



Australia's welfare system

2015 Budget

Making Australia's welfare system fairer, more effective, coherent and sustainable, and encouraging people to work.

What was announced in the 2015 Budget?

\$66 million will be provided as a first step to overhaul of Australia's welfare ICT system. Further, the government will provide \$20.7 million to implement an Investment Approach to welfare, and \$13.1 million to continue four major longitudinal studies.

This investment will achieve long-term sustainability and targeted supports for the welfare system.

The Government will replace the Department of Human Services' antiquated IT system with a modern platform that can better deliver for customers and taxpayers. Customers will start benefitting from this upgrade by the end of 2016.

IT system

The Department of Human Services' IT system will be replaced in stages, with work to begin in July.

The new system will be designed around the customer; ensuring people are more swiftly directed to the most appropriate services. It will also maximise the benefits of e-Government.

This is an important long-term investment which will assist the Government's work in addressing the challenges facing Australia's welfare system, by reducing the costs of administering the system for taxpayers and helping to catch welfare cheats.

The Investment Approach

This Investment Approach uses actuarial valuations to identify risk factors driving long-term welfare dependency. It identifies risk factors that are responsive to early effective intervention. This approach was proposed in the McClure welfare report.

The concept is similar to the way insurance companies predict risk. The funding will support an annual actuarial valuation to determine the estimated future costs of the welfare system, looking at past evidence and how people interact with the welfare system.

It would also examine the characteristics of people currently receiving welfare to understand who is most likely to have an extensive reliance on welfare over their lifetime. This allows better decisions to be made on where to focus Government investment and who to focus on for the greatest return on investment. In this case, groups at risk of long-term dependency and disadvantage can be identified.

The New Zealand experience has shown that intervening and investing early can help prevent debilitating cycles of intergenerational welfare dependence. In New Zealand, the liability of the welfare system has been reduced by \$7.5 billion.

The key reason is that more people are getting into work and staying in work.

Longitudinal studies

Four longitudinal studies will receive funding to enable their continued contribution to the Government's evidence base on Australia's welfare system:

- [*Building a New Life in Australia \(BNLA\): The Longitudinal Study of Humanitarian Migrants*](#)
- [*Footprints in Time: The Longitudinal Study of Indigenous Children \(LSIC\)*](#)
- [*Growing up in Australia: The Longitudinal Study of Australian Children \(LSAC\)*](#)
- [*The Household, Income and Labour Dynamics in Australia \(HILDA\) Survey*](#)

Together, these studies assist Government and independent researchers in their ongoing work to evaluate the effects of different types of policy interventions over time.

Key facts

- Through an \$20.7 million investment, Australia will implement an Investment Approach to its welfare spending.
- The Investment Approach uses actuarial valuations to identify risk factors driving long-term welfare dependency. It will help us better target early effective intervention.
- It will also allow better decisions to be made on where to focus investment and who to focus on for the greatest return on Government investment.
- \$13.1 million will be provided to continue four major longitudinal studies.
- Results from these studies help inform Government welfare policies.
- Work will begin on replacing the Department of Human Services' antiquated IT system.
- The first phase of work will begin on 1 July 2015.
- Customers will begin seeing the benefits of the new system by the end of 2016.

More information

For more information about this measure and other Department of Social Services' Budget measures, visit the [Department of Social Services](http://www.dss.gov.au) website (www.dss.gov.au).

For information about the 2015 Budget, visit the [Australian Government Budget](http://www.budget.gov.au) website (www.budget.gov.au).