Expenditures on health for Aboriginal and Torres Strait Islander peoples, 2001–02

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HEALTH AND WELFARE EXPENDITURE SERIES
Number 23

Expenditures on health for Aboriginal and Torres Strait Islander peoples, 2001–02

July 2005

Australian Institute of Health and Welfare
Canberra

AIHW cat. no. HWE 30

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This publication is part of the Australian Institute of Health and Welfare's Expenditure Series No 23. A complete list of the Institute's publications is available from the Business Promotion and Media Unit, Australian Institute of Health and Welfare, GPO Box 570, Canberra ACT 2601, or via the Institute's website <www.aihw.gov.au>.

ISSN 1323–5850

ISBN 1 74024 478 8

Suggested citation

Australian Institute of Health and Welfare (AIHW) 2005. Expenditures on health for Aboriginal and Torres Strait Islander peoples, 2001–02. Health and Welfare's Expenditure Series no. 23 AIHW cat. no. HWE 30. Canberra: AIHW.

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Published by Australian Institute of Health and Welfare

Cover: Cynthia McMillan, Kwatye Ngentye, 2005, acrylic on canvas, 500 x 310 mm, Irrkerlantye Arts, © artist.

Printed by Pirion

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Abbreviations and symbols

Abbreviations

ABS	Australian Bureau of Statistics
ACCHS	Aboriginal Community Controlled Health Service
ACCMIS	Aged and Community Care Management Information System
AHCA	Australian Health Care Agreement
AHMAC	Australian Health Ministers Advisory Council
AHS	Aboriginal Health Service
AIHW	Australian Institute of Health and Welfare
ARIA	Accessibility/Remoteness Index of Australia
ASGC	Australian Standard Geographic Classification
BEACH	Bettering Evaluation and Care in Health
CACP	Community Aged Care Packages
COFOG	Classification of the Functions of Government
CSDA	Commonwealth/State Disability Agreement
CSTDA	Commonwealth State/Territory Disability Agreement
DHS	(Victorian) Department of Human Services
DRG	Diagnosis Related Groups
DVA	Department of Veterans' Affairs
GPC	Government Purpose Classification
HACC	Home and Community Care
HEAC	Health Expenditure Advisory Committee
MBS	Medical Benefits Scheme
NAHS	National Aboriginal Health Strategy
NAHSWP	National Aboriginal Health Strategy Working Party
NHS	National Health Survey
NPHEP	National Public Health Expenditure Project
OATSIH	Office for Aboriginal and Torres Strait Islander Health
PBS	Pharmaceutical Benefits Scheme
PHIIS	Private health insurance incentives subsidy
PHOFA	Public Health Outcomes Funding Agreement
RPBS	Repatriation Pharmaceutical Benefits Scheme
SAR	Service Activity Report
SIMC	Statistical Information Management Committee
SPP	Specific Purpose Payment

Symbols

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

The following symbols are used in tables:

n.a.	not available
. .	not applicable
nec	not elsewhere classified
—	nil or rounded to zero

Executive summary

The main conclusion from this third study into expenditure on health for Aboriginal and Torres Strait Islander peoples is that the relative position of Indigenous Australians compared with non-Indigenous people has changed little since the previous report for 1998–99. This finding relates to both their shares of national health spending and the structure of health expenditures. Indeed, there have been only small changes since the first report for 1995–96. However, health expenditure for both Indigenous and non-Indigenous people has risen substantially. In 2001–02:

- Aboriginal and Torres Strait Islander peoples comprised 2.4% of Australia's population. (Chapter 1)
- Total expenditures on health services for Aboriginal and Torres Strait Islander peoples were estimated at 2.8% of national health expenditures, having risen from 2.6% in 1998–99. Estimated expenditure on health for Indigenous people rose markedly, from $1,356.1 million in 1998–99 to $1,788.6 million in 2001–02. (Chapter 2)
- Average expenditures per Indigenous person were estimated at $3,901 in 2001–02. That was 18% more than the $3,308 per person spent on the non-Indigenous population. However, because Aboriginal and Torres Strait Islander peoples relied heavily on publicly funded health care providers, government expenditures were much higher for them than for other people—$3,614 per person compared with $2,225, or 62.4% more. The relatively small differential between average health expenditures on Indigenous and non-Indigenous people reflects both differences in the volume and mix of health goods and services provided to the two groups and differences in the average costs of providing those services. A greater proportion of the Indigenous population live in remote and very remote regions where service delivery costs are greater, but the types of services that they access, on average, involve lower costs. For example, while their average rate of separation from hospitals is about double that of non-Indigenous people, lower-cost interventions, such as dialysis, make up a larger proportion of those separations than in the case of non-Indigenous people.
- The Australian Government provided 43.1% of the total funding for Indigenous health expenditures, the state and territory governments provided 49.5%, and 7.3% came from non-government sources, including out-of-pocket payments. The corresponding figures for non-Indigenous people were 47.8% from the Australian Government, 19.5% from the states and territories and 32.7% from private sources.
- An estimated 70.5% of expenditures were through programs managed by the state and territory governments; 23.4% were through Australian Government programs; and the remaining 6.2% were for services that were essentially the responsibility of non-government providers.
- Hospital services, of all kinds, accounted for 47.5% of Indigenous health expenditures, compared with 34.2% of the spending on other people. Community health services and public health activities, including those through Aboriginal Community Controlled Health Services (ACCHSs), absorbed another 24.6% compared with 4.5% for non-Indigenous people.

- A number of factors should be noted when reviewing changes over time, including that the methodology for developing estimates has changed, the Australian average reflects variations in jurisdictional expenditure and the actual figures may be higher or lower than the estimates published in this report. Thus, caution should be exercised when interpreting changes in expenditures over time.
- Given these reservations, the ratio of Indigenous to non-Indigenous estimated expenditures per person in 2001–02 (1.18:1) was marginally lower than in 1998–99 (1.22:1). This reflects the faster expenditure growth in the types of health services of which Indigenous people use less (such as those funded through private health insurance).
- Estimates of average expenditures per person for Indigenous Australians increased in real terms by 16.9% between 1998–99 and 2001–02 (Chapter 3). This was lower than the increase for non-Indigenous people of 18.8% over the same period.
- Indigenous people were low users of mainstream medical and pharmaceutical services covered by Medicare and the Pharmaceutical Benefits Scheme. Per person, Medicare benefits for Indigenous people were 39% of the non-Indigenous average and PBS benefits were 33%. (Chapter 4)
- Expenditure on services provided to admitted patients in acute-care hospitals represented over half (52.5%) of state/territory expenditure for Indigenous Australians, lower than for the non-Indigenous population. (Chapter 5)
- Indigenous Australians were also low users of private dental and other professional services and of privately provided health aids and appliances. A possible contributor to the low rate of expenditure in these areas was the low rate of coverage by private health insurance—only about 15–20% of Indigenous people had private health insurance cover. (Chapter 6)
- Although the regional analysis was limited to a number of major programs, there was evidence that a combination of higher usage and costs resulted in much higher expenditures on Indigenous people in the outer-regional and remote/very remote areas than in the major cities. And the hospital use data accorded with it. At 489 per 1,000 population, the overall rate of acute hospital admissions/separations for Indigenous people was 45.0% higher than for non-Indigenous people. There was little difference between the two population groups in the cities, but in the outer-regional and remote areas Indigenous separation rates were between 87.7% and 165.2% higher. Hospitals played a much different role for Indigenous Australians in those areas. (Chapter 7)
- For the first time, this report includes some estimates of health-related welfare payments for Aboriginal and Torres Strait Islander peoples—specifically expenditures on welfare services for older people and for people with a disability. These expenditures are, however, outside the estimates of health expenditure as conventionally defined. At an estimated $151.8 million, these expenditures were equivalent to 8.5% of health expenditures. (Chapter 8)
- A number of recommendations to improve subsequent reports are provided, including recommendations for improving the quality of the data and the timeliness of reporting. (Chapter 9)

1 Introduction

The report on expenditures on health services for Aboriginal and Torres Strait Islander peoples is produced every three years. This is the third report in the series and covers expenditure for the 2001–02 financial year. The first report covered 1995–96 (Deeble et al. 1998) and the second report covered 1998–99 (AIHW 2001).

Methodological issues related to the compilation of the estimates of expenditure and funding are discussed in the appendices to this report. The appendices are quite extensive and have not been included in the printed version. They are available at the Institute's website <www.aihw.gov.au>. Additionally, the tables used in the compilation of the estimates are also available, as MS-Excel spreadsheets from the Institute's website—including supporting tables not included in the printed version of the report.

Terms of reference

This report has been produced at the request of the Australian Health Ministers Advisory Council (AHMAC), with funding from the Office for Aboriginal and Torres Strait Islander Health (OATSIH).

The report covers recurrent expenditure for 2001–02, building on information that was included in the two previous reports, as well as enhancing the data and methodology. The report should be useful to governments, service providers and communities for planning, evaluating and accountability purposes.

Context

In this, as in previous reports in this series, the standard Australian Bureau of Statistics (ABS) definitions have been applied in determining Indigenous status (ABS & AIHW 2003:227).

Aboriginal and Torres Strait Islander peoples continue to have the poorest health status of any demographic group in Australia. Improvements to the health system can help to address this situation. Health expenditure information is one means of investigating health service delivery and the levels of access to health services, and identifying where improvements can be made.

Aboriginal and Torres Strait Islander peoples represented 2.4% of the Australian population in 2001–02 (Table 1.1). They had an age structure that was significantly younger than that of other Australians. For example, Aboriginal and Torres Strait Islander peoples aged less than 15 years constituted 39.0% of the total Indigenous population, whereas this age group represented 20.1% of the total Australian population. Conversely, those aged 65 years and over were only 2.8% of the Indigenous population, compared with 12.8% of the total Australian population.

More than half of Aboriginal and Torres Strait Islander peoples lived in the major cities and inner regional areas. However, more than a quarter (26.4%) resided in remote and very remote areas. These patterns varied by state and territory. In the Northern Territory, 81.2% of the Indigenous population lived in remote and very remote areas. In contrast, only 6.3% of New South Wales' Indigenous population resided in such areas.

Table 1.1: Aboriginal and Torres Strait Islander population, by remoteness area and state/territory, 2001

State/ territory	ASGC Remoteness areas					Total	Proportion of total state population (%)
	Major cities[(a)]	Inner regional	Outer regional[(a)]	Remote	Very remote		
NSW	56,773	43,697	25,922	6,178	2,318	134,888	2.1
Vic	13,655	9,711	4,410	70	—	27,846	0.6
Qld	31,208	22,995	41,318	11,513	18,876	125,910	3.5
WA	21,168	5,295	9,717	10,670	19,081	65,931	3.5
SA	11,789	2,197	5,910	1,220	4,428	25,544	1.7
Tas	—	8,869	7,911	402	202	17,384	3.7
ACT	3,901	8	—	—	—	3,909	1.2
NT	—	—	10,687	10,108	36,080	56,875	28.8
Australia[(b)]	**138,494**	**92,988**	**105,875**	**40,161**	**81,002**	**458,520**	**2.4**

(a) Darwin is included as an outer regional area under ARIA+.

(b) Includes populations of Christmas Island and Cocos Islands.

Source: ABS 2003c.

Life expectancy for Aboriginal and Torres Strait Islander peoples is considerably lower than that of the non-Indigenous population. In the period 1999–2001, life expectancy of Indigenous people was 56 years for males and 63 for females—21 and 19 years lower respectively than for the non-Indigenous population (ABS & AIHW 2003).

Infant mortality for Aboriginal and Torres Strait Islander peoples is higher than for the non-Indigenous population. In 2001, the infant mortality rate for Aboriginal and Torres Strait Islanders was 11 deaths per 1,000 live births—more than twice that of the non-Indigenous population, at 5 per 1,000 live births (ABS 2002a).

Indigenous Australians are also much poorer, on average, than their non-Indigenous counterparts. In 2001, the median weekly income of Aboriginal and Torres Strait Islanders was 40% lower (at $226) than for other Australians (at $380) (ABS 2003c).

Data limitations

There are some important issues that need to be understood about the data contained in this report. The quality of the information and estimates is limited by underlying data and the methods used for calculation. A number of key issues are outlined below. Readers are urged to bear them in mind and to exercise appropriate caution in the interpretation of the estimates.

Quality of data on Indigenous service use

For many publicly funded health services there are few details available about service users and, in particular, their Indigenous status. For privately funded services, this information is frequently unavailable. For those services that do collect this information, recording Indigenous status accurately for all people does not always occur. The result is that it is not

always possible to make accurate estimations of health expenditure for Aboriginal and Torres Strait Islander peoples and their corresponding service use. Consequently, the estimates published here may somewhat overstate or understate actual expenditure. Furthermore, much of the data that are available relate only to needs that have been met. There are limited data available on unmet needs for health services by Aboriginal and Torres Strait Islander peoples. Consequently this report does not directly assist in identifying gaps in service delivery.

Quality of expenditure estimates

There may be some limitations associated with the scope and definition of health expenditures included in this report. Other (non-health) agency contributions to health expenditure, such as 'health' expenditures incurred within education departments and prisons, are not included.

Furthermore, while every effort has been made to ensure consistent reporting and categorisation of expenditure on health goods and services, in some cases there may be inconsistencies across data providers. These may result from limitations of financial reporting systems, and/or different reporting mechanisms. Reporting of health administration (nec) is one such example. In some cases, all the associated administration costs have been included in the estimates of expenditure on a particular health service category (for example acute-care services), whereas in other cases, they have not and have been separately reported.

There have also been some changes in the methodology used to calculate some expenditure estimates. This means that readers will need to exercise caution when interpreting changes in expenditures over time.

Variations within regions

Estimates of the level of Indigenous under-identification were used to adjust some reported expenditures. In some states and territories a single, state-wide average under-identification adjustment factor was applied; in others, differential under-identification factors were used, depending on the region type in which the particular service(s) were located. In some jurisdictions no Indigenous under-identification adjustment was deemed necessary.

There is evidence to suggest that Indigenous identification is likely to be more accurate in areas where Indigenous Australians make up a larger proportion of the population, and poorer where they are a small minority (ATSIHWIU 1999; Young 2001).

This hypothesis was further supported by evidence from a number of studies examining the accuracy of hospital data in the lead-up to this report.

One Western Australian study of the data collected by 26 public hospitals over the period from June 2000 to January 2001 found variations in the accuracy of hospital records covering Indigenous status (Young 2001). The study found that hospital data from the area with the highest proportion of Indigenous Australians within its catchment area had the highest level of accuracy in the recording of Indigenous status. This corroborated earlier evidence collected in a national study covering 11 hospitals (ATSIHWIU 1999).

In New South Wales, a record linkage study undertaken prior to the second Indigenous health expenditure report resulted in the application of Area Health Service specific under-identification factors (AIHW 2001:87). For this report, the results of that analysis were again used; however, variations in the adjustment were applied at a very broad level to two

regional classifications—a 38% under-identification adjustment was applied to data from hospitals in metropolitan areas and a 21% adjustment to all other hospitals.

It could be concluded that some of the patterns suggested in this report are influenced by these likely variations in identification. It is also important to consider that the application of very broad under-identification adjustments may mask some differences that may exist between states and territories and between regional types.

Economies of scale and geographic isolation

Economies of scale and the relative isolation of target populations both greatly influence the costs of producing and delivering health goods and services. Consequently, these are factors that can have large impacts on both the levels of health expenditure and the quantity of goods and services that can be provided to particular population groups. For example, the Northern Territory, with its relatively small population, faces substantial diseconomies in comparison with, say, Victoria in providing health goods and services to its population. This comparative disadvantage is further compounded by differences in the relative isolation of the two jurisdictions' populations. This disparity is even more pronounced in respect of their Indigenous populations.

Furthermore, variations in Indigenous health status by geographic regions are likely, although these are not easily substantiated by the available data. Several reports, including one examining death rates within regions, attest to the poorer health of Australians who live in more remote areas (AIHW 2003c; AIHW & AACR 2003).

Per person expenditure estimates

Reporting expenditure estimates on a per person or per capita basis is a practice followed in many financial reports aimed at enabling comparative assessments. Estimates of average expenditures per person have been included in this report. These estimates and comparisons need to be interpreted with care. They are an indication of the average health expenditure per head of the reference population(s)—in this case, the whole of the Indigenous and non-Indigenous populations drawn from ABS census estimates for 2001—and do not reflect the average expenditure incurred by each person accessing the goods and services being discussed.

Depending on the nature of the services being examined, it is also important to bear in mind that the age structure of the Aboriginal and Torres Strait Islander population is younger than that of the non-Indigenous population. Accordingly, for programs that target particular population sub-groups—such as services for older people, childhood immunisation, breast and cervical cancer screening—the reported estimates of average expenditures per person do not reflect average expenditures on the members of those target populations.

2 Total government and non-government expenditure and funding

Introduction

It is estimated that, in 2001–02, $1.18 was spent on health goods and services for Aboriginal and Torres Strait Islander peoples for every dollar spent on non-Indigenous people. That was less than the ratio of Indigenous to non-Indigenous spending reported in the second study into health expenditure for Indigenous Australians (AIHW 2001). The decline in the relativity between spending on health for Indigenous Australians and non-Indigenous people occurred despite the continued poorer health status of Indigenous Australians and recognition by all levels of government of the need to address this imbalance.

The relatively small differential between average health expenditures per person for Indigenous and non-Indigenous people results from the interaction of several differences in:

- the volume and mix of health goods and services provided to the two groups; and
- the costs of providing given types of services to the two groups.

Indigenous people generally experience much higher rates of morbidity; for example, their average rate of separation from hospitals is about double that of their non-Indigenous counterparts (AIHW 2005a:168–9). On the other hand, the mix of high and low cost services provided to the two groups is different—for example, separations for Indigenous people are more likely to relate to lower cost interventions (such as dialysis) than those for their non-Indigenous counterparts.

The average cost of given services provided to Aboriginal and Torres Strait Islander peoples reflects the fact that a greater proportion of Indigenous Australians live in remote and very remote regions where the costs of providing goods and services tend to be higher.

Expenditure and funding

This report provides estimates of recurrent expenditure and funding for health goods and services for Aboriginal and Torres Strait Islander peoples and compares these with estimates of expenditure and funding for non-Indigenous people. It does not include expenditure on health capital, such as expenditure on hospital buildings and purchases of large items of equipment. The distinction between expenditure and funding is explained in Box 2.1.

For expenditures, an estimated 70.5% was related to programs for which state and territory governments and local governments were responsible (Table 2.2). Australian Government programs accounted for most (23.4%) of the remainder.

Governments are estimated to have provided 92.7% of the funding for expenditures on health goods and services for Aboriginal and Torres Strait Islander peoples in 2001–02. The states and territories contributed 49.5% and the Australian Government, an estimated 43.1%

(Table 2.4). The rest came from non-government sources—injury compensation insurers, private health insurers and out-of-pocket payments by users of services.

Box 2.1: Defining health expenditure and funding

When examining how much is spent on health and who provides the funds for that spending, two concepts are used—funding and expenditure. These concepts, while related, are quite distinct.

Health expenditure

Health expenditure is reported in terms of who incurs the expenditure, rather than who provides the funds to pay for that expenditure. For example in the provision of public hospital services, nearly all the expenditure (that is, expenditure on medical and surgical supplies, drugs, salaries of doctors and nurses, etc.) is incurred by the states and territories.

Health funding

Health funding is reported on the basis of who ultimately provides the funds that are used to pay for health goods and services, not who actually buys the inputs that are used up in the production of the related goods and services. In the case of public hospital care, although the states and territories incur most of the related expenditure, the Australian Government and the states and territories each provide around half of the funding that is used to pay for the services. Some other funding comes from private health insurers (for insured patients) and from individuals who choose to be treated as private patients and pay any fees charged. There is also some non-government funding that hospitals receive from injury compensation insurers.

Expenditure on health goods and services

Expenditure on health goods and services for Aboriginal and Torres Strait Islander peoples during 2001–02 was estimated at $1,788.6 million (Table 2.1). About 62.7% of this was directed to two areas of expenditure—services provided to admitted patients in acute-care hospitals ($682.5 million) and community health services ($439.9 million).

On a per person basis, estimated expenditure on health for Aboriginal and Torres Strait Islander peoples averaged $3,900.83, compared with $3,308.35 for non-Indigenous people—a ratio of 1.18:1.

Four major areas of expenditure had above parity Indigenous to non-Indigenous per capita expenditure ratios (Figure 2.1). These were community health services, public health activities, non-admitted patient services and admitted patient services.

Community health services cover a broad range of non-institutional health care provision, including maternal and child health clinics, dental services, mental health services, alcohol and drug treatment programs, family planning services and some medical services provided by salaried doctors who do not bill Medicare. They include all the services provided by Aboriginal Community Controlled Health Services (ACCHSs) except those by doctors entitled to bill Medicare under special (Section 19(2)) arrangements. In many cases, community health services may have acted as substitutes for other, often privately provided, services (such as dental, medical and other professional services) that non-Indigenous people were more likely to access.

Expenditure on Aboriginal and Torres Strait Islander peoples was substantially lower than for other Australians for medical services, services for older people and pharmaceuticals.

Table 2.1: Total expenditure[a] on health, Indigenous and non-Indigenous people, by type of health good or service, current prices, Australia, 2001–02

	Total expenditure ($ million)			Expenditure per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Hospitals	849.5	21,456.9	3.8	1,852.75	1,132.01	1.64
Admitted patient services	682.5	17,927.4	3.7	1,488.38	945.80	1.57
Private hospitals	11.5	5,057.1	0.2	25.08	266.80	0.09
Public hospitals	671.0	12,870.2	5.0	1,463.30	679.00	2.16
Non-admitted patient services	142.4	3,116.5	4.4	310.57	164.42	1.89
Emergency departments	34.6	615.7	5.3	75.51	32.48	2.32
Other services	107.8	2,500.8	4.1	235.06	131.94	1.78
Public (psychiatric) hospitals	24.7	413.0	5.6	53.80	21.79	2.47
Medical services	99.6	11,112.5	0.9	217.19	586.27	0.37
Medicare benefit items	75.9	9,185.4	0.8	165.47	484.60	0.34
Other	23.7	1,927.2	1.2	51.72	101.67	0.51
Community health services[b][c]	439.9	2,810.5	13.5	959.30	148.27	6.47
Dental services[b]	21.8	3,734.2	0.6	47.59	197.01	0.24
Other professional services	16.9	2,252.4	0.7	36.76	118.83	0.31
Pharmaceuticals	66.2	9,011.6	0.7	144.36	475.43	0.30
Benefit-paid[d]	42.3	5,471.8	0.8	92.20	288.68	0.32
Other pharmaceuticals	23.9	3,539.8	0.7	52.16	186.75	0.28
Aids and appliances	15.8	2,474.0	0.6	34.51	130.52	0.26
Services for older people	49.9	4,591.6	1.1	108.83	242.24	0.45
Patient transport	62.8	892.7	6.6	136.95	47.09	2.91
Public health activities	72.5	1,029.9	6.6	158.15	54.33	2.91
Other health services (nec)	50.6	1,458.9	3.4	110.44	76.97	1.43
Health administration (nec)	43.1	1,883.6	2.2	93.99	99.37	0.95
Total	**1,788.6**	**62,708.9**	***2.8***	**3,900.83**	**3,308.35**	**1.18**

(a) Total expenditure by type of health good or service is the same as total funding (refer to Box 2.1).

(b) Community health services include state and territory government expenditure on dental services.

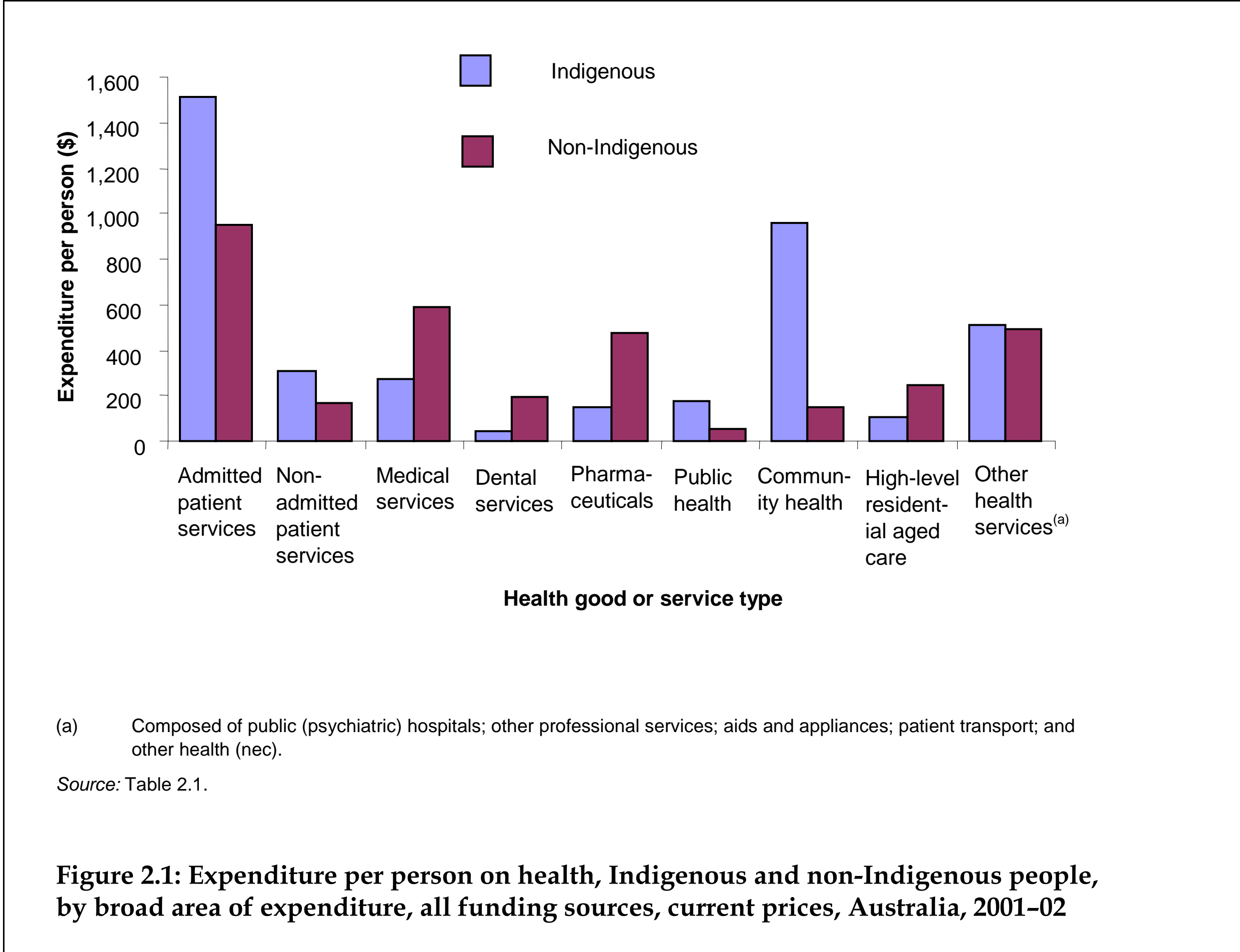
(c) Includes $186.3 million in OATSIH expenditure through the ACCHSs. The Indigenous ratio for the non-ACCHS component of community health is estimated at 4.06:1 and for the non-ACCHS component of total at 1.07:1.

(d) Includes estimates of benefits via the PBS and RPBS.

Source: AIHW Health expenditure database.

Almost three-quarters (70.5%) of the expenditure on many of the major health goods and services for Aboriginal and Torres Strait Islander peoples were provided through state and local government programs, which included some Australian Government and non-government expenditure. Almost half of that ($849.5 million or 47.5%) was for services provided by hospitals. (These expenditures are discussed in detail in Chapter 5.) Dialysis services were estimated to account for some $28.2 million of Indigenous expenditure on hospital services (AIHW unpublished data).

Programs managed by the Australian Government, including Medicare and the PBS, accounted for nearly a quarter of expenditure (23.4%) (see Chapter 4). Only 6.2% of expenditure was through non-government programs—mainly for dental services, non-benefit pharmaceuticals, and aids and appliances. These were essentially services that did not attract large amounts of direct government funding. Also, they were services for which the levels of utilisation and expenditure were influenced by private health insurance coverage rates (see Chapter 6).



(a) Composed of public (psychiatric) hospitals; other professional services; aids and appliances; patient transport; and other health (nec).

Source: Table 2.1.

Figure 2.1: Expenditure per person on health, Indigenous and non-Indigenous people, by broad area of expenditure, all funding sources, current prices, Australia, 2001–02

Table 2.2: Expenditure on health for Aboriginal and Torres Strait Islander peoples, by program, 2001–02

Program responsibility	Total expenditure ($ million)	Per cent of total
Through state and local government programs[(a)]	1,260.5	70.5
Through Australian Government programs[(b)]	418.1	23.4
Australian Government Health and Ageing portfolio programs	408.8	22.9
Medicare and PBS[(b)]	118.4	6.6
Indigenous-specific programs[(c)]	218.3	12.2
Other Health and Ageing portfolio programs	72.1	4.0
Department of Veterans' Affairs programs	9.3	0.5
RPBS	1.3	0.1
Other DVA programs	8.1	0.5
Non-government health services[(d)]	110.0	6.2
Total	**1,788.6**	**100.0**

(a) Includes Australian Government direct expenditure of $9.1 million on public hospitals.

(b) Patient co-payments of $10.8 million under Medicare and PBS are included here, although they are shown elsewhere in this report as expenditures incurred by the non-government sector.

(c) Excludes benefits paid for medical services under exclusions from Section 19(2) of the *Health insurance act 1973* and for pharmaceuticals under Section 100 of the *National health act 1953* in respect of remote area AHSs.

(d) Includes private hospital services, dental services, other professional services and health aids and appliances.

Source: AIHW Health expenditure database.

Expenditure on primary and secondary/tertiary services

Primary health services are those provided to whole populations (community health services and public health activities) and those provided in, or flowing from, a patient-initiated contact with a health service. Secondary and tertiary services are those generated within the system by referral, hospital admission, etc. Because such distinctions are not always easy to make, there is some approximation in these estimates.

Average expenditures per person on both primary and secondary/tertiary care services were higher for Indigenous Australians than for non-Indigenous people, although the ratio was somewhat higher for primary care—1.23:1 compared with 1.14:1 (Table 2.3). Higher Indigenous spending on primary care services came largely from a much higher Aboriginal and Torres Strait Islander use of community health services (including those provided through the ACCHSs). The higher Indigenous spending on secondary/tertiary services was largely in hospitals. Average spending on hospital services for non-Indigenous people was lower, but their expenditure on medical services and pharmaceuticals was almost three times as great.

Table 2.3: Estimated expenditure on primary and secondary/tertiary health services, by area of expenditure and Indigenous status, 2001–02

	Primary				Secondary/tertiary			
	Total ($ million)		Per person ($)		Total ($ million)		Per person ($)	
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**
Hospitals	71.2	1,558.3	155.29	82.21	778.3	19,898.6	1,697.47	1,049.80
Admitted patient services	n.a.	n.a.	n.a.	n.a.	682.5	17,927.4	1,488.38	945.80
Non-admitted patient services	71.2	1,558.3	155.29	82.21	71.2	1,558.3	155.29	82.21
Public (psychiatric) hospitals	n.a.	n.a.	n.a.	n.a.	24.7	413.0	53.80	21.79
Medical services	82.9	7,071.0	180.79	373.05	16.7	4,041.6	36.40	213.22
MBS services	59.2	5,143.8	129.06	271.37	16.7	4,041.6	36.40	213.22
Other	23.7	1,927.2	51.72	101.67	n.a.	n.a.	n.a.	n.a.
Community health services[(a)]	439.9	2,810.5	959.30	148.27	n.a.	n.a.	n.a.	n.a.
Dental services[(b)]	21.8	3,734.2	47.59	197.01	n.a.	n.a.	n.a.	n.a.
Other professional services	8.4	1,126.2	18.38	59.42	8.4	1,126.2	18.38	59.42
Pharmaceuticals	59.6	7,479.6	129.93	394.61	6.6	1,532.0	14.44	80.82
Aids and appliances	14.2	2,053.4	31.06	108.33	1.6	420.6	3.45	22.19
Services for older people	n.a.	n.a.	n.a.	n.a.	49.9	4,591.6	108.83	242.24
Patient transport	31.4	178.5	68.48	9.42	31.4	714.1	68.48	37.68
Public health activities	72.5	1,029.9	158.15	54.33	n.a.	n.a.	n.a.	n.a.
Total[(c)]	**801.9**	**27,041.7**	**1,748.96**	**1,426.64**	**892.9**	**32,324.7**	**1,947.45**	**1,705.36**
Ratio: Indigenous/non-Indigenous			*1.23:1*				*1.14:1*	

(a) Includes expenditure on dental services by state and territory governments.

(b) Excludes expenditure of dental services by states and territories.

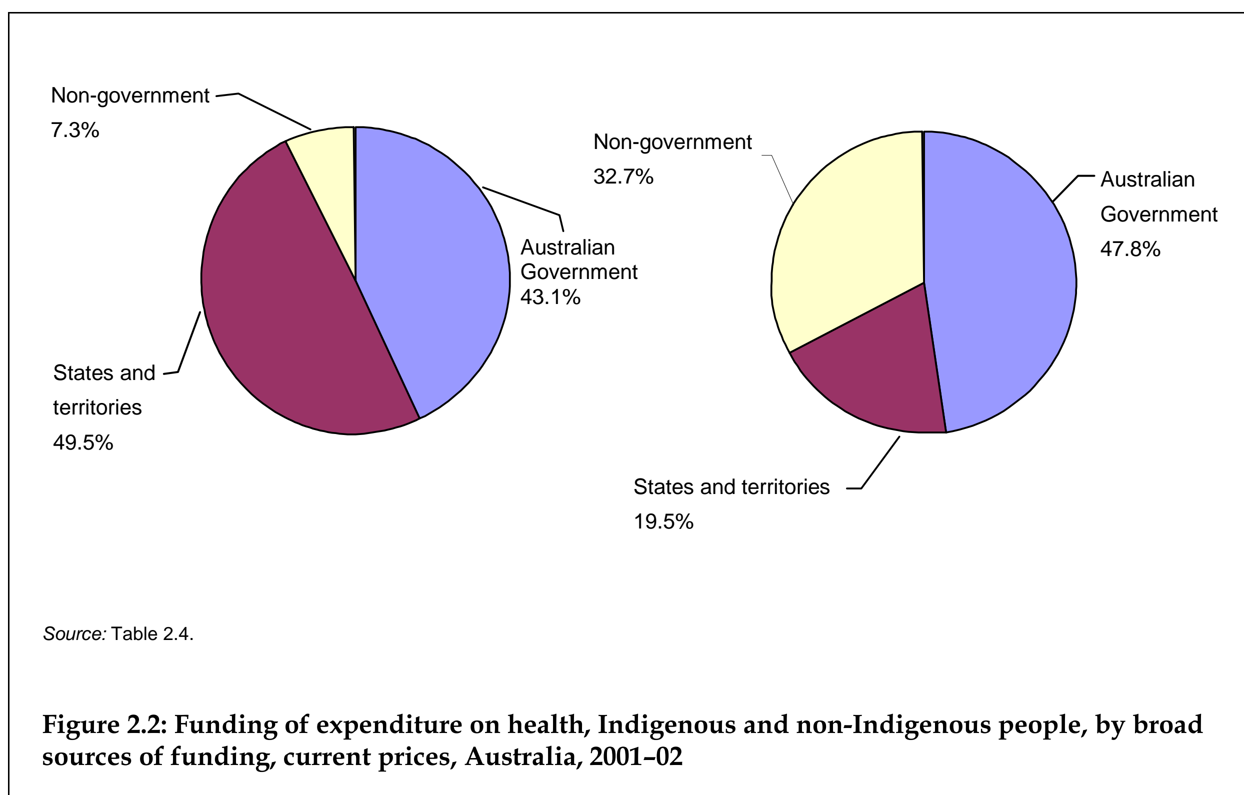
(c) Excludes expenditure on health administration and health services (nec).

Source: AIHW Health expenditure database.

Funding of health services

Governments provided an estimated 92.7% of the funding used to pay for health goods and services for Aboriginal and Torres Strait Islander peoples during 2001–02 (Table 2.4).

The shares of funding provided by both the state and territory governments and the non-government sector for Indigenous Australians were quite different from their relative shares in respect of non-Indigenous people. The states and territories provided nearly half (49.5%) of the funding for Aboriginal and Torres Strait Islander peoples, compared with 19.5% for non-Indigenous Australians. Non-government sources, on the other hand, provided a much lower share (7.3%) of the funding for services for Indigenous people than for non-Indigenous people (32.7%). The Australian Government's funding was similar for both groups—43.1% for Indigenous Australians and 47.8% for non-Indigenous people.



Source: Table 2.4.

Figure 2.2: Funding of expenditure on health, Indigenous and non-Indigenous people, by broad sources of funding, current prices, Australia, 2001–02

The main reason for the differences between Indigenous and non-Indigenous funding shares of the states and territories and non-government sources was the greater reliance by Aboriginal and Torres Strait Islander peoples on publicly provided services, particularly public hospitals and community health services, combined with their lower use of privately provided services. This is not surprising given the relatively poorer socioeconomic position of Aboriginal and Torres Strait Islander peoples.

Table 2.4: Health funding for Indigenous and non-Indigenous people, by service type and broad sources of funding, current prices, Australia, 2001–02 ($ million)

Health good or service type	Australian Government funding		State and territory government funding		Non-government funding		Total funding = total expenditure	
	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous
Admitted patient services	294.0	7,977.0	373.4	5,628.8	15.1	4,321.6	682.5	17,927.4
Private hospitals	6.2	1,753.8	1.6	172.9	3.7	3,130.5	11.5	5,057.1
Public hospitals	287.8	6,223.1	371.8	5,456.0	11.4	1,191.1	671.0	12,870.2
Non-admitted patient services	58.9	1,459.8	75.6	1,484.3	7.9	172.4	142.4	3,116.5
Emergency departments	13.9	307.3	18.8	273.6	2.0	34.7	34.6	615.7
Other services	45.1	1,152.4	56.8	1,210.7	5.9	137.7	107.8	2,500.8
Public (psychiatric) hospitals	—	0.2	23.6	394.6	1.1	18.2	24.7	413.0
Medical services	84.5	8,876.3	—	—	15.1	2,236.2	99.6	11,112.5
Community health services[(a)]	167.7	40.5	271.9	2,762.5	0.3	7.5	439.9	2,810.5
Dental services[(b)]	1.5	349.1	—	—	20.3	3,385.1	21.8	3,734.2
Other professional services	6.6	556.5	—	—	10.2	1,695.9	16.9	2,252.4
Pharmaceuticals	36.0	4,690.2	1.5	0.7	28.7	4,320.8	66.2	9,011.6
Services for older people	30.5	3,379.2	11.7	420.0	7.7	792.4	49.9	4,591.6
Patient transport	12.6	121.0	47.6	327.7	2.6	443.9	62.8	892.7
Public health activities	31.2	557.5	41.3	472.3	—	—	72.5	1,029.9
Other health services[(c)]	47.9	1,958.0	39.1	719.2	22.5	3,139.3	109.6	5,816.6
All health goods and services	**771.5**	**29,965.2**	**885.7**	**12,210.2**	**131.4**	**20,533.5**	**1,788.6**	**62,708.9**
Share of total funding	*43.1*	*47.8*	*49.5*	*19.5*	*7.3*	*32.7*	*100.0*	*100.0*
Expenditure per person ($)	1,682.54	1,580.88	1,931.66	644.18	286.63	1,083.29	3,900.83	3,308.35
Ratio (Indigenous/Non-Indigenous)	1.06:1		3.00:1		0.26:1		1.18:1	

(a) Includes funding of dental services by states and territories.

(b) Excludes funding of dental services by states and territories.

(c) Includes health administration (nec), aids and appliances, and other health services (nec).

Source: AIHW Health expenditure database.

In terms of the total amount provided, the top three areas of funding for Indigenous Australians were:

- services to admitted patients in acute-care hospitals ($682.5 million);
- community health services ($439.9 million); and
- non-admitted patient services in acute-care hospitals ($142.4 million) (Table 2.4).

For non-Indigenous people, the top three areas were admitted patient services in acute-care hospitals ($17,927.4 million), medical services ($11,112.5 million) and pharmaceuticals ($9,011.6 million). Of the funding for admitted patient services, more than one-quarter (28.2%) was for private hospitals, compared with only 1.7% in the case of Indigenous people.

Funding of primary and secondary/tertiary health services

Government funding was evenly apportioned between primary and secondary/tertiary health services. The Australian Government's funding of primary health care ($341.8 million) represented 42.6% of its total funding of health services for Aboriginal and Torres Strait Islander peoples (Table 2.5). Similarly, 47.0% of funding by state and territory governments was for primary health care. Funding for community health services was the largest component of state and territory government funding for primary care.

For secondary/tertiary care, the shares were broadly similar in respect of Indigenous Australians, although the contribution by the states and territories was slightly higher (Table 2.6). For the non-Indigenous population, the Australian Government's share was much higher. This was mainly because the funding programs for which it had primary responsibility—Medicare, PBS and residential aged care subsidy—relate to goods and services for which Indigenous use was lowest.

Table 2.5: Funding of primary health care for Indigenous and non-Indigenous people, by service types and broad sources of funding, current prices, Australia, 2001–02 ($ million)

	Australian Government funding		State and territory government funding		Non-government funding		Total funding = total expenditure	
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**
Hospitals	29.5	729.9	37.8	742.2	3.9	86.2	71.2	1,558.3
Non-admitted patient services	29.5	729.9	37.8	742.2	3.9	86.2	71.2	1,558.3
Medical services	68.7	5,542.0	—	—	14.2	1,529.0	82.9	7,071.0
Medicare	56.0	4,243.7	—	—	3.1	900.1	59.2	5,143.8
Other	12.7	1,298.3	—	—	11.0	628.9	23.7	1,927.2
Community health services[(a)]	167.7	40.5	271.9	2,762.5	0.3	7.5	439.9	2,810.5
Dental services[(b)]	1.5	349.1	—	—	20.3	3,385.1	21.8	3,734.2
Other professional services	3.3	278.3	—	—	5.1	848.0	8.4	1,126.2
Pharmaceuticals	32.4	3,892.8	1.3	0.6	25.8	3,586.3	59.6	7,479.6
Aids and appliances	1.3	162.9	0.6	38.8	12.4	1,851.8	14.2	2,053.4
Patient transport	6.3	24.2	23.8	65.5	1.3	88.8	31.4	178.5
Public health activities	31.2	557.5	41.3	472.3	—	—	72.5	1,029.9
All health goods and services[(c)]	**341.8**	**11,577.1**	**376.8**	**4,081.9**	**83.3**	**11,382.6**	**801.9**	**27,041.7**
Share of total funding	*42.6*	*42.8*	*47.0*	*15.1*	*10.4*	*42.1*	*100.0*	*100.0*

(a) Includes funding of dental services by states and territories.

(b) Excludes funding of dental services by states and territories.

(c) Excludes expenditure on health administration and health services (nec).

Source: AIHW Health expenditure database.

Table 2.6: Funding of secondary/tertiary health care for Indigenous and non-Indigenous people, by service types and broad sources of funding, current prices, Australia, 2001–02 ($ million)

	Australian Government funding		State and territory government funding		Non-government funding		Total funding = total expenditure	
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**
Hospitals	323.4	8,707.0	434.8	6,765.6	20.1	4,426.0	778.3	19,898.6
Admitted patient services	294.0	7,977.0	373.4	5,628.8	15.1	4,321.6	682.5	17,927.4
Non-admitted patient services	29.5	729.9	37.8	742.2	3.9	86.2	71.2	1,558.3
Public (psychiatric) hospitals	—	0.2	23.6	394.6	1.1	18.2	24.7	413.0
Medical services	15.8	3,334.3	—	—	0.9	707.2	16.7	4,041.6
Medicare	15.8	3,334.3	—	—	0.9	707.2	16.7	4,041.6
Dental services[(a)]	—	—	—	—	—	—	—	—
Other professional services	3.3	278.3	—	—	5.1	848.0	8.4	1,126.2
Pharmaceuticals	3.6	797.3	0.1	0.1	2.9	734.5	6.6	1,532.0
Aids and appliances	0.1	33.4	0.1	7.9	1.4	379.3	1.6	420.6
Services for older people	30.5	3,379.2	11.7	420.0	7.7	792.4	49.9	4,591.6
Patient transport	6.3	96.8	23.8	262.2	1.3	355.2	31.4	714.1
All health goods and services[(b)]	**383.1**	**16,626.3**	**470.5**	**7,455.8**	**39.3**	**8,242.6**	**892.9**	**32,324.7**
Share of total funding	*42.9*	*51.4*	*52.7*	*23.1*	*4.4*	*25.5*	*100.0*	*100.0*

(a) Maxillo-facial and cleft lip and palate surgical procedures.

(b) Excludes expenditure on health administration and health services (nec).

Source: AIHW Health expenditure database.

3 Changes in expenditure and funding over time

The estimation of health expenditures for Aboriginal and Torres Strait Islander peoples now covers a seven-year period—from 1995–96 to 2001–02—in three separate reports. Comparing the findings of these reports is difficult for a number of reasons.

First, there is a fundamental problem which affects all analyses in this field, namely that the willingness of people to identify as Indigenous Australians in the Census has increased. This affects the denominators of per person service and expenditure analyses. Between 1995–96 and 2001–02 the estimated Indigenous population rose by 24.7%, which would be far above any natural growth. Also the ability of health care providers to identify Indigenous people may have improved. This affects the numerators of per person service and expenditure analyses. The relative effects on numerators and denominators is unknown.

Second, the methods used to develop the estimates of expenditure in respect of Indigenous Australians changed substantially—particularly between the first study and the second one. While estimates from each of the three reports are included in the tables below, the discussion has been limited to changes between the 1998–99 and 2001–02 studies only. But cautions about the changes in methods must attach to even this discussion.

The costs of services have changed over time and, if there is an interest in analysing the volume of services delivered, as well as the monies expended, it is useful to remove such inflationary influences (Table 3.1).

The ratio of estimated Indigenous to non-Indigenous expenditures per person was marginally lower in 2001–02 (1.18:1) than in 1998–99 (1.22:1).

Estimated expenditures on both Indigenous and non-Indigenous people increased between the second and third reports, but the apparent growth rates were different. After adjusting for price movements in the component services, estimated real outlays on health care for Aboriginal and Torres Strait Islander peoples rose by $563.17 per person (in 2001–02 prices), or 16.9%, between 1998–99 and 2001–02. Over the same period, average expenditures for non-Indigenous people increased by $524.67 per person (18.8%).

But, in the light of the remarks above about changing rates of identification, it should be noted that this comparison depends on an implicit assumption that Indigenous people who did not identify themselves in the earlier Census had the same characteristics (and, in particular, the same usage of health services) as those who did identify. This assumption cannot be tested.

Table 3.1: Average health expenditure per person for Indigenous Australians and non-Indigenous people, in current and constant prices,[a] Australia, 1995–96, 1998–99 and 2001–02

	Average expenditure per person ($)				Current price Indigenous : non-Indigenous ratio (x:1.00)
	Indigenous		Non-Indigenous		
Study period	Current	Constant[a]	Current	Constant[a]	
1995–96[b]	*2,325.19*	*2,671.13*	*2,162.32*	*2,506.12*	*1.08*
1998–99	3,064.65	3,337.66	2,518.40	2,793.68	1.22
2001–02	3,900.83	3,900.83	3,308.35	3,308.35	1.18

(a) Calculated using the health price indexes from AIHW 2004b:68.

(b) There were substantial changes in estimating methods between the first (1995–96) and second (1998–99) reports.

Sources: 1995–96 current price estimates—Deeble et al. 1998:63; 1998–99 current price estimates—AIHW 2001.

The apparent composition of health expenditures changed a little between the 1998–99 and 2001–02 reports (Table 3.2). As for all Australians, the relative importance of hospital services for Indigenous people declined between the second and third reports. There was also a decline in the relative importance of expenditure on medical services and pharmaceuticals. These falls were offset by an increase in relative importance of community and public health. But this apparent shift was, in part, due to major changes in the classification of public health expenditures following the work of the National Public Health Expenditure Project (NPHEP) in identifying government expenditures on public health activities after 1998–99 (AIHW 2004c). Those NPHEP changes have affected the estimates of public health expenditures and funding by both the Australian Government and the state and territory governments.

Table 3.2: Composition of average expenditures per Indigenous person, constant prices, by broad type of service, 1995–96 to 2001–02

	Hospitals		Medical and pharmaceutical		Community and public health		Other	
Year	Amount ($)	Share (%)	Amount ($)	Share (%)	Amount ($)	Share (%)	Amount ($)	Share (%)
1995–96[a]	*1,428.86*	*53.5*	*182.19*	*6.8*	*675.87*	*25.3*	*384.21*	*14.4*
1998–99	1,593.51	47.7	342.74	10.3	927.04	27.8	474.37	14.2
2001–02	1,798.95	46.1	361.55	9.3	1,117.45	28.6	622.87	16.0

(a) There were substantial changes in estimating methods between the first (1995–96) and second (1998–99) reports.

Source: AIHW Health expenditure database.

As to the funding sources for health expenditures for Indigenous people, there have been some modest shifts (a few percentage points) in the proportions between the 1998–99 and 2001–02 reports (Table 3.3). The state and territory governments' proportion increased and the Australian Government and non-government proportions (the latter including user payments) showed modest offsetting decreases.

Table 3.3: Average funding per Indigenous person, constant prices, and shares of funding, by source of funds, 1995–96 to 2001–02

	Australian Government		State and territory governments		Non-government	
Year	Amount ($)	Share (%)	Amount ($)	Share (%)	Amount ($)	Share (%)
1995-96[(a)]	*1,120.69*	*42.0*	*1,398.08*	*52.3*	*152.37*	*5.7*
1998–99	1,512.08	45.3	1,503.00	45.0	322.58	9.7
2001–02	1,682.54	43.1	1,931.66	49.5	286.63	7.3

(a) There were substantial changes in estimating methods between the first (1995–96) and second (1998–99) reports.

Source: AIHW Health expenditure database.

It is also possible to dissect estimated expenditures in terms of health programs for which the different levels of government and the private sector have administrative responsibility. Here too there have been some modest apparent shifts in proportions between the 1998–99 and 2001–02 reports (Table 3.4).

Nearly two-thirds of all expenditures on Indigenous health by state and territory governments related to hospital care. As mentioned earlier, Indigenous peoples' reliance on hospitals as a source of health care declined marginally between 1998–99 and 2001–02. These facts are reflected in a marginal fall in the share of overall expenditure attributable to programs that were primarily responsibilities of the states and territories. Programs for which the Australian Government had primary responsibility and those services for which private providers had responsibility showed modest offsetting increases.

Table 3.4: Composition of average expenditures per Indigenous person, constant prices, by administrative responsibility, 1995–96 to 2001–02

	Australian Government programs		State and territory government programs		Private providers	
Year	Amount ($)	Share (%)	Amount ($)	Share (%)	Amount ($)	Share (%)
1995–96[(a)]	*509.51*	*19.1*	*2,016.99*	*75.5*	*144.63*	*5.4*
1998–99	737.64	22.1	2,398.33	71.9	201.68	6.0
2001–02	911.83	23.4	2,749.00	70.5	240.00	6.2

(a) There were substantial changes in estimating methods between the first (1995–96) and second (1998–99) reports.

Source: AIHW Health expenditure database.

But not too much should be made of the marginal differences between the shares of services, funding or administrative responsibility implied by the estimates in successive reports because both the classification of expenditures and the sources of information have changed. For example, the higher estimate for medical and pharmaceutical outlays in this latest (2001–02) report was partly the result of better information to support the estimates, but it was also the result of changes to both Medicare and the PBS subsequent to the previous (1998–99) report (Box 3.1). The first of those changes (exemptions under the provisions of Section 19(2) of the *Health Insurance Act 1973*) resulted in some additional indirect funding to the ACCHSs through Medicare. That additional funding has been classified as expenditure on medical services in this report. If it had been paid directly through grants to the ACCHSs, it would have been classified as community health services (see Chapter 4 for more detail on changes in Australian Government funding over time).

Box 3.1: Changes in legislation since 1998–99 affecting Australian Government expenditure on health for Indigenous Australians

Exemptions to the provisions of Section 19(2) of the Health Insurance Act 1973 were introduced allowing doctors employed by Aboriginal and Torres Strait Islander primary health care services to access Medicare. The purpose of these arrangements was to assist the delivery of comprehensive primary health care to Indigenous Australians. At June 2004 medical practitioners in 104 Aboriginal and Torres Strait Islander primary health care services were granted exemptions under these arrangements. Medicare also became payable under the Section 19(2) exemption for GP services provided by salaried medical officers employed by the state government at specified and agreed locations in non-urban areas of Queensland (This provision was extended to locations in the Northern Territory from 1 January 2003).

Special arrangements were introduced under Section 100 of the National Health Act 1953 in February 1999. These allow for supply of pharmaceuticals covered by the PBS to clients of remote area Aboriginal and Torres Strait Islander primary health care services. These arrangements provide the clients of these services with access to PBS medicines at the time of medical consultation, without the need for a formal prescription form, and without charge. At June 2004 there were Section 100 arrangements in place for 170 remote Australian Government-funded Aboriginal and Torres Strait Islander primary health care services, and remote Indigenous health services run by the South Australian, Northern Territory, Queensland, and now Western Australian governments.

These changes in classifications of expenditure, although they may have affected the decompositions of expenditures, have not had much effect on the overall expenditure estimates.

4 Australian Government expenditure and funding

Introduction

Much of the responsibility of the Australian Government in respect of the provision of health goods and services relates to funding (see Box 2.1, page 6). This chapter examines, firstly, the expenditures directly incurred by the Australian Government in providing and supporting health goods and services through programs for which it is primarily responsible. These include mainstream programs and some 'Indigenous-specific' programs. The methods for estimating the proportions of that mainstream expenditure incurred in respect of Aboriginal and Torres Strait Islander peoples varied across programs. They are described in Appendices 3 and 4 (available online at <www.aihw.gov.au>). Patient contributions towards the cost of health services, including any patient co-payments under the Medicare and PBS arrangements, have been treated as non-government expenditures and are discussed in Chapter 6.

Secondly, the chapter looks at the funding of health goods and services by the Australian Government. This includes the funding provided to support state and territory governments' health services and funding of health goods and services through rebates on private health insurance premiums.

Australian Government expenditure

In 2001–02, expenditure on health goods and services for Aboriginal and Torres Strait Islander peoples by the Australian Government was $407.3 million, representing 2.0% of its total health expenditure (Table 4.1). These expenditures included:

- health programs administered by the Department of Health and Ageing and other agencies in the Health and Ageing portfolio ($398.0 million) (see Table 4.6 on page 28); and
- expenditure by the Department of Veterans' Affairs (DVA) in respect of eligible veterans and their dependants ($9.3 million).

Spending by DVA on health services for Aboriginal and Torres Strait Islander veterans and dependants is not easily quantified. DVA does not require knowledge about the Indigenous background of applicants for benefits under the *Veterans' Entitlements Act 1986*. Consequently, the estimates of DVA's expenditure on Indigenous veterans are low, in accordance with informal advice that the proportion of Indigenous veterans is 1% or lower.

Table 4.1: Expenditure by the Australian Government on health goods and services for Indigenous and non-Indigenous people, by type of health good or service, Australia, 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Public (non-psychiatric) hospitals	9.1	175.6	4.9	19.74	9.26	2.13
Private hospitals	—	7.7	0.5	0.08	0.40	0.19
Services for older people	30.5	3,379.2	0.9	66.57	178.28	0.37
Medical services	83.7	8,700.4	1.0	182.58	459.01	0.40
Medicare medical services	71.8	7,578.0	0.9	156.68	399.80	0.39
Other Health and Ageing portfolio programs	9.3	505.5	1.8	20.22	26.67	0.76
DVA medical services	2.6	616.9	0.4	5.69	32.55	0.17
Pharmaceuticals[(a)]	35.9	4,671.4	0.8	78.30	246.45	0.32
Benefit-paid items	35.6	4,637.7	0.8	77.57	244.68	0.32
PBS	34.3	4,266.0	0.8	74.82	225.06	0.33
RPBS	1.3	371.7	0.3	2.75	19.61	0.14
Other pharmaceuticals[(b)]	0.3	33.7	1.0	0.73	1.78	0.41
Community health services	166.8	30.7	84.5	363.81	1.62	224.55
OATSIH funded ACCHS services	166.1	20.2	89.2	362.33	1.07	340.17
Other community health[(c)]	0.7	10.5	6.0	1.48	0.56	2.66
Patient transport	12.4	65.3	15.9	26.95	3.44	7.82
Dental services	0.2	70.8	0.3	0.48	3.73	0.13
Medicare dental services	0.1	7.7	0.8	0.13	0.40	0.33
Other dental[(d)]	0.2	63.1	0.3	0.35	3.33	0.10
Other professional services	6.0	433.0	1.4	13.18	22.84	0.58
Medicare optometry services	1.4	170.6	0.8	3.00	9.00	0.33
Other[(e)]	4.7	262.4	1.7	10.18	13.84	0.74
Aids and appliances	1.0	102.5	0.9	2.12	5.41	0.39
Public health	16.3	317.4	4.9	35.49	16.74	2.12
Other health services (nec)	19.5	692.3	2.7	42.53	36.52	1.16
Health administration	25.9	832.9	3.0	56.54	43.94	1.29
Total	**407.3**	**19,479.2**	**2.0**	**888.39**	**1,027.67**	**0.86**

(a) Includes estimated benefits through the PBS and RPBS. PBS benefits include those via special supply arrangements (Section 100 in remote AHSs), as well as mainstream PBS.

(b) Enhanced rural and remote pharmacy package.

(c) Includes bush nursing, mental health '*More options, better outcome'*, rural nursing initiatives.

(d) Expenditure by DVA on dental services for eligible veterans and their dependents.

(e) Expenditure by Hearing Services Australia on audiology services and by DVA on other professional services for eligible veterans and their dependents.

Source: AIHW Health expenditure database.

The major Indigenous expenditures were on:

- community health services—$166.8 million (41.0% of total expenditure);
- medical services—$83.7 million (20.6%);

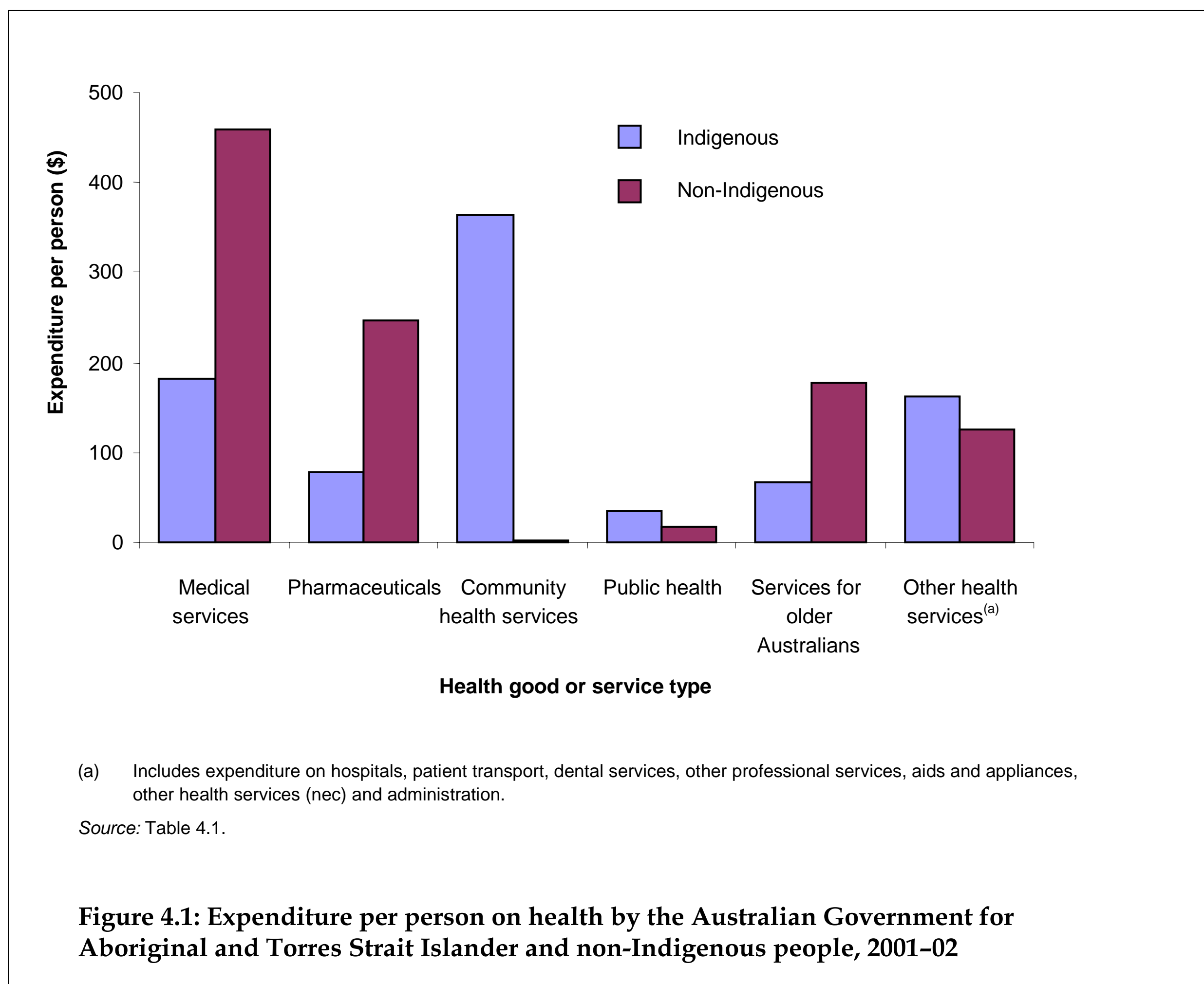
- pharmaceuticals—$35.9 million (8.8%);
- services for older people—$30.5 million (7.5%); and
- public health activities—$16.3 million (4.0%).

Expenditure on community health services for Indigenous Australians was largely via primary health care services provided by ACCHSs. Most of this expenditure is administered by the OATSIH.

Of the $83.7 million expenditure on medical services, $71.8 million was through Medicare benefits (see Table 4.3**Error! Reference source not found.**). In addition to the spending through Medicare, medical services expenditure includes primary care strategies for Indigenous Australians, estimates of DVA expenditure on Local Medical Officers for medical services to Indigenous veterans, and other DoHA programs such as alternative funding for general practice services.

Expenditure on pharmaceuticals for Aboriginal and Torres Strait Islander peoples includes an estimated $35.6 million in benefits paid through the PBS and RPBS (see Table 4.1). It also includes other DoHA programs, such as rural pharmacy support and pharmacy development programs. The PBS benefits include those via special supply arrangements (Section 100 of the *National Health Act 1953*), as well as mainstream PBS.

The expenditure of $30.5 million on services for older Aboriginal and Torres Strait Islander peoples includes subsidies paid by the Australian Government for high-level residential aged care (see Glossary). A further $9.0 million was spent on other high-level care services for Indigenous Australians. Most of these services were provided through multi-purpose services in rural and remote areas and by flexible care services. Many such services are specifically targeted towards Aboriginal and Torres Strait Islander peoples.



(a) Includes expenditure on hospitals, patient transport, dental services, other professional services, aids and appliances, other health services (nec) and administration.

Source: Table 4.1.

Figure 4.1: Expenditure per person on health by the Australian Government for Aboriginal and Torres Strait Islander and non-Indigenous people, 2001–02

On a per person basis, the Australian Government spent an estimated $888.39 per Aboriginal and Torres Strait Islander person, compared with $1,027.67 for non-Indigenous people. Comparison of expenditure per person on major health goods and services highlights a somewhat different pattern of service use by Indigenous and non-Indigenous people (Figure 4.1). Average expenditure per person on community health services and public health activities was higher for Indigenous Australians, but was lower in the case of medical services, pharmaceuticals and services for older people.

Indigenous-specific program expenditure

Indigenous-specific health programs are programs where health services are directed towards Aboriginal and Torres Strait Islander peoples. Expenditure on Aboriginal and Torres Strait Islander peoples through these programs was $240.0 million, which represented 58.9% of all Australian Government expenditure on services for Indigenous people in 2001–02 (Table 4.2). Although these are classified as 'Indigenous-specific', an estimated 9.5% was for services used by non-Indigenous people (estimated at $22.7 million).

Over three-quarters of these expenditures were for Indigenous health programs that were administered by the OATSIH. They cover grants to ACCHSs and administration costs associated with OATSIH-managed programs.

Table 4.2: Expenditure by the Australian Government on Indigenous-specific health programs and Indigenous-targeted provisions of mainstream programs, 2001–02 ($ million)

Health good or service type	Indigenous	Non-Indigenous[a]	Indigenous share (%)
OATSIH administered programs including ACCHSs	166.1	20.2	89.2
Other services[b]	52.2	—	100.0
Sub-total	*218.3*	*20.2*	*91.5*
Special provisions within mainstream programs			
MBS Section 19(2) (*Health Insurance Act 1973)* exemptions	10.7	1.3	89.1
PBS Section 100 (*National Health Act 1953)* for remote area AHSs	10.9	1.2	90.0
Total	**240.0**	**22.7**	**91.4**

(a) An estimated 10% of all expenditure on services provided by ACCHSs relates to non-Indigenous people.

(b) Includes expenditure on administering the funding to ACCHSs, Coordinated Care Trials, Childhood Pneumococcal Vaccination Program for Aboriginal and Torres Strait Islander children and Aboriginal and Torres Strait Islander flexible services.

Source: AIHW Health expenditure database.

Medicare and the Pharmaceutical Benefits Scheme

Estimates of expenditure on Aboriginal and Torres Strait Islander peoples through Medicare and the PBS are largely based on survey data (see Appendix 3).

Benefits to Indigenous Australians through Medicare—including some benefits for non-medical services—were estimated at $73.3 million and through the PBS at $34.3 million (Table 4.3). Medicare expenditures per person for Indigenous Australians were 39% of the non-Indigenous average. Their average shares of expenditure on pharmaceutical benefits were lower still, with the total PBS ratio estimated at 0.33:1.

Table 4.3: Expenditure incurred by the Health and Ageing portfolio on Medicare and the Pharmaceutical Benefits Scheme, by Indigenous status and health service type, Australia, 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Medicare benefits						
MBS Medical services						
Primary care services						
GP services	34.0	2,708.2	1.2	74.18	142.87	0.52
Pathology referred by GPs	13.3	851.3	1.5	29.00	44.91	0.65
Imaging referred by GPs	8.8	714.2	1.2	19.12	37.68	0.51
Specialist services						
Consultations	4.9	1,033.5	0.5	10.75	54.52	0.20
Procedures	6.6	1,391.7	0.5	14.48	73.42	0.20
Pathology referred by Specs.	1.8	387.6	0.5	4.03	20.45	0.20
Imaging referred by Specs.	2.3	491.6	0.5	5.11	25.93	0.20
MBS medical	*71.8*	*7,578.0*	*0.9*	*156.68*	*399.80*	*0.39*
MBS Other services						
Optometry services	1.4	170.6	0.8	3.00	9.00	0.33
Dental services	0.1	7.7	0.8	0.13	0.40	0.33
MBS benefits	*73.3*	*7,756.3*	*0.9*	*159.81*	*409.20*	*0.39*
Pharmaceutical benefits						
Mainstream PBS[(a)]						
GP prescribed	19.4	3,452.7	0.6	42.36	182.15	0.23
Specialist prescribed	3.1	712.0	0.4	6.84	37.56	0.18
Doctor's bag	0.1	9.7	1.2	0.26	0.51	0.50
Mainstream PBS	*22.7*	*4,174.3*	*0.5*	*49.46*	*220.23*	*0.22*
Drugs dispensed under Section 100 of the *National Health Act*[(b)(c)]						
Remote area AHS[(b)]	10.9	1.2	90.0	23.77	0.06	373.95
Other Section 100 drugs[(c)]	0.7	90.5	0.8	1.59	4.77	0.33
Other PBS	*11.6*	*91.7*	*11.3*	*25.36*	*4.84*	*5.24*
Pharmaceutical benefits	*34.3*	*4,266.0*	*0.8*	*74.82*	*225.06*	*0.33*
Total MBS and PBS[(a)]	**107.6**	**12,022.3**	**0.9**	**234.63**	**634.26**	**0.37**

(a) Excludes expenditure through the RPBS.

(b) Further details on Section 100 benefits for remote area AHS are included in Appendix 3, which is available at <www.aihw.gov.au>.

(c) Excludes highly specialised drugs dispensed from public and private hospitals.

Sources: AIHW—GPSCU BEACH data; AIHW & Britt et al. 2003; AIHW & GPSCU 2004a; DoHA 2004a; Deeble et al. 1998; DoHA unpublished data.

Public health activities

The total Australian Government expenditure on Aboriginal and Torres Strait Islander peoples through public health programs was estimated at $16.3 million—4.9% of total expenditure through these programs (Table 4.4). This is very much influenced by expenditure on one core public health activity, organised immunisation, which accounted for

$6.8 million out of the estimated $16.3 million. That included an estimated $5.1 million spent on the Childhood Pneumococcal Vaccination Program for Aboriginal and Torres Strait Islander children.

Table 4.4: Expenditure by the Australian Government on core public health activities for Indigenous Australians, 2001–02

Health activity	Indigenous ($ million)	Non-Indigenous ($ million)	Indigenous share (%)
Communicable disease control	0.5	18.8	2.4
Selected health promotion	3.4	42.8	7.4
Organised immunisation	6.8	45.7	13.0
Environmental health	0.4	14.7	2.4
Food standards and hygiene	0.7	14.5	4.5
Breast cancer screening	—	1.6	1.1
Cervical screening	1.2	64.6	1.9
Prevention of hazardous and harmful drug use	0.8	32.0	2.5
Public health research	2.4	82.5	2.9
PHOFA administration[(a)]	—	0.2	4.9
Total public health activities	**16.3**	**317.4**	**4.9**

(a) Public health outcomes funding agreement, see glossary.

Source: AIHW Health expenditure database.

Australian Government funding

Total funding of Indigenous health by the Australian Government in 2001–02 was estimated at $771.5 million (Table 4.5). This was 2.5% of its estimated overall funding for health services in that year. The Government's average funding per Indigenous person was 6% higher than for non-Indigenous people.

Table 4.5: Funding by the Australian Government on health goods and services for Indigenous and non-Indigenous Australians, by health good or service type, Australia, 2001–02

	Funding ($ million)			Funding per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Hospitals	352.9	9,436.9	3.6	769.64	497.86	1.55
Total admitted patient services	294.0	7,977.0	3.6	641.10	420.84	1.52
Non-admitted patient services	58.9	1,459.8	3.9	128.54	77.01	1.67
Emergency departments	13.9	307.3	4.3	30.24	16.21	1.87
Other non-admitted patient services	45.1	1,152.4	3.8	98.30	60.80	1.62
Public (psychiatric) hospitals	—	0.2	2.4	0.01	0.01	1.01
Medical services	84.5	8,876.3	0.9	184.35	468.29	0.39
MBS services	71.8	7,578.0	0.9	156.68	399.80	0.39
Other[(a)]	12.7	1,298.3	1.0	27.67	68.49	0.40
Community health services	167.7	40.5	80.6	365.74	2.13	171.38
Dental services	1.5	349.1	0.4	3.29	18.42	0.18
MBS services	0.1	7.7	0.8	0.13	0.40	0.33
Other dental[(b)]	1.4	341.4	0.4	3.15	18.01	0.17
Other professional services	6.6	556.5	1.2	14.43	29.36	0.49
MBS services	1.4	170.6	0.8	3.00	9.00	0.33
Other[(c)]	5.2	386.0	1.3	11.43	20.36	0.56
Pharmaceuticals	36.0	4,690.2	0.8	78.49	247.44	0.32
Benefit-paid	35.6	4,637.7	0.8	77.57	244.68	0.32
Other pharmaceuticals[(d)]	0.4	52.4	0.8	0.92	2.77	0.33
Aids and appliances	1.4	196.3	0.7	3.06	10.35	0.30
Services for older people	30.5	3,379.2	0.9	66.57	178.28	0.37
Patient transport	12.6	121.0	9.4	27.51	6.39	4.31
Public health activities	31.2	557.5	5.3	68.00	29.41	2.31
Research	19.5	692.3	2.7	42.53	36.52	1.16
Health administration	27.0	1,069.5	2.5	58.92	56.42	1.04
Total	**771.5**	**29,965.2**	**2.5**	**1,682.54**	**1,580.88**	**1.06**

(a) DVA funding for medical services for eligible veterans and their dependants; DoHA funding through primary care strategies, trials of coordinated care and a notional distribution of the 30% rebate on private health insurance premiums.

(b) DVA funding for dental services for eligible veterans and their dependants and a notional distribution of the 30% rebate on private health insurance premiums.

(c) Funding, through Hearing Services Australia, of audiology services and by DVA of other professional services for eligible veterans and their dependants.

(d) Includes funding through the enhanced rural and remote pharmacy package, the pharmacy development program, pharmacy reform implementation funding and notional distribution of the 30% rebate on private health insurance premiums.

Source: AIHW Health expenditure database.

In addition to funding its own expenditures, the Australian Government provided $9.5 billion in funding to the states, territories and non-government organisations in 2001–02. Over $7 billion of this funding was through Special Purpose Payments (SPPs) under the provisions of Section 96 of the Australian Constitution. An estimated 4.6% of these funds were directed to health services for Aboriginal and Torres Strait Islander peoples (Table 4.6).

Table 4.6: Funding by the Australian Government on health for Indigenous Australians and non-Indigenous people, Australia, 2001–02

	Funding ($ million)			Funding per person ($)		
Funding type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
DVA health goods and services	9.3	1,663.2	0.6	20.34	87.74	0.23
DoHA and other Portfolio agencies	398.0	17,816.0	2.2	868.05	939.92	0.92
SPPs to states and territories	340.5	7,093.7	4.6	742.70	374.24	1.98
Other funding[(a)]	23.6	3,392.4	0.7	51.46	178.97	0.29
Total funding	**771.5**	**29,965.2**	**2.5**	**1,682.54**	**1,580.88**	**1.06**

(a) Includes DVA funding of hospital services and funding of health services through the allocation of the 30% rebate on private health insurance premiums.

Source: AIHW Health expenditure database.

The most important of the health SPPs provide funding for:

- public hospital and related health services under the Australian Health Care Agreements (AHCAs)—these account for over 90% of all health SPPs; and
- state/territory initiatives aimed at achieving agreed public health outcomes under the Public Health Outcomes Funding Agreements (PHOFAs).

Funding through the SPPs was attributed to Indigenous and non-Indigenous people according to the estimated shares of the state and territory government programs that the funding supported.

The Australian Government also provided subsidies to holders of private health insurance through its 30% premium rebate. These indirectly supported health services that attracted benefits from private health insurers, such as private hospital services, dental and other professional services, and health goods (medicines and aids and appliances) as well as the administrative expenses of the insurance funds. The rebates were allocated between Indigenous and non-Indigenous elements according to the estimated proportions of the insured populations. Analysis based on previous National Health Surveys suggested that the Indigenous proportion of the insured population was very low at around 15–20% of all Indigenous people.

Just over half (52.8%) of Australian Government funding for Aboriginal and Torres Strait Islanders went to programs that it directly managed, with 45.8% going to programs administered by state and territory governments (Table 4.7).

Table 4.7: Funding by the Australian Government of health for Indigenous and non-Indigenous people, by sector incurring expenditure, Australia, 2001–02 ($ million)

	Australian Government funding of							
	Australian Government expenditure		State and territory government expenditure		Non-government expenditure		Total Australian Government funding	
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**	**Indigenous**	**Non-Indigenous**
Admitted patient services	7.5	149.9	280.2	6,080.9	6.2	1,746.1	294.0	7,977.0
Private hospitals	—	7.7	—	—	6.2	1,746.1	6.2	1,753.8
Public hospitals	7.5	142.2	280.2	6,080.9	—	—	287.8	6,223.1
Non-admitted patient services	1.5	33.4	57.4	1,426.4	—	—	58.9	1,459.8
Emergency departments	0.4	7.0	13.5	300.3	—	—	13.9	307.3
Other services	1.2	26.3	43.9	1,126.1	—	—	45.1	1,152.4
Medical services	83.7	8,700.4	—	—	0.8	175.9	84.5	8,876.3
Community health services[(a)]	166.8	30.7	0.9	9.5	—	0.2	167.7	40.5
Dental services[(b)]	0.2	70.8	—	—	1.3	278.3	1.5	349.1
Other professional services	6.0	433.0	—	—	0.6	123.5	6.6	556.5
Pharmaceuticals	35.9	4,671.4	—	—	0.1	18.7	36.0	4,690.2
Services for older people	30.5	3,379.2	—	—	—	—	30.5	3,379.2
Patient transport	12.4	65.3	—	—	0.3	55.8	12.6	121.0
Public health activities	16.3	317.4	14.9	240.2	—	—	31.2	557.5
Other health services[(c)]	46.4	1,627.7	—	0.2	1.5	330.3	47.9	1,958.2
All health goods and services	**407.3**	**19,479.2**	**353.4**	**7,757.2**	**10.7**	**2,728.8**	**771.5**	**29,965.2**
Share of expenditure	*2.0%*	*98.0%*	*4.4%*	*95.6%*	*0.4%*	*99.6%*	*2.5%*	*97.5%*
Expenditure per person ($)	888.39	1,027.67	770.82	409.25	23.41	143.97	1,682.54	1,580.88
Ratio (Indigenous/non-Indigenous)	0.86:1		1.88:1		0.16:1		1.06:1	

(a) Includes funding of dental services by states and territories.

(b) Excludes funding of dental services by states and territories.

(c) Includes health administration (nec), aids and appliances and other health services (nec).

Source: AIHW Health expenditure database.

Changes in expenditure on selected major programs over time

The estimates of average expenditure per person by the Australian Government on its two largest mainstream programs—Medicare and PBS—increased in real terms by 9.8% from an estimated $210.93 in 1998–99 (at 2001–02 prices) to $231.50 in 2001–02 (Table 4.8). However, because the increase in respect of non-Indigenous people was even greater (15.2%) over the period, the Indigenous to non-Indigenous per person expenditure ratio actually fell (from 0.39:1 in 1998–99 to 0.37:1 in 2001–02).

Spending through OATSIH's major Indigenous-specific funding programs also showed substantial real increase over the period. The Indigenous component increased by an estimated 32.0% from $274.47 per person in 1998–99 to $362.33 in 2001–02. With these particular programs, because their non-Indigenous component was relatively small, a small change in the estimated non-Indigenous use in one year can substantially change the Indigenous to non-Indigenous ratio. This appears to have been the case in the 1998–99 estimates when the per person use by non-Indigenous people was estimated at just under 0.2% of the Indigenous use, compared with 0.6% in 1995–96 and 0.3% in 2001–02.

For both the MBS/PBS expenditures and the spending through OATSIH, the Indigenous to non-Indigenous expenditure ratios were higher in 2001–02 than in 1995–96 (0.37:1 compared with 0.25:1 for Medicare/PBS, and 341.56:1 compared with 172.35:1 for spending under OATSIH).

Table 4.8: Average health expenditure per person by the Australian Government, on selected major programs, constant prices, 1995–96, 1998–99 and 2001–02

	1995–96			1998–99			2001–02		
Program	Indigenous ($)	Non-Indigenous ($)	Ratio	Indigenous ($)	Non-Indigenous ($)	Ratio	Indigenous ($)	Non-Indigenous ($)	Ratio
MBS—Medical only[(a)]	105.06	390.00	0.27	160.47	391.16	0.41	156.68	399.80	0.39
PBS[(b)]	25.64[(c)]	135.59	0.19	50.46	151.19	0.33	74.82	225.06	0.33
MBS/PBS[(a)(b)]	*130.70*	*525.59*	*0.25*	*210.93*	*542.35*	*0.39*	*231.50*	*624.86*	*0.37*
OATSIH-funded ACCHSs	268.76	1.56	172.35	274.47	0.48	566.43	362.33	1.07	340.17

(a) Excludes MBS benefits paid for specified dental services and optometry services, which also attract MBS benefit payments from the Australian Government.

(b) Does not include RPBS benefits for veterans.

(c) Based on the revised current price estimate of $9.3 million for PBS benefits for Indigenous Australians in 1995–96 (AIHW 2001:42); down from $9.8 million (Deeble et al 1998: 21). That revision reduced the current price per person estimate from $26.64 to $25.28.

Sources: Deeble et al 1998, AIHW 2001, and AIHW Health expenditure database.

5 State and territory government expenditure and funding

Introduction

Expenditure by state and territory governments in 2001–02 represented 70.5% of total expenditure on health goods and services for Aboriginal and Torres Strait Islander peoples. That expenditure was funded, in part, by the state and territory governments' own funding sources; it was also partly funded by the Australian Government, (largely through SPPs) and through other, non-government funding sources.

The state and territory governments also provided funding for private hospital services in 2001–02 (see Box 2.1 on page 6 on the difference between funding and expenditure).

The first part of this chapter reports estimates of expenditure on health services by state and territory governments. As such, it includes any parts of those expenditures that were funded by other sectors — such as through SPPs and patient fees. It does not include state and territory government funding for private hospitals. The second part summarises the net funding by states and territories from their own resources (that is, after removing the funding provided by other sectors). Funding by state and territory governments includes their funding for private hospital services.

In the discussions that follow, it must be borne in mind that the expenditure estimates for non-admitted patient services, community health services and public health activities are not solely based on Indigenous client services information so they should be treated with care.

State and territory government expenditure

In 2001–02, state and territory governments spent an estimated $1,260.5 million on health goods and services for Aboriginal and Torres Strait Islander peoples (Table 5.1). This represented 5.5% of their estimated health expenditure of $22.9 billion.

Expenditure on services provided to admitted patients in acute-care hospitals represented over half (52.5%) of the state and territory governments' Indigenous health expenditures, compared with 58.7% for the non-Indigenous population. Similarly, estimated expenditure for Indigenous Australians on non-admitted patient services represented 11.3% of all state and territory governments' Indigenous health expenditure. That too was slightly lower than for non-Indigenous people (14.4%).

The main difference between Indigenous and non-Indigenous state and territory expenditure was in respect of community health services. These made up an estimated 21.6% of state and territory governments' spending on health for Indigenous people, compared with 12.8% for other Australians.

Table 5.1: State and territory government health expenditure, for Indigenous Australians and non-Indigenous people, by program, 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Hospitals	829.0	16,224.2	4.9	1,807.92	855.94	2.11
Acute-care hospitals	804.3	15,811.2	4.8	1,754.12	834.16	2.10
Admitted patient services[(a)]	661.9	12,694.7	5.0	1,443.55	669.74	2.16
Non-admitted patient services	142.4	3,116.5	4.4	310.56	164.42	1.89
Emergency departments	34.6	615.7	5.3	75.51	32.48	2.32
Other non-admitted services	62.1	1,917.2	3.1	135.37	101.14	1.34
Public (psychiatric) hospitals	24.7	413.0	5.6	53.80	21.79	2.47
Services for older people	11.7	420.0	2.7	25.51	22.16	1.15
Patient transport	50.2	771.6	6.1	109.45	40.71	2.69
Public health activities[(b)]	56.2	712.5	7.3	122.65	37.59	3.26
Communicable disease control	14.2	144.8	8.9	30.91	7.64	4.04
Selected health promotion	16.3	115.8	12.3	35.51	6.11	5.81
Organised immunisation	10.6	133.5	7.3	23.03	7.04	3.27
Environmental health	5.6	48.9	10.2	12.15	2.58	4.71
Food standards and hygiene	1.0	17.3	5.4	2.16	0.91	2.37
Breast Cancer Screening	1.2	95.4	1.2	2.59	5.04	0.51
Cervical Screening	2.2	22.3	9.1	4.85	1.18	4.12
Prevention of hazardous and harmful drug use	4.4	104.0	4.1	9.62	5.49	1.75
Public health research	0.8	30.3	2.7	1.83	1.60	1.14
Community health service	272.8	2,772.1	9.0	594.93	146.25	4.07
Dental services	18.6	362.6	4.9	40.56	19.13	2.12
Community mental health	29.3	772.6	3.7	63.84	40.76	1.57
Alcohol and other drug treatment	48.2	208.8	18.7	105.08	11.02	9.54
Other community health	176.7	1,428.0	11.0	394.89	80.97	4.88
Health research	10.5	215.6	4.6	22.84	11.38	2.01
Health administration (nec)	13.5	250.5	5.1	29.39	13.22	2.22
Other health services (nec)	16.6	253.7	6.2	36.31	13.38	2.71
Total expenditure	**1,260.5**	**21,620.2**	**5.5**	**2,749.00**	**1,140.63**	**2.41**
State funding of private hospitals	*1.6*	*172.9*	*0.9*	*3.43*	*9.12*	*0.38*

(a) All admitted patients in public (non-psychiatric) hospitals plus public patients in private hospitals.

(b) Expenditure estimates for public health activities were sourced from NPHEP and GPC reporting mechanisms.

Source: AIHW Health expenditure database.

Community health services cover a broad range of non-institutional health care provision, including maternal and child health clinics, dental services, mental health services, alcohol and drug treatment programs, family planning services and some medical services provided by salaried doctors who do not bill Medicare. They do not include all expenditure undertaken in community health centres, most notably alcohol and drug education

programs and other preventive and health promotion activities, which are included in estimates of expenditure on public health activities.

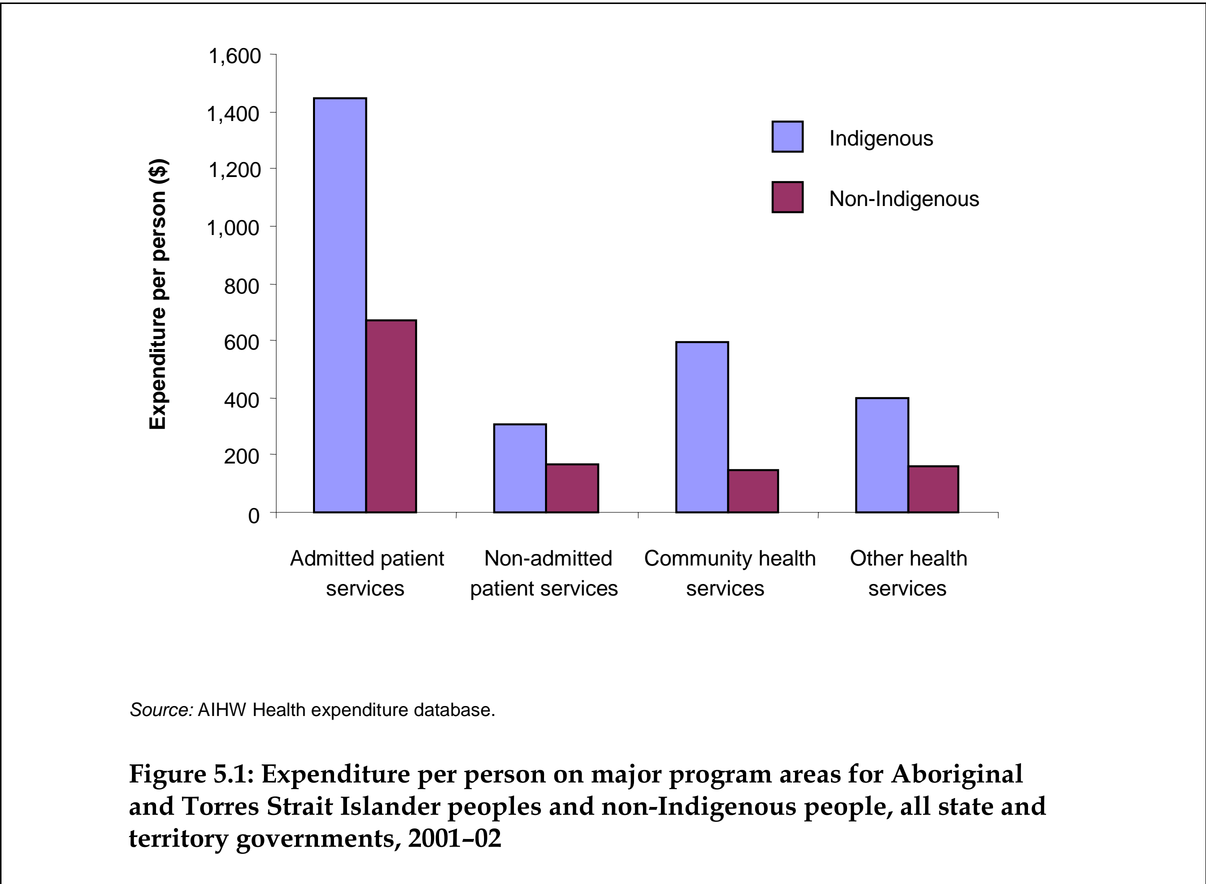
While every effort was taken to account for differences between jurisdictions, caution is required when comparing results from states and territories, because of differences in:

- methods used for identification of Aboriginal and Torres Strait Islander peoples;
- accounting systems;
- data collection methods; and
- treatment of some corporate expenses, such as central office costs.

A further caution relates to comparisons of estimated average expenditure per person. They are simple means, based on the total state or territory population (Indigenous and non-Indigenous), but the demographic and other characteristics of both populations vary markedly across jurisdictions and these can have substantial impact on the costs of providing services.

State and territory governments were estimated to have spent, on average, $2,749.00 per Indigenous Australian compared with $1,140.63 per non-Indigenous person. This represents an Indigenous/non-Indigenous expenditure ratio of 2.41:1.

In all the major groupings of health goods and services, states and territories spent more per person for Aboriginal and Torres Strait Islander peoples than for non-Indigenous people (Figure 5.1). In the case of expenditure on community health services it was more than four times the non-Indigenous average and for admitted patient services in acute-care hospitals it was double. Only for expenditure on government nursing homes did the ratio approach parity (1.15:1); even then, the average Indigenous expenditure per person ($25.51) was greater than the non-Indigenous average ($22.16).



Source: AIHW Health expenditure database.

Figure 5.1: Expenditure per person on major program areas for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, all state and territory governments, 2001–02

Spending on public health activities for Indigenous people was generally much higher than for non-Indigenous people. The only exception was breast cancer screening where a combination of the program's target age group (women aged 50–69), the relatively shorter life expectancy of Indigenous women and the lower participation rate for Indigenous women within the target age group (AIHW 2005b) contributed to expenditure being only 51% of the non-Indigenous average.

Table 5.2: Estimated state and territory health expenditure per person for Indigenous and non-Indigenous people, by program, 2001–02 ($)

Health good or service type	Expenditure per person ($)								
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Acute-care hospitals									
Indigenous	1,317.78	1,338.43	1,573.16	2,748.22	1,429.21	458.48	1,778.69	2,788.15	1,754.12
Non-Indigenous	891.78	868.17	699.11	922.95	650.52	826.46	1,024.99	796.61	834.16
Total	900.52	865.34	734.07	1,016.57	658.91	851.47	1,028.13	1,363.22	855.88
Admitted patient services									
Indigenous	978.01	968.80	1,218.67	2,387.24	1,174.54	230.55	1,503.47	2,677.39	1,443.55
Non-Indigenous	700.87	725.11	548.33	761.88	512.51	585.87	849.03	726.21	669.74
Total	706.55	726.52	576.22	848.57	518.94	611.34	850.96	1,281.21	688.01
Non-admitted patient services									
Indigenous	339.77	369.63	354.49	360.98	254.66	227.93	275.22	110.76	310.56
Non-Indigenous	190.91	143.06	150.78	161.07	138.00	240.59	175.95	70.40	164.42
Total	193.96	144.37	157.85	168.00	139.97	240.12	177.17	82.01	167.87
Emergency departments									
Indigenous	70.40	162.32	—	165.37	152.72	20.73	—	95.70	75.51
Non-Indigenous	40.24	34.19	—	35.69	74.30	21.88	—	52.17	32.48
Total	40.86	34.93	—	40.19	75.63	21.84	—	64.69	33.50
Other non-admitted patient services									
Indigenous	269.38	207.31	—	195.66	101.94	207.19	—	15.06	135.37
Non-Indigenous	150.67	108.87	—	125.38	63.70	218.71	—	18.24	101.14
Total	153.10	109.44	—	127.82	64.34	218.28	—	17.32	101.95
Public (psychiatric) hospitals									
Indigenous	54.41	—	62.83	63.55	194.03	15.65	—	—	53.80
Non-Indigenous	23.63	—	34.64	29.87	52.68	14.01	—	—	21.79
Total	24.26	—	35.62	31.03	55.07	14.07	—	—	22.54
Services for older people									
Indigenous	2.01	14.40	16.52	133.78	4.82	—	—	—	25.51
Non-Indigenous	6.76	20.66	32.81	66.90	26.92	—	—	—	22.16
Total	6.66	20.62	32.25	69.22	26.54	—	—	—	22.23
Patient transport									
Indigenous	71.71	45.38	154.14	25.78	72.45	26.25	46.67	275.16	109.45
Non-Indigenous	46.99	35.60	61.21	4.25	23.06	57.18	28.88	52.27	40.71
Total	47.49	35.66	64.44	5.00	23.90	56.04	29.10	116.37	42.33

(Continued)

Table 5.2 (continued): Estimated state and territory expenditure per person for Indigenous and non-Indigenous people, by program, 2001–02 ($)

Health good or service type	Expenditure per person ($)								
	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Public health activities[(a)]									
Indigenous	67.01	281.66	61.78	67.65	78.31	39.79	67.26	424.86	122.65
Non-Indigenous	33.75	40.79	33.99	32.72	43.61	43.70	71.00	100.17	37.59
Total	34.43	42.19	34.96	33.93	44.20	43.56	70.96	193.55	39.60
Community health services									
Indigenous	659.09	697.83	497.68	495.97	353.75	201.55	570.07	955.13	594.93
Non-Indigenous	136.41	134.17	196.99	69.64	86.53	420.91	249.94	256.20	146.25
Total	147.13	137.43	207.42	84.42	91.05	412.82	253.86	457.20	156.84
Health research									
Indigenous	13.49	3.73	10.15	25.78	97.87	—	21.05	52.57	22.84
Non-Indigenous	14.59	3.73	10.16	22.40	13.46	—	21.12	3.74	11.38
Total	14.57	3.73	10.16	22.51	14.88	—	21.12	17.79	11.65
Health administration (nec)[(b)]									
Indigenous	—	—	22.43	87.69	158.00	47.94	—	—	29.39
Non-Indigenous	—	—	16.28	43.98	44.56	102.52	—	—	13.22
Total	—	—	16.49	45.50	46.47	100.51	—	—	13.60
Other health services (nec)									
Indigenous	3.41	16.77	2.15	201.73	—	25.85	54.72	26.11	36.31
Non-Indigenous	3.82	4.55	1.37	101.46	—	13.54	30.19	4.71	13.38
Total	3.81	4.62	1.40	104.94	—	13.99	30.49	10.86	13.93
Total									
Indigenous	**2,188.92**	**2,398.19**	**2,400.84**	**3,850.16**	**2,388.43**	**815.49**	**2,538.46**	**4,521.98**	**2,749.00**
Non-Indigenous	**1,157.72**	**1,107.68**	**1,086.57**	**1,294.16**	**941.33**	**1,478.31**	**1,426.13**	**1,213.70**	**1,140.63**
Total	**1,178.87**	**1,109.60**	**1,136.80**	**1,413.12**	**961.02**	**1,492.45**	**1,433.66**	**2,158.99**	**1,178.61**
State funding of private hospitals									
Indigenous	*0.26*	*0.38*	*1.95*	*18.38*	*0.01*	*3.91*	—	—	*3.43*
Non-Indigenous	*6.25*	*0.57*	*11.07*	*37.09*	*1.38*	*46.25*	*0.04*	—	*9.12*
Total	*6.12*	*0.57*	*10.75*	*36.44*	*1.36*	*44.69*	*0.04*	—	*8.99*

(a) Expenditure data on public health activities were sourced from NPHEP and GPC reporting mechanisms.

(b) Health administration expenditure was allocated differently across jurisdictions.

Source: AIHW Health expenditure database.

The Northern Territory ($4,521.98) and Western Australia ($3,850.16) had the highest average expenditure per person (Table 5.2). This is, at least in part, explained by the large proportions of their Indigenous population living in remote areas (see Table 1.1 on page 2). Tasmania, which had the lowest average expenditure per person ($815.49), was the only jurisdiction where the estimated expenditure per person for Indigenous Australians was lower than that for non-Indigenous people ($1,478.31).

Local government expenditure

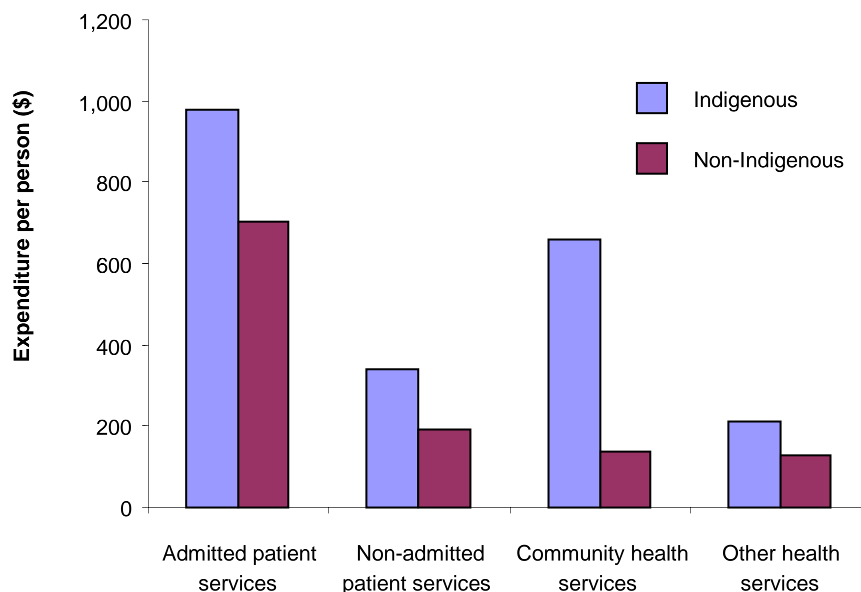
The national estimate of $155.4 million for expenditure by local governments on health for all people was derived from the ABS's government finance statistics (ABS 2003b). Local governments typically provide some aged care facilities and community health services and undertake some public health activities. The estimated Indigenous share of health expenditure by local government was $7.3 million (4.7%). This was largely based on population surveys, which indicate that Indigenous people's use of publicly funded services tends to be, on average, higher than that of non-Indigenous people (ABS 2002b). In the estimates that follow, local government expenditure is included in the state and territory government estimates.

New South Wales Government expenditure

Estimated expenditure by the New South Wales Government on health for Aboriginal and Torres Strait Islander peoples for 2001–02 was $295.3 million (Table 5.3). Expenditure on health for Indigenous Australians accounted for 3.8% of the state's total health expenditure of $7,751.4 million. This share of expenditure is almost double the State's Indigenous population proportion of 2.1%. Most of the New South Wales Government's expenditure on Indigenous health was related to acute-care hospitals—especially admitted patient services. Spending on services provided by, or in, acute-care hospitals ($177.8 million) represents over half (60.2%) of the State Government's expenditure on Aboriginal and Torres Strait Islander peoples.

Estimated expenditure on community health services represented the second largest component of the State's Indigenous health expenditure ($88.9 million). Community health services—in particular, alcohol and drug treatment services—also have the highest Indigenous share of total expenditure (9.2%). The estimates of the shares of expenditure on both community health services and most public health activities attributable to Indigenous and non-Indigenous people are not necessarily based on indicators of client use of the services involved and should be treated with care.

State government expenditure for Aboriginal and Torres Strait Islander peoples was estimated to be, on average, $2,188.92 per person—almost twice the State's non-Indigenous expenditure per person ($1,157.72).



Source: AIHW Health expenditure database.

Figure 5.2: Expenditure per person on major program areas for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, New South Wales Government, 2001–02

Average expenditure by the New South Wales Government on community health services for Aboriginal and Torres Strait Islander peoples was almost five times (ratio 4.83:1) that for non-Indigenous people (Figure 5.2). Average expenditure per person on admitted patient services in acute-care hospitals was 40% higher for Indigenous people than for non-Indigenous people.

Table 5.3: New South Wales Government health expenditure, for Indigenous and non-Indigenous people, by program,[(a)] 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	Indigenous	Non-Indigenous	Indigenous share (%)	Indigenous	Non-Indigenous	Ratio
Acute-care hospitals	177.8	5,743.4	3.0	1,317.78	891.78	1.48
Admitted patient services	131.9	4,513.8	2.8	978.01	700.87	1.40
Non-admitted patient services	45.8	1,229.5	3.6	339.77	190.91	1.78
Emergency departments	9.5	259.2	3.5	70.40	40.24	1.75
Other non-admitted patient services	36.3	970.4	3.6	269.38	150.67	1.79
Public (psychiatric) hospitals	7.3	152.2	4.6	54.41	23.63	2.30
Services for older people	0.3	43.5	0.6	2.01	6.76	0.30
Patient transport	9.7	302.6	3.1	71.71	46.99	1.53
Public health activities	9.0	217.4	4.0	67.01	33.75	1.99
Communicable disease control	6.5	60.3	9.7	48.05	9.37	5.13
Selected health promotion	0.7	34.7	1.9	4.98	5.39	0.92
Organised immunisation	0.8	40.1	1.9	5.76	6.23	0.92
Environmental health	0.3	14.8	1.9	2.12	2.30	0.92
Food standards and hygiene	0.1	7.0	1.9	1.01	1.09	0.92
Breast cancer screening	0.2	33.3	0.5	1.29	5.18	0.25
Cervical screening	0.1	4.4	1.6	0.54	0.69	0.78
Prevention of hazardous and harmful drug use	0.4	20.9	1.9	3.01	3.25	0.92
Public health research	0.0	1.7	1.9	0.25	0.27	0.92
Community health services	88.9	878.5	9.2	659.09	136.41	4.83
Dental services	7.1	70.4	9.2	52.76	10.93	4.83
Community mental health	7.2	262.2	2.7	53.04	40.72	1.30
Alcohol and other drug treatment	32.8	91.4	26.4	243.17	14.19	17.14
Other community health	41.8	454.5	8.4	310.12	70.57	4.39
Health research	1.8	93.9	1.9	13.49	14.59	0.92
Other health services (nec)	0.5	24.6	1.8	3.41	3.82	0.89
Total	**295.3**	**7,456.1**	**3.8**	**2,188.92**	**1,157.72**	**1.89**
State funding of private hospitals	—	*40.2*	*0.1*	*0.26*	*6.25*	*0.04*

(a) All health administration expenditure has been apportioned across the expenditure categories.

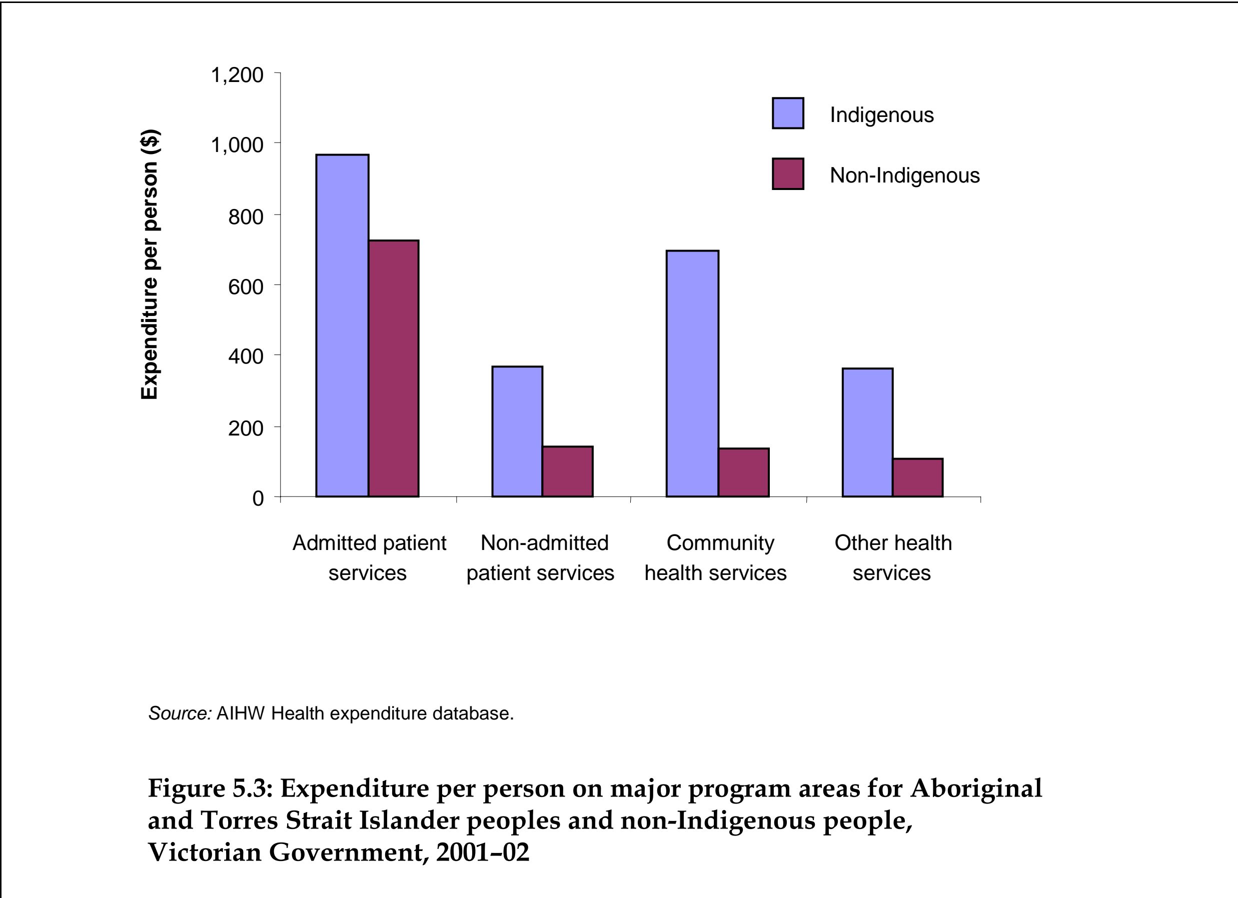
Source: AIHW Health expenditure database.

Victorian Government expenditure

Victorian Government expenditure on health services for Aboriginal and Torres Strait Islander peoples for 2001–02 was estimated to be $66.8 million (Table 5.4). Expenditure on health for Indigenous Australians accounted for 1.2% of the State Government's total health expenditure of $5,358.0 million, compared with the Indigenous population proportion of 0.6% for the State.

Estimated expenditure through acute-care hospitals accounted for more than half (55.8%) of the total expenditure on health services for Aboriginal and Torres Strait Islander peoples. Admitted patient services in acute-care hospitals represented 40.4% of Indigenous health expenditure, compared with 65.5% in respect of other Victorians.

Estimated average expenditure per person by the state government on health for Aboriginal and Torres Strait Islander peoples ($2,398.19 per person) was more than for non-Indigenous people ($1,107.68). Average expenditure on health for Indigenous Australians were greatest, in comparison with non-Indigenous people, in the case of public health activities (ratio 6.90:1) and community health services (5.20:1) (Figure 5.3).



Source: AIHW Health expenditure database.

Figure 5.3: Expenditure per person on major program areas for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, Victorian Government, 2001–02

Table 5.4: Victorian Government health expenditure, for Indigenous and non-Indigenous people, by program,[a] 2001–02

Health good or service type	Expenditure ($ million)			Expenditure per person ($)		
	Indigenous	Non-Indigenous	Indigenous share (%)	Indigenous	Non-Indigenous	Ratio
Acute-care hospitals[b]	37.3	4,147.1	0.9	1,338.43	868.17	1.54
Admitted patient services	27.0	3,463.8	0.8	968.80	725.11	1.34
Non-admitted patient services	10.3	683.4	1.5	369.63	143.06	2.58
Emergency departments	4.5	163.3	2.7	162.32	34.19	4.75
Other non-admitted patient services	5.8	520.1	1.1	207.31	108.87	1.90
Services for older people	0.4	98.7	0.4	14.40	20.66	0.70
Patient transport	1.3	170.1	0.7	45.38	35.60	1.27
Public health activities[c]	7.8	194.9	3.9	281.66	40.79	6.90
Communicable disease control	0.2	28.4	0.8	8.64	5.94	1.45
Selected health promotion	5.7	35.4	13.9	205.93	7.41	27.81
Organised immunisation	1.3	46.5	2.8	47.71	9.73	4.90
Environmental health	—	6.8	0.6	1.42	1.42	1.00
Food standards and hygiene	—	2.4	0.6	0.50	0.50	1.00
Breast cancer screening	0.1	19.7	0.3	1.90	4.13	0.46
Cervical screening	0.2	9.4	1.7	5.86	1.96	2.99
Prevention of hazardous and harmful drug use	0.1	22.0	0.6	4.61	4.61	1.00
Public health research	0.1	24.4	0.6	5.11	5.11	1.00
Community health services	19.4	640.9	2.9	697.83	134.17	5.20
Dental services	0.5	94.2	0.5	17.61	19.72	0.89
Community mental health	6.3	309.1	2.0	225.63	64.71	3.49
Alcohol and other drug treatment	7.9	68.5	10.4	284.78	14.33	19.87
Other community health	4.7	169.1	2.7	169.81	35.40	4.80
Health research	0.1	17.8	0.6	3.73	3.73	1.00
Other health services (nec)	0.5	21.8	2.1	16.77	4.55	3.68
Total	**66.8**	**5,291.2**	**1.2**	**2,398.19**	**1,107.68**	**2.17**
State funding of private hospitals	—	*2.7*	*0.4*	*0.38*	*0.57*	*0.68*

(a) All health administration expenditure has been apportioned across the expenditure categories.

(b) Expenditure on public (psychiatric) hospitals is included in admitted patient services.

(c) Reported expenditure for public health activities does not necessarily concur with NPHEP activity reporting.

Source: AIHW Health expenditure database.

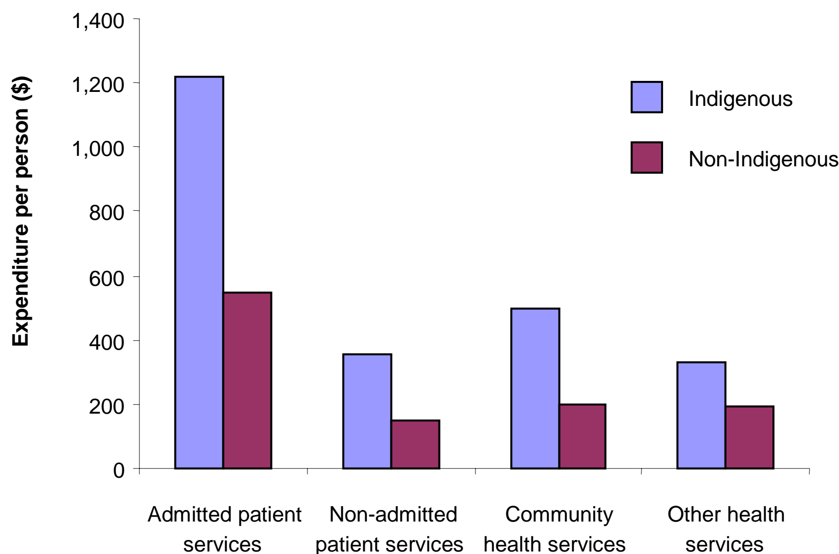
Queensland Government expenditure

Estimated expenditure by the Queensland Government on health for Aboriginal and Torres Strait Islander peoples during 2001–02 was $302.3 million (Table 5.5). This was 7.4% of the State's total expenditure on health ($4,108.6 million) compared to the State's Indigenous population proportion of 3.5%.

Expenditure through acute-care hospitals accounted for 65.5% of the State's estimated expenditure on health for Aboriginal and Torres Strait Islander peoples. At $153.4 million, admitted patient services in acute-care hospitals constitute more than half of this expenditure. Community health services also represent a large component of Queensland's total expenditure on Indigenous health—20.7% ($62.7 million).

On average, the State's expenditure for Aboriginal and Torres Strait Islander peoples was estimated at $2,400.84 per person—just over double that for non-Indigenous people ($1,086.57).

With the exception of services for older people (ratio 0.50:1), the ratios of per capita expenditure on Indigenous Australians to non-Indigenous people were greater than 1.00 and, in many cases—community health services (2.53); patient transport (2.52); and acute-care hospitals (2.22), in particular—greater than 2.00:1 (Figure 5.4).



Source: AIHW Health expenditure database.

Figure 5.4: Expenditure per person on major program areas for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, Queensland Government, 2001–02

Table 5.5: Queensland Government health expenditure, for Indigenous and non-Indigenous people, by program, 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Acute-care hospitals	198.1	2,449.0	7.5	1,573.16	699.11	2.25
Admitted patient services	153.4	1,920.8	7.4	1,218.67	548.33	2.22
Non-admitted patient services[(a)]	44.6	528.2	7.8	354.49	150.78	2.35
Public (psychiatric) hospitals	7.9	121.4	6.1	62.83	34.64	1.81
Services for older people	2.1	114.9	1.8	16.52	32.81	0.50
Patient transport	19.4	214.4	8.3	154.14	61.21	2.52
Public health activities[(b)]	7.8	119.1	6.1	61.78	33.99	1.82
Communicable disease control	1.0	18.5	5.3	8.13	5.27	1.54
Selected health promotion	2.4	23.7	9.2	19.08	6.77	2.82
Organised immunisation	1.6	19.2	7.7	12.62	5.47	2.31
Environmental health	0.7	10.9	5.6	5.18	3.11	1.67
Food standards and hygiene	0.1	2.0	3.5	0.57	0.56	1.01
Breast cancer screening	0.3	20.7	1.6	2.67	5.91	0.45
Cervical screening	0.6	2.4	20.0	4.84	0.70	6.95
Prevention of hazardous and harmful drug use	1.1	21.7	4.8	8.68	6.20	1.40
Community health services	62.7	690.1	8.3	497.68	196.99	2.53
Community mental health	8.4	141.1	5.6	66.47	40.28	1.65
Other community health[(c)]	54.3	549.0	9.0	431.21	156.71	2.75
Health research	1.3	35.6	3.5	10.15	10.16	1.00
Health administration (nec)	2.8	57.0	4.7	22.43	16.28	1.38
Other health services (nec)	0.3	4.8	5.3	2.15	1.37	1.57
Total	**302.3**	**3,806.3**	**7.4**	**2,400.84**	**1,086.57**	**2.21**
State funding of private hospitals	*0.2*	*38.8*	*0.6*	*1.95*	*11.07*	*0.18*

(a) No split of expenditure on non-admitted patient services into expenditure on emergency departments and other non-admitted patient services was available for Queensland.

(b) Public health activities expenditure is reported using the NPHEP activity classifications.

(c) No separate estimates of expenditure on alcohol and other drug treatment services and dental services are available for Queensland.

Source: AIHW Health expenditure database.

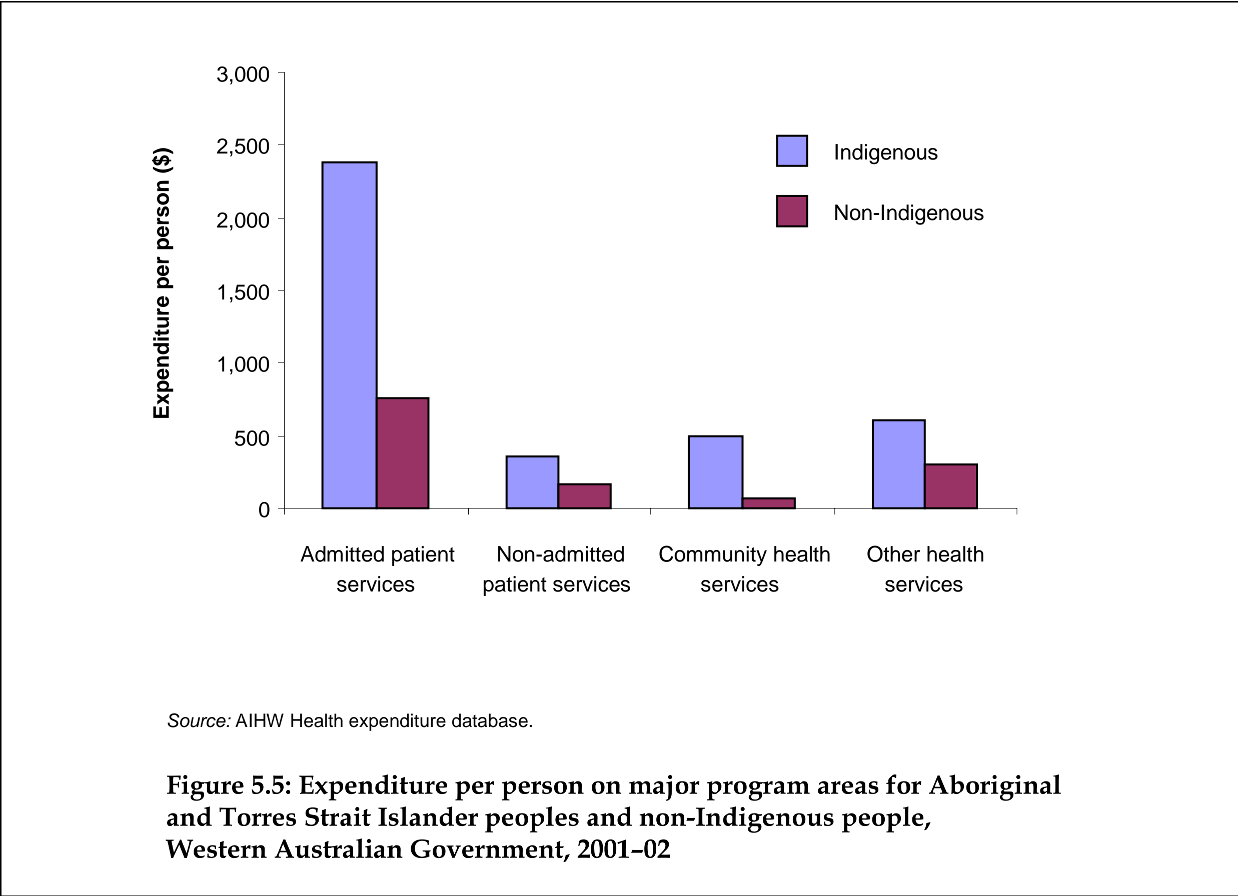
Western Australian Government expenditure

Western Australian Government expenditure on health services for Aboriginal and Torres Strait Islander peoples for 2001–02 was estimated to be $253.8 million (Table 5.6). This accounted for 9.7% of the State Government's expenditure on health of more than $2,628.9 million, compared to the States Indigenous population proportion of 3.5%.

Almost three-quarters (71.4%) of the Western Australian Government's expenditure on health for Aboriginal and Torres Strait Islander peoples in 2001–02 was for acute-care hospitals. Admitted patient services in acute-care hospitals represented the majority of this expenditure ($157.4 million) and were 62.0% of all Indigenous health expenditure. A further 9.4% was for non-admitted patient services.

Community health services also constitute a large proportion of the total expenditure on Indigenous Australians (12.9%). The estimated Indigenous share of expenditure on these services was also high—estimated at 20.4%.

The State's estimated Indigenous expenditure averaged $3,850.16 per person. This was, on average, almost three times that for non-Indigenous people ($1,294.16).



Source: AIHW Health expenditure database.

Figure 5.5: Expenditure per person on major program areas for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, Western Australian Government, 2001–02

The average expenditure estimates for Indigenous people were greater than for non-Indigenous people in all the major expenditure categories in Western Australia (Figure 5.5). For admitted patient services, the average for Indigenous people was $2,387.24, compared with $761.88 for non-Indigenous people. In the case of community health services, average expenditure for Indigenous Australians was $495.97 per person—more than seven times that of non-Indigenous people ($69.64). Similarly, average expenditure per person on

patient transport for Indigenous people was more than six times that for non-Indigenous people.

Table 5.6: Western Australian Government health expenditure, for Indigenous and non-Indigenous people, by program, 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Acute-care hospitals	181.2	1,693.8	9.7	2,748.22	922.95	2.98
Admitted patient services	157.4	1,398.2	10.1	2,387.24	761.88	3.13
Non-admitted patient services	23.8	295.6	7.5	360.98	161.07	2.24
Emergency departments	10.9	65.5	14.3	165.37	35.69	4.63
Other non-admitted patient services	12.9	230.1	5.3	195.66	125.38	1.56
Public (psychiatric) hospitals	4.2	54.8	7.1	63.55	29.87	2.13
Services for older people	8.8	122.8	6.7	133.78	66.90	2.00
Patient transport	1.7	7.8	17.9	25.78	4.25	6.07
Public health activities[(a)]	4.5	60.0	6.9	67.65	32.72	2.07
Communicable disease control	0.5	14.8	3.3	7.58	8.06	0.94
Selected health promotion	0.1	1.9	5.0	1.52	1.04	1.47
Organised immunisation	0.4	9.9	3.5	5.42	5.42	1.00
Environmental health	2.4	4.2	36.4	36.40	2.29	15.91
Food standards and hygiene	0.1	2.1	4.5	1.52	1.14	1.33
Breast cancer screening	0.3	9.4	3.1	4.55	5.12	0.89
Cervical screening	0.1	1.6	5.9	1.52	0.87	1.74
Prevention of hazardous and harmful drug use	0.5	14.0	3.5	7.63	7.63	1.00
Public health research	0.1	2.1	4.5	1.52	1.14	1.33
Community health services	32.7	127.8	20.4	495.97	69.64	7.12
Dental services	1.6	43.6	3.5	24.27	23.76	1.02
Community mental health	1.4	19.5	6.7	21.23	10.63	2.00
Alcohol and other drug treatment	0.3	9.7	3.0	4.55	5.29	0.86
Other community health	29.4	55.0	34.8	445.92	29.97	14.88
Health research	1.7	41.1	4.0	25.78	22.40	1.15
Health administration (nec)	5.8	80.7	6.7	87.69	43.98	1.99
Other health services (nec)	13.3	186.2	6.7	201.73	101.46	1.99
Total	**253.8**	**2,375.1**	**9.7**	**3,850.16**	**1,294.16**	**2.98**
State funding of private hospitals	*1.2*	*68.1*	*1.7*	*18.38*	*37.09*	*0.50*

(a) Reported expenditure for public health activities does not necessarily concur with NPHEP activity reporting.

Source: AIHW Health expenditure database.

South Australian Government expenditure

The South Australian Government's expenditure on health for Aboriginal and Torres Strait Islander peoples during 2001–02 was estimated at $61.0 million (Table 5.7). This accounted for 4.2% of the State Government's recurrent expenditure on health of $1,460.0 million, compared to the Indigenous population proportion of 1.7% for the State.

Estimated expenditure on acute-care hospitals ($36.5 million) accounted for almost two-thirds (59.8%) of the Government's total expenditure on Aboriginal and Torres Strait Islander peoples. The majority of this ($30.0 million or 49.2%) was through expenditure on admitted patient services in acute-care hospitals. Community health services constitute the next largest Indigenous expenditure item at $9.0 million, followed by non-admitted patient services at $6.5 million.

Average expenditure per person on health for Aboriginal and Torres Strait Islander peoples was estimated at $2,388.43—2.5 times that for the State's non-Indigenous people, which was estimated at $941.33 per person.

Per person, average expenditure for Indigenous people was greater than for non-Indigenous people in respect of all the major categories in South Australia (Figure 5.6). For admitted patient services in acute-care hospitals, it was $1,174.54 for Indigenous Australians, compared with $512.51 for non-Indigenous people. In the case of community health services, an average of $353.75 per person was spent on Aboriginal and Torres Strait Islanders—more than four times the rate for non-Indigenous people ($86.53).

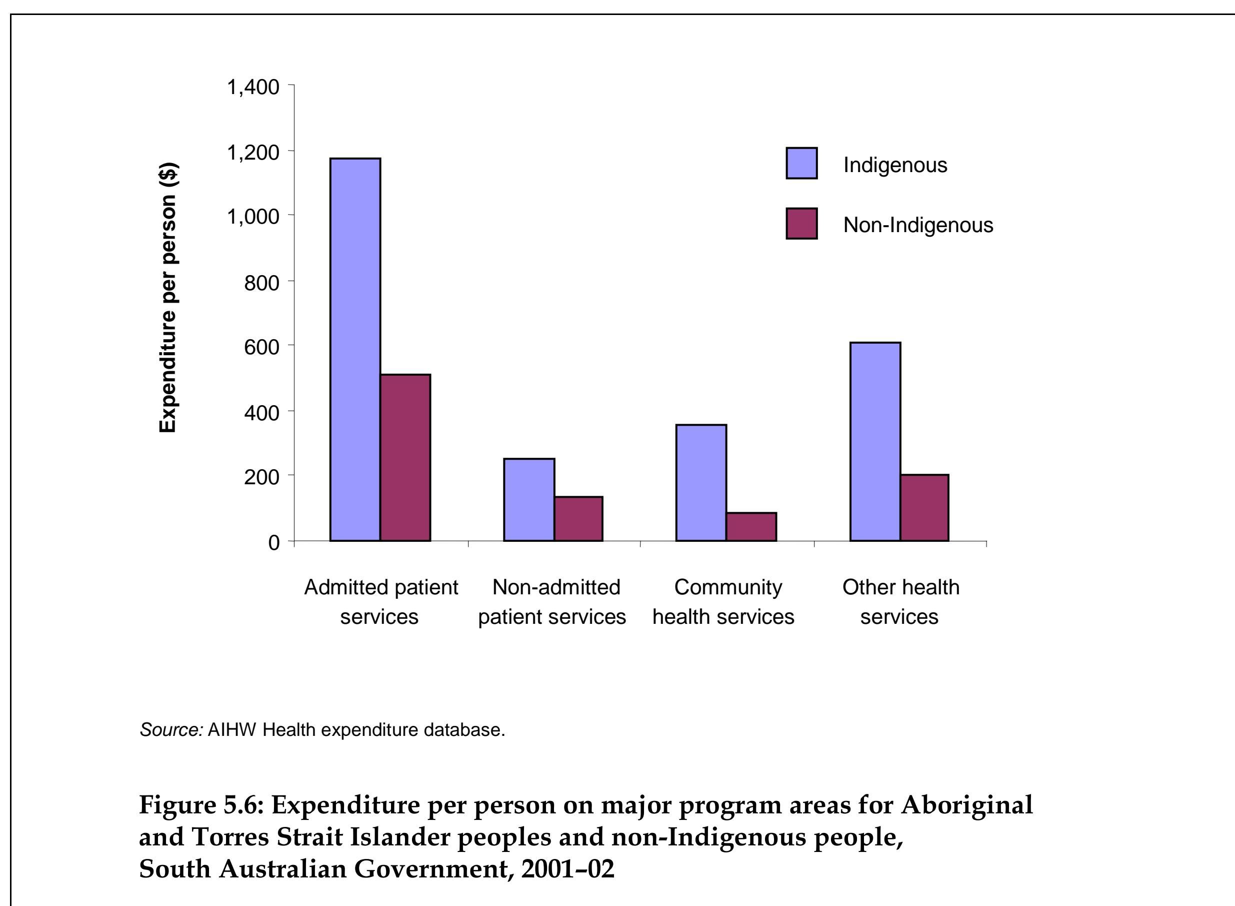


Figure 5.6: Expenditure per person on major program areas for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, South Australian Government, 2001–02

Table 5.7: South Australian Government health expenditure, for Indigenous and non-Indigenous people, by program, 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Acute-care hospitals	36.5	966.8	3.6	1,429.21	650.52	2.20
Admitted patient services	30.0	761.7	3.8	1,174.54	512.51	2.29
Non-admitted patient services	6.5	205.1	3.1	254.66	138.00	1.85
Emergency departments	3.9	110.4	3.4	152.72	74.30	2.06
Other non-admitted patient services	2.6	94.7	2.7	101.94	63.70	1.60
Public (psychiatric) hospitals	5.0	78.3	6.0	194.03	52.68	3.68
Services for older people	0.1	40.0	0.3	4.82	26.92	0.18
Patient transport	1.9	34.3	5.1	72.45	23.06	3.14
Public health activities	2.0	64.8	3.0	78.31	43.61	1.80
Communicable disease control	0.3	13.3	2.2	11.89	8.96	1.33
Selected health promotion	0.3	10.8	3.0	13.00	7.24	1.80
Organised immunisation	0.2	9.5	2.0	7.73	6.38	1.21
Environmental health	0.1	5.9	1.7	4.11	3.97	1.03
Food standards and hygiene	—	1.5	2.1	1.24	1.02	1.23
Breast cancer screening	0.2	7.1	2.1	6.12	4.79	1.28
Cervical screening	0.2	2.8	6.1	7.05	1.87	3.78
Prevention of hazardous and harmful drug use	0.7	12.2	5.1	25.68	8.18	3.14
Public health research	—	1.8	2.1	1.50	1.19	1.25
Community health services	9.0	128.6	6.6	353.75	86.53	4.09
Dental services	2.5	34.5	6.8	97.87	23.21	4.22
Community mental health	0.5	4.4	9.4	17.81	2.96	6.01
Alcohol and other drug treatment	0.4	4.2	9.3	16.79	2.82	5.96
Other community health	5.7	85.5	6.2	221.28	57.54	3.85
Health research	2.5	20.0	11.1	97.87	13.46	7.27
Health administration (nec)	4.0	66.2	5.7	158.00	44.56	3.55
Total	**61.0**	**1,399.0**	**4.2**	**2,388.43**	**941.33**	**2.54**
State funding of private hospitals	—	*2.1*	—	*0.01*	*1.38*	*0.01*

Source: AIHW Health expenditure database.

Tasmanian Government expenditure

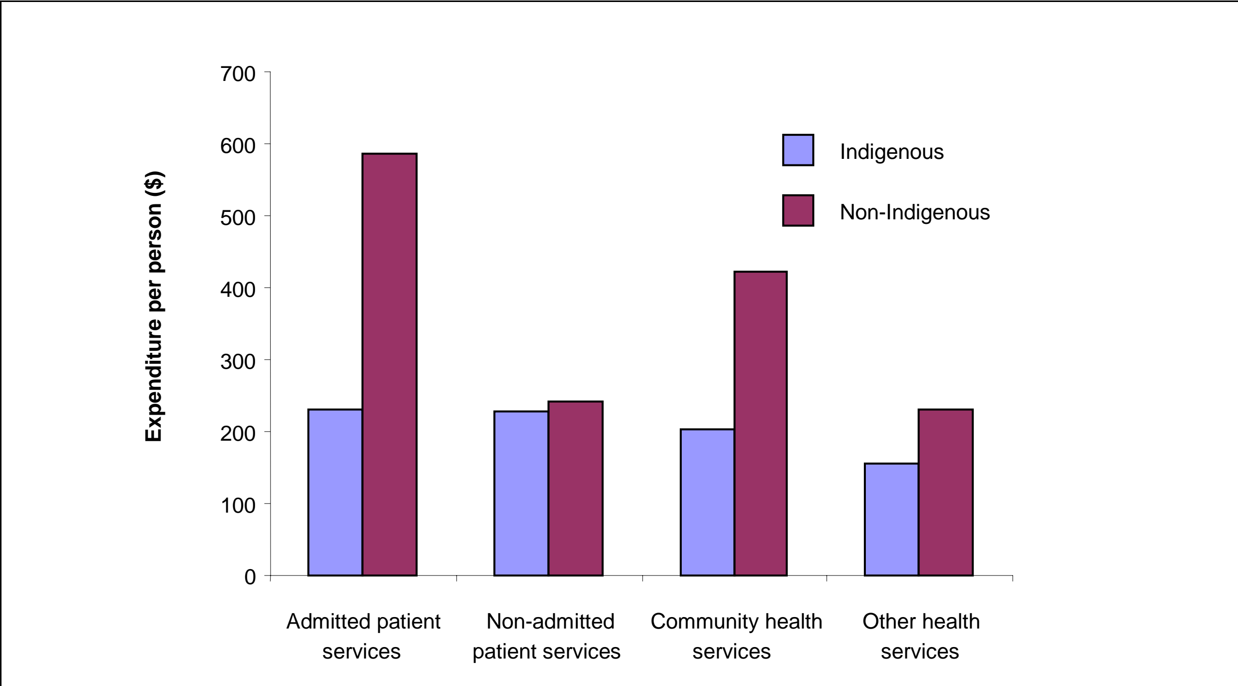
The Tasmanian Government's expenditure on health for Aboriginal and Torres Strait Islander peoples during 2001–02 was estimated at $14.2 million (Table 5.8). This accounted for 2.1% of the State's estimated overall expenditure on health of $685.9 million, compared to Tasmania's Indigenous population proportion of 3.7%.

Expenditure through acute-care hospitals was estimated to account for 56.2% of Tasmania's total expenditure on Aboriginal and Torres Strait Islander peoples. Although they only accounted for 1.9% of the State's expenditure on Indigenous people, public (psychiatric) hospitals were the area where the Indigenous share of total expenditure was largest (4.1%).

Tasmania was the only jurisdiction where the State Government's estimated expenditure on health for Aboriginal and Torres Strait Islander peoples ($815.49 per person) was lower than its estimated average expenditure on health for non-Indigenous people ($1,478.31 per person). The Indigenous/non-Indigenous expenditure ratio for Tasmania in 2001–02 was 0.55:1.

This tendency to spend more, on average, on non-Indigenous Australians was experienced across the whole range of the State Government's expenditures (Figure 5.7).

The lowest per person ratio related to expenditure on admitted patient services in acute-care hospitals (ratio of 0.39:1). In the case of non-admitted patient services, estimated average expenditures per person for Indigenous and non-Indigenous Tasmanians ($227.93 and $240.59, respectively) were of a similar magnitude.



Source: AIHW Health expenditure database.

Figure 5.7: Expenditure per person on major program areas for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, Tasmanian Government, 2001–02

Table 5.8: Tasmanian Government health expenditure, for Indigenous and non-Indigenous people, by program, 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Acute-care hospitals	8.0	375.6	2.1	458.48	826.46	0.55
Admitted patient services	4.0	266.2	1.5	230.55	585.87	0.39
Non-admitted patient services	4.0	109.3	3.5	227.93	240.59	0.95
Emergency departments	0.4	9.9	3.5	20.73	21.88	0.95
Other non-admitted patient services	3.6	99.4	3.5	207.19	218.71	0.95
Public (psychiatric) hospitals	0.3	6.4	4.1	15.65	14.01	1.12
Patient transport	0.5	26.0	1.7	26.25	57.18	0.46
Public health activities	0.7	19.9	3.4	39.79	43.70	0.91
Communicable disease control	0.1	2.1	3.6	4.55	4.62	0.98
Selected health promotion	0.2	4.4	3.7	9.58	9.62	1.00
Organised immunisation	0.1	2.3	3.7	5.07	5.07	1.00
Environmental health	0.1	2.6	3.7	5.74	5.75	1.00
Food standards and hygiene	0.0	0.2	3.7	0.53	0.53	1.00
Breast cancer screening	0.0	2.6	1.5	2.21	5.74	0.39
Cervical screening	0.0	0.5	2.9	0.82	1.07	0.77
Prevention of hazardous and harmful drug use	0.2	4.9	3.7	10.86	10.87	1.00
Public health research	0.0	0.2	3.7	0.42	0.42	1.00
Community health services	3.5	191.3	1.8	201.55	420.91	0.48
Dental services	0.1	1.7	4.4	4.66	3.84	1.21
Community mental health	0.4	9.3	3.6	20.23	20.46	0.99
Alcohol and other drug treatment	0.9	22.0	4.1	53.90	48.50	1.11
Other community health	2.1	158.2	1.3	122.76	348.10	0.35
Health administration (nec)	0.8	46.6	1.8	47.94	102.52	0.47
Other health services (nec)	0.4	6.2	6.8	25.85	13.54	1.91
Total	**14.2**	**671.8**	**2.1**	**815.49**	**1,478.31**	**0.55**
State funding of private hospitals	*0.1*	*21.0*	*0.3*	*3.91*	*46.25*	*0.08*

Source: AIHW Health expenditure database.

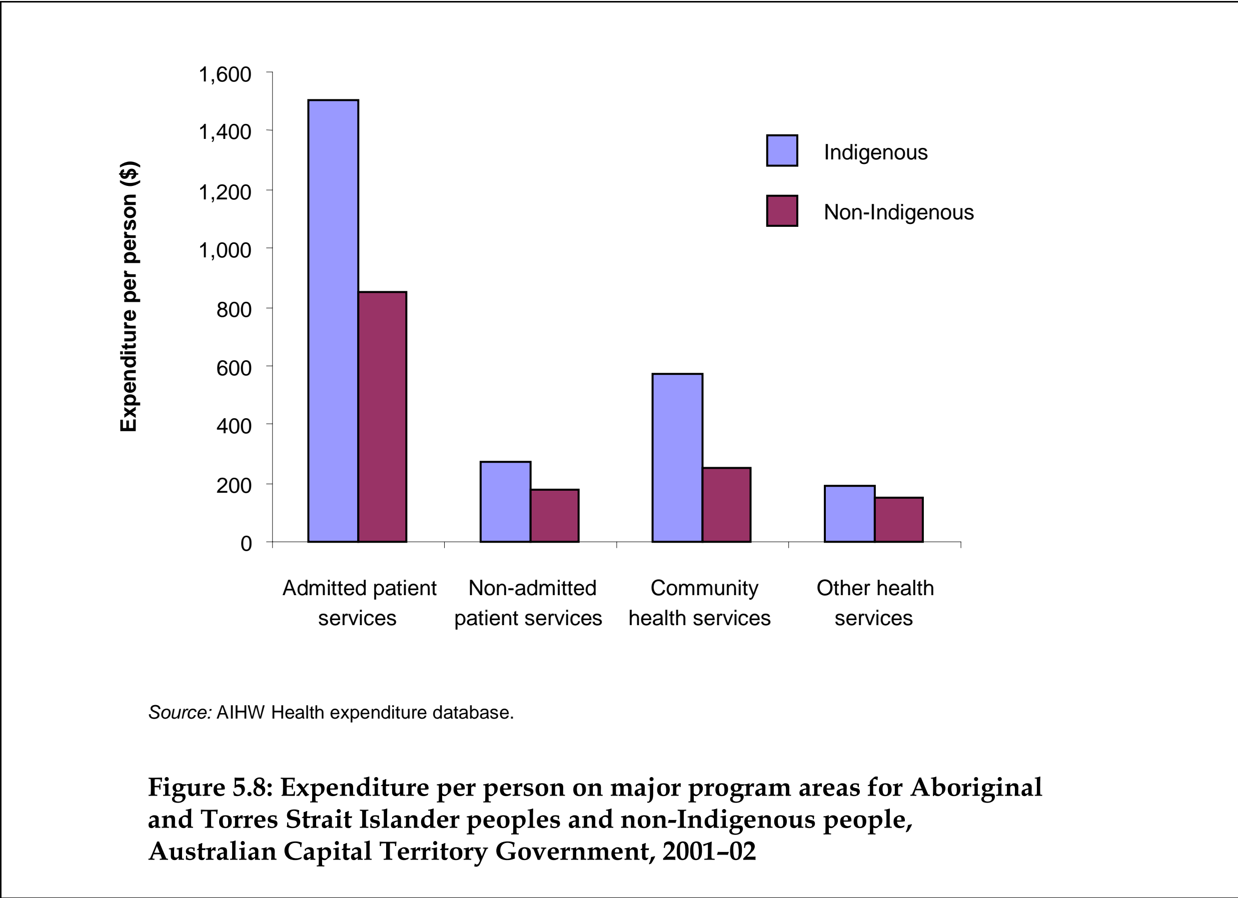
Australian Capital Territory Government expenditure

The Australian Capital Territory Government's expenditure on health services for Aboriginal and Torres Strait Islander peoples for 2001–02 was estimated to be $9.9 million (Table 5.9). This accounted for 2.2% of the Territory's total health expenditure of $459.7 million, compared to a resident Indigenous population proportion of 1.2% for the territory.

Expenditure through acute-care hospitals was estimated to account for over two-thirds (70.1%) of the Territory's total expenditure on health for Aboriginal and Torres Strait Islander peoples. Of the $7.0 million spent on acute-care hospitals, $5.9 million was spent on admitted patient services, representing more than half (59.2%) of the Territory's total health expenditure on Indigenous Australians. In considering expenditure on admitted patient services, however, it must be borne in mind that Canberra's hospitals are a major health facility serving a large area of south-eastern New South Wales.

Expenditure for Aboriginal and Torres Strait Islander peoples was estimated to be $2,538.46 per person—almost twice the Territory's average expenditure on health for non-Indigenous people ($1,426.13).

On average, health expenditure by the Australian Capital Territory Government for Indigenous Australians was greater than for non-Indigenous people in all the major health areas (Figure 5.8). The two areas where that difference was most pronounced were community health services (ratio 2.28:1) and admitted patient services (1.77:1).



Source: AIHW Health expenditure database.

Figure 5.8: Expenditure per person on major program areas for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, Australian Capital Territory Government, 2001–02

Table 5.9: Australian Capital Territory Government health expenditure, for Indigenous and non-Indigenous people, by program,[(a)] 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Acute-care hospitals[(b)]	7.0	323.3	2.1	1,778.69	1,024.99	1.74
Admitted patient services[(b)]	5.9	267.8	2.1	1,503.47	849.03	1.77
Non-admitted patient services[(c)]	1.1	55.5	1.9	275.22	175.95	1.56
Patient transport	0.2	9.1	2.0	46.67	28.88	1.62
Public health activities	0.3	22.4	1.2	67.26	71.00	0.95
Communicable disease control	—	3.9	1.2	12.47	12.51	1.00
Selected health promotion	—	2.9	1.2	9.02	9.05	1.00
Organised immunisation	—	3.6	1.2	11.56	11.56	1.00
Environmental health	—	2.1	1.2	6.52	6.54	1.00
Food standards and hygiene	—	1.9	1.2	6.04	6.06	1.00
Breast cancer screening	—	1.8	0.5	2.28	5.63	0.41
Cervical screening	—	0.2	0.8	0.44	0.65	0.68
Prevention of hazardous and harmful drug use	0.1	5.9	1.2	18.74	18.81	1.00
Public health research	—	0.1	1.2	0.18	0.18	1.00
Community health services	2.2	78.8	2.7	570.07	249.94	2.28
Dental services	0.1	7.2	1.2	22.86	22.86	1.00
Community mental health	0.4	20.4	2.1	113.31	64.63	1.75
Alcohol and other drug treatment	0.8	8.9	7.8	194.41	28.37	6.85
Other community health	0.9	42.3	2.2	239.48	134.08	1.79
Health research	0.1	6.7	1.2	21.05	21.12	1.00
Other health services (nec)	0.2	9.5	2.2	54.72	30.19	1.81
Total	**9.9**	**449.8**	**2.2**	**2,538.46**	**1,426.13**	**1.78**
State funding of private hospitals	—	—	—	—	*0.04*	—

(a) All health administration expenditure has been apportioned across the expenditure categories.

(b) An estimated 22% of separations in the ACT are non-ACT residents; the expenditure per person rates have not been adjusted to account for this.

(c) No split of expenditure on non-admitted patient services into expenditure on emergency departments and other non-admitted patient services is available for the ACT. It is estimated that 12% of emergency department presentations in the ACT are of non-ACT residents; the expenditure per person estimates have not been adjusted to account for this.

Source: AIHW Health expenditure database.

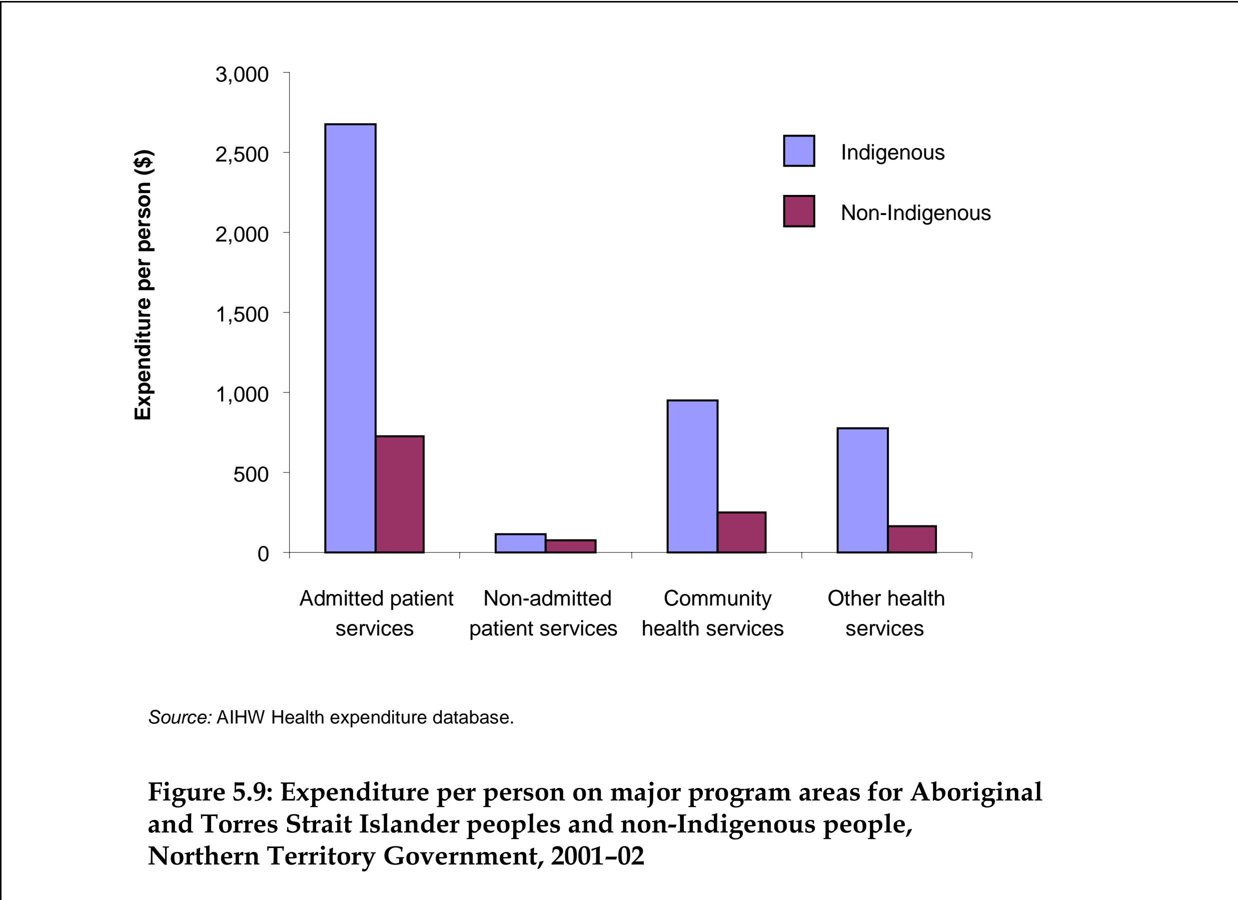
Northern Territory Government expenditure

The Northern Territory Government's expenditure on health services for Aboriginal and Torres Strait Islander peoples in 2001–02 was estimated at $257.2 million (Table 5.10). This accounted for 60.1% of the Territory's total health expenditure of $428.2 million. By way of comparison, the Indigenous proportion of the total territory population was 28.8%.

Estimated expenditure on acute-care hospitals accounted for 61.7% of the Northern Territory's total health expenditure for Aboriginal and Torres Strait Islander peoples.

The pattern is somewhat similar for other people in the Northern Territory—admitted patient services in acute-care hospitals (59.2%) and community health services (21.1%) make up most of the Territory's health expenditure.

Expenditure for Aboriginal and Torres Strait Islander peoples was estimated to be $4,521.98 per person—almost four times that for non-Indigenous people in the Northern Territory ($1,213.70). The relatively high average expenditures on Indigenous Australians result from a combination of factors, including the added costs involved in providing health care in remote locations and a population with a high prevalence of complex health problems.



Source: AIHW Health expenditure database.

Figure 5.9: Expenditure per person on major program areas for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, Northern Territory Government, 2001–02

Much of the health research expenditure incurred by the Territory Government related to issues of primary concern to Indigenous people. Consequently, the Indigenous to non-Indigenous expenditure per person ratio was high in respect of health research (14.04:1).

Estimated average expenditure per person for Indigenous people was greater than for non-Indigenous people in all the major expenditure areas (Figure 5.9). For all areas except

non-admitted patient services (ratio 1.57:1), the average for Indigenous people was at least three times that for non-Indigenous people.

Table 5.10: Northern Territory Government health expenditure, for Indigenous and non-Indigenous people, by program,[a] 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	Indigenous	Indigenous	Indigenous share (%)	Indigenous	Non-Indigenous	Ratio
Acute-care hospitals	158.6	112.2	58.6	2,788.15	796.61	3.50
Admitted patient services	152.3	102.3	59.8	2,677.39	726.21	3.69
Non-admitted patient services	6.3	9.9	38.8	110.76	70.40	1.57
Emergency departments	5.4	7.4	42.5	95.70	52.17	1.83
Other non-admitted patient services	0.9	2.6	25.0	15.06	18.24	0.83
Patient transport	15.6	7.4	68.0	275.16	52.27	5.26
Public health activities	24.2	14.1	63.1	424.86	100.17	4.24
Communicable disease control	5.5	3.5	61.0	96.62	24.94	3.87
Selected health promotion	6.8	2.2	76.0	120.22	15.32	7.84
Organised immunisation	6.2	2.4	72.0	108.64	17.05	6.37
Environmental health	2.0	1.7	54.0	34.50	11.86	2.91
Food standards and hygiene	0.6	0.2	73.0	10.67	1.59	6.70
Breast cancer screening	0.1	0.7	14.0	2.13	5.28	0.40
Cervical screening	1.1	1.0	52.0	19.04	7.09	2.68
Prevention of hazardous and harmful drug use	1.4	2.3	37.0	23.98	16.48	1.45
Public health research	0.5	0.1	87.0	9.08	0.55	16.58
Community health services	54.3	36.1	60.1	955.13	256.20	3.73
Dental services	2.4	4.3	35.8	42.06	30.45	1.38
Community mental health	4.8	6.6	42.2	84.70	46.89	1.81
Alcohol and other drug treatment	5.0	4.1	55.0	88.32	29.12	3.03
Other community health	42.1	21.1	66.6	740.05	149.74	4.94
Health research	3.0	0.5	85.0	52.57	3.74	14.04
Other health services (nec)	1.5	0.7	69.1	26.11	4.71	5.55
Total	**257.2**	**171.0**	**60.1**	**4,521.98**	**1,213.70**	**3.73**

(a) All health administration expenditure has been apportioned across the expenditure categories.

Source: AIHW Health expenditure database.

State and territory government funding

Total health funding by state and territory governments during 2001–02 was estimated at $13,095.9 million. Of this, an estimated 6.8% ($885.7 million) was to fund health care for Indigenous people (Table 5.11). Generally, state and territory governments' Indigenous health funding was directed at services administered by the state and territory governments

themselves, the two largest of these services being public hospitals ($371.8 million) and community health services ($271.9 million).

Table 5.11: State and territory funding of health for Indigenous and non-Indigenous people, by service type and broad source of funding, current prices, Australia, 2001–02

	Funding ($ million)			Funding per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Admitted patient services	373.4	5,628.8	6.2	814.39	296.96	2.74
Private hospitals	1.6	172.9	0.9	3.43	9.12	0.38
Public hospitals	371.8	5,456.0	6.4	810.97	287.84	2.82
Non-admitted patient services	75.6	1,484.4	4.9	164.85	78.31	2.11
Emergency departments	18.8	273.6	6.4	41.01	14.44	2.84
Other services	56.8	1,210.7	4.5	123.83	63.87	1.94
Public (psychiatric) hospitals	23.6	394.6	5.6	51.41	20.82	2.47
Community health services[(a)]	271.9	2,762.5	9.0	593.00	145.74	4.07
Services for older people	11.7	420.0	2.7	25.51	22.16	1.15
Patient transport	47.6	327.7	12.7	103.82	17.29	6.01
Public health activities	41.3	472.4	8.1	90.15	24.92	3.62
Other health services[(b)]	40.6	719.9	5.3	88.53	37.98	2.33
All health goods and services	**885.7**	**12,210.2**	**6.8**	**1,931.66**	**644.18**	**3.00**

(a) Includes funding of dental services by states and territories.

(b) Includes health administration (nec), aids and appliances, pharmaceuticals and other health services (nec).

Source: AIHW Health expenditure database.

In addition, some state and territory governments purchased services from private hospitals. This accounted for additional funding of $174.4 million Australia-wide in state funding for private hospital services in 2001–02 (Table 5.12). The Indigenous share of this funding was relatively low—estimated at 0.9%—and more than three-quarters of this was to fund services in Western Australia, where several private hospitals in the north provide services for public patients.

Table 5.12: Estimated state and territory government funding for private hospitals, Indigenous and non-Indigenous people, by state and territory, current prices, Australia, 2001–02

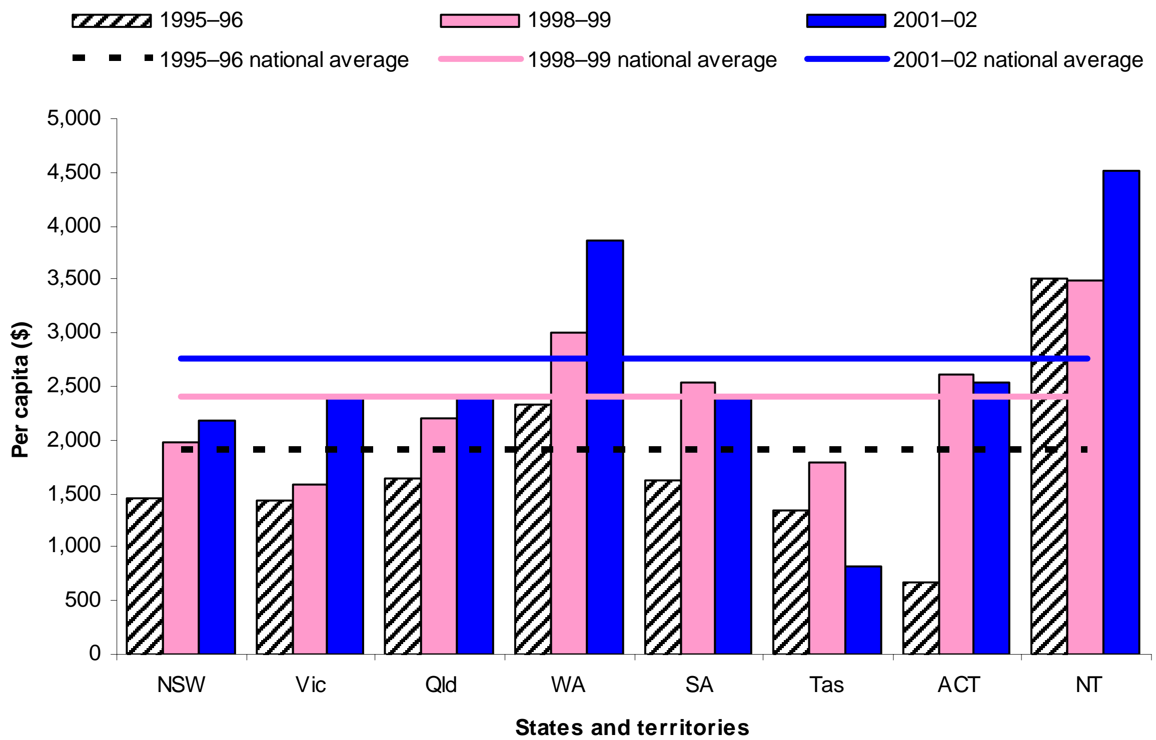
	Funding ($ million)			Funding per person ($)		
State and territory	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
New South Wales	0.03	40.22	0.1	0.26	6.25	0.04
Victoria	0.01	2.70	0.4	0.38	0.57	0.68
Queensland	0.25	38.78	0.6	1.95	11.07	0.18
Western Australia	1.21	68.07	1.7	18.38	37.09	0.50
South Australia	—	2.06	—	0.01	1.38	0.01
Tasmania	0.07	21.01	0.3	3.91	46.25	0.08
Australian Capital Territory	—	0.01	—	—	0.04	—
Total	**1.57**	**172.86**	**0.9**	**3.43**	**9.12**	**0.38**

Source: AIHW Health expenditure database.

Changes in expenditure over time

Although there are substantial difficulties associated with comparing the results of this study with its predecessors for the reasons referred to in Chapter 1, one aspect that could be considered is how the expenditures of each of the jurisdictions have changed over time in relation to the national picture.

Of four jurisdictions that had reported average expenditures per person that were above the national average in 1998–99 (Western Australia, South Australia, Australian Capital Territory and Northern Territory), only Western Australia and the Northern Territory remained above the national average in 2001–02 (Figure 5.10). In this respect, the 2001–02 result is similar to the 1995–96 one.



(a) Constant price estimates for 1995–96 and 1998–99 have been calculated by applying specific implicit price deflators derived from the AIHW's Health expenditure database to the reported estimates of expenditure (at current prices) for the individual areas of expenditure.

Sources: 1995–96 current price estimates— Deeble et al. 1998:120–3; 1998–99 current price estimates—AIHW 2001; 2001–02 unpublished state and territory health expenditure data.

Figure 5.10: Average expenditure per person, incurred by state and territory governments on health for Aboriginal and Torres Strait Islander peoples, constant prices,[(a)] 1998–99 and 2001–02 ($)

6 Non-government expenditure

This chapter provides estimates of expenditure on health for Aboriginal and Torres Strait Islander peoples incurred by the non-government sector. In this study, the estimates of non-government expenditure include the co-payments for Medicare medical services, benefit-paid pharmaceuticals and residential aged care facilities. They also include expenditure on largely non-subsidised privately provided health goods and services, such as private hospital care and non-hospital services provided by dentists and other health professionals (e.g. physiotherapists, acupuncturists, audiologists).

Expenditure by the non-government sector on health goods and services for all people in 2001–02 was estimated at $21.7 billion. Of this, $120.8 million (0.6%) was expenditure on health services for Aboriginal and Torres Strait Islander peoples (Table 6.1).

Many of the health goods and services that contribute to non-government expenditure are items where access is influenced by private health insurance status. These include private hospital care, dental services and other professional services. Because of their very low level of private health insurance coverage (at about 15–20% of Indigenous people), estimates of expenditure by Indigenous people are low (AIHW unpublished analysis of the NHS).

On a per person basis, the average non-government expenditure for Indigenous Australians was $263.44 in 2001–02, compared with $1,140.06 for non-Indigenous people—a ratio of 0.23:1.

Non-government expenditure on medical services for Aboriginal and Torres Strait Islander peoples was estimated at $15.9 million, or $34.62 per person, compared with $127.26 per person for non-Indigenous people—an Indigenous/non-Indigenous per person ratio of 0.27:1.

For MBS services, the expenditure on Indigenous Australians was estimated at $4.0 million, an average of $8.79 per person, compared with an average of $84.80 for non-Indigenous people. Indigenous people used, on average, substantially fewer medical services than non-Indigenous people; almost half of these services were provided through the ACCHSs without charge and a high proportion of the remainder were bulk-billed. The 'non-Medicare' component of this expenditure was entirely through payments to medical practitioners by providers of injury compensation insurance. The estimated funding of health for Indigenous Australians under compulsory motor vehicle and workers' compensation insurers was $11.8 million. This was an average of $25.82 per Indigenous person; for non-Indigenous people it was $42.46 per person.

The estimates of non-government expenditure on pharmaceuticals were for items dispensed out-of-hospital. As explained earlier, this includes patient co-payments under the PBS and RPBS. But most was in respect of items for which no benefits were paid under those schemes, including under-co-payment PBS items, private scripts and over-the-counter medicines. Average expenditure per person for Indigenous Australians was $62.82—equivalent to 27% of the average non-government spending on pharmaceuticals for non-Indigenous people ($228.94 per person).

Non-government expenditure on dental services for Aboriginal and Torres Strait Islander peoples was estimated at $21.6 million (0.6% of total expenditure). The majority of this expenditure was for private dental procedures for individuals, which are usually funded by out-of-pocket payments or through ancillary benefits paid by private health insurance funds.

The average non-government expenditure per person for dental services was $47.11 for Indigenous Australians and $193.27 for non-Indigenous people.

Non-government expenditures on private hospital services did not include co-payments for medical services provided by private doctors during such hospital care. These were included in the estimates of non-government expenditure on medical services. Non-government expenditure on private hospital services for Indigenous people in 2001–02 was estimated at $11.5 million, representing an average of $25.01 per person, which is just 9% of the average for non-Indigenous people ($266.40).

Table 6.1: Estimated non-government expenditure on health services for Aboriginal and Torres Strait Islander peoples and non-Indigenous people, total and per person, 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Health good or service type	**Indigenous**	**Non-Indigenous**	**Indigenous share (%)**	**Indigenous**	**Non-Indigenous**	**Ratio**
Private hospitals[(a)]	11.5	5,049.5	0.2	25.01	266.40	0.09
Medical services	15.9	2,412.1	0.7	34.62	127.26	0.27
MBS services	4.0	1,607.3	0.3	8.79	84.80	0.10
Other medical services	11.8	804.7	1.5	25.82	42.46	0.61
Community health services[(b)]	0.3	55.8	3.2	0.56	0.41	1.38
Dental services[(b)]	21.6	3,663.4	0.6	47.11	193.27	0.24
Other professional services	10.8	1,819.4	0.6	23.58	95.99	0.25
Pharmaceuticals	28.8	4,339.5	0.7	62.82	228.94	0.27
Benefit-paid items	6.7	834.1	0.8	14.63	44.00	0.33
All other pharmaceuticals	22.1	3,505.4	0.6	48.19	184.94	0.26
Aids and appliances	14.2	2,324.8	0.6	30.93	122.65	0.25
Services for older people	7.7	792.4	1.0	16.75	41.81	0.40
Patient transport	0.3	7.7	0.5	0.56	2.94	0.19
Health administration (nec)	3.7	800.2	0.5	8.06	42.21	0.19
Other health services (nec)[(c)]	6.2	344.7	1.8	13.46	18.18	0.74
Total	**120.8**	**21,609.5**	**0.6**	**263.44**	**1,140.06**	**0.23**

(a) Includes public (psychiatric) hospitals.

(b) Community health services include state and territory government expenditure on dental services.

(c) Includes health research and other health services (nec).

Source: AIHW Health expenditure database.

7 Analysis of regional health expenditure

Introduction

This chapter examines the differences in health utilisation and costs for Aboriginal and Torres Strait Islander peoples living in more remote areas as compared with those living in more accessible areas. The analysis is restricted to the 51.6% of health services expenditure data that can be apportioned according to the ASGC Remoteness Areas for the population (Box 7.1).

The analysis required details of the patient's postcode or statistical local area, or information on the location of the service to allocate expenditure to ARIA+ regional categories (see AIHW 2004d). For some quite substantial areas of expenditure, such as community health expenditure by states and territories, that information was generally not available.

Box 7.1: Composition of regional health expenditure estimates

The expenditure categories within this chapter are not entirely comparable with estimates in other chapters of the report. It is important to note the following points when examining results in this chapter:

- *OATSIH expenditure is limited to expenditure on ACCHSs, including grants to state and territory governments where these are directed to service provision in Aboriginal and Torres Strait Islander communities. It excludes expenditure directed to areas such as consultancies, data, national projects, program development and capital costs as these are not available by geographic area. Consequently, the estimate is different from that presented in Chapter 4 for expenditure through OATSIH programs.*
- *The estimates of Australian Government benefits under the Medicare Benefits Schedule cover only medical services and therefore exclude Medicare benefits for optometry and dental services. The PBS benefits exclude all Section 100 other than Section 100 expenditure associated with Aboriginal Health Services. As in the Australian Government chapter, Medicare and PBS estimates are calculated using BEACH (Bettering the Evaluation and Care of Health) survey data from 2001 and 2002.*
- *The analysis of expenditure on hospital separations examines expenditures for admitted patients from public acute-care hospitals and private hospitals—both acute and non-acute public and private separations are incorporated. Private medical costs are not included in these expenditure estimates.*
- *The analysis of services for older people relates to Australian Government expenditures only on programs for older people, specifically those with higher levels of dependency. The resident contribution in residential aged care facilities is not included.*

ASGC Remoteness Areas

Comparisons in this chapter are made across the ASGC remoteness areas. Five main areas of the classification were used in this report: major cities, inner regional, outer regional, remote and very remote. Examples of statistical local areas (SLAs) within each category are:

- Major cities—South Perth and Beenleigh
- Inner regional—Ballarat, Hobart, Mount Gambier and Orange

- Outer regional — Atherton, Burnie and Darwin city SLAs
- Remote — Port Lincoln and Narembeen
- Very remote — Bourke, Halls Creek and Nhulunbuy.

The majority of the information presented in this chapter is based on the patient's usual place of residence, reported via postcode information collected with the relevant administrative or survey data. However, for some services, most notably the information on ACCHSs, the patient's usual residence is not collected, and the location of the service has been used to determine remoteness areas of expenditure. In the case of residential aged care, the location of the service, which in turn is the patient's usual residence, has also been used in this analysis.

The Aboriginal and Torres Strait Islander population are well dispersed over the ASGC remoteness areas (Table 7.1; Figure 7.1). Just under one-third of Indigenous Australians live in major cities, while over a quarter reside in remote and very remote areas of Australia.

Table 7.1: Population distribution, by ASGC remoteness area and Indigenous status, Australia, 2001

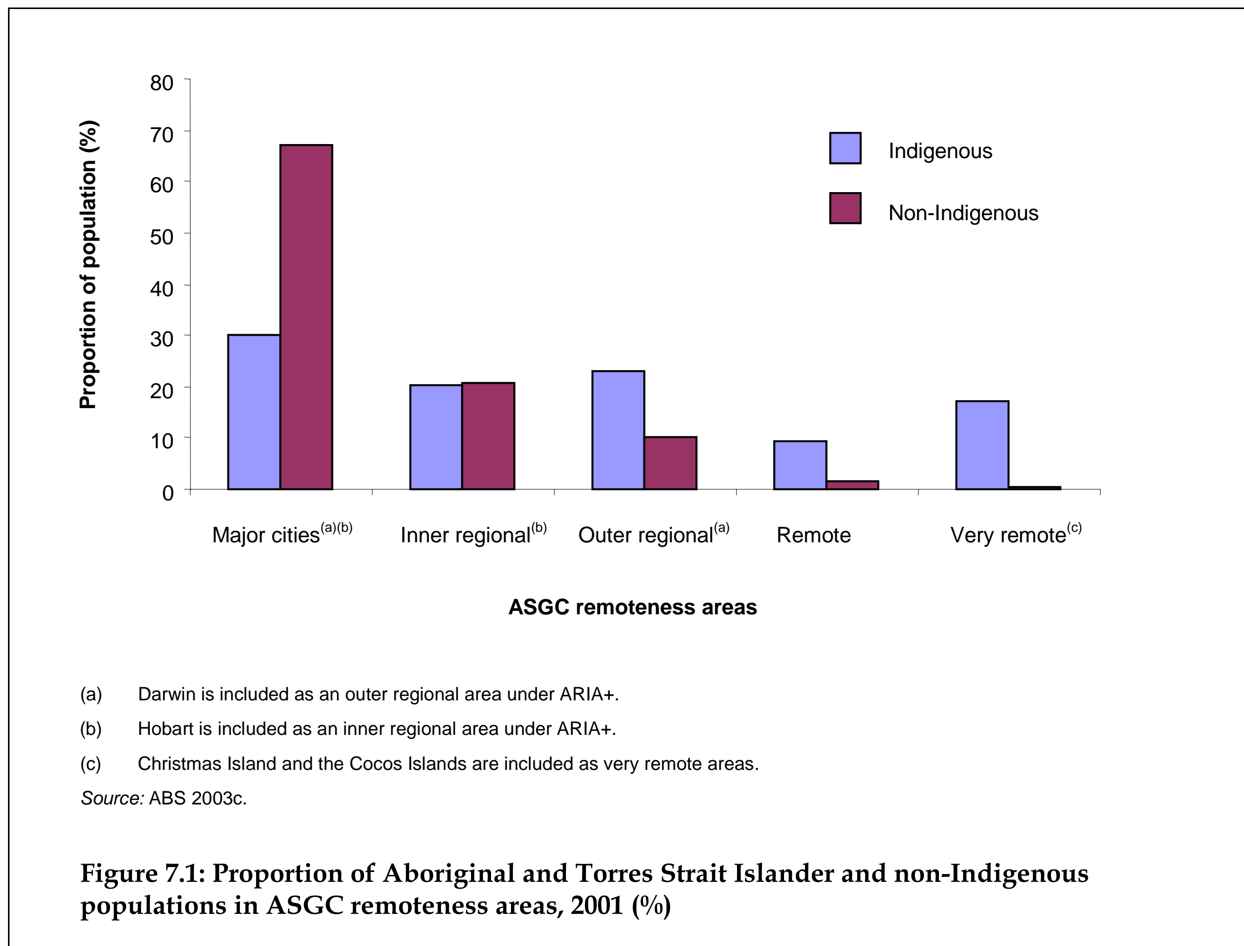
ASGC remoteness area	Indigenous Australian population		Non-Indigenous population	
	Number	Per cent	Number	Per cent
Major Cities[(a)(b)]	138,494	30.2	12,732,492	67.2
Inner Regional[(b)]	92,988	20.3	3,932,907	20.7
Outer Regional[(a)]	105,875	23.1	1,907,688	10.1
Remote	40,161	8.8	284,160	1.5
Very Remote	81,002	17.7	97,473	0.5
Total	**458,520**	**100.0**	**18,954,720**	**100.0**

(a) Darwin is included as an outer regional area under ARIA+.

(b) Hobart is included as an inner regional area under ARIA+.

(c) Christmas Island and the Cocos Islands are included as very remote areas.

Source: ABS 2003c.



(a) Darwin is included as an outer regional area under ARIA+.

(b) Hobart is included as an inner regional area under ARIA+.

(c) Christmas Island and the Cocos Islands are included as very remote areas.

Source: ABS 2003c.

Figure 7.1: Proportion of Aboriginal and Torres Strait Islander and non-Indigenous populations in ASGC remoteness areas, 2001 (%)

Limitations

Some of the limitations associated with this analysis are outlined in Chapter 1. These include variations in data quality within regions and in service delivery costs both within and across regions. They also include issues around the calculation of expenditure per person estimates. A further limitation to the regional analysis is that it covers only around half of the total expenditures on health services.

Readers are urged to read these limitations and exercise caution in the interpretation of information in this chapter.

Summary of findings

For the services analysed, average expenditures on Indigenous Australians were lower than for non-Indigenous people in the major cities and inner regions, but substantially higher in the outer regional, remote and very remote areas, compared with expenditure per person on non-Indigenous people (Table 7.2). The findings support those in the state and territory chapter—that the higher the proportion of a jurisdiction's Indigenous population who live in rural and remote areas, the higher the proportion of its total expenditures go to Indigenous health.

Expenditure on admitted patient services in public acute-care hospitals for Aboriginal and Torres Strait Islander peoples was greatest in the more remote areas, as were expenditures by the OATSIH through the ACCHSs.

Medicare expenditures for Aboriginal and Torres Strait Islander peoples were greatest in major cities, and inner and outer regional areas, presumably because of better access to private GPs in these areas. PBS expenditures, on the other hand, were greater in more remote areas where the Section 100 arrangements apply, although overall the benefits per person were still below the non-Indigenous average.

In the case of services for older people, average expenditures per person on Indigenous Australians were higher than for non-Indigenous people in remote and very remote areas.

Table 7.2: Estimated average health expenditures per person on selected health services, Aboriginal and Torres Strait Islander peoples and non-Indigenous people, by ASGC remoteness area, 2001–02 ($)

Area of expenditure		Major cities[(a)(b)]	Inner regional[(b)]	Outer regional[(a)]	Remote & very remote	Total
Admitted patient services						
Public hospitals	Indigenous	973.18	844.17	1,557.72	2,416.18	1,463.30
	Non-Indigenous	645.01	713.07	808.74	813.29	679.00
Private hospitals	Indigenous	47.34	29.54	15.53	4.57	25.08
	Non-Indigenous	277.18	280.44	194.35	142.11	266.80
OATSIH[(c)]	Indigenous	173.26	211.84	288.78	546.80	306.47
Medicare (medical only)[(d)]	Indigenous	170.96	173.34	175.16	111.41	156.68
	Non-Indigenous	427.04	363.26	322.22	255.22	399.80
PBS[(e)]	Indigenous	57.52	60.65	62.08	110.58	73.23
	Non-Indigenous	217.71	236.75	216.59	155.14	220.29
Services for older people (Australian Government expenditure only)	Indigenous	53.33	23.10	78.58	114.49	69.20
	Non-Indigenous	176.72	215.17	138.17	46.65	178.20
Total for selected health services	**Indigenous**	**1,475.60**	**1,342.64**	**2,177.85**	**3,304.03**	**2,093.95**
	Non-Indigenous	**1,743.66**	**1,808.69**	**1,680.08**	**1,412.42**	**1,744.09**
Ratio—Indigenous/non-Indigenous		**0.85**	**0.74**	**1.30**	**2.34**	**1.20**

(a) Darwin is included as an outer regional area under ARIA+.

(b) Hobart is included as an inner regional area under ARIA+.

(c) OATSIH expenditure on ACCHSs.

(d) Excludes Medicare benefits for optometry and dental services.

(e) Excludes benefits paid through special supply arrangements of the PBS (other than payments to remote area AHS under Section 100 of the *National Health Act 1953*).

Source: Analysis of AIHW Health expenditure database.

Of those services examined, admitted patient services in acute-care hospitals accounted for over two-thirds of the total expenditure per person. But Indigenous Australians in the remote and very remote regions had rates of separation from hospitals more than twice that of Aboriginal and Torres Strait Islanders in major cities (Table 7.3). Age structure of the populations did not account for any significant part of the difference. In contrast, separation rates and average expenditures per person were similar for non-Indigenous people across the ASGC categories.

Table 7.3: Separation rates per 1,000 population, public and private sectors, by ASGC remoteness area and Indigenous status, 2001–02

ASGC remoteness area	Indigenous			Non-Indigenous			Total		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Major cities[(a)(b)]	293	34	327	195	140	336	197	139	336
Inner regional[(b)]	295	16	311	220	127	347	222	125	346
Outer regional[(a)]	619	7	626	244	89	334	264	85	349
Remote	822	3	825	244	67	311	315	60	375
Very remote	625	1	626	260	62	322	426	34	460
Total	**473**	**16**	**489**	**207**	**131**	**337**	**213**	**128**	**341**

(a) Darwin is included as an outer regional area under ARIA+.

(b) Hobart is included as an inner regional area under ARIA+.

Note: Data have been adjusted for under-identification of Aboriginal and Torres Strait Islander peoples.

Source: AIHW National Hospital Morbidity Database.

The average cost of Indigenous separations from public hospitals was highest in the very remote areas (Table 7.4). Also, the average cost of separations from public hospitals in major cities was substantially higher than the national average for Aboriginal and Torres Strait Islander peoples. This is likely to be a reflection of the nature of services delivered by the larger metropolitan hospitals.

Table 7.4: Average cost per separation, by hospital sector, ASGC remoteness area and Indigenous status, 2001–02 ($)[(a)(b)]

ASGC remoteness area	Public hospitals		Private hospitals		All hospitals	
	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous	Indigenous	Non-Indigenous
Major cities[(c)(d)]	3,326	3,300	1,394	1,977	3,125	2,748
Inner regional[(d)]	2,865	3,242	1,807	2,207	2,809	2,863
Outer regional[(c)]	2,517	3,313	2,172	2,173	2,513	3,008
Remote	3,371	3,276	3,015	2,194	3,370	3,041
Very remote	3,583	3,294	2,445	2,017	3,582	3,049
Total	**3,090**	**3,288**	**1,602**	**2,039**	**3,043**	**2,804**

(a) Costs for private acute and psychiatric hospitals and private free standing day hospitals were estimated from information collected by the ABS (ABS 2003d). Total revenue has also been obtained from the ABS (ABS 2003d).

(b) Estimates adjusted for under-identification.

(c) Darwin is included as an outer regional area under ARIA+.

(d) Hobart is included as an inner regional area under ARIA+.

Source: Calculated from AIHW Hospital morbidity data and unpublished cost data provided by state and territory governments.

8 Expenditure on health-related welfare services

> Health to Aboriginal peoples is a matter of determining all aspects of their life, including control over their physical environment, of dignity, of community self esteem, and of justice. It is not merely a matter of the provision of doctors, hospitals, medicines, or the absence of disease and incapacity. Health is not just the physical well-being of the individual, but the social, emotional, and cultural well-being of the whole community. This is a whole-of-life view and it also includes the cyclical concept of life-death-life (NAHSWP 1989).

Background

The two earlier reports on expenditures on health services for Aboriginal and Torres Strait Islander peoples (Deeble et al. 1998; AIHW 2001) applied a somewhat narrow definition of health services, particularly if one takes into account the National Aboriginal Health Strategy Working Party (NAHSWP) view of health, cited at the opening of this chapter.

This report has largely followed the Government Purpose Classification (GPC) of Health (GPC 25), with some minor modifications. Expenditure on two other sub-groups of the GPC—welfare services for the aged (GPC 2622) and welfare services for people with a disability (GPC 2623)—are included in this report as a means of broadening the scope of the health expenditure reporting (Table 8.1). The health-related component of expenditure on ACCHSs by the Australian Government is also included.

Table 8.1: Health-related welfare expenditure GPC categories

GPC 2622 Welfare services for older people	GPC 2623 Welfare services for people with a disability
Respite care	Respite care
Domestic and personal assistance services (via HACC)	Development care
Services delivered by residential institutions (hostels, villages, group homes)	Substitute care
Concessions for aged persons (financial assistance not primarily related to earning capacity)	Domestic and personal assistance services (via HACC)
Community centres (senior citizens)	Services delivered by residential institutions (hostels, villages, group homes under Commonwealth/State disability agreement)
	Transport
	Supported employment and rehabilitation
	Community centres (day care and nursing homes for people with a disability)
	Disability concessions (e.g. transport, material assistance etc.)

Source: ABS Government Purpose Classifications.

The methods used in producing these experimental estimates of Indigenous expenditure on health-related welfare services drew heavily on three main sources of the Indigenous usage data. These were the Aged and Community Care Management Information System (ACCMIS); the Home and Community Care (HACC) minimum data set; and the Commonwealth/State Disability Agreement minimum data set. Details of the methods used,

together with warnings concerning the limitations of the underlying data, are provided in Appendix 9 (available online at the AIHW website <www.aihw.gov.au>). Furthermore, readers should note that data covering service use do not reflect either the unmet need or the adequacy of the service programs delivered.

Total health-related welfare expenditure

Total recurrent health-related welfare expenditure for 2001–02 was $5,066.0 million. Of this, it was estimated that $151.8 million (3.0%) was on services for Indigenous Australians (Table 8.2). On a per person basis, average expenditures on health-related welfare services for Indigenous Australians were 28% higher than for non-Indigenous people.

Table 8.2: Total recurrent health-related welfare expenditure, by program and Indigenous status, 2001–02

	Expenditure ($ million)			Expenditure per person ($)		
Program area	Indigenous	Non-Indigenous	Indigenous share (%)	Indigenous	Non-Indigenous	Ratio
Welfare services for older people[(a)]	42.5	1,898.6	2.2	92.61	100.17	0.92
HACC	19.9	768.2	2.5	43.40	40.53	1.07
ATSI Flexible care services	3.1	0.0	100.0	6.76	—	. .
Multipurpose services	0.3	9.3	3.4	0.71	0.49	1.44
CACP	8.1	242.2	3.2	17.61	12.78	1.38
Low-level residential care	2.9	582.1	0.5	6.36	30.71	0.21
Other	8.2	296.8	2.7	17.78	15.66	1.14
Welfare services for people with a disability[(a)]	95.7	3,013.9	3.1	208.66	159.01	1.31
CSDA services						
Accommodation	37.2	1,374.8	2.6	81.22	72.53	1.12
Community support	16.9	282.2	5.6	36.76	14.89	2.47
Respite	9.1	142.4	6.0	19.84	7.51	2.64
Community access	6.7	292.3	2.3	14.72	15.42	0.95
Employment	5.1	256.2	2.0	11.11	13.51	0.82
Other	11.2	322.7	3.3	24.33	17.02	1.43
Other services						
HACC	8.7	208.9	4.0	18.93	11.02	1.72
Australian Government rehabilitation services	0.7	103.3	0.7	1.53	5.45	0.28
Low-level residential care	0.1	31.0	0.3	0.23	1.64	0.14
Health-related ACCHS services[(b)]	13.7	1.7	89.1	29.87	0.09	339.24
Total	**151.8**	**4,914.2**	**3.0**	**331.15**	**259.26**	**1.28**

(a) Includes Australian Government administrative costs, excludes state and territory administrative costs, concession expenditure and services for older people.

(b) Excludes state and territory government expenditure on ACCHSs.

Sources: AIHW analysis of 2002 ACCMIS; AIHW analysis of 2002 HACC MDS data; CGC 2003; DoHA 2002; DoHA unpublished data.

Expenditure on welfare services for older people

Total expenditure on health-related welfare services for older people was $1,941.1 million. Services to older Indigenous people accounted for an estimated $42.5 million (2.2%) of this expenditure. This equates to an average expenditure per person of $92.61 for Aboriginal and Torres Strait Islander peoples, around 8% lower than is spent on average for non-Indigenous people.

Three major areas: Home and Community Care services (HACC), Community Aged Care Packages (CACP) and Aboriginal and Torres Strait Islander flexible care services accounted for almost three-quarters ($31.1 million) of the expenditure on welfare services for older Indigenous Australians. On average, expenditure per person on low-level residential aged care services for older Indigenous Australians was one-fifth of that spent on non-Indigenous people. Aboriginal and Torres Strait Islander flexible care services, which account for $3.1 million in expenditure, compensate for this disparity to some extent.

Expenditure on welfare services for people with a disability

Total expenditure on welfare services for people with a disability was $3,109.6 million. Services for Aboriginal and Torres Strait Islander peoples were estimated to account for 3.1% of this ($95.7 million), representing an average per person of $208.66—31% higher than the average spent per non-Indigenous person ($159.01).

This expenditure can be divided into two broad categories:

- the Commonwealth/State Disability Agreement (CSDA) funded services; and
- other services, which include HACC, Australian Government rehabilitation services and residential aged care (that is, low-level care for people with a disability).

Services funded under the CSDA are designed for people who need ongoing support with everyday life activities. The target group of programs for people with disabilities is those people requiring ongoing or episodic support (AIHW 2002). The disability may be attributable to an intellectual, psychiatric, sensory, physical or neurological impairment or acquired brain injury (or some combination of these) which is likely to be permanent and results in substantially reduced capacity for self-care/management, mobility or communication.

The largest estimated outlays on welfare services for Indigenous and non-Indigenous people with a disability were on accommodation services. Expenditure through this program on Indigenous Australians was estimated at $37.2 million, representing 2.6% of the total.

Expenditure on health-related services through ACCHSs

A further $15.4 million was spent by the Department of Health and Ageing on the provision of health-related services through ACCHSs. Services for Indigenous Australians were estimated to account for 89.1% ($13.7 million) of this expenditure.

9 Recommendations

This chapter makes a number of recommendations aimed at improving future studies of health expenditure. The recommendations are in regard to improving the quality of the data and the timeliness of this report. Such improvements should ultimately enhance the evidence base for policy makers and assist in planning of health services.

The recommendations that follow are based on experience derived during the course of this particular study. They build on developments that have taken place over the seven years since 1998, when the first report in this series was published, and they have the endorsement of the steering committee for the project.

It is recommended that:

1. Indigenous status be made a mandatory element for all health and community services National Minimum Data Sets (NMDSs);
2. strategies be identified and implemented that would improve the quality and timeliness of mortality data;
3. estimates of expenditure on health for Indigenous Australians continue to be published each three years. But these be supplemented with annual estimates of Indigenous expenditure through major programs—such as Medicare, PBS and hospital funding programs—where the estimates can be based on utilisation data generated through the programs concerned, not on population-derived estimates of use. This will improve the timeliness of estimates being publicly available;
4. future reports in this series include state/territory estimates of Indigenous expenditure on medical services funded through Medicare and pharmaceuticals funded through the PBS;
5. work be undertaken to identify Indigenous exposure to, and potential benefit from, those public health activities that are not specifically targeted towards Indigenous populations; and
6. a single definition of community health services be developed to provide a framework for jurisdictions to use in identifying expenditures.

Glossary

Term	Definition
Aboriginal Community Controlled Health Service	An autonomous community-controlled organisation initiated by an Aboriginal and/or Torres Strait Islander community that is governed by a body elected by the local Aboriginal and Torres Strait Islander community to deliver holistic, culturally appropriate, primary health care services to the community it serves.
Aboriginal Health Service	An ACCHS and or state/territory clinic aimed at providing services to a predominantly Indigenous community.
Accrual accounting	The method of accounting most commonly used by governments in Australia. Relates expenses, revenues and accruals to the period in which they are incurred. See also *Cash accounting*.
Acute-care hospital	A public (non-psychiatric) hospital or a private hospital.
Admitted patient services	Services provided to patients in a public (non-psychiatric) or private hospital who have been formally admitted to the institution. These include both day-only services and services involving overnight stay(s).
Australian Government administered expenses	Expenses administered by a department of the Australian Government on behalf of the Government in respect of particular outputs or programs for which funds have been appropriated. Does not include expenses incurred by the department concerned in administering those funds. See also *Australian Government* d*epartmental expenses*.
Australian Government departmental expenses	Those expenses incurred by a department of the Australian Government in the production of the department's outputs (mostly consisting of the cost of employees but also including suppliers of goods and services).
Australian Government expenditure	Total expenditure actually incurred by the Australian Government on its own health programs. It does not include funding provided to states and territories by way of grants under Section 96 of the Constitution. Nor does it include rebates paid in respect of people with private health insurance cover. See also *Australian Government funding, Specific Purpose Payments.*
Australian Government funding	The sum of Australian Government expenditure and Section 96 grants to states and territories, plus the estimated funding for health goods and services through the distribution of the 30% rebate on private health insurance premiums. See also *Australian Government expenditure, Specific Purpose Payments*.
Australian Health Care Agreement	An agreement entered into by Payments made by the Australian Government to a state territory government to provide funding support for their public hospitals and other prescribed health services through the Australian Health Care Agreements. See also *Specific Purpose Payments.*
Benefit-paid pharmaceuticals	Prescription pharmaceuticals for which a benefit was paid under either the PBS or the RPBS. See also *PBS, RPBS in Abbreviations and symbols.*
Cash accounting	Relates receipts and payments to the period in which the cash transaction(s) actually occurred. Does not have the capacity to reflect non-cash transactions, such as depreciation. See also *Accrual accounting*.
Community health services	Essentially primary health care services provided by or on behalf of governments that operate in a community setting. These include treatment services for people with mental illness, drug and alcohol treatment services (not involving admission), well baby clinics, domiciliary nursing services and family planning services. Includes health services provided by, or on behalf of, Aboriginal Community Controlled Health Services (ACCHSs).
Core public health activities	Nine groups of activities undertaken or funded by the key jurisdictional health departments that address issues related to a population—rather than individuals. Does not include diagnostic and/or treatment services.

Emergency departments	The dedicated area in a public hospital that is organised and administered to provide emergency care to those in the community who perceive the need for or are in need of acute or urgent care. The emergency department must be part of a hospital and be licensed or otherwise recognised as an emergency department by the appropriate state or territory authority.
Government Purpose Classification	Classifies current outlays, capital outlays and selected other transactions of the non-financial public sector in terms of the purposes for which the transactions are made.
High-level residential care	Care provided to residents of residential care facilities (formerly nursing homes, aged persons hostels, etc) who have been allocated a RCS of 1–4. High-level residential care is broadly equivalent to the nursing care provided to patients in nursing homes. See also: *Low-level residential care; Resident Classification Scale*.
Indirect expenditure	Expenditures incurred indirectly in the provision or funding of particular health goods and services. Includes program-wide services that are less specific, such as health policy and strategy units. It also usually includes agency-wide services such as corporate services or the office of the Chief Health Officer.
Jurisdictions	Australian, state and territory governments.
Koori	A term sometimes preferred by Aboriginal people of south-eastern Australia when referring to themselves.
Low-level residential care	Care provided to residents of residential care facilities (formerly nursing homes, aged persons hostels, etc) who have been allocated a RCS of 5–8. Low-level residential care is broadly equivalent to the type of personal care provided to residents in hostels for the aged. See also *High-level residential care, Resident Classification Scale*.
Non-admitted patient services	Services provided to patients in public (non-psychiatric) or private hospitals who have not been formally admitted to the institution. These include services provided in emergency departments of hospitals that precede admission as well as ED services that do not result in admission. They also include hospital-based outpatient clinics and out-reach services.
Primary health services	Services provided to whole populations (community health services and public health activities) and those provided in, or flowing from, a patient-initiated contact with a health service.
Private hospital	A privately owned and operated institution caring for patients who are treated by a doctor of their own choice. Patients are charged fees for accommodation and other services provided by the hospital and the relevant attending practitioner(s).
Public health	Organised response by society to protect and promote health, and to prevent illness, injury and disability. The starting point for identifying public health issues, problems and priorities, and for designing and implementing interventions in the population as a whole, or population sub-groups (NPHP 1998).
Public health activities	Nine core activities identified by the National Public Health Expenditure Project as being the major activities of governments in Australia aimed at addressing public health issues. The nine activities are: communicable disease control; selected health promotion; organised immunisation; environmental health; food standards and hygiene; breast cancer screening; cervical screening; preventing hazardous and harmful drug use; and public health research.
Public Health Outcomes Funding Agreement	An agreement between the Australian Government and a state or territory government to provide funding for activities aimed at delivering defined public health outcomes.

Public (non-psychiatric) hospital	A health care institution operated by, or on behalf of, a state or territory government that provides a broad range of acute-care services to patients. These are hospitals that provide a range of services funded by the Australian Government and the state and territory governments under the Australian Health Care Agreements. They do not include public (psychiatric) hospitals. See also *Public (psychiatric) hospitals*.
Public (psychiatric) hospital	A stand-alone institution operated by, or on behalf of, a state or territory government that provides treatment and care for patients with psychiatric, mental or behavioural disorders. See also *Public (non-psychiatric) hospitals*.
Recurrent expenditure	Expenditure incurred by organisations on a recurring basis, for the provision of health services, excluding capital expenditure but including indirect expenditure.
Resident Classification Scale	Residential aged care is part of a spectrum of aged care options to meet differing needs of older persons and entry into a residential facility requires assessment by an Aged Care Assessment Team (ACAT). Once admitted to a residential facility, each person is allocated a RCS between 1 and 8 with 1 indicating the lowest care requirements and 8, the highest. The RCS allocated to a particular resident indicates the level of care that the facility must provide to that person and forms the basis for assessing the level of subsidy the facility attracts in respect of that person. The RCS for each resident is regularly reviewed and, where necessary, varied according to the needs of the resident.
Secondary/tertiary health service	Secondary and tertiary services are those generated from within the health system by a referral, hospital admission, etc.
Services for older people	In the case of Australian Government programs these include: expenditure and funding for residential aged care subsidies; flexible care subsidies through the Extended Aged Care in the Home (EACH) program; flexible care payments to Multi-Purpose Services (MPS); and Aboriginal and Torres Strait Islander flexible service payments. In the case of state and territory government programs these include payments for government nursing homes. For non-government programs these include residents' co-payments. See also *High-level residential care, Low-level residential care*.
Specific Purpose Payments	Australian Government payments to the states and territories under the provisions of Section 96 of the Constitution, to be used for purposes specified in agreements between the Australian Government and individual state and territory governments. Some are conditional on states and territories incurring a specified level or proportion of expenditure from their own resources (CGC 1998:466). See also *Australian Health Care agreement, Public Health Outcomes Funding Agreement*.
Under-identification	The estimated proportion of total Indigenous users of particular health services that have not had their correct Indigenous status captured.

Steering Committee

The Aboriginal and Torres Strait Islander Health Expenditure Project was guided by a Steering Committee consisting of representatives of the following organisations:

Organisation	Representatives
NSW Health	Ray Mahoney David Su
Victorian Department of Human Services	Mary Sullivan Jessie Kanhutu
Queensland Department of Health	Don Lewis Christine McClintock Ian Ring
Western Australian Department of Health	Elizabeth Rohwedder Robert Looten
South Australian Department of Health	David Moffatt
Tasmanian Department of Health and Human Services	Darren Turner Jeanette James
ACT Health	Craig Ritchie Kate Turner
Northern Territory Department of Health and Community Services	Shane Houston Fred Stacey Rebecca Houlihan
Australian Bureau of Statistics	Dan Black Andrew Webster
National Aboriginal Community Controlled Health Organisation	John Daniels
Health Insurance Commission	Gail Savage
Department of Health and Ageing	Mary Macdonald, Peter Broadhead and Mark Thomann (Chairpersons) Barbara Whitlock
Office of Indigenous Policy Coordination	Bree Cook Anni Chilton Bryan Palmer Mark Rodrigues
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Acknowledgments

This report could not have been put together without the cooperation of all state and territory health authorities, and the guidance of the Aboriginal and Torres Strait Islander Health Expenditure Steering Committee. In addition to the principal authors—Justine Boland, John Shelton Agar and Tony Hynes—there have been a number of major contributors to this publication. These include the staff of the Expenditure Unit of the Australian Institute of Health and Welfare; Barbara Whitlock, David Weeden and Polly Logmans from the Office of Aboriginal and Torres Strait Islander Health; and Professor John Deeble.

The substantial contribution by people from other areas within the Australian Government Department of Health and Ageing is also acknowledged. Of particular importance were the contributions by Peter Marlton and Ross Saunders.

The Institute would also like to thank the following people for their contribution to this report: Stephanie Knox, John Goss, Samantha Bricknell, Helena Britt, Peter Braun, Rose Karmel, Ainsley Morrissey, Lauren Di Salvia, Ian Titulaer, Jenny Hargreaves, Ken Tallis and Richard Madden.

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