

5 Technical notes

Welfare services expenditure is defined by the ABS Government Purpose Classification (GPC) which is used for all government expenditure. The definitions in the GPC are set in accordance with international definitions (see AIHW 1997:19–20 for a discussion of the scope of the GPC classification and welfare services expenditure).

In this publication, welfare services expenditure is reported in terms of:

- Family and child welfare services, which is equivalent to GPC 2621 Family and child welfare services.
- Welfare services for older people, which is equivalent to GPC 2622 Welfare services for older people.
- Welfare services for people with disabilities, which is equivalent to GPC 2623 Welfare services for people with disabilities.
- Other welfare services, which is equivalent to GPC 2629 Welfare services not elsewhere classified.

5.1 Government Purpose Classification

GPC 2621 Family and child welfare services

Child care services and services for children, which are developmental in nature.

Includes outlays on:

- long-day care centres, family day care, occasional care/other centres and outside school-hours care
- subsidies for child care assistance and child care rebate.

Child, youth and family welfare services which are protective (children), developmental (youth) and supportive (families) in nature.

Includes outlays on:

- substitute care (short term and permanent)
- information, advice and referral, particularly in adoption
- development and monitoring of family/household management skills
- Supported Accommodation Assistance Program (SAAP) for youth
- protective investigation, protective supervision, statutory guardianship management, protective accommodation
- services delivered by residential institutions, such as centres, villages, shelters, hostels, orphanages, youth refuges, juvenile hostels, campus homes and family group homes
- marriage and child/juvenile counselling
- assessment and evaluation of offenders by non-judicial bodies.

GPC 2622 Welfare services for older people

Welfare services for older people are programs providing services primarily intended for persons aged 65 and over.

Includes outlays on:

- respite care
- domestic and personal assistance, e.g. services provided through the Home and Community Care (HACC) Program
- services delivered by residential institutions, e.g. low-level residential aged care, formerly known as 'hostels', villages, group homes
- financial assistance not primarily related to inadequate earning capacity, e.g. concessions for aged persons (transport and material assistance, etc.)
- community centres, e.g. senior citizen centres.

Excludes outlays on nursing homes for older people which are classified to GPC 2530 (health).

GPC 2623 Welfare services for people with disabilities

Includes outlays on:

- respite care
- developmental care
- substitute care
- domestic and personal assistance, e.g. services provided through the HACC Program
- services delivered by residential establishments, e.g. hostels, group homes and other services provided under the Commonwealth/State Disability Agreement
- transport other than public transport
- supported employment and rehabilitation, e.g. supported employment, training centres for people with disabilities
- community centres, e.g. day care centres for people with disabilities
- nursing homes for people with disabilities
- financial assistance not primarily related to inadequate earning capacity, e.g. concessions specifically for people with disabilities (transport and material assistance, etc.).

GPC 2629 Welfare services not elsewhere classified

Includes outlays on:

- homeless persons' assistance, e.g. SAAP for people other than youth
- information, advice and referral services
- prisoners' aid
- care of refugees
- premarital education
- Aboriginal welfare services
- women's shelters
- general casework services which lead to the determination of eligibility for income assistance or welfare services

- multi-client services (food and clothing) in times of personal and family emergencies and relief of victims of disasters
- departments, bureaus or program units which serve the welfare services system including those that disseminate information, prepare budgets, formulate policy and undertake research
- financial assistance (other than for older people and the disabled) not primarily related to inadequate earning capacity
- management support.

5.2 Revisions

The AIHW constantly seeks to improve the reliability of the estimates of welfare services expenditure by reviewing not only the estimation methods but also the data sources.

In this report, revisions were made on a number of areas of expenditure. The revisions are due to reclassification of some expenditure items by the Commonwealth, changes in the estimation methods, and additional or improved data.

Major changes in estimation methods include changes both to the method of estimating expenditure for the 'welfare services for older people' category, and in estimating the contribution by non-government community services organisations.

Revisions due to changes in classification also mainly relate to services for older people and people with a disability. These relate to the classification of expenditure under HACC and the Aged Care Assessment Program (ACAP).

Revisions due to reclassification of Commonwealth expenditure

From 2000-01, the Commonwealth no longer splits up HACC and ACAP into health and welfare functions. All expenditure under these programs is, from 2000-01, classified as welfare expenditure. For the purposes of providing consistent data, HACC and ACAP data relating to earlier years have also been revised in this report to include the former health components as well as the part formerly classified as welfare. The change affected expenditure on welfare services for both older people and people with a disability, including the running cost/net service delivery cost allocated to those expenditure items. The changes are displayed in Table 5.1.

Table 5.1: Revisions due to reclassification of HACC and ACAP health components to welfare services (\$'000)

Program	Year	Welfare component		Change
		Before reclassification	After reclassification	
Program costs				
Home and Community Care	1998–99	373,328	500,202	126,874
Home and Community Care	1999–00	409,818	525,847	116,029
Aged Care Assessment	1998–99	27,998	38,584	10,586
Aged Care Assessment	1999–00	22,702	40,056	17,354
Running costs/net service delivery costs				
	1998–99	15,815	21,247	5,429
	1999–00	35,819	39,584	5,432

Revisions due to changes in estimation methods

Method for estimating Commonwealth government expenditure on welfare services for older people

With the estimation method, the estimates were based on unpublished program expenditure data of the 'Enhanced quality of life of older Australians' program provided by the Commonwealth Department of Health and Ageing (DoHA). Individual expenditure items were coded according to whether they were transfer payments to State and Territory Governments, local governments or non-government organisations, or direct expenditure by DoHA. Adjustments were made when the sums of the transfer payments obtained after sorting did not add up to the published figures in the Department of Finance's Final Budget Outcome (FBO) statements.

Another complication was that expenditure on HACC (both recurrent and capital) was broken down into services for older people and for people with a disability. Adjustments were made in cases where there were discrepancies between the unpublished figures provided by DoHA and the published figures in the FBO, particularly for transfer payments to State and Territory Governments and local governments.

Further complications related to items that were splits between payments to local governments and to NGCSOs, and capital or recurrent.

In this publication a simpler new method has been developed. It improves the reliability of estimates and does not require as many adjustments as the old method. It uses published aged care program expenditure data from the annual report of DoHA and the FBO. Unpublished data are used only for the estimates of funding to NGCSOs.

Method for estimating funding by non-government community services organisations

A comparison of the AIHW's estimate of NGCSOs' contributions for 1999–00 was compared with that reported in the ABS 1999–00 Community Services Industry Survey. It was found that the AIHW's estimate was markedly higher than that suggested by the ABS survey. This prompted a review of the AIHW's estimation method.

The method previously used in AIHW publications was based on the method used by the Industry Commission which assumed that NGCSO expenditure was almost the same as their recurrent income. The method for estimating funding by NGCSOs used in this report is based on NGCSOs' expenses and that gives a much lower estimate of expenditure by NGCSOs than the previous method.

To calculate how much NGCSOs funded their activities from their own sources, the following formula was used:

$$NGCSO_{os} = GOE_{NGO} - (GG_c + GG_{st} + CF)$$

where:

$NGCSO_{os}$	=	NGCSOs' own funding source
GOE_{NGO}	=	Gross operating expenses of the NGCSOs in providing welfare services
GG_c	=	Government grants from the Commonwealth
GG_{st}	=	Government grants from States and Territories
CF	=	Client fees revenue.

Where the sum of government grants and client fees exceeded expenses, the NGCSOs' own source funding is adjusted to show nil expenditure by the NGCSOs.

Method for splitting HACC expenditure into HACC for older people and people with a disability

Information on HACC expenditure split between services for older people and services for people with a disability was only available for the period 1994–95 to 1996–97. The old method used the average proportion of these years to estimate the split.

The AIHW now obtains data that splits Commonwealth and State and Territory Governments' expenditure in HACC by jurisdiction. The new method applied HACC users' characteristics by jurisdiction on the Commonwealth HACC expenditure to obtain the split between services for older people and people with disabilities.

Revisions due to additional or improved data sources

Additional data sources

Two data items obtained from new data sources are:

- Data on core concessions was previously provided by the CGC. In this report, data are provided by State and Territory Departments responsible for funding the concessions.
- In the previous issues of the *Welfare Services Expenditure Bulletin*, welfare services expenditure by DVA, such as residential care subsidy, residential and community care grants, home help, home care, supplementary assistance for carers, and carers and volunteers support were not included. In this issue these items have been included and this has increased the estimate of the Commonwealth's expenditure on welfare services. Some items are transfer payments to NGCSOs and local governments, and some are direct payments to individuals.

Improved data sources

Two sources of improved data are:

- Data on user charges for services provided by the public sector were previously provided by the ABS Public Finance Section. In the publication estimates are obtained from the CGC.
- Centrelink provides data on the number of pensions by type of pensions by State and Territory. This makes it possible for the AIHW to break extension of fringe benefits and core concession (previously totally allocated to older people) down into the four welfare services categories.