



MEDIA RELEASE

Productivity Commission report on disability care and support: Actuaries say sustainability is the key to success

3 March 2011: The Institute of Actuaries of Australia has today welcomed the Productivity Commission draft report *Disability Care and Support* as an important and comprehensive contribution to policy development on the provision of care and support for people with significant disability.

“Reform of the system for disability care and support is essential from a social policy and long-term economic perspective, and it is important that the proposed National Disability Insurance Scheme is developed and implemented on a sustainable basis,” said Julie Evans, Convenor of the Disability Taskforce of the Institute of Actuaries of Australia. The taskforce will examine the Productivity Commission’s draft report.

“The Institute notes the draft report’s focus on the need to provide certainty for people with a significant disability and their carers. A sustainable scheme has features that recognise the financial risks involved where long-term commitments are made. Identification and effective management of these risks will provide certainty to those who will receive long-term care and support from the NDIS in the years to come,” Ms Evans said.

“Strong scheme governance and financial management, including comprehensive monitoring, are essential for sustainability. The draft report’s proposal to use a commercial insurance based approach provides a good platform for this,” she said.

Salient lessons can be learned from the experience of current state-based accident compensation schemes and other similar organisations operating internationally.

“Lessons from existing accident compensation schemes include the social value that can result from early intervention and participation in the workforce, and that an individual approach to case management is important to optimise long-term outcomes. The value of consistent and disciplined management has also been demonstrated,” Ms Evans said.

In its submission to the Productivity Commission’s enquiry, the Institute set out principles covering financial aspects which need to underpin provision of disability care and support services. These principles were developed based on the work of the many actuaries who provide advice on the financial sustainability of insurance schemes which provide support for those with disability through Workers Compensation, Motor Vehicle Accident Compensation, Medical Indemnity Insurance, Life Insurance or Superannuation.

“As part of the actuarial profession’s contribution to Australia’s public policy development, the Institute looks forward to providing further input to the Productivity Commission and public policymakers on the Productivity Commission’s draft report, as the Commission develops the formal recommendations for its final report,” Ms Evans said.

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About the Institute of Actuaries of Australia

As the sole professional body for actuaries in Australia, the Institute of Actuaries of Australia (Institute) represents the interests of its members to Government, the business community and the general public. Actuaries assess risks through long-term analyses, modelling and scenario planning across a wide range of business problems. This unrivalled expertise enables the profession to comment on a range of business-related issues including enterprise risk management and prudential regulation, retirement income policy, finance and investment, general insurance, life insurance, health financing, and climate change.

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