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Overview of the Healthcare System in Australia & New Zealand

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To understand the Australian healthcare system requires a consideration of core problems facing every healthcare system. Australia is a large, federated country of nine jurisdictions with 20 million inhabitants and a developed economy with a gross domestic product (GDP) per capita of 34,660 US dollars in 2006. This places Australia in the world's wealthiest fifteen countries (World Bank 2006).

Australia's healthcare system is a mixed public-private model, lying somewhere between the largely monolithic public systems exemplified by the National Health Service (NHS) of England on the one hand and the more privatised arrangements characterising healthcare in the US on the other.

Financing and Structural Arrangements

Expenditure on healthcare in Australia, at 9.7% of GDP, is above the Organisation for Economic Co-operation and Development (OECD) average. Health expenditure has tended to rise in recent decades in OECD countries, including Australia, driven primarily by the costs of population ageing and of advancing, and increasingly expensive, medical technology.

Around two-thirds (68%) of the GDP consumed by Australian healthcare is public expenditure, and the remainder (32%) is non-government, private expenditure. The Australian government contributes 45% of total funding, principally through taxation, and directly funds pharmaceuticals, general practitioners and medical services. States and territories provide funding in conjunction with the Australian government and directly manage public hospital services and various community, prevention, public health, health education and promotion programmes. Local governments have responsibility for environmental issues such as garbage disposal, health inspections and some home care and preventive services.

The generic term for the main policy instrument to achieve these service arrangements is Medicare. The vehicle used to contract the jurisdictions to their part of the bargain in sharing federal, state and territory responsibilities for public hospitals are called the Australian Health Care Agreements (Department of Health and Ageing 2006). The states and territories manage services via area, district or regional health service arrangements, which are geographically-based administrative units responsible for the health of a population of perhaps half a million people. Medicare enshrines the principle that all resident Australians are entitled to free public hospital care if they exercise the choice to be public patients.

Private patients meet their costs via private health insurance or personal contributions. The Australian government has recently encouraged increased membership in private health insurance funds. About half the population is covered by elective, government- subsidised private health insurance. Most out-of-hospital medical services are provided by private doctors, and, alongside salaried medical practitioners, these doctors perform a considerable proportion of hospital services.

Strengths & Weaknesses

Commentators have bemoaned the poor integration between general practice and hospitals and the apparent administrative and policy duplication attributed to the split responsibilities between the federal government and the states and territories. A bigger issue is whether we can call the health industry a system at all, given the various levels of divided responsibilities, fragmentation and its pluralist nature. Australian consumers and providers have considerable discretion and autonomy, and there is a complex mix of public-private concerns, state-federal politics and other intermittently strained, dichotomous interests, such as those representing clinicians and managers, the acute and community sectors, and medicine and nursing.

The other major weakness is the deplorable state of indigenous health, with extremely high prevalence of diabetes, obesity, alcohol abuse and drug problems amongst the Aboriginal population. Overall, life expectancy of Aboriginal people is 17 years below that of other Australians.

The strengths of the system are considerable: the Australian population, measured by the usual morbidity and mortality indicators, is relatively healthy and enjoys good life expectancy. Healthcare in Australia is well funded; clinicians, managers and policymakers are suitably trained; and equipment, buildings and technology are modern and well-resourced. The health policy settings are underpinned by effective research and are internationally well regarded, despite the fragmentation and difficulties in promoting integration at some points in the system. Plurality and diversity, though contributing to system fragmentation, can also bring strengths, particularly when they offer a wide range of different types of services, thereby creating choice for consumers.

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