



Australian Government

Social Services



The best form of welfare ...

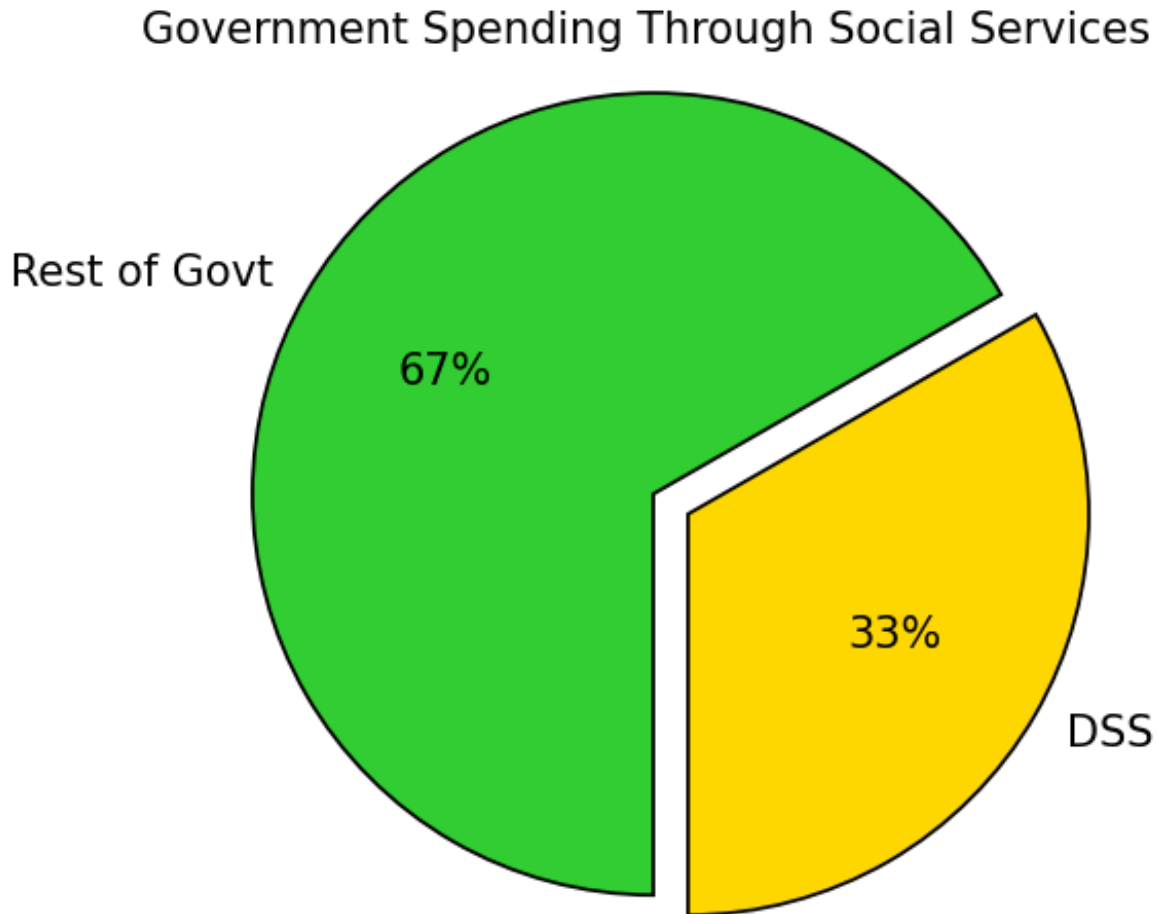
Hon. Scott Morrison MP
Minister for Social Services

National Press Club
25 February 2015



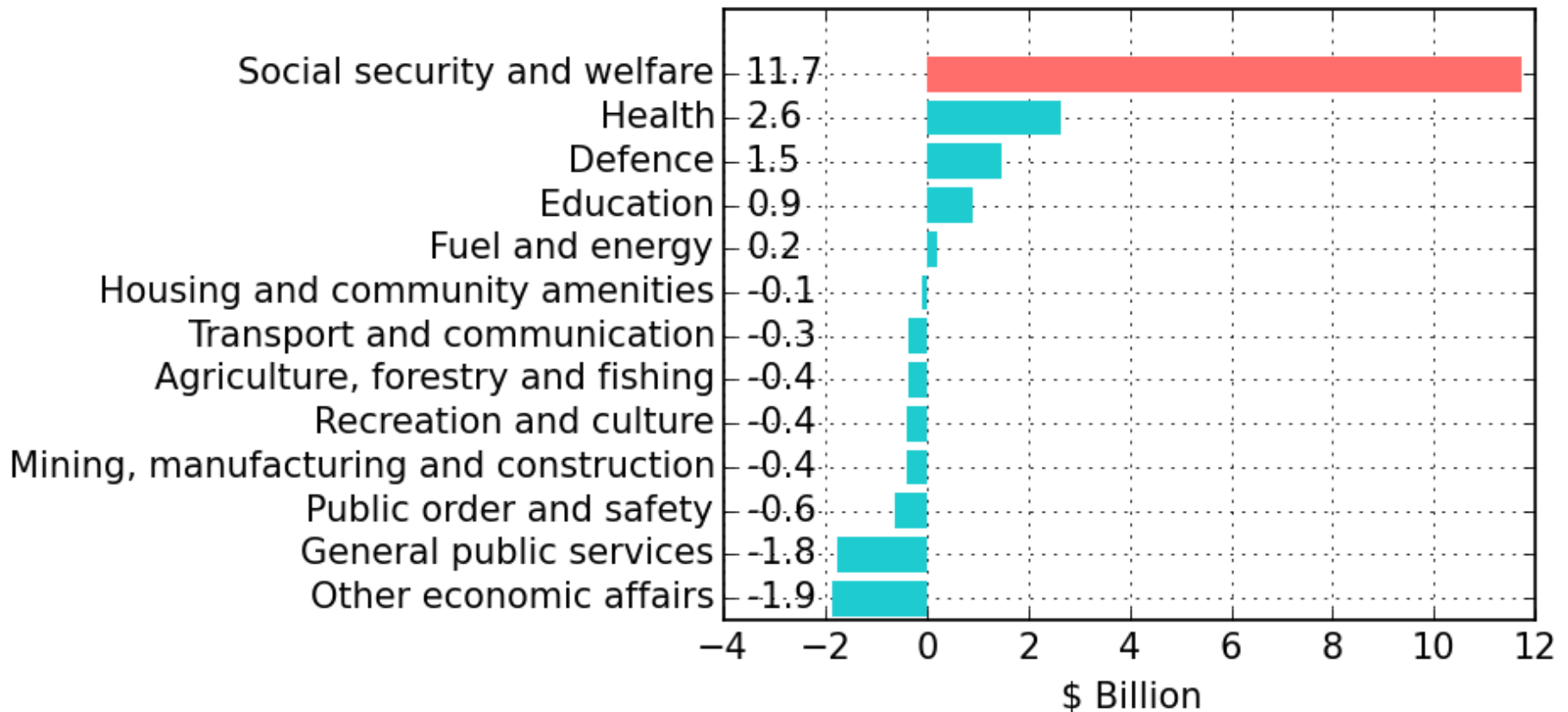
The welfare system needs
to change for the sake of
future generations

One third of Australian Government spending flows through DSS



Of all Government functions, social security and welfare will grow the most

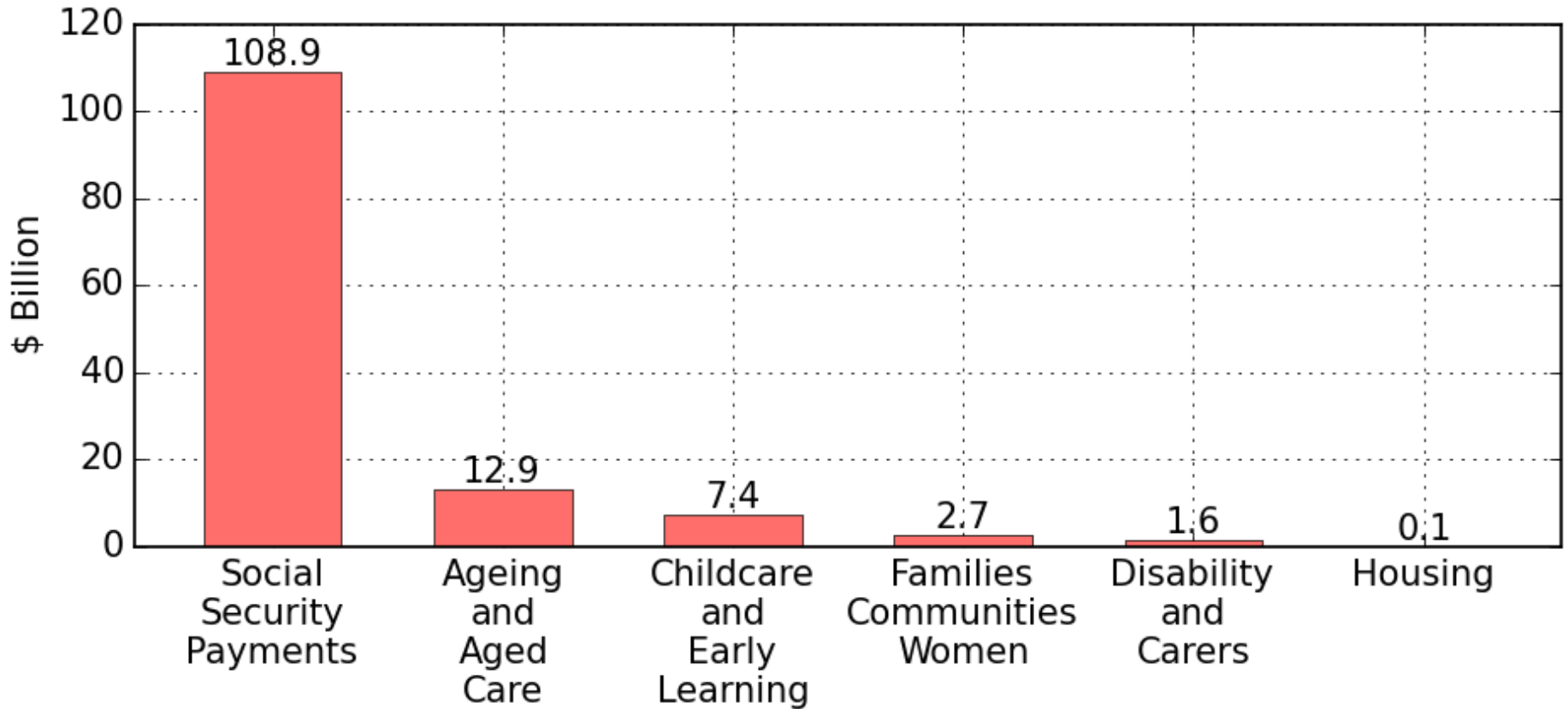
Total real growth by function - 2014-15 to 2017-18



Source: Budget Paper 1, Statement 6, 2014-15 Budget

In 2014-15 the largest DSS spend was on social security payments

DSS Outcomes - 2014-15 Estimates - \$ Billion

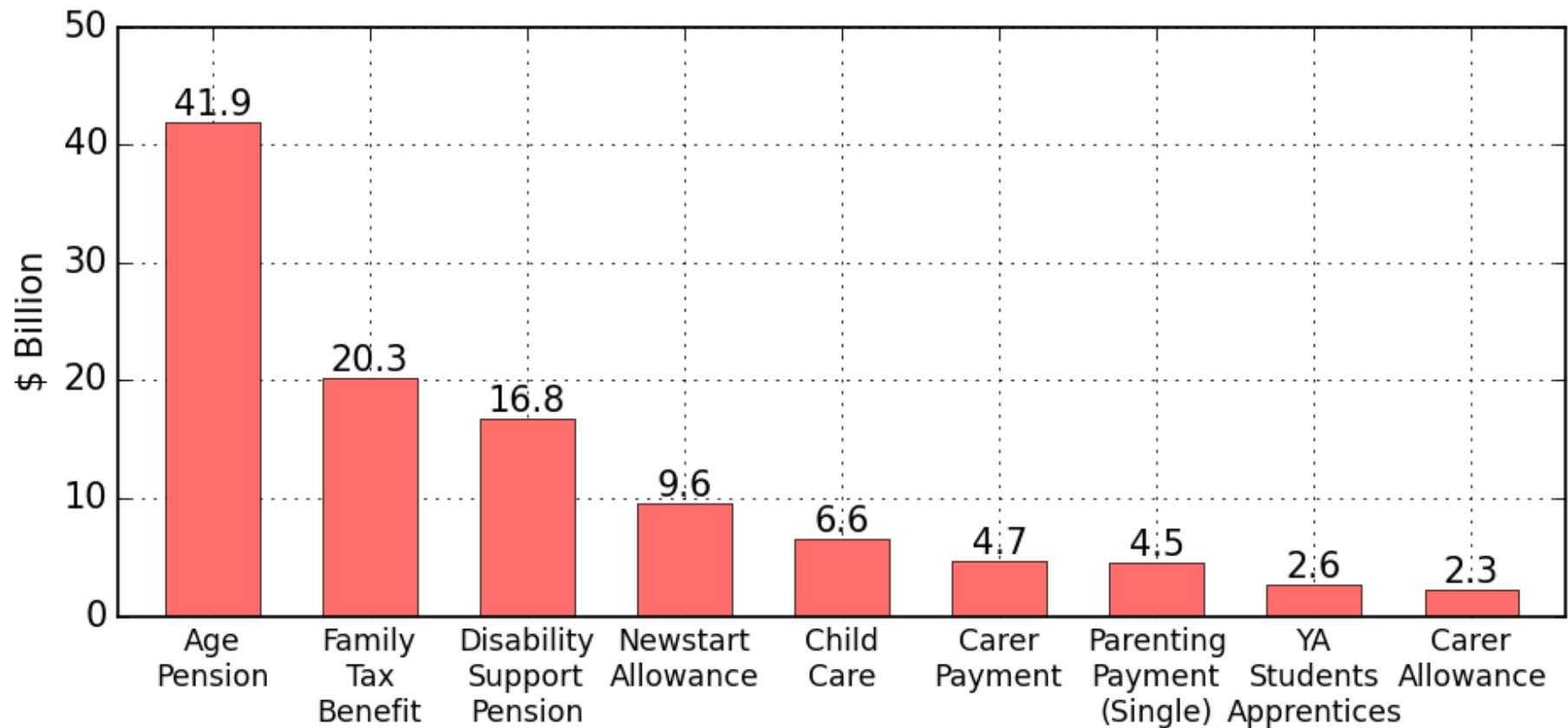


Source: DSS and DET Portfolio Additional Estimates Statements 2014-15

Note: DSS administered appropriations only (from Feb 2015 PAES). This chart excludes DSS and DHA departmental costs and payments through DHA, DVA, the tax system, and through Treasury.

Most of this spending is for the Age Pension, families, the Disability Pension and the unemployed

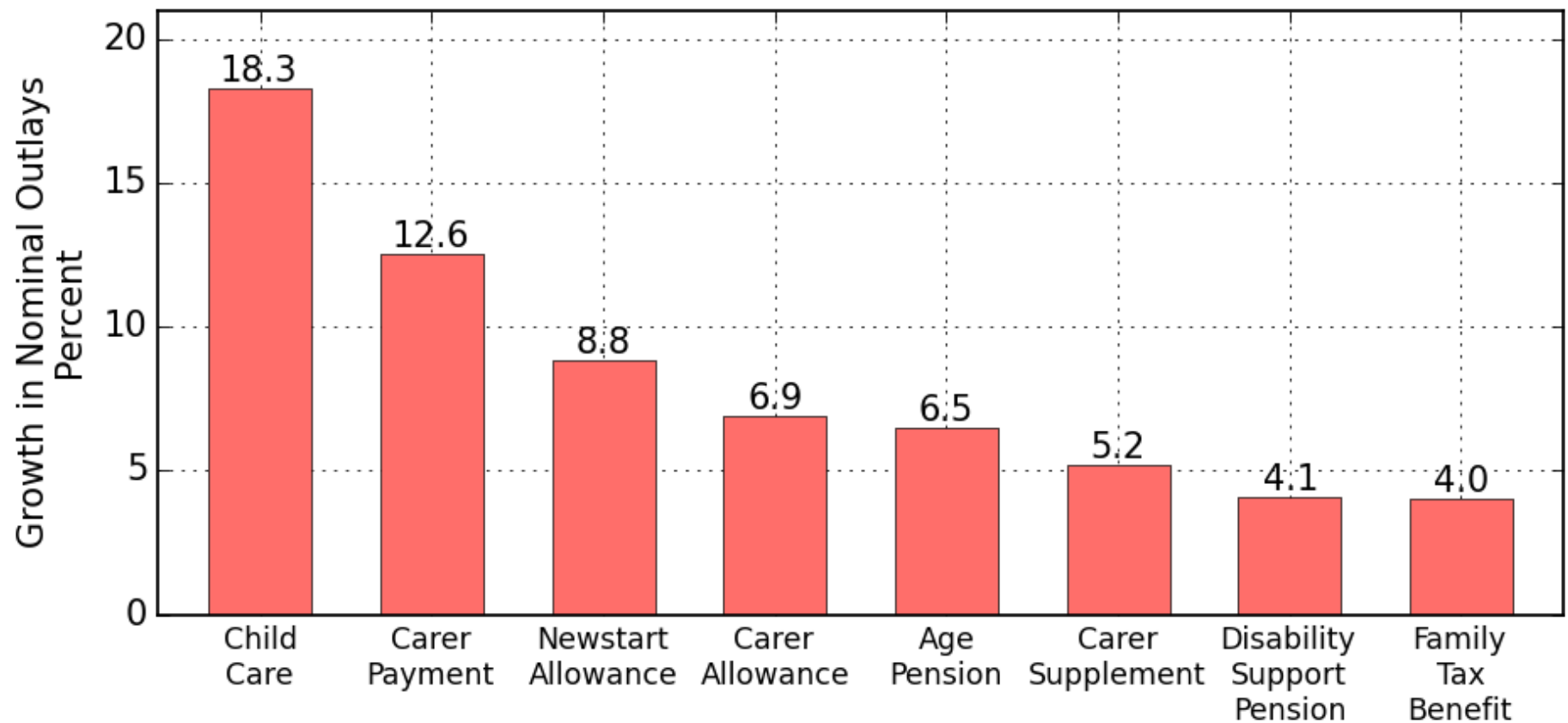
Top DSS Payments - 2014-15 Estimates - \$ Billion



Source: DSS Unpublished, DSS Portfolio Additional Estimates Statement 2014-15

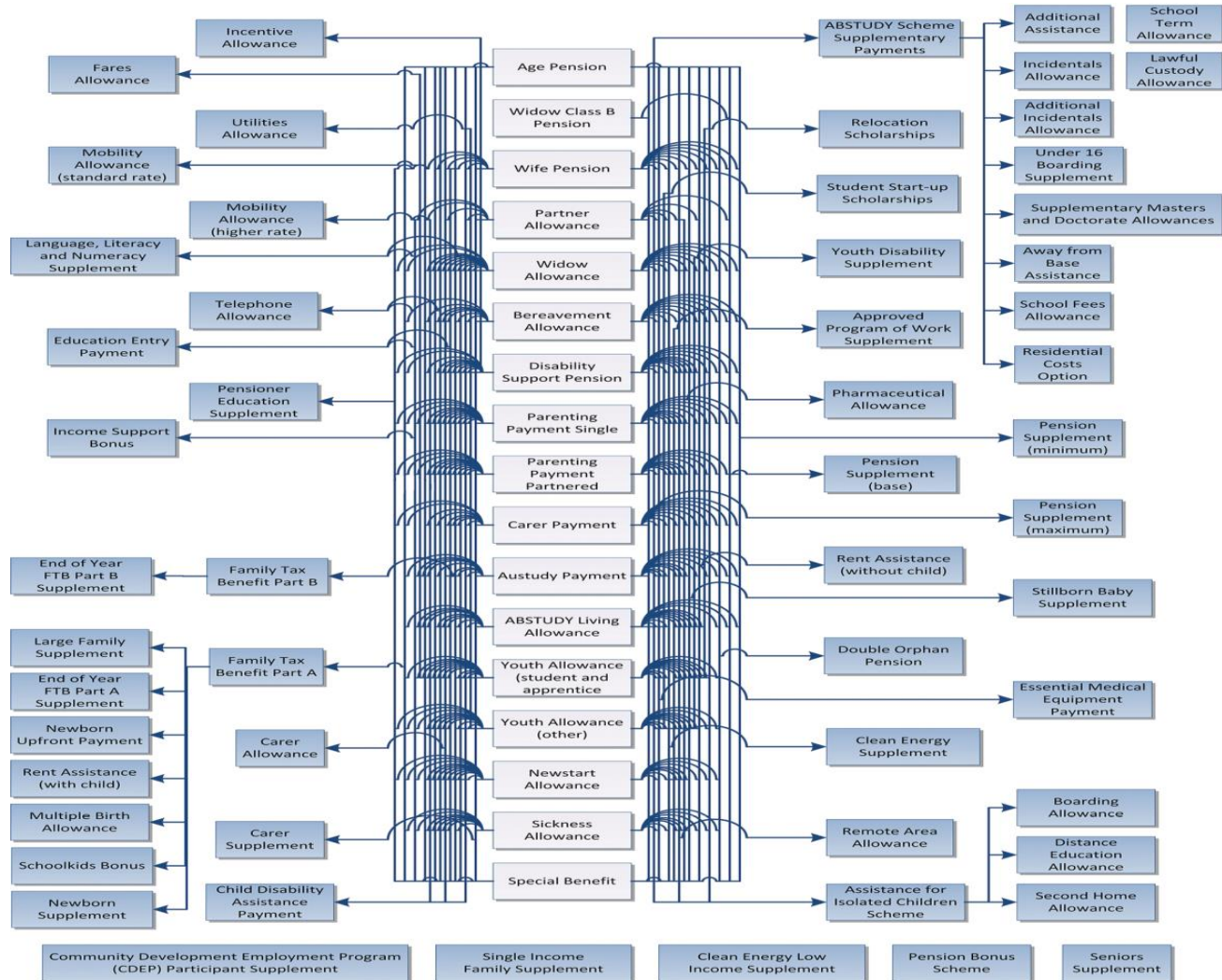
But spending is increasing fastest for childcare, carers and the unemployed

Top DSS Payments - Year-on-Year Growth to 2014-15 (for Payments > \$300m)

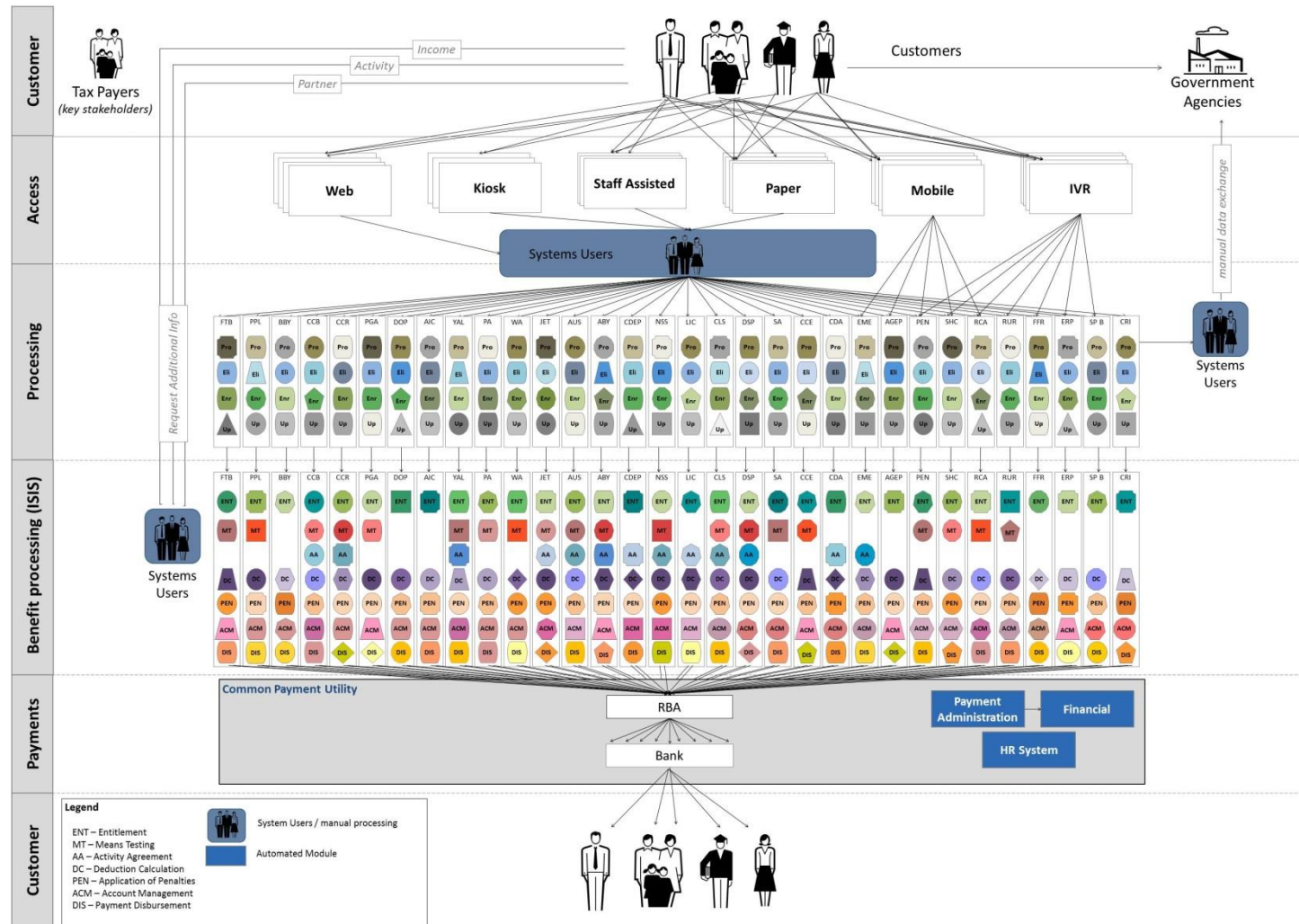


Source: DSS Unpublished, DSS Portfolio Additional Estimates Statement 2014-15

20 payments, 55 supplements!



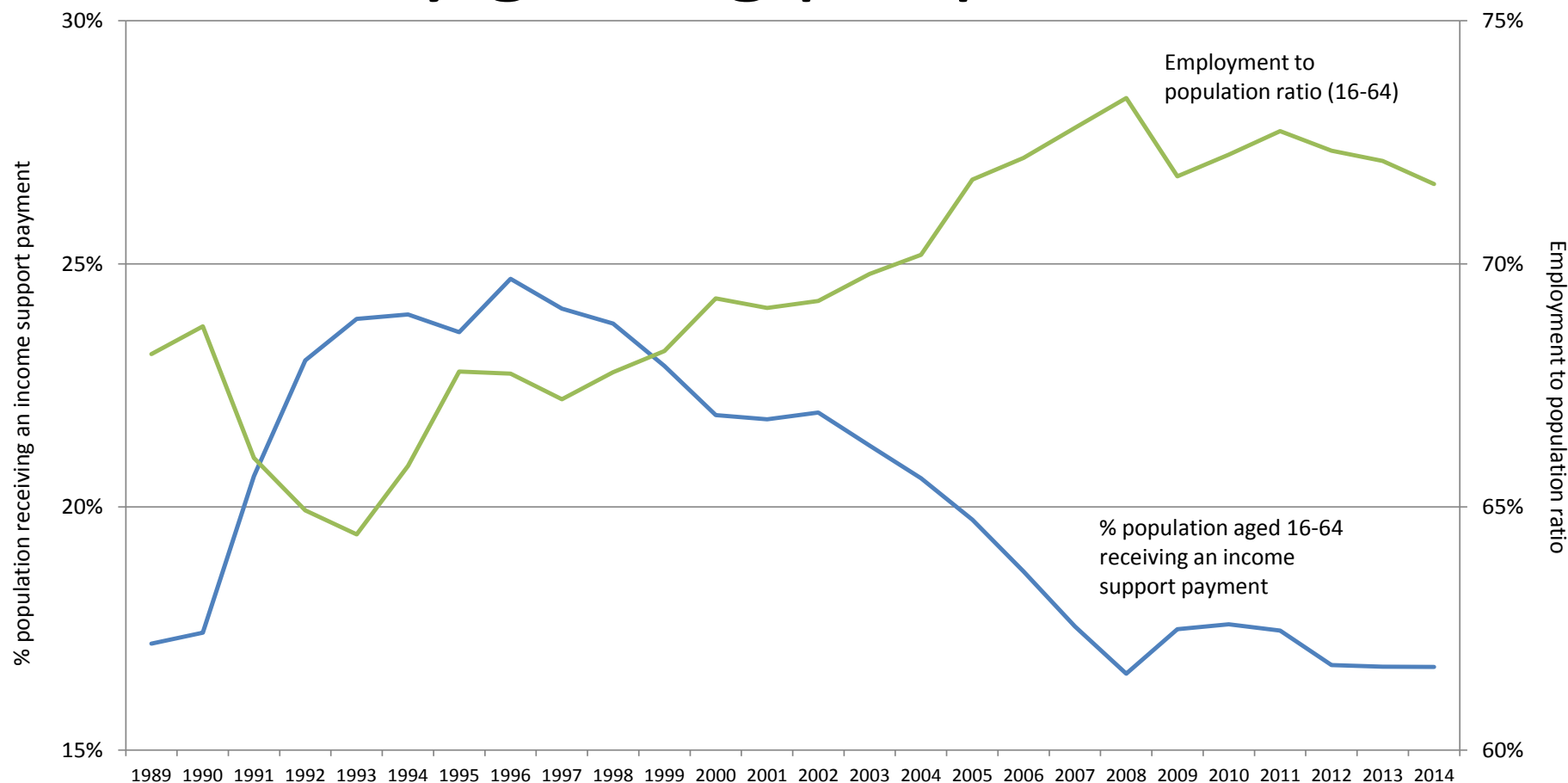
Our current welfare payments ICT system is incredibly complex





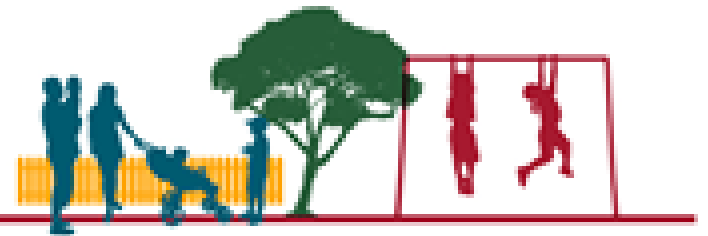
But the best form of
welfare is a job

The biggest welfare savings are driven by getting people into work

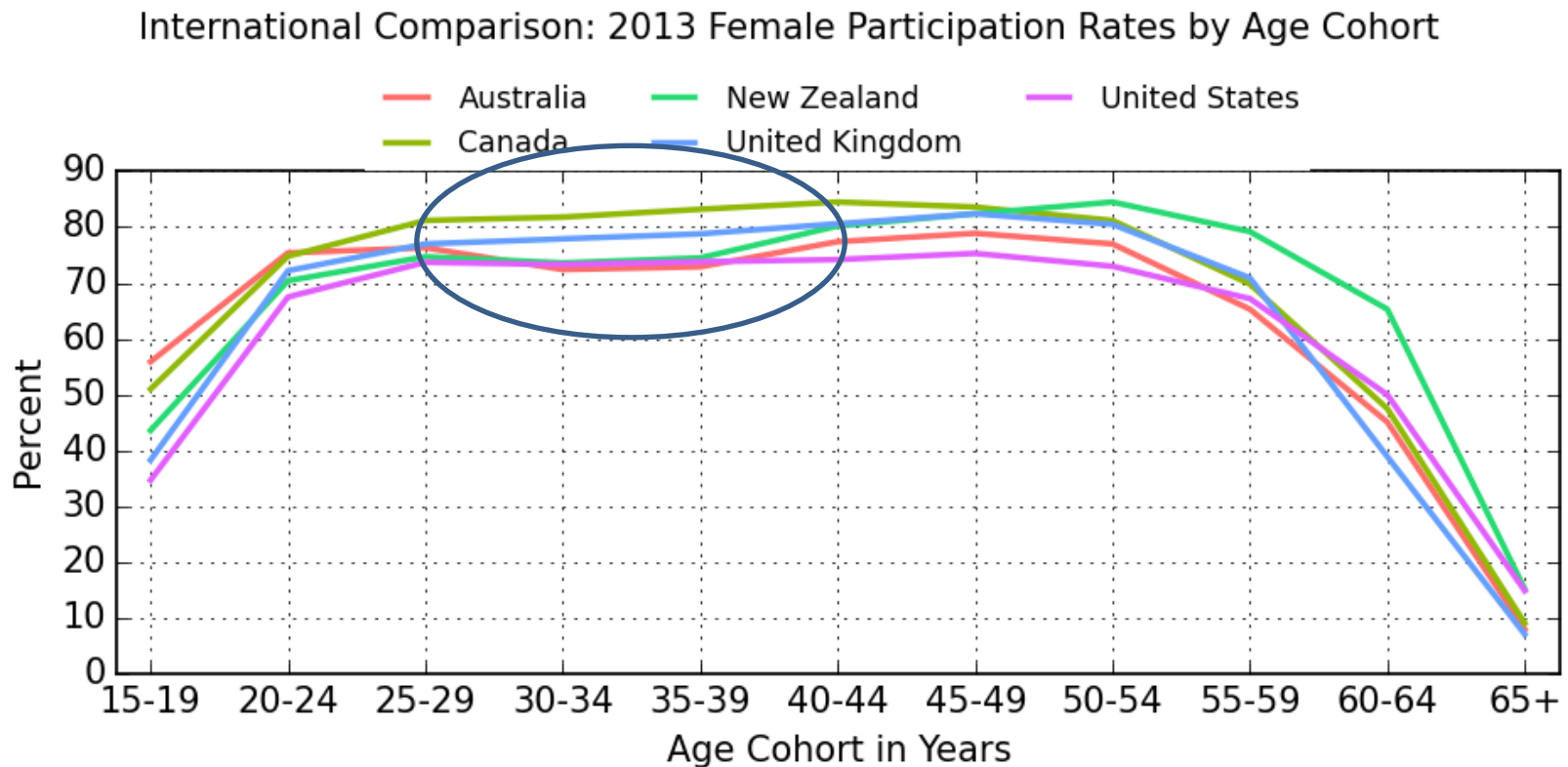


Sources: Derived from DSS (and predecessor departments) and DVA administrative data (published and unpublished); ABS, Australian Demographic Statistics, Cat. No. 3101.0, Jun 2014. ABS, Labour Force Australia, Cat. No. 6202.0, January 2015.

Getting families back to work

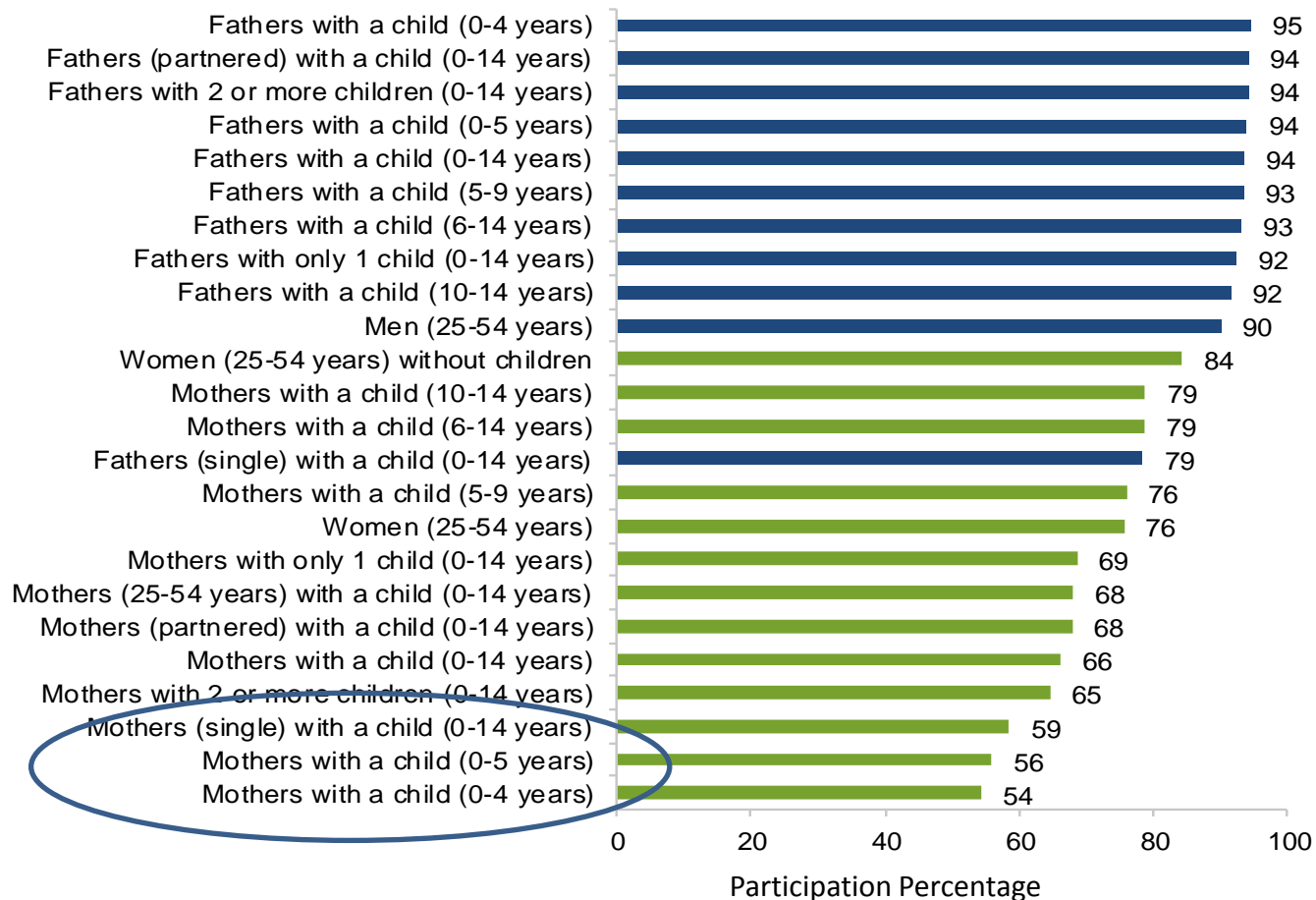


Women's participation is increasing, but by international standards, we are still behind, especially women 25-44

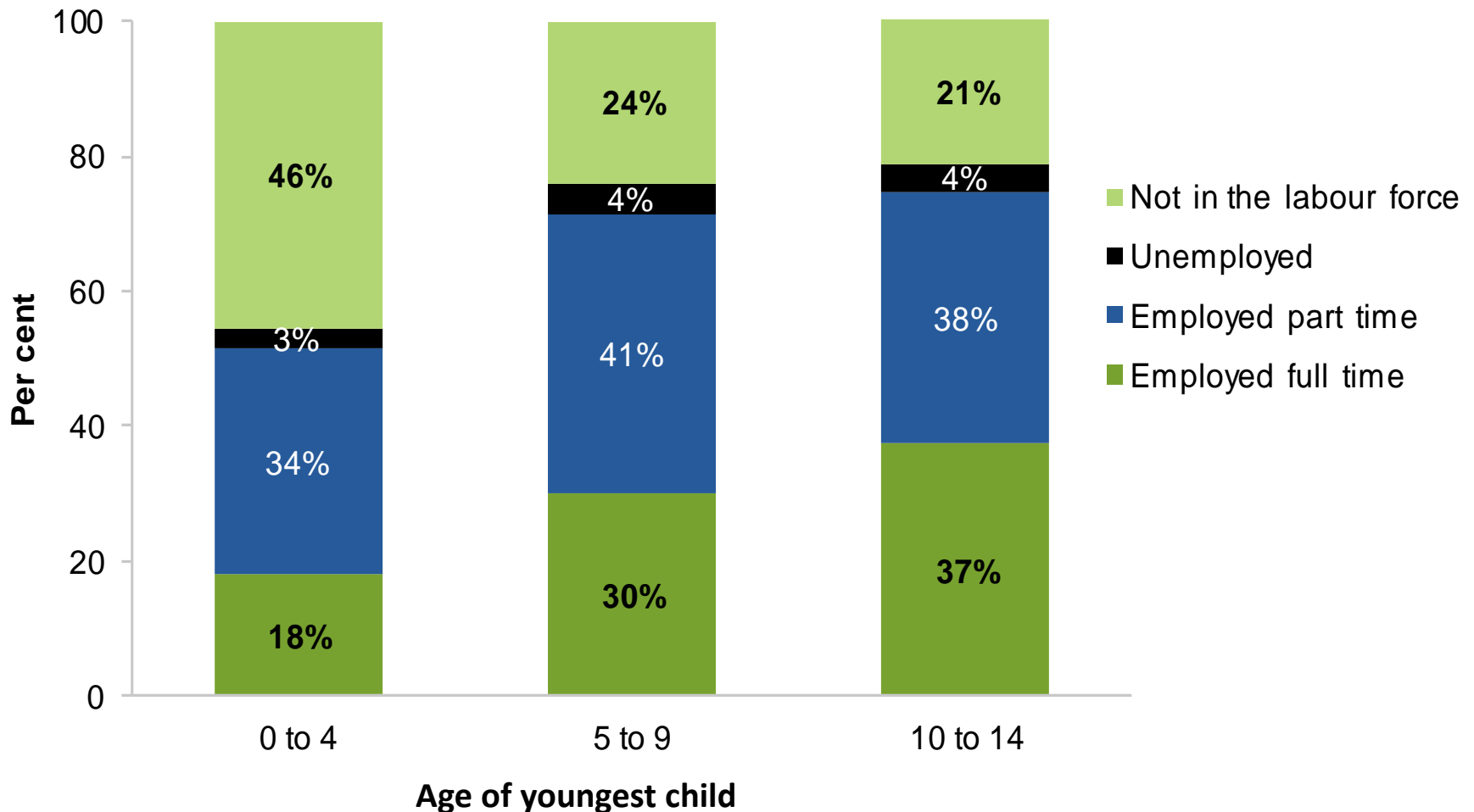


Source: ILOSTAT

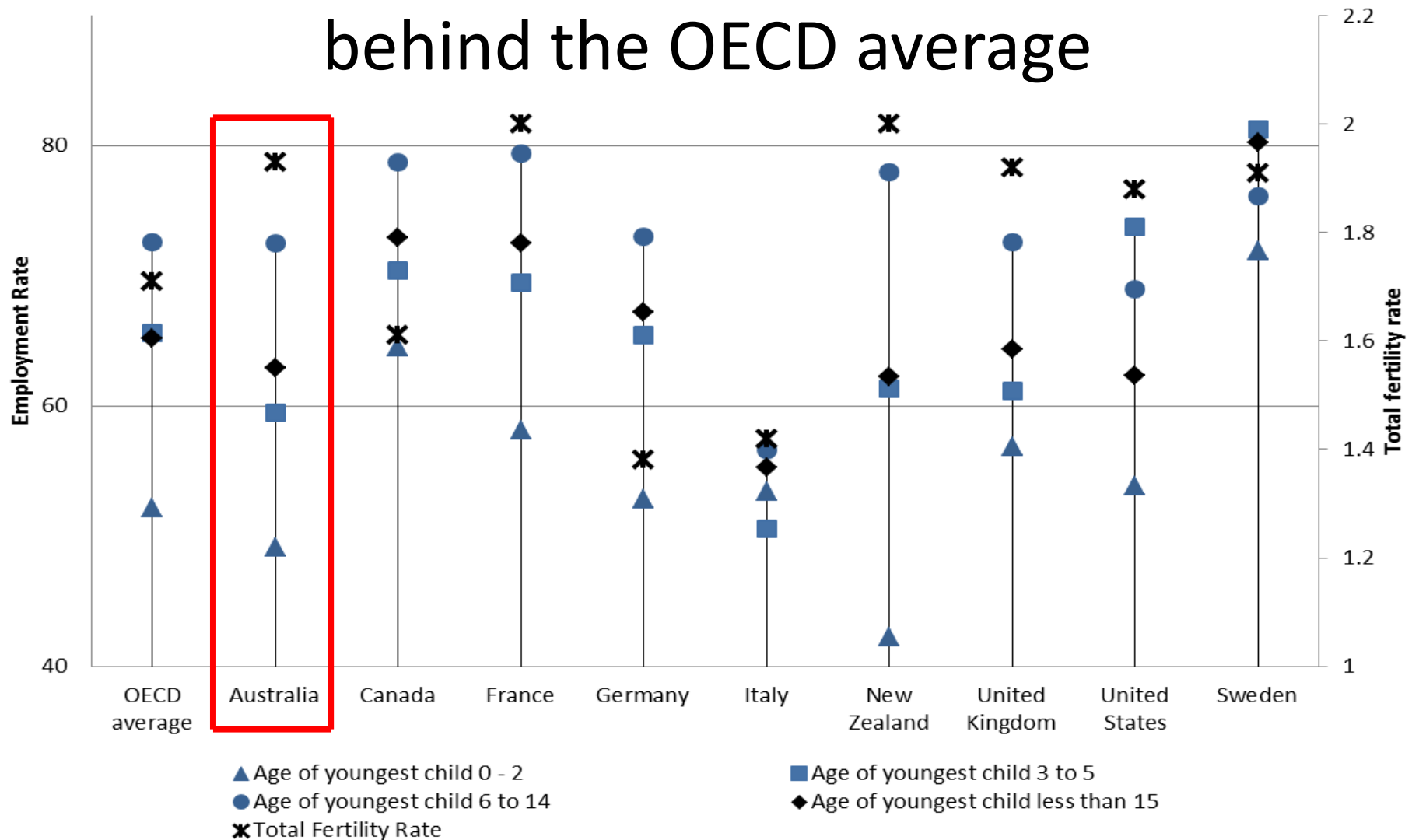
Participation rates are lowest for mums, especially with children under 5 and single mums



More mothers return to work when their youngest child goes to school

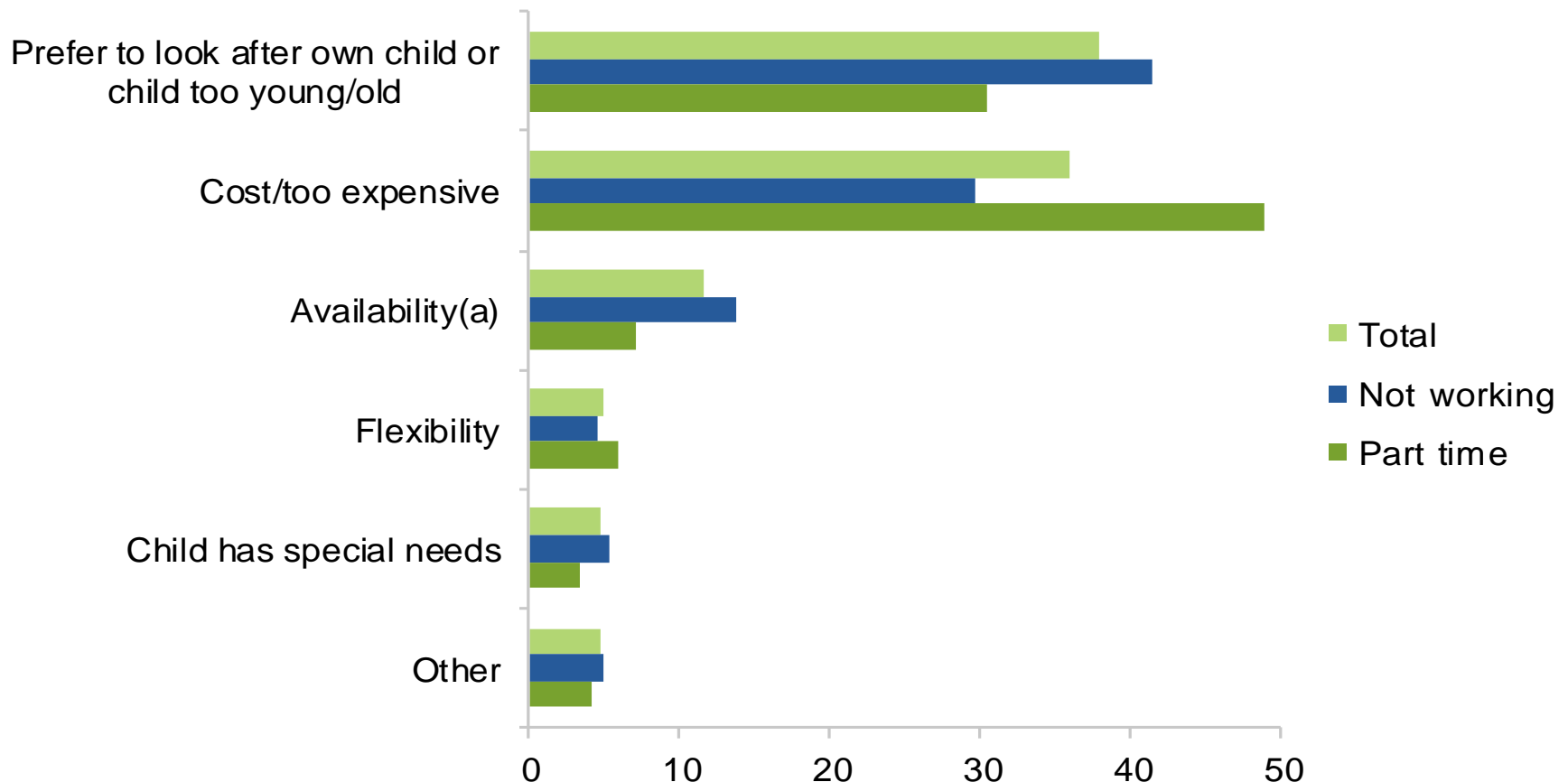


Compared to other countries, our employment rates for mums is lagging behind the OECD average



Sources: OECD (2015), Families Database, LMF1.2.A.I, LMF1.2.B (maternal employment by age of youngest child) and SF2.1.A (total fertility rates); Australian maternal employment data from ABS, Customised Report, 2011 Census.

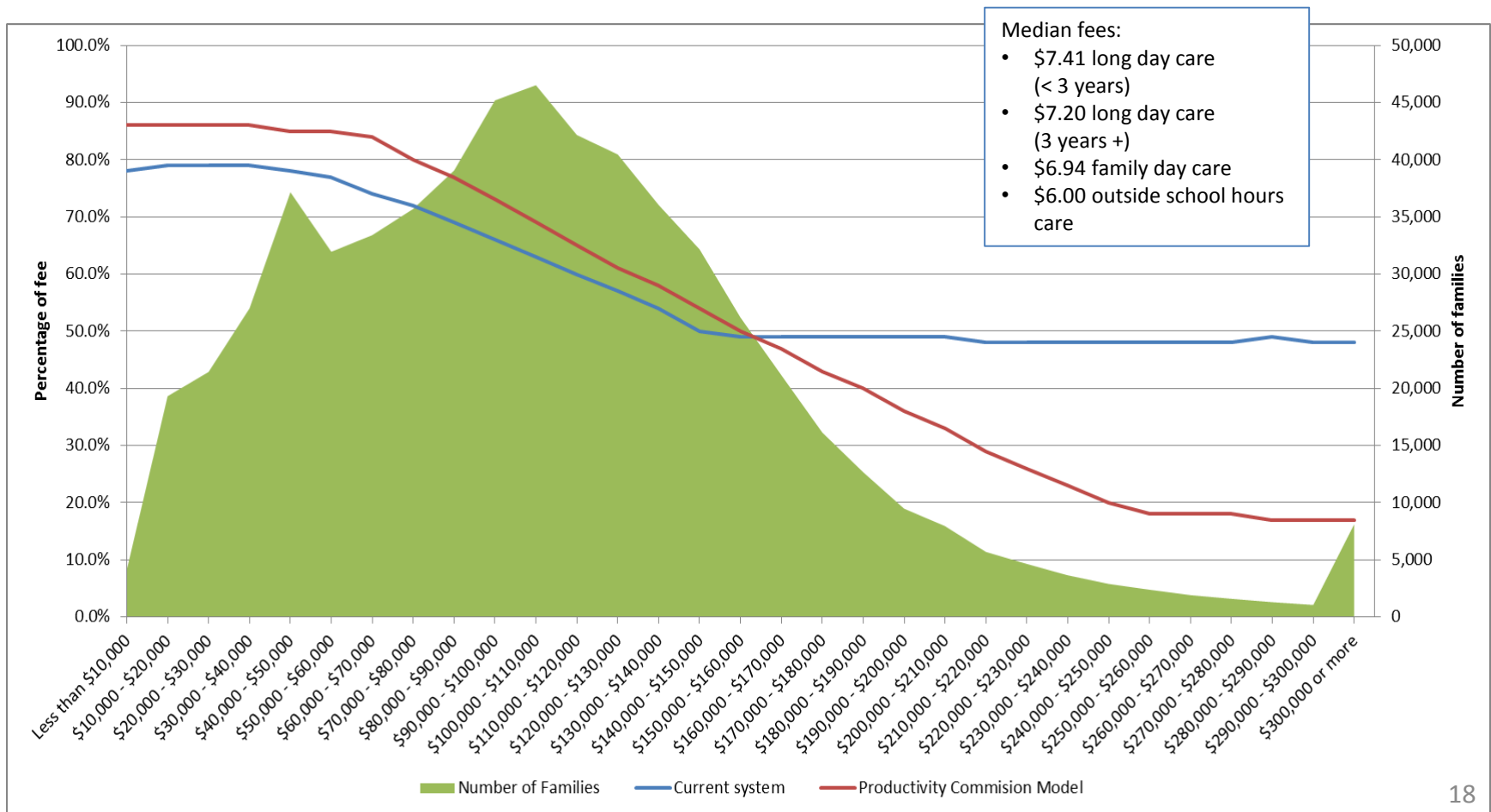
According to parents, other than personal choice, the main reason for not working was the cost of child care



Productivity Commission

single 'benchmark' subsidy might provide a solution to this concern

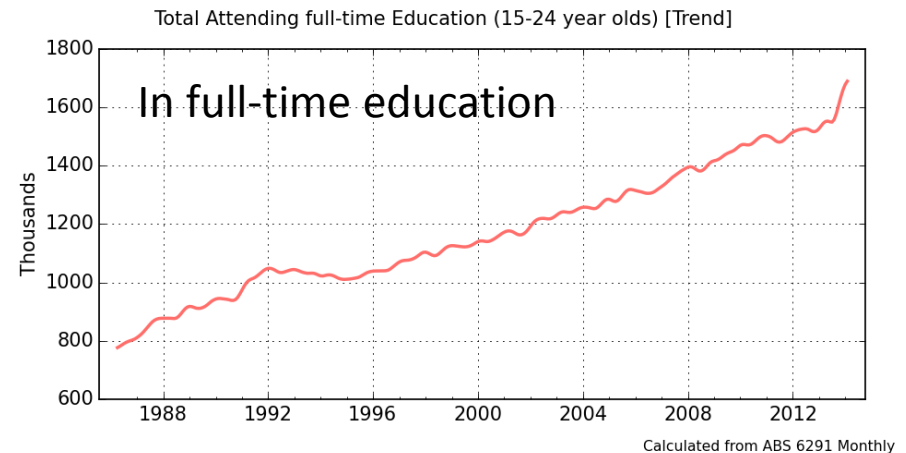
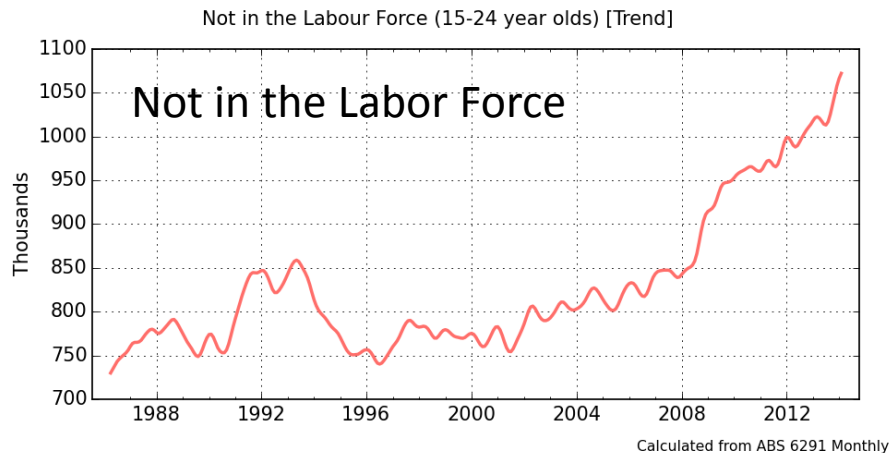
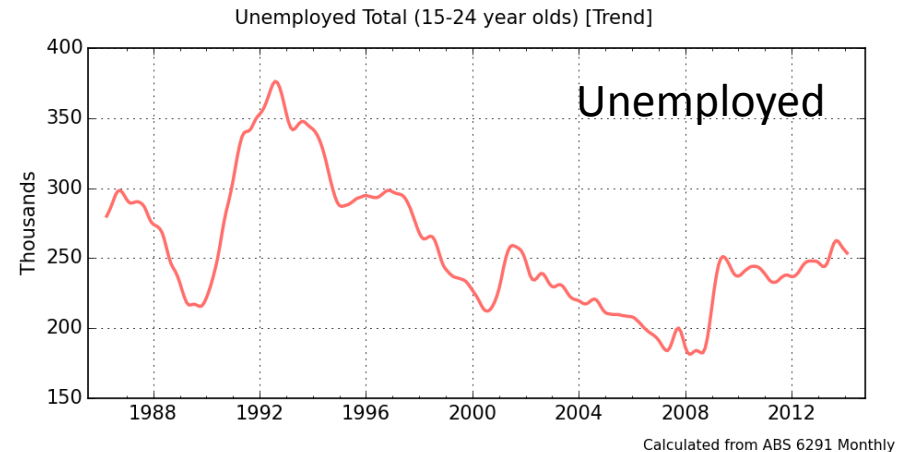
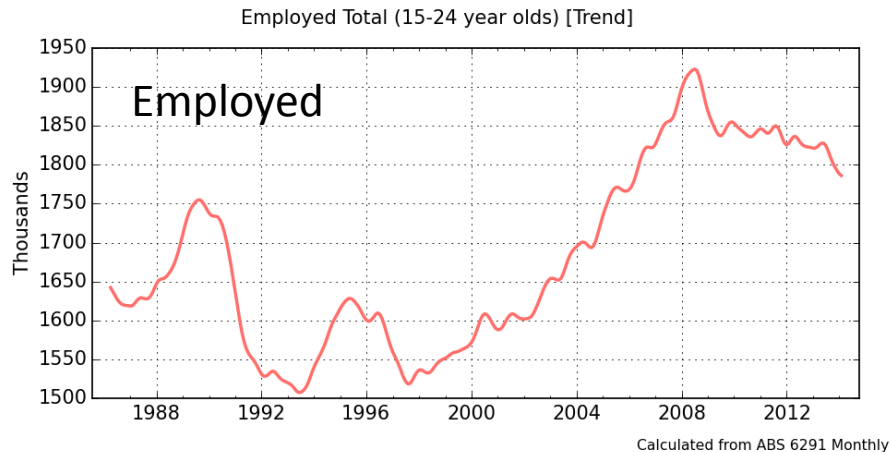
Proportion of fee covered for both current system (blue) and recommended option (red) by family income (green area)



Getting young people into work - learning or earning



Youth need to be earning or learning – re-engaging youth is a challenge



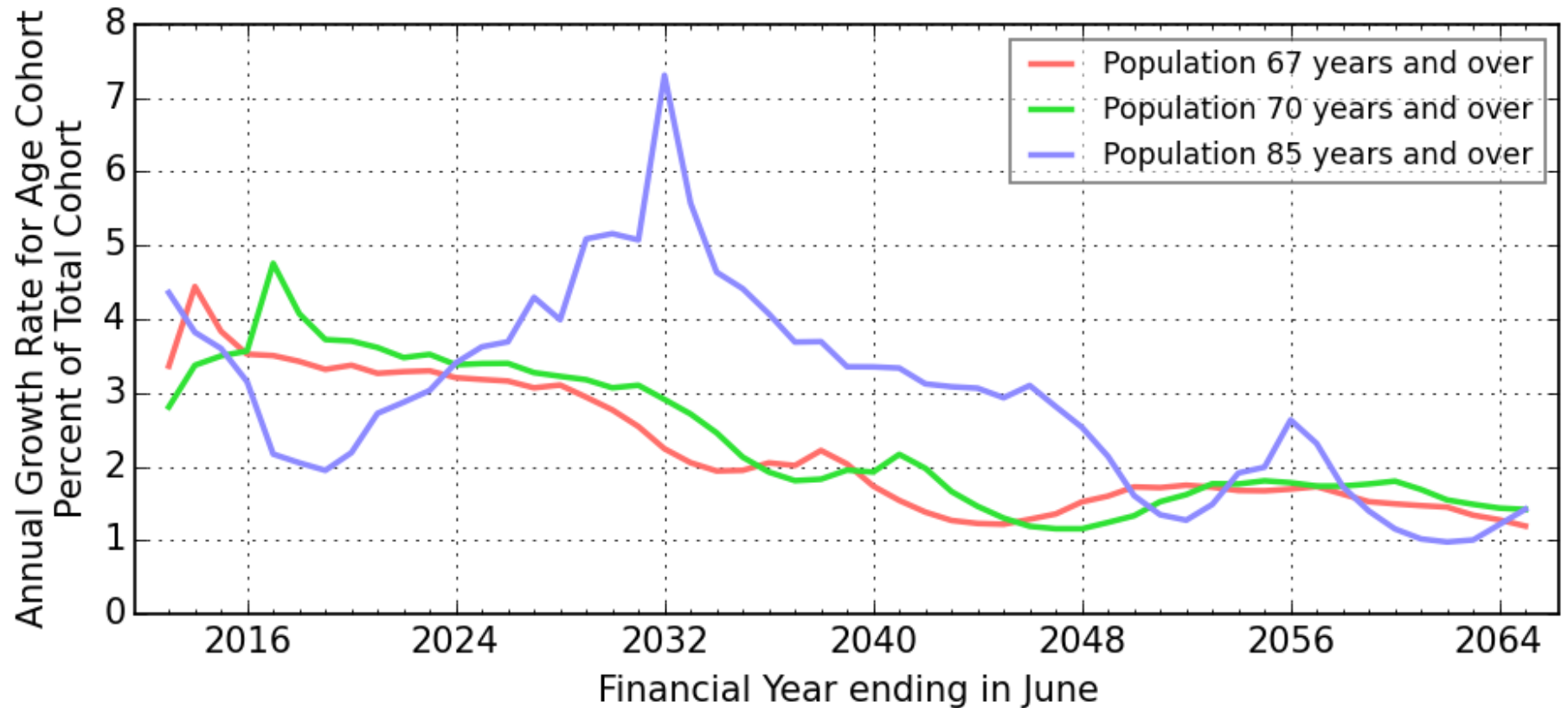
Note: The trend charts from the seasonal decomposition include artifacts arising from variable seasonality. Not every perturbation in the trend chart is meaningful.

An ageing boom, not a bust
Encouraging Australians to stay
in work longer as they grow
older, healthier



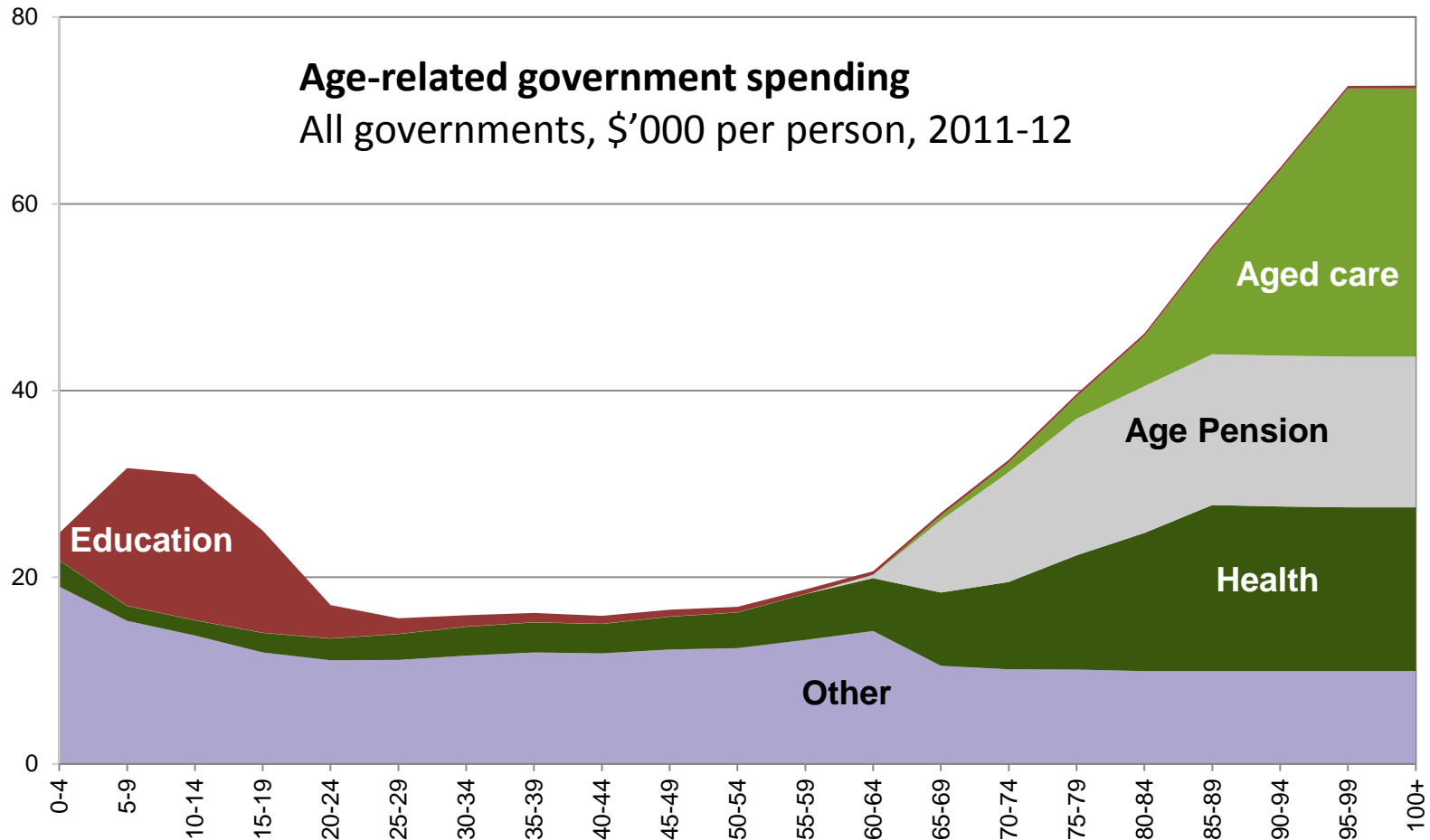
As the population ages, we will see more people living to 85 and over

Population Proportion Projections by Older Age Cohorts



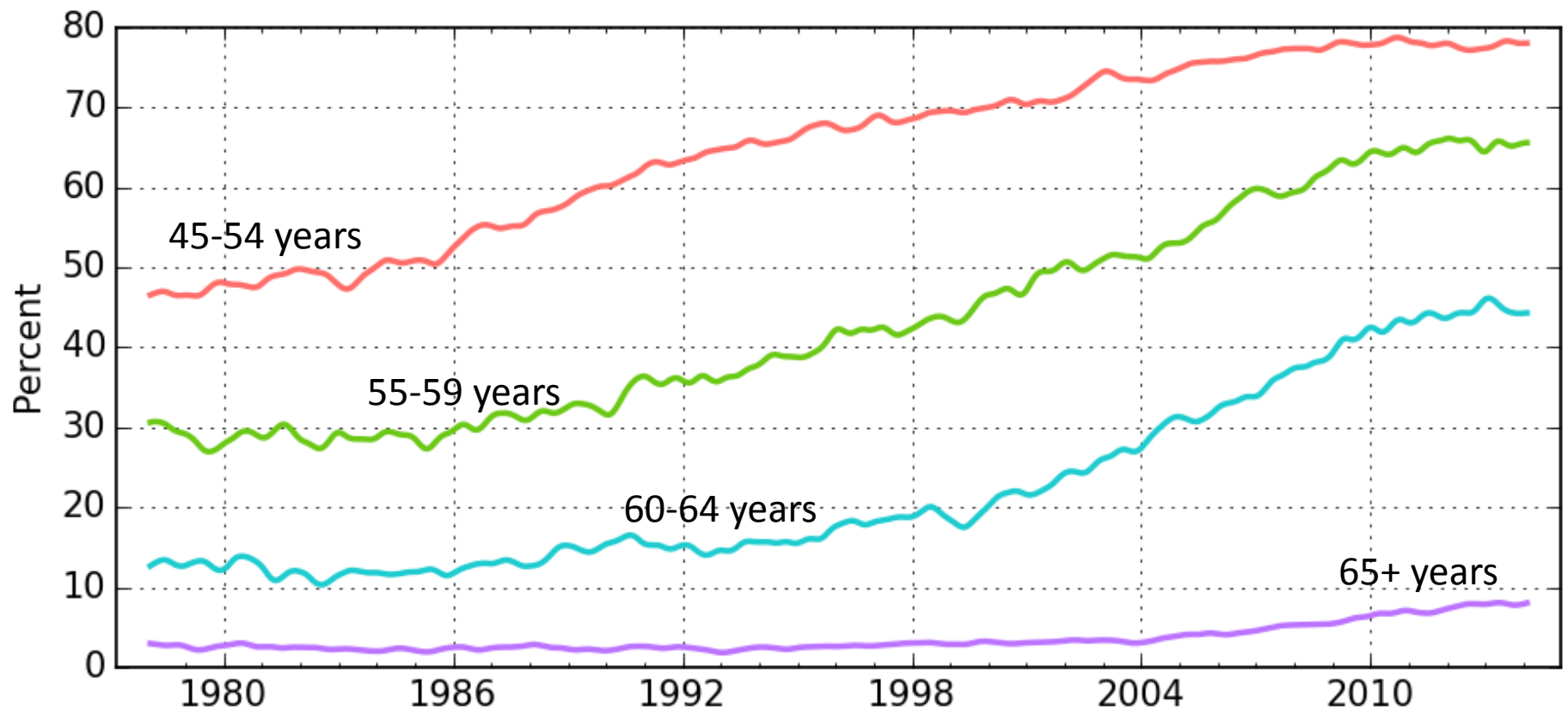
Calculated from ABS 3222 (B [mid] population projection series)

As we live longer, we will see a higher budget spend in the areas of aged care, health and the Age Pension



Female participation rates are increasing at older ages, but there remains a big gap over 65

Trend Female Participation Rates by Older Working Age Cohorts in Years



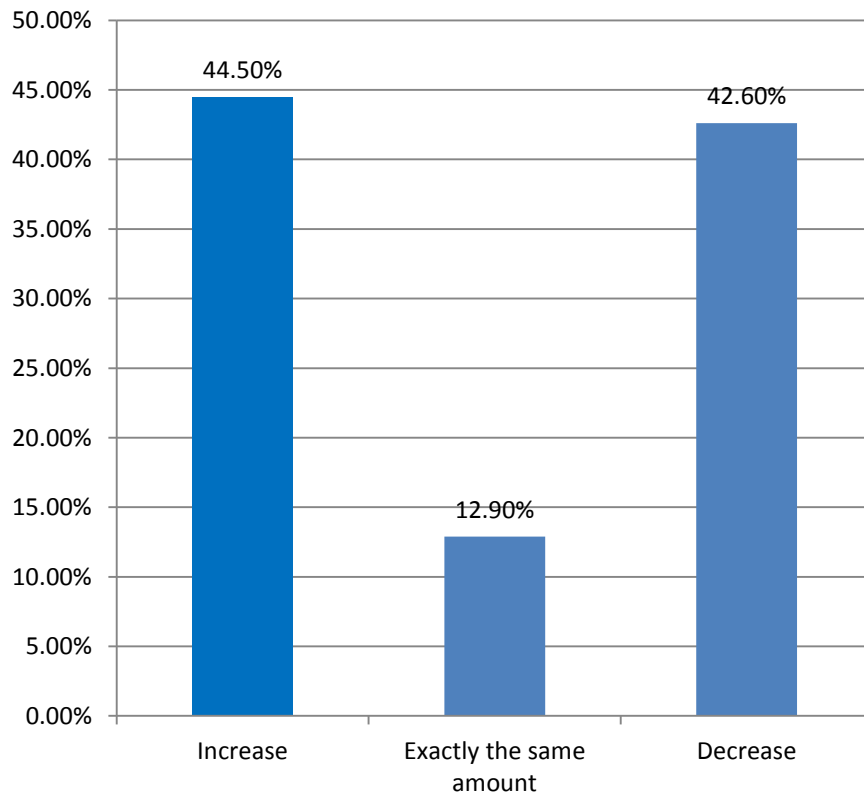
Calculated from ABS 6291T1 Monthly

Note: The trend charts from the seasonal decomposition include artifacts arising from variable seasonality. Not every perturbation in the trend chart is meaningful.

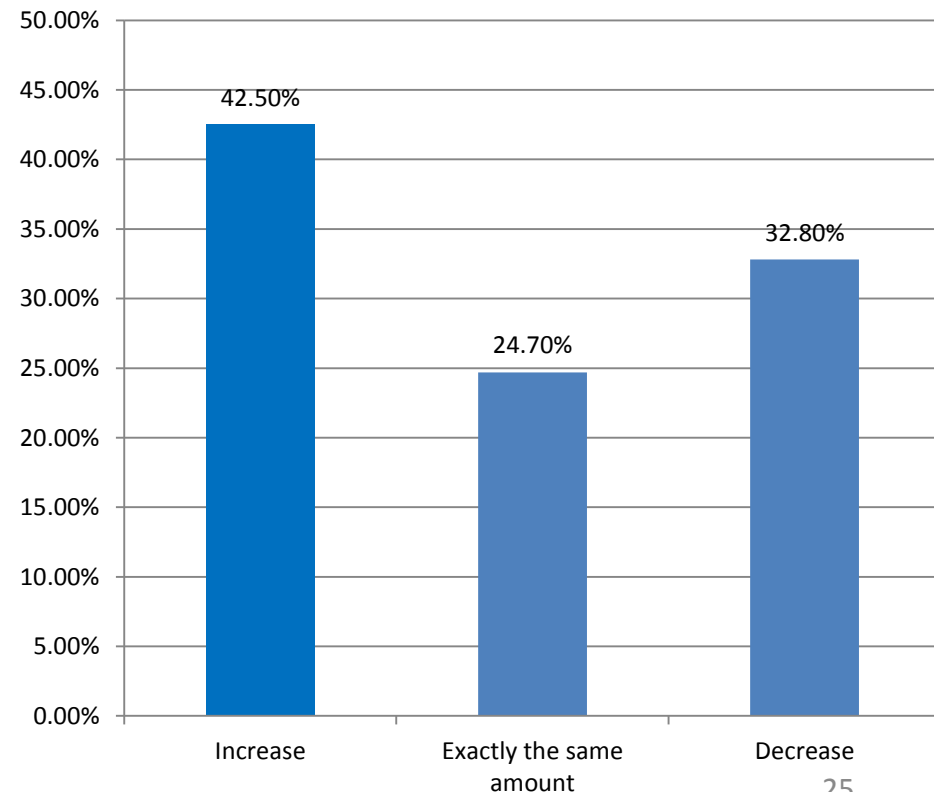
We can't take it with us, but we are holding onto it for as long as we can - a lost opportunity?

Asset Holdings by Pensioners

First Five Years on Pension



Last Five Years on Pension



Source: DSS administrative data



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