

Health **Expenditure**

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Australian health expenditure— 1982–83 to 1993–94

Health Expenditure Bulletin No. 11 provides estimates of total health expenditure in Australia for the period 1982–83 to 1993–94. Detailed data are presented, by area of expenditure and source of funds, for each year from 1986–87 to 1992–93. Similar breakdowns of expenditure data for earlier years have been published in previous issues of this bulletin. Estimates of aggregate data only are presented for 1993–94.

The major focus of this bulletin is on measuring variations in annual growth in expenditure for different areas of health care. However, the bulletin also looks at changes to the mix of service funding sources and expenditure levels for particular health services.

Total health expenditure— 1982–83 to 1993–94

Total health expenditure, in current prices, rose from \$13,239 million to \$36,369 million between 1982–83 and 1993–94. This represented an increase of 174.7%, or an average rate of 9.6% per annum.

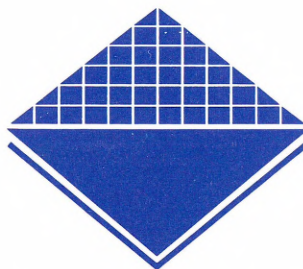
Expenditure on health, in constant 1989–90 prices, rose during that period by 57.6%, or an average rate of 4.2% per annum.

However, the rate at which total health expenditure grew was not uniform over the whole period examined. As table 1 shows, annual growth in total health expenditure, in current prices, ranged from a low of 4.4% in 1993–94 to 13.6% in 1986–87. In terms of constant 1989–90 prices, the picture for expenditure is very different. Expenditure growth, in constant 1989–90 prices, was highest at 6.2% in 1983–84, compared with a low of 2.2% in 1990–91.

In each of the seven years from 1983–84 to 1989–90, the annual growth rate for current price expenditure was above 10.0%. The average annual growth rate during this period was 11.7%.

While expenditure continued to grow after 1989–90, annual growth rates showed a downward trend. Growth reached its lowest point of 4.4% in 1993–94.

As will be shown later in table 7, the growth between 1992–93 and 1993–94 for total health



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Highlights

- Total health expenditure reached \$36,369 million in 1993–94, representing an average of \$2,049 per person.
- Expenditure on health care, in constant 1989–90 prices, rose by 57.6% from 1982–83, resulting in an average growth rate of 4.2% per annum.
- Health expenditure per person, in constant 1989–90 prices, rose at 2.8% per year from 1982–83 to 1993–94.
- Expenditure by the private sector, as a proportion of total health expenditure, rose from 28.1% in 1984–85 to 32.8% in 1991–92, then fell to 31.8% in 1993–94. Over the same period, the Commonwealth proportion of total health expenditure fell from 46.1% to 45.5%, while expenditure by State, Territory and local government authorities fell from 25.8% to 22.8%.
- Health expenditure, as a proportion of gross domestic product (GDP), rose from 7.7% in 1982–83 to 8.5% in 1993–94.
- In 1992–93, the latest year for which detailed breakdowns are available, non-institutional health care expenditure represented more than half (52.3%) of all recurrent expenditure.

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expenditure was not shared to the same extent by all sources of funds. Commonwealth expenditure, in constant 1989–90 prices, rose by 6.2%, compared with 6.3% in the preceding year. The combined expenditures by State, Territory and local government authorities, which had grown by 0.6% between 1991–92 and 1992–93, fell by 2.0% in 1993–94. Private sector expenditure growth rose from 2.6% to 4.1%.

Predictably, the introduction of Medicare in February 1984 resulted in a large transfer of funding responsibility between sectors (particularly between the Commonwealth and private sectors, which is discussed later under 'Health expenditure, by source of funds').

However, Medicare's impact on total health expenditure is unclear. The reasons for this were outlined in *Australian health expenditure 1970–71 to 1984–85* (out of print).

There were a number of factors that influenced both the overall level of health expenditure and the annual rate of change. In this analysis, these have been subsumed into three major categories:

- inflation;
- change in population size; and
- variation in the mix and use of health services.

The contribution of each of these categories to the percentage increase in total health expenditure over the previous year, for all years from 1983–84 to 1993–94, is shown in figure 1 and table 2.

Inflation and its effect on growth has been isolated by comparing total health expenditure growth in current prices with growth in terms of constant 1989–90 prices. The difference between the two growth

rates is the part of growth that is attributable to inflation.

The effect of change in population size was measured by comparing total health expenditure growth with per person health expenditure growth, in constant 1989–90 prices.

Growth in per person health expenditure, in constant 1989–90 prices, was used to measure the influence that change in the use and mix of services exerted on growth in health expenditure. The subsections that follow provide a more detailed analysis of the effects of each of these factors on health expenditure growth.

Inflation

In the case of those health services that are marketed (e.g. private medical services, dental services and pharmaceuticals), inflation relates to price changes in those services. In the case of non-marketed goods and services (e.g. public sector expenditure on public hospitals), inflation measures the price changes in the various inputs, such as labour and medical supplies.

The effect of price changes (inflation) on annual health expenditure growth was more pronounced during the period up

Table 1: Total health expenditure (current and constant 1989–90 prices) and annual growth rates, 1982–83 to 1993–94

| Year | Amount (\$ million) | | Growth rate over the previous year (%) | |
|------------------------|---------------------|--|--|--|
| | Current prices | Constant (1989–90) prices ^(a) | Current prices | Constant (1989–90) prices ^(a) |
| 1982–83 | 13,239 | 20,673 | .. | .. |
| 1983–84 | 14,958 | 21,960 | 13.0 | 6.2 |
| 1984–85 | 16,546 | 22,862 | 10.6 | 4.1 |
| 1985–86 | 18,586 | 24,180 | 12.3 | 5.8 |
| 1986–87 | 21,115 | 25,341 | 13.6 | 4.8 |
| 1987–88 | 23,328 | 26,287 | 10.5 | 3.7 |
| 1988–89 | 26,127 | 27,719 | 12.0 | 5.4 |
| 1989–90 | 28,795 | 28,795 | 10.2 | 3.9 |
| 1990–91 | 31,224 | 29,435 | 8.4 | 2.2 |
| 1991–92 | 33,172 | 30,340 | 6.2 | 3.1 |
| 1992–93 | 34,848 | 31,461 | 5.1 | 3.7 |
| 1993–94 ^(b) | 36,369 | 32,573 | 4.4 | 3.5 |

(a) Health expenditure for 1982–83 to 1993–94 is deflated to constant prices using specific health deflators (table 22).

(b) Based on preliminary AIHW and ABS estimates.

Source: AIHW unpublished data.

to 1990–91 than it was after 1990–91. Inflation accounted for more than half of the growth in each year between 1982–83 and 1990–91. The health expenditure growth rate due to inflation was consistently above 6.0% and reached its peak in 1986–87 at 8.8%.

From 1990–91 to 1993–94, the impact of inflation rapidly fell as the general rate of inflation slowed following the recession in 1991–92. Prices within the health care industry rose by only 0.8% in 1993–94, compared with 6.1% in 1990–91 (table 20).

Population growth

The population influence shown in figure 1 and table 2 refers to the increase in expenditure estimated to have been generated solely by changes in population size. It does not include changes brought about by variations in the age and gender structure of the population. Such changes exert their influence through variations in the rates of use and the mix of services.

As would be expected from the gradual growth of the Australian

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population, changes in population size had only a small and relatively stable impact on annual expenditure growth over the period.

Service mix and use

The source of growth in health expenditure that fluctuated most was 'service mix and use'.

Some of the factors that make up the 'service mix and use' category are:

- the average volumes of all services used by the community, expressed on a per person basis;
- the relative proportions of the various health services used, on average; and
- the mix of inputs to health services.

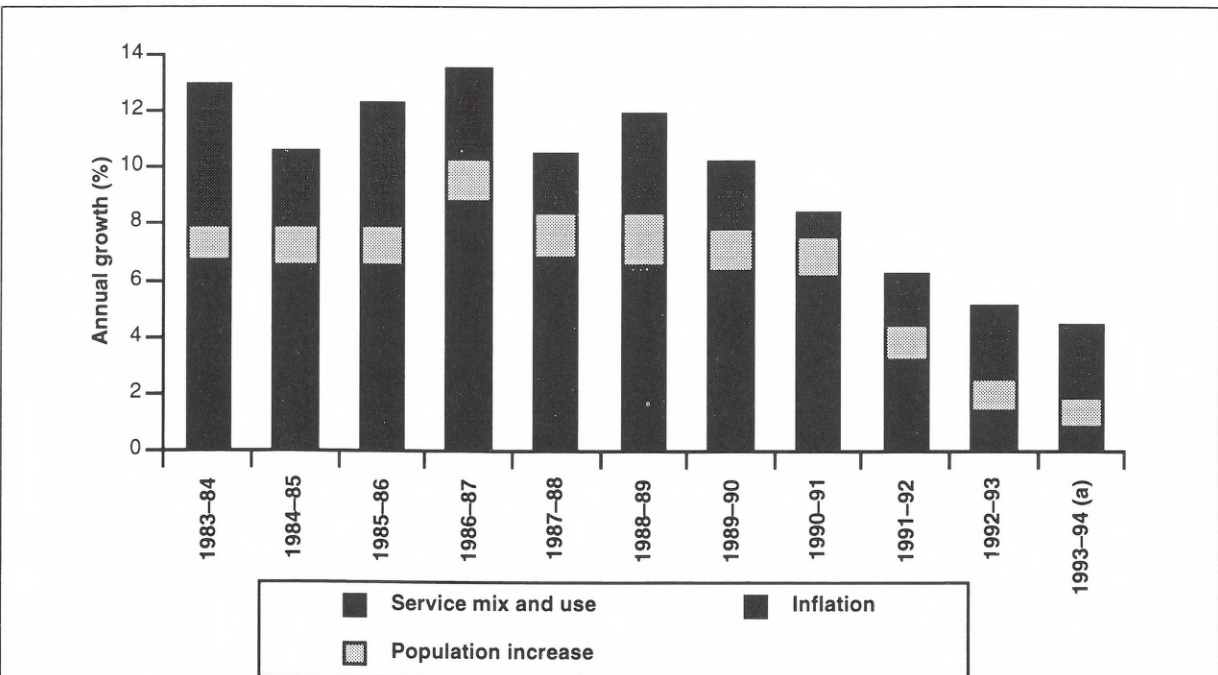
From 1984–85 to 1990–91, except for 1986–87, the contribution of changes in service mix and use moved in the same direction as changes in health expenditure growth. In 1986–87, the

contribution to total health expenditure growth by service mix and use was lower than in the previous year (24.2%, compared with 35.1% in 1985–86). Growth in total health expenditure, on the other hand, rose from 12.3% in 1985–86 to 13.6% in 1986–87 (table 1). As the influence of inflation fell after 1990–91, the relative influence on growth by service mix and use rose. Between 1992–93 and 1993–94, 57.8% of growth was due to changes in service mix and use.

Health expenditure per person

The average annual growth rate in current price health expenditure per person was 8.1% in the period from 1982–83 to 1993–94.

The annual growth rates per person shown in table 3 ranged from 3.3% in 1993–94 to a high of 12.0% in 1986–87. As in the case of total health expenditure, growth in expenditure per person was highest



(a) Total health expenditure is based on preliminary AIHW and ABS estimates.

Figure 1: Contribution of inflation, population growth and service mix/use to total health expenditure growth over the previous year, 1983–84 to 1993–94

Table 2: Contribution of inflation, population growth and service mix/use to total health expenditure growth over the previous year, 1983–84 to 1993–94

| Year | Contributions to annual growth in total health expenditure, 1982–83 to 1993–94 (% of growth) | | | |
|------------------------|--|------------|---------|-----------------------|
| | Inflation | Population | Mix/use | All sources of growth |
| 1982–83 | .. | .. | .. | .. |
| 1983–84 | 52.0 | 9.2 | 38.7 | 100.0 |
| 1984–85 | 61.3 | 13.5 | 25.2 | 100.0 |
| 1985–86 | 53.2 | 11.7 | 35.1 | 100.0 |
| 1986–87 | 64.7 | 11.1 | 24.2 | 100.0 |
| 1987–88 | 64.4 | 15.5 | 20.1 | 100.0 |
| 1988–89 | 54.6 | 15.7 | 29.7 | 100.0 |
| 1989–90 | 62.0 | 15.2 | 22.8 | 100.0 |
| 1990–91 | 73.6 | 16.7 | 9.6 | 100.0 |
| 1991–92 | 50.8 | 20.5 | 28.7 | 100.0 |
| 1992–93 | 26.9 | 21.9 | 51.3 | 100.0 |
| 1993–94 ^(a) | 19.0 | 23.2 | 57.8 | 100.0 |

(a) Based on preliminary AIHW and ABS estimates.

at the beginning of the period. In four of the first six years, the annual growth rate for health expenditure per person exceeded 10.0%. The average over these six years was 10.4%. In the five years from 1988–89, annual growth did not exceed 9.0% and averaged 5.5%.

Per person expenditure growth, in constant 1989–90 prices, averaged 2.8% between 1982–83 and 1993–94. The trend in growth rates was generally downwards from 1982–83 to 1990–91. However, in two of the three years after 1990–91, the expenditure growth rate rose.

Health expenditure and gross domestic product

The provision of health care services is an important national industry that contributes to national production. At the same time, the rate of growth in gross domestic product (GDP) has been shown to exert a 'lagged' influence on health expenditure growth (see *Health Expenditure Bulletin* No. 7). This is shown in figures 2 and 3, which map GDP growth in current and constant 1989–90 prices

respectively, and the corresponding lagged growth in health expenditure.

The correlation between GDP growth in one year and health expenditure growth in the next is weaker in relation to GDP in current prices than is the case for GDP growth in constant prices. In five years, growth in current price health expenditure moved in the same direction as the previous year's growth in GDP. This is shown in figure 2, which maps the lagged effect of changes in GDP growth on current price health expenditure growth.

Health expenditure as a percentage of GDP remained relatively stable in times when economic growth was high, but rose when economic growth was low. Table 4 shows that, from 1982–83 to 1988–89, when GDP was growing at an average of 12.0% per annum, health expenditure averaged 7.7% of GDP. In the 1990s however, with GDP rising at an average of only 4.6% per annum, health expenditure as a percentage of GDP was consistently above 8.0% and was 8.5% in 1993–94.

The relationship between growth rates for health expenditure and GDP in the preceding year, in constant 1989–90 prices, is illustrated in figure 3.

From 1983–84 to 1990–91, health expenditure and GDP, in constant 1989–90 prices, displayed growth patterns similar to their current price equivalents, in that growth rates generally fell over time (table 5). However, real growth in health expenditure—expenditure growth measured in constant 1989–90 prices—rose in 1991–92 and 1992–93, while health expenditure growth in current prices continued to fall until 1993–94.

The health expenditure growth rate in 1993–94, at 3.5% in constant 1989–90 prices, was more than half the rate prevailing at the beginning of the period (6.2% between 1982–83 and 1983–84). On the other hand, table 4 shows that current price health expenditure growth in 1993–94 was only one-third of that recorded at the beginning of the period (4.4%, compared with 13.0% in 1983–84).

From 1988–89 to 1990–91, when the annual GDP growth rate in current prices fell rapidly (from 13.4% to 1.9% in two years), the annual health expenditure growth rate also fell, but at a more modest rate. Health expenditure growth per annum fell from 12.0% in 1988–89 to 8.4% in 1990–91.

As its annual growth rates were higher than those for GDP in most years (table 5), the contribution by health expenditure to GDP, in constant 1989–90 prices, rose over the period.

In only three years (1984–85, 1987–88 and 1993–94) did the GDP growth over the previous year's level exceed the growth rate for health expenditure. Therefore, in those years, health expenditure as a proportion of GDP fell. In two other years (1983–84 and 1992–93), there was no appreciable change from the previous year in the proportion of GDP attributable to health. By 1993–94, health expenditure, measured in constant 1989–90 prices, accounted for 8.2% of GDP, compared with 7.5% in the early 1980s.

Fluctuations in annual constant price growth rates are shown in figure 3. As with current price health expenditure, the health expenditure growth rate, in constant 1989–90 prices, generally moved in the same direction as the growth rate for real GDP in the previous period. The correlation between GDP growth and health expenditure growth, in constant 1989–90 prices, is stronger than that

of current price GDP and current price health expenditure. In six out of nine years, changes in the health expenditure growth rate, in constant 1989–90 prices, moved in the same direction as changes in the GDP growth rate for the preceding year. Also, the volatility of change, reflected in figure 3, is not as great for health expenditure growth as for GDP growth.

Health expenditure, by source of funds

The most notable feature of the comparison of the different sources of funding for health services over this period is the impact of Medicare on health care funding sources (table 6 and figure 4).

In 1984–85, Commonwealth expenditure on health care services rose by \$1,898 million (33.1%) over the previous year to \$7,625 million, largely resulting from the introduction of Medicare. However, as mentioned earlier, despite the large increase in expenditure by the Commonwealth Government, total health

expenditure rose at a slower rate in 1984–85 than it had in the previous year. This was because private expenditure, which had accounted for about 35.0% of total expenditure in the years prior to Medicare (table 8), fell by 16.6%, in constant 1989–90 prices, from its 1983–84 level (table 7).

Public sector expenditure, as a proportion of total health expenditure, fell in each year from 1984–85 to 1991–92 (table 8). In both 1992–93 and 1993–94, the public sector's proportion of total health expenditure rose. In 1993–94, the public sector accounted for 68.2% of total health expenditure.

Commonwealth expenditure, in constant 1989–90 prices, grew at an average rate of 3.1% per year from 1984–85 to 1988–89. This was a lower average growth than that experienced by either State and local government expenditure (5.4% per year), or privately funded expenditure (7.4%). In the years 1988–89 to 1993–94 however, Commonwealth expenditure grew at a faster rate (4.3% per year) than private expenditure (3.9%) or State

Table 3: Health expenditure per person (current and constant 1989–90 prices) and growth rate, 1982–83 to 1993–94

| Year | Expenditure per person (\$) | | Growth rate (%) | |
|------------------------|-----------------------------|--|-----------------|--|
| | Current prices | Constant (1989–90) prices ^(a) | Current prices | Constant (1989–90) prices ^(a) |
| 1982–83 | 866 | 1,352 | .. | .. |
| 1983–84 | 966 | 1,420 | 11.5 | 5.0 |
| 1984–85 | 1,055 | 1,458 | 9.2 | 2.7 |
| 1985–86 | 1,169 | 1,521 | 10.8 | 4.3 |
| 1986–87 | 1,309 | 1,571 | 12.0 | 3.3 |
| 1987–88 | 1,424 | 1,604 | 8.7 | 2.1 |
| 1988–89 | 1,566 | 1,661 | 10.0 | 3.6 |
| 1989–90 | 1,700 | 1,700 | 8.6 | 2.3 |
| 1990–91 | 1,818 | 1,714 | 6.9 | 0.8 |
| 1991–92 | 1,907 | 1,744 | 4.9 | 1.8 |
| 1992–93 | 1,982 | 1,790 | 3.9 | 2.6 |
| 1993–94 ^(b) | 2,049 | 1,835 | 3.3 | 2.5 |

(a) Health expenditure for 1982–83 to 1993–94 is deflated to constant 1989–90 prices using specific health deflators (table 22).

(b) Based on preliminary AIHW and ABS estimates.

Sources: Health expenditure: AIHW.

Mean resident population:

1982–83 to 1985–86—ABS, *Australian Demographic Statistics*, December quarter 1990 (Cat. No. 3101.0).

1986–87 to 1990–91—ABS, *Australian Demographic Statistics*, December quarter 1991 (Cat. No. 3101.0).

1991–92 to 1993–94—ABS, *Australian Demographic Statistics*, September quarter 1994 (Cat. No. 3101.0).

Table 4: Total health expenditure and GDP (current prices), and growth rate, 1982–83 to 1993–94

| Year | Total health expenditure | | GDP | | Total health expenditure as % of GDP |
|------------------------|--------------------------|--|--------------|--|--------------------------------------|
| | Amount (\$m) | Growth rate over the previous year (%) | Amount (\$m) | Growth rate over the previous year (%) | |
| 1982–83 | 13,239 | .. | 171,774 | .. | 7.7 |
| 1983–84 | 14,958 | 13.0 | 194,831 | 13.4 | 7.7 |
| 1984–85 | 16,546 | 10.6 | 216,257 | 11.0 | 7.7 |
| 1985–86 | 18,586 | 12.3 | 241,034 | 11.5 | 7.7 |
| 1986–87 | 21,115 | 13.6 | 265,029 | 10.0 | 8.0 |
| 1987–88 | 23,328 | 10.5 | 299,629 | 13.1 | 7.8 |
| 1988–89 | 26,127 | 12.0 | 339,927 | 13.4 | 7.7 |
| 1989–90 | 28,795 | 10.2 | 371,051 | 9.2 | 7.8 |
| 1990–91 | 31,224 | 8.4 | 378,082 | 1.9 | 8.3 |
| 1991–92 | 33,172 | 6.2 | 386,056 | 2.1 | 8.6 |
| 1992–93 | 34,848 | 5.1 | 402,912 | 4.4 | 8.6 |
| 1993–94 ^(a) | 36,369 | 4.4 | 426,448 | 5.8 | 8.5 |

(a) Total health expenditure is based on preliminary AIHW and ABS estimates.
 Sources: GDP figures: ABS, *Australian national accounts: national income and expenditure*, June quarter 1992; *Australian national accounts: national income, expenditure and product*, June quarter 1994 and June quarter 1995 (Cat. No. 5206.0).

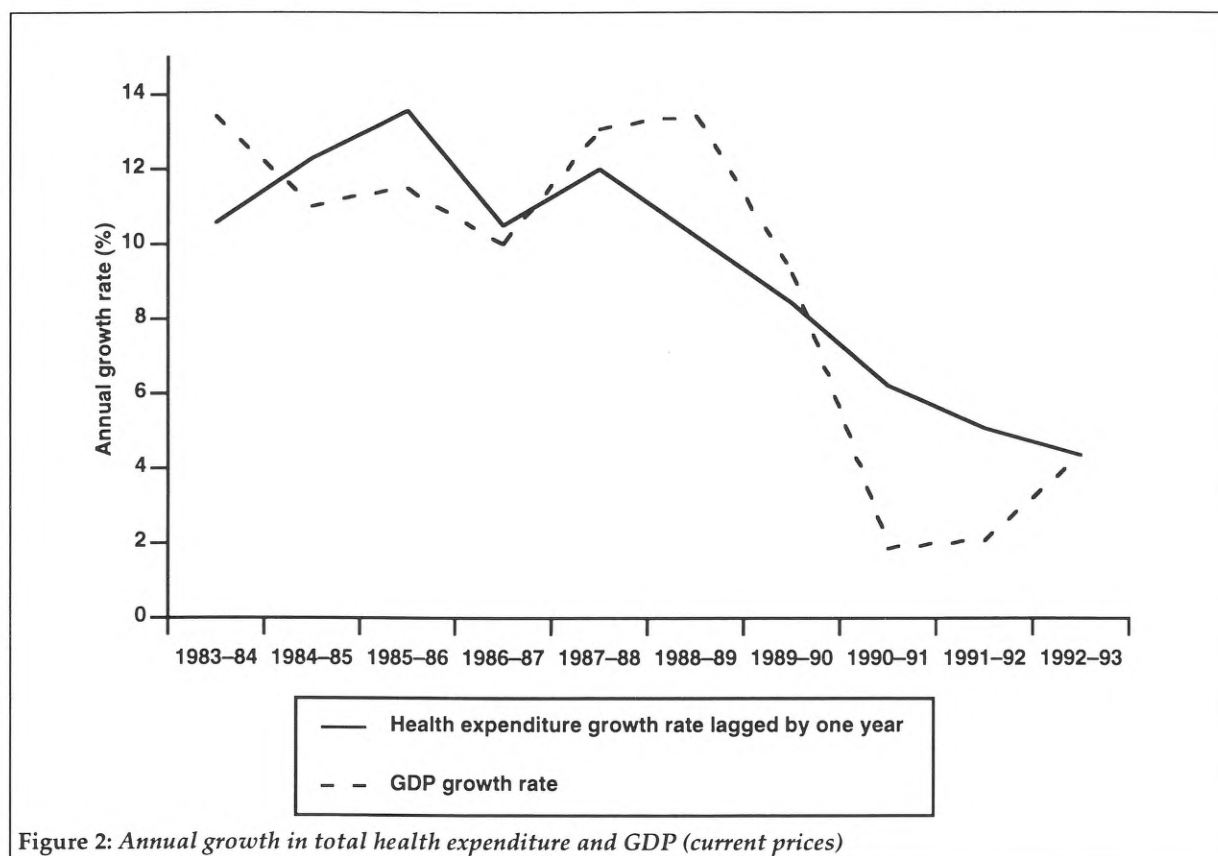


Table 5: Total health expenditure and GDP (constant 1989–90 prices), and growth rate, 1982–83 to 1993–94

| Year | Total health expenditure (a) | | GDP | | Total health expenditure as % of GDP |
|------------|------------------------------|--|--------------|--|--------------------------------------|
| | Amount (\$m) | Growth rate over the previous year (%) | Amount (\$m) | Growth rate over the previous year (%) | |
| 1982–83 | 20,673 | .. | 275,444 | .. | 7.5 |
| 1983–84 | 21,960 | 6.2 | 291,909 | 6.0 | 7.5 |
| 1984–85 | 22,862 | 4.1 | 307,249 | 5.1 | 7.5 |
| 1985–86 | 24,180 | 5.8 | 319,924 | 4.3 | 7.6 |
| 1986–87 | 25,341 | 4.8 | 328,208 | 2.6 | 7.7 |
| 1987–88 | 26,287 | 3.7 | 345,277 | 5.2 | 7.6 |
| 1988–89 | 27,719 | 5.4 | 360,043 | 4.3 | 7.7 |
| 1989–90 | 28,795 | 3.9 | 371,051 | 3.1 | 7.8 |
| 1990–91 | 29,435 | 2.2 | 366,666 | -1.2 | 8.0 |
| 1991–92 | 30,340 | 3.1 | 367,712 | 0.3 | 8.3 |
| 1992–93 | 31,461 | 3.7 | 379,231 | 3.1 | 8.3 |
| 1993–94(b) | 32,573 | 3.5 | 396,650 | 4.6 | 8.2 |

(a) Health expenditure for 1982–83 to 1993–94 is deflated to constant 1989–90 prices using specific health deflators (table 22).

(b) Total health expenditure is based on preliminary AIHW and ABS estimates.

Sources: GDP figures: ABS, *Australian national accounts: national income and expenditure*, June quarter 1992; *Australian national accounts: national income, expenditure and product*, June quarter 1994 and June quarter 1995 (Cat. No. 5206.0).

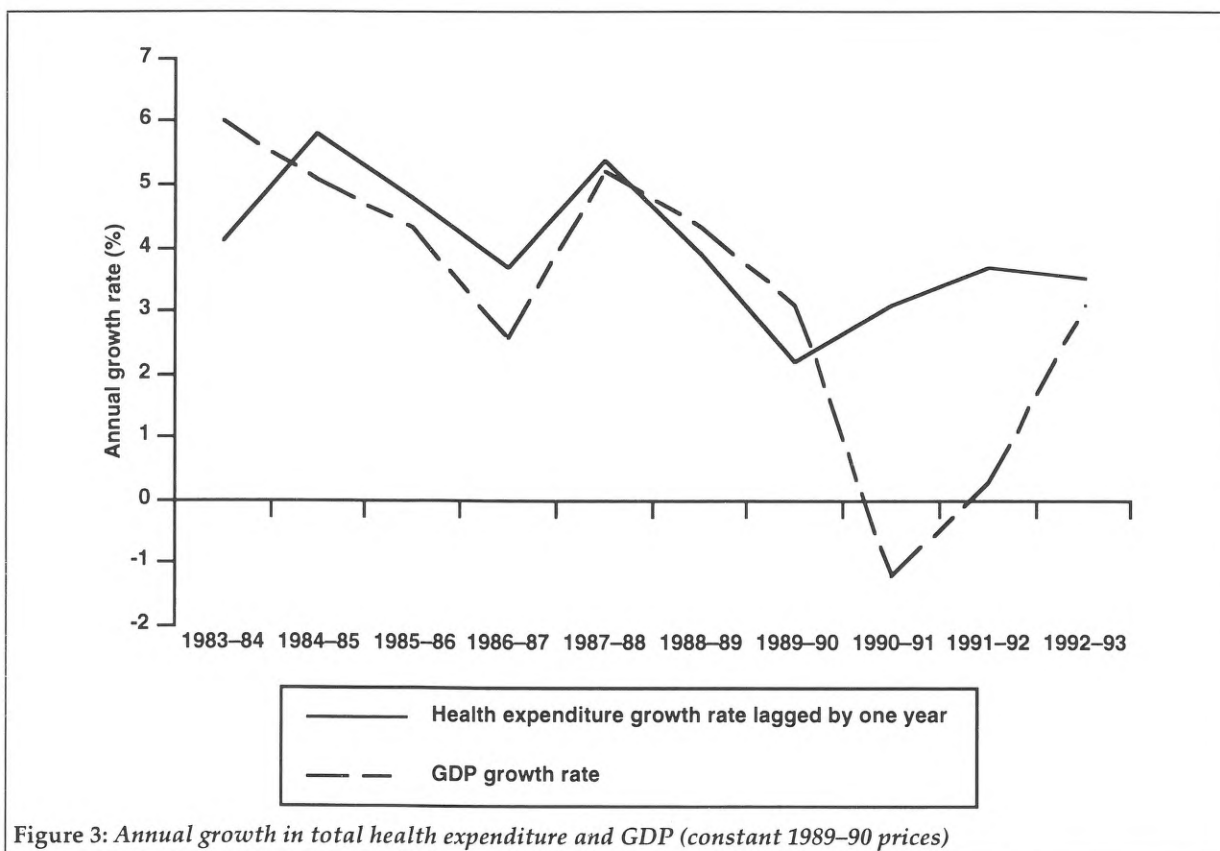


Figure 3: Annual growth in total health expenditure and GDP (constant 1989–90 prices)

and local government expenditure (0.8%).

With the granting of self-government to the Australian Capital Territory in 1989, expenditure by the ACT Health Authority, which had previously formed part of Commonwealth expenditure, was included as part of State and local government expenditure from 1989–90 onwards. This resulted in a 'one off' transfer from 'Commonwealth' to 'State and local government' expenditure in 1989–90 equivalent to about 1.5% of State and local government outlays.

The pattern of lower growth in expenditure by State, Territory and local government authorities from 1989–90 to 1993–94, shown in table 7, is also reflected in table 8, which shows that the 'State and local government' proportion of total health expenditure fell from a high of 26.9% in 1982–83 to 22.8% in 1993–94. From 1984–85, the first year after the introduction of Medicare, to 1988–89, 'State and local government' accounted for 26.0% of health expenditure on average. After 1988–89, its

contribution fell each year. From 1989–90 to 1993–94, State and local government expenditure accounted for 24.3% of total health expenditure on average.

Health expenditure, by type of expenditure

Details of health expenditure for individual years from 1986–87 to 1992–93, classified as capital expenditure and recurrent expenditure, are provided in tables 10–16. These tables also show recurrent expenditure, by different areas of institutional (i.e. hospitals, nursing homes and similar large health care institutions) and non-institutional health care. Non-institutional care includes medical, dental and other health services provided in community-based facilities. Medicare medical services provided in hospital are also included in non-institutional health care.

The contributions by the Commonwealth and private sectors shown in these tables differ from those shown in table 6 because of the adjustments made in table 6 in respect of taxation rebates for health-related expenditures by individuals. These adjustments increased the Commonwealth contribution and decreased the private sector contribution. Such adjustments were not possible in the case of the more detailed tables 10–16.

Recurrent expenditure

Over the whole period 1982–83 to 1992–93, recurrent health expenditure remained about 96.0% of total health expenditure. Therefore, annual growth rates for total health expenditure were dominated by growth in recurrent expenditure.

In each year from 1982–83 to 1987–88, the annual growth rate for recurrent health expenditure (table 9) was lower than or equal to the growth rate for total health expenditure (table 1). From 1987–88

Table 6: Health expenditure (current prices), by source of funds, adjusted for tax rebates on medical expenditure, 1982–83 to 1993–94

| Year | Government expenditure | | | Private | Total |
|------------------------|------------------------|------------------------------|--------|---------|--------|
| | Commonwealth | State & local ^(a) | Total | | |
| | \$ million | | | | |
| 1982–83 | 5,085 | 3,566 | 8,651 | 4,588 | 13,239 |
| 1983–84 | 5,727 | 3,957 | 9,684 | 5,274 | 14,958 |
| 1984–85 | 7,625 | 4,267 | 11,892 | 4,654 | 16,546 |
| 1985–86 | 8,507 | 4,815 | 13,317 | 5,264 | 18,586 |
| 1986–87 | 9,362 | 5,577 | 14,939 | 6,176 | 21,115 |
| 1987–88 | 10,270 | 6,077 | 16,346 | 6,981 | 23,328 |
| 1988–89 | 11,129 | 6,788 | 17,918 | 8,209 | 26,127 |
| 1989–90 | 12,165 | 7,570 | 19,735 | 9,060 | 28,795 |
| 1990–91 | 13,200 | 8,070 | 21,270 | 9,953 | 31,224 |
| 1991–92 | 14,161 | 8,298 | 22,459 | 10,713 | 33,172 |
| 1992–93 | 15,203 | 8,467 | 23,670 | 11,178 | 34,848 |
| 1993–94 ^(b) | 16,531 | 8,281 | 24,812 | 11,557 | 36,369 |

(a) Expenditure by the ACT Government is included as 'State and local government' expenditure from 1989–90.

(b) Health expenditure for 1993–94 is based on preliminary AIHW and ABS estimates.

Sources: Medical expenditure taxation rebates:

1982–83 to 1984–85: *Treasurer's tax expenditure statement*, December 1990.

1985–86 to 1988–89: Australian Taxation Office, *Taxation statistics*, AGPS, Canberra—table 1.17.

1989–90 to 1993–94: AIHW estimates, based on Australian Taxation Office statistical data.

onwards, recurrent health expenditure grew at a faster rate than did total health expenditure. Historically, recurrent expenditure on institutional health care services has accounted for more than half of all recurrent expenditure incurred in any year. However, since 1991–92, recurrent expenditure on non-institutional health care has increased to become larger than recurrent institutional expenditure. This can be seen in figure 5 and table 19, which shows trends in the major areas of health expenditure. The main reason for this is that, as figure 6 shows, recurrent expenditure on non-institutional health care services, in constant 1989–90 prices, grew relatively faster than institutional health expenditure in each year except 1987–88.

The movement away from expenditure on institutional care towards expenditure on non-institutional care is most noticeable when examining growth rates since 1988–89 for public hospitals and public psychiatric hospitals—both of which represented large areas of outlay by State and Territory governments.

Growth in public hospital expenditure averaged 8.3% between 1984–85 and 1992–93. However, after an initial increase from 9.2% in 1985–86 to 14.2% in 1986–87, the growth rate fell in all

years except 1988–89, to a low of 2.7% in 1992–93 (table 17).

Much of this decrease in annual growth rates would have resulted from government policies that placed increased reliance on non-institutional care, particularly in areas such as care of the aged, post-acute care convalescence and care of the mentally ill. Table 19 shows a consistent decrease in the proportion of recurrent institutional expenditure (from 54.2% in 1986–87 to 47.7% in 1992–93) and a compensating increase in the proportion going to non-institutional services (from 45.8% to 52.3%).

However, part of the decrease in public hospital expenditure growth in some years could have resulted from increased reliance on private hospitals as an alternative to public hospitals for the provision of some services. Private hospital care is sometimes seen as a substitute for public hospital care for minor medical and surgical procedures.

With the exception of 1987–88, expenditure on private hospitals, in all years (particularly from 1988–89 to 1991–92), grew at a much higher rate than total institutional health expenditure. Some of the larger than normal increase between 1988–89 and 1991–92 may be attributable to the transfer of demand for some types of minor

procedures from public hospitals and private medical clinics. This would be particularly the case following changes in Commonwealth policies aimed at encouraging the use of day care facilities for many minor procedures.

Expenditure on public psychiatric hospitals experienced an even more pronounced turnaround in growth rates. After annual increases of 1.6%, 22.9% and 10.4% in the period from 1985–86 to 1987–88, psychiatric hospitals experienced decreases in current price expenditure in each year from 1987–88 to 1992–93 (table 17).

The fall in expenditure on public psychiatric hospitals, in each of the years from 1987–88 to 1992–93, reflected the mental health policies of State and Territory governments. The *First National Mental Health Report, 1993*, published by the Department of Human Services and Health in 1994, suggested that there had been a general move under way for some time to place less reliance on institution-based care and to rely more on community-based care for the treatment of mental health conditions.

Table 7: Annual increase in health expenditure (constant 1989–90 prices), by source of funds, 1982–83 to 1993–94

| Year | Government expenditure | | | | | | Private sector | | Total | |
|---------|------------------------|------|-------------------|------|--------|------|----------------|-----------------|--------------|-----------------|
| | Commonwealth | | State & local (a) | | Total | | Amount (\$m) | Growth rate (%) | Amount (\$m) | Growth rate (%) |
| 1982–83 | 7,909 | .. | 5,467 | .. | 13,376 | .. | 7,297 | .. | 20,673 | .. |
| 1983–84 | 8,382 | 6.0 | 5,692 | 4.1 | 14,074 | 5.2 | 7,885 | 8.1 | 21,960 | 6.2 |
| 1984–85 | 10,492 | 25.2 | 5,797 | 1.8 | 16,288 | 15.7 | 6,574 | -16.6 | 22,862 | 4.1 |
| 1985–86 | 11,067 | 5.5 | 6,147 | 6.0 | 17,215 | 5.7 | 6,965 | 6.0 | 24,180 | 5.8 |
| 1986–87 | 11,294 | 2.1 | 6,557 | 6.7 | 17,852 | 3.7 | 7,489 | 7.5 | 25,341 | 4.8 |
| 1987–88 | 11,582 | 2.6 | 6,788 | 3.5 | 18,371 | 2.9 | 7,916 | 5.7 | 26,287 | 3.7 |
| 1988–89 | 11,848 | 2.3 | 7,160 | 5.5 | 19,008 | 3.5 | 8,710 | 10.0 | 27,719 | 5.4 |
| 1989–90 | 12,165 | 2.7 | 7,570 | 5.7 | 19,735 | 3.8 | 9,060 | 4.0 | 28,795 | 3.9 |
| 1990–91 | 12,400 | 1.9 | 7,677 | 1.4 | 20,077 | 1.7 | 9,358 | 3.3 | 29,435 | 2.2 |
| 1991–92 | 12,924 | 4.2 | 7,688 | 0.1 | 20,612 | 2.7 | 9,728 | 3.9 | 30,340 | 3.1 |
| 1992–93 | 13,743 | 6.3 | 7,742 | 0.7 | 21,485 | 4.2 | 9,976 | 2.6 | 31,461 | 3.7 |
| 1993–94 | 14,592 | 6.2 | 7,439 | -3.9 | 22,031 | 2.5 | 10,541 | 5.7 | 32,573 | 3.5 |

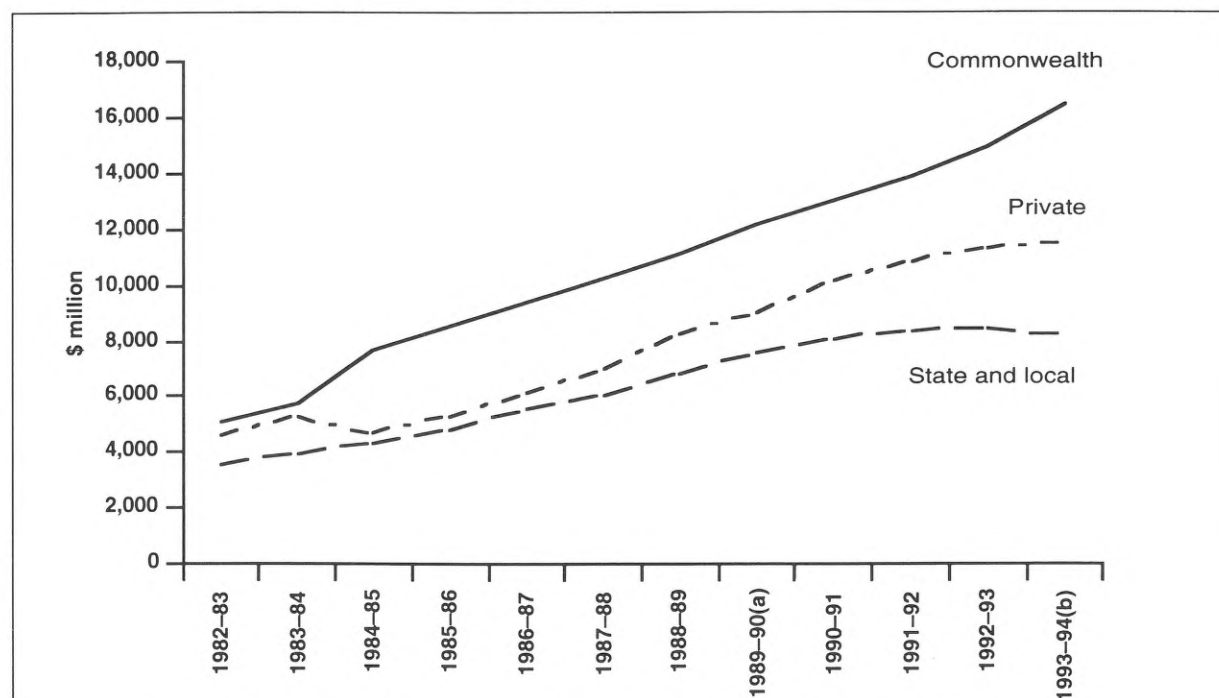
(a) Expenditure by the ACT Government is included as 'State and local government' expenditure from 1989–90.

Table 8: Public and private sector expenditure as a proportion of total health expenditure, 1982–83 to 1993–94 (current prices)

| Year | Government expenditure | | | Private sector expenditure | Total |
|------------------------|------------------------|------------------------------|-------|----------------------------|-------|
| | Commonwealth | State & local ^(a) | Total | | |
| | Percentage | | | | |
| 1982–83 | 38.4 | 26.9 | 65.3 | 34.7 | 100.0 |
| 1983–84 | 38.3 | 26.5 | 64.7 | 35.3 | 100.0 |
| 1984–85 | 46.1 | 25.8 | 71.9 | 28.1 | 100.0 |
| 1985–86 | 45.7 | 25.9 | 71.7 | 28.3 | 100.0 |
| 1986–87 | 44.3 | 26.4 | 70.8 | 29.2 | 100.0 |
| 1987–88 | 44.0 | 26.0 | 70.1 | 29.9 | 100.0 |
| 1988–89 | 42.6 | 26.0 | 68.6 | 31.4 | 100.0 |
| 1989–90 | 42.2 | 26.3 | 68.5 | 31.5 | 100.0 |
| 1990–91 | 42.3 | 25.8 | 68.1 | 31.9 | 100.0 |
| 1991–92 | 42.7 | 25.0 | 67.7 | 32.3 | 100.0 |
| 1992–93 | 43.6 | 24.3 | 67.9 | 32.1 | 100.0 |
| 1993–94 ^(b) | 45.5 | 22.8 | 68.2 | 31.8 | 100.0 |

(a) Expenditure by the ACT Government is included as 'State and local government' expenditure from 1989–90.

(b) Health expenditure for 1993–94 is based on preliminary AIHW and ABS estimates.



(a) ACT became self-governing from just before 1989–90 and therefore is included in 'State and local government' expenditure from 1989–90.

(b) Health expenditure for 1993–94 is based on preliminary AIHW and ABS estimates.

Figure 4: Total health expenditure (current prices), by source of funds, 1982–83 to 1993–94

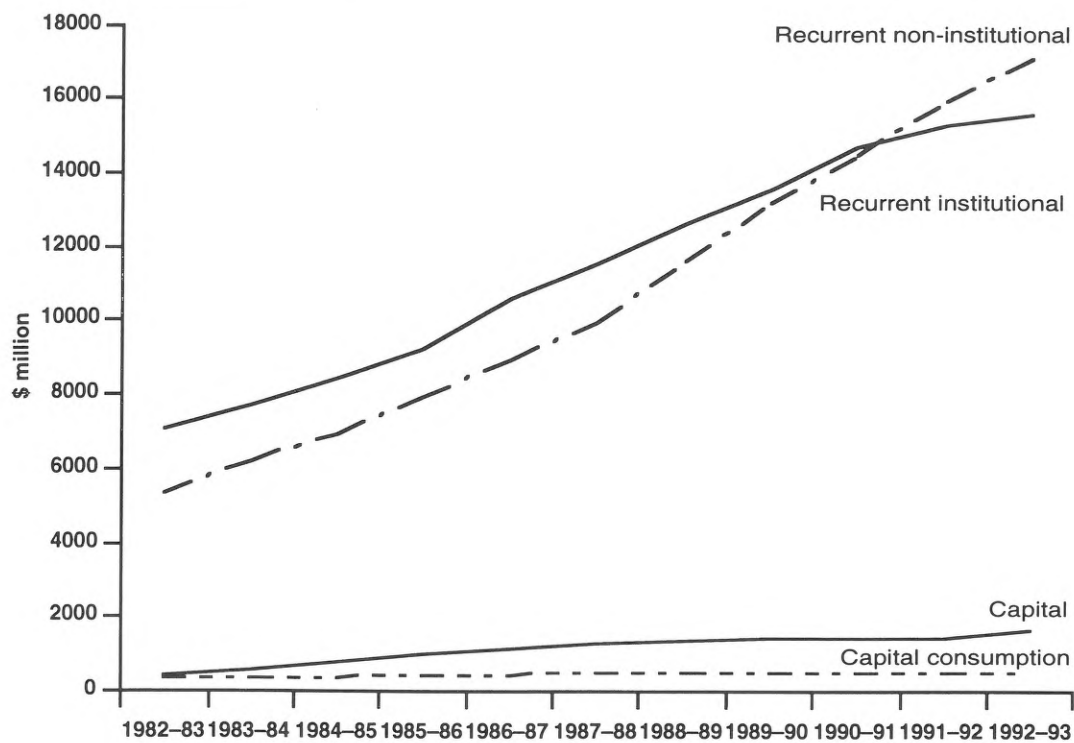


Figure 5: Total health expenditure (current prices), by major area of expenditure

Capital expenditure

In the context of this analysis, capital expenditure includes only gross fixed capital expenditure and increases in stocks. It does not include capital depreciation which, in the case of the private sector, is included in recurrent expenditure and, in the case of the public sector, is shown separately as 'Capital consumption' in tables 10-16.

There was considerable and consistent growth in capital expenditure between 1984-85 and 1989-90, averaging 13.6% per year in current prices (table 17) and 6.1% in constant 1989-90 prices (table 18). This was followed by two years, 1990-91 and 1991-92, in which capital expenditure, both in current and constant 1989-90 prices, fell each year. In 1992-93, capital expenditure rose by 15.3% in current prices and 14.3% in constant 1989-90 prices.

'State and local government' was the major source of funding for capital expenditure in Australia and accounted for almost half (49.7%) of all capital expenditure in 1992-93. The Commonwealth contribution was 8.9% and the private sector funded the remaining 41.4%.

Movements in health prices

Movements in prices within the health industry were determined by reference to the different deflators used to calculate constant price expenditure for different areas and sources of expenditure (table 22). The deflators used are shown in tables 20 and 21 as indexes using 1989-90 as the base year.

Time-series data on health-related deflators are compared with a number of economy-wide deflators in tables 20 and 21.

Health prices and the consumer price index

The total consumer price index (CPI) moved slightly faster than health prices up to 1989-90. However, from 1989-90 the reverse was true.

The CPI health services subgroup fluctuated greatly over the period, largely due to the influence of changes in health insurance arrangements—particularly in the period from 1982-83 to 1984-85, which included the introduction of Medicare.

From 1984-85 to 1993-94, growth in personal health service prices, as measured by the CPI health services subgroup, has averaged 11.2% per annum. All health sector prices, as measured by the Total Health Expenditure Price Index, grew at an average annual rate of only 4.9% over that same period. The CPI hospital and medical services subcomponent grew at an annual rate of 12.4% over the

Table 9: Recurrent health expenditure (including government capital consumption) and annual growth rates, 1982–83 to 1993–94 (current and constant 1989–90 prices)

| Year | Amount (\$ million) | | Growth rate (%) | |
|------------------------|---------------------|--|-----------------|--|
| | Current prices | Constant 1989–90 prices ^(a) | Current prices | Constant 1989–90 prices ^(a) |
| 1982–83 | 12,775 | 19,945 | .. | .. |
| 1983–84 | 14,354 | 21,095 | 12.4 | 5.8 |
| 1984–85 | 15,777 | 21,778 | 9.9 | 3.2 |
| 1985–86 | 17,588 | 22,906 | 11.5 | 5.2 |
| 1986–87 | 19,982 | 24,012 | 13.6 | 4.8 |
| 1987–88 | 22,045 | 24,853 | 10.3 | 3.5 |
| 1988–89 | 24,762 | 26,279 | 12.3 | 5.7 |
| 1989–90 | 27,339 | 27,339 | 10.4 | 4.0 |
| 1990–91 | 29,775 | 28,016 | 8.9 | 2.5 |
| 1991–92 | 31,757 | 28,946 | 6.7 | 3.3 |
| 1992–93 | 33,216 | 29,867 | 4.6 | 3.2 |
| 1993–94 ^(b) | 34,679 | 30,591 | 4.4 | 2.4 |

(a) Health expenditure for 1982–83 to 1993–94 is deflated to constant prices using specific health deflators (table 22).
 (b) Based on preliminary AIHW and ABS estimates.

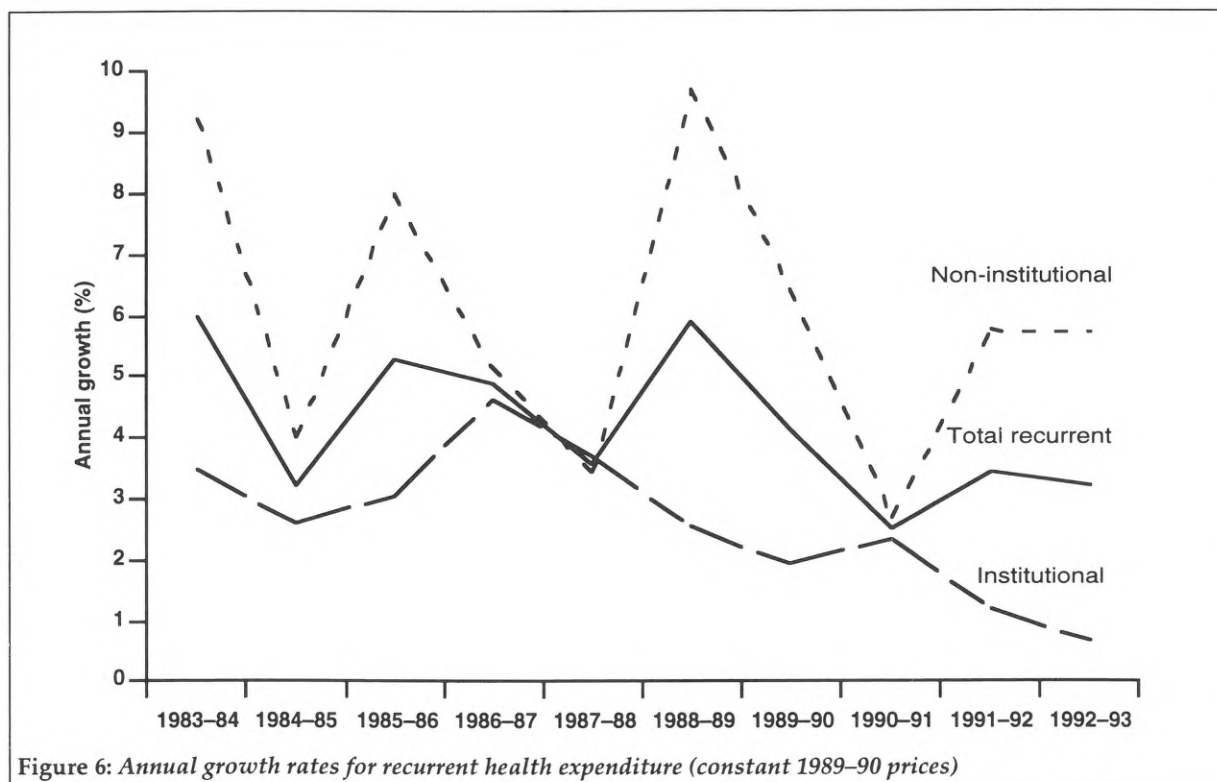


Figure 6: Annual growth rates for recurrent health expenditure (constant 1989–90 prices)

period from 1984–85 to 1993–94. At the same time, the deflator for Government Final Consumption Expenditure (GFCE) on hospital and clinical services rose at an average of only 4.8% per year. This indicates that the prices of marketed goods and services which make up the basket of goods in the CPI subcomponent (e.g. hospital and nursing home fees and charges to patients) grew faster than prices of largely non-marketed services (e.g. net government expenditure on public hospital care), which are included in the GFCE on hospital and clinical services.

Health prices and average weekly earnings

Growth in average weekly earnings was marginally higher than the rate of growth in health expenditure over the whole period.

Because labour inputs contribute quite substantially to total expenditure on health care, it would be anticipated that movements in health prices would be dominated by movements in the price of labour inputs. It is not surprising, therefore, that movements in average weekly earnings are only marginally different to those for health prices generally.

Technical notes

1. Definitions, sources and notes—general

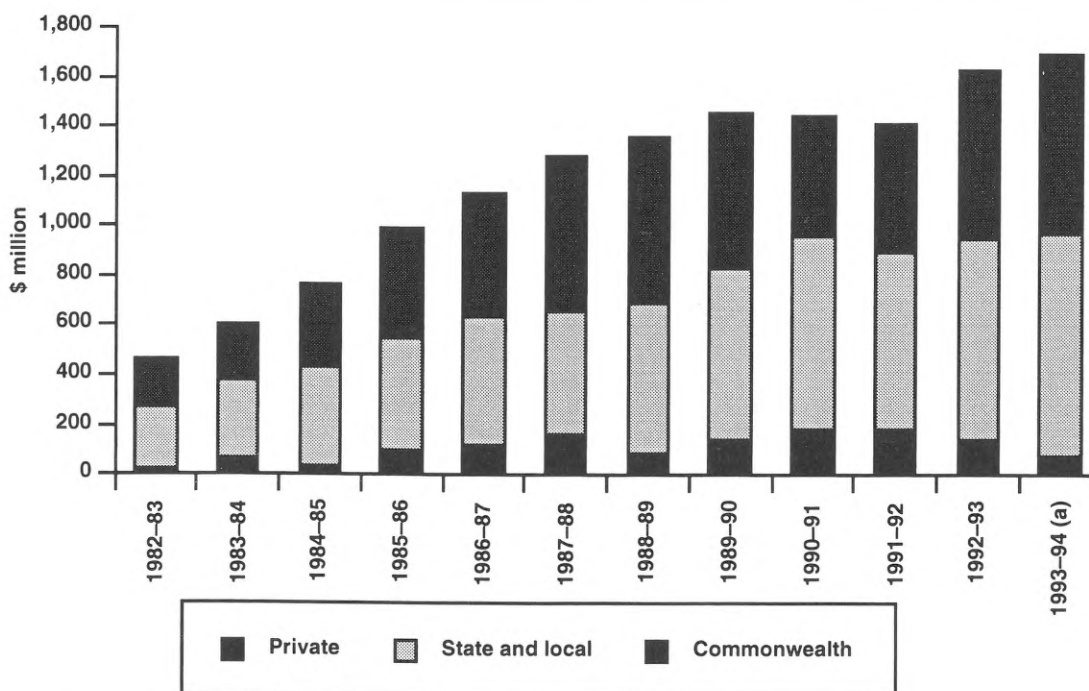
The Australian Institute of Health and Welfare (AIHW) collects information for its estimates of health expenditure from a wide range of sources. The Australian Bureau of Statistics (ABS), the Commonwealth Department of

Human Services and Health (HSH), and State and Territory health authorities provide much of the basic data used in this bulletin.

The 'Medical services' category in tables 10–16 includes expenditure on medical services provided on a fee-for-service basis, and includes medical services provided to private patients in public and private hospitals. It does not include the cost of salaried medical practitioners or of visiting medical officers at recognised public hospitals.

The 'Commonwealth' column in tables 10–16 includes expenditure by the Department of Veterans' Affairs on behalf of veterans and, until 1988–89, expenditure by ACT Government health services.

Health expenditure shown in tables 10–16 does not include a health component for some forms of expenditure that are primarily of a welfare nature. Also excluded are most costs associated with the training of health personnel in



(a) Capital Expenditure for 1993–94 is based on preliminary AIHW and ABS estimates.

Figure 7: Capital expenditure, by source of funds

Table 10: Total health expenditure, by area of expenditure and source of funds,^(a) 1986–87

| Area of Expenditure | Government expenditure | | | Private sector expenditure | | | | Total expenditure |
|--|------------------------|---------------|---------------|----------------------------|----------------|----------------------|----------------|----------------------|
| | Commonwealth | State & local | Total | Health insurance funds | Individuals | Other ^(b) | Total | |
| | \$ million | | | | | | | |
| Recognised public ^(c) | 2,857 | 2,829 | 5,686 | 414 | – | 202 | 616 | 6,302 |
| Private | 90 | – | 90 | 816 | 172 | 50 | 1,037 | 1,127 |
| Repatriation | 278 | 6 | 284 | 4 | – | 3 | 7 | 291 |
| Public psychiatric | 20 | 686 | 706 | – | 54 | 2 | 55 | 761 |
| Total hospitals | 3,243 | 3,521 | 6,766 | 1,234 | 225 | 256 | 1,716 | 8,482 |
| Nursing homes | 1,214 | 195 | 1,410 | – | 338 | 4 | 342 | 1,752 |
| Ambulance | 46 | 137 | 183 | 45 | 66 | 11 | 121 | 304 |
| Other institutional (nec) | 51 | – | 51 | – | – | – | – | 51 |
| Other institutional services | 97 | 137 | 234 | 45 | 66 | 11 | 121 | 355 |
| <i>Total institutional</i> | <i>4,557</i> | <i>3,853</i> | <i>8,409</i> | <i>1,278</i> | <i>630</i> | <i>271</i> | <i>2,179</i> | <i>10,588</i> |
| Medical services | 2,971 | – | 2,971 | 38 | 334 | 128 | 499 | 3,471 |
| Dental services | 26 | 72 | 98 | 345 | 552 | 2 | 898 | 996 |
| Other professional services | 81 | – | 81 | 105 | 364 | 112 | 582 | 663 |
| Community and public health ^(d) | 192 | 531 | 723 | 2 | – | – | 3 | 725 |
| Benefits paid items | 833 | – | 833 | – | 189 | – | 189 | 1,022 |
| All other items | – | – | – | 30 | 634 | 7 | 671 | 671 |
| Total pharmaceuticals | 833 | – | 833 | 30 | 823 | 7 | 860 | 1,693 |
| Aids and appliances | 40 | 1 | 41 | 98 | 266 | 2 | 365 | 406 |
| Administration | 246 | 83 | 329 | 282 | – | – | 282 | 611 |
| Research ^(e) | 215 | 29 | 243 | – | 44 | – | 44 | 287 |
| Other non-institutional | 10 | 78 | 87 | – | – | – | – | 87 |
| <i>Total non-institutional</i> | <i>4,614</i> | <i>794</i> | <i>5,407</i> | <i>900</i> | <i>2,382</i> | <i>251</i> | <i>3,533</i> | <i>8,940</i> |
| Total recurrent expenditure | 9,170 | 4,646 | 13,817 | 2,178 | 3,012 | 521 | 5,711 | 19,528 |
| Capital expenditure | 117 | 518 | 635 | na | na | na | 499 | ^(f) 1,133 |
| Capital consumption | 41 | 413 | 454 | ^(g) | ^(g) | ^(g) | ^(g) | 454 |
| Total health expenditure | 9,328 | 5,577 | 14,905 | na | na | na | 6,210 | 21,115 |

(a) This table records the amounts provided by Commonwealth, State and local governments and the private sector to fund expenditure on health. It does not record gross outlays by the various sectors on health.

(b) The 'Other' column includes health expenditure by workers compensation and compulsory motor vehicle third party insurance funds.

(c) Identified health grants (IHGs), totalling \$1,820 million, have been included as part of Commonwealth expenditure. Expenditure figures for State and local governments have been correspondingly reduced.

(d) The category 'Community and public health' replaces the categories of 'Community health services' and 'Health promotion and illness prevention' used in *Health Expenditure Bulletins* prior to 1993.

(e) Health research expenditure is allocated according to the sectors which actually undertake the research, not according to the source of funds.

(f) Capital expenditure for the private sector cannot be allocated by 'Source of funds'.

(g) Capital consumption or depreciation expenditure by the private sector is included in recurrent expenditure.

Table 11: Total health expenditure, by area of expenditure and source of funds,^(a) 1987–88^(b)

| Area of Expenditure | Government expenditure | | | Private sector expenditure | | | Total expenditure | |
|--|------------------------|---------------|---------------|----------------------------|----------------|----------------------|-------------------|---------------|
| | Commonwealth | State & local | Total | Health insurance funds | Individuals | Other ^(c) | | Total |
| | \$ million | | | | | | | |
| Recognised public ^(d) | 3,123 | 3,180 | 6,302 | 469 | – | 136 | 605 | 6,908 |
| Private | 49 | – | 49 | 962 | 152 | 53 | 1,167 | 1,216 |
| Repatriation | 327 | 6 | 333 | 5 | – | 3 | 8 | 341 |
| Public psychiatric | 21 | 760 | 780 | – | 59 | 1 | 60 | 841 |
| Total hospitals | 3,520 | 3,945 | 7,465 | 1,436 | 212 | 193 | 1,840 | 9,306 |
| Nursing homes | 1,271 | 213 | 1,485 | – | 416 | 4 | 420 | 1,905 |
| Ambulance | 34 | 161 | 195 | 51 | 71 | 10 | 132 | 327 |
| Other institutional (nec) | 41 | – | 41 | – | – | – | – | 41 |
| Other institutional services | 75 | 161 | 236 | 51 | 71 | 10 | 132 | 368 |
| <i>Total institutional</i> | <i>4,866</i> | <i>4,320</i> | <i>9,186</i> | <i>1,487</i> | <i>699</i> | <i>207</i> | <i>2,393</i> | <i>11,579</i> |
| Medical services | 3,187 | – | 3,187 | 104 | 440 | 156 | 700 | 3,887 |
| Dental services | 26 | 74 | 101 | 378 | 627 | 2 | 1,006 | 1,107 |
| Other professional services | 84 | – | 84 | 118 | 481 | 79 | 679 | 763 |
| Community and public health ^(e) | 248 | 571 | 819 | 1 | – | 5 | 6 | 825 |
| Benefits paid items | 1,021 | – | 1,021 | – | 137 | – | 137 | 1,158 |
| All other items | – | – | – | 27 | 669 | 11 | 707 | 707 |
| Total pharmaceuticals | 1,021 | – | 1,021 | 27 | 806 | 11 | 843 | 1,864 |
| Aids and appliances | 45 | 2 | 47 | 108 | 291 | 5 | 403 | 450 |
| Administration | 307 | 73 | 381 | 314 | – | – | 314 | 695 |
| Research ^(f) | 233 | 35 | 268 | 0 | 45 | – | 45 | 313 |
| Other non-institutional | 11 | 75 | 86 | 0 | – | – | – | 86 |
| <i>Total non-institutional</i> | <i>5,163</i> | <i>831</i> | <i>5,994</i> | <i>1,050</i> | <i>2,690</i> | <i>257</i> | <i>3,997</i> | <i>9,990</i> |
| Total recurrent expenditure | 10,029 | 5,150 | 15,180 | 2,537 | 3,389 | 464 | 6,389 | 21,569 |
| Capital expenditure | 157 | 496 | 654 | na | na | na | 629 | 1,282 |
| Capital consumption | 46 | 430 | 476 | ^(h) | ^(h) | ^(h) | ^(h) | 476 |
| Total health expenditure | 10,233 | 6,077 | 16,309 | na | na | na | 7,018 | 23,328 |

(a) This table records the amounts provided by Commonwealth, State and local governments and the private sector to fund expenditure on health. It does not record gross outlays by the various sectors on health.

(b) Details of revisions to these figures since the publication of *Health Expenditure Bulletin Number 10* are provided on page 27.

(c) The 'Other' column includes the health expenditures by workers compensation and compulsory motor vehicle third party insurance funds.

(d) Identified health grants (IHGs) totalling \$1,651 million, have been included as part of Commonwealth expenditure. Expenditure figures for State and local governments have been correspondingly reduced.

(e) The category 'Community and public health' is made up of the categories of 'Community health services' and 'Health promotion and illness prevention' used in *Health Expenditure Bulletins* prior to 1993.

(f) Health research expenditure is allocated according to the sectors which actually undertake the research—not according to the source of funds.

(g) Capital expenditure for the private sector cannot be allocated by 'Source of funds'.

(h) Capital consumption or depreciation expenditure by the private sector is included in recurrent expenditure.

Table 12: Total health expenditure, by area of expenditure and source of funds,^(a) 1988–89^(b)

| Area of expenditure | Government expenditure | | | Private sector expenditure | | | | Total expenditure |
|--|------------------------|---------------|---------------|----------------------------|--------------|----------------------|--------------|-------------------|
| | Commonwealth | State & local | Total | Health insurance funds | Individuals | Other ^(c) | Total | |
| | \$ million | | | | | | | |
| Recognised public | 3,286 | 3,520 | 6,807 | 484 | – | 384 | 869 | 7,675 |
| Private | 52 | – | 52 | 1,059 | 148 | 75 | 1,283 | 1,335 |
| Repatriation | 400 | – | 400 | 7 | – | 4 | 11 | 411 |
| Public psychiatric | 10 | 654 | 665 | – | 53 | 1 | 54 | 719 |
| Total hospitals | 3,749 | 4,174 | 7,923 | 1,551 | 201 | 464 | 2,216 | 10,140 |
| Nursing homes | 1,390 | 254 | 1,644 | – | 437 | 4 | 441 | 2,085 |
| Ambulance | 36 | 167 | 203 | 54 | 76 | 11 | 140 | 343 |
| Other institutional (nec) | 59 | – | 59 | – | – | – | – | 59 |
| Other institutional services | 95 | 167 | 262 | 54 | 76 | 11 | 140 | 402 |
| <i>Total institutional</i> | <i>5,234</i> | <i>4,595</i> | <i>9,829</i> | <i>1,604</i> | <i>714</i> | <i>479</i> | <i>2,797</i> | <i>12,626</i> |
| Medical services | 3,507 | – | 3,507 | 136 | 516 | 192 | 844 | 4,351 |
| Dental services | 27 | 75 | 103 | 418 | 730 | 3 | 1,151 | 1,253 |
| Other professional services | 93 | – | 93 | 126 | 658 | 84 | 868 | 961 |
| Community and public health ^(d) | 269 | 810 | 1,079 | 1 | – | 19 | 20 | 1,099 |
| Benefits paid items | 1,104 | – | 1,104 | – | 168 | – | 168 | 1,273 |
| All other items | – | – | – | 30 | 852 | 9 | 891 | 891 |
| Total pharmaceuticals | 1,104 | – | 1,104 | 30 | 1,020 | 9 | 1,059 | 2,164 |
| Aids and appliances | 46 | 2 | 48 | 120 | 304 | 24 | 448 | 495 |
| Administration | 409 | 101 | 510 | 348 | – | – | 348 | 858 |
| Research ^(e) | 248 | 44 | 292 | – | 45 | – | 45 | 337 |
| Other non-institutional | 12 | 120 | 131 | – | – | – | – | 131 |
| <i>Total non-institutional</i> | <i>5,715</i> | <i>1,152</i> | <i>6,867</i> | <i>1,179</i> | <i>3,273</i> | <i>330</i> | <i>4,782</i> | <i>11,649</i> |
| Total recurrent expenditure | 10,949 | 5,747 | 16,696 | 2,783 | 3,987 | 809 | 7,580 | 24,275 |
| Capital expenditure | 92 | 599 | 691 | na | na | na | 674 | 1,365 |
| Capital consumption | 44 | 443 | 487 | (g) | (g) | (g) | (g) | 487 |
| Total health expenditure | 11,085 | 6,788 | 17,874 | na | na | na | 8,253 | 26,127 |

(a) This table records the amounts provided by Commonwealth, State and local governments and the private sector to fund expenditure on health. It does not record gross outlays by the various sectors on health.

(b) Details of revisions to these figures since the publication of *Health Expenditure Bulletin Number 10* are provided on page 27.

(c) The 'Other' column includes the health expenditures by workers compensation and compulsory motor vehicle third party insurance funds.

(d) The category 'Community and public health' is made up of the categories 'Community health services' and 'Health promotion and illness prevention' used in *Health Expenditure Bulletins* prior to 1993.

(e) Health research expenditure is allocated according to the sectors which actually undertake the research, not according to the source of funds.

(f) Capital expenditure for the private sector cannot be allocated by 'Source of funds'.

(g) Capital consumption or depreciation expenditure by the private sector is included in recurrent expenditure.

Table 13: Total health expenditure, by area of expenditure and source of funds,^(a) 1989–90^(b)

| Area of expenditure | Government expenditure | | | Private sector expenditure | | | | Total expenditure |
|--|------------------------|---------------|---------------|----------------------------|--------------|----------------------|--------------|-------------------|
| | Commonwealth | State & local | Total | Health insurance funds | Individuals | Other ^(c) | Total | |
| | \$ million | | | | | | | |
| Recognised public | 3,439 | 3,888 | 7,327 | 520 | – | 382 | 902 | 8,229 |
| Private | 69 | – | 69 | 1,235 | 128 | 108 | 1,471 | 1,540 |
| Repatriation | 445 | – | 445 | 8 | – | 5 | 12 | 457 |
| Public psychiatric | 14 | 588 | 601 | – | 29 | 1 | 30 | 632 |
| Total hospitals | 3,966 | 4,476 | 8,442 | 1,763 | 157 | 496 | 2,416 | 10,858 |
| Nursing homes | 1,530 | 296 | 1,826 | – | 456 | 3 | 459 | 2,285 |
| Ambulance | 35 | 205 | 240 | 55 | 81 | 19 | 155 | 395 |
| Other institutional (nec) | 57 | 1 | 58 | – | – | – | – | 58 |
| Other institutional services | 92 | 206 | 298 | 55 | 81 | 19 | 155 | 453 |
| <i>Total institutional</i> | <i>5,587</i> | <i>4,978</i> | <i>10,565</i> | <i>1,818</i> | <i>694</i> | <i>518</i> | <i>3,030</i> | <i>13,595</i> |
| Medical services | 3,934 | – | 3,934 | 151 | 585 | 275 | 1,011 | 4,945 |
| Dental services | 29 | 72 | 101 | 463 | 808 | 3 | 1,273 | 1,374 |
| Other professional services | 104 | – | 104 | 141 | 727 | 103 | 971 | 1,075 |
| Community and public health ^(d) | 272 | 1,024 | 1,296 | 1 | – | 43 | 44 | 1,339 |
| Benefits paid items | 1,264 | – | 1,264 | – | 185 | – | 185 | 1,448 |
| All other items | – | – | – | 35 | 987 | 17 | 1,039 | 1,039 |
| Total pharmaceuticals | 1,264 | – | 1,264 | 35 | 1,172 | 17 | 1,224 | 2,488 |
| Aids and appliances | 51 | 2 | 53 | 136 | 360 | 13 | 509 | 562 |
| Administration | 377 | 169 | 546 | 390 | – | – | 390 | 937 |
| Research ^(e) | 289 | 66 | 355 | – | 45 | – | 45 | 400 |
| Other non-institutional | 12 | 102 | 115 | – | – | – | – | 115 |
| <i>Total non-institutional</i> | <i>6,332</i> | <i>1,435</i> | <i>7,767</i> | <i>1,318</i> | <i>3,697</i> | <i>453</i> | <i>5,467</i> | <i>13,234</i> |
| Total recurrent expenditure | 11,920 | 6,413 | 18,332 | 3,136 | 4,391 | 970 | 8,497 | 26,829 |
| Capital expenditure | 138 | 694 | 832 | na | na | na | 624 | (f) 1,456 |
| Capital consumption | 46 | 464 | 510 | (g) | (g) | (g) | (g) | 510 |
| Total health expenditure | 12,104 | 7,570 | 19,674 | na | na | na | 9,120 | 28,795 |

(a) This table records the amounts provided by Commonwealth, State and local governments and the private sector to fund expenditure on health. It does not record gross outlays by the various sectors on health.

(b) Details of revisions to these figures since the publication of *Health Expenditure Bulletin Number 10* are provided on page 27.

(c) The 'Other' column includes the health expenditures by workers compensation and compulsory motor vehicle third party insurance funds.

(d) The category 'Community and public health' is made up of the categories of 'Community health services' and 'Health promotion and illness prevention' used in *Health Expenditure Bulletins* prior to 1993.

(e) Health research expenditure is allocated according to the sectors which actually undertake the research, not according to the source of funds.

(f) Capital expenditure for the private sector cannot be allocated by 'Source of funds'.

(g) Capital consumption or depreciation expenditure by the private sector is included in recurrent expenditure.

Table 14: Total health expenditure, by area of expenditure and source of funds,^(a) 1990–91

| Area of expenditure | Government expenditure | | | Private sector expenditure | | | | Total expenditure |
|--|------------------------|---------------|---------------|----------------------------|--------------|----------------------|---------------|-------------------|
| | Commonwealth | State & local | Total | Health insurance funds | Individuals | Other ^(b) | Total | |
| | | | | \$ million | | | | |
| Recognised public | 3,711 | 4,203 | 7,914 | 550 | – | 339 | 889 | 8,803 |
| Private | 86 | – | 86 | 1,451 | 152 | 132 | 1,734 | 1,821 |
| Repatriation | 494 | – | 494 | 11 | – | 8 | 19 | 513 |
| Public psychiatric | 17 | 544 | 561 | – | 21 | 1 | 22 | 583 |
| Total hospitals | 4,307 | 4,747 | 9,054 | 2,012 | 173 | 479 | 2,664 | 11,719 |
| Nursing Homes | 1,657 | 300 | 1,958 | – | 563 | 3 | 566 | 2,524 |
| Ambulance | 38 | 208 | 246 | 63 | 89 | 19 | 171 | 416 |
| Other institutional (nec) | 64 | 1 | 65 | – | – | – | – | 65 |
| Other institutional services | 102 | 209 | 311 | 63 | 89 | 19 | 171 | 481 |
| <i>Total institutional</i> | <i>6,066</i> | <i>5,256</i> | <i>11,323</i> | <i>2,075</i> | <i>825</i> | <i>501</i> | <i>3,401</i> | <i>14,724</i> |
| Medical services | 4,384 | – | 4,384 | 173 | 636 | 297 | 1,107 | 5,491 |
| Dental services | 33 | 117 | 149 | 503 | 887 | 16 | 1,406 | 1,556 |
| Other professional services | 138 | – | 138 | 156 | 749 | 159 | 1,064 | 1,202 |
| Community and public health ^(c) | 293 | 1,014 | 1,307 | 1 | – | 14 | 15 | 1,322 |
| Benefits paid items | 1,245 | – | 1,245 | – | 224 | – | 224 | 1,468 |
| All other items | – | – | – | 39 | 1,259 | 13 | 1,311 | 1,312 |
| Total pharmaceuticals | 1,245 | – | 1,245 | 39 | 1,483 | 13 | 1,535 | 2,780 |
| Aids and appliances | 60 | 2 | 62 | 153 | 407 | 13 | 573 | 635 |
| Administration | 374 | 196 | 571 | 391 | – | – | 391 | 961 |
| Research ^(d) | 279 | 98 | 378 | – | 53 | – | 53 | 431 |
| Other non-institutional | 13 | 138 | 152 | – | – | – | – | 152 |
| <i>Total non-institutional</i> | <i>6,821</i> | <i>1,565</i> | <i>8,386</i> | <i>1,416</i> | <i>4,214</i> | <i>513</i> | <i>6,143</i> | <i>14,530</i> |
| Total recurrent expenditure | 12,887 | 6,821 | 19,709 | 3,491 | 5,040 | 1,014 | 9,544 | 29,254 |
| Capital expenditure | 181 | 775 | 956 | na | na | na | 493 | 1,449 |
| Capital consumption | 47 | 474 | 521 | (f) | (f) | (f) | (f) | 521 |
| Total health expenditure | 13,115 | 8,070 | 21,186 | na | na | na | 10,037 | 31,224 |

(a) This table records the amounts provided by Commonwealth, State and local governments and the private sector to fund expenditure on health. It does not record gross outlays by the various sectors on health.

(b) The 'Other' column includes the health expenditures by workers compensation and compulsory motor vehicle third party insurance funds.

(c) The category 'Community and public health' is made up of the categories of 'Community health services' and 'Health promotion and illness prevention' used in *Health Expenditure Bulletins* prior to 1993.

(d) Health research expenditure is allocated according to the sectors which actually undertake the research, not according to the source of funds.

(e) Capital expenditure for the private sector cannot be allocated by 'Source of funds'.

(f) Capital consumption or depreciation expenditure by the private sector is included in recurrent expenditure.

Table 15: Total health expenditure, by area of expenditure and source of funds,^(a) 1991–92

| Area of expenditure | Government expenditure | | | Private sector expenditure | | | | Total expenditure |
|--|------------------------|---------------|---------------|----------------------------|--------------|----------------------|---------------|-------------------|
| | Commonwealth | State & local | Total | Health insurance funds | Individuals | Other ^(b) | Total | |
| | \$ million | | | | | | | |
| Recognised public | 3,866 | 4,366 | 8,232 | 563 | – | 299 | 852 | 9,084 |
| Private | 107 | – | 107 | 1,635 | 142 | 143 | 1,920 | 2,027 |
| Repatriation | 499 | – | 499 | 12 | – | 16 | 28 | 527 |
| Public psychiatric | 15 | 513 | 528 | – | 20 | 1 | 21 | 549 |
| Total hospitals | 4,487 | 4,879 | 9,366 | 2,200 | 161 | 459 | 2,820 | 12,187 |
| Nursing Homes | 1,707 | 301 | 2,009 | – | 601 | 3 | 605 | 2,613 |
| Ambulance | 43 | 220 | 263 | 71 | 100 | 18 | 189 | 452 |
| Other institutional (nec) | 70 | 1 | 71 | – | – | – | – | 71 |
| Other institutional services | 113 | 221 | 334 | 71 | 100 | 18 | 189 | 523 |
| <i>Total institutional</i> | <i>6,308</i> | <i>5,401</i> | <i>11,709</i> | <i>2,271</i> | <i>863</i> | <i>480</i> | <i>3,614</i> | <i>15,323</i> |
| Medical services | 4,781 | – | 4,781 | 190 | 693 | 263 | 1,146 | 5,928 |
| Dental services | 37 | 127 | 164 | 528 | 957 | 4 | 1,488 | 1,652 |
| Other professional services | 151 | – | 151 | 168 | 840 | 132 | 1,140 | 1,291 |
| Community and public health ^(c) | 368 | 1,184 | 1,552 | 1 | – | 2 | 3 | 1,555 |
| Benefits paid items | 1,319 | – | 1,319 | – | 308 | – | 308 | 1,627 |
| All other items | – | – | – | 37 | 1,423 | 14 | 1,474 | 1,474 |
| Total pharmaceuticals | 1,319 | – | 1,319 | 37 | 1,731 | 14 | 1,782 | 3,101 |
| Aids and appliances | 90 | 1 | 91 | 162 | 427 | 18 | 607 | 698 |
| Administration | 480 | 205 | 685 | 439 | – | – | 439 | 1,125 |
| Research ^(d) | 311 | 98 | 409 | – | 55 | – | 55 | 464 |
| Other non-institutional | 14 | 110 | 124 | – | – | – | – | 124 |
| <i>Total non-institutional</i> | <i>7,551</i> | <i>1,726</i> | <i>9,277</i> | <i>1,525</i> | <i>4,704</i> | <i>432</i> | <i>6,660</i> | <i>15,938</i> |
| Total recurrent expenditure | 13,859 | 7,127 | 20,986 | 3,796 | 5,566 | 912 | 10,274 | 31,260 |
| Capital expenditure | 182 | 718 | 900 | na | na | na | 515 | (e) 1,415 |
| Capital consumption | 44 | 453 | 497 | (f) | (f) | (f) | (f) | 497 |
| Total health expenditure | 14,085 | 8,298 | 22,383 | na | na | na | 10,789 | 33,172 |

(a) This table records the amounts provided by Commonwealth, State and local governments and the private sector to fund expenditure on health. It does not record gross outlays by the various sectors on health.

(b) The 'Other' column includes the health expenditures by workers compensation and compulsory motor vehicle third party insurance funds.

(c) The category 'Community and public health' is made up of the categories of 'Community health services' and 'Health promotion and illness prevention' used in *Health Expenditure Bulletins* prior to 1993.

(d) Health research expenditure is allocated according to the sectors which actually undertake the research, not according to the source of funds.

(e) Capital expenditure for the private sector cannot be allocated by 'Source of funds'.

(f) Capital consumption or depreciation expenditure by the private sector is included in recurrent expenditure.

Table 16: Total health expenditure, by area of expenditure and source of funds,^(a) 1992–93

| Area of expenditure | Government expenditure | | | Private sector expenditure | | | | Total expenditure |
|--|------------------------|----------------|----------------|----------------------------|----------------|----------------------|----------------|-------------------|
| | Commonwealth | State & local | Total | Health insurance funds | Individuals | Other ^(b) | Total | |
| | \$ million | | | | | | | |
| Recognised public hospitals | 4,076 | 4,393 | 8,469 | 548 | – | 316 | 864 | 9,333 |
| Private hospitals | 122 | – | 122 | 1,764 | 80 | 150 | 1,995 | 2,117 |
| Repatriation hospitals | 474 | – | 474 | 7 | – | 12 | 19 | 493 |
| Public psychiatric hospitals | 14 | 439 | 453 | – | 16 | 1 | 17 | 470 |
| Total hospitals | 4,686 | 4,831 | 9,518 | 2,320 | 96 | 479 | 2,895 | 12,413 |
| Nursing Homes | 1,788 | 283 | 2,072 | – | 569 | 4 | 573 | 2,644 |
| ← Ambulance | 38 | 236 | 274 | 75 | 107 | 19 | 201 | 475 |
| ← Other institutional (nec) | 71 | 1 | 72 | – | – | – | – | 72 |
| Other institutional services | 113 | 233 | 346 | 75 | 107 | – | 201 | 547 |
| Total institutional | 6,584 | 5,352 | 11,936 | 2,395 | 772 | 502 | 3,669 | 15,604 |
| Medical services | 5,241 | – | 5,241 | 202 | 692 | 287 | 1,181 | 6,422 |
| Dental services | 38 | 146 | 184 | 535 | 984 | 6 | 1,525 | 1,709 |
| Other professional services | 160 | – | 160 | 178 | 918 | 141 | 1,237 | 1,397 |
| Community and public health ^(c) | 381 | 1,267 | 1,648 | 1 | – | 2 | 3 | 1,651 |
| Benefits paid items pharma... | 1,601 | – | 1,601 | – | 360 | – | 360 | 1,960 |
| All other items pharma... | – | – | – | 39 | 1,415 | 18 | 1,471 | 1,471 |
| Total pharmaceuticals | 1,601 | – | 1,601 | 39 | 1,774 | 18 | 1,831 | 3,432 |
| Aids and appliances | 97 | 2 | 99 | 166 | 430 | 27 | 623 | 721 |
| Administration | 472 | 180 | 652 | 461 | – | – | 461 | 1,113 |
| Research ^(d) | 345 | 99 | 444 | – | 57 | – | 57 | 500 |
| Other non-institutional | 14 | 145 | 159 | – | – | – | – | 159 |
| Total non-institutional | 8,348 | 1,838 | 10,186 | 1,583 | 4,855 | 479 | 6,917 | 17,104 |
| Total recurrent expenditure | 14,932 | 7,190 | 22,122 | 3,979 | 5,626 | 981 | 10,586 | 32,708 |
| Capital expenditure | 144 | 811 | 955 | na | na | na | 677 | (e) 1,632 |
| Capital consumption | 42 | 466 | 508 | (f) | (f) | (f) | (f) | (f) 508 |
| Total health expenditure | 15,118 | 8,467 | 23,585 | na | na | na | 11,263 | 34,848 |

(a) This table records the amounts provided by Commonwealth, State and local governments and the private sector to fund expenditure on health. It does not record gross outlays by the various sectors on health.

(b) The 'Other' column includes the health expenditures by workers compensation and compulsory motor vehicle third party insurance funds.

(c) The category 'Community and public health' is made up of the categories of 'Community health services' and 'Health promotion and illness prevention' used in *Health Expenditure Bulletins* prior to 1993.

(d) Health research expenditure is allocated according to the sectors which actually undertake the research, not according to the source of funds.

(e) Capital expenditure for the private sector cannot be allocated by 'Source of funds'.

(f) Capital consumption or depreciation expenditure by the private sector is included in recurrent expenditure.

Not clear

Table 17: Changes in health expenditure on previous year (current prices), 1984–85 to 1992–93

| Area of expenditure | Annual change | | | | | | | | Average ^(a) | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| | 1984–85 to 1985–86 | 1985–86 to 1986–87 | 1986–87 to 1987–88 | 1987–88 to 1988–89 | 1988–89 to 1989–90 | 1989–90 to 1990–91 | 1990–91 to 1991–92 | 1991–92 to 1992–93 | 1987–88 to 1992–93 | 1984–85 to 1992–93 |
| | Percentage | | | | | | | | | |
| Recognised public | 9.2 | 14.2 | 9.6 | 11.1 | 7.2 | 7.0 | 3.2 | 2.7 | 6.1 | 8.3 |
| Private | 11.5 | 16.4 | 7.9 | 9.8 | 15.4 | 18.2 | 11.3 | 4.4 | 12.7 | 12.3 |
| Repatriation | 9.7 | 9.1 | 17.4 | 20.3 | 11.3 | 12.1 | 2.8 | -6.4 | 8.0 | 11.1 |
| Public psychiatric | 1.6 | 22.9 | 10.4 | -14.5 | -12.1 | -7.7 | -5.8 | -14.4 | -10.3 | -3.6 |
| Total hospitals | 8.8 | 15.0 | 9.7 | 9.0 | 7.1 | 7.9 | 4.0 | 1.9 | 6.1 | 8.2 |
| Nursing Homes | 10.1 | 13.3 | 8.8 | 9.5 | 9.6 | 10.5 | 3.5 | 1.2 | 7.1 | 8.7 |
| Ambulance | 7.9 | 11.3 | 7.6 | 4.9 | 15.2 | 5.3 | 8.5 | 5.2 | 8.2 | 8.4 |
| Other institutional (nec) | 16.6 | 66.6 | -19.2 | 42.8 | -2.0 | 12.9 | 9.5 | 0.9 | 10.5 | 13.1 |
| Other institutional services | 8.7 | 16.9 | 3.7 | 9.1 | 12.7 | 6.3 | 8.6 | 4.6 | 8.4 | 8.9 |
| <i>Total institutional</i> | <i>9.0</i> | <i>14.8</i> | <i>9.4</i> | <i>9.0</i> | <i>7.7</i> | <i>8.3</i> | <i>4.1</i> | <i>1.8</i> | <i>6.3</i> | <i>8.3</i> |
| Medical services | 15.1 | 12.3 | 12.0 | 11.9 | 13.6 | 11.1 | 7.9 | 8.3 | 10.6 | 11.6 |
| Dental services | 22.8 | 13.3 | 11.1 | 13.2 | 9.6 | 13.2 | 6.2 | 3.4 | 9.3 | 11.4 |
| Other professional services | 17.9 | 15.9 | 15.1 | 26.0 | 11.9 | 11.8 | 7.4 | 8.2 | 12.2 | 14.7 |
| Community and public health ^(b) | 13.7 | 5.3 | 13.7 | 33.3 | 21.9 | -1.3 | 17.6 | 6.2 | 13.7 | 14.5 |
| Benefits paid items | 10.1 | 9.2 | 13.2 | 9.9 | 13.8 | 1.4 | 10.8 | 20.5 | 10.2 | 10.4 |
| All other items | 18.2 | 20.8 | 5.4 | 26.1 | 16.7 | 26.2 | 12.4 | -0.2 | 16.7 | 16.6 |
| Total pharmaceuticals | 13.0 | 13.5 | 10.1 | 16.1 | 15.0 | 11.7 | 11.5 | 10.7 | 12.9 | 12.9 |
| Aids and appliances | 19.9 | 12.5 | 10.9 | 10.0 | 13.4 | 13.1 | 9.9 | 3.4 | 10.5 | 11.6 |
| Administration | 3.1 | 8.2 | 13.7 | 23.4 | 9.2 | 2.6 | 17.0 | -1.1 | 9.5 | 10.7 |
| Research | 6.9 | 22.7 | 9.0 | 7.6 | 18.8 | 7.7 | 7.7 | 7.9 | 10.2 | 11.3 |
| Other non-institutional | 18.0 | 26.1 | -1.5 | 52.7 | -12.7 | 32.1 | -17.9 | 27.7 | 9.5 | 12.6 |
| <i>Total non-institutional</i> | <i>14.6</i> | <i>12.4</i> | <i>11.8</i> | <i>16.6</i> | <i>13.6</i> | <i>9.8</i> | <i>9.7</i> | <i>7.3</i> | <i>11.2</i> | <i>12.3</i> |
| Total recurrent expenditure | 11.5 | 13.7 | 10.5 | 12.5 | 10.5 | 9.0 | 6.9 | 4.6 | 8.7 | 10.2 |
| Capital expenditure | 29.7 | 13.6 | 13.2 | 6.4 | 6.7 | -0.5 | -2.3 | 15.3 | 3.8 | 8.1 |
| Capital consumption | 9.5 | 9.1 | 4.8 | 2.3 | 4.7 | 2.2 | -4.6 | 2.2 | 1.2 | 3.5 |
| Total health expenditure | 12.3 | 13.6 | 10.5 | 12.0 | 10.2 | 8.4 | 6.2 | 5.1 | 8.3 | 10.0 |

(a) Average growth rates have been calculated using log linear regression.

(b) The category 'Community and public health' is made up of the categories of 'Community health services' and 'Health promotion and illness prevention' used in *Health Expenditure Bulletins* prior to 1993.

Table 18: Changes in health expenditure on previous year (constant 1989–90 prices), 1984–85 to 1992–93

| Area of expenditure | Annual change | | | | | | | | Average ^(a) | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| | 1984–85 to 1985–86 | 1985–86 to 1986–87 | 1986–87 to 1987–88 | 1987–88 to 1988–89 | 1988–89 to 1989–90 | 1989–90 to 1990–91 | 1990–91 to 1991–92 | 1991–92 to 1992–93 | 1987–88 to 1992–93 | 1984–85 to 1992–93 |
| | Percentage | | | | | | | | | |
| Recognised public | 3.2 | 4.1 | 4.0 | 4.5 | 1.5 | 1.1 | 0.3 | 1.6 | 1.6 | 2.6 |
| Private | 5.4 | 6.1 | 2.3 | 3.3 | 9.3 | 11.7 | 8.3 | 3.3 | 7.9 | 6.4 |
| Repatriation | 3.7 | -0.5 | 11.4 | 13.2 | 5.4 | 6.0 | -0.1 | -7.5 | 3.4 | 5.2 |
| Public psychiatric | -3.9 | 12.0 | 4.7 | -19.6 | -16.7 | -12.8 | -8.4 | -15.3 | -14.1 | -8.7 |
| Total hospitals | 2.9 | 4.8 | 4.1 | 2.5 | 1.4 | 2.0 | 1.1 | 0.7 | 1.5 | 2.5 |
| Nursing Homes | 4.0 | 3.3 | 3.2 | 2.9 | 3.8 | 4.4 | 0.7 | 0.0 | 2.6 | 3.0 |
| Ambulance | 2.0 | 1.5 | 2.0 | -1.4 | 9.1 | -0.4 | 5.5 | 4.0 | 3.5 | 2.7 |
| Other institutional (nec) | 10.2 | 51.9 | -23.4 | 34.3 | -7.2 | 6.7 | 6.5 | -0.2 | 5.7 | 7.1 |
| Other institutional services | 2.7 | 6.5 | -1.6 | 2.6 | 6.8 | 0.5 | 5.6 | 3.4 | 3.8 | 3.2 |
| <i>Total institutional</i> | <i>3.0</i> | <i>4.6</i> | <i>3.7</i> | <i>2.6</i> | <i>2.0</i> | <i>2.3</i> | <i>1.2</i> | <i>0.7</i> | <i>1.8</i> | <i>2.6</i> |
| Medical services | 9.2 | 6.4 | 2.5 | 6.1 | 4.3 | 3.1 | 5.6 | 9.0 | 5.2 | 5.2 |
| Dental services | 11.1 | 2.1 | 0.9 | 3.2 | 0.6 | 4.9 | 0.4 | -0.3 | 1.9 | 2.5 |
| Other professional services | 11.9 | 5.9 | 9.1 | 18.3 | 6.1 | 5.6 | 4.6 | 7.0 | 7.4 | 8.7 |
| Community and public health ^(b) | 7.1 | -0.4 | 9.2 | 26.3 | 16.1 | -6.2 | 13.0 | 3.8 | 8.8 | 9.2 |
| Benefits paid items | 3.9 | 1.7 | 4.0 | 3.5 | 9.3 | -5.2 | 5.3 | 16.2 | 4.6 | 4.0 |
| All other items | 11.6 | 12.4 | -3.2 | 18.7 | 12.0 | 17.9 | 6.8 | -3.7 | 10.8 | 9.8 |
| Total pharmaceuticals | 6.6 | 5.7 | 1.1 | 9.3 | 10.4 | 4.4 | 6.0 | 6.8 | 7.2 | 6.3 |
| Aids and appliances | 13.1 | 4.7 | 1.8 | 3.6 | 8.9 | 5.7 | 4.4 | -0.3 | 4.9 | 5.1 |
| Administration | -2.9 | 2.3 | 9.1 | 16.9 | 4.1 | -2.5 | 12.4 | -3.3 | 4.8 | 5.6 |
| Research | 0.7 | 16.0 | 4.7 | 2.0 | 13.2 | 2.4 | 3.5 | 5.5 | 5.4 | 6.1 |
| Other non-institutional | 11.1 | 19.3 | -5.4 | 44.7 | -16.8 | 25.6 | -21.2 | 24.9 | 4.8 | 7.4 |
| <i>Total non-institutional</i> | <i>8.0</i> | <i>5.2</i> | <i>3.4</i> | <i>9.7</i> | <i>6.4</i> | <i>2.7</i> | <i>5.8</i> | <i>5.7</i> | <i>5.7</i> | <i>5.8</i> |
| Total recurrent expenditure | 5.3 | 4.9 | 3.6 | 5.9 | 4.1 | 2.5 | 3.5 | 3.2 | 3.7 | 4.1 |
| Capital expenditure | 17.6 | 4.3 | 7.9 | 0.4 | 1.1 | -2.5 | -1.8 | 14.3 | 1.2 | 3.3 |
| Capital consumption | 0.5 | 2.5 | -0.3 | -1.5 | -0.5 | 0.2 | -4.1 | 1.3 | -1.1 | -0.4 |
| Total health expenditure | 5.8 | 4.8 | 3.7 | 5.4 | 3.9 | 2.2 | 3.1 | 3.7 | 3.5 | 4.0 |

(a) Average growth rates have been calculated using log linear regression.

(b) The category 'Community and public health' is made up of the categories of 'Community health services' and 'Health promotion and illness prevention' used in *Health Expenditure Bulletins* prior to 1993.

Table 19: *Proportion of recurrent health expenditure, by area of expenditure*

| Area of expenditure | 1986-87 | 1987-88 | 1988-89 | 1989-90 | 1990-91 | 1991-92 | 1992-93 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Percentage | | | | | | |
| Recognised public | 32.3 | 32.0 | 31.6 | 30.7 | 30.1 | 29.1 | 28.5 |
| Private | 5.8 | 5.6 | 5.5 | 5.7 | 6.2 | 6.5 | 6.5 |
| Repatriation | 1.5 | 1.6 | 1.7 | 1.7 | 1.8 | 1.7 | 1.5 |
| Public psychiatric | 3.9 | 3.9 | 3.0 | 2.4 | 2.0 | 1.8 | 1.4 |
| Total hospitals | 43.4 | 43.1 | 41.8 | 40.5 | 40.1 | 39.0 | 38.0 |
| Nursing Homes | 9.0 | 8.8 | 8.6 | 8.5 | 8.6 | 8.4 | 8.1 |
| Ambulance | 1.6 | 1.5 | 1.4 | 1.5 | 1.4 | 1.4 | 1.5 |
| Other institutional (nec) | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |
| Other institutional services | 1.8 | 1.7 | 1.7 | 1.7 | 1.6 | 1.7 | 1.7 |
| <i>Total institutional</i> | <i>54.2</i> | <i>53.7</i> | <i>52.0</i> | <i>50.7</i> | <i>50.3</i> | <i>49.0</i> | <i>47.7</i> |
| Medical services | 17.8 | 18.0 | 17.9 | 18.4 | 18.8 | 19.0 | 19.6 |
| Dental services | 5.1 | 5.1 | 5.2 | 5.1 | 5.3 | 5.3 | 5.2 |
| Other professional services | 3.4 | 3.5 | 4.0 | 4.0 | 4.1 | 4.1 | 4.3 |
| Community and public health ^(a) | 3.7 | 3.8 | 4.5 | 5.0 | 4.5 | 5.0 | 5.0 |
| Benefits paid items | 5.2 | 5.4 | 5.2 | 5.4 | 5.0 | 5.2 | 6.0 |
| All other items | 3.4 | 3.3 | 3.7 | 3.9 | 4.5 | 4.7 | 4.5 |
| Total pharmaceuticals | 8.7 | 8.6 | 8.9 | 9.3 | 9.5 | 9.9 | 10.5 |
| Aids and appliances | 2.1 | 2.1 | 2.0 | 2.1 | 2.2 | 2.2 | 2.2 |
| Administration | 3.1 | 3.2 | 3.5 | 3.5 | 3.3 | 3.6 | 3.4 |
| Research | 1.5 | 1.5 | 1.4 | 1.5 | 1.5 | 1.5 | 1.5 |
| Other non-institutional | 0.4 | 0.4 | 0.5 | 0.4 | 0.5 | 0.4 | 0.5 |
| <i>Total non-institutional</i> | <i>45.8</i> | <i>46.3</i> | <i>48.0</i> | <i>49.3</i> | <i>49.7</i> | <i>51.0</i> | <i>52.3</i> |
| Total recurrent expenditure | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

(a) The category 'Community and public health' is made up of the categories of 'Community health services' and 'Health promotion and illness prevention' used in *Health Expenditure Bulletins* prior to 1993.

Table 20: Health expenditure and economy-wide deflators, 1974–75 to 1993–94 (1989–90 = 100)

| Year | Total health expenditure price index | Government final consumption expenditure (GFCE) | | | | IPD1 | Total GFCE | IPD2 | GDP-IPD | AWE |
|---------|--------------------------------------|---|--------------------------|--------------------------|-------|-------|------------|-------|---------|-----|
| | | State & local | | Commonwealth | | | | | | |
| | | Hospital and clinical | Total health and welfare | Other health and welfare | | | | | | |
| 1974–75 | 27.8 | 27.8 | 29.2 | 29.8 | 28.7 | 30.0 | 28.2 | 28.2 | 25.8 | |
| 1975–76 | 32.3 | 32.1 | 34.7 | 33.6 | 33.3 | 34.5 | 32.7 | 32.5 | 29.1 | |
| 1976–77 | 36.6 | 36.7 | 39.4 | 40.4 | 37.6 | 38.7 | 36.3 | 36.1 | 32.7 | |
| 1977–78 | 39.6 | 39.8 | 42.7 | 43.4 | 40.6 | 41.9 | 39.4 | 38.9 | 36.1 | |
| 1978–79 | 42.2 | 42.1 | 45.4 | 45.8 | 43.2 | 44.6 | 42.1 | 41.9 | 38.7 | |
| 1979–80 | 46.6 | 46.5 | 49.3 | 50.0 | 47.0 | 49.0 | 47.4 | 46.5 | 42.6 | |
| 1980–81 | 51.9 | 51.9 | 55.2 | 55.9 | 52.6 | 54.9 | 53.3 | 51.2 | 48.5 | |
| 1981–82 | 57.9 | 58.0 | 61.6 | 64.0 | 58.7 | 62.2 | 60.0 | 56.5 | 54.8 | |
| 1982–83 | 64.0 | 64.5 | 68.3 | 69.4 | 65.1 | 68.7 | 68.5 | 62.4 | 62.5 | |
| 1983–84 | 68.1 | 68.5 | 72.6 | 73.2 | 69.1 | 72.8 | 72.8 | 66.8 | 67.0 | |
| 1984–85 | 72.4 | 72.8 | 77.2 | 77.2 | 73.3 | 77.2 | 76.0 | 70.4 | 72.1 | |
| 1985–86 | 76.9 | 77.0 | 82.2 | 82.2 | 77.7 | 82.2 | 82.8 | 75.4 | 76.6 | |
| 1986–87 | 83.3 | 84.5 | 86.9 | 86.9 | 84.4 | 86.9 | 87.7 | 80.9 | 82.6 | |
| 1987–88 | 88.7 | 89.1 | 90.3 | 90.3 | 89.1 | 90.3 | 91.5 | 87.0 | 87.0 | |
| 1988–89 | 94.3 | 94.7 | 95.4 | 95.4 | 94.9 | 95.4 | 95.2 | 94.5 | 93.6 | |
| 1989–90 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | |
| 1990–91 | 106.1 | 105.8 | 105.2 | 105.2 | 105.1 | 105.2 | 102.0 | 103.2 | 107.1 | |
| 1991–92 | 109.3 | 108.8 | 109.5 | 109.5 | na | 109.5 | 101.5 | 104.9 | 109.2 | |
| 1992–93 | 110.8 | 110.1 | 112.0 | 112.0 | na | 112.0 | 102.4 | 106.0 | 111.0 | |
| 1993–94 | 111.7 | 110.8 | 113.3 | 113.3 | na | 113.3 | 102.3 | 107.4 | 113.0 | |

Table 21: Health expenditure and economy-wide deflators, 1974–75 to 1993–94 (1989–90=100)

| Year | Private final consumption expenditure (PFCE) | | | | | | | CPI (weighted average of capital cities) | | | | |
|---------|--|---------|----------|----------|---------------|-------|-------|--|--|----------------------------|-----------------------------|----------------------------|
| | Total health expenditure price index | Doctors | Dentists | Chemists | Other medical | IPD3 | Total | Health services subgroup | Hospital & medical serv. sub-component | Dental serv. sub-component | Optical serv. sub-component | Pharm. serv. sub-component |
| 1974–75 | 27.8 | 26.4 | 19.8 | 33.4 | 28.5 | 25.4 | 26.9 | 26.2 | na | na | na | na |
| 1975–76 | 32.3 | 32.0 | 24.0 | 37.7 | 32.9 | 29.5 | 30.4 | 14.6 | na | na | na | na |
| 1976–77 | 36.6 | 36.2 | 28.0 | 40.8 | 37.4 | 32.8 | 34.6 | 40.0 | na | na | na | na |
| 1977–78 | 39.6 | 39.4 | 32.0 | 44.3 | 40.5 | 35.7 | 37.9 | 50.5 | na | na | na | na |
| 1978–79 | 42.2 | 41.2 | 35.7 | 47.6 | 43.1 | 38.3 | 41.0 | 43.9 | na | na | na | na |
| 1979–80 | 46.6 | 45.9 | 39.3 | 50.9 | 46.8 | 42.6 | 45.2 | 48.0 | na | na | na | na |
| 1980–81 | 51.9 | 51.1 | 43.2 | 56.2 | 52.4 | 48.0 | 49.4 | 51.4 | 50.7 | 43.1 | na | 43.2 |
| 1981–82 | 57.9 | 56.0 | 47.4 | 61.9 | 58.4 | 54.3 | 54.6 | 69.7 | 71.7 | 47.3 | na | 47.9 |
| 1982–83 | 64.0 | 61.5 | 52.3 | 67.1 | 64.8 | 61.7 | 60.9 | 89.9 | 94.5 | 52.1 | na | 55.7 |
| 1983–84 | 68.1 | 65.9 | 56.8 | 69.7 | 68.9 | 65.4 | 65.1 | 79.4 | 81.6 | 56.4 | na | 61.7 |
| 1984–85 | 72.4 | 71.5 | 61.9 | 72.9 | 73.2 | 69.1 | 67.8 | 53.3 | 50.7 | 61.7 | na | 65.2 |
| 1985–86 | 76.9 | 75.4 | 68.5 | 77.3 | 77.2 | 75.9 | 73.5 | 58.1 | 55.1 | 68.1 | na | 73.6 |
| 1986–87 | 83.3 | 79.6 | 76.0 | 83.1 | 84.5 | 82.0 | 80.4 | 71.5 | 69.2 | 75.7 | na | 85.2 |
| 1987–88 | 88.7 | 87.0 | 83.7 | 90.4 | 89.1 | 87.4 | 86.3 | 83.1 | 82.4 | 83.4 | 91.7 | 88.2 |
| 1988–89 | 94.3 | 91.8 | 91.8 | 96.0 | 94.9 | 93.3 | 92.6 | 92.4 | 92.4 | 91.5 | 96.6 | 94.4 |
| 1989–90 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1990–91 | 106.1 | 107.7 | 108.0 | 107.0 | 105.9 | 102.2 | 105.3 | 111.8 | 113.4 | 108.3 | 103.8 | 106.7 |
| 1991–92 | 109.3 | 110.1 | 114.2 | 112.6 | 108.7 | 99.7 | 107.3 | 128.8 | 135.0 | 114.9 | 106.2 | 112.0 |
| 1992–93 | 110.8 | 109.4 | 118.5 | 116.7 | 109.9 | 98.2 | 108.4 | 132.3 | 138.1 | 118.8 | 111.0 | 112.7 |
| 1993–94 | 111.7 | 111.4 | 124.0 | 115.6 | 110.7 | 99.4 | 110.4 | 139.0 | 145.6 | 123.5 | 113.6 | 115.1 |

Table 22: Deflators used in particular cells to obtain constant 1989–90 price expenditures

| Area of expenditure | Government expenditure | | Private sector expenditure | |
|------------------------------------|------------------------|---------------|----------------------------|-------------|
| | Commonwealth | State & local | Health insurance funds | Individuals |
| Recognised (public) Hospitals | GFCE1 | GFCE1 | GFCE1 | GFCE1 |
| Private Hospitals | GFCE1 | GFCE1 | GFCE1 | GFCE1 |
| Repatriation Hospitals | GFCE1 | GFCE1 | GFCE1 | GFCE1 |
| Public Psychiatric Hospitals | GFCE1 | GFCE1 | GFCE1 | GFCE1 |
| Nursing Homes | GFCE1 | GFCE1 | GFCE1 | GFCE1 |
| Ambulance | GFCE1 | GFCE1 | GFCE1 | GFCE1 |
| Other institutional (nec) | GFCE1 | GFCE1 | GFCE1 | GFCE1 |
| Medical services | PFCE1 | PFCE1 | PFCE1 | PFCE1 |
| Dental services | PFCE2 | PFCE2 | PFCE2 | PFCE2 |
| Other professional services | PFCE4 | PFCE4 | PFCE4 | PFCE4 |
| Community and public health | GFCE1 | GFCE1 | GFCE1 | GFCE1 |
| Benefits paid Pharmaceutical Items | PFCE3 | PFCE3 | PFCE3 | PFCE3 |
| All other Pharmaceutical items | PFCE3 | PFCE3 | PFCE3 | PFCE3 |
| Aids and appliances | PFCE3 | PFCE3 | PFCE3 | PFCE3 |
| Administration | GFCE3 | GFCE3 | GFCE3 | GFCE3 |
| Research | GFCE3 | GFCE3 | GFCE3 | GFCE3 |
| Other non-institutional | GFCE1 | GFCE1 | GFCE1 | GFCE1 |
| Capital expenditure | IPD2 | IPD2 | IPD3 | IPD3 |
| Capital consumption | IPD2 | IPD2 | na | na |

Notes:

GFCE1: Government Final Consumption Expenditure for Hospital and Clinical.
 GFCE2: Government Final Consumption Expenditure for Total Health and Welfare.
 GFCE3: Government Final Consumption Expenditure for Other Health and Welfare.
 PFCE1: Private Final Consumption Expenditure for Doctor's Services.
 PFCE2: Private Final Consumption Expenditure for Dentist's Services.
 PFCE3: Private Final Consumption Expenditure for Chemist's Services.
 PFCE4: Private Final Consumption Expenditure for Services of Other Health Professionals.
 IPD2: Implicit Price Deflator for General Government Public Gross Fixed Capital Expenditure.
 IPD3: Implicit Price Deflator for Private Capital Expenditure on non-dwelling construction.

universities. However, those hospital-based nursing training costs that cannot be separated from the operational costs of hospitals are included. Further details of the sources and definitions of health expenditure categories used in this bulletin are contained in appendixes A and B of the AIHW publication *Australian health expenditure 1970–71 to 1984–85* (out of print).

2. Definitions, sources and notes—price indexes

An **implicit price deflator (IPD)** is an index obtained by dividing a current price value by its corresponding constant price value.

Implicit Price Deflator 1 (IPD1) is the implicit price deflator for government final consumption

expenditure on health, social security and welfare. Estimates of health expenditure, in constant 1989–90 prices, in AIHW publications produced since 1989, use health deflators that are more specific to the different types of expenditure whereas IPD1 was the main deflator used in publications produced before 1989.

Implicit Price Deflator 2 (IPD2) is the implicit price deflator for general government public gross fixed capital expenditure and is used to deflate government capital health expenditure and government capital consumption.

Implicit Price Deflator 3 (IPD3) is the implicit price deflator for private capital expenditure on non-dwelling construction and is used to deflate private capital health expenditure.

The Implicit Price Deflator for Gross Domestic Product (GDP-

IPD) is the broadest measure of price change in the national accounts.

Commonwealth, State and local government 'other health and welfare deflators' are price indexes derived from changes in public sector wages and administrative costs. The ABS no longer produces these deflators. Therefore, the GFCE deflator from the National Accounts has been used in this publication.

Private final consumption expenditure (PFCE) deflators measure changes in the price of services of private doctors, dentists, chemists and other allied health professionals.

Total health expenditure, in constant 1989–90 prices, is obtained by summing individual expenditures in constant prices.

The **average weekly earnings (AWE)** index in table 20 is the

index for all male employees' average weekly total gross earnings. Earnings include overtime earnings, ordinary time earnings, shift allowances, penalty rates, commissions and similar payments. They include paid annual leave, paid sick leave, long service leave and paid holidays taken during the reference period.

The **consumer price index (CPI)** for the health and personal care group consists of the indexes for the health services subgroup, the personal care products subgroup and the hairdressing services subgroup. The health services subgroup includes hospital and medical services, optical services and dental services. The personal care products subgroup includes pharmaceuticals, toiletries and personal products.

Sources

IPD1: ABS, *Australian national accounts: national income and expenditure* (Cat. No. 5206.0).

IPD2 and IPD3: ABS, *Australian national accounts: national income, expenditure and product*, June quarter 1994 (Cat. No. 5206.0).

GDP-IPD: ABS, *Australian national accounts: national income, expenditure and product* (Cat. No. 5206.0).

GFCE: ABS, *Australian national accounts: national income, expenditure and product* (Cat. No. 5206.0).

GFCE for hospital and clinical, other health and welfare, total health and welfare indexes: ABS unpublished data.

PFCE for doctors, dentists, chemists and other medical

professionals indexes: ABS unpublished data.

CPI: ABS, *Consumer price index* (Cat. No. 6401.0).

CPI for the health and personal care group for each of the subgroups and subcomponents: ABS unpublished data.

AWE: ABS, *Average weekly earnings, states and Australia*, various issues (Cat. No. 6302.0).

Table 22 lists the areas of health expenditure where the corresponding types of deflators are applied.

3. Revisions of definitions and estimates

Some of the figures included in this bulletin have been revised since *Health Expenditure Bulletin* No. 10 was published in December 1994. The major changes are as outlined below:

- The AIHW has revised its method for estimating expenditure on public (recognised) hospitals to align more closely with data collected under the Hospital Utilisation and Costs Studies (HUCS).
- Gross operating expenditure for public (recognised) hospitals for 1991–92 differ slightly from HUCS operating cost data. The information included in this publication includes additional expenditure of \$383 million estimated for NSW hospitals in respect of aged persons care

provided in public hospitals and employer superannuation contribution for hospital employees. These expenditures were excluded from HUCS data in that year.

- The method for allocating expenditure by the ACT Government between different areas of expenditure has been revised.
- Estimates for expenditure on public psychiatric hospitals, community and public health, and other non-institutional services have been revised in line with new data regarding the distribution of expenditure on mental health services.

4. Abbreviations and symbols used in tables

| | |
|-----|-----------------------------|
| na | not available |
| nec | not elsewhere classified |
| – | nil or rounded down to zero |
| .. | not applicable |

5. Other notes

Figures in the tables of this bulletin may not add exactly due to rounding.

Average annual growth rates are calculated as an exponential average, with the exception of tables 17 and 18, where the average annual growth rates are derived from logarithmic regression.

Further copies of this bulletin may be obtained by writing to:

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