

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	
Amount (\$ million)								
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
Proportion (%)								
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Compiled from DHAC 1999, 2000, 2001; FaCS 1999, 2000, 2001a; Department of Immigration and Multicultural Affairs unpublished data; DVA unpublished data.

State and Territory: Recurrent expenditure—CGC 2002; CGC unpublished data. Concession expenditure—unpublished data from various State and Territory departments and local government authorities. Capital expenditure—ABS unpublished public finance data.

Local governments: Recurrent and capital expenditure—ABS unpublished public finance data.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^(a), 1998–99 to 2000–01

	Government				Non-government			Total all sectors
	Common-wealth	State and Territory	Local	Total	NGCSOs	House-holds	Total	
Amount (\$ million)								
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
Growth rate (%)								
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 (%)
Family and child welfare services						
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 ^(a)	33.0	1,679	33.8	3,084	33.5
3-year average		33.7		34.3		34.0
Welfare services for older people						
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
Welfare services for people with disabilities						
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
Other welfare services						
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
Total recurrent						
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^(a), 1998–99 to 2000–01

	Commonwealth		State and Territory		Total Commonwealth and State and Territory	
	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)	Amount (\$m)	Growth (%)
Family and child welfare services						
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 ^(b)	-5.7	1,620	0.3	2,976	-2.5
Average annual growth		5.7		2.9		4.1
Welfare services for older people						
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
Welfare services for people with disabilities						
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
Other welfare services						
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
Total recurrent						
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
Proportion of total welfare services expenditure (%)									
Family and child welfare services									
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
Older people and people with disabilities									
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
Other welfare services									
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
Amount (\$ million)									
Total welfare services									
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^(a), through State and Territory Governments, current prices, 1998–99 to 2000–01

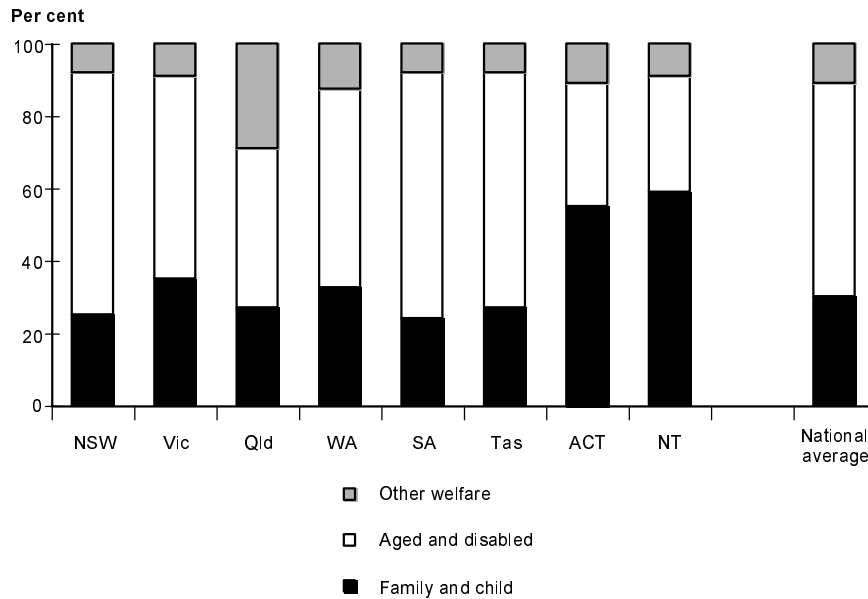
Service type	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Proportion of total welfare services expenditure (%)									
Family and child welfare services									
1998–99	25.2	35.3	27.2	31.6	23.8	27.0	57.3	58.8	29.9
1999–00	25.5	35.4	28.4	32.5	23.6	27.1	59.2	57.8	30.1
2000–01	25.2	34.5	26.5	32.1	26.1	27.2	47.2	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
Older people and people with disabilities									
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
Other welfare services									
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
Total welfare services									
	Amount (\$ million)								
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)

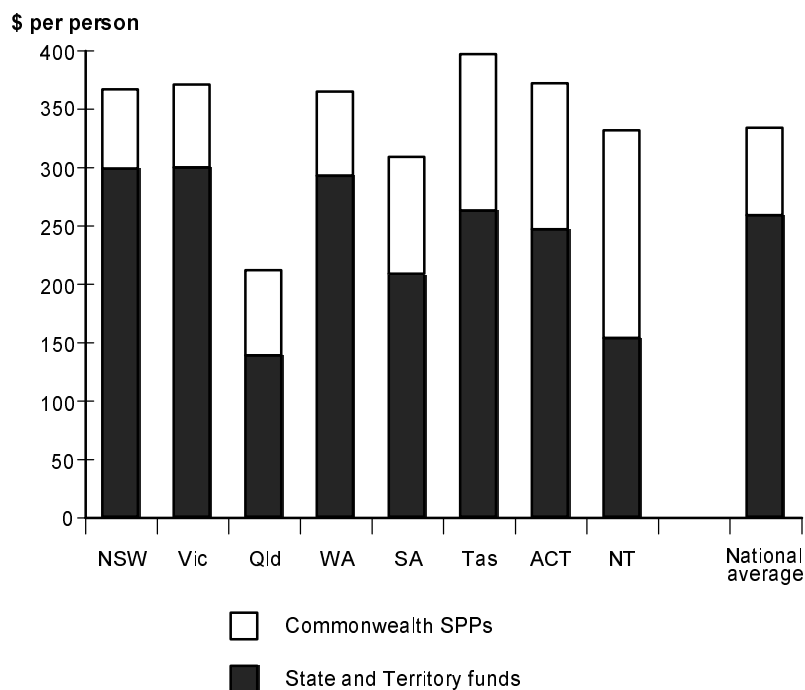
Service type and year	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National average
Family and child welfare services									
1998-99	77	116	39	74	51	68	138	90	78
1999-00	82	119	46	95	63	63	140	83	85
2000-01	87	121	47	103	64	57	100	76	87
Older people and people with disabilities									
1998-99	164	137	24	104	112	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
Other welfare services									
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
Total welfare services									
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^(a) 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^(a) 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
Family and child welfare services									
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
Older people and people with disabilities									
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
Other welfare services									
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
Total welfare services									
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^(a) in constant prices^(b), 1998–99 to 2000–01

Service type	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	National average
Family and child welfare services									
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
Older people and people with disabilities									
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
Other welfare services									
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
Total welfare services									
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 (%)		^(a) 48.3	^(a) 27.9	^(a) 23.4	^(b) 10.7	^(b) 9.8	^(b) 15.3	^(b) 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	
	Amount (\$ million)			
1998–99	528	1,482	207	2,216
1999–00	482	1,833	205	2,519
2000–01	369	1,969	201	2,539
	Proportion (%)			
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.