

# AGED AND DISABLED — ASSESSMENT RESULTS

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- 1 This Working Paper describes how the Commission estimates what each State would need to spend to provide the average level of aged and disabled welfare services to its residents. The development of the assessment method is discussed in Volume 4 of the 2004 Review Working Papers.

## AGED AND DISABLED WELFARE SERVICES

- 2 All States provide aged and disabled welfare services. These services are provided to the elderly and those with a physical or mental disability.
- 3 The Aged and Disabled Welfare category covers expenses incurred in providing welfare services that are specifically designed to meet the needs of aged and disabled people provided through community care and residential care services. The category includes expenses on:
  - nursing homes for the aged and for people with a disability;
  - accommodation support and other services provided under the Commonwealth State Territory Disability Agreement (CSTDA);
  - domestic and personal assistance for the aged and disabled, including services provided through the Home and Community Care (HACC) program;
  - respite care; and
  - assistance with rates, income assistance, and other concessions for the aged and disabled.
- 4 State governments spent \$5.3 billion (\$253.94 per capita) on aged and disabled welfare services in 2006-07. State governments financed 65.6 per cent of this amount and the Australian Government 34.4 per cent through specific purpose payments (SPPs). The Home and Community Care, Disabilities Services and Young People with Disabilities SPPs are included in category expenses. Extension of Fringe Benefits payments, compensating the States for the extra costs resulting from the liberalisation of access to the Australian Government's Pensioner Concession Card in 1993, are also included. Aged care assessment specific purpose payments are included in category expenses, but residential aged care subsidies provided by the Australian Government to residents of aged care facilities are out of scope and not included.

- 5 In 2006-07 user charges accounted for 8.11 per cent of average gross expenses associated with this category. User charges revenue for aged and disabled services were assessed by the equal per capita (EPC) method.

**WHY EXPENSES ON AGED AND DISABLED WELFARE SERVICES DIFFER**

- 6 The amount spent in each State on aged and disabled welfare services per capita varies considerably. The Commission seeks to understand why these figures vary. If the sole source of variation is different government policies, then these differences have no impact on State GST revenue distribution. If the variation is due to circumstances beyond a State’s control, then these differences are reflected in State GST revenue shares. Table 1 shows aged and disabled welfare expenses per capita for each State and the average overall.

**Table 1 Aged and Disabled Welfare, actual expenses per capita, 2008 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
2002-03	200.05	275.22	154.21	190.49	109.10	158.80	191.27	168.11	200.51
2003-04	218.85	287.60	159.47	201.48	94.68	166.75	220.72	188.29	211.65
2004-05	224.43	314.95	164.53	220.74	180.25	188.41	249.59	221.81	230.94
2005-06	238.83	326.43	185.69	246.87	168.91	220.54	234.77	276.10	245.42
2006-07	248.36	327.73	205.45	262.07	153.08	251.29	233.88	289.60	253.94

Note: ACT expenses may include municipal expenses.

Source: CGC adjusted budget, derived from Government Finance Statistics (GFS) data collated by the ABS using CGC coding rules (and adjustments).

**Box 1: The Commission’s concept of average**

The Australian average expense per capita is not a simple average of the experience of the eight States. It is calculated as the total expenses incurred by all States divided by the population of all States. This is a population weighted average. Population weighting gives equal weight to each Australian’s experience. Since more Australians experience the New South Wales level of service, it carries more weight in the calculation of the average. 33 per cent of Australians reside in New South Wales and one per cent reside in the Northern Territory. Population weighting gives the experience of New South Wales (\$241.31 per capita in 2005-06) 33 times the weight of the experience of the Northern Territory (\$277.93 per capita). This approach means the average expense per capita is generally much closer to the New South Wales expense per capita than the Northern Territory expense per capita.

This concept of average also applies to the assessment of factors. If the Commission were trying to estimate the cost of providing services to Indigenous people living in remote areas, it would give most weight to the Northern Territory’s experience (38 per cent of remote Indigenous people live in the Territory) and least to Tasmania (less than 0.2 per cent), Victoria (less than 0.1 per cent) and the ACT (0 per cent).

- 7 The drivers of State expenses per capita are likely to include influences such as:
- the unit cost of resources provided to elderly or disabled people;
  - the number of resources provided to each elderly or disabled person; and
  - the number of elderly or disabled people in State populations.

8 Table 2 shows some measures of the target population for aged care and disabled services and the cost of services per capita and per target population.

**Table 2 Category expenses and general indicators of the target population, 2005-06**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
<b>(a) General indicators</b>									
Expenses on aged care services (\$m)	628.4	768.2	268.5	112.8	45.0	49.3	19.2	14.7	1906.0
Expenses on disabled welfare services (\$m)	1011.8	897.8	483.2	288.8	111.0	97.4	59.5	43.2	2992.6
Aged people (non-Indig. aged 70+ and Indigenous aged 50+) ('000)	705.0	515.7	372.7	183.6	181.9	54.6	23.1	12.1	2048.7
People <65 with profound/severe core activity limitation ('000)	234.1	173.1	139.5	70.7	53.3	17.1	11.5	7.3	706.6
Total population ('000)	6 817	5 128	4 092	2 059	1 568	490	334	211	20 699
<b>(b) Ratios</b>									
Aged care expense per capita (\$)	92	150	66	55	29	101	57	70	92
Aged care expense per aged person (\$)	891	1490	721	614	247	903	828	1217	930
Aged people per capita (%)	10.3	10.1	9.1	8.9	11.6	11.1	6.9	5.7	9.9
Disability expense per capita (\$)	148	175	118	140	71	199	178	205	145
Disability expenses per person with activity limitation (\$)	4322	5187	3464	4085	2083	5682	5177	5917	4235
People with activity limitation per capita (%)	3.4	3.4	3.4	3.4	3.4	3.5	3.4	3.5	3.4
<b>(c) Difference between State and average ratios</b>									
Aged care expenses per capita (\$)	0	58	-26	-37	-63	9	-35	-22	0
Aged care expenses per aged person (\$)	-39	559	-210	-316	-683	-27	-102	286	0
Aged people per capita (%)	0.4	0.2	-0.8	-1.0	1.7	1.2	-3.0	-4.2	0.0
Disability expense per capita (\$)	3.8	30.5	-26.5	-4.3	-73.8	54.3	33.3	60.2	0.0
Disability expense per person with activity limitation (\$)	87	951	-771	-151	-2153	1446	942	1682	0
People with activity limitation per capita (%)	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0

Note: ACT expenses may include municipal expenses.

Source: Expense data are for 2005-06 and come from the CGC adjusted budget, derived from Government Finance Statistics data provided by the ABS; population data are from the ABS 2006 Census; people with profound/severe core activity limitation data are for June 2006 and are from the Australian Institute of Health and Welfare's Disability Support Services, 2005-06, Table A1.5.

9 States' expenses per capita are affected mainly by:

- the number of service users; and

- the number of service users in special needs groups.

10 The Commission seeks measures of need that are not influenced by State policies.

### Number of service users

11 The proportion of people in target populations and the proportion of those using services vary between the States. Table 3 provides information on some of the characteristics of each State's aged and disabled welfare sector.

**Table 3 Aged and disabled welfare sector characteristics**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	No.	No.	No.	No.	No.	No.	No.	No.
<b>Population, 2006 Census</b>								
Population aged 70+ ('000)	687.0	512.1	357.9	175.5	179.3	52.7	22.7	5.6
Population aged 60+ ('000)	1 288.9	955.7	717.0	347.4	326.5	101.6	47.5	17.1
Indigenous population aged 50+ ('000)	21.2	4.2	17.3	9.5	3.1	2.2	0.4	7.8
Population aged 0 to 59 ('000)	5 528.2	4 172.6	3 374.6	1 711.6	1 241.7	388.3	286.7	193.6
<b>Residential aged care service users, June 2006</b>								
	56 107	42 430	29 124	13 750	15 675	4 353	1 594	435
<b>Home and Community Care (HACC) service users (non-Indigenous 70+, Indigenous 50+), 2005-06<sup>(a)</sup></b>								
All users	149 448	160 902	112 265	50 973	56 815	21 041	12 794	3 257
Indigenous user percentage	2.3	1.0	2.2	3.5	1.3	1.7	1.0	44.2
<b>CSTDA service users, 2004-05</b>								
	45 148	65 618	26 517	23 171	19 612	5 154	3 753	1 655

(a) The proportion of HACC agencies that submitted data for the year varied between jurisdictions and actual service levels will be higher than stated. 'Nil' and 'Not Stated' responses from the HACC Minimum Data Set Collection are not included in calculations.

Source: Population data are from the ABS 2006 Census; residential aged care, HACC and disability service user data are from Productivity Commission, Report on Government Services, 2006, Tables 12A.6, 12A.32, 12A.33 and 13A.1.

### Number of service users in special needs groups

12 Certain groups of aged and disability service users have special needs. The Aged Care Act, 1997, identifies the following special needs groups for aged care services:

- Indigenous people;
- people from non-English speaking backgrounds (NESB);
- people who live in rural or remote areas; and
- people who are financially or socially disadvantaged.

13 In its Report on Government Services, 2007, the Productivity Commission identifies three Commonwealth State Territory Disability Agreement (CSTDA) special needs groups:

- people from outer regional and remote/very remote locations;
- people identified as Indigenous; and
- people from NESBs.

14 Table 4 shows States' shares of target populations and service users.

**Table 4 Aged and disabled welfare sector, shares of indicators**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	%	%	%	%	%	%	%	%
<b>Population, 2006 Census</b>								
Population aged 70+	34.5	25.7	18.0	8.8	9.0	2.6	1.1	0.3
Population aged 60+	33.9	25.1	18.9	9.1	8.6	2.7	1.2	0.4
Indigenous population aged 50+	32.2	6.5	26.3	14.5	4.7	3.3	0.6	11.8
Population aged 0 to 59	32.7	24.7	20.0	10.1	7.3	2.3	1.7	1.1
<b>Residential aged care service users, June 2006</b>								
	34.3	26.0	17.8	8.4	9.6	2.7	1.0	0.3
<b>Home and Community Care (HACC) service users, 2005-06</b>								
All users	26.3	28.4	19.8	9.0	10.0	3.7	2.3	0.6
Indigenous users	29.3	13.1	20.2	14.9	6.4	3.1	1.1	12.0
<b>CSTDA service users, 2004-05</b>								
	23.7	34.4	13.9	12.2	10.3	2.7	2.0	0.9

Source: See Table 3.

15 The proportion of users in special needs groups is another example of circumstances which affect the cost of providing aged and disabled welfare services and which are beyond the direct control of an individual State government.

## ASSESSING STATES' COSTS OF PROVIDING AGED AND DISABLED WELFARE SERVICES

### The equalisation task

16 The Commission aims to identify why it costs some States more to provide aged and disabled welfare services and then, using this information, to estimate what it would cost each State to provide aged and disabled welfare services using the average policy and practice of all States. This estimate is called a State's *assessed expense*.

17 The process the Commission follows is twofold. First, it starts with the average expense which captures the average policies, efficiency and circumstances of all States. Second, it attempts to

quantify how a State varies from the average in some underlying characteristics (for example, the proportion of its population who are elderly or disabled) and what effect such variations could have on its total expenses. Bringing them together shows how much a State could be expected to vary from the average, solely because of its innate characteristics. The resultant estimate is its assessed expense. This section discusses how the Commission identifies these characteristics; the following sections discuss how it measures them.

- 18 The Commission identifies the major influences that cause States to have different expenses per capita and estimates their financial impact on either:
- assessed service use; or
  - assessed unit costs.

#### **Assessed service use**

- 19 For aged and disabled welfare services, the influences which affect assessed service use are:
- the proportion of elderly people;
  - the proportion of disabled people;
  - the proportion of people living alone;
  - the proportion of Indigenous people; and
  - the proportion of people holding Australian Government pensioner concession cards.

#### **Assessed unit costs**

- 20 For aged and disabled welfare services, the influences which affect assessed unit costs are:
- the proportion of service users in certain special needs groups which cost more to service; for example Indigenous users in remote areas, and users with low English fluency;
  - location of services. Service providers located in remote areas have higher costs associated with their location (travel, freight, staff relocation etc);
  - isolation from sources of supply. Where supplies and other resources must be brought from interstate, costs are higher;
  - the unavoidable overheads associated with setting up an aged and disabled welfare system; and
  - the unit cost of inputs. States face differing costs in relation to the price of labour, accommodation consumables and electricity.
- 21 While some of these influences, such as wage levels and electricity costs, may be partially affected by government policies, the Commission attempts to take account of only that part of the influence which is beyond the control of individual State governments.

**OVERVIEW OF THE METHOD FOR DETERMINING ASSESSED EXPENSES**

- 22 Box 2 provides a brief step by step overview of the framework the Commission uses to determine each States' assessed expenses for aged and disabled welfare.

## **Box 2: Assessment framework**

### **Step 1: Derive the average expense per capita**

This is done by dividing the total expenses incurred by all States by the population of all States. This figure captures the average financial impact of the policies, practices and particular State circumstances which impact on the cost of delivering the service across the nation.

### **Step 2: Identify different types of expenses**

The Commission examines the service to determine whether parts of the total expense are affected by different influences. If the differences are material, the expense is divided into component parts to ensure that the various influences are accurately matched with the expenses they affect. The different expense types identified are referred to as components. To identify components, the Commission analyses information and data on the nature of the service (that is, what States do and how they do it), States' policies concerning the service and submissions. The proportion of total expense attributable to a particular component is referred to as the component weight. The Commission uses ABS GFS data, State public accounts, annual reports and other data to estimate these proportions.

### **Step 3: Identify the influences for each component**

The Commission identifies the influences that affect each component and the extent to which they are beyond the control of individual State governments. To identify influences, the Commission analyses information and data on the nature of the service (that is, what States do and how they do it), States' policies concerning the service, submissions and other publications.

### **Step 4: Measure the size of each influence**

The Commission estimates the relative financial impact of each influence on each State's cost of providing the service, but only to the extent it is beyond the control of individual State governments. The relative impact is measured by relating the State's experience to the average experience. The relative impacts are presented as factors. A factor measures the percentage increase (or decrease) that the influence has on a State's cost of providing the service. There is at least one factor assessment for each component. In most cases there is more than one.

### **Step 5: Derive component factors**

The factors calculated for each cost component are combined together to derive a component factor. If the Commission considers that one factor compounds with another, it multiplies them. If the Commission considers that two factors are independent of one another, it adds them.

### **Step 6: Derive category factors**

The component factors are weighted to reflect the importance of the component in the category. This is done by multiplying each component factor by its component weight. The category factor is calculated by adding the weighted component factors together. The category factor represents the Commission's estimate of the combined financial impact of all the influences on a State's cost of providing the service.

### **Step 7: Derive assessed expense per capita**

Each State's assessed expense per capita is calculated by applying its category factor to the average expense per capita. A State's assessed expense per capita is the Commission's estimate of how much it would cost the State (per capita) to provide the average level of service.

The difference between a State's assessed expense per capita and the average expense per capita is a measure of the financial impact of circumstances beyond its control. The difference between its assessed expense per capita and its actual expense per capita is a measure of the financial impact of circumstances within its control.

**DERIVING COMPONENTS AND COMPONENT WEIGHTS**

- 23 The Commission examines the service to decide whether parts of the total expense are affected by different influences. If the differences are material, the expense is divided into component parts to ensure that the various influences are accurately matched with the expenses they affect. The different expense types identified are referred to as *components*. The proportion of total expense attributable to a particular component is referred to as the *component weight*.
- 24 The Commission identified five components for aged and disabled welfare and estimated the proportion of expenses that each cost component contributed to total aged and disabled welfare costs. The components and component weights are presented in Table 5.

**Table 5 Components and component weights, 2006-07**

Component	Component expenses		Component weight
		\$m	
Fixed costs		35.34	0.67
Disability services		3 207.17	60.55
Aged care services		1 503.69	28.39
Municipal rates concession		546.80	10.32
Isolation		3.84	0.07
<b>Total</b>		<b>5 296.83</b>	<b>100.00</b>

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Component and Component Weights

- 25 The component weights for fixed costs and isolation were calculated directly. For 2006-07, fixed costs were estimated at \$35.34 million and isolation costs at \$3.84 million.<sup>1</sup> The corresponding component weights are calculated by dividing these amounts by total category expenses. The other component weights were calculated using ABS GFS data.
- 26 The Commission identifies the influences affecting each component. They are, in the Commission's assessment, the reasons why States spend more (or less) than the average expense per capita to provide the average level of service. The Commission presents these influences as factors.

<sup>1</sup> The Administrative Scale and Isolation sections of Volume 4 of these Working Papers describe how the Commission determines the size of the administrative scale and isolation costs.

**Box 3: Commission factors**

A factor is the Commission's estimate of the relative financial impact a particular influence has on a State's cost of providing a service. Factors are only calculated for the part of the influence which is beyond the control of individual State governments.

A factor value of 1 means the Commission considers the State could provide the average level of service by spending the average expense per capita. A factor value of more than 1 means the Commission considers the State will have to spend more than the average expense per capita to provide the average level of service. A factor value of less than 1 means the Commission considers the State can provide the average level of service by spending less than the average expense per capita.

- 27 Table 6 lists each component and associated factors for aged and disabled welfare services.
- 28 Explanations of the reasoning behind each factor assessment in the Aged and Disabled Welfare category and the method of assessment are presented below.

**DERIVING THE FIXED COST COMPONENT FACTOR**

- 29 The Commission considers the amount of fixed costs required to be spent by each State is influenced by administrative scale and differences in the price of labour, accommodation and electricity.

**Administrative scale factor**

- 30 The administrative scale factor is assessed to recognise the unavoidable cost each State incurs to provide central administrative services to plan, regulate, and subsidise aged and disabled welfare services, regardless of the size of its population. For all State-type services, each State is assessed to require a similar level of administration expense, around \$184.0 million in 2006-07. The Northern Territory required \$52 million more, because its high proportion of Indigenous people necessitates dual planning and administrative structures. The ACT required \$7.7 million less, because the Commission considers it has zero or very low needs in certain categories (for example, Services to Indigenous Communities).
- 31 The disabilities for administrative scale factors are assessed by a common method. The method is discussed in Volume 7 of the 2004 Review Working Papers.
- 32 For 2006-07, the level of unavoidable fixed cost assessed for aged and disabled welfare services was \$4.33 million for each State. A further \$0.73 million was assessed for the Northern Territory because its high proportion of Indigenous service users necessitates dual planning and administrative structures. For this category, the ACT was assessed to have the same needs as the six States.

**Table 6**      **Components and factors, 2008 Update**

Component and 2005-06 component weights	Factors	Influence measured by factor
Fixed costs (0.67%)	Administrative scale	Recognises the unavoidable costs each State incurred to provide the policy and administrative infrastructure necessary to provide the service, regardless of the size of the task.
	Fixed costs input costs	Recognises the differences between States in the prices of head office labour, accommodation, and electricity used in providing services.
Aged care services (28.39%)	Socio-demographic composition (SDC)	Recognises that the use and cost of providing Home and Community Care (HACC) and residential care services are influenced by a State's population characteristics (such as Indigeneity, living alone, English fluency, remoteness).
	Dispersion	Recognises the differences in per capita costs of service provision associated with the spread of population.
	Input costs	Recognises the differences between States in the prices of labour, accommodation, and electricity used in providing services.
Disability services (60.55%)	Socio-demographic composition (SDC)	Recognises that the use and cost of providing Commonwealth State Territory Disability Agreement (CSTDA) funded services are influenced by a State's population characteristics (such as Indigeneity, English fluency, remoteness).
	Dispersion	Recognises the differences in per capita costs of service provision associated with the spread of population.
	Input costs	Recognises the differences between States in the prices of labour, accommodation, and electricity used in providing services.
	Cross-border	Recognises the additional costs faced by the ACT in providing services to residents of New South Wales.
Municipal rates concession (10.32%)	Socio-demographic composition (SDC)	Recognises the differences between States in the numbers of Australian Government Pensioner Concession Card holders.
Isolation (0.07%)	Isolation	Recognises the additional costs incurred by a State, attributable to the distance of the State from other State capitals and sources of supply.

33 Table 7 shows the amount assessed for each State and the per capita equivalent. It also shows the administrative scale factor which is calculated by dividing each State's per capita amount by the average per capita amount.

**Table 7 Derivation of administrative scale factor, 2006-07**

		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Fixed cost amount	\$m	4.325	4.325	4.325	4.325	4.325	4.325	4.325	4.325	34.601
Dual policy amount	\$m	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.734	0.734
Fixed costs	\$m	4.325	4.325	4.325	4.325	4.325	4.325	4.325	5.059	35.335
Population	m	6.856	5.168	4.136	2.082	1.577	0.492	0.337	0.213	20.859
Fixed costs per capita	\$pc	0.63	0.84	1.05	2.08	2.74	8.80	12.85	23.78	1.69
Factor		0.37241	0.49408	0.61736	1.22628	1.61936	5.19306	7.58308	14.03500	1.00000

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Administrative scale fixed costs per capita

- 34 The administrative scale factor is revised annually by adjusting the unavoidable fixed cost to reflect changes in the wage cost index (80 per cent weight) and consumer price index (20 per cent weight).

#### **Fixed costs input costs factor**

- 35 The input costs factor is assessed to recognise interstate differences, beyond the control of States, in the price of labour, accommodation and electricity used in providing administrative services.
- 36 The disabilities for the input costs factors are assessed by a common method. The method is discussed in Volume 7 of the 2004 Review Working Papers.
- 37 The input costs factor depends on the proportion of fixed costs expenses deemed to relate to wages, accommodation expenses and electricity expenses. For this component, these are 80 per cent for wages, 2 per cent for accommodations and 0.5 per cent for electricity. Table 8 shows:
- the price differentials for labour (wages), accommodation and electricity assessed by the Commission. For example, average wages in New South Wales were, for reasons beyond its control, 3.0 per cent higher than average in 2006-07;
  - the proportions of fixed costs expenses which relate to wages, accommodation and electricity expenses;
  - a total price differential — obtained by weighting each price differential by the proportion of the fixed costs expenses it influences; and
  - the 2006-07 fixed costs input costs factor — which is one plus the total price differential.

**Table 8 Derivation of fixed costs input costs factor, 2006-07**

	Prop'n	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	%	%	%	%	%	%	%	%	%
Wages	80.0	3.0	-0.5	-2.7	-1.4	-2.2	-4.1	2.5	2.5
Accommodation	2.0	5.0	-19.6	29.4	13.2	-34.2	-41.6	-1.1	-35.8
Electricity	0.5	-1.9	-1.9	-1.9	13.6	2.6	-40.3	-1.9	90.1
Balance of expenses	17.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total price <sup>(a)</sup>		2.5	-0.8	-1.6	-0.8	-2.4	-4.3	1.9	1.8
Factor		1.02528	0.99212	0.98387	0.99199	0.97579	0.95664	1.01939	1.01769

(a) May not add due to rounding.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Fixed Costs Input Costs Factor

#### Box 4: Weighting factors

The Commission weights a factor when the factor is to be applied to all of a component expense but it only affects part of the component expense.

As an example, the fixed costs input costs factor is to be applied to all of the administrative scale expenses, but it only affects the wages (80 per cent), accommodation (2 per cent) and electricity (0.5 per cent) parts of these expenses. So, the Commission weights each sub-factor according to the share of expenses it affects.

The formula is:

Weighted factor =  $\sum_i \text{Weight}_i * \text{sub-factor}_i + (100\% - \sum_i \text{Weight}_i) * \text{EPC factor}$

Where:  $i$  = the number of sub-factors. For example, wages, accommodation and electricity  
 Weight = the share of expenses affected by the relevant sub-factor

$(100\% - \sum_i \text{Weight}_i)$  = the share of expenses not affected by any of the sub-factors.

For the fixed costs input costs factor, the formula is:

Weighted factor =  $80\% * \text{wages sub-factor} + 2\% * \text{accommodation sub-factor} + 0.5\% * \text{electricity sub-factor} + 17.5\% * \text{EPC factor}$

Weighting factors according to the proportion of expenses they affect is important. Weighting factors allows the Commission to combine them. After weighting, a percentage increase in one factor has the same impact on expenses as the same percentage increase in any other factor.

38 The fixed costs input costs factor is revised annually.

#### Fixed costs component factor

39 The fixed costs component factor is calculated using the formula:

$$\text{fixed costs component factor} = [\text{administrative scale} * \text{fixed costs input costs}]$$

40 The Commission combines these factors multiplicatively because it recognises that States will vary around their administrative scale assessment due to differences in the price of inputs. For example, Table 8 shows price differences added 2.5 per cent to New South Wales' costs in

2006-07, so it cost New South Wales 2.5 per cent more than its administrative scale assessment of \$4.33 million to provide aged and disabled welfare services.

- 41 Table 9 shows the derivation of the component factor. It shows that it is the same as a component factor obtained by multiplying the administrative scale and fixed costs input costs factor.
- 42 The component factor is calculated by:
- estimating the impact of differences in the unit cost of inputs between States on the fixed costs assessed in Table 7;
  - adding this impact to States' fixed costs;
  - dividing each State's total fixed costs by its population; and
  - calculating the component factor by dividing each State's per capita figure by the average per capita figure.

**Table 9 Aged and Disabled Welfare, calculation of fixed costs component factor, 2006-07**

		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
<b>A. Fixed costs amount</b> (from Table 7)										
Amount	\$m	4.325	4.325	4.325	4.325	4.325	4.325	4.325	5.059	35.335
<b>B. Differences in price of inputs</b> (from Table 8)										
Difference	%	2.5	-0.8	-1.6	-0.8	-2.4	-4.3	1.9	1.8	0.0
<b>C. Impact of price differences</b> (A * B)										
Amount	\$m	0.109	-0.034	-0.070	-0.035	-0.105	-0.188	0.084	0.089	0.000
<b>D. Total fixed costs</b> (A + C)										
Amount	\$m	4.434	4.291	4.255	4.290	4.220	4.138	4.409	5.149	35.335
Population	m	6.856	5.168	4.136	2.082	1.577	0.492	0.337	0.213	20.859
<b>E. Total fixed costs per capita</b>										
Expenses per capita	\$pc	0.64681	0.83038	1.02894	2.06069	2.67681	8.41573	13.09500	24.19611	1.69402
<b>F. Factor</b> (E / E <sub>Aust</sub> )										
Factor		0.38182	0.49019	0.60740	1.21645	1.58015	4.96790	7.73013	14.28324	1.00000

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Fixed Costs Component Factor

## DERIVING THE AGED SERVICES COMPONENT FACTOR

- 43 The amount of aged services costs required to be spent by each State is considered by the Commission to be influenced by the number of service users in its population — a use-weighted population calculation — and differences in:
- the costs of providing services to particular groups of service users;
  - the price of labour, accommodation and electricity; and

- costs associated with the geographical dispersion of a State's population.

### **Socio-demographic composition factor**

- 44 A socio-demographic composition (SDC) factor is assessed to take account of State differences in the use of services due to differing numbers of service users in State populations and differences in the costs of delivering services to different population sub-groups. The use of services is measured by service use rates. For each population sub-group, Australian average cost-weighted use rates are calculated, USING Census data. These are then applied to the State sub-group populations, which are then added to derive a use- and cost-weighted population (see Box 5). Specifically, the SDC factor takes account of State differences in:
- the use of services. The use of services is measured by actual and imputed service use rates, by age, sex, Indigeneity, lone person status, remoteness and English fluency; and
  - the unit cost of providing services to users in special needs groups. The special needs groups are Indigenous users living in remote areas and users with low English fluency.
- 45 The socio-demographic composition factor is calculated in two parts — one part based on use rates for community care services and the other based on use rates for aged residential care services.

#### **Box 5: Socio-demographic composition factor**

##### *Community care sub-factor*

##### **Step 1: Obtain HACC client data**

HACC client data are obtained disaggregated by sex and Indigeneity, and in age ranges 50-54, 55-59, 60-64, 65-69, 70-74, 75-79, 80-84 and 85 plus years.

##### **Step 2: Remove non-Indigenous HACC clients aged less than 60 years**

Indigenous people experience age related diseases at younger ages and have lower life expectancy than non-Indigenous people, therefore we include Indigenous HACC users aged over 50 in the assessment. Non-Indigenous users aged below 60 are removed from the assessment, as we presume the majority of HACC services provided to this age group are not aged services.

##### **Step 3: Impute number of HACC clients living alone**

Older people who live alone are over-represented in aged care services. Because HACC user data are not available disaggregated by lone person status, we impute the number of lone person users. This is done by assuming the proportion of lone person users is twice the proportion of non-lone person users.

##### **Step 4: Impute number of HACC clients disaggregated by remoteness and English fluency**

It is assumed that the users profile is the same as the population profile.

##### **Step 5: Calculate Australian use rates for HACC services**

A matrix of combined use weights is calculated by dividing the number of users in each sub-group (from Step 4) by the total number of people in each sub-group from the Census.

##### **Step 6: Allow for the additional costs of providing services to particular user groups**

It costs more to provide HACC services to some users. The Commission takes into account the additional costs of providing services to Indigenous users in remote areas (cost weight of 1.25) and users with low fluency in English (cost weight of 1.5). A combined cost weights matrix is derived by combining the cost

weights multiplicatively.

**Step 7: Calculate the sub-factor**

A weighted population is calculated for each sub-group by multiplying the use weights, cost weights and States unweighted populations. Total State weighted populations are calculated by adding across all sub-groups. Ratios are calculated for each State and Australia by dividing its weighted population by its total population. Factors are calculated for each State by dividing its ratio by the Australian ratio.

***Residential care sub-factor***

**Step 1: Obtain residential care client data**

Residential care client data are obtained disaggregated by sex and Indigeneity, and in age ranges 50-64, 65-69, 70-74, 75-79, 80-84 and 85 plus years.

**Step 2: Remove non-Indigenous residential care clients aged below 70 years**

When planning aged care for Indigenous people, the Australian Government maintains a 20 year age differential between the non-Indigenous benchmark of 70 years and Indigenous benchmark of 50 years. Therefore non-Indigenous clients aged below 70 are removed from the use data.

**Step 3: Impute number of residential aged care clients who lived alone before entering care**

Older people who lived alone before entering care are over-represented in aged care services. Because residential aged care user data are not available disaggregated by lone person status, we impute the number of lone person users. This is done by assuming the proportion of lone person users is twice the proportion of non-lone person users.

**Step 4: Calculate Australian use rates for residential aged care services**

A matrix of combined use weights is calculated by dividing the number of users in each sub-group (from Step 3) by the total number of people in each sub-group from the Census.

**Step 5: Calculate the sub-factor**

A weighted population is calculated for each sub-group by multiplying the use weights by States' unweighted populations. Total State weighted populations are calculated by adding across all sub-groups. Ratios are calculated for each State and Australia by dividing its weighted population by its total population. Factors are calculated for each State by dividing its ratio by the Australian ratio.

***Combined socio-demographic composition factor***

The two sub-factors are weighted by the proportions of the component expenses attributable to community care and residential care services obtained from ABS GFS data. The two weighted sub-factors are then added to form one socio-demographic composition factor for the aged care component. The final factors are rescaled.

*Use of community care services*

- 46 Actual HACC use data are available disaggregated by age, sex and Indigeneity, and these are used in the assessment. Indigenous users aged over 50 and non-Indigenous users aged over 60 are included in the assessment. This is because Indigenous people are considered to be aged at a lower age than non-Indigenous people.
- 47 The Commission also includes the number of users living alone in the assessment because evidence shows that people living alone require more community care services than people not living alone. However, HACC data are not available disaggregated by lone person status. Therefore the Commission imputes the number of lone person users, by assuming the proportion of lone person users is twice the proportion of non-lone person users.

*Use of residential care services*

- 48 Actual residential aged care use data are available disaggregated by age, sex and Indigeneity, and these are used in the assessment. Indigenous users aged over 50 and non-Indigenous users aged over 70 are included in the assessment. This is because, when planning aged care for Indigenous people, the Australian Government maintains a 20 year age differential between the non-Indigenous benchmark of 70 years and Indigenous benchmark of 50 years.
- 49 The Commission also includes the number of users who lived alone prior to entering residential care in the assessment because evidence shows that people who live alone are more likely to enter residential care. However, residential care data are not available disaggregated by lone person status. Therefore the Commission impute the number of lone person users, by assuming the proportion of lone person users is twice the proportion of non-lone person users.

*Unit cost of supplying services*

- 50 Certain users of aged services, particularly HACC services, have special needs. It costs more to provide services to these users. The Commission takes into account the additional costs of providing HACC services to:
- Indigenous users in remote areas; and
  - users with low fluency in English.
- 51 The Commission developed cost weights to recognise the additional average cost of providing HACC services to these groups. The costs were derived from judgement, based on limited data. Table 10 shows the cost weights assessed by the Commission. They imply, for example, that an Indigenous user living in a remote area who has low fluency in English costs 1.875 times the cost of a non-Indigenous user living in a non-remote area who is fluent in English.

**Table 10 Socio-demographic composition cost weights for Aged and Disabled Welfare, aged services component, community care socio-demographic composition sub-factor, 2008 Update**

	Low English fluency	Fluent in English
Indigenous persons - remote	1.5 * 1.25	1.25
Indigenous persons - non-remote	1.5	1.0
Non-Indigenous persons	1.5	1.0

Source: Commission judgement.

*Factor calculation*

- 52 **Community care sub-factor.** Table 11 shows the derivation of the community care socio-demographic composition sub-factor for 2006-07. The number of notional users is the use- and cost-weighted population.

**Table 11 Derivation of community care socio-demographic composition sub-factor, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
<b>A. Notional users (no.)</b>	232 063	174 283	121 070	60 532	61 316	17 922	7 690	3 892	678 768
<b>B. Mean resident population ('000)</b>	6 856	5 168	4 136	2 082	1 577	492	337	213	20 859
<b>C. Notional users per capita (no.) (A/B)</b>	0.03385	0.03373	0.02928	0.02907	0.03889	0.03645	0.02284	0.01829	0.03254
<b>D. Factor (C/C<sub>Aus</sub>)</b>	1.04020	1.03643	0.89963	0.89344	1.19510	1.12022	0.70189	0.56197	1.00000

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/ Derivation of Aged Care Community Care SDC sub-factor

53 **Residential care sub-factor.** Table 12 shows the derivation of the residential care socio-demographic composition sub-factor for 2006-07.

**Table 12 Derivation of residential care socio-demographic composition sub-factor, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
<b>A. Notional users (no.)</b>	48 413	36 512	24 687	12 228	13 376	3 790	1 524	330	140 860
<b>B. Mean resident population ('000)</b>	6 856	5 168	4 136	2 082	1 577	492	337	213	20 859
<b>C. Notional users per capita (A/B)</b>	0.00706	0.00707	0.00597	0.00587	0.00848	0.00771	0.00453	0.00155	0.00675
<b>D. Factor (C/C<sub>Aus</sub>)</b>	1.04570	1.04629	0.88394	0.86970	1.25634	1.14163	0.67028	0.22933	1.00000

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Aged Care Residential Care SDC sub-factor

54 **Combined socio-demographic composition factor.** Table 13 shows the derivation of the aged care socio-demographic composition factor for 2006-07.

**Box 6: Scaling factors**

Some factor assessments cause total assessed expenses to move away from average expenses. To prevent gaps opening up in the assessments, the Commission scales these factors to ensure total assessed expenses equals average expenses. It also scales component factors.

The scaling procedure is to:

- (i) apply the factor to mean resident population;
- (ii) calculate the total weighted population by aggregating across States;
- (iii) divide total mean resident population by the total weighted population; and
- (iv) scale each State's factor using this ratio.

**Table 13 Derivation of aged care socio-demographic composition factor, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
<b>A. Community care subfactor</b>	1.03808	1.03636	0.90236	0.89650	1.19233	1.11556	0.70166	0.56330	1.00000
<b>B. Residential care subfactor</b>	1.04357	1.04622	0.88662	0.87268	1.25343	1.13688	0.67006	0.22987	1.00000
<b>C. Proportion of expenses on community care</b>	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79	0.79
<b>D. Proportion of expenses on residential care</b>	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21
<b>E. Weighted community care sub-factor (A*C)</b>	0.81673	0.81537	0.70995	0.70533	0.93809	0.87769	0.55204	0.44319	0.78677
<b>F. Weighted residential care sub-factor (B*D)</b>	0.22253	0.22309	0.18906	0.18609	0.26727	0.24242	0.14288	0.04902	0.21323
<b>G. Combined socio-demographic composition factor (E+F)</b>	1.03925	1.03846	0.89901	0.89142	1.20536	1.12011	0.69492	0.49221	1.00000
<b>H. Scaled factor<sup>(a)</sup></b>	1.03944	1.03865	0.89917	0.89158	1.20558	1.12031	0.69504	0.49230	1.00000

(a) This is the factor after it has been scaled to ensure total assessed expenses equals average expenses (see Box 6).

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Aged Care SDC factor

55 The socio-demographic composition factors are revised annually to allow for changes in service use and State populations. Table 14 shows the assessed factors for the 2008 Update.

**Table 14 Aged and Disabled Welfare, aged care component, socio-demographic composition factors, 2008 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2002	1.03152	1.04374	0.90928	0.88362	1.20100	1.11585	0.64501	0.48280	1.00000
2003	1.03248	1.04528	0.90904	0.88201	1.20207	1.11581	0.64627	0.45756	1.00000
2004	1.03855	1.03831	0.89843	0.89099	1.20356	1.12019	0.69591	0.48509	1.00000
2005	1.03923	1.03921	0.89831	0.89050	1.20542	1.12018	0.69568	0.47702	1.00000
2006	1.03944	1.03865	0.89917	0.89158	1.20558	1.12031	0.69504	0.49230	1.00000

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Aged Care SDC factors

### Aged care input costs factor

- 56 The input costs factor is assessed to recognise interstate differences, beyond the control of States, in the price of labour, accommodation and electricity used in providing services for central and regional administrative services. The disabilities for the input costs factors are assessed by a common method. The method is discussed in Volume 7 of the 2004 Review Working Papers.
- 57 The input costs factor depends on the proportion of aged care expenses deemed to relate to wages, accommodation expenses and electricity expenses. For this component, these are 70 per cent for wages, 2 per cent for accommodations and 0.5 per cent for electricity. Table 15 shows:
- the price differentials for labour (wages), accommodation and electricity assessed by the Commission;
  - the proportion of aged care expenses which relate to wages, accommodation and electricity expenses;
  - a total price differential — obtained by weighting each price differential by the proportion of aged care expenses it influences; and
  - the 2006-07 aged care input costs factor — which is one plus the total price differential.

**Table 15 Derivation of aged care input costs factor, 2006-07**

	Prop'n	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	%	%	%	%	%	%	%	%	%
Wages	70.0	3.0	-0.5	-2.7	-1.4	-2.2	-4.1	2.5	2.5
Accommodation	2.0	5.0	-19.6	29.4	13.2	-34.2	-41.6	-1.1	-35.8
Electricity	0.5	-1.9	-1.9	-1.9	13.6	2.6	-40.3	-1.9	90.1
Balance of expenses	27.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total price <sup>(a)</sup>		2.2	-0.7	-1.3	-0.7	-2.2	-3.9	1.7	1.5
Factor		1.02223	0.99260	0.98661	0.99340	0.97798	0.96077	1.01693	1.01515

(a) May not add due to rounding.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Combined Input Costs and Dispersion Factor

58 The input costs factor is revised annually to allow for changes in wages, rents and electricity prices.

### Dispersion factor

59 The dispersion factor is assessed to recognise differences in the per capita costs of service provision associated with the geographic dispersion of population. The dispersion factor reflects the combined differences in State expenses associated with telecommunication, freight, travel and other costs associated with providing services to dispersed localities. The disabilities for the dispersion factors are assessed by a common method. The method is discussed in Volume 7 of the 2004 Review Working Papers.

60 Table 16 shows:

- the price differentials for each of the 11 types of expenses covered by the dispersion factor;
- the proportion of aged care expenses which relate to each type of expense;
- a total price differential — obtained by weighting each price differential by the proportion of aged care expenses it influences; and
- the 2006-07 aged care dispersion factor — which is one plus the total price differential.

**Table 16 Derivation of dispersion factor, 2006-07**

Expense type	Prop'n	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	%	%	%	%	%	%	%	%	%
Voice technology	0.33	-1.3	-13.8	16.6	12.2	-8.9	-4.5	-61.3	138.7
Non-voice technology	0.04	-0.2	0.0	0.0	0.3	0.0	-0.1	0.5	0.7
General freight	0.11	3.8	-7.8	25.8	-0.9	-46.1	-5.1	-92.1	115.9
Air travel	0.06	10.0	-85.3	135.9	-9.8	-51.1	-99.6	-100.0	138.5
Inter-regional travel	0.10	8.1	-11.8	-10.3	-8.7	16.0	100.2	-85.6	68.6
Local travel	0.64	-3.0	-5.2	-3.0	22.0	-12.8	-32.7	-46.0	331.8
Remote removals	0.00	-56.4	-96.9	89.9	220.4	-20.7	-65.2	-100.0	964.6
Locality allowances	0.03	-58.5	-97.6	92.0	207.7	-41.9	-89.2	-100.0	1360.7
Repairs and maintenance	0.03	-69.7	-95.5	28.6	184.7	47.0	-38.1	-100.0	2281.6
Technology related repairs	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technology related support	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub-total <sup>(a)</sup>	1.35	0.0	-0.2	0.2	0.3	-0.2	-0.2	-0.8	3.9
Balance	98.65								
Total price	100	0.0	-0.2	0.2	0.3	-0.2	-0.2	-0.8	3.9
Factor		0.99960	0.99793	1.00175	1.00272	0.99820	0.99773	0.99190	1.03866

(a) May not add due to rounding.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Combined Input Costs and Dispersion Factor

61 The dispersion factor is only revised in a review.

### Aged care services component factor

62 The aged care component factor represents the combined effects of the influences on use and unit costs of aged care services that are not affected by State policies. The socio-demographic composition factor captures the assessed service use and differences in the unit cost of providing services to service users with particular characteristics. The Commission recognises that the costs of providing these services will vary between States because:

- the unit costs of inputs vary between States; and
- the unit costs of service provision associated with the geographic dispersion of population vary between States.

63 Table 17 shows the derivation of a combined input costs and dispersion factor. It recognises that the two factors influence different types of expenses and so do not interact. Consequently, these factors can be combined by addition.

**Table 17 Derivation of combined input costs and dispersion factor, 2006-07**

Expense type	Prop'n	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
	%	%	%	%	%	%	%	%	%
Input costs sub-total	72.5	2.2	-0.7	-1.3	-0.7	-2.2	-3.9	1.7	1.5
Dispersion sub-total	1.35	0.0	-0.2	0.2	0.3	-0.2	-0.2	-0.8	3.9
Balance	26.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total price <sup>(a)</sup>		2.2	-0.9	-1.2	-0.4	-2.4	-4.1	0.9	5.4
Factor		1.02184	0.99053	0.98835	0.99613	0.97618	0.95850	1.00883	1.05381

(a) May not add due to rounding.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Combined Input Costs and Dispersion Factor

64 The Commission combines these influences by:

- using notional users from Table 12 as an indicator of assessed (cost weighted) service use;
- adjusting the assessed service use for the combined effect of differentials in the price of labour, accommodation and electricity and the costs of service provision associated with the geographic dispersion of population;
- dividing each State's cost and price weighted notional users by its population; and
- calculating the component factor by dividing each State's per capita figure by the average per capita figure.

65 Table 18 shows the derivation of the aged care services component factor for 2006-07. The calculation, based on notional users, can be compared with that using the formula:

$$\text{Aged care services component factor} = [\text{socio-demographic composition} * (\text{dispersion} + \text{input costs} - 1)]$$

66 The dispersion and input costs factors are added and then combined with the socio-demographic composition factor by multiplication.

**Table 18 Calculation of aged care component factor, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
<b>A. Assessed service use (notional users from Tables 11 and 12)</b>									
Notional users (no.)	280 476	210 795	145 757	72 760	74 692	21 713	9 214	4 221	819 628
<b>Differences in prices and unit costs</b>									
B. Input Costs and Dispersion (%)	2.2	-1.0	-1.2	-0.4	-2.4	-4.2	0.9	5.4	0.0
<b>C. Price of services (B)</b>									
Price difference (%)	2.2	-1.0	-1.2	-0.4	-2.4	-4.2	0.9	5.4	0.0
<b>D. Impact of differences in prices (A*C)</b>									
Users	6111	-2006	-1704	-285	-1783	-902	81	227	-262
<b>E. Notional users (A+D)</b>									
Users (no)	286 587	208 789	144 052	72 475	72 909	20 810	9 295	4 448	819 366
<b>F. Population</b>									
Population ('000)	6 856	5 168	4 136	2 082	1 577	492	337	213	20 859
<b>G. Notional users per capita (E/F)</b>									
Users per capita (no.)	0.04180	0.04040	0.03483	0.03481	0.04624	0.04233	0.02761	0.02090	0.03928
<b>H. Factor (G/G<sub>Aust</sub>)</b>									
Factor <sup>(a)</sup>	1.06417	1.02858	0.88673	0.88615	1.17722	1.07755	0.70280	0.53211	1.00000

(a) This is the component factor after it has been scaled to ensure total assessed expenses equals average expenses (see Box 6). The component factor shown in Table 28 is the factor prior to scaling.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Aged Care Component Factor

## DERIVING THE DISABILITY SERVICES COMPONENT FACTOR

67 The disability services costs required to be spent by each State are considered by the Commission to be influenced by the number of service users in its population — a use-weighted population calculation — and differences in:

- the costs of providing services to particular groups of service users;
- the price of labour, accommodation and electricity; and
- costs associated with the geographical dispersion of a State's population.

### Socio-demographic composition factor

68 A socio-demographic composition (SDC) factor is assessed to take account of State differences in the use of services due to differing numbers of service users in State populations and differences in the costs of delivering services to different population sub-groups. The use of services is measured by service use rates. For each population sub-group, Australian average cost-weighted use rates are calculated, using Census data. These are then applied to the State

sub-group populations, which are then added to derive a use- and cost-weighted population (see Box 7). Specifically, the SDC factor takes account of State differences in:

- the use of services. The use of services is measured by actual and imputed service use rates, by age, Indigeneity, remoteness and English proficiency; and
- the unit cost of providing services to users in special needs groups. The special needs groups are Indigenous users living in remote areas and users with low English fluency.

69 With the availability of 2006 Census data, these have now been included in the socio-demographic composition and cross-border factor calculations for the years 2004-05 through 2006-07, while 2001 Census data have continued to be used in the calculations for the earlier assessment years.

**Box 7: Socio-demographic composition factor**

**Step 1: Obtain Commonwealth State Territory Disability Agreement (CSTDA) funded service client data**

CSTDA client data are obtained disaggregated by Indigeneity and in age ranges 0-4, 5-14, 15-24, 25-44 and 45-59.

**Step 2: Impute number of CSTDA users by remoteness and English proficiency.**

It is assumed that the user profile is the same as the population profile.

**Step 3: Calculate Australian use rates for disability services**

A matrix of combined use weights is calculated by dividing the number of users in each sub-group (from Step 4) by the total number of people in each sub-group from the Census.

**Step 4: Allow for the additional costs of providing services to particular user groups**

It costs more to provide disability services to some users. The Commission takes into account the additional costs of providing services to Indigenous users in remote areas (cost weight of 1.25) and users with low fluency in English (cost weight of 1.5). A combined cost weights matrix is derived by combining the cost weights multiplicatively.

**Step 5: Calculate the factor**

A weighted population is calculated for each sub-group by multiplying the use weights, cost weights and States' unweighted populations. Total State weighted populations are calculated by adding across all sub-groups. Ratios are calculated for each State and Australia by dividing its weighted population by its total population. Factors are calculated for each State by dividing its ratio by the Australian ratio. The final factors are rescaled.

*Use of services*

70 Actual CSTDA use data are available disaggregated by Indigeneity and age and are therefore used in the assessment.

*Unit cost of supplying services*

71 Certain users of disability services have special needs. It costs more to provide services to these users. The Commission takes into account the additional costs of providing disability services to:

- Indigenous users in remote areas; and
- users with low fluency in English.

72 The Commission developed cost weights to recognise the additional average cost of providing disability services to users in special needs groups. The costs were derived from judgement, based on limited data. Table 19 shows the cost weights assessed by the Commission. They imply, for example, that an Indigenous user living in a remote area who has low fluency in English costs 1.875 times the cost of a non-Indigenous user living in a non-remote area who is fluent in English.

**Table 19 Socio-demographic composition cost weights for Aged and Disabled Welfare, disability services component, 2008 Update**

	Low English fluency	Fluent in English
Indigenous persons - remote	1.5 * 1.25	1.25
Indigenous persons - non-remote	1.5	1.0
Non-Indigenous persons	1.5	1.0

Source: ????

*Factor calculation*

73 Table 20 shows the derivation of the disability services socio-demographic composition factor for 2006-07. The number of notional users is the use- and cost-weighted population.

**Table 20 Derivation of disability services socio-demographic composition factor, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
<b>A. Notional users (no.)</b>	65 186	48 871	39 729	20 263	14 471	4 515	3 356	2 764	199 156
<b>B. Mean resident population ('000)</b>	6 856	5 168	4 136	2 082	1 577	492	337	213	20 859
<b>C. Notional users per capita (A/B)</b>	0.00951	0.00946	0.00961	0.00973	0.00918	0.00918	0.00997	0.01299	0.00955
<b>D. Factor (C/CAus)</b>	0.99584	0.99053	1.00616	1.01933	0.96129	0.96191	1.04400	1.36047	1.00000
<b>E. Scaled factor<sup>(a)</sup></b>	0.99584	0.99053	1.00616	1.01933	0.96129	0.96191	1.04400	1.36047	1.00000

(a) This is the component factor after it has been scaled to ensure total assessed expenses equals average expenses (see Box 6).

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Disability Services SDC factor

74 The socio-demographic composition factors are revised annually to allow for changes in service use and State populations. Table 21 shows the assessed factors for the 2008 Update.

**Table 21 Aged and Disabled Welfare, disability services component, socio-demographic composition factor, 2008 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2002	0.99263	0.98908	1.00927	1.02585	0.96361	0.96723	1.05653	1.35213	1.00000
2003	0.99268	0.98638	1.01063	1.02662	0.96223	0.96994	1.05210	1.39073	1.00000
2004	0.99383	0.98903	1.01038	1.02378	0.95732	0.95747	1.04215	1.39560	1.00000
2005	0.99385	0.99050	1.00925	1.02286	0.95911	0.95794	1.04369	1.36374	1.00000
2006	0.99378	0.99042	1.00917	1.02279	0.95903	0.95787	1.04361	1.36364	1.00000

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Disability Services SDC factors

### Input costs factor

75 The input costs factor in the disability services component is the same as that used in the aged care component.

### Dispersion factor

76 The dispersion factor in the disability services component is the same as that used in the aged care component.

**Cross-border factor**

- 77 The cross-border factor is assessed to recognise the additional costs to the ACT of providing services to New South Wales residents. The cross-border factor is assessed by a common method, discussed in Volume 7 of the 2004 Review Working Papers.
- 78 The general model divided south-eastern New South Wales into two catchments. Group 1 comprised Queanbeyan, Yass, Yarrowlunla and Gunning. Group 2 comprised Bega Valley, Bombala, Boorowa, Cooma-Monaro, Crookwell, Eurobodalla, Goulburn, Harden, Mulwaree, Snowy River, Tallanganda and Young. The general model presumed a specified percentage of the population in each group used ACT services. The percentage differed for different services. In the disability services component, the cross-border factor takes into account 25 per cent of the population aged 0-59 in Group 1 and 10 per cent of the population aged 0-59 in Group 2.
- 79 Since the 2007 Update the New South Wales Government changed the Local Government Area (LGA) boundaries. For this Update, the ABS made estimated resident population figures available for the newly defined areas and provided comparable figures back to 2001. Group 1 comprised population of Queanbeyan City, Yass Valley, Palerang, Part A and one third of Upper Lachlan. Group 2 comprised Bega Valley, Bombala, Booroowa, Cooma- Monaro, Eurobodalla, Goulburn- Mulwaree, two- thirds of Upper Lachlan, Harden, Palerang Part B, Snowy River and Young. Table 22 shows the derivation of the cross-border factor for 2006-07.

**Table 22 Derivation of disability services cross-border factor, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aus
<b>A. Total Population 0 to 59 (no.)</b>	5 598 781	0	0	0	0	0	291 194	0	0
<b>B. Population 0 to 59 NSW Group 1 LGAs (no.)</b>	54 672	0	0	0	0	0	0	0	0
<b>C. Population 0 to 59 NSW Group 2 LGAs (no.)</b>	108 588	0	0	0	0	0	0	0	0
<b>D. Relevant population in NSW Group 1 and 2 LGAs (B*0.25+C*0.10) (no.)</b>	24 527	0	0	0	0	0	0	0	0
<b>E. Adjusted population (NSW = A-D, ACT = A+D) (no.)</b>	5 574 254	0	0	0	0	0	315 721	0	0
<b>F. Factor (E/A)</b>	0.99562	1.00000	1.00000	1.00000	1.00000	1.00000	1.08423	1.00000	1.00000

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Cross-border factor

- 80 The cross-border factor is revised annually to allow for changes in estimated resident population.

**Disability services component factor**

81 The disability services component factor represents the combined effects of the influences on use and unit costs of disability services that are not affected by State policies. The socio-demographic composition factor captures the assessed service use and differences in the unit cost of providing services to service users with particular characteristics. The Commission recognises that the costs of providing these services will vary between States because:

- the unit costs of inputs vary between States; and
- the unit costs of service provision associated with the geographic dispersion of population vary between States.

82 Table 23 shows the derivation of a combined input costs and dispersion factor for 2006-07. It recognises that the two factors influence different types of expenses and so do not interact. Consequently, these factors can be combined by addition.

**Table 23 Derivation of combined input costs and dispersion factor, 2006-07**

Expense type	Prop'n %	NSW %	Vic %	Qld %	WA %	SA %	Tas %	ACT %	NT %
Input costs sub-total	72.5	2.2	-0.7	-1.3	-0.7	-2.2	-3.9	1.7	1.5
Dispersion sub-total	1.35	0.0	-0.2	0.2	0.3	-0.2	-0.2	-0.8	3.9
Balance	26.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total price <sup>(a)</sup>		2.2	-0.9	-1.2	-0.4	-2.4	-4.1	0.9	5.4
Factor		1.02184	0.99053	0.98835	0.99613	0.97618	0.95850	1.00883	1.05381

(a) May not add due to rounding.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Combined Input Costs and Dispersion Factor

83 The Commission combines these influences by:

- using notional users from Table 20 as an indicator of assessed (cost weighted) service use;
- adjusting the assessed service use for the costs of providing services to residents of other States;
- adjusting the assessed service use for the combined effect of differentials in the price of labour, accommodation and electricity and the costs of service provision associated with the geographic dispersion of population;
- dividing each State's cost and price weighted notional users by its population; and
- calculating the component factor by dividing each State's per capita figure by the average per capita figure.

84 Table 24 shows the derivation of the disability services component factor for 2006-07. The calculation, based on notional users, can be compared with that derived using the formula:

$$\text{Disability services component factor} = [\text{socio-demographic composition} * \text{cross-border} * (\text{dispersion} + \text{input costs} - 1)]$$

85 The dispersion and input costs factors are added and then combined with the socio-demographic composition and cross-border factors by multiplication.

**Table 24 Calculation of disability services component factor, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
<b>A. Assessed service use (notional users from Table 20)</b>									
Notional users (no.)	65 186	48 871	39 729	20 263	14 471	4 515	3 356	2 764	199 156
<b>Differences in prices and unit costs</b>									
B. Cross-border use (%)	-0.4	0.0	0.0	0.0	0.0	0.0	8.4	0.0	0.0
C. Input Costs and Dispersion (%)	2.2	-1.0	-1.2	-0.4	-2.4	-4.2	0.9	5.4	0.0
<b>D. Price of services (B*C)<sup>(a)</sup></b>									
Price difference (%)	1.7	-1.0	-1.2	-0.4	-2.4	-4.2	9.4	5.4	0.0
<b>E. Impact of differences in prices (A*D)</b>									
Users (no)	1128	-465	-465	-79	-345	-188	315	149	49
<b>F. Notional users (A+E)</b>									
Users (no)	66 314	48 406	39 265	20 184	14 125	4 328	3 671	2 913	199 205
<b>G. Population</b>									
Population ('000)	6 856	5 168	4 136	2 082	1 577	492	337	213	20 859
<b>H. Notional users per capita (F/G)</b>									
Users per capita (no.)	0.00967	0.00937	0.00949	0.00969	0.00896	0.00880	0.01090	0.01369	0.00955
<b>I. Factor (H/H<sub>Aust</sub>)</b>									
Factor <sup>(b)</sup>	1.01282	0.98086	0.99414	1.01508	0.93811	0.92171	1.14159	1.43325	1.00000

(a) Care is required when combining price impacts. Table 22 shows the cross-border price impact for New South Wales is 0.99562 (that is its unit costs are 0.4% below average) while Table 23 shows its combined input costs and dispersion price impact is 1.02184 (that is, its unit costs are 2.2% above average). So, its total price impact is 1.7% = (0.99562 \* 1.02184 - 1)\*100.

(b) This is the component factor after it has been scaled to ensure total assessed expenses equals average expenses (see Box 6). The component factor shown in Table 28 is the factor prior to scaling.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of disability component factor

## DERIVING THE MUNICIPAL RATE CONCESSIONS COMPONENT FACTOR

86 The amount of municipal rate concession costs required to be spent by each State is considered by the Commission to be influenced by the number of Australian Government Pensioner Concession Card (PCC) holders.

**Socio-demographic composition factor**

87 A socio-demographic composition (SDC) factor is assessed to take account of State differences in the number of people eligible for concessions. This is measured using actual numbers of PCC holders, because the Commission considers that the differential needs for concessions are mainly associated with the different proportions of State populations eligible for PCCs.

**Box 8: Socio-demographic composition factor****Step 1: Obtain PCC holder data**

PCC holder data as at 30 June are obtained. Data are averaged across years to get an estimated number of PCC holders at the mid-point of the financial year.

**Step 2: Calculate the factor**

Ratios are calculated for each State and Australia by dividing the number of PCC holders by the mean resident population. Factors are calculated for each State by dividing its ratio by the Australian ratio.

**Factor calculation**

88 Table 25 shows the derivation of the municipal rates concessions socio-demographic composition factor for 2006-07.

**Table 25 Derivation of municipal rates concessions socio-demographic composition factor, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
<b>A. Pensioner concession card holders ('000)</b>	1 148	859	670	304	321	110	33	20	3 465
<b>B. Mean resident population ('000)</b>	6 856	5 168	4 136	2 082	1 577	492	337	213	20 859
<b>C. Pensioner concession card holders per capita (A/B)</b>	0.16752	0.16618	0.16190	0.14619	0.20333	0.22328	0.09761	0.09464	0.16609
<b>D. Factor (C/C<sub>Aus</sub>)</b>	1.00859	1.00052	0.97476	0.88015	1.22418	1.34429	0.58766	0.56982	1.00000
<b>E. Scaled factor<sup>(a)</sup></b>	1.00859	1.00052	0.97476	0.88015	1.22418	1.34429	0.58766	0.56982	1.00000

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Municipal rates concessions SDC Factor

89 The socio-demographic composition factors are revised annually to allow for changes in service use and State populations. Table 26 shows the assessed factors for the 2008 Update.

**Table 26 Aged and Disabled Welfare, municipal rates concessions component, socio-demographic composition factor, 2008 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
2002	0.99600	0.99491	0.99926	0.90174	1.21092	1.31047	0.59139	0.53776	1.00000
2003	0.99659	0.99545	0.99505	0.90418	1.21277	1.31197	0.59063	0.55106	1.00000
2004	0.99898	0.99802	0.98662	0.90475	1.21637	1.30839	0.59166	0.56035	1.00000
2005	1.00237	0.99901	0.98113	0.89744	1.22004	1.32254	0.59188	0.56471	1.00000
2006	1.00859	1.00052	0.97476	0.88015	1.22418	1.34429	0.58766	0.56982	1.00000

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Municipal Rates Concessions SDC factors

### Municipal rates concessions component factor

90 As only one factor is assessed for this component, the municipal rates concessions component factor is assessed using the formula:

$$\begin{array}{l} \text{Municipal rates} \\ \text{concessions} \\ \text{component factor} \end{array} = [\text{municipal rates concessions socio-demographic} \\ \text{composition factor}]$$

### DERIVING THE ISOLATION COMPONENT FACTOR

#### Isolation component

91 One factor is assessed for the isolation component.

#### *Isolation factor*

92 The isolation factor recognises the additional costs incurred by some States due to their distance from other State capitals and sources of supply. It is calculated by a general method. The method is discussed in Volume 7 of the 2004 Review Working Papers.

93 For aged and disability services in 2006-07, the Commission assessed total isolation expenses of \$3.84 million. Table 27 shows the amount assessed for each State and the per capita equivalent. It also shows the isolation factor which is calculated by dividing each State's per capita amount by the average per capita amount.

**Table 27 Isolation assessment and isolation factor, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Isolation amount (\$m)	0.05	0.07	0.09	0.69	0.32	0.25	0.08	2.30	3.84
Amount per person (\$pc)	0.01	0.01	0.02	0.33	0.20	0.51	0.23	10.82	0.18
Factor	0.04081	0.06917	0.11309	1.80761	1.09363	2.75060	1.22840	58.74083	1.00000

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Derivation of Isolation Factor

**Isolation component factor**

94 As only one factor is assessed for this component, the isolation component factor is assessed using the formula:

$$\text{Isolation component factor} = [\text{isolation}]$$

95 The isolation factor is revised annually to reflect changes in isolation expenses.

**DERIVING CATEGORY FACTORS**

96 Category factors measure the combined impact on a State of those circumstances which are beyond its control and which impact on its cost of providing aged and disabled welfare services. Category factors are calculated by:

- weighting the component factors to reflect the importance of the component in the category. This is done by multiplying each component factor by its component weight; and
- adding the weighted component factors together.

97 Table 28 summarises the components, component weights and disability factors, for this category factor for 2006-07, the last year of the 2008 Update.

**Table 28 Aged and Disabled Welfare, derivation of category factor, 2006-07**

Factors	NSW	Vic	Qld	WA	SA	Tas	ACT	NT
<b>Fixed costs (component weight = 0.67 %)</b>								
Administrative scale	0.37241	0.49408	0.61736	1.22628	1.61936	5.19306	7.58308	14.03500
Input costs	1.02528	0.99212	0.98387	0.99199	0.97579	0.95664	1.01939	1.01769
Component factor	0.38182	0.49019	0.60740	1.21645	1.58015	4.96790	7.73013	14.28324
<b>A Wgtd comp factor</b>	<b>0.00256</b>	<b>0.00328</b>	<b>0.00407</b>	<b>0.00815</b>	<b>0.01059</b>	<b>0.03328</b>	<b>0.05178</b>	<b>0.09568</b>
<b>Aged services (component weight = 28.39 %)</b>								
Socio-demographic composition	1.03944	1.03865	0.89917	0.89158	1.20558	1.12031	0.69504	0.49230
Dispersion	0.99955	0.99788	1.00170	1.00268	0.99815	0.99768	0.99186	1.03861
Input costs	1.02223	0.99260	0.98661	0.99340	0.97798	0.96077	1.01693	1.01515
Component factor	1.06209	1.02877	0.88865	0.88809	1.17681	1.07377	0.70115	0.51876
<b>B Wgtd comp factor</b>	<b>0.30161</b>	<b>0.29215</b>	<b>0.25236</b>	<b>0.25220</b>	<b>0.33419</b>	<b>0.30493</b>	<b>0.19911</b>	<b>0.14732</b>
<b>Disability services (component weight = 60.55 %)</b>								
Socio-demographic composition	0.99378	0.99042	1.00917	1.02279	0.95903	0.95787	1.04361	1.36364
Cross border	0.99562	1.00000	1.00000	1.00000	1.00000	1.00000	1.08423	1.00000
Dispersion	0.99955	0.99788	1.00170	1.00268	0.99815	0.99768	0.99186	1.03861
Input costs	1.02223	0.99260	0.98661	0.99340	0.97798	0.96077	1.01693	1.01515
Component factor	1.01098	0.98100	0.99737	1.01877	0.93614	0.91808	1.14145	1.43694
<b>C Wgtd comp factor</b>	<b>0.61199</b>	<b>0.59384</b>	<b>0.60375</b>	<b>0.61671</b>	<b>0.56669</b>	<b>0.55575</b>	<b>0.69097</b>	<b>0.86985</b>
<b>Municipal rate concessions (component weight = 10.32 %)</b>								
Socio-demographic composition	1.00859	1.00052	0.97476	0.88015	1.22418	1.34429	0.58766	0.56982
Component factor	1.00859	1.00052	0.97476	0.88015	1.22418	1.34429	0.58766	0.56982
<b>D Wgtd comp factor</b>	<b>0.10412</b>	<b>0.10328</b>	<b>0.10063</b>	<b>0.09086</b>	<b>0.12637</b>	<b>0.13877</b>	<b>0.06066</b>	<b>0.05882</b>
<b>Isolation (component weight = 0.07 %)</b>								
Isolation	0.04081	0.06917	0.11309	1.80761	1.09363	2.75060	1.22840	58.74083
Component factor	0.04081	0.06917	0.11309	1.80761	1.09363	2.75060	1.22840	58.74083
<b>E Wgtd comp factor</b>	<b>0.00003</b>	<b>0.00005</b>	<b>0.00008</b>	<b>0.00131</b>	<b>0.00079</b>	<b>0.00199</b>	<b>0.00089</b>	<b>0.04260</b>
<b>Category factor</b>	<b>1.02031</b>	<b>0.99261</b>	<b>0.96089</b>	<b>0.96923</b>	<b>1.03863</b>	<b>1.03473</b>	<b>1.00342</b>	<b>1.21427</b>

Note: For each component, the component factor is calculated using the formula in the following paragraph. The weighted component factor is the component factor multiplied by the component weight and scaled to ensure total assessed expenses equals average expenses (see Box 6). The category factor is the sum of the weighted component factors. It equals A + B + C + D + E.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Aged and Disabled Services Standardised Expenditure

98 The category factor was calculated as follows:

$$\begin{aligned} \text{category factor} &= \text{fixed costs} + \text{aged care} + \text{disability services} + \\ &\quad \text{municipal rate concessions} + \text{isolation.} \\ \text{where} \\ \text{fixed costs} &= 0.0067 [\text{administrative scale} * \text{input costs}] \\ \text{aged care} &= 0.2839 [\text{socio-demographic composition}_{\text{aged}} \\ \text{services} &\quad \text{care services} * (\text{dispersion} + \text{input costs} - 1)] \\ \text{disability} &= 0.6055 [\text{socio-demographic composition}_{\text{disability}} \\ \text{services} &\quad \text{services} * \text{cross border} - \text{disability} \\ &\quad \text{services} * (\text{dispersion} + \text{input costs} - 1)] \\ \text{municipal rate} &= 0.1032 [\text{socio-demographic composition}_{\text{municipal rate}} \\ \text{concessions} &\quad \text{municipal rate concessions}] \\ \text{isolation} &= 0.0007 [\text{isolation}] \end{aligned}$$

99 In each case, the contributions to the category factor were calculated as the expense component weight multiplied by the factors (the bracketed terms in the formulas). Each contribution to the category factor was then rescaled to ensure that the sum of assessed equalled the sum of actual expenses.

## RESULTS FOR 2006-07

100 Assessed expenses per capita are calculated by multiplying each State's category factor by the average expense per capita. Table 29 shows the actual, average and assessed expenses per capita and the assessed cost of providing services ratios for 2006-07. The assessed cost of providing services ratios are equivalent to the category factors shown in Table 28.

**Table 29 Aged and Disabled Welfare, assessment results, 2006-07**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual expenses	248.36	327.73	205.45	262.07	153.08	251.29	233.88	289.60	253.94
Assessed expenses	259.10	252.06	244.01	246.12	263.75	262.76	254.81	308.35	253.94
	%	%	%	%	%	%	%	%	%
Assessed cost of providing services ratio <sup>(a)</sup>	102.03	99.26	96.09	96.92	103.86	103.47	100.34	121.43	100.00

Note: ACT expenses may include municipal expenses

(a) The assessed cost of providing services ratio is the ratio of assessed to average gross expenses per capita.

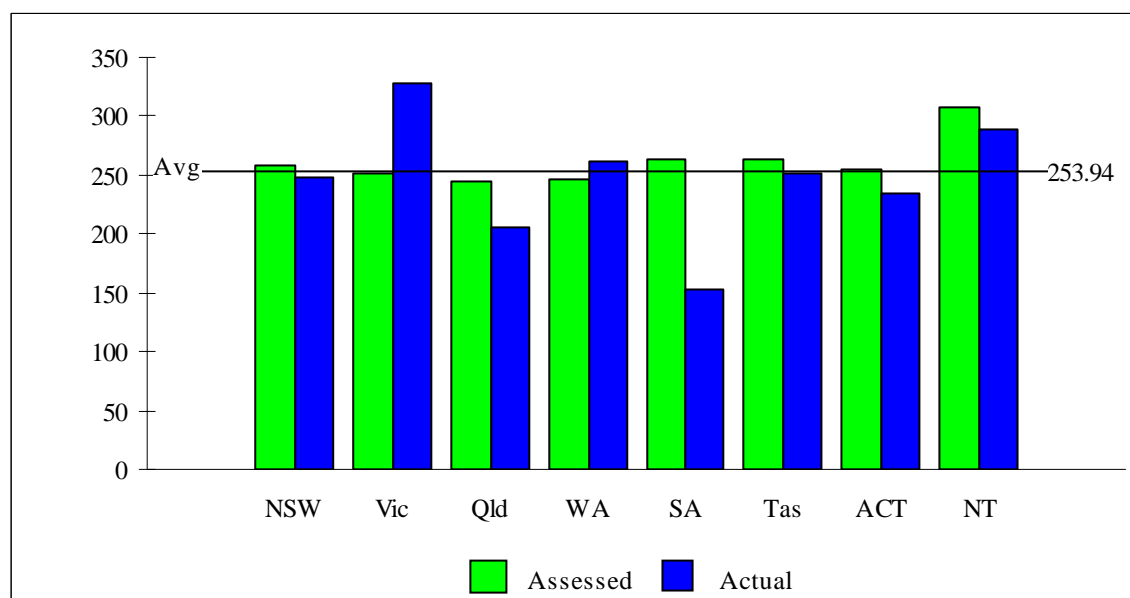
Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Assessment Results

101 Table 39 at the end of this Working Paper summarises the results of the assessment. It shows the actual and assessed expenses for each State, as well as average expenses, for all years of the 2008 Update.

102 Figure 1 illustrates the actual, average and assessed expenses for Aged and disabled welfare for 2006-07. In that year, assessed expenses per capita for New South Wales, South Australia, Tasmania and the Northern Territory were above the average level of expenses per capita; those for Victoria and the ACT were close to average; while those for Queensland and Western

Australia were below average. Queensland and South Australia had the largest differences between assessed and actual expenses per capita.

**Figure 1 Aged and Disabled Welfare, assessed expense per capita, actual expenses per capita and average expenses per capita, 2006-07**



Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Expenses Per Capita - Assessed, Actual and Average

### **GST REVENUE DISTRIBUTION FOR THE 2007 UPDATE**

103 The assessed difference from average in dollars provides an indication of the impact of this assessment on GST shares. This is calculated by:

- subtracting the average expense per capita from each State's assessed expenses per capita; and
- multiplying by each State's population.

104 Table 30 shows this calculation for 2006-07.

**Table 30 Assessed difference from average, 2006-07**

		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Assessed expenses per person	\$pc	259.10	252.06	244.01	246.12	263.75	262.76	254.81	308.35	253.94
Assessed difference from average per person	\$pc	5.16	-1.88	-9.93	-7.81	9.81	8.82	0.87	54.41	0.00
Population	m	6.856	5.168	4.136	2.082	1.577	0.492	0.337	0.213	20.859
Assessed difference from average	\$m	35.4	-9.7	-41.1	-16.3	15.5	4.3	0.3	11.6	67.0

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Assessed Difference from Average, Year 5

105 Table 31 shows the assessed difference from average in millions of dollars for all years of the 2008 Update. The average of these amounts over the five year assessment period provides an indication of the impact of the assessment on GST shares. The actual impact depends on the growth in the size of the pool and population between the assessment years and the application year.

**Table 31 Assessed difference from average, 2008 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
2001-02	29.7	0.8	-35.7	-14.2	9.4	3.2	0.8	6.0	50.0
2002-03	30.7	-3.7	-36.6	-14.3	10.5	3.9	0.3	9.2	54.6
2003-04	31.1	-4.6	-37.9	-15.3	11.9	4.3	0.1	10.3	57.8
2004-05	36.0	-5.5	-42.6	-16.8	13.0	3.8	0.5	11.7	64.9
2005-06	37.8	-6.0	-45.8	-17.5	15.5	4.3	0.5	11.1	69.2
2006-07	35.4	-9.7	-41.1	-16.3	15.5	4.3	0.3	11.6	67.0
<b>Average</b>	<b>33.4</b>	<b>-4.8</b>	<b>-40.0</b>	<b>-15.7</b>	<b>12.6</b>	<b>4.0</b>	<b>0.4</b>	<b>10.0</b>	<b>60.6</b>

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Assessed Difference from Average

106 The impact of the Aged and Disabled Welfare assessment on the distribution of GST revenue and health care grants (hereafter referred to as GST revenue) can be estimated by taking the average from Table 31 above scaled by the growth in the pool. This impact can be sub-divided to show the effect of each factor.

107 Table 32 shows the category's contribution to the distribution of GST revenue. It also shows the contribution of each factor and component.

### Differences from an equal per capita assessment

108 Table 32 shows that, compared with an equal per capita (EPC) assessment, the 2008 Update redistributed \$74.6 million away from Victoria, Queensland and Western Australia to the other States.

109 The Table indicates that the disabilities which had the biggest impact on the assessment were socio-demographic composition and input costs. The socio-demographic composition factors were the main drivers of the assessment. The factors for disability services and aged care services resulted in offsetting redistributions as the main driver of disability services is the population aged 0-59 while that for aged care services is the 60+ age group. The aged care services socio-demographic composition factor has the bigger effect on the redistributions, notwithstanding the fact that aged care services has a component weight somewhat less than half that of disability services. The redistributions resulting from the socio-demographic composition factors were consistent with the population characteristics of each State shown in Table 33.

**Table 32 Aged and Disabled Welfare, contribution of assessment to GST revenue distribution, 2008 Update**

Factor	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redist'd
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Fixed costs</b>									
Administrative scale	-8.0	-4.9	-2.9	0.9	1.8	3.8	4.1	5.2	15.8
Input costs	0.4	0.0	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.4
Component factor	-7.9	-4.9	-3.0	0.9	1.7	3.6	4.2	5.4	15.7
<b>Disability services</b>									
Socio-demographic composition	-7.4	-9.1	6.3	8.1	-10.0	-3.0	2.5	12.7	29.6
Cross-border	-4.6	0.1	0.0	0.0	0.0	0.0	4.5	0.0	4.6
Dispersion	-0.5	-1.8	1.1	0.9	-0.5	-0.2	-0.4	1.3	3.3
Input costs	29.6	-3.1	-15.3	-4.5	-5.6	-2.9	1.0	0.7	31.4
Component factor	16.5	-14.1	-8.1	4.3	-15.9	-5.9	7.9	15.4	44.1
<b>Aged care services</b>									
Socio-demographic composition	19.1	16.2	-29.9	-17.4	24.0	4.4	-8.1	-8.3	63.7
Dispersion	-0.2	-0.8	0.5	0.4	-0.2	-0.1	-0.2	0.6	1.6
Input costs	13.9	-1.4	-7.2	-2.1	-2.6	-1.3	0.5	0.3	14.7
Component factor	33.3	13.9	-35.9	-18.9	20.6	2.8	-7.9	-7.8	70.5
<b>Municipal rate concessions</b>									
Socio-demographic composition	0.2	-0.3	-1.4	-5.8	9.3	4.3	-3.7	-2.6	13.7
Component factor	0.2	-0.3	-1.4	-5.8	9.3	4.3	-3.7	-2.6	13.7
<b>Isolation</b>									
Isolation	-1.4	-1.0	-0.8	0.4	0.0	0.2	0.0	2.5	3.1
Component factor	-1.4	-1.0	-0.8	0.4	0.0	0.2	0.0	2.5	3.1
<b>Redistribution from EPC resulting from the 2008 Update assessment</b>									
Update assessment	40.7	-6.3	-49.2	-19.1	15.6	4.9	0.4	12.9	74.6

Note: The redistribution due to the component factors includes the effect of interactions between factors. Therefore the component factor figure may not equal the sum of its factors' redistribution.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Contribution of Assessment to GST Revenue

110 The category factors reflected, and Table 33 shows, that:

- New South Wales had above average proportions of aged people and aged people living alone. This, along with well above average input costs, contributed to its above average cost ratio, and so positive GST redistribution.
- Victoria had above average proportions of aged people and aged people living alone. However this was offset by below average proportions of people aged below 60 and

Indigenous people — both of which are key drivers of disability service provision. It also had below average levels of dispersion, isolation and input and administration costs. The net result was a negative GST redistribution.

**Table 33 Population distribution for aged and disabled services**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
	%	%	%	%	%	%	%	%	%
Population 60+	18.91	18.64	17.52	16.87	20.82	20.74	14.21	8.11	18.37
Population 0-59	81.09	81.36	82.48	83.13	79.18	79.26	85.79	91.89	81.63
Lone person 60+ <sup>(a)</sup>	6.98	7.07	6.47	6.42	8.17	8.34	5.12	3.00	6.90
Indigenous 60+	0.13	0.04	0.18	0.19	0.09	0.19	0.04	1.63	0.13
Indigenous 0-59	2.04	0.57	3.40	3.60	1.57	3.26	1.17	29.97	2.36
Remote Indigenous 60+	0.01	0.00	0.05	0.10	0.01	0.00	0.00	1.24	0.04
Remote Indigenous 0-59	0.15	0.00	0.81	1.54	0.34	0.04	0.00	21.37	0.60

(a) Persons aged 60 and over for whom 'family income' is not applicable.

Source: ABS 2006 Census of Population and Housing.

- Queensland and Western Australia had well below average proportions of aged people and aged people living alone, which was the main contributor to their negative GST redistributions. Below average input costs also contributed to their negative GST redistributions.
- South Australia and Tasmania had well above average proportions of aged people and aged people living alone. This was the main contributor to their positive GST redistributions. Tasmania's above average proportion of Indigenous people was also a factor.
- The ACT had well below average proportions of aged people, aged people living alone, Indigenous people, and no remote Indigenous people. This was offset by its well above average proportion of people aged below 60, above average administrative costs per capita and its need to provide cross-border services. The net result was a slightly positive GST redistribution.
- The Northern Territory had a well below average proportion of aged people and aged people living alone. This was offset by a well above average proportion of Indigenous people aged 0-59, especially those in remote areas, and above average administrative costs per capita. The net result was a sizeable positive GST redistribution.

## **CHANGES SINCE THE 2007 UPDATE**

### **Effect of assessment on the distribution of GST revenue**

- 111 Table 34 shows the distribution of GST revenue resulting from the assessments in the 2007 Update and the 2008 Update. It also shows the sources of the changes.
- 112 Changes in the distribution of GST revenue between the 2007 Update and the 2008 Update were brought about because the Commission:
- used revised financial data in the average expenses and other revised data in factor calculations for the years 2001-02 to 2005-06; and
  - replaced 2001-02 average expenses and factors with those of 2006-07 to move forward the five-year period on which GST revenue distribution was based. Moving the five-year period forward in this way ensures the assessments reflect recent trends in State priorities on the services provided and recent trends in State demographic, and economic circumstances on the relative costs of those services.
- 113 With the availability of 2006 Census data, these have now been included in the socio-demographic composition and cross-border factor calculations for the years 2004-05 through 2006-07, while 2001 Census data have continued to be used in the calculations for the earlier assessment years.

**Table 34 Aged & disabled services, effect of assessment on GST revenue distribution, 2007 Update to 2008 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redist'd
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Redistribution from EPC resulting from the 2007 Update assessment (a)</b>									
	38.8	-4.3	-48.7	-19.5	15.2	5.3	0.4	12.9	72.5
<b>Effect of revising category averages and factors for 2001-02 to 2005-06</b>									
Category average	0.8	-0.2	-1.0	-0.4	0.4	0.1	0.0	0.3	1.6
Category factors	2.7	0.7	-2.0	-0.1	-0.3	-0.4	0.2	-0.8	3.6
Interactions	0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.2
Total	3.6	0.6	-3.1	-0.5	0.1	-0.3	0.2	-0.6	4.5
<b>Effect of replacing 2001-02 category averages and factors with those for 2006-07</b>									
Category average	0.5	0.0	-0.6	-0.2	0.2	0.1	0.0	0.1	0.9
Category factors	-2.0	-2.4	3.1	1.1	0.2	-0.1	-0.2	0.5	4.8
Interactions	-0.1	-0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.3
Total	-1.6	-2.6	2.6	0.9	0.4	-0.1	-0.2	0.6	4.5
<b>Redistribution from EPC resulting from the 2008 Update assessment (a)</b>									
	40.7	-6.3	-49.2	-19.1	15.6	4.9	0.4	12.9	74.6
<b>Total effect of revisions and updating (b)</b>									
	2.0	-2.0	-0.5	0.4	0.4	-0.4	0.0	0.0	2.9

(a) Using the same pool and populations that were used to calculate the 2007 Update redistribution.

(b) This figure shows the change in the amount redistributed among the States between the 2007 Update and the 2008 Update. It does not necessarily equal the difference in the total redistribution from EPC between the two inquiries.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Effect of Assessment, Previous Inquiry to Current Inquiry

114 The total effect of revisions and updating was to increase the amount redistributed and to redistribute \$2.9 million across States.

115 Table 35 shows the changes in GST revenue attributable to changes in each factor arising from both revisions over the period 2000-01 to 2004-05 and replacing 2000-01 data with 2005-06 data.

**Table 35 Aged & disabled services, effect of assessment on GST revenue distribution by factor, 2007 Update to 2008 Update**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total redist'd
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
<b>Fixed costs</b>									
Administrative scale	0.5	0.2	0.0	-0.1	-0.1	-0.2	-0.1	-0.2	0.7
Input costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<b>Disability services</b>									
Socio-demographic composition	0.1	0.2	0.6	0.0	-1.2	-0.5	-0.2	1.0	1.9
Cross-border	-0.2	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2
Dispersion	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Input costs	-1.7	-0.9	1.8	0.6	0.3	-0.1	0.0	0.0	2.7
<b>Aged care services</b>									
Socio-demographic composition	2.7	-0.6	-3.4	-0.1	1.1	0.2	0.4	-0.4	4.4
Dispersion	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Input costs	-0.7	-0.4	0.8	0.2	0.1	-0.1	0.0	0.0	1.2
<b>Municipal rates concession</b>									
Socio-demographic composition	1.2	-0.1	-0.9	-0.4	0.3	0.3	-0.2	-0.1	1.7
<b>Isolation</b>									
Isolation	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.2

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Effect of Assessment by Factor, Previous Inquiry to Current Inquiry

116 The main reasons for the changes in GST revenue distribution between the two updates are explained in more detail in the following sections.

### Changes due to revising average expenses and factors for years 2001-02 to 2005-06

#### *Revising average expenses*

117 There have been sizeable upward revisions for this category. This increased the amount of GST revenue redistributed for that period (\$1.6 million). It increased the GST revenue shares of the States assessed to have above average costs of providing services ratios (New South Wales, South Australia, Tasmania, the ACT and the Northern Territory). It reduced the GST revenue shares of other States.

118 Revisions averaged \$110 million over the three years to 2004-05. In 2005-06, upward revisions totalled \$320 million. The revisions have largely resulted from a major reclassification of Queensland expenses from the Homeless and general welfare category to the Aged and disabled category and a reclassification of Western Australian home and community care (HACC) expenses from non-inpatient services to aged care services. There was a partially offsetting

reclassification in the other direction of \$121 million of New South Wales expenses for 2004-05.

- 119 Table 36 shows the average expenses for the six financial years of this update and those of the previous update. The category also includes user charges, which are assessed equal per capita. They are not discussed in this paper because they have no effect on redistributions.

**Table 36 Aged & disabled services, average expenses used in the 2007 and 2008 Updates**

	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
2008 Update		178.19	200.51	211.65	230.94	245.42	253.94
2007 Update	174.67	178.38	197.28	209.67	227.15	230.82	
Difference	-	-0.19	3.23	1.98	3.79	14.61	-

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Average Expenses Used in the 2007-08 Updates

*Revising category factors*

- 120 The GST redistribution resulting from revisions to category factors were largely due to the effect of incorporating 2006 Census data into the assessment but were relatively modest for all States (Table 37). The incorporation of 2006 Census data accounted for around half of the redistribution away from the Northern Territory. Having an effect also was a reduction in the Indigenous use rate in 2005-06 as a result of the incorporation of updated data on the number of Commonwealth State Territory Disability Agreement (CSTDA)-funded service users.

**Table 37 Aged & disabled services, GST revenue redistributions resulting from revisions to category factors**

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust.
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Total redistrib <sup>n</sup>	2.7	0.7	-2.0	-0.1	-0.3	-0.4	0.2	-0.8	3.6
Impact of Census	2.6	0.4	-2.0	-0.1	-0.4	-0.4	0.2	-0.4	3.2
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Total redistrib <sup>n</sup> net of Census impact	0.01	0.06	0.01	-0.01	0.09	-0.17	-0.03	-2.19	0.03

Source: Assessment System, U2007 GST 2006 Census Data/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/4160 E Effect of Assessment, Previous Inquiry to Current Inquiry; U2008/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/4160 E Effect of Assessment, Previous Inquiry to Current Inquiry

**Changes in State circumstances — replacing 2001-02 with 2006-07 data**

- 121 Table 38 shows the actual expenses and implied costs of service provision for 2001-02, the year that drops out of the assessment period, and 2006-07, the year that comes in, for the 2008 Update assessment.

*Replacing average expenses*

122 Since 2001-02, State spending on this function increased by 52.2 per cent, which is above the 43.9 per cent growth in the GST pool. The category therefore became more important to the calculation of relativities, resulting in a greater redistribution of GST revenue (\$0.9 million). In consequence, the GST revenue shares increased in States with above average 2001-02 costs of providing services ratios — New South Wales, South Australia, Tasmania, the ACT and the Northern Territory — and decreased in the other States.

**Table 38** Aged & disabled services, actual expenses and assessed cost of providing services, 2001-02 and 2006-07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Avg
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Actual expenses									
2001-02	184.97	249.06	119.27	178.33	89.63	152.35	158.65	84.89	178.19
2006-07	248.36	327.73	205.45	262.07	153.08	251.29	233.88	289.60	253.94
	%	%	%	%	%	%	%	%	%
Change between 2001-02 and 2006-07									
	34.27	31.59	72.25	46.96	70.79	64.94	47.42	241.15	42.51
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
Assessed expenses									
2001-02	182.68	178.36	168.46	170.75	184.42	185.03	180.76	208.44	178.19
2006-07	259.10	252.06	244.01	246.12	263.75	262.76	254.81	308.35	253.94
	%	%	%	%	%	%	%	%	%
Assessed cost of providing services ratio									
2001-02	102.52	100.10	94.54	95.82	103.50	103.84	101.44	116.98	100.00
2006-07	102.03	99.26	96.09	96.92	103.86	103.47	100.34	121.43	100.00

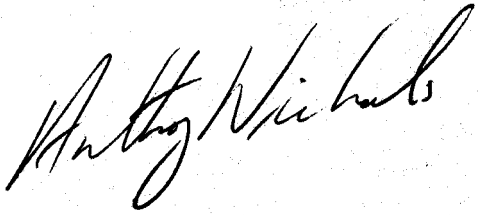
Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Assessment Data, Year 0 and Year 5

*Replacing category factors*

123 For Queensland, Western Australia, South Australia and the Northern Territory, the 2006-07 cost of providing services ratios were higher than the 2001-02 ratios. Replacing the category factors therefore increased their shares of GST revenue (by \$4.8 million). Replacing the category factors reduced the shares for New South Wales, Victoria, Tasmania and the ACT.

124 The observed changes were small and partly driven by the incorporation of 2006 Census data into the socio-demographic composition factors (see earlier discussion). The 2006 Census data have been included in the factor calculations for the years 2004-05 through 2006-07 (i.e two years are reflected in the revision effect while one year is reflected in the replacement effect).

This working paper was prepared by the Expense — Health and Welfare section of the Commonwealth Grants Commission. If you have any questions about its content please contact Anthony Nichols on (02) 6229 8858 or [Anthony.Nichols@cgc.gov.au](mailto:Anthony.Nichols@cgc.gov.au).

A handwritten signature in black ink that reads "Anthony Nichols". The signature is written in a cursive style and is positioned on the left side of the page.

Date: 29/2/08.

**Table 39 Assessment of expenses, Aged & disabled services**

	2002-03		2003-04		2004-05		2005-06		2006-07	
	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita	Amount	Per Capita
	\$m	\$	\$m	\$	\$m	\$	\$m	\$	\$m	\$
<b>Average Expenses</b>		200.51		211.65		230.94		245.42		253.94
New South Wales										
Assessed difference	30.661	4.61	31.094	4.65	35.954	5.34	37.842	5.57	35.361	5.16
Expenses - Assessed	1 364.645	205.12	1 447.569	216.30	1 590.771	236.28	1 704.027	251.00	1 776.310	259.10
Actual	1 330.946	200.05	1 464.660	218.85	1 510.998	224.43	1 621.393	238.83	1 702.701	248.36
Victoria										
Assessed difference	- 3.668	- 0.75	- 4.589	- 0.93	- 5.479	- 1.09	- 5.992	- 1.18	- 9.694	- 1.88
Expenses - Assessed	977.907	199.76	1 044.367	210.72	1 153.680	229.84	1 243.462	244.25	1 302.533	252.06
Actual	1 347.283	275.22	1 425.357	287.60	1 580.837	314.95	1 661.832	326.43	1 693.575	327.73
Queensland										
Assessed difference	- 36.631	- 9.72	- 37.862	- 9.80	- 42.645	- 10.78	- 45.764	- 11.30	- 41.072	- 9.93
Expenses - Assessed	718.782	190.79	779.677	201.85	871.027	220.16	947.925	234.12	1 009.118	244.01
Actual	580.963	154.21	615.976	159.47	650.942	164.53	751.840	185.69	849.649	205.45
Western Australia										
Assessed difference	- 14.334	- 7.39	- 15.307	- 7.78	- 16.755	- 8.38	- 17.478	- 8.57	- 16.270	- 7.81
Expenses - Assessed	374.358	193.12	401.266	203.87	445.112	222.56	482.846	236.85	512.439	246.12
Actual	369.268	190.49	396.563	201.48	441.477	220.74	503.275	246.87	545.641	262.07
South Australia										
Assessed difference	10.516	6.89	11.923	7.76	13.025	8.42	15.482	9.92	15.467	9.81
Expenses - Assessed	316.563	207.40	337.078	219.41	370.198	239.36	398.462	255.35	415.836	263.75
Actual	166.523	109.10	145.460	94.68	278.785	180.25	263.584	168.91	241.348	153.08
Tasmania										
Assessed difference	3.907	8.22	4.302	8.95	3.766	7.77	4.279	8.76	4.336	8.82
Expenses - Assessed	99.159	208.74	106.039	220.60	115.726	238.70	124.161	254.19	129.184	262.76
Actual	75.439	158.80	80.155	166.75	91.343	188.41	107.728	220.54	123.545	251.29
Australian Capital Territory										
Assessed difference	0.344	1.06	0.125	0.38	0.469	1.43	0.488	1.47	0.293	0.87
Expenses - Assessed	65.339	201.57	69.168	212.03	76.340	232.36	82.027	246.89	85.791	254.81
Actual	62.000	191.27	72.000	220.72	82.000	249.59	78.000	234.77	78.744	233.88
Northern Territory										
Assessed difference	9.205	46.16	10.313	51.33	11.665	57.10	11.143	53.39	11.579	54.41
Expenses - Assessed	49.195	246.67	52.835	262.98	58.838	288.04	62.369	298.81	65.617	308.35
Actual	33.528	168.11	37.828	188.29	45.310	221.81	57.627	276.10	61.627	289.60

Note: Refer to Attachment A of the 2007 Update, Relative Fiscal Capacity of States for how these figures are compiled.

Source: Assessment System, U2008 GST/Expenses/Health and Community Services/Aged and Disabled Services/Tables and Chart/Assessment of Expenses