

# **Welfare expenditure Australia 2000–01**

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# **Welfare expenditure Australia 2000–01**

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# Acronyms

ABS	Australian Bureau of Statistics
ACAP	Aged Care Assessment Program
AIHW	Australian Institute of Health and Welfare
CGC	Commonwealth Grants Commission
DoHA	Commonwealth Department of Health and Ageing
DVA	Commonwealth Department of Veterans' Affairs
FaCS	Commonwealth Department of Family and Community Services
FBO	Commonwealth Final Budget Outcome
GDP	Gross domestic product
GFCE	Government Final Consumption Expenditure
GFS	ABS Government Finance Statistics
GPC	ABS Government Purpose Classification
GST	Goods and services tax
HACC	Home and Community Care Program
NGCSO	Non-government community service organisation
OECD	Organisation for Economic Co-operation and Development
PCC	Pensioner concession card
SAAP	Supported Accommodation Assistance Program
SPP	Specific Purpose Payment (Under Section 96 of the Australian Constitution)
SOCX	OECD Social Expenditure Database
WST	Wholesale sales tax



# Abbreviations and symbols used in tables

- nil or rounded down to zero
- .. not applicable
- n.a. not available



# Preface

*Welfare Expenditure Australia 2000–01* continues the types of analysis of expenditure on welfare services in Australia that was a feature of the welfare services expenditure bulletins that the Institute has published on a regular basis since 1995. Housing assistance expenditure is not included.

This Welfare Expenditure Australia series differs from the earlier bulletins in that it includes analyses of a number of 'in-kind' expenditures, such as concessions to target populations and to organisations supporting or providing services to them.

Another new type of expenditure that is examined is 'social' tax expenditures. These are government tax expenditures that have a social welfare nature. The major social tax expenditure in 2000–01 was the exemption from fringe benefits tax for some non-government community services organisations involved in providing welfare services. Tax expenditures have not been included in the expenditure estimates at this stage, in part because of the impact of the GST causing a break in series in 2000–01.

Throughout the series, changes in systems and data sources from year to year make exact comparisons difficult. Readers should bear this in mind, and feedback is always welcome.

In this particular publication, also included is information on types of social security payments that are provided to people in need. In future publications it is proposed to analyse this type of data together with welfare services expenditure. This would give a more comprehensive overview of the level of support provided to people who are identified as being in need of assistance in Australia. Comment on the proposed augmented presentation would be welcome.

Richard Madden  
Director  
Australian Institute of Health and Welfare



# 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 services<sup>1</sup> 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.

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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).

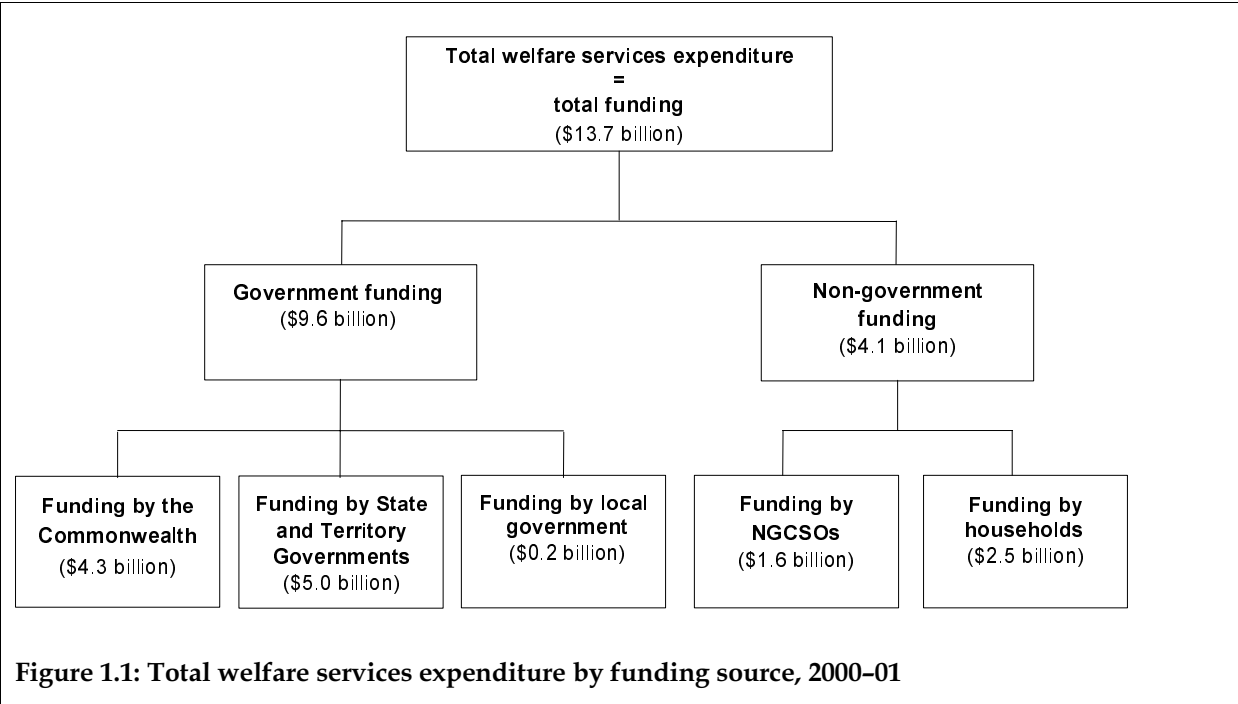
Expenditure on welfare services in Australia involves all three levels of government (Commonwealth, State and Territory, and local), NGCSOs and households. All these incur expenditure on services as well as provide funding for services.

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).



## 2 Total expenditure on welfare services

Total expenditure on welfare services in current prices was \$13.7 billion in 2000–01, a nominal increase of \$1.8 billion over the two years from 1998–99. This accounted for 2.0% of GDP in both years. In real terms, growth averaged 5.9% per year between 1998–99 and 2000–01 (Table 2.1). Real growth in the first period (from 1998–99 to 1999–00) was higher than between 1999–00 and 2000–01 (8.5% compared to 3.4%).

Average per person expenditure on welfare services in current prices went from \$631 in 1998–99 to \$710 in 2000–01.

**Table 2.1: Expenditure on welfare services and GDP, current and constant prices<sup>(a)</sup>, 1998–99 to 2000–01**

	Current prices			Constant prices	
	Welfare services	GDP	Total welfare services expenditure as % of GDP	Welfare services	Growth rate (%)
<b>Total (\$ million)</b>					
1998–99	11,883	591,592	2.0	12,050	..
1999–00	13,073	629,212	2.1	13,073	8.5
2000–01	13,690	672,223	2.0	13,513	3.4
Average annual growth rate <sup>(b)</sup>					5.9
<b>Per person (\$)</b>					
1998–99	631	31,402		640	..
1999–00	686	33,027		686	7.3
2000–01	710	34,874		701	2.2
Average annual growth rate <sup>(b)</sup>					4.7

(a) Constant price welfare expenditure for 1998–99 to 2000–01 is expressed in chain volume measures, referenced to the year 1999–00.

(b) Growth rate is calculated using simple arithmetic growth formula.

Sources: Expenditure—AIHW database; GDP—ABS 2002a; Population—ABS 2001a; Deflator: General Government Final Consumption Expenditure (GFCE) Implicit Price Deflator—ABS unpublished data; Gross Fixed Capital Formation Chain Price Index—ABS unpublished data.



# 3 Funding of welfare services in Australia

Governments provide most funding for welfare services in Australia. Between 1998–99 and 2000–01 they provided, on average, 69.5% of total funding for welfare services (Table 3.1). The State and Territory Governments averaged 36.4% of total funding; the Commonwealth 31.4%; and local government 1.8%. The remaining 30.5% was funded by the non-government sector—households, through the payment of client fees, accounted for 18.8% and NGCSOs 11.6%.

Over the period 1998–99 to 2000–01, the funding shares of both sectors were relatively stable, with the government share of funding ranging from 68.9% to 69.9%.

Government and non-government funding grew, in real terms, at annual average rates of 3.8% and 11.2%, respectively, between 1998–99 and 2000–01 (Table 3.2). Overall, the most rapid growth in welfare services expenditure was between 1998–99 and 1999–00, at 8.5%. This was a result of strong growth in non-government funding (17.6%) and government funding of 4.8%. From 1999–00 to 2000–01, total welfare services expenditure grew at the lower rate of 3.4%. This reflected lower growth in funding by both non-government (4.8%) and government sources (2.7%).

**Table 3.1: Funding of welfare services, current prices, 1998–99 to 2000–01**

	Government				Non-government			Total all sectors
	Common-wealth	State and Territory	Local	Total	NGCSOs	House-holds	Total	
<b>Amount (\$ million)</b>								
1998–99	3,771	4,299	229	8,299	1,368	2,216	3,585	11,883
1999–00	4,042	4,727	235	9,004	1,550	2,519	4,070	13,073
2000–01	4,329	5,032	212	9,573	1,578	2,539	4,117	13,690
<b>Proportion (%)</b>								
1998–99	31.7	36.2	1.9	69.8	11.5	18.7	30.2	100.0
1999–00	30.9	36.2	1.8	68.9	11.9	19.3	31.1	100.0
2000–01	31.6	36.8	1.5	69.9	11.5	18.5	30.1	100.0
3-year average	31.4	36.4	1.8	69.5	11.6	18.8	30.5	100.0

*Note:* Totals may not add due to rounding.

#### Sources

#### Expenditure

Commonwealth: Compiled from DHAC 1999, 2000, 2001; FaCS 1999, 2000, 2001a; Department of Immigration and Multicultural Affairs unpublished data; DVA unpublished data.

State and Territory: Recurrent expenditure—CGC 2002; CGC unpublished data. Concession expenditure—unpublished data from various State and Territory departments and local government authorities. Capital expenditure—ABS unpublished public finance data.

Local governments: Recurrent and capital expenditure—ABS unpublished public finance data.

NGCSOs: AIHW estimates based on a sample of NGCSOs' financial reports and additional information from ABS 2001c.

Households: Client fees for services provided by governments are based on the CGC data. Client fees to NGCSOs are estimated by AIHW in the process of estimating NGCSOs' contribution. Client fees for services provided by households sector only covers child care services. Data are not available to estimate costs of services provided to older people and to people with disabilities. Estimates of client fees for child care services are based on ABS 1997, 2000b.

Government Final Consumption Expenditure deflator—ABS unpublished.

**Table 3.2: Funding of welfare services, constant prices<sup>(a)</sup>, 1998–99 to 2000–01**

	Government				Non-government			Total all sectors
	Common-wealth	State and Territory	Local	Total	NGCSOs	House-holds	Total	
<b>Amount (\$ million)</b>								
1998–99	3,899	4,453	239	8,590	1,321	2,139	3,460	12,050
1999–00	4,042	4,727	235	9,004	1,550	2,519	4,070	13,073
2000–01	4,180	4,864	203	9,247	1,636	2,631	4,266	13,513
<b>Growth rate (%)</b>								
1998–99 to 1999–00	3.7	6.2	-1.5	4.8	17.4	17.8	17.6	8.5
1999–00 to 2000–01	3.4	2.9	-13.8	2.7	5.5	4.4	4.8	3.4
Average growth rate	3.5	4.5	-7.7	3.8	11.3	11.1	11.2	5.9

(a) Constant price welfare expenditure for 1998–99 to 2000–01 is expressed in chain volume measures, referenced to the year 1999–00.

Note: Totals may not add due to rounding.

Sources: Expenditure—as for Table 3.1, page 5; GFCE deflator—ABS unpublished.

## 3.1 Funding by governments

This section concentrates on the funding of recurrent expenditure on welfare services by the Commonwealth and the State and Territory Governments. This is because:

- almost all (around 98%) expenditure on welfare services is recurrent expenditure (see Table B1, page 35)
- estimates of expenditure on capital cannot be split by welfare service category
- splits of data on expenditure by local governments, by category, are unreliable.

### Distribution of government funding

On average, 34.0% of recurrent funding by the Commonwealth and the State and Territory Governments between 1998–99 and 2000–01 was spent on welfare services for families and children (Table 3.3). Welfare services for people with disabilities accounted for 32.0% of recurrent funding, on average, and services for older people, 25.0%. Government funding for the category ‘other welfare services’ (see ‘Technical notes’ for description) averaged 9.0% of recurrent funding by the Commonwealth and the States and Territories, combined.

### Commonwealth Government

The largest share of the Commonwealth’s recurrent funding of welfare services was for services for older people, which received an average of 37.4% over the period 1998–99 to 2000–01. Family and child welfare services averaged 33.7% and welfare services for people with disabilities, 23.8%. ‘Other welfare services’ accounted for 5.1% of Commonwealth funding.

There were nominal increases in funding for all categories of welfare services between 1998–99 and 1999–00. While for most categories this continued to be the case after 1999–00, funding for family and child welfare services was lower in 2000–01 than it had been in 1999–00. This was due to a new structure of family assistance introduced from 1 July 2000 as part of the Commonwealth Government’s tax reform package. The new structure combined 12 existing types of assistance for families through the tax and social security system. The \$10.1 billion in family tax benefits paid in 2000–01 includes some forms of assistance that would previously have been classified as expenditure on welfare services (Table A3, page 32).

**Table 3.3: Recurrent funding for welfare services by Commonwealth, State and Territory Governments by welfare services category, current prices, 1998–99 to 2000–01**

	Commonwealth		State and Territory		Total Commonwealth and State and Territory	
	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)
<b>Family and child welfare services</b>						
1998–99	1,172	31.9	1,474	34.7	2,646	33.4
1999–00	1,438	36.1	1,615	34.5	3,053	35.2
2000–01	1,405 <sup>(a)</sup>	33.0	1,679	33.8	3,084	33.5
3-year average		33.7		34.3		34.0
<b>Welfare services for older people</b>						
1998–99	1,418	38.6	629	14.8	2,047	25.8
1999–00	1,424	35.7	665	14.2	2,089	24.1
2000–01	1,615	38.0	694	14.0	2,308	25.0
3-year average		37.4		14.3		25.0
<b>Welfare services for people with disabilities</b>						
1998–99	906	24.7	1,628	38.3	2,534	32.0
1999–00	915	22.9	1,809	38.7	2,723	31.4
2000–01	1,017	23.9	1,991	40.1	3,008	32.6
3-year average		23.8		39.1		32.0
<b>Other welfare services</b>						
1998–99	176	4.8	522	12.3	698	8.8
1999–00	211	5.3	588	12.6	799	9.2
2000–01	217	5.1	601	12.1	818	8.9
3-year average		5.1		12.3		9.0
<b>Total recurrent</b>						
1998–99	3,672	100.0	4,254	100.0	7,925	100.0
1999–00	3,987	100.0	4,676	100.0	8,664	100.0
2000–01	4,253	100.0	4,965	100.0	9,218	100.0

(a) See text on page 7.

Sources: As for Table 3.1, page 5.

## State and Territory Governments

Most funding by State and Territory Governments was directed to welfare services for people with disabilities and for families and children. Between 1998–99 and 2000–01 those two areas received an average of 39.1% and 34.3% of State and Territory government funding, respectively. Welfare services for older people accounted for 14.3% and other welfare services, 12.3%.

**Table 3.4: Growth rate of recurrent funding for welfare services by the Commonwealth, State and Territory Governments by welfare services category, constant prices<sup>(a)</sup>, 1998–99 to 2000–01**

	Commonwealth		State and Territory		Total Commonwealth and State and Territory	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
<b>Family and child welfare services</b>						
1998–99	1,214		1,531		2,744	
1999–00	1,438	18.5	1,615	5.5	3,053	11.2
2000–01	1,356 <sup>(b)</sup>	-5.7	1,620	0.3	2,976	-2.5
Average annual growth		5.7		2.9		4.1
<b>Welfare services for older people</b>						
1998–99	1,470		650		2,120	
1999–00	1,424	-3.1	665	2.3	2,089	-1.4
2000–01	1,558	9.4	670	0.8	2,229	6.7
Average annual growth		3.0		1.6		2.5
<b>Welfare services for people with disabilities</b>						
1998–99	939		1,690		2,629	
1999–00	915	-2.6	1,809	7.0	2,723	3.6
2000–01	981	7.3	1,930	6.7	2,911	6.9
Average annual growth		2.2		6.9		5.2
<b>Other welfare services</b>						
1998–99	182		538		720	
1999–00	211	15.7	588	9.3	799	10.9
2000–01	209	-0.7	577	-1.8	786	-1.5
Average annual growth		7.2		3.6		4.5
<b>Total recurrent</b>						
1998–99	3,804		4,408		8,212	
1999–00	3,987	4.8	4,676	6.1	8,664	5.9
2000–01	4,105	2.9	4,798	2.6	8,903	2.8
Average annual growth		3.9		4.3		4.1

(a) Constant price welfare expenditure for 1998–99 to 2000–01 is expressed in chain volume measures, referenced to the year 1999–00.

(b) See text on page 7.

Sources: As for Table 3.1, page 5.

## Growth in funding of welfare services by category

Government recurrent funding for welfare services grew, in real terms, at an average of 4.1% per year between 1998–99 and 2000–01 (Table 3.4).

Real growth in funding of services for older people between 1998–99 and 2000–01 was lower (2.5% per year) than that of total welfare services – this was true for both levels of government. The State and Territory governments' funding of services for older people grew at an average of 1.6% per year, compared with 4.3% for their overall funding of all welfare services. For the Commonwealth, the respective growth rates were 3.0% for services for older people, compared with 3.9% for total Commonwealth funding of welfare services.

The highest real growth was in funding of services for people with disabilities. It grew at an average of 5.2% per year, compared with 4.1% for total funding of welfare services.

## **Commonwealth Government**

Real growth in the Commonwealth's budget funding for welfare services was lower (2.9%) between 1999-00 and 2000-01 than it had been in the first year of the period (i.e. between 1998-99 and 1999-00) when it was 4.8%.

This change occurred in two areas of expenditure – expenditure on welfare services for families and children, and other welfare services. In the case of services for families and children, real growth was 18.5% in the first year, compared with a real decrease in budget expenditure of -5.7% between 1999-00 and 2000-01. The fall in funding for families and children was mainly due to the changes to the structure of Commonwealth assistance for families mentioned earlier. A similar situation applied for other welfare services.

It grew at a real rate of 15.7% between 1998-99 and 1999-00 compared with the real fall in funding of -0.7% after 1999-00.

Funding of welfare services for both older people and people with disabilities experienced a decline in expenditure in the first year, followed by rapid growth. In the case of services for older people, which grew at an average of 3.0% per year over the whole period, funding fell by -3.1% from 1998-99 to 1999-00 and then increased by 9.4% in the next year. Similarly, funding of services for people with a disability fell (-2.6%) between 1998-99 and 1999-00, but grew 7.3% between 1999-00 and 2000-01.

## **State and Territory Governments**

Funding of services for people with disabilities grew faster than any other area of State/Territory government funding of welfare services. It averaged 6.9% per year over the period – almost double the rate of growth for the 'other welfare services' category, and much higher than the overall growth in State/Territory spending on welfare services of 4.3%.

## **State comparisons**

This part of the analysis refers only to those welfare services that are funded through State and Territory Governments. The related expenditure is either totally funded by the States and Territories from their own resources or jointly funded with the Commonwealth through SPPs. It does not include the Commonwealth's direct funding to welfare service providers.

**Table 3.5: Net recurrent funding of welfare services by State and Territory Governments, current prices, 1998–99 to 2000–01**

Service type	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
<b>Proportion of total welfare services expenditure (%)</b>									
<b>Family and child welfare services</b>									
1998–99	29.4	41.5	36.8	35.7	27.4	23.5	56.1	51.9	34.7
1999–00	29.4	41.5	37.6	35.7	26.3	23.0	58.9	50.8	34.5
2000–01	29.1	40.5	34.4	35.3	30.5	21.8	40.4	49.5	33.8
3-year average	29.3	41.2	36.3	35.6	28.1	22.8	51.8	50.7	34.3
<b>Older people and people with disabilities</b>									
1998–99	62.4	48.8	23.1	50.2	60.8	67.3	32.2	38.7	53.1
1999–00	62.5	49.0	20.3	50.3	62.9	67.6	32.4	36.9	52.9
2000–01	62.9	50.5	25.1	51.3	65.2	69.8	38.3	39.7	54.1
3-year average	62.6	49.4	22.8	50.6	63.0	68.2	34.3	38.4	53.3
<b>Other welfare services</b>									
1998–99	8.2	9.7	40.2	14.0	11.8	9.2	11.6	9.4	12.3
1999–00	8.1	9.5	42.1	14.0	10.8	9.4	8.7	12.3	12.6
2000–01	7.9	9.0	40.5	13.4	4.2	8.4	21.3	10.8	12.1
3-year average	8.1	9.4	40.9	13.8	8.9	9.0	13.9	10.9	12.3
<b>Amount (\$ million)</b>									
<b>Total welfare services</b>									
1998–99	1,671	1,312	369	381	275	137	76	33	4,254
1999–00	1,792	1,363	429	500	357	129	74	32	4,676
2000–01	1,937	1,436	496	554	312	123	77	30	4,965

Sources: As for Table 3.1, page 5.

There were considerable variations in the size and distribution of funding across jurisdictions, reflecting a variety of factors, including differences in:

- State government policies regarding the provision and funding of welfare services
- the roles of NGCSOs
- demographic structures
- distribution of the Aboriginal and Torres Strait Islander populations
- boundaries around what are classified as welfare services.

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

State and Territory governments' own funding of welfare services ('net funding') was \$5.0 billion in 2000–01 (Table 3.5). New South Wales, the largest State in terms of population, spent the most (\$1.9 billion) and the Northern Territory, the least (\$30 million).

Net funding by State and Territory Governments, in most instances, moved in line with population size – the exceptions being Queensland and Western Australia, the third and fourth largest States in terms of population. Despite its higher population, Queensland's net spending (\$496 million in 2000–01) was consistently lower than that of Western Australia (\$554 million in 2000–01). Gross funding of State Government expenditure on welfare

services (i.e. with the inclusion of SPPs) was, in all cases, positively related to States' population sizes (Table 3.6).

**Table 3.6: Government gross recurrent funding of welfare services<sup>(a)</sup>, through State and Territory Governments, current prices, 1998–99 to 2000–01**

Service type	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
<b>Proportion of total welfare services expenditure (%)</b>									
<b>Family and child welfare services</b>									
1998–99	25.2	35.3	27.2	31.6	23.8	27.0	57.3	58.8	29.9
1999–00	25.5	35.4	28.4	32.5	23.6	27.1	59.2	57.8	30.1
2000–01	25.2	34.5	26.5	32.1	26.1	27.2	47.2	59.1	29.5
3-year average	25.3	35.1	27.4	32.1	24.5	27.1	54.6	58.5	29.9
<b>Older people and people with disabilities</b>									
1998–99	66.7	55.7	45.6	55.9	66.6	64.5	32.4	32.6	59.1
1999–00	66.6	55.4	41.5	54.6	67.3	64.5	32.5	31.4	58.5
2000–01	66.7	57.2	44.4	55.8	69.7	65.7	36.7	32.2	59.6
3-year average	66.7	56.1	43.8	55.4	67.9	64.9	33.9	32.1	59.1
<b>Other welfare services</b>									
1998–99	8.0	9.0	27.2	12.5	9.6	8.5	10.3	8.6	10.9
1999–00	7.9	9.2	30.0	12.9	9.1	8.4	8.3	10.8	11.4
2000–01	8.1	8.2	29.2	12.1	4.1	7.1	16.1	8.7	10.9
3-year average	8.0	8.8	28.8	12.5	7.6	8.0	11.6	9.4	11.1
<b>Total welfare services</b>									
	<b>Amount (\$ million)</b>								
1998–99	2,048	1,611	587	499	407	192	108	62	5,515
1999–00	2,188	1,677	660	623	493	186	108	63	5,999
2000–01	2,377	1,774	757	691	462	186	116	65	6,428

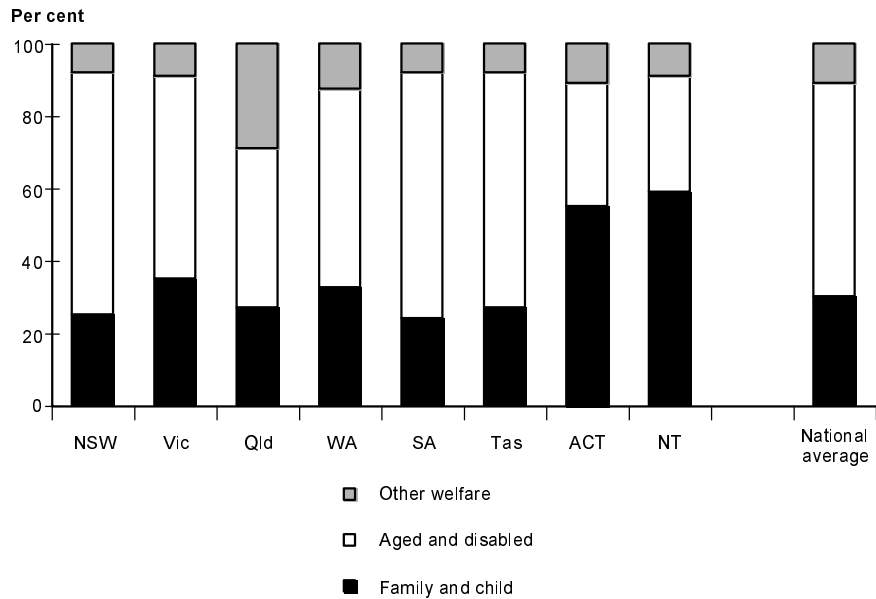
(a) Funding by State and Territory Governments plus Commonwealth SPPs.

Sources: As for Table 3.1, page 5.

### **Distribution of recurrent funding across welfare service categories**

At an aggregate level, more than half the gross funding for State and Territory government expenditure on welfare services (59.1%) was related to services for older people and people with disabilities. Funding of services for families and children represented 29.9% of their funding nationally, while other welfare services accounted for the remaining 11.1% (Table 3.6 and Figure 3.1).





Source: Table 3.6.

**Figure 3.1: Government recurrent funding of welfare services, average of 1998-99 to 2000-01**

On a State-by-State basis, however, the distribution of gross funding across the three welfare services categories varied markedly.

Due to its relatively younger population structure, the Northern Territory had the highest proportion of its funding devoted to family and child welfare services (59.1% in 2000-01). At the same time, South Australia, with a relatively older population structure, had the highest proportion of its funding directed to welfare services for older Australians and people with disabilities (69.7%). Queensland directed 29.2% of its funding in 2000-01 to the other welfare services category, which was much higher than any other State or Territory.

There are a number of factors that may have contributed to this outcome for Queensland. These include its:

- relatively higher unemployment rates (CGC 2002:398), which may increase the demand for these types of welfare services
- lower average level of funding of all other types of welfare services (Table 3.7)
- large Indigenous population (expenditure on welfare services for Aboriginal and Torres Strait Islander people is classified to the other welfare services category (CGC 2002:408).

## Average funding per person

### Net funding

Net funding of recurrent expenditure on welfare services by all State and Territory Governments averaged \$258 per person in 2000-01 (Table 3.7). Four States and Territories were below the national average—Queensland (\$138), Northern Territory (\$153), South Australia (\$208) and Australian Capital Territory (\$246). Victoria (\$299), New South Wales (\$298), Western Australia (\$292) and Tasmania (\$262) were above the national average.

**Table 3.7: Average net funding of recurrent expenditure on welfare services, per person, by State and Territory Governments in current prices, 1998-99 to 2000-01 (\$ per person)**

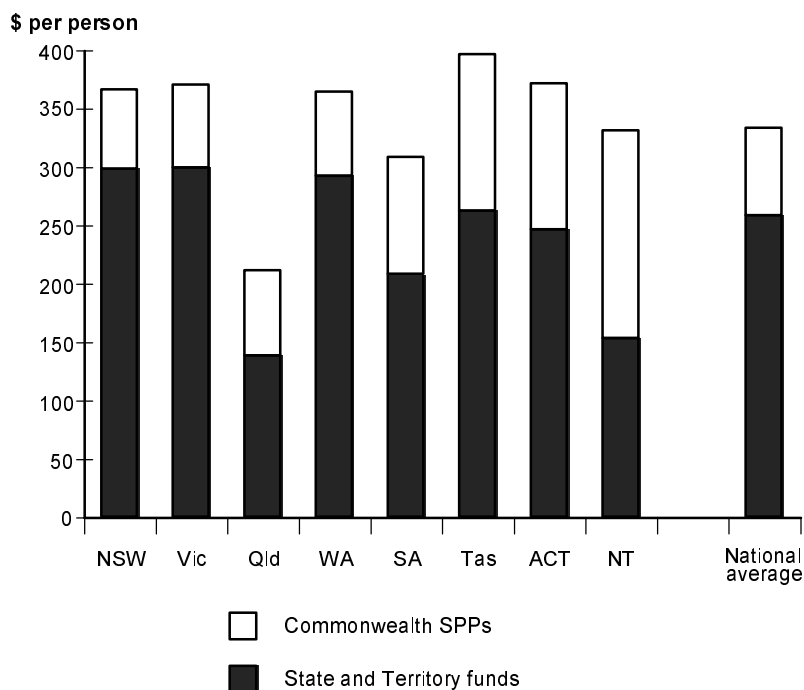
Service type and year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National average
<b>Family and child welfare services</b>									
1998-99	77	116	39	74	51	68	138	90	78
1999-00	82	119	46	95	63	63	140	83	85
2000-01	87	121	47	103	64	57	100	76	87
<b>Older people and people with disabilities</b>									
1998-99	164	137	24	104	112	195	79	67	120
1999-00	174	141	25	134	150	185	77	60	130
2000-01	188	151	35	150	130	183	94	61	139
<b>Other welfare services</b>									
1998-99	22	27	43	29	22	27	29	16	28
1999-00	23	27	51	37	26	26	21	20	31
2000-01	24	27	56	39	9	22	52	17	31
<b>Total welfare services</b>									
1998-99	262	280	106	206	185	290	245	173	226
1999-00	279	288	121	267	239	274	238	163	245
2000-01	298	299	138	292	208	262	246	153	258

Sources: Expenditure—as for Table 3.1, page 5. Population—ABS 2001a.

### Gross funding

Inclusion of SPPs and State and Territory governments' own funding provides an estimate of the gross government funding for welfare services provided through the State and Territory Governments. Nationally, the average gross funding in 2000-01 was \$333 per person (Figure 3.2).

Queensland (\$210) and South Australia (\$308), both of which had been below the national average in terms of net funding, remained below the national average after the inclusion of SPPs. The Australian Capital Territory (\$372) moved from below the average, in net funding terms, to above the average when SPPs were included. The Northern Territory, which had also been below the average in terms of net funding by the Territory Government, moved to about the average (\$331) when it came to gross funding.



(a) Funding by the Commonwealth through SPPs and by States and Territories from their own resources.

Sources: Tables 3.7 and 3.8.

**Figure 3.2: Average per person government<sup>(a)</sup> funding of welfare services, by State and Territory, 2000-01 (\$)**

In 2000-01 the national average for Commonwealth SPP funding to the States and Territories was \$75 per person. Northern Territory received the highest average level of funding, with \$178 per person. New South Wales received the least, with \$68 per person (calculated from Tables 3.7 and 3.8). This is broadly in line with the assessment by the Commonwealth Grants Commission (CGC) of relative disadvantage of the States and Territories.

In terms of the categories of services, SPPs to fund services for older people and people with disabilities, combined, averaged \$60 per person in 2000-01. The range was from \$42 per person in the Australian Capital Territory to \$85 per person in South Australia.

The average SPP per person in respect of family and child welfare services during 2000-01 was \$11, with a range from \$5 per person in New South Wales to \$120 in the Northern Territory.

SPPs for other welfare services averaged \$5 per person, nationally, and ranged from \$3 per person in Victoria to \$12 per person in the Northern Territory.

**Table 3.8: Average gross<sup>(a)</sup> funding of recurrent expenditure on welfare services, per person, by governments, current prices, 1998–99 to 2000–01 (\$ per person)**

Service type	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National average
<b>Family and child welfare services</b>									
1998–99	81	121	46	85	65	110	201	192	88
1999–00	87	125	53	108	78	107	207	189	95
2000–01	92	128	56	117	80	108	175	196	98
<b>Older people and people with disabilities</b>									
1998–99	215	192	77	151	182	263	114	107	173
1999–00	227	196	78	182	222	255	113	103	184
2000–01	244	212	93	203	215	259	136	107	199
<b>Other welfare services</b>									
1998–99	26	31	46	34	26	35	36	28	32
1999–00	27	33	56	43	30	33	29	35	36
2000–01	30	30	61	44	13	28	60	29	36
<b>Total welfare services</b>									
1998–99	322	344	169	271	273	407	351	327	293
1999–00	340	354	187	333	330	396	349	326	315
2000–01	366	370	210	364	308	395	372	331	333

(a) Funding by State and Territory Governments plus Commonwealth SPPs.

Sources: Expenditure—as for Table 3.1, page 5. Population—ABS 2001a.

## Changes in funding of State and Territory governments' welfare services expenditure

### Net funding

There were nominal increases in net funding of welfare services by State and Territory Governments, in all States and Territories except Tasmania and the Northern Territory, between 1998–99 and 2000–01 (see Table 3.5, page 11).

### Gross funding

Over the two-year period, gross government funding (i.e. Commonwealth Government SPPs plus State and Territory governments' own funding) increased in all jurisdictions other than Tasmania (Table 3.6, page 12).

After adjusting for inflation, real growth in gross funding averaged 4.3% over the period, ranging from –3.1% in Tasmania to 14.3% in Western Australia (Table 3.9). Three States had growth rates that were above the national average. They were Western Australia (14.3%), Queensland (10.4%) and New South Wales (5.0%). South Australia, although below the national average, also had a positive growth rate (3.6%). Four States and Territories, Tasmania (–3.1%), Australian Capital Territory (–1.7%), Northern Territory (–1.2%) and Victoria (–0.2%), had real average declines in funding over the period.

**Table 3.9: Growth rate of government recurrent funding of welfare services<sup>(a)</sup> in constant prices<sup>(b)</sup>, 1998–99 to 2000–01**

Service type	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National average
<b>Family and child welfare services</b>									
1998–99 to 1999–00	4.8	-1.0	17.6	23.6	14.7	-4.2	-4.2	-3.6	5.5
1999–00 to 2000–01	4.9	-1.7	0.8	7.2	1.7	-1.3	-17.4	1.8	1.3
Average annual growth rate	4.9	-1.3	9.2	15.4	8.2	-2.7	-10.8	-0.9	3.4
<b>Older people and people with disabilities</b>									
1998–99 to 1999–00	3.7	-1.8	2.6	17.6	16.8	-4.3	-7.1	-5.5	3.9
1999–00 to 2000–01	6.3	4.1	15.7	10.5	-5.1	-0.1	17.3	2.0	5.6
Average annual growth rate	5.0	1.2	9.1	14.0	5.9	-2.2	5.1	-1.7	4.8
<b>Other welfare services</b>									
1998–99 to 1999–00	2.6	1.1	24.0	24.5	8.9	-5.4	-25.1	24.0	9.9
1999–00 to 2000–01	7.8	-9.5	5.2	1.6	-58.2	-17.5	102.0	-20.0	-1.5
Average annual growth rate	5.2	-4.2	14.6	13.0	-24.6	-11.5	38.4	2.0	4.2
<b>Total welfare services</b>									
1998–99 to 1999–00	3.9	-1.3	12.5	20.4	15.6	-4.4	-7.3	-1.9	5.0
1999–00 to 2000–01	6.0	0.8	8.3	8.3	-8.3	-1.9	3.8	-0.5	3.5
Average annual growth rate	5.0	-0.2	10.4	14.3	3.6	-3.1	-1.7	-1.2	4.3

(a) Funding by State and Territory Governments plus Commonwealth SPPs.

(b) Constant price welfare expenditure for 1998–99 to 2000–01 is expressed in chain volume measures, referenced to the year 1999–00.

Sources: As for Table 3.1, page 5.

## 3.2 Non-government sector funding

Two major non-government sources of funding were examined. These were NGCSOs and households.

The funding by NGCSOs relates to that portion of their expenditure that is not funded by other funding sources (e.g. governments or clients' fees). Household funding refers to the fees that households pay to service providers.

### Non-government community services organisations

The NGCSOs include both for-profit and not-for-profit organisations. Some receive funding from governments, some are fully self-funding and others rely on a combination of funding sources, including fees charged to clients, to support their activities.

NGCSOs' own funding comes from a variety of sources, including donations, legacies and bequests, fund-raising activities and opportunity shops. It also includes funding out of commercial income, such as income from employment services (for organisations providing services for people with disabilities). Also included are interest and dividends received from financial investment, and profits from sale of assets. Own source funding does not include clients' fees, which are regarded as funding by households.

Estimates of funding of welfare services by NGCSOs in this series are based on expenses reported in NGCSOs' financial statements (see 'Technical notes'). This is a departure from the method used in previous welfare services expenditure bulletins, which based funding on income, following a method used by the Industry Commission (Industry Commission 1994, 1995).

NGCSOs' expenditure increased from \$5.7 billion in 1998–99 to \$6.3 billion in 1999–00 and to \$6.9 billion in 2000–01. The amount of funding for NGCSO expenditure provided by governments, client fees and NGCSOs' themselves all increased. The average proportion funded by governments over the period 1998–99 to 2000–01 was 48.3%, by clients 27.9% and from NGCSOs, 23.4% (Table 3.10).

**Table 3.10: Expenditure by NGCSOs and source of funding, 1998–99 to 2000–01**

	Amount in current prices (\$ million)				Nominal increase (%)			
	NGCSOs' expenditure	Funding source			NGCSOs' expenditure	Funding source		
		Government	Client	Own source		Government	Client	Own source
1998–99	5,656	2,805	1,482	1,368	..	..	..	..
1999–00	6,335	2,951	1,833	1,550	12.0	5.2	23.7	13.3
2000–01	6,931	3,383	1,969	1,578	9.4	14.6	7.5	1.8
Average (%)		<sup>(a)</sup> 48.3	<sup>(a)</sup> 27.9	<sup>(a)</sup> 23.4	<sup>(b)</sup> 10.7	<sup>(b)</sup> 9.8	<sup>(b)</sup> 15.3	<sup>(b)</sup> 7.4

(a) Average proportion of expenditure by NGCSOs over the three years.

(b) Average nominal growth rate 1998–99 to 2000–01.

Sources: As for Table 3.1, page 5.

Between 1998–99 and 1999–00, when expenditure increased quickly (12.0% in nominal terms), funding by clients increased by 23.7% and the NGCSOs' own funding by 13.3%. Government funding, on the other hand, increased by 5.2% in that year – well below the rate of increase in expenditure overall.

In the following year (from 1999–00 to 2000–01), despite overall expenditure having slowed to 9.4%, government funding accelerated (14.6% nominal increase). Funding from other sources also rose, but at much lower rates than in the previous period – client fees rose by 7.5% and NGCSOs' own sources, 1.8%.

## Households

Households have multiple roles in relation to welfare services. They are providers and users of welfare services and, because they pay fees for the services they use, they are also funders of services. This funding is well defined in respect of services provided by NGCSOs and governments. However, many services are provided by informal carers in the household sector and some of these also attract fees. The only client fees data available for these informal services, however, are in respect of child care services and these totalled \$201 million in 2000–01. It is possible that informal care provided to older people and people with disabilities may also attract fees, but these are not captured in the reported expenditure data. Identified funding from client fees increased from \$2.2 billion in 1998–99 to \$2.5 billion in 1999–00 and by a further \$20 million in 2000–01.

Services provided by NGCSOs attracted 66.9% of all identified client fee funding in 1998–99. This increased to 72.7% in 1999–00 and 77.6% in 2000–01 – respectively \$1,833 million and

\$1,969 million. The proportion of client fees that funded services provided by governments and informal child care both declined over the whole period. Government services, which accounted for 23.8% of all client fee funding in 1998–99, fell to 14.5% in 2000–01 (from \$528 million to \$369 million). This reflects a move in usage towards services provided by NGCSOs and away from those provided by government agencies. The proportion of client fees attributable to informal child care also fell, from 9.3% (\$207 million) in 1998–99 to 7.9% (\$201 million) in 2000–01 (Table 3.11).

**Table 3.11: Client fees for welfare services, current prices, 1998–99 to 2000–01**

Year	Providers of services			Total
	Governments	NGCSOs	Households— informal	
	<b>Amount (\$ million)</b>			
1998–99	528	1,482	207	2,216
1999–00	482	1,833	205	2,519
2000–01	369	1,969	201	2,539
	<b>Proportion (%)</b>			
1998–99	23.8	66.9	9.3	100.0
1999–00	19.1	72.7	8.1	100.0
2000–01	14.5	77.6	7.9	100.0
3-year average	18.9	72.6	8.4	100.0

Sources: As for Table 3.1, page 5.

# 4 Concessions

The provision of concessions is an important form of expenditure on welfare services in Australia. In the analysis that follows, two types of concession are considered. These are concessions to households (individuals) and concessions to service providers (in the form of tax expenditures).

In the case of concessions to households, they are further divided into 'core' concessions and 'non-core' concessions. The core concessions are those that apply generally across all States and Territories and are supported by State or Territory government subsidies to the concession providers. These core concessions are included as forms of State and Territory government funding in the estimates of welfare services expenditures. Non-core concessions to households are not included in the welfare services expenditure estimates.

The concessions to service providers (tax expenditures) are also not included as government funding for welfare services.

## 4.1 Concessions to households

Concessions to individuals are those available to social security recipients, and these relate to services and facilities that clients access. These include reductions in charges by public utilities – for example, electricity suppliers, water and sewerage services providers, and public transport. They also include reductions in local government rates and in service charges by telephone and postal service providers. There are also concessions on fees for motor vehicle registration and driving licences for some social security recipients.

Recipients of social security payments mostly gain eligibility for these types of concessions through holding either a health care card or a pensioner concession card (PCC). Veterans and their dependants gain eligibility to similar concessions through their Department of Veterans' Affairs (DVA) white or gold card.

These cards have different eligibility criteria and conditions. Access to the associated concessions depends on a client meeting those criteria. Health care cards, for example, are short-term and subject to review every three months, while the PCC is only available to clients who have received the income support payment for at least 39 weeks. DVA card holders have ongoing eligibility for concessions of the type that are available to the other social security recipients.

The concessions to individuals that are considered core concessions in this report are subsidies on charges for:

- electricity
- public transport
- water/sewerage services
- local government rates.

Core concessions were valued at \$820.9 million in 2000–01, up from \$771.5 million in 1998–99 (Table 4.1). On average, they represented the equivalent of about 17% of total expenditure on welfare services by State and Territory Governments between 1998–99 and 2000–01 (calculated from Table 3.4 and Table 4.1).



Across the States and Territories, the aggregate value of core concessions was positively related to population size (i.e. States with larger populations incurred more in the way of aggregate concessions than did States with smaller populations).

In 2000–01, concessions for older people and people with disabilities represented 79.3% of total core concessions. Concessions for families and children accounted for 15.3%, while concessions for recipients of other welfare services, which included concessions to widows and unmarried persons who are neither old nor disabled, accounted for 5.4%.

The non-core concessions to individuals vary across jurisdictions and can include reduced fees for motor vehicle registration, driving licences and pet registrations. They also include reduced telephone and postal charges (see ‘Technical notes’ for a fuller listing of the major non-core concessions).

The AIHW has begun developing preliminary indicators for the likely value of these non-core concessions. For example, concessions granted to eligible telephone users in 2000–01 were valued at about \$217 million. Concessions granted in respect of motor vehicle registrations during the same year were valued at \$135 million. The AIHW intends to undertake further work to expand its evaluation of the contribution of non-core concessions in future issues of *Welfare Expenditure Australia*.

**Table 4.1: State and Territory core concessions by welfare services category, 1998–99 to 2000–01 (\$ million)**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	All States and Territories	Proportion (%)
<b>Family and child welfare services</b>										
1998–99	31.6	35.6	28.6	11.1	5.2	5.2	2.3	1.9	121.4	15.7
1999–00	35.0	35.5	26.6	11.7	5.2	6.2	2.5	1.8	124.5	15.6
2000–01	36.3	35.6	24.8	12.8	5.3	6.2	2.6	2.0	125.7	15.3
<b>Older people and people with disabilities</b>										
1998–99	216.5	150.8	81.5	68.0	44.8	34.1	8.3	2.9	607.0	78.1
1999–00	231.2	149.4	85.5	69.6	45.0	37.2	9.1	3.0	630.0	78.9
2000–01	240.8	147.9	89.8	76.0	46.3	37.3	9.4	3.3	650.8	79.3
<b>Other welfare services</b>										
1998–99	13.8	10.3	6.0	4.4	5.2	2.8	0.4	0.1	43.1	5.6
1999–00	14.6	9.4	6.0	4.2	5.9	3.1	0.5	0.1	43.8	5.5
2000–01	15.3	8.7	5.9	5.1	5.7	3.1	0.5	0.1	44.4	5.4
<b>Total</b>										
1998–99	262.0	196.6	116.1	83.6	55.2	42.1	11.1	4.9	771.5	100.0
1999–00	280.8	194.3	118.1	85.5	56.1	46.6	12.0	4.9	798.4	100.0
2000–01	292.4	192.2	120.5	94.0	57.2	46.7	12.6	5.4	820.9	100.0

Sources: As for Table 3.1, page 5.

## 4.2 Concessions to service providers

The second form of concession—concessions to service providers—refers exclusively to concessions granted, through the taxation system, to eligible NGCSOs. These include exemption from fringe benefits tax, wholesale sales tax (before the introduction of the goods and services tax (GST)), and payroll tax.

Tax expenditures refer to exemptions, deductions, rebates, reduced tax rates and deferral of tax liability for NGCSOs. They are an important form of assistance, accounting for at least 6.1% of total expenditure on welfare services in 2000–01 (Table 4.2).

Until 2000–01, eligible NGCSOs enjoyed exemption from wholesale sales tax and the fringe benefits tax. This allowed them to include untaxed benefits in the salary packages of their employees, thus reducing the costs of employment. With the new tax system introduced in 2000–01, the wholesale sales tax was replaced by a broadbased GST. Under the new tax regime, NGCSOs can register with the Australian Taxation Office and claim back the GST they paid on inputs purchased for use in providing their services. This effectively exempts NGCSOs from GST for their inputs. However, this exemption is not classified as a tax expenditure and has led to a break in the tax expenditure time series. Under the previous tax regime, tax expenditure increased from \$897 million in 1998–99 to \$988 million in 1999–00. With the move to the new tax system in 2000–01, estimated tax expenditure in the community services sector was lower, at \$836 million. This is because of the abolition of the wholesales sales tax and its associated tax expenditure (see also AIHW 1999:28–9).

**Table 4.2: Estimates of tax expenditures<sup>(a)</sup> granted to NGCSOs in current prices, 1998–99 to 2000–01 (\$ million)**

	1998–99	1999–00	2000–01
Tax deductibility for donations to benevolent institutions	120	123	135
Commonwealth tax exemptions on inputs			
Fringe benefit tax	190	210	240
Wholesale sales tax (WST)	207	231	—
State/Territory tax exemptions on inputs			
Payroll tax	138	154	168
Land tax	69	77	84
Stamp duty and bank taxes	172	193	210
<i>Total government input tax exemptions excluding WST</i>	<i>568</i>	<i>634</i>	<i>701</i>
<b>Total tax expenditure excluding wholesale sales tax</b>	<b>689</b>	<b>757</b>	<b>836</b>
Total welfare services expenditure	11,883	13,073	13,690
Tax expenditure as a proportion of total expenditure (%)	5.8	5.8	6.1

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

Note: Totals may not add due to rounding.

Sources: Industry Commission 1995; Treasury 1999, 2001a, 2001b; AIHW welfare services expenditure database.

# 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	
<b>Program costs</b>				
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
<b>Running costs/net service delivery costs</b>				
	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.



## 5.3 Non-core concessions

The scope of non-core concessions varies markedly from one jurisdiction to another. Table 5.2 presents a listing of the major non-core concessions by State and Territory.

**Table 5.2: Non-core concessions by State and Territory**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
Pet registration	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
Gas bills	Yes	Yes	No	No	Yes	No	No	No
Country/regional rail and/or bus, or ship/ferry services	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Drivers' licences	Yes	No	No	Yes	No	No	No	No
Motor vehicle registration	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Emergency service levy	No	No	No	No	Yes	No	No	No
Fire service levy—urban and rural	No	No	Yes	No	No	No	No	No
Land rent for residential lease	No	No	Yes	No	No	No	No	No
Postal services—redirect	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Telephone	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Stamp duty on property	No	Yes	No	No	No	No	No	No
Financial Institution Debit Tax Exemption	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Source: Centrelink 2001.

# Appendix A: Social expenditure framework

The information below is provided as a guide to the OECD's proposed coverage of social security payments which is expected to form the basis of future *Welfare Expenditure Australia* publications.

**Table A1: Proposed OECD/GPC social expenditure classification and framework**

SOCX	GPC
<b>1. Old age</b>	
Cash benefits	2612—Benefits to ex-service personnel and their dependants (part only)
Pensions	2614—Old age benefits
Early retirement pensions	
Other cash benefits	
Benefits in kind	2622—Welfare services for older people
Residential care/ Home-help services	
Other benefits in kind	
<b>2. Survivors</b>	
Cash benefits	2615—Widows, deserted wives, divorcees and orphans benefits
Pensions	
Other cash benefits	
Benefits in kind	2629—Other welfare services
Funeral expenses	
Other benefits in kind	
<b>3. Incapacity-related benefits (disability, occupational injury and disease, sickness)</b>	
Cash benefits	2611—Sickness benefits
Pensions (Disability)	2612—Benefits to ex-service personnel and their dependants (part only)
Pensions (Occupational injury and disease)	2613—Permanent disability benefits
Paid sick leave (Occupational injury and disease)	
Paid sick leave (Other sickness daily allowances)	
Other cash benefits	
Benefits in kind	2623—Welfare services for people with a disability
Residential care/ Home-help services	
Rehabilitation services	
Other benefits in kind	
<b>4. Health</b>	
Benefits in kind	25xx—Health
Current expenditure on health:	
personal expenditure	
collective expenditure	
<b>5. Family</b>	
Cash benefits	2617—Family and child benefits
Family allowances	2618—Sole parents benefits
Maternity and parental leave	
Other cash benefits	
Benefits in kind	2621—Family and child welfare services
Child day care/Home-help services	
Other benefits in kind:	
personal expenditure	
collective expenditure	

**Table A1 (continued): Proposed OECD/GPC social expenditure classification and framework**

SOCX	GPC
<b>6. Active labour market programs</b>	
Cash benefits	333x—Labour and employment affairs
Employment service	
Labour market training	
Youth measures	
Subsidised employment	
Employment measures for disabled	
Benefits in kind (details not yet available)	
<b>7. Unemployment</b>	
Cash benefits	2616—Unemployment benefits
Unemployment	
compensation/severance pay	
Early retirement for labour market reasons	
Benefits in kind (details not yet available)	
<b>8. Housing</b>	
Cash benefits	27xx—Housing and community amenities
Housing allowances	
Other cash benefits	
Benefits in kind	2621—Family and child welfare services (part)
Housing assistance	2629—Other welfare services (part)
Other benefits in kind	
<b>9. Other social policy areas</b>	
Cash benefits	2619—Social security, n.e.c.
Income maintenance	
Other cash benefits	
Benefits in kind	2629—Other welfare services (part)
Social assistance	
Other benefits in kind	

Overall the SOCX classification contains 9 major categories (Table A1). The categories proposed to be analysed in future publications would be those that coincide with the GPCs for social security and welfare (GPC 26xx) in the GFS (see 'Technical notes' for definition of welfare services GPCs). This rules out SOCX classifications relating to:

- all expenditure on health (SOCX category 4)
- most active labour market programs (SOCX category 6)
- all cash benefits for housing (SOCX category 8).

The benefits in kind under SOCX category 8 would, however, be included if they come within the scope of GPCs 2621 and 2629. This would also apply to any expenditures that fell within the SOXC sub-category 'Employment measures for disabled' in category 6, which comes under GPC 2623.

Bringing together these types of expenditure would give a more comprehensive overview of the level of support provided to people who are identified as being in need of assistance in Australia. It would also improve the analyses so far as funding and expenditure flows are concerned—especially where direct funding of welfare services is replaced by cash benefits to individuals and families. Reporting income support payments as well as expenditure on service provision would also improve comparability of the data over time and internationally. Under the proposed framework, total expenditure by the Commonwealth government on social security would have been \$48.2 billion in 2000–01 (Table A).

**Table A2: Social security payments included in SOCX, current prices, by type, 1998–99 to 2000–01 (\$ million)**

Type	1998–99	1999–00	2000–01
Age pension and wife	13,142	13,569	15,599
Wife pension (age)	255	243	233
Disability support pension and wife	4,601	4,920	5,850
Wife pension (disability support)	599	534	447
Carer payment	258	308	1,014
Widow B pension and bereavement allowance	148	106	85
Parenting payment (partnered and single)	3,662	5,367	5,325
Mature age allowance	443	402	353
Partner allowance	532	590	729
Widow allowance	180	227	325
Newstart allowance	5,916	5,374	4,885
Sickness allowance	93	93	96
Special benefit	96	100	115
Maternity allowance	184	167	218
Family allowance	6,364	6,351	.. <sup>(a)</sup>
Family tax payment	559	544	.. <sup>(b)</sup>
Double orphan pension	2	2	2
Child disability allowance	248	245	..
Mobility allowance	42	46	59
Family tax benefit	..	..	10,076
Child support	..	..	67
One-off payments to seniors	..	..	537
Self-funded retirees' supplementary bonus	..	..	583
Aged persons saving bonus	..	..	1,581
<b>Total</b>	<b>37,324</b>	<b>39,190</b>	<b>48,179</b>

(a) An overpayment of \$39.5 million occurred in 1999–00 and was reported as recoveries in 2000–01. Adjustment was made to reflect the actual payment in 1999–00.

(b) An overpayment of \$2.3 million occurred in 1999–00 and was reported as recoveries in 2000–01. Adjustment was made to reflect the actual payment in 1999–00.

Source: 1998–99 and 1999–00: FaCS 2001b; 2000–01: FaCS 2001a.

The following GPCs contain the types of social security payments that would probably be included in future analyses, together with a brief description of each component. The types of benefits and their associated eligibility and other criteria may change over time.

### **GPC2611 Sickness benefit**

**Sickness Allowance:** A means-tested income support for people who are temporarily incapacitated for work or study due to illness and have a job or course of study to which they expect to return.

## **GPC2612 Benefits to ex-service personnel and their dependants**

**DVA Services Pension:** To deliver means-tested income support pensions and allowances to eligible veterans and their dependants.

**DVA Pension and Allowance for veterans and dependants:** To compensate eligible veterans and other eligible people for loss of physical or mental wellbeing resulting from incapacity caused by eligible war or defence services, and the effects of that loss on lifestyle.

## **GPC2613 Permanent disability benefit**

**Carer Allowance:** An annually indexed income supplement available to people who provide daily care and attention to a person who is frail aged, has severe disability or a medical condition. Carer Allowance is not income and asset tested.

**Carer Payment:** An income support payment for people whose caring responsibilities prevent them from undertaking substantial workforce participation. It is means tested and paid at the same rate as other social security income support payments.

**Disability Support Pension:** A means-tested income support payment for people with a physical, intellectual or psychiatric impairment resulting in an inability to work full-time.

**Mobility Allowance:** An income supplement, not means-tested, that is aimed at assisting with transport costs for people with disabilities who are in employment, vocational training, a combination of work or training, voluntary work or job search who are unable to use public transport without substantial assistance.

**Wife Pension (DSP):** An income support payment available to female partners of Disability Support Pension recipients who were on payment as at 30 June 1995. Since 1 July 1995, this payment has been closed to new applicants.

## **GPC2614 Old age benefits**

**Age Pension:** A safety net payment for people of Age Pension age who cannot support themselves fully in retirement. Aged Pension age is currently 65 for men and 62 and above for women. The alignment of qualifying ages (to 65) will occur on 1 January 2014.

**Wife Pension (Age):** For the female partner of age pensioners (for those who claimed before 1 July 1995).

## **GPC2615 Widows, deserted wives, divorcees and orphans benefits**

**Bereavement Allowance:** A short-term payment available to recently widowed people without dependant children in the period immediately following the death of a spouse or partner. It is payable for up to 14 weeks only. The Department of Family and Community Services (FaCS) makes bereavement payments to people under various international social security agreements.

**Double Orphan Pension:** A payment, not means-tested, for children with at least one deceased parent, who cannot have contact with the other (for example, because that parent is a long-term prisoner or his/her whereabouts are unknown).

**Special Benefit:** Provides assistance to people in severe financial need and for whom no other pension, allowance or other support is available.

**Widow Allowance:** An income support payment for older single women who lost a spouse after they were aged 40 and who have no recent workforce experience.

**DVA pension for war widows and dependants:** To compensate dependants for the death of a spouse/partner or parent as the result of eligible war or defence service.

### **GPC2616 Unemployment benefits**

**Newstart Allowance:** Paid to people 21 years or over and under Age Pension age who are unemployed. Newstart Allowance recipients must satisfy the activity test by actively seeking work and/or undertaking an activity designed to improve their employment prospects. They also must accept offers of suitable employment.

**Mature Age Allowance:** An income support payment for some unemployed people aged 60 years to Age Pension age who have no recent workforce experience.

### **GPC2617 Family and child benefits and support programs**

**Family Allowance:** This allowance has been replaced by Family Tax benefits as of 1 July 2001.

**Family Tax Payment:** The Family Tax Payment has been replaced by the Family Tax Benefit as of 1 July 2000.

**Family Tax Benefit (part A):** Paid to families with children up to 21 years and young people between 21 and 24 who are studying full-time (and not receiving Youth Allowance or a similar payment).

**Family Tax Benefit (part B):** Paid to families with only one main income earner, particularly those with children under 5. It is paid for children up to 16 years and children between 16 and 18 who are studying full-time.

**Maternity Allowance:** A one-off lump sum paid at around the time of the birth of a baby. Claimants must be eligible for Family Tax Benefit, Part A within 13 weeks of the child being born or, for adopted children, within 13 weeks of the child being entrusted into the care where the child was less than 26 weeks old at the date of placement.

**Child Support Program:** Provides services to assist in ensuring the payment of child support.

**Childcare Benefits:** Scaled assistance to families using approved childcare services or registered carers. This assistance is proportionally higher for lower income families.

**Parenting Payment:** Paid to one parent who is the primary carer of a dependent child. Parenting Payment (partnered), payable to partnered parents. FaCS pays Parenting Payment to people under various international social security agreements.

**Partner Pension and Benefit:** A non-activity tested income support payment for partners who were born on or before 1 July 1955, have no dependent children and no recent workforce experience.

### **GPC2618 Sole parent benefits**

**Parenting Payment:** Paid to one parent who is the primary carer of a dependent child. Only Parenting Payment (single), payable to sole parents.

# Appendix B: Tables

**Table B1: Recurrent and capital expenditure on welfare services in the government sector, current prices, 1998-99 to 2000-01**

	Commonwealth		State and Territory		Local		Total government (\$m)
	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	Amount (\$m)	Proportion (%)	
<b>Recurrent</b>							
1998-99	3,672	97.4	4,254	99.0	205	89.6	8,130
1999-00	3,987	98.7	4,676	98.9	216	91.8	8,880
2000-01	4,253	98.3	4,965	98.7	214	101.3	9,432
3-year average		98.1		98.8		94.0	
<b>Capital</b>							
1998-99	100	2.6	45	1.0	24	10.4	168
1999-00	54	1.3	51	1.1	19	8.2	124
2000-01	76	1.7	67	1.3	-3	-1.3	140
3-year average		1.9		1.2		6.0	
<b>Total</b>							
1998-99	3,771	100.0	4,299	100.0	229	100.0	8,299
1999-00	4,042	100.0	4,727	100.0	235	100.0	9,004
2000-01	4,329	100.0	5,032	100.0	212	100.0	9,573

Source: AIHW welfare services expenditure database.

**Table B2: State and Territory governments' own recurrent funding of welfare services, current prices, 1998-99 to 2000-01 (\$ million)**

Service type	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
<b>Family and child welfare services</b>									
1998-99	490	545	136	136	75	32	42	17	1,474
1999-00	526	566	161	178	94	30	44	16	1,615
2000-01	564	581	171	195	95	27	31	15	1,679
<b>Welfare services for older people and people with disabilities</b>									
1998-99	1,043	641	85	191	167	92	24	13	2,257
1999-00	1,120	668	87	251	225	87	24	12	2,474
2000-01	1,219	726	124	284	204	86	29	12	2,685
<b>Other welfare services</b>									
1998-99	137	127	148	53	32	13	9	3	522
1999-00	146	130	181	70	39	12	6	4	588
2000-01	154	129	201	74	13	10	16	3	601
<b>Total welfare services</b>									
1998-99	1,671	1,312	369	381	275	137	76	33	4,254
1999-00	1,792	1,363	429	500	357	129	74	32	4,676
2000-01	1,937	1,436	496	554	312	123	77	30	4,965

Source: AIHW welfare services expenditure database.

**Table B3: Government recurrent funding<sup>(a)</sup> of State and Territory welfare services in current prices, 1998-99 to 2000-01 (\$ million)**

Service type	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
<b>Family and child welfare services</b>									
1998-99	517	569	160	158	97	52	62	37	1,650
1999-00	557	593	188	202	116	50	64	37	1,808
2000-01	599	613	200	222	121	51	55	38	1,898
<b>Welfare services for older people and people with a disability</b>									
1998-99	1,367	698	267	279	271	124	35	20	3,261
1999-00	1,457	929	274	340	332	120	35	20	3,508
2000-01	1,586	1,015	336	385	322	122	43	21	3,830
<b>Other welfare services</b>									
1998-99	165	145	160	62	39	16	11	5	603
1999-00	174	154	198	80	45	16	9	7	683
2000-01	192	146	221	84	19	13	19	6	699
<b>Total welfare services</b>									
1998-99	2,048	1,611	587	499	407	192	108	62	5,515
1999-00	2,188	1,677	660	623	493	186	108	63	5,999
2000-01	2,377	1,774	757	691	462	186	116	65	6,428

(a) Funding by State and Territory Governments plus SPPs from the Commonwealth, only.

Source: AIHW welfare services expenditure database.



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