

# How Australia can invest in children and return more

## A new look at the \$15bn cost of late action

Information for Australian Governments

**The number of children and young people experiencing serious life challenges in Australia is alarming and increasing. If we prioritise early intervention and give children and young people the support they need at the right time and in the right way, it is possible to improve their life chances. This is better for individuals and families but it's also better for government and our economy.**

### The social and economic case for change

*How Australia can invest in children and return more* reveals that Australian governments are spending \$15.2 billion each year on high intensity and crisis services for children and young people. These costs are shared between Commonwealth, states and territories, and across different government agencies.

There is an increased urgency to prioritise more effective and targeted early intervention strategies. Australia has an ageing population, a declining tax base and increased intergenerational disadvantage.

Late intervention refers to the acute, statutory and essential benefits and services required when children and young people experience significant difficulties that could have been reduced or prevented.

Early intervention means stepping in early to prevent problems occurring or tackling them head-on before they are much more difficult to resolve.

Early intervention involves:

- Responding comprehensively and assertively when people first need help.
- Preventing problems occurring in the first place.

There are highly effective, evidence based programs that make a lasting difference. Early intervention can slow the demand for crisis services over time. This will reduce pressures on government budgets and enable funds to be re-directed.

By not prioritising early intervention we will keep seeing unacceptably high rates of youth suicide, homelessness, crime, unemployment and obesity. These issues have an impact on entire communities of people – at home, at school and in our workforce.

The importance of early intervention strategies has been well known for many decades – but wholesale change has been difficult. This is in part due to gaps in how we track where investments are being directed, as well as gaps in our evidence about what works, what doesn't and why.

There is currently insufficient data and not a strong enough evidence base to guide effective investment decisions for many issues faced by children and young people.

**\$15.2B**

Amount spent each year on late intervention



**\$607**

For every Australian every year



### Key findings

**Our report reveals that Australian governments are spending \$15.2 billion each year on late intervention.**

**The cost of late intervention equates to \$607 for every Australian every year.**

*How Australia can invest in children and return more* is one of the first Australian studies to analyse the cost of intervening late in areas that affect children and young people's quality of life.

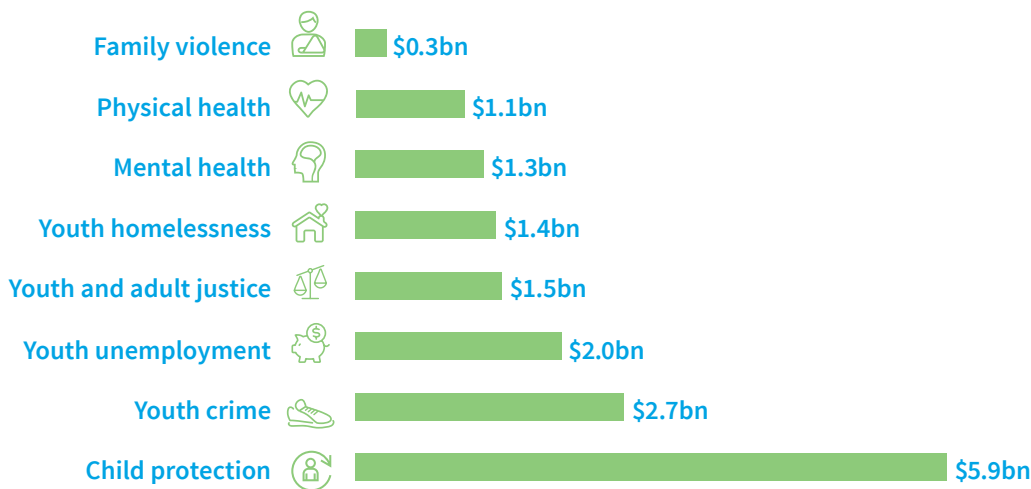
The report provides a baseline analysis of late intervention spending in Australia. It highlights the enormous value in gaining a better understanding of where Australian governments are currently investing and where the pressures lie so that our philanthropic, business and community leaders can work together on new solutions.

Download the full reports at: [colab.telethonkids.org.au/investinchildren](https://colab.telethonkids.org.au/investinchildren)

This report is a partnership between organisations from research, not-for-profit, philanthropy and business.



## Annual cost of late intervention in Australia by issue (2018–19 prices, \$bn)



This chart presents spending on each issue experienced by children and young people. The total figure of \$15.2bn accounts for double counting.

*'It always comes back to the question: do we know [if early intervention] works? We know that if you deliver high-quality services to people who need them—the right features of quality, delivered at the right time—they can be transformative in most circumstances [...] the question is not whether it works; the question is when it works and how to make it work more.'*

Professor Leon Feinstein, Director of Evidence, Office of the Children's Commissioner (UK)

### Greatest costs

The following services have emerged as carrying the highest costs.

- Services for children in out-of-home care (39%)
- Police, court and health costs of youth crime (18%)
- Social security payments for unemployed young people (13%)

### Prioritise and accelerate

In order to reduce the number of children needing high intensity support over time, decision makers need better tools to understand where and how they can radically change the trajectory of a person's life.

#### It is clear that Australia needs to:

Prioritise investment in effective early intervention for children and young people and;

Accelerate the development of data and evidence needed to make wise, targeted and impactful investments.

### A new approach is needed

This report highlights the opportunity to improve outcomes for children while reducing financial pressures on governments. We know that early intervention often has benefits across different areas of a child's life. This generates savings to multiple government departments.

It is clear there is a missed opportunity to prevent or reduce the severity of issues people face before they become harder and more expensive to resolve.

Shifting from a focus on meeting the overwhelming demand for high intensity and crisis services to an increase in early intervention approaches will require governments to work differently. To reduce the demand for late intervention over the next 10-20 years, we will need a comprehensive and coordinated long-term vision and plan. We will need to transition to a system focused on early rather than late intervention.

Services and programs for children and young people need to be designed using a stronger evidence base, with ongoing access to good data and better links between sets of data. Having access to data is a major factor in understanding where Government investments should lie.

### Three actions Australian leaders in government can take:



#### Use data and information more effectively

- Create a national early intervention dataset to map pathways and trajectories of children and young people, along with a strategy to fill data gaps
- Build capability to track and forecast the impact of early intervention investment across government portfolios and a child's life
- Increase the value of data by making it more accessible to policy makers, researchers, communities and philanthropy



#### Actively grow the evidence base

- Establish an investment fund that addresses evidence gaps around effective early intervention for children
- Embed clear requirements for evidence in decision-making across service delivery and report publicly on outcomes



#### Enable smart and transparent decision making for accountability

- Build systems and tools that enable cross-portfolio and longer-term impacts and savings to be identified
- Enable these impacts to be considered in budget processes, and incentivise cross-portfolio investments
- Report spending and outcomes for children and young people across portfolios and levels of government