

'EARLY INTERVENTION' REFORMS

Welfare payments to reach \$270bn

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EXCLUSIVE

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A new wave of welfare reform is being put on the national agenda amid fears of an alarming rise in social security payments to \$270 billion a year within a decade, setting up a political clash over the fairness of scaling back the load on taxpayers.

The Weekend Australian understands the government plans to use "early intervention" to get thousands of people off welfare and into work by drawing on an extensive study due within weeks that will shine a spotlight on failed spending programs.

The strategy is being shaped by official forecasts showing the annual welfare bill will jump from \$154bn this year to \$270bn in 2026, outstripping inflation and population growth combined.

Social Services Minister Christian Porter is aiming to identify the groups with the biggest risk of long-term welfare dependency, using the findings from consulting firm PwC to tackle a social blight that is being passed from one generation to another.

Central to the government agenda is the goal of breaking a cycle in which young children grow up in families relying heavily on welfare, without enough support to complete their education and join the workforce.

The strategy, being called a "priority investment approach" within the government, will act on months of work by PwC to analyse the past decade of welfare payments of every type across the country, creating a system to help design the next wave of reform.

"The fact is that very soon policymakers in government will be able to track the success and failures of particular groups through the welfare system over the last decade with great accuracy," Mr Porter told *The Weekend Australian*. "This will be a powerful basis on which to design future policy."

"In short, we will soon be able to demonstrate with high accuracy who needs the most assistance and which programs genuinely produce the ultimate result of moving people off payments, out of the welfare system and into employment."

The government will also be

Real estate threat follows Chinese market plunge

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The world, particularly Australia, must brace itself for the likely aftershocks of the plunge in China's sharemarket.

The two major areas to be impacted will be our housing market and the likely further decline in commodities.

The biggest saviour for the Australian economy in the wake of the global financial crisis was the massive injection of Chinese capital into Australian real estate.

It's too early to predict whether the dramatic fall in China's sharemarket will substantially reduce the flow of funds into Australian property but it is a clear risk.

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able to zero in on payments that are failing to produce results.

A political stoush is certain, however, as Labor families spokeswoman Jenny Macklin prepares an alternative agenda early this year with a focus on "social investment" including school funding. The Labor document will argue for "real investment" in areas of deep disadvantage and inequality, warning that children can fall behind when very young and that the gap with the rest of society then widens over time.

Social security outlays are rising quickly at a time when the tax burden is falling on a shrinking proportion of workers. About half of all households do not pay income tax in net terms after taking government benefits into account, according to estimates from the National Centre for

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