

**Response to the  
Community Affairs Reference Committee  
of the Australian Government Senate**

**Inquiry into the Commonwealth State/  
Territory Disability Agreement**

**Victorian Government, August 2006**

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## Background

The Community Affairs Reference Committee of the Australian Government Senate agreed to an examination of the funding and operation of the Commonwealth-State/Territory Disability Agreement (CSTDA). The terms of reference to the Inquiry include:

- a) Examination of the intent and effect of the three CSTDA's 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
- d) An examination of alternative funding, jurisdiction and administrative arrangements, including relevant examples from overseas.

The CSTDA is a five-year multilateral agreement (2002-03 to 2006-07) covering funding and administration of specialist services for people with disabilities. Services covered under the agreement include:

- accommodation support
- community support
- community access
- information and print disability
- respite
- employment
- advocacy

Under the CSTDA, funding is a shared responsibility:

- The States/Territories have administrative responsibility for accommodation and other services.
- The Commonwealth has administrative responsibility for employment services.
- There are shared responsibilities for advocacy, information and print disability.

The eligible target population for receiving support under the CSTDA is people with disabilities attributable to an intellectual, psychiatric, sensory, physical or neurological impairment or acquired brain injury (or some combination of these), which manifests before the age of 65 and is likely to be permanent. Services are targeted to people with substantially reduced capacity in at least one area of self-care/management, mobility or communication, who require significant ongoing and/or long-term episodic support.

The CSTDA contains accountability and transparency requirements that include reporting against an agreed, nationally consistent, set of performance indicators derived from the CSTDA National Minimum Data Set (NMDS). There are no targets set as part of the CSTDA multilateral agreement, but compliance must be made with the reporting requirements. More specific performance measures are identified in the Bilateral Agreements.

The CSTDA includes a bilateral agreement (with no funding attached) to progress the CSTDA policy priorities. Bilateral agreements were also developed between the Commonwealth and each State/Territory under the respite for older carers initiative.

## Executive Summary

The Victorian Government's response to the Inquiry is predicated on two central themes: A Fairer Victoria and the National Reform Agenda. A Fairer Victoria is the Victorian Government's commitment to addressing disadvantage and creating opportunity. The National Reform Agenda is the Council of Australian Governments' blueprint for increasing workforce participation and productivity, which is reliant on changing the way the Commonwealth, States and Territories work together.

The Victorian State Disability Plan 2002-2012 supports a whole-of-government and whole-of-community approach to considering all aspects of life for people with a disability, reaffirming the rights of people with a disability to live and participate in the community on an equal footing with other citizens of Victoria.

There are opportunities for both levels of Government to work together to improve outcomes for people with a disability by addressing some of the current issues in the Commonwealth State/Territory Disability Agreement (CSTDA) and by delivering broader scale reform to improve outcomes for people with a disability more generally.

In reviewing the current CSTDA arrangements, Victoria has acknowledged the importance of a framework for nationally agreed policy priorities to guide the delivery, funding and development of services for people with a disability.

Demand for disability services in Australia is growing due to a range of societal and technological changes. Under the current arrangement, States and Territories bear disproportionate responsibility for managing growth in demand. The challenges for State, Territory and Commonwealth Governments in addressing the longer-term sustainability of disability services are to manage and respond to the rate of growth in demand by providing a more efficient balance of support and accommodation options that focus on achieving desired outcomes. This will enable better alignment with individual needs, increased value for money, and reduce dependence on one-size-fits-all, facility-based services.

There needs to be agreed and comprehensive strategies for a sustainable response to demand growth through joint Commonwealth/ State and Territory investment. To meet future demand, investment needs to be sustained and focused on a range of strategies, including the development of more accessible, community based housing opportunities, flexible packages of support, and increased access to employment.

There are issues with the appropriateness of current Commonwealth State/Territory joint funding arrangements related to sector sustainability, workforce capacity and equitable funding arrangements. A number of factors need to be considered in ensuring that the disability service sector remains viable and is able to deliver efficient and effective services. The current level of indexation provided by the Commonwealth under wage cost index 2 is not sufficient to meet increases in the real cost of services. Over time, the consistent payment of inadequate indexation by the Commonwealth will result in the erosion of the value of base funding under the CSTDA, leading to a reduction in existing capacity, and placing further demand pressures on services.

With limited indexation, pressures on workforce recruitment and retention will also heighten. Recruiting and retaining a skilled workforce is necessary to ensure that more innovative services responses can be delivered to achieve outcomes for people with a disability.

There are a range of Commonwealth policies, broader than the CSTDA, which impact on people with a disability both directly and indirectly. Wherever possible, strategies related to welfare and taxation policy should be used as enablers to progress the independence and economic participation of people with a disability in accordance with the National Reform Agenda.

The CSTDA and related agreements, such as Home and Community Care (HACC), should have complementary clauses that clearly state the boundaries between agreements and list any shared outcomes.

The ongoing unmet need for disability services, along with a lack of formal transition pathways between State/Territory funded disability services, State/Territory managed health services and Australian Government employment services and aged care services create barriers to the seamless provision of services for people with a disability. As many people with a disability are now living longer, responses to the ageing population need to be considered with tailored solutions that address retirement from day programs and facilitated access to aged care services.

All levels of government have a key role in reducing disadvantage and barriers to participation. A new agreement could focus on ensuring a holistic approach to providing services to people with a disability that focus on desired outcomes and achieving participation as equal members of our communities. An outcomes focus that permits flexibility and innovation may promote the consideration of linkages to affordable housing, accessible transport, education and training, and health.

Alternative arrangements in relation to disability services would need to support process efficiency (for example, administrative and reporting burdens) and cost effective service delivery, as well as policy innovation to achieve better outcomes. State and Territory governments should have the flexibility and authority to develop diverse ways of delivering improved services, taking account of local approaches within a broad national framework.

The development of a new partnership agreement should govern the delivery, funding and development of disability services, with accountability based on outcomes for people with a disability, their families and carers. This may include measures related to service quality, labour participation and community living, with the states and territories retaining the flexibility to determine how these outcomes could be achieved.

Arrangements governing any future agreements between the Commonwealth, State and Territory Governments should encompass:

- clear objectives with a focus on clearly defined outcomes in priority areas while retaining flexibility in delivery arrangements
- accountability arrangements that are based on transparent measures of progress against outcomes and have strong positive incentives
- continuous improvement arrangements that are designed to support policy innovation and a continuous improvement culture
- coordination with related areas, such as HACC, and avoidance of any unclear boundaries with other Commonwealth/ State agreements
- a true partnership model with mutually balanced obligations and contributions
- an emphasis on efficiency, flexibility and minimal administrative burdens
- a major focus on dynamic improvement that is stimulated by diversity.

## Summary of Recommendations

- 1 That the Commonwealth and States/Territories pursue an outcomes focused agreement to enable better alignment with individual needs, increased value for money, and to reduce dependence on one-size-fits-all, facility-based services. The current CSTDA could be reframed to reflect a partnership agreement that clarifies:
  - Respective roles and responsibilities
  - Funding arrangements
  - Accountability based on outcomes for people with a disability
  - Relationships with related areas, such as aged care, health, housing, transport, education and training.
- 2 That the Commonwealth and States/Territories work in partnership to develop an agreed and comprehensive strategy for a sustainable response to future demand growth. The longer-term sustainability of disability services could be addressed by providing a more efficient balance of support and accommodation options that focus on achieving desired outcomes.
- 3 That the Commonwealth and States/Territories manage and respond to the growth in demand in a way that is aligned with providing individualised and community-based solutions and considers the following strategies:
  - The development of more accessible, community based housing opportunities
  - More flexible individual support packages
  - Provision of aids and equipment to increase independence
  - Support for carers
  - Increasing access to employment
- 4 That the Commonwealth and States/Territories consider a range of strategies to address the unmet need for accommodation support for people with a disability that extends beyond traditional models of supported accommodation such as group homes. This requires tailored packages of support linked with housing options, the provision of early intervention and support for carers, and targeted strategies to promote skills development and participation of people with a disability to heighten independence.
- 5 That the Commonwealth Government supports enabling strategies through flexibility in terms of taxation and welfare policies to enable funds provided for tailored individual disability supports to not be assessed as income.
- 6 That the Commonwealth Government consider offering financial assistance by way of tax relief to people with a disability and their families to assist with the affordability of some aids, equipment and essential home modifications. Such a move would recognise the high costs incurred by people with a disability due to their impairment.
- 7 That the Commonwealth Government commit to the State and Territory based aids and equipment schemes. This would assist both levels of government to maintain in home and community based supports.
- 8 That the Commonwealth and States/Territories commit to aligning the CSTDA with the National Reform Agenda. People with a disability should be supported to access appropriate education, training and support to work, thereby contributing to growth in the national economy. This includes removing disincentives and barriers to labour force participation, and encouraging all people to make the best use of their skills and capabilities.

- 9 That the Commonwealth and States/Territories develop clear pathways between education and training, State-funded disability services, and Commonwealth-funded employment supports to ensure that people with a disability are supported to achieve their full potential.
- 10 That the Commonwealth and States/Territories apply joint effort to address the current service gaps that exist for people with a disability accessing employment, including innovations projects to enhance the work readiness and capabilities of people with a disability and to educate potential employers. The ability for many people with a disability to participate in employment is reduced, unless support is provided to help them find and keep a job. Enabling measures to assist people with a disability to overcome very serious barriers include employer discrimination, a lack of appropriate counselling services, access to attendant care, and accessible transport.
- 11 That the Commonwealth and States/Territories commit to an equitable share of the costs and benefits associated with progress and reforms in relation to disability. The Commonwealth stands to make significant fiscal savings from effective management of welfare reform and increased labour force participation of people with a disability. However, States and Territories will still be required to provide many of the necessary support services to facilitate this and there should be an equitable sharing of the benefits associated with increased labour force participation.
- 12 That the Commonwealth and States/Territories commit to a rate of indexation that is more reasonable than the current wage cost index 2 applied by the Commonwealth.
- 13 That the Commonwealth and States/Territories invest in a strategy to attract, recruit and retain a skilled workforce to address to emerging growth in demand for disability services.
- 14 That the CSTDA funds are equitably distributed across all jurisdictions in proportion to the distribution of the potential population.
- 15 That a more strategic dataset is developed to support an outcomes focus for people with a disability. This will provide an opportunity to inform further investment and service improvement, enable benchmarking against specific measures, and support incentives for innovation.
- 16 That all levels of government commit to reducing disadvantage and barriers to participation.
- 17 That more streamlined coordination occurs between the CSTDA and the HACC program, with clearer delineation of responsibilities for people with more intensive needs. Victoria recommends that States take responsibility for younger people with a disability and the Commonwealth takes responsibility for older people with high needs. Basic services under the HACC program for people with relatively low levels of need should continue to be jointly funded because they play a role in supporting people in the community as a result of a variety of circumstances that impact on both Commonwealth and State interests.
- 18 That the Commonwealth and States/Territories develop more collaborative arrangements and transitional pathways to support people with a disability move into aged care services, including provision of community aged care

packages (CACP) or extended aged care in the home (EACH) packages for people with a disability residing in shared supported accommodation to meet age-related needs. The provision of aged care packages could also support transition to retirement from day programs or employment, and help to facilitate appropriate day options.

- 19 That some of the strategies announced as part of the Council of Australian Government's Australian Better Health Initiatives are extended to specifically target people with a disability, including the Well Person's Health Check and initiatives to improve the integration and coordination of care. A coordinated approach to case planning, access to longer General Practitioner consultations, and enhanced integration of services between medical services, public community health services, allied health services and non-government organisations would be highly beneficial for people with a disability, particularly for people with complex health needs or for people who have communication difficulties.
- 20 That the CSTDA is strengthened to advocate for positive change through providing incentives to facilitate positive outcomes for people with a disability, such as labour force participation. Any new Agreement should give consideration to further pursuing links in relation to affordable housing, accessible transport, education and training, and health outcomes for people with a disability.
- 21 That arrangements governing any future agreements between the Commonwealth, State and Territory Governments encompass:
  - clear objectives with a focus on clearly defined outcomes in priority areas while retaining flexibility in delivery arrangements
  - accountability arrangements that are based on transparent measures of progress against outcomes and have strong positive incentives
  - continuous improvement arrangements that are designed to support policy innovation and a continuous improvement culture
  - coordination with related areas, such as HACC, and avoidance of any unclear boundaries with other Commonwealth/ State agreements
  - a true partnership model with mutually balanced obligations and contributions
  - an emphasis on efficiency, flexibility and minimal administrative burdens
  - a major focus on dynamic improvement that is stimulated by diversity.



## Introduction

The Victorian Government's response to this Inquiry is predicated on two central themes: A Fairer Victoria and the National Reform Agenda. A Fairer Victoria is the Victorian Government's commitment to addressing disadvantage and creating opportunity. The National Reform Agenda is the Council of Australian Governments' blueprint for increasing workforce participation and productivity, which is reliant on changing the way the Commonwealth, States and Territories work together.

People with a disability generally are amongst the most disadvantaged in Australia. They receive lower incomes, have lower labour force participation rates, experience higher unemployment, have poorer housing and educational outcomes than the rest of the community, incur additional living costs, and suffer discrimination and negative community attitudes. Victoria is committed to addressing disadvantage and improving the way in which people with a disability, their families and carers are able to access a range of formal and informal supports.

Victoria has introduced new disability legislation to provide a framework for the delivery of supports based on a person's individual requirements, with stronger accountability to regulate and provide safeguards for service provision in relation to access, individual planning, complaints and review, residential rights, and quality outcomes. The Act also acknowledges and respects the important role that families and carers have in supporting people with a disability.

The Victorian State Disability Plan 2002-2012 is based on fundamental principles of human rights and social justice by taking a whole-of-government and whole-of-community approach to considering all aspects of life for people with a disability. The Plan provides a strong agenda for change, reaffirming the rights of people with a disability to live and participate in the community on an equal footing with other citizens of Victoria and reduce the reliance on Government funded supports.

There are opportunities for both levels of Government to work together to improve outcomes for people with a disability by addressing some of the current issues in the Commonwealth State/Territory Disability Agreement (CSTDA), and by delivering broader scale reform to improve outcomes for people with a disability more generally. Opportunities have recently been highlighted in the National Reform Agenda, but also build on past reports specifying best practice principles for specific purpose payments. These include:

- clear objectives with a focus on clearly defined outcomes in priority areas while retaining flexibility in delivery arrangements
- accountability arrangements that are based on transparent measures of progress against outcomes and have strong positive incentives
- continuous improvement arrangements that are designed to support policy innovation and a continuous improvement culture
- coordination with related areas and avoidance of any unclear boundaries with other Commonwealth/ State agreements.

The Victorian Government endorses these areas for reform in the development of a future Commonwealth State/ Territory agreement in relation to disability. There is potential for the current arrangements to be enhanced through governments working together in the spirit of collaborative federalism, with an equitable share of the costs and benefits associated with progress and reforms in the areas concerned.

## **Responding to the terms of reference**

### ***a) An examination of the intent and effect of the three Commonwealth State/ Territory Disability Agreement to date;***

The CSTDA provides a framework for nationally agreed policy priorities to guide the delivery, funding and development of services for people with a disability. Victoria sees this focus as an important element of the existing arrangements and is supportive of the objective of the current CSTDA whereby the Commonwealth and the States/Territories strive to enhance the quality of life experienced by people with a disability through assisting them to live as valued and participating members of the community.

The current CSTDA provides flexibility for the Commonwealth, States and Territories to provide services according to their requirements within the broad framework of the agreement. In a country as diverse and large as Australia, flexibility in policy development and service delivery are necessary for State and Territory Governments to respond to the varied needs of local communities and to adapt to changing environments.

The CSTDA has been successful as a vehicle for promoting relationships and learning across jurisdictions. The overall success of the CSTDAs to date has been impeded by its focus on inputs and bureaucratic processes and controls. The reporting requirements are onerous for States and Territories and there are no real incentives or framework for pursuing improvement, or for measuring the extent of outcomes achieved for people with a disability.

The third CSTDA (2002-2007) included nationally agreed policy priorities:

- Strengthen access to generic services for people with a disability
- Strengthen across-government linkages
- Strengthen individuals, families and carers
- Improve long-term strategies to respond to and manage demand for specialist services
- Improve accountability, performance reporting and quality.

The national policy priorities have formed the basis for research projects overseen by senior officers from each jurisdiction, represented on the National Disability Administrators (NDA). However, there is currently no framework for measuring progress against these policy priorities or their effectiveness in delivering improved outcomes for people with a disability.

There are opportunities to reframe the funding arrangements under the current CSTDA to reflect a partnership agreement that clarifies respective roles and responsibilities, funding arrangements, and desired outcomes. In the context of the complex mix of Commonwealth and State services on which most people with a disability are reliant upon, the outlining of respective roles and responsibilities should not be a simple scenario of who provides what to whom.

The development of a new partnership agreement should govern the delivery, funding and development of disability services, with accountability based on outcomes for people with a disability, their families and carers. This may include measures related to service quality, labour participation and community living, with the States and Territories retaining the flexibility to determine how these outcomes could be best achieved.

The Heads of Treasuries SPPs Working Group considered the development of a possible outcomes framework for the CSTDA in 2005. This approach considered a range of measures, including people with a disability having the opportunity to undertake and retain paid employment, being able to access appropriate accommodation, and the ability to be socially independent and participate in the community. This framework could be further developed and would enable all parties to agree to an explicit and measurable set of desired outcomes.

***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;***

The Commonwealth has an important role in ensuring that all Australians can access appropriate services. This includes helping people with a disability to participate actively in community and economic life, to have access to a responsive and sustainable safety net, and to develop skills and capabilities.

Under current arrangements, the States and Territories bear disproportionate responsibilities associated with growth in demand for many CSTDA services, including accommodation support, community access and respite. In Victoria, the Allen Consulting Group have estimated demand growth of 5% per annum, which is attributable to population change, a reduction in the availability of informal care as carers age and the role and structures of families change, and a service use cohort effect that is borne by changing expectations of people requiring a service and the likelihood that the need for additional services will intensify as current service recipients age.

The challenges for State, Territory and Commonwealth Governments in addressing the longer-term sustainability of disability services are to manage and respond to the rate of growth in demand for supports by providing a more efficient balance of care and accommodation options that focus on achieving desired outcomes. This will enable better alignment with individual needs, increased value for money, and reduce dependence on one-size-fits-all, facility-based services.

The Commonwealth and States/Territories need to work in partnership to develop an agreed and comprehensive strategy for a sustainable response to future demand growth.

***Drivers of demand***

***Impacts of population change***

Demand for disability services is exacerbated by pressures building on a system characterised by significant levels of unmet and emerging demand, the long-term dependency of clients once they enter the support system, the weighting of current service responses towards more intensive, accommodation-based options and day programs, the crisis-driven nature of access to the system, and the forecast decline in the availability of informal carers as they age.

The impact of technological advances and increased medical survival rates, particularly in the areas of premature births and traumatic incidents, has led to increased demand for support from people who have complex medical and disability-related support needs. Disability Services in Victoria is increasingly required to provide appropriate support responses for people with acquired brain injury, spinal injury and neurological conditions who would otherwise remain in acute health beds or nursing home placements without adequate interventions.

As many people with a disability are now living longer, responses to the ageing population need to be considered with tailored solutions that address retirement from day programs and facilitated access to aged care services.

### ***Addressing the challenge of unmet need***

Victoria in recent years has implemented strategies that are both cost effective and that promote improved outcomes for people with a disability. Strategies focusing on individualised planning and support aim to create an environment that fosters self-determination to achieve a balance between disability supports, mainstream services and community and family support.

Unmet need can be managed through a range of measures designed to strengthen early intervention to increase family resilience and reduce dependence on disability services, however this is reliant upon a sustained level of investment to ensure that resources can be appropriately targeted.

To meet future demand, investment needs to be sustained and focused on a range of services that consider the following strategies, with agreement between jurisdictions to removing barriers to achieve these strategies:

#### **➤ The development of more accessible, community based housing opportunities**

- A commitment needs to occur from all levels of Government to pursue options for affordable housing, and the Commonwealth Government needs to ensure that welfare payments in relation to rent assistance are sufficient to gain access to housing in the contemporary market.
- Demand for low cost and affordable housing is growing due to underlying population, demographic, and socio-economic drivers, in particular household formation rates and employment and housing market cycles.
- At the same time, private rental market capacity in terms of affordable housing is falling, opportunities for low and moderate income households to achieve affordable home ownership are declining, and rates of entry to and exit from public housing are falling, indicating a diminishing capacity to meet new demand.
- Central to managing unmet need is the provision of alternative accommodation options. Strategies to address the unmet need for accommodation support for people with a disability need to look beyond traditional models of supported accommodation such as group homes. This requires tailored packages of support linked with housing options, the provision of early intervention and support for carers, and targeted strategies to promote skills development and participation of people with a disability to heighten independence.
- The capacity for group homes to support people with a disability using a more individualised approach and a greater emphasis on transition by encouraging more independence in the community needs to be explored, as do innovative service options.

#### **➤ More flexible individual support packages**

- Many people with a disability in Victoria are discovering that flexible, individually tailored packages afford more control over their lives as well as providing the support they need. Individual support packages have proven effective both in terms of client outcomes and cost. Significant outcomes have included:

- Support to live in the housing of their choice
  - Reduction in stress for families caring for children with a disability
  - Increasing skills and opportunity for community inclusion
  - Additional supports to enable independent living
  - Collaboration across programs to pool resources and develop tailored responses
  - Flexible and creative options to meet the participants' identified goals.
- Another key aspect of individual support is allowing people to self purchase supports through direct payments, which enable people with a disability to choose, arrange and purchase the supports they require to meet their identified needs. This gives people with a disability greater flexibility and control over the nature of the supports and services they use and ensures that they are tailored to best meet people's individual needs.
  - Support for direct payments internationally and within Australia is growing. Direct payments have been used in the United States and Canada since the 1970s and in the United Kingdom since the 1990s. Direct payments are an enabling strategy, which has been demonstrated to reduce dependence on supports, including income support in Canada. People participating in direct payments report improved self-esteem, increased control over their lives and other benefits such as improved relationships, and new vocational and lifestyle opportunities.
  - A potential barrier to direct payments is federal legislation in relation to taxation policy and in particular welfare payments, which may interpret payments made directly to people with a disability as income support. The Commonwealth Government needs to support enabling strategies through flexibility in terms of taxation and welfare policies to enable funds provided for tailored individual disability supports to not be assessed as income.

➤ **Provision of aids and equipment to increase independence**

- Access to aids and equipment can significantly facilitate functioning in the community for people with a disability, and are an integral part of the Governments' home and community care objectives. Investment in aids and equipment will assist people to remain at home thereby diverting from more costly disability or aged care support options. Aids and equipment can reduce the need for out of home placements through avoiding hospital admissions and can enhance the longer-term capacity of carers.
- There are a range of factors impacting on demand for aids and equipment, including the ageing population. Moves to support more people with a disability or people who are ageing at home or in the community have further impacted demand. Further, a heightened awareness of health and safety issues has led to an increase in requests for expensive equipment such as hoists and beds.
- The impact of changing technology and increasing costs is making the purchase of aids and equipment prohibitive to many people with a disability and their families due to affordability. The Commonwealth Government should consider offering financial assistance by way of tax

relief to people with a disability and their families to assist with the affordability of some aids, equipment and essential home modifications. Such a move would recognise the high costs incurred by people with a disability due to their impairment.

- The exclusion of aids and equipment from the CSTDA has led to an inconsistent approach towards items such as continence aids. This leads to confusion and uncertainty for people transitioning from the Commonwealth's Continence Aids Assistance Scheme to State and Territory based programs.
- A contribution by the Commonwealth to the State and Territory based equipment schemes would benefit the Commonwealth Government by assisting to manage demand for residential aged care services, which are predominantly funded by the Commonwealth.

#### ➤ **Support for carers**

- The Victorian Government recognises the valuable role of parents, families and carers in the lives of people with a disability and acknowledges that supportive and supported caring relationships are a critical element in the provision of quality services in the disability sector.
- The new Victorian Disability Act 2006 has a number of principles that acknowledge and respect the important role that families and carers have in supporting persons with a disability in assisting their family member to realise their individual physical, social, emotional and intellectual capacities. The Act also recognises that wherever possible, disability services should strengthen and build capacity of families who are supporting persons with a disability.
- The ageing of the population is impacting on the ageing of carers, who support their children with a disability. Joint planning needs to be developed to increase independence of these adult children, and to prevent a more costly response should their carers discontinue with their caring roles due to their health and age related issues.
- Similarly, support for families of children with a disability are essential for enhancing carer resilience and for sustaining opportunities for children to remain living in the family home. These supports will enable younger carers of children with a disability to use an individualised planning approach to facilitate access to respite and other supports.
- In recent years the Victorian Government has shown strong support for families and carers of people with a disability through the provision of additional funding for initiatives such as Support & Choice, respite, behaviour intervention, and aids and equipment. There is some confusion regarding Commonwealth and State roles in the provision of respite, which should be addressed in future agreements.

#### ➤ **Increasing access to employment**

- The National Reform Agenda focuses on individual achievement as a means to improve the effectiveness of the education and training system. At its 3 June 2005 meeting, the Council of Australian Governments (COAG) recognised that this agenda requires policies to boost workforce participation and productivity:

*"Our future prosperity will depend on the ability of all governments – Commonwealth, State, Territory and local – to embrace reforms to address the key areas of productivity and participation"*

- COAG reaffirmed its commitment to progress the National Reform Agenda at its recent 14 July 2006 meeting through human capital, competition and regulatory reforms. A series of high level outcomes have been developed as a framework for the human capital agenda that include reducing the proportion of the working age population not participating and/ or under-participating in paid employment due to illness, injury or disability.
  - People with a disability should be supported to access appropriate education, training and support to work, thereby contributing to growth in the national economy. This includes removing disincentives and barriers to labour force participation, and encouraging all people to make the best use of their skills and capabilities.
  - Clear pathways between education and training, State-funded disability services, and Commonwealth-funded employment supports are necessary to ensure that people with a disability are able to achieve their full potential.
  - Joint effort needs to occur to address the current service gaps that exist for people with a disability accessing employment, including innovations projects to enhance the work readiness and capabilities of people with a disability and to educate potential employers.
- **The development of a catastrophic injury compensation scheme to assist with some high cost clients**
- Across Australia, injury is a leading cause of mortality, morbidity and permanent disability in Australia. Injuries may also cause a range of physical, cognitive and psychological disabilities that seriously affect the quality of life of injured people and their families. Furthermore, there are significant health costs attributable to injury — the AIHW estimated this to be \$4 billion in 2000–01, or 8% of total allocated health expenditure.
  - The development of a catastrophic injury scheme would alleviate some of the cost burden to States and Territories of responding to people with acquired disability. A catastrophic injury scheme could also include acute inpatient care, rehabilitation, specialist and expert medical care, pharmaceuticals, and disability support. Similar schemes currently exist in some States and Territories to support people who have been catastrophically injured in a motor vehicle accident or in the work place, but cause of injury should not be the major determinant of receiving support.
  - Whilst a national approach to the development of a catastrophic injury compensation scheme would be preferable, Victoria will proceed with exploring options for a catastrophic injury compensation scheme locally.
- **Increased focus on people with high support needs**
- The young people in residential aged care initiative provides Governments with an opportunity to jointly address some of the gaps in service provision for people with high medical and clinical care needs, however further work needs to occur to harness the relationship between acute and sub-acute care, and disability services.

### ***Maintaining sector sustainability***

A number of factors need to be considered in ensuring that the disability service sector remains viable, and a broad approach is required to ensure that the most efficient and effective services are delivered. Setting a base price that gives

providers the resources to deliver a high quality service with appropriately qualified staff and support systems is important.

In order to maintain service provider capacity from this base, prices need to be indexed at a reasonable level to contribute to service cost increases. At the recent Community and Disability Services Ministers' Conference of 26 July 2006 all Ministers reaffirmed their commitment to joint funding responsibilities and the provision of a reasonable rate of indexation.

Indexation from the Australian Government under the third CSTDA remains based on the wage cost index II, providing for an official indexation rate of 2.1% in 2005/06 and a rate of only 1.8% for 2006/07. The Australian Government's indexation rate is based primarily on the Industrial Relations Commission Safety Net Increase, together with a small component based on general price inflation. The indexation rate in Victoria is reduced to 2.9% because of the impact of the Commonwealth's indexation rate of 1.8% to its proportion of overall funding.

Inadequate indexation threatens the viability and long-term sustainability of existing services, leaving fewer resources to apply to unmet need and reduce demand. Over time, the consistent payment of inadequate indexation will result in the erosion of the value of base funding under the CSTDA, leading to a reduction in existing capacity, and placing further demand pressures on services. With limited indexation, pressures on workforce recruitment and retention will also heighten.

### ***Workforce capacity***

States and Territories have commenced a range of workforce initiatives in an effort to attract and retain a skilled workforce and address common issues facing recruitment and retention.

Workforce studies indicate future shortfalls in labour supply in the disability services area. Competition for available workforce from other sectors, including aged care, mental health and health, will place increasing pressure on Disability Services. The inability to recruit and retain skilled staff due to lower levels of pay and conditions in the disability sector will undermine sector sustainability and quality.

A sustainable sector is critical to the delivery of quality outcomes for people with a disability. The availability of a well-trained workforce will support productivity in the sector.

### ***Equitable funding arrangements***

A successful intergovernmental approach to disability services needs to consider an equal partnership between both levels of government. A new agreement should allocate spheres of responsibility to work together in the setting of directions, objectives and monitoring of outcomes for the system as a whole. Both levels of Government should assume equal responsibility for responding to unmet need. This is the basis for other Commonwealth-State and Territory agreements, such as Home and Community Care (HACC), and for recent bilateral agreements to support younger people in residential aged care and respite for older carers.

There are currently inequitable funding arrangements between states and territories, where the proportion of Commonwealth funding does not reflect the population share or the investment made by States and Territories.

Under the current CSTDA, the distribution of base funding remains inequitable. Figure 1 highlights this inequity when Commonwealth funding is compared to the total population of each State/Territory.



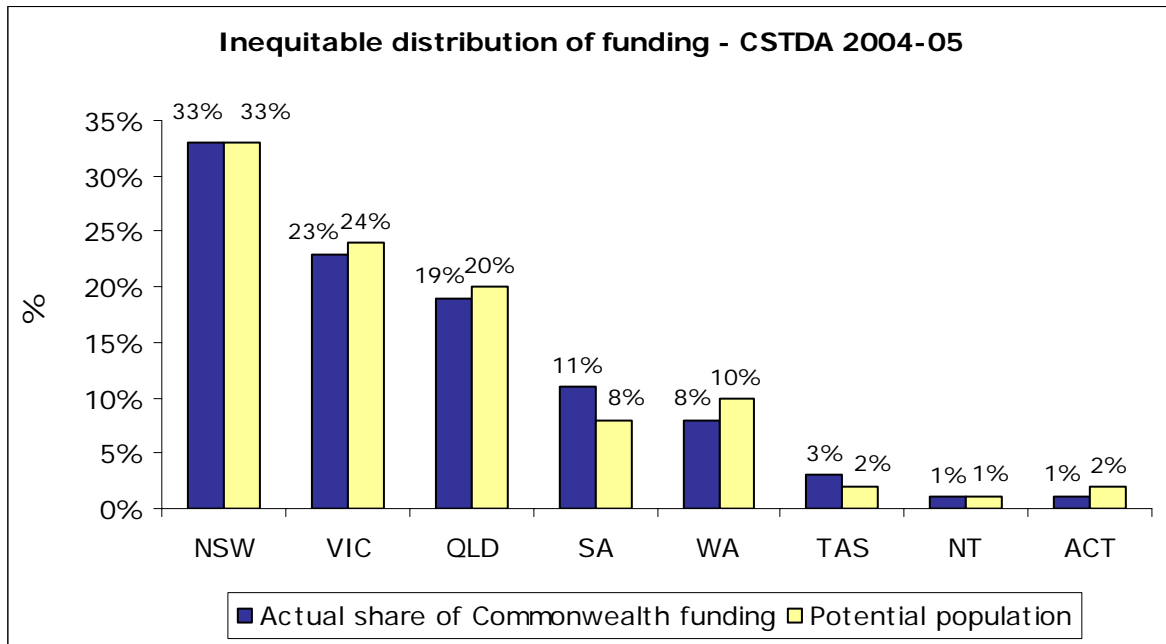


Figure 1 – CSTDA Schedule A, 2004-05 Actual figures

Victoria receives less than its equal share of Commonwealth funding. This represents an estimated shortfall of approximately \$40 million over the life of the current CSTDA. Any future agreement should aim to eradicate these historical inequities.

Future agreements should also include provisions including incentives for better performing States and Territories. In Victoria in 2004-05, the State contributed 87 per cent of funding to the CSTDA, compared with just 13 per cent of funding from the Commonwealth.

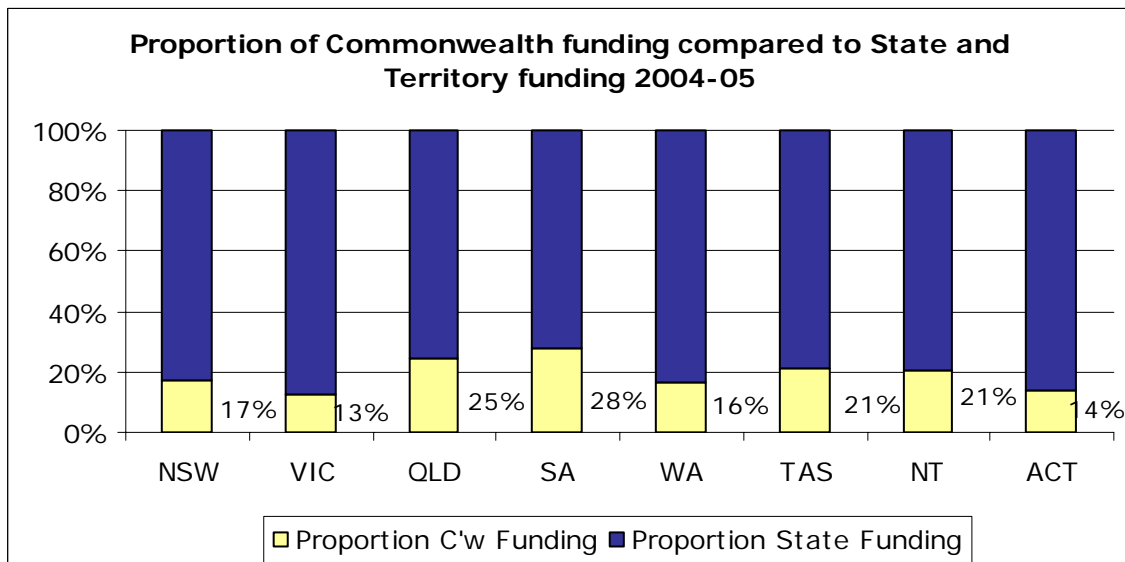


Figure 2 – CSTDA Schedule A, 2004-05 Actual figures

**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;**

There are a range of Commonwealth policies, broader than the CSTDA, which impact on people with a disability both directly and indirectly. Direct impacts include areas of Commonwealth service delivery, while indirect impacts could be due to a range of matters that limit the flexibility of service delivery. Problems of jurisdictional overlap and inefficiency can be addressed by allowing pathways and transitions between services to improve inter- and intra-sector collaboration to achieve desired outcomes.

The ongoing unmet need for disability services, along with a lack of formal transition pathways between State/Territory funded disability services, State/Territory managed health services and Australian Government employment services and aged care services create barriers to the seamless provision of adequate services to people with a disability.

The CSTDA and related agreements, such as Home and Community Care (HACC) should all have complementary clauses that clearly state the boundaries between agreements and list any shared outcomes.

All levels of government have a key role in reducing disadvantage and barriers to participation.

***Welfare changes***

It is anticipated that the Australian Government's *Welfare to Work* changes will have specific negative effects on people with a disability. Approximately 81,000 Australians with a disability may be placed on lower payments. Those without work will receive an estimated \$46 per week less than the Disability Support Pension, and those who study full time will receive up to \$166 per week less. If they are able to secure a job for 15 hours per week at the minimum wage, their weekly disposable income will be \$99 less than if they were on the Disability Support Pension.

Industrial relations changes and the move to individual workplace agreements through *WorkChoices* will provide inadequate protection for people with a disability with regard to negotiations, employment tenure, and a reduction in minimum working conditions.

Australians with a disability are amongst the lowest income groups in our community. Financial incentives for people with a disability to work need to consider effective marginal tax rates (EMTRs) and replacement rates. EMTRs reflect the combined impact of additional income tax and reduced government benefits as income increases.

The ability for many people with a disability to participate in employment is reduced, unless support is provided to help them find and keep a job. Whilst *Welfare to Work* reforms are designed to encourage more recipients into part-time work, their success will depend critically on a range of enabling measures to assist people with a disability to overcome the very serious barriers, including employer discrimination, a lack of appropriate counselling services, access to attendant care and accessible transport, which currently prevent them from joining the labour force.

The Commonwealth stands to make significant fiscal savings from effective management of welfare reform and increased labour force participation of people with a disability. However, States and Territories will still be required to provide many of the necessary support services to facilitate this and there should be an equitable sharing of the benefits associated with increased labour force participation.

### ***Interface with the Home and Community Care (HACC) Agreement***

The lack of a clearly articulated relationship between the CSTDA and the HACC Agreement has led to overlap in function between services funded under each agreement, generating confusion for clients and providers. In addition, services funded through the HACC Agreement and the CSTDA sit alongside parallel programs provided to subgroups of the same target population.

- The Commonwealth provides the majority of funding for residential aged care services
- The Commonwealth also funds the Community Aged Care Packages (CACP) and Extended Aged Care and Home (EACH) programs, which provide integrated services for frail aged people living independently at home
- The State provides most post acute care support for people discharged from hospital and it also funds services for people with chronic diseases aimed at maintaining them in the community. Both programs have target groups that overlap with the HACC and CSTDA target populations

Collectively, these programs provide a continuum of possible responses to the frail aged and people with a disability. The HACC Agreement and the CSTDA should be complementary with each other, and with the other programs discussed above, to simplify service system navigation for clients and providers, and reduce inefficiencies and duplication.

The Commonwealth recommended reforms at COAG that would vertically integrate its suite of services for frail older people. Specifically, the Commonwealth has proposed that responsibility for services delivered under the current HACC program be realigned so that the program is no longer jointly funded and managed, with the Commonwealth taking responsibility for all services for frail older people and the States taking responsibility for all younger people with a disability. The Commonwealth argued that a split of responsibilities could enable improved (and less complex) planning and service delivery and create potential efficiencies in administration. However the boundary issues would remain complex and the States' exposure in areas such as post acute care would potentially rise.

Victoria would argue that basic services for people with relatively low levels of need should continue to be jointly funded because they play a role in supporting people in the community as a result of a variety of circumstances that impact on both Commonwealth and State interests.

Victoria has suggested there should be a clearer delineation of responsibilities for people with more intensive needs, with States taking responsibility for younger people with a disability and the Commonwealth taking responsibility for older people with high needs.

### ***Interface with ageing***

As people with a disability age, the availability of appropriate cross-sectoral services models becomes critical particularly as many people with a disability face problems associated with ageing, such as dementia, before the age of 65. Gaps in service provision, including where there are no appropriate services or service

models, include appropriate care services for people with a disability who wish to age in place.

This could be addressed by more collaborative arrangements and transitional pathways into aged care services, including provision of community aged care packages (CACP) or enhanced aged care in the home (EACH) packages for people with a disability residing in shared supported accommodation to meet age-related needs.

The provision of aged care packages could also support transition to retirement from day programs or employment, and help to facilitate appropriate day options.

### ***Interface with health***

People with a disability have very diverse health needs and experience poorer health outcomes in comparison to the general population. They also have a significantly lower life expectancy, being five times more likely to die earlier than other people of the same age. Higher incidences of conditions such as epilepsy, mental health disorders, vision and hearing impairments, gastrointestinal conditions, obesity, osteoporosis and dental disease are reported frequently. Additionally these health conditions are either poorly recognised or inadequately managed by health professionals. Many of these diseases and conditions are preventable or through earlier identification and intervention the impact can be significantly decreased thereby reducing more costly interventions.

The International Association for the Scientific Study of Intellectual Disabilities (IASSID) have developed recommendations for the addressing of key health issues for adults with an intellectual disability including dental health, nutrition, epilepsy, mental health, gastro-oesophageal reflux, osteoporosis, medications, immunisation and physical activity.

In February 2006 COAG announced the Australian Better Health initiative, which aims to refocus the health system to promote good health and reduce the burden of chronic disease. The initiative supports the early detection of lifestyle risks and chronic disease, as well as supporting lifestyle and risk modifications through assistance related to nutritional advice, promoting physical activity, weight management, support to give up smoking, and counselling.

Some of the strategies announced as part of the Australian Better Health Initiatives could be extended to specifically target people with a disability, including the *Well Person's Health Check* and initiatives to improve the integration and coordination of care. A coordinated approach to case planning, access to longer General Practitioner consultations, and enhanced integration of services between medical services, public community health services, allied health services and non-government organisations would be highly beneficial for people with a disability, particularly for people with complex health needs or for people who have communication difficulties.

### ***Reducing disadvantage and barriers to participation***

There are many issues that disadvantage people with a disability and impact on their ability to participate as full members of society. People with disabilities want to use the same services, attend the same schools, get the same sorts of jobs, and be involved in the same recreation and leisure activities as other people in the community.

The Productivity Commission's recent review of the Disability Discrimination Act (DDA) found that whilst the DDA has been relatively effective in addressing disability discrimination its effectiveness has been patchy and there is still a long

way to go. The Productivity Commission found that a person with a disability is less likely to complete year 12 schooling, have a post school qualification, and to have a job. They are more likely, however, to have a lower income, receive a government pension, living in institutional accommodation, rent public housing, and to be in prison.

The Productivity Commission also found that the DDA appears to have achieved uneven results for different groups of people with disabilities. It appears to have been more effective for people with mobility, sight or hearing impairments than for people with mental illness, intellectual disability, acquired brain injury, multiple chemical sensitivity or chronic fatigue syndrome. It also appears to have been less effective for people with dual or multiple disabilities and people living in institutions.

There is a limit to how far the DDA can address the disadvantages that some people face. The nature of some people's disabilities may be such that they cannot take advantage of the opportunities created by the DDA, without additional disability services and a whole of government commitment to enhancing positive change.

The Victorian Government has recently introduced an Office for Disability, which will put issues affecting people with a disability on the agenda across the whole of government. The Office will promote change across Victorian State Government Departments to make public services, infrastructure and programs more accessible to all Victorians with a disability. The Office for Disability will help make this possible for all Victorians with a disability, including those who are currently using specialist disability services.

There is a strong interdependency between disability services and some of the broader strategies designed to facilitate access and community inclusion. The CSTDA could be strengthened to advocate for positive change through providing incentives to facilitate positive outcomes for people with a disability, such as labour force participation. Any new Agreement should give consideration to further pursuing links in relation to affordable housing, accessible transport, education and training, and health outcomes for people with a disability.

**d) an examination of alternative funding, jurisdiction and administrative arrangements, including relevant examples from overseas.**

The Department of Premier and Cabinet in Victoria has coordinated a project undertaken by the Allen Consulting Group to consider reforming SPPs. In general, it was found that Governments should focus on what really matters to the community – better outcomes, not bureaucratic arrangements between themselves.

Alternative arrangements in relation to disability services would need to support process efficiency (for example, administrative and reporting burdens) and cost effective service delivery, as well as policy innovation to achieve better outcomes. State and Territory governments should have the flexibility and authority to develop diverse ways of delivering improved services, taking account of local approaches within a broad national framework.

The CSTDA should be reformed to reflect a partnership in which governments ensure that related programs contributing to outcomes in a particular area, such as disability and HACC, are well coordinated and complementary.

Any future agreements in relation to disability services should be linked to the COAG National Reform Agenda. It is recommended that the Committee advises governments to take account of the Heads of Treasuries SPPS Working Group's *Review of the Australian Health Care Agreements*, which was recently undertaken in the context of the COAG National Reform Agenda's objectives to increase productivity and participation.

Arrangements governing any future agreements between the Commonwealth, State and Territory Governments should encompass:

- Clear objectives with a focus on clearly defined outcomes in priority areas while retaining flexibility in delivery arrangements
- Accountability arrangements that are based on transparent measures of progress against outcomes and have strong positive incentives
- Continuous improvement arrangements that are designed to support policy innovation and a continuous improvement culture
- Coordination with related areas, such as HACC, and avoidance of any unclear boundaries with other Commonwealth/ State agreements
- A true partnership model with mutually balanced obligations and contributions
- An emphasis on efficiency, flexibility and minimal administrative burdens
- A major focus on dynamic improvement that is stimulated by diversity.

The Commonwealth Government is best placed to drive improvement with information about best practice and financial incentives for innovation.

The application of measurable outcomes relevant to the broader Australian population and relating to areas such as health and wellbeing of people with a disability will allow for a whole of government and whole of community approach to supporting people with a disability, thus removing the focus on inward looking disability supports that are funded on an input/ output basis.

A more strategic dataset that focuses on outcomes will provide both levels of Government with an opportunity to inform future investment and service improvement, will enable benchmarking against specific measures, and support incentives for innovation.

In the longer term, the objective may be to develop an Australian Community Care Partnership Agreement that encompasses a holistic approach to community and welfare services that may include disability, aged care and housing.

The Victorian Government encourages the consideration of issues raised in this submission in the development of any future Commonwealth State/Territory agreements for people with a disability.