

# Executive summary

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

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

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

## Key findings

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

## Data deficiencies and differences

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

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