

# **National Public Health Expenditure Report 1998–99**

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# **National Public Health Expenditure Report 1998–99**

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# Foreword

Australians enjoy one of the best standards of health care in the world. Expectations of the health care system are, moreover, constantly rising and health care budgets rise with those expectations. In Australia's federal system of government, responsibility for the funding, management and regulation of health care rests mostly with the Commonwealth and State and Territory Governments. Who pays, how much, and for what, are topics hotly debated in this context.

Government-funded public health activity is an important part of the Australian health care system. Governments take responsibility for the quality of the water we drink, for the level of immunisation of our population and for campaigns to limit the spread of HIV/AIDS or encourage physical exercise. But what do we know about who pays how much for this activity and how effective it is? How much do governments spend each year on public health? How is this expenditure burden shared between the Commonwealth and State and Territory Governments? Do the outcomes from public health interventions justify the expenditure? And are the needs of the most vulnerable adequately met?

The publication of this report is an important first step in answering these questions. By presenting the information collected in the second stage of the National Public Health Expenditure Project, it identifies the costs associated with public health activities of governments in Australia. It is reported, for example, that the combined amount spent by Commonwealth, State and Territory Governments on core public health activities in 1998–99 was \$889m. This expenditure amounted to less than 2% of recurrent health expenditure in Australia in that period.

Unlike the first stage of this Project, which had to rely on estimates from the Commonwealth Grants Commission, in this stage data were collected directly from the Commonwealth, State and Territory departments responsible for public health expenditure – the first collection of its type in Australia. We anticipate that both the publication itself and the protocols developed for extracting and analysing the data will make an important contribution to public health policy making in this country.

Under the guidance of the National Public Health Information Working Group (a Working Group of the National Public Health Partnership), the Project will be reviewed and honed in the light of input from all the jurisdictions involved. As the Project develops and refines its collection methodology it is anticipated that the comprehensiveness of the information will increase. This will increase the value of the collection, and the accumulation of data over time will enable more extensive comparison.

We commend this Report to Australia's health policy makers.

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# Executive summary

Public health is characterised by planning and intervening for better health in populations rather than focusing on the health of the individual. These efforts are usually aimed at addressing factors that determine health and the causes of illness rather than its consequences. The aim is to protect and promote health and prevent illness.

This collection of information on 1998–99 public health expenditure marks the first of its type in Australia. The previous National Public Health Expenditure Project (NPHEP) Public Health Expenditure Report commented on the state of play of public health in Australia in 1997–98 and in earlier years, and was based on the public health expenditure estimates produced by the Commonwealth Grants Commission as part of its February 1999 Report. This 1998–99 National Public Health Expenditure Report, however, has collected public health expenditure information from each of the State, Territory and Commonwealth health departments, based on eight distinct public health expenditure categories using a detailed collection manual. The eight public health expenditure categories and the listed inclusions and exclusions under each of these categories were developed by stakeholders at a workshop held in December 1998 and by the Technical Advisory Group of the project, which consists of representatives of each health authority.

The NPHEP aims to develop a complete picture of expenditure on public health activities in Australia by developing clear comprehensive public health definitions that enable expenditure information to be collected in a routine and consistent fashion. It also aims at developing a common agreed process for collecting public health expenditure data in Australia.

## Key findings

- This report shows that public health expenditure amounted to less than 2% of recurrent health expenditure in Australia in 1998–99.
- Of this 2%, the Commonwealth funded slightly more than half, providing 52% of all the public health expenditure by Commonwealth, State and Territory Governments – in dollars, \$459m.
- This 52% can be divided into two components: 30% was spent by the Commonwealth Health and Aged Care Portfolio (\$267m) and 22% was in the form of Commonwealth grants to the States and Territories (\$192m).
- The States and Territories funded slightly less than half (48%) of government public health expenditure (\$421m).
- State and Territory Governments managed a total expenditure of \$613m – that is, (\$421m + \$192m) on public health services.
- The combined amount spent by Commonwealth, State and Territory Governments on core public health activities in 1998–99 was \$880m.

## Data deficiencies and differences

Although this report provides the most up-to-date information on public health expenditure in Australia, there are still a number of methodological issues that need to be addressed to achieve a more accurate approach that is consistent across the jurisdictions. Examples of the deficiencies in the data and differences between jurisdictions that obscure the comparability of jurisdictional data include:

- The expenditure data recorded in this report differ between jurisdictions, depending on the practice of accrual or cash accounting. The effect of different accounting methodologies should be minimised by Stage 3 of the project when the Northern Territory will be the only jurisdiction to use cash data. New South Wales calculated that depreciation was 3% of their total public health expenditure and it is expected that other jurisdictions using accrual accounting will have similar results.
- The Project intends to collect expenditure data on all public health activities, regardless of the setting. However, due to difficulties in collecting across all settings, some jurisdictions have limited the collection to services primarily responsible for public health activities. The result is that some jurisdictions have included hospital services, community health and/or primary health centres whilst others have not.
- The scope of activities to be included in the *All other core public health* category was not clearly defined. Jurisdictions were requested to include expenditure on public health activities that were not included in the preceding seven defined core categories and were given a list of some of the possible inclusions.
- Tasmania, the Australian Capital Territory and the Northern Territory are the only jurisdictions that have reported expenditure on centralised corporate and executive overheads in this report. These overheads include activities such as human resource management, finance and information technology.
- Jurisdictions varied in the methodology used to collect the public health expenditure information. While most jurisdictions were able to identify the cost centres that relate to public health on a centralised accounting system, different methodologies were used to extract the information. For example, some jurisdictions asked cost centre managers to verify and to apportion to the categories the cost centre expenditure extracted from the centralised accounting system, whilst other jurisdictions completed the collection from a centralised analysis.
- Public health expenditure information from local governments was not collected in this report due to the changing of the Australian Bureau of Statistics government finance statistics from cash to accrual. Public health expenditure information was not collected from non-health departments or from non-government organisations, although the collection does include expenditure by Commonwealth, State and Territory governments to support these agencies for public health activities.

# Preface

The National Public Health Expenditure Project (NPHEP) aims to provide information on the costs of public health activities. To this end a routine national collection of information relating to public health expenditure is being developed.

The Commonwealth Government and the State, Territory and local Governments are all major investors in public health. The information gathered as part of Stage 2 of the NPHEP establishes a baseline for core public health expenditure by Commonwealth, State and Territory health authorities, with further work required to establish the level of public health expenditure by local governments.

The first stage of the NPHEP was the defining of public health categories, and agreement on a collection process. A report was compiled in this first stage discussing the state of play of expenditure on public health in 1997-98 and earlier years.

The second stage of the Project was the collection of expenditure and revenue information across eight distinct public health expenditure categories. The collection of this information marks the first collection of this type in the public health arena in Australia. This report presents the information gathered in the second stage of the NPHEP. It focuses on expenditure provided for public health by Commonwealth, State and Territory health departments. The Stage 2 collection did not capture detailed direct expenditure of local government. Nor did it capture (except for one jurisdiction) expenditure on public health activities undertaken by Commonwealth, State or Territory government departments other than departments of health.

## **NPHEP administrative arrangements**

The National Public Health Expenditure Project is an initiative of the National Public Health Partnership overseen by the National Public Health Information Working Group. Coordination of the project is through the Australian Institute of Health and Welfare (AIHW). The AIHW Project Team reports the progress of the project to the National Public Health Information Working Group, and seeks advice and direction where needed. The Technical Advisory Group (TAG) has the responsibility for the day-to-day oversight of the collection. TAG members also provide advice on the technical aspects of the public health definitions as well as on the future direction of the collection.

## **National Public Health Expenditure Project categories**

Public health expenditure categories were defined in collaboration with health departments from the Commonwealth Government and the State and Territory Governments. Eight major public health expenditure categories were established for the 1998-99 report:

- *Communicable disease control*
- *Selected health promotion activities*
- *Immunisation*
- *Environmental health*
- *Food standards and hygiene*
- *Breast cancer screening*

- *Cervical screening*
- *All other core public health.*

### **Contributors to public health**

The major partners in public health in Australia are the Commonwealth, State and local Governments. The private sector is a minor contributor to the funding of public health activities. They do spend substantial resources in complying with various regulations, which are required to prevent illness and injury and promote and maintain health, but these compliance costs are considered to be outside the scope of this collection. In addition, the household sector also makes a major contribution to preventing injury and illness while promoting healthy environments within the family and the larger community. However, the extent of this contribution is difficult to measure and will not be attempted as a part of the NPHEP. Non-government organisations and community sectors also make contributions to public health in Australia.

### **Variations between States**

There are variations between the States and Territories in the amount reportedly spent on public health services, and in how expenditure is allocated between the different public health categories. There are many reasons for these variations – not least, at this stage of the collection, are the differences in the way the data is collected and classified. Other factors include the higher costs of providing services in smaller jurisdictions and more remote areas, differences in the types and level of public health services provided by local government authorities, and differences in the need for public health services due to age structure and population characteristics – for example, breast cancer screening or communicable disease services.

# Acknowledgments

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# Notes

a) Figures in tables and the text have sometimes been rounded. Discrepancies between totals and sums of components are due to rounding.

b) The following abbreviations and symbols are used in tables:

Not applicable	. .
Nil or rounded down to zero	—
Not available	n.a.