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Turnbull Government embarks on radical welfare overhaul



Social Services Minister Christian Porter has pushed back at fellow conservatives who led the fight against super changes. **Michael O'Brien**



by [Laura Tingle](#)

The Turnbull government will embark on a radical welfare experiment during the current parliament that aims to use the power of big data to cut the number of people on welfare through targeted interventions in their lives.

Social Services Minister Christian Porter says that while the initiative should bring long-term savings, his immediate task is to get a raft of legislative changes – including budget measures – through the Parliament. He plans to begin talking to Labor and the Senate crossbench about the proposals this week.

To help the ease the passage of some of these measures, the government will be promoting many of its more recent budget cuts to the Senate cross bench– unlike the hangover of the 2014 so-called Zombie cuts – as savings that will be specifically earmarked to go into a national savings account to fund the National Disability Insurance Scheme.

Cutting access to compensation for the carbon tax to new welfare recipients – a \$1.4 billion measure from the May budget – is the biggest potential deposit into that account, Mr Porter says.

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However, Mr Porter says that implementing the so-called "investment approach" to welfare will be the "single most important thing" that he does during the new parliamentary term.

"This will radically change the way any sensible government approaches welfare policy", Mr Porter told *The Australian Financial Review*.

The investment approach to welfare is heavily based on work done by the Key government in New Zealand and was also a recommendation of the review of Australia's welfare system – the McClure Review – which was handed down in 2015.

It essentially argues the case for front-loaded investment in people, particularly the young, identified as at risk of falling in to, or staying in the welfare system and providing highly targeted interventions to stop that happening.

The 2015 budget provided \$34 million to develop the new system and fund longitudinal surveys to provide the data to support the approach.

These longitudinal surveys have been looking back into the history of social welfare recipients over decades in search of patterns and data that predict what will happen to them over the course of their lives.

An actuarial study by PwC is due with Mr Porter in the next couple of months but he says the preliminary data is promising.

"Most governments have looked at spending growth as a budgetary problem," he says.

"It has been looked at globally." That is, it has been looked at in terms of the overall design of a program rather than how it may play out in the varied lives of its recipients.

However new information systems change that, he says.

"We can do the equivalent of keyhole surgery – drill down to groups of 500, 1500, or 15,000 people, identify the risks that get them into the welfare system and tailor policies to divert them away or if they have become dependent, get them out of the system."

For example, he says, new systems can track over a long period what happens to people receiving student assistance. The government will be able to see how many people stay on the benefit and for how long, and how many transition in to work or other benefits.

For example, he says, the system could allow the government to look at what happens to 16-22 year olds in Newcastle versus those living in Geelong and, based on that data, apply very specific outcomes for the two groups.

"It moves the social welfare debate away from being seen as an economic cost to being a moral issue," he says.

The investment approach has been used in New Zealand for five years, with the government claiming major improvements in welfare outcomes – getting people out

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of the welfare system – and in budgetary cost projections in the longer term.

Actuarial reports in NZ show particularly good outcomes for single parents and young people, largely from active case management of part-time work obligations for single parents with school-aged children.

But the approach is not without its critics both here and in New Zealand and many of these cite potentially "perverse" effects from the approach, including the NZ Productivity Commission.

The Australian Council of Social Service has expressed its concern that this approach is biased towards investment in young people and could lead to less assistance for older unemployed people .

The new levels of data – about different cohorts across the country – will be able to openly accessed, meaning non-government organisations, think tanks and other groups will be able to look in detail at what is happening across the country.

Non-government agencies will then able to bid for some of the funds in the \$96 million "Try, Test and Learn" Fund announced in the May budget to develop and run programs designed to help keep people at risk of long-term dependency from being trapped in the system.

Mr Porter says the government is also keen to implement the central recommendations of the McClure report which were to radically overhaul and simplify the multitude of welfare payments and supplements.

However, these will require the legislative support of the Senate and are likely to have to await the resolution of existing budget stand offs on the welfare budget.



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