

Summary

Background

This bulletin provides estimates of welfare services expenditure funded by the government sector and estimates of the contribution of the non-government sector for 1994–95 to 1999–00. The four categories of welfare services expenditure are family and child welfare services, welfare services for the aged, welfare services for people with a disability, and other welfare services (see Technical Notes for detailed definitions of welfare services and Box 2 for items not included).

From 1998–99, government finance statistics have moved from a cash accounting system to an accrual accounting system. Data from 1998–99 are therefore not comparable with data for earlier years, resulting in a break in the time series. The analysis in this issue is therefore broken down into two periods – 1994–95 to 1997–98 and 1998–99 to 1999–00.

Box 1: Cautionary note

In 1998–99, government finance statistics moved from a cash accounting system to an accrual system. Since this change, there are a number of unexplained shifts in expenditure figures reported by various jurisdictions. The Australian Institute of Health and Welfare (AIHW) has verified the figures used in this report to the maximum extent possible. No report for 1998–99 could be produced. The figures for 1998–99 and 1999–00 should be treated with caution and are subject to revision.

The time series in welfare services expenditure figures is broken by the change in the accounting system and figures should therefore not be compared across this series break.

Summary of findings

Total welfare services expenditure as a proportion of gross domestic product (GDP) rose from 1.77% in 1994–95 to 1.93% in 1997–98, an average increase of 0.04 percentage points per year. It rose to 2.15%, an increase of 0.22 percentage points, in 1998–99. In 1999–00, it was 2.16% (Table 1). The high increase between 1997–98 and 1998–99 was attributable to the switch from cash to accrual accounting.

Total welfare services expenditure in 1999–00 was estimated at \$13.7 billion. Of this amount, 63% (\$8.6 billion) was funded by the government sector, 23% (\$3.2 billion) was funded by the users of welfare services, and the remaining 14% (\$1.9 billion) was funded by non-government community services organisations (NGCSOs) (Tables 1 and A5).

The share of funding by the Commonwealth Government declined in general, falling from 35% in 1994–95 to 30% in 1997–98. In 1999–00 its share was 28%. The trend is the opposite for combined State and Territory Governments and local governments. Funding by State and Territory Governments and local governments rose from 32% in 1994–95 to 35% in 1997–98. In 1999–00 it was 34%. Client contributions – charges for services – were relatively stable,

averaging 23% in both the periods 1994–95 to 1997–98 and 1998–99 to 1999–00. The contribution by NGCSOs was also relatively stable at around 12% in the period 1994–95 to 1997–98. During 1998–99 and 1999–00 it was 14% (Table A5).

Box 2: Items not included in welfare services expenditure estimates

In compiling welfare services expenditure, AIHW follows the Government Purpose Classification (GPC) of the Australian Bureau of Statistics' (ABS) Government Finance Statistics. Services which are provided to the aged and persons in need of assistance not classified as welfare services include:

- 1. High-level residential aged care, previously known as nursing homes. Services provided are considered to predominantly have a health function. It is therefore classified under GPC 253 – Nursing homes for the aged – in the Government Finance Statistics (see Technical Notes for low-level residential aged care under welfare services for the aged).*
- 2. Domiciliary nursing services. They are classified to GPC 2541 – Community health services.*
- 3. Long-term housing assistance in the form of rental assistance and public housing mortgage assistance. They are classified to GPC 2711 – Housing.*

NGCSOs are the major providers of welfare services. Of the \$13.7 billion total welfare services expenditure in 1999–00, they delivered \$7.7 billion (57%) worth of services – \$1.9 billion of this (14% of total welfare services expenditure) was funded from their own sources (not including client fees).

The Commonwealth Government, in contrast, is largely a funder of services. It contributed \$3.9 billion (28%) of funding for welfare services but delivered just \$0.6 billion (4%) worth of services (Table 3 and Figure 2).

State and Territory Governments are both major funders and major providers of services, providing 33% (\$4.5 billion) and funding 34% (\$4.6 billion) of the total value of welfare services.

Local governments are mainly providers of services. They provided 5% of services and funded 1%.

The figures above reflect only those welfare services where money changes hands. A large amount of welfare services is also provided by volunteers working in NGCSOs and by carers in households. The total contribution of the households sector was estimated at \$24.8 billion in 1997–98 (AIHW 1999a: 9). Further analysis of the work done by carers and volunteers will be published in *Australia's Welfare 2001*.

Other findings

- In 1999–00, expenditure on welfare services averaged \$717 per person. Of this amount, \$450 was funded by the government sector – \$203 per person was from the Commonwealth Government, \$241 per person from State and Territory Governments and \$6 per person from local governments. The rest (\$267) was funded by the non-government sector (Table 1).

- In terms of the combined Commonwealth and State and Territory government expenditure, in 1999–00 family and child welfare services accounted for 34% (local government excluded). Welfare services for the aged (excluding high-level residential aged care) accounted for 27%, welfare services for people with a disability 31%, and other welfare services accounted for 8% (Table 6).
- Of the total Commonwealth recurrent expenditure on welfare services in 1999–00, 37% was allocated to family and child welfare services (which are mostly for child care); 35% was allocated to welfare services for the aged and 23% was allocated to welfare services for people with a disability; the remaining 5% went to other welfare services (Table 6).
- Of the total State and Territory government funding of total recurrent expenditure in 1999–00, just over one-third was for welfare services for people with a disability (37%); 32% was for family and child welfare services; and a further 21% was for welfare services for the aged. The remaining 10% was for other welfare services (Table 6).