

Appendix F: Establishment – resource use definitions

The use of resources (facilities, financial and human) in health services is a major focus of interest to all users of information published using the definitions contained in the *National Health Data Dictionary*. Uniform data definitions on the health care institutions of the States, Territories, the Commonwealth and the private sector are needed to obtain a comprehensive picture of resource use. The main categories of resource data that are defined at the establishment level are:

- establishment characteristics (type and location);
- staffing data (full-time equivalent staff);
- recurrent expenditure (salary and non-salary); and

revenue.

Significant measures of resources not included above are capital expenditure, physical details and monetary values of major buildings, facilities, equipment, plant and so on. Capital expenditure is included in the *National Health Data Dictionary* at the system level (see Appendix G), but the formation of detailed uniform data definitions to describe items relating to facilities and equipment has yet to be agreed on and implemented. The classification of the type of establishment is currently under review by the Organisational Units Working Group, which is expected to report to the National Health Data Committee in 1999.

Financial aspects

The establishment of the National Minimum Data Sets was not seen as an appropriate vehicle for undertaking a review of national accounting practice. During the formation of the definitions it was inevitable that some aspects of accounting practice were discussed (e.g. offsetting practices). The *National Health Data Dictionary* makes reference to established accounting standards with Accounting Standard 17 in relation to financial and operating leases and Accounting Standard 4 in relation to the depreciation of non-current assets. The absence of completely uniform accounting standards and practices for health institutions between and within States and limits the comparability of financial data. The directors of finance of the State and Territory government health authorities are developing national expenditure reporting standards, with particular regard to hospitals.

Standard national health expenditure definitions

The development of agreed definitions on the major areas of health expenditure is being undertaken through the National Health Information Work Program. A set of definitions has been adopted by the Australian Bureau of Statistics for use in public finance statistics and is being discussed and refined in consultation with key stakeholders, including State and Territory government directors of finance.

Boundaries between capital and recurrent expenditure

Some differences exist in the practice of differentiating between capital and recurrent expenditure in the States and Territories. The definition of capital expenditure is included in the Dictionary and recurrent expenditure is implicitly defined as that part of total expenditure which is not capital expenditure. The major difference with regard to capital expenditure, between the States and Territories is in regard to the level of capitalisation. The Dictionary states that 'the minimum level for capitalisation is no higher than \$5000', and some States use \$5000 but others use \$1000 or lower.

Offsetting practices

As a general rule, offsetting revenue against related expenditure is not good accounting practice and both gross revenue and gross expenditure should be reported. However, it is recognised that there are circumstances (such as hospital to hospital transfers/ services) where offsetting is done to avoid the duplication of costs. Where it is difficult to identify specific costs in relation to inter-hospital transfers, the practice of bringing in revenue to inter-hospital services through recoveries is considered acceptable.