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**SUBMISSION TO THE  
SENATE COMMUNITY AFFAIRS REFERENCES  
COMMITTEE  
INQUIRY INTO THE FUNDING AND OPERATION  
OF THE COMMONWEALTH-STATE/TERRITORY  
DISABILITY AGREEMENT**

**COUNCIL OF INTELLECTUAL DISABILITY  
AGENCIES (VIC) INC.**

**AUGUST 2006**

## EXECUTIVE SUMMARY

The Council of Intellectual Disability Agencies (Vic) Inc. (CIDA) is a peak body for non-government, not-for-profit agencies which provide services to Victorians with disabilities. CIDA members provide a range of services including Commonwealth Government-funded supported employment services and various State Government-funded services.

CIDA welcomes this inquiry into the Commonwealth-State/Territory Disability Agreement (CSTDA). In this submission CIDA places before the Senate Community Affairs References Committee issues and concerns relating to the funding and operation of the CSTDA.

People with disability and their families have the right to the supports and services required to live a dignified life as valued members of our community. The CSTDA is the key vehicle through which Australia's Governments can provide a national framework of supports and services that meets the needs of people with disability and their families across Australia.

The current CSTDA has not achieved its potential for providing the supports and services that people with disability and their families require. It provides limited vision and no plan to meet the needs of people with disabilities. It falls well short of providing a comprehensive national framework that makes a positive difference to the lives of thousands of people with disability. There are inadequate measures in place to ensure good outcomes for people with disability. These shortcomings of the current CSTDA result in a very heavy cost to people with disability and their families, to government and to the taxpayer.

### 1. Summary of recommendations

- The CSTDA Multilateral Agreement be amended to explicitly reflect a whole-of-government and cross-jurisdictional partnership approach together with a vision for providing a comprehensive national framework and plan to support and meet the needs of people with a disability and their families.
  - The CSTDA Bilateral Agreement, between the Federal Government and Victorian Government, commit government agencies at *both* levels of government to take a 'whole of government' and partnership approach between jurisdictions.
- The CSTDA Multilateral Agreement be amended to explicitly reflect a commitment to monitor and address unmet need and that this commitment be phrased as a joint responsibility of Commonwealth and State governments.
- The CSTDA Multilateral Agreement be amended to provide for the Commonwealth and the States and Territories to develop a comprehensive plan to address unmet need.
- The CSTDA Multilateral Agreement be amended to define unmet need and levels of need according to definitions developed by the Australian Institute of Health and Welfare.
- The CSTDA Multilateral Agreement be amended to explicitly commit governments to a program of staged investment to progressively overcome the historical legacy of under-investment which has resulted in unacceptable unmet need as evidenced by long waiting lists and waiting times for disability services and supports.
- Inadequate growth funding can exacerbate unmet need. The CSTDA Multilateral Agreement's indexation formula for Commonwealth funding to the States and Territories (at 8(10)) should be amended to include a demand growth factor (reflecting demographic change) as suggested by Bradbury (2002) and a one-off indexation adjustment be

provided to compensate for inadequate levels of demand growth indexation since at least 2002.

- Inadequate indexation of funding, from both Commonwealth and State Governments, severely impacts on the availability of services and undermines efforts to reduce unmet need. The impact of inadequate indexation is a heavy burden on non-government service providers who already operate under tight financial parameters.
  - The CSTDA be amended to include a guarantee of full indexation of funding for non-government disability services to ensure that funding keeps pace with increases in the costs of service delivery, including increases for wages, on-costs and overheads as well as increases in fuel costs and reporting costs.
  - The Wage Cost Index 2 mechanism be replaced with the ABS Wage Cost Index (ABS\_WCI) for the Health and Community Services sector, as suggested by Bradbury (2002), and a one-off indexation adjustment be provided to compensate for inadequate levels of indexation since 2002.
  - The CSTDA be amended to clearly require that the level of cost indexation be reported in the annual Federal Budget papers, together with a transparent analysis of the calculation of the component factors and the assumptions on which these calculations are based.
  - The CSTDA be amended to include a guarantee that funding of non-government disability services will not be cut through so-called productivity 'dividends' or productivity or efficiency cuts to funding.
  - A commitment to provide a reasonable indexation rate both to the States/Territories and to non-government service providers.
  - A commitment to encourage effectiveness through improved Commonwealth – State relations and support to providers, not through across the board cuts in funding to essential services.
- The CSTDA Multilateral and Bilateral agreements be amended to allow for improved partnerships and program integration across governments in order to enable people with disabilities to develop individually appropriate suites of training, employment, aged care, community participation and day supports.
- The CSTDA Multilateral Agreement be amended to include priority action on the interface between ageing and disability.
- The CSTDA Multilateral Agreement, together with the CSTDA Bilateral Agreements, commit government agencies at *both* levels of government to take a 'whole of government' and cross-jurisdictional partnership approach.
- The CSTDA Multilateral Agreement be amended to include a funding commitment that reflects the increasing emphasis on, and importance of, increased service coordination and life planning support for people with disabilities.
- The CSTDA Multilateral Agreement be amended to include a flexible funding commitment that reflects the needs for new paradigms in disability services and for a workforce trained and qualified for these paradigms.

## 2. Background

On 11 May 2006 the Senate agreed that the following matter be referred to the Community Affairs References Committee for inquiry and report by 7 December 2006.

'An examination of the funding and operation of the Commonwealth-State/Territory Disability Agreement (CSTDA), including:

- a. an examination of the intent and effect of the three CSTDAs to date;
- b. the appropriateness or otherwise of current Commonwealth/State/Territory joint funding arrangements, including an analysis of levels of unmet needs and, in particular, the unmet need for accommodation services and support;
- c. an examination of the ageing/disability interface with respect to health, aged care and other services, including the problems of jurisdictional overlap and inefficiency; and
- d. an examination of alternative funding, jurisdiction and administrative arrangements, including relevant examples from overseas.'

## 3. Contents

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## 4. Funding for unmet need

Unmet need is an Australia-wide issue and needs an Australia-wide response. State governments do have a responsibility to address unmet need for disability support, but the Federal government is also responsible and must take a leadership role.

The proportion of total expenditure on disability supports and services provided by the Commonwealth decreased from 38% in 1994/95 to 28.8% in 2002/03. The States contributed the remainder.<sup>1</sup>

The unmet need crisis is evident in accommodation services as well as in areas such as:

- supports which enable people to continue to live independently in their own homes;
- essential respite services for families caring for a family member with a disability;
- services which provide people with disabilities with employment and assistance in preparing for and finding employment; and
- support required for meaningful daytime activity and for personal and social development.

It is imperative in both economic and human terms that Governments do more to address critical and escalating levels of unmet need for disability services.

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<sup>1</sup> NCID, Interaction, vol 17 issue 4 2004, figures taken from the respective Productivity Commission Report of Government Services, published annually. Commonwealth proportion includes cash transfers under CSDA/CSTDA.

The current CSTDA Multilateral agreement is not explicit about meeting unmet need. In fact it contains no reference to 'unmet need' per se and only refers to 'unmet demand'.<sup>2</sup> There is a world of difference between a 'need' and a 'demand', or an entitlement and an articulation. Similarly, the current CSTDA Bilateral agreement between the Federal and Victorian Governments does not refer to unmet need, although it does refer to 'strategies for early intervention' (see 3(d)).<sup>3</sup>

In a national study of funding for unmet needs in disability services over 2000-01 and 2001-02, the Australian Institute of Health and Welfare (AIHW) 'conservatively estimated' that 'nationally 12,500 people still need accommodation and respite services, 8,200 places are needed in community access services, and 5,400 people need employment support.' The study also suggested that many carers are wanting assistance, in both the over-65 and under-65 age groups.<sup>4</sup>

Furthermore, evidence from the States and Territories indicated 'that for every additional person being assisted, somewhere between 6 and 24 more people (depending on what State or Territory you are in) are registering for services'.<sup>5</sup> According to the AIHW, discussions with disability peaks have 'confirmed this'. The peaks also suggest that community knowledge of the extent of the waiting lists 'was possibly dampening the number of applications'.<sup>6</sup>

Sadly, the data (in the two paragraphs above) appears to have been the last comprehensive attempt to measure the scale of unmet need in Australia in these terms. A January 2006 AIHW publication, entitled *Disability and Disability Services in Australia*, states that the estimates (above) 'have *not* been updated' (emphasis added).<sup>7</sup>

Nonetheless, national data on services provided under the CSTDA in 2003-04 was reported by the AIHW in 2005. The data indicates that of the potential population of service users only 4.8% received accommodation services, only 9.6% received respite services, only 11.5% received community support services, and only 19.6% received employment services.<sup>8</sup>

In Victoria, the December 2004 report of the Public Accounts and Estimates Committee on Services for People with an Intellectual Disability noted:

Despite the additional resources provided, unmet need has increased...<sup>9</sup> [It is] indisputable that the level of unmet demand has more than doubled. VCOSS in its 2003-04 State Budget submission described unmet need for disability services in Victoria 'as reaching a crisis point'.<sup>10</sup>

The increase in funding from the Victorian Government for disability services has not been matched by a similar increase from the Commonwealth Government, despite the shared responsibility.<sup>11</sup>

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<sup>2</sup> See 4(2)(d) at [http://www.facs.gov.au/internet/facsinternet.nsf/via/cstda/\\$file/cstda\\_9may05.rtf](http://www.facs.gov.au/internet/facsinternet.nsf/via/cstda/$file/cstda_9may05.rtf)

<sup>3</sup> See 3(d) at [http://www.facs.gov.au/internet/facsinternet.nsf/via/cstda/\\$file/vic.rtf](http://www.facs.gov.au/internet/facsinternet.nsf/via/cstda/$file/vic.rtf)

<sup>4</sup> AIHW media release, 28 June 2002.

<sup>5</sup> AIHW media release, 28 June 2002.

<sup>6</sup> AIHW, Disability Data Briefing, September 2002.

<sup>7</sup> AIHW, Disability and Disability Services in Australia, January 2006, p.45.

<sup>8</sup> Ibid., p.45. And in the AIHW, Disability Support Services 2004-04, Cat No DIS 40, Canberra, 2005.

<sup>9</sup> Public Accounts and Estimates Committee, Report on the Review of the Auditor-General's Performance Audit Report, Services for People with an Intellectual Disability, December 2004, p.12

<sup>10</sup> Ibid., p.62.

<sup>11</sup> Ibid., p.67

The Committee noted that unmet need as measured by the Service Needs Register may understate the true extent of the need for support services, with a recent survey of carers in Victoria finding that only a minority of people with severe disability were actually registered.<sup>12</sup>

The October 2005 report of the ANAO noted that 'AIHW research has indicated that the demand for CSTDA services from people meeting the eligibility requirements for disability services has for some time exceeded the number of services available.' The ANAO added that it is 'important that any future CSTDAs incorporate measures that attempt to establish the level...'

## **THE HUMAN FACE OF UNMET NEED**

### **Case Study 1**

B. is 24 years old, has a severe intellectual disability and has developed serious self injurious behaviour. His parents are both 69 years of age and are no longer able to provide care for B. They have been desperately seeking support.

There are currently no long term accommodation options available to B. and he has been forced to live in a respite facility – intended to provide short term care only - for over 20 months (nearly 2 years). This has proved disastrous for B. and his self-injuring behaviour has continued. B. has a detached retina in one eye and glaucoma in other, and if the current situation continues he will soon be totally blind.

## **THE HUMAN FACE OF UNMET NEED**

### **Case Study 2**

T. suffered brain damage through illness when he was 18 months old and was left with a severe intellectual disability. He is now 35 years old and lives with his parents who are 71 and 64 years old.

T.'s parents shower, shave, toilet and dress him each morning. He cannot go out without having someone with him and cannot be left alone at home even for 5 minutes. T.'s world revolves around his job with a local Supported Employment Service which he attends during the week from 9.30am to 3.00pm. He enjoys listening to music, watching television programmes and travelling on public transport.

T.'s parents are growing older and realise they will have difficulty in coping in the near future. T. has been on the waiting list for Supported Accommodation since 1998 (7 years). In 2001 he moved up to High priority classification and in 2003 he moved up to Urgent priority.

His parents know that T. will have a long transition period to his new home and want to be around to help and support him through what they know will be a difficult period for him.

**In all jurisdictions current levels of unmet need reflect chronic under-investment by successive governments in services and supports required to meet the needs of and to facilitate citizenship for people with disabilities. That under-investment comes at an unacceptable human cost and an undesirable long term financial cost.**

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<sup>12</sup> Ibid.,p.99

**CIDA recommends:**

**The CSTDA Multilateral Agreement be amended to explicitly reflect a commitment to monitor and address unmet need and that this commitment be phrased as a joint responsibility of Commonwealth and State governments.**

**The CSTDA Multilateral Agreement be amended to provide for the Commonwealth and States and Territories to jointly develop a comprehensive plan to address unmet need.**

**The CSTDA Multilateral Agreement be amended to define unmet need and levels of need according to definitions developed by the Australian Institute of Health and Welfare.**

**The CSTDA Multilateral Agreement be amended to explicitly commit governments to a program of staged investment to progressively overcome the historical legacy of under-investment which has resulted in unacceptable unmet need as evidenced by long waiting lists and waiting times for disability services and supports.**

## **5. Funding for growth**

The population changes in Australia are predictable - we know there is a growing demand for disability services. We need to plan for adequate services now and in the future.

Population increases, the ageing of the population and other demographic changes will inevitably result in increased demand for disability services and supports. Current levels of service are not sufficient to meet current need let alone increased need in the future.

Unless there is adequate funding to account for population growth, unmet need is highly likely to worsen. Australian governments owe it to Australians to meet the well documented need for disability services. Understanding and planning for growth is a yardstick of good government.

Increasing need for disability services is a national phenomenon. The number of people in Australia with a severe or profound disability more than doubled between 1981 and 1998. It increased from 452,900 to 954,900. By 2006 this number is expected to be over 1.3 million.<sup>13</sup> Victorian government projections predict a 46% increase in support needs over the next 10 years.<sup>14</sup>

The current CSTDA Multilateral agreement<sup>15</sup> aims to improve:

*... long-term strategies to respond to and manage demand for specialist disability services through:*

- *a strategic approach to broad national and local/jurisdictional planning to underpin the determination and allocation of equitable funding to respond to unmet demand, growth in demand and cost increases .. (see 4(2)(d) [underline added]).*

<sup>13</sup> AIHW, media release, Disability and ageing up together, 11/12/00

<sup>14</sup> Hon Sherryl Garbutt, Minister for Community Services, CIDA Conference, May 2003

<sup>15</sup> See 4(2)(d) at [http://www.facs.gov.au/internet/facsinternet.nsf/via/cstda/\\$file/cstda\\_9may05.rtf](http://www.facs.gov.au/internet/facsinternet.nsf/via/cstda/$file/cstda_9may05.rtf)

Furthermore:

*Commonwealth, States and Territories acknowledge demand management requires regular annual growth in funding levels to continually improve the level and quality of services...(see 8(8)) [underlining added].*

However, neither of the statements above suggest a clear, explicit commitment to increased funding to meet increased demand growth from the growing population of people with a disability. Whilst estimates of the precise quantum vary, a significant projected increase in the demand for disability services and supports has been identified.

Bradbury (2002) suggested that demand growth in 2002-03 alone was in the order of 2.3 per cent of current funding and that expectation of greater service use demand should be built into an indexation framework.<sup>16</sup> Currently the CSTDA indexation framework does not appear to include an explicit demand growth factor.

In 2002 the then Victorian Minister for Community Services, Bronwyn Pike (speaking on behalf of State Governments) said that 'the States wanted federal funding for disability services to also be indexed for growth. 'To date the Commonwealth have offered absolutely no growth, which is outrageous because there was considerable growth in the previous agreement', Ms Pike said.<sup>17</sup>

The Hon Sherryl Garbutt, Victorian Minister for Community Services and Minister for Children, stated at the CIDA Conference in May 2003 that:

'Increasing need for disability services is a national phenomenon. A major study undertaken by the Australian Institute of Health and Welfare titled "*Disability and Ageing*" has highlighted how the number of people in Australia with a severe or profound disability more than doubled between 1981 and 1998. It increased from 452,900 to 954,900. By 2006 the number is expected to be over 1.3 million. **Our own projections predict a 46 per cent increase in support needs over the next 10 years.**' (emphasis added).

The Victorian Government appears to be responding to the forecast increase in demand for services by embarking on a course of narrowing eligibility, capping access to support and other measures designed to more tightly ration resources. Demand management and cost containment have emerged as dominant preoccupations in State Government policy and forward strategy. There are worrying indications that these concerns are taking precedence over stated Government commitments to human rights and equal citizenship for people with disabilities. CIDA considers the approach being adopted by Government in this regard to be both inappropriate and short-sighted.

Similarly, at the Federal level, Professor Anna Yeatman (1996) has identified a 'tight rationing culture which characterises the provision of disability services' and 'has prevented strategic thinking around the development of an adequate, responsive and comprehensive disability service system.'<sup>18</sup>

Evidence of a desire for rationing through tightened eligibility is apparent in the terminology used by the Federal Department of Family and Community Services (FaCS) to describe people to be assisted under the CSTDA. Thus in 2005 FaCS – who describe themselves as providing 'policy leadership responsibilities' for the CSTDA – described the CSTDA 'as the national framework for the provision of government support to specialist services for people with severe and profound

<sup>16</sup> <http://www.sprc.unsw.edu.au/reports/Methods%20to%20Address.pdf>

<sup>17</sup> 'States want Commonwealth to maintain disability funding', AAP General News, 28 June 2002.

<sup>18</sup> Quoted in Burbridge, A., 'Developments in Disability Policies', *Family Matters*, Australian Institute of Family Studies, No 45, Spring / Summer 1996



disabilities' [underline added]. This is despite the fact that there is nothing in the Multilateral CSTDA that restricts eligibility purely to those with 'severe and profound disabilities'.<sup>19</sup>

These developments are inappropriate because good government is fundamentally about understanding and planning an adequate response to changes in the nature of the population and in the service and support needs of that population. Population increases, the ageing of the population and other demographic changes will inevitably result in increased demand for disability services and supports. Rather than instituting short-sighted cost cutting and rationing rationales Governments should be planning for the long term process of staged investment required to adequately meet existing and future needs.

Burbridge highlights how the philosophy of entitlement is over-ridden by imposed budget limitations in the area of accommodation. 'This', he writes, 'is in sharp contrast to taxation concessions where everyone eligible receives the concession regardless of initial cost estimates'.<sup>20</sup>

If governments were to narrow eligibility for education, for example, in response to projected increases in the school age population, the community would rightly reject this as totally inappropriate: an abrogation of responsibility. Thus it is no more acceptable to respond to increased demand for disability services by cutting funding and restricting access. To adopt this approach in relation to people with disabilities is to suggest that their needs are of a secondary importance and that they are second class citizens.

Strategic investment in services and supports which facilitate a pro-active approach would be a more sustainable means of long term cost containment than a narrow focus on tighter rationing, which is likely to simply shift costs to other areas of Government and / or to result in higher longer term costs.

**CIDA recommends that the CSTDA Multilateral Agreement indexation formulae for Commonwealth funding to the States and Territories (at 8(10)) be amended to include a demand growth factor (reflecting demographic change) as suggested by Bradbury (2002) and a one-off indexation adjustment be provided to compensate for inadequate levels of demand growth indexation since at least 2002.**

## 6. Funding for cost indexation

Inadequate indexation of funding over recent years has compounded the financial pressures on non-government disability services resulting from already inadequate funding levels. Governments must guarantee that funding for non-government disability services is fully indexed to ensure that funding keeps pace with increases in the costs of service delivery; and that productivity cuts are not applied to that funding.<sup>21</sup> Governments seem to think that inflation doesn't affect disability service providers – but it does!

<sup>19</sup> See FaCS submission to the Senate inquiry into Quality and Equity in Aged Care at [http://www.aph.gov.au/senate/committee/clac\\_ctte/aged\\_care04/submissions/sub168.pdf](http://www.aph.gov.au/senate/committee/clac_ctte/aged_care04/submissions/sub168.pdf)

<sup>20</sup> Burbridge, A., 'Developments in Disability Policies', *Family Matters*, Australian Institute of Family Studies, No 45, Spring / Summer 1996

<sup>21</sup> Sourced from Coalition for Disability Rights, 'A Fairer Deal for People with Disabilities and their Families: Call to Political Parties 2006 Victorian State Election'

The CSTDA Multilateral agreement provides for annual indexation of Commonwealth funds to be transferred to the States and Territories to account for increased costs associated with wages and inflation. At section 8(10), the current CSTDA states:

*8(10) Indexation on Commonwealth funds to be transferred to States will be calculated each year by reference to the Commonwealth indexation parameter called Wage Cost Index 2 and announced in the Commonwealth Budget. This parameter is composed of 90% measure of the change in wage costs (safety net adjustment) and 10% measure of changes in non-wage costs (Treasury Measure of Underlying Inflation).*

The quotation above raises a number of issues. For example:

- The quantum of Wage Cost Index 2 has *not* been announced in recent Commonwealth Budgets as required by the CSTDA Multilateral agreement. The October 2005 report of the Australian National Audit Office (ANAO) – into the administration of the CSTDA by the then Federal Department of Family and Community Services (FaCS) – also suggested ‘that FaCS clearly specifies in future CSTDAs ... how the Australian Government will apply indexation rates.’<sup>22</sup>
- The Wage Cost Index 2 is inadequate. For example, data provided to the Western Australia Government’s September 2005 Disability Symposium showed that the Commonwealth’s indexation level during 2004-2005 was only 1.9 per cent whilst growth in costs were recognised as being much higher.<sup>23</sup>
- The wage costs component of Wage Cost Index 2 are said to be calculated from the ‘safety net adjustment’, however the ‘safety net adjustment’ processes no longer apply and so the question arises what measure best reflects wage increases across the disability sector in Victoria?
- The non-wage costs component of Wage Cost Index 2 is based on the ‘Treasury Measure of Underlying Inflation’ (and not ‘headline inflation’). However, the ‘underlying inflation’ measure does not include rising fuel costs and does not appear to reflect other particular costs that impact disproportionately on services such as insurance and reporting costs.

Wage Cost Index 2 has two major problems identified by Professor Ross Garnaut and Dr Vince FitzGerald. The two academics note: ‘costs in this [disability] sector often increase by more than the Consumer Price Index, and wage rises are often higher than Safety Net increases.’<sup>24</sup>

In a 2002 report – on appropriate indexation and demand factors for Commonwealth funding to the States via the CSTDA – Bradbury suggested (that putting aside demographic demand) a general indexation growth of 3 per cent along with a one-off indexation adjustment of 2.8 per cent for factors such as workers compensation insurance, superannuation and GST costs.<sup>25</sup> Bradbury noted that the best indicator of wage growth is the ABS Wage Cost Index (ABS\_WCI) for the Health and Community Services sector, and this index has been growing at twice the rate of Wage Cost Index 2.

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<sup>22</sup> See paragraph 34 of <http://www.anao.gov.au/WebSite.nsf/Publications/6189B555E8A59512CA25709E0080C36C>

<sup>23</sup> ‘The Way Forward’, Disability Symposium, Perth, Western Australia, 29 September 2005. The figure of 1.9 per cent is consistent with the data presented in the ANAO report of October 2005 into the administration of the CSTDA by FaCS.

<sup>24</sup> Garnaut, R., and FitzGerald, V., *Review of Commonwealth–State Funding: Final Report*, 2002, p.73 at [http://www.treasury.nsw.gov.au/int\\_gov/finalrep.pdf](http://www.treasury.nsw.gov.au/int_gov/finalrep.pdf)

<sup>25</sup> Bradbury, B., *Methods to address requirements for changes in funding disability services brought about by external change*, Report No 5/02, Social Policy Research Centre, University of New South Wales, April 2002 at <http://www.sprc.unsw.edu.au/reports/Methods%20to%20Address.pdf>

Bradbury also notes that Wage Cost Index 2 makes assumptions about productivity growth and efficiency that are 'not in accord with generally accepted economic principles'. For example, 'economic theory suggests that wage growth in service industries, and human services in particular, will run well ahead of productivity growth in that sector'.

Another problem is the imposition of so-called productivity or efficiency dividends. Alcorn (1997) 'accused the Federal Government of getting State Governments to take over functions of the Federal Government (eg. disability services) and then starving the programs of funds.' Alcorn pointed out that the '6% cuts in the Commonwealth State Disability Agreement, labelled by the Federal Government as "efficiency dividends", will result in the loss of some \$16-\$18 million in services such as accommodation places and therapy for people with a disability'.<sup>26</sup>

At the time of drafting this document, the Victorian Department of Human Services is offering a cost indexation rate of 2.6 per cent for 2006-2007. This includes a top-up on the low rate of Federal Government indexation. However, given that the CPI is on the increase, and likely to hit 3 per cent, and that public and private sector wage arrangements continue to exceed CPI (the ABS public sector labour price index is currently 4.4 per cent), this is clearly still far short of what is required. The difference between what the Victorian Government has offered and what Victorian community sector organisations need – in order to keep pace with cost increases and continue to deliver high quality services and avert service cuts – is now about \$18 million for 2006-07.

On the basis of detailed considerations, the NGO position in Victoria calls for an index of 4.15 per cent in 2006-07. This is calculated on the following basis: application of a relevant labour price index to 85 per cent (wage related component) of funding; and application of CPI to 15 per cent (non-wage related component).<sup>27</sup>

Non-government service providers have been forced to bear much of the brunt of what has been in real terms an annual funding cut. The end result of this approach is to reduce the availability, frequency, scope or range of services for people with disabilities. **A realistic indexation formula which takes into account all costs factors must be immediately implemented.**

**CIDA recommends that:**

- **The CSTDA be amended to include a guarantee of full indexation of funding for non-government disability services to ensure that funding keeps pace with increases in the costs of service delivery, including increases for wages, on-costs and overheads as well as increases in fuel costs and reporting costs.**
- **The Wage Cost Index 2 mechanism be replaced with the ABS Wage Cost Index (ABS\_WCI) for the Health and Community Services sector, as suggested by Bradbury (2002), and a one-off indexation adjustment be provided to compensate for inadequate levels of indexation since 2002.**
- **The CSTDA be amended to clearly require that the level of cost indexation be reported in the annual Federal Budget papers, together with a transparent analysis of the calculation of the component factors and the assumptions on which these calculations are based.**
- **The CSTDA be amended to include a guarantee that funding of non-government disability services will not be cut through so-called productivity 'dividends' or productivity or efficiency cuts to funding.**
- **A commitment to provide a reasonable indexation rate both to the States/ Territories and to non-government service providers.**
- **A commitment to encourage effectiveness through improved Commonwealth – State relations and support to providers, not through across the board cuts in funding to essential services.**

## 7. Jurisdictional issues

Meeting the needs of people with disabilities and their families is not a job for just one government department. All government services, programs and facilities must be equally and fairly available and accessible to people with disabilities. Government agencies must ensure that the particular circumstances of people with disabilities and their families are taken into account in the programs, services and facilities which they administer.

Neat administrative distinctions between Commonwealth and State areas of responsibility do not always match the reality of people's lives. Or to re-phrase it, people's lives cannot always be broken down into discrete compartments which reflect government administrative delineations.

Integrated and co-ordinated action across the whole of government and between governments is essential to ensuring a fair go for people with disabilities and their families. Greater co-operation across government and across jurisdictions is especially critical at key life transition points. For example:

- School leavers may need to access both Commonwealth-funded employment programs and State-funded life activity programs.
- Older people may also require a similar mix of Commonwealth and State-funded supports.

Rigid program and jurisdictional delineations stand in the way of people with disabilities accessing individually tailored suites of support which match their individual circumstances, needs and life choices.<sup>28</sup>

**That the CSTDA Multilateral and Bilateral agreements be amended to allow for improved partnerships and program integration across governments in order to enable people with disabilities to develop individually appropriate suites of training, employment, aged care, community participation and day supports.**

## 8. Improving the ageing / disability interface

People who are ageing need far less rigid delineation between Commonwealth and State funding, programs and services. For example:

- People in disability supported employment services have no option to scale back into retirement because that would require better capacity to mix forms of Federal and State funding.
- People in disability accommodation have few options to age in place.

The rigid boundaries between Commonwealth aged care policy and the CSTDA have been exposed, to some extent, by recent Senate inquiries. For example:

- Evidence indicates that Commonwealth Aged Care Assessment Teams have been refusing to do assessments on people aged under 65 years.<sup>29</sup>
- Evidence that Aged Care Assessment teams are not equipped to assess people with a disability.<sup>30</sup>

<sup>28</sup> Sourced from Coalition for Disability Rights, 'A Fairer Deal for People with Disabilities and their Families: Call to Political Parties 2006 Victorian State Election'.

<sup>29</sup> Community Affairs References Committee Aged Care Discussion, 26 April 2005 at [http://parlinfoweb.aph.gov.au/piweb/view\\_document.aspx?id=108626&table=COMMSSEN](http://parlinfoweb.aph.gov.au/piweb/view_document.aspx?id=108626&table=COMMSSEN)

<sup>30</sup> NSW Council for Intellectual Disability, submission to the Senate Aged Care inquiry at [http://www.aph.gov.au/senate/committee/clac\\_cte/aged\\_care04/submissions/sub218.pdf](http://www.aph.gov.au/senate/committee/clac_cte/aged_care04/submissions/sub218.pdf)

- Commonwealth aged care policy precluding residents of Commonwealth aged residential facilities from accessing disability services under the CSTDA, even though these people are part of the CSTDA target group;<sup>31</sup> and
- Commonwealth Community Aged Care Packages denied to people in supported accommodation funded through the CSTDA or by State Governments.<sup>32</sup>

Senator Jan McLucas put the latter in a person-centred context when she asked:

Is it right to make a person living on a long term basis in supported accommodation where he's happy, move to residential aged care simply because his needs cannot be met by the disability agency because he has early onset dementia but can't access a Community Aged Care Package?<sup>33</sup>

Similarly a submission to the 2005 Senate inquiry report on *Quality and Aged Care* stated, 'the funding formulae and administrative arrangements that govern the aged care and disability service systems seem to assume that a person is either disabled or aged, but cannot be both.'<sup>34</sup>

The same Senate report recommended that the Commonwealth Government 'address the need for improved service linkages between aged care and disability services.'<sup>35</sup>

The problem is not assisted by the fact that there is nothing in the current CSTDA Multilateral agreement about the interface between ageing and disability. Although the CSTDA 'policy priority' includes to 'strengthen across government linkages' it contains no reference to ageing at all, let alone the interface between ageing and disability.

Given that the Commonwealth Department of Families, Community Services and Indigenous Affairs (FaCSIA) has 'policy leadership'<sup>36</sup> for the CSTDA – but input from the Commonwealth Department of Health and Ageing would appear crucial – one has to question the effectiveness of the 'Disability Joint Policy Forum' between the two Federal agencies.<sup>37</sup>

Given the apparent failure of this FaCSIA / DHA Forum to strengthen 'across government linkages', improved consultative mechanisms need to be established. These two Federal agencies would be wise to consider the issues and solutions identified by the Prime Minister in June 2001 when he referred to Federal departments having a 'silo effect' and the need for 'whole of government approaches'.<sup>38</sup>

Certainly in Victoria the State Disability Plan commits State government agencies to take a whole of government approach. Thus there is no reason why the CSTDA Bilateral Agreement between the Federal and Victorian Governments cannot refer to a whole of government approach from government agencies at *both* levels of government.

<sup>31</sup> Community Affairs References Committee Aged Care Discussion, 18 March 2005 at [http://parlinfoweb.aph.gov.au/piweb/view\\_document.aspx?id=108602&table=COMMSEN](http://parlinfoweb.aph.gov.au/piweb/view_document.aspx?id=108602&table=COMMSEN)

<sup>32</sup> See page 82 of the Community Affairs References Committee transcript of 11 February 2005 at <http://www.aph.gov.au/hansard/senate/commtee/S8103.pdf>

<sup>33</sup> Address to the WA 'The Way Forward' Disability Symposium, 29 September 2005.

<sup>34</sup> Community Affairs References Committee, *Quality and Equity in Aged Care*, Parliament of Australia, June 2005, p.144

<sup>35</sup> Recommendation 44 at [http://www.aph.gov.au/senate/committee/clac\\_ctte/aged\\_care04/report/c06.htm](http://www.aph.gov.au/senate/committee/clac_ctte/aged_care04/report/c06.htm)

<sup>36</sup> FaC's terminology in their submission at [http://www.aph.gov.au/senate/committee/clac\\_ctte/aged\\_care04/submissions/sub168.pdf](http://www.aph.gov.au/senate/committee/clac_ctte/aged_care04/submissions/sub168.pdf)

<sup>37</sup> See page 37 of the DHaC submission to the Senate inquiry into Quality and Equity in Aged Care at [http://www.aph.gov.au/senate/committee/clac\\_ctte/aged\\_care04/submissions/sub191.pdf](http://www.aph.gov.au/senate/committee/clac_ctte/aged_care04/submissions/sub191.pdf)

<sup>38</sup> See <http://www.pm.gov.au/news/speeches/2001/speech1163.htm>

The CSTDA Bilateral agreement between the Federal Government and the Victorian Government represents a relative improvement in relation to the ageing/disability interface compared to the Multilateral Agreement. For example, it does explicitly refer, in *Policy Priority 2: Strengthen Across Government Linkages*, to a focus on 'Aged Care/Disability services interface'. Specific outcomes are listed as:

*For older people with disabilities both parties will work together to develop:*

- *Improved assessment processes informed by an understanding of the needs of people with disabilities as they age.*
- *More flexible funding approaches, including shared funding where appropriate.*
- *To evaluate current models of support for people with a disability who are ageing and explore opportunities to pilot models that consider the needs of people 'ageing in place'.*
- *Appropriate training and skills development for disability and aged care support staff to ensure that both sectors have an improved understanding of the support needs of people with disabilities as they age.*

*Performance Indicator(s):*

- *Aged care assessment processes are informed by an understanding of the needs of people with disabilities as they age.*
- *Models of support which promote 'ageing in place' for people with disabilities are developed.*
- *Joint training and skills development undertaken with disability and aged care support staff.*
- *Improved support models for young people in nursing homes are identified including the capacity to move to other accommodation services.*
- *Workable strategies are developed to move some young people with disabilities in nursing homes, and older people requiring nursing care in group homes, to more appropriate accommodation.*

Some advances have also been made in planning more appropriate accommodation for young people in nursing homes, predominantly through COAG, but arguably less progress has occurred for older people with disabilities. As the House of Representatives Standing Committee on Health and Ageing report of March 2005 describes this issue 'all parties must ensure there is action within the period of the [CSTDA] agreement'.<sup>39</sup>

In May 2006 CIDA held its annual national disability conference. This year the theme was Ageing and Disability. In an address delivered to the conference, Associate Professor Christine Bigby, from the School of Social Work and Social Policy at LaTrobe University, highlighted deficient access to health for people with an intellectual disability. Among other matters, Professor Bigby suggested:

- Address some of the larger contextual issues such as unmet need.
- Locate ageing more clearly as part of the life course for people with a disability.
- Articulate more specific goals and more specific implementation on how to get to inclusion, participation, choice, rights – health and active ageing.
- Build on and systematise the Innovative Pools approach of partnership.
- Tackle the entrenched positions of government departments.
- Develop shared understanding of the issues, re equity and double-dipping, and that the disability system is compensatory and complementary.
- Develop the interface between the disability and health systems.<sup>40</sup>

<sup>39</sup> See 8.169 of <http://www.aph.gov.au/house/committee/haa/strategies/report/fullreport.pdf>

<sup>40</sup> Bigby, C., 'Policies for people ageing with intellectual disability: What's happening and what's necessary', May 2006, at <http://www.cida.org.au/library/conferences/items/2006/05/00080-upload-00001.pdf>

The problem of the ageing / disability interface has been identified as an issue of concern for quite a number of years. There is a definite and clear need for integration of Commonwealth and States but very little progress has been made.

**CIDA recommends:**

**That the CSTDA Multilateral Agreement be amended to include priority action in the area of the interface between ageing and disability.**

**That the CSTDA Multilateral Agreement, together with the CSTDA Bilateral Agreements, commit government agencies at *both* levels of government to take a 'whole of government' and cross-jurisdictional partnership approach.**

### **9. Funding the new paradigms in disability services**

The Victorian State Disability Plan (the Plan) is arguably one of the best plans for disability in Australia and it may provide a model for future national development. It presages a fundamental and thorough-going re-orientation of the disability support system.

The shift to more individualised, person centred and community focussed support envisaged in the Plan is internationally recognised as constituting a 'paradigm change' of major proportions.

New forms of infrastructure are required to support the new shape which disability supports will be taking into the future. New investment will also be required to resource the provision of Plans such as these, including funding to reflect the increasing emphasis on and importance of service coordination and life planning support for people with disabilities.

**CIDA recommends:**

- **The CSTDA Multilateral Agreement be amended to include a funding commitment that reflects the increasing emphasis on, and importance of, increased service coordination and life planning support for people with disabilities.**
- **The CSTDA Multilateral Agreement be amended to include a flexible funding commitment that reflects the needs for new paradigms in disability services and for a workforce trained and qualified for these paradigms.**

**10. What do we want to see from the CSTDA**

CIDA wishes to see a national framework, including a whole-of-government and cross-jurisdictional partnership, for supporting and meeting the needs of people with a disability and their families. The CSTDA must not be used as a tool for the Commonwealth and the States to quarantine their patches.

The CSTDA Multilateral Agreement must be amended to explicitly reflect a commitment to monitor and address unmet need and the inclusion of a national plan to achieve this. CIDA believes that implementation of the recommendations summarised at the commencement of this document would go a long way to assisting people with a disability to their exercise citizenship entitlements and maximise their quality of life.

**CIDA recommends that:**

**The CSTDA Multilateral Agreement be amended to explicitly reflect a whole-of-government and cross-jurisdictional partnership approach together with a vision for providing a comprehensive national framework to support and service the needs of people with a disability and their families.**

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