



2 Welfare services resources

2.1 Introduction

This chapter presents information on resources devoted to welfare services. Specifically, these resources are:

- the number of persons employed in the community services industry;
- the number of paid and unpaid persons of the households sector who either work voluntarily for community service organisations or help others independently of organisations;
- the expenditure on the delivery of welfare services where payments were made (monetary expenditure); and
- the estimated cost of services provided by unpaid persons of the households sector (non-monetary expenditure).

The terms *monetary expenditure* and *non-monetary expenditure* are used in this chapter to distinguish between two broad types of activities involved in the provision of welfare services, in terms of their inclusion in estimates of gross domestic product (GDP).

The term *monetary expenditure* is used when payments are made and/or expenses are recorded as being incurred for the provision of welfare services. The related expenses incurred and/or payments made are included in the estimates of GDP.

The term *non-monetary expenditure* is used when no payments/expenses are recorded as being incurred for the provision of services. They are estimates of the costs that would have been incurred by governments and non-government community service organisations (NGCSOs) if they had employed workers to provide these services. It also includes revenue forgone by governments as a result of concessional taxation treatment for services provided by NGCSOs. These costs are not included in the estimates of GDP.

The four categories of welfare services are: family and child welfare services, welfare services for older people, welfare services for people with a disability, and other welfare services.

Expenditures not included in this chapter are:

- income support and long-term housing assistance; and
- high-level residential care (formerly called *nursing homes*) and domiciliary nursing care, which are predominantly health related.

Expenditure information on long-term housing assistance can be found in Chapter 3 and on high-level residential care and domiciliary nursing care in Chapter 6.

2.2 Total resources

The total value of resources devoted to welfare services in 1999–00 was estimated at \$41.7 billion. Of this amount, 33% (valued at \$13.7 billion and included in the national accounts) was for paid services, the source of funds for which is discussed in Section 2.5. The remaining \$28.1 billion (not included in the national accounts because no money was exchanged) was for a combination of services provided by household members (\$27.2 billion) and the NGCSO input tax exemption (\$866 million) (Figure 2.1).

NGCSOs delivered \$7.7 billion worth of welfare services in 1999–00, which represents 57% of the total monetary expenditure on welfare services. The funding sources for these services were governments (45%), clients fees, charges (32%) and the organisations own income from fund-raising, donations and other sources (23%) (see Table 2.16).

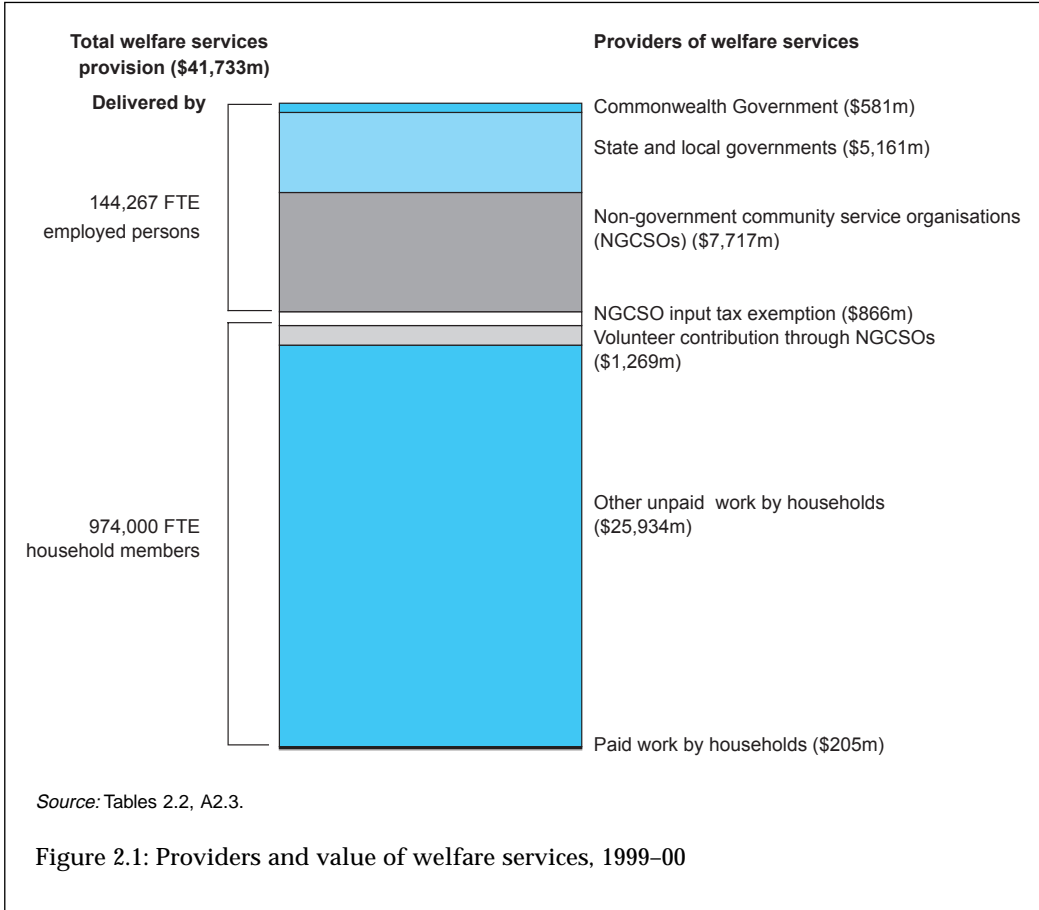
User charges account for a substantial proportion of the value of services provided by NGCSOs. Though much of the payment is from pensions (transfer payments from governments), households also pay from their income above pension limits where means tests apply. NGCSOs also receive input tax concessions, such as exemptions from fringe benefits tax and sales tax. The tax concession is a revenue forgone by governments, with the aim of easing the NGCSOs financial burden in providing welfare services to the community. The value of these concessions was estimated at \$866 million in 1999–00. Moreover, substantial amounts of unpaid work are performed by volunteers working through community service organisations. The value of this work in 1999–00 was estimated at \$1,269 million.

In total, the value (monetary and non-monetary) of production by NGCSOs was about \$10 billion.¹

In terms of workforce, full-time equivalent (FTE) a standardised measure used in converting number of persons in part-time employment to number of persons in full-time employment is used to compare the number of employed persons in the community services industry with the estimated number of unpaid household members providing care to others in the community. In estimating FTE for persons in the households sector caring for others, the average hours worked per week is applied to total hours spent by household members on providing such care. The averages were 38.4 hours per week for men and 38.2 hours per week for women working as Carers and aides in the community services industry (ABS 2001a). In 1999–00 there were 144,267 FTE employed persons working in the community services industry.² An estimated FTE of household members delivering welfare services at almost no charge was about 974,000, more than six times the number of paid workers. The unpaid household member therefore dominates as a provider of welfare services, either independently or by undertaking voluntary work through community service organisations.

1 That is, the sum of the estimated expenditure by NGCSOs in providing the services at \$7,717m plus the estimated value of input tax exemption at \$866 m plus the estimated value of volunteers' contribution at \$1,269m.

2 Estimated based on the ABS Labour Force Surveys 1999 and 2000 (unpublished data).



2.3 The contribution of the households sector

According to the System of National Accounts, the households sector is one of the five institutional sectors that make up the total economy producing goods and services to the community. The five sectors are: financial corporations, non-financial corporations, governments, households, and non-profit institutions serving households. Members of the households sector, although they are primarily classified as consumers, may be engaged in any kind of activity. They not only supply labour to the other sectors but may also provide either paid or unpaid labour independently of these other sectors (Inter-Secretariat Working Group 1993). The terms households sector and household members are used interchangeably in this chapter.

Some household members are in paid employment in the other sectors of the economy. Some provide unpaid voluntary work for other sectors, mainly governments and non-profit institutions serving households. Some provide either paid or unpaid labour independently of these other sectors. This section deals mainly with the latter two groups.

Table 2.1: Estimates of time spent providing welfare services, households sector, 1999–00

| | | Voluntary work and care | | | Total |
|-------------------------------------|----------------|-------------------------|---|-----------------------|----------------|
| | | Child care-related | For adults independent of organisations | Through organisations | |
| Million hours per year | | | | | |
| Aged 15–64 years | Males | 128 | 438 | 8 | 574 |
| | Females | 332 | 563 | 43 | 937 |
| | <i>Persons</i> | <i>459</i> | <i>1,001</i> | <i>51</i> | <i>1,511</i> |
| Aged 65+ years | Males | 17 | 67 | 19 | 103 |
| | Females | 44 | 118 | 13 | 175 |
| | <i>Persons</i> | <i>61</i> | <i>184</i> | <i>33</i> | <i>278</i> |
| All | Males | 145 | 505 | 27 | 677 |
| | Females | 375 | 681 | 56 | 1,112 |
| | Persons | 521 | 1,185 | 83 | 1,789 |
| FTE | | | | | |
| All | Males | 79,000 | 274,000 | 14,000 | 367,000 |
| | Females | 205,000 | 371,000 | 31,000 | 607,000 |
| | Persons | 284,000 | 645,000 | 45,000 | 974,000 |
| Percentage of hours per year | | | | | |
| Aged 15–64 years | Males | 22 | 76 | 1 | 100 |
| | Females | 35 | 60 | 5 | 100 |
| | <i>Persons</i> | <i>30</i> | <i>66</i> | <i>3</i> | <i>100</i> |
| Aged 65+ years | Males | 17 | 65 | 19 | 100 |
| | Females | 25 | 67 | 8 | 100 |
| | <i>Persons</i> | <i>22</i> | <i>66</i> | <i>12</i> | <i>100</i> |
| All | Males | 21 | 75 | 4 | 100 |
| | Females | 34 | 61 | 5 | 100 |
| | Persons | 29 | 66 | 5 | 100 |

Note: Totals may not add due to rounding.

Source: Estimated by AIHW based on ABS Time Use Survey Unit Record File (ABS 1999c).

The households sector has a vital role in providing welfare services for family, friends and neighbours and for the wider community through community service organisations. This work reduces the demand for services provided by governments and NGCSOs. This sector therefore brings to the community large social contributions that are not included in the national accounts.

In 1999–00, it is estimated that households spent 1,789 million hours providing welfare services.³ This constitutes about 974,000 FTE, 62% of whom were female and 38% male (Table 2.1). Of the total hours, 66% were spent on caring for relatives, friends and

3 The estimates for 1999–00 were based on the 1997 Time Use Survey, the results from which were scaled up by the growth rate of population in each age group between 1997 and 1999–00. (See AIHW 1999a:30 for further details of classifications and variables included in the analysis.)

neighbours (adults), 29% on child care—related activities for other people's children and for own sick child,⁴ and 5% on voluntary work through community service organisations.

The majority of time spent was on services for adults: 75% by male carers and 61% by female carers. Child care—related activities constituted the second most time-consuming area of welfare assistance, with women spending proportionately more of their time (34%) than men (21%). For welfare services provided through community service organisations, women devoted 5% of their welfare services time to this activity, while men devoted 4%.

Men and women of working age (15 to 64 years) accounted for the bulk (84%) of the 1,789 million hours of welfare services provided by households in 1999—00. Household members aged 65 years and over provided the remaining 16%, or 278 million hours.

The imputed value of the time households spent in welfare services provision can be derived from the ABS time use survey data and data on the hourly wage rates of adult carers and aides. Such a valuation is based on the economic opportunity cost concept: household members could have used their time in the paid production of goods and services other than welfare services. This method of valuing the services is debatable. The alternative provider cost method was used here. It involved valuing services by unpaid persons according to the cost of employing paid workers within the community services sector. (See AIHW 1995:29 for more details about the valuation methods.)

The 1999—00 wage estimations were based on May 2000 ABS earnings data. The average weekly total earnings for adult male carers and aides (full-time non-managerial employees) was \$633.80 per week. Based on an average of 38.4 hours per week, this implies an earning rate of \$16.51 per hour. The average weekly total earnings for female carers and aides was \$557.60 per week for a 38.2 hour week, or \$14.60 per hour.

Using these earning rates, the value of welfare services provided by household members in 1999—00 was imputed at \$27.4 billion (Table 2.2). This valuation uses the alternative provider cost method an estimate of the cost that would be incurred by governments and NGCSOs if they were to employ workers to provide these services instead of relying on the work supplied by households for almost no charge. It is, however, a conservative estimate, since the valuation includes neither overheads related to employing workers (superannuation, annual leave, sick leave) nor the cost of providing office and work space for employees.

4 Time spent caring for own children who are not sick is not welfare services. This was 4.3 times higher than time spent caring for others' children and own sick children.

Table 2.2: Estimates of the value of time devoted to welfare services by the households sector, by type of service, 1999–00 (\$m)

| Service type | Men | Women | Persons |
|--------------------------------------|---------------|---------------|---------------|
| Child care–related | 2,397 | 5,479 | 7,876 |
| Voluntary work and care | | | |
| Care for adults | 8,330 | 9,933 | 18,263 |
| Voluntary work through organisations | 451 | 818 | 1,269 |
| Total | 11,177 | 16,231 | 27,408 |

Source: Time–As for Table 2.1; Average weekly total earnings–ABS 2001a.

Of the total imputed value of household welfare services of \$27.4 billion, \$205 million was payment made to informal carers for child care services.⁵ This amount is included as monetary expenditure to be consistent with the national accounts, which imputes the value of paid work carried out in the informal sector. The balance of \$27.2 billion related to unpaid services and was almost double the \$13.7 billion total monetary expenditure on welfare services in 1999–00.

In terms of type of care, 67% (\$18.3 billion) of the total imputed value of household welfare services was the estimated value of care provided to other adult family members, friends or neighbours. A further 29% (\$7.9 billion) was the estimated value of households providing child care–related activities to others children and to their own sick children. The remaining \$1.3 billion was the imputed value of voluntary welfare assistance provided through community service organisations.

Of the total imputed value of \$27.4 billion, men accounted for \$11.2 billion (41%) and women \$16.2 billion (59%).

2.4 The community services workforce

The supply of and demand for community services are affected by a range of factors discussed in this and preceding editions of this report, and the community services workforce is a key factor in both supply and demand. For instance, the increasing number of women in the workforce has a dual effect on community services. The demand for services increases and the pool of unpaid labour providing services to children, disabled or older family members reduces (AIHW 1999a:58). On the other hand, the relatively large number of workers moving into retirement over the next few years may augment the number of volunteers providing such services.

The reporting of data in *Australia's Welfare* is in terms of services for groups such as older people, children, people with disabilities and homeless people. These data usually focus on the characteristics of the clients and the services they receive, rather than on the labour force.

5 Estimated based on data from ABS (2000a). See AIHW (1997b) for details of estimation method.

The community services workforce described in this chapter comprises those people (employees and volunteers) whose activities form the basis of social support provision for the community. The occupational groups and industries most closely identified with the community services workforce are those in which these activities represent the main focus.

Labour force data relating to community services

The main sources of labour force data for community services are the Australian Bureau of Statistics surveys of community services activity (described in Box 2.1), estimates from the monthly labour force surveys and the 5-yearly Census of Population and Housing. The surveys of community services activity provide detailed information about the activities of employees and volunteers. The Census is the only source that enables a detailed cross-classification of industry and occupation.

Box 2.1: Community services industries and activities classifications

The ABS survey of community services, conducted for 1995–96 and 1999–00, obtained data from employing businesses and private sector organisations involved in the provision of community services, including personal and social support, financial and material assistance, job placement and support for persons with disabilities, child care, accommodation for the aged, and other residential and non-residential care in both government and non-government sectors. Some of these services are provided directly—that is, to individuals or families on a face-to-face basis or on their behalf. Other services are provided indirectly.

The community services industries, as currently defined by the ABS, comprise three broad groups whose principal activities are reflected in the above description, viz., nursing homes, child care services and community care services (including accommodation for the aged, and residential and non-residential services). Although the term ‘nursing homes’ is no longer aligned with terminology used in the Aged Care Act 1997, it is used in this chapter, as data shown were collected and previously published with that description.

The scope of the survey comprised not only businesses and organisations in the community services industries, but also those in the industries of employment placement services, interest groups not elsewhere classified and government administration. Tables 2.3 and 2.4 relate to community services activities in all of the above industries, while Table 2.5 relates only to the community services industries.

Community services activities and industries

Information about community services activity was obtained from the ABS surveys, conducted for the reference periods 1995–96 and 1999–00 (ABS 1998a, 2001b). The survey showed that, in 1999–00, there were 341,447 employees engaged in community services activities in industries within the scope of the survey (see Box 2.1). This represented an increase of 7% since 1995–96, with those in the community services industry increasing by 9% and those in other industries remaining steady. These

employees made up 5% of all employees in 1999—00 (ABS 2001c). In addition to these employees, there were 299,413 volunteers performing community services activities in these industries in 1999—00, 25% more than in 1995—96. The number of these volunteers in the community services industry increased by 31% over this period, while the number in other industries fell by 18% (Table 2.3).

Table 2.3: Employees and volunteers in community services activities,^(a) 1995–96 and 1999–00

| Employees and volunteers | 1995–96 | 1999–00 | % change 1995–96 to 1999–00 |
|---|----------------|----------------|--|
| Employees performing community services activities at end of June | | | |
| In the community services industry | 247,080 | 269,022 | 8.9 |
| In other industries surveyed ^(b) | 72,108 | 72,425 | 0.4 |
| Total | 319,188 | 341,447 | 7.0 |
| All employees ^(c) | 6,104,000 | 6,709,000 | 9.9 |
| Volunteers performing community services activities during June | | | |
| In the community services industry | 210,612 | 276,334 | 31.2 |
| In other industries surveyed ^(b) | 28,248 | 23,079 | -18.3 |
| Total | 238,860 | 299,413 | 25.4 |

(a) Refers to employees and volunteers of businesses and organisations.

(b) Comprises industries included in the survey other than the community services industry (see Box 2.1).

(c) From ABS 2001c.

Source: ABS 1998a, 2001b.

Of the organisations surveyed, not-for-profit organisations had the most employees (217,838) and volunteers (278,347) in 1999—00, considerably more than the total government sector (59,246 and 17,954 respectively). Not-for-profit organisations experienced large percentage increases in employees and volunteers between 1995—96 and 1999—00 (21% and 31% respectively). The number of employees and volunteers in all other categories of organisation fell over the period, indicating a shift in the provision of community services to private sector not-for-profit organisations (Table 2.4).

Between 1995—96 and 1999—00, the 9% increase in the number of employees in community services industries (from 247,080 to 269,022) comprised a rise of 31% in those providing direct services, and a fall of 38% in other employees. Over this period, the 31% growth in the number of volunteers in community services industries (from 210,612 to 276,333) comprised an increase of 109% in those providing direct services, and a decrease of 19% in other volunteers (Table 2.5).

Of the three broad community services industries, nursing homes had the most employees (84,519) in 1999—00, slightly more than the number in non-residential care services (78,834). Non-residential care services had far more volunteers (211,741) than other community services industries. Between 1995—96 and 1999—00, residential care services had the strongest increases in employees (up by 48%) and volunteers (up

by 99%). Employment in nursing homes fell from 98,896 to 84,519 (down by 15%), comprising an increase of 4% in those in direct service provision and a decrease of 65% in employees in other services. The number of volunteers in nursing homes hardly changed over the period (up 1%), with those providing direct services increasing by 60% and the number of other volunteers decreasing by 50% (Table 2.5).

Table 2.4: Employment and volunteers in community services activities, by type of service provision and organisation, 1995–96 and 1999–00

| Type of service provision | For profit | Not for profit ^(a) | Government | | | Total |
|--|---------------|-------------------------------|-----------------------|---------------|---------------|----------------|
| | | | Common –wealth/ State | Local | Total | |
| 1995–96 | | | | | | |
| Employment at end of June | | | | | | |
| Direct community services provision ^(b) | 56,445 | 114,661 | 35,844 | 16,214 | 52,058 | 223,164 |
| Other | 14,020 | 65,982 | 13,523 | 2,500 | 16,023 | 96,025 |
| Total employees | 70,465 | 180,643 | 49,367 | 18,714 | 68,081 | 319,188 |
| Volunteers during June ^(c) | 3,926 | 212,916 | n.a. | 22,018 | 22,018 | 238,860 |
| 1999–00 | | | | | | |
| Employment at end of June | | | | | | |
| Direct community services provision ^(b) | 60,082 | 168,161 | 34,177 | 14,846 | 49,023 | 277,266 |
| Other | 4,281 | 49,677 | 7,695 | 2,528 | 10,223 | 64,181 |
| Total employees | 64,363 | 217,838 | 41,872 | 17,374 | 59,246 | 341,447 |
| Volunteers during June ^(c) | 3,111 | 278,347 | n.a. | 17,954 | 17,954 | 299,413 |
| Per cent change | | | | | | |
| Employment at end of June | | | | | | |
| Direct community services provision ^(b) | 6.4 | 46.7 | –4.7 | –8.4 | –5.8 | 24.2 |
| Other | –69.5 | –24.7 | –43.1 | 1.1 | –36.2 | –33.2 |
| Total employees | –8.7 | 20.6 | –15.2 | –7.2 | –13.0 | 7.0 |
| Volunteers during June ^(c) | –20.8 | 30.7 | n.a. | –18.5 | –18.5 | 25.4 |

(a) 'Not-for-profit' organisations are those whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them.

(b) Direct community services provision are those activities which are provided to individuals and families on an interactive or face-to-face basis or on their behalf.

(c) Data not collected for Commonwealth or State Governments.

Source: ABS 1998a, 2001b.

Table 2.5: Employment and volunteers in community services industries,^(a) by type of service provision and community industry, 1995–96 and 1999–00

| Type of service provision | Community care services | | | | | Total |
|--|-------------------------|---------------------|----------------------------|-------------------------------|-------------------------------|----------------|
| | Nursing homes | Child care services | Accommodation for the aged | Residential care services nec | Non-residential care services | |
| 1995–96 | | | | | | |
| Employment at end of June | | | | | | |
| Direct community services provision ^(b) | 72,311 | 30,530 | 19,690 | 10,342 | 35,961 | 168,834 |
| Other | 26,585 | 5,604 | 13,730 | 4,633 | 27,693 | 78,245 |
| Total employees | 98,896 | 36,134 | 33,420 | 14,976 | 63,654 | 247,080 |
| Volunteers during June | | | | | | |
| Direct community services provision ^(b) | 7,211 | 5,531 | 3,983 | 3,385 | 62,785 | 82,895 |
| Other | 8,367 | 14,006 | 14,701 | 6,984 | 83,660 | 127,718 |
| Total volunteers | 15,578 | 19,537 | 18,684 | 10,369 | 146,444 | 210,612 |
| 1999–00 | | | | | | |
| Employment at end of June | | | | | | |
| Direct community services provision ^(b) | 75,298 | 38,346 | 35,569 | 19,022 | 52,446 | 220,681 |
| Other | 9,221 | 2,763 | 6,833 | 3,136 | 26,388 | 48,341 |
| Total employees | 84,519 | 41,109 | 42,402 | 22,158 | 78,834 | 269,022 |
| Volunteers during June | | | | | | |
| Direct community services provision ^(b) | 11,523 | 3,987 | 11,406 | 14,363 | 131,685 | 172,964 |
| Other | 4,229 | 7,357 | 5,471 | 6,258 | 80,055 | 103,369 |
| Total volunteers | 15,752 | 11,344 | 16,877 | 20,620 | 211,741 | 276,333 |
| Per cent change | | | | | | |
| Employment at end of June | | | | | | |
| Direct community services provision ^(b) | 4.1 | 25.6 | 80.6 | 83.9 | 45.8 | 30.7 |
| Other | -65.3 | -50.7 | -50.2 | -32.3 | -4.7 | -38.2 |
| Total employees | -14.5 | 13.8 | 26.9 | 48.0 | 23.8 | 8.9 |
| Volunteers during June | | | | | | |
| Direct community services provision ^(b) | 59.8 | -27.9 | 186.4 | 324.3 | 109.7 | 108.7 |
| Other | -49.5 | -47.5 | -62.8 | -10.4 | -4.3 | -19.1 |
| Total volunteers | 1.1 | -41.9 | -9.7 | 98.9 | 44.6 | 31.2 |

(a) The industry data in this table relates to employees of businesses and organisations where community services activity is the main activity of the business and organisation. Therefore, this table excludes community services activity where it forms a minor part of the total activity of the business or organisation, such as a child care facility as part of a corporate business, or a nursing home as part of a hospital.

(b) Direct community services provision are those activities which are provided to individuals and families on an interactive or face-to-face basis or on their behalf.

Source: ABS 1998a, 2001b.

The community services workforce

In common with many occupations, but in contrast with those in the health industry, there is not a direct match between community services occupation and industry. People employed in community services occupations (such as pre-primary and special education, welfare, social and community workers; counsellors; welfare associate professionals; children's care workers and special care workers) work across a range of industries. Table 2.6 shows that counsellors, for example, work in a wide range of industries, some of which are community services industries, and some of which relate to health, education or correctional services. Special care workers may work in supported accommodation refuges or correctional, child protection, aged care or disability services.

Of the 69,137 employees in the occupation group of children's care workers, most (45,857) were in the child care services industry (AIHW 2001). Of the 41,703 special care workers, just over half (51%) worked in three industries: residential care services (other than accommodation for the aged) (7,295), non-residential care services (such as meals on wheels, welfare counselling) (7,105), or nursing homes (6,990). Of the 30,197 employees in the welfare, social and community workers occupation group, over half (57%) were employed in four industries: non-residential care services (8,331), government administration (3,586), community health centres (2,763) or hospitals (2,428) (Table 2.6).

Table 2.6: Employment in community services occupations, by industry and occupation, 1996

| Industry | Pre- primary & special education | Welfare, social & community workers | Coun- sellors | Welfare associate profess- ionals | Children's care workers | Special care workers | Total |
|--|---|--|------------------|--|-------------------------------|----------------------------|----------------|
| Community services | | | | | | | |
| Nursing homes | 13 | 633 | 9 | 127 | 60 | 6,990 | 7,832 |
| Child care services | 3,544 | 708 | 19 | 180 | 45,857 | 1,778 | 52,086 |
| Accommodation for the aged | 3 | 384 | 3 | 34 | 20 | 3,483 | 3,927 |
| Residential care services ^(a) | 132 | 2,384 | 102 | 3,031 | 531 | 7,295 | 13,475 |
| Non-residential care services | 369 | 8,331 | 1,126 | 2,448 | 1,665 | 7,105 | 21,044 |
| Community services (undefined) | 26 | 1,381 | 34 | 349 | 165 | 1,174 | 3,129 |
| <i>Total community services</i> | <i>4,087</i> | <i>13,821</i> | <i>1,293</i> | <i>6,169</i> | <i>48,298</i> | <i>27,825</i> | <i>101,493</i> |
| Other industries | | | | | | | |
| Government administration | 514 | 3,586 | 297 | 906 | 1,923 | 2,777 | 10,003 |
| Education | 22,691 | 1,036 | 56 | 584 | 6,689 | 1,249 | 32,305 |
| Hospitals | 36 | 2,428 | 165 | 244 | 221 | 1,173 | 4,267 |
| Community health centres | 79 | 2,763 | 800 | 1,483 | 504 | 1,792 | 7,421 |
| Other industries (incl. not stated) | 2,213 | 6,563 | 747 | 3,788 | 11,502 | 6,887 | 31,700 |
| Total | 29,620 | 30,197 | 3,358 | 13,174 | 69,137 | 41,703 | 187,189 |

(a) Includes those other than accommodation for the aged.

Source: AIHW 2001.

Detailed community services occupations

The broad occupational groups described above and in Table 2.6 can be broken down into smaller occupational categories. Based on ABS Census data, Table A2.1 shows persons employed, and the number per 100,000 population, in the broad groups and the smaller categories within those groups, at August 1996.

Of the broad occupational groups, the largest was children's care workers, with 69,137 employees (390 per 100,000 population), followed by special care workers, with 41,703 employees (235 per 100,000). These two groups together accounted for well over half (59%) of all people employed in community services occupations.

Of the more detailed occupational categories, carers of aged or disabled persons (35,940 workers, or 203 per 100,000) and child care workers (31,201, or 176 per 100,000) were the largest. Together, workers in these two categories made up over a third (36%) of all those employed in community services occupations. Other categories with relatively large numbers of employed people were family day care workers (16,577, or 93 per 100,000), community workers (15,800 or 89 per 100,000) and pre-primary school teachers (12,584, or 71 per 100,000).

Nursing

The following information focuses on the nursing labour force, as it represents a major occupation providing community services.

Table 2.7: Nurses employed in selected areas of nursing, by type of nurse, 1993–97

| Area of nursing/type of nurse | 1993 | 1994 | 1995 | 1996 | 1997 ^(a) | % change 1993–97 |
|---|----------------|----------------|----------------|----------------|---------------------|---------------------|
| Geriatrics/gerontology | | | | | | |
| Registered nurses | 22,259 | 22,663 | 22,129 | 22,111 | 20,662 | -7.2 |
| Enrolled nurses | 19,427 | 18,671 | 16,533 | 16,160 | 14,632 | -24.7 |
| Total | 41,685 | 41,334 | 38,662 | 38,271 | 35,294 | -15.3 |
| Community/district/domiciliary nursing | | | | | | |
| Registered nurses | 8,447 | 8,956 | 8,108 | 7,995 | 7,408 | -12.3 |
| Enrolled nurses | 685 | 728 | 698 | 773 | 887 | 29.5 |
| Total | 9,132 | 9,684 | 8,806 | 8,768 | 8,295 | -9.2 |
| Developmental disability nursing | | | | | | |
| Registered nurses | 2,163 | 2,183 | 2,398 | 2,266 | 1,838 | -15.0 |
| Enrolled nurses | 918 | 942 | 556 | 738 | 697 | -24.1 |
| Total | 3,081 | 3,215 | 2,954 | 3,004 | 2,535 | -17.7 |
| All nurses^(b) | | | | | | |
| Registered nurses | 164,252 | 172,434 | 171,774 | 171,684 | 175,935 | 7.1 |
| Enrolled nurses | 52,444 | 52,676 | 48,892 | 46,488 | 46,274 | -11.8 |
| Total | 216,696 | 225,110 | 220,666 | 218,172 | 222,209 | 2.5 |

(a) 1997 classification of clinical area is not strictly comparable with previous years.

(b) Includes all areas of nursing.

Source: AIHW 1997a, 1998a, 1999b, 2000.

Between 1993 and 1997, the number of nurses employed in the three main areas of nursing relating to community services geriatrics/gerontology, community/district/domiciliary nursing and developmental disability nursing fell by 15%, 9% and 18% respectively (AIHW 1997a, 1998a, 1999b, 2000). The percentage decreases for registered nurses (7%, 12% and 15% respectively) were less than those for enrolled nurses (25%, 29% and 24% respectively). These trends contrast with the changes in the numbers of all nurses over the period (up 3%), comprising an increase of 7% in registered nurses and a decrease of 12% in enrolled nurses (Table 2.7).

Between 1994 and 1997, decreases also occurred in the numbers of registered and enrolled nurses in all settings related to community care except community health centres, where there was an increase of 26% (Table 2.8). This pattern is consistent with the general shift in employment to private not-for-profit organisations noted earlier .

The decrease in the number of nurses employed in the geriatrics and gerontology area occurred during a period when the number of older people was increasing (see Chapter 6). The number of people residing in aged care homes increased from 122,480 in 1993 to 132,804 in 1997 (an 8.4% increase). However, the number of hospital bed-days used by older people fell slightly between 1993—94 and 1996—97, from 10,541,892 to 10,247,280 (a 2.8% decrease) (AIHW 1997c, 1998b).

Table 2.8: Nurses employed in selected work settings, by type of nurse, 1994–97

| Work setting/type of nurse | 1994 | 1995 | 1996 | 1997 | % change 1994–97 |
|---|----------------|----------------|----------------|----------------|---------------------|
| Public nursing homes | | | | | |
| Registered nurses | 9,813 | 8,008 | 8,344 | 9,648 | -1.7 |
| Enrolled nurses | 10,514 | 7,750 | 7,529 | 7,997 | -23.9 |
| Total | 20,327 | 15,758 | 15,873 | 17,645 | -13.2 |
| Private nursing homes | | | | | |
| Registered nurses | 12,608 | 12,985 | 11,752 | 12,289 | -2.5 |
| Enrolled nurses | 7,340 | 7,226 | 6,329 | 5,933 | -19.2 |
| Total | 19,948 | 20,211 | 18,081 | 18,222 | -8.7 |
| Community health centres | | | | | |
| Registered nurses | 8,760 | 9,325 | 9,557 | 11,051 | 26.2 |
| Enrolled nurses | 835 | 881 | 868 | 1,002 | 20.0 |
| Total | 9,595 | 10,206 | 10,425 | 12,053 | 25.6 |
| Developmental disability service | | | | | |
| Registered nurses | 2,454 | 2,526 | 2,325 | 2,268 | -7.6 |
| Enrolled nurses | 962 | 825 | 741 | 814 | -15.4 |
| Total | 3,416 | 3,351 | 3,066 | 3,082 | -9.8 |
| All nurses | | | | | |
| Registered nurses | 172,434 | 171,774 | 171,684 | 175,935 | 2.0 |
| Enrolled nurses | 52,676 | 48,892 | 46,488 | 46,274 | -12.2 |
| Total | 225,110 | 220,666 | 218,172 | 222,209 | -1.3 |

Source: AIHW 1997a, 1998a, 1999b, 2000.

Reported nursing shortages

The Department of Employment, Workplace Relations and Small Business regularly collects data on skill shortages. The survey obtains data by telephone, primarily from employers who have recently advertised, and focuses on whether they have been able to find suitable applicants. Statistical trends, including the numbers commencing and completing training and the number of vacancies, are also considered.

Table 2.9 below shows that in February 2001 there was a widespread shortage of registered nurses in aged care across Australia, and considerable shortages in community nursing in most jurisdictions. In the context of expectations that aged people will represent higher percentages of the population in the medium and long terms, the downtrends in these areas of nursing are particularly critical.

Table 2.9: Shortages in nursing occupations, by State/Territory, February 2001

| Area of nursing | NSW/ACT | Vic | Qld | WA | SA | Tas | NT | Australia |
|----------------------------|---------|-----|-----|----|----|-----|----|-----------|
| Aged care registered nurse | Y | Y | Y | | Y | Y | Y | Y |
| Community nursing | Y | Y | Y | R | | | Y | Y |

Note: Y indicates a shortage; R indicates shortage in some regional areas only.

Source: DEWRSB, unpublished data on national and State skills shortages.

The shortage of registered nurses in aged care reflects a more broadly based shortage of nurses in general, and one which has been observed at the international as well as the national level. The shortage has not gone unobserved by the aged care industry, nursing unions, or indeed by the government. Early in 2001, the Senate Community Affairs References Committee commenced an Inquiry into Nursing with two major areas of concern: the shortage of nurses in Australia and the impact that this is having on the delivery of health and aged care services; and the opportunities to improve current arrangements for the education and training of nurses, encompassing enrolled, registered and postgraduate nurses. In addition, a ministerially appointed expert panel has been set up to undertake a Review of Nurse Education. The review was agreed between Dr Wooldridge and Dr Kemp and will look at the effectiveness of the current arrangements for the education and training of nurses. In addition, the Australian Health Workforce Advisory Committee (set up in December 2000) has been requested by the Australian Health Ministers Advisory Council to consider the specialised nursing workforce as its first priority, and in particular the areas of critical care nursing, midwifery, mental health, aged care and emergency medicine.

More specifically, there have been some particular initiatives in the aged care field. The Aged Care Work Force Committee has been established within the Department of Health and Aged Care, as a subcommittee of the Aged Care Working Group. The committee has four objectives: to raise the profile of residential aged care work; to encourage the provision of appropriate education and continuing professional development for residential aged care workers and potential workers; to encourage the improvement of appropriate workforce employment practice and safety; and to maintain and analyse data on workforce issues in aged care. A number of specific projects have been undertaken. These include the Nurse Returners Project, being undertaken by La Trobe University into the key reasons for nursing attrition in the

residential aged care sector and the factors which would encourage the return of nurses to this sector; and the Minister s Awards for Excellence in Residential Aged Care.

2.5 Monetary expenditure on welfare services

Total expenditure

Prior to 1998–99, government expenditure was consistently reported on a cash basis, where payments for welfare services provision are made in the financial year regardless of whether they are for services provided in the year. Since 1998–99, governments in most jurisdictions have reported on an accrual basis. Under this system, only the expenses which are related to the services provided in the year are reported. Estimates of items such as depreciation of capital used up in the process of production of goods and services in the financial year and unfunded superannuation are also included.

Table 2.10: Total welfare services expenditure and expenditure per person, (in current and constant 1998–99 prices)^(a) and annual growth rate, 1990–91 to 1999–00

| Year | Total expenditure (\$m) | | Expenditure per person (\$) | |
|---|-------------------------------|-----------------|-----------------------------|-----------------|
| | Current prices | Constant prices | Current prices | Constant prices |
| | Amount | | | |
| 1990–91 | 5,721 | 6,747 | 333 | 393 |
| 1991–92 | 6,298 | 7,061 | 362 | 406 |
| 1992–93 | 7,125 | 7,795 | 405 | 443 |
| 1993–94 | 7,726 | 8,398 | 435 | 473 |
| 1994–95 | 8,355 | 9,023 | 465 | 502 |
| 1995–96 | 9,069 | 9,586 | 498 | 527 |
| 1996–97 | 9,958 | 10,341 | 540 | 561 |
| 1997–98 | 10,874 | 11,130 | 583 | 597 |
| <i>Break in time series</i> | | | | |
| 1998–99 | 12,818 | 12,818 | 680 | 680 |
| 1999–00 | 13,664 | 13,369 | 717 | 702 |
| | Growth rate (per cent) | | | |
| 1990–91 to 1991–92 | 10.1 | 4.6 | 8.7 | 3.3 |
| 1991–92 to 1992–93 | 13.1 | 10.4 | 11.9 | 9.2 |
| 1992–93 to 1993–94 | 8.4 | 7.7 | 7.4 | 6.7 |
| 1993–94 to 1994–95 | 8.1 | 7.4 | 7.0 | 6.3 |
| 1994–95 to 1995–96 | 8.5 | 6.2 | 7.1 | 4.9 |
| 1995–96 to 1996–97 | 9.8 | 7.9 | 8.4 | 6.5 |
| 1996–97 to 1997–98 | 9.2 | 7.6 | 8.0 | 6.4 |
| <i>Break in time series</i> | | | | |
| 1997–98 to 1998–99 | .. | .. | .. | .. |
| 1998–99 to 1999–00 | 6.6 | 4.3 | 5.5 | 3.2 |
| Average annual growth rate^(b) | | | | |
| 1990–91 to 1997–98 | 9.6 | 7.4 | 8.3 | 6.2 |
| 1998–99 to 1999–00 | 6.6 | 4.3 | 5.5 | 3.2 |

(a) The GFCE implicit price deflator was applied to both government and non-government sector current price expenditure.

(b) Average annual growth rates are calculated using exponential growth.

Source: Expenditure—AIHW database; Population—ABS 1996a, 1998b, 1998c, 1999a, 2001d.

Under this new reporting system, expenditure is expected to be higher than when it was compiled on the cash basis. It is not possible at this stage to evaluate the extent of the changes resulting from this change in the reporting system.

The term expenditure is used in this chapter regardless of whether the data on which the estimates of expenditure are made are reported on a cash or accrual basis or a mixture of both.

The provision and funding of monetary expenditure on welfare services is shared by both the government and non-government sectors. The government sector consists of the Commonwealth Government, the State and Territory Governments, and local governments. The non-government sector consists of the households sector and the NGCSOs, which operate either for profit or not for profit. The households sector is both a provider and a purchaser or funder of services. Households contribution as a funder of services is in the form of client fees for the services.

The switch from cash to accrual accounts reporting in the government sector results in a break in the expenditure series. The time series presented in this chapter are broken down into two periods: 1990–91 to 1997–98 when expenditure data were compiled on a cash basis, and 1998–99 and 1999–00 when they were compiled on an accrual basis.

In 1999–00, total monetary expenditure on welfare services was \$13.7 billion and was 2.16% of GDP (Tables 2.10 and 2.11). Growth of total expenditure in real terms between 1990–91 and 1997–98 averaged 7.4% per year. Between 1998–99 and 1999–00 it was 4.3%.

Table 2.11: Welfare services expenditure and GDP (in current and constant 1998–99 prices), 1990–91 to 1999–00 (\$m)

| Year | Welfare services expenditure | | Gross domestic product ^(a) | | Expenditure as % of GDP |
|-----------------------------|------------------------------|-----------------|---------------------------------------|-----------------|-------------------------|
| | Current prices | Constant prices | Current prices | Constant prices | Current prices |
| 1990–91 | 5,721 | 6,747 | 396,684 | 440,389 | 1.44 |
| 1991–92 | 6,298 | 7,061 | 405,961 | 442,023 | 1.55 |
| 1992–93 | 7,125 | 7,795 | 426,746 | 457,985 | 1.67 |
| 1993–94 | 7,726 | 8,398 | 449,416 | 476,989 | 1.72 |
| 1994–95 | 8,355 | 9,023 | 473,381 | 498,550 | 1.77 |
| 1995–96 | 9,069 | 9,586 | 506,975 | 520,261 | 1.79 |
| 1996–97 | 9,958 | 10,341 | 532,170 | 539,088 | 1.87 |
| 1997–98 | 10,874 | 11,130 | 564,653 | 565,126 | 1.93 |
| <i>Break in time series</i> | | | | | |
| 1998–99 | 12,818 | 12,818 | 595,417 | 595,417 | 2.15 |
| 1999–00 | 13,664 | 13,369 | 632,416 | 621,186 | 2.16 |

(a) GDP(I)—the income-based estimate of GDP was used.

Source: Welfare services expenditure—AIHW database; GDP—ABS 1999b, 1999d, 2001e.

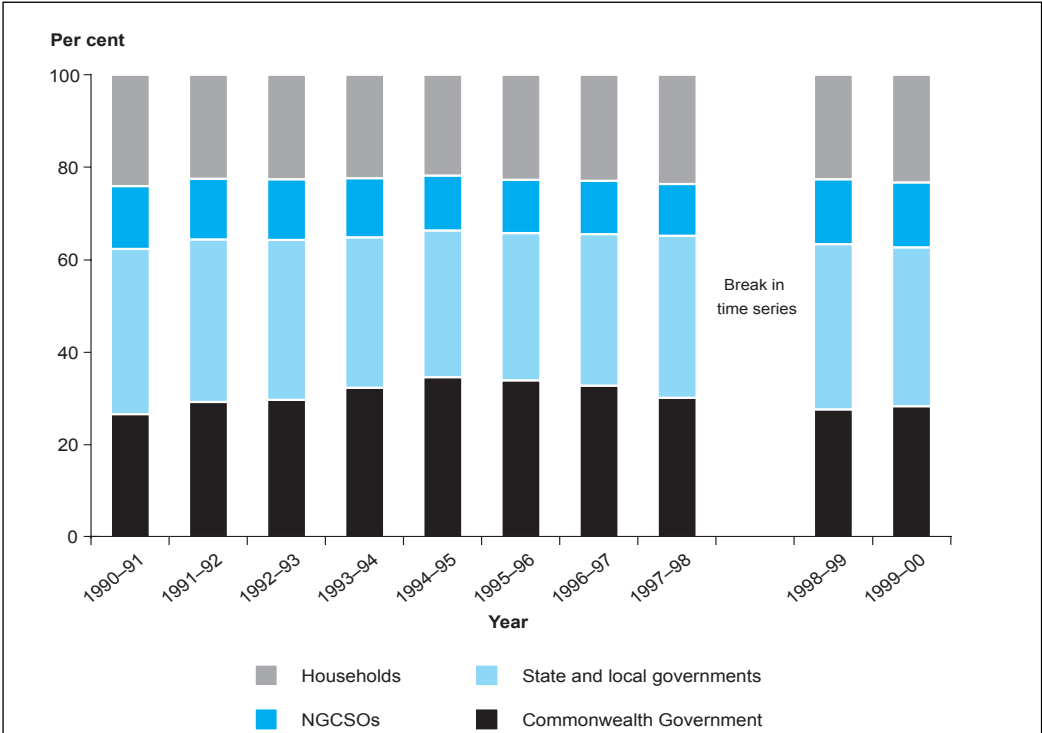
The Australian Bureau of Statistics has estimated that \$12.6 billion was spent on community services in 1999–00 (ABS 2001b). The discrepancy between the AIHW and ABS estimates was due partly to estimation methods and partly to coverage of expenditure items. Items not included in the ABS estimate but included in the AIHW estimate are child care cash rebates, concessions on electricity, water, council rates to individuals, and services for refugees and Aboriginal and Torres Strait Islander people.

Per person expenditure on welfare services in 1999—00 was \$717 in current prices, an increase in real terms over 1998—99 of 3.2%. Over the preceding period, 1990—91 to 1997—98, the average annual growth in per person expenditure in real terms was 6.2% (Table 2.10).

Total expenditure by source of funds

Between 1990—91 and 1997—98, governments financed an average of 65% of expenditure on welfare services (Table 2.12, Figure 2.2). The remaining 35% was funded by the household and NGCSO sectors. In the 1998—99 to 1999—00 period, the funding share of the government sector was 63% and the non-government sector 37%.

The Commonwealth Government's share of funding of total welfare services expenditure between 1990—91 and 1997—98 fluctuated between 27% (in 1990—91) and 35% (in 1994—95), averaging 31% over the entire period. State and Territory Governments' share of funding also fluctuated, averaging 33%. Local governments accounted for a small proportion of total welfare services expenditure, averaging 1% during the period. In the non-government sector, the share of funding by clients averaged 23% of total expenditure while NGCSOs accounted for 12%.



Source: Table 2.12.

Figure 2.2: Proportion of welfare services expenditure, by source of funds, 1990-91 to 1999-00

Table 2.12: Expenditure on welfare services (in current prices), by source of funds, 1990–91 to 1999–00

| Year | Government sector | | | | Non-government sector | | | Total expenditure |
|------------------------------|-------------------------------|---------------------------------|----------------------|----------------------|-----------------------|----------------------------|-------|-------------------|
| | Common -wealth ^(a) | State/ Territory ^(b) | Local ^(c) | Total ^(d) | NGCSOs ^(e) | House-holds ^(f) | Total | |
| Amount (\$m) | | | | | | | | |
| 1990–91 | 1,522 | 1,995 | 51 | 3,568 | 777 | 1,376 | 2,153 | 5,721 |
| 1991–92 | 1,839 | 2,199 | 19 | 4,056 | 825 | 1,417 | 2,242 | 6,298 |
| 1992–93 | 2,113 | 2,447 | 22 | 4,582 | 934 | 1,609 | 2,542 | 7,125 |
| 1993–94 | 2,494 | 2,469 | 46 | 5,008 | 990 | 1,728 | 2,718 | 7,726 |
| 1994–95 | 2,892 | 2,551 | 99 | 5,542 | 995 | 1,818 | 2,813 | 8,355 |
| 1995–96 | 3,074 | 2,737 | 157 | 5,968 | 1,039 | 2,062 | 3,100 | 9,069 |
| 1996–97 | 3,264 | 3,147 | 121 | 6,531 | 1,143 | 2,284 | 3,427 | 9,958 |
| 1997–98 | 3,273 | 3,593 | 219 | 7,084 | 1,229 | 2,561 | 3,790 | 10,874 |
| <i>Break in time series</i> | | | | | | | | |
| 1998–99 | 3,538 | 4,249 | 345 | 8,132 | 1,796 | 2,891 | 4,687 | 12,818 |
| 1999–00 | 3,871 | 4,584 | 122 | 8,577 | 1,913 | 3,174 | 5,087 | 13,664 |
| Proportion (per cent) | | | | | | | | |
| 1990–91 | 27 | 35 | 1 | 62 | 14 | 24 | 38 | 100 |
| 1991–92 | 29 | 35 | <1 | 64 | 13 | 23 | 36 | 100 |
| 1992–93 | 30 | 34 | <1 | 64 | 13 | 23 | 36 | 100 |
| 1993–94 | 32 | 32 | <1 | 65 | 13 | 22 | 35 | 100 |
| 1994–95 | 35 | 31 | 1 | 66 | 12 | 22 | 34 | 100 |
| 1995–96 | 34 | 30 | 2 | 66 | 12 | 23 | 34 | 100 |
| 1996–97 | 33 | 32 | 1 | 66 | 12 | 23 | 34 | 100 |
| 1997–98 | 30 | 33 | 2 | 65 | 11 | 24 | 35 | 100 |
| <i>Break in time series</i> | | | | | | | | |
| 1998–99 | 28 | 33 | 3 | 63 | 14 | 23 | 37 | 100 |
| 1999–00 | 28 | 34 | 1 | 63 | 14 | 23 | 37 | 100 |
| Average proportion | | | | | | | | |
| 1990–91 to 1997–98 | 31 | 33 | 1 | 65 | 12 | 23 | 35 | 100 |
| 1998–99 to 1999–00 | 28 | 33 | 2 | 63 | 14 | 23 | 37 | 100 |

(a) Compiled from DHHCS 1991, 1992; DHHLGCS 1993; DSHS 1995a, 1995b; DHFS 1996, 1997, 1998; DHAC 1999, 2000; DHRD 1994, 1995; FaCS 1999, 2000; Department of Immigration and Ethnic Affairs unpublished data; Department of Veterans' Affairs unpublished data.

(b) Recurrent expenditure—CGC 2001, CGC unpublished data. Capital expenditure—ABS unpublished public finance data.

(c) Recurrent and capital expenditure—ABS unpublished public finance data. The GFS data are not reliable at the 4-digit level of GPCs. Hence, only total welfare services expenditure is broken down into recurrent and capital. There is also a data reliability problem, as shown by the fluctuation in expenditure on welfare services from year to year.

(d) Total government expenditure data compiled by the AIHW include subsidies and personal benefits such as child care rebates, which are not included in GFCE. The figures here are therefore different from those published in ABS 2000b.

(e) 1992–93 estimated by AIHW based on Industry Commission 1994; 1993–94 estimated based on Industry Commission 1995; 1994–95 AIHW estimates based on a sample of NGCSOs' financial reports; 1995–96 to 1999–00, estimated by same methods as used for 1994–95, with additional information from ABS 1998c taken into consideration.

(f) Household contribution in the form of client fees to NGCSOs is generally obtained in the process of estimating NGCSOs' contribution. Client fees for child care services are estimated based on ABS 1997, 2000a. Fee charges for services provided by government agencies are based on ABS unpublished public finance data.

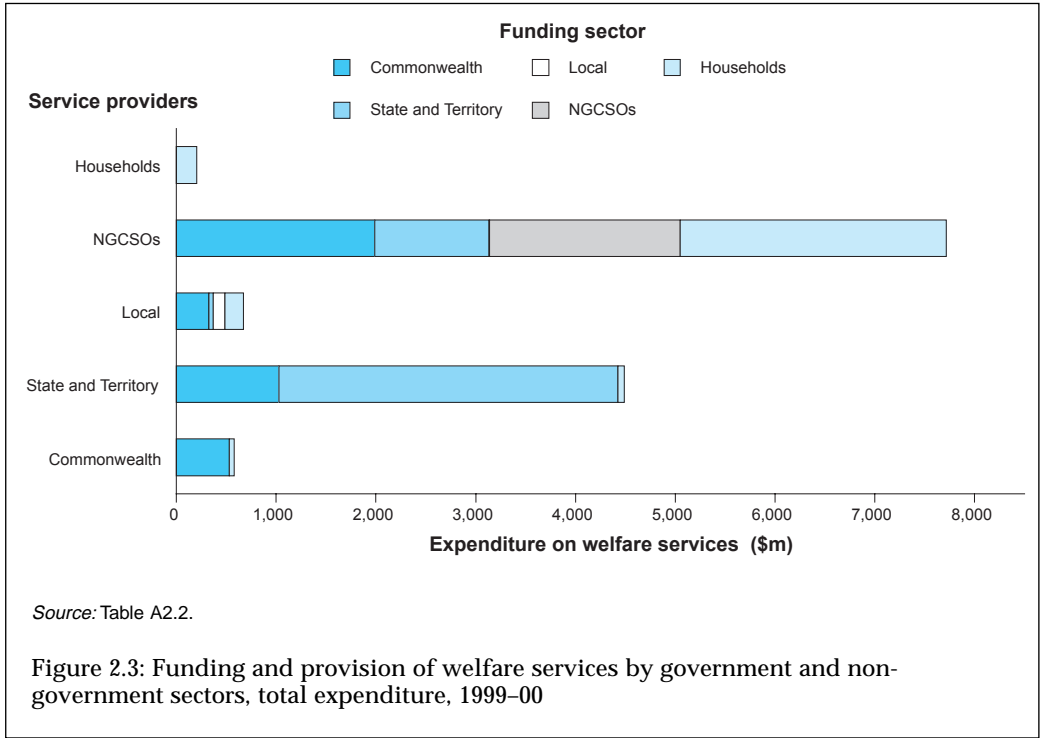
Note: Totals may not add due to rounding.

The State and Territory Governments share of funding in the 1998—99 to 1999—00 period was higher than that of the Commonwealth Government (33% and 28% respectively). The clients share, much of which came from pensions, was stable at 23% and the NGCSOs share was 14%.

Funding and provision of welfare services

In 1999—00, the government sector funded a total of \$8.6 billion of welfare services expenditure. Of this amount, \$5.4 billion (63%) was for services provided by the government sector itself; the remaining 37% was transferred to NGCSOs which then used these funds to provide services to the community (Table A2.2).

NGCSOs were predominantly providers of services (57%) but funded 14% worth of the total value of welfare services. Government agencies provided 42% worth: State and Territory government agencies delivered 33% and funded 34%; local government provided 5% and funded 1%; the Commonwealth Government provided 4% but funded 28% of the total value of welfare services. The remaining 2% (\$205 million) was provided by the households sector (Table A2.2 and Figure 2.3).



This \$205 million was the estimated cost of paid informal child care services. The estimated number of children using paid informal child care was 94,000 in 1999, representing only 11% of total children using informal child care (866,100). The remaining 89% were cared for by household members, to whom no payments were made. The majority of carers are grandparents (see Chapter 5).

Over time, NGCSOs were the major providers of welfare services, delivering an average of 58% of total welfare services expenditure between 1994–95 and 1999–00 (Table 2.13). Over this period, 39% of total welfare services expenditure was provided by government agencies and the remaining 2% was paid informal child care delivered by the households sector.

The Commonwealth Government and the State and Territory Governments were the major funders of welfare services, each funding on average just under one-third of total welfare services expenditure during the period 1994–95 to 1999–00.

Table 2.13: Funding and provision of welfare services, by sector, 1994–95 to 1999–00 (per cent)

| | Government sector | | | | Non-government sector | | |
|------------------|------------------------------|--------------------------------|----------------------|----------------------|-----------------------|---------------------------|-------|
| | Common-wealth ^(a) | State/Territory ^(b) | Local ^(c) | Total ^(d) | NGCSOs ^(e) | Households ^(f) | Total |
| Funding | | | | | | | |
| 1994–95 | 35 | 30 | 1 | 66 | 12 | 22 | 34 |
| 1995–96 | 34 | 29 | 2 | 65 | 12 | 23 | 35 |
| 1996–97 | 33 | 31 | 1 | 65 | 12 | 23 | 35 |
| 1997–98 | 35 | 26 | 1 | 61 | 13 | 27 | 39 |
| 1998–99 | 28 | 33 | 3 | 63 | 14 | 23 | 37 |
| 1999–00 | 28 | 34 | 1 | 63 | 14 | 23 | 37 |
| Provision | | | | | | | |
| 1994–95 | 5 | 30 | 7 | 42 | 55 | 3 | 58 |
| 1995–96 | 4 | 28 | 8 | 39 | 58 | 3 | 61 |
| 1996–97 | 3 | 29 | 7 | 39 | 59 | 2 | 61 |
| 1997–98 | 4 | 21 | 6 | 32 | 66 | 2 | 68 |
| 1999–00 | 4 | 33 | 5 | 42 | 57 | 2 | 58 |

(a) Compiled from DHHCS 1991, 1992; DHHLGCS 1993; DSHS 1995a, 1995b; DHFS 1996, 1997, 1998; DHAC 1999, 2000; DHRD 1994, 1995; FaCS 1999, 2000; Department of Immigration and Ethnic Affairs unpublished data; Department of Veterans' Affairs unpublished data.

(b) Recurrent expenditure—CGC unpublished data. Capital expenditure—ABS unpublished public finance data.

(c) Recurrent and capital expenditure—ABS unpublished public finance data. The GFS data are not reliable at the 4-digit level of GPCs. Hence, only total welfare services expenditure is broken down into recurrent and capital. There is also a data reliability problem, as shown by the fluctuation in expenditure on welfare services from year to year.

(d) Total government expenditure data compiled by the AIHW include subsidies and personal benefits such as child care rebates, which are not included in GFCE. The figures here are therefore different from those published in ABS 2000b.

(e) 1992–93 estimated by AIHW based on Industry Commission 1994; 1993–94 estimated based on Industry Commission 1995; 1994–95 AIHW estimates based on a sample of NGCSOs' financial reports; 1995–96 to 1999–00, estimated by same methods as used for 1994–95, with additional information from ABS 1998c taken into consideration.

(f) Household contribution in the form of client fees to NGCSOs is generally obtained in the process of estimating NGCSOs' contribution. Client fees for child care services are estimated based on ABS 1997, 2000a. Fee charges for services provided by government agencies are based on ABS unpublished public finance data.

Note: Totals may not add due to rounding.

6 Comparable data for estimates of household contributions go back to 1994–95 only.

Tax expenditure

Tax expenditures are tax concessions such as exemptions, deductions, rebates, reduced tax rates and deferral of tax liability. The tax deductibility of donations to NGCSOs is an example of a tax expenditure in the community services sector. Tax expenditures are measured in terms of the amount of tax revenue forgone by government as a result of concessional taxation treatment.

For NGCSOs, tax expenditures are an important and valuable form of assistance, accounting for about 7% of total expenditure.

Estimated total revenue forgone from tax expenditures in the community services sector increased from \$443 million in 1993–94 to \$989 million in 1999–00 (Table 2.14). It should be noted that these figures are likely to under-estimate the actual totals, as many tax expenditures in this area are not costed as a result of lack of data and conceptual difficulties associated with choosing a suitable tax benchmark (see AIHW 1999a:28–9 for more details). The average annual growth rate in real terms over the seven-year period was 12.4%. The fringe benefits tax exemption had the highest growth of all tax expenditures, with revenue forgone increasing by almost 36% on average between 1993–94 and 1999–00. This is a reflection of the growing reliance of the sector on fringe benefits as part of employee remuneration. The revenue forgone from government input tax exemptions made up the bulk of revenue forgone from all tax expenditures in the sector, averaging 86.4% of the total over the seven-year period.

Table 2.14: Estimates of tax expenditures^(a) granted to NGCSOs (in current prices), 1993–94 to 1999–00^(b) (\$m)

| | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 | 1998–99 | 1999–00 |
|--|------------|------------|------------|------------|------------|------------|------------|
| Tax deductibility for donations | 73 | 73 | 69 | 88 | 86 | 120 | 123 |
| <i>Commonwealth input tax exemptions</i> | | | | | | | |
| Fringe benefits tax | 30 | 70 | 75 | 150 | 180 | 190 | 210 |
| Wholesale sales tax ^(c) | 120 | 119 | 137 | 153 | 172 | 207 | 232 |
| <i>State/Territory input tax exemptions</i> | | | | | | | |
| Payroll tax | 80 | 79 | 91 | 102 | 115 | 138 | 154 |
| Land tax | 40 | 40 | 46 | 51 | 57 | 69 | 77 |
| Stamp duty and bank taxes | 100 | 99 | 114 | 127 | 144 | 172 | 193 |
| <i>Total government input tax exemptions</i> | <i>370</i> | <i>408</i> | <i>463</i> | <i>583</i> | <i>668</i> | <i>775</i> | <i>866</i> |
| Total tax expenditure | 443 | 481 | 533 | 672 | 754 | 896 | 989 |
| Total welfare services expenditure | 7,726 | 8,355 | 9,069 | 9,958 | 10,874 | 12,805 | 13,642 |
| Tax expenditure as a proportion of total expenditure (%) | 5.7 | 5.8 | 5.9 | 6.7 | 6.9 | 7.0 | 7.3 |

(a) Tax expenditures are recorded against the year in which the liability was incurred, not the year the expenditure is paid.

(b) 1994–95 to 1999–00 figures are AIHW estimates, except for the FBT exemption which was provided by Treasury.

(c) This tax was abolished 1 July 2000 following the introduction of 'The New Business Tax System' by the Commonwealth Government.

Note: Totals may not add due to rounding.

Source: Industry Commission 1995; Treasury 1997, 1999, 2001; AIHW welfare services expenditure database.

When revenue forgone by governments was added to total expenditure, welfare services expenditure as a proportion of GDP in 1999–00 rose from 2.16% to 2.31%. The share of funding by the Commonwealth Government rose from 28% to 30%, and by State and Territory Governments from 33% to 34%. NGCSOs share fell from 14% to 13% and households from 23% to 22%.

Recurrent government expenditure by area of expenditure

Data quality problems prevent further breakdown of State and Territory government capital expenditure and local government expenditure (both recurrent and capital) by area of expenditure. Analysis is possible only on recurrent expenditure by the Commonwealth Government and the State and Territory Governments. Furthermore, detailed information on concessions for pensioners, which enable the split of the aged and the disabled welfare services category into two categories aged care services and welfare services for people with a disability is not available for years earlier than 1992–93. The analysis of recurrent expenditure by the four welfare services categories therefore relates to the period 1992–93 to 1999–00 (Table 2.15).

Except for welfare services for the aged, expenditure by the State and Territory Governments was more than that by the Commonwealth Government in both the 1992–93 to 1997–98 and 1998–99 to 1999–00 periods.

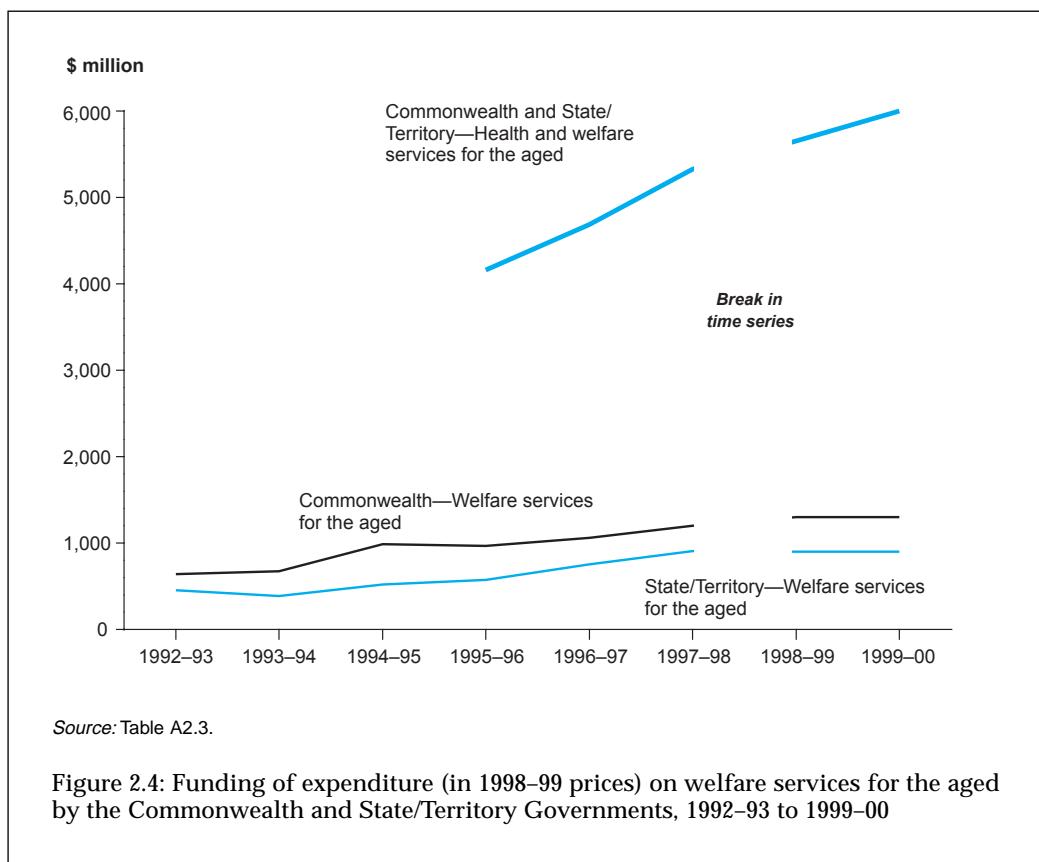


Figure 2.4: Funding of expenditure (in 1998-99 prices) on welfare services for the aged by the Commonwealth and State/Territory Governments, 1992-93 to 1999-00

Table 2.15: Commonwealth and State/Territory recurrent expenditure on welfare services (in current prices), 1992–93 to 1999–00

| | Commonwealth ^(a) | State/Territory ^(b) | Total |
|--|-----------------------------|--------------------------------|---------|
| | Amount (\$m) | | |
| Family and child welfare services | | | |
| 1992–93 | 611.5 | 772.1 | 1,383.7 |
| 1993–94 | 758.9 | 814.4 | 1,573.2 |
| 1994–95 | 952.6 | 872.2 | 1,824.8 |
| 1995–96 | 1,088.4 | 985.6 | 2,074.0 |
| 1996–97 | 1,161.4 | 1,044.6 | 2,206.1 |
| 1997–98 | 1,089.2 | 1,129.3 | 2,218.5 |
| 1998–99 (accrual) | 1,139.7 | ^(c) 1,343.5 | 2,483.1 |
| 1999–00 (accrual) | 1,397.0 | ^(c) 1,449.6 | 2,848.6 |
| Welfare services for the aged | | | |
| 1992–93 | 586.6 | 414.0 | 1,000.6 |
| 1993–94 | 800.7 | 354.2 | 1,154.8 |
| 1994–95 | 911.3 | 482.2 | 1,393.5 |
| 1995–96 | 916.8 | 545.1 | 1,462.0 |
| 1996–97 | 1,023.7 | 725.4 | 1,749.1 |
| 1997–98 | 1,172.0 | 887.7 | 2,059.7 |
| 1998–99 (accrual) | 1,301.5 | 902.4 | 2,203.9 |
| 1999–00 (accrual) | 1,331.0 | 919.9 | 2,250.9 |
| Welfare services for people with a disability | | | |
| 1992–93 | 548.0 | 814.0 | 1,362.0 |
| 1993–94 | 596.3 | 919.4 | 1,515.7 |
| 1994–95 | 698.2 | 864.3 | 1,582.5 |
| 1995–96 | 729.1 | 887.3 | 1,616.4 |
| 1996–97 | 728.0 | 1,005.2 | 1,733.2 |
| 1997–98 | 744.2 | 1,166.8 | 1,911.0 |
| 1998–99 (accrual) | 833.3 | ^(c) 1,522.5 | 2,355.8 |
| 1999–00 (accrual) | 887.5 | ^(c) 1,650.1 | 2,537.6 |
| Other welfare services | | | |
| 1992–93 | 146.6 | 207.3 | 354.0 |
| 1993–94 | 155.5 | 211.3 | 366.8 |
| 1994–95 | 161.7 | 278.4 | 440.1 |
| 1995–96 | 202.4 | 272.9 | 475.3 |
| 1996–97 | 184.5 | 295.4 | 480.0 |
| 1997–98 | 182.0 | 347.1 | 529.1 |
| 1998–99 (accrual) | 179.8 | ^(c) 405.8 | 585.7 |
| 1999–00 (accrual) | 184.6 | ^(c) 463.0 | 647.7 |
| Total welfare services | | | |
| 1992–93 | 1,892.8 | 2,207.5 | 4,100.3 |
| 1993–94 | 2,311.3 | 2,299.3 | 4,610.6 |
| 1994–95 | 2,723.8 | 2,517.1 | 5,240.9 |
| 1995–96 | 2,936.8 | 2,691.0 | 5,627.7 |
| 1996–97 | 3,097.7 | 3,070.6 | 6,168.3 |
| 1997–98 | 3,187.4 | 3,531.0 | 6,718.3 |
| 1998–99 (accrual) | 3,454.4 | ^(c) 4,174.2 | 7,628.5 |
| 1999–00 (accrual) | 3,800.2 | ^(c) 4,482.6 | 8,282.8 |

(continued)

Table 2.15 (continued): Commonwealth and State/Territory recurrent expenditure on welfare services (in current prices), 1992–93 to 1999–00

| | Commonwealth ^(a) | State/Territory ^(b) | Total |
|--|-----------------------------|--------------------------------|------------|
| | Proportion (per cent) | | |
| Average proportion by area of expenditure | | | |
| 1992–93 to 1997–98 | | | |
| Family and child welfare services | 35 | 35 | 35 |
| Welfare services for the aged | 34 | 21 | 27 |
| Welfare services for people with a disability | 25 | 34 | 30 |
| Other welfare services | 6 | 11 | 9 |
| Total | 100 | 100 | 100 |
| 1998–99 to 1999–00 | | | |
| Family and child welfare services | 35 | 32 | 34 |
| Welfare services for the aged | 36 | 21 | 28 |
| Welfare services for people with a disability | 24 | 37 | 31 |
| Other welfare services | 5 | 10 | 8 |
| Total | 100 | 100 | 100 |
| Average proportion by source of funding | | | |
| 1992–93 to 1997–98 | | | |
| Family and child welfare services | 50 | 50 | 100 |
| Welfare services for the aged | 61 | 39 | 100 |
| Welfare services for people with a disability | 42 | 58 | 100 |
| Other welfare services | 37 | 63 | 100 |
| 1998–99 to 1999–00 | | | |
| Family and child welfare services | 48 | 52 | 100 |
| Welfare services for the aged | 59 | 41 | 100 |
| Welfare services for people with a disability | 35 | 65 | 100 |
| Other welfare services | 30 | 70 | 100 |

(a) Compiled from DHHCS 1991, 1992; DHHLGCS 1993; DSHS 1995a, 1995b; DHFS 1996, 1997, 1998; DHAC 1999, 2000; DHRD 1994, 1995; FaCS 1999, 2000; Department of Immigration and Ethnic Affairs unpublished data; Department of Veterans' Affairs unpublished data.

(b) Recurrent expenditure—CGC unpublished data. Capital expenditure—ABS unpublished public finance data.

(c) The figures are less reliable than previous years' data.

Note: Totals may not add due to rounding.

In the family and child welfare services area, the share of funding by the two levels of governments was roughly the same in both periods. In the aged care area, the Commonwealth Government's share was on average 61% in the period 1992–93 to 1997–98 and 59% in the period 1998–99 to 1999–00. However, the State and Territory Governments' share was higher than the Commonwealth Government's in the two other areas: welfare services for people with a disability area, 58% and 65% for the two periods respectively; and other welfare services area, 63% and 70% respectively.

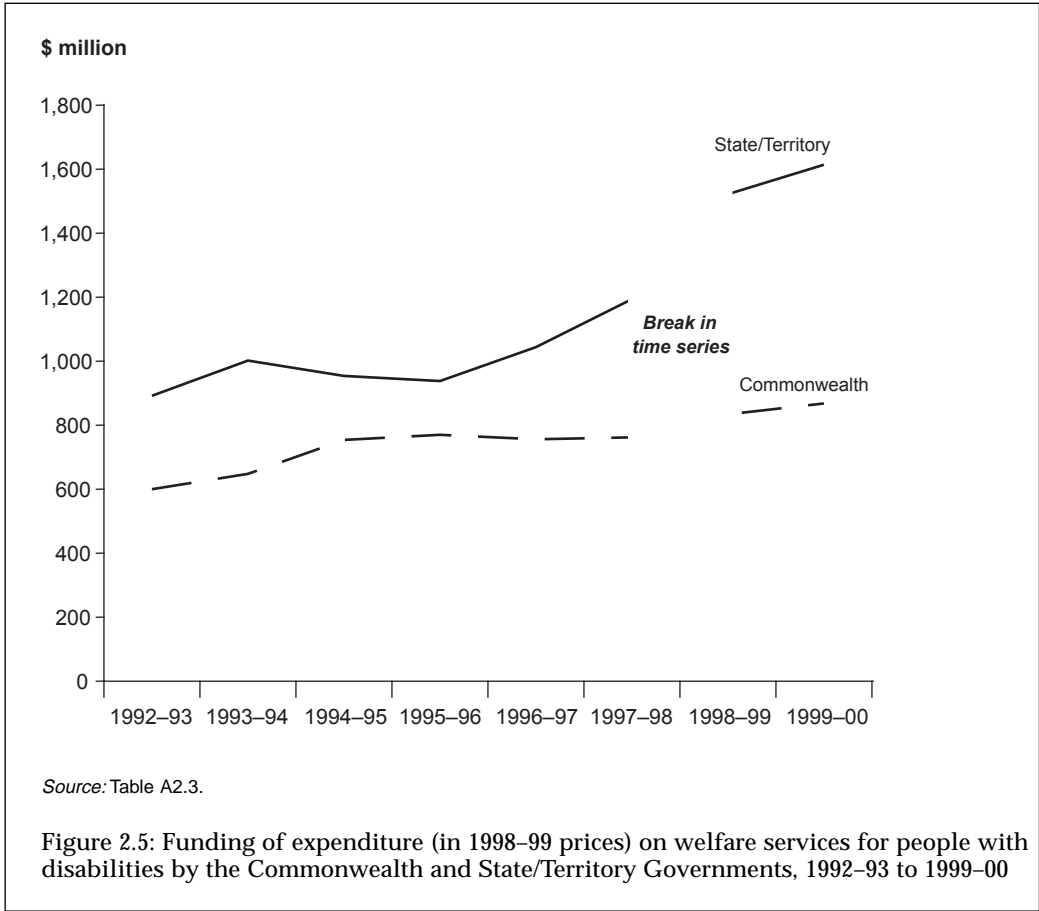
Of total recurrent expenditure by the Commonwealth Government, expenditure on family and child welfare services and welfare services for the aged each accounted for over one-third for both periods. Expenditure on welfare services for people with a disability accounted for about a quarter in both periods.

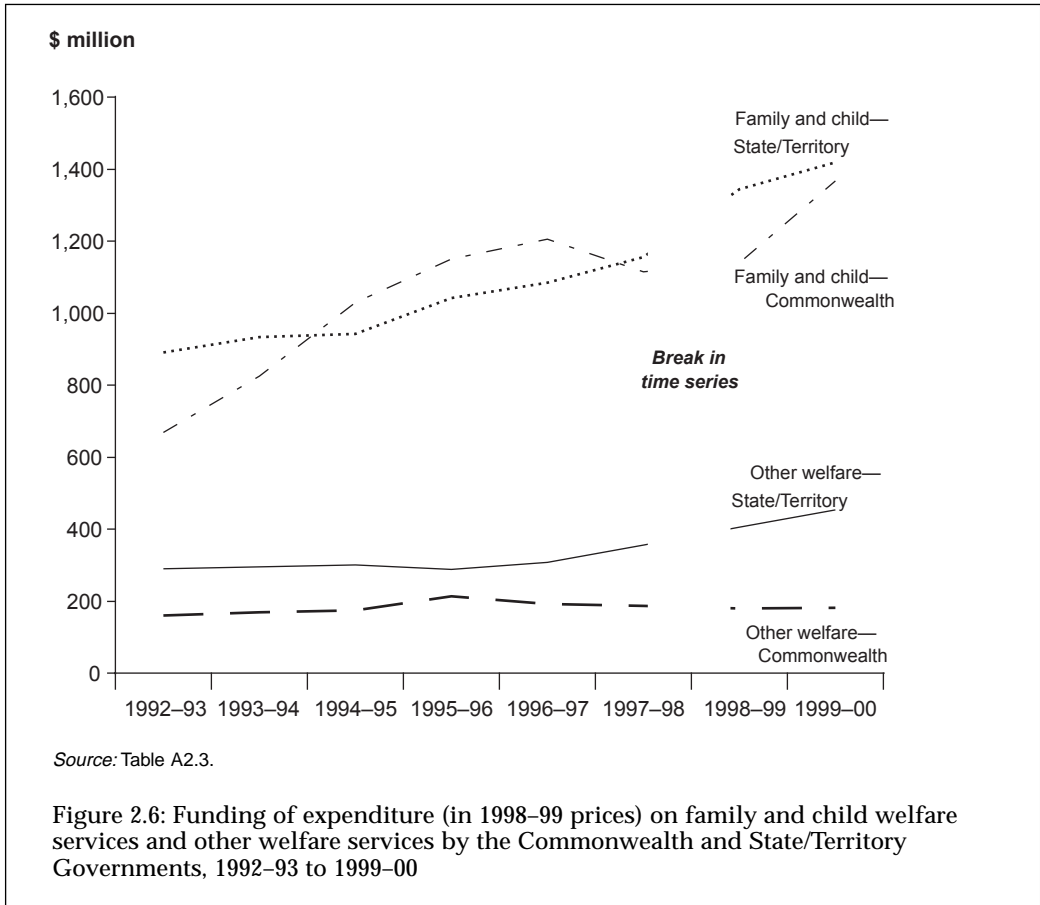
Of total recurrent expenditure between 1992—93 and 1997—98 by the State and Territory Governments, more than one-third was spent on family and child welfare services (35%) and welfare services for people with a disability (34%). Just under a quarter was spent on welfare services for the aged, and the remaining 11% on other welfare services.

In the 1998—99 to 1999—00 period, 37% of State and Territory government total recurrent expenditure went towards welfare services for people with a disability, followed by family and child welfare services (32%), welfare services for the aged (21%) and other welfare services (10%).

Expenditure by the two levels of government on the aged care in this chapter is related to the welfare services component only. If the health services component of residential care (high-level), domiciliary nursing care, and home and community care services were included, 1998—99 expenditure on aged care would be \$5.7 billion (State and Territory high-level residential care data are available only up to 1998—99).

Comparative time-series data on recurrent expenditure by area of expenditure by the Commonwealth, State and Territory Governments in 1998—99 prices are in Table A2.3 and are displayed in Figures 2.4—2.6.





Non-government community service organisations

Non-government community service organisations operate on either a for-profit or not-for-profit basis.⁷ Between 1992-93 and 1999-00, NGCSO recurrent expenditure was estimated to have increased from \$3,933 million to \$8,363 million (Table 2.16), at an average annual rate of 11.4% in current prices and 9.6% in constant prices.⁸ The sources of funding of NGCSOs recurrent expenditure are government contributions, their own income sources, and client fees. In the eight-year period, 46% of their expenditure was funded by governments, 22% from their own income sources and 32% from client fees.

7 In 1995-96, 76.3% of NGCSOs were not-for-profit (ABS 1998a), and in 1999-00, 77.0% (ABS 2001b).

8 Information on NGCSOs has been compiled on a consistent basis, so there is no break in the series.

The proportion of government funding of NGCSOs fluctuated, ranging between 44% and 48%. It was 47% in 1992–93 and 45% in 1999–00. The proportion of NGCSOs funding from their own income decreased fairly consistently, from 24% in 1992–93 to 20% in 1997–98, after which it increased to 24% in 1998–99. The increase was partly due to change in the distribution of these organisations total income as a result of the availability of more recent information from the Community Services Industry Survey (ABS 1998a), and of a larger sample of organisations being collected for the analysis.

Data prior to 1998–99 are estimated based on the report by the Industry Commission. For small and very small organisations providing welfare services for people with a disability, the distribution of sources of income was estimated from the survey by the Australian Council for the Rehabilitation of the Disabled (ACROD). The distribution was based on the 1992–93 financial year data which are out of date. The Industry Commission (1994:15–16) also was aware that the distribution may not be representative of all organisations.

Table 2.16: Sources of recurrent income,^(a) all government-funded NGCSOs, 1992–93 to 1999–00

| | Government funding ^(b) | NGCSO funding ^(c) | Client fees | Total |
|---------|-----------------------------------|------------------------------|-------------|-------|
| | Amount (\$m) | | | |
| 1992–93 | 1,846 | 934 | 1,153 | 3,933 |
| 1993–94 | 2,074 | 990 | 1,270 | 4,334 |
| 1994–95 | 1,973 | 995 | 1,338 | 4,306 |
| 1995–96 | 2,305 | 1,039 | 1,608 | 4,952 |
| 1996–97 | 2,552 | 1,143 | 1,831 | 5,526 |
| 1997–98 | 2,895 | 1,229 | 2,103 | 6,227 |
| 1998–99 | 3,260 | 1,796 | 2,404 | 7,460 |
| 1999–00 | 3,784 | 1,913 | 2,667 | 8,363 |
| | Proportion (per cent) | | | |
| 1992–93 | 47 | 24 | 29 | 100 |
| 1993–94 | 48 | 23 | 29 | 100 |
| 1994–95 | 46 | 23 | 31 | 100 |
| 1995–96 | 47 | 21 | 32 | 100 |
| 1996–97 | 46 | 21 | 33 | 100 |
| 1997–98 | 47 | 20 | 34 | 100 |
| 1998–99 | 44 | 24 | 32 | 100 |
| 1999–00 | 45 | 23 | 32 | 100 |

(a) The data above are income data. They are used to estimate NGCSO expenditure reported elsewhere in this report as the recurrent expenditure of these organisations is almost the same as their recurrent income (Industry Commission 1995: C16).

(b) Includes Commonwealth government grants to providers of child care services.

(c) Includes revenue from fund-raising and from business undertakings such as opportunity shops and sheltered workshops.

Source: Child care service clients' contribution—estimated by AIHW from ABS 1997, 2000a; Government funding—ABS unpublished data and DHFS, DHAC and DFACS unpublished data; NGCSO funding—estimated by AIHW.

The proportion of funding from client fees increased consistently between 1992–93 and 1997–98 from 29% in 1992–93 to 34% in 1997–98, after which it was stable, at around 32%. An average of 60% of client fees came from charges for child care services. About

one-quarter was for aged care hostel services and the remainder comprised fees for other services. Residents of aged care hostels finance their fees from their own income, which consists mainly of age pensions and a lesser share from other sources.

The data in Table 2.16 do not provide a complete picture of the non-government sector's contribution to welfare services because detailed time-series data on the contribution of NGCSOs not funded by governments are not available. Furthermore, capital expenditure by NGCSOs receiving government funding (for example, NGCSO funding of expenditure on building new hostels) is not included. Therefore, the estimates of NGCSOs' own income and client fees in Table 2.16 are conservative. Further information on NGCSOs is available in *Community Services, Australia* (ABS 1998a, 2001b).

2.6 International comparisons

This section compares the government welfare services expenditure of Australia with that of other members of the Organization for Economic Co-operation and Development (OECD) between 1985 and 1997 (see Box A2.1, for an explanation of the OECD financial year). Of the 30 countries that are presently members of the OECD, Hungary and the Slovak Republic are excluded from this comparison as there are currently no data reported for these countries.

The data presented here were obtained from the year 2000 version of the OECD's social expenditure database, which covers the period 1980 to 1997 (for a description of this database, see AIHW 1997d:44. Tables 2.17–2.18 relate only to government-funded expenditure on welfare services; expenditure funded by non-government organisations is not included.

The welfare services expenditures of different countries can be compared as a proportion of each country's GDP. This measure gives an indication of the proportion of a nation's productive effort that is spent on funding its welfare services. However, fluctuations in the welfare services-to-GDP ratio can be misleading when analysing changes in welfare services expenditure because the ratio may be as much an indication of movements in GDP as of changes in welfare services expenditure. Change in expenditure per person allows comparison between the welfare services expenditure of different countries without the distorting effect of GDP and the influence of population differences. However, this measure also has limitations as it does not allow for differences in demographic structure between countries. Welfare services expenditure per person is calculated allowing for the different purchasing power of each country's currency. In looking at both the expenditure-to-GDP ratio and per person expenditure, it is useful to consider the mean for each group in order to see where Australia fits vis-a-vis the average of the group.

The OECD has a set of standardised definitions for areas of social expenditure. Member countries are required to apply these definitions when providing data updates. Although this aims to ensure that the social expenditures of different countries are largely comparable, ultimately it is the member countries that interpret the OECD's requirements for each area of expenditure. As a result, caution is necessary when making comparisons, as there is likely to be some inconsistency, between countries and over time, in the allocation of expenditure to government welfare services.

The Nordic countries Denmark, Finland, Norway, Sweden and Iceland have consistently been the highest spenders on welfare services. This is partly because they classify as welfare services some activities that in most other countries would be coded as health. In particular, most aged care services are classified as welfare services in the Nordic countries.

Table 2.17: Government expenditure on welfare services as a proportion of GDP, OECD member countries, 1985–1997 (per cent)

| Country | OECD financial year ^(a) | | | | Rank of countries in 1997 |
|---|------------------------------------|-------------|-------------|-------------|------------------------------|
| | 1985 | 1990 | 1995 | 1997 | |
| Australia ^(b) | n.a. | 0.90 | 1.18 | 1.25 | 11 |
| Austria | 0.83 | 0.85 | 1.08 | 1.27 | 10 |
| Belgium | 0.26 | 0.27 | 0.54 | 0.63 | 17 |
| Canada | 1.21 | 1.19 | 1.01 | 2.43 | 6 |
| Czech Republic | n.a. | 0.41 | 0.54 | 0.51 | 23 |
| Denmark | 4.56 | 5.12 | 5.56 | 5.53 | 2 |
| Finland | 2.32 | 2.80 | 3.28 | 3.26 | 4 |
| France | 1.01 | 1.14 | 1.28 | 1.99 | 7 |
| Germany ^(c) | 0.89 | 0.92 | 1.43 | 1.62 | 9 |
| Greece | 0.02 | 1.08 | 0.89 | 0.98 | 12 |
| Iceland | n.a. | n.a. | 3.14 | 3.24 | 5 |
| Ireland | 0.65 | 0.51 | 0.59 | 0.56 | 19 |
| Italy | 0.31 | 0.62 | 0.51 | 0.53 | 22 |
| Japan | 0.37 | 0.37 | 0.51 | 0.55 | =20 |
| Korea | n.a. | 0.21 | 0.28 | 0.40 | 25 |
| Luxembourg | 0.48 | 0.75 | 0.89 | 0.88 | 14 |
| Mexico | 0.06 | 0.24 | 0.39 | 0.26 | 26 |
| Netherlands | 0.91 | 1.08 | 1.03 | 0.64 | =15 |
| New Zealand ^(d) | 0.24 | 0.15 | 0.10 | 0.11 | 28 |
| Norway | 2.17 | 4.29 | 5.23 | 4.54 | 3 |
| Poland | n.a. | 0.25 | 0.40 | 0.45 | 24 |
| Portugal | 0.19 | 0.37 | 0.55 | 0.55 | =20 |
| Spain | 0.16 | 0.36 | 0.40 | 0.60 | 18 |
| Sweden | 4.54 | 4.73 | 5.28 | 5.98 | 1 |
| Switzerland | 0.54 | 0.86 | 1.09 | 0.90 | 13 |
| Turkey | 0.07 | 0.06 | 0.09 | 0.16 | 27 |
| United Kingdom | 0.94 | 1.53 | 2.18 | 1.91 | 8 |
| United States of America | 0.66 | 0.60 | 0.72 | 0.64 | =15 |
| All countries' average^(e) | 1.02 | 1.17 | 1.43 | 1.51 | |

(a) See definition of 'OECD financial year' in Box A2.1.

(b) State/Territory government expenditure data available from 1987 only.

(c) Data for 1985 and 1990 relate to West Germany only; 1995 and 1997 data refer to the unified Germany.

(d) Data for 1985 are for the financial year commencing 1 April 1985, subsequent data refer to the financial year commencing 1 July in the year indicated.

(e) Unweighted mean. Excludes Australia, Czech Republic, Iceland, Korea and Poland in 1985. Excludes Iceland in 1990.

Note: The 'System of National Accounts 1968' (SNA68) definition of GDP is used here, which means that GDP is generally about 2–3% lower compared to GDP under SNA93, resulting in slightly higher welfare services expenditure-to-GDP ratios.

Source: Australia—AIHW welfare services expenditure database; other countries—OECD unpublished data.

Sweden, which spent 5.98% of its GDP on welfare services in 1997, was the highest spender in that year (Table 2.17), followed by Denmark with 5.53% and Norway with 4.54%. Australia was ranked eleventh in the group of 28 OECD countries, with 1.25% of GDP devoted to welfare services, although below the group average of 1.51%. Although consistently below the group average, Australia moved closer to the average between

Table 2.18: Per person government expenditure on welfare services (in current prices), OECD member countries, 1985–1997 (A\$)

| Country | OECD financial year ^(a) | | | | Rank of countries in 1997 |
|---|------------------------------------|------------|------------|------------|---------------------------|
| | 1985 | 1990 | 1995 | 1997 | |
| Australia ^(b) | n.a. | 208 | 328 | 380 | =11 |
| Austria | 121 | 200 | 294 | 380 | =11 |
| Belgium | 37 | 63 | 149 | 191 | 15 |
| Canada | 209 | 308 | 297 | 768 | 6 |
| Czech Republic | n.a. | 61 | 85 | 86 | 23 |
| Denmark | 725 | 1,215 | 1,652 | 1,814 | 1 |
| Finland | 320 | 628 | 780 | 861 | 5 |
| France | 152 | 273 | 335 | 541 | 7 |
| Germany ^(c) | 140 | 236 | 386 | 473 | 9 |
| Greece | 1 | 138 | 145 | 174 | 18 |
| Iceland | n.a. | n.a. | 902 | 1,034 | 4 |
| Ireland | 57 | 80 | 138 | 155 | 19 |
| Italy | 42 | 140 | 133 | 146 | 20 |
| Japan | 54 | 93 | 151 | 178 | 17 |
| Korea | n.a. | 23 | 47 | 75 | 24 |
| Luxembourg | 84 | 246 | 373 | 392 | 10 |
| Mexico | 4 | 20 | 34 | 26 | 27 |
| Netherlands | 126 | 238 | 271 | 187 | 16 |
| New Zealand ^(d) | 32 | 28 | 24 | 28 | 26 |
| Norway | 351 | 1,040 | 1,572 | 1,585 | 3 |
| Poland | n.a. | 17 | 34 | 40 | 25 |
| Portugal | 14 | 50 | 96 | 105 | 22 |
| Spain | 14 | 59 | 74 | 123 | 21 |
| Sweden | 698 | 1,159 | 1,309 | 1,586 | 2 |
| Switzerland | 102 | 258 | 360 | 310 | 13 |
| Turkey | 3 | 4 | 7 | 14 | 28 |
| United Kingdom | 129 | 339 | 522 | 523 | 8 |
| United States of America | 126 | 176 | 241 | 239 | 14 |
| All countries' average^(e) | 154 | 270 | 384 | 443 | |

(a) See definition of 'OECD financial year' in Box A2.1.

(b) State/Territory government expenditure data available from 1987 only.

(c) Data for 1985 and 1990 relate to West Germany only; 1995 and 1997 data refer to the unified Germany.

(d) Data for 1985 are for the financial year commencing 1 April 1985, subsequent data refer to the financial year commencing 1 July in the year indicated.

(e) Unweighted mean. Excludes Australia, Czech Republic, Iceland, Korea and Poland in 1985. Excludes Iceland in 1990.

Note: The 'System of National Accounts 1968' (SNA68) definition of GDP is used here, which means that GDP is generally about 2–3% lower compared to GDP under SNA93, resulting in slightly higher welfare services expenditure-to-GDP ratios.

Source: Australia—AIHW welfare services expenditure database; other countries—OECD unpublished data.

1990 and 1997. Countries that were consistently low spenders were New Zealand, Turkey, Mexico and Korea. In 1997, New Zealand spent the smallest amount on welfare services (government expenditure only), devoting 0.11% of GDP to this area. The group average increased steadily during the period of the analysis, from 1.02% in 1985 to 1.51% in 1997.

In terms of expenditure per person, the trends are similar. Denmark spent most on welfare services throughout the period its per person government expenditure (in current prices) increased from A\$725 in 1985 to A\$1,814 in 1997 (Table 2.18). After Denmark came Sweden (A\$1,586), Norway (A\$1,585) and Iceland (A\$1,034), all well above the OECD average of A\$443. Australian government expenditure per person, was again towards the middle of the group, ranking eleventh equal in 1997 alongside Austria (A\$380). Except for Greece in 1985, Turkey was the lowest spender on welfare services, its expenditure reaching A\$14 in 1997. The average for the group increased nearly threefold over the 13-year period, from A\$154 in 1985 to A\$443 in 1997.

2.7 Summary

The total value of resources devoted to providing welfare services in 1999–00 was estimated at \$41.7 billion, \$13.7 billion of which were services provided where payments were made. The balance (\$28.1 billion), which was slightly more than twice the value of the paid services, was composed of the imputed value of input tax exemption (\$886 million) and unpaid services provided by the members of the households sector (valued at \$27.2 billion). The estimated number of these unpaid household members was about 974,000 FTE which was more than six times larger than the size of the paid workforce in the community services industry, estimated at 144,267 FTE.

Community services workforce

Various demographic, social, economic and political factors affect the demand for, and supply of, community services namely, the propensity of couples to have fewer children, people working shorter or longer hours, living longer and some retiring earlier. Some factors, particularly the increasing number of women in the workforce, have a dual effect on community services the demand for services increases and the pool of unpaid labour providing services to children, disabled or older family members reduces. On the other hand, the relatively large number of workers moving into retirement over the next few years may augment the number of volunteers providing such services.

The reporting of data in *Australia's Welfare* is in terms of services for groups such as older people, children, people with disabilities and homeless people. These data usually focus on the characteristics of the clients and the services they receive, rather than on the labour force. The main source of labour force data for community services is the ABS the surveys of community services activity, the monthly labour force surveys, and the 5-yearly Census of Population and Housing.

Services are provided to the community by employees and volunteers, either as individuals or connected with a variety of businesses and charitable organisations, which operate across a wide range of industries. Community services include activities such as: personal and social support; child care; training and employment; financial and material assistance; residential care and accommodation support; statutory protection and placement; corrective services; other direct community service activities; and policy, community and service development and support. Some of these services are provided directly that is, to individuals or families on a face-to-face basis or on their behalf. Other services are provided indirectly.

Monetary expenditure on welfare services

Australian expenditure on welfare services as a proportion of GDP increased steadily from 1.4% in 1990—91 to 1.9% in 1997—98. After the change to accrual accounting, the welfare services expenditure-to-GDP ratio increased to 2.2% in 1998—99, remaining at that level in 1999—00. The ratio increased to 2.3% when tax expenditure was included.

Between 1990—91 and 1997—98, expenditure on welfare services in current prices almost doubled from \$5.7 billion to \$10.9 billion. This represents an average increase of 7.4% per year in real terms. From 1998—99 to 1999—00, total welfare services expenditure rose from \$12.8 billion to \$13.7 billion, or by 4.3% in real terms.

Per person expenditure on welfare services increased from \$333 to \$583 per head, in current prices between 1990—91 and 1997—98, corresponding to an average real growth of 6.2% per year. Expenditure per head was \$680 in 1998—99, rising to \$717 in 1999—00 a 3.2% real increase.

In 1999—00, 63% (\$8.6 billion) of total monetary welfare services expenditure was funded by the government sector, 14% (\$1.9 billion) by non-government community service organisations and 23% (\$3.2 billion) by households. Of the total government sector funding in 1999—00, 45% was provided by the Commonwealth, 54% by State and Territory Governments, and 1% by local governments.

Of the total Commonwealth government recurrent expenditure, family and child welfare services and welfare services for the aged each accounted for about one-third for both periods. Welfare services for people with a disability accounted for about one-quarter. The remaining 5—6% represented expenditure on other welfare services.

Of the total State and Territory government recurrent expenditure, family and child welfare services and welfare services for people with a disability each accounted for about one-third for both periods. Welfare services for the aged accounted for just over one-fifth. The remaining 10—11% represented expenditure on other welfare services.

The recurrent expenditure of NGCSOs increased from \$3.9 billion in 1992—93 to \$8.4 billion in 1999—00. Of the \$8.4 billion, 23% came from their own funds, 32% from client fees and 45% from government grants.

In terms of international standing, Australia's public sector expenditure on welfare services in 1997 was around the average for the OECD.

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