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22 May 2014

Leesa Croke
The Treasury
Langton Crescent
PARKES ACT 2600

By email: niisris@treasury.gov.au

RE: CONSULTATION REGULATION IMPACT STATEMENT - NATIONAL INJURY INSURANCE SCHEME: MOTOR VEHICLE ACCIDENTS

I refer to the *Consultation Regulation Impact Statement - National Injury Insurance Scheme: Motor Vehicle Accidents* (the Consultation RIS). Suncorp welcomes the opportunity to contribute to this public consultation.

The Suncorp Group

Suncorp Group Limited and its related bodies corporate and subsidiaries (collectively 'Suncorp') offer a range of financial products and services in banking (Suncorp Bank), general insurance, life insurance and superannuation (Suncorp Life) across Australia and New Zealand. Suncorp has over 15,000 employees and relationships with over nine million customers nationally.

Nationally, Suncorp is the largest personal injury insurer. This submission is made on behalf of the Suncorp Commercial Insurance division which operates Suncorp's statutory insurance products, including workers' compensation and compulsory third party (CTP) insurance. Suncorp has over 85 years of personal injury insurance experience, with our Suncorp, AAMI, GIO and Vero brands.

In respect to statutory classes of insurance, our community focused activity is centred on risk management, injury prevention, social participation and quality of care for those injured or with a disability.

We actively support Wheelchair Sports, which encourages individuals back into the community, improving rehabilitation and work capacity. Our long-term association with Youngcare has created housing and support for young people with disability in Queensland and New South Wales. We are also interacting with State Treasuries and providing information for consideration in regard to implementing a National Disability Insurance Scheme (NDIS) and the National Injury Insurance Scheme (NIIS).

Sharing of ideas is part of our collaborative approach, and as Australia's largest personal injury insurer, Suncorp is often asked to undertake research and comment on industrial and societal issues. We also participate in wider industry matters through our involvement with the Insurance Council of Australia and relationships with scheme regulators and State Treasurers.



The Consultation Regulation Impact Statement

This Consultation RIS is focussed on identifying the best way of providing lifetime care and support for all newly acquired catastrophic injuries due to motor vehicle accidents.

Suncorp considers Option 1 - a federated model of the NIIS - is the superior option. The intention is that option 1 will operate separately from the NDIS, as it will be funded by each jurisdiction's CTP premiums. Unlike Option 2 – differential State and Territory systems supported by NDIS – Option 1 will not require cross subsidisation by taxpayers in jurisdictions that offer the full minimum benchmarks of services, clearly a potential financial impost on those individuals in those jurisdictions.

The NSW Lifetime Care and Support Scheme (LTCS) is an excellent model to roll out nationally.

The benefits of Option 1 for individuals who suffer catastrophic injuries from a motor vehicle accident include:

- medical and rehabilitations cover, which is not provided by the NDIS;
- fewer delays in accessing cover;
- early intervention leading to better rehabilitation outcomes;
- removal of potential incentives to delay recovery in common law schemes; and
- earlier social and economic participation for the individuals with injuries and their carers.

Suncorp's complete response to the questions raised in the Consultation RIS is in Attachment A.

Economic Challenges

In reviewing Suncorp's responses, it is worthwhile considering the role of Australia's accident compensation schemes generally in the context of ongoing economic challenges facing Australia. *The Intergenerational Report 2010*¹ identifies the ageing population as a key challenge over the next forty years.

Specifically, it is expected that the proportion of working age people is projected to fall, with only 2.7 people of working age to support each Australian aged 65 years and over by 2050, compared to 5 working aged people per aged person currently and 7.5 in 1970.²

With the ageing of the population reducing workforce participation, it will be crucial to enhance productivity growth to maintain our overall standard of living nationally. Whilst this is indeed a national issue, it is incumbent upon State Governments to work co-operatively in achieving enhanced productivity growth by ensuring state based accident compensation schemes are designed to support those injured into early self determination both socially and economically.

¹ Australia to 2050: Future Challenges - http://archive.treasury.gov.au/igr/igr2010/report/pdf/IGR_2010.pdf

² Australia to 2050: Future Challenges - at page viii - http://archive.treasury.gov.au/igr/igr2010/report/pdf/IGR_2010.pdf



The implications of workforce participation rates declining as the ‘baby boomers’ move into retirement, without policy settings reducing the impact include:

- a reducing tax revenue base;
- increasing demand on health and welfare services; and
- slowing of economic performance where productivity levels do not increase.

It is in this environment that the economic argument for disability reform is compelling.³ An objective of a fully implemented NDIS and NIIS is to support individuals becoming self-sufficient both socially and economically. Supporting those who have a disability and have capacity⁴ and their carers⁵ into the workforce would assist in expanding the tax revenue base, which in turn should assist with productivity growth.

Accident compensation schemes designed to support individuals in becoming self-sufficient, both socially and economically, in a timely fashion after an injury is also crucial in arresting any decline in workforce participation rates. These considerations form the basis of our comments in this submission.

Scheme Design Principles

It is timely to consider general personal injury scheme design principles. Suncorp considers the three fundamental aims for an effective personal injury insurance scheme are fairness, outcomes and affordability. Suncorp also believes that there are six guiding principles which define an effective personal injury insurance scheme across all statutory classes. These principles guide our input into scheme design and improvement with each of our regulators and governments nationally. Hence they also guide our input into this current review.

These guiding principles include:

- *Social Outcomes* - The scheme’s emphasis needs to be on the individual’s health and social outcomes (wellbeing), with a reduced focus on compensation payments. The ideal scheme should seek to support individuals in becoming self-sufficient both socially and economically.
- *Sustainability* - The scheme should be self-sustaining and operated with sound pricing and capital management practices so that liabilities remain fully funded. The Suncorp paper titled “*How international financial markets impact personal injury insurance*” provides an extensive discussion of the impact that bond yields have on the premium rate and capital requirements of insuring in a long-tail scheme.⁶

³ Productivity Commission – Disability Care and Support, Volume 2, chapter 20 –The benefits of reform - http://www.pc.gov.au/_data/assets/pdf_file/0018/111294/23-disability-support-chapter20.pdf

⁴ The Productivity Commission estimated that implementation of the NDIS, if combined with DSP reform to encourage greater participation, could lead to an increase in employment of people with a disability of some 220,000 by 2050: source: *Future Growth in DSP receipt – not all bad news* -

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=ld%3A%22library%2Fprspub%2F2783695%22>

⁵ Of the 2.6 million carers, almost 2 million are of workforce age: Source: Australian Bureau of Statistics 2006.

⁶ Suncorp website - http://www.suncorpgroup.com.au/sites/default/files/pdf/news/270812_CI_When%20markets%20hit%20motorists.pdf



- *Competition* – Private competition is a key driver of innovation and can lead to improvements in pricing, claims management and health outcomes for claimants. The advantages of scheme privatisation are discussed more extensively in the white paper produced by Suncorp, titled “*Reflections on underwriting options for personal injury insurance.*”⁷
- *Defined and Controlled Benefits* - Benefits that are clearly defined by realistic timeframes, dollar amounts, caps and limits reduce ambiguity and inconsistent outcomes. This reduces complaints, disputes, litigation and volatility which would otherwise have adverse impacts on the scheme’s affordability and financial viability.
- *National Consistency* – Progressing national harmonisation of personal injury schemes will see fair and consistent benefits for all individuals, regardless of state of residence and/or location of the accident. Employers, consumers and insurers will also gain benefits from a consistent approach across jurisdictions.
- *Dispute Resolution* – All decisions should be reviewable through a robust and cost effective dispute resolution system. It is important that all participants of the scheme, particularly claimants, have the opportunity to have their cases independently reviewed in a low cost, expedient and objective manner.

Suncorp contends that a scheme designed with these principles in mind will achieve the best possible outcome for its participants and claimants.

In respect to the NDIS and NIIS, Suncorp supports public underwriting of these schemes. Public underwriting of catastrophic personal injury insurance is necessary as the cost of capital the regulator requires would make the premiums prohibitive – the prudential requirement for capital is based on the long tail nature of these claims and the volatility of costs of these claims. In addition, the risk associated with these schemes is common to the whole community and there are limited measures which can be used to mitigate the underlying risk.

For non-catastrophic personal injury insurance schemes, Suncorp considers private underwriting and claims management (either in private or publicly underwritten schemes), is preferable as private capital is aimed directly at risk, competition in the marketplace is likely to generate incentives for efficiency and innovation; there is greater transparency of any governmental influence over premiums and the risk of private insurer failure can be reduced by prudential regulation.⁸

Conclusion

Suncorp considers Option 1 together with the stated scheme design principles to be the most appropriate and superior option. We believe this approach will contribute to the overall national response to the

⁷ Suncorp website - <http://www.suncorpgroup.com.au/sites/default/files/pdf/news/Suncorp%20White%20Paper%20-%20What%20scheme%20works%20when%20people%20get%20hurt%20-%20Nov%202012.pdf>

⁸ Productivity Commission - *National Workers’ Compensation and Occupational Health and Safety Frameworks*, 2004 p323; Suncorp – *Financial System Inquiry 2014* - http://fsi.gov.au/files/2014/04/Suncorp_General_Insurance.pdf



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shrinking tax base and ageing work force. The NSW LTCS model is well placed to respond if rolled out nationally.

If you wish to discuss this submission further please contact me on 02 8121 3708 or our Manager of Group Government and Stakeholder Relations, Mike Thomas on 02 8121 3115; 0419 772 069 or by email - mike.THOMAS@suncorp.com.au.

Yours faithfully

Chris McHugh
Executive General Manager
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Appendix A

National Injury Insurance Scheme – Motor Vehicle Accidents Consultation Regulation Impact Statement Questions	
Question 1	Nature of the problem - Is this chapter a correct statement of the problem? – page 9
<p>Yes. Suncorp notes the level of cover within the NIIS would be similar to that offered in the NSW Lifetime Care and Support Scheme (LTCS). It is noted that both the NDIS and NIIS will cover care and supports, but unlike the NIIS, the NDIS will not cover medical and rehabilitation services. These services will be covered by the health scheme.</p> <p>It is noted that private insurance products, such as personal injury and income protection are available to provide ‘value added’ cover for those who require an extension of cover.</p>	
Question 2	Do you think there were other problems created by the status quo as it stood in 2011? – page 9
<p>Yes, the lack of a national approach fails to adequately respond to Australia’s current economic challenges of an ageing workforce.⁹ Further, fault based schemes for catastrophic injuries add other problems. The repercussions include:</p> <ul style="list-style-type: none"> • incomplete understanding of the cost shifting between accident compensation schemes, publicly funded health and disability services, the NDIS and NIIS and the implications for the shrinking tax base; • lack of portability of health and disability services between jurisdictions that may impact on the employment mobility of families ; • barriers in supporting the catastrophically injured and their carers’ into social and economic independence - the barriers listed in the final report of the Advisory Panel on the Economic Potential of Senior Australians are equally valid for those with disabilities;¹⁰ • the need for early access into retirement savings after a traumatic injury and the implications this has on financial independence in retirement; • lack of ability/transparency to measure motor accident compensation scheme performance between jurisdictions, something that is essential to drive scheme improvements; and • large friction costs caused by legal activity in seeking client access to a compensation scheme, something that disappears when a ‘no fault’ scheme is introduced, such as the experience in NSW when the LTCS was introduced. 	
Question 3	Do you have any data of the quantum of these problems, i.e. existing costs? – page 9
<p>Each compulsory third party (CTP) Regulator publishes annual reports where data may be extrapolated for comparative analysis. Finity provides some insights on CTP performance nationally in their regular newsletters.¹¹</p>	

⁹ Australia to 2050: Future Challenges - at page viii - http://archive.treasury.gov.au/igr/igr2010/report/pdf/IGR_2010.pdf

¹⁰ Advisory Panel on the Economic Potential of Senior Australians – [Realising the economic potential of senior Australian – turning grey into gold](#) at page 1

¹¹ Finity – *d’finitive {accident compensation} CTP News* – www.finity.com.au



Question 4	Do you agree these are the main objectives for government action? – page 10
<p>Yes, Suncorp agrees with the objectives of government action to provide adequate, consistent and tailored lifetime care and support for all individuals with newly acquired catastrophic injuries due to motor vehicle accidents:</p> <ul style="list-style-type: none">• regardless of the jurisdiction in which that person lives or was injured;• in a financially sustainable manner;• in a way that discourages risky behaviour;• in a way that encourages rehabilitation and early intervention to facilitate independence and participation;• is equitable in its impact on each State and Territory and their residents; and• is consistent with the implementation of the NDIS.	
Question 5	Have any important considerations been left out? – page 10
<p>In ensuring a financially sustainable scheme, focus should be given to nationally standardised data collection across NDIS, NIIS and all accident compensation schemes, wherever practical, to assess performance, identify emerging trends and drive outcomes and improvements. This should create a level of competition in achieving stated outcomes.</p> <p>Ultimately, NIIS cover should be extended to newly acquire catastrophic injuries from <i>all</i> accident types, once funding sources have been established.</p>	
Question 5	Do you agree with the description of the base case? – page 16
<p>Yes. Suncorp agrees with the description of the base case - the NDIS will provide care and support services for catastrophic injuries from motor vehicle accidents in fault-based jurisdictions, with minimal financial impact in those jurisdictions with existing (or soon to be implemented) no-fault schemes for catastrophic injuries.</p> <p>However, Suncorp suggests that NDIS should not be financially disadvantaged for extending cover to catastrophic injuries resulting from motor vehicle accidents in the fault-based jurisdictions.</p>	
Question 6	Are options 1 and 2 reasonable and appropriate? – page 16
<p>Suncorp considers Option 1, recommended by the Productivity Commission, is the better public policy option. In Option 1, the NIIS will operate completely separate to the NDIS.</p> <p>It is noted that Tasmania and the Northern Territory will not fully meet the minimum benchmarks of support, as required for Option 1, whilst Queensland and Western Australia will not meet them at all. Under Option 2 – differential State and Territory systems supported by NDIS - each jurisdiction can choose how to meet the minimum benchmarks of support by either:</p> <ul style="list-style-type: none">• enacting or continuing a local scheme that covers all the agreed minimum benchmarks; or• continuing to set their own policy that might not meet the agreed minimum benchmarks and meet the financial cost of any gap in coverage between their own policy and the benchmarks. <p>There could be a fundamental fairness problem with Option 2, depending on funding sources in each</p>	



jurisdiction. Where a jurisdiction must meet the financial cost of a gap in cover between what is offered and what is picked up by the NDIS – that cost will ultimately be borne by each jurisdiction’s revenue – if the source of that tax revenue comes from Federal funds (as opposed to State sourced revenue), taxpayers from jurisdictions which meet the minimum benchmark, would have already contributed to:

- the funding of those minimum benchmarks; and
- the funding of the NDIS through the Medicare levy, due to commence on 1 July 2014.

If funding the gap comes from Federal sourced revenue, taxpayers in jurisdictions that offer the minimum benchmarks may be subsidising those jurisdictions that do not.

There is the risk of further equity issues in those jurisdictions that maintain their common law schemes. For instance where an individual obtains a lump sum common law compensation, which is exhausted in their lifetime, they may still be able to access NDIS cover, effectively being double compensated.

Alternatively, the balance of the lump sum common law compensation going to the individual’s beneficiaries upon death is arguably not the best use of these schemes funds.

Further, in Option 2 there may will be cost shifting of medical expenses to the federally public funded health scheme in those jurisdictions where the minimum benchmarks of support are not met, as the NDIS will not cover health services, unlike the NIIS.

Arguably Option 2 may also have some impact on consistency of data collection, reporting and analysis nationally. The greater the inconsistencies in approach between jurisdictions, the more difficult it will be to successfully utilise the data to compare performance, identify emerging trends, drive stated outcomes and performance with a potential loss of accountability.

Question 7	Do you agree that there are no feasible non-regulatory options? – page 16
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Yes. Suncorp agrees regulation is required to achieve the stated social outcomes.

Question 8	Is this a correct assessment of the base case? – page 20
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Yes and Suncorp relies on comments made in response to question 6 above.

Question 9	Do you have any data on current impacts such as scheme operating costs, CTP premiums or current NDIS contributions (i.e. prior to 2019-20)? – page 20
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Only to the extent that Compulsory Third Party (CTP) and the NSW LTCS Regulators publish in their annual reports and insights provided by Finity newsletters, published regularly.¹²

Question 10	Do you agree with the identified impact of Option 1 on people with catastrophic injuries? – page 22
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Yes. Option 1 is the better public policy option. This is because individuals who suffer catastrophic injuries from a motor vehicle accident will benefit from:

- medical and rehabilitation cover, which is not provided by the NDIS;
- fewer delays in accessing cover;

¹² Finity – d’finitive [accident compensation] CTP News – www.finity.com.au



- early intervention leading to better rehabilitation outcomes;
- removal of any potential incentives to delay recovery to ensure injury is provable in a common law case; and
- earlier social and financial independence for the individuals with injuries and their carer's.

Question 11 Do you have any data or analysis on the expected change in insurance premiums for individuals under Option 1 (including on the level of current premiums)? – page 22

Only to the extent that NSW and Victorian Regulators publish in their annual reports.

Question 12 Do you have any data on any of the other identified impacts on individuals, businesses and the community under option 1? – page 22

No, but there is an expectation that NIIS will deliver the social outcomes that will hopefully ease the economic challenges facing Australia by releasing those with disabilities and their carers into the workforce, where it is safe to do so. Arguably to do nothing is likely to be expensive for Australia in the long run.¹³

Question 13 Are there any costs or benefits for individuals, business and the community under Option 1 that are not identified here?

As per above. With a national approach as in Option 1, there is opportunity to compare scheme performance and for healthy competition to develop in achieving stated social outcomes. Further, there is potential to reduce barriers to employment mobility of the workforce, as issues of portability of cover are eased.

Both the NIIS and NDIS will require a larger workforce to provide the essential services to scheme participants. This will represent a growing industry in all jurisdictions.

It is anticipated that both these schemes will assist in making the cultural shift required to incorporate those with disabilities into everyday social and work life, as these schemes seek to support participants and their carers into social and financial independence.

Question 14 Do you have any data on the identified costs on States and Territories of Option 1? Specifically, can you provide updates of number of annual expected claims, average size of expected claims and annual expected total costs including administration (see Table 3 and the first column of Table 4 respectively)? – page 26

Yes, please refer to the LTCS annual reports in respect to claims within NSW. The NSW LTCS is, in Suncorp's view, an excellent model to roll out nationally.

Question 15 Are there any other costs or benefits to States and Territories of Option 1 that are not identified here? – page 26

The benefits of Option 1 include:

- removal of the high friction costs associated with these claims in fault based schemes, due to legal

¹³ Productivity Commission – Disability Care and Support, Volume 2, chapter 20 –The benefits of reform - http://www.pc.gov.au/_data/assets/pdf_file/0018/111294/23-disability-support-chapter20.pdf



- activity - these friction costs disappeared when the LTCS was introduced in NSW;
- targeted focus on recovery through maximisation of functional capacity, with the removal of the need to prove fault; and
- potential for the NDIS, NIIS and accident compensation schemes to compare notes on best practice on early intervention, rehabilitation and increasing functional capacity to foster earlier social and financial independence.

There is an expectation that those with a disability and their carers may be able to enter, re-enter and remain in the workforce in some capacity. This would assist in the nationally co-ordinated response to the current shrinking of the workforce tax base and productivity. Also, this industry is likely to create increasing employment opportunities, as the demand for the provision of services increases.

In respect to friction costs disappearing, legal behaviour is likely to change and shift to the private insurance industry, specifically the life insurance industry. This may ultimately lead to affordability issues. Tort law review may be required at a Federal level to fully understand the interactions between NDIS, NIIS and private insurance (particularly life insurance products) to fully understand the potential for cost shifting from private insurance to the public purse.

Question 16 Do you agree with the impact of Option 1 on the Commonwealth Government? – page 26

Yes. Option 1 will cover medical and rehabilitation services. This will reduce reliance on publically funded health and disability services.

Also, there is opportunity for the Commonwealth Government to have oversight on scheme performance, if a national approach to data collection and reporting is adopted. This is important to drive the stated social outcomes, identify emerging trends, and assist in the cultural change in fostering integration into society and the workplace, where it is safe to do so.

Question 17 Do you expect that jurisdictions will alter insurance premiums to target the risk profile of individual motorists? – page 26

Suncorp is of the view that community rating should be the base line with limited capacity to price risk, as is currently the situation in NSW. This approach allows price signals to be sent to certain categories of risk in an effort to change behaviour to minimise risk, whilst keeping premiums affordable to the community at large.

Question 18 Do you have any information as to what the design of each State and Territory insurance provisions will be? – page 28

Suncorp is of the view that model in NSW is the best scheme design. Like the NDIS, we maintain the view that the NIIS should be publically underwritten. Public underwriting of catastrophic personal injury insurance is necessary as the cost of capital the regulator requires would make the premiums prohibitive – the prudential requirement for capital is based on the long tail nature of these claims and the volatility of costs of these claims. In addition, the risk associated with these schemes is common to the whole community and there are limited measures which can be used to mitigate the underlying risk.

For non-catastrophic personal injury insurance schemes, Suncorp considers private underwriting and claims management (either in private or publicly underwritten schemes), is preferable as private capital is aimed directly at risk, competition in the marketplace is likely to generate incentives for efficiency and innovation; there is greater transparency of any governmental influence over premiums and the risk of private insurer



failure can be reduced by prudential regulation.¹⁴

Further, Suncorp considers there is limited scope for Government underwriting with a private insurer case management model. A private insurer case management model would only work for certain cohort of claims that would respond to incentives for certain outcomes. For example, early intervention of certain types of injuries with the aim of transition into employment. Private case management would not be appropriate for every injury type.

Question 19 Do you have any data of the impact of Option 1 on insurance design or insurance providers? – page 28

The annual reports of the NSW and Victorian CTP Regulator and NSW LTCS should provide some data, as does the Fintive March 2014 newsletter.¹⁵

Question 20 Do you believe this is a correct assessment of the likely impact of Option 1? – page 28

Suncorp relies on the response to Questions 13 – 19.

Question 21 Do you believe that States and Territories could pool their insurance? If so, what impact would this have on premiums and would it be government underwritten or provided by the private sector? – page 28

Yes, in some instances. It is acknowledged that due to size of some jurisdictions, the Government would underwrite the NIIS scheme but outsource the claims management to an agency in another jurisdiction. It is expected the Australian Capital Territory (ACT) will take this approach. The expected approach is that the ACT Government will underwrite the NIIS but outsource the claims management to the NSW LTCS. Suncorp considers this to be a sensible approach.

An alternative but less preferable approach is to outsource to the National Disability Insurance Agency (NDIA). However this may prove problematic for the NDIA, as they would not be set up to manage medical and rehabilitation services.

Suncorp is of the view that the LTCS is capable of being rolled out nationally and ultimately expanded to include catastrophic injuries from all types of accidents, once funding sources are secured. A national approach is better placed to drive the stated social outcomes, if a coordinated response is required to respond to Australia’s economic challenges.

Question 22 Do you believe this is a correct assessment of the impact of Option 2 on individuals, businesses and the community? – page 29

Yes. Option 2 has implications if a jurisdiction does not meet the minimum benchmark of services, or does not provide them at all, requiring the NDIS to pick up those claims.

The implications are that the cost of medical and rehabilitation services will need to be met by an individual’s own personal resources, the publically funded medical and disability services, or not access these services at

¹⁴ Productivity Commission - *National Workers’ Compensation and Occupational Health and Safety Frameworks*, 2004 p323; Suncorp – *Financial System Inquiry 2014*

¹⁵ Fintive – [d’fintive \[accident compensation\] CTP News](#), March 2014



all, each of which will have potential long term detriment to outcomes.

Question 23 Do you believe this is a correct assessment of the impact of Option 2 on State and Territory Governments? – page 30

As stated previously, it is noted that Tasmania and the Northern Territory will not fully meet the minimum benchmarks of support, as required for Option 1, whilst Queensland and Western Australia will not meet them at all. Under Option 2 each jurisdiction can choose how to meet the minimum benchmarks of support they must offer, either by:

- enacting or continuing a local scheme that covers all the agreed minimum benchmarks; or
- continuing to set their own policy that might not meet the agreed minimum benchmarks and meet the financial cost of any gap in coverage between their own policy and the benchmarks.

There could be a fundamental fairness problem with Option 2, depending on funding sources in each jurisdiction. Where a jurisdiction must meet the financial cost of a gap in cover between what is offered and what is picked up by the NDIS – that cost will ultimately be borne by each jurisdiction’s revenue – if the source of that tax revenue comes from Federal funds (as opposed to State sourced revenue), taxpayers from jurisdictions which meet the minimum benchmark, would have already contributed to:

- the funding of those minimum benchmarks; and
- the funding of the NDIS through the Medicare levy, due to commence on 1 July 2014.

If funding the gap comes from Federal sourced revenue, taxpayers in jurisdictions that offer the minimum benchmarks may be subsidising those jurisdictions that do not.

There is the risk of further equity issues in those jurisdictions that maintain their common law schemes. For instance where an individual obtains a lump sum common law compensation, which is exhausted in their lifetime, they may still be able to access NDIS cover, effectively being double compensated.

Alternatively, the balance of the lump sum common law compensation going to the individual’s beneficiaries upon death is arguably not the best use of these schemes funds.

Further, in Option 2 there may will be cost shifting of medical expenses to a federally public funded health scheme in those jurisdictions where the minimum benchmarks of support are not met, as the NDIS will not cover health services, unlike the NIIS.

Arguably Option 2 may also have some impact on the consistency of data collection, reporting and analysis nationally. The greater the inconsistencies in approach between jurisdictions, the more difficult it will be to successfully use the data to compare performance, identify emerging trends, drive stated outcomes and performance with a potential loss of accountability.

Question 24 Do you believe this is a correct assessment of the impact of Option 2 on the Commonwealth Government? – page 30

The above arguments are equally valid for this question.

Question 25 Do you believe this is a correct assessment of the impact of Option 2 on injured people and service providers? – page 30

Yes, see response to Question 22.



Question 26	Do you believe this is a correct assessment of the costs and benefits of Option 2? – page 30
<p>Suncorp is of the view that the disability sector will create employment opportunities as the demand for those services increase with the full implementation of the NDIS and NIIS. In the short term the cost of these services will rise as supply will not be able to meet demand. This may create competition between the accident compensation sector, NIIS and NDIS sectors and the existing publically funded medical and disability services for existing services.</p>	
Question 27	Do you have any data from consultation that has been conducted? – page 34
No.	
Question 28	Do you have any comments on how each of the options meet the identified objectives? – page 35
Suncorp relies on responses to questions 6, 10, 12-13, 15-16, 18, 21 and 26.	