



Australian Government
Department of Social Services



Australian Priority Investment Approach Policy Hack – Participants' handbook

February 2017

Introduction

- This handbook contains the pre-reading material for participants in the DSS Policy Hack.
- The purpose of this handbook is to provide participants with an overview of the Try, Test and Learn Fund and high-level information in relation to the priority groups.
- Participants will be assigned to one priority group (out of three) and that will be their focus during the Policy Hack. This pack however contains information relating to all three priority groups as background for the Policy Hack.
- Participants should note that this handbook aims to provide only a high-level overview, and the information presented is only a snapshot.
- The information presented is drawn from a range of sources and any conclusions do not necessarily represent the views of the Commonwealth Department of Social Services

For further information, participants should refer to the DSS engage website accessible via <https://engage.dss.gov.au/try-test-and-learn-fund/>

Contents

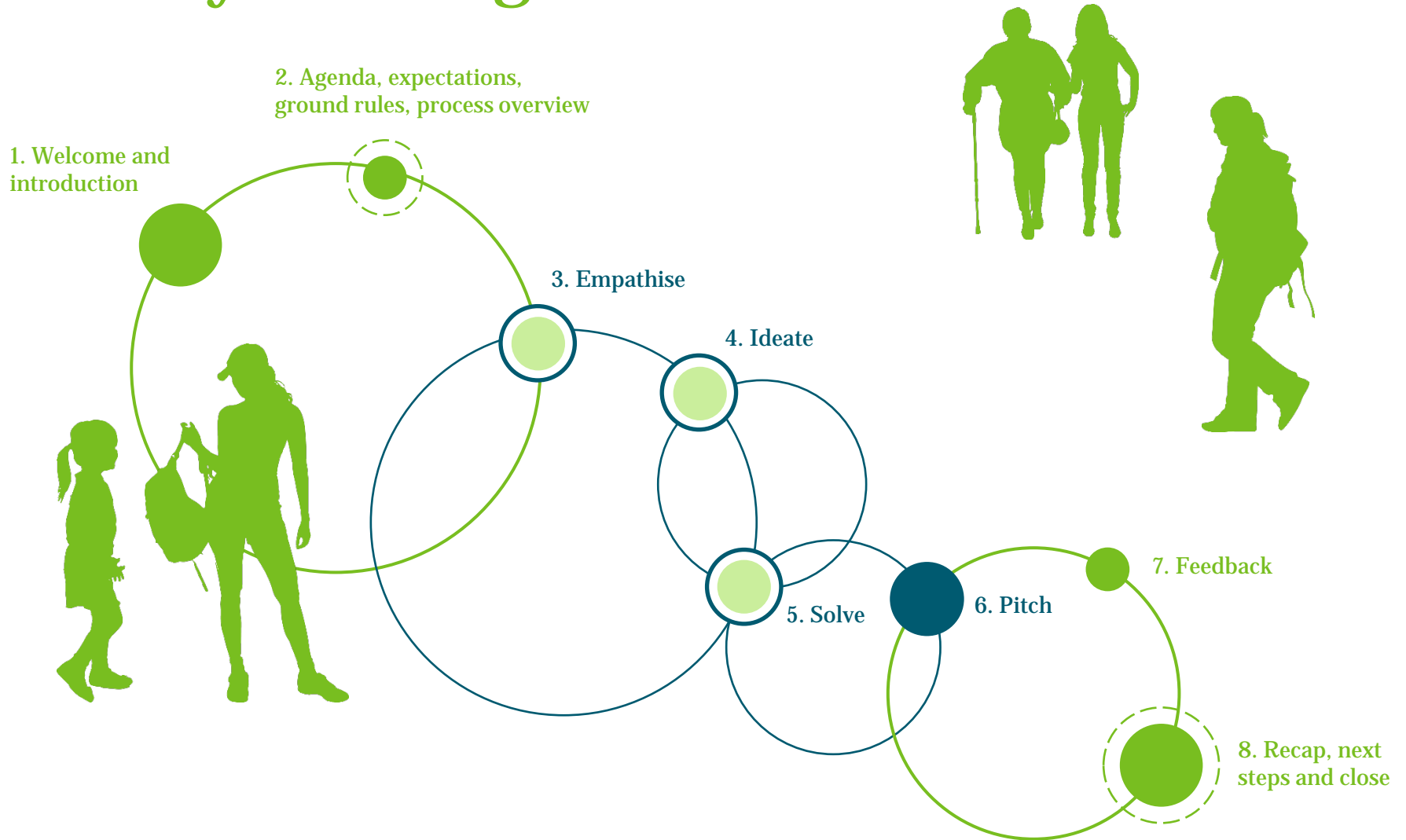
This pack contains:

1.	Policy Hack agenda
2.	Overview of the Try, Test and Learn Fund
3.	Information on barriers to employment
4.	Information on the priority groups

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Policy Hack agenda



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2. An overview of the Try, Test and Learn Fund

The Try, Test and Learn Fund (\$96 million over 4 years) seeks innovative ideas that create a path out of the welfare system. Selected ideas will be co-developed, funded and evaluated with lessons learned informing and improving government policy.

The Try, Test and Learn Fund:

Uses Priority Investment Approach analysis to identify priority groups at risk of welfare dependence.

Seeks new or innovative policy responses that address barriers to work.

Selects ideas using criteria such as effectiveness, appropriateness for trial and evaluation and whether the idea is new or innovative.

Provides funding to implement policy responses.

Tests the effectiveness of these policy responses using rigorous and comprehensive evaluation approaches.

Adjusts, ceases or continues policy responses based on evaluation results.

The four key phases of the Try, Test and Learn Fund

PHASE

1

Ideas generation



This phase will involve generating new or innovative ideas to help priority groups to improve their workforce participation or capacity to work.

Ideas can come from individuals or organisations or through collaboration between different groups.

A shortlist of ideas will be selected to continue to the co-development phase.

PHASE

2

Co-development



This phase will involve co-development of shortlisted ideas, including consultation with the priority groups and other stakeholders.

At the conclusion of the co-development stage, the most promising initiatives will be selected for funding.

PHASE

3

Funding



Following the final selection of initiatives, a delivery partner will be chosen through a funding selection process.

This funding selection process will consider potential delivery partners' capability and capacity to effectively deliver the services.

PHASE

4

Delivery and evaluation



This phase will involve the implementation of ideas by the delivery partners selected in the funding selection process.

Evaluation will be an important element of this process.

The eligibility criteria for ideas for the TTL Fund (slide 1 of 2)

For ideas to be eligible for consideration under the Try, Test and Learn Fund, they must meet the criteria set out below. All ideas developed at the Policy Hack must meet this criteria.

The submission is written in English, does not use language which is likely to offend, and completes all mandatory fields

The idea must meet the above criterion. This includes agreement with the Terms and Conditions for submission, which is mandatory.

The idea provides services or support for one or more of the three priority groups: young parents, young carers, and young students at risk of long-term unemployment

The idea must propose a service or support or propose changes to an existing service or support. The idea cannot include capital funding (see [TTL Fund Handbook] Glossary) nor can it propose funding solely for research without funding for a service or support.

The service or support proposed by the idea must aim to directly assist one or more of the priority groups. See Section 2.3. [of the TTL Fund Handbook] for full definitions of the three priority groups – it is important that you carefully consider the full definitions. The idea may involve working with individuals in the priority groups or with others, such as with employers.

Source: Department of Social Services (2016) Australian Priority Investment Approach to Welfare, 'Try, Test and Learn Fund Tranche 1 Handbook', version 2, retrieved from <<https://engage.dss.gov.au/wp-content/uploads/2016/12/TTL-Fund-Tranche-1-Handbook-20161221.pdf>>

The eligibility criteria for ideas for the TTL Fund (slide 2 of 2)

For ideas to be eligible for consideration under the Try, Test and Learn Fund, they must meet the criteria set out below. All ideas developed at the Policy Hack must meet this criteria.

The idea seeks to improve workforce participation or capacity to work

The idea must be intended to improve workforce participation or to reduce the risk of welfare dependence for those it supports. Improving workforce participation may involve increasing an individual's capacity to work or supporting outcomes closely related to job readiness, such as undertaking study or training. Ideas may involve working with individuals in the priority groups or with others such as employers.

The idea provides new and useful policy evidence

The idea must provide new and useful policy evidence for the Government. This means that the idea has not been trialled before in Australia, or is a reinvention of a former or existing program that offers a point of difference to the original.

The idea will generate measurable outcomes within a reasonable timeframe

The idea must have the potential to generate measurable outcomes within 12 months. These could be the idea's goals, or interim outcomes that can reasonably be expected to lead to future success. The outcomes generated may be quantitative or qualitative.

The idea is not unethical or illegal, nor does it pose other unreasonable risks

The idea must not propose an illegal or unethical intervention, nor pose other unreasonable risks (including financial and implementation risks).

Your submission must not breach the privacy of others, including by relating their personal details, history, etc.

Source: Department of Social Services (2016) Australian Priority Investment Approach to Welfare, 'Try, Test and Learn Fund Tranche 1 Handbook', version 2, retrieved from <<https://engage.dss.gov.au/wp-content/uploads/2016/12/TTL-Fund-Tranche-1-Handbook-20161221.pdf>>

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OECD has identified three types of barriers to employment that affect people of working age

Lack of work-related capabilities

- Skills and education
- Work experience
- Health
- Caring responsibilities



Lack of financial incentives – weak work incentives

- Limited income gain due to work (i.e. due to income testing of government payments, or costs such as child care)
- Access to other financial sources – income available independently of work effort

Scarce employment opportunities

- Local unemployment (particularly youth unemployment)

Source: OECD Factsheet – Faces of Joblessness – understanding employment barriers to inform policy. Fernandez. R, Immervoll. H, Pacifico. D, Thevenot. C; Faces of Joblessness: Characterising employment barriers to inform policy. OECD Social, Employment and Migration Working Papers No. 192. 2016

Empirical studies point to internal factors which affect people's access to opportunity

Internal factors are people's health, skills and knowledge, beliefs and values, such as aspirations, expectations and attitudes, and character capabilities such as the ability to regulate emotions.



Literacy and numeracy

Increasing literacy and numeracy by around one skill level is associated with an **increased probability of employment of about 2 percentage points for men and 4 percentage points for women.**¹

Educational attainment

Attaining a **diploma or certificate**, as opposed to completing Year 12, **increases the probability of employment by around 5 percentage points for men and 12 points for women.**²

Value placed on education and self improvement

Low value placed on schooling and opportunities for self-improvement by young people and their families **is linked to intergenerational welfare dependency.**³ Young people whose **parents demonstrated a strong commitment to their education and employment** are less likely to fall into **welfare dependency.**⁴

Mental health

Severe psychiatric disorders negatively affect education and employment outcomes and more **common disorders or psychological distress** are associated with unemployment.⁵

Emotional intelligence

Teenagers with higher emotional intelligence are less likely to misuse substances. As substance use is related to mental health, emotional intelligence may be related to reliance on income support in young people.⁶

^{1,2} Productivity Commission, 2014 *Literacy and Numeracy Skills and Labour Market Outcomes in Australia* p.37,41

^{3,4} Perales et al, 2014 *Intergenerational Welfare Dependency in Australia: A Review of the Literature*, Life Course Centre Working Paper Series p.22,26

⁵ Berry et al, 2007 *Intergenerational reliance on income support* Social Policy Research paper no.31, p.41

⁶ Trinidad and Johnson, 2002 'The association between emotional intelligence and early adolescent tobacco and alcohol use' in *Personality and Individual Differences*, V.32 pp.95-105, cited in Berry et.al

External factors also affect access to opportunity

External factors include employment and economic opportunity, family functioning, housing affordability and availability, access to transport and the level of acceptance of diversity in society.



Parents' financial resources

Higher levels of **child poverty** are associated with a **stronger influence of parents' socio-economic background on children's cognitive achievement.**⁷

Parent-child relationships including abuse

Women who experienced **sexual abuse as children** are **overrepresented among income support-reliant single mothers.**⁸ **Supportive and caring parent-child relationships** are predictive of good mental health and social adjustment in the adult years which are associated with **reduced likelihood of reliance on income support.**⁹

Parenting style

Authoritarian parenting can be related to **difficulty adjusting to tertiary education** which is linked to employment success.¹⁰

Family relationships

Disrupted relationships with parents or siblings and weak family bonds are associated with **welfare receipt.**¹¹

Peer groups

Young people associating with a **peer group with a tendency towards criminal activity** is a risk factor for **welfare dependence.**¹²

Non-English speaking background

Children of income support recipients of **non-English speaking backgrounds** are less likely to become dependent on **income support** than those from other ethnic groups.¹³

Location

Living in a **low SES community** with high youth unemployment is associated with **intergenerational welfare dependency.**⁹

Housing policy

Housing and urban planning policies play a role in determining the school environment which has a large effect on student outcomes.¹⁴

^{7,14} Causa and Chapius, 2010 *Equity in Student Achievement Across OECD Countries: An Investigation of the Role of Policies* p.28,37

^{8,9,10} Berry et al, 2007 *Intergenerational reliance on income support* Social Policy Research paper no.32, p.60,45,60

^{11,12,13} Perales et al, 2014 *Intergenerational Welfare Dependency in Australia: A Review of the Literature*, Life Course Centre Working Paper Series p.21,22,46

Three priority groups for first tranche of the TTL Fund

The actuarial analysis undertaken for the Priority Investment Approach provides estimates of the future costs of the social security system (lifetime cost) and average lifetime cost estimates for groups of people.

The analysis has identified some key groups of interest – those who have relatively high lifetime costs, but with more effective policy settings or effective intervention, costs could be reduced and lifetime wellbeing improved.

More detailed exploration of the groups has led to three being prioritised:

1	2	3
<i>Young Parents</i>	<i>Young Carers</i>	<i>Young Students</i>
Young people aged under 25 who started receiving Parenting Payment at age 18 or under and who are still receiving an income support payment	Young people aged under 25 who are in receipt of Carer Payment or at immediate risk of going onto the payment	Young people aged under 25 who have or who are at risk of moving from post-secondary or tertiary study* to an extended period on an unemployment payment. * and are or were on a student payment

- These groups have been selected as an initial focus due to the opportunities to support these young people to have better life outcomes.
- Other groups may be a focus in the future as further data analysis is produced and compared over time.

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Young parents



Young people aged under 25 who started receiving Parenting Payment at age 18 or under and who are still receiving an income support payment

People receiving Parenting Payment have an above average future lifetime cost

In 2014–15 there were

432,000

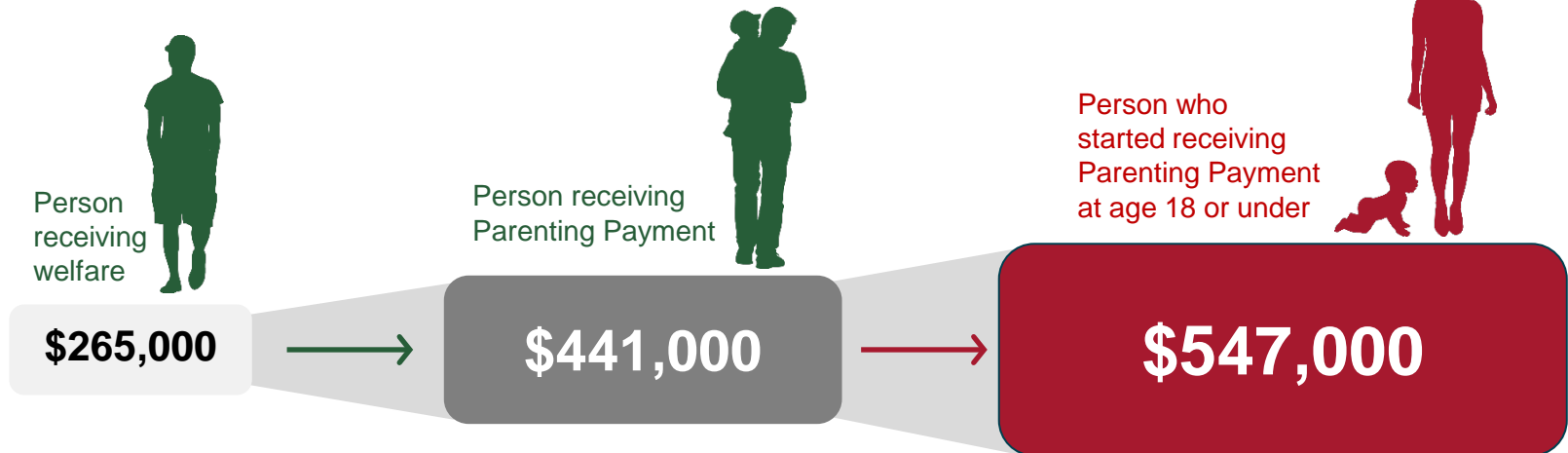
people receiving
Parenting Payment

The Government will spend an estimated

\$191 billion

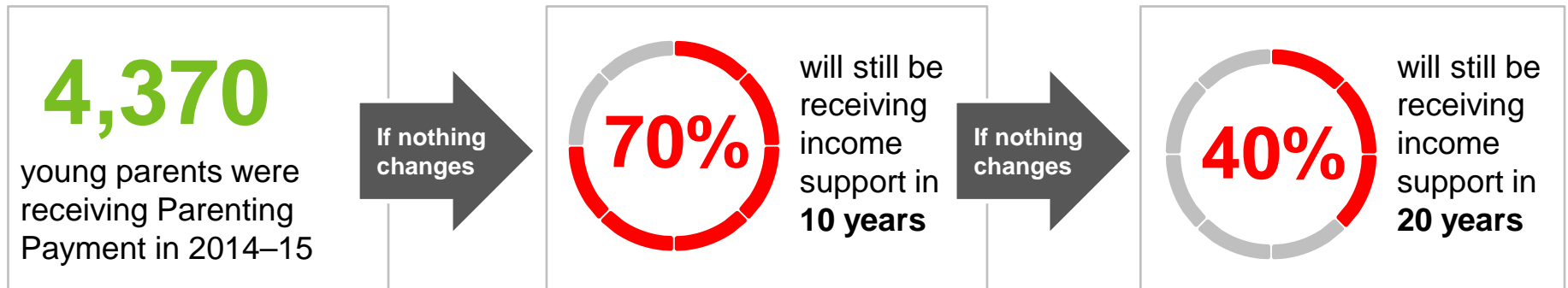
on future welfare payments for all people currently
receiving Parenting Payment

Average future lifetime cost of Parenting Payment (per person)



Source: Valuation Report, 30 June 2015, Baseline Valuation, DSS

Young parents aged 18 and under are particularly vulnerable to the risk of long-term welfare dependency



Facts:

- Being a teenage parent can have lifelong impacts on education and employment opportunities. Young parents are more likely to be unemployed or have low-paid or unstable employment.
- A teenager's family background (such as low SES, single parent family, lower educational status of mother, Indigeneity) are influences for becoming a teenage parent. Teenage parenting is also associated with lower educational achievement before becoming pregnant, and early drug and alcohol use.
- Young parents have different needs to older parents (the median age of mothers in 2015 was 31 years) since they are navigating adolescence which involves rapid biological, physiological and social changes, with parenthood.
- Young parents with individual and social support protective factors such as high personal resilience, aspirations and family or community supports can help young parents achieve their education and employment goals.

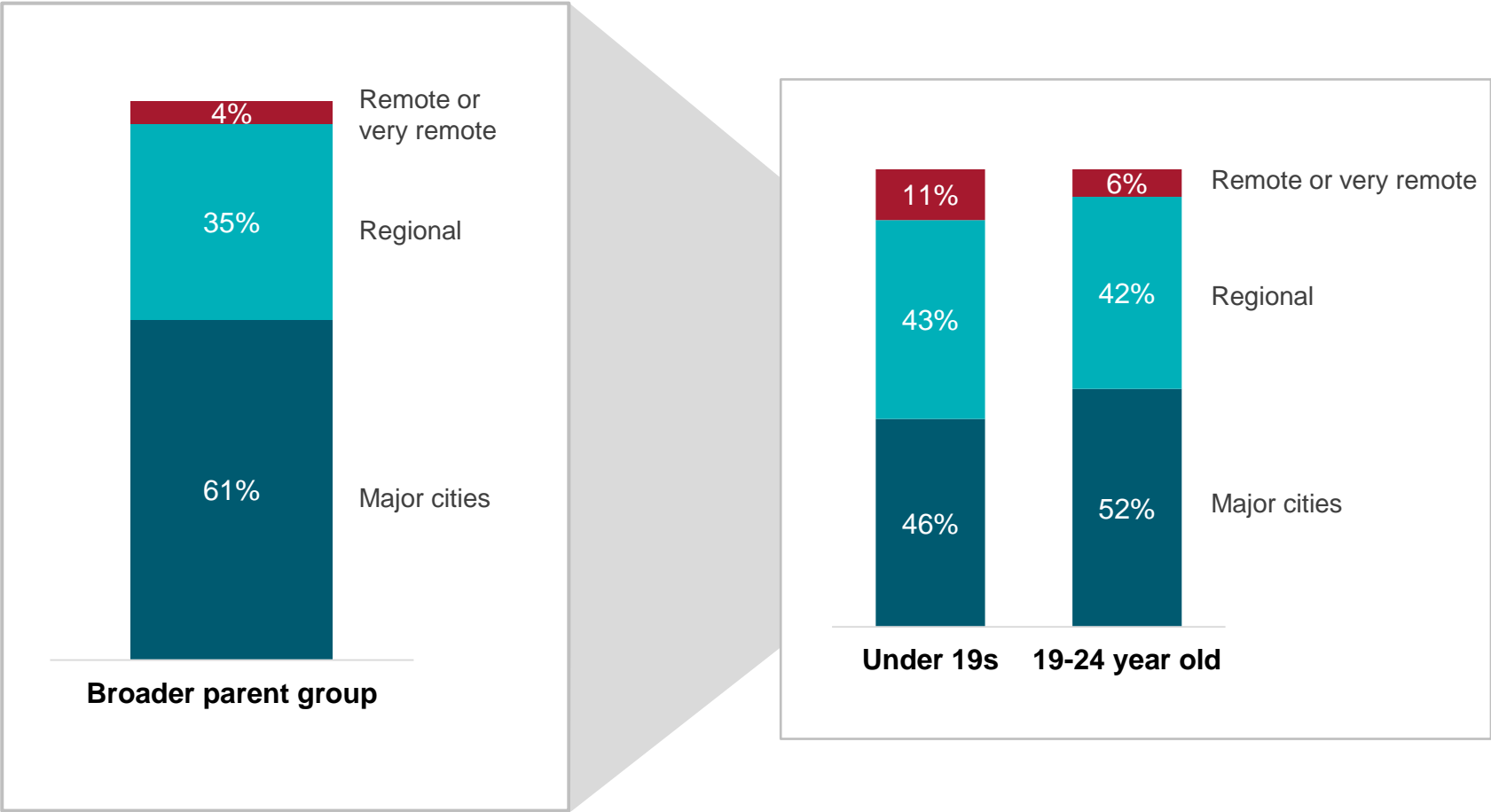
Source: Valuation Report, 30 June 2015, Baseline Valuation, DSS and additional actuarial analysis; ABS 3301.0, Births Australia 2015

Their demographic characteristics highlight a diversity of support needs

	Under 19s	19–24 year olds
More than one child	5%	29%
Are single	78%	75%
Likely to be Indigenous compared to the broader parent group	2.75 x	1.75 x

Source: DHS administrative data [DSS Blue Book dataset], June 2016.

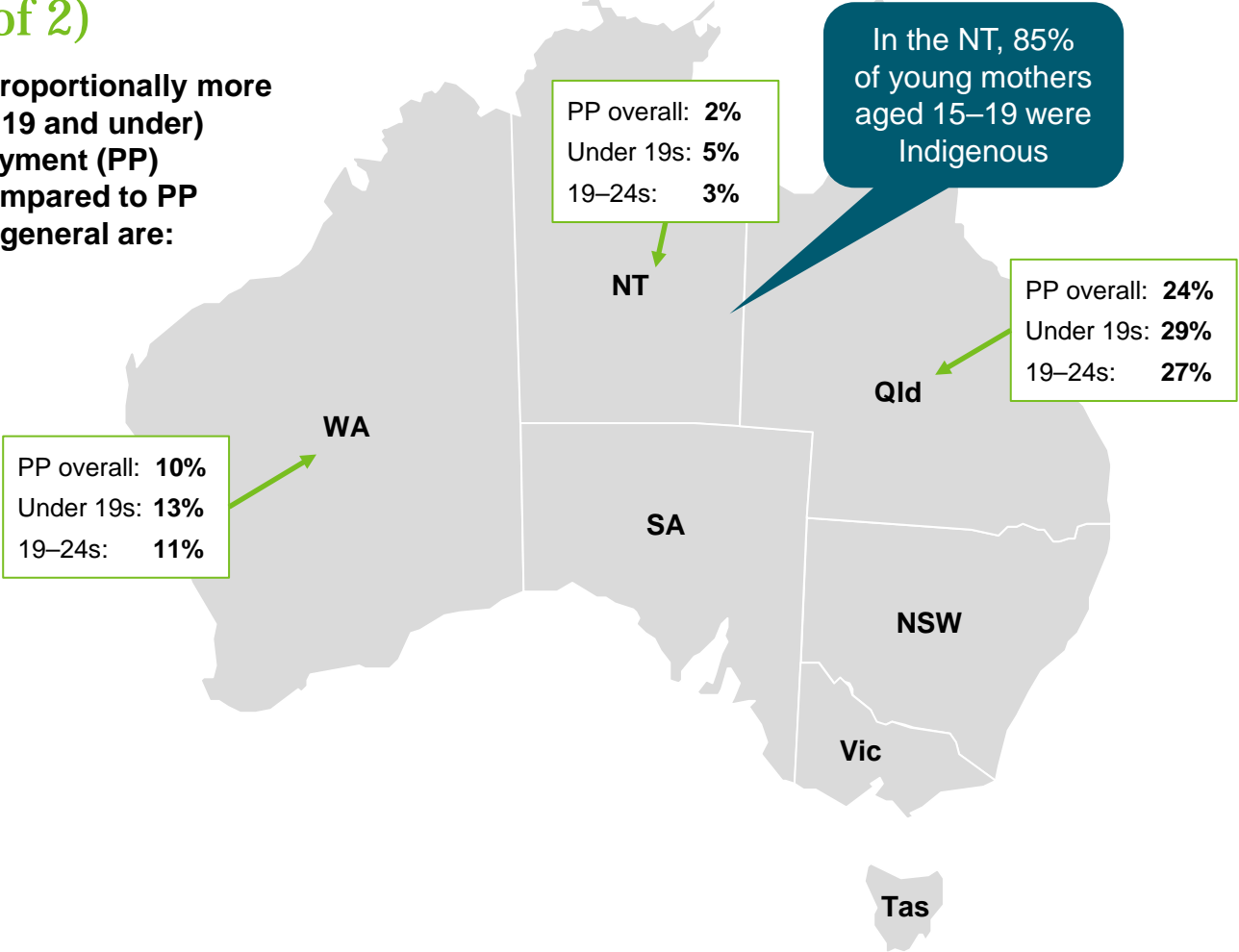
People living in regional and remote areas are disproportionately represented in this priority group (slide 1 of 2)



Source: DHS administrative data [DSS Blue Book dataset], June 2016.

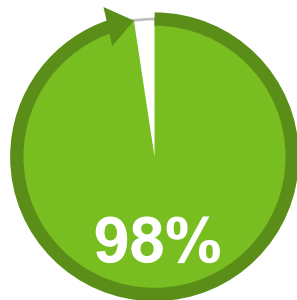
People living in regional and remote areas are disproportionately represented in this priority group (slide 2 of 2)

States with proportionally more young (aged 19 and under) Parenting Payment (PP) recipients compared to PP recipients in general are:



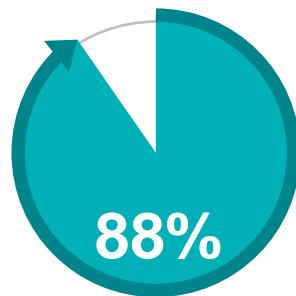
Source: DHS administrative data [DSS Blue Book dataset], June 2016.

Young parents are less likely to have any earnings from employment



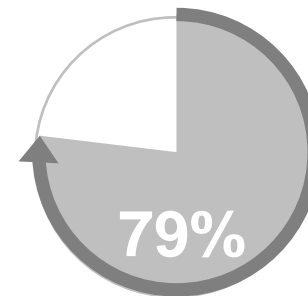
of those aged **under 19** on **Parenting Payment** had NO earnings (in the last fortnight)

86% have a child aged 1 or less



of those aged **19–24** on **Parenting Payment** had NO earnings (in the last fortnight)

53% have a child aged 1 or less



of all those on **Parenting Payment** had NO earnings (in the last fortnight)

31% have a child aged 1 or less

Where were the under 19 Parenting Payment recipients one year earlier?

- 35% were not on income support
- 43% were receiving Parenting Payment
- 14% were receiving an unemployment payment
- 7% were receiving a student payment

Source: DHS administrative data [DSS Blue Book dataset], June 2016.

Young carers

Young people aged under 25 who are in receipt of Carer Payment or at immediate risk of going onto the payment



Young carers have an above average future lifetime cost

In 2014–15 there were

265,000

people receiving Carer Payment

The Government will spend an estimated

\$109 billion

on future welfare payments for all people currently receiving Carer Payment over their lifetime

Average future lifetime cost for Carer Payment (per person)

Person receiving welfare



\$265,000

Person receiving Carer Payment



\$411,000

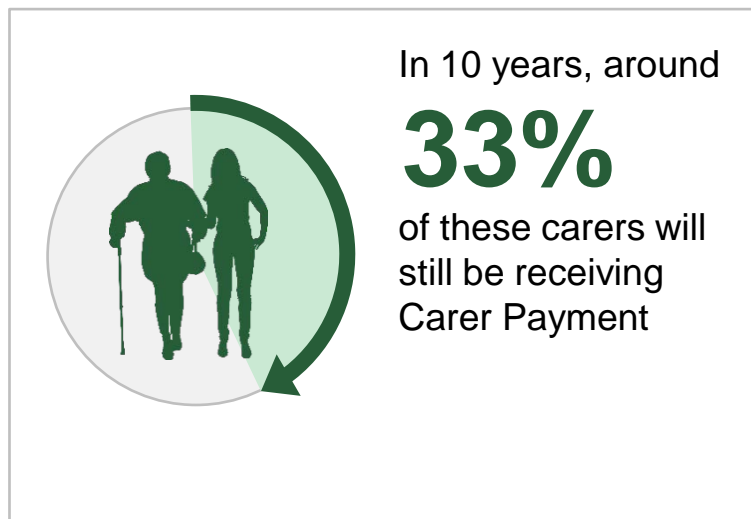
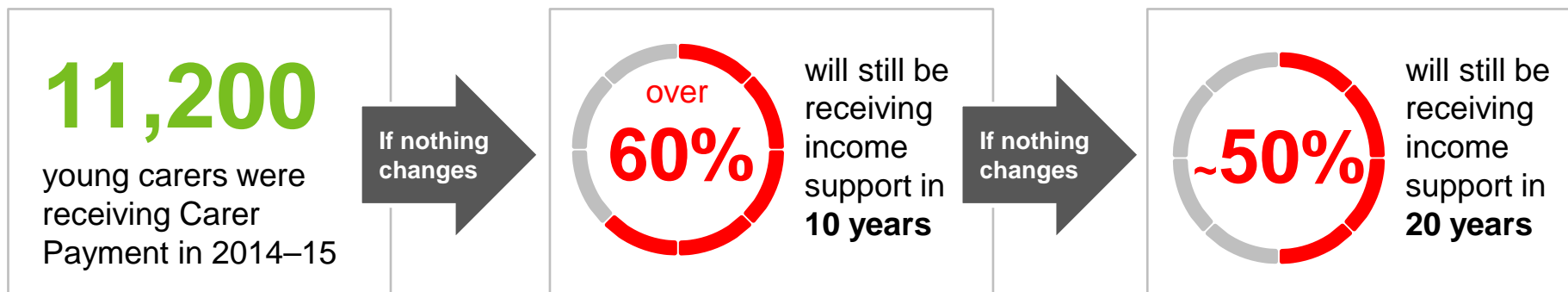
Young carers aged under 25 (average age is 20; average age they first received income support is 17)



\$464,000

Source: Valuation Report, 30 June 2015, Baseline Valuation, DSS

Young carers are particularly vulnerable to long term welfare dependency



Facts:

Key drivers for a young person becoming a carer are:

- needing to care for a parent
- living in a single parent family
- being the oldest sibling or an only child

Factors that increase the risk of being on long-term welfare include not having any earnings in the 12 months before they claim Carer Payment

Source: Valuation Report, 30 June 2015, Baseline Valuation, DSS

Young carers are not overrepresented in regional areas however there is variance between state and territories

	Carer Payment recipients		
	aged under 19	aged 19 - 24	All recipients
Major cities	62%	69%	64%
Regional	36%	29%	34%
Remote or very remote	2%	2%	2%

Some states have more or less young Carer Payment recipients compared to all Carer Payment recipients in their state:

- 25% of under 19 year olds on Carer Payment live in Queensland compared to 19% of all Carer Payment recipients
- 19% of under 19 year olds on Carer Payment live in Victoria compared to 25% of all Carer Payment recipients.

Indigenous people are over represented in the young carer group with 15% of those aged under 19 being Indigenous, 13% in the 19-24 year old group compared to 5% of all Carer Payment recipients.

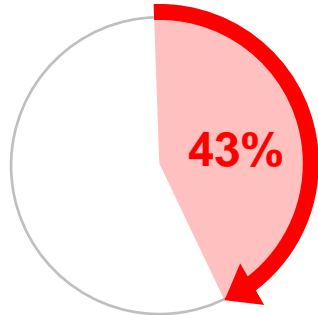
Young people who take on a carer role are less likely to complete secondary education than young people without this responsibility

- Around 77% of young people aged 20 to 24 have completed the final year of secondary education while around 63% of young primary carers reported a highest level of educational attainment of 'school education'.

Source: ABS, Caring in the Community, Australia, 2012 (cat.no.4436.0); Australian Institute of Health and Welfare, *Australia's Welfare 2015* DHS administrative data [DSS Blue Book dataset], June 2016.

Two in three carers aged under 25 were receiving some form of income support payment before moving to Carer Payment

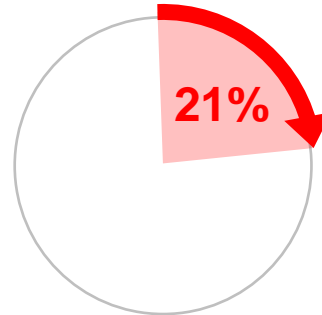
Previously receiving a working age payment



For example:

- Newstart Allowance
- Youth Allowance (other)
- Special Benefit
- Sickness Benefit

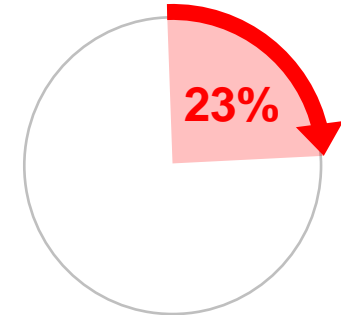
Previously receiving a student payment



For example:

- Youth Allowance (students)
- ABSTUDY

Previously not receiving an income support payment



For example:

- No payment
- Family Tax Benefit

Source: unpublished Baseline Valuation analysis

Young students



Young people aged under 25 who have or who are at risk of moving from post-secondary or tertiary study to an extended period on an unemployment payment.*

** and are or were on a student payment*

Young students who don't transition to employment have an above average future lifetime cost

In 2014–15 there were

392,000

people receiving student payments

The Government will spend an estimated

\$97 billion

on future welfare payments for all people currently receiving student payments.

Average future lifetime cost for those currently receiving student payments (per person)



\$265,000



\$247,000

Young student who completes their study before moving directly to an unemployment payment for a long-term period



\$304,000

\$318,000

Source: Valuation Report, 30 June 2015, Baseline Valuation, DSS

Nearly 3,000 students are expected to be on income support for 20 years

Since 2003

13,400

vocational and university students (aged 17–19) received a student payment and moved to a period of long-term dependence on an unemployment payment

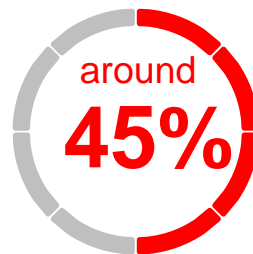
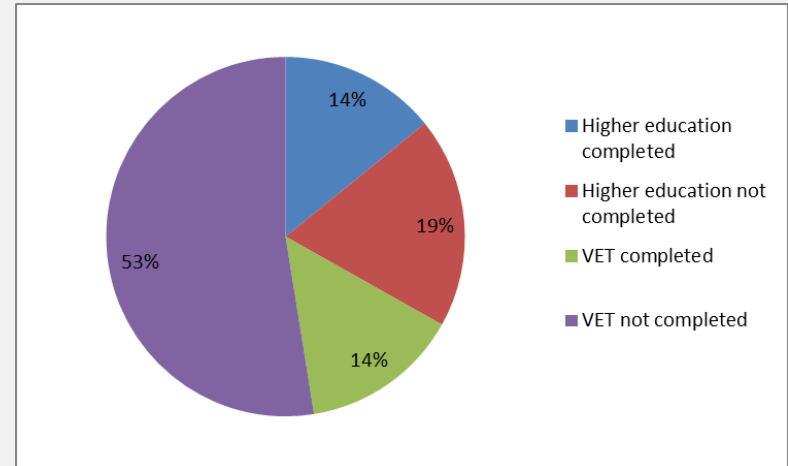
Of these former students

6,600

received an unemployment payment in 2014–15

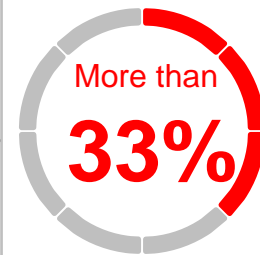
Facts:

- Two thirds of students are from the VET sector
- Around three quarters did not finish their course. This is more likely if they are studying VET.



will still be receiving income support in **10 years**

If nothing changes

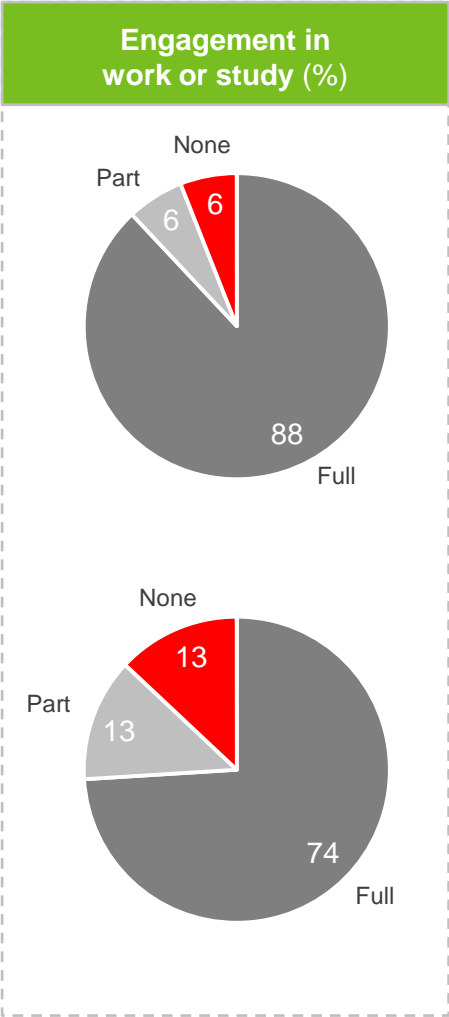


will still be receiving income support in **20 years**

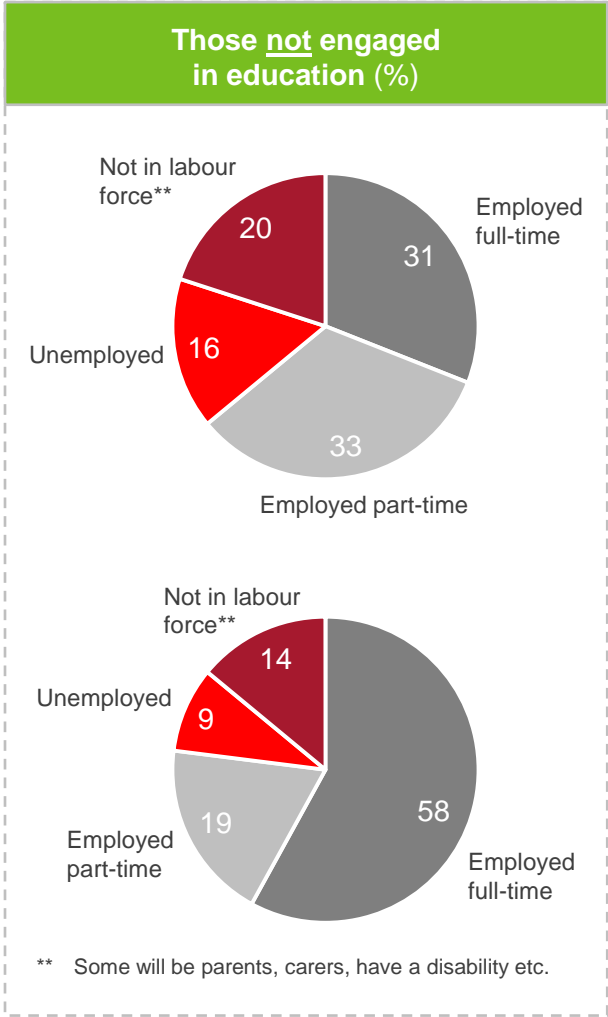
Source: Valuation Report, 30 June 2015, Baseline Valuation, DSS; unpublished Baseline Valuation analysis

Young people aged 20-24 are less likely to be engaged in work or study than 15-19 year olds

Young people aged 15-19



Young people aged 20-24



Source: ABS (6291.0) Labour Force, Australia, Labour Force Status by age and education attendance, November 2016 (as at August 2016)

Course completion is an important factor for a successful transition from study to employment



Individuals are less likely to complete their course if they are:

Enrolment type	Part time – 49.0% completion rate	Full time – 78.3% completion rate	
Location	External – 46.3% completion rate	Internal – 76.3% completion rate	
Socio-economic status	Low SES – 67.9% completion rate	High SES – 77.8% completion rate	
Indigeneity	Indigenous – 47.3% completion rate	Non – Indigenous – 73.9% completion rate	
Location of study	Metro – 74.7% completion rate	Regional – 69.0% completion rate	Remote – 60.1% completion rate
Age of student	19 and under – 80.0% completion rate	20-24 year old – 69.3% completion rate	25 year old and older – 58.1% completion rate

Note: the national course completion rate is for domestic bachelor students

Source: Course Completion Rates of Higher Education Students – Cohort Analysis, 2005-2014, Department of Education, 2017