

Anticipating Service Delivery Needs of Australian Age Pensioners using predictive data



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The Australian Pension System

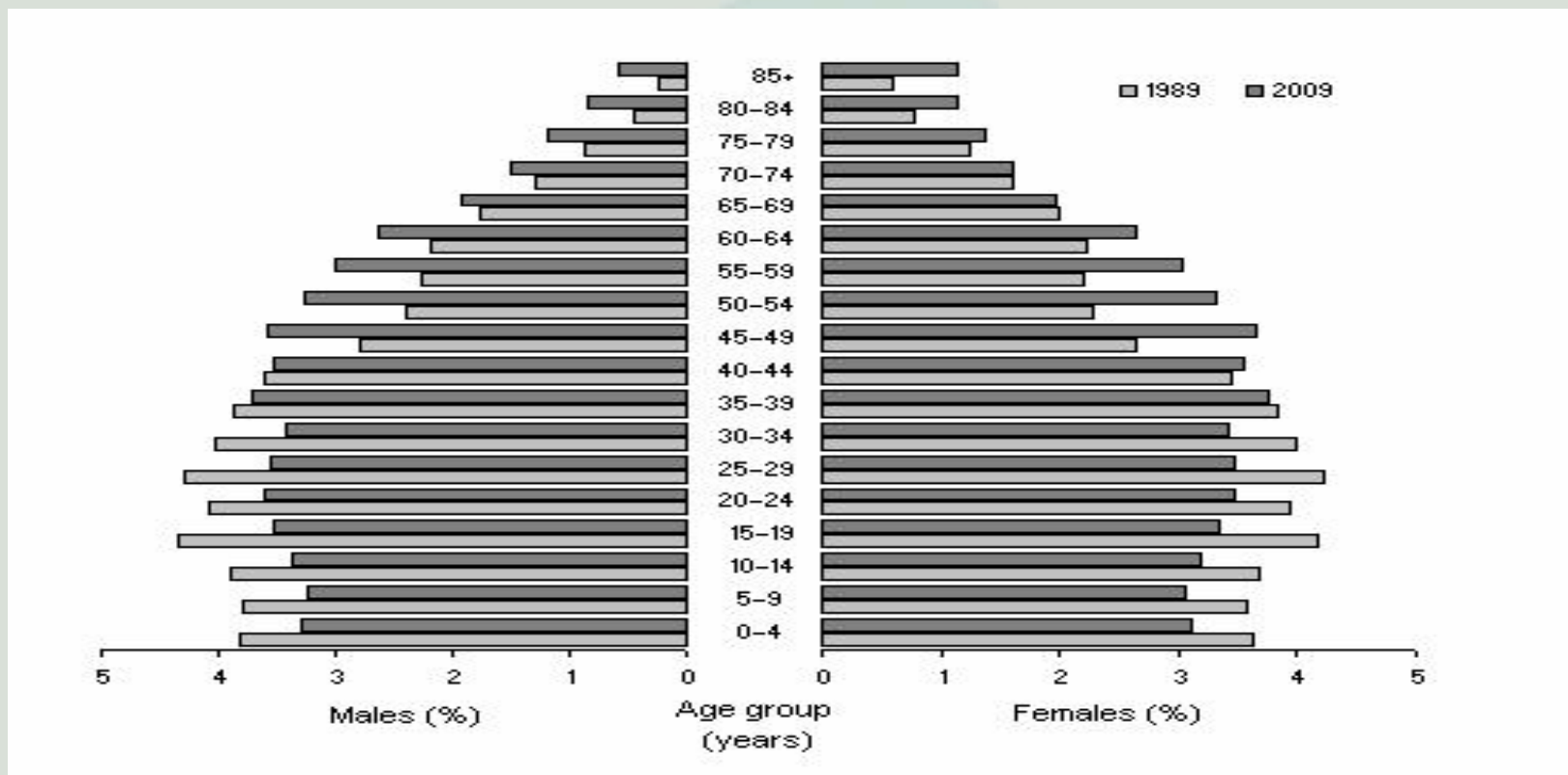
- Three Pillar system for Retirement income – age pension, Superannuation Guarantee and private provision
- Pensions administered by Centrelink are means tested
 - Funded from Government Revenue, ie taxpayers
 - Qualification based on age and residence
 - Entitlements calculated according to income and assets

Australian Pension System (cont'd)

- Superannuation Guarantee – mandatory defined contribution scheme
 - Not administered by Centrelink
 - Has not yet reached full maturity
- Private provision through private pensions, investment, savings and property

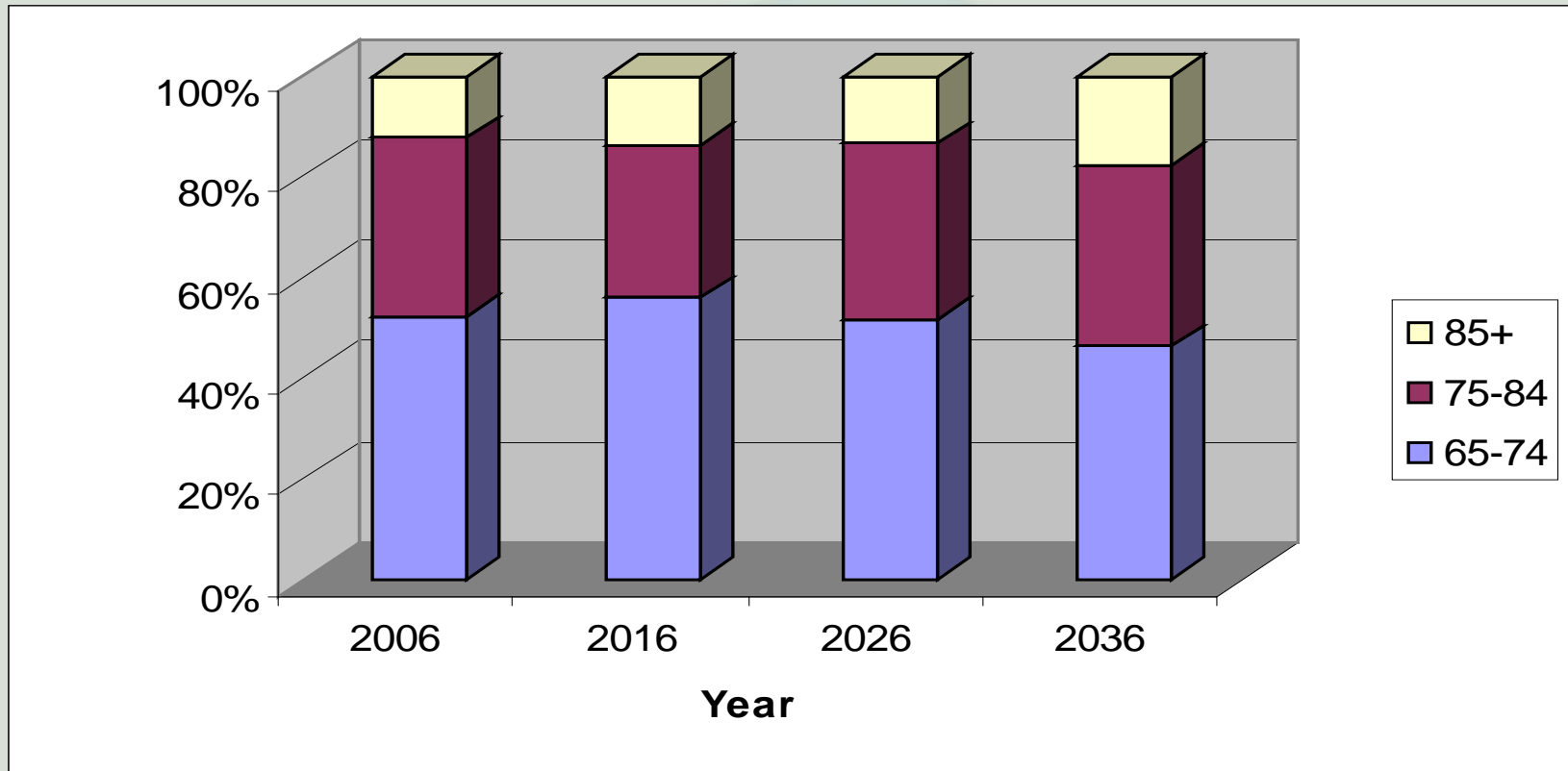
Population structure, Age and sex - Australia

1989 and 2009p



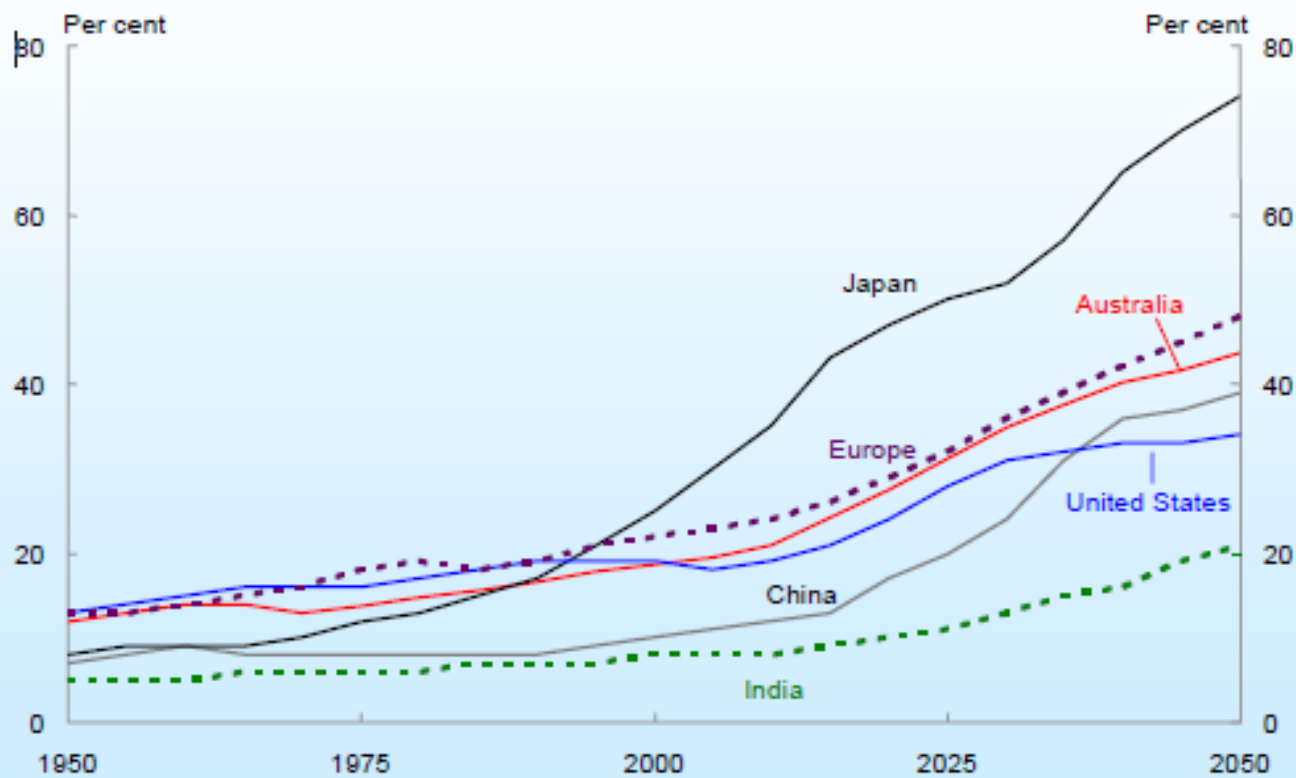
•Australian Bureau of Statistics 3201.0 - Population by Age and Sex, Australian States and Territories, Jun 2009.

Changing age profile of age pensioners



Old-age Dependency Ratios

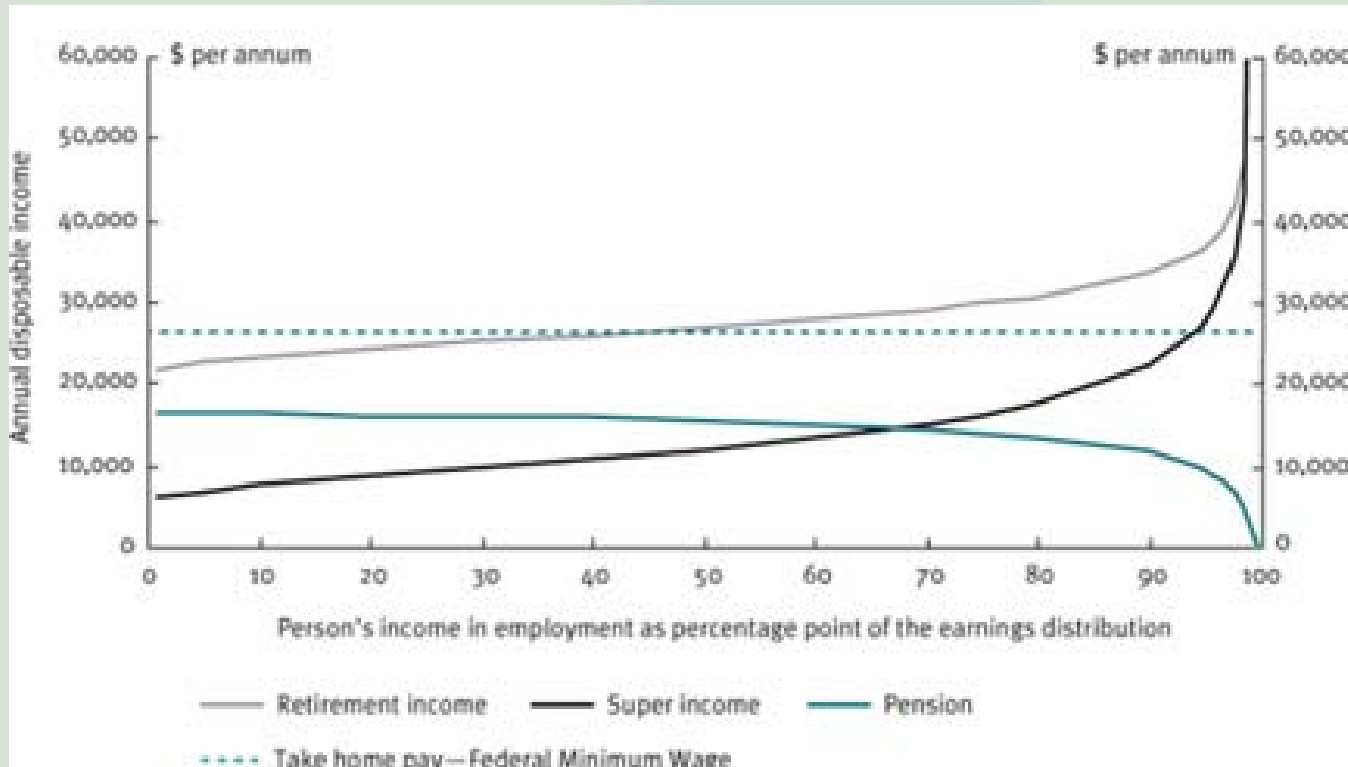
(Ratio of over 64-year-olds to 15-64-year-olds)



Source: Treasury and United Nations 2006 Revision Population Database.

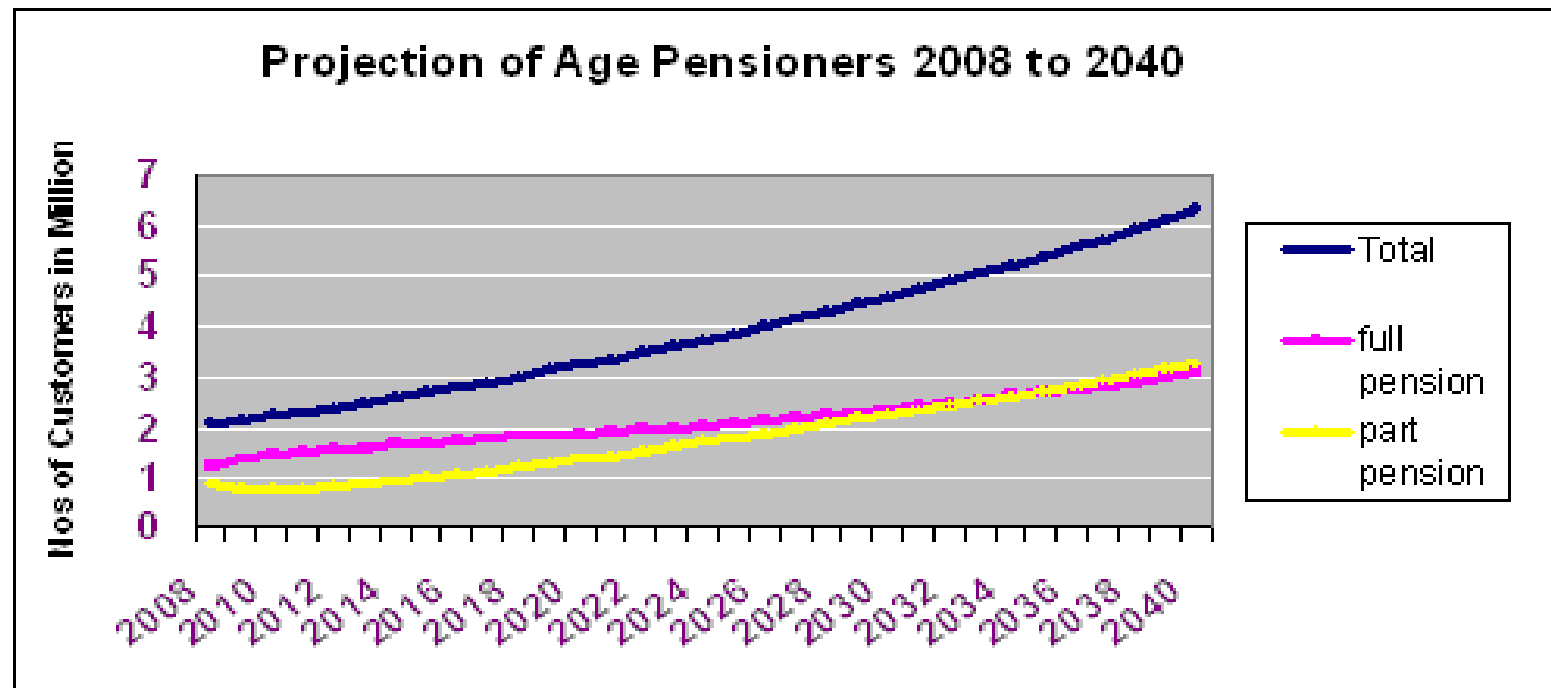
The Treasury

Superannuation Guarantee and age pension modelled



Source: Federal Budget 2009-2010 Pension Review Report, FaHCSIA

Expected Growth in Age Pensioner numbers

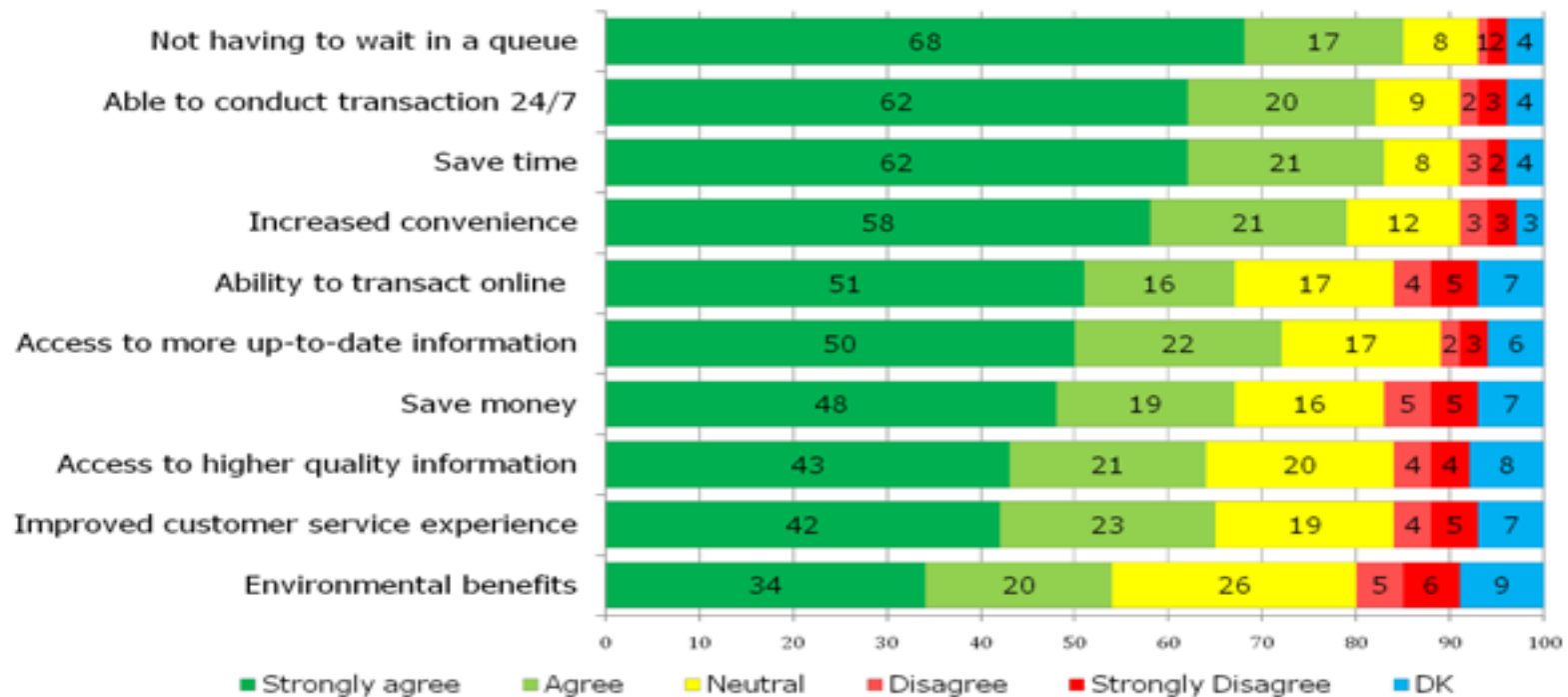


Source: Department of Treasury July 2007

Technology selling points

Centrelink research findings 2009

Baby Boomers Study: Key benefits to promote and deliver



The changing pensioner profile

- Enormous variety, on every measure of interest to Centrelink
- A rapid expansion in the early retiree sector coming soon from retiring baby boomers
- Expansion at the top - more over 90s due to longer life expectancy
- Over 35% will be born overseas; over 22% will have English as a second language, if at all

Changing Pensioner Profile (cont'd)

- Generally becoming wealthier, more complex in their affairs
- However, still many transferring to age pension from other payments
- Many age pensioners with caring responsibilities
- Some will be mobile, travelling around the country

Changing pensioner attitudes

- Much greater demand for online and telephony services
- Impatience with queues, either on phones or in offices
- More liable to complain about slow service
- More demanding of transparency and appeal rights
- Impatient with complex and obscure rules
- Will deal with Centrelink through third parties
 - affairs are complex
 - advanced age or disability

Constructing the future service offer

- Greater back-end integration with other agencies
- More data third party data to verify income and assets
- Exchange of data with other countries under agreements
- Greater use of direct data acquisition (eg superannuation funds)
- Automated real estate valuations
- Less paper
- Keeping the legislation up to speed with changes

Constructing Future Service Offer (cont'd)

- More services delivered online
- More services delivered via telephony
- Self-service and virtual staff assistance
- Newer communication channels (eg SMS)
- Less dependence on physical presence

Ensuring Payment Correctness

- Centrelink needs to verify data before and after pension grant
- Both income test and asset test apply (the means test)
- Entitlement continuously subject to review and change
- Means test based on current income, not previous taxable income
- Theoretically possible for a person's pension rate to be different every fortnight

Verifying pensioner details

Centrelink undertakes data matching and data acquisition from third parties such as:

- Banks and other financial institutions
- State Government property ownership databases
- Employers
- Immigration Department
- Births, deaths and marriage registries
- Taxation records
- Prisons

Verifying Pensioner Details (cont'd)

- Registries of managed investments and listed securities
- Superannuation and private pension providers
- State Government housing authorities
- Other countries paying pensions into Australia

Purposes of data matching

- Centrelink pensioner data may have errors – accidental or otherwise
- Controls include data-matching and direct data acquisition from third parties
- Data-matching largely for payment correctness - may lead to case investigations
- Direct data acquisition - keeping known data up to date (superannuation, income streams, financial assets)
- Legislative powers for information gathering from third parties inside Australia

Application of Financial Data

- Data contracts with the financial industry - listed shares and managed investments - unit values
- Numbers of units owned by pensioners already known
- Latest data used for new claims/reviews
- Records refreshed six monthly
- Account based income streams – retail funds – close to 1,000
- Over 50% of income streams now updated by data exchange
- Many small non-retail funds not yet included
- Superannuation – updated for CPI

International Data Exchange

- Data exchange with around 17 other countries
- Mostly concerns pension amounts and death notifications
- Range of data depends largely upon the legal limitations of the other country
- Usually done under our (currently) 23 international agreements

Questions?

Thank You

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