

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](https://engage.dss.gov.au/).

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# Policy Hack agenda

1. Welcome and introduction
2. Agenda, expectations, ground rules, process overview
3. Empathise
4. Ideate
5. Solve
6. Pitch
7. Feedback
8. Recap, next steps and close

# 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

* 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.

# The eligibility criteria for ideas for the TTL Fund

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 these criteria.

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.

# Information on barriers to employment

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

1. Lack of work-related capabilities
* Skills and education
* Work experience
* Health
* Caring responsibilities
1. 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
1. Scarce employment opportunities
* Local unemployment (particularly youth unemployment)

 

# 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]](#footnote-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]](#footnote-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]](#footnote-3) Young people whose parents demonstrated a strong commitment to their education and employment are less likely to fall into welfare dependency.[[4]](#footnote-4)

Mental health

* Severe psychiatric disorders negatively affect education and employment outcomes and more common disorders or psychological distress are associated with unemployment.[[5]](#footnote-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]](#footnote-6)

# 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]](#footnote-7)

**Parent-child relationships including abuse**

* Women who experienced sexual abuse as children are overrepresented among income support-reliant single mothers.[[8]](#footnote-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]](#footnote-9)

**Parenting style**

* Authoritarian parenting can be related to difficulty adjusting to tertiary education which is linked to employment success.[[10]](#footnote-10)

**Family relationships**

* Disrupted relationships with parents or siblings and weak family bonds are associated with welfare receipt.[[11]](#footnote-11)

**Peer groups**

* Young people associating with a peer group with a tendency towards criminal activity is a risk factor for welfare dependence.[[12]](#footnote-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]](#footnote-13)

**Location**

* Living in a low SES community with high youth unemployment is associated with intergenerational welfare dependency.[[14]](#footnote-14)

**Housing policy**

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

# 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. **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

1. **Young Carers**

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

1. **Young Students**

Young people aged under 25 who have or who are at risk of moving from post-secondary or tertiary study[[15]](#footnote-15) to an extended period on an unemployment 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.

# Information on the priority groups

## 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)

A person who started receiving Parenting Payment at age 18 or under has an estimated future lifetime cost of $547,000.

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

4,370 young parents were receiving Parenting Payment in 2014–15. If nothing changes, 70% will still be receiving income support in 10 years. If nothing changes, 40% will still be receiving income support in 20 years.

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.

### Their demographic characteristics highlight a diversity of support needs

More than one child:

* Under 19s = 5%
* 19-24 year olds = 29%

Are single:

* Under 19s = 78%
* 19-24 year olds = 75%

Likely to be Indigenous compared to the broader parent group:

* 2.75 x
* 1.75 x

### People living in regional and remote areas are disproportionately represented in this priority group

Broader parent group:

* Major cities: 61%
* Regional: 35%
* Remote or very remote: 4%

Under 19s:

* Major cities: 46%
* Regional: 43%
* Remote or very remote: 11%

19-24 year old:

* Major cities: 52%
* Regional: 42%
* Remote or very remote: 6%

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

Western Australia:

* PP overall: 10%
* Under 19s: 13%
* 19-24s: 11%

Northern Territory (In the NT, 85% of young mothers aged 15-19 were indigenous):

* PP overall: 2%
* Under 19s: 5%
* 19-24s: 3%

Queensland:

* PP overall: 24%
* Under 19s: 29%
* 19-24s: 27%

### Young parents are less likely to have any earnings from employment

* 98% of those aged **under 19 on Parenting Payment** had NO earnings (in the last fortnight)
	+ 86% have a child aged 1 or less
* 88% of those aged **19–24 on Parenting Payment** had NO earnings (in the last fortnight)
	+ 53 % have a child aged 1 or less
* 79% 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

## 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 of Carer Payment (per person)

Young carers aged under 25 (average age is 20; average age they first received income support is 17) – the average future lifetime cost is $464,000.

### Young carers are particularly vulnerable to long term welfare dependency

11,200 young carers were receiving Carer Payment in 2014–15. If nothing changes, 60% will still be receiving income support in 10 years. If nothing changes, 50% will still be receiving income support in 20 years. In 10 years, around 33% of these carers will still be receiving Carer Payment.

**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.

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

Aged under 19

* Major cities: 62%
* Regional: 36%
* Remote or very remote: 2%

Aged 19-24

* Major cities: 69%
* Regional: 29%
* Remote or very remote: 2%

All recipients

* Major cities: 64%
* Regional: 34%
* Remote or very remote: 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’.

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

* 43% previously receiving a working age payment (for example: Newstart Allowance, Youth Allowance (other), Special Benefit or Sickness Benefit)
* 21% previously receiving a student payment (for example: Youth Allowance (students) or ABSTUDY)
* 23% **not** previously receiving an income support payment (for example: no payment or Family Tax Benefit)

## Young students

Young people aged under 25 who have or who are at risk of moving from post-secondary or tertiary study[[16]](#footnote-16) 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)

A young student who does not complete their study or training before moving to an unemployment payment for a long-term period has an estimated future lifetime cost of $318,000.

### 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 6,000 received an unemployment payment in 2014-15. Around 45% will still be receiving income support in 10 years. If nothing changes, more than 33% will still be receiving income support in 20 years.

**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.
* Higher education completed: 14%
* Higher education not completed: 19%
* VET completed: 14%
* VET not completed: 53%

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

Engagement in work or study:

* Young people aged 15-19
	+ Full: 88%
	+ Part: 6%
	+ None: 6%
* Young people aged 20-24
	+ Full: 74%
	+ Part: 13
	+ None:13

Those **not** engaged in education:

* Young people aged 15-19
	+ Employed full time: 31%
	+ Employed part-time: 33%
	+ Unemployed: 16%
	+ Not in labour force[[17]](#footnote-17): 20%
* Young people aged 20-24
	+ Employed full time: 58%
	+ Employed part-time: 19%
	+ Unemployed: 9%
	+ Not in labour force[[18]](#footnote-18): 14%

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

The national course completion rate in 2014 was 73.5%.

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

Enrolment type

* Part-time – 49% 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% completion rate
* 20-24 year old – 69.3% completion rate
* 25 year and older – 58.1% completion rate
1. Productivity Commission, 2014 *Literacy and Numeracy Skills and Labour Market Outcomes in Australia* p.37, 41 [↑](#footnote-ref-1)
2. Productivity Commission, 2014 *Literacy and Numeracy Skills and Labour Market Outcomes in Australia* p.37, 41 [↑](#footnote-ref-2)
3. Perales et al, 2014 *Intergenerational Welfare Dependency in Australia: A Review of the Literature*, Life Course Centre Working Paper Series p.22, 26 [↑](#footnote-ref-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 [↑](#footnote-ref-4)
5. Berry et al, 2007 *Intergenerational reliance on income support* Social Policy Research paper no.31, p.41 [↑](#footnote-ref-5)
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 [↑](#footnote-ref-6)
7. Causa and Chapius, 2010 *Equity in Student Achievement Across OECD Countries: An Investigation of the Role of Policies* p.28,37 [↑](#footnote-ref-7)
8. Berry et al, 2007 *Intergenerational reliance on income support* Social Policy Research paper no.32, p.60,45,60 [↑](#footnote-ref-8)
9. Ibid. [↑](#footnote-ref-9)
10. Ibid. [↑](#footnote-ref-10)
11. Perales et al, 2014 *Intergenerational Welfare Dependency in Australia: A Review of the Literature*, Life Course Centre Working Paper Series p.21,22,46 [↑](#footnote-ref-11)
12. Ibid. [↑](#footnote-ref-12)
13. Ibid. [↑](#footnote-ref-13)
14. Causa and Chapius, 2010 *Equity in Student Achievement Across OECD Countries: An Investigation of the Role of Policies* p.28,37 [↑](#footnote-ref-14)
15. and are or were on a student payment [↑](#footnote-ref-15)
16. and are or were on a student payment [↑](#footnote-ref-16)
17. Some will be parents, carers, have a disability, etc. [↑](#footnote-ref-17)
18. Ibid. [↑](#footnote-ref-18)