Investing for a better outcome: An Australian Investment Approach

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Australia’s Social Security System

• $110 billion estimated expenditure in 2015-16

• Designed to support a basic standard of living and to encourage work and study

• Australia’s means-testing enables targeting more than any other OECD country and most redistribution
Welfare reform goals

- a strong safety net for people who need it
- people who can support themselves do so
- parents support their children to be healthy, well-educated and equipped for life
- net returns from work reward effort
- services and supports help people to work, study or improve their chances of participation and independence
- strong community support; and
- a simpler, affordable and sustainable system.
Lessons learned from New Zealand

- Different country, different approach
- Different demography, payment system and size
  - Australian population is 5 times as big
  - 5 times the number of benefit types
- Our approach is made for the Australian context
- Lessons learnt from New Zealand, but tailored to our needs
Design of the Australian Approach

• Respond to whole-of-system analysis
• Design and refine policies that improve outcomes for cohorts
• Three key aims:
  – Increase capacity to live independently of welfare
  – Decrease long-term social security liability
  – Address risk of intergenerational welfare dependence
What is the Australian Investment Approach to Welfare?

- Actuarial Analysis
- Cohort Identification
- Policy Design
- Evaluation
Thank you

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