

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Cross Portfolio Indigenous Hearing 2010-2011, 22 October 2010

Question: E10-391

OUTCOME 8: Indigenous Health

Topic: EXPENDITURE ON HEALTH FOR ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE

Hansard Page: CA 48-49

Senator Siewert asked:

There was an AIHW report that came out on the gap in expenditure on primary health. I know that the Minister commented that this is sort of like comparing apples and oranges because the situation has changed, so instead of asking a whole series of questions around it I was wondering if we could have a briefing around how the spending has changed now and why that report is out of date.

**Answer:**

Indigenous primary health expenditure and how it has changed

The AIHW – with funding from the Department of Health and Ageing – produces two biennial reports examining Aboriginal and Torres Strait Islander health expenditure:

- *Expenditure on health for Aboriginal and Torres Strait Islander people* (the Expenditure Report) examines health expenditure and funding by levels of government and the private sector, by region and by primary and secondary/tertiary health care, as well as the relationship between spending on services for Indigenous and non-Indigenous Australians. The 2006-07 Report (released in December 2009) was the fifth in the series.
- *Expenditure on health for Aboriginal and Torres Strait Islander people: an analysis by remoteness and disease* (the Remoteness Report) consists of additional analysis related to the Expenditure Report. It provides estimates for selected categories of Indigenous health expenditure disaggregated by Australian Standard Geographic Classification (ASGC) Remoteness Areas and by a selected list of diseases. The 2006-07 Remoteness Report (released in October 2010) was the first in the series.

The Expenditure Report shows that for every dollar spent per person on health for non-Indigenous Australians in 2006-07, \$1.31 was spent on Indigenous Australians. For primary health expenditure, this figure was \$1.29. For secondary/tertiary health expenditure, the figure was \$1.37. The Remoteness Report does not provide a breakdown by primary and secondary/tertiary status, as it does not analyse all categories of health expenditure.

Neither the Expenditure Report nor the Remoteness Report shows a gap in expenditure on primary health. The Reports do show that benefits paid to Indigenous Australians through the Medicare Benefits Schedule (MBS) for GP-type services are lower on a per person basis, at 80% of the benefits paid per person to non-Indigenous Australians. However, the MBS is only one component of primary health care expenditure and does not represent all primary health care activity for Indigenous Australians. Many Indigenous Australians access primary health care through Aboriginal Community Controlled Health Organisations, which often have very low rates of Medicare billing. A number of Aboriginal and Torres Strait Islander people also access primary health care through hospital emergency departments, and this activity is not reflected in Medicare statistics.

Australian Government Indigenous-specific health program expenditure has increased from \$371 million in 2006-07 to \$586 million in 2009-10, a growth in real terms of 44%. The biggest change in this period of time has been the implementation of COAG's National Partnership Agreement on Closing the Gap in Indigenous Health Outcomes. The Commonwealth's contribution to this initiative provides \$805.5 million over four years to better prevent, detect and manage chronic disease for Aboriginal and Torres Strait Islander people by strengthening the primary health care system. This National Partnership Agreement is part of COAG's investment of \$4.6 billion for initiatives to close the gap on Indigenous disadvantage across early childhood development, employment, health, housing and remote service delivery.

#### Why the reports are out of date

The AIHW Expenditure and Remoteness Reports are biennial publications and are subject to the availability of state/territory government and non-government data. More recent Indigenous health expenditure data will become available next year when the 2008-09 Expenditure Report is released in early 2011 and the 2008-09 Remoteness Report in mid 2011. These reports will incorporate the significant rise in Indigenous health expenditure by the Commonwealth Government since 2006-07, as noted above.