



Australian Priority Investment Approach to Welfare – Students

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 2014-2015, there were 392,000 people receiving studying payments.

It is estimated that in 10 years, around 25 per cent of those students will be receiving income support payments, with 56 per cent having left the welfare system.

Young students

While most people who receive student payments exit income support payments within five years, there are some who are at greater risk of long-term welfare dependency.

Additional Departmental analysis shows that since 2003 there were 13,400 vocational and university students who started receiving a student payment aged 17 to 19, and then experienced a period of long-term dependence on unemployment payments.

Of these former students, 6,600 received an unemployment payment in 2014-15.

Around three-quarters did not complete their study or training before moving to an unemployment payment.

If nothing changes:

- Around 45 per cent of former young students who moved directly to unemployment payments will be receiving income support payments in 10 years' time, with a further 15 per cent receiving non-income support payments.

- More than a third will be receiving income support payments in 20 years, with a further 15 per cent receiving non-income support payments.

Why?

There are many reasons why some former young students struggle to find and keep long term jobs. Further analysis and work with stakeholders through the Try, Test and Learn Fund will help us to pinpoint new and innovative ways that will help more young students to find a job.

In the future, the Government will spend an estimated \$97 billion on welfare payments for all people currently receiving studying payments.

People currently receiving studying payments have an average future lifetime cost of \$247,000 per person.

Young students who move directly to an unemployment payment for a period of long-term dependence are expected to have higher future lifetime costs at an average of \$304,000 per person.

Those who fail to complete their study or training before moving to an unemployment payment for a period of long-term dependence have a higher expected future lifetime cost of \$318,000 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 studying payments

People receiving payments in this group are those who are studying or training. These payments include:

- ABSTUDY (student)
- Austudy
- Youth Allowance (student).

About unemployment payments

This group includes a selection of payments from the Working Age category used in the Priority Investment Approach. People receiving payments in this group are those who are unemployed and who are expected to return to the workforce. These payments include:

- Special Benefit
- Newstart Allowance
- Sickness Allowance
- Youth Allowance (Other).