



**Australian Government**  
**Australian Institute of  
Health and Welfare**

*Authoritative information and statistics  
to promote better health and wellbeing*

Mr Patrick McClure AO  
Chairperson  
Welfare Review  
C/- Welfare System Taskforce  
Department of Social Services  
PO Box 7576  
Canberra Business Centre ACT 2610

*Patrick*

**Welfare Review Interim Report—Submission**

Dear Mr McClure

The Australian Institute of Health and Welfare (AIHW) welcomes the opportunity to contribute to the Reference Group on Welfare Reform's consideration of improvements to Australia's social support system. This submission proposes pursuing the Investment Model approach to welfare reform and notes relevant work by the AIHW, which could inform and underpin a similar approach in Australia.

The AIHW is a major national agency set up by the Australian Government in 1987 as an independent statutory authority. Our mission is to provide authoritative information and statistics to promote better health and wellbeing. We provide timely, reliable and relevant information and statistics on health, aged care services, child care services, services for people with disabilities, housing assistance, child welfare services and other community services.

We collect data and manage national data collections in these areas, producing over 150 public reports in this past year. Our work is frequently referenced by the media. We also provide information to other government bodies, such as the Productivity Commission and cross-jurisdictional councils, to external researchers and also directly back to data providers. We report in formats that suit their purposes and allow them to place their service provision in a wider context.

We also develop, maintain and promote data standards to ensure that data collected are nationally consistent. In all these activities we enable governments and the community to make better informed decisions to improve the health and wellbeing of Australians.

As outlined in our submission, the AIHW has existing, extensive data holdings, together with the experience and capability to progress analysis necessary to support an Australian investment model approach. The attachment provides an overview of some of our relevant work and capabilities.

Should the committee have any queries about the information I have provided or wish to seek additional data from the AIHW, please contact Ms Justine Boland, Head of the Statistics and Communications Group, on 02 6249 5124.

Yours sincerely

A handwritten signature in black ink, appearing to be 'David Kalisch', with a stylized flourish at the end.

David Kalisch  
Director (CEO)

29 July 2014

## **Attachment**

### **AIHW Submission – Reference group on welfare reform**

The Australian Institute of Health and Welfare welcomes the opportunity to contribute to the Reference Group on Welfare Reform's consideration of improvements to Australia's social support system.

The AIHW's work related to welfare is broad, and encompasses a large number of data collections and analytical activities that provide rich information about Australian society, the wellbeing of Australians, and the demand for, and supply of, social support. Importantly, much of this information is critical for monitoring and informing societal wellbeing.

The Interim Report of the Reference Group on Welfare Reform highlights the investment model approach recently adopted by the New Zealand Government as a means of facilitating targeted early intervention and investment and identifies this approach as an effective means of assisting people who are disconnected from employment or the community.

The AIHW agrees that this would be a valuable approach to be developed in and for Australia. It has considerable potential to get better outcomes and value from our welfare programs and expenditures, through providing expert analysis to help guide decision makers and service providers.

The AIHW has a number of experiences and capabilities that mean we are well placed to progress analysis necessary to support an Australian investment model approach, either by ourselves or in concert with others:

- Our data access and development of unit record collections – much of the required data are currently sent to and accessed by the AIHW, such as child protection, homelessness services and juvenile justice data
- The level of trust we have from all governments and key stakeholders, as an independent and trusted user of their information
- Our data linkage capability and our experience in data linkage across relevant areas
- Our understanding of the welfare and health systems and the flows of expenditure at the federal and state levels – we hold a long-standing national time series data on welfare expenditure
- Our analytical skills, such as demonstrated with our Indigenous trajectories modelling, or our work to model the funding impacts of changes to the eligibility requirements for Commonwealth Rent Assistance.

The existing AIHW data holdings could be drawn upon and complemented by improved access to education outcomes data and data relating to income support payments and family benefits. Such developments would build on the foundation work by AIHW to provide this capability for Australia. Some examples of relevant AIHW work are outlined below.

### **An Australian investment model**

The Interim Report of the Reference Group recommended early intervention and investment as a feature of Australian reforms to reduce long-term dependence on income support.

However, we would suggest that the Interim Report did not provide an accurate reflection of the current opportunity to progress this investment approach in Australia, highlighting barriers to data access as an obstacle to the progression of this work. While relevant administrative data would come from both the Australian and state and territory governments, much of these data are currently sent to and accessed by the AIHW, and other data should be able to be accessed by the AIHW.

Underpinning the New Zealand investment model was a study to explore the feasibility of adopting a long-term investment approach to achieving better employment, social and financial outcomes through the welfare system and how aggregate future liability in the welfare context could be calculated. The actuarial valuation undertaken as part of the investment model could be broadened to not just refer to the estimated lifetime income support costs, but this analytical tool has the opportunity to assess the effectiveness of particular intervention approaches if they are also captured in the data. This investment approach, if well designed, has the potential to also help shape the nature of future service delivery responses so that they are more likely to achieve improved outcomes.

### **AIHW's data holdings, strategic partnerships and capabilities**

One of the main functions of the AIHW is to compile national datasets based on data from the Commonwealth, states and territories and non-government organisations. In addition, we work with the service providers to improve the quality of administrative data, to analyse these datasets and to disseminate information and statistics, and provide all governments with a reliable evidence base for policy formulation.

The AIHW collects and reports information on a wide range of topics and issues including health and welfare expenditure, mental health, ageing, housing, homelessness, disability, juvenile justice and child protection. AIHW also has extensive data holding on health topics, many of which have close links to welfare issues, such as drug and alcohol use and treatment, mental health, hospitals, maternal health and prisoner health. The value of these extensive data holdings are increasingly being expanded through our data linkage work, maximising the utility of these extensive data resources at a comparatively low additional cost.

In 2010, the Secretaries Board established a Commonwealth framework for data integration. The AIHW received accreditation as a Commonwealth Data Integrating Authority, building on the AIHW's strong record in data linkage, and joining ABS as one of two accredited data linkage authorities to link sensitive and high risk Commonwealth data for research purposes. The AIHW's strong technical capability and governance, including our own Ethics Committee, and administrative frameworks enable us to work with data safely and securely. Our Data Integration Services Centre provides a data linkage infrastructure that enables identified data to be used securely and provide new insights for policy and service delivery design without the expense of new data collections.

### **Informing welfare reforms**

While much of the data required for the proposed risk based analysis, such as child protection and education engagement, are drawn from state and territory government systems, the AIHW has a strong track record of achieving permission from governments to use these data for important analysis (including the National Assessment Program – Literacy and Numeracy (NAPLAN) data). The AIHW has been working with governments to introduce more unit record collections, such as in child protection, and, as an accredited

Integrating Authority, has demonstrated capability to link these cross-government data sets in a safe manner.

In recent years, the AIHW has undertaken a range of research projects that have expanded the national information base for the users of welfare support services. Many of these projects highlight the valuable information that can be gained by data linkage or through modelling of existing data holdings.

### **Links between homelessness, child protection and juvenile justice**

In 2012, the AIHW undertook a project to link three community-sector data collections: the Supported Accommodation Assistance Program (SAAP), juvenile justice supervision, and child protection notifications and substantiations in Victoria and Tasmania.

Some important insights from the analysis of the data into the use of these services, including the likely pathways of their clients include:

- Children and young people who are involved in one of these three sectors are more likely to be involved in another of the sectors than the general population
- Young people with a child protection history enter juvenile justice supervision at a younger age
- Young people, particularly young women, completing a detention sentence are at greater risk of homelessness.

While this project demonstrated that linking these collections is both feasible and worthwhile, these results are limited by data availability (this project used 3 years of SAAP data, 10 years of juvenile justice data, 18 years of Victorian child protection data and 3 years of Tasmanian child protection data). The accumulation of data over multiple years for all sectors would enable the flows between services over the long term to be identified, but these early results nevertheless highlight the possibilities for data linkage in these sectors.

### **Indigenous trajectories work**

The AIHW has undertaken work, largely funded by the Department of Health, to assess the impact of the COAG investments on closing the Indigenous / non-Indigenous life expectancy gap. This work involved investigating and modelling the impact of social determinants of health (for example, education, employment, income), health risk factors (smoking, drinking, illicit drug use, physical inactivity, obesity) and access to health services on Indigenous life expectancy.

Our analysis examined the COAG health initiatives, investigating the evidence of their effectiveness, and using this information to estimate the likely impact of reducing risk factors in the Indigenous population.

An interactive model was developed which allows inputs of different levels of risk factors and social determinants and estimates their subsequent impact on life expectancy and the gap. The interactive model allows users to produce customised projections of Indigenous life expectancy based on scenario reductions in each of the modelled risk factors. Recent updates to the model include social determinants of health such as income, employment, education and housing. This approach can also be used to estimate the prospective impact of a range of policy and service delivery strategies.

Analysis of the contribution of behavioural risk factors and social determinants on the life expectancy gap has suggested that social determinants explained around 41% of the gap in life expectancy for males and 32% of the gap in life expectancy for females (based on the

Indigenous population reaching the risk level observed in the total Australian population). Health behaviours and health treatment (including access to services) explained the remaining proportion of the gap in life expectancy.

There is a clear link between social determinants and behavioural risk factors. AIHW analysis showed that Indigenous persons who had completed Year 12 were less likely to smoke than those who had not completed Year 12; and that Year 12 completion also appeared to reduce the probability of risky alcohol consumption.

Results of this work have been included in an article 'the size and causes of the Indigenous health gap' in *Australia's Health 2014* – the AIHW's biennial report on the health of Australians released in June 2014.

#### **Other relevant AIHW research projects**

Other projects in train that would be relevant to developing an investment model approach for Australia include:

- The development of an ongoing national data collection on the educational outcomes of children in child protection services. This project will result in a national linked dataset on the educational activity and outcomes of children while in child protection services. It will allow for ongoing and longitudinal monitoring of the academic progress of these children, to better inform policy, practice and planning of activities to support these children. A phased approach to this project is planned, with the initial phase of data linkage between the Child Protection National Minimum Data Set and the National Assessment Program – Literacy and Numeracy (NAPLAN) data underway.
- The creation of a linked data collection to report on the relationships between child protection and juvenile justice. This project will build on the earlier work, described above, exploring links between SAAP, juvenile justice and child protection. It will develop a method for the ongoing annual linkage of these collections and standard analysis to answer key policy questions of the resultant dataset.
- Pending available funding, we will conduct an analysis linking child protection and disability datasets in response to international evidence that children and young people with a disability experience high rates of child abuse and neglect. The project supports the priority under the Second Action Plan under the *National Framework for Protecting Australia's Children 2009–2020* to "Explore the interface between disability, child protection and primary services systems".
- We are commencing a project funded by the Department of Social Services to link Specialist Homelessness Services client data with data from the Commonwealth Departments of Human Services and Employment, with the aim to identify the service delivery pathways of people who are homeless or at risk of homelessness through two mainstream income support and employment services.
- Linking of homelessness services data with public housing data from New South Wales and Western Australia to better understand pathways into public housing and support provided to public housing tenants to maintain their tenancies.
- The development of an Early Childhood Development Researchable Data Set (ECD RDS), created by linking unit record level (URL) data across jurisdictions from a number of different data collections including health and education. These data will include birth, perinatal, pre-school, the Australian Early Development Index and NAPLAN data. The ECD RDS will foster research in early childhood development across health, human

services, and early childhood education and care across the transition from birth to early years of school education, allowing examinations of developmental outcomes as children progress from infancy to school years.

### **Way forward**

Reforms to the architecture of the social support system should be underpinned and supported by a sound information base, which in turn will aid the construction of a comprehensive evidence base for the targeting of social support services. The Interim Report identifies early intervention and investment as an effective approach to assisting people who are disconnected from employment or the community; with appropriations directed at providing services that best help people become independent of the welfare system, as well as supporting those who are unable to work. The New Zealand investment model, featured as a case study in the Interim Report, could be replicated in Australia, using the infrastructure, technical expertise, relationships and extensive data holdings of the AIHW.

