

1 Background and summary

1.1 Background

Welfare Expenditure Australia 2000–01 analyses expenditure on welfare services for older people, people with disabilities, families and children, and ‘other welfare services’ client populations between 1998–99 and 2000–01, inclusive. Additional features in this issue include ‘in kind’ expenditures in the form of concessions to eligible households, and of tax expenditure to eligible organisations providing welfare services to the community (Section 4). Detailed information on client fees by type of service provider is another new feature in this report (Section 3.2).

The expenditure estimates for welfare services, though similar to those analysed in the previous series of bulletins, are not strictly comparable with them. The move from cash to accrual accounting in 1998–99 and reclassification of some expenditure items from health to welfare services¹ have caused a break in the time series (see ‘Technical notes’ for the scope of this report). A number of revisions were also made to the data for 1998–99 and 1999–00 since the publication of *Welfare Services Expenditure Bulletin No. 6* (see Section 5.2, page 25). These changes are due to:

- the reclassification of some Commonwealth programs from health expenditure to welfare services expenditure
- revised estimation methods
- additional and improved data sources.

This publication also provides data on social security payments by the Commonwealth, as a preliminary step towards an integrated analysis of welfare services and social security payments in future publications. The Australian Institute of Health and Welfare (AIHW) will consult with stakeholders before undertaking such analyses in future welfare expenditure publications. Should these proceed, they could be based on the Organisation for Economic Co-operation and Development (OECD) social expenditure (SOCX) classification framework together with the Australian Bureau of Statistics (ABS) Government Finance Statistics (GFS) (see Appendix A). Under that framework, total social security expenditure by the Commonwealth Government was \$48.2 billion in 2000–01 (see Appendix Table A3, page 32).

Expenditure and funding

The analyses that follow relate to both expenditure on welfare services in Australia and the way those services are funded. In this context, expenditure includes both expenses, which are identified in the operating statement-type transactions and referred to as recurrent expenditure, and capital formation (net spending by governments on the acquisition of non-financial assets) which comes from the cash flow statement of the GFS.

1 Expenditure on Home and Community Care and Aged Care assessment is no longer split between health and welfare services.

Welfare services expenditure is incurred by those governments, individuals and organisations that provide welfare services. Funding for welfare services, on the other hand, comes from a range of sources, including the providers of the services themselves. For instance, non-government community service organisations (NGCSOs) are major providers of residential care and they incur expenditure in providing those services. However, much of the funding for those services comes from governments (through transfer payments) and from households (through client fees). NGCSOs are also sometimes called upon to contribute their own funding. Hence, expenditure and funding are equivalent at the macro level (i.e. all expenditure is funded).

Expenditure on welfare services in Australia involves all three levels of government (Commonwealth, State and Territory, and local), NGCSOs and households. All these incur expenditure on services as well as provide funding for services.

In 2000–01, total expenditure on welfare services was \$13.7 billion, \$9.6 billion of which was funded by sources within the government sector, and the remaining \$4.1 billion by non-government sources (Figure 1.1).

1.2 Summary of findings

- Total expenditures on welfare services during 2000–01 was \$13.7 billion or 2.0% of gross domestic product (GDP) (Table 2.1).
- Real growth in expenditure on welfare services between 1998–99 and 2000–01 averaged 5.9% per year.
- Per person expenditure on welfare services (in nominal terms) rose from \$631 in 1998–99 to \$710 in 2000–01.
- Most Commonwealth funding of welfare services in 2000–01 went to services for older people (38.0%) and family and child welfare services (33.0%) (Table 3.3).
- Nationally, most funding by State and Territory Governments in 2000–01 was for services for people with disabilities (40.1%) and family and child welfare services (33.8%). Services for people with disabilities was the area of most rapid growth in State/Territory funding, averaging 6.9% per year from 1998–99 to 2000–01 (Table 3.4).
- The distribution of government funding varied across States and Territories. Those with relatively older population structures directed a greater share of their funding to welfare services for older people and/or people with disabilities, South Australia (69.7% in 2000–01), New South Wales (66.7%), and Tasmania (65.7%) being cases in point. At the same time, the two Territories, with much younger population structures, directed more of their funding to services for families and children – the Northern Territory 59.1% and the Australian Capital Territory 47.2% (Table 3.6).
- The national average level of per capita funding by State Governments was \$258 in 2000–01. The States with per capita funding above the national average were Victoria (\$299), New South Wales (\$298) and Western Australia (\$292). Queensland had the lowest level of net State government funding at \$138 (Table 3.7).
- Average per capita gross expenditure by governments was \$333 in 2000–01 (Table 3.8). This is made up of expenditure by the States and Territories that is funded from both their own resources and Specific Purpose Payments (SPPs) from the Commonwealth.

- Concessions on council rates, electricity, water and sewerage, and public transport were estimated at \$821 million in 2000–01. Of this, around 79% (\$651 million) went to older people and people with disabilities (Table 4.1).

