

1 Background and summary

1.1 Background

The report provides information on social expenditure, which comprises welfare services and social security benefits.

Welfare services (or benefits-in-kind) are assistance delivered to clients or groups of clients with special need. The four target groups are:

- families and children;
- older people;
- people with disabilities; and
- other disadvantaged groups, not elsewhere classified.

Social security benefits (or cash benefits) are chiefly transfer payments to compensate for reduction or loss of income or for inadequate earning capacity.

The expenditures covered by this report broadly conform to categories that fall within:

- the broad social security and welfare services government purpose classification (GPC) used by the Australian Bureau of Statistics (ABS); and
- the social expenditure (SOCX) categories used by the Organisation for Economic Co-operation and Development (OECD).

The target groups referred to in this publication do not include individuals or groups that fall outside the scope of these two classification systems. For example, the SOCX categories include expenditures that, under the GPC, would be classified as:

- health;
- active labour market programs; or
- cash benefits for housing.

All such expenditures are treated as 'out of scope' for this report.

Social expenditure by governments, non-government community service organisations and households in 2002–03 was estimated at \$103.8 billion. Of this, \$52.0 billion was social security benefits and other cash payments to related SOCX client categories; \$34.7 billion was mandatory employer-funded superannuation; the remaining \$17.1 billion was spent on the provision of welfare services (Table 1.1).

Table 1.1: Social expenditure, current prices, 1998–99 to 2002–03 (\$ million)

| | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 |
|--|---------------|---------------|---------------|---------------|----------------|
| Welfare services (benefits-in-kind) | 12,087 | 13,097 | 14,025 | 15,289 | 17,130 |
| Social security benefits (cash benefits) | 38,873 | 39,447 | 49,444 | 50,129 | 51,954 |
| Employer superannuation contributions | 22,899 | 25,955 | 27,416 | 28,574 | 34,676 |
| Total | 71,859 | 78,498 | 90,885 | 93,991 | 103,761 |

Note: Components may not add to totals, due to rounding.

Source: Welfare services and social security benefits (other than mandatory employer-funded superannuation): 1998–99 and 1999–00: FaCS 1999, 2000; 2000–01: FaCS 2001, 2001b; 2001–02: FaCS 2002; 2002–03: FaCS 2003. Mandatory employer-funded superannuation: APRA 2005.

Expenditure on welfare services and the sources of funding are analysed in Chapters 2 and 3 of the report. More detailed information on concessions (an important element of social expenditure) is provided in Chapter 4.

An integrated analysis of social expenditure, involving welfare services and social security payments based on the OECD SOCX framework, is provided in Chapter 5. An analysis of some aspects of the child care industry in Australia is presented in Chapter 6.

Box 1: Expenditure and funding

Expenditure on welfare services in Australia involves all three levels of government (Australian Government, state and territory, and local), non-government community service organisations (NGCSOs) and households. All these incur expenditure on services, which may be funded from sources other than their own. At the macro level, expenditure and funding are equivalent (i.e. all expenditure is funded).

Detailed information on definitions of welfare services and social security covered in the report is provided in Chapter 7. Also, some details of the data and methodology used in compiling the expenditure estimates are provided in Section 7.2 'Revisions'.

1.2 Data sources

Since the publication of *Welfare Expenditure Australia 2000–01*, there have been a number of changes to data sources used in compiling expenditure on welfare services, in particular, expenditure by state and territory governments. The key data sources for the state and territory government expenditure are set out in Table 7.1 in Chapter 7.

A combination of data sources has been used in compiling the estimates by area of service. In most instances, data from the ABS Government Finance Statistics (GFS) have been used. However, for some jurisdictions, these data have been supplemented from other data sources such as the Productivity Commission's Report on Government Services (RoGS), the Disability Services Commission (DSC) in Western Australia and estimates derived by the AIHW itself. In the case of Victoria, the expenditure and funding estimates are based on data compiled by the Victorian Department of Human Services. This patchwork approach to deriving the expenditure estimates was necessary because of the varying quality and limitations of potential data sources across jurisdictions.

1.3 Summary of findings

- Total expenditure on welfare services during 2002–03 was \$17.1 billion or 2.3% of gross domestic product (GDP) (Table 2.1).
- Expenditure on welfare services in 2002–03 increased, in real terms, by 8.2% over the previous year; this was higher than the average annual growth rate over the period 1998–99 to 2002–03 (5.7%) (Table 2.2).
- On a per person basis, expenditure on welfare services in current price terms in 2002–03 was \$867; up from \$642 in 1998–99 (Table 2.4).
- In 2002–03, more than two-thirds of all funding of welfare services by the Australian Government was directed to services for older people (34.0%) and family and child

welfare services (35.3%). Most funding by state and territory governments during 2002–03 was on services for people with disabilities (35.1%) and family and child welfare services (28.4%) (Table 3.3).

- Welfare services for families and children was the area of most rapid growth in state and territory government and Australian Government funding, averaging 10.3% and 9.8% per year respectively from 1998–99 to 2002–03 (Table 3.4).
- The Northern Territory, with relatively younger population structures, directed a greater share of its funding, on average, to services for families and child welfare services than did other jurisdictions (40.3% in 2002–03 compared with 28.4% per Australian, nationally) (Table 3.5).
- State and territory government funding averaged \$300 per person in 2002–03 – ranging from \$219 in South Australia and \$220 in Queensland to \$390 in Tasmania (Table 3.6).
- Almost half (47.9%) of NGCSOs' expenditure in 2002–03 was funded by governments, 29.7% by clients in the form of fees for services, and 22.4% from own sources (derived from Table 3.7).
- In 2002–03, 83.2% of households' contribution in the form of fees for services was for services provided by NGCSOs, 10.7% for services provided by governments, and the remaining 6.0% for informal child care by the household sector itself (Table 3.8).
- Concessions on council rates, electricity, water and sewerage, and public transport were estimated to total \$968 million in 2002–03 (Table 4.1).
- Social expenditure in 2002–03 was estimated at \$69.1 billion. Of this, \$24.7 billion was for older people, \$22.3 billion for family and children, \$12.5 billion for people with disabilities, and the remaining \$9.7 billion was for survivors and other social categories (Table 5.1).

1.4 Revisions

Some welfare services expenditure and funding estimates have been revised since the publication of *Welfare Expenditure Australia 2000–01*. These changes are mainly due to:

- reclassification of some expenditure items;
- changes in data sources; and
- additional or improved data from same data sources.

For more information on these revisions, see Section 7.2.

2 Total expenditure on welfare services

2.1 Welfare services expenditure and the general level of economic activity

Total expenditure on welfare services in current prices in 2002–03 was \$17.1 billion. This was \$1.8 billion higher than in the previous year and was \$5.0 billion higher than in 1998–99 (Table 2.1).

The ratio of expenditure on welfare services to GDP was stable at around 2.1% over the period 1998–99 to 2001–02. In 2002–03, the ratio rose to 2.3%.

Table 2.1: Expenditure on welfare services and GDP, current prices, 1998–99 to 2002–03

| Year | Welfare services expenditure (\$ million) | GDP (\$ million) | Ratio of welfare services expenditure to GDP (per cent) |
|---------|---|------------------|---|
| 1998–99 | 12,087 | 589,596 | 2.1 |
| 1999–00 | 13,097 | 623,461 | 2.1 |
| 2000–01 | 14,025 | 668,426 | 2.1 |
| 2001–02 | 15,289 | 713,230 | 2.1 |
| 2002–03 | 17,130 | 758,146 | 2.3 |

Sources: Expenditure: AIHW; GDP: ABS 2005.

There are two major factors that can, either separately or in combination, change the welfare services to GDP expenditure ratio. They are differences between:

- the rates of growth in welfare services expenditure and in the broader economy; and
- the rates at which prices for welfare services and prices throughout the broader economy move.

Real growth in expenditure on welfare services is an estimate of the rate at which the volume of welfare services changes over time. In this publication volumes have been calculated by removing the effects of inflation from the annual estimates of expenditure, using the implicit price deflator for government final (non-defence) consumption expenditure (GFCE IPD) for the recurrent component of expenditure, and the chain price index for general government gross fixed capital formation for the capital component. The results are expressed in terms of 2002–03 prices. These deflators were selected because a very large proportion of the welfare services expenditure in Australia reported in this publication is incurred by governments.

The real growth estimates combine the effects of changes in the average utilisation of services per person and the growth in population. The changes in average utilisation, in turn, reflect movements in:

- structure of the population (as distinct from changes in the overall population size);
- composition of services supplied and their associated costs;
- eligibility for and accessibility of welfare services; and
- other policy that may affect utilisation of services.

For each year between 1998–99 and 2002–03, Australia’s real growth in expenditure on welfare services was greater than its overall rate of economic growth – as measured by growth in real GDP. Welfare services expenditure grew at 5.7% per year, compared with 3.2% per year for the economy as a whole (Table 2.2).

Nominal increases in expenditure on welfare services result from a combination of real growth and inflation. As mentioned earlier, when nominal increases in welfare expenditure exceed or are less than the rate at which GDP is increasing (in nominal terms) the ‘welfare expenditure to GDP ratio’ will increase or decrease.

Table 2.2: Expenditure on welfare services and GDP, constant prices, and rates of inflation, 1998–99 to 2002–03

| Year | Expenditure on welfare services ^(a) | | | GDP ^(b) | | |
|---|--|------------------------|--|--------------------|------------------------|--|
| | Amount (\$million) | Growth rate (per cent) | Annual rate of inflation ^(c) (per cent) | Amount (\$million) | Growth rate (per cent) | Annual rate of inflation ^(d) (per cent) |
| 1998–99 | 13,705 | .. | .. | 667,780 | .. | .. |
| 1999–00 | 14,670 | 7.0 | 1.2 | 692,889 | 3.8 | 1.9 |
| 2000–01 | 15,086 | 2.8 | 4.1 | 707,140 | 2.1 | 5.1 |
| 2001–02 | 15,827 | 4.9 | 3.9 | 734,576 | 3.9 | 2.7 |
| 2002–03 | 17,130 | 8.2 | 3.5 | 758,147 | 3.2 | 3.0 |
| Average annual growth rate 1998–99 to 2002–03 | | 5.7 | 3.2 | | 3.2 | 3.2 |

(a) The Government Final Consumption Expenditure Implicit Price Deflator (GFCE IPD) has been used to deflate recurrent welfare services expenditure. The Gross fixed capital formation chain price index has been used to deflate capital expenditure.

(b) Constant price GDP is expressed in terms of 2002–03 prices.

(c) Based on GFCE IPD and gross fixed capital formation combined.

(d) Based on IPD for GDP.

Source: Expenditure: AIHW; GDP: ABS 2005; GFCE IPD and gross fixed capital formation chain price index: ABS unpublished.

Welfare services that are primarily the responsibility of non-government sector providers regularly account for more than half of all welfare services expenditure in Australia. In 2002–03 expenditure on non-government services was estimated at \$9,205 million (53.7%), out of a total estimated expenditure, by all sectors, of \$17,130 million (Table 2.3).

Table 2.3: Expenditure on welfare services, by sector incurring expenditure, current prices, 1998–99 to 2002–03 (\$ million)

| | Government sector | | Non-government sector | | All sectors |
|---------|-------------------|--------|---------------------------|-------|-------------|
| | Total | NGCSOs | Households ^(a) | Total | |
| 1998–99 | 5,890 | 5,990 | 207 | 6,197 | 12,087 |
| 1999–00 | 6,514 | 6,583 | 195 | 6,778 | 13,097 |
| 2000–01 | 6,713 | 7,128 | 184 | 7,312 | 14,025 |
| 2001–02 | 7,146 | 7,969 | 174 | 8,143 | 15,289 |
| 2002–03 | 7,925 | 9,011 | 194 | 9,205 | 17,130 |

(a) Relates only to informal child care.

Source: Expenditure: AIHW.

Because different jurisdictions employ different combinations of service provider types in the provision of welfare services, it would be useful to look at differences in expenditure estimates between states and territories. Unfortunately, however, a substantial proportion of the expenditures are unable to be allocated by state and territory. These are largely the services provided by NGCSOs. An experimental state/territory distribution of those expenditures that can be allocated at a jurisdictional level has been undertaken by the Institute as a separate exercise. This is available online at the Institute’s web site <www.aihw.gov.au>.

2.2 Expenditure per person

Average per person expenditure on welfare services in current price terms rose from \$642 in 1998–99 to \$867 in 2002–03, an increase of \$225 per person over the period (Table 2.4). After removing the effect of inflation, real growth in per person expenditure averaged 4.5% over the period.

Table 2.4: Average per person^(a) expenditure on welfare services, current and constant prices^(b), and growth rates, 1998–99 to 2002–03

| Year | Amount (\$) | | Growth rate (per cent) | |
|-----------------------------------|-------------|----------|------------------------|----------|
| | Current | Constant | Current | Constant |
| 1998–99 | 642 | 728 | .. | .. |
| 1999–00 | 688 | 770 | 7.1 | 5.8 |
| 2000–01 | 727 | 782 | 5.4 | 1.6 |
| 2001–02 | 782 | 810 | 7.6 | 3.5 |
| 2002–03 | 867 | 867 | 10.8 | 7.0 |
| Average annual growth rate | | | | |
| 1998–99 to 2002–03 | | | 7.8 | 4.5 |

(a) Based on annual mean resident population, calculated using quarterly resident population estimates from the ABS.

(b) The Government Final Consumption Expenditure Implicit Price Deflator (GFCE IPD) has been used to deflate recurrent welfare services expenditure. The gross fixed capital formation chain price index has been used to deflate capital expenditure.

Source: Expenditure: AIHW; GFCE IPD, Gross fixed capital formation chain price index: ABS unpublished.

3 Funding of welfare services in Australia

3.1 Broad sources of funds

In 2002–03, total expenditure on welfare services was \$17.1 billion, \$11.9 billion of which was funded by sources within the government sector, and the remaining \$5.2 billion by non-government sources (Table 3.1 and Figure 3.1).

Table 3.1: Funding of welfare services, current prices, 1998–99 to 2002–03

| | Government | | | | Non-government | | | Total all sectors |
|---|-----------------------|---------------------|--------------------|--------|----------------|------------|-------|-------------------|
| | Australian Government | State and territory | Local | Total | NGCSOs | Households | Total | |
| Amount (\$ million) | | | | | | | | |
| 1998–99 | 3,771 | 4,362 | 270 | 8,403 | 1,368 | 2,316 | 3,684 | 12,087 |
| 1999–00 | 4,011 | 4,694 | 289 | 8,994 | 1,550 | 2,553 | 4,103 | 13,097 |
| 2000–01 | 4,329 | 5,042 | 274 | 9,645 | 1,620 | 2,760 | 4,381 | 14,025 |
| 2001–02 | 4,945 | 5,490 | 253 | 10,688 | 1,741 | 2,860 | 4,601 | 15,289 |
| 2002–03 | 5,406 | 6,039 | 456 ^(a) | 11,901 | 2,019 | 3,210 | 5,230 | 17,130 |
| Proportion of total funding (per cent) | | | | | | | | |
| 1998–99 | 31.2 | 36.1 | 2.2 | 69.5 | 11.3 | 19.2 | 30.5 | 100.0 |
| 1999–00 | 30.6 | 35.8 | 2.2 | 68.7 | 11.8 | 19.5 | 31.3 | 100.0 |
| 2000–01 | 30.9 | 35.9 | 2.0 | 68.8 | 11.6 | 19.7 | 31.2 | 100.0 |
| 2001–02 | 32.3 | 35.9 | 1.7 | 69.9 | 11.4 | 18.7 | 30.1 | 100.0 |
| 2002–03 | 31.6 | 35.3 | 2.7 | 69.5 | 11.8 | 18.7 | 30.5 | 100.0 |
| 5-year average | 31.3 | 35.8 | 2.1 | 69.3 | 11.6 | 19.2 | 30.7 | 100.0 |

(a) Appears to be break in series. The time series will be reviewed when additional observations become available.

Note: Components may not add to totals, due to rounding.

Sources

Australian Government: Compiled from DHAC 1999, 2000, 2001, 2002, 2003; FaCS 1999, 2000, 2001a, 2002, 2003; Department of Immigration and Multicultural Affairs unpublished data; DVA unpublished data.

State and territory: recurrent expenditure—as for Table 2.4.

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 2001a.

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 1997a, 2000, 2003a.

Governments provided 69.5% of total funding for welfare services during 2002–03. This was just above their average share of funding over the period 1998–99 to 2002–03 (69.3%). The remainder (30.5% in 2002–03) came from non-government sources. These relative funding shares remained quite stable across the period; the government share ranging from 68.7% to 69.9%, and the non-government from 30.1% to 31.3%.

Within the government sector, the states and territories provided, on average, 35.8% of total funding; the Australian Government, 31.3%; and local government, 2.1%. Most of the non-government funding was provided by households (19.1%) – through the payment of client fees – while NGCSOs provided the remaining 11.6% of funding.

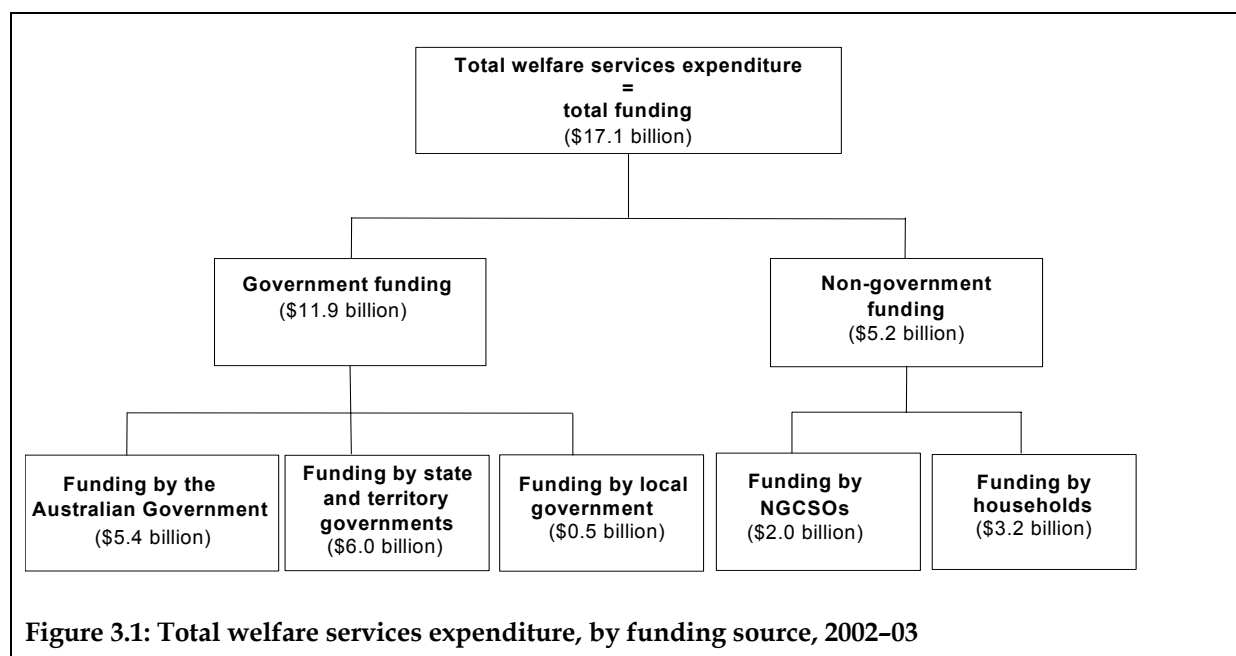


Figure 3.1: Total welfare services expenditure, by funding source, 2002–03

Table 3.2: Funding of welfare services, constant prices,^(a) 1998–99 to 2002–03

| | Government | | | | Non-government | | | Total all sectors |
|---|-----------------------|---------------------|--------------------|--------|----------------|------------|-------|-------------------|
| | Australian Government | State and territory | Local | Total | NGCSOs | Households | Total | |
| Amount (\$ million) | | | | | | | | |
| 1998–99 | 4,255 | 4,959 | 304 | 9,518 | 1,555 | 2,632 | 4,186 | 13,705 |
| 1999–00 | 4,486 | 5,264 | 321 | 10,070 | 1,738 | 2,862 | 4,600 | 14,670 |
| 2000–01 | 4,650 | 5,427 | 294 | 10,371 | 1,744 | 2,971 | 4,716 | 15,086 |
| 2001–02 | 5,115 | 5,688 | 261 | 11,064 | 1,803 | 2,960 | 4,763 | 15,827 |
| 2002–03 | 5,406 | 6,039 | 456 ^(b) | 11,901 | 2,019 | 3,210 | 5,230 | 17,130 |
| Growth rate (per cent) | | | | | | | | |
| 1998–99 to 1999–00 | 5.4 | 6.1 | 5.3 | 5.8 | 11.8 | 8.7 | 9.9 | 7.0 |
| 1999–00 to 2000–01 | 3.7 | 3.1 | –8.4 | 3.0 | 0.3 | 3.8 | 2.5 | 2.8 |
| 2000–01 to 2001–02 | 10.0 | 4.8 | –11.0 | 6.7 | 3.4 | –0.4 | 1.0 | 4.9 |
| 2001–02 to 2002–03 | 5.7 | 6.2 | 74.6 | 7.6 | 12.0 | 8.5 | 9.8 | 8.2 |
| Average annual growth rate 1998–99 to 2002–03 | 6.2 | 5.0 | 10.7 | 5.7 | 6.7 | 5.1 | 5.7 | 5.7 |

(a) Constant price welfare expenditure for 1998–99 to 2002–03 is expressed in terms of 2002–03 prices.

(b) Appears to be break in series. The time series will be reviewed when additional observations become available.

Note: Components may not add to totals, due to rounding.

Sources: Expenditure: as for Table 3.1; GFCF deflator and gross fixed capital formation chain price index: ABS unpublished.

Over the period 1998–99 to 2002–03 average annual real growth rates for both government and non-government funding were the same at 5.7% (Table 3.2). Overall, the most rapid growth in welfare services expenditure was between 2001–02 and 2002–03, at 8.2%; this reflected strong growth in both non-government (up 9.8%) and government funding (up 7.6%).

3.2 Funding by governments

The analysis in this section is limited to recurrent funding by the Australian Government and the state and territory governments for the following reasons:

- estimates of expenditure on capital, which accounts for less than 2% of total expenditure (see Table A1), cannot be split by welfare service GPC; and
- estimates of expenditure by welfare services category for local governments are unreliable.

Distribution of government funding

Throughout the entire period from 1998–99 to 2002–03, state and territory governments provided more than half of the total government recurrent funding of welfare services (average 53.1%) (derived from Table 3.3). The Australian Government provided the remaining 46.9% of government funding. The Australian Government, however, provided the greater share of the government funding of services for:

- families and children (53.7%); and
- older people (68.9%).

On average, 29.6% of recurrent government funding over the period was for welfare services for people with disabilities; 29.3% for families and children; and 23.6% for older people's services. The remaining 17.4% was for other welfare services (nec) (Table 3.3).

Australian Government

Funding for welfare services by the Australian Government was estimated at \$5,329 million in 2002–03 (Table 3.3).

The main departments administering funding for welfare services were:

- Family and Community Services;
- Health and Ageing;
- Veterans' Affairs; and
- Immigration and Multicultural and Indigenous Affairs.

These departments each administer programs and/or directly provide services to the community. They also fund state and territory and local governments – through specific purpose payments (SPPs) – and NGCSOs to provide the services to the community.

Funding in nominal terms for almost all categories of welfare services grew each year (Table 3.3). The exceptions were the falls in funding for welfare services for families and children between 1999–00 and 2000–01 and other welfare services (nec) between 1998–99 and 1999–00.

Table 3.3 : Recurrent funding^(a) for welfare services by the Australian Government and state and territory governments, by welfare services category,^(b) current prices, 1998–99 to 2002–03

| | Australian Government | | State and territory | | Total Australian Government and State and territory governments | |
|--|-----------------------|----------------|---------------------|----------------|---|----------------|
| | Amount (\$ million) | Proportion (%) | Amount (\$ million) | Proportion (%) | Amount (\$ million) | Proportion (%) |
| Family and child welfare services | | | | | | |
| 1998–99 | 1,140 | 31.0 | 997 | 23.4 | 2,137 | 26.9 |
| 1999–00 | 1,398 | 35.3 | 1,079 | 23.6 | 2,477 | 29.0 |
| 2000–01 | 1,360 ^(c) | 32.0 | 1,181 | 24.3 | 2,541 | 27.9 |
| 2001–02 | 1,685 | 34.5 | 1,507 | 28.0 | 3,192 | 31.1 |
| 2002–03 | 1,882 | 35.3 | 1,684 | 28.4 | 3,566 | 31.7 |
| 5-year average | | 33.6 | | 25.5 | | 29.3 |
| Welfare services for older people | | | | | | |
| 1998–99 | 1,324 | 36.1 | 555 | 13.0 | 1,879 | 23.7 |
| 1999–00 | 1,356 | 34.3 | 676 | 14.8 | 2,033 | 23.8 |
| 2000–01 | 1,539 | 36.2 | 688 | 14.1 | 2,228 | 24.4 |
| 2001–02 | 1,629 | 33.4 | 714 | 13.3 | 2,343 | 22.8 |
| 2002–03 | 1,811 | 34.0 | 827 | 13.9 | 2,638 | 23.4 |
| 5-year average | | 34.8 | | 13.8 | | 23.6 |
| Welfare services for people with disabilities | | | | | | |
| 1998–99 | 867 | 23.6 | 1,503 | 35.3 | 2,370 | 29.9 |
| 1999–00 | 887 | 22.4 | 1,641 | 35.9 | 2,528 | 29.6 |
| 2000–01 | 985 | 23.2 | 1,749 | 35.9 | 2,734 | 30.0 |
| 2001–02 | 1,121 | 23.0 | 1,923 | 35.7 | 3,044 | 29.7 |
| 2002–03 | 1,189 | 22.3 | 2,083 | 35.1 | 3,272 | 29.0 |
| 5-year average | | 22.9 | | 35.6 | | 29.6 |
| Other welfare services (nec) | | | | | | |
| 1998–99 | 341 | 9.3 | 1,206 | 28.3 | 1,547 | 19.5 |
| 1999–00 | 316 | 8.0 | 1,181 | 25.8 | 1,497 | 17.5 |
| 2000–01 | 368 | 8.7 | 1,251 | 25.7 | 1,618 | 17.7 |
| 2001–02 | 443 | 9.1 | 1,239 | 23.0 | 1,682 | 16.4 |
| 2002–03 | 448 | 8.4 | 1,341 | 22.6 | 1,788 | 15.9 |
| 5-year average | | 8.7 | | 25.1 | | 17.4 |
| Total recurrent | | | | | | |
| 1998–99 | 3,672 | 100.0 | 4,262 | 100.0 | 7,934 | 100.0 |
| 1999–00 | 3,957 | 100.0 | 4,577 | 100.0 | 8,534 | 100.0 |
| 2000–01 | 4,253 | 100.0 | 5,001 | 100.0 | 9,122 | 100.0 |
| 2001–02 | 4,878 | 100.0 | 5,384 | 100.0 | 10,261 | 100.0 |
| 2002–03 | 5,329 | 100.0 | 5,934 | 100.0 | 11,263 | 100.0 |

(a) Excludes funding for capital purposes.

(b) See Chapter 7 for definition of the four welfare services categories.

(c) See Box 2.

Sources: As for Table 3.1.

The largest share of the Australian Government's recurrent funding of welfare services was for services for older people. These received, on average, 34.8% of the Australian Government's funding for welfare services over the period 1998–99 to 2002–03. Family and child welfare services averaged 33.6% and welfare services for people with disabilities, 22.9%. The remaining 8.7% went to fund other welfare services (nec).

Apart from a small drop (\$25 million) in funding for other welfare services (nec), Australian Government funding for all categories of welfare services increased, in nominal terms, 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 \$38 million lower in 2000–01 than it had been in 1999–00. This was due to reclassification of some expenditures following the restructure of family assistance introduced from 1 July 2000 as part of the government's tax reform package (Box 2).

Box 2: Tax reform package – restructure of family assistance

From 1 July 2000, the Australian Government combined 12 then existing types of assistance for families into three main types through the tax and social security system. These were:

- Family tax benefits (part A);
- Family tax benefits (part B); and
- Child care benefits (see Technical notes).

The \$10.1 billion in family tax benefits paid in 2000–01 included some forms of assistance that would previously have been classified as expenditure on welfare services. In 2001–02, the Australian Government's recurrent funding for services for families and children rose by \$325 million from the previous year, due mainly to an increase in child care benefits from \$1,037 million in 2000–01 to \$1,316 million in 2001–02.

In 2002–03, besides the increase in funding of child care benefits by \$48 million, other programs also received large increases in funding. These included the 'Stronger Families and Communities Strategy' program, which almost doubled over the previous year's amount. There was also a large increase in funding for youth and student support, from \$47.5 million in 2001–02 to \$69.4 million in 2002–03.

State and territory governments

In 2002–03, services for people with disabilities accounted for 35.1% of funding by state and territory governments; services for families and children, 28.4%; other welfare services (nec), 22.6%; and services for older people, 13.9% (derived from Table 3.3).

Over the longer period, 1998–99 to 2002–03, funding of welfare services for people with disabilities averaged 35.6% of state and territory government funding. More than one-quarter of their funding, on average, went to each of welfare services for families and children (25.5%) and other welfare services (nec) (25.1%). The remaining 13.8% went to services for older people.

Growth in funding of welfare services by category

Government recurrent funding for welfare services grew, in real terms, at an average of 5.7% per year over the period 1998–99 to 2002–03. The highest real growth was in funding of services for families and children (10.0%). The second highest growth was in services for older people (5.3%), followed by welfare services for people with disabilities (4.9%). Other welfare services (nec) grew at 0.5% on average (Table 3.4).

Australian Government

Real growth in the Australian Government's recurrent funding for welfare services, in the period 1998–99 to 2002–03, averaged 6.3% per year. The lowest growth rate (3.2%) occurred between 1999–00 and 2000–01 and the highest (10.3%) was between 2000–01 and 2001–02.

The highest real growth over the five-year period was in funding of services for families and children (9.8%), followed by welfare services for people with disabilities (4.8%), welfare services for older people (4.7%), and other welfare services (nec) (3.7%).

There were two years in which funding for services for families and children grew very quickly (Table 3.4). Over the period 1998–99 to 1999–00, it grew by 21.0% and between 2000–01 and 2001–02 by 19.1%. Growth in the first of the periods was due mainly to a large increase in funding for output group 3.5 – Childcare support. In 1999–00, all administered items increased. The major items were 'Childcare assistance' (from \$635 million in 1998–99 to \$732 million in 1999–00), and 'Other services for families with children' (from \$155 million in 1998–99 to \$179 million in 1999–00). There was a fall in funding of 6.5% in 2000–01 due to the change in the assistance structure brought about by the tax reform package mentioned earlier (see Box 2). In the following year (2001–02), funding rose for child care benefits as well as for the other programs mentioned earlier.

Australian Government funding of services for older people and people with disabilities had average annual growth rates of 4.7% and 4.8%, respectively, over the period 1998–99 to 2002–03, while its funding of other welfare services (nec) averaged growth of 3.7%.

Growth in funding of other welfare services (nec) category fluctuated from year to year. Because of the relatively smaller amount of that funding for this category (\$448 million in 2002–03), these yearly fluctuations had little impact on total welfare services funding.

State and territory governments

Total funding of welfare services by state and territory governments grew, in real terms, at an average of 5.1% per year.

The fastest growth was in funding of services for families and children. It averaged 10.3% per year over the period, and grew at a slightly higher average rate than did the Australian Government's funding for families and children (9.8%).

The second fastest growth was in services for older people, which averaged 6.7% per year (Table 3.4).

Services for people with disabilities grew, on average, at 5.0% per year from 1998–99 to 2002–03, while other welfare services (nec) showed a marginal real decline over the period.

Table 3.4: Recurrent funding^(a) for welfare services by the Australian Government and state and territory governments, by welfare services category,^(b) constant prices,^(c) and growth rates, 1998–99 to 2002–03

| Year | Australian Government | | State and territory governments | | Total Australian Government and state and territory governments | |
|--|-----------------------|------------|---------------------------------|------------|---|------------|
| | Amount (\$ million) | Growth (%) | Amount (\$ million) | Growth (%) | Amount (\$ million) | Growth (%) |
| Family and child welfare services | | | | | | |
| 1998–99 | 1,295 | .. | 1,137 | .. | 2,432 | .. |
| 1999–00 | 1,567 | 21.0 | 1,212 | 6.6 | 2,779 | 14.3 |
| 2000–01 | 1,464 ^(d) | –6.5 | 1,273 | 5.1 | 2,738 | –1.5 |
| 2001–02 | 1,745 | 19.1 | 1,561 | 22.6 | 3,306 | 20.8 |
| 2002–03 | 1,882 | 7.9 | 1,684 | 7.8 | 3,566 | 7.9 |
| Average annual growth rate 1998–99 to 2002–03 | | 9.8 | | 10.3 | | 10.0 |
| Welfare services for older people | | | | | | |
| 1998–99 | 1,505 | .. | 637 | .. | 2,141 | .. |
| 1999–00 | 1,521 | 1.1 | 765 | 20.1 | 2,285 | 6.7 |
| 2000–01 | 1,657 | 9.0 | 741 | –3.1 | 2,398 | 5.0 |
| 2001–02 | 1,686 | 1.7 | 740 | –0.1 | 2,426 | 1.2 |
| 2002–03 | 1,811 | 7.4 | 827 | 11.7 | 2,638 | 8.7 |
| Average annual growth rate 1998–99 to 2002–03 | | 4.7 | | 6.7 | | 5.3 |
| Welfare services for people with disabilities | | | | | | |
| 1998–99 | 985 | .. | 1,717 | .. | 2,702 | .. |
| 1999–00 | 994 | 0.9 | 1,843 | 7.3 | 2,837 | 5.0 |
| 2000–01 | 1,061 | 6.7 | 1,886 | 2.3 | 2,946 | 3.9 |
| 2001–02 | 1,161 | 9.4 | 1,993 | 5.7 | 3,154 | 7.1 |
| 2002–03 | 1,189 | 2.4 | 2,083 | 4.5 | 3,272 | 3.7 |
| Average annual growth rate 1998–99 to 2002–03 | | 4.8 | | 5.0 | | 4.9 |
| Other welfare services (nec) | | | | | | |
| 1998–99 | 387 | .. | 1,364 | .. | 1,752 | .. |
| 1999–00 | 354 | –8.6 | 1,323 | –3.0 | 1,677 | –4.3 |
| 2000–01 | 396 | 11.9 | 1,349 | 2.0 | 1,745 | 4.1 |
| 2001–02 | 458 | 15.7 | 1,284 | –4.8 | 1,743 | –0.1 |
| 2002–03 | 448 | –2.3 | 1,341 | 4.4 | 1,788 | 2.6 |
| Average annual growth rate 1998–99 to 2002–03 | | 3.7 | | –0.4 | | 0.5 |
| Total recurrent | | | | | | |
| 1998–99 | 4,172 | .. | 4,855 | .. | 9,027 | .. |
| 1999–00 | 4,436 | 6.3 | 5,142 | 5.9 | 9,578 | 6.1 |
| 2000–01 | 4,578 | 3.2 | 5,249 | 2.1 | 9,828 | 2.6 |
| 2001–02 | 5,050 | 10.3 | 5,579 | 6.3 | 10,629 | 8.2 |
| 2002–03 | 5,329 | 5.5 | 5,934 | 6.4 | 11,263 | 6.0 |
| Average annual growth rate 1998–99 to 2002–03 | | 6.3 | | 5.1 | | 5.7 |

(a) Excludes funding for capital purposes.

(b) See Chapter 7 for definition of the four welfare services categories.

(c) Constant price welfare expenditure for 1998–99 to 2002–03 is expressed in terms of 2002–03 prices.

(d) See Box 2.

Sources: As for Table 3.1.

State comparisons

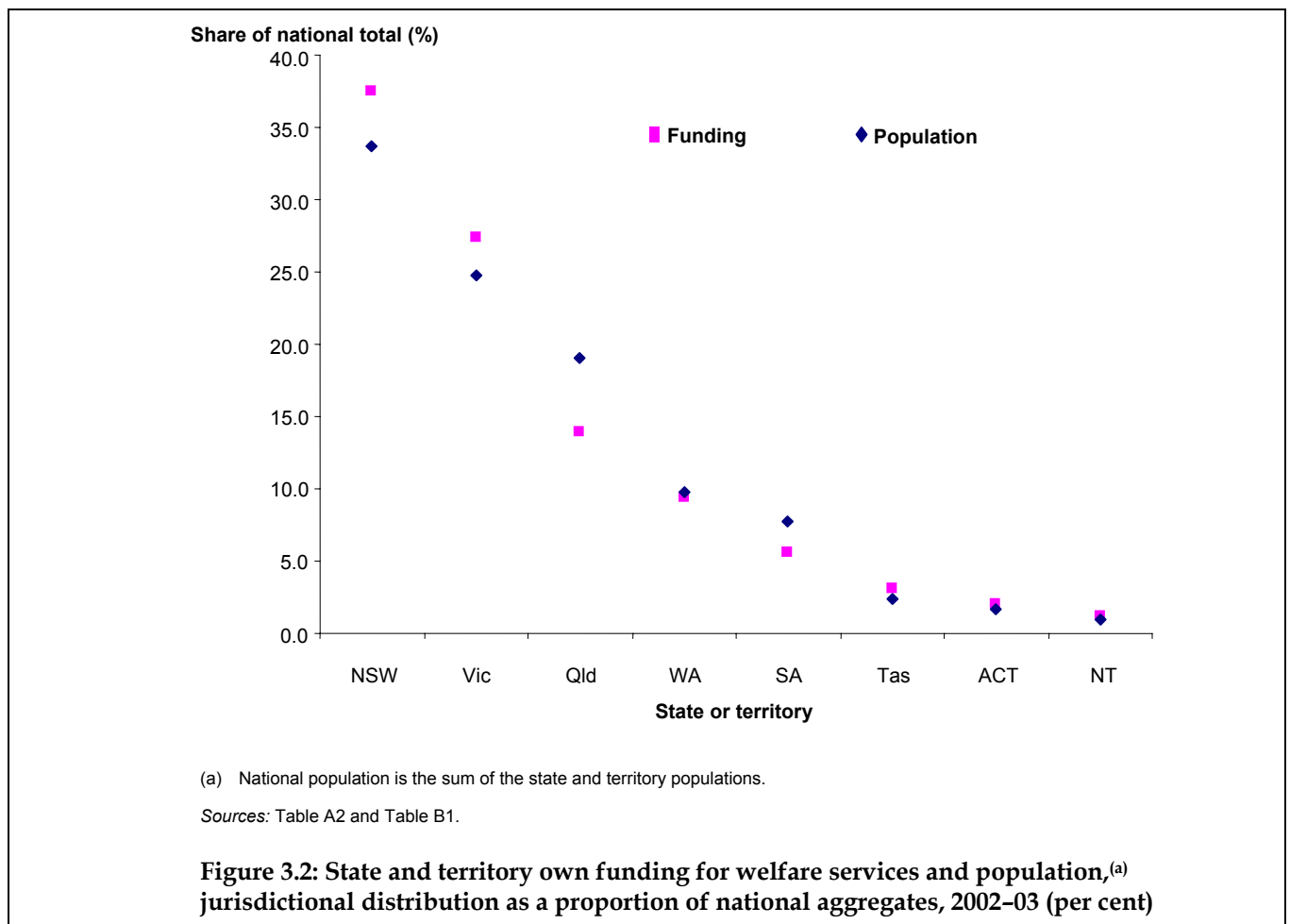
This part of the analysis refers to state and territory governments' funding for welfare services expenditures. This included, as well as their funding for services provided by the states and territories themselves, their funding for services provided by NGCSOs and local government authorities. It excludes that part of state and territory government expenditures that is covered by funding from the Australian Government through SPPs and is net of client fees revenue.

Estimates of funding for welfare services for older people have been combined with funding for services for people with disabilities because of the limitations of the supporting data for some jurisdictions.

There were considerable variations in the size and distribution of state and territory government funding across jurisdictions, largely reflecting differences in:

- state and territory government welfare services provision and funding policies;
- the roles of NGCSOs and local governments;
- demographic structures;
- distribution of the Aboriginal and Torres Strait Islander populations; and
- boundaries around what are classified as welfare services.

Also some of these differences have changed over time, which has contributed to variations in trends for individual states and territories.



State and territory governments' own recurrent funding of welfare services was estimated at \$5.9 billion in 2002–03 (Table A2, page 46).

Aggregate funding by individual jurisdictions was broadly in line with their population sizes (Figure 3.2). For example, in New South Wales, which had a population of almost 6.7 million – 33.7% of the national population – in 2002–03, the state government provided an estimated \$2.2 billion in funding (37.5% of the total estimated funding by all states and territories); the Northern Territory, with an estimated population of 198,100 (1.0%) provided an estimated \$68 million in welfare services funding (1.1% of the total funding by states and territories).

Distribution of recurrent funding across welfare service categories

Nationally, almost half of the state and territory governments' funding (49.4%) went to fund services for older people and people with disabilities, combined. A further 25.5% was for families and children and the remainder funded other welfare services (nec) (Table 3.5).

On a state-by-state basis, that distribution of funding varied markedly.

The two territories, with population structures that were much younger than the average, spent well above the national average on services for families and children (Northern Territory – 41.9% and Australian Capital Territory – 38.9%). Tasmania, on the other hand, with its relatively older population structure, had the lowest proportion of its funding directed to services for families and children (13.1%).

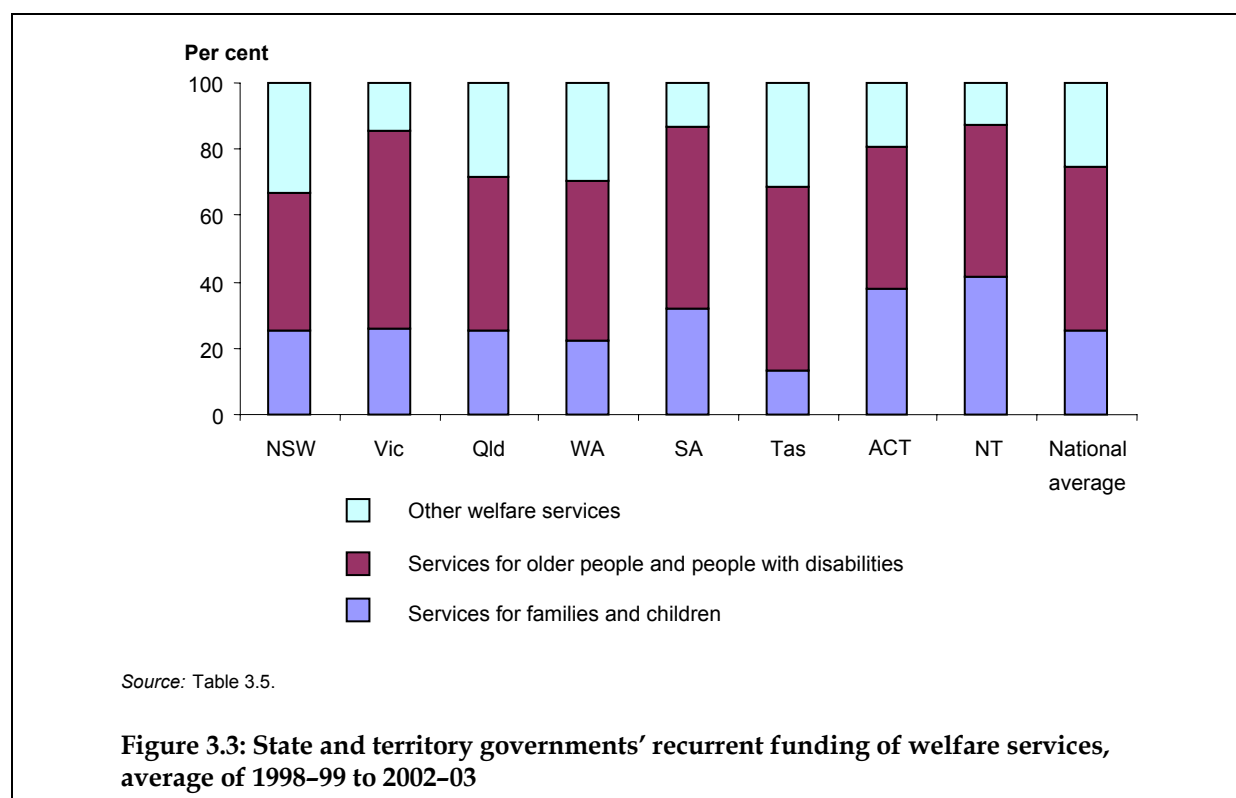
In the case of services for older people and people with disabilities, combined, Victoria had the highest share (59.7%), and New South Wales (41.2%), the lowest.

New South Wales, with 33.8% of its funding going to other welfare services (nec), had the highest proportion of total funding directed to that area; the Northern Territory (13.4%) had the lowest.

Table 3.5: Recurrent funding of welfare services by state and territory governments, current prices, 1998–99 to 2002–03 (per cent)

| | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total |
|---|------|------|------|------|------|------|------|------|-------|
| Proportion of total welfare services expenditure | | | | | | | | | |
| Family and child welfare services | | | | | | | | | |
| 1998–99 | 21.0 | 25.4 | 25.8 | 15.7 | 32.3 | 16.6 | 40.5 | 45.1 | 23.4 |
| 1999–00 | 22.0 | 25.1 | 24.6 | 17.5 | 31.2 | 12.4 | 39.9 | 40.7 | 23.6 |
| 2000–01 | 23.2 | 26.2 | 24.1 | 16.3 | 30.8 | 12.3 | 42.5 | 41.5 | 24.3 |
| 2001–02 | 27.7 | 26.6 | 27.3 | 31.0 | 33.8 | 10.9 | 44.6 | 42.0 | 28.0 |
| 2002–03 | 31.4 | 25.8 | 25.1 | 30.4 | 31.5 | 13.4 | 26.8 | 40.3 | 28.4 |
| 5-year average | 25.1 | 25.8 | 25.4 | 22.2 | 31.9 | 13.1 | 38.9 | 41.9 | 25.5 |
| Welfare services for older people and people with disabilities | | | | | | | | | |
| 1998–99 | 39.0 | 60.5 | 45.3 | 54.5 | 53.1 | 54.0 | 37.5 | 37.3 | 48.3 |
| 1999–00 | 41.5 | 59.1 | 52.9 | 53.3 | 55.0 | 59.4 | 41.6 | 45.0 | 50.6 |
| 2000–01 | 40.9 | 58.7 | 51.1 | 55.6 | 55.8 | 54.7 | 41.1 | 46.0 | 50.1 |
| 2001–02 | 41.6 | 59.8 | 44.6 | 48.0 | 53.6 | 54.9 | 42.8 | 46.7 | 49.0 |
| 2002–03 | 42.8 | 60.2 | 40.4 | 48.9 | 55.6 | 54.3 | 46.5 | 48.5 | 49.0 |
| 5-year average | 41.2 | 59.7 | 46.9 | 52.1 | 54.6 | 55.5 | 41.9 | 44.7 | 49.4 |
| Other welfare services (nec) | | | | | | | | | |
| 1998–99 | 40.1 | 14.2 | 28.9 | 29.8 | 14.6 | 29.3 | 22.0 | 17.5 | 28.3 |
| 1999–00 | 36.5 | 15.7 | 22.5 | 29.2 | 13.8 | 28.2 | 18.5 | 14.4 | 25.8 |
| 2000–01 | 35.9 | 15.1 | 24.8 | 28.1 | 13.4 | 32.9 | 16.4 | 12.5 | 25.7 |
| 2001–02 | 30.7 | 13.7 | 28.1 | 21.1 | 12.5 | 34.2 | 12.6 | 11.3 | 23.0 |
| 2002–03 | 25.8 | 13.9 | 34.5 | 20.7 | 12.8 | 32.3 | 26.7 | 11.2 | 22.6 |
| 5-year average | 33.8 | 14.5 | 27.8 | 25.8 | 13.4 | 31.4 | 19.2 | 13.4 | 25.1 |

Sources: As for Table 3.1.



Average funding per person

Funding of recurrent expenditure on welfare services by all state and territory governments averaged \$300.23 per person in 2002–03 (Table 3.6). The states with the lowest average government funding were South Australia (\$218.57) and Queensland (\$220.02). Tasmania (\$389.82) had the highest.

Table 3.6: Average state and territory government funding per person for recurrent expenditure on welfare services, by state and territory, current prices, 1998–99 to 2002–03 (\$)

| | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | National average |
|---|--------|--------|--------|--------|--------|--------|--------|--------|------------------|
| Family and child welfare services | | | | | | | | | |
| 1998–99 | 55.17 | 61.60 | 37.71 | 32.59 | 61.18 | 57.06 | 113.78 | 71.95 | 52.99 |
| 1999–00 | 57.67 | 70.72 | 41.49 | 36.99 | 61.58 | 40.92 | 97.52 | 80.42 | 56.65 |
| 2000–01 | 65.34 | 78.77 | 40.85 | 34.76 | 62.05 | 39.65 | 113.41 | 89.13 | 61.02 |
| 2001–02 | 83.98 | 84.69 | 50.22 | 84.55 | 75.01 | 35.90 | 144.29 | 96.98 | 76.89 |
| 2002–03 | 104.86 | 85.80 | 55.32 | 87.12 | 68.95 | 52.23 | 99.50 | 138.60 | 85.19 |
| Welfare services for older people and people with disabilities | | | | | | | | | |
| 1998–99 | 102.47 | 146.88 | 66.34 | 113.36 | 100.42 | 185.28 | 105.29 | 59.58 | 109.38 |
| 1999–00 | 108.76 | 166.51 | 89.29 | 113.03 | 108.74 | 196.10 | 101.87 | 88.94 | 121.70 |
| 2000–01 | 115.29 | 176.43 | 86.42 | 118.62 | 112.64 | 175.83 | 109.85 | 98.88 | 125.92 |
| 2001–02 | 125.90 | 190.58 | 82.04 | 131.02 | 118.80 | 180.47 | 138.50 | 107.94 | 134.55 |
| 2002–03 | 143.00 | 199.98 | 88.89 | 140.27 | 121.58 | 211.65 | 172.52 | 166.73 | 147.22 |
| Other welfare services (nec) | | | | | | | | | |
| 1998–99 | 105.33 | 34.42 | 42.37 | 61.97 | 27.62 | 100.52 | 61.77 | 27.99 | 64.10 |
| 1999–00 | 95.77 | 44.30 | 37.96 | 61.95 | 27.31 | 93.12 | 45.27 | 28.47 | 62.00 |
| 2000–01 | 100.98 | 45.42 | 41.97 | 59.84 | 27.08 | 105.79 | 43.79 | 26.96 | 65.00 |
| 2001–02 | 92.98 | 43.57 | 51.78 | 57.58 | 27.80 | 112.22 | 40.69 | 26.02 | 63.21 |
| 2002–03 | 85.99 | 46.28 | 75.82 | 59.34 | 28.04 | 125.94 | 98.88 | 38.58 | 67.82 |
| Total welfare services | | | | | | | | | |
| 1998–99 | 262.97 | 242.90 | 146.42 | 207.92 | 189.22 | 342.87 | 280.83 | 159.52 | 226.47 |
| 1999–00 | 262.20 | 281.54 | 168.75 | 211.98 | 197.62 | 330.15 | 244.67 | 197.83 | 240.35 |
| 2000–01 | 281.61 | 300.63 | 169.24 | 214.00 | 201.77 | 321.27 | 267.06 | 214.98 | 251.95 |
| 2001–02 | 302.85 | 318.84 | 184.04 | 273.15 | 221.61 | 328.59 | 323.48 | 230.94 | 274.65 |
| 2002–03 | 333.85 | 332.06 | 220.02 | 286.73 | 218.57 | 389.82 | 370.90 | 343.91 | 300.23 |

Sources: Expenditure: Table A2. Population: calculated using quarterly population estimates from the ABS.

3.3 Non-government sector funding

Two major non-government sources of funding are examined – NGCSOs and households.

The funding by NGCSOs relates to that portion of their expenditure that is not funded by governments or by fees charged to clients (see the ‘own source’ columns in Table 3.7).

Households’ funding refers to the fees that clients within the households sector pay to all service providers.

Non-government community service 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 financial data provided by a sample of NGCSOs.

NGCSOs' expenditure increased from \$6.0 billion in 1998–99 to \$9.0 billion in 2002–03. 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 2002–03 was 47.0%, by clients 30.4% and from NGCSOs, 22.6%.

Table 3.7: Expenditure by NGCSOs and sources of funding, current prices, 1998–99 to 2002–03

| Year | Amount in current prices (\$ million) | | | | Nominal increase (per cent) | | | |
|--------------------|--|---------------------------|--------|------------|---|---------------------------|--------|------------|
| | NGCSOs' expenditure | Funding source | | | NGCSOs' expenditure | Funding source | | |
| | | Government ^(a) | Client | Own source | | Government ^(a) | Client | Own source |
| 1998–99 | 5,990 | 2,805 | 1,816 | 1,368 | .. | .. | .. | .. |
| 1999–00 | 6,583 | 2,951 | 2,081 | 1,550 | 9.9 | 5.2 | 14.6 | 13.3 |
| 2000–01 | 7,128 | 3,251 | 2,257 | 1,620 | 8.3 | 10.1 | 8.5 | 4.5 |
| 2001–02 | 7,969 | 3,887 | 2,341 | 1,741 | 11.8 | 19.6 | 3.7 | 7.5 |
| 2002–03 | 9,011 | 4,320 | 2,672 | 2,019 | 13.1 | 11.1 | 14.2 | 16.0 |
| | Average share of funding (per cent) | | | | Average nominal increase per year (per cent) | | | |
| 1998–99 to 2002–03 | | 47.0 | 30.4 | 22.6 | 10.8 | 11.5 | 10.2 | 10.3 |

(a) Funding to NGCSOs from three levels of governments.

Sources: As for Table 3.1.

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 \$194 million in 2002–03. 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.

Funding of welfare services through client fee revenues increased from \$2.3 billion in 1998–99 to \$3.2 billion in 2002–03.

Funding through fees charged on services provided by NGCSOs increased steadily over the entire period from \$1.8 billion in 1998–99 to \$2.7 billion in 2002–03. Of the total client fees, the proportion of fees charged by NGCSOs increased from 78.4% in 1998–99 to 83.2% in 2002–03. The proportion of client fees that funded services provided by governments fluctuated over the period, while client fee funding for informal child care declined slightly (Table 3.8).

Table 3.8: Client fees for welfare services, current prices, 1998–99 to 2002–03

| Year | Providers of services | | | Total |
|------------------------------|-----------------------|--------|---------------------------|-------|
| | Governments | NGCSOs | Households ^(a) | |
| Amount (\$ million) | | | | |
| 1998–99 | 293 | 1,816 | 207 | 2,316 |
| 1999–00 | 277 | 2,081 | 195 | 2,553 |
| 2000–01 | 319 | 2,257 | 184 | 2,760 |
| 2001–02 | 345 | 2,341 | 174 | 2,860 |
| 2002–03 | 345 | 2,672 | 194 | 3,210 |
| Proportion (per cent) | | | | |
| 1998–99 | 12.6 | 78.4 | 8.9 | 100.0 |
| 1999–00 | 10.8 | 81.5 | 7.6 | 100.0 |
| 2000–01 | 11.6 | 81.8 | 6.7 | 100.0 |
| 2001–02 | 12.1 | 81.9 | 6.1 | 100.0 |
| 2002–03 | 10.7 | 83.2 | 6.0 | 100.0 |
| 5-year average | 11.6 | 81.5 | 7.0 | 100.0 |

(a) Relates only to informal child care.

Sources: As for Table 3.1.

4 Concessions to households

The provision of concessions is an important form of welfare expenditure in Australia. There are two types of concession – concessions to households (individuals) and concessions to providers and non-government funders of welfare services through tax expenditures.

This publication reports only concessions to households as data for estimating the major form of concession to service providers – exemption from Goods and Services Tax (GST) – are not yet available.

Concessions to households are further divided into ‘core’ concessions and ‘non-core’ concessions.¹ This publication reports only estimates of 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 public utilities that allow the concessions to eligible people.

The Australian Government also provides funding through specific purpose payments to states and territories, under a series of bilateral agreements relating to the extension of their core concessions to part-pensioners.

Recipients of social security payments gain access to core concessions through holding either a Health Care Card (HCC) or a Pensioner Concession Card (PCC). Veterans and their dependants gain access to similar concessions through their Department of Veterans’ Affairs (DVA) concession cards. These cards have different eligibility criteria and conditions. Access to the associated concessions depends on a client meeting those criteria. HCC, for example, are short-term and subject to review every 3–6 months, while the PCC is issued annually to pensioners and certain older benefit recipients 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 core concessions to households are subsidies on charges for:

- energy
- public transport
- water/sewerage services
- local government rates
- motor vehicle registration fees.

The total value of core concessions in 2002–03 was estimated at \$1,147 million (Table 4.1). Of this, the states and territories provided an estimated \$968 million. The rest was funded by the Australian Government through SPPs for extension of fringe benefits, mentioned earlier. The net funding of core concessions by state and territory governments – that is, after deducting the SPPs from the Australian Government – has been included in the estimates of state and territory government welfare services expenditure and funding throughout this publication. On average, they represented about 18% of total funding on welfare services by

¹ Non-core concessions include pet registration, gas bills, country/regional rail and/or bus, or ship/ferry services, drivers’ licences, emergency service levy, fire service levy – urban and rural, land rent for residential lease, redirect postal services, telephone, stamp duty on property, financial institution debit tax exemption.

state and territory governments over the period 1998–99 to 2002–03 (derived from Table 3.3 and Table 4.1).

Table 4.1: State and territory core concessions expenditure, by concession category, current prices, 1998–99 to 2002–03 (\$ million)

| | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Total states and territories |
|---|-----|-----|-----|-----|----|-----|-----|----|------------------------------|
| Electricity | | | | | | | | | |
| 1998–99 | 59 | 42 | 33 | 19 | 13 | 7 | 3 | 3 | 178 |
| 1999–00 | 61 | 69 | 35 | 18 | 13 | 10 | 3 | 3 | 213 |
| 2000–01 | 66 | 79 | 37 | 19 | 14 | 10 | 3 | 2 | 229 |
| 2001–02 | 93 | 80 | 41 | 20 | 14 | 10 | 4 | 2 | 263 |
| 2002–03 | 73 | 89 | 45 | 21 | 14 | 10 | 4 | 3 | 259 |
| Public transport | | | | | | | | | |
| 1998–99 | 249 | 53 | 43 | 30 | 13 | 19 | 4 | 1 | 412 |
| 1999–00 | 231 | 56 | 48 | 30 | 13 | 19 | 4 | 1 | 403 |
| 2000–01 | 234 | 59 | 50 | 40 | 14 | 19 | 4 | 2 | 421 |
| 2001–02 | 228 | 62 | 56 | 43 | 14 | 20 | 5 | 2 | 429 |
| 2002–03 | 233 | 64 | 56 | 42 | 15 | 21 | 5 | 2 | 439 |
| Water and sewerage | | | | | | | | | |
| 1998–99 | 46 | 61 | — | 28 | 23 | — | 2 | — | 160 |
| 1999–00 | 46 | 62 | — | 28 | 23 | — | 3 | — | 162 |
| 2000–01 | 59 | 64 | — | 30 | 23 | — | 3 | — | 179 |
| 2001–02 | 65 | 61 | — | 36 | 24 | — | 3 | — | 189 |
| 2002–03 | 67 | 58 | — | 38 | 23 | — | 4 | 1 | 191 |
| Council rates | | | | | | | | | |
| 1998–99 | 71 | 54 | 38 | 21 | 22 | 10 | 3 | — | 221 |
| 1999–00 | 71 | 55 | 39 | 23 | 23 | 12 | 3 | — | 226 |
| 2000–01 | 72 | 49 | 38 | 24 | 23 | 12 | 3 | 1 | 221 |
| 2001–02 | 74 | 49 | 41 | 34 | 32 | 14 | 4 | 1 | 248 |
| 2002–03 | 74 | 57 | 41 | 38 | 28 | 15 | 4 | 1 | 258 |
| Total, including Australian Government funding through SPPs for extension of fringe benefits | | | | | | | | | |
| 1998–99 | 425 | 210 | 115 | 97 | 70 | 37 | 13 | 5 | 972 |
| 1999–00 | 409 | 242 | 122 | 99 | 72 | 41 | 13 | 5 | 1,003 |
| 2000–01 | 430 | 250 | 125 | 111 | 74 | 40 | 14 | 5 | 1,049 |
| 2001–02 | 459 | 252 | 138 | 132 | 84 | 44 | 16 | 4 | 1,129 |
| 2002–03 | 447 | 269 | 142 | 140 | 80 | 46 | 16 | 7 | 1,147 |
| Net state and territory funding, excluding Australian Government funding through SPPs | | | | | | | | | |
| 1998–99 | 372 | 172 | 89 | 84 | 55 | 32 | 11 | 4 | 820 |
| 1999–00 | 355 | 203 | 95 | 86 | 56 | 36 | 12 | 4 | 848 |
| 2000–01 | 373 | 209 | 96 | 97 | 57 | 35 | 13 | 4 | 885 |
| 2001–02 | 400 | 210 | 108 | 117 | 67 | 39 | 14 | 4 | 959 |
| 2002–03 | 385 | 225 | 111 | 124 | 63 | 40 | 15 | 6 | 968 |

Sources: As for Table 3.1.

5 Social expenditure

This section provides estimates of social expenditure based on the OECD Social Expenditure (SOCX) framework. To maintain consistency with the types of expenditure reported elsewhere in this publication, however, only those SOCX categories that map to the four ABS welfare services GPCs are included (see Chapter 7 for definitions).

The SOCX classification contains nine major categories, each of which is divided into 'cash benefits' and 'benefits-in-kind'. Three of these major categories are wholly outside the scope of this report. These are SOCX categories 4 (Health), 6 (Active labour market programs) and 7 (Unemployment). A fourth category – category 8 (Housing) – is regarded as being partially within scope.

While expenditure on housing is not generally considered to be part of expenditure on welfare services in the Australian context, there are two major housing programs that are commonly included in Australia's estimates. These are the supported accommodation assistance program and the crisis accommodation program, both of which are included in the OECD's database as parts of category 8 (Housing – benefits-in-kind). Domestically, however, parts of these programs are classified as welfare services for families and children, which broadly maps to SOCX category 5; the remainder is classified to other welfare services (nec) and included in SOCX category 9.

In addition to the social expenditures reported to OECD and included in the SOCX database, this analysis includes an additional form of social expenditure – mandatory employer contributions to superannuation. In 2002–03, they totalled \$34,676 million and represented more than one-third (33.4%) of the social expenditures, so defined.

Over the period 1998–99 to 2002–03, total cash benefits and benefits-in-kind grew, in nominal terms, almost at the same annual rate – 9.3% and 9.1%, respectively. Mandatory employer superannuation contributions grew slightly faster rate at 10.9% per year (Table 5.1). The most rapid growth in cash benefits was in the year 1999–00 to 2000–01 when they rose by 25.3% – more than three times the growth rate of total benefits-in-kind (derived from Table 5.1).

Table 5.1: Social expenditure, current prices, 1998–99 to 2002–03 (\$ million)

| SOCX category | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 | Average proportion (%) | Average annual nominal growth (%) |
|---------------------------------|---------------|-----------------------|---------------|---------------|----------------|------------------------|-----------------------------------|
| 1. Old age | 41,303 | 44,814 | 52,013 | 51,834 | 59,358 | | |
| Cash benefits | 16,424 | 16,827 | 22,370 | 20,917 | 22,044 | 39.6 | 7.6 |
| Employer superannuation | 22,899 | ^(a) 25,955 | 27,416 | 28,574 | 34,676 | 56.0 | 10.9 |
| Benefits-in-kind | 1,879 | 2,033 | 2,228 | 2,343 | 2,638 | 4.5 | 8.8 |
| 2. Survivors | | | | | | | |
| Cash benefits | 1,403 | 1,426 | 1,608 | 1,752 | 1,841 | n.a. | n.a. |
| 3. Incapacity-related | 9,172 | 9,663 | 10,774 | 11,748 | 12,481 | | |
| Cash benefits | 6,802 | 7,135 | 8,040 | 8,704 | 9,209 | 74.1 | 7.9 |
| Benefits-in-kind | 2,370 | 2,528 | 2,734 | 3,044 | 3,272 | 25.9 | 8.4 |
| 5. Families | 14,177 | 16,415 | 19,827 | 21,799 | 22,269 | | |
| Cash benefits | 12,040 | 13,939 | 17,286 | 18,607 | 18,703 | 85.3 | 11.6 |
| Benefits-in-kind | 2,137 | 2,477 | 2,541 | 3,192 | 3,566 | 14.7 | 13.7 |
| 9. Other social policy | 5,905 | 6,180 | 6,662 | 6,858 | 7,812 | | |
| Cash benefits | 204 | 120 | 140 | 150 | 157 | 2.3 | -6.4 |
| Benefits-in-kind ^(b) | 5,701 | 6,059 | 6,522 | 6,709 | 7,656 | 97.7 | 7.6 |
| Total | 71,859 | 78,498 | 90,885 | 93,991 | 103,761 | | |
| Cash benefits | 36,873 | 39,447 | 49,444 | 50,129 | 51,954 | 51.9 | 9.0 |
| Employer superannuation | 22,899 | 25,955 | 27,416 | 28,574 | 34,676 | 31.8 | 10.9 |
| Benefits-in-kind | 12,087 | 13,097 | 14,025 | 15,289 | 17,130 | 16.3 | 9.1 |

(a) Excluding \$8.4 billion in exceptional employer contributions paid to three public sector funds.

(b) Expenditure on services for widows is classified in SOCX category 9 (Other social policy). Category 9 also includes recurrent funding of welfare services by local governments, government capital expenditure, and expenditure by NGCSOs and households.

Source: Benefits-in-kind: AIHW; Cash benefits: As for Table 1.1; Employer superannuation contribution: APRA 2005.

5.1 Cash benefits and benefits-in-kind

Old age

Cash benefits for older people include age pension, aged persons' saving bonuses, self-funded retirees' supplementary bonuses, wife pensions (aged), telephone allowance for Commonwealth seniors, one-off payments to seniors, DVA service pensions, part of the carer payments, and associated administration cost for Centrelink for processing payments for eligible recipients.

Nominal increase in cash benefits over the period 1998–99 to 2002–03 averaged 8.6% per year. Benefits-in-kind grew at the slightly higher rate of 8.9% during the period. Cash benefits accounted for 89.8% on average and the remaining 10.2% was benefits-in-kind (Table 5.1).

Incapacity-related

Cash benefits for people with disabilities or SOCX's 'Incapacity-related cash benefits' include disability support pensions, mobility allowances, child disability allowances, sickness allowances, wife pensions (disability), DVA disability pensions, part of carer payments, and administration costs for Centrelink in processing payments to people with disabilities.

Over the period 1998–99 to 2002–03, cash benefits grew each year at an average rate of 7.9% in nominal terms, while benefits-in-kind grew at a slightly higher rate at 8.4%. Cash benefits for people with disabilities accounted for 74.1%, and the remaining 25.9% was benefits-in-kind.

Families

Cash benefits for families and children SOCX's 'Family cash benefits' include family allowances, double orphanage pensions, family tax payments, family tax benefits, child endowment payments, maternity allowances, parenting payments, partner allowances (benefit), partner allowances (pension), administration costs for child support, and the related administration costs of Centrelink.

During the period 1998–99 to 2002–03, cash benefits for families and children grew at an average rate of 12.0% in nominal terms, while benefits-in-kind grew at the slightly more rapid rate of 14.0%. Cash benefits accounted for 85.3% on average, and the remaining 14.7% was benefits-in-kind.

Survivors and other social policy areas

Australia's other welfare services GPC maps to two SOCX categories – category 2 (Survivors) and category 9 (Other social policy areas). It was not possible to split the benefits-in-kind component (i.e. welfare services expenditure) into those two SOCX categories. They were, therefore, combined in category 9 in the Australian statistics.

Cash benefits for survivors include bereavement allowances, widow B pensions, widow allowances, and DVA dependants and widows. Cash benefits for others include disaster relieve payments, special benefits, and the associated administration costs of Centrelink.

Over the period 1998–99 to 2002–03, nominal growth of cash benefits for other social policy areas fell on average by 3.3%. Benefits-in-kind for other social policy areas grew at 7.8% on average.

6 Special feature: Child care services in Australia

Child care refers to arrangements (other than parental care) made for the care of children aged less than 13 years. Such arrangements can either be formal or informal. Formal care refers to regulated care that takes place away from the child's home; is provided through services like long day care centres, before and after school care, and pre-schools. Informal care refers to the non-regulated care that generally takes place at home or elsewhere and is provided by grandparents, other relatives, friends or babysitters.

This chapter provides information on formal child care services which offer care and developmental activities for children, as distinct from pre-school services which mainly offer educational and development programs.

6.1 Total funding of child care services

Total expenditure on child care was estimated at \$3.9 billion in 2002–03. More than half of this (\$2.1 billion) was funded through fees paid by clients. The Australian Government's funding was estimated at \$1.7 billion (42.8%), while states and territories provided a further \$120 million, or 3.0% of the total.

Table 6.1: Estimated funding for child care in Australia, by source of funds, current prices, 1998–99 to 2002–03

| Year | Australian Government | | State and territory governments | | Client fees | | Total (\$ million) |
|---------|-----------------------|-----------|---------------------------------|-----------|---------------------|-----------|--------------------|
| | Amount (\$ million) | Share (%) | Amount (\$ million) | Share (%) | Amount (\$ million) | Share (%) | |
| 1998–99 | 986 | 35.4 | 106 | 3.8 | 1,694 | 60.8 | 2,786 |
| 1999–00 | 1,079 | 37.2 | 100 | 3.4 | 1,723 | 59.4 | 2,902 |
| 2000–01 | 1,362 | 42.3 | 105 | 3.3 | 1,755 | 54.5 | 3,222 |
| 2001–02 | 1,653 | 46.5 | 115 | 3.2 | 1,789 | 50.3 | 3,557 |
| 2002–03 | 1,686 | 42.8 | 120 | 3.0 | 2,135 | 54.2 | 3,941 |

Sources: Australian Government and state and territory governments expenditure: Productivity Commission 2004: Appendix tables to Section 14 Children services; Clients: Estimated by AIHW based on the ABS Child Care Survey.

6.2 Average expenditure per child on child care services

The estimates of average expenditure per child on child care services has been derived by dividing total expenditure on child care in a jurisdiction by the 0–14 population sub-group for that jurisdiction.

Governments in Australia spent an average of \$529 per child on child care services in 2002–03. Of this, \$494 was funded by the Australian Government and \$35 by the state and territory governments (Table 6.2).

In 2002–03, child care services in Queensland received the highest average funding per child (from all funding sources) at \$781, followed by South Australia at \$698. The lowest average funding was in Western Australia at \$392 per child.

As far as net funding by state and territory governments was concerned, the South Australian Government provided the highest average funding on child care at \$167 per child, followed by the Northern Territory with \$91 per child. The Victorian Government provided the lowest average funding at \$11 per child.

Table 6.2: Estimated average expenditure, per child, on child care, Australian Government and state and territory governments, constant prices,^(a) 1998–99 to 2002–03

| | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Amount (\$) | | | | | | | | | |
| Australian Government^(b) | | | | | | | | | |
| 1998–99 | 283 | 276 | 503 | 253 | 325 | 263 | 304 | 370 | 324 |
| 1999–00 | 301 | 295 | 531 | 271 | 351 | 285 | 323 | 446 | 346 |
| 2000–01 | 359 | 354 | 635 | 327 | 425 | 348 | 390 | 511 | 415 |
| 2001–02 | 429 | 427 | 746 | 395 | 487 | 417 | 473 | 576 | 494 |
| 2002–03 | 429 | 419 | 752 | 378 | 531 | 425 | 456 | 511 | 494 |
| Average annual growth rate | 11.3% | 11.4% | 10.9% | 11.1% | 13.2% | 13.1% | 11.1% | 9.2% | 11.4% |
| States and territories | | | | | | | | | |
| 1998–99 | 31 | 5 | 42 | 14 | 151 | 19 | 38 | 104 | 35 |
| 1999–00 | 28 | 5 | 38 | 8 | 145 | 22 | 64 | 91 | 32 |
| 2000–01 | 28 | 9 | 27 | 14 | 154 | 23 | 63 | 69 | 32 |
| 2001–02 | 31 | 7 | 28 | 14 | 174 | 19 | 83 | 69 | 34 |
| 2002–03 | 31 | 11 | 29 | 13 | 167 | 20 | 73 | 91 | 35 |
| Average annual growth rate | 0.5% | 32.6% | –7.7% | 5.4% | 2.7% | 2.1% | 21.6% | –1.5% | 0.4% |
| Total government | | | | | | | | | |
| 1998–99 | 314 | 280 | 545 | 267 | 476 | 282 | 342 | 474 | 359 |
| 1999–00 | 329 | 300 | 569 | 279 | 495 | 307 | 387 | 538 | 378 |
| 2000–01 | 387 | 363 | 662 | 341 | 578 | 371 | 453 | 580 | 447 |
| 2001–02 | 460 | 434 | 774 | 409 | 662 | 436 | 556 | 645 | 528 |
| 2002–03 | 461 | 430 | 781 | 392 | 698 | 445 | 529 | 602 | 529 |
| Average annual growth rate | 10.4% | 11.7% | 9.7% | 10.6% | 10.2% | 12.4% | 12.0% | 6.4% | 10.5% |

(a) Constant price child care expenditure for 1998–99 to 2002–03 is expressed in terms of 2002–03 prices.

(b) Only total Australian Government expenditure was available in 1998–99, 1999–00 and 2000–01. Thus, AIHW estimates of Australian Government expenditure in each state and territory were derived by applying the average proportions of expenditure in each state and territory in 2001–02 and 2002–03 to the earlier years.

Source: Productivity Commission 2004: Table 14A.4.

Overall, average funding per child by governments grew at an average of 10.5% per year between 1998–99 and 2002–03. Most of that growth was in the Australian Government’s funding, which averaged growth of 11.4% per year.

6.3 Employment conditions of children’s care workers

Under the Australian Standard Classification of Occupations Second Edition (ASCO2), child care workers, family day care workers and nannies that provide in-home care are classified as ‘Children’s care workers’ in ASCO 6312 (Box 3).

Box 3: Definitions used by ABS in classifying children’s care workers, pre-primary school teachers and primary school teachers

Pre-primary school teachers – ASCO 2411

Pre-primary school teachers teach the basics of numeracy, literacy, music, art and literature to students at pre-primary schools and promote students’ social, emotional, intellectual and physical development. The entry requirement for this unit group is a bachelor degree or higher qualification. In some instances relevant experience is required in addition to the formal qualification.

Primary school teachers – ASCO 2412

Primary school teachers teach a range of subjects within a prescribed curriculum to primary school students and promote students’ social, emotional, intellectual and physical development. The entry requirement for this unit group is a bachelor degree or higher qualification. In some instances relevant experience is required in addition to the formal qualification.

Children’s care workers – ASCO 6312

Children’s care workers are classified under Intermediate clerical, sales and service workers. They provide care and supervision for children in residential homes and non-residential child care centres. The entry requirement in this unit group is an Australian Qualification Framework (AQF) Certificate II or higher qualification or at least 1 year’s relevant experience.

Children’s care workers include:

- *Child care worker – ASCO 6312–11*

Provide care and supervision for children in programs such as long day care and occasional care in child care centres, hospitals and educational centres.

- *Family day care workers – ASCO 6312–13*

Provide care and supervision for babies and children, usually in worker’s own home, under local government or communit- based schemes, and

- *Nannies – ASCO 6312–15*

Assist parents in the provision of ongoing care and supervision for babies and children, usually in the child’s home.

Children’s care worker is one of the four occupations classified under ASCO 6312 – Carers and Aides (the others are education aides, special care workers, and personal care and nursing assistants). Children’s care workers are, on average, the lowest paid group of the four (AIHW 2003b: 95).

Using data from the ABS Surveys of Employee Earnings and Hours, average weekly ordinary time earnings (AWOTE) for children’s care workers can be compared with those of

Pre-primary and primary school teachers. Ordinary time earnings relate to earnings attributable to award, standard or agreed hours of work. Excluded are non-cash components of salary packages, salary sacrifice, overtime payments, retrospective pay, pay in advance, leave loadings, severance pay, and termination and redundancy payments (ABS 2003b: 68).

In 2002, the AWOTE of children's care workers at the national level was \$522. In comparison, pre-primary school teachers earned on average \$860; primary school teachers, \$964; and full-time adult non-managerial employees, \$800 (Table 6.3). The low level of earnings for children's care workers relative to Full-time adult non-managerial employees' earnings (approximately two-thirds of the latter) in 2002 is also reflected in the data for the previous years.

Table 6.3: Average weekly ordinary time earnings for full-time non-managerial children's care workers, pre-primary school teachers, primary school teachers and full-time adult non-managerial employees, May 1996, 1998, 2000 and 2002 (\$)

| Employee type and year | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust |
|---|------|-------|-------|------|------|------|------|------|------|
| Children's care workers | | | | | | | | | |
| 1996 | 469 | 509 | 419 | 424 | 539 | 416 | n.p. | n.p. | 470 |
| 1998 | 458 | 435 | 451 | 480 | 475 | 467 | 439 | n.p. | 455 |
| 2000 | 487 | 466 | 516 | 527 | n.p. | n.p. | 498 | 524 | 491 |
| 2002 | 541 | 503 | 484 | 520 | 591 | n.p. | 479 | 547 | 522 |
| Average annual growth rate | 2.5% | 0.1% | 2.6% | 3.6% | 0.1% | n.a. | 2.4% | 4.5% | 1.8% |
| Pre-primary school teachers | | | | | | | | | |
| 1996 | 631 | 541 | 762 | n.p. | n.p. | n.p. | n.p. | n.p. | 673 |
| 1998 | 702 | 623 | 757 | n.p. | n.p. | n.p. | n.p. | n.p. | 734 |
| 2000 | 770 | 844 | 654 | n.p. | 903 | n.p. | 890 | n.p. | 769 |
| 2002 | 990 | 932 | 703 | n.p. | n.p. | n.p. | n.p. | n.p. | 860 |
| Average annual growth rate | 8.3% | 10.2% | -1.1% | n.a. | n.a. | n.a. | n.a. | n.a. | 4.3% |
| Primary school teachers | | | | | | | | | |
| 1996 | 794 | 764 | 748 | 731 | 756 | 770 | 772 | n.p. | 763 |
| 1998 | 835 | 857 | 807 | 816 | 830 | 806 | 845 | 793 | 830 |
| 2000 | 876 | 884 | 838 | 855 | 908 | 925 | 863 | 927 | 875 |
| 2002 | 948 | 1001 | 1005 | n.p. | 955 | 932 | 932 | 981 | 964 |
| Average annual growth rate | 3.0% | 4.8% | 5.3% | 4.1% | 4.1% | 3.4% | 3.3% | 5.7% | 4.1% |
| Full-time adult non-managerial employees | | | | | | | | | |
| 1996 | 621 | 603 | 590 | 616 | 590 | 572 | 655 | 616 | 608 |
| 1998 | 710 | 684 | 674 | 695 | 668 | 653 | 745 | 693 | 692 |
| 2000 | 758 | 731 | 717 | 743 | 695 | 696 | 792 | 775 | 737 |
| 2002 | 827 | 804 | 756 | 792 | 777 | 759 | 864 | 803 | 800 |
| Average annual growth rate | 5.0% | 5.0% | 4.3% | 4.4% | 4.8% | 5.0% | 4.9% | 4.7% | 4.8% |

Sources: ABS 1997b, 1999, 2001b, 2003b.

Table 6.4: Children’s care worker earnings as a ratio to pre-primary school teachers, primary school teachers and full-time adult non-managerial employees’ earnings, May 1996, 1998, 2000 and 2002

| Employee type and year | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Aust |
|---|-----|-----|-----|------|------|------|------|------|------|
| Pre-primary school teachers’ earnings as a ratio to Children’s care workers’ earnings | | | | | | | | | |
| 1996 | 1.3 | 1.1 | 1.8 | n.a. | n.a. | n.a. | n.a. | n.a. | 1.4 |
| 1998 | 1.5 | 1.4 | 1.7 | n.a. | n.a. | n.a. | n.a. | n.a. | 1.6 |
| 2000 | 1.6 | 1.8 | 1.3 | n.a. | n.a. | n.a. | 1.8 | n.a. | 1.6 |
| 2002 | 1.8 | 1.9 | 1.5 | n.a. | n.a. | n.a. | n.a. | n.a. | 1.6 |
| Average annual ratio | 1.6 | 1.5 | 1.6 | n.a. | n.a. | n.a. | n.a. | n.a. | 1.6 |
| Primary school teachers’ earnings as a ratio to Children’s care workers’ earnings | | | | | | | | | |
| 1996 | 1.7 | 1.5 | 1.8 | 1.7 | 1.4 | 1.9 | n.a. | n.a. | 1.6 |
| 1998 | 1.8 | 2.0 | 1.8 | 1.7 | 1.7 | 1.7 | 1.9 | n.a. | 1.8 |
| 2000 | 1.8 | 1.9 | 1.6 | 1.6 | n.a. | n.a. | 1.7 | 1.8 | 1.8 |
| 2002 | 1.8 | 2.0 | 2.1 | n.a. | 1.6 | n.a. | 1.9 | 1.8 | 1.8 |
| Average annual ratio | 1.8 | 1.8 | 1.8 | n.a. | n.a. | n.a. | n.a. | n.a. | 1.8 |
| Full-time adult non-managerial employees’ earnings as a ratio to Children’s care workers’ earnings | | | | | | | | | |
| 1996 | 1.3 | 1.2 | 1.4 | 1.4 | 1.1 | 1.4 | n.a. | n.a. | 1.2 |
| 1998 | 1.6 | 1.6 | 1.5 | 1.4 | 1.4 | 1.4 | 1.7 | n.a. | 1.5 |
| 2000 | 1.6 | 1.6 | 1.4 | 1.4 | n.a. | n.a. | 1.6 | 1.5 | 1.5 |
| 2002 | 1.5 | 1.6 | 1.6 | 1.5 | 1.3 | n.a. | 1.8 | 1.5 | 1.5 |
| Average annual ratio | 1.5 | 1.5 | 1.5 | 1.5 | n.a. | n.a. | n.a. | n.a. | 1.4 |

Sources: Table 6.3.

It is also informative to examine the ratios of earnings of Children’s care workers to pre-primary school and primary school teachers. Over the period 1998 to 2002, pre-primary school teachers and primary school teachers earned 1.6 and 1.8 times more per week than children’s care workers at the national level (Table 6.4). From 1996 to 1998, the earnings of children’s care workers fell relative to the other groups. However, the ratio appears to have stabilised after 1998.

With regard to earnings by children’s care workers across the jurisdictions, the highest reported AWOTE in 2002 was \$591 per week in South Australia, (13% above the national average of \$522 per week) (Table 6.3). The Australian Capital Territory reported the lowest AWOTE for children’s care workers at \$479 per week (8% below the national average).

The pattern of earnings by children’s care workers in each jurisdiction, however, varied over the period 1996 to 2002. For example, in 1996, Victoria had the second highest reported AWOTE for (\$509 per week) but in both 1998 and 2000 Victoria reported the lowest earnings rates. Western Australia reported the third lowest AWOTE in 1996 but had the highest AWOTE in 1998 and 2000 (5% and 7% above the national average respectively).

In comparison to pre-primary school teachers, primary school teachers and full-time adult non-managerial employees, the AWOTE for children’s care workers showed the lowest annual growth rates. Between 1996 and 2002, annual growth rates averaged 1.8% for children’s care workers nationally. The highest individual state/territory growth rates were in Western Australia (3.6% per year), while Victoria and South Australia showed the lowest rates of growth at 0.1% per year over the period. In contrast, nationally the average annual

growth rates in earnings for full-time adult non-managerial employees were 4.8%; for pre-primary school teachers, 4.3%; and for primary school teachers, 4.1%.

6.4 Hours worked

ABS survey data showed that children's care workers averaged 37.5 ordinary hours per week in 2002 (Table 6.5). South Australian workers averaged the most (39.3 hours per week). This is consistent with the higher average earnings by South Australian children's care workers. In contrast, children's care workers in the Australian Capital Territory averaged the fewest hours worked (34.4 hours per week) and also had the lowest average earnings for the year. full-time adult non-managerial employees worked on average 37.9 ordinary hours per week (0.2 hours more than children's care workers). However, both pre-primary school teachers and primary school teachers worked fewer hours than children's care workers (35.7 and 35.1 ordinary hours per week respectively). This pattern of more hours worked by children's care workers was consistent over time. From 1996 to 2002, children's care workers averaged 1.4 ordinary hours per week more than pre-primary school teachers and 2.2 ordinary hours per week more than primary school teachers (derived from Table 6.5).

Table 6.5: Average weekly ordinary hours paid for full-time non-managerial children's care worker, pre-primary school teacher, primary school teacher and full-time adult non-managerial employees, May 1996, 1998, 2000 and 2002

| Employee type and year | NSW | Vic | Qld | WA | SA | Tas | ACT | NT | Australia |
|---|------|------|------|------|------|------|------|------|-----------|
| Ordinary hours per week | | | | | | | | | |
| Children's care worker | | | | | | | | | |
| 1996 | 37.9 | 42.8 | 39.2 | 38.4 | 36.8 | 38.0 | n.p. | n.p. | 39.2 |
| 1998 | 37.9 | 38.2 | 37.7 | 38.1 | 38.7 | 36.1 | 37.3 | n.p. | 38.0 |
| 2000 | 38.6 | 38.4 | 38.0 | 38.2 | n.p. | n.p. | 37.7 | 37.9 | 38.4 |
| 2002 | 38.0 | 37.8 | 36.4 | 38.1 | 39.3 | n.p. | 34.4 | 37.6 | 37.5 |
| Average hours | 38.1 | 39.3 | 37.8 | 38.2 | n.a. | n.a. | n.a. | n.a. | 38.3 |
| Pre-primary school teacher | | | | | | | | | |
| 1996 | 36.1 | 39.3 | 37.0 | n.p. | n.p. | n.p. | n.p. | n.p. | 37.6 |
| 1998 | 36.0 | 38.5 | 37.7 | n.p. | n.p. | n.p. | n.p. | n.p. | 36.9 |
| 2000 | 37.8 | 37.9 | 37.7 | n.p. | 36.2 | n.p. | 36.5 | n.p. | 37.2 |
| 2002 | 38.5 | 38.0 | 33.3 | n.p. | n.p. | n.p. | n.p. | n.p. | 35.7 |
| Average hours | 37.1 | 38.4 | 36.4 | n.a. | n.a. | n.a. | n.a. | n.a. | 36.9 |
| Primary school teacher | | | | | | | | | |
| 1996 | 35.4 | 37.3 | 36.4 | 37.3 | 37.6 | 35.0 | 36.4 | n.p. | 36.6 |
| 1998 | 35.3 | 37.2 | 37.9 | 37.4 | 37.3 | 35.0 | 36.3 | 35.9 | 36.7 |
| 2000 | 35.4 | 36.0 | 36.2 | 32.7 | 37.1 | 34.9 | 36.5 | 36.8 | 36.0 |
| 2002 | 34.7 | 37.4 | 33.2 | 30.2 | 36.9 | 35.0 | 36.8 | 36.2 | 35.1 |
| Average hours | 35.2 | 37.0 | 35.9 | 34.4 | 37.2 | 35.0 | 36.5 | n.a. | 36.1 |
| Full-time adult non-managerial employees | | | | | | | | | |
| 1996 | 37.5 | 38.1 | 38.1 | 38.5 | 38.0 | 37.7 | 37.2 | 36.4 | 37.9 |
| 1998 | 37.6 | 38.2 | 38.3 | 38.8 | 38.1 | 38.0 | 37.2 | 36.3 | 38.0 |
| 2000 | 37.7 | 38.1 | 38.1 | 38.9 | 37.9 | 38.5 | 37.3 | 36.5 | 38.0 |
| 2002 | 37.8 | 38.1 | 37.8 | 38.3 | 38.0 | 38.1 | 37.4 | 36.8 | 37.9 |
| Average hours | 37.7 | 38.1 | 38.1 | 38.6 | 38.0 | 38.1 | 37.3 | 36.5 | 38.0 |

Sources: As for Table 6.3.

6.5 Workforce

According to unpublished Department of Family and Community Services (FaCS) data, in 2002, there were 93,758 child care workers in Australia. Of these, 89,423 or 95% were paid workers (Tables 6.6 and 6.7). Western Australia reported the highest proportion of unpaid child care workers (6.5%), followed by New South Wales (5.6%) (Table 6.7). Of the 6,917 child care workers in Western Australia, 448 were unpaid while in New South Wales 1,654 of the 29,535 child care workers were unpaid. The Australian Capital Territory recorded the lowest proportion of unpaid child care workers; 51 out of 2,805 workers (1.8%) were unpaid.

The number of paid workers in child care increased markedly over the period 1997 to 2002 (from 70,153 in 1997 to 89,423 in 2002), averaging 5.0% per year. Between 1997 and 1999, average growth was 1.2% while it was 7.6% between 1999 and 2002 (derived from Table 6.6).

Table 6.6: Number of paid and unpaid child care workers, by jurisdiction, 1997, 1999 and 2002

| State and territory | 1997 | | | 1999 | | | 2002 ^(b) | | |
|---------------------|---------------|--------------|----------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
| | Paid | Unpaid | Total ^(a) | Paid | Unpaid | Total | Paid | Unpaid | Total |
| NSW | 21,476 | 1,444 | 22,920 | 23,016 | 1,479 | 24,495 | 27,881 | 1,654 | 29,535 |
| Vic | 17,554 | 1,348 | 18,902 | 17,048 | 892 | 17,940 | 20,724 | 792 | 21,516 |
| Qld | 16,195 | 1,153 | 17,348 | 16,632 | 1,348 | 17,980 | 21,326 | 995 | 22,321 |
| WA | 5,291 | 374 | 5,665 | 5,332 | 594 | 5,926 | 6,469 | 448 | 6,917 |
| SA | 5,018 | 305 | 5,323 | 5,104 | 271 | 5,375 | 7,066 | 261 | 7,327 |
| Tas | 1,594 | 81 | 1,675 | 1,585 | 105 | 1,690 | 2,019 | 84 | 2,103 |
| ACT | 2,157 | 34 | 2,191 | 2,142 | 61 | 2,203 | 2,754 | 51 | 2,805 |
| NT | 873 | 66 | 939 | 946 | 59 | 1,005 | 1,184 | 51 | 1,235 |
| Australia | 70,153 | 4,807 | 74,960 | 71,806 | 4,808 | 76,614 | 89,423 | 4,335 | 93,758 |

(a) Does not include 6 workers whose work status was unknown.

(b) 2002 data include 'In-home care' child care workers.

Note: Components may not add to totals, due to rounding.

Source: FaCS unpublished data from Census of Child Care Services.

Table 6.7: Number of paid and unpaid child care workers as a proportion of the total, by jurisdiction, 1997, 1999 and 2002 (per cent)

| State and territory | 1997 | | | 1999 | | | 2002 | | |
|---------------------|-------------|------------|--------------|-------------|------------|--------------|-------------|------------|--------------|
| | Paid | Unpaid | Total | Paid | Unpaid | Total | Paid | Unpaid | Total |
| NSW | 93.7 | 6.3 | 100.0 | 94.0 | 6.0 | 100.0 | 94.4 | 5.6 | 100.0 |
| Vic | 92.9 | 7.1 | 100.0 | 95.0 | 5.0 | 100.0 | 96.3 | 3.7 | 100.0 |
| Qld | 93.3 | 6.7 | 100.0 | 92.5 | 7.5 | 100.0 | 95.5 | 4.5 | 100.0 |
| WA | 93.4 | 6.6 | 100.0 | 90.0 | 10.0 | 100.0 | 93.5 | 6.5 | 100.0 |
| SA | 94.3 | 5.7 | 100.0 | 95.0 | 5.0 | 100.0 | 96.4 | 3.6 | 100.0 |
| Tas | 95.2 | 4.8 | 100.0 | 93.8 | 6.2 | 100.0 | 96.0 | 4.0 | 100.0 |
| ACT | 98.4 | 1.6 | 100.0 | 97.2 | 2.8 | 100.0 | 98.2 | 1.8 | 100.0 |
| NT | 93.0 | 7.0 | 100.0 | 94.1 | 5.9 | 100.0 | 95.9 | 4.1 | 100.0 |
| Australia | 93.6 | 6.4 | 100.0 | 93.7 | 6.3 | 100.0 | 95.4 | 4.6 | 100.0 |

Source: Table 6.6.

7 Technical notes

7.1 Government Purpose Classification

The Government Purpose Classification (GPC) for the GFS is used to group operating expenses and expenditure by purpose (education, health, etc) with similar functions to facilitate the study of the broad function of general government spending and the effectiveness of that spending in meeting government policy objectives. This is based on international standards in the System of National Accounts 1993, and the International Monetary Fund's Government Finance Statistics Manual 2001. The definitions in the GPC are set in accordance with international definitions.

Descriptions of the welfare services and social security GPCs are below.

Welfare services

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.²

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.

² From July 2000, the child care assistance and child care rebate have been changed into the following three types of assistance: Family Tax Benefits (part A), Family Tax Benefits (part B), and Childcare benefits. Only Childcare benefits are classified to GPC 2621 – Family and child welfare services.

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 (high-level residential care facilities) 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 Australian Government/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.

Social security

GPC 2611—Sickness benefit

Pensions and other benefits paid to persons who are sick and thereby suffer loss of income due to work incapacity.

Includes outlays on:

- sickness benefits and miners phthisis compensation.

Excludes outlays on:

- special benefits classified to GPC 2619; workers compensation payments classified to purpose; and, payments for health services classified to the appropriate subgroup of major group GPC 25.

In theory this GPC category should include:

- 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.

GPC 2612—Benefits to ex-service personnel and their dependants

Pensions and other benefits paid to ex-service personnel to compensate for invalidity and other permanent disablement resulting from service in the defence forces, and to war widows and war orphans.

Includes outlays on:

- ex-service personnel disability pensions and allowances; and service pensions.

Excludes outlays on:

- pensions from Defence Forces Retirement and Death Benefits scheme classified to GPC 2110; old age pensions, disability benefits, etc. paid through the general social security system to ex-service personnel, classified to other GPC 261 subgroups; and, medical services classified to the appropriate subgroup of major group GPC 25.

In theory this GPC category should include:

- DVA Services Pension: means-tested income support pensions and allowances for eligible veterans and their dependants.

- DVA Pension and Allowance for veterans and dependants: payments 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.

GPC 2613—Permanent disability benefit

Disability service pensions and other benefits paid to compensate for the permanent loss of income due to full or partial disablement.

Includes outlays on:

- payments to chronically ill and disabled persons.

Excludes outlays on:

- repatriation and other disablement benefits payable only to ex-service personnel classified to GPC 2612; and, medical services classified to the appropriate subgroup of major group GPC 25.

In theory this GPC category should include:

- 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 means-tested.
- Carer Payment: a means-tested income support payment for people whose caring responsibilities prevent them from undertaking substantial workforce participation.
- 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.

GPC 2614—Old age benefits

Payments of old age pensions.

Excludes outlays on:

- pensions payable only to ex-service personnel and their dependants classified to GPC 2612; and medical services classified to the appropriate subgroup of major group GPC 25.

In theory this GPC category should include:

- Age Pension: a safety net payment for people of Age Pension age who cannot support themselves fully in retirement. Age Pension age is currently 65 for men and 62 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).

GPC 2615—Widows, deserted wives, divorcees and orphans benefits

Pensions and other benefits paid to widows, deserted wives and divorcees that are not made on the grounds of the need to support a dependent child. Pensions and other benefits paid where both parents of a child are deceased or if the whereabouts of a sole surviving parent is unknown.

Includes outlays on:

- Class B and C widows pensions and orphans pensions.

Excludes outlays on:

- war widows and war orphans pensions classified to GPC 2612; and
- Class A widows pension and supporting parent benefits which are based on the need to support a dependent child classified to GPC 2618.

In theory this GPC category should include:

- Bereavement Allowance: a short-term payment available to recently widowed people without dependent children in the period immediately following the death of a spouse or partner. It is payable for up to 14 weeks only.
- 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.

GPC 2616—Unemployment benefits

Unemployment benefits paid to compensate for loss of income due to unemployment.

Excludes outlays on:

- government labour exchanges classified to GPC 3339; unemployment relief grants through schemes such as NEAT, CYSS and YESS classified to the purpose which the industry serves or GPC 3339; pensions and other benefits paid to persons who are sick and thereby suffer loss of income due to work incapacity classified to GPC 2611; Special Benefits classified to GPC 2619; and, welfare assistance to the unemployed classified to GPC 2629.

In theory this GPC category should include:

- 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.

GPC 2617—Family and child benefits and support programs

Income assistance paid to families irrespective of whether anyone in the household is earning an income.

Includes payments to:

- households on a per child basis such as family allowances; and, payments to children with a disability not made to institutions, such as child disability allowances.

Excludes payments to:

- dependants of ex-service personnel classified to GPC 2612; widows, deserted wives, divorcees and orphans classified to GPC 2615; single parent households with dependent children classified to GPC 2618; and institutions for children with a disability classified to GPC 2623.

In theory this GPC category should include:

- Family Allowance: this allowance has been replaced by Family Tax Benefit as of 1 July 2000.
- 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 :³ scaled assistance to families using approved child care services or registered carers. This assistance is 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.

GPC 2618—Sole parent benefits

Income assistance payments to single parent households with dependent children.

Includes:

- supporting parents benefits; and Class A widows pensions.

³ AIHW now classifies this item to GPC 2621–Family and child welfare services.

Excludes:

- payments to single parent households that are not made on the basis of the support of a dependent child (such as Class B and C widows pensions) classified to GPC 2615; war widows pensions classified to GPC 2612; and payments to households on a per child basis (such as child allowances) classified to GPC 2617.

In theory this GPC category should include:

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

7.2 Revisions

The AIHW constantly seeks to improve 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, additional or improved data from the same sources, and/or data from different sources.

Revisions due to changes in data sources

The main revisions to the estimates of welfare services expenditure since the publication of *Welfare Expenditure Australia 2000–01* are due to changes in the data sources used to support the estimates. In earlier welfare services expenditure publications (including *Welfare Services Australia 2001–02*), estimates of state and territory government funding were based on data sourced from the Commonwealth Grants Commission (CGC). In their 2004 review, the CGC basically used the ABS's public finance welfare services GPCs. They also included:

- expenditure on nursing homes (a health GPC) in their estimates of expenditure on welfare services for the aged; and
- social security expenditure in their estimates of expenditure on other welfare services (nec).

At the time the CGC publication was due for release, the ABS's GFS data for 2002–03 were not available and the CGC used new methods for developing their estimates for 2002–03. This necessitated some adjustments to the GFS data, which brought into question the reliability of the time-series estimates that could be developed using the CGC estimates. As a consequence, the Institute sought other sources of data on which to construct its state/territory expenditure estimates. In particular, the Institute looked at two alternative sources:

- the Productivity Commission's *Report on Government Services (RoGS)*; and
- the ABS's GFS.

Productivity Commission's report on government services (RoGS)

The RoGS reported time-series data on expenditure by governments, which can be mapped to the four welfare services GPCs.

The two chapters in the RoGS, which cover children's services, and protection and support services, did not include:

- expenditure on adoption;

- development and monitoring of family/household management skills;
- marriage and child/juvenile counselling; and
- assessment and evaluation of offenders by non-judicial bodies.

These are all services that the Institute would include in its estimates of expenditure on welfare services for families and children.

In relation to services for older people, the RoGS reported only expenditure on those programs that are funded by the Australian Government through the Departments of Health and Ageing, and Veterans' Affairs. The only state-funded program for which expenditure was reported in the RoGS was the Home and Community Care (HACC) program.

For expenditure on services for people with disabilities, the RoGS only reported expenditure under the Commonwealth/State Disability Agreements (CSDA).

In the protection and support services chapter, the RoGS reported expenditure on supported accommodation assistance program (SAAP), which is part of GPC 2629 (Other welfare services).

The scope of the RoGS report suggests that the data are limited to expenditure on a core group of programs that are administered by selected state and territory government departments (i.e. the main community services departments) and do not necessarily reflect whole-of-government spending on welfare services in each jurisdiction.

Despite these limitations, the RoGS data seem to provide the most reliable source for estimates in respect of those services covered by the RoGS report. Consequently, they were used extensively in the development of estimates of expenditure on welfare services by state and territory governments (Table 7.1).

The ABS's GFS

The GFS data provided by the ABS annually in response to a request from AIHW relate to whole-of-government expenditures. The Institute uses that to calculate funding by state and territory governments (i.e. expenditure *less* intra-governmental transfers, *less* fees for services). That calculated funding by states and territories should, therefore, be greater than those reported by the RoGS. Nevertheless, in some years and for some jurisdictions, this was not the case for the GPCs covered in the RoGS.

The ABS advised that in its opinion 'GFS GPC data at the four-digit level is generally unreliable and not comparable across states and territories and that the two and three-digit level estimates are more reliable'.

The Institute has, previously, received informal advice that, in the change-over from cash to accrual accounting, the ABS and the jurisdictional Treasuries have placed emphasis on ensuring the accuracy of reporting to the Economic Transactions Framework (ETF). This appears to have resulted in some fall-off in standards of coding under the GPC – particularly at the four digit level. And it is four-digit data that are essential for disaggregating welfare services expenditure. For many states, the GFS data fluctuated widely from year to year. For some GPCs, particularly the welfare services for older people GPC for New South Wales, the application of the GFS data would have resulted in negative values of net state government spending.

The Queensland Department of Families, the Western Australian Disability Services Commission, and the Western Australian Department of Community Services all advised that their states' expenditure data – especially on child protection and support services – were lower than those calculated using the GFS.

Victorian Department of Human Services

The Victorian expenditure data reported in the GFS had the largest year-to-year fluctuations among the states and territories. This issue was discussed with officials from the Victorian Department of Human Services (DHS), who undertook a complete revision of the data; it is the DHS's revised data that are used extensively throughout this report in estimating expenditure and funding by the Victorian Government. DHS also assisted in collecting expenditure data on programs administered by other Victorian departments (for example, the multi-purpose taxi program for people with disabilities, which is administered by the Department of Infrastructure, and the expenditure on which is not included in the RoGS report).

Use of a combination of data sources in development of estimates

Based on advice from the Victorian Department of Human Services, the Western Australian Department of Community Services, the Western Australian Disability Services Commission, and the Queensland Department of Families that provided comments to the Institute, it would appear that the data reported in the RoGS relate to expenditure by *core departments* on a limited range of state/territory programs. This would suggest that total funding by state and territory governments should at least equal the amount reported in the RoGS, *less* any Specific Purpose Payments from the Australian Government to state and territory government, *less* revenues generated through client fees.

As explained above, DHS estimates were used for all state government expenditure in Victoria.

Welfare services for families and children

For expenditure on welfare services for families and children, in the majority of the cases the ABS's GFS data were greater than those reported by the RoGS. Because of the advice that some expenditure on services for families and children had not been included in the RoGS estimates, the GFS data were used in the development of these estimates. The exceptions were:

- Queensland for 1998–99; and
- South Australia for 1999–00.

In the case of Queensland in 1998–99, all welfare services expenditure in the GFS had been coded to the other welfare services GPC. In the absence of any reliable split of the GFS data in that year, the estimated expenditure for the three GPCs – families and children; older people and people with disabilities combined; and other welfare services (nec) – for Queensland for 1998–99 was calculated using the proportions of expenditure in the other years (Table 7.1).

In the case of South Australia in 1999–00, the ABS reported expenditure which was double the amount in 1998–99 and 2000–01. The large increase was from the increase in wages and salaries and other non-employee expenses. Unlike expenditure on other welfare service (nec) where fluctuations were normal, expenditure on families and children services was not expected to have as wide a year-to-year fluctuation. This pattern was evident in other jurisdictions. Therefore, the average of the 1998–99 and 2000–01 funding was used to derive the estimate for 1999–00.

Welfare services for older people and for people with disabilities

For welfare services for older people, the ABS data for some states showed negative net expenditure because reported revenues were greater than reported expenses. Because state and territory governments share with the Australian Government the funding for HACC services for both older people and people with disabilities, this would indicate that they should have provided funding from their own sources at least for HACC. Consequently, if they received funding from the Commonwealth for HACC, their total expenditure would be expected to be the sum of the expenditure funded by the Commonwealth payment and the states' /territories' own expenditure funded from its own sources. While the estimated aggregated expenditure on services for older people and people with disabilities combined seems, in the majority of cases, reliable, there is a problem when the data are disaggregated. The negative net expenditure could be due to misclassification of revenue or expenditure between:

- services for older people; and
- services for people with disabilities.

State/territory comparisons have been made by combining these two GPCs together.

Even at the combined level, however, there are instances in some jurisdictions, and for some years, where the ABS expenditures were less than those reported in the RoGS. When this occurred, the RoGS estimates were used. When this is done, the estimates have been footnoted to indicate that the expenditure estimates for those particular years included only core programs expenditure administered by the departments reporting through the RoGS.

Table 7.1: Key data sources for state and territory government expenditure and funding

| State/territory | Area of services | Source | | | | |
|------------------------------|------------------------------|---------------------|----------|----------|----------|----------|
| | | 1998–99 | 1999–00 | 2000–01 | 2001–02 | 2002–03 |
| New South Wales | (1) Families and children | ABS | ABS | ABS | ABS | ABS |
| | (2) Older people | RoGS | RoGS | RoGS | RoGS | ABS |
| | (3) People with disabilities | AIHW est | RoGS | RoGS | RoGS | ABS |
| | (2) & (3) combined | ABS | RoGS | RoGS | RoGS | ABS |
| | (4) Other welfare services | ABS | ABS | ABS | ABS | ABS |
| Victoria | (1) Families and children | <-----DHS Vic-----> | | | | |
| | (2) Older people | <-----DHS Vic-----> | | | | |
| | (3) People with disabilities | <-----DHS Vic-----> | | | | |
| | (2) & (3) combined | <-----DHS Vic-----> | | | | |
| | (4) Other welfare services | <-----DHS Vic-----> | | | | |
| Queensland | (1) Families and children | AIHW est | ABS | ABS | ABS | ABS |
| | (2) Older people | AIHW est | ABS | ABS | RoGS | RoGS |
| | (3) People with disabilities | AIHW est | ABS | ABS | RoGS | RoGS |
| | (2) & (3) combined | AIHW est | ABS | ABS | RoGS | RoGS |
| | (4) Other welfare services | AIHW est | ABS | ABS | ABS | ABS |
| | (5) Total expenditure | ABS | — | — | — | — |
| Western Australia | (1) Families and children | ABS | ABS | ABS | ABS | ABS |
| | (2) Older people | ABS | RoGS | RoGS | RoGS | RoGS |
| | (3) People with disabilities | ABS | DSC WA | DSC | DSC | DSC |
| | (2) & (3) combined | ABS | RoGS | RoGS | RoGS | RoGS |
| | (4) Other welfare services | ABS | ABS | AIHW est | ABS | ABS |
| South Australia | (1) Families and children | ABS | AIHW est | ABS | ABS | ABS |
| | (2) Older people | RoGS | RoGS | RoGS | RoGS | RoGS |
| | (3) People with disabilities | RoGS | RoGS | RoGS | RoGS | RoGS |
| | (2) & (3) combined | RoGS | RoGS | RoGS | RoGS | RoGS |
| | (4) Other welfare services | AIHW est | AIHW est | AIHW est | AIHW est | AIHW est |
| Tasmania | (1) Families and children | ABS | ABS | ABS | ABS | ABS |
| | (2) Older people | ABS | ABS | ABS | ABS | ABS |
| | (3) People with disabilities | ABS | ABS | ABS | ABS | ABS |
| | (2) & (3) combined | ABS | ABS | ABS | ABS | ABS |
| | (4) Other welfare services | ABS | ABS | ABS | ABS | ABS |
| Australian Capital Territory | (1) Families and children | ABS | ABS | ABS | ABS | ABS |
| | (2) Older people | ABS | ABS | RoGS | ABS | ABS |
| | (3) People with disabilities | ABS | ABS | RoGS | ABS | ABS |
| | (2) & (3) combined | ABS | ABS | RoGS | ABS | ABS |
| | (4) Other welfare services | ABS | ABS | ABS | AIHW est | ABS |
| Northern Territory | (1) Families and children | ABS | ABS | ABS | ABS | ABS |
| | (2) Older people | ABS | ABS | ABS | ABS | ABS |
| | (3) People with disabilities | ABS | ABS | ABS | ABS | ABS |
| | (2) & (3) combined | ABS | ABS | ABS | ABS | ABS |
| | (4) Other welfare services | AIHW est | AIHW est | AIHW est | AIHW est | AIHW est |

Other welfare services (nec)

In the GFS data, the calculation of net expenditure (expenses minus revenues) on other welfare services (nec) in some years yielded negative results. As in the case of the HACC funding, there were some services for which state and territory governments were known to have provided funding. For other welfare services (nec), it was the supported accommodation assistance program (SAAP) services, which were known to have received funding from state and territory governments. Therefore, state and territory government expenditure estimates should have been at least equal to state and territory governments' estimated funding for SAAP.

The change from using the CGC data to using other data sources resulted in revisions of estimates reported in *Welfare Expenditure Australia 2000-01*. The extent of the revisions to the previously published state and territory government funding estimates was small, ranging from -0.7% in 1999-00 to 2.8% in 2000-01 (Table 7.2).

Table 7.2: Aggregate revisions to the 1998-99, 1999-00 and 2000-01 estimates (per cent)

| Year | Government | | | | Non-government | | | |
|---------|-----------------------|---------------------|-------|------------------|----------------|------------|----------------------|-------------------|
| | Australian Government | State and territory | Local | Total government | NGCSOs | Households | Total non-government | Total all sectors |
| 1998-99 | — | 0.8 | 17.9 | 0.9 | — | 4.5 | 2.8 | 1.5 |
| 1999-00 | -0.8 | -0.7 | 23.0 | -0.1 | — | 1.3 | 0.8 | 0.2 |
| 2000-01 | — | 2.8 | 29.2 | 2.1 | 2.7 | 8.7 | 6.4 | 3.4 |

The 1999-00 Australian Government expenditure estimates were revised downward to correct for previous misallocation of administration costs. Data for local government expenditure were taken directly from the ABS's GFS database. For NGCSOs, the revised estimate for 2000-01 was due to the availability of better supporting data. For household expenditure, estimates of child care expenditure were revised to accord with the results from the ABS Child Care Survey 2002.

Revision due to reclassification of expenditure items

The Australian Government's SPPs for extension of fringe benefits were coded to other welfare services (nec), on advice from the Victorian Department of Human Services that the related concessions in that state flowed to all target groups and not only to older people. This was assumed to be applicable in other jurisdictions.

The estimates of concessions for particular welfare expenditure target groups had previously been based on the different types of social security recipients, which included unemployment beneficiaries. Consequently, the estimated concessions had included those flowing to unemployment beneficiaries, despite their being outside the scope of the Institutes' welfare services expenditure target populations. In this issue, the concessions expenditure was adjusted to remove the estimated value of concessions flowing to unemployed persons.