# Preventive health: How much does Australia spend and is it enough?

## Researchers

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## Summary

Chronic disease is responsible for 83 per cent of all premature deaths in Australia and 66 per cent of the burden of disease, making it our nation’s greatest health challenge. This report examines the available evidence for national levels of expenditure on preventive health over the past 15 years, and compares spending in Australia with that of selected Organisation for Economic Co-operation and Development (OECD) countries.

The research analyses the following questions:

1. What trends have been observed in preventive health investment in Australia, and how do the jurisdictions compare?
2. How does Australian investment in preventive health compare with selected OECD countries?
3. What funding models do comparator countries use, and how do these compare with Australia?
4. What target would be appropriate for preventive health expenditure in Australia, and which indicators should be used to monitor the resulting improvements in population health?

## Outcomes

Preventive health spending in Australia, by Commonwealth, state and territory health departments combined, totalled $2,066 million in 2013-14. This is equivalent to 1.34 per cent of all health care spending and 0.13 per cent of gross domestic product (GDP).

Analysis of combined government expenditure on public health in Australia from 1999-00 to 2013-14 found that spending had increased in real terms both in total and per person. Public health expenditure as a percentage of GDP remained relatively constant over this period, at between 0.13 and 0.15 per cent of GDP. More recently, there appears to be a decline in expenditure on public health, which is even more pronounced when seen as a percentage of total health expenditure.

International comparison of OECD expenditure data for the year 2013 shows that Australia ranked 16th for per capita expenditure on prevention and public health, 19th for expenditure as a percentage of GDP, and 20th for expenditure as a percentage of current health expenditure.

The report highlights a number of shortcomings in the accounting expenditures that affect the accuracy with which preventive activity is reported in Australia. This impacts on the comparison of preventive activity spending between Australia and other OECD countries, meaning that like is not always being compared with like in reports of health expenditure.

Determining the amount Australia should be spending on prevention must encompass a comparison of the value that is added by an increase in spending to the opportunity cost of that increase.  This idea is illustrated in the report.

The report examines numerous frameworks for monitoring outcomes of spending on prevention. England stands alone among the countries examined in having institutional structures in place for assessing the cost-effectiveness of preventive interventions and for the monitoring the effectiveness of spending on prevention.

## Recommendations

This study provides valuable insight into the impact of preventive health in Australia. The report highlights a number of activities that Commonwealth, state and territory governments should consider, including the reconfiguring of existing preventive health activities and an increase in spending on activities shown to be the most cost-effective.

Australia should explore England’s experience in the establishment of institutional structures to evaluate the cost-effectiveness of preventive health interventions and to monitor their outcomes.

[view the report](https://fare.org.au/wp-content/uploads/Preventive-health-How-much-does-Australia-spend-and-is-it-enough_FINAL.pdf)

[view the media release](https://fare.org.au/wp-content/uploads/Media-release-REPORT-PREVENTION-BETTER-THAN-CURE-GOVT-TOLD-TO-SPEND-TO-SAVE-AUSTRALIAN-LIVES-Final-14062017.pdf)