

Briefing note

Spending and reliance on income support payments



Key Statistics

- + Spending on the Age Pension remains the largest area of income support expenditure, quadrupling that spent on unemployment payments (\$43b versus \$10.9b in 15/16).¹
- + Reliance on income support has declined, with the proportion of working age people receiving more than 50% of household income as income support payments dropping from 13% in 2002 to 10.5% in 2014.
- + Those receiving more than 90% of income from income support declined by nearly 30% from 7% in 2002 to about 5% in 2014.²
- + Data show that between 2001 and 2011, **only three** in every 1,000 young people who received income support did so for the entire period (0.3%).³
- + Young people who receive income support typically do so for short periods of time (between less than one and three years) and the vast majority (more than 70%) derive less than 25% of household income as income support.⁴
- + Projections of growth in Government spending through to 2024/25 show that the largest increases will be in the areas of the National Disability Insurance Scheme (16%), the Age Pension (12%) and Defence (10%). Growth in spending on Newstart is 1% and Disability Support Pension 3%.⁵
- + People who are unemployed are subjected to one of the strictest 'activation' regimes in the OECD, including applying for up to 20 jobs per

¹ Treasury (2016) Budget Paper No. 1: Budget Strategy and Outlook' <http://budget.gov.au/2016-17/content/bp1/download/bp1.pdf> p. 5-12

² Wilkins, R (2016) 'The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 14' The University of Melbourne, https://www.melbourneinstitute.com/downloads/hilda/Stat_Report/statreport_2016.pdf p. 36

³ Whiteford, P. (2015) 'Tales of Robin Hood [part 4]: Social security and risk over short and medium terms' <http://www.australianreview.net/digest/2015/10/whiteford4.html>

⁴ Ibid, pp. 38-39

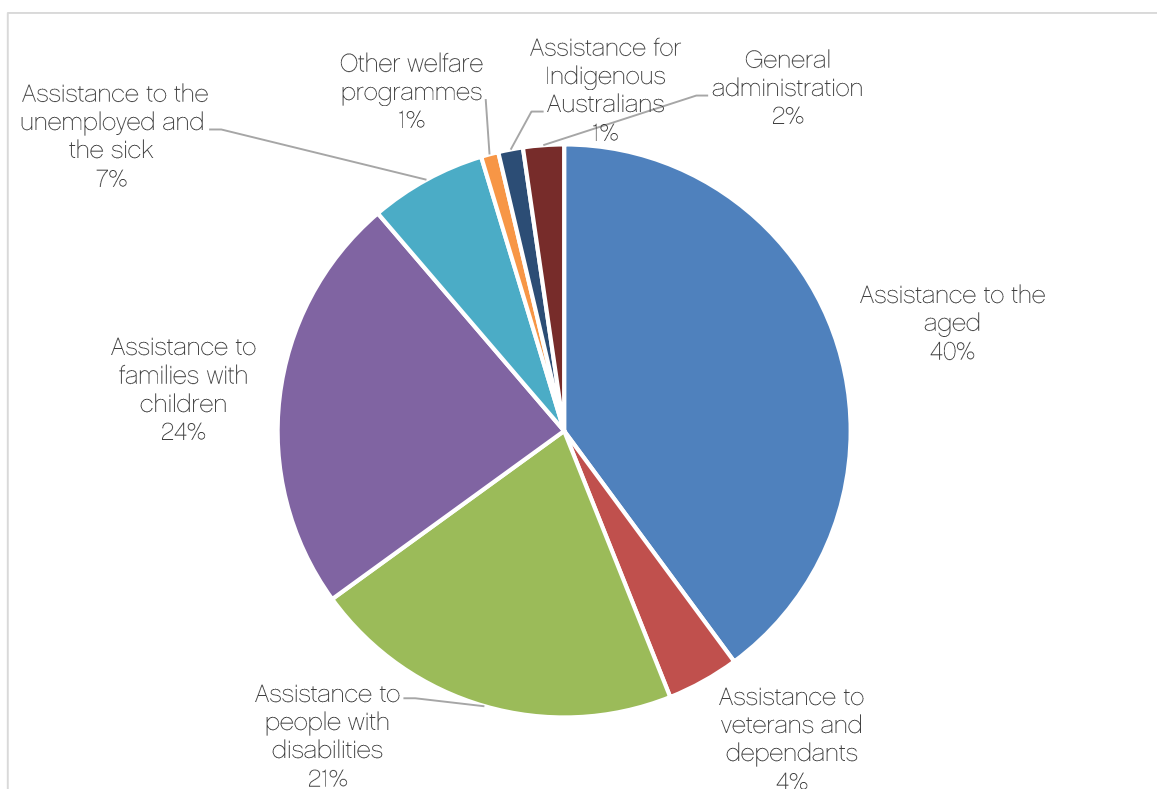
⁵ NB: factors in yet unlegislated measures from the 2014 Budget. Parliamentary Budget Office (2014) 'Projections of Government spending over the medium term' <http://bit.ly/2dc04M4> p. 12

month, Work for the Dole (for certain recipients) and penalties or sanctions for failure to comply with ‘work tests’.⁶

- + Australian spending on income support continues to be low by international standards and remains the most targeted system in the OECD.

Government spending on social security

Social Security and Welfare Expenditure (2016)



The ‘Social Security and Welfare’ category includes funding for social services such as childcare subsidies and the National Disability Insurance Scheme (NDIS). The main cash benefits are Age Pensions (40% of Social Security and Welfare spending) and Family Tax Benefits (24%). Contrary to media reports, unemployment benefits are a small fraction of overall social security and welfare spending (7%) and an even smaller fraction of overall expenditure (2%).⁷

⁶ Whiteford, P. (2016) ‘Ideas for Australia: Welfare reform needs to be about improving well-being, not punishing the poor’ *The Conversation* <https://theconversation.com/ideas-for-australia-welfare-reform-needs-to-be-about-improving-well-being-not-punishing-the-poor-56355>

⁷ ACOSS (2016) ‘Budget analysis 2016/17’ http://www.acoss.org.au/wp-content/uploads/2016/05/ACOSS-Budget-Analysis-2016-17_FINAL_small.pdf p.19