

## CHAPTER 14

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# WELFARE AND HOUSING

### WHAT IS INCLUDED IN WELFARE AND HOUSING?

- 1 The Welfare and housing category comprises State expenses on administering and providing welfare and housing services and grants under the First Home Owners Scheme (FHOS)<sup>1</sup>. They include services to families and children, the aged, people with a disability and the homeless. They also include superannuation expenses for the staff employed in delivering these services, but not depreciation which is assessed separately. Expenses on public housing include the general government subsidies to public housing authorities and community housing bodies — the detailed expenses and revenues of those entities are not examined.
- 2 Welfare and housing expenses, including superannuation for State government employees engaged in the provision of these services, were \$15.2 billion in 2008-09. Table 14-1 shows expenses on welfare and housing varied between 6.3 per cent of total operating expenses in the ACT and 10.6 per cent in New South Wales. The average was 8.9 per cent. Table 14-1 also shows State expenses on the major welfare and housing services.
- 3 Table 14-2 shows the category as a proportion of total State operating expenses. It shows that the welfare and housing expenses share increased from 8.2 per cent in 2005-06 to 8.9 per cent in 2008-09.

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<sup>1</sup> Other State first home buyer incentives are included as an offset to conveyancing revenues.

**Table 14-1 Welfare and housing category expenses, 2008-09**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Family & child services	1 158.6	616.4	923.3	383.1	197.2	92.5	57.5	38.9	3 467.4
Aged care services	356.7	657.3	111.3	284.2	226.5	40.0	16.2	8.1	1 700.2
Disability services	1 824.5	1 067.1	849.5	451.1	335.8	128.6	48.6	32.4	4 737.6
General welfare (a)	930.6	299.6	57.3	27.5	267.7	22.4	35.6	-4.2	1 636.5
Housing (b)	637.9	571.0	183.4	307.4	242.9	33.7	40.2	60.5	2 077.0
First Home Owners Scheme	416.4	295.9	241.2	142.5	87.7	27.7	19.9	9.6	1 240.9
Remote Indigenous Housing NPP	30.4	2.8	109.5	50.0	14.0	0.7	0.2	146.6	354.3
<b>Total</b>	<b>5 355.0</b>	<b>3 509.9</b>	<b>2 475.6</b>	<b>1 645.7</b>	<b>1 371.8</b>	<b>345.7</b>	<b>218.1</b>	<b>292.0</b>	<b>15 213.9</b>
Dollars per capita	760.50	654.25	569.17	746.69	851.00	690.96	627.12	1 317.37	703.00
Proportion of State operating expenses (%)	10.6	9.0	6.7	8.6	10.1	7.9	6.3	7.3	8.9

(a) General welfare expenses have been derived as a residual.

(b) Housing expenses include subsidies to meet any shortfalls in rent and other user charges.

Source: Commission calculation using State data.

**Table 14-2 Welfare and housing expenses as a proportion of State operating expenses**

	2005-06	2006-07	2007-08	2008-09
Total for category (\$m)	11 081.1	12 361.1	13 263.0	15 213.9
Total operating expenses (\$m)	134 969.0	146 359.0	157 538.0	171 074.5
Proportion of total operating expenses (%)	8.2	8.4	8.4	8.9

Source: Commission calculation using ABS GFS expense data and State data.

### The average service delivery policy

- 4 State governments have responsibility for the delivery of most welfare services. However, they fund non-government organisations (NGOs) to provide many of them — some two-thirds of all welfare expenditures are incurred by NGOs<sup>2</sup>.
- 5 State expenses are directed towards:
  - family and child services — about 23 per cent of the total expenses in 2008-09, with child protection-related expenses accounting for the major part of them (almost 70 per cent);
  - aged care services — about 11 per cent of the total expenses, with most of them delivered under the Home and Community Care (HACC) program;
  - disability services — about 31 per cent of the total expenses, all being delivered under the National Disability Agreement;
  - housing and the first home owners scheme — about 22 per cent of the total expenses; and

<sup>2</sup> Australian Institute of Health and Welfare, *Welfare Expenditure, Australia, 2005-06*, Table 3.3.

- other welfare services — a miscellany of services accounting for 12 per cent of the total.
- 6 Housing expenses are mostly subsidies for ‘State housing’ which includes public housing, State-owned and managed Indigenous Housing (SOMIH) and community housing, including Indigenous Community Housing Organisation (ICHO) dwellings. Most States provide public housing through public housing authorities, but some provide it directly. Only a small proportion of housing services are provided by other community housing organisations.

### **What is the role of the Commonwealth?**

- 7 The Commonwealth is a major funder of welfare and housing services. It also provides income support and some services directly, including funding to a number of Indigenous Community Housing Organisations (see Box 14-1). The Commonwealth funds are mostly provided through joint Commonwealth-State programs, under the following agreements and their predecessors.
- The Home and community care national partnership payments. The States have full responsibility for program delivery.
  - The National Disability Agreement, which replaces the Commonwealth State Territory Disability Agreement (CSTDA). This gives the Commonwealth responsibility for providing employment services for people with a disability, and the States responsibility for service delivery in all other disability areas.
  - The National Affordable Housing Agreement (NAHA), which replaces the Commonwealth State Housing Agreement (CSHA) and the Supported Accommodation Assistance Program (SAAP). This gives the Commonwealth responsibility for income support and rental assistance and the States responsibility for providing public housing, including State-owned and managed Indigenous housing, and services to the homeless.
- 8 The payments for State responsibilities under these agreements have a direct impact on State fiscal capacities because they support State services. The expenses relating to them will be assessed differentially in this category and the revenue will be included in the adjusted budget.
- 9 The treatment of other NPPs to the States has been considered on a case by case basis using the Commission’s guidelines on the treatment of Commonwealth payments. The adjusted budget chapter provides details of the treatment of all Commonwealth payments.

**Box 14-1 Social housing programs for Indigenous people**

Indigenous housing is provided through a number of social housing programs — State-owned and managed Indigenous housing (SOMIH); Indigenous community housing; and mainstream public and community housing.

State-owned and managed Indigenous housing is owned and managed by State housing authorities. Most dwellings are in non-remote regions. Funds are provided by the Commonwealth and State governments. Under the CSHA, funding was provided under the Aboriginal Rental Housing Program. There is no dedicated funding for Indigenous housing under the NAHA.

Indigenous community housing is owned and provided by Indigenous Community Housing Organisations, mainly in remote regions. Most government funding for Indigenous Community Housing Organisations is provided by the Commonwealth. Until 2008, the funding was provided under the Community Housing and Infrastructure Program (CHIP). In some States, the CHIP funding was pooled with State funds. In others, CHIP funding was directly provided to the Indigenous Community Housing Organisations.

More recently, most of the funding has been pooled. In practice, State government contributions on top of the Commonwealth CHIP funds are relatively modest. For example, under the bilateral agreement between the Commonwealth and Western Australia, the 2006-07 indicative pool of funds for housing and infrastructure included \$16.3 million of Aboriginal Rental Housing Program funding and a matching level of funding from Western Australia. The Commonwealth also provided CHIP funding of \$36.0 million but there was no matching State funding.<sup>3</sup> Western Australia's operational plan for the year included an extra \$6.0 million of State contributions.<sup>4</sup>

The Australian Remote Indigenous Accommodation (ARIA) program was framed as a successor to CHIP and began in the Northern Territory before being folded into the Remote Indigenous Housing (RIH) NPP. The RIH NPP involves a major program of construction, repair and replacement in remote Indigenous housing and housing-related infrastructure. It is a major injection of Commonwealth monies aimed at increasing remote Indigenous housing to mainstream standards before the Indigenous Community Housing Organisation housing is transferred to State responsibility. Over time, the States will take responsibility for tenancy management and support for this housing. The NPP involves no State matching of funds.

The revenues received under the Remote Indigenous Housing NPP should not have an impact on the GST distribution for all States because these payments are funding improvements to assets not presently owned by State governments. This treatment is the same as the treatment of the ARIA payments made to the Northern Territory, required by the 2009 Update terms of reference.

- 10 Table 14-3 summarises the treatment of Commonwealth payments to States relevant to the category. Payments of a predominantly capital nature are addressed in the Infrastructure chapter.

<sup>3</sup> Department of Housing, Western Australia, An Agreement for the provision of Housing, Infrastructure and Essential Services for Indigenous People in Western Australia, November 2005-June 2008.

<sup>4</sup> Department of Housing and Works, Western Australia, Western Australia's Operational Plan For Indigenous Housing, Infrastructure, and Essential Services, July 2006 -June 2007, p.19.

**Table 14-3 Commonwealth payments to States relevant to the Welfare and housing category and their treatment**

Payments affecting relativities	Payments not affecting relativities
National SPPs	National partnership payments
National disability services SPP	Remote Indigenous housing (a)
National affordable housing SPP (a)	Children's services
National partnership payments	First home owners boost
Family violence partnership	Home and community care — services to veterans
Aged care assessment	Unaccompanied humanitarian minors
Concessions for pensioners	
Home and community care	
Social housing (a)	
Social housing subsidy program	
Homelessness	
Investment in social housing (a)	
Commonwealth own-purpose expenses	Commonwealth own-purpose expenses
Community Housing and Infrastructure Program, excluding National Aboriginal health strategy and municipal services — housing component (estimated at 80 per cent)	Northern Territory Emergency Response (NTER) Indigenous women

Note: Programs that have been replaced by programs included in this table are treated in the same way.

(a) While some of these payments may be for capital purposes and not repairs and maintenance, the average State policy is for the general government sector to expense them directly or to make a recurrent transfer to housing authorities. However, when this payment increases from \$260 million in 2008-09 to \$4 billion in 2009-10, the payments may be used to increase the supply of public housing stock held by housing authorities and State equity in those housing authorities. In that case, it may be appropriate to reconsider the treatment in future updates.

Source: Commonwealth of Australia *Budget Paper No 3, 2009-10*.

## THE ASSESSMENT APPROACH

### Overview

11 Users of welfare and housing services, apart from the First Home Owners Scheme (FHOS), tend to be people on low incomes. This is demonstrated by, on average, about 80 per cent of State welfare and housing service users relying on Commonwealth benefits as their main source of income. We therefore considered that interstate differences in the number of recipients of Commonwealth beneficiaries would be a good basic indicator of State needs. To better reflect the use made of State services, the recipients of each Commonwealth benefit and non-beneficiaries were weighted by the average cost they impose on each State service. To allow for the more intensive use of State welfare services by Indigenous people<sup>5</sup>, separate

<sup>5</sup> While Indigenous people were about 2.5 per cent of the population (2006 Census data), they were 4.1 per cent of Commonwealth beneficiaries (June 2008 data). However, Indigenous children were 30 per cent of children in out-of-home care in 2007-08, and Indigenous households were over seven per cent of all public housing households in June 2008.

weights were devised for Indigenous and non-Indigenous beneficiaries. We also took account of the cross-border, location and other influences on State expenses.

- 12 This assessment approach responds to the requirements of the terms of reference that we examine the potential for broad indicators of need. Furthermore, recipients and non-recipients of Commonwealth benefits, weighted by their relative use of State welfare and housing services produces a measure that is simple in concept and policy neutral (because eligibility criteria for Commonwealth benefits are applied uniformly across the country and average weights have been applied).
- 13 A major aspect of the assessment was the calculation of State expenses for recipients of each type of Commonwealth benefit and other source of income. These were then allocated across States according to each State's share of the number of recipients in each group to calculate assessed expenses due to service use.
- 14 We first allocated expenses by service; then between Indigenous and non-Indigenous users; and then according to the users' source of income.

#### *Service*

- 15 ABS GFS data provide information on the expenses incurred by each State on each major group of welfare services and housing subsidies. We used these data to allocate expenses by service.

#### *Indigenous and non-Indigenous people*

- 16 We used data for the major State programs to allocate expenses between Indigenous and non-Indigenous people, based on differences in use. An allowance was also made for the higher unit costs of providing housing services to Indigenous tenants.

#### *Beneficiaries*

- 17 We then used data on the type of Commonwealth benefit received by Indigenous and non-Indigenous users of each State program to allocate service expenses across benefit types. For example, if 46 per cent of Indigenous child protection users received parenting payment (Single), 46 per cent of State expenses on associated programs attributed to Indigenous people were allocated to Indigenous people on this benefit.
- 18 Box 14-2 provides information on how expenses were allocated to each beneficiary group.

**Box 14-2 Method and data used to allocate expenses to beneficiaries**

Users of State services were disaggregated according to their principal income sources: age pensions, Disability Support Pension (DSP), service pensions, parenting payment (single or partnered), Newstart, carer payment, carer allowance and Community Development Employment Projects (CDEP).

Family and child services expenses were allocated to each beneficiary group using Victorian data on all families subject to child protection investigations dissected by Indigenous status and Commonwealth benefit, supplemented by partial South Australian data on the sources of income of families involved in child protection cases. The following adjustments were made to better reflect the national average distribution of Commonwealth beneficiaries:

- the proportion of Indigenous service users estimated to be recipients of parenting payment (Partnered) recipients implied by the Victorian data was approximately doubled to align more closely with the national proportion of beneficiaries in receipt of those payments;
- service users whose main source of income was CDEP were included by reference to the national distribution of Commonwealth beneficiaries by type of benefit and the South Australian data which indicated the family and child services expenses allocated to each CDEP recipient were about 40 per cent of those allocated to an Indigenous Newstart recipient — this adjustment was needed because there were virtually no CDEP recipients in Victoria; and
- offsetting adjustments were made to the proportion of other service users.

Principal benefit data for home and community care users (obtained from Department of Health and Ageing) were used to allocate aged care expenses across pension/benefit types.

AIHW (Australian Institute of Health and Welfare) main source of income data for CSTDA service users aged 16+ were used to allocate expenses on disability services for the 16+ age group, while data on parents caring for disability service users under 16 in receipt of the Carer Allowance were used to allocate expenses for the under 16 age group. Total disability service expenses were split between the over 16s and under 16s in proportion to total service users — the under 16s were 31 per cent of service users in 2008-09 (34 per cent for Indigenous users).

Data on the source of income of users of each of the main housing programs (AIHW data on tenants of rebated public housing and State-owned and managed Indigenous housing and ABS National Aboriginal and Torres Strait Islander Social Survey data on tenants in Indigenous Housing Organisation/community housing) were combined to allocate net housing expenses. In the case of housing expenses, non-rebated public housing and State-owned and managed Indigenous housing tenants are assumed not to have a pension/benefit as their main income source. The data were weighted by rebated and non-rebated household numbers as a proxy for the importance of each dwelling type in net expenses. Sources of income for public housing households were assumed to also apply to non-Indigenous community housing households.

In the absence of clear alternatives, the main source of income of users of the 'other welfare services' (which were around 12 per cent of category expenses), was determined as an expenditure weighted average of that for the identified welfare services — family and child, aged and disability services.

Since the Commonwealth data did not allocate all recipients of Commonwealth pensions to a specific benefit type, we allocated recipients of unspecified benefits across the identified benefit sources. This was considered preferable to allocating them to the non-pension source data since these users are more representative of pension recipients than non-pension recipients. The method should not introduce significant distortions as the unspecified numbers were generally less than ten per cent of total numbers in 2008-09, other than for Indigenous CSTDA users over 16 (12 per cent), State-owned and managed Indigenous housing (21 per cent) and Indigenous Community Housing Organisations (27 per cent).

### *Non-beneficiaries*

19 Some service users derive their income from sources other than Commonwealth benefits — this is more likely for non-Indigenous users than for Indigenous users. Overall, about 19 per cent of expenses related to non-beneficiaries. These expenses were allocated across States based on their shares of the primary target group for each program. For example, expenses on aged care services for non-Indigenous people who do not have a Commonwealth benefit as their primary source of income were allocated across States based on their share of the non-Indigenous population aged 65+ years. We did not adjust the population numbers to exclude beneficiaries to avoid double counting, as proposed by Western Australia. This would have been difficult to do in the case of both family and child services and disability services for people aged under 16 years, where the target group was individuals in the chosen age range 0 to 14 years but the sources of income data related to the income of the family unit. On balance, we considered the use of a targeted population indicator a reasonable proxy for potential service users, despite some double counting.

### *Data issues*

- 20 Data were available on:
- the number of benefit recipients by State, cross-classified by Indigenous status;
  - the principal sources of income of all and Indigenous users of major welfare and housing services; and
  - the Indigenous use of the major services.
- 21 However, we needed to make a number of adjustments and assumptions to use some data in our assessments. In particular, the data from Victoria and South Australia on the sources of income of users of family and child services were found to produce a result that was not representative of the situation in States with large remote Indigenous populations. Adjustments were introduced to make it so. Other assumptions are noted in Box 14-2.
- 22 With these adjustments and assumptions, we consider the method and data sufficiently reliable for our purposes.

### *Overall spending on pension and non-pension recipients*

- 23 The assessment indicates that, of the \$13.6 billion spent on State welfare and housing services (excluding FHOS and the Remote Indigenous Housing NPP) in 2008-09, \$10.8 billion was spent on people receiving Commonwealth benefits. It was distributed across the States according to the number of Commonwealth beneficiaries in each State. The remaining \$2.7 billion was spent on people not receiving these benefits. This was allocated to each State according to the distribution of relevant service populations.
- 24 Table 14-4 shows the service expenses attributed to each type of Commonwealth beneficiary and the average expense per recipient.

**Table 14-4 Allocation of State service expenses for users whose principal source of income is a Commonwealth benefit and average expense per recipient, 2008-09**

	Age pension	Disability support	Service pension	Parent Pmt. (Single)	Parent Pmt. (Partd.)	New- start	Carer Pmt. (Adult)	Carer Allow. (Child)	CDEP
Allocated service expenses (\$m)	1 871.5	4 572.5	196.9	2 022.6	206.4	579.2	27.5	1 291.2	58.3
Pension recipients ('000s)	2 064.1	761.6	276.1	344.6	129.3	521.5	146.7	144.0	16.0
Average service expense per recipient (\$)	907	6 004	713	5 869	1 596	1 111	188	8 967	3 645

Note: To produce the assessment, average service expenses per recipient are calculated by Indigenous status.

Source: Commission calculation.

### State views on the Commonwealth beneficiaries approach

- 25 New South Wales, Victoria, Queensland, South Australia, Tasmania and the ACT were supportive of our Commonwealth beneficiary approach, although New South Wales and Victoria considered some disabilities were omitted.
- 26 Western Australia and the Northern Territory strongly opposed the approach. They preferred methods closer to those assessed in the 2004 Review, especially for disability services (Western Australia), and family and child services (Northern Territory).
- 27 Western Australia said the beneficiaries approach was unsatisfactory because:
- while there is some commonality in the factors influencing whether a person is a Commonwealth beneficiary and a user of State welfare services, a beneficiary status does not necessarily mean the person will use State welfare services — it cannot be assumed that all recipients of a particular pension are equally likely to use State services;
  - there are serious data limitations; and
  - evidence from other datasets is contrary to Commission outcomes, particularly for disability services.
- 28 Tasmania, however, said the approach was valid because:
- the common characteristic of welfare and housing service users is low income/low socio-economic status;
  - the available data generally support the correlation between receipt of income support payments and State service use; and
  - Commonwealth income support payments provide a reliable, State policy neutral proxy measure of relative State need.
- 29 We consider that, although State welfare and housing services are targeted at many different groups of people, the underlying characteristic of service users is disadvantage/low SES, as measured by Commonwealth pension/benefit recipient numbers. This is the fundamental driver of the assessment. Further, the link between users of State services and Commonwealth beneficiaries is clear — national datasets for the major welfare and housing programs show

that, on average, around 80 per cent of State expenses are directed to people whose main source of income is a Commonwealth pension or benefit.

- 30 The beneficiaries approach also reflects age impacts. For example, parenting payment (Single) is drawn by families with dependent children, while the age pension is drawn by people over 65. The disability support pension (DSP) is largely drawn by people of working age.
- 31 A method similar to that used in the 2004 Review could have been developed, but it would not have been in keeping with the terms of reference encouraging simpler assessments, nor do we consider it would have produced a better equalisation outcome. This is because the only information that provides insights into the socio-economic status of users of State welfare services, the most important driver of State expenses, is the data we have used on service users by source of income, mainly Commonwealth benefits. (We note this was recognised in the 2004 Review because the low income use weight in the Family and child assessment was similarly derived from Victorian and South Australian data.) Accurately measuring the effects of age and Indigenous status on State welfare expenses would be also more difficult under such an approach.

#### *Splitting out particular services*

- 32 The Northern Territory said that, given the heavy reliance on Victorian data on the source of income of family and child service users and a weaker link between child welfare service use and family income, the assessment might be more reliable if those services were assessed separately using something like the 2004 Review methods.
- 33 We did not do so because while the link between service use and income type is weaker for family and child services than for other services, it is still quite strong for non-Indigenous users and very strong for Indigenous users. In any event, the 2004 Review method's low income weight was also largely based around Victorian data. It is also noted that the low English proficiency and remote Indigenous cost weights assessed under the 2004 Review method would not meet the assessment guidelines used in this review. We responded to the Territory's concerns through the adjustments to the Victorian data.
- 34 Western Australia said disability services should be assessed using ABS data on the number of people with a profound or severe core activity limitation because use of State disability services is not means tested whereas the DSP is means tested. We consider this issue is addressed by our approach because it reflects the actual use of State services, and it takes account of the link between income and use of State disability services. We note that ABS data highlight the tendency for reliance on government pensions to increase as the level of disability increases, so our approach produces assessed expenses that correlate well with ABS data on the relative proportions of State populations with a profound or severe core activity limitation.
- 35 Tasmania said Western Australia's argument that the interstate distribution of DSP recipients is a poor proxy for relative State-based disability service needs overlooked the role of State

policies. The observation that Western Australia has relatively low numbers of DSP recipients but it provides disability services to an above average proportion of them may be explained by:

- Western Australia's disability services policy settings — its service model tends towards more high volume provision of lower cost services, in contrast to other States, such as Tasmania, which have lower volume but higher unit cost services; and
- higher employment opportunities — people with profound or severe core activity restrictions are more likely to be employed in Western Australia than in any other State, other than the ACT<sup>6</sup>. Given the strong correlation between receipt of the DSP and use of State disability services, greater employment opportunities and a consequent lower need to seek the DSP suggests a below average need for State disability services.

### Measuring Indigenous use and costs

- 36 Data on Indigenous and non-Indigenous use of State services and on associated unit costs show that Indigenous people use State welfare and housing services more than non-Indigenous people and the costs of delivering some services to them can be higher.
- 37 We allowed for the greater impact of Indigenous people on State expenses by making separate calculations of the average expense per Indigenous and non-Indigenous recipient of Commonwealth benefits. To do that we:
- inferred shares of State expenses for each group of services attributable to Indigenous people — Indigenous people accounted for 29 per cent of family and child services costs, 4.7 per cent of aged care services costs, 4.9 per cent and 5.8 per cent of State disability services costs for the over 16 and under 16 client groups respectively and 21 per cent of State net housing costs (after allowing for higher costs per dwelling). Overall, 15 per cent of State service expenses in 2008-09 were attributable to Indigenous people<sup>7</sup>; and
  - separately identified the main source of income of Indigenous users and all users of each service — non-Indigenous shares of expenses were derived as the difference between total assessed expenses for all users and assessed expenses for Indigenous users.
- 38 Table 14-5 shows, for 2008-09, the average service expense attributable to each Indigenous and non-Indigenous recipient of each major Commonwealth benefit. The results are consistent with our finding that the share of welfare and housing services used by Indigenous people exceeds their share of the population — for family and child services their share of use was

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<sup>6</sup> ABS, *Disability, Ageing and Carers, Australia: Summary of Findings, 2003, Cat. No. 4430.0*, 2003 and State data cubes, Table 8. Persons aged 15-64, living in households, with profound or severe core activity restriction.

<sup>7</sup> Australian Institute of Health and Welfare, Child Protection Australia, 2007-08; Disability Support Services 2006-07 and 2007-08; Expenditures on Health for Aboriginal and Torres Strait Islander People 2001-02, Table 8.2; Commonwealth State Housing Agreement National Data Report, Public Rental Housing, 2004-05; Commonwealth State Housing Agreement National Data Report, State-Owned and managed Indigenous Housing, 2004-05; Department of Health and Ageing, Home and Community Care Program Minimum Dataset 2007-08 Annual Bulletin; State submissions and data returns.

more than 10 times their share of the population. For housing services, we found the average State costs per dwelling occupied by Indigenous tenants were higher than those for dwellings occupied by other tenants.

**Table 14-5 Average service expense per Indigenous and non-Indigenous recipient of each major Commonwealth benefit, 2008-09**

	Age pension	Disability support	Service pension	Parent Pmt. (Single)	Parent Pmt. (Partd.)	New- start	Carer Pmt. (Adult)	Carer Allow. (Child)	CDEP
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Average service expenses per recipient									
Indigenous recipients	5 023	9 332	1 471	20 367	18 652	5 261	482	15 124	3 645
Non-Indigenous recipients	875	5 827	707	4 307	210	703	175	8 747	0
All recipients	907	6 004	713	5 869	1 596	1 111	188	8 967	3 645

Source: Commission calculation.

### *Indigenous housing cost weight*

- 39 Indigenous people make more use of housing services than indicated by their population share — they occupied about 15 per cent of State housing dwellings in 2008-09. Data also show that, after removing location effects, costs per dwelling occupied by Indigenous people are higher than for non-Indigenous people.
- 40 Evidence derived from State data and supported by third party data sources<sup>8</sup> indicates gross outlays per Indigenous dwelling are about 25 per cent higher than for non-Indigenous dwellings. Since rental income recovers around 50 per cent of gross expenses and assuming Indigenous rental returns tend not to increase with higher costs of service provision, we consider net outlays per Indigenous dwelling would be 50 per cent higher than for non-Indigenous dwellings. Western Australia and the Northern Territory have argued that this adjustment is too low because it does not allow for the lower proportion of gross costs typically recovered through rent collected from Indigenous tenants. However, there were no reliable data to quantify this difference.

### **The treatment of remote Indigenous housing**

- 41 Consistent with the treatment of the Australian Remote Indigenous Accommodation (ARIA) program in the 2009 Update, the Remote Indigenous Housing (RIH) NPP has no impact on the relativities. For transparency, the RIH NPP will be assessed on an actual per capita (APC) basis. New South Wales, Victoria and Tasmania argued the RIH NPP should have an impact on State relativities. However, we do not agree because the funds are aimed at increasing remote Indigenous housing standards to mainstream housing standards to enable State housing authorities to take on responsibility for them consistent with public housing standards.

<sup>8</sup> CSHA data indicate that over the seven years to 2007-08 State-owned and managed Indigenous housing costs per dwelling averaged 1.26 times those for public housing

- 42 Consistent with the Commission's decision for the 2009 Update that CHIP was different from the ARIA program, CHIP payments to the States and non-government organisations related to housing will have an impact on the relativities.
- 43 As well as deciding the appropriate treatment of Commonwealth funding, it was necessary to decide whether and how State needs for Indigenous community housing organisations dwellings should be assessed. The complicating factors were:
- The assessment years up to and including 2007-08 included CHIP payments (which have an impact on relativities) but subsequent assessment years include RIH NPPs<sup>9</sup> (which will not have an impact on relativities).
  - The States also provide some funding support.
- 44 Taking account of Indigenous community housing organisations dwellings in our measure of Indigenous use of housing services recognises the State funding support for Indigenous community housing organisations. Since that funding is limited and much less than the State support for mainstream State housing (refer Box 14-1), we have not applied an Indigenous cost weight to Indigenous community housing organisations dwellings.

### **Cross-border adjustment**

- 45 We consider there is a strong conceptual case that residents of the regions in New South Wales that surround the ACT affect its need to provide welfare services. Evidence provided by the ACT suggested cross-border use of welfare services had a material effect on the expenses of its Department of Disability, Housing and Community Services. However, only limited data were available.
- 46 We decided there was no case for cross-border use of housing services or the welfare services that are predominantly delivered 'in the home'. There was however a case for a cross-border adjustment in the case of non-accommodation support disability services and other welfare services.
- 47 Based on the limited data available, we decided to base the calculation of the ACT's expenses in these areas on its population plus 30 per cent of the population of the surrounding areas in New South Wales. This proportion represents 8 per cent of an expanded ACT population including cross-border residents. Details of the derivation of this allowance are in the Cross-border costs chapter.

### **General cost influences**

- 48 As well as the effects of the number and characteristics of potential service users discussed previously, the costs of providing welfare and housing services may be affected by some broad cost drivers, such as diseconomies of small scale, the location where the services are delivered

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<sup>9</sup> The RIH NPP began in 2008-09.

and the impact of the native title and land rights legislation. In addition, differential State costs relating to the First Home Owners Scheme (FHOS) need to be recognised.

#### *Administrative scale*

- 49 Administrative scale expenses capture the costs of the minimum level of administration required to provide welfare and housing services. Since each State has to provide this minimum level, these expenses are the same absolute amount for each State<sup>10</sup>, which means per capita costs are higher in the smaller States. The derivation of these expenses is described in more detail in the Administrative scale chapter.

#### *Location and service delivery scale*

- 50 Influences that vary with location have a differential effect on the cost of providing welfare and housing services across States. Influences relating to the costs of providing welfare and housing services in small population centres (called service delivery scale), also have a differential effect on State costs. These influences are measured in a similar way for most assessment categories and the methods are described in the Location costs and Service delivery scale chapters.
- 51 Western Australia said the general location factor should be inflated to recognise that it would be applied to net, rather than gross, housing expenses. The Northern Territory made similar arguments covering all housing disabilities. We accepted those arguments for the reasons mentioned in the discussion of the Indigenous housing cost weight and doubled the location and service delivery scale disability factors.
- 52 Some States argued these approaches did not adequately reflect the higher costs incurred in supporting their public housing authorities due to higher construction (and hence depreciation) costs and maintenance costs in remote locations. They argued for an extra allowance for the effects of remoteness on those costs.
- 53 State data returns on depreciation and maintenance expenses for predominantly mainstream housing point to higher costs in remote locations. As depreciation expenses are not included in the category, the level of expenses to which a specific adjustment based upon housing costs data could be applied is a small proportion of net housing expenses. In any event, we found that the general location factors did not materially understate State costs in relation to capital associated costs, and so have not made an allowance for housing-specific intrastate location costs.

#### *Native title and land rights*

- 54 States incur Native title and land rights expenses for the Welfare and housing category as a result of the operation of Commonwealth Acts that recognise the rights of Indigenous people over their traditional land. Those acts impose unavoidable costs on the States and the amount

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<sup>10</sup> The ACT receives slightly less because it does not need to provide some services and the Northern Territory slightly more because it requires a dual service delivery mode.

incurred varies significantly from State to State. States provided data to allow us to quantify this impact. While the expenses for this category were small, they were significant across all categories (see the Native title and land rights chapter for more detail).

### **What influences (disabilities) were not incorporated?**

#### *Net versus gross housing assessment*

55 The Northern Territory argued that social housing is a general government activity — not a Public Trading Enterprise (PTE) activity — and we should make separate assessments of housing expenses and housing revenues. However, while some States provide public housing through the general government sector, the average State practice is to provide a subsidy rather than directly provide the service. We, therefore, treated public housing as a PTE-type function and based the assessment on the level of subsidy provided.

#### *A remote Indigenous use adjustment*

56 Our assessments allow for the higher unit costs associated with remote Indigenous service use through the Indigenous housing cost weight and the location and service delivery scale allowances. However, the Northern Territory argued for a further adjustment to reflect the higher use of services by remote Indigenous people. It supported its case with a range of data on service use. A further adjustment has not been made because there was no compelling evidence that the effects exceeded those already captured in the assessment.

57 Table 14-6 shows remote Indigenous people use most services more intensively than non-remote Indigenous people. The data suggest extra spending of around 23 per cent per remote Indigenous person compared to a non-remote Indigenous person (excluding the very much higher use of Indigenous community housing organisations dwellings in remote areas).

58 However, analysis of data on Centrelink payments to Indigenous people in remote and non-remote areas indicates remote Indigenous people are more likely to receive those benefits. That higher benefit recipient rate was equivalent to an implicit remote Indigenous use weight of 1.26<sup>11</sup>. We, therefore, consider we have adequately captured remote Indigenous use.

#### *Higher unit costs of welfare services for Indigenous people*

59 We captured the higher costs associated with Indigenous people through the cost weighted measure of service use and, apart from housing, have not made any further adjustments for their higher unit costs. For example, in family and child services the higher costs due to Indigenous people being more likely to be the subject of care and protection orders and in out-of-home care (both of which are considerably more expensive than other child protection services) were captured in the measure of service use. An Indigenous share of expenses on

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<sup>11</sup> The Northern Territory's final submission estimated this implicit use weight as 1.12. However, that estimate was based on preliminary data that did not take account of the adjustments we have made to better reflect the use of family and child services by Indigenous people.

family and child services was derived by weighting the Indigenous share of service use by State government expenses on out-of-home care services and child protection services.

**Table 14-6 Indicators of remote Indigenous use**

Service area	Share of Indigenous expenses	Indicator of use	Non-remote Indigenous	Remote Indigenous	Implied use weight
Family and child services	51.0	Active child protection cases (July 2008) - rate per 1000 persons	30.6	45.3	1.48
Aged care services	4.0	Average HACC hours of service (2006-07)	54.1	91.9	1.70
Disability services	12.3	No. of clients per 1000 persons (2006-07)	19.0	8.2	0.43
Housing (net, excl FHOS)	21.7	Public housing households per 1000 households (June 2007)	140.0	128.6	
		Community housing households per 1000 households (June 2007) (a)	12.4	0.0	
		SOMIH dwellings per 1000 households (June 2007)	75.3	96.9	
		Total housing excl. ICHOs (b)	227.7	225.6	0.99
Weighted indicator of use, ICHOs excluded					1.23

(a) All remote community housing is assumed to be non-Indigenous. Community housing dwellings are only a small share of total State housing Indigenous dwellings (3.0 per cent, or 4.7 per cent of the total excluding Indigenous community housing organisations).

(b) The average expenditure for each type of housing is assumed to be the same.

Source: Northern Territory Department of Health and Families (child protection data), Department of Health and Ageing special data request (average home and community care hours of service), AIHW special data request (public housing households), Department of Families, Community Services and Indigenous Affairs, *Housing Industry Act 1996 Annual Report 2005-06*, Tables D1, D2 and E1 (community housing and State-owned and managed Indigenous Housing), ABS, *Housing and Infrastructure in Aboriginal and Torres Strait Islander Communities, Australia 2006 (Reissue)*, Cat. No. 4710.0, Data Cubes, Chapter 4 Tables, Sheet 8 (permanent dwellings managed by Indigenous community housing organisations).

60 The Northern Territory presented data pointing to a longer average time in care for Indigenous out-of-home care clients. We did not take account of this data because the extra average time in care was a modest seven per cent and corroborating data were not available from other States. The Northern Territory also made a conceptual case regarding the greater complexity and additional resources required to investigate child abuse in Indigenous communities. But it has not provided supporting data.

61 There were some data for New South Wales suggesting the hourly costs of home and community care service delivery to Indigenous clients may be higher than to other clients. However, we were not sure the data were representative and similar data were not available from other States.

#### *Expenses for people not born in Australia or in English speaking countries*

62 New South Wales and Victoria argued that extra expenses were incurred in providing services to migrants born in non-English speaking countries due to the need for translation and interpreting services and specialised staff training, printing and advertising.

- 63 The measure of people from culturally and linguistically diverse (CALD) backgrounds considered in this category is people born overseas in non-English speaking countries.
- 64 Data on their use and cost of services were partial and indicative, not a comprehensive guide to the relative intensity of use of CALD clients or the relative cost of services provided to them.
- 65 *Data on unit costs.* The available partial data suggest costs were 20-25 per cent higher for non-English speaking clients. For example:
- New South Wales Department of Community Services (DoCS) case worker costs (about half their total costs) were about 50 per cent higher for non-English speaking clients; and
  - the New South Wales Housing department spent \$1.4 million on interpreters and its weekly subsidies to non-English speaking tenants were \$134 compared with \$118 for other tenants (about 14 per cent extra).
- 66 *Data on service use.* For some parts of welfare and housing the available data suggest CALD clients use the services more intensely than the general population, while others were used less intensely. For example:
- on average, 17 per cent of home and community care clients were born in non-English speaking countries — about 81 per cent of their 21 per cent share of the population aged 65 and over (National home and community care (HACC) data). However, data collected by PricewaterhouseCoopers for New South Wales indicate CALD clients in that State used the services more intensively than non-CALD clients — perhaps as much as 57 per cent more intensively<sup>12</sup>; and
  - on average 19 per cent of public housing tenants were born in non-English speaking countries which was about 127 per cent of their 15 per cent share of the total population. New South Wales said 23 per cent of their public housing tenants speak a language other than English at home.
- 67 Overall, the data suggest CALD clients use welfare and housing services slightly less intensely than the general public, with a use weight of about 0.9 per cent.
- 68 Combining the 0.9 service use intensity with a unit cost weight of 1.2 to 1.25 implies an overall expense weight for people born in non-English speaking countries of 1.08 to 1.125 — say 1.1. This suggests that, compared to an assessment based on State shares of the general public, an assessment with an allowance for the different distribution of CALD residents would be material. (If the interstate distribution of CALD residents was the same as that of the general public their higher budgetary impact would not have a material effect on the GST distribution.)
- 69 However, our assessment is not based on State shares of the general population, rather it is based on State shares of Commonwealth beneficiaries. Unlike their use of State welfare and housing services, CALD clients are over represented among Commonwealth beneficiaries by

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<sup>12</sup> Calculated by weighting use rates for different age groups, with weights equal to HACC client numbers.

around 15 per cent<sup>13</sup>. As a result, the differences between the States in their share of CALD residents are amplified in the distribution of Commonwealth beneficiaries. That impact, around 15 per cent, is similar to the net budgetary impact calculated when comparing the use and unit cost of services provided to CALD clients with those of the general population. As a consequence the data do not support a further specific CALD allowance.

#### *Cost of living effects*

- 70 Some States said the demand for their welfare services was increased because the cost of living in the State was above the average. For example, New South Wales argued States with above average costs of living may face higher demands for supported accommodation assistance from people on low incomes who do not meet the uniform eligibility thresholds for Commonwealth benefits. It said we should assess a cost of living disability.
- 71 Accepting this case requires evidence that above average costs of living lead to higher demand for State services and that States determine the quantity of services they provide and the geographic allocation of them accordingly.
- 72 There is some evidence that higher costs of living may increase demand for State services. However, there was no clear evidence that States reacted to the higher demand by increasing the services provided. In fact, we observed that some States reacted to the higher demand by imposing tighter eligibility criteria on their services, which took the form of reducing income thresholds or periodically reassessing eligibility. Moreover, States do not seem to adjust the income limit aspects of their eligibility criteria to reflect intrastate differentials in the cost of living<sup>14</sup>. For example, in States with high costs of living (New South Wales, Queensland and the ACT), higher proportions of households live in ‘housing stress’<sup>15</sup>, especially in the metropolitan areas<sup>16</sup>. However, those pressures appear to have been accommodated through Commonwealth rent assistance and tighter eligibility criteria for public housing rather than increases in the supply of public housing<sup>17</sup>.

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<sup>13</sup> ABS National Health Survey (NHS) data for 2004-05 indicate people aged 15 and over whose main language spoken at home is not English draw on the DSP some 30 per cent more intensively than do others in this age group (4.7 per cent compared to 3.6 per cent) and people aged 65 and over whose main language spoken at home is not English draw on the age pension some 17 per cent more intensively than others in this age group (78 per cent compared to 66 per cent). On the other hand, there was no difference between the two groups in the case of people drawing on Parenting payment. Weighting the relative use weights by the shares of the various income sources in State expenses indicates there is about a 15 per cent over-representation in beneficiary numbers. (Similarly, Centrelink data indicate remote Indigenous people are more likely to be Commonwealth beneficiaries than non-remote Indigenous people.)

<sup>14</sup> An exception is Western Australia where the eligibility criteria for public housing apply different income thresholds in the North West region.

<sup>15</sup> They spend more than 30 per cent of their income (including Commonwealth Rent Assistance) on rent.

<sup>16</sup> Productivity Commission, *Report on Government Services, 2009*, Table 16A.68.

<sup>17</sup> Between 1998-99 and 2007-08, real expenditure on Commonwealth State Housing Agreement (CSHA) assistance declined by 24.1 per cent, while Commonwealth rent assistance increased by 9.3 per cent (Ibid, p16.6). Over the six years to June 2007, public housing numbers as shares of total dwelling numbers have fallen in all States, by an average of 10 per cent.

- 73 Differences in cost of living appear to lead to differences in unmet demand. Without evidence that States incur extra costs, we have not included an adjustment for differential costs of living.

*Other possible cost impacts*

- 74 States also argued for other disabilities, such as: the higher costs of providing some services to older people; differences in the availability of private housing across regions, particularly for Indigenous people in more remote regions; and the age of the public housing stock.
- 75 We have not included a unit cost weight for older people. A State with an older population will have more aged pensioners and, to that extent, its needs would be captured in the assessment. Also, available data do not support variations in cost related to age within State programs.
- 76 We do not see a need for an adjustment to take account of differences in the availability of private housing across regions. Indigenous housing needs are assessed separately and the lesser availability of private housing for Indigenous people in remote regions is reflected in the disproportionate reliance of Indigenous households on State housing.
- 77 Any material differences in the age profile of the public housing stock across the States, assuming such differences exist, cannot be separated from State policy choice, and so any disability based on age of stock cannot be reliably calculated.

**First Home Owners' Scheme (FHOS)**

- 78 FHOS expenses were less than \$50 per capita in years up to 2007-08. They are not welfare in nature and the welfare disabilities are not applicable to them. We assessed the expenses on an APC basis because all States have largely the same policy.
- 79 However, this treatment of FHOS expenses should be kept under review because changes are being introduced under the 2008 IGA. States can apply caps to the eligibility for FHOS grants from July 2009 and most have already moved to introduce them. Subject to materiality, it may be necessary at some point to modify the APC assessment to reflect these changes.
- 80 All States supported the assessment of FHOS expenses on an actual per capita (APC) basis subject to materiality. New South Wales proposed moving FHOS expenses to a separate category. It also proposed including State first home buyer incentives as an offset to stamp duty revenues in line with the tendency of States to provide concessions for first home buyers through exemptions and concessions on transfer and mortgage duty.
- 81 While we have not assessed FHOS in a separate category, we have assessed them separately from other services in this category because the difference in the assessment outcome was material. For reasons of consistency of treatment, we offset first home buyer incentive payments against stamp duties on conveyances.

## THE ASSESSMENT METHOD

- 82 We measured the expenses required by States to deliver welfare and housing services at national average levels by recognising that they are affected by population characteristics and other disabilities. We assessed disabilities for two expense components in this category:
- service delivery expenses — recognising socio-demographic composition, cross-border, location and service delivery scale factors; and
  - other expenses — recognising administrative scale, native title and land rights factors, FHOS expenses and, for transparency, the Remote Indigenous Housing NPP expenses.
- 83 Table 14-7 sets out the category structure, the disabilities assessed and the relative size of each component for 2008-09. The component weights will be adjusted annually in accordance with actual expenses.

**Table 14-7 Category structure, Welfare and housing services, 2008-09**

Component	Component weight %	Disability	Influence measured by disability
Service delivery expenses	88.62	Socio-demographic composition	Recognises that certain population characteristics affect the use and cost of providing welfare and housing services.
		Cross-border	Recognises the cost to the ACT of providing certain welfare services to people who are New South Wales residents.
		Service delivery scale	Recognises the cost of providing services in small population centres.
		Location	Recognises the differences in the cost of providing labour and non-labour resources between States and to different areas within a State.
Other expenses	11.38	Administrative scale	Recognises the unavoidable costs each State incurs to provide the policy and administrative infrastructure necessary to provide the minimum unavoidable service, regardless of the size of the task.
		First Home Owners Scheme	Recognises the differences in the costs of the First Home Owners Scheme. The same rate of subsidy is paid to people who are eligible.
		Native title and land rights	Recognises State costs of settling native title and land rights claims made under Australian Government legislation.
		Remote Indigenous Housing NPP	Recognises the differences between States in the distribution of the Australian Government's Remote Indigenous Housing NPP.

Note: The Remote Indigenous housing NPP commenced in 2008-09.

Source: Commission calculation.

### Service delivery expenses

- 84 Service delivery expenses were 89 per cent of category expenses in 2008-09. Table 14-8 shows the equal per capita allocation of service delivery expenses across the States was adjusted for:
- the effects on service use and costs of interstate differences in the socio-demographic composition of State populations using a socio-demographic composition factor;

- the effects on costs of location and service delivery scale; and
- the effects on service use in the ACT by residents of New South Wales.

**Table 14-8 Service delivery expenses component, Welfare and housing services, 2008-09**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Service expenses (\$m)	4 386.8	3 342.3	2 709.8	1 373.1	1 004.3	311.7	216.7	138.1	13 482.8
Socio-demographic composition	0.99717	0.91367	1.02198	0.93749	1.13543	1.27503	0.65512	2.30513	
Cross-border factor	0.99865	1.00000	1.00000	1.00000	1.00000	1.00000	1.02736	1.00000	
Service delivery scale factor	0.99522	0.99148	1.00203	1.01217	1.01637	1.00855	0.98548	1.08159	
Location factor	1.00207	0.98016	0.99987	1.03045	0.99143	0.99043	0.99614	1.20413	
Assessed expenses (\$m)	4 336.5	2 954.0	2 761.8	1 336.4	1 143.7	395.1	142.5	412.7	13 482.8

Source: Commission calculation.

85 The equal per capita expenses for each State were multiplied by the disability factors which were calculated as described below.

#### *Socio-demographic composition*

86 We assessed State requirements to spend on welfare and housing services by reference to differences in the number of people in each State on different types of income — Commonwealth benefits of one type or other and non-benefit income. Benefit recipients were sub-divided by type of benefit and by Indigenous status because there were material differences between Indigenous and non-Indigenous people in the mix of State services used, the reliance on different benefits, and the intensity of service use and the cost of delivering the services.

87 The assessment process involved the following steps.

- Calculate a national average allocation of State expenses on Indigenous and non-Indigenous people for each welfare and housing service. In the case of Indigenous users, these were inferred using State expense shares for the total population, administrative data on Indigenous relative to non-Indigenous use of services and other information on associated unit costs.
- Derive the national allocation of State expenses by income source (Commonwealth benefit) according to the main source of income of all service users and Indigenous service users. For each income source, this was obtained by multiplying the proportion of the users of each service by the proportion of State expenses allocated to that service and summing across all services. Box 14-2 provides details.
- Estimate average expenses per Indigenous and non-Indigenous recipient of each income source (or per person in the relevant target population for users whose main income source was not a Commonwealth benefit) by dividing total expenses for each income type by the number of recipients of each form of income — refer to Table 14A-1, Table 14A-2 and Table 14A-3 for a summary of these calculations.

- Estimate the expenses each State would incur if it spent the average amount on each person in the State in receipt of each form of income (separately for Indigenous and non-Indigenous people).
- Derive disability factors by converting each State's total estimated expenses into per capita terms and expressing it as a ratio of the national average per capita expenses.

88 Table 14-9 shows the amount each State would have spent on Indigenous and non-Indigenous people if they spent the average amount per recipient of each type of income. It also shows the derivation of the State's socio-demographic composition disability factor.

**Table 14-9 Derivation of socio-demographic composition disability factor, 2008-09**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Estimated service expenses for									
Indigenous people (\$m)	588.6	115.2	523.1	308.5	118.4	56.3	11.1	263.8	1 984.9
Non-Indigenous people (\$m)	3 785.8	2 938.5	2 246.3	978.8	1 021.9	341.1	130.9	54.5	11 497.9
Total (\$m)	4 374.4	3 053.7	2 769.3	1 287.3	1 140.3	397.4	142.0	318.4	13 482.8
Total (\$pc)	621.2	569.2	636.7	584.1	707.4	794.3	408.1	1 436.1	623.0
Disability factor	0.99717	0.91367	1.02198	0.93749	1.13543	1.27503	0.65512	2.30513	1.00000

Source: Commission calculation.

#### *Location and service delivery scale*

89 The location disability captures the effects of factors that affect the cost of providing services in more remote areas, and interstate differences in the cost of inputs. The service delivery scale factor reflects the diseconomies associated with the provision of services in sparsely populated areas. The derivation of these factors is described in the Location costs and Service delivery scale chapters.

#### *Cross-border*

90 The cross-border factor is calculated by increasing the ACT population by 30 per cent of the catchment area population to reflect that these residents will use ACT services at the national use rate. Conversely, the New South Wales population is decreased by the same amount.

91 A cross-border factor was applied to a fixed 30 per cent of category expenses, based around the shares of non-accommodation support disability services and other welfare services in category expenses.

#### **Other expenses component**

92 The calculation of the assessed administrative scale affected expenses, as adjusted for the effects of interstate differences in wage costs, is shown in the Administrative Scale chapter.

93 This component also covers expenses on the FHOS, expenses on native title and on expenses relating to the Remote Indigenous Housing NPP. All these expenses are assessed on an APC basis.

94 Table 14-10 illustrates the calculation of assessed expenses for the other expenses component.

**Table 14-10 Other expenses component, Welfare and housing services, 2008-09**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Administrative scale	15.8	15.4	15.2	15.7	15.2	14.9	16.0	19.0	127.2
First Home Owners Scheme	416.4	295.9	241.2	142.5	87.7	27.7	19.9	9.6	1 240.9
Native title and land rights	0.0	0.0	0.1	0.0	0.0	0.0	0.0	8.7	8.8
Remote Indigenous Housing NPP	30.4	2.8	109.5	50.0	14.0	0.7	0.2	146.6	354.3
Assessed expenses	462.6	314.0	366.1	208.2	116.9	43.3	36.1	184.0	1 731.2

Source: Commission calculation.

### Bringing the category assessment together

95 Table 14-11 brings the assessed expenses for each component together to derive each State's total assessed expenses for welfare and housing services.

**Table 14-11 Category assessment, Welfare and housing services, 2008-09**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Service expenses	4 336.5	2 954.0	2 761.8	1 336.4	1 143.7	395.1	142.5	412.7	13 482.8
Other expenses	462.6	314.0	366.1	208.2	116.9	43.3	36.1	184.0	1 731.2
Total	4 799.0	3 267.9	3 127.9	1 544.6	1 260.6	438.5	178.6	596.7	15 213.9
Assessed expenses (\$pc)	681.55	609.14	719.13	700.82	782.04	876.43	513.57	2691.71	703.00
Cost of service provision ratio	0.9695	0.8665	1.0229	0.9969	1.1124	1.2467	0.7306	3.8289	1.0000

Source: Commission calculation.

96 Table 14-12 summarises the category factor for 2008-09. It shows for each disability how the expenses per capita in each component were affected by differences in State characteristics. Disability factors below one indicate a State is assessed to need to spend less than average. Disability factors above one indicate States are assessed to need to spend more than average.

**Table 14-12 Category factor, Welfare and housing services, 2008-09**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Average
<b>Service expenses (component weight = 88.62 %)</b>									
Socio-demographic composition	0.99717	0.91367	1.02198	0.93749	1.13543	1.27503	0.65512	2.30513	1.00000
Cross-border factor	0.99865	1.00000	1.00000	1.00000	1.00000	1.00000	1.02736	1.00000	1.00000
Service delivery scale factor	0.99522	0.99148	1.00203	1.01217	1.01637	1.00855	0.98548	1.08159	1.00000
Location factor	1.00207	0.98016	0.99987	1.03045	0.99143	0.99043	0.99614	1.20413	1.00000
Component factor	0.98852	0.88381	1.01921	0.97329	1.13884	1.26775	0.65767	2.98829	1.00000
<b>A. Weighted component factor</b>	0.87604	0.78325	0.90323	0.86254	1.00925	1.12349	0.58283	2.64826	0.88621
<b>Other expenses (component weight = 11.38 %)</b>									
Administrative scale	0.38187	0.48700	0.59278	1.20867	1.60926	5.08070	7.82185	14.62011	1.00000
First Home Owners Scheme	1.03137	0.96178	0.96732	1.12786	0.94836	0.96414	0.99842	0.75747	1.00000
Native title and land rights	0.00030	0.00000	0.07184	0.00000	0.00000	0.00000	0.00000	96.20513	1.00000
Remote Indigenous Housing NPP	0.26335	0.03147	1.53825	1.38585	0.53168	0.09024	0.03864	40.40757	1.00000
Component factor	0.82124	0.73162	1.05208	1.18085	0.90681	1.08281	1.29819	10.37587	1.00000
<b>B. Weighted component factor</b>	0.09345	0.08325	0.11971	0.13437	0.10318	0.12321	0.14772	1.18065	0.11379
<b>Category factor</b>									
[A+B]	0.96949	0.86650	1.02295	0.99691	1.11244	1.24670	0.73055	3.82891	1.00000

Source: Commission calculation.

**WHAT IS THE IMPACT ON THE GST DISTRIBUTION?**

97 Table 14-13 shows the extent to which the assessment for this category moved the GST distribution away from an equal per capita distribution. It shows New South Wales, Victoria, Western Australia and the ACT are assessed as needing to spend less than the average per capita amount to deliver welfare and housing services. Queensland, South Australia, Tasmania and the Northern Territory are assessed as needing to spend more. Table 14-14 provides a summary of the reasons the assessment moves GST revenue away from an equal per capita distribution.

**Table 14-13 Impact on the GST distribution of the Welfare and housing services assessment**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Redist
Dollars million	-114.8	-396.0	48.9	-12.1	124.6	83.0	-54.9	321.4	577.9
Dollars per capita	-16.10	-72.53	10.99	-5.35	76.42	164.40	-155.58	1 419.46	26.24

Note: The difference from an equal per capita assessment, derived using 2006-07 to 2008-09 assessed expenses and 2009-10 GST.

Source: Commission calculation.

**Table 14-14 Reasons for difference from EPC – Welfare and housing services**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Redist
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Socio-demographic composition factor	-27.0	-259.1	49.8	-64.5	125.8	78.8	-68.6	164.9	419.2
Cross-border factor	-5.6	0.0	0.0	0.0	0.0	0.0	5.6	0.0	5.6
Service delivery scale factor	-19.8	-27.0	5.2	16.0	15.4	2.5	-3.0	10.7	49.8
Location factor	11.6	-61.0	-0.5	34.7	-8.1	-2.8	-0.5	26.5	72.9
Administrative scale factor	-25.3	-16.0	-10.3	2.7	5.6	11.7	13.8	17.7	51.6
Remote Indigenous housing NPP (a)	-29.1	-29.2	13.1	4.8	-4.2	-2.5	-1.9	49.1	67.0

(a) This payment is included for transparency. It has no impact on the overall relativities, as its impact on State revenues exactly offsets its impact on Welfare and housing.

Source: Commission calculation.

98 The differences in assessed expenses per capita stem mainly from the service delivery expenses assessment which is primarily driven by differences between States in the number of Commonwealth beneficiaries relative to their population shares — as shown in Table 14-15. States with higher shares of the more expensive benefit recipients require more GST. States with relatively high Indigenous populations also tend to have high service expenses because Indigenous people use the services more intensively.

**Table 14-15 State pension/benefit recipient shares and population shares, 2008-09**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	%	%	%	%	%	%	%	%	%
Age Pension	33.62	25.89	18.41	8.73	9.16	2.88	0.97	0.35	100.00
Disability Support Pension	32.60	24.77	19.36	8.06	9.65	3.51	0.96	1.10	100.00
Service Pension	32.21	21.64	22.62	9.41	9.34	3.54	1.00	0.23	100.00
Parenting Payment (Single)	32.83	22.75	21.76	9.56	7.91	2.90	0.99	1.31	100.00
Parenting Payment (Partnered)	35.24	24.46	18.93	7.60	7.51	3.23	0.59	2.45	100.00
Newstart	33.85	23.98	20.56	8.04	8.15	2.98	0.81	1.64	100.00
Carer Payment (Adult)	37.93	25.46	18.22	6.02	7.64	3.65	0.53	0.55	100.00
Carer Allowance (Child)	33.52	25.98	19.08	8.02	9.11	2.46	1.27	0.55	100.00
CDEP	9.75	0.00	17.44	29.23	6.58	0.14	0.00	36.87	100.00
Population	32.54	24.79	20.10	10.18	7.45	2.31	1.61	1.02	100.00

Source: Commission calculation using Centrelink data (special data request).

99 Some of the main reasons for relatively high or low assessed service delivery expenses are:

- Victoria has a low share of Indigenous people. In addition, it has a relatively low share of people receiving the parenting payment (Single) who are relatively heavy users of family and child services. Its assessed expenses are also lower as a result of its relatively low regional costs and below average expenses arising from service delivery scale.
- Western Australia has below average assessed service expenses because its share of almost all groups of Commonwealth benefit recipients is below its share of the total

population. This is partly offset by a relatively high Indigenous population and high regional costs and service delivery scale expenses.

- South Australia and Tasmania have relatively high assessed service expenses mainly due to their relatively high shares of disability support pension and age pension recipients. These recipients are heavy users of disability, aged care and housing services which together account for over 60 per cent of service expenses. Tasmania also has a high share of parenting payment (Single) recipients, who are heavy users of family and child services, which account for around one-quarter of service expenses.
- The ACT's below average assessed service expenses reflect its low social security recipient numbers. A small offset arises from its need to provide services to some residents of New South Wales but it faces below average regional costs and service delivery scale expenses.
- The high assessed service expenses for the Northern Territory reflect its high Indigenous population, which draws disproportionately on welfare and housing services. Its Indigenous benefit recipient population accounted for over 70 per cent of its total assessed service expenses in 2008-09. It also faces above average regional costs and service delivery scale expenses.

100 The other expenses component also moves money to the smaller States. Tasmania, the ACT and the Northern Territory have relatively high per capita administrative scale expenses. A large redistribution to the Northern Territory is on account of the Remote Indigenous Housing NPP, which is assessed APC and included for transparency. (It should be noted that the NPP is included on the revenue side, offsetting these assessed expenses.)

101 Table 14-16 breaks down the total changes since the 2009 Update into the impact of a shortening of the review period from five years to three, category-specific method changes, and changes in State circumstances over the review period. It shows the main reason for those changes is method changes.

**Table 14-16 Changes since the 2009 Update, Welfare and housing services**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Redist
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Shortening the review period	14.8	-15.9	-1.5	-10.1	-0.2	-1.7	-0.6	15.2	30.0
Method changes	-90.1	-15.0	41.0	-43.5	141.0	64.2	-29.1	-68.4	246.2
State circumstances	-0.5	-78.5	10.7	-14.4	4.9	4.8	-7.8	80.9	101.3
<b>Total</b>	<b>-75.8</b>	<b>-109.4</b>	<b>50.1</b>	<b>-68.1</b>	<b>145.7</b>	<b>67.3</b>	<b>-37.6</b>	<b>27.8</b>	<b>290.9</b>

Source: Commission calculation.

### Method changes

102 The large redistribution away from the Northern Territory stems chiefly from the omission of the low English proficiency and remote Indigenous cost weights which were included in 2004 Review method but could not be justified under our new assessment guidelines. There

are substantial per capita redistributions towards South Australia and Tasmania and away from the ACT, which largely arise from the greater impact of their low SES populations — based on pension/benefit recipient numbers rather than the Census-defined measure used before.

### Changes in State circumstances

- 103 The impact on the GST due to changes in State circumstances shown in Table 14-16 includes the impact of the Remote Indigenous Housing NPP as shown in Table 14-14. This payment was first introduced in 2008-09. As stated previously, this payment has no impact on the distribution of the GST overall, as its impact on State revenues exactly offsets its impact in Welfare and housing.
- 104 Over the assessment period there was a large increase in the average cost of providing services to Indigenous people. This has increased the assessed costs for States with an above average proportion of Indigenous people, such as the Northern Territory, and reduced assessed costs for States with a below average proportion of Indigenous people, such as Victoria and the ACT.
- 105 For Western Australia, this effect was more than offset by the decrease in the proportion of its population on Commonwealth benefits, reducing its costs of providing services. In New South Wales, an increase in the proportion of its population on Commonwealth benefits increased its assessed costs (See Table 14-17).

**Table 14-17 State pension/benefit recipient shares and population shares, 2008-09 less 2005-06**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	%	%	%	%	%	%	%	%	%
Age Pension	0.22	-0.19	0.32	-0.08	-0.29	0.00	0.02	0.00	0.00
Disability Support Pension	0.02	0.52	-0.13	-0.51	-0.06	-0.05	-0.04	0.24	0.00
Service Pension	-0.20	-0.17	0.50	-0.06	-0.07	-0.08	0.07	0.01	0.00
Parenting Payment (Single)	0.45	0.26	-0.12	-0.34	-0.09	-0.04	-0.07	-0.05	0.00
Parenting Payment (Partnered)	0.61	-0.14	0.18	-0.61	-0.18	-0.10	-0.06	0.31	0.00
Newstart	-0.01	-0.97	1.99	0.71	-0.45	-0.55	-0.11	-0.61	0.00
Carer Payment (Adult)	1.45	0.20	-1.27	-0.70	0.13	0.22	-0.08	0.04	0.00
Carer Allowance (Child)	1.16	0.25	-0.12	-1.27	0.16	-0.08	-0.09	-0.01	0.00
CDEP	-5.93	-2.04	-5.56	1.78	0.11	-0.20	0.00	11.84	0.00
Population	-0.50	0.03	0.41	0.27	-0.14	-0.07	-0.01	0.01	0.00

Source: Commission calculation using Centrelink data (special data request).

- 106 The growth in the importance of this category in State budgets also had an effect — contributing around one-third of the total redistribution due to State circumstances. State spending on welfare and housing services has increased at a faster rate than the increase in the GST pool from 2005-06 to 2008-09. Therefore, GST will be redistributed away from the

States whose assessed expenses are below average, namely New South Wales, Victoria, Western Australia and the ACT, and towards all other States.

### Shortening of review period

107 As for the changes in State circumstances, moving to a three year assessment period principally affected the Northern Territory. The increasing share of Indigenous expenses in total service expenses will lead to a redistribution to the Northern Territory of around \$60 per capita.

## UPDATE PROCESS

### Data sources

- 108 The main data inputs to the assessment are the pensions/benefits data, the breakdown of State expenses at the national level by service area, the data on principal sources of income of the users (all users and Indigenous users) of the major State welfare and housing programs, and the data on Indigenous use of each program.
- The pensions/benefits data were obtained from Centrelink and the Department of Veterans Affairs (DVA). The Centrelink data were provided broken down by Indigeneity. Indigenous DVA pension recipient numbers were estimated by applying the Indigenous share of home and community care client numbers in receipt of a Veterans' Affairs Pension (obtained from the AIHW) to total service pension numbers.<sup>18</sup>
  - The breakdown of State government expenses was obtained from the ABS' government finance statistics. Data for the most recent year were obtained directly from the States.
  - The service user sources of income data were obtained from many sources — the AIHW for the CSTDA program, public housing households and State-owned and managed Indigenous housing; the Department of Health and Ageing for the home and community care program; the ABS for tenants in Indigenous Housing Organisation/Community housing; and the Victorian Department of Human Services and South Australian Department of Families and Communities for child protection data. Indigenous use data for the CSTDA and home and community care programs and housing were from the same sources. The Indigenous use of child protection services was based on AIHW data on substantiation and out-of-home-care numbers weighted by Productivity Commission data on State Government recurrent expenditure in each of these areas.

### Approach to updating underlying data

109 Since there is scope for pension/benefit income eligibility thresholds and other eligibility requirements to vary year by year, we recommend that the sources of income data be updated on an annual basis. Updating the family and child sources of income data annually could be justified on the same grounds. However, the assessment for family and child services is based

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<sup>18</sup> The Indigenous share of Home and community care client numbers is not to be updated. It was calculated as the average share over 2004-05 to 2006-07.

on child protection data covering the period July 2000 to December 2008 for just one State (Victoria) suitably adjusted for differences between Victorian and national beneficiary profiles. We recommend that the Victorian data be kept under review and that they be updated should a downward trend in parenting payment as an income source become evident — consequent upon the recent tightening of eligibility for these payments.

- 110 The Indigenous shares of State welfare service use, based on administrative use data, should be updated annually because they can vary from year to year. In particular, the Indigenous share of family and child service use has been trending up in recent years.

#### **Areas where improvements could be made**

- 111 States have made some valid conceptual points concerning the drivers of welfare and housing expenses but the available data to incorporate omitted disabilities or make other improvements to the assessment appear limited. For example, States have limited comparative data on the SES status of the clients of welfare services or what those services cost. In fact, the use weight applied to low income populations in the Family and child assessment in the 2004 Review was derived from Victorian and South Australian data, as it has been in this review. No other State has acted to collect data on the income profile of recipients of these services since this time. This is an area where it would be helpful to have comparable data from other States.

#### **SIMPLIFICATION**

- 112 Simplification has been achieved through a reduction from six categories, comprising over a dozen components and sub-components, to a single category.
- 113 The number of Commonwealth beneficiaries in a State is the principal driver of State expenses, with recognition given to the differences in the use services made by different types of beneficiaries and their Indigenous status. There is an element of complexity in the calculation of the socio-demographic composition factor. However, the mapping from State service use to benefit numbers using the annual sources of income datasets is required to ensure the resulting assessed expenses reflect what States do.

#### **FURTHER INFORMATION**

- 114 Background material in support of this assessment is published on the Commission's website. That material includes the following documents, released for comment in the development of this assessment, together with State submissions responding to those documents.
- Staff discussion paper *2007/11-S Assessing Welfare and housing for the 2010 Review*;
  - Commission position paper *2008/21 Welfare and housing*; and
  - *2010 Review Draft Report*.

**Table 14A-1 Assessed service expenses by income source, all service users, 2008-09**

State govt service	Principal income sources of State service users														
	Commonwealth pension or benefit										Other				Total
											Relevant population segment				
	Age Pension	Disab. support pension	Service Pension	Parent Pmt (Single)	Parent Pmt (Partd.)	New start	Carer Pmt (Adult)	Carer Allow. (Child)	CDEP	Total	0-14 yrs	15-64 yrs	65+ yrs (50+ for Indigenous)	All ages	
\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Family and child services	0.0	195.2	0.0	1 565.5	172.4	321.3	0.0	0.0	20.6	2 275.0	1 157.7	0.0	0.0	0.0	3 432.7
Aged care services	1 135.9	243.7	131.9	0.0	0.0	9.2	23.6	0.0	0.0	1 544.2	0.0	0.0	139.0	0.0	1 683.3
Disability services, users over 16	0.0	2 961.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2 961.9	0.0	275.2	0.0	0.0	3 237.1
Disability services, users under 16	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1 108.4	0.0	1 108.4	344.8	0.0	0.0	0.0	1 453.2
Other welfare services	187.3	560.9	21.7	259.7	28.6	54.8	3.9	182.7	3.4	1 303.0	0.0	0.0	0.0	317.2	1 620.2
Housing (net, excl FHOS)	548.4	610.9	43.3	197.5	5.5	193.8	0.0	0.0	34.3	1 633.7	0.0	0.0	0.0	422.6	2 056.3
Total	1 871.5	4 572.5	196.9	2 022.6	206.4	579.2	27.5	1 291.2	58.3	10 826.3	1 502.5	275.2	139.0	739.8	13 482.8
Benefit recipient numbers (relevant pop segment in the case of 'Other') ('000)	2 064.1	761.6	276.1	344.6	129.3	521.5	146.7	144.0	16.0		4 125.2	14 472.3	2 880.5	21 429.4	
Expense per recipient (\$)	907	6 004	713	5 869	1 596	1 111	188	8 967	3 645		364	19	48	35	

Note: For each service area, not specified pension or benefit sources data have been reallocated to specified sources.

Other welfare services weights assumed to be a weighted average of pension/benefit income sources of the other State government welfare service areas.

Source: Commission calculation.

**Table 14A-2 Assessed service expenses by income source, Indigenous service users, 2008-09**

State govt service	Principal income sources of State service users														
	Commonwealth pension or benefit										Other				Total
	Age Pension	Disab. support pension	Service Pension	Parent Pmt (Single)	Parent Pmt (Partd.)	New start	Carer Pmt (Adult)	Carer Allow. (Child)	CDEP	Total	Relevant population segment				
										0-14 yrs	15-64 yrs	65+ yrs (50+ for Indigenous)	All ages		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Family and child services	0.0	46.1	0.0	514.5	153.5	150.1	0.0	0.0	20.6	884.7	126.6	0.0	0.0	0.0	1 011.3
Aged care services	36.5	30.4	1.8	0.0	0.0	3.6	2.5	0.0	0.0	74.8	0.0	0.0	4.1	0.0	78.9
Disability services, users over 16	0.0	149.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	149.9	0.0	10.3	0.0	0.0	160.1
Disability services, users under 16	0.0	0.0	0.0	0.0	0.0	0.0	0.0	64.5	0.0	64.5	19.6	0.0	0.0	0.0	84.1
Other welfare services	6.0	37.4	0.3	85.0	25.4	25.4	0.4	10.6	3.4	193.9	0.0	0.0	0.0	26.5	220.5
Housing (net, excl FHOS)	36.4	94.6	1.1	83.0	2.5	66.2	0.0	0.0	34.3	318.0	0.0	0.0	0.0	112.1	430.1
<b>Total</b>	<b>78.9</b>	<b>358.4</b>	<b>3.1</b>	<b>682.5</b>	<b>181.4</b>	<b>245.2</b>	<b>2.9</b>	<b>75.1</b>	<b>58.3</b>	<b>1 685.7</b>	<b>146.2</b>	<b>10.3</b>	<b>4.1</b>	<b>138.6</b>	<b>1 984.9</b>
Benefit recipient numbers (relevant pop segment in the case of 'Other') ('000)	15.7	38.4	2.1	33.5	9.7	46.6	6.1	5.0	16.0		195.6	326.4	65.8	526.4	
Expense per recipient (\$)	5 023	9 332	1 471	20 367	18 652	5 261	482	15 124	3 645		747	31	63	263	

Note: For each service area, not specified pension or benefit sources data have been reallocated to specified sources.

Other welfare services weights assumed to be a weighted average of pension/benefit income sources of the other State government welfare service areas.

Source: Commission calculation.

**Table 14A-3 Assessed service expenses by income source, non-Indigenous service users, 2008-09**

State govt service	Principal income sources of State service users														
	Commonwealth pension or benefit										Other				Total
											Relevant population segment				
	Age Pension	Disab. support pension	Service Pension	Parent Pmt (Single)	Parent Pmt (Partd.)	New start	Carer Pmt (Adult)	Carer Allow. (Child)	CDEP	Total	0-14 yrs	15-64 yrs	65+ yrs (50+ for Indigenous)	All ages	
\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
Family and child services	0.0	149.1	0.0	1 051.0	18.9	171.3	0.0	0.0	0.0	1 390.3	1 031.1	0.0	0.0	0.0	2 421.4
Aged care services	1 099.4	213.2	130.1	0.0	0.0	5.6	21.1	0.0	0.0	1 469.5	0.0	0.0	134.9	0.0	1 604.4
Disability services, users over 16	0.0	2 812.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2 812.1	0.0	264.9	0.0	0.0	3 077.0
Disability services, users under 16	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1 044.0	0.0	1 044.0	325.2	0.0	0.0	0.0	1 369.2
Other welfare services	181.2	523.5	21.4	174.7	3.2	29.4	3.5	172.1	0.0	1 109.1	0.0	0.0	0.0	290.6	1 399.7
Housing (net, excl FHOS)	512.0	516.3	42.2	114.5	3.0	127.7	0.0	0.0	0.0	1 315.7	0.0	0.0	0.0	310.6	1 626.2
<b>Total</b>	<b>1 792.6</b>	<b>4 214.2</b>	<b>193.8</b>	<b>1 340.2</b>	<b>25.1</b>	<b>334.0</b>	<b>24.6</b>	<b>1 216.1</b>	<b>0</b>	<b>9 140.6</b>	<b>1 356.3</b>	<b>264.9</b>	<b>134.9</b>	<b>601.2</b>	<b>11 497.9</b>
Benefit recipient numbers (relevant pop segment in the case of 'Other') ('000)	2 048.4	723.2	274.0	311.1	119.6	474.8	140.7	139.0	0.0		3 929.6	14 145.9	2 814.8	20 902.9	
Expense per recipient (\$)	875	5 827	707	4 307	210	703	175	8 747	0		345	19	48	29	

Note: For each service area, not specified pension or benefit sources data have been reallocated to specified sources.

Other welfare services weights assumed to be a weighted average of pension/benefit income sources of the other State government welfare service areas.

Source: Commission calculation.