Intergenerational Welfare Dependency in Australia: A Review of the Literature

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NON-TECHNICAL SUMMARY

Growing up in welfare dependency limits the opportunities of children to participate as full members of society, is economically inefficiently by wasting human resources, reduces people’s trust in social and political institutions, and undermines social cohesion.

The expansion of human capability commences in childhood. Children growing up in welfare-dependent homes face challenges that restrict their ability to improve their ‘capabilities’ and prevent them from moving out of a state of disadvantage. The human capability framework aims at identifying key points along the life course where interventions are most effective at preventing disadvantage from taking hold. Pre-emptive spending early in the life course can reduce future burden on the income support system.

Our review of the literature reveals that empirical analyses in Australia are scarce and methodologically limited - chiefly due to the scarcity and shortcomings of available data sources. Consequently, they are of limited value to inform evidence-based policy. What is available, suggests that the likelihood of intergenerational transmission of disadvantage due to parental welfare dependency is exacerbated by certain attitudes to work and welfare, lack of educational attachment, youth unemployment, Indigenous status, geographic location, and parental mental health issues. Supportive parental relationships and early educational interventions act as protective factors. Relative to young people from families who have not used income support, young people from families who have used income support are more likely to receive income support as adults, adopt permissive views on income support dependency, fail to perform at primary, complete secondary and enter tertiary education, experience unemployment, become teenage parents, suffer from physical and mental health problems, and engage with the criminal system.

Maturing Australian longitudinal studies, along with advances in data integration methods, now offer prospects for addressing the dearth of appropriately powered studies capable of illuminating the pathways in and out of intergenerational disadvantage. The collection of new fit-for-purpose longitudinal data and the integration of administrative Government datasets should also be considered.
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ACKNOWLEDGEMENTS: This work was completed with the assistance of funding by the Australian Government through the former Department of Families, Housing, Community Services and Indigenous Affairs (now Department of Social Services). The opinions, comments and analysis expressed in this document are those of the authors and may not reflect those of the Australian Government and cannot be taken in any way as expressions of government policy. Several people have contributed to the production of this report. We thank Deborah Cobb-Clark from the Melbourne Institute of Applied Economic and Social Research for participating in the tender process and providing key references and early material. The ISSR team responsible for the literature review search include Liz Eggins, Kathryn Ham, Adele Somerville, Michelle Sydes and Jenna Thompson. We are also grateful to Lorraine Mazeroille for advice on the work plan and Harley Williamson for formatting and production assistance.
Abstract

Growing up in welfare dependency limits the opportunities of children to participate in society, is economically inefficient by wasting human resources, reduces people’s trust in social and political institutions, and undermines social cohesion. In this paper, we review the literature on this phenomenon in Australia, revealing that this is scarce, methodologically limited, and of limited value to inform evidence-based policy. Intergenerational welfare dependency is exacerbated by certain attitudes to work and welfare, low education, youth unemployment, Indigeneity, geographic location, and mental health issues. Supportive parenting and early intervention are protective factors. A familial history of income support relates to the adoption of permissive views on welfare dependency, receipt of welfare support during adulthood, suboptimal educational outcomes, unemployment, teenage parenthood, poor physical and mental health, and criminal behavior. More systematic and rigorous analyses of the causes and consequences of intergenerational welfare dependency in Australia using maturing longitudinal surveys and large-scale administrative Government datasets are now possible.

Keywords: welfare dependency; disadvantage; income support; social security; intergenerational transmission; Australia
1. Introduction

This article provides a review of Australian literature on intergenerational welfare dependency focusing specifically on the disadvantage that accrues to children due to parental or familial receipt of income support, hereby referred to as intergenerational welfare dependency.

We define intergenerational welfare dependency as the receipt of an Australian government income support payment, except for payments that are supplemental or intended as relief for exceptional circumstances. This is admittedly a broad definition and does not incorporate a time dimension. Brief, one-off spells of welfare receipt and long-term reliance on social security payments are obviously different scenarios, and may in fact have very different consequences on intergenerational transfers. However, the Australian literature on welfare dependency is so scarce and sometimes unspecific that it is necessary to use a broad definition. Where relevant, we will distinguish between dependency referring to a need for income support to subsist at a point in time and dependency as long-term reliance on income support - of greater policy interest.

The notion of intergenerational welfare dependency is closely related to the notion of intergenerational transmission of disadvantage. The latter is a broader concept referring to the persistence of socio-economic disadvantage across generations (most typically between parents and their adult children) that is not confined to reliance on the social welfare system.

Section 2 provides background information and clarification of the concept of intergenerational transmission of advantage and disadvantage. In this section we draw on both Australian and international literature to identify the key issues underlying current understandings of this topic. Section 3 presents a conceptual framework for analysing the intergenerational transmission of disadvantage. This framework outlines the human capital approach and identifies why a broader approach based on human capability formation provides an appropriate means of explaining the transmission of disadvantage. Section 4 introduces the defining features of the modern Australian welfare system and discusses the prevalence of income support receipt. Section 5 provides a review of Australian literature on intergenerational welfare dependency. This section includes a review of factors shown to increase the risk of disadvantage, factors identified as protecting against the transmission of disadvantage, outcomes for individuals who belong to families with a history of income support receipt.
support receipt, and interventions that have been implemented to alleviate disadvantage due to welfare dependency. Section 6 concludes with a summary of findings and recommendations for the future.

2. Intergenerational social mobility and the intergenerational transmission of disadvantage

Intergenerational mobility is the extent to which an individual’s social or economic circumstances as an adult vary from those of their parents (D’Addio 2007). Theorizing and assessing the extent of intergenerational mobility has been an ongoing focus of sociology since at least the 1950s (e.g. Glass, Parsons), and economics since the 1970s (Becker and Tomes 1979). Sociological research has tended to focus on the intergenerational transmission of education and occupational status (Blau and Duncan 1967 is the key early text) and occupational class (Erikson and Goldthorpe 1991), while economic research has tended to focus on income and earnings (Becker and Tomes 1979, 1986 for early treatments).

More recently disciplines such as demography, criminology, psychology and population health have also begun to examine the extent to which characteristics, behaviours, states, and distributional outcomes are passed from parents to children. Research suggests that parents not only provide their children with genetic endowments, but with human capital (knowledge, experience, talents, abilities), cultural capital (tastes and dispositions), income and wealth, health, networks and social connections, values, personality traits, behaviours and attitudes (D’Addio 2007). The extent of intergenerational mobility or intergenerational persistence varies across resources and attributes, and for a given resource or attribute varies across countries and over time.

Intergenerational persistence implies the inheritance of social and economic advantages and disadvantages. The intergenerational inheritance of disadvantage specifically highlights the extent to which disadvantaged social and economic statuses and attributes are transmitted from parents to adult children. The intergenerational transmission of disadvantage has particular consequences for individuals and societies: it limits the opportunities of children from disadvantaged families to realise their capabilities and to participate as full members of society; it is economically inefficient, wasting human resources, and by undermining effort and motivation, diminishes productivity (OECD
it is costly to remediate; over time, intergenerational inequality contributes to enduring differences between population subgroups that cannot be addressed simply by equalising opportunities (see, e.g. Louy 1977); and inequality itself may delegitimise economic, social and political institutions and thereby undermine social cohesion and contribute to social and political fragmentation (Kawachi and Kennedy 1997; Wilkinson and Pickett 2010).

International research on the intergenerational transmission of disadvantage is limited. A few international studies have examined transmission of welfare income, while other research has examined intergenerational poverty persistence (Page 2004, Gottschalk 1996; Corak et al. 2004, Maloney et al. 2003; Pech and McCoull 2000), however there are many gaps in research. In particular we do not have:

- Systematic analyses of the extent of intergenerational transmission of disadvantage on multiple social and economic dimensions that establish reliable estimates of the strength of intergenerational correlations for populations and subpopulations.
- Strong causal analyses of the determinants of intergenerational disadvantage that identify mechanisms of transmission, including, importantly, mechanisms that are capable of being modified.
- Institutionally informed descriptive and causal analyses that show how processes of intergenerational transmission are shaped by macro-economic and historical conditions, broad policy frameworks and specific policies and programs.
- Holistic comprehensive analyses that recognise that domains of disadvantage are correlated and incorporate this perspective in intergenerational theorisation and research.

2.1 The context of advantage and disadvantage

The next section provides a conceptual framework for understanding how broad human capabilities (psychological, physical, cognitive, economic, social, political) develop over the life course. This model of the development and realisation of human functioning is embedded within a context that is defined by culture and by relations between households, communities, the state and the market (D’Addio 2007). Several comments on context are relevant before we outline the conceptual framework:
• Macro-economic factors such as economic growth, unemployment, and level of income matter for social mobility by influencing wages, per-capita living standards, and economic opportunities.

• Many different resources are transmitted, and capabilities and resources across different domains are likely correlated. The intergenerational transmission of disadvantage therefore implies the inheritance of “correlated disadvantages” or multiple forms of adversity and deprivation.

• Resources are transmitted directly and indirectly through private and public means, and transmitted deliberately and inadvertently. Advantages and disadvantages are both transmitted (D’Addio 2007).

International research also suggests the following connections between policies and social mobility and intergenerational persistence (OECD 2010):

• Policies to enable access to and utilisation of high quality child-care and early childhood education are correlated with higher levels of social mobility.

• Policies that promote educational streaming, ability tracking or differentiation of programme and curricula by level of proficiency are associated with larger positive correlations between parental socio-economic circumstances and the cognitive skills of teenagers.

• Policies that improve teacher quality, especially in disadvantaged areas, and that match school resources and needs are associated with weaker correlations between parental background and socioeconomic achievement. This point is significant, because although the Australian school system is generally high performing it is also less equitable than other similarly high-performing national systems (Thompson et al. 2011).

• Increasing the social mix within schools increases the performance of disadvantaged students.

• Lower levels of income inequality are associated with higher levels of social mobility (Andrew and Leigh 2009; Corak 2006). By addressing income inequality, progressive tax and transfer systems may help poor parents better invest in the education of their children (OECD 2010).
• More of the variation in school achievement and educational outcomes reflects the socioeconomic circumstances of students and the social mix in schools, than factors that differentiate schools from each other. Policies and programs that support families to improve social and educational outcomes are therefore especially important.

3. A conceptual framework: The human capability model

The term human capability comes from economics, and extends the notion of human capital beyond a narrow focus on human economic productivity to include contributions that individuals make to community and society through their social, civic and economic participation across the life course. Human capital can be defined as the contribution an individual makes to an economy across their lifetime, and is usually derived in monetary terms. Human capability is a broader concept that encompasses human capital alongside social, cultural, psychological, and environmental capital, and views these as resources individuals can draw upon in order to participate in and contribute to society across their life course. For example, people who have recently completed training in an occupation that is in demand would have their human capital defined in terms of the number of productive years they could contribute that skill to the economy, and how, as their skill develops over time, their contribution to economic productivity increases. In contrast, the human capability concept also takes into consideration the broader set of talents, skills and resources that people have that not only allow them to choose a profession and change jobs through the life course, but also to contribute to their families, for example through parenting and the development of their children, and to their communities through activities outside of the workplace.

This broader human capability framework can be applied to the issue of intergenerational transfer of advantage in two ways: by considering how human capability develops through childhood and adolescence; and also by considering the way in which parents and communities contribute to the development of human capability in children and young people.

Human capability can be viewed, and measured to an extent, via the concept of a life course trajectory. This essentially provides us with a human capability profile for an individual. An ideal life course trajectory might involve being born into a loving, stable
family with educated parents, both of whom are in reliable, flexible employment, and living in their own home. There would be other family and support networks in close proximity, and the household would be located in a safe, clean, well-functioning community surrounded by good social, developmental, and environmental amenities. A child growing up in such a household might be expected to achieve desirable life outcomes across a long life course, including education that leads to choice in employment, long-term emotional and financial stability, minimal transgressions within the justice system, and a healthy retirement that is mostly self-funded. Along the way such a person may make substantial contributions to society whilst imposing a small welfare footprint. Any departure from this ‘ideal’ life trajectory would represent movement toward disadvantage.

Children growing up in welfare-dependent homes face a range of challenges that compromise their onward life trajectories and lower their human capability profile. These homes are likely to be deficient in many of the resources one needs for optimal development. So much so, that even as early as the first year in school we see clear differences in academic performance amongst children from disadvantaged and welfare-dependent backgrounds. Children in these settings often experience multiple life stressors that advantaged children are rarely exposed to (e.g. repeated parental job loss, serious financial strain, parental separation, parental and juvenile justice contacts, poor parental and child health, housing insecurity and high mobility, attending multiple schools, etc.). These stressors become impediments to educational stability and success, and a barrier to exit from disadvantage. Often the parents lack the knowledge, education, contacts and resources to turn around these deficits in their children’s life trajectories, and a course is set for intergenerational transmission of parental disadvantage.

A human capability model looks at key points along the life course trajectory where intervention or investment would be most efficient and effective at preventing disadvantage from taking hold, or in helping to change an already negative trajectory into a positive one. Such a model looks at ‘prevention’ as much as ‘cure’ and can involve preemptive spending early in the life course to reduce welfare burden into the future. A welfare safety net is an important feature of any civilized society, and there are times in all our lives when the welfare system helps us through a difficult patch, but long-term dependency and intergenerational dependency are aspects of welfare any society should seek to minimise.
Below we outline in detail the intellectual basis for the human capability model, and describe how the model can be used to assess and understand welfare dependency over the life course.

3.1 The growth of human capital

Recent international research has substantially elaborated human capital theory in the past twenty years with vigorous expansion of the theoretical base and greater reference in recent times to human development across the lifespan (Keating and Hertzman 2000; Carniero and Heckman 2003). Theoretically, a focus on human capital building is, principally, a focus on achieving outcomes that will boost participation and productivity (Council of Australian Governments 2006). This is because an increase of population stocks of human capital largely represents an increase in the agency of human beings as this is related to production possibilities (McGaw 2001; Richardson 2005). Human capital is customarily measured indirectly through economic productivity and the value of a person’s labour in the market. However, what actually increases when an individual’s human capital increases is their share of skills, knowledge, and effort. The most important inputs to human capital are education and training but investments in physical and emotional health also matter (Becker 1993). A growth in human capital is presumed to reflect both private and public inputs.

3.2 The transmission of human capital

The human capital transmission pathway within families and between generations is surprisingly opaque. There are several reasons for this. First, the uses of human capital and investments in onward human capital are subject to choice. For children these choices are usually first made on their behalf by their parents. Second, onward investments in human capital are also the subject of choices made, by governments for example, about public inputs, such as entitlements to day care, paid parental leave, mandatory education, and the level of material and other investments in schools and in training and selecting teachers. Third, these transfers of public benefit may or may not be chosen by families – or they may be offset against other choices from the private sector. Fourth, choices too are increasingly made by older children and young people as they grow up in regards to their education, training, and employment. Fifth, workplace settings (e.g. employers and businesses) may
or may not engage in choosing to invest in onward training and development of individuals. This pathway of choices variously shapes the transmission of human capital and onward individual participation and productivity.

Some comment should be made with regards to the role of “choice” in the transmission of human capital. Choice can vary owing to personal abilities, externalities, and proclivities. Public policies and prevailing philosophies often lead to valuing one source of choice variation over another. A person’s choices may vary owing to frank limitations in their personal abilities – that is, in a person’s ability to acquire new knowledge (i.e. their ability to learn) or apply their knowledge (i.e. their ability to perform). Choice may vary owing to factors beyond the control of the individual – negative externalities such as racism may restrict their opportunities for choice, or social practices may restrict choice by gender, age, religion, or other criteria. Historical events such as wars or economic depression can also restrict choice. And, despite social expectations, sanctions or direct mandate, individual proclivities lead some individuals to be more or less altruistic in their investments toward their own and their children’s human capital. Human capital theory makes no presumption about the distribution of choice within and across populations. This gives rise to a wider interest in human capability expansion instead.

3.3 Human capability expansion

In contrast to human capital, human capability is a broader concept that describes the capacity of individuals to improve their health, wealth, knowledge and the opportunities available to facilitate these improvements as well as manage the risks that pose barriers to these opportunities. Measures of capability include happiness, health, social relations, environments, personal integrity, and overall life options (Anand, Hunter, Carter, Dowding, Guala and van Hees 2009). Education is central to all human capabilities and health is strongly related to capability deprivation (Nussbaum 2003). Human capability concerns itself more closely with the nature of choice and the circumstances of choice. Are people more (or less) able to choose a life that they value? Human capability theory acknowledges that there is more to value in a human being than just their production possibilities. In this sense, human capital theory is “nested” within the wider focus of the human capability model (Sen 2003). These models are complementary.
Increases in human capability change the distributions of a) equality, b) productivity, c) sustainability and d) empowerment within and between individuals and populations (Fukuda-Parr and Shiva-Kumar 2003). The role of human capabilities, as distinct from human capital, is through their direct influence on well-being and freedom. The results of this are not just seen in increases in economic participation and productivity, but are also seen in increases in social and civic participation as well. Note that intrinsic to the human capability model is that “value” is judged with reference to what an individual values – in other words, human capability models acknowledge that the characteristics that distinguish what one person values may be radically different to what another person values. It’s the circumstances that widen the capability to choose that are of central interest to the capability model. This has a direct bearing on how human capability (and human capital) is transferred under circumstances where choices are made on behalf of others – a circumstance that characterizes childhood.

3.4 Understanding intergenerational welfare dependency

Intergenerational welfare dependency entails the impaired acquisition, poor accumulation, incomplete transfer or loss of human capital and human capability across the life course. A description of the early intergenerational transmission points would, of necessity, entail a description of the choices that parents make about their children and the circumstances of those choices. Because part of the transmission pathway occurs early in life, the study of intergenerational welfare dependency should encompass assessments of: a) the acquisition, accumulation, transformation and loss between family members of individual skill, knowledge and effort (i.e. human capital); and, b) the circumstances affecting choices (i.e. human capability).

The importance of optimal development in childhood as the foundation for individual and collective functioning has emerged from the growing evidence regarding the complex interaction between “experience and biology” in shaping the way in which children develop and function (Keating and Hertzman 2003). This evidence points to the need for active promotion of the optimal development of all children and the systematic addressing of developmental, behavioural and psychosocial issues early in life (Vimpani, Patton and Hayes 2002). However, in developed countries such as the US, some children have limited opportunities to participate in evidence-based early prevention initiatives; suffer from
pathologies that are not being identified early enough; are not linked to the services and
supports they need; and may receive services that lack efficacy to reduce the likelihood of
an adverse developmental outcome (Halfon and Olson 2004).

Reducing this ‘research-to-policy-to-practice’ gap is since 2006 a central feature of the
current Australian human capital building strategy of the Council of Australian
Governments (COAG). This initiative has set a national reform agenda embracing human
capital, competition and regulatory reform streams to “...raise living standards and
improve services by lifting the nation's productivity and workforce participation” (COAG
2006, p.1). The detailed focus of this agenda is on increasing human capital through
investment in early child development, reducing the early determinants of chronic disease
and building the educational and vocational skill-base. It is also a response to the growing
recognition that many of the major economic and social problems can be traced to low
levels of skill and ability in populations (Commonwealth Task Force on Child Development
Health and Wellbeing 2004; Department of Family and Community Services 2004).

Given that such restrictions to human capital formation are increasingly recognised to have
their origins in early disadvantage, the rationale for public policy to reduce early
disadvantage is shifting from an equity focus to a focus on economic efficiency (Heckman
2006). Current international longitudinal data point to the potential longer-term benefits of
investment early in the life-course in the form of improved academic outcomes, crime
reduction and higher workforce skill (World Bank 2006). Governments around the world
are now looking to develop effective strategies to build human capital through policies and
programs that foster the development of children’s cognitive and, particularly, social skills
and abilities (Engle, Black, Behrman, Cabral de Mello, Gertler, Kapiriri, Martorell, Young,
the International Child Development Steering Group 2007).

4. Welfare provision: The Australian context

In the previous section a novel approach to understanding social disadvantage and its
transmission across generations, the human capability framework, has been introduced.
This will be helpful in informing the review of the Australian literature which will follow.
We start with an overview of the defining features of and some key trends in the modern
Australian welfare system.
The term ‘welfare’ refers to a statutory procedure aimed at promoting the basic material and physical wellbeing of people in need. In Australia this is provided by a system of social welfare payments made by the Australian Government via the Department of Human Services which has its modern roots in the *Social Security Act 1991*. Australia has a long-standing and sophisticated net of welfare support services. The Australian welfare system offers an encompassing range of payments and services to Australian residents, including payments aimed at alleviating the financial burdens associated with retirement, joblessness, participation in education, being a sole parent, caring for another person, providing for dependent others, having a limiting illness or disability, and experiencing the death of a spouse. These payments are usually non-exclusive and means tested. Their aim is twofold: they are intended not only to enable people to cope with the financial consequences of social risks, but also to incentivize them to overcome undesirable circumstances and achieve financial self-dependence. A related debate hinges on whether and to what extent intergenerational correlations of welfare dependency are driven by the intergenerational transmission of disadvantage, or instead because welfare itself causes a sense of passive dependency on government support (Murray 1984). If welfare dependency is driven by the intergenerational transmission of disadvantage, then welfare is likely to help support families to break the poverty cycle. However, if welfare itself causes a sense of passive dependency on government support, then welfare is part of the problem.

The latest issue of a Statistical Paper series produced by FaHCSIA provides authoritative and reliable data on the number of income support customers in Australia (Commonwealth of Australia 2012). Figures reveal that, as of 2012, there were 5,011,737 recorded recipients of social security or welfare payments made by the Australian Government. If individuals who receive multiple types of payments are ignored, this number would suggest that just below one third of the total adult population in Australia is in receipt of welfare benefits. However, as noted elsewhere in this report, different social security and welfare payments provide considerably different amounts of money, and consequently have different implications for the concept of *dependency*. Existing research on welfare support dependency, as understood in this report, clearly indicates that reliance on income support payments is not a random process. Instead receipt of Government financial help is socially patterned, with certain population groups being more likely than others to receive support. For example, Tseng and Wilkins (2002) report that historically in Australia single persons with dependent children, less educated individuals, immigrants and Indigenous
Australians are significantly more likely than other individuals to be reliant on income support payments.

In a broader historical perspective, as shown in Figure 1, the number of income support customers in Australia has grown significantly in the last 20 years—largely driven by the increase in the number of Age Pension recipients. As shown in Figure 2, there have been diverging trends in the uptake of different benefit payments. Some payments have progressively lower uptake (e.g., age and unemployment schemes), some have progressively higher uptake (e.g., disability or carer schemes), whereas others have remained stable (e.g., youth schemes). Many of these trends reflect socio-demographic and cultural change, while others are a reflection of changes in the benefit system. Given the high and in some cases increasing prevalence of income support receipt amongst Australians it is unsurprising that the associated cash costs to the Australian Government are also substantial. In the financial year 2011/2012, almost $127,000 million from the Government budget were allocated to funding the social security and welfare expenses associated with the aforementioned payments, which represents about 34% of total Government expenditure. These figures are necessarily a ‘simplistic’ representation of a wide and complex set of intersecting processes, but it is clear that the financial burdens posed by this welfare model are thus a further reason for the Australian Government’s commitment to reforming the welfare payment system, fostering individual responsibility and enabling people to exit welfare dependency.

The focus of this review is welfare dependency. Income support payments that provide sufficiently large amounts of money to cover most or all living expenses arguably pose a higher risk for recipients to fall into a situation of dependency than payments which, if received in isolation, typically involve the transfer of fewer funds. This is acknowledged in the working definition of welfare dependency used in the remainder of this report. Here, welfare dependency is understood as denoting any amount of time spent on Australian Government income support payments. These include unemployment subsidies, parenting payments, youth and student allowances, and all Government pensions, but exclude supplemental, bonuses or payments intended to alleviate exceptional circumstances such as Family Tax Benefit, Baby Bonus, Paid Parental Leave, and Carers Allowance.
Figure 1. Total number of income support customers, 1992-2011

Figure 2. Number of income support customers by selected payment type, 1992-2011
5. The Australian evidence: A review of the literature

In the remaining sections we report the results of a systematic search and rapid review of the Australian literature on the intergenerational transmission of disadvantage due to familial welfare dependency. This literature review does not focus on the prevalence of welfare dependency or the predictors of welfare dependency; rather, it focuses specifically on the disadvantage that accrues to children due to parental or familial welfare dependency.

5.1 Systematic search methodology

We define welfare dependency as the receipt of an Australian government income support payment. These payments are: Newstart Allowance, Parenting Payment, any government pension (e.g. Disability Support Pension, Age Pension, Service Pension, Carer Payment), Youth Allowance (student, jobseeker and apprentice), Abstudy and Austudy. We exclude payments that are supplemental, bonuses or intended as exceptional circumstance relief. Examples of excluded payments include: Family Tax Benefit, Baby Bonus, Paid Parental Leave, and Carer Allowance. There is no requirement for a minimum time in receipt of income support to qualify as welfare-dependent. In the majority of the literature identified, the authors refer to government income support or welfare dependency, but do not specify the exact income support payments received by the family.

This review was undertaken in several steps. First, a systematic search of the academic literature and relevant websites was undertaken using a selected set of search keywords. For databases and websites allowing advanced search functions, the following search string was used within the abstract, title, keyword and topic fields of documents:

\[(*\text{generation* OR family OR parent OR child* OR youth}) \text{ AND (transfer* OR transmission OR mobility OR persistence}) \text{ AND (welfare OR "income support" OR "government benefits" OR "government pension" OR "government concessions" OR "government allowances" OR centrelink}) \text{ AND (Australia* OR "New South Wales" OR Queensland OR Tasmania OR "Northern Territory")}
\]
When the database or website did not permit use of the full search string, a truncated version was used. For websites that did not allow an automated search, the list of publications was manually screened on a one-on-one basis.

The results of the database searches, along with documents identified as potentially eligible from website searches and by academic experts, were imported into a Microsoft Access database for screening. The title and abstract of each identified document (n=1,254) was screened for relevance. Documents were excluded if they unequivocally were not set in the Australian context, unrelated to welfare dependency, unrelated to intergenerational transmission, or not unique. The full text of the remaining documents (n=400) was located and screened in more detail for eligibility. 39 documents could not be located. Of the remaining 361 documents, items were retained if they were unique, set in the Australian context, set between 1980 and 2013, and related to intergenerational transmission of welfare dependency or transmission of disadvantage due to familial welfare dependency. Documents were further excluded from the literature review if they only provided a nominal examination of the research question; for example, a document that cursorily mentions that disadvantage accrues to the children of welfare-dependent parents, but does not discuss the issue any further.

The systematic review revealed that only 29 studies are devoted to exploring intergenerational welfare dependency in Australia since 1980, which constitutes a substantially lower number of studies than those in other developed countries such as the US, the UK or Germany. The 29 eligible documents were then allocated to mutually inclusive categories according to whether they dealt with outcomes for children (n=20), factors that increase disadvantage, factors that protect against it, or interventions for reducing disadvantage in the subsequent generations of a welfare-dependent family. The documents related to each category were processed using Leximancer text analytic software to identify key themes within each body of literature.

The presentation of results is organised into five subsections. First, we describe the key characteristics of eligible studies. Second, we provide an overview of factors that increase the risk of intergenerational transmission of disadvantage due to parental welfare dependency. Third, we discuss factors identified as protecting against intergenerational transmission of disadvantage due to parental welfare dependency. Fourth, we describe how the outcomes for young people are shaped by a family background of welfare dependency, as identified in the Australian literature. Fifth, we summarise interventions that have been
implemented in an attempt to alleviate the cycle of disadvantage due to familial welfare dependency.

5.2 Characteristics of eligible studies

In this section, the defining features of the 29 documents identified as eligible for this review of the literature on intergenerational welfare dependency in Australia will be briefly discussed.

Publication date: Although our systematic search considered documents published as early as 1980, the first study on intergenerational welfare dependency in Australia by Pech and McCoull was not released until 1998. Since then, a small though steady flow of articles has been published on this subject matter, with some evidence of a rising trend since 2007, following the release of Wave 1 of the Youth in Focus Survey.

Document type: Few studies on intergenerational welfare dependency in Australia have been disseminated in peer-reviewed academic journals (n=7). Of the remaining 22 documents, a majority are research reports or discussion papers arising from specific research projects (n=8) or elaborated by Government agencies or non-profit organizations (n=5). 4 documents are chapters of edited books (3 of which come from the same book), 3 are government submissions, and the final 2 were publicly disseminated in expert conferences.

Methodological approach: Of the 29 studies deemed relevant to this report 11 did not provide any empirical findings, but instead focused on discussing existing literature, current policy and prevailing theories on intergenerational welfare dependency. Out of the 18 empirical studies, 14 followed a quantitative approach, 2 followed a qualitative approach, and 2 followed a mixed methods approach. Quantitative studies relied equally on simply descriptive analyses (n=7) and more advanced multivariate analysis techniques, such as regression models (n=7).

Data sources: Of the 19 empirical pieces of research on intergenerational welfare dependency, almost half (n=8) use data from the Youth in Focus Survey. This is a longitudinal survey with two waves of data (2006 and 2008) which collects information from around 4,000 young people aged 18 who had had contact with the Social Security system between 1993 and 2005 and one of their guardians (Breunig et al. 2007). The
second most favored data source for analysis of intergenerational welfare dependency in Australia is the Family and Community Services (FaCS) Transgenerational dataset, used by 5 studies. This is a longitudinal administrative dataset which contains selected information from Family Allowance and Income Support records of around 50,000 young people and their 90,000 parents (Brown 2005). The remaining 6 empirical studies use data from 16 focus groups undertaken in Victoria (n=2), the Kuranda Community Case Study (n=2), the Negotiating the Life Course survey (n=1), and the Christchurch Health and Development Study (n=1).

Intergenerational welfare dependency is by no means deterministic: in Australia, ‘just’ one in six children from income-supported homes followed a path onto income support themselves (Pech and McCoull 2000). The next sections will examine the available literature addressing which individual, familial and locational characteristics make these transfers more or less likely.
Table 1. Characteristics of studies on intergenerational welfare dependency in Australia

<table>
<thead>
<tr>
<th>No</th>
<th>Authors (year)</th>
<th>Title</th>
<th>Data</th>
<th>Type</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The Smith Family (2012)</td>
<td>Family support program: Rockhampton Communities for Children</td>
<td>-</td>
<td>Strategic plan</td>
<td>Policy review</td>
</tr>
<tr>
<td>2</td>
<td>Ryan &amp; Sartbayeva (2011)</td>
<td>Young Australians and social inclusion</td>
<td>Youth in Focus Survey</td>
<td>Journal article</td>
<td>Multivariate analysis</td>
</tr>
<tr>
<td>3</td>
<td>Cobb-Clark &amp; Sartbayeva (2010)</td>
<td>The relationship between income-support history and the characteristics and outcomes of Australian youth: Outcomes of wave 2 of the Youth in Focus Survey</td>
<td>Youth in Focus Survey</td>
<td>Research report</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td>4</td>
<td>Yu (2010)</td>
<td>Sequence matters: Understanding the relationship between parental income support receipt and child mortality</td>
<td>FaCS Transgenerational Data Set</td>
<td>Journal article</td>
<td>Multivariate analysis</td>
</tr>
<tr>
<td>5</td>
<td>Cobb-Clark (2010)</td>
<td>Disadvantage across the generations: What do we know about social and economic mobility in Australia?</td>
<td>Youth in Focus Survey</td>
<td>Journal article</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td>6</td>
<td>The Smith Family (2010)</td>
<td>Breaking the cycle of disadvantage</td>
<td>-</td>
<td>Government submission</td>
<td>Policy review</td>
</tr>
<tr>
<td>7</td>
<td>The Smith Family (2009)</td>
<td>A submission to Australia’s Future Tax System Review</td>
<td>-</td>
<td>Government submission</td>
<td>Policy review</td>
</tr>
<tr>
<td>8</td>
<td>Cobb-Clark, Ryan, &amp; Sartbayeva (2009)</td>
<td>Taking chances: The effect of growing up on welfare on the risky behaviour of young people</td>
<td>Youth in Focus Survey</td>
<td>Research report</td>
<td>Multivariate analysis</td>
</tr>
<tr>
<td>10</td>
<td>Cobb-Clark &amp; Gorgens (2009)</td>
<td>Childhood family circumstances and young adult people’s receipt of income support</td>
<td>Youth in Focus Survey</td>
<td>Research report</td>
<td>Multivariate analysis</td>
</tr>
<tr>
<td>11</td>
<td>Vinson (2009)</td>
<td>Social inclusion: Intergenerational disadvantage</td>
<td>-</td>
<td>Discussion paper</td>
<td>Literature review</td>
</tr>
<tr>
<td>13</td>
<td>Baron (2009)</td>
<td>Exploring the factors associated with youths’ educational outcomes: The role of locus of control and parental socio-economic background</td>
<td>Youth in Focus Survey</td>
<td>Research report</td>
<td>Multivariate analysis</td>
</tr>
<tr>
<td>14</td>
<td>Baron, Cobb-Clark &amp; Erkal (2008)</td>
<td>Cultural transmission of work-welfare attitudes and the intergenerational correlation in welfare receipt</td>
<td>Youth in Focus Survey</td>
<td>Research report</td>
<td>Multivariate analysis</td>
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<tr>
<td>15</td>
<td>Yu (2008)</td>
<td>Mortality of children and parental disadvantage</td>
<td>FaCS Transgenerational Data Set</td>
<td>Journal article</td>
<td>Multivariate analysis</td>
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<td>16</td>
<td>Berry et al. (2007)</td>
<td>Intergenerational reliance on income support: Psychosocial factors and</td>
<td>-</td>
<td>Research</td>
<td>Literature review</td>
</tr>
<tr>
<td>No.</td>
<td>Author(s) (Year)</td>
<td>Title</td>
<td>Study/Method</td>
<td>Report Type</td>
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<tr>
<td>18</td>
<td>Cobb-Clark &amp; Sarthayeva (2007)</td>
<td>The relationship between income-support history and the characteristics and outcomes of Australian youth</td>
<td>Youth in Focus Survey</td>
<td>Research report</td>
<td>Descriptive statistics</td>
</tr>
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<td>20</td>
<td>Brown (2005)</td>
<td>Factors contributing to young people's experiences of economic disadvantage</td>
<td>FaCS Transgenerational Data Set</td>
<td>Conference paper</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td>22</td>
<td>Henry &amp; Smith (2002)</td>
<td>Three years on: Indigenous families and the welfare system, the Kuranda community case study</td>
<td>Kuranda Community Case Study</td>
<td>Research report</td>
<td>Mixed methods</td>
</tr>
<tr>
<td>24</td>
<td>Saunders (2000)</td>
<td>Dependency culture in a liberal welfare regime</td>
<td>16 focus groups in Victoria</td>
<td>Conference paper</td>
<td>Qualitative analysis</td>
</tr>
<tr>
<td>25</td>
<td>Saunders &amp; Stone (2000)</td>
<td>Australian youth and the dependency culture</td>
<td>16 focus groups in Victoria</td>
<td>Book chapter</td>
<td>Qualitative analysis</td>
</tr>
<tr>
<td>26</td>
<td>Seth-Purdie (2000)</td>
<td>Multiple risk exposure and likelihood of welfare receipt</td>
<td>Christchurch Health and Development Study</td>
<td>Journal article</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td>27</td>
<td>McCoull &amp; Pech (2000)</td>
<td>Trans-generational income support dependence in Australia: Early evidence</td>
<td>FaCS Transgenerational Data Set</td>
<td>Book chapter</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td>28</td>
<td>Pech &amp; McCoull (2000)</td>
<td>Transgenerational welfare dependence: Myths and realities</td>
<td>FaCS Transgenerational Data Set</td>
<td>Journal article</td>
<td>Descriptive statistics</td>
</tr>
<tr>
<td>29</td>
<td>Pech &amp; McCoull (1998)</td>
<td>Trans-generational poverty and income support dependence in Australia: work in progress</td>
<td>Negotiating the Life Course survey</td>
<td>Journal article</td>
<td>Descriptive statistics</td>
</tr>
</tbody>
</table>
5.3 Risk factors

Limited Australian literature explores risk factors associated with increasing propensity to incur in intergenerational welfare dependency. Key sets of risk factors that increase the likelihood of intergenerational transmission of disadvantage due to parental welfare dependency include attitudes to welfare receipt within the family, family characteristics, a lack of attachment to education, youth unemployment, Indigenous status, geographic location, and parental mental health issues.

Attitudes to work and welfare

As discussed above, young people from families with a welfare-dependent income history are significantly more likely to receive income support in their life than those raised without welfare assistance (Cobb-Clark and Gorgens 2009; d’Addio 2007; McCoull and Pech 2000; Seth-Purdie 2000). It is argued that intergenerational welfare dependency is associated with the transmission of a set of norms, values and beliefs which may be passed through generations (Baron et al. 2008; Cobb-Clark and Gorgens 2009; Saunders 2000a, 2000b; Saunders and Stone 2000). These attitudes and norms, which may include a weaker work ethic and less stigma associated with welfare receipt, are transferred from parents to children through childhood socialization, and ultimately influence children’s attitudes and behaviours as adults (Baron et al. 2008; Saunders 2000a). Therefore, over and above the disadvantage that is transmitted to the next generation as a result of parental welfare dependency, this suggests that families where the parents hold particular attitudes are likely to transmit a greater level of disadvantage to the next generation than those welfare-dependent families who do not embrace this particular set of attitudes.

Youth are more likely to view welfare support as ‘acceptable’ and more inclined to claim such support themselves if this has been a long-term income source in their households (Baron et al. 2008; Cobb-Clark and Gorgens 2009; Whiteford 2009). One explanation for this is that children learn about the welfare system from their parents, making it easier for them to claim benefits later in life (Cobb-Clark and Gorgens 2009; Whiteford 2009). An alternative view is that weak or broken family ties, scant parental supervision, and little guidance on suitable work and study pathways prevail in many welfare-dependent families, and it is these structural characteristics that result in
welfare dependency amongst young people (Penman 2006; Saunders 2000a, 2000b; Saunders and Stone 2000). As Penman (2006, p.99) puts it, “it is not just the same experience of the parents affecting the children (for example, welfare leading to welfare) but the experience along with other negative/risk factors”.

Family influences

A variety of family-level factors have been reported to increase the risk of disadvantage due to familial welfare dependency. For example, links have been drawn between income-support receipt and family structure, including factors such as the number of siblings, the mother’s partnership status, and the level and quality of communication between natural parents (Cobb-Clark and Gorgens 2009; McCoull and Pech 2000; Pech and McCoull 2000). Disrupted relations with parents and/or siblings and weak family bonds are also associated with welfare receipt (Berry et al. 2007; Saunders 2000a, 2000b; Saunders and Stone 2000).

Cobb-Clark and Gorgens (2009) also identified maternal education as a key factor in children’s welfare dependency after controlling for family income support history and other background characteristics (see also Pech and McCoull 1998). Youth’s educational outcomes are also affected by the availability of parental resources to fund education, including extra-curricular activities and assistance with homework (Cobb-Clark and Gorgens 2009; Whiteford 2009). Disrupted relations with parents and/or siblings and weak family bonds are associated with welfare receipt (Berry et al. 2007; Saunders 2000b). Young people living in public housing with their parents at age 15 are three times more likely to be on income support than the general population (McCoull and Pech 2000).

Early parenthood

Early parenthood, especially amongst girls, reduces individuals’ ability to take up paid employment and increases their likelihood to claim parenting payments. Individuals who experience early parenthood are thus at particular risk of entering the cycle of welfare dependency (Penman 2006; Pech and McCoull 2000; Saunders 2000b; Seth-Purdie 2000).
**Education and peers**

Failure to complete high school education or to enrol in tertiary education is noted as a significant limitation to breaking cycles of welfare dependency (McCoull and Pech 2000; Pech and McCoull 1998). Low attachment to education, a low value placed on the importance of schooling by both the individual and their family, and a lack of interest in self-improvement opportunities provided by additional training have all been linked with intergenerational welfare dependency (Berry et al. 2007; Cobb-Clark and Gorgens 2009; Saunders 2000; Whiteford 2009). The Smith Family (2009) also reports a relationship between children’s poor literacy and numeracy skills and higher rates of welfare dependency.

Association with a delinquent peer group also constitutes a risk factor, in that youth with such connections demonstrate lower commitment to their education (Seth-Purdie 2000). Youth from welfare-dependent families also report dissatisfaction with their school education, stemming from a lack of interest in school work, negative feedback or humiliation from teachers, and see the school system as a pressuring, hierarchical environment. Ultimately, this dissatisfaction results in cycles of offending and punishment (Saunders 2000). Whilst parental welfare dependency tends to result in less success in education overall, youth from welfare-dependent families who do not manage to remain engaged with school and befriend delinquent peers are at greater risk of intergenerational transmission of disadvantage than those youth who remain engaged.

**Unemployment**

Causes for unemployment for those relying on welfare can be classified into two categories. In some cases, a strong work ethic and a desire to work are met by a lack of opportunities in that there are no jobs available, or employers impose requirements (e.g. work experience) which these individuals cannot meet (Saunders 2000b; Saunders and Stone 2000). In other cases, individuals report a preference not to work, especially if welfare payments are higher than wages from the jobs to which they can aspire - which are often low paid and unskilled, uninteresting and located in hierarchical and authoritative workplaces (Saunders 2000; Seth-Purdie 2000).
Saunders (2000) suggests that youth with welfare-dependent parents are more likely to fall into this second category, which perpetuates the cycle of welfare dependency (see also Saunders and Stone 2000). Children who demonstrate weak work attachment through long periods of unemployment, unwillingness to accept ‘unattractive’ positions, poor attendance records while employed, and short durations of jobs due to quitting or dismissal are prone to welfare dependency (Saunders 2000a, 2000b; Saunders and Stone 2000).

**Indigenous status**

Indigenous Australians are one of the most economically deprived and socially excluded population groups in Australia and welfare dependency is prevalent amongst them (Cobb-Clark and Gorgens 2009; Henry and Smith 2002; Penman 2006). Reporting on findings of the longitudinal Kuranda Community Case Study in Queensland, Henry and Smith (2002) and Daly et al. (2002) identified that in all of the households surveyed (n=29) at least one adult received welfare support, with a majority of households containing several adults receiving such payments. The high rate of welfare receipt amongst Indigenous Australians is also reported by Smith (2004), cited in Penman (2006). This study estimates that over half of the population of Indigenous Australians relies on welfare payments as the main source of income. Further, McCoull and Pech (2000) and Pech and McCoull (2000) identify that young persons with an Indigenous primary parent are three and a half times more likely than the general population to be welfare-dependent. The Smith Family (2012) concludes that the intergenerational transmission of welfare reliance and joblessness is a key factor in perpetuating poverty and social exclusion amongst Indigenous Australians across generations.

Nevertheless, assessing intergenerational welfare dependency in Indigenous populations is difficult due to the mobility patterns and kinship ties typical to this subpopulation (Daly et al. 2002). Indigenous children have distinctively high rates of household mobility and reside with relatives other than the nuclear family for extended periods of time. Indigenous households are often comprised of multiple or extended families and individual incomes from welfare payments are pooled amongst family
members (Daly et al. 2002; Henry and Smith 2002). This makes it difficult to examine intergenerational trends.

Given the nature of the research undertaken to date, the links between Indigeneity and intergenerational welfare dependency cannot be taken as ‘causal’ or ‘linear’ but should rather be read as ‘complex’ and ‘multidirectional’. The influence of important Indigenous-specific factors, such as Indigenous cultural beliefs and practices and the ongoing legacy of former trauma, grief and loss associated with colonisation, remain under-theorised and under-explored.

Location

Using data from the Youth in Focus Survey, Cobb-Clark and Gorgens (2009) establish that spatial variation in income support across Australian states is an important factor in understanding cycles of welfare dependency - particularly with reference to young persons’ receipt of Youth Allowance for joblessness. As discussed previously, young people with a family history of intensive welfare receipt are more likely to receive welfare support than young people from other backgrounds. However, there is important variation across Australian states in the degree to which young persons from welfare-dependent families will incur in welfare dependency themselves. Compared to young people from families that have received intensive welfare support in NSW or the ACT, young people from families that have received intensive welfare support in Queensland are more likely to receive welfare payments, whereas those living in Western Australia or the Northern Territory are significantly less likely. Although the authors do not offer an explanation for these spatial differences, they demonstrate that ‘places’ can have an effect on a young person’s propensity to enter the cycle of intergenerational welfare dependency.

Penman (2006) also reports significant geographic variation in the use of income support by young persons from families with a history of income support, but emphasises the role of smaller geographical units. In particular, Penman notes that there is an association between residence in a neighbourhood or community characterised by low SES and high youth unemployment and intergenerational welfare dependency.
Mental health

Poor mental health has been linked with intergenerational welfare dependency (Berry et al. 2007; Penman 2006; Seth-Purdie 2000). In examining the relationships between mental health and welfare receipt, Penman (2006) reports that 30% of welfare recipients have a clinically diagnosed mental disorder. This study further suggests that poor parental mental health coupled with familial welfare dependency multiplies the chances of intergenerational welfare dependency.

5.4 Protective factors

Limited Australian scholarship investigates the relationship between protective factors and the intergenerational transfer of disadvantage due to parental welfare dependency. While some studies captured in the systematic search point to protective factors in the international literature, research often fails to empirically examine these concepts in the Australian setting.

Early childhood interventions

Early childhood interventions can protect future generations from continuing the welfare dependency cycle and enhance the life chances of at-risk children (The Smith Family 2009; Vinson 2009). By improving a range of social and cognitive competencies in childhood, early interventions can enhance the learning abilities of children and consequently improve their prospects in the educational system and the labour market. Additionally, these early intervention education programs facilitate social inclusion and allow people to become self-reliant (The Smith Family 2009).

Yet The Smith Family (2009) warns that early interventions will not sustain long-term impacts if they are not followed up with long-term investments in primary and high-school education. This is supported by Ryan and Sartbayeva’s (2011) finding that youth’s school engagement explained the relationship between exposure to parental income support and social exclusion at age 18. Specifically, participation in extracurricular activities (e.g. sporting activities), lack of school suspensions, and lack of truancy or late arrival at school “substantially reduces the lasting effect from
prolonged income support exposure” (p.24). Although negative school engagement should be interpreted as an early-childhood manifestation of social exclusion, positive school engagement has the potential to reduce the intergenerational impact of parental welfare dependency.

**Parental support**

Berry et al. (2007) argue that supportive and caring parent-child relationships can act as factors preventing the intergenerational transmission of disadvantage due to parental welfare dependency through promotion of good mental health and social adjustment for children in later life. Similarly, Seth-Purdie (2000) argues that a strong parent-child bond can help overcome some of the negative impacts of parental welfare dependency. Saunders (2000a, 2000b) and Saunders and Stone (2000) suggest that supportive parent-child relationships can act as a “shield” for children by facilitating the transmission of positive behaviours and values that encourage participation in education and employment opportunities. This is evidenced by the fact that young people whose parents demonstrated a strong commitment to supporting their education and employment are less likely to fall into welfare-dependency.

**Parental background**

McCoull and Pech (2000) and Pech and McCoull (2000) uncovered a relationship between the transmission of intergenerational welfare dependency and parental ethnicity (captured by language spoken at home). Although parents from non-English speaking backgrounds are overrepresented amongst income-support recipients, their offspring appear to be less likely to become dependent on income support by the age of 19 than those from other ethnic groups.

**Individual resilience**

Individual resilience is a term used to refer to an individual’s capacity to bounce back from adversity due to inner strength and self-esteem (Vinson 2009). In reviewing the literature, Seth-Purdie (2000) suggests that such individual resilience is a factor that mitigates the effect of risk factors linked to intergenerational welfare dependency.
Vinson (2009) however argues that individual resilience may not be a protective factor in itself but rather an outcome of the presence of a range of other protective factors such as pro-social networks, supportive relationships, education, social and health services and neighbourhood quality. While Vinson (2009) theorises that these protective factors are applicable to the Australian setting, he provides no empirical evidence to support this claim.

5.5 Outcomes

The scant available literature on intergenerational welfare dependency in Australia identifies a series of outcomes which differ for children with a history of familial welfare dependency and other children. Amongst others, such outcomes relate to attitudes, education, employment, welfare support receipt, health, social exclusion and criminal behaviour.

*Intergenerational transmission of welfare receipt*

Several studies identified in this review recognise that there is limited research on the intergenerational transmission of welfare dependency in the Australian context (d’Addio 2007; Pech and McCoull 2000; The Smith Family 2012; Vinson 2009; Whiteford 2009). Yet from what little is known, researchers recurrently argue that dependence on welfare endures across generations, and that children of welfare recipients are at a high risk of experiencing ongoing marginalisation and poverty into adulthood (d’Addio 2007; Seth-Purdie 2000; The Smith Family 2012; Vinson 2009). It is worth noting that many of these discussions are based on extrapolation of findings for other countries, such as the US or the UK, to the Australian context – rather than on direct empirical evidence on the Australian case.

Using data from the Youth in Focus survey, Cobb-Clark and Gorgens (2009) find that youth of parents with prolonged histories of income support (more than six years) are significantly more likely to receive income support at age 18 than youth growing up in families with no history of income support. Through analysis of the FaCS Transgenerational Data Set, Brown (2005) reports that young people are more likely to rely on welfare payments when their parents demonstrate a long history of intensive
reliance on income support. One in eight daughters and one in ten sons of heavily welfare-dependent parents strongly relied on welfare as adults, a significantly higher proportion than that for children of families that received no to moderate income support. Using the same data, McCoull and Pech (2000) and Pech and McCoull (2000) found that the incidence and prevalence of unemployment benefit receipt among youth is higher when parents had received income support. Young persons are much more likely to have ever received unemployment benefit if they came from a welfare-dependent family (38%) than from a middle to high income family (14%). The likelihood of having received unemployment benefit in one particular year (1996) was four times higher for young persons from welfare-dependent families (20%) than for young persons from middle to high income families (5%).

Intergenerational transmission of welfare dependency is of particular concern amongst individuals living in remote Indigenous communities. Using the Kuranda Community Case Study, Daly et al. (2002) report that in every researched household (n=29) at least one adult received welfare support, with a large proportion of households having more than one adult receiving such support. An intergenerational pattern also emerged in this study: the majority of the 32 young people surveyed also received welfare payments and remained on income support for the full three years of the study. 47% of respondents had transitioned between income support schemes but only 13% had transitioned into paid employment. The most prevalent transitions, as described by the authors, involved “recycling through various forms of government transfer payments” (p.8). This research suggests that young Indigenous people are trapped in a cycle of welfare dependency, in which the school-to-work transition is key: young Indigenous people typically move from high school to welfare rather than paid employment.

**Employment**

Much of the literature that was identified in the systematic search demonstrates that the children of welfare-dependent parents are less likely to find employment than the offspring from non-welfare-dependent families (Baron 2009; Brown 2005; Cobb-Clark and Sartbayeva 2010; Daly et al. 2002; McCoull and Pech 2000; Pech and McCoull 1998 2000; Smith and Henry 2002). Using the second wave of data from the Youth in Focus Survey Cobb-Clark and Sartbayeva (2010) found that employment rates are
lower for young people who grew up in families heavily dependent on welfare (73%) compared to those from no to moderate income support families (80-85%). Similarly, Brown (2005) suggests that parental welfare dependency negatively impacts their offspring’s future employment, with one-third of children from heavily welfare-dependent families experiencing reduced workforce participation, a considerably higher proportion than found in families without a history of income support (about one-ninth). Pech and McCoull (1998) found that youth from families where neither parent is employed are the least likely to participate in the workforce, and are up to twice as likely to be unemployed as their contemporaries from families with at least one working parent. The reduced workforce participation of youth from welfare-dependent families is likely to translate into both unemployment and the receipt of unemployment benefits, thus continuing the cycle of welfare dependency.

**Attitudes and values**

Welfare dependency can alter people’s self-efficacy and the desire of individuals to gain employment, contribute to the economic stability of society, and secure independent financial stability (Baron, Cobb-Clark, and Erkal 2008). This has a “domino effect” amongst children within welfare-dependent families whereby the importance of a strong work ethic is neglected, the stigma associated with welfare dependency is reduced and knowledge about the welfare system is readily available (Baron et al. 2008). Baron and colleagues (2008) found a strong correlation between youth attitudes towards welfare and the welfare histories of their parents. Young people who grow up in a family with a history of welfare receipt are more likely to support Government delivery of generous unemployment benefits than young people whose family had never received welfare support. The authors interpret these findings as highlighting the role of parental welfare dependency in influencing the work ethics of their sons and daughters.

One key attitude transmitted across generations is the lack of stigma associated with welfare dependency (Vinson 2009; Whiteford 2009). Similarly, scholars argue that by failing to demonstrate success in educational attainment and labour market activity, parents who are welfare-dependent are poor role models for their children (d’Addio 2007; Saunders 2000a, 2000b; Saunders and Stone 2000; Seth-Purdie 2000; Whiteford 2002).
2009; Vinson 2009). Further, Whiteford (2009) and d’Addio (2007) argue that parental knowledge about the welfare system can also contribute to the intergenerational cycle of welfare dependency via knowledge transfer. Parents who have experienced the welfare system are likely to be informed about the procedures and available programs and consequently able to share this information with their children.

*Education*

The research identified in this review suggests that parental welfare dependency can produce negative education outcomes for children.

Using data from the Youth in Focus Survey, Baron (2009) found that young persons from families who had a history of welfare support are less likely to graduate from school. Analyses of the Youth in Focus Survey data also showed that parents with no welfare-support history reported that their children performed better in school than their counterparts from welfare-dependent families (Cobb-Clark and Sartbayeva 2007). Analyses of the same dataset also uncovered a relationship between regular school attendance and family history of welfare receipt, whereby welfare-dependent parents are twice as likely to report that their children frequently arrived late at school and five times more likely to report that their children often failed to attend school (Cobb-Clark and Sartbayeva 2007; Cobb-Clark 2010). Young people from families with a history of welfare support are also disadvantaged with respect to educational stability, as they move between schools more often than those from non-welfare-dependent families (Cobb-Clark and Sartbayeva 2007). Further, children with welfare-dependent parents are two and a half times more likely to repeat a year or to be suspended or expelled from school (Cobb-Clark and Sartbayeva 2007; Cobb-Clark 2010) and to experience learning difficulties, with a higher proportion placed in remedial classes and enrolled in learning disability programs (Cobb-Clark and Sartbayeva 2007).

Parental welfare dependency is also found to impact attendance at and performance in higher education. Just 33% of young people from welfare-dependent families commenced a university degree compared to 52% of young people from non-income support families. Conversely, youth from welfare-dependent families are more likely to be studying at a TAFE or technical school (45%) than youth from non-income support families (34%) (Cobb-Clark and Sartbayeva 2007, 2010; Cobb-Clark 2010).
Following up these youth two years later at the age of 20, the authors found that those from families who had received intensive income support are less likely to remain in the post-secondary course they had enrolled in and less likely to be studying on a full time basis relative to those from families without a history of income support (Cobb-Clark and Sartbayeva 2010).

*Risky and criminal behaviour*

The literature on the intergenerational transmission of disadvantage due to familial welfare dependency shows that youth with parents on income support are more likely to engage in risky or deviant behaviour and come in contact with the criminal justice system. Relative to young persons from families without a history of welfare dependency, young persons from welfare-dependent families are more likely to smoke, drink alcohol or consume illegal drugs (Cobb-Clark and Sartbayeva 2007, 2010; Cobb-Clark 2010; Saunders and Stone 2000), run away from home (Cobb-Clark 2010), hang out with a “bad crowd” (Cobb-Clark and Sartbayeva 2007), or have had contact with the criminal justice system (Cobb-Clark 2010). Over one fifth of welfare-dependent parents reported that their 18 year old child had been in trouble with the police or attended juvenile court (Cobb-Clark and Sartbayeva 2007) and even more by age 20 (Cobb-Clark and Sartbayeva 2010). Further, youth of parents with prolonged histories of welfare receipt are more likely to experience negative life events such as separation from a spouse, a major financial loss or being the victim of crime than youth of parents with no such history (Cobb-Clark and Sartbayeva 2010).

*Physical and mental health outcomes*

The prevalence of a range of mental and physical health issues appears to be higher amongst young people from welfare-dependent families than amongst all other young people. For instance, youth from welfare-dependent families have a greater propensity to report depression and emotional problems than youth without a family history of welfare dependency (Cobb-Clark and Sartbayeva 2007). Similarly, young people from intensive income-support families are more likely to report that emotional problems have led to them having accomplished less than they would have liked, worked or
performed activities less carefully, and interfered with their social activities (Cobb-Clark and Sartbayeva 2007, 2010).

A number of physical health issues are also more prevalent amongst children from welfare-dependent families. Parents in welfare-dependent families are more likely to show concern about their child’s weight than parents without a history of income support (Cobb-Clark and Sartbayeva 2007), and young people with welfare-dependent parents are less likely to rate their health as ‘very good’ or ‘excellent’ (Cobb-Clark and Sartbayeva 2010). Parental reports of the incidence of asthma, depression, ADHD, and lengthy periods of hospitalization are also more frequent for youth who have been raised in disadvantaged circumstances (Cobb-Clark and Sartbayeva 2007; Cobb-Clark 2010).

The amount of time spent on income support is associated with child mortality. Yu (2008) found that child mortality is highest in families where the parents have spent nine or more years on income support, and lowest in families with no history of income support. However, there is not a strictly monotonic relationship between the length of time on income support and the risk of child mortality. For example, amongst welfare-dependent families, the child mortality risk is lowest when parents had received income support for 3 to 5 years. Yet this ‘lowest’ risk is still approximately 50% higher than that for parents who had never received income support. A follow-up study, Yu (2010), further examined these relationships with a focus on temporal sequences and the child’s gender. Results indicate that after statistically controlling for confounding factors (e.g. socio-economic deprivation, Indigenous status, number of siblings, teenage motherhood, and disability) parental welfare dependency prior to a child’s death is not linked to a greater risk of child mortality.

*Family disruption and early fertility*

The literature identifies family disruption and early childbearing as outcomes of familial welfare dependency. Youth from welfare-dependent families are less likely to state that their childhood was happy than those from non-welfare-dependent families (Cobb-Clark and Sartbayeva 2007), more likely to have experienced a family break-up, and more likely to report strained relationships with their fathers (Cobb-Clark and Sartbayeva 2010). Young people from families with a history of welfare receipt are
also more likely to move out of the family home at a younger age than young people from other backgrounds (Cobb-Clark and Sartbayeva 2007) and to express that they are unable to reside in the family home due to ‘family issues’ (Pech and McCoull 2000). Relatedly, growing up in welfare-dependent families is linked to early fertility decisions (Cobb-Clark and Sartbayeva 2007, 2010). Young women from welfare-dependent families are approximately four times more likely to have had a child as a teenager than those from middle to high income families (McCoull and Pech 2000, Pech and McCoull 2000).

Social exclusion

Using data from the first wave of the Youth in Focus Survey, Ryan and Sartbayeva (2011) examine how the degree of social exclusion experienced by 18 year-olds varies with the degree of income support received by their parents. Moderate or prolonged exposure to parental income support significantly increases social exclusion of youth at age 18. However, once group differences in family background (e.g. in family structure, parental socioeconomic status, parenting practices) and in attitudes towards education are statistically accounted for, only youth with prolonged exposure to income support (i.e. of six or more years) had significantly higher levels of social exclusion. Ryan and Sartbayeva conclude that these family background and attitudinal factors partially explain the relationship between exposure to parental income support and youth social exclusion. Thus, their findings suggest that it is “the intensity rather than the incidence of income support receipt that matters” (p.17).

5.6 Interventions

While the Australian evidence on intergenerational welfare dependency is limited overall, there is a particular paucity of studies focusing on interventions to alleviate the intergenerational transmission of disadvantage due to welfare dependency. Despite some scholars recognising that the existing research ought to inform social policy (Cobb-Clark and Gorgens 2009; Henry and Smith 2002), these recommendations have not crystallised into actual large-scale policy interventions.
A few studies propose specific interventions to alleviate and/or prevent intergenerational welfare dependency. In their discussion on welfare reforms, Saunders (2000a, 2000b) and Saunders and Stone (2000) consider inclusion of specific participation requirements for income support programs (particularly employment-based participation). They also recommend providing assistance for parents to become more actively engaged in employment and training, so that they can serve as positive role models for their children. However, most of the literature suggests interventions that are targeted at early years and critical life course transitions (e.g. school-to-work transitions) and aimed at decreasing the impact of risk factors linked with welfare dependency (Henry and Smith 2002; Saunders 2000a, 2000b; Saunders and Stone 2000; The Smith Family 2010, 2012; Vinson 2009). Along these lines, the Organisation for Economic Co-operation and Development (2009) suggests that governments aiming to reduce the intergenerational transmission of disadvantage and welfare dependency will benefit most from committing resources to improving children’s early childhood development through enhancing the quality of early childhood education. However, any such policies should recognise the changing face of social disadvantage in Australia and reflect wider societal change in family structure and the economy (Seth-Purdie 2000; Saunders 2000a, 2000b; Saunders and Stone’s 2000).

The Smith Family (2010, 2012) discusses the importance of access to and engagement with education to increase the employment opportunities of children from disadvantaged groups. Their ‘Learning for Life’ suite of strategies is designed for this and emphasises improving literacy skills, meeting the costs of education, linking children with tutors/mentors, and providing assistance with educational and school-to-work transitions (The Smith Family 2012). Placement of ‘Learning for Life’ workers within schools enables multiple learning partnerships and referrals of children to more intensive support services. Similar programs have elicited positive outcomes for young people in other countries, including enhanced wellbeing and lower propensity to become welfare dependent (Organisation for Economic Co-operation and Development 2009).

Specific interventions aimed at alleviating intergenerational welfare dependency amongst Indigenous Australians have been proposed by Henry and Smith (2002), based on their study of welfare-dependent Indigenous families in Kuranda. These
include a ‘Youth Preparation and Employment Program’ aimed at encouraging and assisting Indigenous youth to successfully complete high school and enter paid employment. Additionally, promotion of local economic development, for example through job creation, in the communities where welfare-dependent Indigenous Australians prevail is argued to be essential for breaking the cycle of intergenerational welfare dependency (Daly et al. 2002).

6. Discussion and conclusion

6.1 Summary of findings

This paper has provided a review of Australian literature on intergenerational welfare dependency. It began with a brief overview of core concepts concerning the intergenerational transmission of disadvantage, an outline of a conceptual model that provides a framework for understanding the mechanisms underlying the intergenerational transmission of disadvantage (the human capability framework), and an introduction to the broad features of the Australian welfare system. The results of a systematic search for recent studies on intergenerational welfare dependency in Australia were then presented. These revealed an alarming lack of such studies, with only 29 studies devoted to investigating intergenerational welfare dependency in Australia being publicly available since 1980. A review of the few eligible documents followed.

In this review, it was established that existing literature suggests that in Australia young people from families with a history of income support are more likely than young people from families with no family history of welfare support to (i) receive income support as adults, (ii) adopt permissive views on income support dependency; (iv) fail to perform at primary, complete secondary, and enter tertiary education (iii) experience unemployment or underemployment; (iv) become parents at an early age; (v) suffer from physical and mental health problems; and (vi) engage with the criminal system. Factors argued to exacerbate the likelihood of intergenerational transmission of disadvantage due to parental welfare dependency include a attitudes to work and welfare within the family, lack of educational attachment, youth unemployment, Indigenous status, geographic location, and parental mental health issues, whereas
supportive parental relationships and early educational interventions are argued to mitigate such relationships.

6.2 ‘Gaps’ in current knowledge

The Australian evidence on intergenerational welfare dependency is scarce and patchy. As a result, the transmission of disadvantage from parents to children and the specific role that welfare support plays in this remain opaque and poorly understood in the context of Australia. In the remainder of this concluding section we will identify substantive and methodological gaps in the Australian literature and propose avenues to promote and realize theoretically-informed and empirically-sound research on intergenerational welfare dependency that can inform evidence-based policy.

The gaps in the Australian literature on intergenerational welfare dependency identified in this review can be separated into two groups: (i) gaps in what we know about it and (ii) gaps in how research has arrived at such knowledge, which are both shaped by the availability of suitable data sources on the subject matter.

Gaps in ‘what we know’ about intergenerational welfare dependency

To examine the first type of ‘gap’ it is helpful to return to the human capability approach discussed in Section 3 and use it as a benchmark to evaluate the Australian evidence discussed in Section 5. The human capability framework identifies the importance of social and civic participation in society, in addition to economic participation.

Key gaps in substantive knowledge include:

- What characterizes welfare-dependent families with respect to their acquisition, accumulation, transfer and loss of skills, knowledge and effort in and between family members?
- Where does change in and out of welfare dependency occur?
- Do the nature of income support payments and the timing of familial entry into different payment types affect subsequent child outcomes?
• How is the patterning of welfare receipt during childhood and youth - in terms of its persistence, intermittency and timing - associated with recipients’ beliefs about the viability of social mobility?

• Which policies are best positioned to affect the distribution of equality of opportunity for particular choices and which policies are best positioned to affect the distribution of individual capacities? Where in the life course are these policies used to most advantage?

• To what extent is individual welfare dependency a product of their ability and effort? How much of this is a product of their parental or grandparental background? How is this changed by increasing equality of opportunity or decreasing poverty and/or inequality? How much of this is changed by increasing individual capacities?

In aiming to influence intergenerational transmission of (dis)advantage through education, should policy seek to offer education to the less affluent, or should it offer education to those who are less educated?

The human capability approach has an overt commitment to broadening consideration of desirable (and undesirable) life outcomes beyond those narrowly economic posed by the human capital approach, namely productivity as measured by education, employment, and earnings. The emerging Australian literature has more thoroughly covered how parental welfare dependency is associated with some of the key human capital outcomes, including employment, income support and engagement with secondary and tertiary education. However, it is yet to explore in depth some of the broader outcomes of importance to the human capability framework. Systematic analyses of the differences between individuals with and without histories of familial income support in, amongst others, social and family relations, civic participation, personal integrity, happiness and subjective wellbeing are yet to be implemented.

So far Australian research has only scratched the surface of issues of intergenerational welfare dependency. Devising policy remedies aimed at tackling the transfer of disadvantage due to familial welfare dependency would benefit from more localized analysis, specifically of more specific breakdowns of payment types and subpopulations. Concerning the breakdown of payment types, the Australian research on intragenerational welfare receipt dynamics has established that the dynamics of
welfare reliance in Australia are complex, vary by scheme and involve high rates of transfer of individuals across income support payments (Tseng and Wilkins 2003; Tseng et al. 2008). However, we know very little about which specific welfare payments promote (or deter) the intergenerational transmission of disadvantage, i.e. the transfer of disadvantage to the next generation. Research on this is urgently required, but most available Australian data sources contain little to no information that enables researchers to distinguish between individuals receiving different welfare support schemes. Besides, when such data is available, sample sizes for the subpopulation of individuals in each scheme are too small for reliable analysis. Concerning the breakdown of population groups we have unveiled that, out of individuals in welfare receipt, some groups (e.g. Indigenous Australians, the mentally ill, and the poorly educated) are more likely than others to pass on disadvantage and welfare dependency to their offspring. The reasons for this remain opaque and the causality of the relationships, as will be discussed later, doubtful. Thus, further research is needed in this regard too. Only when these two types of disaggregation are incorporated into the existing body of research can we arrive at efficient policies on intergenerational welfare dependency.

Limitations of the data sources and methods used to gain knowledge on intergenerational welfare dependency

The second type of ‘gap’ in the Australian literature on intergenerational welfare dependency concerns how existing research has reached the current understanding of this phenomenon. Of particular concern in this regard is the scarcity of empirical analyses, with many of the existing studies being discussion pieces based on extrapolation from international findings to the Australian context. Besides, the available empirical evidence is not always compelling. An important shortcoming of this is that empirical studies are most often of a descriptive nature and rely on simple analytical techniques. These techniques are useful for determining the prevalence of intergenerational welfare dependency and its “raw” association with other phenomena, but do not allow for causal analysis.

Only a few studies including Yu (2008; 2010), Cobb-Clark et al. (2009), Baron (2009), and Baron et al. (2008) use advanced estimation techniques, although there are strong
arguments for why these are necessary (Cobb-Clark 2010). Parental welfare dependency can be associated with undesirable outcomes due to two types of mechanisms: causal mechanisms and non-causal mechanisms. If the association is due to causal mechanisms we can be certain that it is parental welfare dependency that produces these undesirable outcomes. However, mechanisms may be non-causal. For instance, any associations between parental welfare dependency and undesirable outcomes for young adults might be the product of other confounding factors which are prevalent in families which happen to receive income support. For example, family instability, scant economic resources, low commitment to education and the labour market, or poor parenting practices. In equality of such conditions, welfare dependency might not affect later life outcomes.

Our review of the literature offers some useful illustration of this. For instance, in descriptive analyses of the Youth in Focus Survey, Cobb-Clark, Ryan and Sartbayeva (2009) found that young people from welfare-dependent families were much more likely to have engaged in activities that pose social or health risks. However, after statistically accounting for confounding factors, the authors established that the high prevalence of such risk-taking behaviours amongst young people with a family history of welfare support was not due to growing up on welfare. Instead, this was found to be due to the poorer family structure, maternal endowments, and maternal investments to which young people from families with a history of welfare support were exposed. Another example of this is the apparent relationship between parental receipt of income support and child mortality found by Yu (2008, 2010), which disappeared when confounding factors were statistically controlled for.

Therefore, without the use of rigorous analytical techniques it is difficult to establish the true relationships between parental welfare receipt and children’s outcomes in later life. This is unfortunate. Determining whether mechanisms driving the relationships of interest are causal or non-causal is key for policymaking, as it establishes whether the income support system is ‘defective’ and needs to be altered or, on the contrary, the ‘blame’ is on other social factors and processes affecting families receiving income support. Only advanced estimation techniques are able to tell us whether associations are causal or non-causal. However, these techniques require the availability of quantitative data with optimal characteristics. Thus, a key reason for why empirical evidence on intergenerational transmission of (dis)advantage and intergenerational
welfare dependency in Australia is stalled and lags behind that for other developed countries such as the US and the UK is the scarcity of such data.

The few studies focusing on intergenerational welfare dependency in Australia use a narrow range of data sources, chiefly the Youth in Focus Survey and the FaCS Transgenerational Data Set. The use of such limited range of data sources occurs for at least three reasons. First, information on income support receipt is scarce in existing, large-scale survey datasets in Australia. Second, understanding how experiences of welfare dependency during childhood and early adulthood translate into later life outcomes requires simultaneous availability of two types of information: (i) information on the individuals’ family contexts during childhood and early adulthood (especially, concerning receipt of income support), and (ii) information of individuals’ life outcomes during adulthood. Thus, the data must incorporate a longitudinal design and ideally encompass a long period of time. Third, nationally representative samples of the Australian population are desirable so that analyses are fit to inform evidence-based policy and coverage of a sufficiently large subsample of individuals experiencing welfare dependency is essential for statistical inference.

6.3 The way forward

Based on our analysis of the existing use of Australian sources to explore intergenerational welfare dependency in Australia, we make four recommendations concerning the use of data to inform analysis. The first recommendation relates to further exploitation of existing survey datasets, despite their limitations. The second recommendation relates to additional utilization of administrative records for research purposes. The third recommendation relates to acknowledging and realizing the potential of data linkage. The fourth recommendation concerns the need for new fit-for-purpose data. We discuss these recommendations in turn.

**Recommendation 1: Further use of existing longitudinal survey datasets**

Recommendation one is that analysis of intergenerational welfare dependency makes wider use of existing survey resources available to Australian researchers. In particular, we will advocate the use of large-scale cohort and panel surveys: the
Household, Income and Labour Dynamics in Australia (HILDA) Survey, the Longitudinal Study of Australian Children (LSAC), and the Longitudinal Study of Indigenous Children (LSIC). No studies in our review used these surveys to explore intergenerational welfare dependency. In the case of HILDA, information on income support payments is relatively rich and provided by parents of children who eventually enter the panel. This dataset can already be used to further existing knowledge of intergenerational welfare dependency, and will become an even better resource as more children of panel respondents’ turn 15 years of age and begin to be tracked by the survey. In the case of LSIC and LSAC only a few survey questions relate to parental use of income support. A questionnaire item asks whether income support payments (or other forms of Government support) are the main source of income for the parents’ of the study child, though no recognition of different payment types is made. Although the eldest children in LSAC and LSIC are still too young (10 and 14 years old respectively) to have observed their teenage and adult life outcomes, the impact of exposure to parental welfare dependency on for example educational outcomes can already be analysed using these surveys. In forthcoming years the data will also allow for some analysis of intergenerational welfare dependency on later life outcomes which would benefit from the studies’ longitudinal structure and collection of rich contextual information. This course of action is however imperfect for two reasons. First, there is likely to be an intolerable degree of selective attrition of individuals from disadvantaged backgrounds from these surveys, and second, these three datasets contain only few respondents with a history of intensive welfare support.

By design, a sufficient number of such individuals is available in the Youth in Focus Survey and thus its continued use would aid furthering knowledge of intergenerational welfare dependency patterns in Australia. However, collection of new waves of data has been discontinued due to lack of funding.

Recommendation 2: Further use of administrative data for research purposes

Recommendation two is that administrative data are used to explore intergenerational welfare dependency in the Australian context. This is in strong agreement with statements made in a recent report by the Australian Government Productivity Commission (McLachlan et al. 2013) and supported by the existing use by reviewed
studies of the FaCS Transgenerational Data Set to explore intergenerational welfare dependency. A lot of the information necessary to gain insights into intergenerational welfare dependency is already available in administrative records. This includes information on receipt of different types of income and welfare payments (Centrelink records), life course events (register data), health outcomes (Medicare records), and education, work and employment outcomes (DEEWR records). These data sources have important strengths: they extend over long periods of time and across generations, they encompass detailed and precise information that is unlikely to be contaminated by response errors (e.g. recollection mistakes and desirability biases), and they do not suffer from attrition bias. Use of administrative data for the analysis of intergenerational welfare dependency is not uncommon in countries such as Sweden, Spain, and the UK. In some of these, restricted use of the data by non-Government researchers is allowed upon strict confidentiality agreements and secure data access. There are however two drawbacks to the use of administrative data to explore social disadvantage. One, administrative data lacks subjective information on, for example, individuals’ attitudes, feelings, expectations, ambitions, perceived wellbeing, etc. which are core to understanding the transmission of disadvantage using a human capability approach. Two, an initial, relatively large investment in data management, preparation, and linkage is required to set up a comprehensive and encompassing net of administrative data records.

**Recommendation 3: Realising the potential of data linkage**

The third recommendation relates to acknowledging and realizing the potential of data linkage to gain further insights into intergenerational welfare dependency in Australia. Recommendation one highlighted how existing longitudinal surveys can help answering policy-relevant questions on intergenerational welfare dependency, whereas recommendation two underscored the latent quality of administrative data to move these debates forward. Recommendation three integrates these two postulations and calls for further data linkage of (a) survey data and administrative data, and (b) administrative data from different sources.

Linkage of administrative records with existing panel and cohort studies will correct for the absence of information on income support payments in such datasets and for
human-error in responses to any existing questions on such matters. In the Australian case, there are good examples of how survey and administrative information can be combined. One such example is the LSAC survey, which contains linked information to administrative Medicare records on child immunization, medicine use, and medical visits, and to administrative records on child’s performance in NAPLAN tests. However, it must be stressed that existing survey datasets are likely to contain few individuals who received intensive welfare support.

Integration of administrative records collected for different purposes and/or by different Government agencies is also key for a thorough understanding of the relationships between income support receipt during early years and later life outcomes in, among others, the educational system or the labour market. The Western Australia Linked Data System managed by the Centre of Excellence in Data Linkage, in collaboration with the Department of Health Western Australia (DOHWA), the University of Western Australia (UWA), the Telethon Institute for Child Health Research (TICHR), and Curtin University is an example of how this is a feasible possibility with clear benefits for research on social disadvantage and social exclusion over the life course. Establishing a similar data linkage system in other areas of Australia would be of utmost importance to strengthen research on intergenerational welfare dependency – as well as research on social disadvantage concerning a number of other areas.

Recommendation 4: Collection of optimal data for the analysis of the intergenerational transmission of disadvantage

Following these recommendations would ensure a better pool of knowledge intergenerational welfare dependency in Australia, but neither of the approaches is flawless for the reasons explained above.

Our fourth recommendation and the optimal solution to enhance our knowledge on these matters is the collection of new data specifically designed to inform the design of evidence-based policies to alleviate intergenerational welfare dependency. These data should combine the strengths of administrative and survey data outlined above and minimise their weaknesses. Additionally, it should feature robust statistical properties which enable researchers to uncover the causal mechanisms which lie behind the
transmission of (dis)advantage across generations. Based on the above review and analysis, any new survey instrument designed for such purpose should:

a) have a longitudinal design and collect rich contextual information from individuals and their families over long periods of time,

b) incorporate linked data from Government records on welfare support receipt, income, health, education, and employment,

c) draw responses from a sample of individuals that is representative of the Australian population;

d) contain sufficiently large subsamples of individuals who were exposed to different degrees of income support receipt and to different income support payments in their early years, e.g. by oversampling individuals with a family history of income support.

The prevailing policy priorities should dictate how the population of interest is to be determined. If later life outcomes are of special interest, the cohort of individuals to be surveyed could comprise individuals who enter teenage years or adulthood, as in the Youth in Focus survey (rather than a cohort of newborns and young children as in LSAC and LSIC). This would ensure rapid availability of data on the outcomes of interest.

6.4 Final Remarks

This report has identified and reviewed the key literature in Australia on intergenerational welfare dependency. The number of relevant studies in Australia is alarmingly small, and there are significant gaps in our knowledge of the mechanisms enabling the transmission of disadvantage in welfare-dependent families from one generation to the next. These gaps may be partially filled by further analyses of existing administrative records and longitudinal survey datasets, or by linkages of these two types of data. However, achieving a nuanced and thorough understanding of intergenerational welfare dependency in Australia requires the collection of new data with optimal characteristics. These data are necessary to inform policy development.

While advantages and disadvantages are both passed from parents to children, intergenerational welfare dependency has particular consequences for individuals,
communities and societies. It limits the opportunities of children from disadvantaged families and communities to realise their capabilities and to participate as full members of society. It wastes human resources, and by undermining effort and motivation, diminishes productivity. Over time, intergenerational welfare dependency contributes to enduring differences between population subgroups and undermines social cohesion. Advancing scientific understanding of intractable intergenerational disadvantage and developing new strategies to prevent it, or change its course, will thereby address the adverse consequences for individuals and society when human capabilities are not realised.
1 References


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