

The Auditor-General
Audit Report No.14 2005–06
Performance Audit

Administration of the Commonwealth State Territory Disability Agreement

Department of Family and Community Services

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of Australia 2005

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Canberra ACT
19 October 2005

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Family and Community Services in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled *Administration of the Commonwealth State Territory Disability Agreement*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name.

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Abbreviations

AIHW	Australian Institute of Health and Welfare
ANAO	Australian National Audit Office
APTNAAC	Accessible Public Transport National Advisory Committee
CRRS	National Disability Complaints Resolution and Referral Service
CSDA	Commonwealth State Disability Agreement
CSHA	Commonwealth State Housing Agreement
CSTDA	Commonwealth State Territory Disability Agreement
DAB	Disability Advisory Bodies
DEST	Department of Education Science and Training
DoTARS	Department of Transport and Regional Services
DVA	Department of Veterans' Affairs
FaCS	Department of Family and Community Services
Finance	Department of Finance and Administration
HACC	Home and Community Care
Health	Department of Health and Ageing
NDA	National Disability Administrators
NDAC	National Disability Advisory Council
PBS	Portfolio Budget Statements
PWD	People with Disabilities
R&D	Research and Development
SPP	Specific Purpose Payments
STOs	FaCS' State and Territory offices

Glossary

Accommodation support services	Services that provide accommodation to people with disabilities, and services that provide the support needed to enable a person with a disability to remain in their existing accommodation.
Advocacy services	Services designed to enable people with disabilities to increase the control they have over their lives through the representation of their interests and views in the community.
Bilateral Agreement	An agreement made between the Commonwealth and an individual State or Territory as part of the CSTDA.
Community and Disability Services Ministers' Conference	Annual conference of Commonwealth, State and Territory Ministers responsible for the CSTDA.
Community access services	Services and programmes designed to provide opportunities for people with disabilities to gain and use their abilities to enjoy their full potential for social independence.
Community support services	Services that provide the support needed for a person with a disability to live in a non-institutional setting.
Disability Advisory Bodies	The groups appointed to advise their respective Minister on issues that affect people with disabilities, their families and carers.
Employment services	Services that provide employment assistance to people with disabilities to assist them obtain and/or retain employment.
Generic Services	Services that are not specifically directed at persons with disabilities.
IMPACT	A software system used by FaCS that supports a range of business functions, including financial management and human resource management.
Information services	Services that provide accessible information about disability services to people with disabilities, their carers, families and related professionals.

National Disability Administrators	The heads of the relevant departments of the Commonwealth and the States and Territories responsible for the administration of the CSTDA.
National Standards	The National Standards for Disability Services endorsed by the (then) Council of Social Welfare Ministers in June 1993 and as amended from time to time.
People with disabilities	People with disabilities 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.
Print disability services	Services that produce alternative formats of communication for people who by reason of their disabilities are unable to access information provided in a print medium.
Research and development	Funding for projects under the CSTDA that address key national and strategic research, development and innovation priorities.
Respite services	Services that specifically provide a short-term and time-limited break for families and other voluntary care givers of people with disabilities, to assist in supporting and maintaining the primary care giving relationship, while also aiming to provide a positive experience for the person with a disability.
Specialist disability services	Services or initiatives specially designed to meet the needs of people with disabilities.
State or Territory department	A State or Territory department or agency that has been nominated by that particular State or Territory Minister to represent the State or Territory Government under the CSTDA.
TARDIS	FaCS' grant management system for disability service related grants.
National Standards	National Standards for Disability Services.

Summary and Recommendations

Summary

Background

1. The Commonwealth State Territory Disability Agreement (CSTDA) provides the national framework for the delivery, funding and development of specialist disability services for people with disabilities.

2. The objective of the CSTDA is that:

The Commonwealth and States/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.¹

3. In 2003–04, some 188 000 people used specialist disability services funded through the CSTDA.² Approximately 700 000 more people may need to access these services at some point in their lives.³

4. The CSTDA is the third such agreement between the Australian, State and Territory governments, and covers the five years 2002–03 to 2006–07. It comprises a Multilateral Agreement involving all Australian jurisdictions, and separate Bilateral Agreements between the Commonwealth and each State and Territory to address issues of local importance.

5. The Australian, State and Territory governments combined have committed \$16.2 billion over the five years of the CSTDA. The Australian Government has committed nearly \$4.9 billion over the five years—\$2.1 billion for employment and other services⁴ and \$2.8 billion in funds transferred to the States and Territories to contribute to services administered by those jurisdictions.⁵ State and Territory governments provide 80 per cent of funding for the provision of disability services administered by them. The Australian Government provides the other 20 per cent of this funding.

¹ 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* (Cwlth) and complementary State and Territory legislation.

² This is the most recent data available. Australian Institute of Health and Welfare (AIHW), *Disability Support Services 2003–04: national data on services provided under the Commonwealth State Territory Disability Agreement* [Internet], August 2005.

³ The AIHW estimated the potential population of those in Australia who may at some time need access to specialist disability services to be 900 000 people across Australia in June 2003. The potential population of around 900 000 people is not the same as the population needing services at a particular time, or the population choosing to access services.

⁴ The Australian Government has direct responsibilities concerning the provision of disability employment services and advocacy, information and print disability services. State and Territory governments also have responsibilities for advocacy, information and print disability services.

⁵ Under the CSTDA, State and Territory governments are responsible for the planning, policy setting and management of accommodation support, community support, community access and respite services.

6. The Australian Government's contribution of 20 per cent of the funding for services administered by the State and Territory governments, while significant, limits the amount of influence it has over the delivery of those services, their effectiveness, and the achievement of ultimate outcomes.

7. The Department of Family and Community Services (FaCS) represents the Australian Government for the purposes of the Agreement. It adopts a role as a minor partner for those CSTDA services administered by the State and Territory governments. It mainly coordinates Australian Government disability and related services with State and Territory disability services. FaCS also has some responsibilities for monitoring performance under the CSTDA, leading the research and development programme, funding Disability Advisory Bodies⁶ and planning, policy setting and management of advocacy, information and print disability services.

Audit approach

8. The audit assessed whether FaCS effectively undertakes its coordination, monitoring and other roles according to the CSTDA.⁷ The audit examined all disability services provided for under the CSTDA, except for disability employment services.⁸

9. The ANAO met relevant officers from FaCS' national office and State and Territory offices, and with 22 stakeholder organisations including: advocacy groups; peak national and State bodies representing the interests of disability service providers and people with disabilities; members of national and State Disability Advisory Bodies funded by FaCS; State and Territory governments; relevant Australian Government agencies;⁹ and local government bodies.

10. Fieldwork for the audit was primarily undertaken during the period September 2004 to February 2005.

⁶ Under the CSTDA, Disability Advisory Bodies have been established for the Australian Government and in each State and Territory. These groups advise their respective Minister on issues that affect people with disabilities, their families and carers.

⁷ The audit does not assess the activities of the State and Territory governments in fulfilling their roles and responsibilities under the CSTDA, as this is outside the mandate of the ANAO.

⁸ FaCS' roles and responsibilities relating to disability employment services are significant, and vary substantially to those relating to the provision of other disability services. FaCS' organisational structures reflect these substantial differences, with clear separation between the unit responsible for disability employment and the unit responsible for administering the CSTDA. The ANAO considered, therefore, that disability employment services would be better addressed as part of a possible future separate audit, rather than included in this audit of the CSTDA.

⁹ In particular, the Department of Health and Ageing and the Australian Institute of Health and Welfare.

Overall audit conclusion

11. FaCS has generally fulfilled the requirements of its roles over the first two years of the CSTDA (2002–03 and 2003–04):¹⁰

- coordination and cooperation between FaCS and the States and Territories on the CSTDA has worked well in recent times. FaCS has utilised a wide range of mechanisms to liaise with State and Territory governments, and to a lesser extent, other Australian Government agencies, to coordinate the Australian Government's contributions under the CSTDA. However, the ANAO has identified a number of opportunities for FaCS to improve its whole of government coordination with other Australian Government agencies;
- FaCS has undertaken its financial monitoring responsibilities consistent with the terms of the Agreement, for the first two years of the CSTDA;
- FaCS has funded Disability Advisory Bodies as required under the Agreement; and
- FaCS has continued to plan, manage and develop policy for advocacy, information and print disability services according to the terms of the CSTDA. However, there is scope for FaCS to improve the coordination with the other jurisdictions for managing advocacy services.

12. FaCS could gain a better understanding of demand management issues and quality assurance processes applying to disability services for which the States and Territories are primarily responsible.¹¹ By adopting a coordinating role, FaCS could contribute to disseminating better practices in demand management and quality assurance. At the same time, FaCS would be better placed to advise its Minister on these important aspects of the quality of disability services.

13. FaCS should continue to work with the other jurisdictions, and other relevant Australian Government agencies, to improve monitoring and reporting of progress and achievements under the CSTDA. This requires the development of higher-level indicators relating to outcomes of the CSTDA against its objectives and priorities, the quality of services provided, and the level of unmet demand for specialist disability services. It also requires improvements in the quality and availability of performance information

¹⁰ As the ANAO's fieldwork for this audit was largely undertaken between September 2004 and February 2005, the audit's findings generally relate to the 2002–03 and 2003–04 financial years.

¹¹ Quality assurance processes are those mechanisms by which jurisdictions ascertain whether disability service providers are meeting the relevant disability standards. Demand management refers to the mechanisms by which jurisdictions assess eligibility and assign priority for disability services under the CSTDA.

relating to the effectiveness and efficiency of disability services funded through the CSTDA, as well as the equity of access to these services across Australia for people with a disability.

14. Improved performance information would assist FaCS to measure the impact of its own activities and expenditures as well as those of the States and Territories under the CSTDA. FaCS should encourage the National Disability Administrators (NDA)¹² to continually refine the CSTDA Annual Public Report, to incorporate new and improved performance measures, and make meaningful comparisons of performance between jurisdictions and over time.

Key findings

Key requirements of the CSTDA (Chapter 2)

15. FaCS, on behalf of the Australian Government, largely executed the Agreements relating to the CSTDA consistent with the terms of the Agreements, including ensuring the signing and dating of the Multilateral and Bilateral Agreements by Ministers. There was some initial uncertainty about the commencement date of the Agreements, which was later successfully resolved by Ministers. Nevertheless, the ANAO suggests that FaCS take care to specify and agree execution dates in any future CSTDA, and other Specific Purpose Payments it is responsible for administering.

16. At the time of audit fieldwork, FaCS was not aware of the specific eligibility requirements that individual State and Territory jurisdictions had in place for individuals to access disability services, nor was it aware of whether recipients of services provided under the CSTDA met the relevant eligibility requirements. However, the State and Territory disability agencies, and FaCS, have recognised that there: 'is currently no one conceptual model adopted by jurisdictions that assesses eligibility, support needs and priority for service at both a systemic and individual level'.¹³

17. FaCS is contributing to two projects being undertaken by the NDA that aim to assist in understanding and managing demand for disability services. The ANAO considers that FaCS' involvement in these projects, and any possible follow-up work, should assist FaCS to be better informed about the processes used by jurisdictions to assess individuals' eligibility for specialist

¹² The membership of the NDA group comprises representatives of the Australian Government and each State and Territory government. The NDA advise their respective Ministers on matters pertaining to the services covered by this Agreement, and oversee the development and implementation of the: CSTDA performance reporting framework; the national research and development work plan; and the Agreement's implementation plan.

¹³ Discussion at the National Disability Administrators' Forum of 8 August 2003.

disability services, support these individuals' needs and establish individuals' priority for service.

Performance monitoring and reporting (Chapter 3)

18. Despite a number of avenues for monitoring and reporting performance,¹⁴ there are currently no adequate measures of whether, or to what extent, the CSTDA is meeting its objectives. Further, the NDA are not close to developing and reporting effective measures of outcomes of CSTDA activities, such as measures of customer satisfaction and service quality. While there have been significant improvements in the quality of data collected under the CSTDA in recent years, the quality of available data is not yet sufficient to allow robust comparisons of equity and efficiency between jurisdictions, or of the same jurisdiction over time.

19. These shortcomings in performance information limit the capacity for FaCS to influence the jurisdictions to improve the efficiency, effectiveness or quality of services the States and Territories are primarily responsible for administering under the CSTDA. These limitations also mean that FaCS' reporting of the performance of the CSTDA through its Portfolio Budget Statements (PBS) and annual report is not transparent or effective.

20. FaCS undertakes a partnering role with States and Territories in monitoring and reporting performance, consistent with the terms of the CSTDA. Given this role, the ANAO encourages FaCS to work with the other National Disability Administrators, the Australian Institute of Health and Welfare (AIHW), and other relevant agencies, to develop high-level measures of CSTDA performance, and continue improving the accuracy of performance information collected under the CSTDA.

21. FaCS should emphasise to the other National Disability Administrators that the annual CSTDA public report, as the prime accountability report for the CSTDA, should include all new and revised performance indicators and compare performance across jurisdictions and years wherever possible. This is in addition to the comprehensive explanatory and comparative data, which will be included for the first time in the *Annual CSTDA Public Report 2003–04*.¹⁵

22. The *FaCS 2003–04 Annual Report* reported against some of the indicators relevant to the CSTDA contained in the department's 2003–04 PBS, but not all

¹⁴ Such as through the performance information framework contained in the CSTDA Multilateral Agreement, and reporting in the Annual CSTDA Public Report, the Productivity Commission's annual *Report on Government Services* and the Australian Institute of Health and Welfare's annual *Disability Support Services* report.

¹⁵ This report is expected to be released in late 2005.

of them. This is contrary to the guidelines set out in the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*. This guide states that it is mandatory for agencies' annual reports to report against all performance targets specified in their PBS.

23. The ANAO considers that FaCS, in general, effectively monitors key developments in disability services in the jurisdictions, and considers this information in its internal management processes and in providing advice and information to its Minister. However, monitoring of performance under the CSTDA could be improved by the agency gaining a better understanding of demand management issues and quality assurance processes applying to disability services for which the States and Territories are primarily responsible (see Chapter 2 and Chapter 6, respectively).

FaCS' whole of government coordination and specific roles under the CSTDA (Chapter 4)

24. FaCS uses a comprehensive range of mechanisms to liaise with State and Territory governments, and to a lesser extent, other Australian Government agencies, to promote a whole of government approach to the CSTDA by the Australian Government. However, FaCS does not have measures in place to assess the quality, and demonstrate the effectiveness, of its whole of government coordination activities.

25. FaCS briefs the Minister for Family and Community Services who is the Australian Government Minister attending the Community and Disability Services Ministers' Conference. The department also provides considerable ongoing information and advice to the Minister.

26. FaCS has a close and productive working relationship with other members of the National Disability Administrators' forum. However, communication between FaCS' national office and its State and Territory offices could be improved. FaCS is addressing this issue.

27. The ANAO found that the various Bilateral Agreements have been established in accordance with the requirements of the CSTDA. Many of FaCS' State and Territory offices informed the ANAO that these agreements had improved coordination with relevant State and Territory government disability agencies. However, progress on implementing the Bilateral Agreements has not been adequately monitored so it is not possible to gauge the effectiveness of these agreements to date. The ANAO considers that the Bilateral Agreements have the potential to be an effective coordination mechanism for FaCS to work with State and Territory agencies.

28. The existing relationship between FaCS and the Australian Government Department of Health and Ageing is cooperative, long-standing

and based on mutual interest. The ANAO has recommended that, to enhance a whole of government approach to the CSTDA, FaCS review its coordination and participation with other relevant Australian Government agencies, and consider whether the existing links are adequate and being used effectively. There is the immediate potential for FaCS to improve its coordination with Australian Government agencies responsible for housing, education, Indigenous, transport and veterans' programmes and policy.

29. FaCS' relationship with the Disability Advisory Bodies (DABs) in each State and Territory is limited to funding, approval of acquittals, and attendance at meetings. FaCS tries to remain aware of DAB activities but State and Territory governments are not currently required to detail how the Australian Government's share of DAB funding is used. The ANAO has recommended that FaCS, for any future disability funding agreements, improve its coordination and awareness of the activities of the DABs by requiring State and Territory governments to detail, as part of the annual financial acquittal process, how the Australian Government's DAB funding contribution was used.

30. The Australian Government and the State and Territory governments have roles in the planning, policy setting and management of advocacy, information and print disability services provided under the CSTDA. However, the ANAO found that only in the three jurisdictions where a Bilateral Agreement reinforces a role for both governments in providing advocacy services is FaCS actively working with State governments on planning these services. The ANAO suggests that FaCS approach the NDA to review the efficacy of the current approach to coordinating advocacy service provision under the CSTDA.

31. The CSTDA defines advocacy services as being only for people with disabilities and excludes families and carers of people with disabilities. Some jurisdictions nonetheless provide advocacy services to families and carers of people with a disability, as well as people with a disability themselves. The ANAO suggests that FaCS, through consultation with other members of the NDA, establishes the eligibility criteria for advocacy services currently in place in the jurisdictions and, based on the findings from such an investigation, consider extending access to advocacy services to the families and carers of people with disabilities in any future CSTDA.

Financial arrangements for the CSTDA (Chapter 5)

32. The financial framework specified in the CSTDA is streamlined, and reporting and annual financial acquittal arrangements are quite clear. FaCS has generally discharged its financial responsibilities according to the Agreement, and satisfied State and Territory governments in its dealings with them about financial matters.

33. Contrary to Part 8(1) of the CSTDA, the Multilateral Agreement does not contain details of State and Territory government financial commitments. The ANAO considers that the absence of this information in Schedule A1 of the signed copies of the individual Multilateral Agreements represents a weakness in accountability. In executing future Specific Purpose Payments, the ANAO suggests that FaCS includes information about the level of financial commitments from States and Territories in the signed agreement, especially if it is a core component of such agreements, as it is for the CSTDA. If such information is not actually included in the agreement, the agreement should accurately reference the alternative authoritative source for such information.

34. FaCS correctly calculated the Australian Government payments to the States and Territories under the CSTDA, for the financial years examined by the ANAO, 2002–03 and 2003–04. As part of these calculations, FaCS applied indexation principles consistent with the terms of the Agreement. However, there was some uncertainty as to which indexation rate to apply in 2004–05. To eliminate the potential for confusion, the ANAO suggests that FaCS clearly specifies in future CSTDAs, and other Specific Purpose Payments it has responsibility for, how the Australian Government will apply indexation rates.

35. The Parliament of Australia appropriated Commonwealth funds equivalent to those set out in Schedule A1 of the CSTDA for 2002–03, 2003–04 and 2004–05. Given the difficulty of identifying CSTDA expenditure in State and Territory governments' published budget documentation, the ANAO suggests that FaCS, on an annual basis, formally requests information from the State and Territory governments about their commitments under the CSTDA for future years. This would improve the ongoing accuracy of Schedule A1.

36. The ANAO concluded that FaCS distributed agreed CSTDA funding amounts to the States and Territories accurately and on time. Testing of financial controls confirmed that reconciliations were performed in a timely manner and reviewed by an independent officer. ANAO testing revealed no unexplained variances.

37. FaCS undertook a range of tests to assess whether States and Territories' acquittals complied with key reporting requirements of the CSTDA. FaCS made a number of queries of State and Territory acquittals in 2002–03 and 2003–04, with some resulting revisions to acquittals. Nevertheless, the ANAO identified a number of potential anomalies with the acquittals that FaCS had not queried. FaCS subsequently resolved most of these anomalies. The ANAO found that the States and Territories have generally provided financial acquittals in a timely manner, with no excessive delays to date since the commencement of the CSTDA. FaCS has taken action to encourage States and Territories to submit acquittals in the instances where they were late.

38. All States and Territories provided FaCS with a financial statement covering CSTDA expenditures, as required by the CSTDA. However, some of the State government agencies are large, with disability spending representing a minority proportion of total departmental expenditure. In these cases, where the CSTDA funding provided by the Commonwealth and the State government may not constitute a material component of the State government agency's funding, there is uncertainty as to whether financial statement auditors have tested CSTDA expenditure. The ANAO therefore suggests that FaCS seek to have included the requirement for separate auditing of State and Territory governments' acquittals for expenditure relating to the CSTDA by the relevant State or Territory Auditor-General.

39. The CSTDA does not include financial incentives or sanctions. There may be merit in FaCS considering including incentives or sanctions for States and Territories to comply with agreement requirements when advising on, and negotiating, any future CSTDAs. However, this would require that performance monitoring and reporting improves sufficiently to allow meaningful measures of performance.

40. Given that the *Annual CSTDA Public Report 2002–03* reported the relevant financial contributions of the Australian Government and the State and Territory governments, the ANAO considers that this satisfied the spirit of the financial reporting requirements of the Agreement.

Quality disability services (Chapter 6)

41. All jurisdictions are currently using disability service standards that contain the core elements of the National Standards for Disability Services (National Standards). A number of jurisdictions are also using standards additional to the National Standards. A review of the National Standards has been added to the National Disability Administrators' Workplan for 2005–06.

42. It is appropriate that FaCS is not directly involved in assessing whether accommodation support, community support, community access, and respite disability services meet the National Standards. This is because the States and Territories are responsible under the CSTDA for these services. However, to better understand whether such services regularly meet service standards, FaCS should better inform itself of State and Territory governments' various quality assurance mechanisms, and use this information to contribute to improvements in quality assurance processes nationally.

43. The ANAO considers that FaCS has adequate quality assurance mechanisms in place for advocacy services,¹⁶ given that it requires both an

¹⁶ Under the CSTDA, the Australian Government and State and Territory governments all have responsibilities for planning, policy setting and management of advocacy services.

annual self-assessment by each service provider and a standards audit every five years.

44. The decision by the Australian Government to provide the National Disability Abuse and Neglect Hotline is designed to provide a centralised mechanism for people with disabilities and other interested parties to complain about the quality of service being provided. To assist State and Territory governments to improve their complaints mechanisms, the ANAO suggests that FaCS informs State and Territory governments about the characteristics of complaints received by the hotline, and complainants' level of satisfaction with complaint resolution and outcomes. The ANAO also considers that there would be merit in FaCS obtaining information about the extent to which people with disabilities are aware of the hotline, and willing to use it.

45. The CSTDA specifies that the Australian Government is responsible for exercising a national leadership and coordination role in collaboration with the States and Territories in respect of research and development (R&D).¹⁷ Consistent with this prominent role, the Australian Government contributes half of the total funding for the CSTDA R&D Programme.

46. The ANAO considers that there would be benefit in FaCS encouraging the NDA to engage in a greater level of consultation with relevant non-government stakeholders when developing and implementing the R&D Programme. The ANAO also considers that it is important that stakeholders have access to the results of the research. To this end, the ANAO supports the recent launch of the NDA website, which aims to include these results as they become available.

47. The first stage of the R&D Programme (2002–05) has been developed to cover the requirements under the CSTDA.¹⁸ A number of the projects include the measurement of outcomes for people with disabilities. Measuring outcomes will assist FaCS to assess whether the services being provided under the CSTDA are improving the current quality of life of people with disabilities. FaCS can also use the results to inform the development of future R&D projects.

48. It is now the halfway point for the CSTDA and four of the eleven planned R&D projects are underway and only one has been completed. The ANAO encourages FaCS to take a leadership role in progressing the R&D

¹⁷ CSTDA, Part 6—Responsibilities of the Parties, 6(2).

¹⁸ Clause 10(5) of the CSTDA states that the R&D Programme will include: investigation of the need for new services or enhancement of existing services; innovations in planning and service delivery; and the measurement of outcomes for people with disabilities using these services.

projects to ensure they are completed before the end of the Agreement on 30 June 2007.

Recommendations

49. The ANAO made five recommendations to improve FaCS' activities to monitor and coordinate disability services which the States and Territories are primarily responsible for administering under the CSTDA.

FaCS' response

50. The Secretary of FaCS provided the following summary response to the audit findings.

FaCS agrees with all the recommendations contained in the report and includes comments relevant to some of the recommendations.

FaCS welcomes the audit and its recommendations, noting that some of the recommendations will impact on the current performance reporting while others would be more appropriately considered in the context of any future CSTDA.

I would like to thank the ANAO team for its professional and comprehensive approach to carrying out its audit of the CSTDA. The report also contains considered suggestions which FaCS will endeavour to include in the management of any future CSTDA.

Recommendations

Recommendation

No.1

Para. 3.30

To improve monitoring of the performance of specialist disability services provided under the CSTDA, which the States and Territories are either wholly or partly responsible for administering, the ANAO recommends that the Department of Family and Community Services work with the other National Disability Administrators, and consult the Australian Institute of Health and Welfare and other agencies where appropriate, to:

- (a) continue improving measures of equity and efficiency, and include them in any future CSTDA, or related multilateral agreements;
- (b) develop measures of outcomes, effectiveness, quality and unmet need, and, while recognising the inherent complexities involved, include them in any future CSTDA, or related multilateral agreements;
- (c) include performance indicators of effectiveness or elements of quantity, quality and coverage in any future CSTDA Bilateral Agreements;
- (d) include performance indicators for advocacy, information services and print disability services in any future CSTDA, or related multilateral agreements; and
- (e) incorporate, as they become available, any new measures of outcomes, effectiveness, quality and unmet need and improved measures of equity and efficiency in FaCS' outcomes and outputs framework as set out in future Portfolio Budget Statements.

FaCS' response: Agreed.

**Recommendation
No. 2**

Para. 3.44

To improve reporting of the performance of specialist disability services, the ANAO recommends that the Department of Family and Community Services:

- (a) work with the other National Disability Administrators to improve future CSTDA Annual Reports. These reports should include new and improved performance indicators agreed by the National Disability Administrators; and, wherever possible, compare performance across jurisdictions and years; and
- (b) in line with the government's requirements, ensure that its annual reports report against all performance targets specified in its PBS, including those relating to the CSTDA.

FaCS' response: Agreed.

**Recommendation
No. 3**

Para. 4.75

The ANAO recommends that, to improve whole of government coordination under the CSTDA, the Department of Family and Community Services review its coordination and collaboration strategies with other Australian Government agencies, and consider whether the existing links are adequate and being used effectively.

FaCS' response: Agreed.

**Recommendation
No. 4**

Para. 4.86

The ANAO recommends that in negotiating any future disability funding agreements, the Department of Family and Community Services seek to include a requirement for State and Territory governments, as part of an annual financial acquittal process, to detail how Australian Government funding for Disability Advisory Bodies was used.

FaCS' response: Agreed.

Recommendation
No. 5
Para. 6.20

The ANAO recommends that the Department of Family and Community Services:

- (a) monitor quality assurance processes for disability services administered by each of the State and Territory governments including:
 - identifying the nature of the processes in place in each jurisdiction;
 - the regularity of quality assurance assessments;
 - the merit of these assessments;
 - how many disability service outlets have passed or failed assessments; and
 - what actions are taken to address identified failures at disability service outlets; and
- (b) use the resulting information to contribute to improvements in quality assurance processes undertaken by the State and Territory governments, and to increase national consistency in quality assurance processes, where appropriate.

FaCS' response: Agreed.

Audit Findings and Conclusions

1. Introduction

This chapter provides background information about the Commonwealth State Territory Disability Agreement and explains the audit approach.

Background

1.1 The Commonwealth State Territory Disability Agreement (CSTDA) provides the national framework for the delivery, funding and development of specialist disability services for people with disabilities.¹⁹

1.2 The objective of the CSTDA is that:

The Commonwealth and States/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.²⁰

1.3 The Australian Institute of Health and Welfare (AIHW) estimated the potential population of those in Australia who may at some point in their lives need access to specialist disability services to be 900 000 people across Australia in June 2003.²¹

1.4 The CSTDA is the third such agreement between the Australian, State and Territory governments, and covers the five years 2002–03 to 2006–07.²² It comprises a Multilateral Agreement involving all Australian jurisdictions, and separate Bilateral Agreements between the Commonwealth and each State and Territory to address issues of local importance.

1.5 The Australian, State and Territory governments combined have committed \$16.2 billion over the five years of the CSTDA. The Australian Government has committed nearly \$4.9 billion over the five years. Some \$2.1 billion of this relates to the Australian Government's provision of disability employment services and its contribution to other services for which both the Australian and State and Territory governments have ongoing

¹⁹ However, there is no requirement in the CSTDA for governments to provide a specified level of services and eligibility does not provide an automatic entitlement to services.

²⁰ Clause 4(1) of the CSTDA. The spirit of the CSTDA encompasses the Principles and Objectives of the *Disability Services Act 1986* (Cth), the *Disability Discrimination Act 1992* (Cth) and complementary State and Territory legislation.

²¹ Australian Institute of Health and Welfare, *Disability Support Services 2003–04: national data on services provided under the Commonwealth State Territory Disability Agreement* [Internet]. Australian Institute of Health and Welfare, Canberra, 2005 available from <<http://www.aihw.gov.au/publications/index.cfm/title/10155>> [accessed 10 August 2005]. The potential population is not the same as the population needing services at a particular time, or the population choosing to access services.

²² Appendix 1 provides a brief history of the CSTDA.

responsibilities.²³ The remaining \$2.8 billion will, over the course of the CSTDA, be transferred to the States and Territories to contribute to the provision of services administered by those jurisdictions.²⁴

1.6 State and Territory governments provide 80 per cent of funding for the provision of disability services administered by them. The Australian Government provides the other 20 per cent of this funding. The fact that the Australian Government provides only 20 per cent of the funding for services administered by the State and Territory governments limits its role, and the amount of influence it has over the delivery of those services. Accordingly, the Australian Government mainly adopts a partnering or monitoring role for those CSTDA services administered by the State and Territory governments.

Services covered under the CSTDA

1.7 Specialist disability services provided under the CSTDA are designed to meet the needs of people with disabilities that are likely to be permanent and result in substantially reduced capacity in self-care, mobility and/or communication, requiring significant ongoing and/or long-term episodic support. The CSTDA covers services for people whose disability has manifested itself before the age of 65 years.

1.8 Under the CSTDA, the Australian Government has responsibility for the planning, policy setting and management of specialised employment assistance. The State and Territory governments have similar responsibilities in relation to accommodation support, community support, community access and respite services. The Australian and State and Territory governments have continuing responsibilities for providing advocacy, information and print disability services. Appendix 2 describes the services provided under the CSTDA.

1.9 The Department of Family and Community Services (FaCS) represents the Australian Government for the purposes of the Agreement. The Secretary of FaCS is the Australian Government's official representative on the National Disability Administrators group.²⁵ Among other responsibilities, the National Disability Administrators advise their respective Ministers on matters pertaining to the services covered by this Agreement.²⁶

²³ Namely advocacy, information and print disability services.

²⁴ CSTDA funding from the Australian Government is made available as financial assistance to the States and Territories in the form of a Specific Purpose Payment.

²⁵ The membership of the National Disability Administrators group comprises representatives of the Australian Government and each State and Territory government.

²⁶ The other responsibilities of the National Disability Administrators group include overseeing the development and implementation of the CSTDA performance reporting framework, the national research and development work plan and the Agreement's implementation plan.

Unmet need

1.10 In 2003–04, a total of 187 806 people used CSTDA-funded specialist disability services, although some people accessed more than one type of service during the period.²⁷ However, AIHW research has indicated that the demand for CSTDA services from people meeting the eligibility requirements for disability services has for some time exceeded the number of services available.²⁸ This research estimated the level of unmet need for disability services in 2001 as:

- 12 500 people needing accommodation and respite services;
- 8 200 places for community access services; and
- 5 400 people needing employment support.

1.11 In addition, of the nearly four million Australians who self-identify as having a disability²⁹ only a small percentage are eligible for, and access, government-funded disability services provided under the CSTDA. However, many of these people may access other community support sources, rely on family support, purchase services (general or disability-specific), access generic services, or do not need any of the particular services provided under the CSTDA.

1.12 The Australian Government has committed to a plan of action to address unmet need for disability services provided under the CSTDA. The Australian Government allocated \$150 million in new funding over the last two years of the second Agreement (2000–01 and 2001–02) to help State and Territory governments address unmet need for services. In response, State and Territory governments contributed \$366 million over those two years. The Australian Government has continued this funding in the current CSTDA by allocating an additional \$551 million to State and Territory governments.

Audit approach

1.13 The objective of the audit was to assess whether FaCS effectively undertakes its coordination, monitoring and other roles according to the CSTDA.

²⁷ Australian Institute of Health and Welfare, *Disability Support Services 2003–04: national data on services provided under the Commonwealth State Territory Disability Agreement* [Internet], Canberra, August 2005. Available from <<http://www.aihw.gov.au/publications/index.cfm/title/10155>> [accessed 10 August 2005].

²⁸ Australian Institute of Health and Welfare *Unmet Need for Disability Services* [Internet], July 2002. Available from <<http://www.aihw.gov.au/publications/dis/unds-efrs/unds-efrs.pdf>> [accessed 5 April 2005].

²⁹ Australian Bureau of Statistics, 2004, Catalogue No. 4430.0 *Disability, Ageing & Carers*, ABS, Canberra.

1.14 The audit addressed the major roles and responsibilities of FaCS. In particular, it examined:

- FaCS' involvement in performance monitoring and reporting under the CSTDA;
- FaCS' processes to manage funds provided by the Australian Government to State and Territory governments under the CSTDA for specialist disability services; and
- FaCS' role in coordinating the Australian Government's contribution to the CSTDA, as well as coordinating with State and Territory agencies, and other relevant stakeholder groups.³⁰

1.15 The audit methodology included: analysing FaCS' key systems and documents relating to the administration of its responsibilities under the CSTDA; interviewing relevant FaCS' staff members, consulting with relevant State and Territory government officials and non-government stakeholders;³¹ and conducting general research into the administration of the CSTDA.

Audit scope

1.16 The audit examined all disability services provided for under the CSTDA, except for disability employment services. Thus, the audit examined the services that the State and Territory governments have responsibilities for planning, policy setting and management, and the services for which the Australian and State and Territory governments both have responsibilities.³²

1.17 FaCS roles and responsibilities relating to disability employment services are significant, and vary substantially to those relating to the provision of other disability services. FaCS' organisational structures reflect these substantial differences, with clear separation between the unit responsible for disability employment services and the unit responsible for administering the CSTDA. The ANAO considered, therefore, that disability employment services would be better addressed as part of a possible future separate audit, rather than included in this audit of the CSTDA.

³⁰ The audit does not assess the activities of the State and Territory governments in fulfilling their roles and responsibilities under the CSTDA, as this is outside the mandate of the ANAO.

³¹ The ANAO met with 22 stakeholder organisations including: advocacy groups; peak national and State bodies representing the interests of disability service providers and people with disabilities; members of national and State Disability Advisory Bodies funded by FaCS; State and Territory governments; relevant Australian Government agencies such as the Department of Health and Ageing and the Australian Institute of Health and Welfare; and local government bodies.

³² As discussed in paragraph 1.8, State and Territory governments have responsibilities for planning, policy setting and management in relation to accommodation support, community support, community access and respite services. The Australian Government and State and Territory governments all have responsibilities for advocacy, information and print disability services.

1.18 The ANAO notes that there were major changes to the Australian Government's administration of disability employment matters during audit fieldwork. Following major changes to the Administrative Arrangements Order on 22 October 2004, responsibility for administering some disability employment services was transferred to the Department of Employment and Workplace Relations while responsibility for others remained with FaCS. These administrative changes are still being bedded down.

1.19 Fieldwork for the audit was primarily undertaken during the period September 2004 to February 2005.

1.20 The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of \$465 000.

Previous audits and reports

1.21 The ANAO has not previously undertaken a detailed performance audit of the CSTDA, or its predecessors. However, the ANAO did consider the Commonwealth State Disability Agreement, in place between 1997 and 2002, in the conduct of Audit Report No. 31 of 1998–99, *The Management of Performance Information for Specific Purpose Payments – The State of Play*.

1.22 The ANAO audited the Home and Community Care programme³³ in 2000, which overlaps with CSTDA responsibilities. Several audits have addressed other Specific Purpose Payments, which have similarities to the CSTDA.³⁴

Structure of report

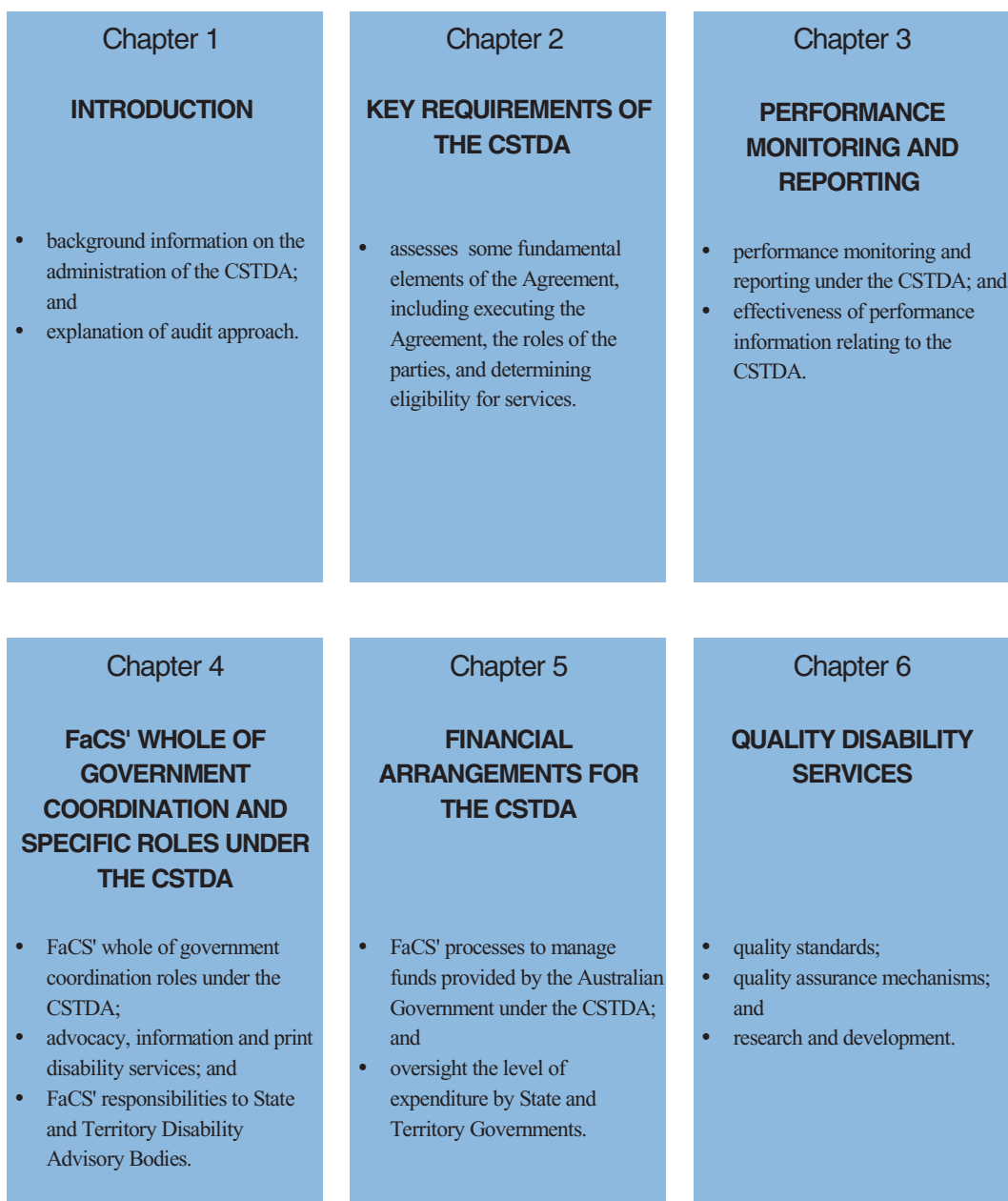
1.23 Figure 1.1 outlines the report structure.

³³ ANAO Audit Report No. 36 1999–2000, *Home and Community Care*.

³⁴ ANAO Audit Report No. 17 1999–2000, *The Commonwealth–State Housing Agreement* and ANAO Audit Report No. 21 2002–03, *Performance Information in the Australian Health Care Agreements*.

Figure 1.1

Report structure



2. Key Requirements of the CSTDA

This chapter assesses whether FaCS has satisfied some fundamental elements of the Agreement, including executing the Agreement, the roles of the parties, and determining eligibility for services.

Introduction

2.1 The CSTDA has a number of requirements, and fundamental terms and conditions, which all jurisdictions must satisfy to support the Agreement meeting its objectives. These include: executing the Agreements; specifying the roles of the Australian, State and Territory governments for administering disability services; and determining eligibility for services. The following sections discuss FaCS' actions in addressing these requirements.

Executing the Agreements

2.2 The ANAO examined whether FaCS has executed the Multilateral and Bilateral Agreements that comprise the CSTDA consistent with the terms and conditions specified in the Agreements. Figure 2.1 details this examination.

Figure 2.1

Analysis of FaCS' execution of the Multilateral and Bilateral Agreements

Criteria	ANAO assessment	ANAO comment
Multilateral and all Bilateral Agreements were properly signed and dated.	Yes	FaCS has copies of the signed Agreements.
Multilateral and all Bilateral Agreements had an appropriate date of commencement.	Effectively	Some confusion about commencement date of the Agreements, which was later successfully resolved by Ministers. FaCS should take greater care to clearly specify execution dates in future Specific Purpose Payments.
Multilateral and all Bilateral Agreements were distributed to all jurisdictions as quickly as was required under the Agreements, and made available to the public in a timely way.	Effectively	FaCS was slightly late in disseminating the Agreements to other jurisdictions.
The terms of all Bilateral Agreements were consistent with the terms of the Multilateral Agreement.	Yes	Explicitly stated in Part 2, 2(1), of all Bilateral Agreements.
Agreements were added, varied or terminated according to the terms of the Agreements.	Yes	No party had discussed terminating or varying the current Agreement. An additional Bilateral Agreement for Older Carers was being negotiated.

Source: ANAO analysis of CSTDA agreements and related documentation.

Roles of the Australian Government and State and Territory governments under the CSTDA

2.3 Under the CSTDA, the Australian Government is responsible for:

- planning, policy setting and managing employment services for people with a disability;
- providing funding to State and Territory governments to support their Disability Advisory Bodies;³⁵
- exercising national leadership and a coordination role in collaboration with State and Territory governments on research and development;
- planning, policy setting and managing advocacy, information and print disability services;³⁶ and
- as a partner in the Agreement, pursuing the objectives of the Agreement.

2.4 The ANAO found that FaCS is generally administering the Australian Government's responsibilities for these specialist disability services according to the responsibilities outlined in the CSTDA.

2.5 The ANAO notes that the Agreement does not clearly specify the role of the Australian Government as a partner in the Agreement. In practice, FaCS and the other jurisdictions' disability agencies have focussed on clause 6(5), that charges State and Territory governments with responsibility for planning, policy setting and managing accommodation support, community support, community access and respite services. This has meant that FaCS' involvement with these services has mainly related to: coordination with Australian Government programmes; financial monitoring; performance monitoring and reporting; funding and maintaining contact with the Disability Advisory Bodies; and contributing funding and membership to the research and development committees inquiring into specialist disability services that are carried out under the CSTDA.

2.6 During this audit, the ANAO identified two main areas in which FaCS should increase its role in relation to disability services for which the States and Territories are primarily responsible. These are management of demand for State and Territory administered disability services and quality assurance of these services (see the following section, and Chapter 6, respectively).

³⁵ Under the CSTDA, Disability Advisory Bodies have been established for the Australian Government and in each State and Territory. These groups advise their respective Minister on issues that affect people with disabilities, their families and carers.

³⁶ Chapter 4 discusses advocacy, information and print disability services in more detail.

Eligibility for services funded under the CSTDA

2.7 Effectively allocating disability service resources to provide the maximum benefit to the people in most need is important, particularly given the considerable unmet need for disability services (see paragraphs 1.10 to 1.12). Correctly determining who is eligible for disability services and then making sure that services are only provided to eligible recipients is a vital consideration in resource allocation decisions.

2.8 Clause 5.1 of the CSTDA stipulates that the parties agree to ensure that specialist disability services funded under the CSTDA and any Bilateral Agreement are provided only to benefit people with disabilities.

Assessing eligibility

2.9 Eligibility for access to services provided under the CSTDA is defined by most jurisdictions in their relevant disability legislation,³⁷ and through policy statements, processes and guidelines. Various professionals such as occupational therapists, speech pathologists and psychologists are involved in assessing individuals' potential eligibility for disability services.

2.10 The ANAO investigated the level of assurance FaCS has that recipients of services provided by the States and Territories under the CSTDA meet the relevant eligibility requirements.

2.11 FaCS advised the ANAO that it was not aware of the specific eligibility requirements that individual jurisdictions had in place.

2.12 The ANAO notes the view proposed by FaCS, and other stakeholders contacted as part of the audit, that there was a relatively low risk that people who did not meet the eligibility requirements would apply to use services provided under the CSTDA. As the services provided are designed to meet the needs of people with disabilities, the likelihood of people who do not have a disability wanting to use any of these services is extremely low.

2.13 The more pertinent issue is that appropriate priority be ascribed to individuals seeking to access these services to ensure those most in need have appropriate access to services.

³⁷ That is, in the jurisdictions' respective Disability Services Acts.

Determining priority of need

2.14 Recognising the existence of unmet demand for specialist disability services, Strategic Policy Priority Four³⁸ under the CSTDA is *Improve long-term strategies to respond to and manage demand for specialist disability services*.³⁹

2.15 Clause 8(9) of the CSTDA states:

The Commonwealth and the States/Territories acknowledge the significant need for specialist disability services and will develop plans to address demand management issues and encourage early intervention and crisis prevention and report on progress annually under the performance reporting framework.

2.16 The States and Territories, and the Australian Government, have recognised that there: 'is currently no one conceptual model adopted by jurisdictions that assesses eligibility, support needs and priority for service at both a systemic and individual level'.⁴⁰

2.17 This situation has resulted in a lack of national consistency in how individuals' needs for services are identified and in determining priority. The ANAO considers that, in this circumstance, there is a significant risk that services provided under the CSTDA may not be provided to those recipients in most need across Australia.

2.18 To address this problem, Ministers agreed in July 2004 to the CSTDA Disability Administrators undertaking a relevant research and development project on the *National Assessment and Resource Allocation Framework*. The project's purpose is to develop a flexible, nationally-consistent system which ensures a fair, transparent, and rational-based allocation of resources that will also assist in understanding and managing demand for disability services.⁴¹

³⁸ The Australian, State and Territory governments have agreed to five Strategic Policy Priorities under the CSTDA namely:

- Policy Priority One: Strengthen access to generic services for people with disabilities;
- Policy Priority Two: Strengthen across government linkages;
- Policy Priority Three: Strengthen individuals, families and carers;
- Policy Priority Four: Improve long-term strategies to respond to and manage demand for specialist disability services; and
- Policy Priority Five: Improve accountability, performance reporting and quality.

³⁹ National Disability Administrators 2004, *Annual CSTDA Public Report 2002–03*, Department of Family and Community Services, Canberra p. 19.

⁴⁰ Discussion at National Disability Administrators' Forum of 8 August 2003.

⁴¹ The NDA workplan also includes the project *Responding to Demand*. The first stage of this project focuses on identifying drivers of demand for disability services, and current strategies that address demand pressures.

The project has four stages in total.⁴² Stage one has been finalised and stage two is underway. The full project is to be completed by June 2007 (when the current CSTDA expires).

2.19 The ANAO considers that FaCS should inform itself of the frameworks and processes used by each jurisdiction to assess eligibility, support needs and priority for service.

2.20 FaCS should also contribute further to the NDA projects on the *National Assessment and Resource Allocation Framework* and *Responding to Demand*.⁴³ Depending on the results of these projects, FaCS should encourage the NDA to follow-up these projects with further efforts to understand the equity, efficiency and consistency of jurisdictions in determining the priority for eligibility of individuals to services under the CSTDA.

Conclusion

2.21 FaCS largely executed the Agreements relating to the CSTDA consistent with the terms of the Agreements, including ensuring the signing and dating of the Multilateral and all Bilateral Agreements by Ministers. There was some initial uncertainty about the commencement date of the Agreements, which was later successfully resolved by Ministers. Nevertheless, the ANAO suggests that FaCS take care to specify and agree execution dates in any future CSTDA, and other Specific Purpose Payments it is responsible for administering.

2.22 The ANAO found that the Australian Government is administering specialist disability services according to the responsibilities outlined in the CSTDA. The ANAO suggests two main instances where FaCS should increase its role for those disability services for which the States and Territories are primarily responsible. These roles relate to demand management and quality assurance.

2.23 At the time of audit fieldwork, FaCS was not aware of the specific eligibility requirements that individual State and Territory jurisdictions had in place for individuals to access disability services, nor was it aware of whether recipients of services provided under the CSTDA met the relevant eligibility requirements. However, the State and Territory disability agencies, and FaCS, have recognised that there: 'is currently no one conceptual model adopted by

⁴² The four stages of the *National Assessment and Resource Allocation Framework* research project are:
 (1) development of the framework;
 (2) development of a tool kit for assessment, within the context of the framework;
 (3) examination and evaluation of existing service responses, in light of the framework and tool kit; and
 (4) examination of the impact of the framework and the tool kit on demand management.

⁴³ The *Responding to Demand* project is part of the NDA Work Plan 2004–05 and aims to identify and review the available strategies and programmes that exist to respond to and manage demand.

jurisdictions that assesses eligibility, support needs and priority for service at both a systemic and individual level’.

2.24 FaCS is contributing to two projects being undertaken by the National Disability Administrators that aim to assist in understanding and managing demand for disability services. The ANAO considers that FaCS’ involvement in these projects, and any possible follow-up work, should assist FaCS to be better informed about the processes used by jurisdictions to assess individuals’ eligibility for specialist disability services, support these individuals’ needs and establish individuals’ priority for service.

3. Performance Monitoring and Reporting

This chapter examines performance monitoring and reporting under the CSTDA. It assesses FaCS' role to improve performance monitoring and reporting.

Introduction

3.1 A sound performance information framework provides the basis for accountability for the use of public funds, as well as supporting planning and performance improvements in respect of the relevant government activity.

3.2 The performance information framework contained in the CSTDA Multilateral Agreement is the prime performance monitoring mechanism for the CSTDA. The performance information framework set out in the Agreements should link to the CSTDA performance information contained in the FaCS Portfolio Budget Statements (PBS), and reported in its annual reports.⁴⁴

3.3 The terms of the CSTDA do not provide the Australian Government with any special role to oversee the performance of the States and Territories in delivering services under the CSTDA. The Australian Government is only one party among nine that are responsible for monitoring and reporting performance for the CSTDA. As with many of its other responsibilities under the CSTDA, there are limits to the extent the Australian Government can exert influence to improve the quality of disability services through its monitoring activities, given that it provides only 20 per cent of funding for the disability services administered by the States and Territories.

3.4 The key external reporting mechanism for CSTDA performance is the Annual CSTDA Public Report. However, there are also a number of other avenues for reporting performance under the CSTDA. To assess FaCS' role in performance monitoring and reporting under the CSTDA, the ANAO examined:

- performance indicators contained in the CSTDA;
- the outcomes/outputs framework set out in the FaCS PBS;
- the various avenues for reporting on CSTDA performance; and
- FaCS' monitoring for internal management purposes of disability services provided by the States and Territories.

⁴⁴ ANAO Better Practice Guide—Performance Information in Portfolio Budget Statements, May 2002, p. 1.

Performance information in the CSTDA

Multilateral Agreement

Performance indicators related to outcomes and quality

3.5 As noted in Chapter 1, the Multilateral Agreement (clause 4(1)) establishes the following objective for the CSTDA:

The Commonwealth and States/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.

3.6 However, the performance information framework contained in the CSTDA includes no indicators of the quality of life of people with disabilities, their participation in the community, their value in the community, or any related parameters, despite the objective directly aimed at enhancing quality of life. Therefore, the performance information framework contained in the Multilateral CSTDA does not require the collection of data that can clearly indicate whether, or to what extent, the CSTDA is meeting its objective.

3.7 The Multilateral Agreement contains five Strategic Policy Priorities.⁴⁵ Each of these is explained in the Agreement, but not in such a way that easily allows the establishment of performance information to assess whether key priorities are being achieved. Further, the quantitative measures in the Multilateral Agreement are not grouped according to the strategic priorities, and do not operate to clearly indicate whether, or to what extent, the CSTDA is effectively implementing its strategic priorities.

3.8 Virtually all of the representatives of the State and Territory jurisdictions, and other stakeholders, that the ANAO spoke to during fieldwork for this audit supported the inclusion of outcome and quality measures in performance measures to be incorporated in any future CSTDA. However, they recognised the difficulty of developing such indicators, and also generally considered that it would be better to first improve the quality of current performance information, prior to developing these outcome and quality measures.

3.9 Relevant agencies in other jurisdictions unanimously advised the ANAO that they currently do not effectively measure outcomes or quality aspects of service related to disability services in any way separate from the CSTDA. This is despite the fact that jurisdictions have made considerable efforts to develop outcome and quality measures, both individually and when contributing to research undertaken as part of National Disability

⁴⁵ See footnote 38.

Administrators' projects. These efforts also often involve the Australian Institute of Health and Welfare (AIHW).⁴⁶

3.10 Relevant agencies in other jurisdictions also advised the ANAO that the development of such indicators was complex and would require considerable work, involving the cooperation of all jurisdictions. Most jurisdictions advised that the type of indicators that could be considered to measure outcomes and quality include:

- surveys of people with disabilities to establish their expectations of services under the CSTDA, whether these services have satisfied expectations of service quality and how they have assisted in meeting the objectives of the CSTDA, in terms of improving quality of life and/or the participation of people with disabilities in the community;
- measures of the extent of participation by people with disabilities, for example, hours of contact with family members and others in social activities, or hours of employment; and
- measures of service quality obtained via quality assurance processes.

3.11 The ANAO considers it important that any future CSTDA include measures of outcomes of CSTDA activities, linked to the CSTDA objective. The development of such indicators could build on previous work, but would require a disciplined and sustained effort by FaCS and the other relevant parties. FaCS agreed with this conclusion and acknowledged to the ANAO that it does have a role, with State and Territory governments, to improve the performance information framework. FaCS is working cooperatively with other jurisdictions to overcome some of the current deficiencies with the framework (see paragraph 3.21).

3.12 The ANAO also considers it important that any future CSTDAs incorporate measures that attempt to establish the level of unmet demand on an ongoing basis. This could perhaps be achieved through an appropriate measure of waiting lists for services, or appropriate alternative measures. Such measures would provide an indication of the ease of access for people with disabilities to services provided under the CSTDA.

3.13 As with output and quality measures, FaCS should seek to work with other jurisdictions through the NDA, and the AIHW, to measure the level of unmet demand on an ongoing basis.

⁴⁶ Particularly as part of research for the reports: AIHW 2000, *Integrating indicators: theory and practice in the disability services field*, and AIHW 2003, *Australia's national disability services data collection: Redeveloping the CSTDA National Minimum Data Set*.

Performance indicators related to efficiency and equity

3.14 The Multilateral Agreement contains performance information in its Schedule A3. This is accompanied by guidelines for the provision and reporting of the data.

3.15 The performance indicators are very similar for each of the major categories of disability service being provided under the CSTDA (see Figure 3.1). They cover the four main disability services provided by the States and Territories, and the disability employment services provided by the Australian Government, but exclude advocacy, information services and print disability services.⁴⁷

Figure 3.1

Typical performance indicators specified in the Multilateral CSTDA

Performance data: similar for each of six categories of services—accommodation support, community support, community access, respite, open employment and supported employment
Must include number of consumers versus number of services. <ul style="list-style-type: none">• Average cost per unit of service.• Average cost per service user.• Proportion of total service users by:<ul style="list-style-type: none">- primary disability type;- location;- culturally and linguistically diverse;- Aboriginal and Torres Strait Islander; and- age.• Total service user numbers / time by:<ul style="list-style-type: none">- proportion per 1000 of total jurisdiction population/location; and- proportion of total jurisdictional target group population/location.

Source: CSTDA Multilateral Agreement.

3.16 The performance indicators specified in the Multilateral CSTDA typically comprise efficiency measures (especially relative cost) and equity measures (such as targeting to particular disadvantaged groups and extent of coverage of services).

3.17 Service outlets that deliver disability services under the CSTDA provide data underpinning these performance indicators to the responsible Disability Administrator.⁴⁸ This data collection is based on a methodology

⁴⁷ Consumer level information is not currently collected from advocacy, information or print disability services. The Australian, State and Territory governments all have responsibilities in relation to the administration of these services.

⁴⁸ That is, for accommodation support, community support, community access and respite services, the service outlet provides data to the relevant State/Territory government agency. For open employment and supported employment services, the service outlets provide data to FaCS.

developed by the AIHW and known as the National Minimum Data Set.⁴⁹ All jurisdictions have recognised that this data has not been sufficiently robust to allow meaningful comparisons between them, to date. For this reason, the CSTDA, Clause 7(4), states that governments will work together to: ‘enhance data linked to the CSTDA Performance Reporting Framework’. Schedule A adds that: ‘once nationally available, it is expected that CSTDA Minimum Data Set information will be comparable across all jurisdictions and years’.

3.18 The performance information collected pursuant to the Multilateral CSTDA is reported in the CSTDA Annual Report.⁵⁰ The first such report for 2002–03 acknowledged the data limitations and did not make any comparison of performance across jurisdictions. The NDA and the AIHW redeveloped the National Minimum Dataset in 2002.⁵¹ This has improved the capacity for jurisdictions to provide consistent data. However, most jurisdictions advised the ANAO that they do not believe that clear comparisons of relevant performance can be made using data for 2003–04. The States and Territories expect that data accuracy will improve from 2004–05 onwards, as revised data collection procedures are bedded down, which would better support such comparisons across jurisdictions.

3.19 A number of relevant agencies in other jurisdictions advised the ANAO that the revised National Minimum Data Set currently provides useful information for planning purposes, and for identifying areas that indicate a possible weakness or strength. These issues can then be further examined by holding discussions with other jurisdictions to establish the reasons for such differences, and whether they are the result of different approaches or practices.

3.20 Further improvements to the accuracy and consistency of data collected under the CSTDA would assist jurisdictions to improve the coverage and efficiency of services they fund. FaCS has been encouraging States and Territories, through the CSTDA Annual Report process, to make these improvements. The ANAO encourages FaCS to also promote the use of the National Minimum Data Set as a way to make performance comparisons between jurisdictions, when it considers such comparisons to be reasonable given data quality, rather than to await absolute certainty about data accuracy, which may never eventuate.

⁴⁹ The AIHW is custodian of the database.

⁵⁰ The National Disability Administrators issue the report.

⁵¹ New national data collection arrangements were introduced in October 2002, whereby the National Minimum Data Set was revised, and data was collected on a whole-of-year basis rather than on the basis of a snapshot day.

3.21 The National Disability Administrators are currently undertaking a project to revise the CSTDA Performance Reporting Framework. FaCS is a member of the project steering committee and has advised the ANAO that the Australian Government strongly supports the project. A draft project report has been prepared that includes recommendations to the National Disability Administrators for improvements to the existing performance reporting framework that address many of the shortcomings noted in this chapter. The draft report concludes that, while it may be possible to resolve some issues during the life of the current agreement, a number of the issues identified would be best addressed in any future CSTDA.

Bilateral Agreements

3.22 The Commonwealth has a Bilateral Agreement with each State and Territory government. These Agreements identify performance information to be collected that is specific to the activities to be progressed jointly by the Australian Government and the individual State or Territory government.

3.23 The Bilateral Agreements typically specify the activity to be undertaken, the desired outcomes, and performance information that would report on progress in achieving those activities and/or outcomes. A strength of the indicators in the Bilateral Agreements is that they are grouped according to strategic priorities.

3.24 However, there is significant variation between individual Bilateral Agreements in the type of performance indicators specified, with many simply being descriptions of activities undertaken, some requiring the development of indicators throughout the life of the Agreement, and some attempting to measure the effectiveness of activities in contributing to strategic priorities. Some of these effectiveness measures promise to be useful, although they generally have yet to be developed.

Outcomes/outputs framework

3.25 FaCS' 2005–06 Portfolio Budget Statements (PBS) specifies the outcome, output group and administered item relating to the CSTDA as follows:

- *Outcome 3: Seniors, people with disabilities, carers, youth and women are supported, recognised and encouraged to participate in the community;*
- *Output Group 3.2: Support for people with disabilities;⁵² and*

⁵² In 2005–06, Output Group 3.2 includes two departmental outputs, Policy Services and Programme Management and Service Delivery.

- *Administered item: Commonwealth State Territory Disability Agreement.*⁵³

3.26 There is very little performance information related to the CSTDA in the 2005–06 FaCS PBS. FaCS advised the ANAO that this was because of a lack of suitable information to draw on from the CSTDA, and the fact that FaCS does not have a direct role in the delivery or administration of the services administered by the States and Territories.

3.27 The main indicator included in the PBS is simply that the States and Territories spend at least their commitment under Schedule A1 of the CSTDA. This is an expenditure or cost indicator, not an effectiveness indicator. Therefore, there are no effectiveness indicators set out in the 2005–06 FaCS PBS relating to the CSTDA. Further, the performance indicators do not address the five Strategic Policy Priorities that the Australian, State and Territory governments have agreed for the CSTDA.

3.28 The departmental output indicators for Output Group 3.2 cover FaCS' activities that are much broader than just those that relate to the CSTDA, and do not clearly indicate CSTDA administrative effectiveness.

3.29 Therefore, FaCS 2005–06 PBS does not provide useful information about:

- the extent to which the Australian Government's involvement in the CSTDA is contributing to Outcome 3: 'people with disabilities ... are supported, recognised and encouraged to participate in the community' or the achievement of the five Strategic Policy Priorities;
- the effectiveness of certain Australian Government services provided under the CSTDA (advocacy, print disability and information services); or
- the efficiency of the use of Australian Government funds being provided under the CSTDA.

⁵³ *Portfolio Budget Statements 2005–06, Family and Community Services Portfolio, Budget Related Paper No. 1.8.*

Recommendation No.1

3.30 To improve monitoring of the performance of specialist disability services provided under the CSTDA, which the States and Territories are either wholly or partly responsible for administering, the ANAO recommends that the Department of Family and Community Services work with the other National Disability Administrators, and consult the Australian Institute of Health and Welfare and other agencies where appropriate, to:

- (a) continue improving measures of equity and efficiency, and include them in any future CSTDA, or related multilateral agreements;
- (b) develop measures of outcomes, effectiveness, quality and unmet need, and, while recognising the inherent complexities involved, include them in any future CSTDA, or related multilateral agreements;
- (c) include performance indicators of effectiveness or elements of quantity, quality and coverage in any future CSTDA Bilateral Agreements;
- (d) include performance indicators for advocacy, information services and print disability services in any future CSTDA, or related multilateral agreements; and
- (e) incorporate, as they become available, any new measures of outcomes, effectiveness, quality and unmet need and improved measures of equity and efficiency in FaCS' outcomes and outputs framework as set out in future Portfolio Budget Statements.

FaCS' response

3.31 (a) Agreed.

(b), (c) and (d) Agreed. FaCS noted that these issues may influence future discussions but will not necessarily be included in any future CSTDA as such measures would require agreement by all Ministers.

(e) Agreed. The 2005–06 Portfolio Budget Statements document has been amended to reflect current performance indicators. FaCS is working towards producing more effective indicators for future Portfolio Budget Statements.

Reporting on CSTDA performance

3.32 The Annual CSTDA Public Report is the primary mechanism for reporting performance under the CSTDA.⁵⁴ FaCS is also obliged to report

⁵⁴ Two other reporting mechanisms are the Productivity Commission's annual *Report on Government Services* and the AIHW's annual *Disability Support Services* report.

results against the relevant performance indicators outlined in its PBS, with associated commentary.

Annual CSTDA Public Report

3.33 An important accountability mechanism, flowing from the CSTDA reporting framework, is the requirement for governments to contribute to an annual CSTDA progress report. Schedule A of the CSTDA states that this report will be: 'a tool for national work-programme management and provide a mechanism for reporting achievements and progress to Ministers and the public'.

3.34 The first annual report highlighted progress and achievements in the first six months of 2003.⁵⁵ However, it did not contain information about most of the performance indicators specified in the CSTDA Minimum Data Set performance report (Schedule A3 of the CSTDA). This was because the lack of consistency in data collection between jurisdictions meant that this information was not comparable. FaCS advised the ANAO that it expects data quality to improve in the future.

3.35 At the November 2004 Community and Disability Services Ministers' Conference, Ministers agreed that: 'in the interests of providing more accountable and transparent information, that the *Annual CSTDA Public Report 2003–04* will contain comprehensive explanatory and comparative data'.⁵⁶ However, as discussed in paragraph 3.18, FaCS and the other jurisdictions do not expect the report to contain data that allows comparisons of performance across jurisdictions or with performance in the previous year.

3.36 In discussions with the ANAO during fieldwork for this audit, many relevant agencies in other jurisdictions were unclear as to whether all performance indicators in Bilateral Agreements would be explicitly reported against in the *2003–04 Annual CSTDA Public Report*, in a similar way that performance indicators specified in the Multilateral Agreement are to be reported. The ANAO suggests that FaCS clarifies with the other jurisdictions the expectations for reporting against indicators in Bilateral Agreements in future CSTDA Annual Reports, and encourages this reporting to be explicit and quantitative.

3.37 Virtually all stakeholders contacted during fieldwork for the audit support the CSTDA Annual Report and consider that, in time, the content will

⁵⁵ National Disability Administrators, *Annual CSTDA Public Report 2002–03* [Internet]. Available from FaCS' website <<http://www.facs.gov.au>>. FaCS published the report on its website in August 2004, with the report becoming available in hard copy in December 2004.

⁵⁶ The *Annual CSTDA Public Report 2003–04* is expected to be released in late 2005.

be a valuable accountability mechanism for governments and community stakeholders.

3.38 The ANAO considers that the creation of an annual public report for the third Agreement is a positive development. The report gives practical effect to the Agreement's requirement for all governments to share responsibility for ensuring transparency and accountability for the provision of specialist disability services.

3.39 The ANAO notes that the first annual report acknowledges some limitations in the data. The ANAO encourages FaCS to work with the other National Disability Administrators to:

- seek a wide range of stakeholder views on the content that should be included in CSTDA annual reports;
- analyse performance information, and compare performance across jurisdictions and across years where possible;
- include reporting against performance indicators in the Bilateral Agreements in a transparent way in the CSTDA annual reports; and
- pursue improvements in reporting for the remaining four annual reports to be published under the current CSTDA.⁵⁷

FaCS Annual Report 2003–04

3.40 The *FaCS Annual Report 2003–04* contains a chapter on Output Group 3.2, Support for People with a Disability. This chapter provides information against the performance indicators outlined in the FaCS 2003–04 PBS, with associated commentary.

3.41 The *FaCS Annual Report 2003–04* reports⁵⁸ against some of the indicators relevant to the CSTDA contained in the 2003–04 PBS, but not all of them. This is contrary to the guidelines set out in the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*. This guide states that it is mandatory for agencies' annual reports to report against all performance targets specified in their PBS.

3.42 FaCS is subject to the mandatory requirement of the Department of the Prime Minister and Cabinet's guidelines that annual reports report against all performance targets specified in their PBS. If FaCS considers that some

⁵⁷ The *Annual CSTDA Public Report 2002–03* contains a feedback form to be returned to the National Disability Administrators Secretariat.

⁵⁸ Tables 51 and 52, p. 184.

indicators do not warrant reporting against in its annual reports then they should not be included in the agency's PBS.

3.43 Overall, the *FaCS Annual Report 2003–04* does not provide transparent reporting on the efficiency or effectiveness of the specialist disability services provided under the CSTDA, in respect of which the Australian Government contributes financially, but which the State and Territory governments are primarily responsible for funding and administering.

Recommendation No.2

3.44 To improve reporting of the performance of specialist disability services, the ANAO recommends that the Department of Family and Community Services:

- (a) work with the other National Disability Administrators to improve future CSTDA Annual Reports. These reports should include new and improved performance indicators agreed by the National Disability Administrators; and, wherever possible, compare performance across jurisdictions and years; and
- (b) in line with the government's requirements, ensure that its annual reports report against all performance targets specified in its PBS, including those relating to the CSTDA.

FaCS' response

3.45 (a) Agreed. The current CSTDA is the first to include a performance management framework and an annual report. The 2002–03 annual report was the first report produced and was based on six months of continuous data. The data was not robust enough for the report to be regarded as a base-line report.

The 2003–04 report included more comprehensive explanatory and comparative data for the entire year. This report will be useful in undertaking trend analysis across jurisdictions and across years. The current performance management framework is included in the multilateral agreement and any changes would require agreement by all Ministers. FaCS notes the ANAO comments regarding new and improved performance indicators and will take these comments into consideration in the context of developing any future CSTDA.

(b) Agreed. FaCS acknowledges that the additional information should have been included in its 2003–04 Annual Report and will ensure that all information is provided in subsequent reports.

FaCS' monitoring of disability services for which the States and Territories are primarily responsible

3.46 FaCS undertakes substantial monitoring of disability services administered by the various jurisdictions. FaCS does this to keep itself informed of: progress under the CSTDA; emerging issues in the community; potentially sensitive issues; and complex issues affecting individuals.

3.47 FaCS uses this information to inform the Minister for Family and Community Services of relevant disability issues, as input to policy development initiatives, and as input to its coordinating roles under the CSTDA.

3.48 The ANAO considers that, in general, FaCS effectively monitors key developments in disability services in the jurisdictions, and incorporates this information in its internal management processes and when informing its Minister.

3.49 However, as discussed in chapters 2 and 6 respectively, the ANAO considers that FaCS' monitoring of performance under the CSTDA could be improved by the agency gaining a better understanding of demand management issues and quality assurance processes applying to disability services for which the States and Territories are primarily responsible.

Conclusion

3.50 Despite a number of avenues for monitoring and reporting performance, there are currently no adequate measures of whether, or to what extent, the CSTDA is meeting its objectives. Therefore, the Australian Government and the State and Territory government agencies are not aware of, and not able to clearly demonstrate the extent to which, the CSTDA has improved the quality of life experienced by people with disabilities through assisting them to live as valued and participating members of the community. Further, the CSTDA administrators are not close to developing and reporting effective measures of outcomes of CSTDA activities, such as measures of customer satisfaction and service quality.

3.51 While there have been significant improvements in the quality of data collected under the CSTDA in recent years, the quality of available data is not yet sufficient to allow robust comparisons of equity and efficiency between jurisdictions, or of the same jurisdiction over time.

3.52 The ANAO suggests that performance indicators in any future Bilateral Agreements focus on effectiveness and elements of quantity, quality and coverage, rather than focussing on the physical delivery of activities.

3.53 These shortcomings in performance information limit the capacity for FaCS to influence the jurisdictions to improve the efficiency, effectiveness or quality of services the States and Territories administer under the CSTDA. These limitations also mean that FaCS' reporting of the performance of the CSTDA for internal administration and through its PBS and annual report is not transparent or effective.

3.54 FaCS undertakes a partnering role with States and Territories in monitoring and reporting performance, consistent with the terms of the CSTDA. Given this role, the ANAO encourages FaCS to work with the other National Disability Administrators, the AIHW, and other agencies, to develop high-level measures of CSTDA performance. The ANAO also encourages FaCS to work with other jurisdictions and the AIHW to continue improving the accuracy of data collected under the CSTDA. This will assist the jurisdictions to improve the coverage and efficiency of the services they fund.

3.55 FaCS should emphasise to the other National Disability Administrators that the annual CSTDA public report, as the prime accountability report for the CSTDA, should include all new and revised performance indicators and compare performance across jurisdictions and years wherever possible. This is in addition to the comprehensive explanatory and comparative data, which will be included for the first time in the 2003–04 CSTDA Annual Public Report expected to be released by the end of 2005.

3.56 The *FaCS Annual Report 2003–04* reported against some of the indicators relevant to the CSTDA contained in the 2003–04 PBS, but not all of them. FaCS is subject to the mandatory requirement of the Department of the Prime Minister and Cabinet's annual reporting guidelines that agencies' annual reports report against all performance targets specified in their PBS.

3.57 The ANAO considers that FaCS, in general, effectively monitors key developments in disability services in the jurisdictions, and considers this information in its internal management processes and in providing advice and information to its Minister. However, monitoring of performance under the CSTDA could be improved by the agency gaining a better understanding of demand management issues and quality assurance processes applying to disability services for which the States and Territories are primarily responsible.

4. FaCS' Whole of Government Coordination and Specific Roles under the CSTDA

This chapter examines FaCS' whole of government coordination roles under the CSTDA and its roles concerning advocacy, print disability and information services and for funding Disability Advisory Bodies.

Introduction

4.1 The CSTDA defines a number of roles and responsibilities for governments and other groups central to the operation of the Agreement.

4.2 This chapter discusses FaCS' coordination role, and assesses the effectiveness of its activities to promote a coordinated response on behalf of the Australian Government, to providing services for people with a disability. In particular, the chapter focuses on the Australian Government's roles and responsibilities, as specified in the CSTDA, for:

- pursuing the objectives of the Agreement, as a partner in the Agreement;⁵⁹
- providing funding to State and Territory governments to support their Disability Advisory Bodies;⁶⁰ and
- planning, policy setting and managing advocacy, print disability and information services.

FaCS' coordination with State and Territory governments

4.3 The main purposes of FaCS' coordination with State and Territory governments, regarding the administration of disability services by those jurisdictions, are:

- keeping informed about the quality of those services;
- providing information and advice to the other jurisdictions regarding the Australian Government's perspectives and inputs; and

⁵⁹ Chapter 1 outlines the objectives of the CSTDA.

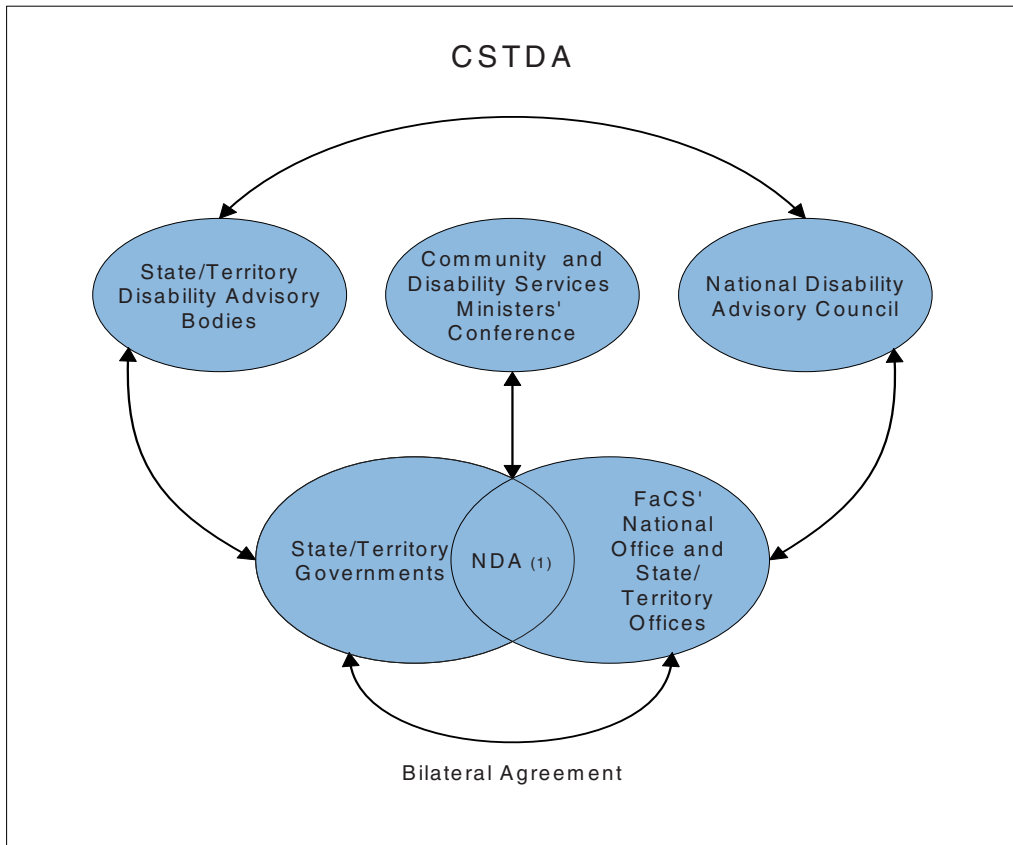
⁶⁰ Under the CSTDA, Disability Advisory Bodies have been established in each State and Territory. These groups advise their respective Minister on issues that affect people with disabilities, their families and carers.

- helping to improve communication and cooperation between the State and Territory governments, to improve the quality of disability services.

4.4 Elements of this approach have been applied to both the Multilateral and Bilateral Agreements. Figure 4.1 shows the links between governments and key disability stakeholder groups under the CSTDA.

Figure 4.1

CSTDA linkages



Note: (1) National Disability Administrators.

Source: ANAO.

4.5 The framework is designed to facilitate extensive consultation between governments, people with disabilities, their families and carers, and industry representatives.

4.6 The Australian Government performs its coordination role with States and Territories, regarding the services the States and Territories administer under the CSTDA, in three major ways:

- through a Ministerial Council, the Community and Disability Services Ministers' Conference, comprising government Ministers from each jurisdiction with responsibility for disability services;
- through a senior government officials group (the National Disability Administrators); and
- through ongoing advice to the States and Territories from FaCS, including through working groups, administered either by FaCS' national office or via its State and Territory offices.

Community and Disability Services Ministers' Conference

4.7 The Community and Disability Services Ministers' Conference (the Ministers' Conference)⁶¹ oversight the CSTDA.

4.8 The capacity for Ministerial Councils to facilitate a whole of government approach is twofold: by virtue of their composition; and, by consulting with other relevant councils, or heads of government, when considering intergovernmental matters that have major cross-portfolio or whole of government implications.⁶²

4.9 The meeting minutes of the National Disability Administrators record the preparation of advice for the Ministers' Conference and show the Australian Government's representative taking part in this work.

4.10 The ANAO sought information from FaCS about the satisfaction of FaCS' Minister with the material the department provided for Minister's Conference meetings. The ANAO found a number of examples of positive feedback from the Minister about information FaCS had provided at various times concerning the CSTDA.⁶³

National Disability Administrators

4.11 The National Disability Administrators (NDA) is a group that comprises the heads of the Australian Government, and State and Territory government, disability agencies. The group operates as a national forum for discussing the CSTDA and broader disability services issues and is the major

⁶¹ The scope and objectives of the Ministers' Conference are described in the *Commonwealth-State Ministerial Councils. A Compendium*, Department of the Prime Minister and Cabinet, 2005.

⁶² Members of Commonwealth Disability Services Ministers' Conference are also members of the Health, Community and Disability Services Ministerial Council. The Council meets as required and operates as a plenary forum for Ministers with responsibility for health, community and disability services.

⁶³ Part 6—Role of Disability Administrators, clause 6(6)(a) of the CSTDA, indicates that FaCS is responsible for advising Australian Government Ministers on matters pertaining to the services covered by the Agreement.

vehicle for coordinating government contributions under the Agreement. The NDA meets regularly and is supported by a secretariat function.⁶⁴

4.12 The NDA is responsible for overseeing the development and implementation of the CSTDA performance reporting framework, the national Research and Development (R&D) Programme and the Agreement's implementation plan.⁶⁵ The NDA reports annually to the Ministers' Conference.

4.13 The ANAO conducted meetings between November 2004 and February 2005 with the majority of NDA members and representatives of all State and Territory disability agencies.

4.14 While State and Territory government members of the NDA had differing views on the overall effectiveness of the NDA, the ANAO found that there was a high level of goodwill among forum members. Members generally observed that the meetings provide a useful coordination function and an opportunity to raise issues of concern with the Australian Government and exchange best practice information.

4.15 The State and Territory government members of the NDA describe the Australian Government's role at the meetings positively, and appreciate the advice given on Australian Government policy direction, funding opportunities and machinery of government changes.

4.16 The ANAO viewed the minutes of a number of NDA meetings. The minutes indicate regular attendance and participation by the Australian Government's representative. They also indicate Australian Government participation in developing the NDA work plan (2002–07) and the R&D Programme (2002–05).⁶⁶

4.17 One State government stakeholder advised the ANAO that the Commonwealth is 'a team player' and can also vigorously represent the Commonwealth's interests, where necessary. Other State and Territory government stakeholders noted that the Commonwealth rarely leads on any particular issues at NDA meetings, but has the potential to promote or facilitate activity to a greater degree than other jurisdictions.

4.18 The majority of non-government stakeholders the ANAO met with were aware of the existence of the NDA and support its work, particularly in R&D. Non-government stakeholders generally reported to the ANAO being

⁶⁴ The National Disability Administrators meet face-to-face twice yearly and hold monthly teleconference meetings. In 2004, the NDA held meetings typically one month before and one month after a Ministers' Conference.

⁶⁵ CSTDA, Part 6—Role of Disability Administrators, clause 6(6)(c).

⁶⁶ Both plans were endorsed at the July 2004 Ministers' Conference meeting.

pleased that whole of government issues were being raised in forums such as the NDA, but they were concerned that issues were not being resolved quickly enough for people with disabilities. Additionally, these stakeholders expressed concerns that problems in the transport, education and housing sectors were not being fully discussed at NDA meetings.

4.19 The ANAO recognises that the Australian Government, with State and Territory government National Disability Administrators, is jointly responsible for the successful operation of a national forum for discussing disability issues and coordinating improved service delivery.

4.20 Overall, there is evidence that the NDA is working well and has the potential to deliver improved outcomes for people with disabilities. However, it was difficult for the ANAO to gauge the effectiveness of FaCS' contribution to the NDA, given that there are currently no adequate measures of whether, or to what extent, the CSTDA is meeting its objectives, and the slow start to the R&D Programme (see Chapters 3 and 6).

FaCS' ongoing coordination roles under the CSTDA

4.21 FaCS works with a variety of entities to improve disability services administered by State and Territory governments under the CSTDA. These entities include State and Territory government agencies responsible for administering disability services, other Australian Government agencies, Disability Advisory Bodies, and other stakeholder groups.

4.22 The ANAO examined the effectiveness of FaCS' coordination activities relating to the CSTDA in the following key areas:

- Bilateral Agreements;
- FaCS' national office coordination with its State and Territory offices; and
- liaison with other relevant Australian Government agencies.

Bilateral Agreements

4.23 The Bilateral Agreements provide for action between the Australian Government and individual States and Territories on strategic disability issues within the broad national framework.⁶⁷

4.24 All State and Territory governments have jointly developed with FaCS terms of reference and work plans for their particular Bilateral Agreement. The works plans focus on policy and planning for service delivery and reinforce the priorities in the Multilateral Agreement.

⁶⁷ CSTDA, Recital B(a).

4.25 There is considerable commonality among the Bilateral Agreements, with all of them focussing on four key issues, including the aged care/disability services interface and sustainable management of supply and demand for specialist disability services.⁶⁸ There are also a number of topics only being considered by a small number of jurisdictions via Bilateral Agreements, such as quality assurance.⁶⁹

4.26 The Bilateral Agreement work agreed between the Australian Government and the individual State or Territory government is in addition to core CSTDA activities. There is no funding attached to initiatives set out in the Bilateral Agreements, and progress is reported via separate performance indicators.

4.27 During audit fieldwork, the ANAO found from talking to representatives of State and Territory government disability agencies that the Bilateral Agreements have had a beneficial impact on relationships between FaCS and the various State and Territory government disability agencies.

4.28 The majority of FaCS' State and Territory offices reported to the ANAO that the Bilateral Agreements are generally working well and have strengthened the existing cooperative relationship with State or Territory disability agencies in their jurisdiction. FaCS State and Territory offices considered that the closer working relationship with these agencies facilitated better coordination between the Australian Government and the other jurisdictions under the CSTDA than administrative arrangements that excluded FaCS State and Territory offices. State and Territory government agencies advised the ANAO that they had no major difficulties in implementing the Bilateral Agreements with FaCS' State and Territory offices.

4.29 There is also the potential for the Bilateral Agreements to deliver increased whole of government coordination at the local level resulting in improved delivery of specialist disability services. Improving coordination within a single government or improving coordination between multiple governments' agencies can assist people requiring services from multiple sources. Increasing the interaction between disability and other sectors in government, such as housing and community care, can also make it easier for people with disabilities to access services more quickly.

4.30 The ANAO considers that the Bilateral Agreements have been established in accordance with the requirements of the CSTDA. The ANAO

⁶⁸ The other two most common key issues in the Bilateral Agreements are: consultation and partnerships across governments and with the disability community (especially Disability Advisory Bodies); and, employment and day options services.

⁶⁹ Other less common issues being addressed jointly are: advocacy; people with a disability and acquired brain injury; and other services (Indigenous, accommodation and challenging behaviours).

considers that the Bilateral Agreements have the potential to be an effective coordination mechanism for FaCS to work with State and Territory agencies. However, at the time of conducting this audit, progress on implementing the Bilateral Agreements has not been reported against the performance indicators set out in the Agreements.

FaCS' national office coordination with STOs

4.31 At the national level, FaCS' Disability and Carers Branch (DCB) is responsible for administering the CSTDA. The FaCS' State and Territory offices (STOs) network—one office in each State and Territory—support FaCS' national office. The amount of time spent on CSTDA activities varies between STOs.

4.32 STOs have only minimal involvement in activities related to the multilateral CSTDA, including the R&D Programme. Given the linkages between the multilateral CSTDA priorities and the Bilateral Agreements' strategies, there is scope for the STOs to be more involved in issues surrounding the multilateral CSTDA. For example, the STOs are in a position to address broader CSTDA issues such as eligibility for CSTDA services, quality assurance and the effectiveness of complaints mechanisms (see Chapters 2 and 6).

4.33 During fieldwork, the STOs proposed to the ANAO a range of options to address problems they were experiencing when communicating with the FaCS' national office. These problems included delays in national office advising STOs of key information pertaining to the CSTDA. FaCS' national office advised the ANAO that it would examine the issues raised by the STOs and consider how best to address them.

4.34 FaCS also advised the ANAO that the relationship between the national office and the STOs has changed over time to accommodate fluctuations in workloads and to better manage reporting processes. For example, two national office staff currently work as outposted officers in State offices. FaCS' national office advised the ANAO that STO managers have indicated this is a positive approach to building a stronger network.

FaCS' coordination with Australian Government agencies

4.35 The ANAO examined FaCS' communication with relevant Australian Government agencies to streamline the provision of disability services.

4.36 The CSTDA provides for a range of specialist disability services. People with disabilities also need services with a specialist clinical focus⁷⁰ and a range

⁷⁰ Services with a specialist clinical focus, such as acute health or psychiatric treatment services, may be required by people suffering psychiatric or other illness or from substance abuse.

of non-specialist disability services, for example, transportation facilities, access to shopping and entertainment facilities, and access to cultural and sporting venues.

4.37 Clause 5(5) of the CSTDA acknowledges the need for non-specialist services for people with disabilities, which lie outside the Agreement, and requires all governments to encourage and facilitate inter-sectoral action to promote access to services for people with a disability.

4.38 FaCS' activities to coordinate with other Australian Government agencies regarding both specialist and non-specialist services for people with disabilities are supported by the CSTDA's first Strategic Policy Priority—*Strengthen across-government linkages*.⁷¹

4.39 Figure 4.2 shows FaCS' current involvement in formal collaborative work, through committees, with other Australian Government agencies.

Figure 4.2

FaCS' national office representation on Australian Government fora

Australian Government agency	Committee
Department of Health and Ageing	Aged Care–Disability Joint Policy Forum.
	CSTDA/Home and Community Care Working Group.
	Interdepartmental Committee on Strategic Directions in Community Care, including a Review of the Home and Community Care Specific Purpose Payment.
Department of Education, Science and Training	No current memberships.
Department of Immigration and Multicultural and Indigenous Affairs	No current memberships.
Department of Transport and Regional Services	No current memberships.
Department of Veterans' Affairs	No current memberships.

Source: Disability and Carers Branch, FaCS and ANAO analysis.

4.40 As can be seen from Figure 4.2, FaCS' formal links with other Australian Government agencies concentrate on the Department of Health and Ageing.

⁷¹ CSTDA, Part 4—National Framework, Policy Priorities, clause 4(2)(b).

4.41 The ANAO examined:

- whether FaCS' relationships with other Australian Government agencies are sufficient to promote whole of government coordination;
- whether FaCS' relationships with other Australian Government agencies are being used effectively to coordinate policy and service delivery; and
- what more could be done to improve coordination between FaCS and other Australian Government agencies.

Department of Health and Ageing

4.42 The ANAO examined FaCS' departmental file records and met with officers from the Department of Health and Ageing (Health) to discuss coordination between the two agencies.

4.43 FaCS' records indicate that regular, formal committee meetings with Health have occurred for the three committees listed in Figure 4.2. The meeting minutes record discussion of a range of issues including: young people with disabilities in residential aged care facilities; ageing carers; and coordinating CSTDA services with other community care services. The meetings have also discussed implementing the CSTDA Bilateral Agreements, the work plan of the NDA, and the CSTDA R&D priorities.

4.44 In addition to formal committee meetings, Health advised the ANAO that officers from the agency meet with FaCS on an ad hoc basis to consider boundary and other issues arising at the ageing and disability interface. FaCS and Health have agreed that FaCS leads on issues affecting the carers of young people with disabilities and Health leads if the issue affects older carers.

4.45 Recent examples of work between the two agencies include:

- the boundary between CSTDA accommodation support services and services provided under the *Home and Community Care Program*;⁷²
- *Aged Care Innovative Pool*⁷³—younger people with disabilities in residential aged care facilities; and

⁷² The *Home and Community Care Program* is a joint Australian, State and Territory government cost-shared programme administered by Health. The programme provides care services to frail aged and younger people with disabilities, and their carers, including in-home assistance with daily living activities. This care helps delay or prevents the need for residential care.

⁷³ FaCS, via the NDA, is working with Health to allocate funds from the *Aged Care Innovative Pool*. The programme, administered by Health, aims to improve the interface between aged care and other kinds of care and includes addressing the needs of younger people with a disability who are inappropriately placed in residential aged care.

- Health's Aged Care Assessment Teams assess people with disabilities for *Community Aged Care Packages* and entry to residential aged care facilities.⁷⁴

4.46 Health described FaCS' contribution to joint meetings on issues relating to ageing and disability as 'constructive and useful'. Health considers that FaCS' officers attending committee meetings have been well informed and have offered to facilitate Health's working with State and Territory governments when required.

4.47 The cooperative approach in FaCS and Health central offices is mirrored at the local level. Health's view was that officers from the two agencies work well together informally in their State and Territory offices. This may be due, in part, to the co-location of FaCS' STOs with the corresponding Health offices.

4.48 Health was unable to suggest improvements that would increase the effectiveness of the relationship with FaCS.

4.49 Overall, the existing relationship between FaCS and Health is cooperative, long-standing and based on mutual interest. Health considered that including other agencies in the existing Aged Care-Disability Joint Policy Forum might dilute the current focus of these bilateral meetings.

4.50 The FaCS' national office advised the ANAO that FaCS is committed to working towards a whole of government approach to disability policy and service outcomes. FaCS acknowledges that the first priority has been to establish relationships between the disability and health sectors.

Department of Education, Science and Training

4.51 FaCS advised the ANAO that it has little contact with the Australian Government Department of Education, Science and Training (DEST) concerning the CSTDA. FaCS considers that the State and Territory governments are responsible for working with their own education authorities on disability issues. FaCS also notes that DEST focuses on access to higher education, which is not covered under the CSTDA.

4.52 Disability Standards for Education, formulated under the *Disability Discrimination Act 1992* (Cwlth), commenced on 18 August 2005.⁷⁵ These standards clarify the obligations of education and training providers to ensure that students with disabilities are able to access and participate in

⁷⁴ *Community Aged Care Packages* support frail older people with complex conditions, and people with disabilities, in their own homes and give increased choice to remain at home rather than use residential care.

⁷⁵ See the DEST website for details. Available from <<http://www.dest.gov.au>>.

education without experiencing discrimination. These standards will apply to a wide range of education providers at all levels.

4.53 The ANAO notes the potential for the Australian Government's NDA representative to act as a conduit for information to the State and Territory NDA members about the introduction and impact of the standards. This would be consistent with implementing the CSTDA's Strategic Policy Priority Two, *Strengthen across government linkages*.

4.54 The ANAO encourages FaCS to provide advice to the NDA about the Disability Standards for Education, and to actively liaise with DEST and the Attorney-General's Department⁷⁶ in order to do so.

Department of Immigration and Multicultural and Indigenous Affairs

4.55 In 1999, the Australian Government Ministers responsible for programmes related to Family and Community Services and Aboriginal and Torres Strait Islander Affairs agreed to establish a working party to advise the Australian Government on establishing a National Indigenous Disability Network (NIDN).⁷⁷

4.56 At the time of writing this audit report, the NIDN initiative was insufficiently advanced for the ANAO to comment on the effectiveness of FaCS' coordination with the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) or the NDA regarding the network's development. However, the ANAO is aware that the NDA has discussed the establishment of a NIDN.

Department of Transport and Regional Services

4.57 FaCS advised the ANAO that the team administering the CSTDA does not have a working relationship with the Department of Transport and Regional Services (DoTARS). However, among the NDA key priority areas for CSTDA, Strategic Policy Priority One, *Strengthen access to generic services for people with a disability*, is work on access for people with a disability to transport.

⁷⁶ The Attorney-General's Department has overall responsibility for disability standards for education, with DEST assuming day-to-day responsibility for their operation.

⁷⁷ A National Indigenous Disability Network will work within Indigenous communities to raise awareness of disability issues and assist the exchange of information about services available to support Aboriginal and Torres Strait Islander people with disabilities, their families, carers and service providers.

4.58 The NDA considered the Terms of Reference for the Accessible Public Transport National Advisory Committee (APTNAC)⁷⁸ and is monitoring developments relating to this Committee's work, as part of gaining an understanding of what is happening nationally in this area.

4.59 In view of the relatively low attention given thus far by the NDA to work on access for people with a disability to transport, the ANAO encourages FaCS to review its relationship with DoTARS, and to consider whether DoTARS could input to the NDA transport project.⁷⁹

Department of Veterans' Affairs

4.60 The ANAO would expect FaCS to have a relationship with the Department of Veterans' Affairs (DVA)⁸⁰ regarding the CSTDA. DVA administers a number of similar services, albeit to different target groups, and the CSTDA contains a link to DVA. Clause 5(4) of the CSTDA states that the Agreement and any Bilateral Agreements do not apply to disability services and activities provided to individuals under the *Veterans' Entitlements Act 1986* (Cwlth), and services with a specialist clinical focus. This is regardless of whether those services are being provided to people otherwise eligible to receive services under the CSTDA.

4.61 FaCS' national office advised the ANAO that it did not have a relationship with DVA to discuss the provision of services to people with disabilities. Therefore, FaCS is in a limited position to verify that the requirements of clause 5(4) are being met.

4.62 The risk of funding and services being misdirected applies to both FaCS and DVA. However, the ANAO considers the onus to be on FaCS to initiate a dialogue with DVA to discuss these matters, given that FaCS is the National Disability Administrator for the Australian Government under the CSTDA.

4.63 The ANAO encourages FaCS to:

- undertake a risk assessment to determine the likelihood and consequence of veterans' services receiving funding under the CSTDA;

⁷⁸ During 2002–03, the Department of Transport and Regional Services established the APTNAC to provide a consultative framework to progress specific national accessible transport issues associated with the implementation of the *Disability Standards for Accessible Public Transport 2002*.

⁷⁹ The NDA Work Plan 2004–05 includes a project on access for people with disabilities to transport. The project is to examine existing transport services across Australia and internationally, including different transport service models and their costs.

⁸⁰ The Department of Veterans' Affairs provides community support, community access, respite, vocational programmes, advocacy and information services to veterans.

- establish a relationship with DVA and agree what the roles of the two departments should be in fully implementing clause 5(4) of the CSTDA; and
- assess the relevance of clause 5(4), services for veterans, in any future disability funding agreement.

FaCS' internal liaison, especially on housing issues

4.64 FaCS' Disability and Carers Branch works informally with other areas of FaCS on disability issues. For example, the Commonwealth State Housing Agreement (CSHA), also administered by FaCS, states that governments are to positively influence other Commonwealth/State agreements, particularly the CSTDA. This may include determining linkage points, common objectives, data sharing, and joint R&D.⁸¹

4.65 The primary link between the CSHA and the CSTDA is adaptable housing.⁸² Liaison between FaCS' staff responsible for the CSHA and the CSTDA about adaptable housing occurs infrequently, and generally relates to policy rather than operational matters. The staff from the area responsible for the CSHA do not have any joint committee membership with staff from the CSTDA area.

4.66 At the time the ANAO conducted audit fieldwork there was no formal coordination between the CSHA and the CSTDA areas of FaCS to facilitate joint planning or improved service delivery for people with disabilities. However, a recent FaCS restructure has created a Housing and Disability Group in the Department. This places all major Specific Purpose Payments in the one group, which provides greater opportunities for sharing information and collaborative work.

4.67 The ANAO notes that the NDA currently has a work plan and an R&D project on access for people with a disability to housing underway that the FaCS' CSHA unit could usefully contribute to.

Local government

4.68 FaCS recognises the potential benefit of working more closely with local government on planning and service delivery matters for people with disabilities. Although FaCS has not sought DoTARS' assistance with working

⁸¹ Commonwealth State Housing Agreement, 2003, Part 9, Linking Services.

⁸² Adaptable housing can be building new housing, or renovating existing housing, so that the housing can be adapted to the needs of people with various disabilities. This enables people to remain in their home and community for a longer period of time as a viable alternative to other accommodation options.

with local councils,⁸³ FaCS has invited the Australian Local Government Association⁸⁴ to attend a meeting of the Australian Government's National Disability Advisory Council.

4.69 Given local government's responsibility for delivering a wide range of human services, as well as developing and maintaining community infrastructure, the ANAO considers that it is important that FaCS further explore the opportunities for coordination with local government. This could occur either directly or through discussions with the State and Territory government members of the NDA on ways to connect with local councils about providing information and services for people with disabilities.

ANAO assessment of FaCS' coordination with other Australian Government agencies

4.70 In its 2004 report, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*,⁸⁵ the Management Advisory Committee stated the following:

A vital issue for the Australian Public Service (APS) in delivering quality advice, programs and services is ensuring work is effective across organisational boundaries. Making whole of government approaches work better for ministers and government is now a key priority for the APS. There is a need to achieve more effective policy coordination and more timely and effective implementation of government policy decisions, in line with the statutory requirement for the APS to be responsive to the elected government. Ministers and government expect the APS to work across organisational boundaries to develop well informed, comprehensive policy advice and implement government policies in an integrated way.⁸⁶

4.71 The ANAO found that there are no measures in place to assess the quality and effectiveness of FaCS' coordination activities within the Australian Government.

⁸³ The Department of Transport and Regional Services includes portfolio responsibility for local government, although the State and Territory governments administer local councils.

⁸⁴ The Australian Local Government Association is the national peak body representing the interests of approximately 670 local councils in Australia.

⁸⁵ The Management Advisory Committee defined 'whole of government' for the purposes of its report as follows:

Whole of government denotes public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues. Approaches can be formal and informal. They can focus on policy development, programme management and service delivery.

⁸⁶ Management Advisory Committee, 2004, *Connecting Government: Whole of Government Responses to Australia's Priority Challenges*, p. 2.

4.72 Figure 4.2 shows that, while FaCS has strong links in place with Health, it does not currently have any formal links to other Australian Government agencies that would facilitate coordinating CSTDA services and generic services for people with disabilities.

4.73 Given FaCS' role as the Australian Government agency responsible for administering the CSTDA from the Commonwealth's perspective, the ANAO considers that FaCS needs to adopt a strategic and lead agency approach to the coordination of Australian Government services under the CSTDA. This would involve taking on a greater coordination role, identifying opportunities for whole of government coordination, and contributing effectively to other relevant interdepartmental committees in addition to the Health groups in which FaCS is already involved.

4.74 Accordingly, the ANAO suggests that, in order to facilitate whole of government coordination, FaCS:

- liaise with DEST in order to provide advice to the State and Territory NDA members about the introduction of the Disability Standards for Education in 2005;
- review its relationship with DoTARS and consider whether that department could input to the NDA work on access for people with a disability to transport; and
- establish contact with DVA to clarify the connection between specialist disability services delivered under the CSTDA and similar services delivered under the *Veterans' Entitlements Act 1986* (Cwlth).

Recommendation No.3

4.75 The ANAO recommends that, to improve whole of government coordination under the CSTDA, the Department of Family and Community Services review its coordination and collaboration strategies with other Australian Government agencies, and consider whether the existing links are adequate and being used effectively.

FaCS' response

4.76 **Agreed.** FaCS is currently working to strengthen its links across/with other Australian Government agencies.

Disability Advisory Bodies

4.77 State and Territory Disability Advisory Bodies (DABs) form a national network of advisory bodies that liaise with the community, government

officials and ministers, and the Australian Government's National Disability Advisory Council (NDAC).⁸⁷

4.78 Under clause 6(4) of the CSTDA, the Australian Government has the role of providing and administering an annual funding contribution for the DABs,⁸⁸ approving funding acquittals from the States and Territories, and attendance at DAB meetings (or implementing alternative means of awareness of DAB activities).

Australian Government funding of DABs, and approving DAB acquittals

4.79 The ANAO found that FaCS correctly calculated and paid each of the jurisdictions their funding for DABs in 2002–03, 2003–04 and 2004–05.⁸⁹ Acquittals provided by the States and Territories were generally accurate, although often late. While these delays have not posed financial costs to the Australian Government, the ANAO suggests that, for administrative efficiency, FaCS encourage the States and Territories to meet the Disability Advisory Body funding acquittal-timing requirements of the Agreement.⁹⁰

4.80 In 2003–04, Western Australia provided FaCS with a detailed explanation as part of its financial acquittal of how its DAB funding was used to satisfy clause 6(7) of the Agreement, which sets out what the DABs are required to do.

4.81 The ANAO considers this to be a good practice. It clearly discloses whether the DAB satisfied the terms of the Agreement, and how it did so, thus improving transparency and accountability.

4.82 The Australian Government cannot impose any financial penalties if the States and Territories do not meet the funding criteria specified in the CSTDA relating to the Australian Government's DAB funding.

4.83 FaCS is also unable to require State and Territory governments to amend their current DAB financial reporting under the CSTDA, without renegotiating and formally amending the Agreement. However, the ANAO

⁸⁷ The NDAC was established in 1996 and provides consumer-focused advice to the Minister for Family and Community Services on disability issues. FaCS' Disability and Carers Branch provides the NDAC secretariat service. Clause 6(7)(d) of the CSTDA, Role of Disability Advisory Bodies, specifies that the State and Territory Disability Advisory Bodies are to consult with the NDAC.

⁸⁸ Since the first CSTDA in 1991, the Australian Government has made funding available to State and Territory governments to encourage the establishment and further development of State and Territory DABs consultation and advisory processes.

⁸⁹ In some cases, FaCS made adjustments between years.

⁹⁰ CSTDA, Part 6—Responsibilities of the Parties, Role of the Commonwealth, clause 6(4)(b) requires the States and Territories to provide FaCS with an annual DAB acquittal for Commonwealth funding contributions: 'within three months of the end of the respective financial year'.

considers that there would be benefit in FaCS seeking the cooperation of other State and Territory governments to nonetheless make available information about how DAB funding has been used, in a similar way to Western Australia's current practice.

FaCS' attendance at DAB meetings, or alternative means of awareness of DAB activities

4.84 In all States and Territories, a FaCS' STO representative regularly attends DAB meetings or alternative arrangements have been put in place to ensure FaCS receives regular updates on DAB activities and can exchange information with the DAB.

4.85 The ANAO supports FaCS' involvement with the DAB network as a coordination and awareness raising mechanism. The DAB network gives FaCS another way to stay in touch with communities and to inform itself, and its Minister, of current issues affecting people with disabilities.

Recommendation No.4

4.86 The ANAO recommends that in negotiating any future disability funding agreements, the Department of Family and Community Services seek to include a requirement for State and Territory governments, as part of an annual financial acquittal process, to detail how Australian Government funding for Disability Advisory Bodies was used.

FaCS' response

4.87 Agreed.

FaCS' responsibilities for advocacy, information and print disability services

4.88 Advocacy services, information services and print disability services⁹¹ are specialist disability services provided under the CSTDA, for which the Australian Government, State and Territory governments each have roles and responsibilities, unless otherwise agreed in the Bilateral Agreements.⁹²

4.89 The combined government CSTDA expenditure in 2003–04 for these three types of service was \$38.7 million.⁹³ The Australian Government

⁹¹ CSTDA, Part 3—Interpretation, see Appendix 2 for definitions of these services.

⁹² Part 6—Responsibilities of the Parties, clause 6(1)(d).

⁹³ Productivity Commission, *Report on Government Services 2005*, [Internet]. Productivity Commission, Canberra, 2005, available from <<http://www.pc.gov.au>> [accessed 7 January 2005].

provided 34 per cent of the total funds and this was used to directly fund 73 advocacy services, two information services and 13 print disability services.

4.90 The ANAO assessed FaCS' performance in providing advocacy, information and print disability services against the three roles specified in the CSTDA—planning, policy setting, and management—and found that several key issues emerged for this group of services.

Coordination between the Australian Government and State and Territory governments to plan and provide advocacy services

4.91 The Victorian, Queensland and Western Australian Bilateral Agreements reinforce a shared role with the Australian Government for providing advocacy services. The remaining Bilateral Agreements do not exclude the Australian Government from also providing advocacy services.

4.92 Almost half (32) of the advocacy services receiving funding from the Australian Government also receive funding from the relevant State or Territory government.

4.93 However, the ANAO found that only in the three jurisdictions where a Bilateral Agreement reinforces a role for both governments in providing advocacy services is FaCS actively working with State governments on planning these services.

4.94 Non-government stakeholders, to whom the ANAO spoke during fieldwork, raised the issue of a need for governments to coordinate and integrate planning for advocacy in order to make more effective use of available funding.⁹⁴

4.95 The ANAO notes that the NDA has agreed to: 'improve the coordination of advocacy and information services and to progress advocacy issues throughout the States and Territories'.⁹⁵ The current NDA work plan includes a survey of State and Territory governments regarding advocacy and information services, as a foundation for addressing nationally issues arising from these services.

4.96 The ANAO suggests that there would be benefit in the NDA work plan including a review of the efficacy of the current approach to coordinating advocacy service provision under the CSTDA. As a member of the NDA group, FaCS could raise this suggestion for consideration.

⁹⁴ Government and non-government stakeholders also noted that there was excess demand for advocacy services.

⁹⁵ NDA meeting minutes, May 2003.

Access to information and advocacy services

4.97 During fieldwork for this audit, non-government stakeholders advised the ANAO that many people with disabilities encounter difficulties in accessing information and advocacy services.

4.98 In areas of Australia where Internet access is problematic or non-existent and people may not be confident or comfortable using automated telephone services to access information, the best option for obtaining information about specialist disability services is direct contact with local disability service providers.

4.99 A non-government stakeholder raised with the ANAO the potential for local council libraries and informal community networks to play a role in disseminating information about disability services.

4.100 In this context, the ANAO notes that the FaCS' Minister announced \$150 000 in funding on 17 June 2005 for the Royal Society for the Blind South Australia to rollout an electronic system to public libraries run by local councils in several states including New South Wales, Victoria and Queensland. The system has the ability to transfer or receive digital information and convert it into an audio format.

4.101 Another access issue raised with the ANAO by stakeholders related to advocacy services. The CSTDA defines 'advocacy' services as being only for people with disabilities. The CSTDA does not contemplate provision of these services to the families and carers of people with disabilities. Nonetheless, stakeholders advised the ANAO that some jurisdictions do provide advocacy services to families and carers of people with disabilities, as well as to people with disabilities themselves. The stakeholders considered that it was preferable that families and carers of people with disabilities have access to such advocacy services.

4.102 The ANAO suggests that FaCS, through consultation with other members of the NDA, establish the eligibility criteria currently in place in various jurisdictions for Australian Government and State and Territory government funded advocacy services. The outcome of such an investigation could then be taken into account in the development of any future CSTDA, including in terms of considering whether under such an agreement, governments would wish to agree to universally extend access to CSTDA-funded advocacy services to the families and carers of people with disabilities.

Conclusion

4.103 FaCS uses a comprehensive range of mechanisms to liaise with State and Territory governments, and to a lesser extent, other Australian

Government agencies, to promote a whole of government approach to the CSTDA by the Australian Government. However, FaCS does not have measures in place to assess the quality, and demonstrate the effectiveness, of its whole of government coordination activities.

4.104 FaCS briefs the Minister for Family and Community Services who is the Australian Government Minister attending the Community and Disability Services Ministers' Conference. The department also provides considerable ongoing information and advice to the Minister.

4.105 FaCS has a close and productive working relationship with other members of the National Disability Administrators' forum. However, communication between FaCS' national office and its State and Territory offices could be improved. FaCS is addressing this issue.

4.106 The ANAO found that the various Bilateral Agreements have been established in accordance with the requirements of the CSTDA. Many of FaCS' State and Territory offices informed the ANAO that these agreements had improved coordination with relevant State and Territory government disability agencies. However, progress on implementing the Bilateral Agreements has not been adequately monitored so it is not possible to gauge the effectiveness of these agreements to date. The ANAO considers that the Bilateral Agreements have the potential to be an effective coordination mechanism for FaCS to work with State and Territory agencies.

4.107 The existing relationship between FaCS and the Australian Government Department of Health and Ageing is cooperative, long-standing and based on mutual interest. The ANAO has recommended that, to enhance a whole of government approach to the CSTDA, FaCS review its coordination and participation with other relevant Australian Government agencies, and consider whether the existing links are adequate and being used effectively. There is the immediate potential for FaCS to improve its coordination with Australian Government agencies responsible for housing, education, Indigenous, transport and veterans' programmes and policy.

4.108 FaCS' relationship with the Disability Advisory Bodies (DABs) is limited to funding, approval of acquittals, and attendance at meetings. FaCS tries to remain aware of DAB activities but State and Territory governments are not currently required to detail how the Australian Government's share of DAB funding is used. The ANAO has recommended that FaCS, for any future disability funding agreements, improve its coordination and awareness of the activities of the DABs by requiring State and Territory governments to detail, as part of the annual acquittal process, how the Australian Government's DAB funding was used.

4.109 The Australian Government and the State and Territory governments have roles in the planning, policy setting and management of advocacy

services, information services and print disability services provided under the CSTDA. However, the ANAO found that only in the three jurisdictions where a Bilateral Agreement reinforces a role for both governments in providing advocacy services is FaCS actively working with State governments on planning these services. The ANAO suggests that FaCS approach the NDA to review the efficacy of the current approach to coordinating advocacy service provision under the CSTDA.

4.110 The CSTDA definition of advocacy services as being only for people with disabilities excludes families and carers of people with disabilities. Some jurisdictions nonetheless provide advocacy services to families and carers of people with a disability, as well as people with a disability themselves. The ANAO suggests that FaCS, through consultation with other members of the NDA, establishes the eligibility criteria for advocacy services currently in place in the jurisdictions and, based on the findings from such an investigation, consider extending access to advocacy services to the families and carers of people with disabilities in any future CSTDA.

5. Financial Arrangements for the CSTDA

This chapter examines FaCS' processes to manage funds provided by the Australian Government to State and Territory governments under the CSTDA for disability services the State and Territory governments administer.

Introduction

5.1 To demonstrate financial accountability, Commonwealth agencies must manage, and be seen to manage, funds entrusted to them to achieve programme outcomes that are consistent with government policy and represent value-for-money. Financial accountability in the Commonwealth is directed mainly by:

- the *Financial Management and Accountability Act 1997*, which sets down the financial, regulatory, accountability and accounting framework for Commonwealth agencies; and
- the Accrual Budgeting Framework introduced in 1999–2000, which, inter alia, identifies and fully costs outputs.⁹⁶

5.2 Australian Government funding contributions made via Specific Purpose Payment arrangements are subject to these financial accountability arrangements, but are also influenced by State and Territory financial practices. The Australian Parliament's Joint Committee of Public Accounts and Audit has specified that financial accountability requirements for Specific Purpose Payments should be as streamlined as possible, to improve administrative efficiency and to avoid duplication between Commonwealth and State and Territory Auditor's-General.⁹⁷

5.3 To establish whether financial arrangements in the CSTDA promoted accountability and transparency, and were streamlined and effective, the ANAO examined the funding framework for the CSTDA, including:

- processes to determine the level of government expenditure;
- the distribution of Australian Government funds to the States and Territories;

⁹⁶ ANAO 1998, Audit Report No. 31 1998–99, *The Management of Performance Information for Specific Purpose Payments—The State of Play*, p. 108.

⁹⁷ Joint Committee of Public Accounts and Audit 1998, *General and Specific Purpose Payments to the States*, pp. 57–58.

- acquittal of CSTDA funds by the States and Territories, including carry over of funds;
- whether financial sanctions were applicable; and
- financial reporting.

Funding framework

5.4 The CSTDA clearly states the financial framework for managing contributions of the Australian Government and the State and Territory governments.⁹⁸

5.5 This framework addresses all those elements of the financial framework outlined in paragraph 5.3. In particular, it:

- indicates the value of funds to be provided under the Agreement each year by the Australian Government, and by the State and Territory governments;
- explains how and when funds are distributed by the Australian Government to the State and Territory governments;
- explains that CSTDA funds are acquitted based on audited financial statements of the respective State and Territory agencies;
- states that Australian Government funds can be carried over each year, if not fully spent, according to certain conditions;
- does not include financial or other sanctions for poor performance or inadequate funding by States and Territories; and
- provides a template for financial reporting, based on agreed financial measurement rules, with reports to be forwarded to the Australian Government within six months of the end of each financial year.

5.6 The ANAO discussed the adequacy of the financial framework with key stakeholders, especially FaCS and the respective State and Territory government disability services agencies that provide financial reporting under the CSTDA.

5.7 State and Territory government agencies reported that the financial framework specified under the CSTDA was generally sound. In particular, they perceived the framework to be streamlined, reporting and acquittal

⁹⁸ This financial framework is specified mainly in Part 8 'Financial Arrangements', two associated schedules, Schedule A1 'CSTDA Funding Contribution' and Schedule A2 'Financial Acquittal', Part 7 'Accountability and Transparency Requirements' and, to a lesser extent, Part 6, 'Responsibilities of the Parties'.

arrangements quite clear, and that payments were distributed according to expectations.

Determining the level of government expenditure under the CSTDA

5.8 In negotiating the CSTDA, the Australian Government required each State and Territory government to make provisions in their respective Budgets, or via an equivalent alternative means such as commitments by the Premier, for considerable CSTDA funding increases over the five years of the CSTDA, compared to the level of funding for the final year of the previous Agreement.⁹⁹

5.9 However, the CSTDA does not contain any specific sanctions or specify any actions the Australian Government can take if these commitments are not met. FaCS advised the ANAO that if any of the State and Territory governments did not meet their funding commitments over the life of the CSTDA, FaCS would seek an explanation from the relevant government. Australian Government Ministers would then consider this and any action that was warranted.

Jurisdictions' funding commitments in the signed Multilateral Agreements

5.10 To inform stakeholders of the value of jurisdictions' funding commitments, Part 8(1) of the CSTDA states that: 'the Commonwealth and the States/Territories agree to make funds available for the provision of specialist disability services as set out in Schedule A1 to this Agreement'.

5.11 The ANAO examined Schedule A1 in each of the signed Multilateral Agreements where it was attached.¹⁰⁰

5.12 The copy of Schedule A1 attached to each signed Multilateral Agreement only indicates the level of the Australian Government commitment to the CSTDA for each year. As Figure 5.1 outlines, the cells in Schedule A1 that were intended to indicate the State and Territory expenditure commitments were blank. That is, Schedule A1 in the signed Multilateral Agreements did not include, as specified in Part 8(1) of the CSTDA, the State and Territory governments' contributions.

⁹⁹ Clause 8(8) states that: 'the States/Territories will provide annual funding growth at a level agreed between each State/Territory and the Commonwealth over the life of the Agreement for services they are directly responsible for administering under the Agreement'.

¹⁰⁰ The signed copies of the Agreements that FaCS provided to the ANAO for Western Australia and South Australia did not contain the Schedules to the Agreement.

Figure 5.1**Example of Schedule A1 in signed CSTDA Multilateral Agreements**

Contributing government	2002–03 \$	2003–04 \$	Other years	Total \$
NSW				
Commonwealth	176 167 536	181 727 222		936 542 501
Victoria				
Commonwealth	120 200 973	124 074 395		639 829 719
Queensland				
Commonwealth	102 221 729	105 386 107		542 801 988
South Australia				
Commonwealth	59 567 535	61 282 520		314 989 040
Western Australia				
Commonwealth	42 442 219	43 866 448		226 497 390
Tasmania				
Commonwealth	18 543 358	19 082 812		98 112 982
ACT				
Commonwealth	7 376 246	7 623 024		39 356 496
Northern Territory				
Commonwealth	5 513 748	5 695 550		29 391 795
Commonwealth Payments to States	532 033 343	548 738 078		2 827 521 912
Employment & shared	309 496 000	352 949 000		1 983 032 000
<i>Total</i>	841 529 343	901 687 078		4 810 553 912

Source: Based on signed CSTDA Multilateral Agreements.

5.13 FaCS explained that Schedule A1 did not include the State and Territory governments' contributions because States and Territories did not all sign the Agreement at the same time, so it was not possible to complete the Schedule A1 for those jurisdictions signing earlier. However, the ANAO notes that each of the State and Territory governments could still have completed the Schedule as it pertained to their funding.

5.14 Although the contributions of the State and Territory governments were not specified in Schedule A1 to each of the Multilateral Agreements, FaCS does have documentation of the State and Territory governments' commitments. FaCS has letters from relevant Ministers in each of the States and Territories to the Minister for Family and Community Services that outline

the level of commitment for their jurisdiction under the CSTDA. These letters do represent a firm commitment by each State and Territory government.

5.15 The ANAO suggests that in executing future Specific Purpose Payment agreements, FaCS includes in the signed agreement available key information about the level of financial commitments from States and Territories. This is especially important if the States and Territories' financial commitments form a core component of such agreements, as is the case for the CSTDA. If important financial information is not available for inclusion in the agreement at the time of execution, then the agreement should accurately reference the alternative authoritative source(s) for such information.¹⁰¹

5.16 Schedule A1 is maintained separately from the version of the Schedule attached to the signed Agreements. Clause 8(2) of the CSTDA states that the parties will update Schedule A1 annually. The ANAO found that FaCS had updated this schedule as regards the Australian Government's contributions, and incorporated available information from other jurisdictions. For example, Schedule A1 was updated as the jurisdictions signed the Agreement, from May 2003 (Victoria) through to February 2004 (New South Wales), and again in April 2004 and May 2005. However, FaCS has had some problems in updating Schedule A1 to incorporate the jurisdictions' revised commitments to the CSTDA (see paragraphs 5.33 to 5.37).

5.17 Schedule A1 is a public document, of interest to many stakeholders, and FaCS provides it to members of the public on request. However, Schedule A1 does not feature prominently on the FaCS' website. Therefore, the ANAO suggests that to clarify the level of contributions by governments, FaCS make Schedule A1 more accessible for the public by also including the document on the NDA website¹⁰² and/or including the information in the CSTDA Annual Report.

Calculating the level of Australian Government commitments under the CSTDA

5.18 To calculate the level of funding that the Australian Government will provide to each State and Territory government under the CSTDA, FaCS used a funding formula agreed by all parties, based on:

- multiplying the previous year expenditure by the agreed growth (indexation) factor;

¹⁰¹ For example, if letters from relevant State and Territory Ministers are to evidence the State and Territory governments' financial commitments under such an agreement, then the text of the agreement should specify that this is the case.

¹⁰² The NDA website was launched in July 2005, following endorsement by disability Ministers on 27 July 2005.

- incorporating an increase in the Superannuation Guarantee Contribution rate from eight per cent to nine per cent beginning in the 2002–03 financial year; and
- distributing supplementary funding.

5.19 The Australian Government committed to provide supplementary funding under the CSTDA to reduce unmet need for specialist disability services. This funding was distributed among the States and Territories according to the estimated prevalence of disability, based on the Australian Bureau of Statistics (ABS) survey of *Disability, Ageing and Carers 1993*.

Applying the funding formula

5.20 The ANAO examined the accuracy of FaCS' determination of indicative Australian Government funding under the Agreement for 2002–03 and 2003–04. The ANAO found the calculations to be reliable. Specifically, the ANAO agreed with:

- the basis for calculating base funding for each year;
- the calculations to incorporate the increase in the Superannuation Guarantee Contribution rate;
- the calculations to distribute supplementary funding between jurisdictions, for both:
 - the \$15 million supplementation for the start of the Agreement in 2002–03; and
 - the further annual supplementation funding of \$5 million per year for each remaining year of the Agreement; and
- the calculation of the indexation rate, incorporating variations in 2002–03.

5.21 During audit fieldwork, State and Territory disability services agencies all advised the ANAO that they were satisfied with the accuracy of these calculations. They generally commented that they were provided with sufficient information to understand these assessments and could query FaCS if they were unsure of any aspects of the calculations. However, a number of State and Territory disability services agencies reported that FaCS was sometimes slow in responding to queries regarding the calculation of Commonwealth contributions under the CSTDA.

Indexation

5.22 Clause 8(10) of the Agreement requires that indexation of Commonwealth funds transferred to States/Territories must be based on

Commonwealth indexation parameter 'Wage Cost Index 2', calculated by the Australian Government Treasury.

5.23 The ANAO found that indexation of Commonwealth funds transferred to State/Territories in 2002–03, 2003–04 and 2004–05 was calculated, in accordance with the CSTDA, on the basis of Wage Cost Index 2.

5.24 In October 2003, the Treasury revised the Wage Cost Index 2 downwards for 2003–04 and subsequent years. This created some uncertainty about how to apply this change in relation to the CSTDA for 2003–04, and what impact this would have on future years.

5.25 Clause 8(11) states that once the level of Commonwealth indexation to apply to a particular year has been calculated: 'there will be no subsequent adjustment of that level of indexation during the course of the year.'

5.26 As part of the 2003–04 Budget process, the Department of Finance and Administration (Finance) agreed not to adjust downward the CSTDA appropriation for 2003–04 because of the indexation change. However, Finance did require FaCS to rebase funding for States and Territories under the CSTDA for 2003–04 using the revised index of 1.9 per cent before agreeing on the CSTDA forward estimate for 2004–05, which was also to be indexed by 1.9 per cent.¹⁰³ The ANAO found that FaCS had indexed the Commonwealth's financial contributions under the CSTDA in 2004–05 consistent with this Finance requirement.

5.27 FaCS considers that this policy is consistent with the terms of the Agreement, notably clause 8(11), as there was no subsequent adjustment of the level of indexation in 2003–04 during the course of that financial year. FaCS notes that Part 8 of the Agreement does not preclude subsequent adjustments (that is, in forward years) to be made to incorporate the impact of indexation changes during the course of the previous year. This is exactly what happened in the calculation of the CSTDA Budget estimate by Finance for 2004–05.

5.28 The ANAO considers that FaCS has applied indexation principles consistent with the terms of the Agreement. Nevertheless, to prevent any future confusion, the ANAO suggests that FaCS clearly specifies how the Australian Government will apply indexation rates in future CSTDAs, and other Specific Purpose Payments for which it has responsibility.

¹⁰³ The previous forward estimates for 2003–04 and 2004–05 were indexed by 2.2 per cent.

Distributing Australian Government funds to the States and Territories under the CSTDA

5.29 To assess whether FaCS appropriately distributes funds to the State and Territory disability services agencies under the CSTDA, the ANAO examined:

- whether FaCS distributed the correct value of funds in a timely manner, according to the Agreement; and
- FaCS' financial controls over the distribution of these funds.

5.30 The ANAO also examined the processes by which the States and Territories informed FaCS of their expenditures under the CSTDA.

Appropriating funds

Appropriation by the Australian Government

5.31 FaCS seeks authority from the responsible Australian Government Minister for the amounts payable to the States and Territories on an annual basis.

5.32 To assess whether these funds have been appropriated properly, the ANAO compared the budget estimated for the CSTDA contained in relevant Appropriation Acts¹⁰⁴ with the Australian Government commitments under Schedule A1 of the CSTDA. The ANAO found that the Parliament of Australia appropriated funds equivalent to those set out in Schedule A1 for 2002–03, 2003–04 and 2004–05.

Appropriation by States and Territories and their advice to the Australian Government about funding commitments

5.33 The States and Territories also need to appropriate funds according to their commitments under the CSTDA. FaCS examines the Budget Papers of the States and Territories to gauge whether State and Territory appropriations for the CSTDA are consistent with their commitments under the CSTDA.

5.34 FaCS has had long-standing problems in reconciling State and Territory commitments under the CSTDA with State and Territory Budget appropriations, and reporting in annual reports. This was because of a lack of transparency in State and Territory Budget appropriations and annual reports to identify CSTDA related expenditure items.

5.35 In August 2002, FaCS commissioned a consultant to analyse State and Territory Budgets to verify funding commitments under the then CSDA. The main findings from that analysis were that: the consultant had difficulty

¹⁰⁴ Appropriation Act (No. 2) and Appropriation Act (No. 4) of the Parliament of the Commonwealth of Australia in recent years.

assessing whether State and Territory governments were meeting their funding commitments under Schedule A1 of the Agreement; and State and Territory governments were particularly poor at providing transparent information on CSTDA funding in their Budget papers.

5.36 While this problem may only be one of reporting, not of actual spending by the States and Territories on disability services under the CSTDA, it does considerably undermine FaCS' oversight role in financial monitoring.

5.37 The States and Territories typically have not advised FaCS of changes to their funding commitments under the CSTDA for the forthcoming financial years. Given the difficulty of identifying CSTDA expenditure in State and Territory governments' budget documentation, the ANAO suggests that FaCS, on an annual basis, formally requests information from the State and Territory governments about their commitments under the CSTDA for future years. This would also improve the ongoing accuracy of Schedule A1.

Distributing correct funds on-time

5.38 Clause 8(3) of the Agreement states that: 'Commonwealth funds to be contributed to States/Territories will be made available to the States/Territories fortnightly in advance'.

5.39 The ANAO sought jurisdictions' views on the accuracy and timeliness of these payments. All jurisdictions reported that these payments have been accurate and timely since the start of the Agreement.

5.40 To confirm these views, the ANAO examined records from the relevant FaCS' financial management information system (IMPACT). The audit methodology involved:

- obtaining the 2003–04 payment schedule spreadsheet to the CSTDA;
- ensuring that the 2003–04 payment schedule summed to the Australian Government commitment to each State and Territory contained in Schedule A1;
- obtaining records of grant payments made to State and Territory governments under the CSTDA; and
- confirming that the grant payments recorded in IMPACT agreed to the payment schedule in the CSTDA.

5.41 The ANAO found that the 2003–04 payment schedule was calculated to ensure that the exact grant funding for 2003–04 was paid to the States and Territories during the financial year, and there was no grant payable remaining at the end of the year or any prepayment of grant expenses relating to the following financial year.

Controls on financial payments

5.42 The ANAO evaluated FaCS' financial documentation and processes, and tested its financial control systems to ensure that they can be relied on to produce accurate and timely payments to the States and Territories.

5.43 The ANAO also tested the reconciliation between FaCS' disability services grant management system (TARDIS), which records CSTDA financial parameters, and the relevant financial management information system (IMPACT). The aim of the test was to ensure that actual payments made via IMPACT were consistent with the CSTDA grant details contained in TARDIS.

5.44 To undertake the test, the ANAO reviewed all reconciliations prepared during July 2003 to February 2004 and examined whether:

- reconciliations were performed and signed by the preparing officer and reviewed and signed by a second officer in a timely manner;
- discrepancies and outstanding amounts were explained/ followed up; and
- amounts agreed to supporting documents.

5.45 Testing confirmed that reconciliations were performed in a timely manner and reviewed by an independent officer. ANAO testing revealed no unexplained variances.

Acquittals

5.46 The importance of funding acquittals is highlighted in the ANAO *Better Practice Guide for the Administration of Grants*, which states that:

reliable, timely and accurate evidence is required to demonstrate that grant funds have been expended in accordance with the terms and conditions of the grant agreement. Administrative procedures to acquit grants on a regular basis are an important management control. The stringency of acquittal procedures should be balanced against the level of risk and take into account the cost of compliance.¹⁰⁵

5.47 States and Territories are required to account for CSTDA expenditure through disclosures in annual financial statements. These statements have three major components: a statement of expenditure that describes how Commonwealth funds have been spent on the Specific Purpose Payment; a certification of expenditure that requires a delegate of the State or Territory government to sign an affirmation that Commonwealth funds have been

¹⁰⁵ Australian National Audit Office 2000, *Better Practice Guide—Administration of Grants*, May 2000, ANAO, Canberra, p.28.

expended in accordance with the Agreement; and an affirmation that the State or Territory expended sufficient funds to meet its stated commitments.

5.48 Schedule A2 of the CSTDA specifies that CSTDA expenditure information should be based on the rules for measuring revenue and expenditure outlined in the *Financial Data Collection Manual Version 2.2*.¹⁰⁶ Representatives of State and Territory governments reported a general satisfaction with the financial reporting guidelines inherent to the *Financial Data Collection Manual Version 2.2*. They said that these guidelines were clear, and reasonably easy to follow.

5.49 State and Territory disability services agencies advised the ANAO that they considered that the acquittal of CSTDA funding is streamlined and it is not overly complicated, time-consuming or resource intensive.

Compliance of acquittals with the Agreement

5.50 The ANAO assessed the compliance of State and Territories' acquittals with requirements under the CSTDA, and the extent of checking by FaCS, to gauge the effectiveness of FaCS' checking of acquittals. Figure 5.2 shows that FaCS undertook a range of tests to assess whether State and Territories' acquittals complied with key reporting requirements of the CSTDA. FaCS was active in checking acquittals in both 2002–03 and 2003–04, making a number of queries of States and Territories, with some resulting revisions to acquittals.

¹⁰⁶ Or subsequent updates. The *Financial Data Collection Manual Version 2.2* was developed as part of the Review of Commonwealth/State Service Provision—Disability Services Working Group, July 2001.

Figure 5.2

FaCS' assessment of State and Territory financial acquittals, 2002–03 and 2003–04

Measure	Year	NSW	Vic.	Qld	SA	WA	Tas.	ACT	NT
Matched FaCS' record of contribution by the Australian Govt ¹	02-03	✓	✓ ²	✓	✓	✓ ²	✓	✓	✓
	03-04	✓	✓	✓	✓	✓	✓	✓	✓
Matched or exceeded State/Territory revenue commitment	02-03	✓	✓	✓	✓	✓	✓	✓	✓
	03-04	✓	✓	✓	✓	✓	X ³	✓	✓
FaCS queried acquittal, perhaps required amendment	02-03	✓	✓	✓	✓	✓	✓	✓	✓
	03-04	✓	X	X	✓	X	✓	X	✓
Satisfied all requirements	02-03	✓	✓	✓	✓	✓	✓	✓	X ⁴
	03-04	✓	✓	✓	✓	✓	X ⁴	✓	X ⁴
Acquittal verified/ approved by FaCS	02-03	✓	✓	✓	✓	✓	✓	✓	✓
	03-04	✓	✓	✓	✓	✓	✓	✓	✓

- Notes: (1) As per updated Schedule A1.
(2) Acquittal involved carry over of some payments, which was then satisfactory.
(3) Acquittal value was lower than in Schedule A1, which FaCS informed the ANAO that it planned to query.
(4) Acquittal not signed by delegate for State or Territory government.

Source: Data provided by FaCS, 2004 and 2005, and ANAO analysis.

5.51 Nevertheless, the ANAO identified a number of potential anomalies with the acquittals that FaCS had not queried. FaCS subsequently resolved most of these anomalies. However, one anomaly with the financial acquittals was that administrative expenses appeared to be relatively very high in one jurisdiction for both years and relatively very low in another jurisdiction for one year. FaCS advised the ANAO that it would not query the level of administration spending, as these jurisdictions use different methods to apportion administrative expenditure.

5.52 The ANAO suggests that FaCS review its systems for assessing State and Territory acquittals, to improve the compliance of acquittals with the terms of the CSTDA. The ANAO also suggests that FaCS encourages the NDA to improve the consistency with which jurisdictions allocate expenses to the main expenditure components.

Auditing of financial acquittals

5.53 Schedule A2 of the CSTDA states that: ‘CSTDA financial information is to be based on audited financial statements of the respective agencies’.¹⁰⁷ It notes that CSTDA financial information doesn’t need to be audited separately.

5.54 All jurisdictions provided an audited financial statement covering CSTDA expenditures for 2002–03 and 2003–04. This was achieved because each agency prepared financial statements relating to the operations of the agency as a whole, and these were audited by the State or Territory Auditor-General. However, Western Australia had its CSTDA financial acquittal separately audited by its State Auditor-General.

5.55 The ANAO notes that some of the relevant State government agencies are large, with disability spending representing a minority proportion of total departmental expenditure. In these cases, where the CSTDA funding provided by the Commonwealth and the State government may not constitute a material component of the State government agency’s funding, there is uncertainty as to whether CSTDA expenditure was specifically tested in the audit of financial statements.

5.56 The ANAO suggests that in discussions relating to any future CSTDAs, the Department of Family and Community Services raise with State and Territory governments the different approaches to the acquittal of CSTDA expenditure by the relevant State or Territory Auditor-General and the merits of moving to an approach along the lines of that adopted by Western Australia.

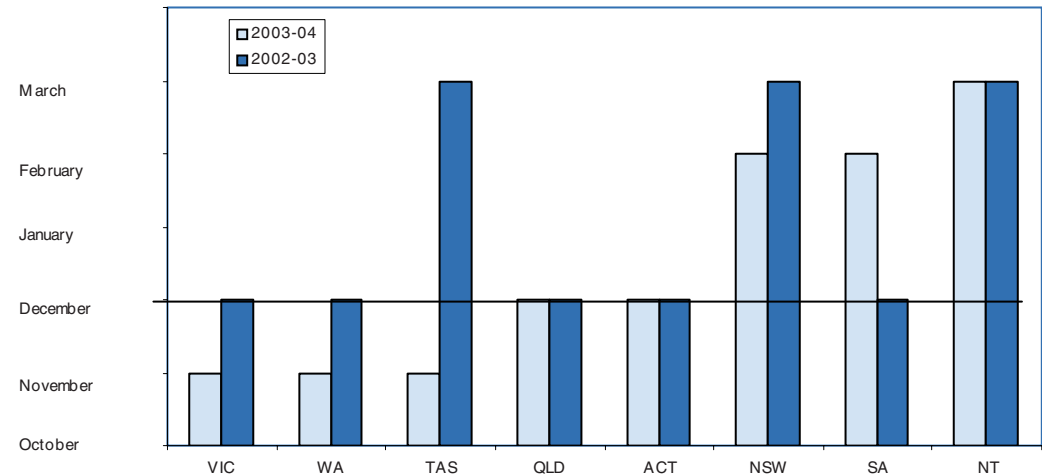
Timeliness in receiving acquittals

5.57 The CSTDA requires statements and certificates of expenditure to be provided to FaCS within six months of the end of the funding year. Figure 5.3 shows that most jurisdictions have provided acquittals on time.

¹⁰⁷ The term ‘respective agencies’ refers to the agency in each State or Territory responsible for the delivery of services under the CSTDA.

Figure 5.3

Timeliness of State and Territory acquittals, 2002–03 and 2003–04



Source: CSTDA acquittals, 2002–03 and 2003–04.

5.58 Where they have not been provided on time, the acquittals have all been less than three months late. The ANAO notes that, in the instances where States and Territories were late in submitting their acquittals, FaCS has taken appropriate action to encourage them to complete and submit their acquittals.

Financial sanctions

5.59 Incentives and sanctions can be useful mechanisms for encouraging compliance with the terms and conditions of Specific Purpose Payment agreements and, specifically, to meet their objectives. However, sanctions are usually a last resort option when negotiations have failed. In such agreements there is generally a reluctance to apply sanctions—particularly in circumstances that would adversely impact on the community, clients, other stakeholders or on Commonwealth State relations generally.¹⁰⁸

5.60 The CSTDA does not include incentives or sanctions. However, clause 7(6) of the CSTDA states that:

Where the reports required under Schedule A1 are not received by the Commonwealth by the due date or are incomplete, and reasonable attempts to seek resolution by relevant officials and Ministers have failed, the Commonwealth will not be obliged to make further funds available to the State(s) and/or Territory(ies) concerned until the requirements have been completed.

¹⁰⁸ Australian National Audit Office, op. cit., p. 106.

5.61 Similarly, clause 8(5) of the CSTDA states that if reasonable attempts to seek resolution of the issues relating to carried over funds via relevant officials fail, then: ‘the amount which has not been fully expended may be deducted from the quantum of funds allocated for the following year’.

5.62 Neither of the events under clauses 7(6) or 8(5) has occurred during the life of the CSTDA. Therefore, FaCS has not been required to consider withholding or withdrawing funds on these bases.

5.63 The ANAO suggests that when performance monitoring and reporting improve sufficiently over time to allow meaningful measures of performance, FaCS considers including incentives and sanctions for States and Territories to comply with requirements of any future CSTDAs.

Financial reporting

5.64 Clause 7(2) of the CSTDA requires that:

total expenditure under this Agreement by the Commonwealth and each State/Territory in each financial year (the Commonwealth both in aggregate and in respect of each State/Territory) shall be separately identified in the Annual Reports of the agencies responsible for administering this Agreement.

5.65 As such, this clause:

- clearly requires FaCS to report each year in its annual report on the aggregate expenditure on the CSTDA, as well as the Commonwealth’s contribution to each of the States and Territories under the CSTDA;
- clearly requires each of the responsible State and Territory agencies to report the aggregate expenditure on the CSTDA in their annual reports; and
- arguably requires each responsible State and Territory agency to report the Commonwealth’s contribution to their spending under the CSTDA in that State and Territory agency’s annual report.

5.66 The FaCS *Annual Report 2003–04* reported the total expenditure under this Agreement by the Commonwealth in 2003–04. However, it did not report the Commonwealth’s financial contribution to each State and Territory. Therefore, it did not strictly comply with clause 7(2) of the CSTDA.

5.67 FaCS advised the ANAO that performance indicators introduced in the 2005–06 FaCS PBS would ensure a greater focus in future FaCS annual reports on funding to individual States and Territories through the CSTDA.

5.68 However, the *Annual CSTDA Public Report 2002–03* (Table 1, p. 9) did clearly report the aggregate expenditure of the Australian Government and its contribution to each of the State and Territory governments, under the

Agreement. It also clearly reported the aggregate expenditure of each State and Territory government under the Agreement.

5.69 FaCS advised the ANAO that it has not routinely checked that each responsible State and Territory agency has separately identified in their annual reports the total expenditure under this Agreement, nor the Australian Government's funding contributions to the disability services provided by State and Territory agencies.

5.70 The ANAO notes that the CSTDA does not require the reporting of financial expenditures in the *Annual CSTDA Public Report*. Instead, it specifies that financial expenditures be reported in the annual reports of all responsible parties. Given that the *Annual CSTDA Public Report 2002–03* did report the relevant financial contributions, the ANAO considers that this satisfied the spirit of the financial reporting requirements of the Agreement.

5.71 The ANAO suggests that FaCS confirms that financial reporting consistent with clause 7(2) is maintained in future Annual CSTDA Public Reports, and if not, then contained in responsible agencies' annual reports, as specified in clause 7(2). Further, if the reporting is to be through each agency's annual report, FaCS should also discuss with the other agencies the interpretation of clause 7(2). In particular, whether it should be interpreted broadly, to require the States and Territories to report Commonwealth contributions, as well as the Commonwealth to outline its contributions to each State and Territory.

Conclusion

5.72 The financial framework specified in the CSTDA is streamlined, and reporting and acquittal arrangements are clear. FaCS has generally discharged its financial responsibilities according to the Agreement, and satisfied State and Territory governments in its dealings with them about financial matters.

5.73 In negotiating the CSTDA, the Australian Government required that each State and Territory government commit to provide considerable growth funding for the full five-year period of the Agreement. However, the CSTDA does not contain any sanctions or specific actions for the Australian Government to take if these commitments are not met.

5.74 Contrary to Part 8(1) of the CSTDA, individual Multilateral Agreements do not contain details of State and Territory government financial commitments. The ANAO considers that the absence of this information in Schedule A1 of the signed copies of the individual Multilateral Agreements represents a weakness in accountability. In executing future SPPs, the ANAO suggests that FaCS includes information about the level of financial commitments from States and Territories in the signed agreement, especially if it is a core component of such agreements, as it is for the CSTDA. If such

information is not actually included in the agreement, the agreement should accurately reference the alternative authoritative source for such information.

5.75 FaCS correctly calculated the Australian Government payments to the States and Territories under the CSTDA, for the financial years examined by the ANAO, 2002–03 and 2003–04. As part of these calculations, FaCS applied indexation principles consistent with the terms of the Agreement. However, there was some uncertainty as to which indexation rate to apply in 2004–05. To eliminate the potential for confusion, the ANAO suggests that FaCS clearly specifies in future CSTDAs, and other SPPs it has responsibility for, how the Australian Government will apply indexation rates.

5.76 The Parliament of Australia appropriated Commonwealth funds equivalent to those set out in Schedule A1 of the CSTDA for 2002–03, 2003–04 and 2004–05. Given the difficulty of identifying CSTDA expenditure in State and Territory governments' published budget documentation, the ANAO suggests that FaCS, on an annual basis, formally requests information from the State and Territory governments about their commitments under the CSTDA for future years. This would improve the ongoing accuracy of Schedule A1.

5.77 The ANAO concluded that FaCS distributed agreed funding amounts accurately and on time. Testing of financial controls confirmed that reconciliations were performed in a timely manner and reviewed by an independent officer. ANAO testing revealed no unexplained variances.

5.78 FaCS undertook a range of tests to assess whether State and Territories' acquittals complied with key reporting requirements of the CSTDA. FaCS made a number of queries of State and Territory acquittals in 2002–03 and 2003–04, with some resulting revisions to acquittals. Nevertheless, the ANAO identified a number of potential anomalies with the acquittals that FaCS had not queried. FaCS subsequently resolved most of these anomalies. The ANAO found that the States and Territories have generally provided financial acquittals in a timely manner, with no excessive delays to date since the commencement of the CSTDA. FaCS has taken action to encourage States and Territories to submit acquittals in the instances where they were late.

5.79 All States and Territories provided FaCS with a financial statement covering CSTDA expenditures, as required by the CSTDA. However, some of the State government agencies are large, with disability spending representing a minority proportion of total departmental expenditure. In these cases, there is uncertainty as to whether the auditors of these financial statements have tested CSTDA expenditure. The ANAO therefore suggests that FaCS requires separate auditing of State and Territory governments' acquittals for expenditure relating to future CSTDAs, by that jurisdiction's Auditor-General.

5.80 The CSTDA does not include incentives or sanctions. There may be merit in FaCS considering including incentives or sanctions for States and

Territories to comply with agreement requirements when advising on, and negotiating any future CSTDAs. However, this would require that performance monitoring and reporting improves sufficiently to allow meaningful measures of performance.

5.81 Given that the *Annual CSTDA Public Report 2002–03* reported the relevant financial contributions of the Australian Government and the State and Territory government, the ANAO considers that this satisfied the spirit of the financial reporting requirements of the Agreement.

6. Quality Disability Services

This chapter discusses the Australian Government's efforts to improve the quality of disability services that are administered by the States and Territories.

Introduction

6.1 The Australian Government undertakes a number of roles that aim to improve the quality of disability services. These include its contributions to quality assurance, research and development (R&D), performance monitoring and demand management. This chapter focuses on quality assurance and R&D, as performance monitoring and demand management are discussed in Chapters 3 and 2 respectively.

6.2 As with many of its other responsibilities under the CSTDA, there are limits to the extent the Australian Government can exert influence to improve the quality of disability services through its monitoring and co-ordination roles, given that it provides only 20 per cent of funding for the disability services administered by the States and Territories.

6.3 To assess the effectiveness of the Australian Government's contribution to improving the quality of disability services administered by the States and Territories, the ANAO examined FaCS' role and contributions to:

- ensuring that the National Standards for Disability Services (National Standards) are the core standards for all services provided under the CSTDA;
- monitoring the quality assurance of services provided under the CSTDA to ensure they meet the National Standards;
- the effectiveness of complaints mechanisms for disability services; and
- developing and implementing a useful R&D programme.

National Standards for Disability Services

6.4 Clause 9(1)(a) and (b) of the CSTDA specify that the core quality standards applicable to all services receiving funding under the Agreement

shall be the National Standards, and that jurisdictions can require quality standards over and above the National Standards.¹⁰⁹

6.5 The purpose of the National Standards is to establish minimum levels of service for disability service providers, and to improve service quality.

6.6 There are currently eight National Standards.¹¹⁰ Each State and Territory has specified its own standards for the disability services provided in that jurisdiction. Some States and Territories have changed the wording and structure of the National Standards when writing the standards for their jurisdiction. However, the ANAO found that the core elements of the National Standards are included as part of all jurisdictions' primary or supporting standards.

6.7 The majority of States and Territories have added their own standards to the National Standards. One additional standard common to most jurisdictions relates to freedom from abuse and neglect. Other standards that some jurisdictions have added relate to: cultural and family relationships; and staff recruitment, employment and development.

6.8 The NDA discussed the National Standards during the May 2005 NDA meeting, including whether core common standards are still relevant. The NDA agreed to: 'add a review of the National Standards for Disability Services 1993 to the NDA Workplan for 2005–06'.¹¹¹

Quality assurance processes

6.9 The CSTDA recognises that quality assurance systems are an important mechanism for ensuring that high quality services are being delivered, and verifying that services provided under the CSTDA meet the National Standards.¹¹²

6.10 One of the purposes of the CSTDA is to 'provide for a nationally consistent approach to quality across disability services'.¹¹³ To this end, clause 9.1(c) of the CSTDA requires that the Australian Government and the State and

¹⁰⁹ Most non-government stakeholders interviewed by the ANAO thought that the National Standards were adequate as a minimum quality requirement for all services provided under the CSTDA. The ANAO met with 22 stakeholder organisations including: advocacy groups; peak national and State bodies representing the interests of disability service providers and people with disabilities; members of national and State Disability Advisory Bodies funded by FaCS; State and Territory governments; Australian Government agencies; and local government bodies.

¹¹⁰ The National Standards are available on the FaCS' website from <<http://www.facs.gov.au/internet/facsinternet.nsf/disabilities/policy-nsds1993.htm>>.

¹¹¹ NDA meeting minutes May 2005, p. 21.

¹¹² CSTDA, Part 9–Quality Standards.

¹¹³ CSTDA Recitals A(f).

Territory governments agree to work towards continuous improvement in services provided under this Agreement and in quality assurance processes and systems including service review processes.

6.11 While recognising that all parties to the CSTDA are responsible for improving quality assurance processes, the ANAO considered:

- whether FaCS was directly involved in monitoring whether disability services administered by the State and Territory governments met National Standards;
- whether FaCS was well informed about quality assurance activities undertaken by State and Territory governments, and worked with those governments to improve national consistency in quality assurance processes;
- the alignment of Australian Government and State and Territory quality assurance processes; and
- quality assurance for advocacy services.

6.12 During fieldwork, the ANAO discussed these issues with the FaCS' national office, FaCS' State and Territory offices, officers from relevant State and Territory government agencies and non-government stakeholders, including disability advocacy groups. The ANAO also examined FaCS' documents relating to quality assurance monitoring and processes.

FaCS' direct involvement in quality assurance activities

6.13 FaCS is not responsible for, and is not directly involved in, assessing whether accommodation support, community support, community access, and respite disability services meet the National Standards. As State and Territory governments administer these services, it is the role of those governments to also administer the quality assurance processes.

FaCS' understanding of quality assurance activities undertaken by State and Territory governments

6.14 FaCS is making efforts to understand the nature, extent and effectiveness of monitoring by State and Territory governments of the quality of disability services delivery. For example, FaCS and the South Australian Government are working together under the Bilateral Agreement to share information about their respective quality assurance processes in order to

streamline quality assurance processes and avoid duplication for service providers (see paragraph 6.22).¹¹⁴

6.15 However, at the time of audit fieldwork, the majority of State and Territory government officers ANAO spoke to reported that FaCS had held very few discussions with them about quality assurance, and did not think that FaCS would generally know if service standards were being met. Similarly, some non-government stakeholders interviewed by the ANAO held the view that the Australian Government was not doing enough to monitor quality assurance in services administered by the States and Territories.

6.16 The NDA is currently considering the processes by which States and Territories satisfy themselves that their services are meeting minimum standards in accordance with clause 6(5) of the CSTDA.¹¹⁵ This consideration by the NDA is potentially valuable, as there is currently significant variation in the types of quality assurance mechanisms applying in the jurisdictions. The frequency of quality assurance assessments also varies considerably between different jurisdictions. For example, the regularity of quality assurance assessments ranges from annually to assessments every four years. Some jurisdictions require external accreditation while others require services to be assessed by independent monitors and to complete self-assessments.

6.17 The ANAO notes that the current NDA consideration of quality assurance activities could provide FaCS with the opportunity to improve its awareness of: what quality assurance processes are in place in each of the States and Territories; the regularity of quality assurance certifications; the merit of these certifications; how many disability service outlets have passed or failed certification; and what actions have been taken to address identified failures at these outlets.

6.18 The current NDA consideration of quality assurance activities could also provide an opportunity for the Australian Government and State and Territory governments to develop longer-term strategies to pursue opportunities for national consistency in jurisdictions' quality assurance processes, where it is agreed that this is appropriate. This would then represent a coordinated, whole of government approach to quality assurance of disability services administered by the States and Territories.

6.19 The ANAO considers it important that FaCS has an informed understanding of each jurisdiction's quality assurance mechanisms and

¹¹⁴ The project involved creating a matrix to identify where the Australian Government's requirements for quality assurance meet the South Australian Government's requirements, and where further input was required.

¹¹⁵ Clause 6(5) states that: 'Subject to this Agreement, the Commonwealth and the States/Territories agree that the States/Territories have responsibility for the planning, policy setting and management of specialist disability services except employment services'.

whether they provide adequate assurance that National Standards are being met. This would allow FaCS to assess the risks that National Standards are not being met;¹¹⁶ contribute to the identification and dissemination of better quality assurance processes; and inform its Minister about the quality of disability services that the States and Territories administer. If FaCS then considers that a jurisdiction's quality assurance mechanisms do not provide adequate assurance, it should effectively communicate this view to the State or Territory government involved.

Recommendation No.5

6.20 The ANAO recommends that the Department of Family and Community Services:

- (a) monitor quality assurance processes for disability services administered by each of the State and Territory governments including:
 - identifying the nature of the processes in place in each jurisdiction;
 - the regularity of quality assurance assessments;
 - the merit of these assessments;
 - how many disability service outlets have passed or failed assessments; and
 - what actions are taken to address identified failures at disability service outlets; and
- (b) use the resulting information to contribute to improvements in quality assurance processes undertaken by the State and Territory governments, and to increase national consistency in quality assurance processes, where appropriate.

FaCS' response

6.21 Agreed. Under the CSTDA there are requirements for State and Territory governments to have quality assurance processes in place and to meet National Standards and FaCS has been working with other jurisdictions to increase national consistency in approaches.

Alignment of Commonwealth and State quality assurance processes

6.22 Some disability services providers, as well providing services that the State and Territory governments administer, also provide disability

¹¹⁶ Some stakeholders believe there is a risk that some services are not meeting the minimum standards.

employment services, which are the responsibility of the Australian Government. Accordingly, these disability service providers are subject to both the relevant State or Territory government's quality assurance processes and the Australian Government's quality assurance processes for employment services.

6.23 One non-government stakeholder informed the ANAO that it is important to improve the alignment between Australian Government, State and Territory quality assurance processes, as this would reduce duplication in administration for service providers delivering services on behalf of two levels of government. This could reduce the cost of reporting compliance with standards.

6.24 The ANAO suggests that FaCS proposes the streamlining of quality assurance processes between governments as an issue for the NDA to address. Such a project could draw on the recently completed joint quality assurance initiative undertaken by FaCS and South Australia (see paragraph 6.14).

Quality assurance for advocacy

6.25 FaCS and State and Territory governments have continuing responsibilities for advocacy, information and print disability services (see Chapter 4).

6.26 The Australian Government requires all advocacy services it funds to comply with section 14K of the *Disability Services Act 1986* (Cwlth), which states that at intervals of not more than five years, a review is to be conducted.

6.27 FaCS' STOs undertake such reviews of advocacy services every five years in accordance with the legislation. FaCS reported to the ANAO that 100 percent of services reviewed in 2004–05 were assessed as complying with the minimum National Standards.

Complaints mechanisms

6.28 In 1997, the Commonwealth Ombudsman's Office released *A Good Practice Guide for Effective Complaint Handling* (Good Practice Guide). The Good Practice Guide outlines the importance of effective complaint handling practices and states:

A complaints system is an effective way to obtain feedback on problems clients are experiencing with your organisation and of which you may otherwise be unaware.¹¹⁷

¹¹⁷ Commonwealth Ombudsman's Office, *A Good Practice Guide for Effective Complaint Handling*, 1997, p. 11.

6.29 There are a number of complaints mechanisms available to the recipients of services provided under the CSTDA. Complaints mechanisms vary between jurisdictions, and include: advocacy groups, Ombudsmans, Offices of Public Advocate, and the Australian Government's National Disability Abuse and Neglect Hotline. Some jurisdictions also have their own internal complaints mechanisms, that is, within the lead disability agency.

6.30 The ANAO discussed the effectiveness of complaints mechanisms with stakeholders. While acknowledging the broad range of complaints mechanisms available to people using specialist disability services administered by the States and Territories, many stakeholders were concerned that:

- people with disabilities and their carers had only limited awareness of complaints mechanisms;
- many people with disabilities were reluctant to report complaints, for fear of reprisal;
- complaints were often slow to be resolved; and
- they were not sure how effective the complaints mechanisms were in treating complaints.

6.31 FaCS informed the ANAO that it was not aware of the effectiveness of the complaints mechanisms operating in the States and Territories. Rather, the National Disability Abuse and Neglect Hotline is the main mechanism that enables the Australian Government to monitor complaints concerning the quality of service provision across all Australian Government and State and Territory funded services provided for people with disabilities.

National Disability Abuse and Neglect Hotline

6.32 The National Disability Abuse and Neglect Hotline is a free telephone service provided throughout Australia for reporting abuse and neglect of people with disabilities. It was launched by the then Minister for Family and Community Services on 29 October 2001 and is fully funded by the Australian Government through FaCS. The hotline was launched in response to the then Minister's concerns about anecdotal reports of abuse and neglect in government funded services.¹¹⁸

6.33 The hotline is designed to provide an opportunity for individuals with a disability and their families or advocates to report cases of physical, mental or sexual abuse, as well as neglect. The hotline provides an avenue for people

¹¹⁸ Vanstone, A. Media Release 3 August 2001 *Abuse hotline for people with disabilities established* [Internet] Australian Government Department of Family and Community Services, 2004, available from <http://www.disabilityhotline.org/news200108_3Aug.html> [accessed 12 April 2005].

to express concerns they have about a State or Territory, or Australian Government service.

6.34 Allegations made to the hotline are referred to the government body that funds the service. The government body is responsible for investigating the report.

6.35 An organisation called People with Disabilities (PWD) is contracted by FaCS to provide the hotline. As part of the service, a quarterly trend analysis about the service is provided to FaCS. The trend analysis includes information about the number of people who have reported a matter to the hotline during the quarter and the percentage of reports from each funding body and each service type. The trend analysis also includes information PWD collects during follow-ups about the level of satisfaction people had with: the resolution of their matter; the overall outcome; and the hotline itself.

6.36 To assess the information FaCS receives about the hotline, the ANAO examined a recent PWD quarterly report to FaCS. The report provided useful information about the characteristics of complaints and satisfaction with complaint resolution and outcomes.

6.37 Currently, FaCS uses this information mainly to monitor trends in the cases being reported via the hotline.¹¹⁹ However, the information about the characteristics of complaints and satisfaction with complaint resolution and outcomes, if provided to State and Territory governments, could also be useful in assisting them to improve their complaints mechanisms.

6.38 The ANAO considers that there would also be merit in FaCS obtaining information about the extent to which people with disabilities are aware of the hotline, and willing to use it. This would go some way to addressing the concerns raised by some stakeholders about disability complaints mechanisms (see paragraph 6.30). It would also improve the usefulness of the information collected through the hotline as it would better indicate the representativeness of the data.

National Disability Complaints Resolution and Referral Service

6.39 The National Disability Complaints Resolution and Referral Service (CRRS) is an additional service provided by PWD under its contract with FaCS. The CRRS specifically investigates complaints about Australian Government funded disability employment and advocacy services.

¹¹⁹ While there is no direct link to the CSTDA, the information also informs the CSTDA Annual Public Report.

6.40 Although there is no direct link to the CSTDA, when investigating a complaint, the CRRS also assesses whether the service provider under investigation is meeting the disability service standards.

6.41 The CRRS can make formal recommendations to service providers about meeting standards. If service providers do not implement the recommendations, this information can be passed to the independent certification body of the service provider to consider as part of their next audit against the disability service standards.

Research and development (R&D)

6.42 The primary aim of R&D under the CSTDA is to progress the Strategic Policy Priorities identified in the CSTDA and enhance the quality of life of people with disabilities and their carers by assisting them to live as valued and contributing members of the community.¹²⁰

6.43 The NDA is responsible for providing the forum to exchange views on priorities and directions for R&D. It also oversees the development and implementation of the CSTDA National R&D Programme.¹²¹

6.44 Ministers endorsed the R&D Programme on 28 July 2004. It outlines 11 research projects to be conducted from the R&D fund for the years 2002–03, 2003–04 and 2004–05. The R&D Programme includes: a description of the proposed project; the aim; approach; and proposed outcomes of the project. Figure 6.1 lists the 11 projects.¹²²

¹²⁰ Clause 10 of the CSTDA stipulates requirements for R&D.

¹²¹ Clause 10(4) of the CSTDA requires a work plan (R&D Programme), linked to the CSTDA implementation plan, to address key national and strategic research, development and innovation priorities.

¹²² For further information about how the 11 R&D Programme projects relate to NDA policy priorities and Implementation Plan, see Appendix 3.

Figure 6.1

CSTDA research projects

Research Projects	Projected Completion Date
National Disability Administrators Website	Completed July 2005
Disability and Ageing	February 2006
Support Needs and Service Models for Younger People with High Clinical Care Needs	March 2006
Workforce Capacity	April 2006
Children and Young People with a Disability (incorporating Challenging Behaviours)	~August 2006
Effectiveness of Supported Living in Relation to Shared Accommodation (Incorporating Cost–Benefit Analysis)	August 2006
Indigenous Advocacy	~August 2006
Indigenous Cross–Cultural Competency and Indigenous Workforce Development	~August 2006
Employment Innovation for High Support Needs Clients	~June 2007
Maintaining Informal Care (Incorporating Ageing Carers)	~June 2007
National Resource Allocation Assessment Framework	Stage 1: April 2005 Stages 2–4: ~June 2007

Source: Department of Family and Community Services.

6.45 Each research project under the R&D Programme is assigned to one or more jurisdictions. Every two years, a jurisdiction is appointed R&D Coordinator. South Australia took over from Western Australia as R&D Coordinator in July 2005.

6.46 The CSTDA specifies that the Australian Government is responsible for exercising a national leadership and coordination role in collaboration with the States and Territories in respect of R&D.¹²³ Consistent with this prominent role, the Australian Government contributes half of the total funding for R&D.¹²⁴

6.47 Based on the requirements contained in the CSTDA, the ANAO assessed the R&D Programme to determine:

- the adequacy of consultation involving the Australian Government, States and Territories and other stakeholders to develop the R&D Programme;

¹²³ CSTDA, Part 6–Responsibilities of the Parties, 6(2).

¹²⁴ Chapter 5 discusses funding for R&D.

- whether it adequately covers the elements prescribed in the CSTDA for the R&D programme,¹²⁵ that is service enhancements, improved planning and measuring outcomes; and
- progress of research against key deliverables, including monitoring and reporting results.

Consultation with stakeholders regarding the R&D Programme

6.48 The R&D Programme was developed through NDA meetings, mainly in 2003. The Community and Disability Services Ministers' Conference endorsed the Programme in July 2004.¹²⁶

6.49 The NDA agreed to seek input on the draft research agenda from national, State and Territory disability advisory groups. During audit fieldwork, the ANAO found that some State and Territory governments did consult with advisory groups about the draft R&D Programme, and others did not. The Australian Government's National Disability Advisory Council was invited to contribute to the research plan.

6.50 Some non-government stakeholders to whom the ANAO spoke expressed concern that they had not been given the opportunity to comment on the R&D Programme before Ministers endorsed it. One stakeholder said that many external bodies, including advocacy groups, were not consulted about the formulation of the R&D Programme.

6.51 Similarly, some non-government stakeholders expressed concerns about the lack of information available on the progress and results of NDA research. They also said that it is important to publicise the results of research. The ANAO notes that the R&D Programme has recently been made public on the NDA website, which was launched in July 2005. A description of the projects currently underway is available on the website, as well as a list of NDA projects currently under consideration.¹²⁷

6.52 The ANAO suggests that FaCS encourage the NDA to provide future R&D Programmes to a wide spectrum of stakeholder groups, at the draft stage, to enable a broader perspective on the direction of the R&D Programme. Further, informing all interested parties, as well as the general public, about

¹²⁵ Clause 10(5) of the CSTDA states that the R&D Programme will include: investigation of the need for new services or enhancement of existing services; innovations in planning and service delivery; and the measurement of outcomes for people with disabilities using these services.

¹²⁶ The late endorsement of the R&D Programme was due to delays in some States signing of the CSTDA, with the last State not signing until February 2004.

¹²⁷ The NDA website has been developed as one of the R&D projects. It was launched in July 2005, following endorsement by the disability Ministers. The NDA website address is <<http://www.nda.gov.au>>.

the results of the R&D projects is vital to ensuring that the results can be appropriately used to help people with disabilities.

Enhancing services, improving planning and measuring outcomes

6.53 Clause 10(5) of the CSTDA states that the R&D Programme will include: investigation of the need for new services or enhancement of existing services; innovations in planning and service delivery; and the measurement of outcomes for people with disabilities using these services.

6.54 When reviewing the R&D Programme, the ANAO found that a number of projects include an investigation of the need for new services, or enhancement of existing services as well as innovations in planning and service delivery. Figure 6.2 provides examples of current R&D projects that address these issues.

Figure 6.2

R&D projects that address the need for new services, or enhancement of existing services, or innovations in planning and service delivery

One research project that investigates the need for new services or enhancements of existing services is the *Support Needs and Service Models for Younger People with High Clinical Care Needs* project. This project will include a literature review of local and international service and funding models, which specifically support younger people with high clinical needs, and can provide an alternative to aged care. A review of existing service models will be conducted, which is designed to meet the needs of younger people with high clinical care needs. It will also map alternative pathways for younger people with disabilities with high support needs.

The *Maintaining Informal Care* project investigates innovations in planning and service delivery by analysing the impact ageing carers will have on service delivery. The project will attempt to: understand where the children of ageing carers go when the carer can no longer provide care; predict the demand for disability services resulting from ageing carers; and predict service types and the breakdown of demand across all States and Territories.

Source: ANAO analysis based on the R&D Programme 2002–05.

6.55 The ANAO also found examples of projects that plan to measure outcomes for people with disabilities. These projects incorporate surveys to measure the quality of life and satisfaction of people with disabilities. Indeed one of the projects described in Figure 6.2 above, that is the *Support Needs and Service Models for Younger People with High Clinical Care Needs* project also includes a significant component of outcome measurement. This project will include a national survey of young people in nursing homes, which will be used to understand the needs and the level of inclusion, quality of care and satisfaction of young people with disabilities in nursing homes. The ANAO notes that measuring outcomes for people with disabilities is difficult, and that these projects have not yet been completed.

6.56 Measuring the outcomes for people with disabilities is necessary to inform governments whether the services that they are funding are actually improving people's quality of life and to inform future funding decisions and the development of appropriate further initiatives.

Progress of R&D Programme

6.57 In recognition of its leadership role in R&D, FaCS has officers on ten out of the eleven R&D project committees. However, FaCS is not the Chair of any of the R&D project committees.

6.58 Government and non-government stakeholders to whom the ANAO spoke advised that they support the NDA doing R&D work. However, government and non-government stakeholders also told the ANAO that they thought the progress on the R&D projects is quite slow.

6.59 The ANAO is also concerned that due to the late finalisation of the R&D Programme in July 2004, it may be difficult to complete all the research projects on the R&D Programme within the specified timeframe. Halfway into the Agreement, four of the eleven research projects are underway and only one has been completed. Given that the CSTDA specifies that the Australian Government has a leadership and coordination role in respect of R&D, the ANAO considers that FaCS should take the lead in monitoring progress of all R&D projects, to ensure they are completed before the end of the Agreement.

Conclusion

6.60 All jurisdictions are currently using disability service standards that contain the core elements of the National Standards. A number of jurisdictions are also using standards additional to the National Standards. A review of the National Standards has been added to the National Disability Administrators' Workplan for 2005–06.

6.61 It is appropriate that FaCS is not directly involved in assessing whether accommodation support, community support, community access, and respite disability services meet the National Standards. However, to better understand whether such services regularly meet service standards, FaCS should better inform itself of State and Territory governments' quality assurance mechanisms, and use this information to contribute to improvements in quality assurance processes nationally.

6.62 The ANAO considers that FaCS has adequate quality assurance mechanisms in place for advocacy services, given that it requires both an annual self-assessment and a standards audit every five years.

6.63 The decision by the Australian Government to establish the National Disability Abuse and Neglect Hotline is designed to provide a centralised

mechanism for people with disabilities and other interested parties to complain about the quality of disability services. To assist State and Territory governments to improve their complaints mechanisms, the ANAO suggests that FaCS informs State and Territory governments about the characteristics of complaints and satisfaction with complaint resolution and outcomes. The ANAO also considers that there would be merit in FaCS obtaining information about the extent to which people with disabilities are aware of the hotline, and willing to use it.

6.64 The ANAO encourages FaCS to advise the NDA to have a greater level of consultation with relevant non-government stakeholders when developing and implementing the R&D Programme. The ANAO also considers that it is important that stakeholders have access to the results of the research. To this end, the ANAO supports the recent launch of the NDA website, which aims to include these results.

6.65 The first stage of the R&D Programme (2002–05) has been developed to cover the requirements under the CSTDA. A number of the projects include the measurement of outcomes for people with disabilities. Measuring outcomes will assist FaCS to assess whether the services being provided are improving people's current quality of life. FaCS can also use the results to inform future funding decisions and the development of future R&D projects.

6.66 It is now the halfway point for the R&D Programme and four of the eleven research projects are underway and only one has been completed. The ANAO encourages FaCS to take a leadership role in progressing the R&D projects to ensure they are completed before the end of the Agreement on 30 June 2007.



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Auditor-General

Canberra ACT
19 October 2005

Appendices

Appendix 1: History of the CSTDA

The CSTDA builds on the work of two previous agreements. The first Commonwealth State Disability Agreement (CSDA) operated from 1991 to 1996 and the second Agreement operated from 1997 to 2002.¹²⁸

The first Agreement defined the roles and responsibilities of the Australian, 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, and the State and Territory governments undertook responsibility for administering accommodation, community support, community access, respite and other support services. The Agreement supported the enactment of State and Territory legislation mirroring the *Disability Services Act 1986 (Cwlth)*. Improvements in data collection and quality also began during the course of this Agreement.

The second CSDA continued the broad responsibilities of the first Agreement. 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. New reporting arrangements were put in place whereby jurisdictions measured performance against agreed national objectives, and national quality standards for funded services were included. The Agreement also included a commitment to examine unmet demand for specialist disability services in Australia.

The third Agreement was renamed the Commonwealth State Territory Disability Agreement to reflect the roles of the two Territories. It also continued the broad responsibilities of the first two Agreements, and introduced a preamble developed in collaboration with the National Disability Advisory Council and the State and Territory Disability Advisory Bodies. The CSTDA provides restated and new national directions. Chapter 1 outlined the key features of this third Agreement.

¹²⁸ National Disability Administrators, *Annual CSTDA Public Report 2002–03*, pp. 6–9.

Appendix 2: Key Features of the CSTDA

Strategic Policy Priorities

The Agreement contains five national Strategic Policy Priorities that set the themes and directions to guide action and developments:

- strengthen access to mainstream and generic services for people with disabilities as a complement to the funding and delivery of specialist disability services;
- strengthen across-government linkages;
- strengthen individuals, families, and carers;
- improve long-term strategies to respond to, and manage demand for specialist disability services; and
- improve accountability, quality, efficiency and effectiveness of specialist disability services.

Definitions of services provided under the CSTDA

Figure A2.1 outlines the services for which the States and Territories have responsibility for planning, policy setting and management.

Figure A2.1

Services provided under the CSTDA for which the States and Territories have primary responsibility

Service	Description
Accommodation support services	These services include accommodation (group homes, hostels and institutions) and support services (attendant care, personal care, in-home support) to enable people with disabilities to remain in their existing accommodation or move to more suitable accommodation.
Community support services	These services help people with disabilities to live and participate in the community. They include case management, regional resource and support teams, counselling, early childhood intervention services and other therapy services.
Community access services	These services help people with disabilities to use and develop their abilities to enjoy social independence. They include learning and life skills development, recreation and holiday programmes. People who do not attend school or who are not employed full-time mainly use these services.
Respite services	Respite services provide a short-term break for families and carers of people with disabilities to assist and support their primary care role while providing a positive experience for the person with a disability.

Source: *Annual CSTDA Public Report 2002–03*, p. 13.

The Australian Government has responsibility for planning, policy setting and management of disability employment services. These services provide either assistance to people with disabilities in obtaining or retaining paid employment in another organisation (open employment) or support or employ people with disabilities within the same organisation (supported employment).

The Australian Government and the State and Territory governments all have responsibilities for advocacy, information and print disability services (see Figure A2.2).

Figure A2.2

Advocacy, information and print disability services

Service	Description
Advocacy services	These services are designed to enable people with disabilities to increase the control they have over their lives through the representation of their interests and views in the community.
Information services	These services provide accessible information to people with disabilities, their carers, families and related professionals. This service type provides specific information about disabilities, specific and generic services, equipment and promotes the development of community awareness.
Print disability services	These services produce alternative formats of communication for people who by reason of their disabilities are unable to access information provided in a print medium. Alternative formats include audiotape, Braille, large print and computer discs.

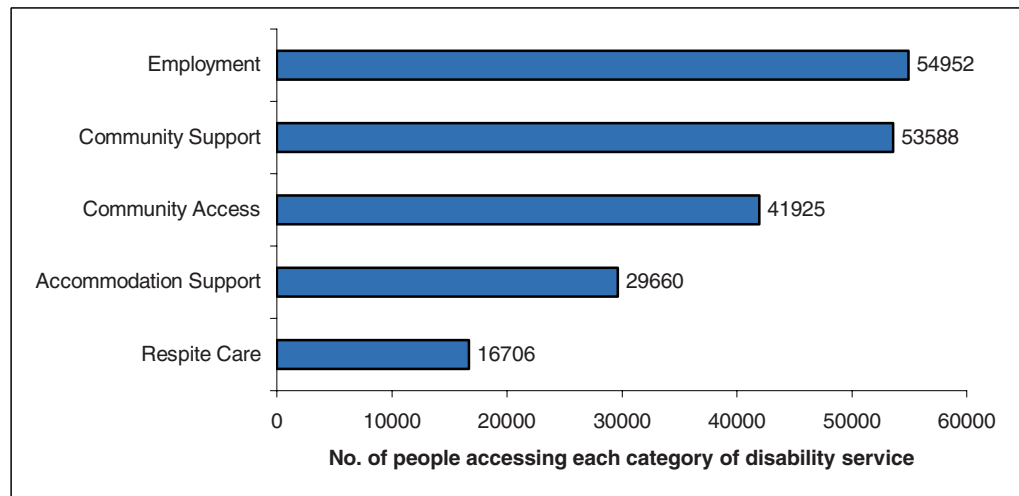
Source: CSTDA, Part 3—Interpretation.

Use of CSTDA services

Employment services and community support services were the most widely accessed service types. However, accommodation support services was the most expensive category of disability support, accounting for over half (57 per cent or around) of the 2002–03 CSTDA expenditure by governments, which totalled \$2.9 billion (see Figure A2.3). Around 13 per cent of the total funds were spent on community access services, 11 per cent on community support services, nine per cent on employment services, six per cent on respite services and four per cent on other service types. Other service types include advocacy services, information services and print disability services.

Figure A2.3

Use of CSTDA-funded services ^A, January to June 2003



Note: (A) Individuals can, and many did, access more than one category of disability service in the period. Accordingly, the number of people accessing the different categories does not add to give the total number of individuals accessing CSTDA-funded services.

Source: *Annual CSTDA Public Report, 2002–03*.

People reporting that their primary disability was an intellectual/learning disability represented the majority of people receiving disability services, including for accommodation support, community support and employment services. Other common types of disability in 2002–03 were psychiatric, and ‘physical diverse’ (this is a category of disability which includes physical disabilities, acquired brain injury and neurological disabilities).

Appendix 3: NDA projects

Figure A3

Strategic Policy Priorities, Implementation Plan and R&D Programme

Policy Priority Areas	NDA Implementation Plan for CSTDA	R&D Programme Projects
Priority Area 1. Strengthen Access to Generic Services for People with a Disability	1.1. Access for People with a Disability to Health Care 1.2. Access for People with a Disability to Transport 1.3. Access for People with a Disability to Housing 1.4. Access to services for People with a Disability who are Ageing	1.3 Effectiveness of Supported Living in relation to Shared Accommodation 1.4 Disability and Ageing
Priority Area 2. Strengthen Across Government Linkages	2.1 Indigenous Australians with a Disability 2.2 Employment/Day Options Interface 2.3 Young People in Nursing Homes 2.4 Monitoring Government Reforms Impact on Access to Employment and Day Options	2.1 Indigenous Advocacy 2.1 Indigenous Cross-Cultural Competency and Indigenous Workforce Development 2.2 Employment Innovation for High Support Needs Clients 2.3 Support Needs and Service Models for People with High Clinical Care Needs
Priority Area 3. Strengthen Individuals, Families and Carers	3.1 Advocacy and Information Services 3.2 Children and Young People with a Disability 3.3 Language Services— Auslan Interpreters Service	3.2. Children and Young People with a Disability P3 Maintaining Informal Carers
Priority Area 4. Improve Long-term Strategies to Respond to and Manage Demand for Specialist Services	4.1 Financial Modeling for the Specialist Disability Services System 4.2 Responding to Demand	4.2 National Assessment and Resource Allocation Framework 4.2 Workforce Capacity
Priority Area 5. Improve Accountability, Performance Reporting and Quality	5.1. Revision of the CSTDA Performance Reporting Framework	P5 NDA Website

Note: Numbers in the R&D Programme column map to the NDA Implementation Plan column. R&D Projects marked with a P map directly to a Strategic Policy Priority.

Source: Department of Family and Community Services, 2005.

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