



Australian Government

SENATE COMMUNITY AFFAIRS COMMITTEE INQUIRY INTO THE FUNDING AND OPERATION OF THE COMMONWEALTH STATE/TERRITORY DISABILITY AGREEMENT

SUBMISSION BY THE AUSTRALIAN GOVERNMENT

AUGUST 2006

OVERVIEW OF THE COMMONWEALTH STATE TERRITORY DISABILITY AGREEMENT

1. The Australian Government is committed to supporting people with disability to participate in all aspects of community life – economically and socially. It does this through supporting various programmes and payments targeted to people with disability, their families and carers. The Australian Government's main commitments are in relation to income support payments, including Disability Support Pension and Carer Payment; and services that help people with disability find and retain employment.
2. In 2006-07 the Government will provide a total of around \$12.8 billion to support people with disability and their carers. The Australian Government's 2006-07 Specific Purpose Payment (SPP) contribution to the Commonwealth State Territory Disability Agreement (CSTDA) represents 4.8 per cent of this total allocation while funding for disability employment services represents a further 3.8 per cent.
3. A number of initiatives have been announced by the Australian Government in recent years to assist people with disability to live full and productive lives, and to provide their carers, who are mainly women, with the supports required to assist them in this role. These initiatives included:
 - Significant reform of disability employment services designed to enable people with disability to access paid employment through the provision of high level and appropriate support. These reforms commenced in 2002 as part of the *Australians Working Together* package of measures. Further additional funding was provided in the 2003-04 Budget for the introduction of a case based funding model for disability employment services with implementation commencing from July 2004. In the 2004-05 Budget, additional assistance of \$99m was made available to disability business services which provide supported employment to people who need ongoing support to remain in work.
 - The Welfare to Work package included in the 2005-06 Budget, which provided new opportunities for people with disability who have some capacity to work. The package included an extra \$394 million dollars over four years to increase access to services for people with disability including the Disability Employment Network, Vocational Rehabilitation Services and Workplace Modifications. People with disability are also able to access increased mainstream employment services through the Job Network.
 - Measures to encourage older parents who are carers of sons and daughters with disability to put arrangements in place for the future care and accommodation of their children at a total cost to the Budget of \$230.5 million over 4 years;
 - Funding of \$122 million over 5 years available from 1 July 2006 to help reduce the number of younger people with disability living in residential aged care

facilities. This funding was subject to matching commitments by state and territory governments and the signing of bilateral agreements;

- Funding of \$72.5 million over four years for respite care for older carers. This funding, which was announced in the 2004-05 Budget is now underway following agreement by all state and territory governments to provide matched funding;
 - Extending the eligibility criteria for Carer Payment (Child) to carers of children with severe intellectual, psychiatric or behavioural disabilities who require supervision for their safety or the safety of others - \$55 million over 4 years; and
 - Significantly increased funding by the Australian Government of \$1.9 billion for a range of mental health programmes, including 900 respite care places. Under the recently agreed National Action Plan on Mental Health 2006-11, the states and territories are responsible for funding and providing supported accommodation for people with mental illness.
4. There is also a broad range of programmes administered by the Australian Government that support people with disability. Details of the complete list of disability support programmes are at **Attachment A**.
 5. The CSTDA sets the national framework for the delivery, funding and development of specialist disability services for people with disability. To date there have been three Agreements¹, with each new Agreement building on the work of the last. A copy of the current multilateral CSTDA is at **Attachment B**.
 6. The objective of the current CSTDA is that:

The Commonwealth and states and territories strive to enhance the quality of life experienced by people with disabilities through assisting them to live as valued and participating members of the community.²
 7. The Agreement provides a framework which helps guide and strengthen the relationship between the Australian, state and territory governments in working together, and with others. It enables both levels of government to fulfill complementary roles in the development and delivery of public policy and services to make a positive difference in the lives of people with disability, their families and carers.

¹ The first two Agreements were entitled the Commonwealth State Disability Agreement and covered the 5-year periods 1991-1992 to 1996 – 1997; and 1997-98 to 2001-02. The Agreement became known as the Commonwealth State Territory Disability Agreement for the third Agreement 2002-03 to 2006-07.

² Clause 4(1) of the CSTDA. The spirit of the CSTDA encompasses the Principles and Objectives of the *Disability Services Act 1986* (Cwlth), the *Disability Discrimination Act 1992* and complementary state and territory legislation.

-
8. Specialist disability services funded under the CSTDA are provided to benefit people with disability. People with disability are defined in the multilateral Agreement as:

Disability attributable to an intellectual, psychiatric, sensory, physical or neurological impairment or acquired brain injury (or some combination of these), which is likely to be permanent and results in substantially reduced capacity in at least one of the following:

- self care/management
- mobility
- communication

requiring significant ongoing and/or long-term episodic support and which manifests itself before the age of 65.

9. Under the three Agreements signed so far, (the first in 1991), the Australian Government has responsibility for the planning, policy setting and management of specialised employment assistance and the state and territory governments have similar responsibilities in relation to accommodation support, community support, community access and respite care services for people with disability. Both levels of government are responsible for providing advocacy, information and print disability services.

10. The Australian Government's contribution through the SPP is to assist states and territories in those areas where they have responsibility.

11. Service categories funded through the CSTDA are:

- Community support – These services provide the support needed for people with disability to live in a non-institutional setting. They include case management, regional resource and support teams, counselling, early childhood intervention services and other therapy support services.
- Community access – These services help people with disability to use and develop their abilities to enjoy social independence. They include day services, learning and life skills development, recreation and holiday programs.
- Accommodation support – These are services for people with disability that provide accommodation (group homes, hostels and institutions) and/or community based support (attendant care, personal care, in-home support) to enable people with disability to remain in their existing accommodation or move to more suitable accommodation.
- Respite care – These services provide a short-term and time limited break for families and carers of people with disability to assist and support the primary care role while providing a positive experience for the person with disability.
- Employment – Employment services provide either assistance to people with disability in obtaining or retaining paid employment in another organisation (open employment), or support to employ people with disability within the same organisation (supported employment).
- Advocacy services – Services specialising in the representation, views and concerns of people with disability and their families.

-
- Information/referral services – These services provide accessible information to people with disability, their carers, families and related professionals.
 - Print disability services – Services that provide alternative formats of communication for people who, by reason of disability, are unable to access printed information.

12. An important feature of the CSTDA is the work undertaken by the Australian Government and individual states and territories to address issues of local importance and joint interest. These areas of mutual concern are formalised through the CSTDA bilateral agreements that complement the single multilateral agreement.³
13. These bilateral agreements aim to foster collaboration across governments, break down barriers between programs and services funded by different levels of government, improve service access and coordination, and give people with disabilities opportunities to access appropriate services at all stages of their lives. They involve collaboration across both levels of governments, between government agencies and with other sectors such as education, employment and training, community services, health and aged care.
14. Overall, progress on the bilaterals has been variable but there has been some valuable work undertaken in areas such as ‘Improving transition from school to employment and alternatives to work’; ‘Meeting the needs of older people with disabilities who are ageing and their carers’; and ‘Addressing the needs of Indigenous Australians with disabilities’.

Funding

15. Total funding for the current CSTDA (2002-2007) is approximately \$17.1 billion over 5 years. The Australian Government has committed nearly \$4.9 billion over the five years: \$2 billion for the provision of disability employment services and nearly \$2.9 billion which is provided by the Australian Government to state and territory governments through the SPP to assist them to meet their responsibilities.

Service types, client usage and client profile

16. The number of service users who accessed CSTDA funded services increased from 187,806 in 2003-04 to 200,493 in 2004-05 (6.8 per cent). Within that increase both community support and respite services user numbers grew by 17 per cent with accommodation user numbers growing by 2 per cent and users of disability employment services growing by 1 per cent. There was a decrease in users of community access services nationally of 7 per cent⁴.
17. It should be noted that the collection period of CSTDA data has altered over the last few years from a snapshot day collection (2001 and 2002) to 6 months of data (2002-03) to a full financial year collection (from 2003-04) as a result of the

³ Bilateral Agreements were introduced as part of the second CSDA.

⁴ Source: CSTDA Annual Public Report 2003-04 and CSTDA Annual Public Report 2004-05

redevelopment of the CSTDA National Minimum Data Set. These changes in collection period mean that data is not comparable across all years of the current Agreement.

18. In 2004-05⁵ the largest group of service users accessed community support (92,610), followed by employment (68,370), community access (44,166), accommodation support (33,787) and respite (23,951). In terms of the disability groupings of service users, intellectual/learning disability was reported as the primary disability grouping for just under half (45 per cent) of all CSTDA funded service users across Australia. The second highest reported primary disability grouping for service users was physical disability at 23 per cent.
19. In relation to the age profile of CSTDA-funded service users, data indicates that in 2004-05 the majority of community support and respite service users were aged 0-19 years (50 per cent and 49 per cent respectively) while accommodation support service users were generally older with 55 per cent aged over 40 years. The majority of employment service users (54 per cent) were aged 20-39 years.
20. Service users aged 60 years and over made up a significant proportion of users of community access (14 per cent), accommodation support (13 per cent) and community support (10 per cent) services.
21. With the significant diversity of the Australian population (25 per cent born overseas and 43 per cent either born overseas or who have at least one parent born overseas)⁶, it follows that a significant number of people with a disability, and their carers, are likely to be from a diverse range of cultural and linguistic backgrounds. It is important that this diversity be recognised and its implications taken into account to ensure that services are responsive to and effectively meet the needs of clients from different backgrounds.

⁵ CSTDA Annual Public Report 2004-05. Employment service figure sourced from Disability Services Census, 2005.

⁶ Australian Bureau of Statistics, Census of Population and Housing, 2001

a) An examination of the intent and effect of the three Commonwealth State Territory Disability Agreements to date

History of the CSTDA

22. 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.

CSDA 1 (1991 – 1992 to 1996 - 1997)

23. The first Agreement was a Multilateral Agreement, which defined the roles and responsibilities of the Australian and state and territory governments in the delivery of specialist disability services. It represented a new approach, placing administrative responsibility for specific services with one level of government. Specifically, the Australian Government undertook responsibility for administering employment services, consistent with its general responsibilities for employment and its links with the Social Security system; and the state and territory governments undertook responsibility for administering accommodation, community support, community access, respite and other support services.

24. The Agreement supported the enactment of state and territory legislation mirroring the Commonwealth's *Disability Services Act 1986*. Improvements in data collection and quality began during the course of this Agreement.

25. The first Agreement also included arrangements to transfer some state and territory services that were predominantly employment-based to the Commonwealth, and some Commonwealth services that were predominantly day activity-based to states and territories. Any transfers were to be accompanied by appropriate transfers of funding.

26. The Commonwealth's contribution through the first and subsequent SPPs has been to assist the states and territories in those areas where they have responsibility.

27. The benefits arising out of the first Agreement included:

- The introduction of parallel Commonwealth State disability services legislation, which included shared Principles and Objectives;
- Clarification of government responsibilities through the delineation of Commonwealth and State government roles;
- A real increase in total disability funding, with the Commonwealth providing \$245 million in additional funding. Of this additional funding, \$145 million was to provide for improving the quality of services transferred from the Commonwealth to the states and territories (transition payment) and \$100 million was to provide for growth in services (growth services);

-
- Provision of opportunities for co-operative 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.

28. The shortcomings of the first CSDA were seen as:

- identification of gaps and interface issues with other programs;
- lack of strategic planning to meet growth in demand for services; and
- lack of accountability and lack of comparable performance data.

CSDA 2 (1997 – 1998 to 2001 - 2002)

29. The second Agreement built on the achievements of the first Agreement and attempted to address some of its shortcomings.

30. Bilateral Agreements were introduced to complement the single Multilateral Agreement and provided a means for the Australian Government to work in partnership with individual state and territory governments to address disability issues of local importance and joint interest.

31. 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 territories contributed \$366 million over the two years and this funding has been continued in the third Agreement.

32. 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 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.

33. Shortcomings of the second CSDA were that:

- 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.

CSTDA 3 (2002 – 2003 to 2006 - 2007)

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

35. The third Agreement retains 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.

36. The Australian Government 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 individualised, cased 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. The second key measure was 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.

37. The Australian Government further demonstrated its commitment to supporting and assisting people with disability and their families in the 2004-05 Budget when it announced it would commit \$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.

38. The additional respite for older carers measure is implemented through bilateral agreements with each state and territory government under the Commonwealth State Territory Disability Agreement. Negotiations were protracted with some jurisdictions, however by May 2006, all state and territory governments had signed bilateral agreements.

39. The main deliverables of the current CSTDA have been:

- An additional \$6.1 billion has been committed to specialist disability services. Of this, the Government'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 Australian Government funding, including the production of three CSTDA Annual Reports.

40. Despite these achievements, there is still room for improvement:

- 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 of nature, quality and durability of outcomes for people with disability accessing CSTDA services.

Welfare to Work Package

41. The Australian Government Welfare to Work package includes elements that relate to the CSTDA. The Welfare to Work package has provided new opportunities for people with disability who have some capacity to work. As part of Welfare to Work, job seekers with disabilities have improved access to services, including the Disability Employment Network (DEN) and Vocational Rehabilitation Services (VRS), to help them find work consistent with their capacity. Importantly, as job seekers with disability also have improved access to mainstream Job Network (JN) services, the additional places now available in these services will directly benefit job seekers with a disability who have a partial capacity to work.

42. From 1 July 2006, job seekers with disabilities seeking access to employment assistance may require a comprehensive assessment and identification of any:

- barriers to finding and maintaining employment (this may relate to the impact of a person's disability, medical condition and/or other disadvantage/s they have),
- current and future work capacity,
- interventions/assistance that are appropriate to help a jobseeker to improve/maximise their current work capacity.

43. Job Capacity Assessment (JCA) providers will be able to refer jobseekers to an employment or support service that meets their individual needs.

44. From 1 July 2006, job seekers with disability have access to capped or uncapped places in DEN and VRS Programmes. Uncapped places are available to job seekers with disabilities who meet general eligibility criteria for these programmes and also meet the following criteria:

- have a work capacity of 15-29 hours per week; and
- are receiving Newstart Allowance, Youth Allowance or Parenting Payment; and
- have part time participation requirements; and
- can work independently at full wages in the open labour market with up to two years of employment assistance; and
- require more than six months of support after being placed in employment; and/or
- require specialist assistance to build capacity to be able to meet participation requirements.

45. The Australian Government is providing an extra \$364 million over three years for additional DEN and VRS services. This includes 21,000 uncapped DEN places.

46. An additional \$25 million over three years will boost the Workplace Modifications Scheme (WMS) to help more people with disability and their employers.

47. The new higher rate of Mobility Allowance (\$100) is available for people working 15 hours or more or looking for such work under an agreement with an employment service provider.

48. Other innovations include the JobAccess information and advice service for employment of people with disability, insurance coverage for work experience placements and the introduction of funding for Auslan interpreters in the workplace.

Australian National Audit Office Audit of Current CSTDA Agreement

49. The Australian National Audit Office (ANAO) began a performance audit of the CSTDA in March 2004. The audit was carried out to assess whether the Department of Families, Community Services and Indigenous Affairs (FaCSIA) effectively undertakes its oversight, monitoring and coordination roles according to the CSTDA and focussed on: the application of whole of government approaches to providing disability services covered by the Agreement; the adequacy of the performance monitoring framework and its application; and the identification of mechanisms to improve the quality of disability services.

50. The ANAO report, which was tabled in October 2005, confirmed that FaCSIA has largely fulfilled its requirements under the third CSTDA over the first two years of the Agreement.

51. FaCSIA has made significant progress in the implementation of the ANAO's recommendations and has established more formal regular mechanisms to communicate with other Australian Government portfolios. The ANAO's report contained five recommendations. A copy of the Recommendations is at **Attachment C**. The predominant focus of these recommendations is on improvements to performance reporting requirements. However, because the states and territories are responsible for the delivery of specialist disability services other than employment, improvements in performance reporting will require input and agreement from state and territory governments. As a result, these issues are being pursued through the National Disability Administrators and will form part of negotiations for any future agreement.

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

52. The Australian, state and territory governments have committed \$17.1 billion over the 5 years of the current Agreement. The Commonwealth has committed nearly \$4.9 billion and the states and territories nearly \$12.3 billion over the term of the current Agreement. This represents about \$6.1 billion more than the last Agreement.
53. In June 2002 the Commonwealth offered the states \$2.8 billion over 5 years to assist them to meet their responsibilities under the CSTDA, which included additional growth funding of \$125 million. This funding was offered on the condition that states provide the Commonwealth with five-year forward funding commitments and match the Commonwealth's average annual growth rate of approximately 6 per cent over the life of the Agreement.
54. Due to recent budget injections the actual total expenditure by all governments under this Agreement has increased by 10 per cent per annum during the first three years of the Agreement.
55. The Australian Government will contribute 50 per cent more in funding over the term of the third CSTDA Agreement than it contributed in the second. Growth in Australian Government funding is expected to be 55.2 per cent in specialist employment assistance and 47 per cent through the SPP to the states and territories.

CSTDA3 Five-year funding at a glance (based on Schedule A 12 May 2006)

	CSTDA 3	Increase*
State and Territory funding	\$12.3 billion	\$4.5 billion
Commonwealth SPP	\$2.9 billion	\$0.9 billion
Commonwealth Employment	\$2 billion	\$0.7 billion
Total	\$17.1 billion	\$6.1 billion

* Increase over end point of CSDA 2

56. Australian Government and state and territory commitments under the final two years of the Agreement total an estimated \$3.55 billion in 2005-06 and \$3.75 billion in 2006-07.

CSTDA3 Funding 2005-06 and 2006-07 (based on Schedule A 12 May 2006)

	2005-06 (Estimated \$)	2006-07 (Estimated \$)
State and Territory funding	\$2.50 billion	\$2.64 billion
Commonwealth SPP	\$605 million	\$ 617 million
Commonwealth Employment	\$451 million	\$487 million
Total	\$3.55 billion	\$3.75 billion

57. While the Australian Government provides a significant level of funding to the states to assist them to meet their responsibilities, clause 8(6) of the CSTDA

states that such funding is a global amount to be allocated by the States and Territories on the basis of need.

58. Consequently, the Australian Government does not impose any requirements on the way funds are allocated, except that they are used to fund services that are eligible for funding under the CSTDA.

Unmet Need

59. Research conducted by the Australian Institute of Health and Welfare (AIHW) in 1997 indicated that the demand for CSTDA services from people meeting the eligibility requirements for disability services had for some time exceeded the number of services available.⁷

60. In 2001 the Australian Government offered the states and territories \$150 million over the last two years of the second Agreement (2000-01 and 2001-02) to help them address unmet need for services. The offer was conditional on the states making significant financial contributions that broadly matched the Commonwealth's offer. In response, state and territory governments contributed \$366 million over those two years.

61. In 2001, the National Disability Administrators (a group of Australian Government and State and Territory government officials responsible for monitoring the performance of the CSTDA) commissioned the AIHW to update the 1997 report, examine the effectiveness of the unmet need funding provided to states and territories and estimate any remaining shortfalls.

62. The resultant 2002 report by the AIHW⁸ estimated that there were 12,500 people needing accommodation and respite services; 8,200 places needed for community access services; and 5,400 people needing employment services.

63. However, poor data provided by the states and territories and delays in establishing new or expanded services with the additional funds provided to address unmet need, has meant that it is now difficult to determine whether the additional funding has effectively addressed the unmet need identified in the 2002 AIHW report.

64. The AIHW data suggests that the greatest areas of unmet need under the CSTDA are accommodation and respite services, which are areas of state and territory government responsibility. Nevertheless, the Australian Government recognised that there was an urgent need for extra respite services that could be accessed by older carers. As a result, the Australian Government announced funding for the provision of respite services that could be accessed by older carers (\$72.5m over 4 years) as a direct response to the issue of unmet need in this area.

⁷ Australian Institute of Health and Welfare, Demand for Disability Support Services in Australia: size, cost and growth, Canberra, AIHW 1997.

⁸ Australian Institute of Health and Welfare, Unmet Need for Disability Services, Canberra, AIHW, July 2002

-
65. The National Disability Administrators will be engaging the AIHW to update the unmet need data that was published in its 2002 report. The Australian Government strongly supports this project, which is hoped will provide more robust data. This project is expected to be completed by the end of 2006.
66. The 2002 AIHW report on unmet need for specialist employment services for people with disability proposed that an additional 5,400 employment places were required to address demand. In 2000-01, a total of 60,352 people with disability accessed specialist employment services while in 2004-05, a total of 68,370 people with disability accessed these services – an overall increase of 8,018 or 13.3 per cent. Over this time period, funding for specialist employment services increased from \$241 million to \$352 million⁹.
67. In considering unmet need for specialist disability employment services, it should be noted that service capability is just as important as the number of places available. In particular, the Australian Government's reforms to specialist disability employment services have had a small but observable impact in broadening the focus of specialist employment services from a traditional focus on intellectual disability to supporting people with a much wider range of disabilities. In open employment services for example, the proportion of service users with autism increased from 1.7 per cent in 2001-02 to 2.3 per cent in 2004-05, and over the same period the proportion of service users with specific learning difficulties and attention deficit disorder rose from 9.2 per cent to 10.3 per cent. A similar picture presents in supported employment services.
68. Of interest is that people with intellectual disabilities are increasingly choosing open employment over supported employment services. In 2004-05, there were 12,325 people with intellectual disabilities using open employment services (26.8 per cent of all clients) and 14,097 service users with intellectual disabilities accessing supported employment services (73.4 per cent of all supported employment clients). The picture 10 years ago was substantially different. In 1997, people with intellectual disability made up 48.3 per cent of open employment users and 77.9 per cent of supported employment clients.
69. In the context of supported employment, the introduction of individualised, case based funding also has seen a marked shift towards a client group with much higher support needs. In the three years from 2002 (the year before case based funding places began to be released) to 2004, supported employment service users were increasingly likely to have a profound core activity restriction. Over that period:
- The number of supported employment clients with a profound core activity restriction increased by 28.6 per cent nationally;
 - The number of supported employment clients with a severe core activity restriction increased by 15.3 per cent nationally; and
 - The number of supported employment clients with a core activity restriction of 'moderate to none' has fallen by 13 per cent nationally.

⁹ Source Productivity Commission Report on Government Services 2006

-
70. Additional evidence that case based funding has been effective in directing supported employment services increasingly towards those with higher support needs can be found in data from the annual Disability Services Census. That data shows that the proportion of supported employment clients who receive care has increased from 66.4 per cent in 2002 to 73.7 per cent in 2004.
71. The ongoing commitment of the Australian Government to improving employment outcomes for people with disability is demonstrated in the 2005-06 Budget announcement of an additional 21,000 demand driven (uncapped) places in the Disability Employment Network, which have become available since July 2006.

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

72. Australia's demographic and social trends over the next 40 years will have a significant impact on the future demand for all disability services. The incidence of disability is expected to increase due to the impact of structural ageing and the increasing life expectancies of people with disability. These factors together with a decrease in informal female carers are likely to result in a significant increase in demand for disability services.

73. The ageing of Australia's population will also have a significant impact on Australia's labour force as the proportion of the population aged over 65 years increases substantially. In particular, there are concerns that the health, community services and disability sectors will experience shortages as the workforces age while the demand for their services rises. Population ageing is also likely to result in informal carers spending more of their time caring for older people, which may reduce their capacity to care for people with disability.

74. The Australian Government has announced two initiatives relating to older carers:

- *Older Carers Respite Initiative* - As part of the 2004-05 Budget, the Australian Government announced it would commit \$72.5 million over 4 years, to provide up to four weeks respite care to parents aged 70 years or over caring for a son or daughter with a disability, and up to two weeks respite care for parents aged between 65 and 69 years who themselves need to spend time in hospital, and who are caring for a son or daughter with a disability. This initiative was subject to matching funding commitments from state and territory governments.
- *Private Provisions for Ageing Parent Carers* - The Prime Minister, in conjunction with the Minister for Families, Community Services and Indigenous Affairs, announced a package worth more than \$200 million in October 2005 to make it easier for parents of children with severe disability to make private financial provisions for their children's future care and accommodation needs. From 20 September 2006, parents will be able to put up to \$500,000 into a trust without being affected by the means test. This means that the trust will not impact on the income support payment of the person with disability, nor will the gift impact on the parent or immediate family members income support payment if they are of age pension age or within five years of age pension age.

75. Under the CSTDA state and territory governments are responsible for providing all disability services (other than employment services) to people with lifelong disability throughout their life.

76. CSTDA data indicates that there has been significant decline in the number of service users aged 60-64 years compared to those aged 55-59 years across all CSTDA funded service types. This shift is understandable for employment service users as they retire. However, reduced representation of this age cohort

for non-employment services (which are the responsibility of the States and Territories) is of concern, particularly as under the CSTDA, eligibility for services is based on, amongst other things, the disability manifesting itself before age 65. There is a concern that this decline reflects a trend for older people with disability ending up in inappropriate aged care or hospital services due to a lack of appropriate disability services.

Home and Community Care

77. State and territory CSTDA services interface with the joint funded Home and Community Care (HACC) Programme which provides services for frail older people, people with disability, and their carers. HACC services include community nursing, domestic assistance, personal care, meals on wheels and day-centre based meals, home modification and maintenance, transport and community-based respite care (mostly day care).
78. The Australian Government contributes approximately 60 per cent of HACC Programme funds and maintains a broad strategic role. The states and territories make up the remaining 40 per cent. State and territory governments are responsible for the day-to-day management of the programme.
79. In 2006-07, the Australian Government will provide an estimated \$928.4 million to the HACC Programme, an increase of 8.2 per cent over 2005-06. Should all states and territories agree to match the Australian Government's offer of funding, a total of \$1.5 billion will be provided nationally for the HACC Programme in 2006-07.
80. In 2004-05, HACC services provided care and assistance to over 744,000 people, 36,800 more than in 2003-04. People with disability are estimated to comprise over 24 per cent of the total number of HACC clients. However, they are estimated to consume 30 per cent of the funding because proportionately more people with disability access higher levels of service.
81. The proportion of younger people (those under 65 years) accessing HACC services has increased from 18.5 per cent in 1994-95 to over 24 per cent in 2004-05. Given that the percentage of young people in the general population has declined over the same period, the growth in young people as HACC clients suggest that outside of HACC, disability services delivered by the states and territories have not grown in line with demand.

Residential aged care

82. Both levels of government have expressed concern about the significant numbers of young people with disability in residential aged care. Such an environment is generally considered inappropriate for younger people (with the average age of residents being 84 years on entry to care) and is a 'last resort'. In response, on 10 February 2006 the Council of Australian Governments (COAG) announced joint funding of \$244 million over five years for a programme aimed at reducing the number of younger people with disability in residential aged care. This

programme will initially target people aged under 50 years and people will only be moved to alternative, more appropriate services where they wish to do so.

Ageing in place

83. As a growing number of people with disability are living longer, the principle of 'ageing in place' should apply to the disability community, just as it does to the general community, so that people with disability are encouraged to age in place and, where they choose to do so, are able to access appropriate support services.
84. Suggestions have been made that the Australian Government should take responsibility for older people with disability and that all their care needs should be regarded as aged care needs.
85. Such suggestions would be at odds with 'ageing in place' and conflict with responsibilities under the current CSTDA. In addition, as with older people generally, not all people with disability who are ageing will require aged care services (noting that the average age at entry into residential aged care is 84 years). Continuity of their specialist disability support services as they age will be essential.
86. To examine the possibility of further reducing inappropriate admissions of people with disability into aged care homes, the Department of Health and Ageing established a pilot programme to explore the provision of aged care services for people with disability who are ageing in state and territory government funded disability supported accommodation. The objective was to test whether these people have aged care needs distinct from their disability needs and whether the provision of aged care services in addition to disability services could reduce inappropriate admissions to residential aged care. Nine pilots were established in cooperation with state governments in Western Australia, South Australia, New South Wales, Victoria and Tasmania, with the state governments agreeing to maintain the provision of existing disability support services.
87. Preliminary results of the evaluation of these pilots by the Australian Institute of Health and Welfare indicate that identifying ageing related care needs of people already receiving disability services is complex. Although the pilots enabled some useful insights, further work is needed to inform any consideration by governments of how best to meet their needs.
88. The Australian, state and territory governments have recognised the impact of an ageing population on people with disability as a key priority under the current CSTDA. In addition, all bilateral agreements under the CSTDA contain specific measures aimed at improving access to services for people with a disability who are ageing.
89. The negotiations in relation to the next HACC Agreement, and the potential for a fourth Commonwealth State Territory Disability Agreement offer opportunities to further consider interface issues across jurisdictions and across Australian Government programmes.