



Australian Priority Investment Approach to Welfare – Parents

The Priority Investment Approach is a new way of looking at the welfare system. It uses data analysis to provide insights into how the system is working and uses those insights to find innovative ways of helping more Australians live independently of welfare.

What we know

In 2014-15, there were 432,000 people receiving Parenting Payment.

It is estimated that in 10 years around 48 per cent of those parents will be receiving income support payments, with only 22 per cent having left the welfare system.

Young parents

Additional PwC analysis shows that young parents aged 18 and under are particularly vulnerable to the risk of long-term welfare dependency.

In 2014-15, 4,370 young parents were receiving Parenting Payment.

Departmental analysis shows that if nothing changes for these young parents:

- Around 70 per cent will be receiving income support in 10 years, with a further 23 per cent receiving other non-income support payments.
- Around 40 per cent will be receiving income support in 20 years, with a further 39 per cent receiving other non-income support payments.

Why?

We know that generational influences play a significant role in the cycle of welfare dependency.

Analysis shows that since 2002, 80 per cent of young mothers new to Parenting Payment had a parent or guardian who was on income support at some stage during their upbringing.

Having a child young can disrupt education, and increase the barriers to finding and keeping a job. This can lead to long-term welfare dependency, and poorer life outcomes for mothers and their children.

The Government will spend an estimated \$191 billion on future welfare payments for all people currently receiving Parenting Payment.

People currently receiving Parenting Payment have the highest average future lifetime cost of all payment groups at \$441,000 per person.

Young parents are expected to have a higher average future lifetime cost at \$547,000 per person.

Try, Test and Learn Fund

The Try, Test and Learn Fund will seek new and innovative policy responses that support groups identified by Priority Investment Approach analysis as being at risk of long-term welfare dependency.

About Parenting Payment

Parenting Payment provides income support to parents or guardians with caring responsibilities for young children.