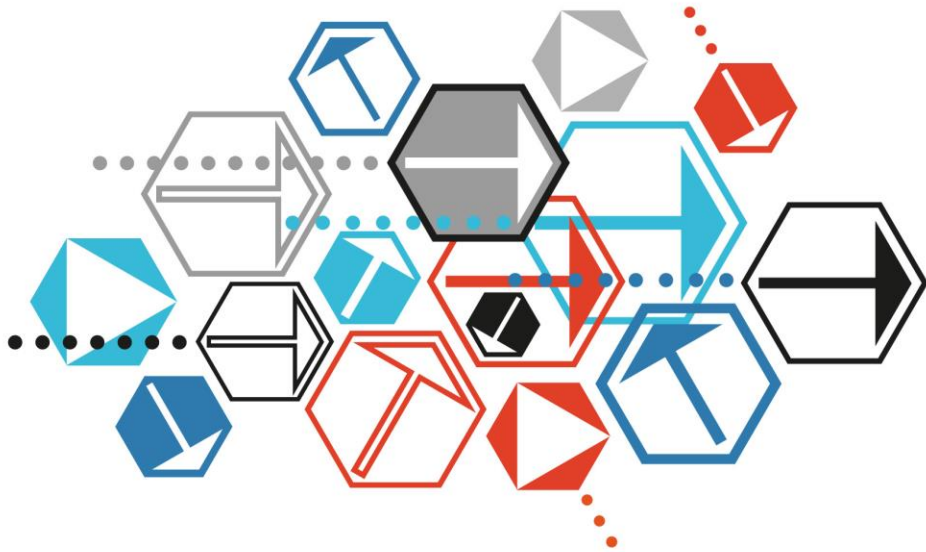


INSPIRING CHANGE

Young Actuaries Conference



Tuesday 29 May 2018 • Actuaries Institute • Sydney





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Working in the social sector

Hugh Miller

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This presentation has been prepared for the Actuaries Institute 2018 Young Actuaries Conference. The Institute Council wishes it to be understood that opinions put forward herein are not necessarily those of the Institute and the Council is not responsible for those opinions.

What is the social sector?

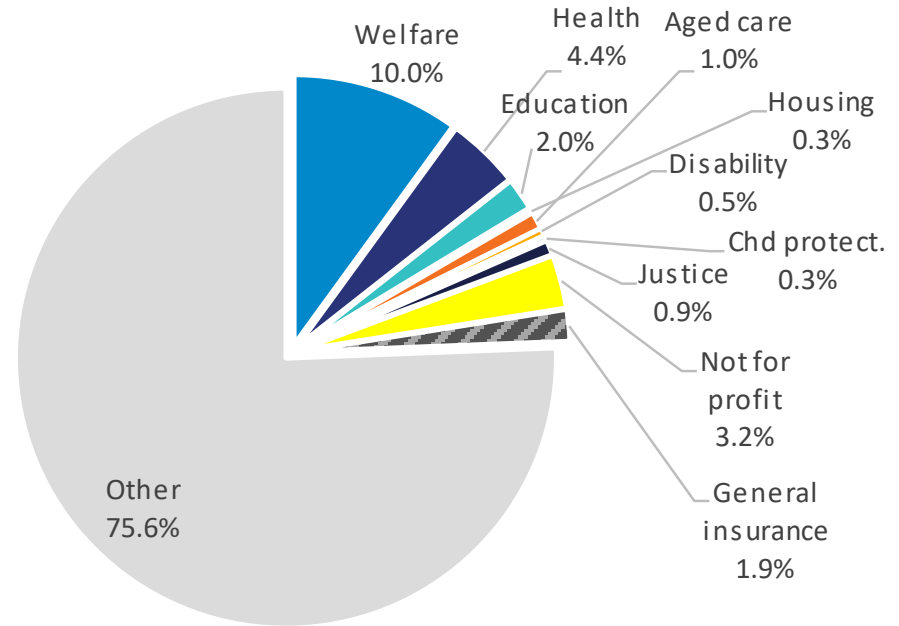
“Spending or programs that help people”

- Mostly government spending.
- A minority is ‘third sector’. A social sector organisation is one that “exists wholly or mainly to provide benefits for society or the environment.”

Has its origins in the development of the ‘welfare state’

- Beveridge report (UK), 1942, and the ‘5 great evils’
- Insurance ideas visible in the early thinking.

Social sector spending as a fraction of GDP



Why are actuaries in the social sector?

- There are **long-term costs**, with associated human misery
- A need to **predict future service use** and the uncertainty around it
- Increasing emphasis on **prevention and spending effectiveness**
- A need to plan for future spending and **fiscal sustainability**.
- A push for **data-based decisions** and a focus on **outcomes**.



What type of work is being done?



Welfare



Justice



Housing



Child protection



Disability



Education

Example – New Zealand Welfare system

Background:

- Identified issues with long-term welfare dependency
- Decision to manage the welfare system more like an insurance portfolio.
- Series of reforms:
 - Increased work requirements for some
 - Increased case management support
 - Randomised controlled trials on employment ideas

The modelling project:

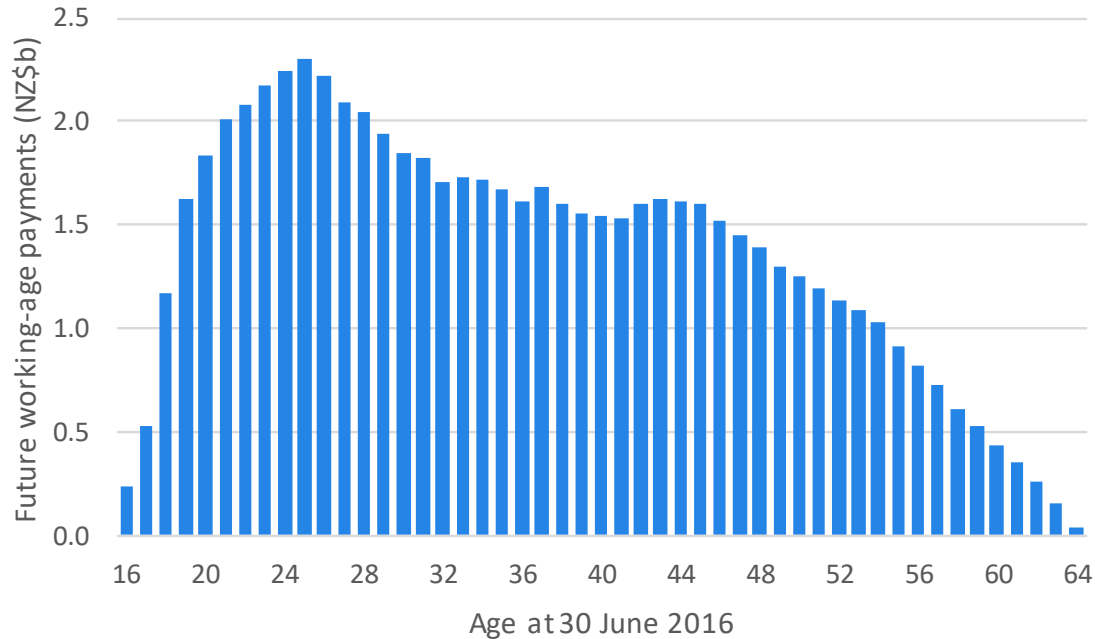
- Annual models of future cost
- Individual level quarterly projection model
- Cross-agency predictors, such as justice and education.

The results:

- In the 5 years to 2016, \$13.7b reduction in future working-age benefit payments, a 17.5% reduction.
- \$1.5b reinvested in the form of higher benefit rates.

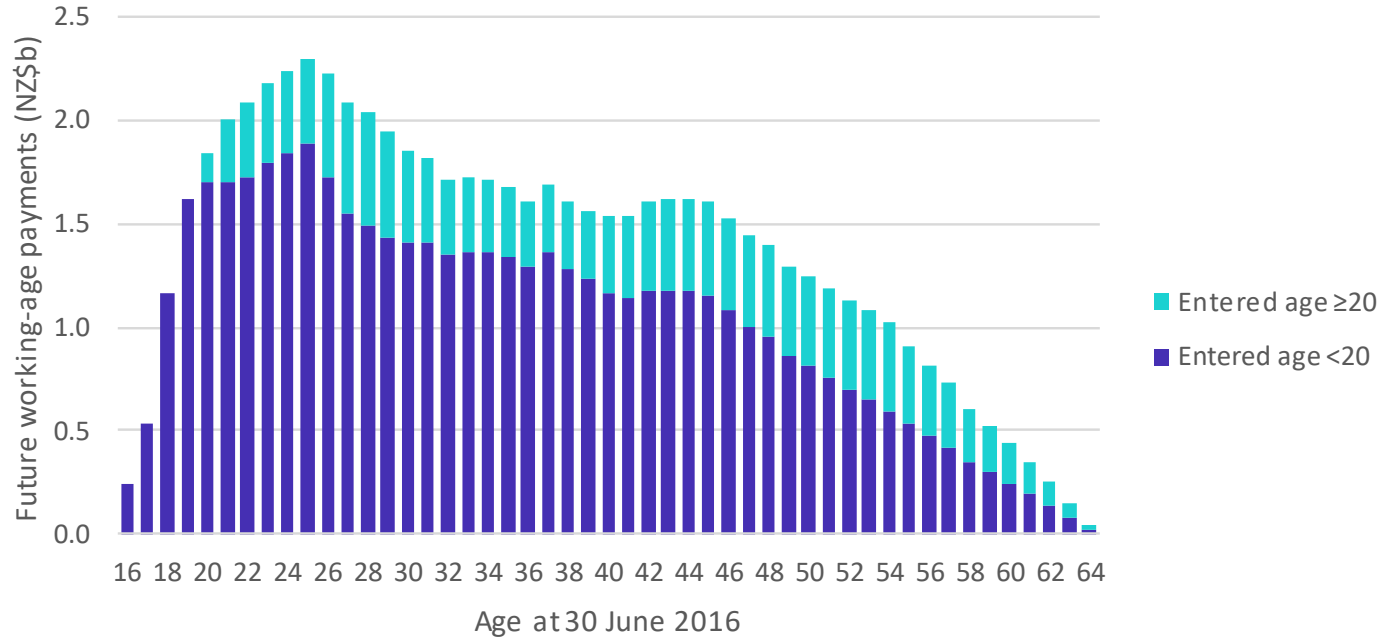
Example – New Zealand Welfare system

Future working-age benefit payments for those currently in the welfare system, by current age



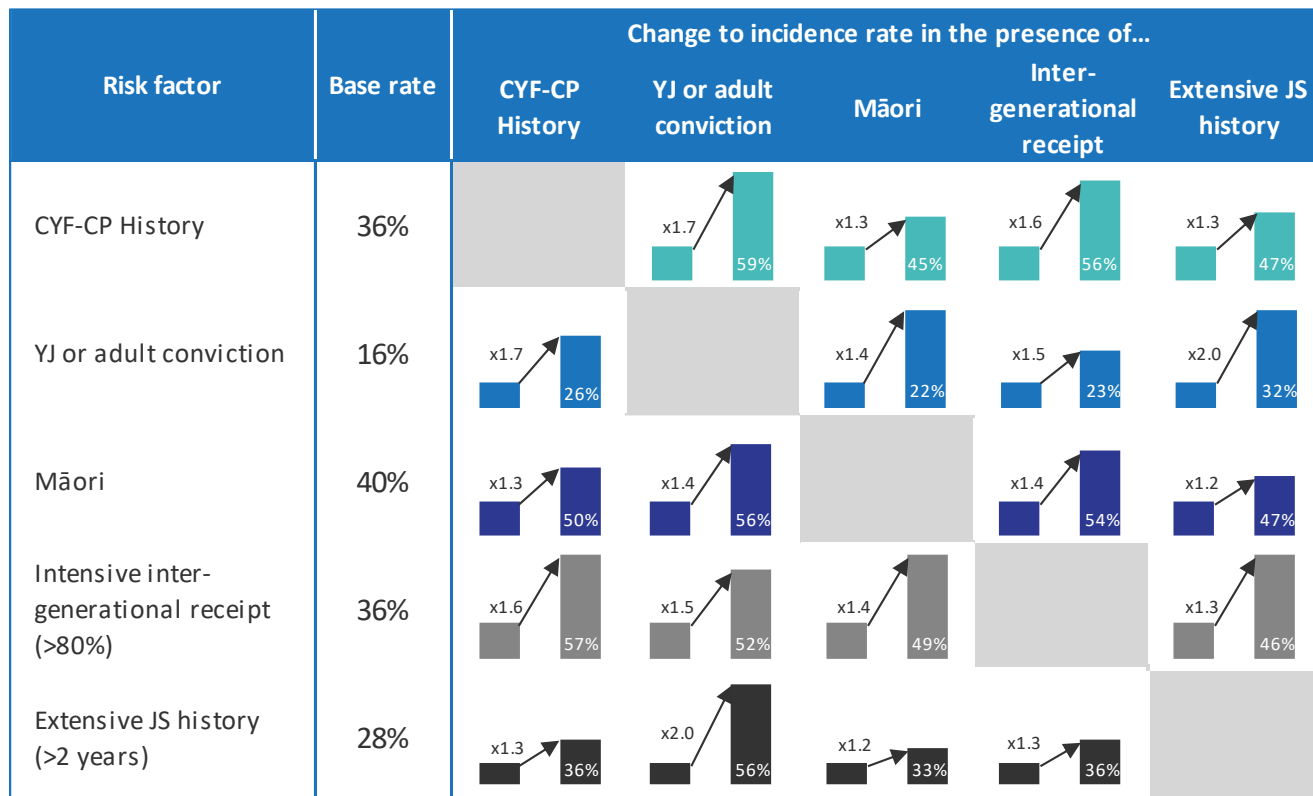
Example – New Zealand Welfare system

Future working age benefit payments for those currently in the welfare system, by current age



Example – New Zealand Welfare system

Factors increasing the risk of long-term welfare receipt, clients aged 18-24.



Career comments

Skills

- Know your stuff technically, particularly analytics
- Communication
- Get to know government services – background reading

Other comments

- There are job opportunities out there
 - In government
 - Consultancies
- Usefulness of the actuary badge?