

Response to Position Paper

Review of National Disability Insurance Scheme Costs

Australian Unity thanks the Productivity Commission for the opportunity to comment on its position paper *'National Disability Insurance Scheme (NDIS) Costs'*. It is a detailed paper, valuably covering many of the diverse policy and operational issues that are currently confronting the successful rollout of the Scheme.

While Australian Unity supports the key recommendations in the position paper, we suggest it could emphasise some of its elements more strongly—particularly in the areas of markets and workforce. These two areas are of critical importance to the success of the Scheme, and—if not well managed—could put upwards pressure on the costs of the NDIS, undermining both the long-term financial sustainability of the Scheme and its original vision. We submit that these aspects require both more emphasis *and* more nuance—so that the key promise of the NDIS is not lost.

To this end, Australian Unity suggests that the Productivity Commission consider incorporating the concept of a 'system steward' into its final report. The system steward would be an independent body charged with monitoring the emergence of the NDIS market(s). Australian Unity suggests that this role would best be undertaken by the proposed independent pricing regulator.

In addition to (and distinct from) this proposal, Australian Unity submits that the Commission should expand the proposed mandate of the independent pricing regulator so that it is accountable for driving outcomes-based pricing. Suggestions on how this role could be expanded are outlined below.

Finally, Australian Unity is concerned that the position paper does not sufficiently engage with the impact that current industrial relations settings are having (and will continue to have) on the long-term costs of the Scheme, and recommends that this be addressed by the Commission in its final report.

Background on Australian Unity

Australian Unity is a national health, wealth and living mutual company that provides services to almost one million Australians, including 300,000 members. Its core purpose is to support its members—and the broader Australian community—to access services that enable them to thrive. In that vein, Australian Unity currently provides services spanning health care, aged care, disability (including the NDIS), wealth and independent and assisted living.

Australian Unity is deeply committed to supporting the long-term success of the NDIS. Further information on our status as a mutual, and our role to date as a provider in the NDIS, is contained in our original submission to the Commission's Inquiry.

System Stewardship

In its recently released Draft Report *'Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services'*, the Commission emphasised the need for system stewardship to ensure effective service provision in human services. Key principles of stewardship raised in the Draft Report include:

- more focus on the user
- greater coordination between governments, agencies and providers
- greater provision of information for both consumers and providers

- and smoother transitions

As noted in Chapters 6, 7 and 9 of the position paper, there is currently a lack of clarity around the roles and responsibilities that various levels of government have in implementing policies and operations that are critical to the success of the NDIS. There is also a lack of effective coordination between governments, agencies and providers—there is no system steward.

Australian Unity is concerned that the lack of a system steward will ultimately place significant upward pressure on the costs of delivering the NDIS, and submits that the Commission should explore options for the best way of appointing such a steward. Australian Unity is of the view that this role could best be performed by expanding the role of the independent pricing regulator.

In practical terms, under our proposal the independent pricing regulator would (in addition to those market-based functions outlined in Chapter 6 of the position paper) be responsible for monitoring the market—utilising both quantitative and qualitative data—to advise governments when and where action is required to avoid unnecessary price increases in the future, including making public recommendations on the most appropriate intervention (which could range from policy setting changes, to recommendations to block-fund particular services). Where action is not taken, the pricing regulator would then have the capacity to adjust prices to the level necessary to ensure market supply.

After pricing has been deregulated, this function would become even more important, enabling the close monitoring of NDIS market prices as part of the broad-based assessment of sufficient and appropriate market supply.

Independent Pricing Regulator & Industrial Relations

Australian Unity supports the establishment of an independent pricing regulator. As noted in our original submission, Australian Unity is concerned that the current pricing formula does not sufficiently recognise the core costs associated with providing services under the NDIS. We agree that the establishment of an independent pricing regulator is likely to enhance current arrangements, and will ensure that the pricing arrangements for the NDIS align with other parts of the human services sector.

Additionally (and very importantly in our view), Australian Unity suggests that the remit of the pricing regulator—as articulated in the position paper—be specifically expanded to ensure the regulator actively supports the evolution of the Scheme over time, to move away from fee-for-service and hour-by-hour pricing, towards outcome-based pricing. This would ensure that the pricing regulator has sufficient mandate to support the introduction of flexible funding, and work to shape the market towards realising the vision of the Scheme.

Australian Unity notes that, regardless of the arrangements that are put in place to encourage outcomes-based funding, some employment awards would prevent its implementation. For example, some awards require minimum engagement periods and travel time. As such, Australian Unity submits that the Commission should give further consideration to how industrial relations settings are impacting the emergence of the NDIS market, and how this could best be addressed by governments.