

## CHAPTER 2

### THE AGREEMENTS – INTENT AND EFFECT

2.1 This chapter provides an overview of the history and impact of the previous two agreements and outlines the provisions of the current agreement.

#### Background

2.2 In 1983, the Commonwealth sought to reform services for people with disability in response to the growing trend for people with disabilities to be assisted to establish patterns of life that were close to, or the same as, those of society generally. Accordingly, the Commonwealth instigated a review of programs developed under the *Handicapped Persons Assistance Act 1974*. The report of the review, *New Directions*, contained criticisms of existing services based on institutional living arrangements, sheltered workshops and activity therapy centres.<sup>1</sup> It noted that people with disabilities wanted to live in a community setting, have access to paid employment, opportunities for community participation and community acceptance, and a choice in the services they used. The Review also pointed to:

- a significant lack of coordination between Commonwealth and State Governments;
- the lack of any clearly specified program objectives;
- a focus on large service providers running institutionally based care at the expense of smaller, community based services; and
- the low priority accorded to consumers by governments and service providers.

2.3 The Review concluded that substantial improvements were required in the accountability of subsidised organisations for service content and quality, and that major changes were needed in the programs themselves to reflect a consumer outcomes focus. A restructuring of services, funding and other resources was also required.

2.4 The Review formed the basis of an overhaul of Commonwealth programs for people with disabilities and impacted on service providers. The implementation of the Review's recommendations was achieved mainly through the *Disability Services Act 1986* which replaced the *Handicapped Persons Assistance Act*. Ms Raelene West, a PhD student studying disability service delivery, noted that the *Disability Services Act* 'sought to reduce models of service delivery that promoted a reliance on charity and welfare models of service delivery and instead sought to provide a full range of

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1 Report of the Handicapped Programs Review, *New Directions*, AGPS, Canberra, 1985.

support services to assist people with a disability to live independently in the community'.<sup>2</sup>

2.5 The Disability Services Act provided the legislative basis for the funding of organisations and of States providing services for people with disabilities. It covered a much broader range of services than the Handicapped Persons Assistance Act and each service type was more broadly defined. The inclusion of the States was a major change, with the then Minister for Community Services stating that:

...it reflects the fact that most States are already involved to varying degrees in service provision, and the many potential opportunities for co-operative efforts in this field. The new legislation will permit the Commonwealth to provide funds to the States for services provided by them covered under the legislation. The intention is that such funding be provided on similar conditions to those relating to eligible organisations. The legislation will also permit the joint Commonwealth-State funding of services and projects considered as being of joint interest. This will overcome a major restriction of the Handicapped Persons Assistance Act 1974 and will enable a more co-ordinated effort on behalf of people with disabilities who are part of the target group - for example in relation to the provision of housing or meeting the needs of people with more severe disabilities.<sup>3</sup>

2.6 The Act linked funding of services to their capacity to achieve specific, agreed outcomes for participants in their services with transitional provisions for those services which would not immediately meet the new funding criteria. Organisations were allowed until 30 June 1992 to meet the new, more stringent conditions. Two new service types were also created: competitive employment, training and placements services; and supported employment services.

2.7 The Act was also accompanied by a Statement of Principles and Objectives to be followed in the administration of the legislation and to be applied to individual services. The Principles recognised that people with disabilities have the same rights as do other members of society and advocated the application of 'the least restrictive alternative' principle in assisting them to realise their individual potential. The Objectives related to service delivery.

2.8 The Disability Services Program (DSP) was the name given to the range of services funded by the Commonwealth under the Act. The DSP was supported by the then recently established, and Commonwealth funded, Home and Community Care (HACC) program and Commonwealth Rehabilitation Service (CRS).

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2 *Submission 44*, p.7 (Ms R West).

3 *Senate Hansard*, 12.11.86, p.1978, Second Reading Speech (Senator the Hon Don Grimes).

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## Commonwealth State Disability Agreement (1991-1992 to 1996-1997)

2.9 Following the implementation of the Disability Services Act, there was 'considerable overlap and confusion in the funding arrangements for disability services by the different levels of government'.<sup>4</sup> Delays with processing requests and unwarranted interference across the dual levels of government were reported as creating difficulty and confusion in implementing the objectives of the Act. Ms West commented that 'it was surmised that neither the State/Territory's or Commonwealth Governments alone would be able to meet the outcomes of the Act and that a significant restructure in funding arrangements would be required with the existing multilayered government framework in implementing a service model based on independent community living'.<sup>5</sup>

2.10 The first Commonwealth State Disability Agreement (CSDA) was aimed at defining the roles and responsibilities of the Commonwealth, State and Territory Governments in the delivery of specialist disability services. Before the implementation of the CSDA, responsibility for disability services was unclear. The Commonwealth funded a range of employment, accommodation and community-based services for people with a disability under the DSP. At the same time, the States and Territories provided similar services, and much greater levels of overall funding, under separate legislation. The Commonwealth noted in its submission that:

The first Commonwealth State Disability Agreement marked a turning point in the provision of services for people with disability. Previously services for people with disability were not well coordinated across the Commonwealth and state and territory governments. This had resulted in overlap, duplication and gaps in service provision.<sup>6</sup>

2.11 The aim of the rationalisation was to:

- improve consumer information, assessment and referral systems;
- simplify access to services for consumers;
- provide greater clarity for service providers;
- ensure better planning and integration of services;
- improve consistency and coverage of data on disability services;
- reduce costs of administration; and
- achieve, where possible, a shift away from direct service provision by the Commonwealth and the States (because of a perceived conflict of interest where governments were both service providers and funders).

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4 Yeatman, A, *Getting Real: The Final Report of the Review of the Commonwealth State Disability Agreement*, July 1996, p.ix.

5 *Submission 44*, p.8 (Ms R West).

6 *Submission 96*, p.7 (Australian Government).

### ***Major features***

2.12 The Agreement was signed by all Heads of Government at a Special Premiers Conference in July 1991. Each State and Territory enacted legislation complementary to the Commonwealth *Disability Services Act 1986*. This ensured that disability services in each State and Territory would be required to adhere to the Principles and Objectives enshrined in the Disability Services Act (DSA) as well as moving, over time, to outcome based funding, service agreements and regular service reviews and from an emphasis on specialist to improving access to generic services, all of which were important features of the DSA. The objective was to increase service accountability and consumer focus in State-based services as the DSA had done in Commonwealth services.

2.13 Under the CSDA, the Commonwealth undertook responsibility for administering employment services and labour market programs, consistent with its general responsibilities for employment and its links with the Social Security system. The State and Territory Governments undertook responsibility for administering accommodation, community support, community access, respite and other support services. As a consequence, some State and Territory services that were predominantly employment-based were transferred to the Commonwealth and some Commonwealth services that were predominantly day activity-based were transferred to States and Territories. The CSDA provided for joint Commonwealth-State responsibility for advocacy, research and development and involved both jurisdictions in planning, priority setting and program evaluation.

2.14 In recognition of the lack of adequate and consistent data on disability services, the CSDA set out broad data requirements. Subsequently, the Australian Institute of Health and Welfare (AIHW) developed a minimum data set comprising core, non-financial data to be collected by the Commonwealth and State Governments to build up a national picture of disability services.

### ***Funding***

2.15 Following implementation of the CSDA, the funding which the Commonwealth previously contributed to the services transferred to the States in the Agreement was paid to the State Governments as specific purpose (tied) payments, thus ensuring that the money is spent only on disability services. Approximately \$200 million was allocated for this purpose in each of the first five years. The Commonwealth provided, in addition, \$145 million over five years to improve the quality of services transferred to the States and an additional \$100 million over five years to provide for growth in these services. Transferred services were to continue to be funded at existing levels or above for the first 12 months following transfer. After that, funding for individual services could be varied either up or down, but overall funding to disability services by either level of government was not to fall below 1989-90 levels.

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### *The views of consumers and service providers*

2.16 While recognising the potential benefits which might be realised from implementation of the CSDA, peak bodies and others consulted in development of the Agreement raised a number of concerns, including:

- inadequate consultation;
- inadequate attention to grievance procedures;
- fear that States would fail to honour the philosophy of service;
- provision enshrined in the Principles and Objectives of the DSA; and
- fear that States would reduce their financial commitment to disability services.

2.17 Many of these concerns were addressed in the Agreement, which required States to espouse the Principles and Objectives of the Disability Services Act and stipulated that neither Commonwealth nor State governments could reduce the level of their financial commitment to disability services.<sup>7</sup>

### *Impact of the first CSDA*

2.18 The Tasmanian Government stated that the first CSDA was a significant event for people with disability and the disability sector:

For the first time the issue of provision of specialist disability services was framed within a national context with particular emphasis on common standards of service provision and comparable performance data.<sup>8</sup>

2.19 The Review of the first CSDA, published in 1996, identified five achievements:

- it restated the fundamental principles already adopted in the DSA that people with disabilities are persons 'with the same basic human rights as other members of Australian society';
- it represented a division of labour between the two levels of government with regard to the provision of disability services – a demarcation agreement regarding which level of government is responsible, and thus accountable, for what;
- it provided an opportunity for a joint and cooperative governmental approach to policy, planning and funding for disability services in Australia;
- it enabled the adoption of an 'outcomes' approach to services for people with disabilities, that is, an emphasis on the results these services achieve in

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7 Lindsay M, *Commonwealth Disability Policy 1983-1995*, Background Paper 2 1995-96, Parliamentary Library, p.34.

8 *Submission 69*, p.1 (Tasmanian Government).

enabling people with disabilities to realise their capacities and to attain a reasonable quality of life; and

- it required each State/Territory government to pass legislation in accordance with the principles and objectives of the Commonwealth *Disability Services Act 1986*.<sup>9</sup>

2.20 The Commonwealth also pointed to the benefits arising out of the first CSDA and cited the introduction of parallel Commonwealth-State disability services legislation, which included shared Principles and Objectives. Other major benefits identified included the clarification of government responsibilities through the delineation of Commonwealth and State government roles; a real increase in total disability funding; provision of opportunities for cooperative planning and priority setting and ensuring a coordinated approach across the range of services for people with disability; and the establishment of National Disability Service Standards (National Standards) to underpin consistent quality assurance processes.<sup>10</sup>

2.21 The Review of the CSDA also indicated that the Commonwealth and States and Territories had maintained real funding at or about the 1989-90 base levels. The Review estimated that total (Commonwealth and State and Territory) CSDA funding of government and non-government organisations at over \$1.2 billion annually. This represented an increase of 25 per cent from the amount identified in the CSDA as the funding base for 1989-90. Expenditure on accommodation services comprised 71 per cent of the total CSDA expenditure.<sup>11</sup>

2.22 However, some major shortcomings of the first CSDA were identified by the Review, the most significant of which were:

- it made no practical provision for establishing and resourcing a jointly owned, intergovernmental management capacity to plan and develop the disability service system;
- in creating separate areas of responsibility for each level of government, it did nothing to plan or provide for the issues of coordination that then arose between these separate responsibilities;
- it instituted no system for setting performance targets for the reduction of unmet demand in relation to an effective, intergovernmental strategy to bring growth monies into the system;
- it arbitrarily excluded equipment and disability-related therapy services, except as early intervention services for children below school age;

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9 Yeatman, A, *Getting Real: The Final Report of the Review of the Commonwealth State Disability Agreement*, July 1996, p.2.

10 *Submission 96*, p.7 (Australian Government).

11 Yeatman, A, *Getting Real: The Final Report of the Review of the Commonwealth State Disability Agreement*, July 1996, p.23.

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- it did not formally target the needs of the primary carers of people with disabilities;
  - it left the issues of how the CSDA was to interface with the HACC, CRS and mental health programs, undealt with;
  - users of the disability service system did not see the CSDA as having led to improvements in service availability and adequacy;
  - users did not see the CSDA as having made access to services fairer and more equitable; and
  - in the areas of joint responsibility (advocacy and information services) there had been a neglect of how these services need to be developed and resourced if they are to support access to disability services in accordance with the principles and objectives stated in the text of the first agreement.<sup>12</sup>

A lack of publicly available information on expenditure and performance under the CSDA was seen as a major deficiency.

2.23 Despite these numerous and considerable difficulties, the Review overall recommended a further renegotiation of the CSDA funding arrangement. However, the Review made extensive recommendations to improve the next CSDA. The recommendations included the need for greater accountability of service delivery by all governments, improved monitoring and assessment criteria of service delivery, work to identify more accurately the cost of unmet need, the introduction of improved standards and definitions of disability and the development of a reliable data set. The Review also recommended the inclusion of the disability component of the HACC program and CRS into the funding parameters of the CSDA and that formal services targeted to primary carers be flexible in design. The Review further recommended the development of, and joint reporting against, nationally agreed performance targets with a primary goal of the second agreement to establish phased targets to address the critical levels of unmet demand.<sup>13</sup>

2.24 Ms West commented that while the goal of the CSDA was administrative convenience and streamlining of funding for disability services between the Commonwealth and State Governments some commentators argued that the first CSDA instead appeared to entrench the fragmentation of service provision for people with disabilities across Commonwealth and State/Territory Government divisions. The CSDA funding arrangement meant that an array of disability services and programs were spread across both levels of governments and sourced through multiple

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12 Yeatman, A, *Getting Real: The Final Report of the Review of the Commonwealth State Disability Agreement*, July 1996, p.3.

13 Yeatman, A, *Getting Real: The Final Report of the Review of the Commonwealth State Disability Agreement*, July 1996, p.xiii.

entrance points so that the development of integrated and complementary services was hampered.<sup>14</sup>

2.25 The difficulties of this service model were highlighted in the 1995 review of the Commonwealth Disability Services Program. The review heard recurrent complaints from those who made submissions that the CSDA had made it more difficult for people to get services. Many submissions commented on the dissonance between things that were done for logical administrative reasons but which had unfortunate consequences for services for individuals.<sup>15</sup>

2.26 For example, a person with a disability living independently in the community and in search of employment would access HACC services for daily support care needs funded by the Commonwealth (but administered by the States), access assistive aids and equipment from State services, access employment related services that were administered by the Commonwealth and utilise accommodation services provided by the States.<sup>16</sup> The Tasmanian Government also noted that the identification of interface issues with other programs was not a focus of the CSDA.<sup>17</sup>

2.27 In addition, the state-by-state funding of disability services through the CSDA meant that a wide array of differing programs and differing models of disability service delivery were constructed in each State and Territory. As a consequence, the delivery of disability services in each jurisdiction was governed by differing arrays of legislation and guidelines, administered through differing forms of management and administrative processes and utilised various forms of classifications.<sup>18</sup> This also undermined attempts to make State comparisons of the delivery of disability services and to develop a nationally consistent picture of disability services.

2.28 Inefficiencies soon became evident in the duplication of bureaucracies and cost shifting resulting from the lack of agreement on appropriate roles between the Commonwealth and State/Territory Governments. Overall, it appeared difficult to see visible improvement in service delivery that the implementation of the CSDA and Disability Act had sought to achieve.<sup>19</sup>

2.29 The Commonwealth concurred that there were shortcomings with the first CSDA and pointed to:

- identification of gaps and interface issues with other programs;

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14 *Submission 44*, p.11 (Ms R West).

15 Baume M & Kay K, *Working Solutions: Report of the Strategic Review of the Commonwealth Disability Services Program*, AGPS, January 1995, p.28.

16 *Submission 44*, p.11 (Ms R West).

17 *Submission 69*, p.1 (Tasmanian Government).

18 *Submission 44*, p.11 (Ms R West).

19 *Submission 44*, p.12 (Ms R West).



- lack of strategic planning to meet growth in demand for services; and
- lack of accountability and lack of comparable performance data.<sup>20</sup>

### **Commonwealth State Disability Agreement (1997-1998 to 2001-2002)**

2.30 The Commonwealth stated that the second Agreement built on the achievements of the first Agreement and attempted to address some of its shortcomings.<sup>21</sup> Bilateral Agreements between the Commonwealth and the States and Territories were introduced to complement the single Multilateral Agreement and 'provided a means for the Commonwealth to work in partnership with individual State and Territory governments to address disability issues of local importance and joint interest'.<sup>22</sup> The first interstate service portability protocols were developed.<sup>23</sup> Ms West noted that the Bilateral Agreements were included in an effort to improve reporting mechanisms on service delivery effectiveness and accountability to the Commonwealth. Performance indicators were negotiated into the CSDA in an attempt to monitor the effectiveness of services based around client service delivery outcomes.<sup>24</sup> The division of responsibilities between the Commonwealth and the States was retained.<sup>25</sup>

#### ***Funding***

2.31 The total funding for CSDA services in 1997-98 was \$1.82 billion, a real increase of 5.7 per cent from the level in 1996-97. Approximately 70 per cent (\$1.27 billion) of all CSDA funding came from State and Territory Governments. The Commonwealth provided the remaining funding which included \$317 million in transfer payments to the States and Territories.<sup>26</sup> By 2001-02 funding for CSDA services had expanded to meet demand and need for disability services with total government expenditure on CSDA services of \$2.7 billion in 2001-02.<sup>27</sup>

2.32 In 2001, the Commonwealth offered the States and Territories \$150 million over the last two years of the second Agreement to help State and Territory Governments address unmet need for services. This funding was provided on the proviso that States and Territories contribute at least a similar amount. States and

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20 *Submission* 96, p.7 (Australian Government).

21 *Submission* 96, p.8 (Australian Government).

22 *Submission* 96, p.8 (Australian Government).

23 *Submission* 69, p.1 (Tasmanian Government).

24 *Submission* 44, p.13 (Ms R West).

25 Monro D, 'The Role of Performance Measures in a Federal-state Context: The Examples of Housing and Disability Services', *Australian Journal of Public Administration*, 62 (1):70-79, March 2003.

26 Productivity Commission, *Report on Government Services 1999*, p.807.

27 Productivity Commission, *Report on Government Services 2003*, p.13.8.

Territories contributed \$366 million over the two years and this funding has been continued in the third Agreement.<sup>28</sup>

### ***Impact of the second CSDA***

2.33 Achievements associated with the second CSDA included:

- providing a national framework for disability services and bilateral capacity to target funding in strategically important directions;
- an injection of additional funding to assist the States and Territories address unmet need for services;
- a shift towards public accountability through transparent funding contributions and improvements in quality assurance;
- research and development on a range of key policy, interface and transition issues;
- commencement of work on better data collection; and
- the development of the first interstate service portability protocols.<sup>29</sup>

2.34 However, as with the first CSDA there were shortcomings in the second Agreement which the Commonwealth identified as:

- the Agreement did not contain broad strategic policy directions which interfaced with other programs;
- while there were high level performance outcome measures, these were inconsistent with performance reporting for other Specific Purpose Payments;
- there was a continued lack of clarity regarding funding arrangements and areas of responsibility, which impeded service development and provision; and
- there was a continued lack of long-term strategies to address and manage growth in demand.<sup>30</sup>

2.35 The Tasmanian Government stated that one of the main failings of the second CSDA 'was the narrow focus on management and operation of specialist disability services with an absence of any broad strategic policy direction in terms of engagement and interface with other comparable programs, particularly in the health, aged care, home and community care and housing sectors'.<sup>31</sup>

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28 *Submission 96*, p.8 (Australian Government).

29 *Submission 96*, p.8 (Australian Government).

30 *Submission 96*, pp.8-9 (Australian Government).

31 *Submission 69*, p.2 (Tasmanian Government).

2.36 Ms West also noted that the utilisation of performance indicators in the second CSDA had not resolved the problem of accountability of service utilisation or provided any accurate gauge as to the quality of service delivery. Data problems appeared to be hampering any coherent utilisation of performance indicators and the establishment of any effective benchmark with which to compare State by State performances. Data problems included limited forms of data collection; difficulties in obtaining comparable data from each State and Territory in light of differing accounting practices and varying levels of administrative efficiency; differing management systems between the States and Territories resulted in difficulties in interpreting the results in relation to service utilization; and a lack of clarity as to classifications of disability. As a consequence, there was 'not only a lack of coherency and understanding in how well services were being delivered, but a clear inability of the CSDA funding arrangement to deliver equitable and uniform delivery of disability services nationally'.<sup>32</sup>

2.37 The Steering Committee for the Review of Government Service Provision (SCRGS), Report on Government Services 2002 noted that, while there had been significant steps made in improving the comparability and scope of reporting on disability services in 2002, concerns remained over the comparability of some results because jurisdictions use different methods of data collection. The Report commented that expenditure estimates for all jurisdictions except South Australia and the Northern Territory were generally comparable while the expenditure data from South Australia and the Northern Territory may understate the full accrued cost.<sup>33</sup> The Report also noted that data was not comparable across jurisdictions as governments employed different methods to apportion administrative costs.<sup>34</sup>

2.38 The SCRGS Report commented that gaps in reporting service quality and the availability of snapshot day data only, rather than whole of year data, impacted on the reliability of performance indicators. The SCRGS stated that the Review would address these limitations in subsequent reports.<sup>35</sup>

### **Commonwealth State Territory Disability Agreement (2002-2003 to 2006-2007)**

2.39 The current Agreement features both a preamble and five key policy priorities which are consistent with the Government's social and economic policy directions. The five priorities are to:

- strengthen access to generic services for people with disabilities;
- strengthen across government linkages;

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32 *Submission 44*, p.14 (Ms R West).

33 *SCRGSP, Report on Government Services 2002*, p.718.

34 *SCRGSP, Report on Government Services 2002*, p.724.

35 *SCRGSP, Report on Government Services 2002*, p.727.

- strengthen individuals, families and carers;
- improve long-term strategies to respond to and manage demand for specialist disability services; and
- improve accountability, performance reporting and quality.

2.40 The introduction of the preamble to the Agreement 'moved the Agreement away from solely describing a joint funding arrangement and articulated the vision and values that drive the commitment of the Commonwealth, States and Territories to people with disabilities and also set national strategic priorities'.<sup>36</sup>

2.41 The third Agreement retained the two-tiered arrangement of multilateral and bilateral agreements but with the bilateral agreements shifting their emphasis from Commonwealth funding of particular local projects to both jurisdictions working in partnership in key strategic areas of recognised need to address policy priorities.<sup>37</sup>

2.42 The third CSTDA introduced a schedule that specifies the annual production of performance indicators as part of the accountability measures for all governments, indicators relating to service access and expenditure. These were produced for the first time in 2002-03 and published in the National Disability Administrators' first CSTDA Public Report. The second Public Report, using 2003-04 data, was released in 2005.<sup>38</sup>

2.43 The Commonwealth noted that it has made substantial efforts to improve the accountability, quality, efficiency and effectiveness of the specialist disability services it funds under the *Disability Services Act 1986* through two key initiatives:

- the progressive introduction of an individualised, case based funding model for open and supported employment services from July 2004 has enabled funding provided to more closely match the support need of service users. It has also resulted in an increase in the effective utilisation of employment services from around 80 per cent of all funded places in 2003 to around 95 per cent in June 2006; and
- the introduction of a legislated Quality Assurance system involving independent third party quality audits of employment services. From January 2005, all employment services funded under the *Disability Services Act 1986* were quality assured and a 2005 evaluation of the measure reported a demonstrable lift in the quality of employment services provided to jobseekers and workers with disability as a result of the measure.<sup>39</sup>

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36 *Submission 3*, p.8 (Western Australian Government).

37 *Submission 96*, p.9 (Australian Government).

38 AIHW, *Australia's Welfare 2005*, p.208.

39 *Submission 96*, p.9 (Australian Government).

2.44 In the 2004-05 Budget, the Commonwealth committed \$72.5 million over four years, subject to matching commitments by State and Territory Governments, to provide:

- up to four weeks respite care to parent carers over 70 years;
- up to two weeks respite care for parent carers aged between 65 and 69 years, who needed to spend time in hospital.

The additional respite for older carers measure is implemented through bilateral agreements with each State and Territory Government under the CSTDA. Negotiations were protracted with some jurisdictions; however by May 2006, all State and Territory Governments had signed bilateral agreements.

2.45 The Commonwealth's submission indicated that the main deliverables of the current CSTDA have been:

- an additional \$6.1 billion has been committed to specialist disability services. Of this, the Commonwealth's contribution is \$1.641 billion while the States will contribute \$4.471 billion;
- an increase in the number of services provided and the proportion of people with disability receiving services; and
- improvements in transparency and accountability for Commonwealth funding, including the production of three CSTDA Annual Reports.<sup>40</sup>

2.46 During the course of the Agreement, whole of year data about the people who use CSTDA-funded services and the services they use became available. Previously, only part year and snapshot data were available. As a result, a more detailed national picture of services delivered under the CSTDA was gained and enabled a baseline to be established for future, cross year, comparisons.<sup>41</sup>

2.47 Despite these achievements, the Commonwealth saw the need for improvements:

- there is an acknowledged level of unmet need, but data collected and made available by the States and Territories does not allow an accurate assessment of the level and nature of this need;
- a lack of consistency in quality assurance systems across jurisdictions; and
- while transparency and accountability have improved, there has been little improvement in all jurisdictions' understanding of the nature, quality and durability of outcomes for people with disability accessing CSTDA services.<sup>42</sup>

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40 *Submission 96*, p.10 (Australian Government).

41 National Disability Administrators, *CSTDA Annual Public Report 2003-04*, p.4.

42 *Submission 96*, p.10 (Australian Government).

2.48 In its 2005-2006 Performance Audit Report on the administration of the CSTDA, the Australian National Audit Office (ANAO) commented on a number of issues where improvements could be made. The ANAO stated that 'despite a number of avenues for monitoring and reporting performance, there are currently no adequate measures of whether, or to what extent, the CSTDA is meeting its objectives'. The ANAO also noted that while there had been improvements in the quality of data collected, it is 'not yet sufficient to allow robust comparisons of equity and efficiency between jurisdictions, or of the same jurisdiction over time'. The ANAO concluded that:

These shortcomings in performance information limit the capacity for FaCS to influence the jurisdictions to improve the efficiency, effectiveness or quality of services the States and Territories are primarily responsible for administering under the CSTDA.<sup>43</sup>

2.49 State and Territory Governments also pointed to areas where the third CSTDA did not meet expectations. The Tasmanian Government noted that in contrast to the second CSDA, the third Agreement 'did not include any commitment towards unmet need'.<sup>44</sup> The Tasmanian Government also saw the CSTDA as primarily a funding agreement that lacked long term agreed strategies to address and manage growth in demand and unmet need. The need to improve the management of growth and the need for growth funding was also highlighted by other governments.<sup>45</sup>

2.50 Other shortcomings of the CSTDA identified included the lack of a framework for achieving whole-of-government coordination and collaboration around access to generic services.<sup>46</sup> Ongoing gaps and interface issues with other program areas, particularly aged care, home and community care, housing and health was also raised, with the NSW Government pointing to difficulties and obstacles which have occurred in dealing with one Commonwealth Government department in relation to matters pertaining to another department.<sup>47</sup>

2.51 The Victorian Government commented that the CSTDA has been successful as a vehicle for promoting relationships and learning across jurisdictions but that 'the overall success of the CSTDAs to date has been impeded by its focus on inputs and bureaucratic processes and controls'. In addition, the government saw the reporting requirements as onerous and that no real incentives or framework existed for pursuing

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43 ANAO, *Administration of the Commonwealth State Territory Disability Agreement, Department of Family and Community Services*, Audit Report No.14 2005-06, p.17.

44 *Submission 69*, p.2 (Tasmanian Government).

45 *Committee Hansard 13.10.06*, p.57 (ACT Government); *Submission 84*, pp.4-7 (NSW Government).

46 *Submission 69*, p.2 (Tasmanian Government); *Submission 84*, pp.4-7 (NSW Government).

47 *Submission 69*, p.2 (Tasmanian Government); *Submission 84*, pp.4-7 (NSW Government).

improvement or for measuring the extent of outcomes achieved for people with disability.<sup>48</sup>

2.52 The Western Australian Government commented that the CSTDA has provided clarity for the respective administrative responsibilities of each jurisdiction 'but has not delivered clarity on funding responsibilities' and pointed to funding inequities amongst the States and Territories.<sup>49</sup> The Government also argued that the responsibility for funding of some areas has been blurred by Commonwealth policy changes as part of the welfare reform agenda 'that have resulted in cost shifting from the Commonwealth to the States'.

2.53 While noting that the Agreements were 'somewhat effective' in setting a national direction, the Western Australia Government stated that the progress anticipated through the National Disability Administrators projects had been hampered by an excessive and overambitious workload and the narrow focus by the Commonwealth on accountability.<sup>50</sup> In relation to the Bilateral Agreements, the Western Australian Government contended that they had proven to be 'cumbersome' and that 'while at officer level there is willingness to progress, little has been achieved to date in areas of mutual interest'. The Commonwealth had 'provided little input to the implementation work plan and the State typically ends up reporting its areas of progress and deferring to the Commonwealth'.<sup>51</sup>

2.54 Many of the non-government witnesses argued that the current CSTDA had failed to improve the delivery of services to people with disabilities and to provide adequate resources for those services.<sup>52</sup> The Australian Federation of Disability Organisations described the current CSTDA in the following terms:

Unfortunately, the CSTDA is far from being a coordinated, high level strategic policy document. Despite its broad aim and the priority placed on access to generic services, the current CSTDA retains a narrow focus on service delivery, particularly disability-specific services, to people with disability aged under 65 years. The CSTDA is crisis driven, with the result that short-term, individually focussed interventions are prioritised over systemic reforms. For example, the provision of accommodation support services dominates expenditure under the CSTDA.<sup>53</sup>

2.55 The reasons for these failures were varied but included the lack of an all-of-government approach; inadequate growth funding, limitations to the data available to

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48 *Submission 99*, p.10 (Victorian Government); see also *Submission 69*, p.2 (Tasmanian Government).

49 *Submission 3*, p.5 (Western Australian Government).

50 *Submission 3*, p.7 (Western Australian Government).

51 *Submission 3*, pp.13-14 (Western Australian Government).

52 *Submission 45*, p.1 (ACROD).

53 *Submission 90*, p.6 (AFDO).

establish the level of need; and a lack of a real commitment to improve the resources available. ACROD pointed to the failure to:

- deliver the resources required to meet the substantial need for disability services across Australia;
- require multi-year budgetary planning based on demand growth and the increasing cost of service delivery;
- deliver a consistent robust approach to service quality;
- produce sufficient data to enable comprehensive and meaningful performance comparisons across jurisdictions; and
- build strong linkages and easy-to-navigate pathways between disability service systems administered by different governments or between disability and other programs such as aged care, health, education and transport.<sup>54</sup>

2.56 AFDO also identified other major challenges which impact on the effectiveness of the CSTDA:

- maintaining the viability of essential services targeted at small population groups;
- reduced availability of individual advocacy services;
- poor capacity of providers of generic services to recognise invisible impairments such as mental illness and brain injury and to respond to the needs of people with multiple impairments; and
- continued reliance on indicators of medical rather than functional impairment.<sup>55</sup>

2.57 Of major concern to many witnesses was the huge range of service delivery models between and within jurisdictions which remain under the third Agreement. Ms West pointed to the CSTDA Annual Report 2003-04 which showed the array of different approaches and strategies being undertaken by each State and Territory. Each of the States and Territories continue to fund disability services at different rates and with differing levels of accountability. Each State and Territory is governed by differing legislation with differing obligations and priorities to users. Ms West commented that these differences exist for services which assist a national population of only 20 million people and with only a relatively small percentage of that population utilising some form of funded disability service:

Under the current form of CSTDA funding, each state continues to roll out their own gamut of programs, services, strategies and policies, creating further inequities in the system on a national level. Service delivery on the

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54 *Submission 45*, p.1 (ACROD)

55 *Submission 90*, p.8 (AFDO).



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ground therefore continues to be disparate, with real mapping and contrasting of service delivery remaining difficult.<sup>56</sup>

2.58 This situation also poses problems for recipients of service delivery who move between jurisdictions. Service recipients are often forced to renegotiate an entirely new system of programs and services. AFDO indicated that a survey of its members indicated that people with a disability find navigating the services system exhausting and frustrating. People are not offered flexible service and support options, and are required to coordinate support from a range of different services. Many other witnesses identified the lack of coordination as one of the main shortcomings of the CSTDA with the result that services are used to solve crisis situations rather than the delivery of properly planned care.<sup>57</sup>

2.59 The array of service delivery systems also caused interface issues with many witnesses pointing to problems accessing and coordinating services delivered through State or Territory funded programs and HACC services funded by the Commonwealth. ACROD also supported the need to build strong linkages and easy-to-navigate pathways between disability service systems and other programs such as aged care, health, education and transport.<sup>58</sup>

2.60 Ms West concluded that:

Instead, the current delivery of funded disability services nationally therefore appears to remain within these state silos and held together by these CSTDAs, despite significant reforms of the CSTDA structure. Little political will or significant international influence promoting holistic restructure, progressive development or nationalised reform of the disability service delivery sector however appears visible. In terms of solutions, the implementation of a nationalised disability services framework would best appear to address the complexities associated with the CSTDA in its current form. Only a nationalised disability services framework would provide the necessary platform to ensure equity and uniformity of disability service delivery across Australia.<sup>59</sup>

2.61 The Disability Coalition WA commented that the vision contained in the Preamble is expressed in terms of the focus on five policy priorities 'phrased in limiting terms'. The priorities do not provide clear goals to aspire to, nor a detailed plan on how to achieve them. There was also a management approach to demand which 'falls short of what is required – that of meeting demand'. Overall, the Disability Coalition described the third CSTDA as short of the forward thinking and goal setting embodied in the first CSTDA. The Disability Coalition concluded:

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56 *Submission 44*, p.17 (Ms R West).

57 *Submission 93*, p.11 (MS Society); *Submission 95*, p.6 (NCOSS).

58 *Submission 45*, p.1 (ACROD).

59 *Submission 44*, p.21 (Ms R West).

The effect of the CSTDAs has not been as intended...the potential contained in the first CSTDA has been lost over the life of the subsequent agreements with the watering down and exclusion of key principles and objectives required for best outcomes for people with disability and their families...

The entailing system has become too crisis driven and fails in meeting the stated objective of strengthening people with disability, their families and carers. The shortcomings of the current CSTDA result in a very heavy cost to people with disabilities and their families, to government and to the taxpayer.<sup>60</sup>

2.62 The Office of the Public Advocate Victoria considered that the vision contained in the preamble was 'appropriately aspirational', the five strategic policy priorities 'appear modest in comparison' and that in practice the priorities 'seem to be mainly preoccupied with just one aspect of the fourth priority: demand management'. The Office pointed to the use of definitions of disability which act to restrict access to services by people with dual disabilities and conditions such as Huntington's disease and autism spectrum disorder. The Office concluded that:

While progress can be seen on some of the incremental policy priorities, the Office is concerned that the vision encapsulated within the CSTDA preamble remains elusive. The other parts of the CSTDA that establish the national framework are not directly related to the vision of the preamble. For example, while the term 'rights' is used seven times within the preamble as an important remedy for the situation of people with disabilities, the rest of the agreement fails to use the term.

In summary, the view of the Office is that the vision contained within the preamble to the agreement needs to be more than just symbolic. It must also be a continuing reference point to measure progress made through the 'practical' measures that are undertaken. The next CSTDA needs to incorporate greater connection between the vision and the terms of the agreement through revised recitals.<sup>61</sup>

2.63 Limitations of data continued to be identified by witnesses as a significant problem. Data limitations were seen as weakening the CSTDA Bilateral Arrangements and 'although the arrangements provide opportunities for coordinated planning and service delivery across governments, joint service mapping and accurate trend trajectories remain virtually impossible under the current framework'. Ms West concluded that 'consultation processes and service building partnerships will continue to remain siloed by State/Territory jurisdiction, with the objective of creating streamlined and equitable delivery of services at a national level, locked within these individualised bilateral funding arrangements'.<sup>62</sup>

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60 *Submission 60*, p.10 (Disability Coalition WA).

61 *Submission 94*, p.5 (Office of the Public Advocate).

62 *Submission 44*, p.18 (Ms R West).

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## Conclusion

2.64 It is clear to the Committee that the delivery of disability services in Australia is highly complex and the delivery of services to meet individual needs in an appropriate and timely way is extraordinarily difficult. The reform processes commenced in the 1980s have gone some way to overcome these complexities and difficulties. The three Agreements have been central to the reform process and significant improvements can be identified which are directly attributable to the rationalisation of the delivery of services and the clearer funding arrangements.

2.65 However, there still remain many concerns about the delivery of disability services in Australia. First and foremost, the level of unmet need is largely unknown and pressures within the system, including an ageing population, will result in an ever increasing demand for services. The appropriateness of joint funding arrangements including the level of contributions by the Commonwealth and State and Territory Governments, the level of indexation, equity of funding arrangements and cost shifting between governments need to be addressed to ensure that scarce funding resources are efficiently and effectively utilised.

2.66 As has been the case with many of the Committee's previous inquiries into the health and welfare system, the multiplicity of services, programs, models and funding arrangements has led to inefficiencies, gaps in service delivery, and service interface problems. This has led to difficulties for users to access services to address their needs in an appropriate way and to the degree required.

2.67 While the CSTDA should remain the basis for the delivery of disability services, the Committee does not consider that it is an adequate national strategic policy document. In order to ensure a coordinated national approach to improving the delivery of disability services, to ensure that people with disability services access the services they require throughout their lives, to address interface issues within the disability sector and to ensure that future need for services is adequately addressed, a renewed national strategic approach is required. The Committee considers that a national disability strategy would reaffirm our commitment to equity and inclusiveness in Australian society for people with disability.

2.68 The following chapters address these issues and identify possible ways in which the next Commonwealth State Territory Disability Agreement may be improved.

