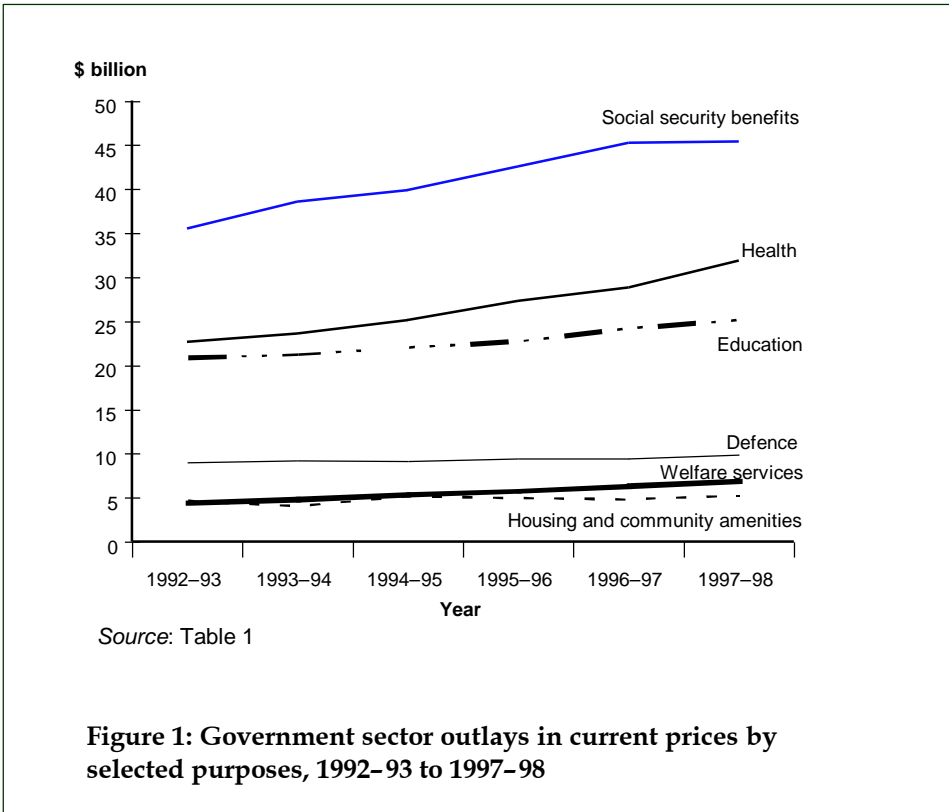


2 Government expenditure on welfare services

Total government outlays by purpose

In 1997-98, outlays by all levels of governments in Australia for all purposes totalled \$194.6 billion (Table 1). Government outlays for social security income support were \$45.4 billion, for health \$31.9 billion, for education \$25.3 billion, and for defence \$9.8 billion as compared with government outlays on welfare services of \$7.0 billion. Social security benefits accounted for 23.3% of total government outlays, followed by health (16.4%), education (13.0%) and welfare services (3.6%).

Government outlays on welfare services in current prices rose from \$4.5 billion in 1992-93 to \$7.0 billion in 1997-98. Welfare services outlays as a proportion of total government outlays increased from 2.8% in 1992-93 to 3.6% in 1997-98 (Table 1 and Figure 1).



Between 1992-93 and 1997-98, total government sector outlays in current prices grew at an average annual rate of 3.7%, with welfare services having the highest growth of 9.3% (Table 1).

Table 1: Total government outlays in current prices by purpose, 1992–93 to 1997–98 (\$ million)

	1992–93	1993–94	1994–95	1995–96	1996–97	1997–98	Growth rate ^(a)
General public services							
Amount	12,688	13,880	13,703	14,001	14,401	14,342	2.5%
Proportion of total	7.8%	8.3%	7.8%	7.6%	7.6%	7.4%	
Defence							
Amount	9,010	9,237	9,147	9,394	9,454	9,827	1.8%
Proportion of total	5.5%	5.5%	5.2%	5.1%	5.0%	5.0%	
Public order and safety							
Amount	5,377	5,506	5,931	6,447	7,086	7,308	6.3%
Proportion of total	3.3%	3.3%	3.4%	3.5%	3.7%	3.8%	
Education							
Amount	20,956	21,338	22,149	22,833	24,334	25,289	3.8%
Proportion of total	12.9%	12.8%	12.6%	12.3%	12.8%	13.0%	
Health							
Amount	22,647	23,615	25,140	27,270	28,833	31,898	7.1%
Proportion of total	13.9%	14.2%	14.4%	14.7%	15.1%	16.4%	
Social security benefits							
Amount	35,519	38,561	39,831	42,566	45,233	45,376	5.0%
Proportion of total	21.9%	23.1%	22.7%	23.0%	23.8%	23.3%	
Welfare services							
Amount	4,483	4,900	5,455	5,833	6,424	6,982	9.3%
Proportion of total	2.8%	2.9%	3.1%	3.1%	3.4%	3.6%	
Other social security and welfare							
Amount	1,332	1,423	1,504	1,564	1,712	2,137	9.9%
Proportion of total	0.8%	0.9%	0.9%	0.8%	0.9%	1.1%	
Housing and community amenities							
Amount	4,753	4,146	5,306	5,078	4,926	5,349	2.4%
Proportion of total	2.9%	2.5%	3.0%	2.7%	2.6%	2.7%	
Recreation and culture							
Amount	4,032	3,923	4,035	4,822	5,188	5,871	7.8%
Proportion of total	2.5%	2.4%	2.3%	2.6%	2.7%	3.0%	
Fuel and energy							
Amount	2,701	2,181	3,444	3,445	2,553	2,502	-1.5%
Proportion of total	1.7%	1.3%	2.0%	1.9%	1.3%	1.3%	
Agriculture, forestry, fishing and hunting							
Amount	3,220	2,221	1,903	2,894	2,371	2,703	-3.4%
Proportion of total	2.0%	1.3%	1.1%	1.6%	1.2%	1.4%	
Mining, manufacturing, construction, etc.							
Amount	622	719	654	730	719	754	3.9%
Proportion of total	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
Transport and communication							
Amount	13,227	12,929	13,994	14,635	15,017	14,657	2.1%
Proportion of total	8.1%	7.8%	8.0%	7.9%	7.9%	7.5%	
Other economic affairs							
Amount	4,884	4,834	5,005	5,154	4,380	3,808	-4.9%
Proportion of total	3.0%	2.9%	2.9%	2.8%	2.3%	2.0%	
Other purposes^(b)							
Amount	17,021	17,258	17,976	18,758	17,794	15,831	-1.4%
Proportion of total	10.5%	10.4%	10.3%	10.1%	9.3%	8.1%	
Total	162,472	166,671	175,176	185,424	190,427	194,634	3.7%

(a) Five-year average annual growth rates are calculated using exponential growth.

(b) ABS number for 'other purposes' adjusted to allow for differences between AIHW estimate of welfare services and the ABS estimate. Other purposes include public debt transactions, general-purpose intergovernment transactions, natural disaster relief, and other purposes not elsewhere classified.

Sources: Estimate for welfare services expenditure by AIHW; other from ABS unpublished data.

Welfare services expenditure by source of funds: recurrent and capital

An overwhelming proportion of government sector welfare services expenditure is for recurrent purposes – 95.3% over the period 1992–93 to 1997–98.

Government recurrent expenditure, in constant prices, rose at an average annual rate of 8.8% during the period 1992–93 to 1997–98.

Growth in recurrent expenditure funded by the Commonwealth Government averaged 9.8% per year, and for State and Territory Governments it was 6.8% per year. Although growth

in the Commonwealth sector was higher than in the States during the period 1992–93 to 1994–95, this was reversed in later years. Expenditure funded by local governments increased considerably in this period, although from a very small base.

Table 2: Government welfare services outlays in 1996–97 prices^(a), by source of funds, 1992–93 to 1997–98

	Commonwealth Government		State and Territory Governments ^(b)		Local governments ^(b)		Total government sector	
	Amount (\$'000)	Growth (%)	Amount (\$'000)	Growth (%)	Amount (\$'000)	Growth (%)	Amount (\$'000)	Growth (%)
Recurrent expenditure								
1992–93	2,022,959	..	2,359,345	..	5,584	..	4,387,888	..
1993–94	2,430,292	20.1	2,417,713	2.5	19,282	245.3	4,867,287	10.9
1994–95	2,832,890	16.6	2,526,635	4.5	60,732	215.0	5,420,257	11.4
1995–96	2,990,160	5.6	2,602,253	3.0	125,573	106.8	5,717,986	5.5
1996–97	3,097,742	3.6	2,963,648	13.9	76,785	–38.9	6,138,175	7.3
1997–98	3,227,361	4.2	3,283,192	10.8	168,169	119.0	6,678,721	8.8
<i>Average annual growth</i>		9.8		6.8		97.6		8.8
Capital expenditure								
1992–93	235,821	..	148,725	..	18,450	..	402,997	..
1993–94	192,064	–18.6	63,589	–57.2	29,020	57.3	284,673	–29.4
1994–95	174,445	–9.2	35,766	–43.8	42,559	46.7	252,770	–11.2
1995–96	140,219	–19.6	46,778	30.8	34,297	–19.4	221,295	–12.5
1996–97	165,805	18.2	76,297	63.1	44,185	28.8	286,287	29.4
1997–98	83,708	–49.5	60,631	–20.5	47,210	6.8	191,549	–33.1
<i>Average annual growth</i>		–18.7		–16.4		20.7		–13.8
Total								
1992–93	2,258,780	..	2,508,070	..	24,035	..	4,790,885	..
1993–94	2,622,357	16.1	2,481,301	–1.1	48,303	101.0	5,151,960	7.5
1994–95	3,007,335	14.7	2,562,401	3.3	103,291	113.8	5,673,027	10.1
1995–96	3,130,379	4.1	2,649,031	3.4	159,871	54.8	5,939,281	4.7
1996–97	3,263,547	4.3	3,039,945	14.8	120,970	–24.3	6,424,462	8.2
1997–98	3,311,069	1.5	3,343,822	10.0	215,379	78.0	6,870,270	6.9
<i>Average annual growth</i>		7.9		5.9		55.1		7.5

(a) The Government Final Consumption Expenditure (GFCE) deflator is used to calculate 1996–97 price values (see Technical Notes).

(b) Outlays net of transfers from other levels of government.

Sources: Commonwealth outlays: DHHGCS 1993, DSHS 1995a and 1995b, DHFS 1996, 1997 and 1998a, Department of Immigration and Ethnic Affairs unpublished data, and Department of Veterans' Affairs unpublished data; State recurrent outlays: Commonwealth Grants Commission unpublished data; State capital outlays and local government outlays: ABS unpublished data; Deflators: ABS 1999b.

From 1992–93 to 1997–98, capital outlays accounted for 4.7% of total government sector expenditure on welfare services. Total government capital expenditure decreased, in current prices, from \$377.1 million in 1992–93 to \$194.7 million in 1997–98 (Table 3).

In constant prices, the fall of total government capital expenditure over the entire period averaged 13.8% per year (Table 2).

Table 3: Government welfare services outlays in current prices, by source of funds, 1992–93 to 1997–98

	Commonwealth Government		State and Territory Governments ^(a)		Local governments ^(a)		Total (\$'000)
	Amount (\$'000)	Proportion (%)	Amount (\$'000)	Proportion (%)	Amount (\$'000)	Proportion (%)	
Recurrent expenditure							
1992–93	1,892,762	46.1	2,207,499	53.8	5,225	0.1	4,105,486
1993–94	2,311,258	49.9	2,299,294	49.7	18,338	0.4	4,628,890
1994–95	2,723,811	52.3	2,429,348	46.6	58,394	1.1	5,211,553
1995–96	2,936,764	52.3	2,555,784	45.5	123,331	2.2	5,615,879
1996–97	3,097,742	50.5	2,963,648	48.3	76,785	1.3	6,138,175
1997–98	3,279,656	48.3	3,336,392	49.2	170,894	2.5	6,786,941
<i>Average proportion</i>		50.0		48.6		1.4	
Capital expenditure							
1992–93	220,644	58.5	139,153	36.9	17,263	4.6	377,060
1993–94	182,657	67.5	60,474	22.3	27,599	10.2	270,730
1994–95	167,728	69.0	34,389	14.1	40,920	16.8	243,037
1995–96	137,715	63.4	45,943	21.1	33,685	15.5	217,343
1996–97	165,805	57.9	76,297	26.7	44,185	15.4	286,287
1997–98	85,064	43.7	61,613	31.7	47,975	24.6	194,652
<i>Average proportion</i>		60.4		26.3		13.3	
Total							
1992–93	2,113,406	47.1	2,346,652	52.4	22,488	0.5	4,482,546
1993–94	2,493,915	50.9	2,359,768	48.2	45,937	0.9	4,899,620
1994–95	2,891,539	53.0	2,463,737	45.2	99,314	1.8	5,454,590
1995–96	3,074,479	52.7	2,601,727	44.6	157,016	2.7	5,833,222
1996–97	3,263,547	50.8	3,039,945	47.3	120,970	1.9	6,424,462
1997–98	3,364,720	48.2	3,398,005	48.7	218,869	3.1	6,981,594
<i>Average proportion</i>		50.5		47.6		2.0	

(a) Outlays net of transfers from other levels of government.

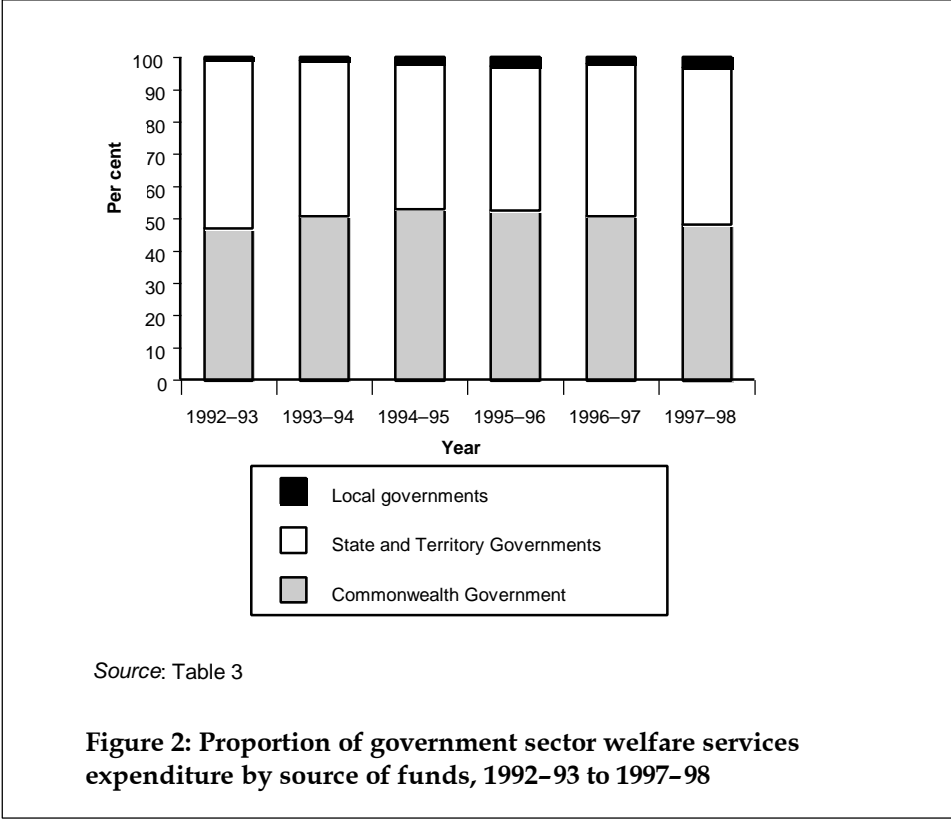
Sources: Commonwealth outlays: DHHLGCS 1993, DSHS 1995a and 1995b, DHFS 1996, 1997 and 1998a, Department of Immigration and Ethnic Affairs unpublished data, and Department of Veterans' Affairs unpublished data; State recurrent outlays: Commonwealth Grants Commission unpublished data; State capital outlays and local government outlays: ABS unpublished data; Deflators: ABS 1999b.

Funding shares for government sector welfare services expenditure

Over the period 1992–93 to 1997–98, 50.5% of total government sector funding for welfare services was provided by the Commonwealth Government. State and Territory Governments funded 47.6%, and local governments funded 2.0% of expenditure. The Commonwealth government share of total outlays increased from 47.1% in 1992–93 to 53.0% in 1994–95, but has since fallen to 48.2% in 1997–98. The State and Territory governments'

share fell from 52.4% in 1992-93 to 44.6% in 1995-96, but has since risen to 48.7% in 1997-98 (Table 3 and Figure 2).

The share of government sector recurrent expenditure for welfare services funded by the Commonwealth Government rose from 46.1% in 1992-93 to 52.3% in 1994-95. It then fell gradually to 48.3% in 1997-98. A large proportion of the increase in Commonwealth government funding was due to increased aged care assistance. At the same time, the share of the State and Territory Governments fell from 53.8% in 1992-93 to 45.5% in 1995-96 but increased to 49.2% in 1997-98.



The proportion of capital expenditure funded by each level of government fluctuated. Capital outlays by local governments increased. Local governments increased their contribution from 4.6% in 1992-93 to 24.6% in 1997-98 (Table 3), with an average annual growth rate of 20.7% from 1992-93 to 1997-98 (Table 2). Commonwealth government capital expenditure declined at an average annual rate of 18.7% and for State and Territory Governments the decline was 16.4% per year. The decline in capital expenditure by the Commonwealth Government was mainly in the aged and the disability services areas.

Direct expenditure on welfare services by the Commonwealth Government accounted for only 13.1% of its outlays on welfare services over the period (Table 4). The rest (86.9%) was in the form of transfers to other levels of government and to NGCSOs. Of these Commonwealth transfers, 56.3% went directly to NGCSOs, 32.1% to State and Territory Governments, and 11.6% to local governments (Table 4). The State and Territory Governments transfer some of the money received from the Commonwealth Government to local governments and NGCSOs. Likewise, some of the transfers from the Commonwealth Government to local governments are passed on to NGCSOs. It is not possible to obtain information on the magnitude and value of these two types of 'on-passed' transactions. In

addition, State and Territory Governments and local governments pay grants to NGCSOs out of their own funding.

Components of increases in welfare services expenditure

Increases in welfare services expenditure can be analysed in terms of

- population growth
- inflation
- real increases in expenditure per person.

Table 4: Commonwealth expenditure and transfer payments in current prices, 1992–93 to 1997–98 (\$'000)

	Commonwealth direct expenditure	Recipients of Commonwealth transfer payments			Total Commonwealth outlays
		State and Territory Governments	Local governments	NGCSOs ^(a) and households	
Recurrent expenditure					
1992–93	406,400	439,247	245,966	801,149	1,892,762
1993–94	384,865	739,721	268,829	917,842	2,311,258
1994–95	409,754	755,400	278,182	1,280,475	2,723,811
1995–96	311,253	860,724	290,323	1,474,464	2,936,764
1996–97	322,562	856,787	303,169	1,615,224	3,097,742
1997–98	406,043	894,020	295,161	1,684,432	3,279,656
Capital expenditure					
1992–93	—	11,930	16,846	191,868	220,644
1993–94	3,629	39,498	5,957	133,573	182,657
1994–95	555	46,285	6,519	114,369	167,728
1995–96	362	56,814	7,221	73,318	137,715
1996–97	8,178	54,446	6,291	96,890	165,805
1997–98	—	50,684	4,526	29,854	85,064
Total					
1992–93	406,400	451,177	262,812	993,017	2,113,406
1993–94	388,494	779,219	274,786	1,051,415	2,493,915
1994–95	410,309	801,685	284,701	1,394,844	2,891,539
1995–96	311,615	917,538	297,544	1,547,782	3,074,479
1996–97	330,740	911,233	309,460	1,712,114	3,263,547
1997–98	406,043	944,703	299,687	1,714,287	3,364,720

(a) The term 'non-government community services organisations' includes for-profit and not-for-profit non-government organisations. It also includes child care rebate to individuals who use child care services.

Sources: Commonwealth direct outlays: as for Table 3; Transfer payments to States and local governments: Department of Finance database; transfer payments to NGCSOs; unpublished Department of Health and Aged Care (DHAC) data.

Real increases per person reflect changes in age structure; changes in composition of services and their associated costs; changes in eligibility for, accessibility of, or supply of services; and other policy changes.

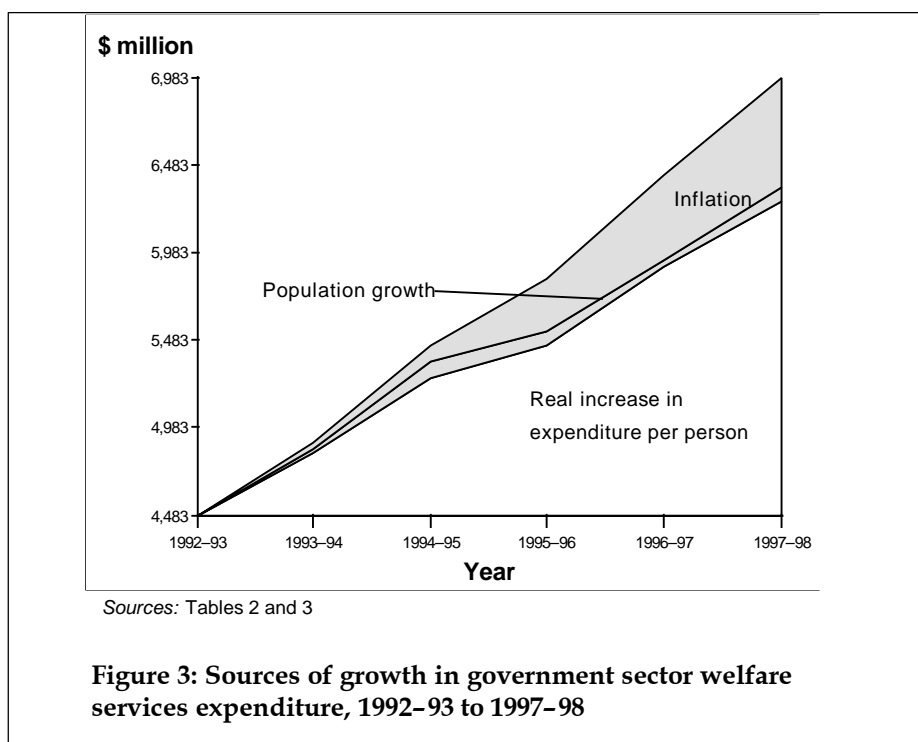
Over the whole period, total government sector welfare services expenditure in current prices rose by 55.8% (Table 3). Of the total increase, 70.6% was due to an increase in real expenditure per person, 26.4% was due to inflation, and the remaining 3.0% was due to population growth (Figure 3).

Government welfare services expenditure per person, in constant prices, rose by 35.3% over the period, at an average annual rate of 6.2%. The annual growth rate fluctuated and was at its lowest level of 3.3% in 1995–96. It reached its peak at 8.9% in 1994–95 (Table 5).

Table 5: Per person government sector outlays on welfare services, 1992–93 to 1997–98 in current and 1996–97 prices

Year	Amount (\$)		Rate of growth (%)	
	Current prices	1996–97 prices	Current prices	1996–97 prices
1992–93	255	272
1993–94	276	290	8.2	6.5
1994–95	304	316	10.1	8.9
1995–96	321	326	5.6	3.3
1996–97	349	349	8.8	6.8
1997–98	375	369	7.4	5.7
<i>Average annual growth</i>			8.0	6.2

Sources: Government outlays: as for Table 2; Population: ABS 1998a, 1998b and 1999a.



Major categories of recurrent welfare services expenditure by governments

This subsection covers only recurrent expenditure by the Commonwealth Government and the State and Territory Governments. Expenditures on nursing home care or domiciliary nursing care are not included here as these expenditures are classified as health expenditure. Problems of data reliability do not allow analysis of capital expenditure or analysis of local government expenditure by type of welfare services expenditure.

Over the period 1992–93 to 1997–98, just over one-third (34.6%) of government sector recurrent expenditure on welfare services by the Commonwealth and States and Territories was directed to family and child welfare services, and 30.2% was for services for people with a disability. Welfare services for the aged received 27.7%, and other welfare services 7.5% (Table 6).

Table 6: Commonwealth, State and Territory government recurrent outlays on welfare services in current prices, 1992–93 to 1997–98

Year	Family and child	Aged	Disabled	Other welfare	Total (\$ million)
	(%)				
1992–93	33.7	24.4	33.2	8.6	4,100
1993–94	34.1	25.0	32.9	8.0	4,611
1994–95	34.7	27.1	30.7	7.5	5,153
1995–96	36.8	26.6	29.4	7.2	5,493
1996–97	35.6	28.8	28.7	6.9	6,061
1997–98	32.6	32.1	28.1	7.1	6,616
<i>6-year average</i>	<i>34.6</i>	<i>27.7</i>	<i>30.2</i>	<i>7.5</i>	

Note: Numbers may not add to 100% due to rounding.

Sources: Government outlays: Table 3; Population: ABS 1998a, 1998b and 1999a.

Most of the Commonwealth government's expenditure was in the form of transfers to other levels of government and to NGCSOs. The proportions of transfer payments varied from category to category. Transfer payments were highest in the family and child welfare services category, averaging 94.2% during the period 1992–93 to 1997–98. For services for the aged and people with a disability, the proportion of transfer payments during the period was 92.7% and 75.7% respectively. For other welfare services, the proportion of the Commonwealth government transfer was 58.9% (calculated from Table A1). Total recurrent Commonwealth government expenditure for 1997–98 with details of Specific Purpose Payments to State and Territory Governments and other program expenditure is shown in Box 1 (page 12).

In the family and child welfare services area, out of every \$1 of Commonwealth transfers, NGCSOs received 72 cents, local governments received 19 cents, and the remaining 9 cents went to State and Territory Governments (Table 7).

A similar situation applied to welfare services for the aged, i.e. NGCSOs received more grants than State and Territory Governments and local governments. Out of each \$1 of Commonwealth government transfers during the period, NGCSOs received 52 cents, State and Territory Governments 35 cents, and local governments 13 cents.

For services provided to people with a disability, State and Territory Governments received more of the Commonwealth Government's transfer. Out of every \$1 of Commonwealth government transfers, State and Territory Governments received 62 cents, NGCSOs 37 cents, and less than 1 cent went to local governments.

For other welfare services, State and Territory Governments received a higher proportion of transfer payments than the other sectors. Of every \$1 of Commonwealth government transfers, 59 cents went to State and Territory Governments, 40 cents to NGCSOs and the remaining 1 cent went to local governments.

Between 1992–93 and 1997–98, growth in constant prices in the welfare services for the aged category was higher compared with the growth in the other three welfare services categories. Average annual growth in the welfare services for the aged category was 14.4%. The average annual growth rate for family and child welfare services was 7.5%, and those for welfare services for people with a disability and other welfare services were 4.7% and 4.1% respectively (Table 8 and Figures 4, 5 and 6).

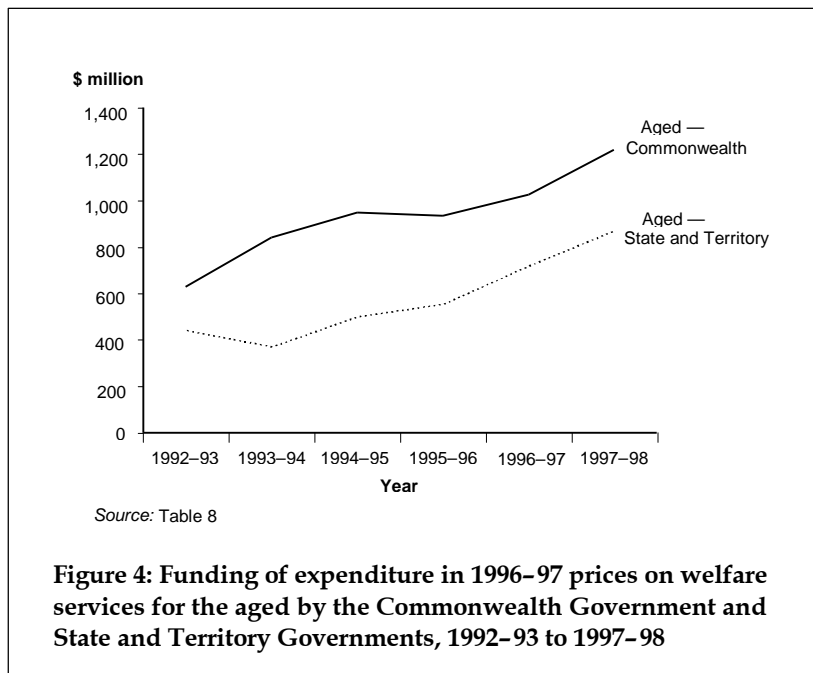


Table 7: Recipients of Commonwealth government transfer payments, 1992-93 to 1997-98

	State and Territory Governments	Local governments (%)	NGCSOs ^(a) and households	Total transfer payments (\$ million)
Family and child welfare services				
1992-93	13.2	26.0	60.8	587
1993-94	11.9	23.0	65.0	723
1994-95 ^(b)	8.9	19.6	71.6	906
1995-96 ^(b)	8.9	17.7	73.3	1,028
1996-97 ^(b)	7.9	16.3	75.9	1,098
1997-98 ^(b)	7.9	15.1	77.0	994
<i>6-year average</i>	9.4	18.9	71.7	
Welfare services for the aged				
1992-93	30.3	16.9	52.8	518
1993-94	46.1	14.5	39.3	670
1994-95	38.0	12.4	49.5	782
1995-96	36.0	11.8	52.3	883
1996-97	33.8	12.4	53.7	977
1997-98	30.3	12.4	57.3	1,148
<i>6-year average</i>	35.3	13.1	51.6	
Welfare services for people with a disability				
1992-93	52.8	1.5	45.7	307
1993-94	67.5	0.8	31.7	443
1994-95	63.8	0.5	35.7	532
1995-96	63.7	0.5	35.8	578
1996-97	62.4	0.3	37.3	585
1997-98	61.9	0.3	37.8	634
<i>6-year average</i>	62.5	0.6	36.9	
Other welfare services				
1992-93	57.7	1.4	40.9	74
1993-94	50.3	1.2	48.5	91
1994-95	40.7	0.9	58.3	94
1995-96	60.7	0.9	38.4	136
1996-97	65.5	1.2	33.3	115
1997-98	76.0	0.8	23.2	98
<i>6-year average</i>	59.0	1.1	39.9	

(a) The term 'non-government community services organisations' includes for-profit and not-for-profit non-government organisations.

(b) From July 1994, users of child care services have been entitled to claim a child care rebate from the Commonwealth Government. The amounts of child care rebate to individuals are included in the NGCSO and household column from 1994-95 onward.

Source: Table 4.

Box 1: Commonwealth government recurrent expenditure by welfare services category, 1997-98

Welfare services category	Specific Purpose Payments to State and Territory Governments and other Commonwealth programs	Amount (\$m)
Family and child welfare	<i>Specific Purpose Payments to State and Territory Governments:</i>	
	• Child care and other family services	32.2
	• Unattached humanitarian minors	0.1
	• Supported Accommodation Assistance Program (for families and children)	52.6
	<i>Other Commonwealth programs:</i>	
	• Child care rebate	123.1
	• Child care assistance	626.0
	• Child care operational subsidies	94.5
	• Child care for sole parents undergoing training	5.1
	• Other	155.6
	Subtotal	1,089.2
Welfare services for the aged	<i>Specific Purpose Payments to State and Territory Governments:</i>	
	• Home and Community Care Program (non-health component)	277.2
	• Aged care assessment	27.4
	• Fringe benefits for pensioners	145.1
	<i>Other Commonwealth programs:</i>	
	• Community aged care packages	84.1
	• Community-based support programs for the aged	6.7
	• Other services for residential aged care (non-health component)	14.8
	• Hostel, personal and respite care subsidies	255.4
	• Residential care subsidies (non-health component)	299.4
	• Flexible care packages	9.5
	• Services to rural, remote and other special needs groups (non-health component)	11.6
	• Other	106.9
	Subtotal	1,238.2
Welfare services for people with a disability	<i>Specific Purpose Payments to State and Territory Governments:</i>	
	• Disability services	316.9
	• Home and Community Care Program (non-health component)	76.0
	<i>Other Commonwealth programs:</i>	
	• Employment assistance and other services	228.1
	• Rehabilitation service	108.2
	• National telephone typewriter relay service	8.7
• Other	32.0	
	Subtotal	769.8
Other welfare services	<i>Specific Purpose Payments to State and Territory Governments:</i>	
	• Supported Accommodation Assistance Program (for others)	74.7
	• Referral services for women escaping domestic violence in rural and remote areas	0.4
	<i>Other Commonwealth programs:</i>	
	• Emergency relief	23.4
	• Community sector support scheme	5.8
• Other	78.3	
	Subtotal	182.5
Total		3,279.7

Table 8: Commonwealth, State and Territory government recurrent outlays on welfare services in 1996–97 prices, 1992–93 to 1997–98 (\$'000)

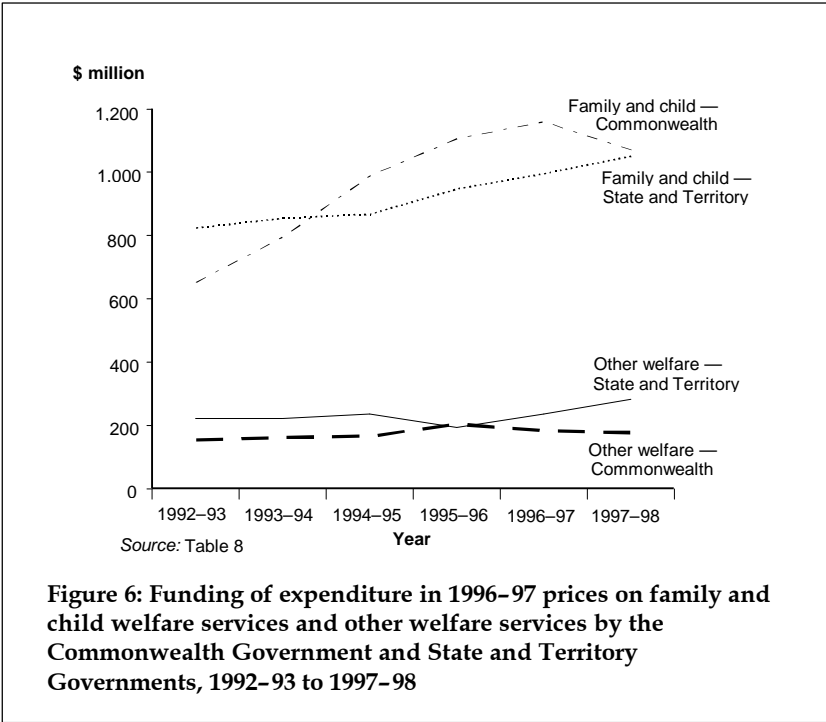
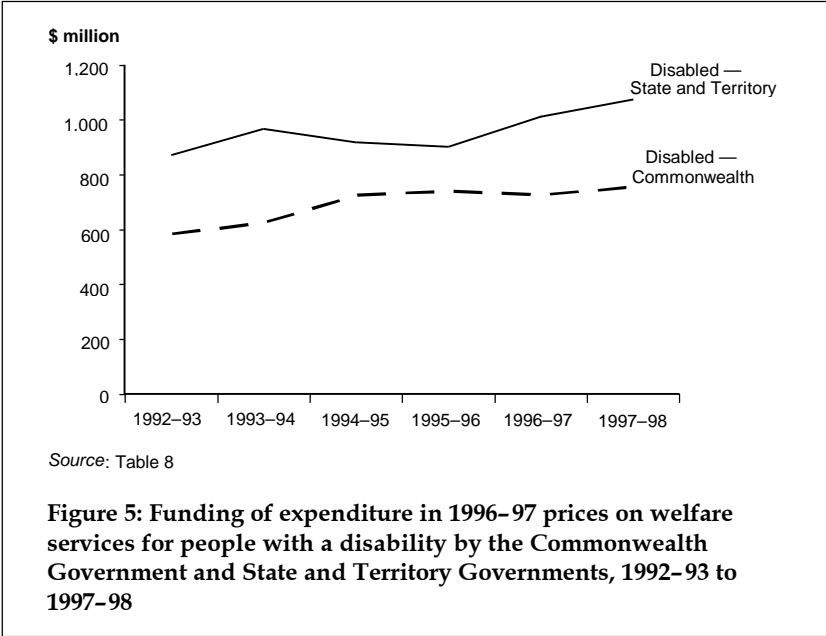
	Commonwealth direct outlays	Recipients of Commonwealth transfer payments			Total Commonwealth outlays	State expenditure net of Commonwealth transfers	Total Commonwealth and State and Territory outlays
		State and Territory Governments	Local governments	NGCSOs ^(a) and households			
Family and child welfare services							
1992–93	26,138	82,794	163,260	381,427	653,620	825,237	1,478,858
1993–94	37,721	90,698	175,209	494,329	797,957	856,298	1,654,255
1994–95	48,108	83,626	184,379	674,596	990,709	869,371	1,860,080
1995–96	61,949	93,584	185,390	767,302	1,108,224	948,920	2,057,144
1996–97	62,975	86,392	178,504	833,556	1,161,427	997,339	2,158,766
1997–98	94,140	77,426	147,758	752,479	1,071,803	1,052,446	2,124,249
<i>Average annual growth rate^(b)</i>	29.2%	–1.3%	–2.0%	14.6%	10.4%	5.0%	7.5%
Welfare services for the aged							
1992–93	73,128	167,750	93,650	292,449	626,977	442,465	1,069,442
1993–94	137,790	324,918	102,384	276,811	841,902	372,420	1,214,323
1994–95	134,869	309,166	101,088	402,719	947,843	502,224	1,450,067
1995–96	34,268	323,460	105,776	469,997	933,501	556,303	1,489,804
1996–97	46,921	330,333	121,513	524,968	1,023,734	721,180	1,744,914
1997–98	88,914	342,652	139,975	646,908	1,218,449	873,537	2,091,986
<i>Average annual growth rate^(b)</i>	4.0%	15.4%	8.4%	17.2%	14.2%	14.6%	14.4%
Welfare services for people with a disability							
1992–93	257,586	173,203	4,859	150,000	585,648	870,036	1,455,684
1993–94	161,336	314,135	3,914	147,574	626,959	966,777	1,593,736
1994–95	173,079	352,891	2,938	197,232	726,141	918,936	1,645,077
1995–96	153,522	375,025	3,170	210,619	742,335	902,178	1,644,512
1996–97	143,390	364,567	1,796	218,286	728,039	1,009,381	1,737,421
1997–98	133,143	386,560	1,950	235,830	757,483	1,073,360	1,830,843
<i>Average annual growth rate^(b)</i>	–12.4%	17.4%	–16.7%	9.5%	5.3%	4.3%	4.7%
Other welfare services							
1992–93	77,503	45,713	1,116	32,381	156,714	221,607	378,321
1993–94	67,841	48,067	1,168	46,399	163,475	222,218	385,692
1994–95	70,107	39,968	916	57,206	168,197	236,103	404,301
1995–96	67,175	84,305	1,267	53,355	206,101	194,852	400,953
1996–97	69,276	75,495	1,356	38,414	184,541	235,748	420,289
1997–98	83,372	73,126	771	22,357	179,626	283,849	463,474
<i>Average annual growth rate^(b)</i>	1.5%	9.9%	–7.1%	–7.1%	2.8%	5.1%	4.1%
Total welfare services							
1992–93	434,355	469,461	262,885	856,257	2,022,959	2,359,345	4,382,304
1993–94	404,687	777,818	282,674	965,113	2,430,292	2,417,713	4,848,005
1994–95	426,163	785,651	289,322	1,331,753	2,832,890	2,526,635	5,359,525
1995–96	316,913	876,374	295,602	1,501,272	2,990,160	2,602,253	5,592,413
1996–97	322,562	856,787	303,169	1,615,224	3,097,742	2,963,648	6,061,390
1997–98	399,568	879,764	290,455	1,657,573	3,227,361	3,283,192	6,510,552
<i>Average annual growth rate^(b)</i>	–1.7%	13.4%	2.0%	14.1%	9.8%	6.8%	8.2%

(a) The term 'non-government community services organisations' includes for-profit and not-for-profit non-government organisations. This column also includes child care rebates paid to individuals who use child care services.

(b) Five-year average annual growth rates are calculated using exponential growth.

Sources: Government outlays: Table 4; Deflators: ABS 1999b.

Growth in Commonwealth government expenditure on family and child welfare services averaged 10.4% per year (1996-97 prices) during the period 1992-93 to 1997-98. Most of the Commonwealth expenditure was for child care (Box 1). Between 1992-93 and 1996-97, Commonwealth funding in this area increased by 15.5% per year on average, but then fell by 7.7% in 1997-98.



Growth in State and Territory government expenditure on family and child welfare services averaged 5.0% per year (1996-97 prices) for the period 1992-93 to 1997-98. Most of this expenditure was for child welfare and family support programs. Funding grew at 2.6% per year between 1992-93 and 1994-95 and then 6.6% per year between 1994-95 and 1997-98.

For welfare services for people with a disability the average annual growth rate over the period from 1992–93 to 1997–98 was 5.3% for the Commonwealth Government and 4.3% for State and Territory Governments.

The data can be analysed in two main periods: 1992–93 to 1995–96 and 1995–96 to 1997–98. From 1992–93 to 1995–96, as the Commonwealth/State Disability Agreement (CSDA) was implemented, the growth rate of funding by the Commonwealth Government was 8.2% per year (1996–97 prices) and that of the State and Territory Governments was 1.2% per year. Under the CSDA, which was signed in 1991 for most States and Territories, there was a rearrangement of responsibilities for services for people with a disability. The Commonwealth took full responsibility for employment services, and the States managed all other services. This arrangement led to a substantial increase in Commonwealth government funding, but it took until 1993–94 before the full effect of this rearrangement showed up in the numbers, because some States like New South Wales did not fully participate in the CSDA until 1993–94. From 1995–96 to 1997–98, the growth rate of funding by the Commonwealth Government was 1.0% and that of the State and Territory Governments was 9.1%.

Growth in State and Territory government expenditure on welfare services for the aged was 14.6% per year (1996–97 prices) in the period 1992–93 to 1997–98, although there were substantial variations, even decreases, from year to year. Commonwealth government funding of welfare services for the aged increased by 14.2% per year (1996–97 prices).

For other welfare services, growth in State and Territory government funding of expenditure was 5.1% per year (1996–97 prices). Commonwealth government funding grew by 2.8% per year (1996–97 prices).

Changes in recurrent welfare services expenditure by the Commonwealth Government between 1996–97 and 1997–98

Family and child welfare services

Between 1996–97 and 1997–98, recurrent funding by the Commonwealth Government of family and child welfare services fell in constant prices by \$90 million (7.7%) (Table 8). The fall was across all programs but mainly attributable to the following areas:

- Child care assistance fell from \$694.5 million in 1996–97 to \$615.5 million in 1997–98, a fall in constant prices of 11.4%.
- The child care rebate fell from \$126.7 million in 1996–97 to \$121.0 million in 1997–98, a fall in constant prices of 4.5%.
- Operational subsidies for long day care, family day care and other providers fell from \$142.6 million in 1996–97 to \$92.9 million in 1997–98, a fall in constant prices of 35.0%.
- Other services for family and children (including administrative expenses) increased from \$197.6 million in 1996–97 to \$241.6 million in 1997–98, an increase in constant prices of 22.3%.

Welfare services for the aged

Between 1996–97 and 1997–98, expenditure funded by the Commonwealth Government on welfare services for the aged rose by \$195 million in constant prices (19.0%). The increase was mainly in the following areas:

- Community aged care packages increased from \$50.7 million in 1996–97 to \$82.7 million in 1997–98. In constant prices, this was an increase of 63.1%.
- Home and community care for the aged rose from \$253.6 million in 1996–97 to \$272.6 million in 1997–98, an increase in constant prices of 7.5%.
- Subsidies on hostels and the estimated welfare component of residential care¹ and flexible care packages rose from \$471.1 million in 1996–97 to \$554.9 million in 1997–98, a growth in constant prices of 15.1%.

Welfare services for people with a disability

There was a \$29 million (4.0%) growth in constant prices of expenditure on welfare services for people with a disability by the Commonwealth Government from 1996–97 to 1997–98. The increase was due in part to the Commonwealth/State Disability Agreement which accounted for 41.2% of Commonwealth funding of disability services in 1997–98. It increased from \$306.6 million in 1996–97 to \$311.6 million in 1997–98 in constant dollars. There was also a sizable increase in funding on home and community care for people with a disability from \$61.4 million in 1996–97 to \$74.7 million in 1997–98 (in constant prices).

Other welfare services

The other welfare services category includes a variety of services such as assistance to the homeless (e.g. the Supported Accommodation Assistance Program), prisoner aid, care of refugees, Aboriginal and Torres Strait Islander peoples' welfare, assistance with rates and other concessions (other than those for older people or people with a disability), premarital education, counselling and migrant assistance.

Between 1996–97 and 1997–98, Commonwealth government constant prices expenditure in this area declined by \$5 million (2.7%). This was partly due to a fall in expenditure on the Supported Accommodation Assistance Program from \$127.6 million in 1996–97 to \$125.2 million in 1997–98, in constant prices (DHFS 1998a: 148).

Recurrent expenditure on welfare services—a State comparison

The Commonwealth Grants Commission (CGC) compiles State and Territory expenditure data for different types of government services. These data are revised each year, as more up-to-date information becomes available to the Commission.

There were considerable variations in the per person government expenditure on welfare services between the States and Territories. Reasons for the variations include:

¹ From 1 October 1997, hostel subsidies and nursing home subsidies were combined into one category 'residential care'. DHAC estimated the proportion of the nursing home component of total residential care which made it possible to estimate hostel subsidies for the remaining period of the 1997–98 financial year.

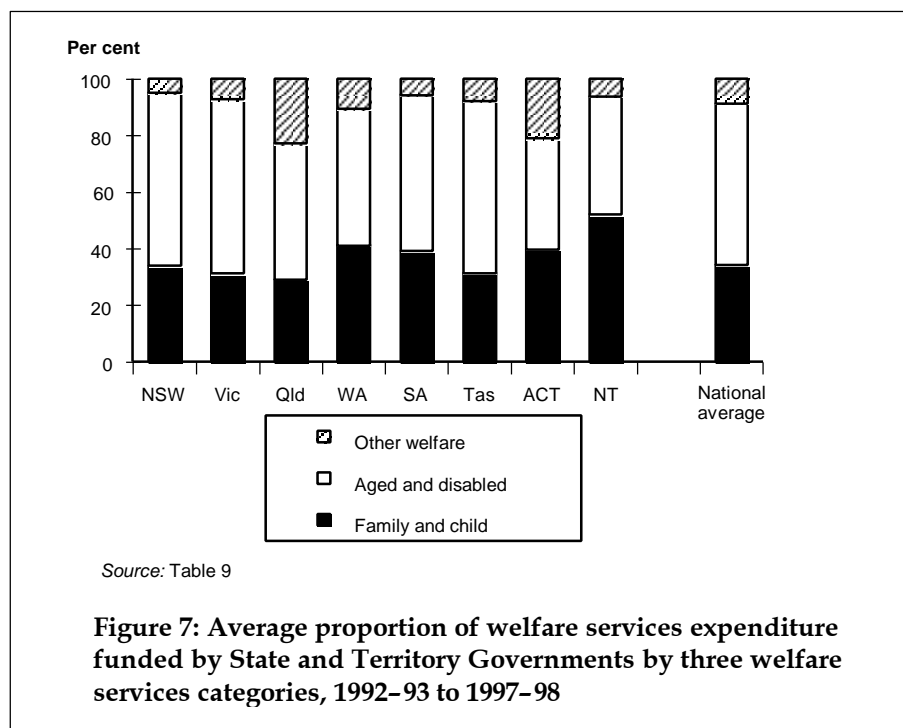
- State government policies regarding the provision and funding of welfare services
- the historical role of NGCSO involvement
- population size
- the age/sex structure
- the distribution of the Aboriginal and Torres Strait Islander populations
- the boundaries around what are classified as ‘welfare services’.

These factors not only contribute to variations between States and Territories, but affect trends over time for particular States and Territories.

Distribution of welfare services expenditure

The bulk of total State and Territory government recurrent welfare services expenditure (63.5%) was for welfare services for the aged and people with a disability. This was followed by expenditure on family and child welfare services (27.9%) with other welfare services accounting for the remaining 8.6% (Table 9 and Figure 7).

The distribution of State and Territory government expenditure across the three welfare services categories varied significantly between jurisdictions. The Northern Territory had the highest proportion of expenditure (including Commonwealth transfers) on family and child welfare services in the 6 years from 1992–93 to 1997–98, at 44.6%. Queensland had the smallest proportion of total welfare services expenditure in the family and child welfare services area (21.7%). New South Wales had the highest proportion of expenditure on aged care and disability services (66.9%), and the Australian Capital Territory had the lowest proportion with 44.7%.



The Australian Capital Territory had the highest proportion of expenditure on other welfare services averaging 21.3% during the 6-year period, compared with the national average of 8.6%.

Table 9: State and Territory government recurrent welfare services expenditure including Commonwealth transfers in current prices, 1992–93 to 1997–98

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(a)
Family and child welfare services					%				
1992–93	29.6	26.5	24.1	39.1	43.1	26.8	25.7	42.7	30.3
1993–94	28.6	25.4	24.5	34.6	29.0	24.1	21.3	45.0	27.8
1994–95	27.6	23.5	21.6	33.8	29.7	25.9	46.0	43.4	27.1
1995–96	28.2	28.9	18.8	35.6	33.2	27.6	35.0	45.4	28.7
1996–97	26.1	26.0	21.8	36.2	28.4	25.3	37.7	42.9	27.2
1997–98	23.7	26.3	19.4	34.2	30.6	24.0	38.8	48.3	26.1
<i>Average 1992–93 to 1997–98</i>	<i>27.3</i>	<i>26.1</i>	<i>21.7</i>	<i>35.6</i>	<i>32.3</i>	<i>25.6</i>	<i>34.1</i>	<i>44.6</i>	<i>27.9</i>
Aged and disabled welfare services									
1992–93	63.5	64.5	57.0	50.8	48.4	65.6	48.8	41.0	59.9
1993–94	64.9	65.6	61.2	57.3	62.5	68.7	52.0	48.2	63.3
1994–95	66.6	68.8	62.2	55.4	63.6	66.7	37.0	45.3	64.3
1995–96	67.2	63.5	64.4	55.5	63.5	63.1	46.2	46.6	63.4
1996–97	68.4	67.8	61.5	52.3	67.5	63.7	41.7	51.1	64.8
1997–98	71.0	67.9	59.0	53.7	65.1	68.3	42.3	42.9	65.4
<i>Average 1992–93 to 1997–98</i>	<i>66.9</i>	<i>66.3</i>	<i>60.9</i>	<i>54.2</i>	<i>61.8</i>	<i>66.0</i>	<i>44.7</i>	<i>45.8</i>	<i>63.5</i>
Other welfare services									
1992–93	6.9	9.1	18.9	10.1	8.5	7.5	25.6	16.3	9.8
1993–94	6.5	9.0	14.3	8.1	8.5	7.2	26.7	6.8	8.8
1994–95	5.8	7.7	16.2	10.7	6.7	7.4	17.0	11.3	8.6
1995–96	4.7	7.7	16.9	8.9	3.3	9.3	18.8	8.0	7.9
1996–97	5.4	6.2	16.6	11.5	4.1	11.0	20.6	6.0	8.0
1997–98	5.3	5.8	21.5	12.0	4.3	7.6	18.9	8.8	8.4
<i>Average 1992–93 to 1997–98</i>	<i>5.8</i>	<i>7.6</i>	<i>17.4</i>	<i>10.2</i>	<i>5.9</i>	<i>8.4</i>	<i>21.3</i>	<i>9.5</i>	<i>8.6</i>
Total welfare services expenditure					\$ million				
1992–93	831	862	290	277	257	96	50	35	2,698
1993–94	962	951	318	326	337	107	55	41	3,097
1994–95	1,045	892	404	349	327	106	65	43	3,232
1995–96	1,129	931	467	370	352	107	64	45	3,466
1996–97	1,266	1,116	498	399	360	122	66	55	3,883
1997–98	1,476	1,206	541	441	405	122	67	52	4,311

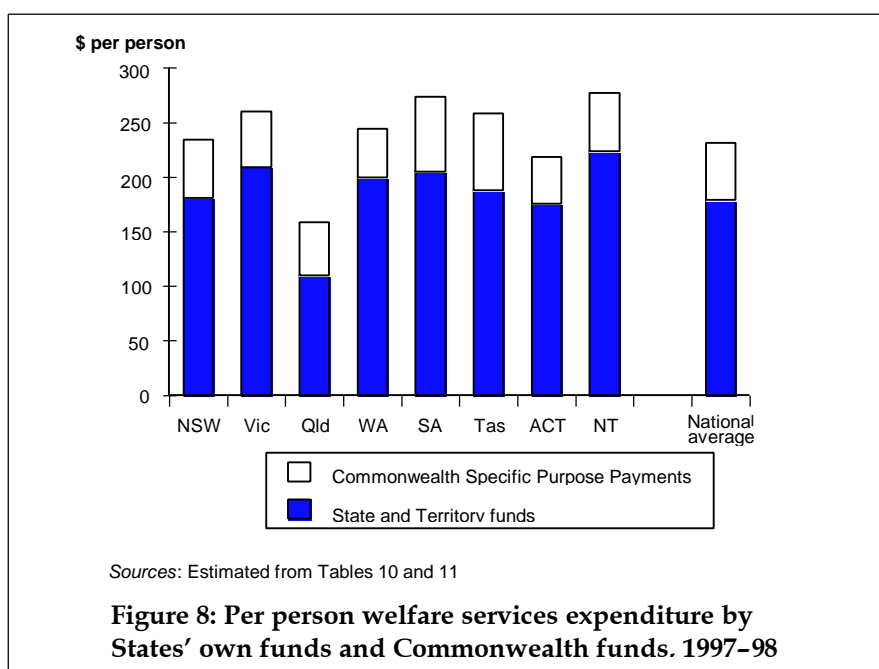
(a) The difference between the totals appearing in this table and the sums of Commonwealth transfer to State and Territory Governments and State expenditure net of Commonwealth transfers in Table A1 is due to special appropriations by the Commonwealth Government to State and Territory Governments which cannot be broken down by State and Territory.

Sources: Welfare services expenditure: Commonwealth Grants Commission unpublished data; Transfer payments: Department of Finance database.

Per person expenditure

On a per person basis, the Northern Territory government's recurrent expenditure on welfare services has been higher than that of other States or Territories since 1992–93. In 1997–98, the Northern Territory spent \$224 per person (in current prices) from its own funds, well in excess of the national average of \$179 (Table 10). When Commonwealth transfers are included, the Northern Territory's expenditure on welfare was \$277 per person, followed by South Australia with \$273, Victoria with \$260 and Tasmania with \$258 (Table 11). Queensland had the lowest spending of all jurisdictions throughout the period 1992–93 to 1997–98. The Queensland government's spending in 1997–98 was \$110 per person in net terms and \$158 gross of Commonwealth transfers, compared with the national

average figures of \$179 and \$231 (Tables 10 and 11). However, Queensland had the highest growth rate in constant prices for per person welfare services expenditure funded from its own budget—9.5% compared with the national average of 5.9% (Table 13).



The rate of growth in expenditure per person, in constant prices, varied from State to State. Average annual growth in expenditure including Commonwealth transfers ranged from 3.4% for Tasmania to 9.4% for New South Wales between 1992-93 and 1997-98. This compared with the national average of 7.1%. The States and Territories with above-average growth rates were New South Wales, Queensland and South Australia (Table 12). When Commonwealth government transfers were removed, expenditure in all States and Territories grew at a much lower rate, averaging 5.9% – ranging from 1.8% for Tasmania to 9.5% for Queensland. Only New South Wales and Queensland had above-average growth rates (Table 13).

Table 10: Per person recurrent expenditure on welfare services by State and Territory governments' own funds, 1992-93 to 1997-98 in current prices (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National average
1992-93	113	160	64	146	157	161	137	178	126
1993-94	107	172	61	160	179	169	149	194	129
1994-95	126	154	84	168	166	167	176	197	135
1995-96	131	158	92	168	179	165	170	204	140
1996-97	150	198	103	181	179	184	177	247	161
1997-98	181	209	110	200	205	188	176	224	179
<i>Average annual growth rate (%)</i>	9.9	5.5	11.2	6.5	5.5	3.1	5.1	4.7	7.4

Sources: Expenditure: Table 9; Population: ABS 1998a, 1998b and 1999a.

Table 11: Per person State and Territory government recurrent expenditure on welfare services including Commonwealth transfers, 1992–93 to 1997–98 in current prices (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National average
1992–93	139	193	94	166	176	204	167	207	153
1993–94	159	212	101	193	230	226	184	236	174
1994–95	172	198	125	203	223	224	214	246	180
1995–96	183	205	141	212	239	227	208	251	190
1996–97	203	244	148	224	244	257	215	299	211
1997–98	234	260	158	243	273	258	217	277	231
<i>Average annual growth rate (%)</i>	11.0	6.2	10.8	8.0	9.2	4.8	5.4	6.0	8.6

Sources: Expenditure: Table 9; Population: ABS 1998a, 1998b and 1999a.

Table 12: Per person State and Territory government recurrent expenditure on welfare services including Commonwealth transfers, 1992–93 to 1997–98 in 1996–97 prices (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National average
1992–93	146	200	101	177	189	216	182	221	162
1993–94	168	220	106	201	236	236	196	248	182
1994–95	178	207	130	211	229	233	226	256	187
1995–96	187	210	144	215	242	231	213	256	194
1996–97	203	244	148	224	244	257	215	299	211
1997–98	228	256	155	241	270	256	216	273	227
<i>Average annual growth rate (%)</i>	9.4	5.0	9.1	6.4	7.4	3.4	3.5	4.3	7.1

Sources: Expenditure: Table 9; Deflators: ABS 1999b; Population: ABS 1998a, 1998b and 1999a.

Table 13: Per person recurrent expenditure on welfare services by State and Territory governments' own funds, 1992–93 to 1997–98 in 1996–97 prices (\$)

Year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National average
1992–93	119	165	69	156	168	170	149	191	132
1993–94	113	178	64	167	184	176	159	204	135
1994–95	131	161	87	175	171	173	186	205	141
1995–96	134	161	94	170	181	168	175	207	143
1996–97	150	198	103	181	179	184	177	247	161
1997–98	177	205	108	198	202	186	174	221	176
<i>Average annual growth rate (%)</i>	8.2	4.4	9.5	4.9	3.8	1.8	3.2	3.0	5.9

Sources: Expenditure: Table 9; Deflators: ABS 1999b; Population: ABS 1998a, 1998b and 1999a.

Changes in welfare services expenditure by State and Territory between 1996–97 and 1997–98

Between 1996–97 and 1997–98, Northern Territory was the only jurisdiction with a decline in welfare services expenditure. Growth rates of total welfare services expenditure varied from –5.4% in the Northern Territory to 16.6% in New South Wales. Total welfare services expenditure for all States combined grew by 11.0% between 1996–97 and 1997–98. The rate of growth of total welfare services expenditure was above the national average in New South Wales (16.6%) and South Australia (12.5%) (Table 14).

The all-States combined expenditure on family and child welfare services increased by 6.7% during the year. States with declining expenditure were Tasmania (-4.6%) and Queensland (-3.4%). South Australia (21.6%) and Victoria (9.2%) had growth rates above the national average.

The all-States combined expenditure on welfare services for the aged and people with a disability rose by 12.2%. Northern Territory showed a decline of 20.6%. New South Wales (21.0%) and Western Australia (13.6%) were above the national average growth rates.

The all-States combined expenditure on other welfare services rose by 16.2%. Tasmania and Australian Capital Territory expenditure declined by 30.8% and 7.6% respectively. The jurisdictions having above national average growth rates were Queensland (40.6%) and Northern Territory (39.6%).

Table 14: Changes in State and Territory government recurrent welfare services expenditure including Commonwealth transfers in current prices, 1992-93 to 1997-98 (per cent)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Family and child welfare services									
1992-93 to 1993-94	11.8	6.0	11.7	4.4	-11.8	-0.4	-7.7	22.1	5.5
1993-94 to 1994-95	4.8	-13.5	11.6	4.7	-0.9	6.9	153.9	2.3	1.7
1994-95 to 1995-96	10.0	28.3	0.6	11.5	20.8	7.8	-25.4	9.7	13.6
1995-96 to 1996-97	4.1	8.1	24.1	9.5	-12.8	3.7	12.3	15.4	6.1
1996-97 to 1997-98	5.5	9.2	-3.4	4.7	21.6	-4.6	3.7	6.5	6.7
Aged and disabled welfare services									
1992-93 to 1993-94	18.4	12.2	17.6	32.7	69.2	15.9	18.3	36.3	21.4
1993-94 to 1994-95	11.4	-1.6	29.3	3.7	-1.2	-3.3	-16.1	-0.5	5.9
1994-95 to 1995-96	9.0	-3.7	19.5	6.1	7.5	-4.2	22.4	7.8	5.8
1995-96 to 1996-97	14.3	28.1	1.9	1.7	8.8	14.3	-5.9	34.2	14.5
1996-97 to 1997-98	21.0	8.2	4.3	13.6	8.5	7.6	2.0	-20.6	12.2
Other welfare services									
1992-93 to 1993-94	8.6	9.2	-16.8	-5.2	31.5	5.6	16.0	-51.4	3.0
1993-94 to 1994-95	-2.8	-19.3	44.3	42.1	-23.6	2.9	-25.2	75.5	1.8
1994-95 to 1995-96	-13.2	3.9	20.2	-12.2	-47.2	26.9	8.4	-25.4	-1.8
1995-96 to 1996-97	29.7	-3.1	5.1	39.2	28.6	34.3	14.8	-8.9	14.1
1996-97 to 1997-98	15.0	1.1	40.6	15.9	16.0	-30.8	-7.6	39.6	16.2
Total welfare services									
1992-93 to 1993-94	15.8	10.3	9.7	17.8	31.1	10.8	11.0	16.0	14.8
1993-94 to 1994-95	8.6	-6.2	27.1	7.2	-3.0	-0.4	17.8	5.9	4.4
1994-95 to 1995-96	8.0	4.4	15.6	6.0	7.8	1.2	-2.0	4.9	7.2
1995-96 to 1996-97	12.1	19.9	6.6	7.8	2.3	13.2	4.4	22.2	12.0
1996-97 to 1997-98	16.6	8.0	8.7	10.6	12.5	0.3	0.6	-5.4	11.0

Source: Table 9.