

**National public health  
expenditure report 2005–06**

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HEALTH AND WELFARE EXPENDITURE SERIES  
Number 32

# **National public health expenditure report 2005–06**

**February 2008**

Australian Institute of Health and Welfare  
Canberra

Cat. no. HWE 39

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This publication is part of the Australian Institute of Health and Welfare's Health and Welfare Expenditure Series. A complete list of the Institute's publications is available from the Institute's website <[www.aihw.gov.au](http://www.aihw.gov.au)>.

ISSN 1323-5850

ISBN 978 1 74024 739 9

### **Suggested citation**

Australian Institute of Health and Welfare 2008. National public health expenditure report 2005–06. Health and welfare expenditure series no. 32. Cat. no. HWE 39. Canberra: AIHW.

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Published by the Australian Institute of Health and Welfare

Printed by

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# Preface

Public health activities undertaken or funded by governments are important components of the Australian health care system. Such activities are aimed at preventing illness and enhancing the wellbeing and quality of life of a nation's population.

This is the sixth in a series of reports that has published expenditure data on public health activities in Australia. Each of these reports has been compiled by the Australian Institute of Health and Welfare with the cooperation of the Australian Government and state and territory health authorities. Like the other reports in the series, this report has been funded by the Population Health Division of the Australian Government Department of Health and Ageing.

This publication presents the most recent estimates of funding and recurrent expenditure on public health activities – for the financial year 2005–06 – along with selected time series data back to 1999–00. As there have been no substantial changes made to the public health expenditure activity classification, there is a high degree of consistency and comparability of estimates over the last 7 years.

These statistics are an important source of information on public health expenditure. They are of interest to governments, health analysts, academics and the wider community in the formulation of policy and in the planning and management of public health.

Because of the revisions to previously published estimates, any comparisons of expenditure over time should be based on the funding and expenditure information provided in this publication rather than by reference to earlier publications.

A review of the national public health expenditure data collection is currently under way. This review is considering how the data should be disseminated, and ways to enhance the value of the data by perhaps publishing it in conjunction with other public health information.

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# Acknowledgments

This report was prepared by the Australian Institute of Health and Welfare. The project team within the Institute consisted of Daniel Aherne and John Goss, with assistance from Brett Rogers and Rebecca Bennetts.

Thanks are extended to the Australian, state and territory governments and members of the Technical Advisory Group (TAG) for the National Public Health Expenditure Project. Members of the TAG have worked with the project team in providing these annual public health estimates and the supporting information on public health programs in their jurisdictions. Members of the TAG and additional contributors to this report are listed below.

In addition, thanks are extended to the individual jurisdictions for compiling the public health expenditure estimates and to the Australian Government Department of Health and Ageing for funding the National Public Health Expenditure Project.

Australian Government Department of Health and Ageing	Mr Brett Rogers (TAG) Ms Lucinda Glover
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Victorian Department of Human Services	Mr Barry Ingate (TAG) Ms Daffodil Pope Ms Teena Bias
Queensland Health	Mr Graham Jarvis (TAG) Ms Beata Zimkowska
Western Australian Department of Health	Mr Tony Satti Dr Merran Smith (TAG)
South Australian Department of Health	Mr Tony Woollacott Ms Agnes Maddock (TAG) Ms Katherine Thomas
Tasmanian Department of Health and Human Services	Ms Judy Cooper (TAG)
Australian Capital Territory Department of Health and Community Care	Ms Linda Halliday Ms Rosalind Sexton (TAG)
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# Abbreviations

ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
AIAs	Australian Immunisation Agreements
AIDS	Acquired immune deficiency syndrome
AIHW	Australian Institute of Health and Welfare
AODP	Alcohol and Other Drugs Program (Northern Territory)
ARPANSA	Australian Radiation Protection and Nuclear Safety Agency
BEACH	Bettering the Evaluation and Care of Health (survey of general practice activity)
COAG	Council of Australian Governments
DH	(South Australian) Department of Health
DHHS	Department of Health and Human Services (Tasmania)
DHS	Department of Human Services (Victoria)
DOH	Department of Health (Western Australia)
DoHA	(Australian Government) Department of Health and Ageing
FSANZ	Food Standards Australia New Zealand
GP	General practitioner
HIV	human immunodeficiency virus
HSRIP	Human Services Research and Innovation Program (South Australia)
LGA	Local government authority
NGO	Non-government organisation
NPHEP	National Public Health Expenditure Project
NPHP	National Public Health Partnership
NSP	Needle and syringe program
NSW	New South Wales
NT	Northern Territory
NT DHCS	Northern Territory Department of Health and Community Services
OATSIH	Office of Aboriginal and Torres Strait Islander Health
PHOFA	Public Health Outcome Funding Agreement
QCSP	Queensland Cervical Screening Program
RAWWS	Remote Area Well Women Screening Program (Northern Territory)
SA	South Australia
STI	Sexually transmitted infection

# 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
—	nil or rounded to zero
r	data revised (since the release of the previous report)

# Executive summary

## Government expenditure on public health activities

It is estimated that governments spent a total of \$1,468 million on public health activities in Australia in 2005–06. State and territory health departments spent \$1,029 million (or 70.1% of total government expenditure) and the remaining \$439 million (29.9%) was spent by the Australian Government on health programs and activities for which it was directly responsible (Table 1.1).

The highest level of expenditure in 2005–06 was on *Organised immunisation* which amounted to \$321 million or 21.9% of total public health expenditure by jurisdictions. Other significant expenditures were reported for *Selected health promotion* (\$252 million or 17.2%) and *Communicable disease control* (\$248 million or 16.9%) (Table 1.3).

### Total government expenditure on public health activities, current prices, by activity, 2005–06

Activity	Expenditure (\$ million)	Proportion of total public health expenditure (per cent)	Real growth <sup>(a)</sup> in expenditure 1999–00 to 2005–06
Communicable disease control	247.7	16.9	4.8
Selected health promotion	251.9	17.2	3.2
Organised immunisation	320.7	21.9	9.5
Environmental health	84.8	5.8	3.0
Food standards and hygiene	34.2	2.3	1.8
Breast cancer screening	123.2	8.4	0.7
Cervical screening	104.5	7.1	0.4
Prevention of hazardous and harmful drug use	176.8	12.0	3.3
Public health research	123.7	8.4	7.4
PHOFA administration <sup>(b)</sup>	0.3	—	–6.5
<b>Total</b>	<b>1,467.9</b>	<b>100.0</b>	<b>4.5</b>

(a) Real growth is calculated using constant prices expressed in terms of 2004–05 dollars.

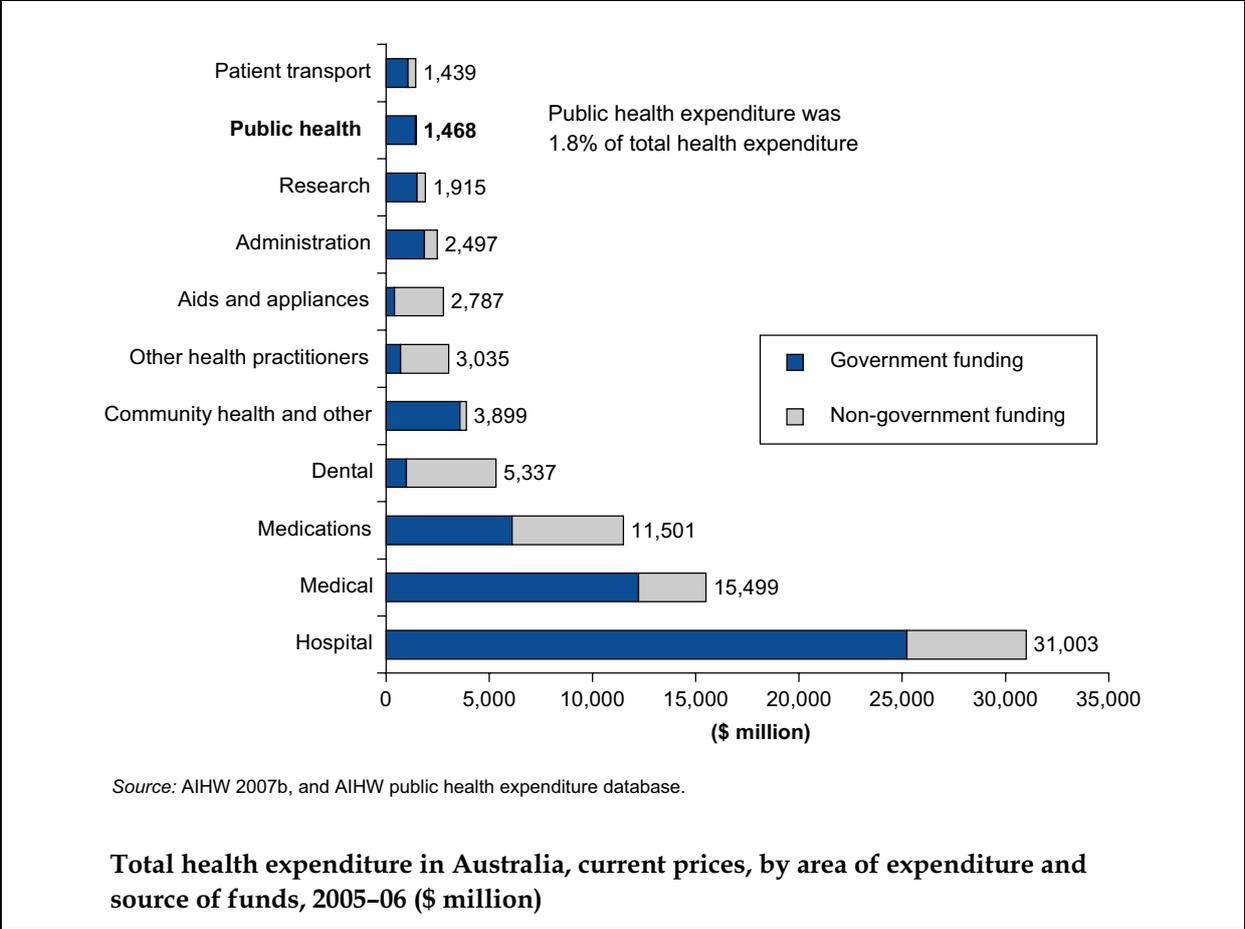
(b) Expenditure incurred by the Australian Government in the administration of the Public Health Outcome Funding Agreements.

## Public health expenditure as a proportion of recurrent health expenditure

Recurrent expenditure on health in 2005–06 was estimated at \$80,389 million. Expenditure on public health activities of \$1,468 million represents 1.8% of recurrent health expenditure (Table 1.5).

This proportion has remained virtually constant over the last 7 years – public health expenditure as a proportion of recurrent health expenditure has been 1.8% or 1.9% in each year since 1999–00 (Table 1.5).

The areas of health comprising the largest proportion of recurrent health expenditure in 2005–06 were hospitals (\$31,003 million or 38.6% of total), medical services (\$15,499 million or 19.3%), and medications (\$11,501 million or 14.3%).



Whereas most areas of health are funded by both government and non-government sources, public health expenditure is almost exclusively funded by governments. Government funded recurrent health expenditure in 2005–06 was estimated at \$55,143 million and public health expenditure represents 2.7% of recurrent government expenditure on health. This proportion has remained at either 2.7% or 2.8% in each year since 1999–00 (Table 1.5).

On a state and territory basis, expenditure on public health activities as a proportion of total recurrent health expenditure varied considerably across jurisdictions in 2005–06, ranging from 5.8% in the Northern Territory to 1.6% in New South Wales (Table 1.6).

Similarly, expenditure on public health activities as a proportion of recurrent government health expenditure, varied considerably across jurisdictions in 2005–06, ranging from 7.1% in the Northern Territory to 2.4% in New South Wales (Table 1.6).

### Growth in expenditure on public health

Real expenditure on public health increased by 33.0% over the period 1999–00 to 2004–05, then fell by 2.3% in real terms in 2005–06. This gave an overall increase in the period 1999–00 to 2005–06 of 29.9%, or an average increase of 4.5% per year. The total increase in real

expenditure on public health activities over the period 1999–00 to 2005–06 was \$324 million (Table 1.9).

The real decline in expenditure in 2005–06 is attributable to a reduction in expenditure on *Organised immunisation* (down 9.1%) and *Prevention of hazardous and harmful drug use* (down 12.8%).

Real spending on *Organised immunisation* increased by \$129 million over the period 1999–00 to 2005–06, and increased every year prior to 2005–06 (Table 1.9). In 2004–05 in particular, there was a significant jump in expenditure which was the result of the introduction of two new pneumococcal vaccination programs requiring higher initial funding to provide catch-up delivery. The subsequent reduction in 2005–06 reflects the typical trend in immunisation expenditure in years following the introduction of new vaccines.

Similarly, real expenditure on *Prevention of hazardous and harmful drug use* increased in each year prior to 2005–06, except one, and rose by a total of \$30 million over the period 1999–00 to 2005–06 (Table 1.9). The main reason for the decline in 2005–06 was the fulfilment of a 4-year Australian Government grant given to establish the Alcohol Education and Rehabilitation Foundation.

The public health activities recording the highest average annual real growth over the period 1999–00 to 2005–06 were:

- *Organised immunisation* (9.5%)
- *Public health research* (7.4%)
- *Communicable disease control* (4.8%).

At a jurisdictional level, the highest growth in real terms over the period 1999–00 to 2005–06 was recorded by Queensland (6.9%), the Australian Government (5.2%) and Western Australia (4.9%) (Table 1.10).

## Government funding of public health activities

Of the total \$1,468 million spent on public health during 2005–06, the Australian Government's share of funding was estimated at \$797 million (54.3%). The state and territory governments' share was \$671 million (45.7%). Funding is reported on the basis of who actually provides the funds that are used to pay for public health expenditure.

The Australian Government funded \$357 million (24.3%) in the form of Specific Purpose Payments (SPPs) to support state and territory government programs aimed at achieving agreed public health outcomes. The balance of Australian Government funding of \$439 million was in the form of direct expenditure to support public health outcomes across jurisdictions.

The share of funding for public health activities between the Australian Government and the states and territories has fluctuated considerably since 2000–01 (Table A1). One of the main drivers of the proportion of funding is *Organised immunisation*.

For example, in 2002–03 when the National Meningococcal C Vaccination Program was introduced, the Australian Government – which funds the majority of immunisation programs – funded 58.8% of expenditure on public health activities. The Australian Government share of funding was 60.2% in 2004–05, mainly due to the introduction of two new pneumococcal vaccination programs. In all other years since 2000–01, the Australian Government share of funding has been between 52.1% and 54.3%.

