

**Welfare expenditure Australia
2005–06**

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Australian Institute of Health and Welfare

Board Chair

Hon. Peter Collins, AM, QC

Director

Penny Allbon

Any enquiries about or comments on this publication should be directed to:

Mr John Goss

Australian Institute of Health and Welfare

GPO Box 570

Canberra ACT 2601

Phone: (02) 6244 1151

Email: john.goss@aihw.gov.au

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Preface

Welfare expenditure Australia 2005–06 continues the Australian Institute of Health and Welfare's series of reports on national welfare expenditure, which have been produced annually since 1995. These reports initially provided information only on welfare services (benefits-in-kind) but now include income support payments provided to four broad target groups: families and children, older people, people with disabilities, and others not elsewhere classified. It now provides a comprehensive picture of assistance provided to these groups, and is therefore an important reference for policy makers and those working in this field.

Welfare expenditure was \$90 billion in 2005–06. Of this, \$28.9 billion was expenditure on welfare services which represented 3.0% of gross domestic product (GDP). The estimate of welfare services expenditure in this report includes high-level residential care expenditure which was previously classified to health services. There is a separate chapter in this report which provides detailed information on the rationale for and implications of moving this expenditure from health to welfare services. The data in this report are not comparable to those reported in earlier issues because of this reclassification.

The estimate of welfare services expenditure is conservative as there are areas of welfare services expenditure which are not yet included, either because the information is unreliable or unavailable. In the government sector, for example concessions for disadvantaged groups on items such as postal services, telephone allowance, and dog registration have not been included. The value of goods donated to non-government community services organisations is also not included. The Institute will continue to improve these statistics so that a more complete estimate of welfare services expenditure can be provided in the future.

Penny Allbon
Director
Australian Institute of Health and Welfare

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- Department of Families, Community Services and Indigenous Affairs
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- Victoria Department of Human Services
- Queensland Department of Communities
- South Australia Department for Families and Communities
- South Australia Department for Transport, Energy and Infrastructure
- Australian Capital Territory Department of Disability, Housing and Community Services
- Northern Territory Department of Health and Community Services
- Australian Council of Social Services.

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Abbreviations

ABS	Australian Bureau of Statistics
ACCMIS	Aged and Community Care Management Information System
ACOSS	Australian Council of Social Services
ACFI	Aged Care Funding Instrument
AGD	Attorney General's Department
AIFS	Australian Institute of Family Studies
AIHW	Australian Institute of Health and Welfare
DEWR	Department of Employment and Workplace Relations
DHAC	(former) Department of Health and Aged Care
DIMA	Department of Immigration and Multicultural Affairs
DIMIA	Department of Immigration, Multicultural and Indigenous Affairs
DoFA	Department of Finance and Administration
DoHA	Department of Health and Ageing
DVA	Department of Veterans' Affairs
FaCS	(former) Department of Families and Community Services
FaCSIA	Department of Families, Community Services and Indigenous Affairs
GDP	Gross Domestic Product
GFCE	Government Final Consumption Expenditure
GFS	Government Finance Statistics
GPC	Government Purpose Classification
HACC	Home and Community Care
IPD	Implicit Price Deflator
NGCSO	Non-government community service organisation
SCRGSP	Steering Committee for the Review of Government Service Provision
RCS	Resident Classification Scale
RoGS	Report on Government Services
SAAP	Supported Accommodation Assistance Program
SPPs	Specific Purpose Payments

Symbols

n.a.	not available
..	not applicable
n.e.c.	not elsewhere classified
–	nil or rounded down to zero

Executive summary

At \$90 billion in 2005-06, welfare expenditure is of a similar scale to health expenditure (\$87 billion).

Over the last eight years (since 1998-99) welfare expenditure has continued to rise each year. Although annual increases have fluctuated from year to year, on average they exceeded the inflation rate.

Governments continue to be the major funders of welfare cash benefits and services, while non-government community service organisations (NGCSOs) are major providers of welfare services.

Welfare expenditure comprises cash payments and services specifically directed to older people, families and children, people with disabilities and other groups (such as widows and migrants).

The \$90 billion amount *excludes* unemployment benefit payments and services which (in terms of government purposes) are classified as 'labour and employment affairs' rather than 'welfare'.

Payments and related services that *are* categorised as welfare expenditure include (among many others) the Family Tax Benefit, Maternity Allowance, the Age Pension, the Disability Support Pension, Support for Carers, and the War Widows Pension.

Older people and families and children account for around one-third each of total welfare expenditure, followed by *people with disabilities* (at roughly one-sixth), then other groups.

Welfare expenditure payments and services

- Between 1998-99 and 2005-06, welfare expenditure rose from \$57 billion to \$90 billion (Table 2.1).
- Approximately \$81 billion of total welfare expenditure can be allocated to one of the four target groups. Expenditure on older people was the highest at \$34 billion, while families and children received \$27 billion, people with disabilities \$17 billion, and other recipients about \$3 billion (Table 2.1).
- Of the \$90 billion expenditure in 2005-06, cash benefits accounted for \$61 billion (68%) and welfare services (benefits-in-kind) the remaining \$29 billion (32%) (Table 2.1).
- The Australian Government funded all cash benefits in 2005-06 (\$61 billion).
- Governments (Australian, state and territory, and local) funded 71% (\$20 billion out of \$29 billion) of total welfare services expenditure, with the non-government sector funding the remaining 29% (about \$8 billion) (Table 3.5).
- NGCSOs provided most welfare services (\$20 billion worth out of \$29 billion) in 2005-06 (Table 3.3).
- Between 1998-99 and 2005-06, the Australian Government funded, on average, 40% of total welfare services expenditure; state and territory governments funded 29%; and local governments funded about 2%. Funding by households (through payment of client fees) accounted, on average, for 19% of total welfare services expenditure, and the remaining 10% was funded by NGCSOs (Table 3.5).

Government funding of welfare services by welfare services category

Australian Government

- In 2005–06, the highest recurrent funding for welfare services by the Australian Government was for older people (64%). About one-quarter (21%) went to families and children. Welfare services for people with disabilities accounted for 13% of welfare funding, and the remaining 2% funded ‘other welfare’ (Table 3.7).
- Over the period 1998–99 to 2005–06, average growth for families and children was 5.8% per year. Welfare services for people with disabilities grew by 4.2% per year, and welfare services for older people 2.6% per year (Table 3.8).

State and territory governments

- In 2005–06, the highest recurrent funding for welfare services by state and territory governments was for people with disabilities (39%). Welfare services expenditure for families and children accounted for 26%, for older people 25%, and ‘other welfare’ 10%.
- Over the period 1998–99 to 2005–06, the most rapid growth of welfare services funding by state and territory governments was for families and children, averaging 6.7% per year after allowing for inflation. Welfare services for people with disabilities increased on average by 3.9% per year, and welfare services for older people by 1.1% per year. Average growth in ‘other welfare’ declined 1.0% per year (Table 3.8).
- State and territory government funding of welfare services averaged \$421 per person in 2005–06, ranging from \$358 in Queensland to \$604 in the Northern Territory (Table 3.10).

Funding of non-government welfare services expenditure

- In 2005–06, almost two-thirds (62%) of NGCSO expenditure on welfare services was funded by governments; one-quarter was funded by households in the form of client fees (25%), and 13% came from NGCSO own funding (Table 3.11).
- In 2005–06, 86% of client fees paid by households was for services provided by NGCSOs, 10% was for services provided by governments, and the remaining 4% was for informal child care provided by the household sector itself (Table 3.13).