medical expenses tax rebate	..	1	..	1	..	1	..	-1	..	-1	—
Total health expenditure	7	666	28	701	1,043	1,743	69	213	83	365	2,108

Source: AIHW health expenditure database.

Table B23: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds, 2015–16 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	6	221	15	242	484	726	38	42	29	109	835
Public hospital services	4	221	2	227	484	712	4	8	22	35	746
Private hospitals	1	—	13	15	..	15	34	33	7	74	89
Primary health care	3	354	7	363	390	753	18	168	27	213	966
Unreferred medical services	1	197	..	199	..	199	..	6	14	19	218
Dental services	—	4	5	9	14	23	12	77	—	90	113
Other health practitioners	1	8	2	10	1	12	5	32	7	44	55
Community health and other	—	65	—	65	311	375	—	—	5	6	381
Public health	..	26	..	26	64	90	..	—	1	1	92
Benefit-paid pharmaceuticals	1	48	..	49	..	49	..	6	..	6	55
All other medications	..	5	—	5	..	5	—	46	—	46	52
Referred medical services	..	72	3	74	..	74	7	13	..	20	94
Other services	—	34	5	39	174	213	13	16	8	37	249
Patient transport services	—	13	—	13	96	109	1	—	4	5	114
Aids and appliances	—	4	2	6	..	6	5	16	2	23	28
Administration	—	17	3	20	78	97	7	—	2	9	107
Research	—	22	..	22	12	34	..	—	1	1	35
Total recurrent expenditure	8	703	29	741	1,060	1,801	76	238	65	379	2,180
Capital expenditure	..	4	..	4	82	85	..	..	33	33	119
Medical expenses tax rebate	..	—	..	—	..	—	..	—	..	—	—
Total health expenditure	8	707	29	745	1,142	1,887	76	238	98	412	2,298

Source: AIHW health expenditure database.

Table B24: Total health expenditure, current prices, Northern Territory, by area of expenditure and source of funds, 2016–17 (\$ million)

Area of expenditure	Government						Non-government				Total health expenditure
	Australian Government				State and local	Total	HIF	Individuals	Other	Total	
	DVA	Health and other	Premium rebates	Total							
Hospitals	2	276	15	293	487	779	41	36	32	109	888
Public hospital services	—	276	2	277	487	764	5	7	24	36	800
Private hospitals	2	—	13	15	..	15	37	29	8	73	89
Primary health care	3	434	7	444	432	876	19	179	30	228	1,104
Unreferred medical services	2	240	..	241	..	241	..	5	15	21	262
Dental services	—	3	5	8	16	25	14	82	—	96	121
Other health practitioners	1	8	2	11	1	11	6	34	7	47	58
Community health and other	—	90	—	90	342	432	—	—	6	6	437
Public health	..	26	..	26	74	100	..	—	1	1	101
Benefit-paid pharmaceuticals	—	59	..	59	..	59	..	6	..	6	65
All other medications	..	8	—	8	..	8	—	50	—	51	59
Referred medical services	..	73	3	76	..	76	7	13	..	20	96
Other services	—	39	5	44	206	250	14	18	6	38	288
Patient transport services	—	14	—	14	105	119	1	—	4	5	124
Aids and appliances	—	5	2	7	..	7	5	17	2	24	31
Administration	—	20	3	23	101	124	8	—	—	9	133
Research	—	24	..	24	17	42	..	—	1	1	43
Total recurrent expenditure	5	846	30	881	1,142	2,023	82	245	68	396	2,419
Capital expenditure	..	3	..	3	180	183	..	..	21	21	204
Medical expenses tax rebate	..	—	..	—	..	—	..	—	..	—	—
Total health expenditure	5	849	30	883	1,322	2,206	82	245	89	417	2,622

Source: AIHW health expenditure database.

Appendix C: Data sources and methods

Australian Government

Data on Australian Government health expenditure come from the Department of the Treasury (Treasury), Department of Health and DVA, and include data on expenditure on a range of programs, including Medicare and pharmaceutical benefits.

Most of the Australian Government's expenditure can be readily allocated on a state and territory basis; areas of spending include:

- the health-care SPPs and the health-related NPPs to the states and territories
- MBS payments (based on the residence of patients)
- PBS payments (based on the residence of patients)
- DVA expenditure (based on the residence of patients).

Data on other items of Australian Government health expenditure are generally not available by state and territory. In those cases, proxies are used to derive state and territory estimates. For example, non-Medicare payments to primary health care medical service providers, with the purpose of improving or modifying medical practice, are allocated according to the proportion of vocationally registered general practitioners in each state or territory.

From November 2008, a Council of Australian Governments' reform package agreed to include funding for National Healthcare SPPs and NPPs. These payments replaced the second Australian Healthcare Agreement that ended on 30 June 2009. They are made to state treasuries, and can cover several years of funding. The payments include the National Healthcare SPPs and National Health Reform payments for public hospitals, including funding paid into the National Health Funding Pool. Also included are payments associated with the National Partnership Agreement for Improving Public Hospital Services (which ceased on 1 July 2015).

Funding reported for 2008–09 in this report includes \$1.2 billion in Australian Government funding through the 5-year National Partnership Agreement on Health and Hospital Workforce Reform. This funding has been offset against 2008–09 state and territory government funding in keeping with the method in this report series. Expenditure of this state and territory funding, however, was spread over 5 years.

The AIHW health expenditure database includes the 'medical expenses tax rebate'. Some taxpayers who spend large amounts of money on health-related goods and services for themselves and/or their dependants in a tax year can claim a tax rebate.

Before 2012–13, the tax rebate was set at 20 cents in the dollar, and applied to the amount spent over the threshold for that financial year. From July 2012, the tax rebate became income tested. In March 2014, eligibility for the tax rebate changed again, restricting who can claim and what medical expenses can be claimed.

The areas of expenditure that are funded by this rebate cannot be identified separately, so it is not possible to allocate this form of funding to particular area(s) of health expenditure. The related expenditures are assumed to have been included in the estimates of health expenditure, and they are shown as being funded by individuals in the health expenditure matrixes in appendixes A and B.

State and territory and local governments

Most health expenditure data for state and territory governments come from each of the state and territory health authorities. These data are now all supplied on an accrual basis. Before 2007–08, South Australia was only able to supply its data on a cash basis. Since 2008–09, data have been collected through the Government Health Expenditure National Minimum Data Set (GHE NMDS). Further information on the GHE NMDS can be found on the AIHW's Metadata Online Registry (METeOR); see <<http://meteor.aihw.gov.au/content/index.phtml/itemId/540601>>.

Estimates of expenditure by state and territory governments exclude any Australian Government grants and other revenue received by the state and territory health authorities.

Cross-border adjustments are not generally made in these estimates.

Health expenditure data are not collected separately from local government authorities. If local government authorities received funding for health care from the Australian Government or state and territory government, this expenditure is included as expenditure from that body. Own source funding by local government authorities is not included.

Public hospitals and public hospital services

State and territory health authorities directly provide estimates of expenditure on public hospital services from 2003–04 onwards. These estimates reflect only that part of public hospitals' expenses that are used in providing hospital services. That is, they exclude expenses incurred in providing community and public health services, dental, patient transport services, and health research undertaken by public hospitals. These excluded expenses are shown under their respective categories in the health expenditure matrix. For example, expenditure on patient transport services is reported as part of 'other' expenditure.

Dental services

It is arguable that there is some overestimation of health expenditure in the dental area. Expenditure on orthodontics is included in dental expenditure, but the principal purpose of some of this expenditure is cosmetic, with health being secondary. As a result, some of it should probably not be classed as health expenditure.

Contracting of private hospital services

From 2004–05 onwards, the AIHW has collected data and reported on funding by state and territory governments for services private hospitals provide. This includes where state or territory governments had contracts with private hospitals to provide services to public patients or where individual public hospitals purchased services from private hospitals for public patients.

Research and capital

Data on research, capital expenditure and capital consumption are generally sourced from the ABS.

Research expenditure data in this report come from the Research and experimental development survey series (ABS 2010, 2018d, 2018e), which is generally only available

every second year. Where data were unavailable, estimates were calculated based on the data available for the preceding years.

The data for government capital consumption and capital expenditure are sourced from the ABS' government finance statistics.

In earlier Health expenditure Australia reports, private capital consumption was included as part of recurrent expenditure, while government capital consumption was reported as part of total health expenditure but not recurrent expenditure. From Health expenditure Australia 2007–08 (AIHW 2009) onwards, government capital consumption has been included as part of recurrent health expenditures.

There are two reasons for incorporating both government and non-government capital consumption as part of recurrent expenditure:

- It ensures government and private capital consumption are treated consistently.
- International reporting includes depreciation as part of recurrent expenditures.

Non-government

Private hospitals

Spending on private hospitals comes from the annual ABS Private Health Establishments Collection, with the most recent results published in Private hospitals, Australia, 2016–17 (ABS 2018c). In 2007–08, data was not collected, and an estimate of private hospital expenditure was made using data from the preceding years.

From 2008–09 onwards, expenditure by individuals in private hospitals was estimated from the reported revenue (rather than from reported expenditure, as previously used) in the ABS collection. This has not been updated retrospectively, so care should be taken when comparing private hospital expenditure for years up to 2007–08 with subsequent years.

Health insurance funds

Expenditure on health goods and services by health insurance funds within a state or territory is assumed to be equal to the amount of benefits paid by health insurance funds to patients who live in that state or territory.

Although the Australian Government's premium rebate relates to the premiums payable by health insurance members, it is regarded as being an indirect Australian Government subsidy of all the types of services funded through private health insurance.

In April 2007, private health insurance legislation redefined the scope of the health insurance business to mean insuring liability for treatments by a hospital or other treatment provider to manage a disease, condition or injury. Before this change in legislation, non-health services—such as funeral benefits, domestic assistance and so on—were offered with health insurance policies, and so attracted the Australian Government rebate.

In compiling its estimates, the AIHW allocates the rebates across all the expenses that the funds incur each year—including health (hospital, medical or physiotherapy, for instance) and non-health goods and services, management expenses, and any adjustment to provisions for outstanding and unrepresented claims. Only the part of the rebate that can be attributed to benefits for health goods and services (which includes the funds' management expenses) was included when estimating private health insurance health expenditure. This portion of the rebate was deducted from the gross benefits that the health insurance funds paid to calculate net health expenditure by private health insurance funds for particular areas

of expenditure. These rebate amounts were then added to the expenditure by the Australian Government for those areas of expenditure.

Before 2009–10, data on private health insurance expenditure for the Australian Capital Territory were included in the total for New South Wales. To estimate expenditure for the Australian Capital Territory, the AIHW used the Australian Capital Territory's admitted patient separation numbers for public and private hospitals to derive its proportion of total Australian Capital Territory and New South Wales separations, and then applied this proportion to private health insurance expenditure.

From 2009–10, private health insurance expenditure data for the Australian Capital Territory have been available separately; however, these figures have not been used retrospectively to update the earlier data.

Individuals

Estimates of individuals' expenditure on dental services, other health practitioners and aids and appliances mostly rely on detailed private health insurance data from the Australian Prudential Regulation Authority (APRA) and ABS survey data. This method uses growth in the cost of services, combined with changes in the proportion of the population who have ancillary health cover from year to year to estimate the individual out-of-pocket expenditure for these categories. Expenditure on these services by private health insurance funds, Medicare and injury compensation insurers is deducted from these estimates to arrive at the estimates of individuals' out-of-pocket funding.

There are two types of mechanisms for rebates on health insurance premiums. The first is where insurers offer members a reduced premium and then insurers claim reimbursement from the Australian Government. The second is where members pay the full premium and claim the rebate through the tax system at the end of the financial year. Both forms of rebates have been treated in these estimates as subsidies by the Australian Government for services that were partially funded through benefits paid by the health insurance funds.

Up to the introduction of the GHE NMDS in 2008–09, estimates of expenditure by individuals on patient transport services were based on data from the Productivity Commission's Report on government services (SCRCSSP 2003; SCRGSP 2007, 2009). From 2008–09, these data have been provided by states and territories through the GHE NMDS.

Data for over-the-counter medicines sold at pharmacies for 2004–05 were sourced from Retail pharmacy (Flanagan 2004a, 2005a). For 2005–06 to 2007–08, 2010–11 and 2012–13 to 2015–16, these data were sourced from Information Resources Incorporated (IRI) to enable a more comprehensive breakdown of each category of products sold. For 2008–09, 2009–10 and 2011–12, estimates were based on data sourced from the Retail world annual report (Gloria 2009, 2010, 2011) and previous IRI-Aztec data. For 2016–17, data were sourced from IRI (IRI 2018b).

Retail sales of medicines in major retail chains, such as supermarkets, from 2003–04 to 2015–16, were sourced from Retail world (Flanagan 2004b, 2005b, 2006, 2007, 2008) and the Retail world annual report (Gloria 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016). For 2016–17, estimates were based on data sourced from IRI (IRI 2018a).

Other non-government sources

Workers compensation and compulsory third-party motor vehicle insurance payments form the largest component of expenditure in this category. The AIHW obtains these data from state and territory health authorities and the respective injury compensation insurers in each state and territory.

Blank cells in expenditure tables

The national and the state and territory tables in appendixes A and B have some cells for which there is no expenditure recorded. The main reasons are as follows:

- It is assumed there are no funding flows, as they do not exist in the institutional framework for health-care funding; for example, there are no funding flows by the state and territory governments for referred medical services and benefit-paid pharmaceuticals because these are funded by the Australian Government, individuals and private health insurance funds.
- The total funding is nil or so small that it rounds to zero—shown as ‘—’.
- A flow of funds exists, but it cannot be estimated from available data sources.
- Some cells relate to ‘catch-all’ categories. When the relevant data and metadata are highly refined, it is possible to allocate all expenditure to specified areas. As a result, there are no residual data to allocate to the ‘catch-all’ categories.

Price indexes

There is a wide variety of price indexes (deflators) for the Australian health sector, and these may be distinguished by:

- the scope of the index—the economic variable to which the price indexes refer (such as all health expenditure, capital consumption, capital expenditure); the economic agents over which the indexes are combined (such as all agents, households, all government, state and territory governments); the segment of health services to which the indexes refer (such as all health services, medical services, pharmaceuticals)
- the technical manner in which the indexes are constructed—IPD or directly computed indexes (for example, base-weighted, current-weighted or symmetric indexes, chained or unchained indexes).

Different indexes are appropriate for different analytical purposes. For the purpose of this report, the AIHW selected indexes where the scope matches the particular health services being analysed, rather than broad-brush indexes that cover all health services. Chain indexes, which give better measures of pure price change, are preferred to IPD. But available indexes are not always ideal, and in some cases it has been necessary to use proxies for the preferred indexes.

Neither the consumer price index (CPI) nor its health services subgroup is appropriate to measure movements in overall prices of health goods and services, nor to deflate macro-expenditure aggregates. This is because the CPI only measures movements in the prices that households face. The overall CPI and its components do not; for example, include government subsidies, benefit payments and non-marketed services that governments provide.

The deflators that the AIHW uses in this report are either annually re-weighted Laspeyres (base-period-weighted) chain price indexes or IPDs. The chain price indexes are calculated at a detailed level, and they give a close approximation to measures of pure price change, while changes in the composition of goods affect IPDs.

The IPDs for the GDP and GNE are broad measures of price change in the national accounts. They give an indication of the overall changes in the prices of goods and services produced in Australia. The reference year for both the chain price indexes and IPDs in this report is 2016–17. As such, constant price estimates indicate what expenditure would have

been had 2016–17 prices applied in all years. The change in constant price expenditures is a measure of changes in the volume of health goods and services.

This report uses a range of deflators (Table C1). Most deflators are specific to the type of expenditure they are applied to. For example, for hospitals, the government final consumption expenditure (GFCE) hospitals and nursing homes deflator is used.

The following deflators are sourced from the ABS: GFCE for hospitals and nursing homes, professional health workers wage rate index, household final consumption expenditure (HFCE) for chemist goods, and gross fixed capital formation. The ABS deflators use 2015–16 as their base year, but for this report the AIHW has re-referenced them to 2016–17. The AIHW has derived the chain price index from Medicare medical services fees charged and the IPD for PBS pharmaceuticals from data provided by the Australian Government Department of Health. The IPDs for dental services, other health practitioners, and aids and appliances were derived from ABS and APRA data.

Table C1: Area of health expenditure, by type of deflator applied

Area of expenditure	Deflator applied
Public hospitals ^(a) /Public hospitals services ^(a)	GFCE hospitals and nursing homes
Private hospitals	GFCE hospitals and nursing homes
Patient transport services	GFCE hospitals and nursing homes
Medical services (incl. unreferred and referred services)	Medicare medical services fees charged
Dental services	Dental services
Other health practitioners	Other health practitioners
Community health and other ^(b)	Professional health workers wage rate index
Public health	GFCE hospitals and nursing homes
Benefit-paid pharmaceuticals	PBS pharmaceuticals
All other medications	HFCE on chemist goods
Aids and appliances	Aids and appliances
Administration	Professional health workers wage rate index
Research	Professional health workers wage rate index
Capital expenditure	Gross fixed capital formation
Medical expenses tax rebate	Professional health workers wage rate index

(a) Public hospital services exclude certain services provided in hospitals, and can include services provided off-site, such as hospital in the home and dialysis.

(b) 'Other' includes recurrent health expenditure that could not be allocated to a specific area of expenditure. For example, expenditure by substance abuse treatment centres, providers of general health administration, or providers of regional health services not further defined.

Total health price index

The total health price index is the AIHW's index of annual ratios of estimated total national health expenditure at current prices to estimated total national health expenditure at constant prices. All prices in the total health price index for this report are referenced to 2016–17 (that is, the deflators used are given a value of 100 in 2016–17). As a result, because in most years there is positive health inflation, prices in all years before the reference year would be expected to be lower than those applying in the reference year. So all years before the reference year would usually have an index number of less than 100, except for those years where there was negative health inflation—for example, where prices in some areas of health expenditure were lower than the previous year (see tables C2 and C3).

The AIHW's method for deriving constant price estimates also allows it to produce total health price indexes for each state and territory. As the national total health price index is a measure of the change in average health prices from year to year at the national level, it can be used as a broad deflator for the health sector. The deflator, however, is not used to convert current price expenditures to constant price estimates in the AIHW's National Health Accounts. This conversion is done at the individual expenditure component level.

Table C2 shows the total health price index and other industry-wide indexes used in this report, referenced to 2016–17. Table C3 shows the corresponding annual growth rates for each of these indexes over the decade to 2016–17.

Table C2: Total health price index and industry-wide indexes, 2006–07 to 2016–17 (reference year 2016–17 = 100)

Index	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17
Total health price index ^(a)	82.6	84.6	87.0	89.2	90.0	91.6	93.8	95.7	97.4	98.8	100.0
Government final consumption expenditure on hospitals and nursing homes	77.7	80.1	82.6	85.7	86.9	89.0	91.6	94.1	96.4	98.2	100.0
Medicare medical services fees charged ^(b)	85.1	85.9	89.2	91.0	92.3	93.8	96.0	97.5	98.7	99.3	100.0
Dental services ^(a)	87.5	91.0	94.2	96.5	97.4	97.4	98.9	100.2	101.7	101.9	100.0
Other health practitioners ^(a)	73.0	73.0	76.0	78.0	80.5	84.9	87.7	91.3	94.8	97.4	100.0
Professional health workers wage rates	73.1	75.8	78.7	81.8	84.8	87.2	90.2	92.7	95.3	97.6	100.0
PBS pharmaceuticals ^(a)	100.8	100.9	101.2	101.2	101.3	101.2	101.2	101.0	100.9	100.8	100.0
HFCE on chemist goods	99.1	99.7	97.8	98.8	97.0	96.0	97.6	99.4	98.8	100.2	100.0
Aids and appliances ^(a)	107.6	110.6	108.7	103.5	97.7	95.8	95.7	93.3	96.4	95.5	100.0
Australian Government gross fixed capital formation	94.7	100.4	103.9	101.8	100.3	99.6	99.5	99.2	100.3	101.0	100.0
State and territory and local government gross fixed capital formation	81.3	90.7	94.7	93.1	93.9	94.9	96.0	96.7	98.7	100.1	100.0
Private gross fixed capital formation	87.2	88.7	90.9	90.8	91.9	91.6	92.5	94.8	96.9	99.4	100.0
GDP IPD	80.1	83.7	87.9	89.0	94.5	96.3	96.1	97.5	96.8	96.4	100.0
GNE IPD	81.3	83.9	86.8	88.4	90.4	92.0	93.9	95.9	97.4	99.1	100.0

(a) IPD, constructed by the AIHW.

(b) Chain price index, constructed by the AIHW.

Source: AIHW health expenditure database.

Table C3: Growth rates for the total health price index and industry-wide indexes, 2006–07 to 2016–17 (%)

Index	2006–07 to 2007–08	2007–08 to 2008–09	2008–09 to 2009–10	2009–10 to 2010–11	2010–11 to 2011–12	2011–12 to 2012–13	2012–13 to 2013–14	2013–14 to 2014–15	2014–15 to 2015–16	2015–16 to 2016–17
Total health price index ^(a)	2.4	2.9	2.5	1.0	1.7	2.4	2.0	1.8	1.4	1.2
Government final consumption expenditure on hospitals and nursing homes	3.0	3.2	3.8	1.4	2.4	3.0	2.8	2.4	1.9	1.8
Medicare medical services fees charged ^(b)	0.9	3.9	2.0	1.5	1.7	2.3	1.6	1.1	0.6	0.8
Dental services ^(a)	4.0	3.5	2.5	0.9	—	1.5	1.3	1.5	0.2	–1.8
Other health practitioners ^(a)	–0.1	4.2	2.6	3.2	5.5	3.3	4.1	3.8	2.8	2.6
Professional health workers wage rates	3.8	3.8	4.0	3.6	2.9	3.4	2.8	2.8	2.5	2.4
PBS pharmaceuticals ^(a)	0.1	0.2	0.1	—	—	–0.1	–0.2	—	–0.2	–0.8
HFCE on chemist goods	0.6	–1.8	1.0	–1.9	–1.0	1.6	1.9	–0.6	1.5	–0.2
Aids and appliances ^(a)	2.8	–1.7	–4.8	–5.6	–1.9	–0.1	–2.6	3.4	–1.0	4.7
Australian Government gross fixed capital formation	6.0	3.5	–2.1	–1.5	–0.7	–0.1	–0.2	1.1	0.7	–1.0
State and territory and local government gross fixed capital formation	11.6	4.4	–1.7	0.8	1.1	1.2	0.7	2.0	1.5	–0.1
Private gross fixed capital formation	1.7	2.5	–0.1	1.3	–0.3	1.0	2.5	2.2	2.6	0.6
GDP IPD	4.5	5.0	1.2	6.3	1.9	–0.2	1.4	–0.7	–0.5	3.8
GNE IPD	3.3	3.4	1.8	2.2	1.8	2.0	2.2	1.5	1.7	0.9

(a) IPD, constructed by the AIHW.

(b) Chain price index, constructed by the AIHW.

Source: AIHW health expenditure database.

Population estimates

The estimated resident population as at 31 December 2016 (ABS 2018a) is used to calculate the per person estimates of expenditure. Per person estimates included in this report are therefore not comparable to those published in earlier reports that used previously published estimated resident population data.

Table C4 shows the Australian and state and territory estimated resident populations, while Table C5 shows annual population growth.

Table C6 shows the number of insured persons with hospital treatment cover between 2006–07 and 2016–17.

Table C4: Estimated resident population, by state and territory, 2006–07 to 2016–17 ('000)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia ^(a)
2006–07	6,786	5,104	4,056	2,077	1,561	492	338	211	20,625
2007–08	6,884	5,200	4,160	2,135	1,578	496	344	217	21,013
2008–09	7,002	5,313	4,276	2,209	1,598	502	351	223	21,473
2009–10	7,102	5,419	4,367	2,264	1,619	506	358	228	21,863
2010–11	7,180	5,496	4,437	2,319	1,632	510	365	230	22,169
2011–12	7,259	5,592	4,519	2,386	1,647	512	372	233	22,519
2012–13	7,353	5,710	4,611	2,457	1,663	512	380	239	22,925
2013–14	7,455	5,833	4,685	2,502	1,678	513	386	242	23,295
2014–15	7,562	5,958	4,747	2,529	1,693	514	392	243	23,637
2015–16	7,671	6,093	4,805	2,548	1,706	516	399	244	23,982
2016–17	7,798	6,242	4,884	2,563	1,717	520	407	246	24,378

(a) Excludes other territories comprising Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.

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

Source: ABS 2018a.

Table C5: Annual population growth, by state and territory, 2006–07 to 2016–17 (%)

Period	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia ^(a)
2006–07 to 2007–08	1.4	1.8	2.5	2.7	1.1	0.8	1.7	2.6	1.8
2007–08 to 2008–09	1.7	2.1	2.7	3.4	1.2	1.1	2.0	2.7	2.1
2008–09 to 2009–10	1.4	1.9	2.1	2.4	1.2	0.9	1.9	2.3	1.8
2009–10 to 2010–11	1.1	1.4	1.5	2.4	0.8	0.7	1.9	1.1	1.4
2010–11 to 2011–12	1.0	1.7	1.8	2.8	0.9	0.2	1.9	1.1	1.5
2011–12 to 2012–13	1.3	2.1	2.0	2.9	0.9	—	2.0	2.4	1.8
2012–13 to 2013–14	1.3	2.1	1.6	1.8	0.9	0.2	1.7	1.4	1.6
2013–14 to 2014–15	1.4	2.1	1.3	1.0	0.8	0.1	1.4	0.1	1.4
2014–15 to 2015–16	1.4	2.2	1.2	0.7	0.7	0.3	1.7	0.5	1.4
2015–16 to 2016–17	1.6	2.4	1.6	0.6	0.6	0.7	2.0	0.8	1.6
Average annual growth rate (%)									
2006–07 to 2011–12	1.3	1.8	2.1	2.8	1.0	0.8	1.9	1.9	1.7
2011–12 to 2016–17	1.4	2.2	1.5	1.4	0.8	0.3	1.8	1.1	1.5
2006–07 to 2016–17	1.3	2.0	1.8	2.1	0.9	0.5	1.8	1.5	1.6

(a) Excludes other territories, comprising Jervis Bay Territory, Christmas Island and the Cocos (Keeling) Islands.

Source: ABS 2018a.

Table C6: Number of insured persons with hospital treatment coverage, 2006–07 to 2016–17

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
2006–07	3,041,952	2,180,529	1,675,599	991,121	689,397	206,560	183,872	66,127	9,035,157
2007–08	3,141,984	2,267,809	1,774,475	1,055,205	708,720	212,894	189,918	72,645	9,423,649
2008–09	3,193,606	2,317,560	1,848,647	1,110,380	721,201	215,998	193,039	76,215	9,676,645
2009–10	3,254,655	2,367,368	1,896,070	1,149,675	731,367	218,535	196,229	79,581	9,893,479
2010–11	3,338,166	2,429,268	1,955,553	1,206,991	742,557	221,545	203,170	83,246	10,180,497
2011–12	3,415,781	2,485,557	2,017,393	1,258,238	752,159	225,134	209,233	86,522	10,450,017
2012–13	3,496,307	2,544,409	2,084,627	1,324,499	763,730	228,520	215,769	90,810	10,748,671
2013–14	3,568,274	2,600,974	2,131,816	1,374,962	772,739	230,889	221,393	94,122	10,995,168
2014–15	3,640,078	2,653,643	2,160,875	1,417,662	782,314	232,650	225,822	96,600	11,209,642
2015–16	3,687,979	2,685,400	2,158,642	1,438,696	785,797	232,780	229,112	99,265	11,317,670
2016–17	3,709,428	2,696,185	2,141,605	1,438,928	785,695	231,551	230,196	100,181	11,333,767

Notes

1. Data are the average of the 4 quarters of the financial year.
2. Components may not add to totals due to rounding.

Source: APRA 2018.

Appendix D: Data quality statement for AIHW health expenditure data—2016–17

Summary of key data quality issues

- Total health expenditure excludes some types of health-related expenditure, including health-related Australian Defence Force expenditure, some local government expenditure and some non-government organisation expenditure, such as that by the National Heart Foundation and Diabetes Australia.
- The state and territory estimates are intended to give some indication of differences in the overall levels of expenditure on health within the states and territories; they do not necessarily reflect levels of activity by state and territory governments.
- The data, to the greatest extent possible, are produced on an accrual basis.
- Estimates in this report are not comparable with the data published in reports issued before 2005–06, due to the reclassification of expenditure on high-level residential aged care from ‘health services’ to ‘welfare services’.
- The processing of the 2016–17 health expenditure data was carried out using a new data source for over-the-counter sales of health-related products by individuals at supermarkets. The new data are disaggregated by detailed product groups, which has improved the identification of health-related products included in the reporting of health expenditure estimates. Hence, data on expenditure by individuals may not be directly comparable with data for previous years.
- Administration expenditure for Western Australia (WA) went up substantially in 2016–17 due to the introduction of a new reporting framework by the WA Department of Health. As a result, corporate costs are directly allocated to administration and no longer distributed across service areas.
- Capital expenditure in 2016–17 for South Australia includes the recognition of the new Royal Adelaide Hospital building and plant and equipment assets under a public–private partnership arrangement.

Description

The AIHW annually compiles its health expenditure database, which comprises a wide range of information about health expenditure in Australia. Data from this database are reported 15 months after the end of the financial year. Each release gives a 10-year time series from the reference year. In this release, data are provided for 2016–17 and back to 2006–07.

Health expenditure is defined as expenditure on health goods and services and health-related investment. The definition closely follows the definitions and concepts that the OECD System of Health Accounts (OECD, Eurostat & WHO 2011) framework gives. It excludes:

- expenditure that may have a health outcome, but is incurred outside the health sector (such as expenditure on building safer transport systems and educating health practitioners)
- expenditure on personal activities not directly related to maintaining or improving personal health
- expenditure that does not have health as the main area of expected benefit.

Recurrent expenditure, capital expenditure and the medical expenses tax rebate are included.

These data are provided to the OECD annually to enable monitoring of the impact of changes in the way health care is delivered and financed, as well as to enable international comparisons.

Institutional environment

The AIHW is a major national agency set up by the Australian Government under the *Australian Institute of Health and Welfare Act 1987* to provide reliable, regular and relevant information and statistics on Australia's health and welfare. It is an independent corporate Commonwealth entity established in 1987, governed by a management board, and accountable to the Australian Parliament through the Australian Government health portfolio.

The AIHW aims to improve the health and wellbeing of Australians through the provision of better health and welfare information and statistics. It collects and reports information on a wide variety of topics and issues—from health and welfare expenditure, hospitals, disease and injury, and mental health, to ageing, homelessness, disability and child protection.

The Institute also plays a role in developing and maintaining national metadata standards. This work contributes to improving the quality and consistency of national health and welfare statistics. The Institute works closely with governments and non-government organisations to achieve greater adherence to these standards in administrative data collections, to promote national consistency of reporting and comparability of data.

One of the main functions of the AIHW is to work with the states and territories to improve the quality of administrative data and, where possible, to compile national data sets based on data from each jurisdiction, to analyse these data sets, and to disseminate updated information and statistics.

The *Australian Institute of Health and Welfare Act 1987*, in conjunction with compliance with the *Privacy Act 1988* (Cwth), ensures that the data collections managed by the AIHW are kept securely and under the strictest conditions with respect to privacy and confidentiality.

For further information see <www.aihw.gov.au>.

The AIHW's reporting on expenditure forms Australia's National Health Accounts, which are distinct from but related to the Australian National Accounts produced by the ABS.

The AIHW compiles its health expenditure database from a wide variety of government and non-government sources. Since 2008–09, the main source of state and territory government expenditure data has been the GHE NMDS, which consists of data provided by the states and territories to the AIHW. Information about Australian Government expenditure is sourced from the ABS, APRA, Australian Taxation Office, Department of Health, DVA and Treasury.

Timeliness

This release includes data for the 2016–17 financial year, as well as data back to 2006–07.

The AIHW health expenditure database cannot be compiled for a given year until all providers have supplied data for that year. Timely reporting depends on whether all providers meet the deadline for data supply. Any delay to data supply past the deadline has an impact on the release date.

The data are generally released 15 months after the end of the reference year, as part of the Health expenditure Australia series of publications.

There have been some revisions to previously published estimates of health expenditure, due to receipt of extra or revised data or changes in method. As a result, comparisons over time should be based on the estimates provided in the most recent publication, or from the data visualisation tool available at <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/overview>, rather than by reference to earlier editions.

Accessibility

Reports are published and are available on the AIHW website where they can be downloaded for free: see <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/reports>.

Tables and figures (and the underlying data) in the report are available in Excel format and can be downloaded free from <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/data>.

Data are also available through a data visualisation tool at <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/overview>.

General enquiries about AIHW publications can be made to the Strategic Communications and Stakeholder Engagement Unit on (02) 6244 1000 or via email to <info@aihw.gov.au>.

Specific enquiries about health expenditure data can be made to the Economics and Expenditure Unit via email to <info@aihw.gov.au>.

Interpretability

See Appendix C for detailed descriptions of concepts, data sources and estimation methods, and see the Glossary for the terms used.

Further information on the GHE NMDS can also be found on the AIHW's METeOR system: see <<http://meteor.aihw.gov.au/content/index.phtml/itemId/540601>>.

Relevance

Scope and coverage

The AIHW health expenditure database is highly relevant for monitoring trends in health expenditure, including international comparisons. Policymakers, researchers, government and non-government organisations and the public use these data for many purposes.

Comparisons with GDP enable consideration of the size of the health sector relative to the broader economy, and per person expenditure gives an indication of changes in expenditure in relation to the population.

The relative contribution of the Australian Government and state and territory governments is relevant to health policy and administration. Similarly, non-government sector expenditure, including the out-of-pocket expenses of individuals, is also relevant to various health policy issues, such as those related to access and provision of services.

The estimates enable state and territory governments to monitor the impact of their policy initiatives on their overall expenditure on health goods and services.

Reference period

The most recent reference period for these data is the 2016–17 financial year.

Geographic detail

Data are presented at the national and state and territory levels.

Statistical standards

The data are collated in terms of the AIHW's classification of area of expenditure and source of funds as well as the OECD's System of Health Accounts.

Accuracy

Potential sources of error

Total health expenditure reported for Australia (both domestically and internationally) is slightly underestimated—it excludes some types of health-related expenditure, including that of the Australian Defence Force and some local government expenditure.

Some of the expenditure by non-government health organisations—such as the National Heart Foundation and Diabetes Australia—is also not included. In particular, most of the non-research expenditure funded by donations to these organisations is not included, as data are not available.

The estimates do not include indirect expenditure, such as the cost of lost wages for people accessing health services.

In some cases, public hospitals receive fees from medical practitioners in return for the right to practise privately within the hospital. The medical practitioner may then receive payment from the MBS, individuals and/or private health insurance funds for these services. The expenditure from these sources is captured in the expenditure data, but the fees received by the hospital are not always captured as revenue in the hospitals' data. This can effectively lead to a double counting of expenditure on the same service. For example, it may appear as though the hospital paid for a portion of the service as well as the MBS.

The AIHW does not separately collect health expenditure information from local government authorities. If a local government authority received funding for health care from the Australian Government or state and territory government, it appears as expenditure by that respective body.

The data, to the greatest extent possible, are produced on an accrual basis; that is, expenditures and funding reported for each area relate to expenses and revenues incurred in the year in which they are reported. This is not always achievable. For example, the data from private health insurance funds are sometimes provided on the basis of the date when the claims for benefit are processed, which is not necessarily the same as the date when the services were provided.

Data validation

Data provided by state and territory health agencies are validated by the agency to ensure they have been collected accurately. State and territory health agencies are also provided with an opportunity to review the final data for their jurisdiction before publication.

Agency participation

The AIHW's Health Expenditure Advisory Committee gives advice on health expenditure collection and reporting. The committee consists of representatives from the ABS, APRA, Commonwealth Grants Commission, Department of Health, Department of Human Services,

DVA, Independent Hospital Pricing Authority (IHPA), Treasury, and each state and territory health department.

Coherence

Due to differing estimation methods and data sources, state and territory estimates reported here may differ from the data published by individual jurisdictions and in other reports, including AIHW reports such as the Australian hospital statistics series and publications by the IHPA, the National Health Funding Body and the Productivity Commission.

Since 2008–09, some of the data presented in this series have been collected through the GHE NMDS. The data collection process requires state and territory data providers to allocate expenditure against a different range of categories from those used for previous collections. These data have been mapped back to the expenditure categories from previous Health expenditure Australia reports to ensure consistency and comparability in these statistics over time.

The processing of the 2016–17 health expenditure data was carried out using a new data source for over-the-counter sales of health-related products by individuals at supermarkets. The new data are disaggregated by detailed product groups, which has improved the identification of health-related products included in the reporting of health expenditure estimates. Hence, data on expenditure by individuals may not be directly comparable with data for previous years.

Administration expenditure for Western Australia (WA) went up substantially in 2016–17 due to the introduction of a new reporting framework by the WA Department of Health. As a result, corporate costs are directly allocated to administration and no longer distributed across service areas.

Capital expenditure in 2016–17 for South Australia includes the recognition of the new Royal Adelaide Hospital building and plant and equipment assets under a public–private partnership arrangement.

Glossary

admitted patient: A patient who undergoes a hospital's admission process to receive treatment and/or care. This treatment and/or care is provided over time and can occur in hospital and/or in the person's home (for hospital in the home patients).

aids and appliances: Durable medical goods dispensed to ambulatory patients that are used more than once for therapeutic purposes, such as glasses, hearing aids, wheelchairs and orthopaedic appliances, and prostheses fitted externally (rather than implanted surgically). Excludes prostheses fitted as part of admitted patient care in a hospital.

Australian Government health expenditure: Total expenditure that the Australian Government actually incurs on its own 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.

average annual growth rate: To calculate the average annual growth rate in health expenditure between 2006–07 and 2016–17, the following formula applies:
 $(\$ \text{ million in 2016–17} / \$ \text{ million in 2006–07})^{(1/10)} - 1 * 100$.

benefit-paid pharmaceuticals: Pharmaceuticals listed in the schedule of the PBS and the Repatriation PBS for which pharmaceutical benefits have been paid or are payable. Does not include listed pharmaceutical items where the full cost is met from the patient copayment under the PBS or Repatriation PBS.

capital consumption: The amount of fixed capital used up each year—sometimes referred to as depreciation.

capital expenditure: Expenditure on large-scale fixed assets (for example, new buildings and equipment with a useful life extending over a number of years). The term is used in this report to refer to what the ABS calls gross fixed capital formation (see also **capital formation**).

capital formation: Gross fixed capital formation is the value of acquisitions less disposals of new or existing fixed assets. Assets consist of tangible or intangible assets that have come into existence as outputs from processes of production, and that are themselves used repeatedly or continuously in other processes of production over periods of time longer than 1 year. See Australian national accounts: concepts, sources and methods (ABS 2000, 2016) for more details (see also **capital expenditure**).

chain price index: An annually re-weighted index providing a close approximation to measures of pure price change.

community health services: Non-residential health services that establishments offer to patients/clients in an integrated and coordinated manner in a community setting, or the coordination of health services elsewhere in the community.

Including, for example:

- well baby clinics
- health services provided to particular groups, such as Aboriginal and Torres Strait Islander people, women, youth and migrants, as well as family planning services, community mental health and alcohol and drug treatment services
- specialised mental health programs delivered in a community setting.

constant prices: Constant price expenditure adjusts current prices for the effects of inflation—that is, it aims to remove the effects of inflation. Constant price estimates for expenditure aggregates have been derived using either annually re-weighted chain price indexes or IPDs. For this report, the reference year for both the chain price indexes and the IPDs is 2016–17. Constant price estimates indicate what expenditure would have been had 2016–17 prices applied in all years. As a result, expenditures in different years can be compared dollar for dollar, using this as a measure of changes in the volume of health goods and services (see also **real expenditure**).

copayment: A payment made by an individual who has health insurance, usually at the time a health service is received, to offset some of the cost of care.

current prices: Refers to expenditures reported for a particular year, unadjusted for inflation. Changes in current price expenditures reflect changes in both price and volume.

dental services: Services that registered dental practitioners provide. These include oral and maxillofacial surgery items, orthodontic, pedodontic and periodontic services, cleft lip and palate services, dental assessment, and other dental items listed in the MBS. The term covers dental services funded by health funds, state and territory governments and also individuals' out-of-pocket payments.

excess health inflation: The difference when the health inflation rate exceeds the general inflation rate—that is, the rise in the price of goods and services in the health-care sector exceeds the rise in the price of goods and services in the economy as a whole.

general inflation: The rise in the general price level of goods and services in the economy.

government finance statistics: Provides details of revenues, expenses, cash flows, assets and liabilities of the Australian public sector, and comprises units that are owned and/or controlled by the Australian Government, state and territory governments and local governments. See ABS 2005 and ABS 2015 for more details.

gross domestic product (GDP): Commonly used to indicate national income—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 depreciation.

gross national expenditure (GNE): An alternative measure to GDP; GNE is equal to GDP minus export income, but including imports.

health administration: Activities related to the formulation and administration of government and non-government health policy, and in the setting and enforcement of standards for health personnel and health services. One activity, for example, is the regulation and licensing of providers of health services.

The term includes only those administrative services that cannot be allocated to a particular health good or service. Such services might include, for example, maintaining an office for the chief medical officer, a departmental liaison officer in the office of the minister, or other agency-wide items for which it is not possible to derive appropriate or meaningful allocations to particular health programs.

health inflation: The rise in the price level of goods and services in the health sector.

health research: Research done at tertiary institutions, in private non-profit organisations, and in government facilities that has a health socioeconomic objective.

It excludes commercially oriented research that private business funds, the costs of which are assumed to be included in the prices charged for the goods and services (for example, medications that have been developed and/or supported by research activities).

hospital services: Services provided to a patient who is receiving admitted patient services or non-admitted patient services in a hospital, but excluding non-admitted dental services, community health services, patient transport services, public health activities and health research done within the hospital. They can include services provided off-site, such as dialysis or hospital in the home.

household final consumption expenditure (HFCE): Net expenditure on goods and services by households and by private non-profit institutions serving households.

implicit price deflator (IPD): An index obtained using the ratio of current price expenditure to constant price expenditure.

individuals' out-of-pocket funding: Payments by individuals where they meet the full cost of a good or service, or where they share the cost of goods and services with third-party payers, such as private health insurance funds or the Australian Government.

injury compensation insurers: Workers compensation and compulsory third-party motor vehicle insurers.

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 where its functions involve policies that are primarily of concern at the local level.

medical expenses tax rebate: An Australian Government subsidy to assist with the cost of medical expenses. It applies to a wide variety of health expenditures, not just expenses associated with doctors. This rebate is now income tested and is being phased out.

medical services expenditure: Includes services provided by, or on behalf of the following parties: registered medical practitioners who are funded by the MBS, DVA, compulsory third-party motor vehicle insurance, workers compensation insurance, private health insurance funds, Australian Government premium rebates allocated to medical services, Medicare copayments, and other out-of-pocket payments.

Most medical services in Australia are provided on a fee-for-service basis and attract benefits from the Australian Government under Medicare. These include private in-hospital medical services and out-of-hospital medical services.

This term includes medical services not from the MBS, such as vaccines for overseas travel, as well as some expenditure by the Australian Government under alternative funding arrangements.

It excludes medical services provided to public patients admitted to public hospitals and medical services provided to public patients at outpatient clinics in public hospitals.

medications: Benefit-paid pharmaceuticals and other medications.

other health practitioner services: Services that health practitioners (other than doctors and dentists) provide. These include practice nurses, chiropractors, optometrists, physiotherapists, occupational therapists, speech therapists, audiologists, dieticians, podiatrists, homeopaths, naturopaths, practitioners of Chinese medicine and other forms of traditional medicine.

other medications: Pharmaceuticals for which no PBS or Repatriation PBS benefit was paid. They include:

- pharmaceuticals listed in the PBS or Repatriation PBS, the total costs of which are equal to, or less than, the statutory patient contribution for the class of patient (under copayment pharmaceuticals)
- pharmaceuticals dispensed through private prescriptions that do not fulfil the criteria for payment of benefit under the PBS
- Repatriation PBS over-the-counter medicines, including pharmacy-only medicines, aspirin, cough and cold medicines, vitamins and minerals, herbal and other complementary medicines, and various medical non-durables such as condoms, adhesive and non-adhesive bandages.

out-of-pocket costs: The total costs incurred by individuals for health-care services over and above any refunds from Medicare and private health insurance funds.

over-the-counter medicines: Medicinal preparations that are primarily bought from pharmacies and supermarkets, that are not prescription medicines.

patient transport services: Expenditure by organisations primarily engaged in providing transportation of patients by ground or air, along with health (or medical) care. These services are often provided during a medical emergency, but are not restricted to emergencies. The vehicles are equipped with lifesaving equipment operated by medically trained personnel. Patient transport services include public ambulance services or flying doctor services, such as Royal Flying Doctor Service and Care Flight. Also includes patient transport programs, such as patient transport vouchers or support programs to assist isolated patients with travel to obtain specialised health care. From 2003–04 onwards, this category includes patient transport expenses that are included in the operating costs of public hospitals.

Pharmaceutical Benefits Scheme (PBS): A national, government-funded scheme that subsidises the cost of a wide variety of pharmaceutical drugs, and that covers all Australians to help them afford standard medications. The PBS lists all the medicinal products available under the PBS and explains the uses for which they can be subsidised (see also **Repatriation Pharmaceutical Benefits Scheme**).

primary health care: Primary health-care expenditure includes recurrent expenditure on health goods and services, such as medical services, dental services, other health practitioner services, pharmaceuticals and community and public health services. Primary health-care services are delivered in many settings, such as general practices, community health centres, Aboriginal health services and allied health practices (for example, physiotherapy, dietetic and chiropractic practices, and tele-health) and come under many funding arrangements.

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. Acute care and psychiatric hospitals are included, as are private free-standing day hospital facilities (see **public hospital**). Private hospital expenditure includes expenditures incurred by a private hospital in providing contracted and/or ad hoc treatments for public patients.

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 or to have private ward accommodation. This means they will be charged for medical services, food and accommodation.

public health activities: The core types of activities done or funded by the key jurisdictional health departments that deal with issues related to populations, rather than individuals. These activities comprise:

- communicable disease control
- selected health promotion
- organised immunisation
- environmental health
- food standards and hygiene
- cancer screening
- prevention of hazardous and harmful drug use
- public health research.

These activities do not include treatment services.

public health services: Services provided and/or funded by governments that are aimed at protecting and promoting the health of the whole population or specified population subgroups, and/or preventing illness or injury in the whole population or specified population subgroups.

Public health services until 2008–09 also include departmental costs for the following Commonwealth regulators: the Therapeutic Goods Administration, the Office of the Gene Technology Regulator, and the National Industrial Chemicals Notification and Assessment Scheme. These are now reported as administration expenses.

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 them. Public hospitals include some denominational hospitals that are privately owned. Defence force hospitals are not included in the scope of public hospitals (see **private hospital**).

public hospital services: The balance of public hospital expenditure remaining, after community health services, public health services, non-admitted dental services, patient transport services, and health research activities done by public hospitals have been removed and reallocated to their own expenditure categories.

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.

real expenditure: Expenditure that has been adjusted to remove the effects of inflation (for example, expenditure for all years has been compiled using 2016–17 prices). Removing the effects of inflation enables comparisons to be made between expenditures in different years on an equal dollar-for-dollar basis. Changes in real expenditure measure the change in the volume of goods and services produced (see **constant prices**).

rebates of health insurance premiums: Introduced in January 1999, a non-income-tested rebate on private health insurance premiums replaced the Private Health Insurance Incentives Scheme subsidy. From 1 July 2012, the private health insurance rebate became income tested. From 1 April 2014, all rebate percentages are adjusted annually by a rebate adjustment factor—the rebate was reduced from 9.27%–37.09% to 8.93%–35.72% on 1 April 2016, and to 8.64%–34.58% on 1 April 2017.

There are two mechanisms for rebates of health insurance premiums:

- The first is where the rebate is taken as a reduced premium payable by the individual with private health cover (with the health fund claiming reimbursement from the Australian Government).
- The second is taken as an income tax rebate, where individuals with private health cover elect to claim the rebate through the tax system at the end of the financial year, having paid the health funds 100% of their premiums up front.

recurrent expenditure: Expenditure for which organisations are liable on a recurring basis, for the provision of health goods and services, which does not result in creating or acquiring fixed assets (new or second-hand). It consists mainly of expenditure on wages, salaries and supplements; purchases of goods and services; and depreciation. This excludes capital expenditure. For all years, recurrent expenditure includes capital consumption (depreciation).

referred medical services: Non-hospital medical services that are not classified as primary health care (see **unreferred medical services**).

Repatriation Pharmaceutical Benefits Scheme (Repatriation PBS): Provides assistance to eligible veterans (with recognised war- or service-related disabilities) and their dependants for pharmaceuticals listed on the PBS and a supplementary repatriation list, at the same cost as patients entitled to the concessional payment under the PBS (see **Pharmaceutical Benefits Scheme**).

specific purpose payments (SPPs): Australian Government payments to the states and territories under the provisions of section 96 of the Constitution, 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. The SPP associated with the National Healthcare Agreement, implemented from 1 July 2009, gives payments to state and territory governments that are to be spent only within the sector described—for example, within the health sector. Also, there are NPPs under national partnership agreements that are aimed at specific areas of health expenditure.

state and territory dental services: School dental programs, community dental services and hospital dental programs that state and territory health authorities fund.

total health expenditure: Comprises **recurrent expenditure**, **capital expenditure** and **medical expenses tax rebate**.

total health price index: The ratio of total national health expenditure at current prices, to total national health expenditure at constant prices.

unreferred medical services: A medical service provided to a person by, or under the supervision of, a medical practitioner, being a service that has not been referred to that practitioner by another medical practitioner or person with referring rights. In this report, these are medical services that are classified as primary health care (see **referred medical services**).

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Related publications

This report, Health expenditure Australia 2016–17, is part of an annual series. The earlier editions and any published later can be downloaded free from <www.aihw.gov.au/reports-statistics/health-welfare-overview/health-welfare-expenditure/reports>. The website also includes information on ordering printed copies.

The following AIHW publications about health expenditure might also be of interest:

- AIHW 2017. Health expenditure Australia 2015–16. Health and welfare expenditure series no. 58. Cat. no. HWE 68. Canberra: AIHW.
- AIHW 2016. 25 years of health expenditure in Australia 1989–90 to 2013–14. Health and welfare expenditure series no. 56. Cat. no. HWE 66. Canberra: AIHW.
- AIHW 2015. Health expenditure Australia 2013–14: analysis by sector. Health and welfare expenditure series no. 55. Cat. no. HWE 65. Canberra: AIHW.
- AIHW 2013. Expenditure on health for Aboriginal and Torres Strait Islander people 2010–11. Health and welfare expenditure series no. 48. Cat. no. HWE 57. Canberra: AIHW.
- AIHW 2013. Expenditure on health for Aboriginal and Torres Strait Islander people 2010–11: an analysis by remoteness and disease. Health and welfare expenditure series no. 49. Cat. no. HWE 58. Canberra: AIHW.



Australia spent \$180.7 billion on health in 2016–17—more than \$7,400 per person. Real growth in spending of 4.7% in 2016–17 was 1.6 percentage points higher than the average over the past five years (3.1%). Non-government sources recorded the lowest growth rate in health spending in the decade to 2016–17—0.2% compared with the decade average of 4.8%.

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