

3 The use of the unmet need funding

3.1 Introduction

This chapter considers how the unmet need funding contributed by the Commonwealth and each State and Territory was applied in 2000–01 and is being applied in 2001–02. It outlines:

- the data used for the analysis and their limitations;
- the actual quantum of funds made available by jurisdictions;
- the application of that funding considering jurisdictions' objectives, allocations to and/or expenditure on specific service types;
- the expected number of people to benefit from the funding;
- the average government funding per person assisted;
- cost factors, literature on the cost of disability services and the development of funding mechanisms based on different levels of individuals' assessed needs; and
- achievements of the unmet needs funding compared with expectations.

Unmet need funding

Table 1.1 shows the contributions of each jurisdiction as indicated in the 2000 Bilateral Agreements. Using the Commonwealth's counting convention, total funds offered over the two-year period amount to \$519 million. This includes the 2000–01 allocation of \$210 million by all jurisdictions, which is recurrent and is extended by a further \$99 million in 2001–02 to \$309 million.

In the Bilateral Agreements over the two-year period, all jurisdictions agreed to broadly match or exceed the Commonwealth's contribution. The New South Wales offer was the most significant, accounting for 44% of total unmet need funding offered by State and Territory jurisdictions in 2000–01 and 39% in 2001–02. The New South Wales offer exceeded that of the Commonwealth by more than fivefold in 2000–01, and more than threefold in 2001–02. Victoria's 2000–01 offer exceeded the Commonwealth's offer by more than threefold.

3.2 Data sources and limitations

This chapter draws on three main sources of data:

- responses provided by States and Territories to the Commonwealth as part of the acquittal of funds for 2000–01;
- responses provided by each jurisdiction to the survey conducted by AIHW for this study (referred to as the Jurisdiction Survey); and
- data published in the 2002 Report of the Commonwealth/State Steering Committee on Service Provision (referred to as the Productivity Commission data).

Acquittal data

The 2000 Bilateral Agreements included reporting requirements for each jurisdiction regarding the use of the Commonwealth's funds. All agreements state that, wherever possible, existing reporting mechanisms will be utilised. However, the data items requested do not always align specifically with CSDA MDS data items (the main statistical collection mechanism common to all jurisdictions) and are in some cases not available from current MDS data. This is the case for the age of carers, a data item required by the terms of reference for this study; this will be available in the redeveloped collection.

Furthermore, while most jurisdictions are required to report on the number and type of services provided, the number of ageing carers assisted and the geographic distribution of the funds, the actual data items requested are defined differently in each jurisdiction's Bilateral Agreement. For example, the number of people assisted is counted in the following ways across jurisdictions:

- New South Wales agreed to report on the number of people who received immediate response packages;
- Queensland, South Australia, Tasmania and the Australian Capital Territory agreed to report on the number of persons with ageing carers assisted;
- Western Australia and the Northern Territory agreed to provide:
 - CSDA MDS data on the total number of additional people with disabilities aged 35 years and over living at home and in receipt of respite, recreation or day support; as well as
 - Local Area Coordination data, including number of carers provided with new or added services; and
- Victoria agreed to report on the number and type of new services provided to the target group.

Partly as a result of the varied reporting requirements of the Bilateral Agreements, acquittal data provided to the Commonwealth in relation to services to ageing carers are neither comparable nor able to be combined at a national level.

In July 2001, following the completion of the first year of the unmet need funding, the Commonwealth asked jurisdictions to report on the application of its contributions. Most responses were made in October 2001.

Some jurisdictions indicated that services were not fully operational during 2000-01 or that while allocations had been completed not all the funding had been rolled out. This appears to be due to a combination of lead times for establishing new service strategies or initiatives and the signing of some Bilateral Agreements not occurring until after the commencement of the 2000-01 financial year. New South Wales also mentioned the Olympics as having disrupted the schedule for their tendering process.

Therefore the acquittal responses of jurisdictions to the Commonwealth provide only some preliminary data in relation to the application of the Commonwealth's \$50 million allocated for use in 2000-01.

Jurisdiction Survey

Given the limitations in the data provided to the Commonwealth, the Jurisdiction Survey¹ conducted by the AIHW for this study needed to clarify the application of the Commonwealth funds for 2000–01, seek estimates of their use for 2001–02, and request predictions about the ongoing impact of the funds. Similar information on the contributions made by States and Territories, which represent over two-thirds of the unmet need funding, was also needed.

In particular, sections 1 and 5 of the survey (see Appendix 2) requested the following information from States and Territories:

- whether the Commonwealth’s contribution could be distinguished from their own and from other disability funding;
- the objectives for their own contributions to unmet needs funding;
- the policy processes for selecting service types;
- the strategy for service provision for ageing carers;
- the contract and accountability arrangements and any costing models used;
- audited financial statements indicating the purpose and extent of jurisdictional expenditure;
- expenditure on each of the service types or program areas to which unmet need funding was directed; and
- for each of these service types or sub-programs:
 - a brief description of its aims;
 - its offerings;
 - the number of clients assisted;
 - the proportion of new and existing clients assisted;
 - targeting;
 - estimates of demographic groups supported;
 - counts of units of service provision; and
 - the basis for funding whether by service, client or package.

Productivity Commission data

All jurisdictions referred the project team to the data they had provided to successive Productivity Commission reports (SCRSSP 2002) as the source of consistent historical information to provide the broad expenditure context for the unmet need funding. This context shows the different bases on top of which jurisdictions applied unmet need funding.

Financial data

Throughout this chapter, three major financial figures are referred to: reported estimated expenditure in 2000–01, expected expenditure in 2001–02 and expected full-year recurrent expenditure (based on 2001–02 costs).

¹ Unless otherwise stated, most of the funding data in this chapter come from jurisdictional responses to the Jurisdiction Survey.

The first two figures may include recurrent, capital and other one-off expenditure.

The last term requires additional explanation. It represents the estimated full-year recurrent effect of the initiatives instigated with unmet need funding over the two-year period 2000–02, based on 2001–02 prices. For most jurisdictions, their full-year recurrent expenditure is the same as their estimated expenditure for 2001–02, less any capital or one-off expenditure. However, for some it is not, where the full recurrent effect of their unmet need initiatives had not yet impacted in 2001–02. This is discussed in more detail in Section 3.5.

Other data limitations

No jurisdiction provided audited expenditure statements for their own contributions to unmet need funding for 2000–01 as most do not separate this expenditure from total disability expenditure for audit purposes.

A number of jurisdictions, who do not separately record the impact of their unmet need expenditure from the impact of their other funding, needed to estimate the numbers of clients supported or expected to be supported with unmet need funding.

This study is taking place during the second financial year of the funding (2001–02) and so the results for that year are estimates.

The Jurisdiction Survey also asked jurisdictions to provide service type outlet identifiers for all outlets provided with unmet needs funding. The purpose of this request was to enable analysis of national CSDA MDS data to describe characteristics of service type outlets benefiting from the new funding (for example, funded service type, staffing levels, opening hours) and their consumers (for example, number of consumers on the snapshot day, support needs, disability groups). Only two jurisdictions (Victoria and South Australia) were able to provide this information, and the analysis did not proceed.

3.3 The quantum of funds

Table 3.1 compares the amounts offered in the Bilateral Agreements to those reported on by jurisdictions in their survey responses.

The quantum of funds reported by jurisdictions as expended on unmet needs actually exceeds the expected \$210 million for 2000–01 by \$10 million and the planned \$309 million for 2001–02 by \$42 million. This is explained by:

- Victoria providing an additional \$12 million in capital funds in 2000–01 and a further \$5 million in capital funding and \$13.45 million accommodation support and community access initiatives in 2001–02;
- New South Wales estimating it will exceed its offer by \$29 million in 2001–02; and
- the Australian Capital Territory reporting that it will contribute \$1 million more than had been agreed over the two years.

Several jurisdictions reported somewhat less expenditure than their offer amounts.

Table 3.1: Expenditure reported by jurisdictions compared with offers in 2000 Bilateral Agreements (\$m)

		Commonwealth	State	Total
State/Territory		2000–01		
New South Wales	Agreed unmet need funding	16.840	93.410	110.250
	Amount reported	16.840	93.410	110.250
Victoria	Agreed unmet need funding	12.290	38.400	50.690
	Amount reported	12.300	50.400	62.700
Queensland	Agreed unmet need funding	9.155	9.000	18.155
	Amount reported	9.100	9.000	18.100
Western Australia	Agreed unmet need funding	4.905	9.500	14.405
	Amount reported	4.905	9.538	14.443
South Australia	Agreed unmet need funding	4.045	6.000	10.045
	Amount reported	3.625	4.842	8.468
Tasmania	Agreed unmet need funding	1.315	1.500	2.815
	Amount reported	1.315	1.500	2.815
ACT	Agreed unmet need funding	0.845	1.500	2.345
	Amount reported	0.131	1.832	1.963
Northern Territory	Agreed unmet need funding	0.605	0.652	1.257
	Amount reported	0.605	0.652	1.257
Total	Agreed unmet need funding	50.000	159.962	209.962
	Amount reported	48.821	171.174	219.996
		2001–02^(a)		
New South Wales	Agreed unmet need funding	34.450	119.308	153.758
	Amount reported	33.680	148.491	182.171
Victoria	Agreed unmet need funding	25.140	38.400	63.540
	Amount reported	25.150	56.850	82.000
Queensland	Agreed unmet need funding	18.730	18.000	36.730
	Amount reported	18.300	18.000	36.300
Western Australia	Agreed unmet need funding	10.040	15.970	26.010
	Amount reported	9.810	16.008	25.818
South Australia	Agreed unmet need funding	8.280	6.000	14.280
	Amount reported	8.276	6.000	14.276
Tasmania	Agreed unmet need funding	2.690	6.132	8.822
	Amount reported	2.690	4.800	7.490
ACT	Agreed unmet need funding	1.730	1.500	3.230
	Amount reported	2.333	2.300	4.633
Northern Territory	Agreed unmet need funding	1.240	1.230	2.470
	Amount reported	1.224	1.210	2.434
Total	Agreed unmet need funding	102.300	206.540	308.840
	Amount reported	101.463	253.659	355.122

(a) The 2001–02 Commonwealth offer figure includes an amount for indexation. A non-indexed amount was included in the initial Bilateral Agreements. This difference explains some of the situations where offered funds slightly exceed actual expenditure in 2001–02.

The unmet need funding was introduced within a context of steady growth in expenditure on disability services. Table 3.2 shows the growth in disability expenditure since 1995–96. With the exception of two jurisdictions (Tasmania and the Northern Territory), all jurisdictions consistently increased their expenditure on CSDA services over this five-year period.

Given that the unmet need funding was an additional effort over and above expected growth to cover population increase and inflation, one would expect the growth in funds from 1999–00 to 2000–01 to exceed the unmet need funding expenditure in 2000–01. This is the case in total; that is, the growth over that year exceeds the agreed \$210 million or the reported expenditure of \$220 million in 2000–01, although not in all jurisdictions.

However when consideration is given to each jurisdiction, it is apparent that the funding growth in New South Wales and South Australia is less than the unmet need expenditure in those States. New South Wales explained that the creation of the new Department of Ageing, Disability and Home Care in March 2001 involved merging three different financial systems and bringing all New South Wales Government expenditure on disability services under the auspice of the new agency. The accounts for the new Department have not yet been audited. South Australia advised that the current expenditure figures in Table 3.2 include funding for once-off items such as workers' compensation lump sum payments. As a result the base figures are inflated. South Australia reported that growth between 1999–00 to 2000–01 was in fact approximately \$8.65 million, which is more than the unmet need expenditure of \$8.468 million.

Table 3.2: Current expenditure on CSDA services, by Commonwealth, State and Territory Governments, 1995–96 to 2000–01 (\$'000)

Jurisdiction	Current expenditure (\$'000)						Increase between 1999–00 & 2000–01	Reported unmet need expenditure 2000–01
	1995–96	1996–97	1997–98	1998–99	1999–2000	2000–01		
New South Wales	395,397	470,995	508,535	591,060	660,750	731,966	71,216	110,250
Victoria	427,671	466,892	506,060	559,565	613,292	705,674	92,382	62,700
Queensland	158,529	168,770	199,409	217,824	246,621	268,016	21,395	18,100
Western Australia	129,990	147,224	170,450	176,055	187,253	204,010	16,757	14,443
South Australia	127,466	131,586	143,586	153,237	163,360	170,298	6,938	8,468
Tasmania	53,469	59,054	59,237	57,936	59,948	63,242	3,294	2,815
ACT	18,200	21,894	22,118	23,882	28,940	30,904	1,964	1,963
Northern Territory	10,413	9,715	13,384	12,666	14,034	17,877	3,843	1,257
Commonwealth ^(a)	224,183	231,782	246,903	274,688	276,113	289,493	13,380	—
Total	1,545,318	1,707,911	1,869,682	2,066,914	2,250,310	2,481,480	231,170	219,996
Annual increase		162,593	161,771	197,232	183,396	231,170	—	—

(a) Commonwealth funds to States and Territories are shown within State and Territory totals in this table. Commonwealth funds increased by \$72.115 million between 1999–2000 and 2000–01 due to unmet need funds, indexation and other growth funding.

Source: SCRCSSP 2002 and AIHW Jurisdiction Survey responses.

At the time the Bilateral Agreements were signed, several jurisdictions were also in the process of redesigning and/or implementing significant changes to program arrangements and service delivery strategies. These included:

- new purchasing arrangements for services;
- individualised support arrangements; and
- revisions to assessment tools and related individual resource levels.

It is possible that these strategic developments contributed to the unmet need funding in 2000–01 being rolled out late in the financial year, services not being fully operational and the estimated under-expenditure predicted by some jurisdictions in 2001–02.

3.4 Application of the unmet need funding

Funding objectives: State and Territory contributions

Under the 2000 Bilateral Agreements, all jurisdictions were funded by the Commonwealth to provide additional services to enable people with disabilities who have ageing carers to remain supported by their families in their local communities. General principles which applied to this funding in all jurisdictions were outlined in Chapter 1 (Section 1.3).

The States' and Territories' contributions to unmet need funding were to be used to assist in addressing 'other priority areas of unmet need'.

The Jurisdiction Survey asked States and Territories to outline the objectives for the use of their contributions to unmet need funding. Most reported that their funds were being used to enhance the shifts in service delivery they were pursuing through growth funds generally and indicated the priority areas for the use of their contributions as follows.

New South Wales

- To support its efforts in more strategic resource management, including:
 - the management of community-based living arrangements post-devolution;
 - improving the availability of respite services;
 - developing a more flexible process for supporting people at risk and, in particular, the creation of the Service Access System;
 - increasing service access in New South Wales through regional capacity building;
 - building community support for people with a disability through local support coordination; and
 - extending early childhood intervention to children with a disability aged 6 to 18 years.

Victoria

- To address identified unmet needs and Victoria's vision outlined in its State DisAbility Plan; and
- To support re-development of the disability support system from funding of 'places' in specific service types to provision of individualised support packages to promote community inclusion and self-determination of people with a disability. This involved the consolidation of a number of service activities into broadly two types of

individualised support packages, namely Community Support Packages (for day program and community participation) and Personal Support Packages (for personal and accommodation support). These packages were said to be underpinned and based on broad, individual, whole-of-life plans, as well as individualised support delivery.

Queensland

- To meet the support needs of people with a disability and their families, and to reduce unmet need, within the strategies outlined in the Queensland *Business Plan 2000–2002* (Disability Services Queensland 2000a). The funds were to be used to focus on services supporting families not the target of Commonwealth funding. These included programs that supported individuals, families who have a child with a disability, post-school services, institutional reform and service development.

Western Australia

- To support services that complement the Disability Services Commission's *Business Plan 2000–2005* which aims to make a difference:
 - 'to the lives of individuals by being flexible and responsive to changing needs as they arise;
 - to families by providing them with the support they need, when they need it; and
 - to the level of understanding and support provided by the community, which also has an essential role to play in improving the quality of life for people with disabilities'. (Disability Services Commission 2000:8)

Funding was allocated to:

- accommodation support, which aims to provide assistance to people with disabilities who are in immediate need of accommodation support outside their family home;
- professional and therapy services, which aim to help support individuals to minimise the impact of their disability and maximise their ability to function effectively in their daily lives;
- respite and family care, aimed at improving access of families to both small and intensive amounts of support as they need it;
- post-school options, which aims to provide developmental opportunities for school leavers with severe and profound disabilities who cannot realistically pursue full-time employment;
- alternatives to employment, which aims to provide developmental opportunities for adults with severe and profound disabilities who are unable to pursue full-time employment;
- Local Area Coordination; and
- aids and equipment.

South Australia

- To support services that aligned with the State's *Disability Services Planning and Funding Framework 2000–2003* (Department of Human Services 2000). This included funding to young carers for respite, individual packages, supported accommodation, day options, early intervention and equipment.

Tasmania

- 'To ease the pressures in demand for permanent accommodation options (group homes) and day options programs. Demand in this area was ascertained using disability services monthly statistical data and existing waiting lists. These clearly indicated that demand was increasing with a number of clients occupying respite beds on a permanent basis.'²

Australian Capital Territory

- To 'increase capacity in the sector through funding of individual support packages and other unmet need applications from funded agencies and individuals'.³ Priority areas included therapy services for children, post-school options for youth graduating from school and unable to find full-time employment, and quality improvement and assessment in the sector.

Northern Territory

- To assist reforms supporting families who care for people with disabilities and avoid the movement of clients to large urban areas, away from their family and community. A key feature of the reforms was the introduction of the Local Area Coordination model in five service regions throughout the Northern Territory.

In recognition of the huge unmet need across the Northern Territory a consumer focused-funding model was also implemented. The Disability Program aims to provide consumers with more choice and control over their own care and support needs. Consumers have the choice as to whether they wish to manage their own funds, and in doing so assume responsibility for the purchasing and acquittal functions attached to this money.⁴

To achieve these ends, the government directed its unmet need contribution in 2001 to:

- individual funding packages;
- implementation of Local Area Coordination and Individual Funding Packages;
- a policy officer for information planning and data development; and
- service development.

² Extract from the Tasmanian Jurisdiction Survey response.

³ Extract from the Australian Capital Territory Jurisdiction Survey response.

⁴ Extract from the Northern Territory Jurisdiction Survey response.

The translation of objectives into funding

Total unmet needs funding

When total Commonwealth and State/Territory unmet need funding is considered:

- The majority of unmet need funds was used for accommodation support, for individualised funding packages (which incorporate accommodation support and funding for other service types) and/or for respite (around 66% over the two-year period 2000–02, comprising about 46% accommodation, 9% packages and 11% respite; Table 3.3a and b). Expenditure in these three major areas is expected to form 71% of ongoing funding (Table 3.5).
- Only two States (Victoria and South Australia) provided information about the division of their accommodation support funding between group homes and other accommodation support. In both these States, other accommodation support exceeded group home funding, which over the two-year period formed 34% of accommodation support funding in Victoria and 11% in South Australia.
- In addition to individualised packages which incorporate services from a number of service types, some jurisdictions also have individualised packages within a service type. For example, Victoria spends \$8.2 million on Making a Difference packages which offer a flexible range of supports to assist families and carers, via case management and individualised community support funding. Western Australia spends \$5.3 million on Flexible and Intensive Family Support Packages which provide individualised respite packages.
- The three previous points reflect a growing move in Australia away from residential to community support, involving funding packages designed around the individual needs of recipients.
- In 2000–01, 9.5% of total unmet need funding was used for capital or one-off projects (possibly a result of the up-front capital and equipment costs and delays in commencement of new recurrent initiatives). In 2001–02, this is expected to fall to 6.4% of funding (Table 3.3b).
- Noting that package funding may incorporate funding across all service types, specific funding to service types reported by jurisdictions:
 - averaged just over 12% for community support over 2000–02 (which included funding for therapy services, specialist services, early intervention, local area coordination and/or intake and assessment services); and
 - averaged nearly 9% for community access services (post-school options or day care services) in 2000–02 and is expected to be slightly higher in full-year recurrent estimates (Tables 3.3a, b and 3.5).
- Just over 3% of funding was allocated to service infrastructure or quality development initiatives over the two-year period, representing initiatives in Victoria, Queensland, Western Australia, the Australian Capital Territory and Northern Territory (Tables 3.3a and b).

Jurisdictions were asked whether the additional funding had assisted new or existing clients. Some reported difficulties providing this information, as information systems did not necessarily distinguish, or allow analysis of, whether a client was new to disability support

or to support from within a particular service type and no definition was included in the Jurisdiction Survey.

However, bearing in mind this ambiguity, estimates were provided by six jurisdictions for each of their sub-programs. Particular initiatives ranged from wholly supporting new clients to wholly supporting existing clients. Generally:

- on average, 25% of clients supported by Victoria's initiatives were existing clients (ranging from 0% to 100% for individual initiatives);
- Queensland reported that all of its unmet need money went to new clients;
- Western Australia said its initiatives mainly supported new clients, although up to 32% of one program's clients were existing;
- South Australia's initiatives almost entirely supported existing clients (this may reflect a different method of cross-matching clients within its data system than that possible in other jurisdictions);
- Tasmania indicated 80% of its unmet need funding clients were existing clients; and
- on average, 30% of clients supported by the Australian Capital Territory's initiatives were existing clients (within a range of 0-60% for individual initiatives).

Tables 3.3a and b show actual unmet need funding expenditure in 2000-01 and estimated expenditure in 2001-02.

Table 3.3(a): Use of unmet need funds by major service types, packages and service development, by States and Territories, 2000–01 (\$'000)

	NSW ^(c)	Vic ^(d)	Qld	WA	SA	Tas	ACT ^(e)	NT	Total ^(f)	% of total
Group homes		6,300			144				6,444	2.9
Other accommodation support		15,300			1603				16,903	7.7
Subtotal: Accommodation support	77,285	21,600		5,130	1,746				105,761	48.1
Subtotal: Packages offering more than one service type^(a)			11,500			2,815	291	947	15,553	7.1
Subtotal: Respite	7,641	4,000	2,300	3,848	4,241				22,029	10.0
Therapy services		1,000		1,550			250		2,800	1.3
Specialist services		3,200			217				3,417	1.6
Early intervention					13				13	0.0
Local area coordination/intake & assessment	1,040	2,000	300	150					3,490	1.6
Other community support	12,580	5,000	900		50				18,530	8.4
Subtotal: Community support	13,620	11,200	1,200	1,700	279		250		28,249	12.8
Day programs		1,000		1,695	84				2,779	1.3
Post-school options		6,900		850	361				9,311	4.2
Subtotal: Community access	3,005	7,900		2,545	445				15,095	6.9
Subtotal: Other (including equipment)	1,700	3,000			408				5,108	2.3
Subtotal: Service/infrastructure/quality development^(b)		3,000	1,900	1,220			1,081	10	7,211	3.3
Subtotal: Capital or one-off expenditure	7,000	12,000			1,348		341	300	20,989	9.5
Total	110,250	62,700	18,100	14,443	8,467	2,815	1,963	1,257	219,995	100.0

(a) Queensland, Tasmania, the Australian Capital Territory and the Northern Territory had packages with a general target group involving \$7.2 million, \$1.315 million, \$0.290 million and \$0.947 million respectively. Queensland had two other package programs (one for children and families involving \$1 million and one for adults moving from institutional care involving \$3.3 million). Tasmania had an additional package program which could also include group home support costing \$1.5 million.

(b) This development category includes all service development, quality, infrastructure and viability initiatives for which there are no direct client outputs, only indirect benefit.

(c) In New South Wales, \$5 million in 2000–01 and \$15 million in 2001–02 was estimated to have been spent on capital for accommodation support and \$2 million in both 2000–01 and 2001–02 on transport capital.

(d) Victorian capital expenditure was all on group homes. Development funds were spent on accommodation support training, quality improvement and rural disability access.

(e) The Australian Capital Territory allocated \$0.131 million one-off funds in 2000–01 and \$0.693 million one-off funds in 2001–02 to their Mature Carers Program and \$0.210 million one-off funds to their Post School Options Program in 2000–01.

(f) Insufficient information was available to report the allocation of funds within all sub-categories of service types for all jurisdictions. Thus some sub-categories do not add to their service type sub-total (within the total column).

(g) Although these figures represent 2000–01 expenditure, the figures are estimated as some jurisdictions did not maintain separate unmet need funding and other CSDA funding details in their records.

Table 3.3(b): Use of unmet need funds by major service types, packages and service development, by States and Territories, 2001–02 (\$'000)

	NSW ^(c)	Vic ^(d)	Qld	WA	SA	Tas	ACT ^(e)	NT	Total ^(f)	% of total
Group homes		12,800			337				13,137	3.7
Other accommodation support		21,590			2,278				23,868	6.7
Subtotal: Accommodation support	117,234	34,390		6,730	2,615			100	161,069	45.4
Subtotal: Packages offering more than one service type^(a)	15,102	7,390	23,000	7,138	9,466	7,490	2,131	1,682	34,303	9.7
Subtotal: Respite			2,600	7,138	9,466			100	41,796	11.8
Therapy services		1,000		3,200			256		4,456	1.3
Specialist services		3,200			355				3,555	1.0
Early intervention					450				450	0.1
Local area coordination/intake & assessment		2,000	1,500	700					4,200	1.2
Other community support		8,170	1,800		220				10,190	2.9
Subtotal: Community support	19,784	14,370	3,300	3,900	1,025		256		42,635	12.0
Day programs		1,000		3,330	110				4,440	1.3
Post-school options		13,850	3,600	1,810	652		500	82	20,494	5.8
Subtotal: Community access	9,351	14,850	3,600	5,140	762		500	82	34,285	9.7
Subtotal: Other	3,700	3,000			408				7,108	2.0
Subtotal: Service/infrastructure/quality development^(b)		3,000	3,800	2,910			1,053	430	11,193	3.2
Subtotal: Capital or one-off expenditure	17,000	5,000					693	40	22,733	6.4
Total	182,171	82,000	36,300	25,818	14,276	7,490	4,633	2,434	355,122	100.0

(a) Queensland, Tasmania, the Australian Capital Territory and the Northern Territory had packages with a general target group involving \$13.5 million, \$2.69 million, \$0.491 million and \$1.682 million respectively. Queensland had two other package programs (one for children and families involving \$3.5 million and one for adults moving from institutional care involving \$6 million). Tasmania had an additional package program which could also include group home support costing \$4.8 million.

(b) This development category includes all service development, quality, infrastructure and viability initiatives for which there are no direct client outputs, only indirect benefit.

(c) In New South Wales, \$5 million in 2000–01 and \$15 million in 2001–02 was estimated to have been spent on capital for accommodation support and \$2 million in both 2000–01 and 2001–02 on transport capital.

(d) Victorian capital expenditure was all on group homes. Development funds were spent on accommodation support training, quality improvement and rural disability access.

(e) The Australian Capital Territory allocated \$0.131 million one-off funds in 2000–01 and \$0.693 million one-off funds in 2001–02 to their Mature Carers Program and \$0.210 million one-off funds to their Post School Options Program in 2000–01.

(f) Insufficient information was available to report the allocation of funds within all sub-categories of service types for all jurisdictions. Thus some sub-categories do not add to their service type sub-total (within the total column).

The Commonwealth contribution

In acquittal reports to the Commonwealth for the year 2000–01, States and Territories reported on their use of Commonwealth unmet need funds. A summary of these reports follows:

- New South Wales used the allocated funds in three ways, although not all funds were ‘rolled out’ in the year:
 - \$2 million was included in the new Service Access System (SAS) which addresses the needs of people who are in crisis. It was reported that 35% of people supported through SAS by the time of the report had ageing carers;
 - \$14.3 million was allocated to ‘growing broad regional capacity in service to better respond to’ the whole cohort of ageing carers, not just those in crisis. Allocations were made to 110 ‘ageing carer service types across New South Wales’, involving 406 individuals; and
 - \$0.5 million was used for project administration.

Additional principles applied in the New South Wales Bilateral Agreement included that:

- special attention would be paid to those who registered an urgent need by providing an immediate response (a package of intensive in-home supports and other non-residential options to maintain the family at home); and
 - service providers would be contracted through a competitive selection process.
- The Victorian acquittal only covered client figures and did not provide any expenditure breakdown for the three sub-programs funded. It was reported that, to 30 June 2001, 205 people had been supported via home support, 828 people had received respite and 549 flexible care packages had been allocated. These acquittal figures relate to people ‘from the target group’ (namely, people with a disability whose carer was over 65 years or who had been caring for 30 years or more).
 - Queensland reported that it allocated its Commonwealth \$9.1 million funding to five areas:
 - \$5.7 million was allocated to supporting adults with a disability through the Adult Lifestyle Support Initiative. Combined with a \$1.5 million State contribution, funds were allocated to 297 people, of whom 173 had ageing carers, six had carers who had been caring for 30 years or more, 20 lived in rural or remote areas and 34 were Indigenous people with disabilities;
 - \$1.2 million to 21 services to provide respite, in combination with State funds;
 - \$0.3 million to eight Local Area Coordination services (with three more to be funded in 2001–02);
 - \$1 million for service development via four statewide and 33 local initiatives; and
 - \$0.9 million for program support via increased Disability Services Queensland program support facilitators providing direct community support services to individuals.

In relation to the funding for respite and Local Area Coordination services it was said that, as many of the funded services were new and not fully operational during 2000–01, a breakdown of data for people with disabilities supported by these services would only

be available for 2001–02. However it was anticipated that when fully operational the services would support 400 and 750 individuals and families respectively.

- Western Australia reported that it had allocated the Commonwealth funding of \$4.9 million to four programs:
 - \$0.7 million to Flexible Family Support Packages;
 - \$1.92 million to Intensive Family Support Packages;
 - \$0.75 million to new or expanded respite and family support programs and services; and
 - \$1.51 million to day options.

Western Australia’s total funding had increased by \$13.7 million, involving increased support to 1,517 people.

The jurisdiction reported that 47 families included carers aged over 65 years (or over 45 years for Indigenous carers), and a further 27 carers had cared for the person with a disability for more than 30 years.

- South Australia reported that, prior to 1 July 2001, Commonwealth unmet need funding was allocated to 474 people with ageing carers and 23 Indigenous people with disabilities.
- Tasmania allocated Commonwealth unmet need funding via its Individual Options Program. Similar to the Victorian report, the acquittal included client figures but no financial breakdown. There were 68 people with carers aged 65 years and over who were said to have been supported, as well as 34 people with long-term carers.
- The Australian Capital Territory reported that it had funded two pilot services to ageing carers in 2000–01, which assisted 65 people with ageing carers, two of whom were of Indigenous origin and 10 of whom came from culturally diverse backgrounds.
- The Northern Territory reported that it had allocated the \$0.6 million Commonwealth unmet need funding over its Darwin, Top End and Central Australian regions. The jurisdiction reported that the CSDA MDS showed 12 additional people with disabilities aged 35 years and over living at home and in receipt of respite, recreation or day support. Local Area Coordination data showed 41 carers (of whom 25 were of Indigenous origin) receiving new or additional services.

The sum of the acquittal data available from States and Territories suggests that nearly 3,000 people with a disability who had carers aged 65 years or more or carers who had been caring for 30 years or more, were assisted via the Commonwealth unmet needs funding.

Tables 3.4a and b summarise the actual or estimated expenditure of Commonwealth unmet needs funding by jurisdiction by service type for 2000–01 and 2001–02.

These responses show that, over 2000–01 and 2001–02, the bulk of Commonwealth funding (67%) was spent on accommodation support and/or individual packages and/or respite (comprising in order around 21% accommodation support, 31% respite and 16% individualised packages). Around 19% was spent on community support and around 11% on community access services.

Table 3.4(a): Use of Commonwealth unmet need funds by major service types, packages and service development, by States and Territories, 2000–01 (\$'000)

	NSW	Vic	Qld	WA	SA	Tas	ACT ^(b)	NT	Total ^(c)	% of total
	Estimated ^(d)									
Group homes									—	
Other accommodation support		7,800							7,800	16.0
<i>Subtotal: Accommodation support</i>	2,981	7,800							10,781	22.1
<i>Subtotal: Packages offering more than one service type</i>			5,700	1,315				605	7,620	15.6
<i>Subtotal: Respite</i>	5,341	2,000	1,200	3,400	3,465				15,406	31.6
Therapy services									—	
Specialist services									—	
Early intervention									—	
Local area coordination/intake & assessment	555		300						855	1.8
Other community support	4,959	2,500	900						8,359	17.1
<i>Subtotal: Community support</i>	5,514	2,500	1,200						9,214	18.9
Day programs				1,505					1,505	3.1
Post-school options									—	
<i>Subtotal: Community access</i>	3,005			1,505					4,510	9.2
<i>Subtotal: Other</i>									—	
<i>Subtotal: Service/infrastructure/quality development^(e)</i>			1,000							0.0
<i>Subtotal: Capital or one-off expenditure</i>				160				131	291	0.6
Total	16,841	12,300	9,100	4,905	3,625	1,315	131	605	48,822	100.0

(a) This development category includes all service development, quality, infrastructure and viability initiatives for which there are no direct client outputs, only indirect benefit.

(b) The Australian Capital Territory allocated \$0.131 million one-off funds in 2000–01 and \$0.693 million one-off funds in 2001–02 to their Mature Carers Program.

(c) Insufficient information was available to report the allocation of funds within all sub-categories of service types for all jurisdictions. Thus some sub-categories do not add to their service type sub-total (within the total column).

(d) Although these figures represent 2000–01 expenditure, the figures are estimated as some jurisdictions did not maintain separate unmet need funding and other CSDA funding details in their records.

Table 3.4(b): Use of Commonwealth unmet need funds by major service types, packages and service development, by States and Territories, 2001–02 (\$'000)

	NSW	Vic	Qld	WA	SA	Tas	ACT ^(b)	NT	Total ^(c)	% of total
	Estimated									
Group homes									—	—
Other accommodation support		14,090							14,090	13.9%
<i>Subtotal: Accommodation support</i>	5,849	14,090						100	20,039	19.8%
<i>Subtotal: Packages offering more than one service type</i>			11,500			2,690	1,640	902	16,732	16.5%
<i>Subtotal: Respite</i>	8,802	5,390	1,500	6,390	8,276			100	30,458	30.0%
Therapy services									—	—
Specialist services									—	—
Early intervention									—	—
Local area coordination/intake & assessment			1,500						—	—
Other community support		5,670	1,800						7,470	7.4%
<i>Subtotal: Community support</i>	9,678	5,670	3,300						18,648	18.4%
Day programs				3,010					3,010	3.0%
Post-school options								82	82	0.1%
<i>Subtotal: Community access</i>	9,351			3,010				82	12,443	12.3%
<i>Subtotal: Other</i>									—	—
<i>Subtotal: Service/infrastructure/quality development^(a)</i>			2,000	410					2,410	2.4%
<i>Subtotal: Capital or one-off expenditure</i>							693	40	733	0.7%
Total	33,680	25,150	18,300	9,810	8,276	2,690	2,333	1,224	101,463	100.0%

(a) This development category includes all service development, quality, infrastructure and viability initiatives for which there are no direct client outputs, only indirect benefit.

(b) The Australian Capital Territory allocated \$0.131 million one-off funds in 2000–01 and \$0.693 million one-off funds in 2001–02 to their Mature Carers Program.

(c) Insufficient information was available to report the allocation of funds within all sub-categories of service types for all jurisdictions. Thus some sub-categories do not add to their service type sub-total (within the total column).

3.5 Ongoing effect of unmet need funding

Table 3.5 shows States' and Territories' estimated full-year recurrent expenditure arising from unmet need funding. This represents the estimated full-year recurrent effect of the initiatives instigated with unmet need funding, based on 2001–02 prices. This is generally the same as 2001–02 expenditure, less any capital or one-off expenditure, except for a small number of jurisdictions, which reported that the full recurrent impact of their initiatives was not felt in 2001–02.

For seven jurisdictions the figures are the same as their expected 2001–02 expenditure, less any capital expenditure in that year. For the Northern Territory, total funding matches expected 2001–02 expenditure, but the allocation between service types varies. This is explained by the completion of one-off funding to some initiatives allowing those funds to be allocated to other initiatives as recurrent funding.

Table 3.5 indicates that accommodation support is the major area for ongoing spending in all jurisdictions, either as a distinct service type or as part of a package, respectively comprising 49% and 10% of total expected expenditure. In combination, accommodation support (either as a distinct service type or as part of a package) and respite account for 71% of estimated full year recurrent expenditure. This percentage ranges between 54% of jurisdiction expenditure in Victoria, Western Australia and the Australian Capital Territory and 100% in Tasmania.

Table 3.5: Estimated full-year recurrent expenditure from unmet need funding initiatives, by States and Territories, at 2001–02 prices^(a)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Accommodation support (\$'000) ^(b)	117,234	34,390		6,730	2,615			150	161,119
% of ongoing expenditure	71.0%	44.7%		26.1%	18.3%			6.2%	48.5%
Packages (\$'000)			23,000			7,490	2,131	1,734	34,355
% of ongoing expenditure			63.4%			100.0%	54.1%	71.2%	10.3%
Respite (\$'000)	15,102	7,394	2,600	7,138	9,466			100	41,800
% of ongoing expenditure	9.1%	9.6%	7.2%	27.6%	66.3%			4.1%	12.6%
<i>Subtotal—accommodation, package & respite support as % of ongoing expenditure</i>	80.1%	54.3%	70.6%	53.7%	84.6%	100.0%	54.1%	81.5%	71.4%
Community support (\$'000)	19,784	14,369	3,300	3,900	1,025		256	200	42,834
% of ongoing expenditure	12.0%	18.7%	9.1%	15.1%	7.2%		6.5%	8.2%	12.9%
Community access (\$'000)	9,351	14,850	3,600	5,140	762		500	250	34,453
% of ongoing expenditure	5.7%	19.3%	9.9%	19.9%	5.3%		12.7%	10.3%	10.4%
Other (incl. equipment) (\$'000)	3,700	3,000			408				7,108
% of ongoing expenditure	2.2%	3.9%							2.1%
Service/infrastructure/quality development (\$'000) ^(c)		3,000	3,800	2,910			1,053		10,763
% of ongoing expenditure		3.9%	10.5%	11.3%			26.7%		3.2%
Total (\$'000)	165,171	77,003	36,300	25,818	14,276	7,490	3,940	2,434	332,432
% of ongoing expenditure	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(a) Some jurisdictions also provided information which would allow calculation of average funding costs for sub-categories within each of these service types. This information is not presented here, although some of the results are reported in Table 3.9.

(b) Expenditure shown against particular service types may be in the form of packages funding, e.g., packages for accommodation support in New South Wales and Victoria.

(c) This development category includes all service development, quality, infrastructure and viability initiatives for which there are no direct client outputs, only indirect benefit.

3.6 Service delivery from the unmet need funding

Table 3.6 summarises the numbers of clients supported by the unmet need funding in 2000–01 as reported by jurisdictions. These figures suggest that, *at least*:

- 887 clients received accommodation support, of whom the bulk were supported in their own homes in the community, rather than in group homes;
- 803 received individualised packages likely to incorporate more than one service type;
- 2,586 received respite support; and
- 1,323 received community access support.

However, these figures under-report the total number of clients supported, as not all jurisdictions were able to provide information about the number of clients supported. This means it is not possible from the information provided to state the likely total number of clients supported by the unmet need funding. In particular, the gaps in data for New South Wales, which accounts for half of the estimated expenditure of all jurisdictions, limit the national analysis. Difficulties were generally experienced with the provision of accurate information about whether clients supported were new or existing clients (see Section 3.4).

In the Jurisdiction Survey, States and Territories were asked to provide information about how funding levels were calculated and about how many service outputs (for example, hours) were expected to be provided for these funding levels. Generally, jurisdictions were unable to provide this level of detail and mainly reported on the total number of clients to be assisted with the funding or group home places to be provided, without detail of service outputs.

In addition, as noted above, there was a frequent use of individualised funding packages, which combine support across a range of service types to address an individual's needs. Generally, information was not available about the proportion of service types within these packages, although the number of clients receiving them was usually available as well as the range of possible service types which could be included in packages within programs⁵.

This means that reporting on service delivery in this chapter is restricted largely to a financial and client number analysis.

Table 3.7 shows the number of clients reported as expected to be supported by the ongoing effect of the unmet need funding. Similar significant data gaps occur in Table 3.7 as in Table 3.6, so that the full number of clients likely to be supported cannot be estimated.

The table suggests that *at least* some:

- 1,200 clients are expected to receive accommodation support, of whom the bulk will be in their own homes, rather than in group homes;
- 1,400 are expected to receive individualised packages likely to incorporate more than one service type;
- 4,200 are expected to receive respite support; and
- 2,500 are expected to receive community access support.

⁵ For example, the Australian Capital Territory's Mature Carers Program provides respite care, in-home support, networking and skill acquisition services. It differs from many of the other packages programs which target families in crisis or at risk, in that it aims to assist families with mature carers to proactively plan for the time when current support arrangements may become untenable.

Table 3.6: Number of clients supported by unmet need expenditure, by service type and States and Territories, 2000–01

	NSW ^(c)	Vic	Qld	WA ^(c)	SA ^(d)	Tas	ACT ^(e)	NT	Total excluding 'Not provided' or incomplete figures
Group homes		113			7				120
Other accommodation support	155+++	519			110				629
<i>Subtotal: Accommodation support</i>	155+++	632		138	117				887
<i>Subtotal: Packages offering more than one service type</i>			465			242	43	53	803
<i>Subtotal: Respite</i>	Not provided	1,655	150	394+++	781				2,586
Therapy services		500		769			50		1,319
Specialist services		230			296				526
Early intervention					Not provided			Not provided	NA
Local area coordination/intake & assessment	34	1,638	150	83					1,905
Other community support	Not provided	1,098	297		Not provided				1,395
<i>Subtotal: Community support^(e)</i>	NA	NA	NA		NA		50	Not provided	NA
Day programs		66		141	Not provided				207
Post-school options		877	160	71	49		8		1,165
<i>Subtotal: Community access</i>	Not provided	943	160	212	Not provided		8		1,323
<i>Subtotal: Other (including equipment)</i>	Not provided	3,820			Not provided				3,820
<i>Subtotal: Service/infrastructure/quality development^(b)</i>		NA	NA	NA			NA	NA	NA

(a) Clients in the community support sub-categories cannot be added as a client may receive support from more than one sub-category.

(b) The development category includes all service development, quality, infrastructure and viability initiatives for which there are no direct client outputs, only indirect benefit.

(c) +++ symbols have been used where an entry within a service type for a jurisdiction does not cover the total number of clients supported with the funds reported in Table 3.3(a). In New South Wales, this is the case as no expected client figures are available for the Service Access System. Western Australia provided client figures for two of their four respite sub-programs (representing \$2.650 million of its \$3.848 million respite expenditure). The cells are shaded as the figures are not included in row totals.

(d) Brokerage clients for accommodation support are included in other accommodation support in South Australia, rather than within other community support.

(e) In the Australian Capital Territory, 30 Mature Carers Program clients (of their 43 package clients) and eight Post School Options program clients were reported as receiving benefit from one-off 'set-up' costs.

Table 3.7: Anticipated number of clients to be supported by full-year recurrent unmet need expenditure, by service type and States and Territories, at 2001–02 prices

	NSW ^(c)	Vic	Qld	WA ^(c)	SA ^(c)	Tas	ACT	NT	Total excluding 'Not provided' or incomplete figures
Group homes		213			7				220
Other accommodation support	203+++	668			110				778
<i>Subtotal: Accommodation support</i>	203+++	881		198	117			<i>Not provided</i>	1,196
<i>Subtotal: Packages offering more than one service type</i>		889			366		75	79	1,409
<i>Subtotal: Respite</i>	<i>Not provided</i>	3,000	400	780+++	781			50	4,231
Therapy services		500		1,588			50		2,138
Specialist services		230			296				526
Early intervention					Not provided			Not provided	NA
Local area coordination/intake & assessment	400	1,600	750	389					3,139
Other community support		1,700	562		Not provided				2,262
<i>Subtotal: Community support^(e)</i>	NA	NA	NA	NA	NA		50	<i>Not provided</i>	NA
Day programs		66		277	Not provided				343
Post-school options		1,680	320	151	49		30	12	2,242
<i>Subtotal: Community access</i>	<i>Not provided</i>	1,746	320	428	<i>Not provided</i>		30	12	2,536
<i>Subtotal: Other (including equipment)</i>	<i>Not provided</i>	3,820			<i>Not provided</i>				3,820
<i>Subtotal: Service/infrastructure/quality development^(b)</i>	NA	NA	NA	NA	NA	NA	NA	NA	NA

(a) Clients in the community support sub-categories cannot be added as a client may receive support from more than one sub-category.

(b) The development category includes all service development, quality, infrastructure and viability initiatives for which there are no direct client outputs, only indirect benefit.

(c) +++ symbols have been used where an entry within a service type for a jurisdiction does not cover the total number of clients supported with the funds reported in Table 3.5. In New South Wales, this is the case as no expected client figures are available for the Service Access System. Western Australia provided client figures for two of their four respite sub-programs (representing \$5.3 million of its \$7.138 million respite expenditure). The cells are shaded as the figures are not included in row totals.

(d) Brokerage clients for accommodation support are included in other accommodation support in South Australia, rather than within other community support.

3.7 Costing and funding of services

The literature

Cost of services

The 1997 AIHW report outlined relevant disability cost literature to that date (AIHW 1997a). This suggested that cost was related to a range of variables, including location, facility size, facility type and ownership, client characteristics, client mix, and operational, staffing and service quality.

A position paper, 'Regional Center Budget Issues – Purchase of Service Budget' (attached to a letter from Lewis Braxton of the Association of Regional Center Agencies, California, 2001), listed a range of reasons why operational costs of disability services were increasing over time. Some of the reasons which could apply to Australia include:

- significantly increased expectations of both government and clients about service delivery, affecting both the quality and quantity of service to be delivered with available funds and choices to be offered, including expectations that service delivery will:
 - be increasingly individualised (thereby incurring higher planning and developmental and skills costs);
 - have increased staff:client ratios;
 - move away from segregated sites; and
 - involve a more sophisticated range of day activities and possibly transport between a range of sites.
- changes in the proportion of people with particular disabilities or characteristics requiring revised program, support and behaviour management structures and therefore costs. (The article reports a 138% growth of persons diagnosed with autism spectrum disorder over eight years, compared with an overall client population growth of 27%, an increase in the birth of more medically frail, smaller babies as a result of advances in medical technology and an increasing incidence of clients from non-English-speaking backgrounds); and
- changed support models.

The paper also discusses other changes that have possibly had a stronger impact in California, but which may be increasingly relevant in Australia, particularly related to alternative or extended care requirements resulting from the workforce participation of carers.

Other recent costing research has largely focused on accommodation models. This literature suggests that moves for enhanced service quality and choice are occurring throughout the world, and this can come at a higher cost. However, higher costs can be moderated with careful program design which carefully matches resources and models to unmet needs of clients.

In summary, the research (which is outlined and referenced below) suggests that there are trade-offs between cost and quality, although higher costs do not always indicate improved outcomes for clients. The data suggest higher average costs for community care than for institutional care in Britain and the reverse in one area of the United States. An Australian

study suggests higher costs for group homes than for semi-independent, community-based accommodation support. All suggest that outcomes for clients are generally better in community-based than institutional settings, with the Australian study suggesting this also for semi-independent, community-based support compared with group homes.

Felce et al. (2000) considered housing support to 36 adults with severe intellectual disabilities and the most severe challenging behaviour. The housing was of two types: traditional hospital institutional services and specialist community housing where all residents were regarded as having challenging behaviour. For these two broad service models and for this group of clients with very high support needs, the researchers found:

Higher accommodation costs were associated with lower resident ability and community services. Costs were inversely associated with setting size when the variable representing service model was omitted, but setting size did not otherwise add to the explanation ... Variation in accommodation costs did not contribute to the explanation of the level of staff:resident interaction or quality of life, neither did staff:resident ratios, after control for service model.

An earlier Felce paper concluded that community services were to be preferred to traditional services in terms of quality of life, 'but that they were considerably more expensive and there was doubt as to whether their greater quality could be linked to their greater cost' (Felce 1998, quoted in Felce et al. 2000:323). Higher costs of community than institutional services was also found in two other British studies, another by Felce focusing on people with more severe or profound intellectual disabilities (Felce 1986, quoted in Felce et al. 2000) and one by Knapp et al. which analysed costs for people with a wider ability spectrum (Knapp et al. 1992, quoted in Felce et al. 2000). Felce et al. (2000) suggest tenuous links between resource input and service quality. Their research suggests that the notion that the level of staff input can be taken as a proxy for quality of life of residents requires revision 'except in terms of more staff having a negative impact on resident autonomy'. They suggest that achieving the ideal staff input is a balance between under- and over-allocation.

This work is reinforced by Emerson et al. (2000a) who analysed residential support to 20 adults with severe and complex disabilities. These researchers found that residents living in dispersed housing schemes 'enjoyed a significantly greater quality of care and quality of life than participants living in residential campuses. The total costs of provision in dispersed housing schemes were significantly greater than the total costs of provision in residential campuses' (Emerson et al. 2000a:263). Cost differences were explained by significantly greater direct staffing costs in the community-based services.

Another study led by Emerson et al. (2000b) compared 86 people with intellectual disabilities living in 'village communities', newly built residential campuses and dispersed housing schemes. This work found that dispersed housing schemes cost 15% more than residential campuses and 20% more than village communities. However it also found that dispersed housing schemes and village communities offered significantly greater quality of care and quality of life than did residential campuses.

Felce et al. (2000) reported that their findings were consistent with other UK research that community services are more expensive than institutional services. However they also noted that this may differ between countries, recognising that a study by Stancliffe and Lakin (1998) in one State of the USA found that community services for people with severe or profound intellectual disabilities were less costly than institutional services. Felce et al. hypothesise that this could relate to different policy and funding settings, and funding histories, between countries.

A paper by Stancliffe and Keane compared matched groups of Australian adults with intellectual disability living in group homes or semi-independently. This comparison of non-traditional models found that outcomes did not differ significantly by group, although where significant differences did occur, people living semi-independently experienced better outcomes. There were no outcomes which were significantly better for group home residents. 'The lower level of staffing provided to semi-independent participants was not associated with poorer outcomes. Per-person expenditure was substantially higher for group home participants' (Stancliffe & Keane 2000:281).

Costing services

The costing exercise undertaken for the present study drew on and further developed the methodology employed in the 1997 study of unmet demand (AIHW 1997a).

The costing exercise undertaken for the 1997 AIHW study of unmet demand was underpinned by the first three of Knapp's four basic principles for cost research (Knapp 1995):

1. Comprehensiveness measure: costs broadly to cover all relevant services and other financial implications.
2. Recognise that there will be cost and outcome variations between service users, facilities and geographical locations.
3. Only make like with like comparisons.
4. Integrate cost information with information on user and other outcomes.

The fourth principle, which was beyond the scope of the 1997 study, is relevant to the present study in considerations of effectiveness in Chapter 4. The other three principles have been borne in mind in the requests for data from jurisdictions and in the subsequent analysis. However the general absence of quarantining of (or separately tracking the use of) the unmet need funding reduces the robustness of the cost estimates presented below (Table 3.9).

Cost data from States and Territories

The unmet need funding can be viewed as an increment of funding to a major service program. The question which follows is 'what is the cost of the increment of outputs achieved with that funding?'. In this case, the outputs are the number of clients supported.

As described above, jurisdictions agreed to specific reporting requirements about the use of the unmet needs funding in each of their Bilateral Agreements. There was no explicit requirement for States and Territories to report their expenditure of unmet need funds separately from other expenditure, nor to adopt a consistent method of reporting clients using services funded with unmet need funds by service type. This, along with the requirement to conclude the present study prior to the completion of the two-year funding period; and so before the full impact of unmet need funding can be observed, directly constrained the capacity of this study to provide a clear picture of funding levels and directions.

As a result, jurisdictions were only able to provide *both* expected client and expenditure figures in respect of 35% of 2000–01 recurrent expenditure, and 38% of ongoing full-year expenditure (Table 3.8).

Table 3.8: Analysis of recurrent expenditure and clients by service type, for jurisdictions where both expenditure and client data provided, compared with total expected recurrent expenditure for all jurisdictions^(a)

	2000–01 recurrent ^(b)		Full-year recurrent ^(c)	
	Clients supported	Expenditure (\$'000)	Clients supported	Full-year expenditure (\$'000)
Accommodation support	887	28,476	1,196	43,735
Community access	1,315	11,645	2,536	24,340
Respite	2,586	10,541	4,231	19,560
Other	3,820	3,000	3,820	3,000
Packages offering more than one service type	803	15,553	1,409	34,355
Total recurrent expenditure for which client figures are available:		69,215		124,990
<i>Total expected recurrent expenditure:</i>		<i>199,006</i>		<i>332,432</i>
% of expected recurrent expenditure for which client figures are available:		34.8%		37.6%

(a) The table does not include community support as it is not possible to add client figures across sub-categories within this service type (12% of expenditure in 2000–01). It also excludes service/infrastructure/quality development as there are no direct clients of this service type, only indirect support to clients (involving 9.5% of 2000–01 expenditure in 2000–01).

(b) For 2000–01, complete expenditure and client figures were not provided by New South Wales for any of the five service type categories and by Western Australia for respite. Further, in 2000–01 in the Australian Capital Territory, 30 Mature Carers Program clients (of their 43 package clients) and eight Post School Options program clients received benefit from one-off pilot funding in 2000–01 and so are not included in this table.

(c) For full-year recurrent funding, complete expenditure and client figures were not provided by New South Wales for any of the five service type categories, by the Northern Territory for accommodation support and by Western Australia for respite.

Source: Tables 3.6 and 3.7.

Average annual costs to government

For the data provided, average annual recurrent funding costs⁶ to government (based on 2001–02 costs) can be calculated by dividing the estimated full-year recurrent expenditure by the estimated number of clients who are reported as likely to benefit.

The estimated full-year recurrent expenditure is the appropriate expenditure figure for this calculation as it excludes the costs of set-up and other one-off costs that may have been incurred in the first year of the initiative.

Average rather than marginal cost is relevant here, for a number of reasons. In many instances, services funded were new initiatives (so that their costs may differ from established services). Furthermore average costs have been found to be most relevant to the issue of service costs in areas where unit costs of community care have been monitored over time⁷.

⁶ 'Funding cost to government' indicates the size of government contributions to services – it does not include administration costs nor does it indicate total cost of services.

⁷ See annual reports of the Unit Costs of Health and Social Care by the Personal Social Services Research Unit.

Table 3.9 provides the results of these calculations:

- as suggested by the literature, the average funding cost of supporting clients in a group home setting (just under \$60,000) was larger than that incurred in providing in-home accommodation support (at under \$31,000), although this may reflect a higher average client dependency level where the group home model is used;
- the average funding per client of accommodation support in Victoria, Western Australia and South Australia was \$36,568;
- the average funding per client of packages offering support in more than one service type (including accommodation support) in Queensland, Tasmania, the Australian Capital Territory and the Northern Territory was \$24,383;
- the overall average funding of accommodation support and multi-service type packages in these jurisdictions was just under \$30,000 (calculated by averaging the client and expenditure figures for jurisdictions with complete data returns in Tables 3.5 and 3.7);
- funding to respite clients on average was \$4,600; and
- funding for community access clients on average was just over \$12,500 for day program support and \$9,000 for post-school options support. This almost certainly reflects the higher average dependency level of day program clients.

In reading these figures, it should be noted that little is known about the composition of the costs reported here. From discussions with jurisdictions, the costs contain a different mix of direct and indirect service delivery costs. It is generally assumed that funding to non-government service deliverers, who deliver the bulk of services provided by unmet need funding, would incorporate an allowance for their indirect administrative costs.

It must also be stressed that the figures represent what the jurisdictions, on average, have been prepared to fund for these service types. The funding cost to government may not cover all the costs incurred by providers. Further, funding cost to government does not include additional costs borne by informal carers and clients in relation to their use of services and/or to complement what the services offer.

Further, as reinforced by the literature, costs will vary according to the standard or quality of care to be delivered. Lower costs do not necessarily imply cost effectiveness nor, according to the literature, do higher costs always mean enhanced outcomes for consumers.

Again reflecting on one of Knapp's principles, summaries of diverse information must try to ensure that like with like comparisons are being made, although the diversity and richness of program design and delivery may not be retained. Every attempt has been made to summarise and group the data provided by jurisdictions in a way that reflects what is being provided and how it is being delivered.

Table 3.9: Expected average recurrent funding per client, by service type and States and Territories, at 2001–02 prices ^(a)

	NSW	Vic	Qld	WA ^(d)	SA ^(e)	Tas ^(f)	ACT	NT	Average of jurisdictions with complete data ^(g)
Group homes		60,094			48,094				59,712
Other accommodation support		32,320			20,712				30,679
<i>Subtotal: Accommodation support</i>	NA	39,035		33,990	22,350			NA	36,568
<i>Subtotal: Packages offering more than one service type</i>			25,872			20,464	28,413	21,949	24,383
<i>Subtotal: Respite</i>	NA	2,465	6,500	Note 4	12,120			2,000	4,623
Therapy services		2,000		2,015			5,120		2,084
Specialist services		13,913			1,199				6,759
Early intervention					NA			NA	NA
Local area coordination/intake & assessment	NA	1,250	2,000	1,799					1,533
Other community support		4,805	3,203		NA				4,504
<i>Subtotal: Community support ^(b)</i>	NA	NA	NA	NA	NA		NA	NA	NA
Day programs		15,152		12,022	NA				12,624
Post-school options		8,244	11,250	11,987	13,306		16,667	20,833	9,216
<i>Subtotal: Community access</i>	NA	8,505	11,250	12,009	NA		16,667	20,833	9,598
<i>Subtotal: Other (including equipment)</i>	NA	785							785
<i>Subtotal: Service/infrastructure/quality development ^(c)</i>	NA	NA	NA	NA	NA	NA	NA	NA	NA

(a) Some jurisdictions provided information which would allow calculation of average funding costs for sub-categories within each of these service types, but this information was not presented in Table 3.5. It is, however, reported in this table.

(b) Clients in the community support sub-categories cannot be added as a client may receive support from more than one sub-category.

(c) This category includes all service development, quality, infrastructure and viability initiatives for which there are no direct client outputs, only indirect benefit. So an average funding cost cannot be calculated.

(d) Western Australia reported on four respite sub-programs. The average cost of two of these sub-programs is \$6,795 per client, representing an estimated full-year recurrent cost of \$5.3 million and an estimated 780 clients.

(e) Average funding for brokerage of accommodation support in South Australia is included in other accommodation support, rather than within other community support.

(f) Tasmania had two package programs—one which could include group home accommodation support (which had an average funding cost of \$106,667 per client) and the other which did not (with an average funding cost of \$8,380 per client).

(g) Insufficient information was available to report the average funding within all sub-totals for all jurisdictions. Thus some row totals are not the averages of their service type sub-totals.

Another source of information from which average funding costs can be calculated is the information compiled for a number of service types by the Productivity Commission (SCRCSSP). In Table 3.10 this information is compared with data from Table 3.9.

The Productivity Commission figures show average funding levels for all Commonwealth/State Disability Agreement services, including but well beyond the scope of 2000–01 unmet need funding service enhancements. These figures therefore largely represent the legacy of past funding practices, whereas the unmet need funding figures represent the expected average results of funding strategies employed by the jurisdictions during 2000–02.

The figures in Table 3.10 show that, on average, funding costs to government were higher for places run by government. Interestingly, average funding costs were lowest for large, non-government institutional places. While this could reflect historically lower levels of funding, it may also reflect, to a degree, British research that for some clients, institutional care may be delivered at lower cost, although it results in lower outcomes for residents than care in the community (Felce et al. 1998, 2000; Emerson et al. 2000a, 2000b).

Table 3.10 demonstrates that, for the service types and jurisdictions for which comparable data are available, these jurisdictions have utilised lower funding cost strategies in their distribution of unmet need funding than have been used on average in the past. In relation to the average funding cost of accommodation support and multi-service type packages, this probably largely reflects the absence of government-delivered places, in favour of group home and in-home accommodation models delivered mainly by non-government agencies.

The lower average costs for community access from unmet need funding reflect a higher proportion of post-school options funding in the unmet need funding than in the CSDA Productivity Commission figures, combined with the much lower post-school funding level of Victoria.

Table 3.10: Average funding per client for accommodation support and community access services, by States and Territories, comparing unmet need funding with average funding costs derived from tables from the Report on Government Services (\$) ^(a)

Source	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Average of jurisdictions reported in Table 3.9
Accommodation Support									
<i>Productivity Commission figures ^(b)</i>									
Average per govt inst./large residential place 2000–01 ^(b)	97,079	72,977	106,503	69,731	64,181	—	—	—	79,725
Average per govt community accomm. & care place 2000–01 ^(b)	95,649	72,305	83,597	81,230	44,401	61,322	75,483	—	73,324
Average per non-govt inst./large residential place 2000–01 ^(b)	35,024	39,517	21,743	25,089	23,281	31,421	—	—	30,701
Average per non-govt community accomm. & care place 2000–01 ^(b)	60,145	53,226	29,771	55,551	25,820	48,797	22,728	72,800	46,208
Average govt \$ per client 2000–01 ^(c)	77,062	67,272	47,775	61,492	45,234	50,616	61,765	68,612	63,856
<i>Jurisdiction Survey figures ^(d)</i>									
Average per shared supported accomm. or group home client ^(d)		60,094			48,094				59,712
Average per other accomm. support client ^(d)		32,320			20,712				30,679
Average estimated funding cost for accommodation support per client ^(d)		39,035		33,990	22,350				36,568
Average funding cost for packages offering more than one service type per client ^(d)			25,872			20,464	28,413	21,949	24,383
Community Access									
<i>Productivity Commission figures: Average govt \$ per client 2000–01^(e)</i>									
	16,986	17,339	14,274	24,342	10,444	18,583	12,510	34,615	16,956
<i>Jurisdiction Survey figures: Average estimated cost^(d)</i>									
		8,505	11,250	12,009			16,667	20,833	9,598

(a) Accommodation support and community access are the only two service types for which sufficient data are published by the Productivity Commission to calculate average funding cost.

(b) SCRCSSP 2002, table 13A.19.

(c) Calculated from SCRCSSP 2002, tables 13A.7 & 13A.11.

(d) These figures are the estimated full-year recurrent effect of unmet need funding initiatives (at 2001–02 prices) divided by the anticipated number of clients to benefit from the expenditure (as shown in Table 3.9).

(e) Calculated from SCRCSSP 2002, tables 13A.7 & 13A.13(B).

3.8 Unmet need funding cost experience

Just as the expected average costs per client from unmet need funding have differed from historic average costs (Table 3.10), it is assumed that future average costs may also vary, as the experiences of jurisdictions with new service initiatives and strategies are followed by review and analysis, leading to revised funding and support models. Further, there is some information from a number of jurisdictions which suggests that this initial unmet need funding initiative selected clients most in crisis or with the highest needs⁸. However, with time it is possible that more funding will be allocated to proactive rather than reactive support. This will almost certainly affect cost structures and will be a challenge for future costing exercises. This issue is explored in Chapter 8.

A number of jurisdictions provided contextual information in relation to the average annual funding costs expected in the unmet need funding initiative. Some of this information suggests that future costs could vary from unmet need full-year average costs which in turn varied from historical costs.

Four jurisdictions commented on their average individual support package costs, three saying that they expected they could in the future be larger than suggested by their average need experience:

- Queensland suggested that its future average funding costs per place for Adult Lifestyle Support packages may be as high as \$35,000, although the unmet need funding average is expected to be \$24,000.
- Western Australia reported an average individual support package cost of \$45,000 in its survey response, compared to the average of \$34,000 expected to be the case from unmet need funding. This variation was thought to result from a greater proportion of historical funding including residential care, whereas all unmet need funding was for support in the community or in clients' homes. A large range in actual client funding packages is based on self-reporting (by agency or outlet), with some packages (for example, for people with multiple sclerosis) being as low as \$500 per annum.
- Northern Territory expected its average funding cost for individualised packages could be as high as \$30,000 (rather than the \$21,949 in Table 3.9). This was because a number of clients were likely to be requiring much higher funding levels than initially approved. They also reported that there were another 20 people funded outside the unmet need funding initiatives whose package were costing an average of \$95,000.

⁸ This is said to be not the case in Western Australia which reported that specialist disability services 'are based on a preventive strategy that is designed to avoid the need for more crisis-orientated and costly interventions at later stages; included in this strategy are:

- early intervention services and support for people with disabilities and their families and carers;
- supports for people to live within their own local communities rather than residential facilities;
- Local Area Coordination that has State-wide coverage and helps facilitate the mobilisation of community capacity.

The results of this strategy can be illustrated by the age distribution of service users in Western Australia as compared with other jurisdictions. The significantly higher proportion of service users in the under 16 age group is largely the result of Local Area Coordination'. (Western Australian survey response, page 4)

- The Social and Community Services Award increase in New South Wales will significantly increase costs of service provision in the non-government sector. The current annual estimate of the cost of this increase is in the order of \$29 million recurrent.

Western Australia reported higher Local Area Coordination (LAC) costs for all CSDA clients than was the case for those supported with unmet need funds (which had an average coordination cost of \$1,800). In 2001-02, it has been estimated that for all Western Australian clients, the average LAC cost was \$2,278 per client, with direct grants of \$8,112 per client.

The average client cost for the Australian Capital Territory Post School Options program suggests that a higher proportion of initial clients were in the high funding band than was expected from applications, as lower need school graduates have other alternatives to work, or work options available to them. The Australian Capital Territory Post School Options program provides flexibility to explore options beyond the standard funded programs, while retaining a level of control as to how far the interpretation of 'alternative to work activities' is taken. The Australian Capital Territory expects that the availability of Commonwealth employment programs will continue to influence the level of applications at the lower level to the Post School Options program in the Australian Capital Territory.

Jurisdictional comments on cost factors

Jurisdictions were also asked about any cost factors which they felt applied particularly in their jurisdiction and about the costs of supporting clients with a disability with additional needs (from Indigenous or other cultural or language backgrounds, or from rural or remote areas). While some of the cost factors mentioned by the jurisdictions are addressed by the Commonwealth Grants Commission in its equalisation process, jurisdictions' comments are outlined here as reported.

A number of jurisdictions reported that weightings are included in their planning systems for clients with a disability with additional needs. New South Wales considers rurality and Indigenous status in its Population Group Planning and Queensland includes a 10% weighting for residents living in rural or remote areas and a 100% weighting for Indigenous people in its regional funding formula. The Commonwealth is currently considering whether a higher funding level should be applied to providers of support to people in rural and remote areas.

Higher costs were reported as being associated with:

- *supporting a highly decentralised or dispersed population*, in jurisdictions with large regional, rural and remote areas (mentioned by Queensland, Western Australia, Tasmania, the Northern Territory and the Commonwealth). Tasmania noted that this dispersion results in a greater reliance on individualised or small group service options, with increased operational costs such as transport. The Northern Territory noted that there were few disability service providers in remote areas, with basic services being provided to people with a disability via the HACC program. Many urban-based services were reported as having their staff travel out to remote area communities, with its associated travel costs. 'During the wet season some communities are only accessible by air charter which increases the associated costs of travel.'⁹ Staff recruitment, retention and training costs were seen to be higher in rural and remote areas.

⁹ Northern Territory Survey response, page 13.

The Northern Territory quoted a report of Thomson Goodall (2001) on employment services:

Although based on a limited number of cases, the data suggests that input costs for disability employment services in rural and remote locations are 10–20% higher than in urban areas, mainly due to higher travel and communication costs. Salaries and wages may also be slightly higher. The Commonwealth Grants Commission has information which supports these estimates, indicating even higher relative costs in very remote locations... In addition to higher input costs, staff productivity in rural and remote open employment services is often relatively low due to longer travel times (especially where services are provided on an outreach basis), and lower 'throughput' of job seekers with disabilities, the result of weak and/or seasonal labour markets. (Thomson Goodall 2001:viii–ix)

The Northern Territory also noted that, based on the work of the Grants Commission, the Thomson Goodall report estimated that disability services in the Northern Territory require nearly twice the average Australian expenditure due to the dispersed nature of the population, the higher proportion of Indigenous people and other factors (Thomson Goodall quoted in the Northern Territory Survey response);

- *the support of people from other cultural and language backgrounds* (mentioned by New South Wales, the Northern Territory and the Commonwealth). The Northern Territory quoted a report by the Australian Bureau of Statistics (2000), commissioned by the Commonwealth Grants Commission Indigenous Funding Inquiry, which estimated that providing culturally appropriate services for Aboriginal people increased service delivery costs by 10%¹⁰;
- *high population growth* (mentioned by Queensland and New South Wales);
- *support of a different profile of disabilities between jurisdictions*. The Northern Territory noted that it had the highest proportion of clients with a profound core activity restriction utilising CSDA services;
- *higher housing and rental costs of Sydney* (as shown in the Australian Bureau of Statistics CPI Quarterly Review);
- *higher costs of living in non-metropolitan areas* (mentioned by Queensland, Western Australia and the Northern Territory)¹¹. The Northern Territory noted the additional transportation costs of bringing goods to Northern Territory communities, with remote areas being especially disadvantaged by paying higher costs to have goods delivered to them;
- *different salary rates* between jurisdictions (mentioned by New South Wales and Victoria);
- *high rates of ageing* in certain areas (for example, mentioned by New South Wales (in relation to its northern region), Queensland and the Commonwealth); and
- *higher cost margins* in the Northern Territory and the Australian Capital Territory as fixed costs are not as easily spread amongst their limited number of service providers with smaller providers being unable to benefit from economies of scale.

Funding and service delivery difficulties were reported to arise from:

- the high level of *unmet need* (mentioned by Queensland);

¹⁰ Australian Bureau of Statistics 2000, quoted in the Northern Territory Survey response.

¹¹ Western Australia and the Northern Territory both referred to the work of the Grants Commission.

- the historic cost and service provision *balance between government and non-government provided care* and the associated salary, conditions, models, cost and ability differentials of the two sectors, which may vary by region within jurisdictions (mentioned by New South Wales, Victoria, Queensland, the Northern Territory and the Commonwealth);
- historic *service provision and resource allocation differences* between jurisdictions and between geographic areas, which do not necessarily match current demography or future trends (for example, historic resource deficiencies were mentioned as occurring in northern New South Wales; a lower current level of service provision was reported in Queensland; and Western Australia noted that its medical and specialist services were unique);
- 'historic *underfunding of the disability sector* resulting in large numbers of extremely high-cost clients due to crisis situations' (Queensland);
- the amount of *congregate care* still being provided within a jurisdiction (mentioned by Victoria);
- different average costs of service deliverers (mentioned by Queensland); and
- a *limited number of service providers* in the Australian Capital Territory and the Northern Territory to compete for potential contracts, which limits these jurisdictions' capacity to negotiate a best price. The Northern Territory also noted that this affected the provider network's ability to lobby for cost reductions (for example, in terms of reduced workers' compensation premiums).

Queensland and the Northern Territory reported difficulties in establishing new service responses in areas with limited existing infrastructure and few, if any, service purchase options. The Northern Territory also noted that the absence of appropriate infrastructure resulted in some people with a disability being inappropriately relocated to major centres.

The Northern Territory reported the results of Disability Community Consultation forums, which were held in Darwin (30 October 2001) and Alice Springs (13 November 2001):

Participants acknowledged the need for a combination of individual funding and funding to service providers.

For a wholly individualised model to work properly, a wide range of services need to be on offer. In the Northern Territory, particularly in rural and remote areas there is a small, limited service network, which means that there is little choice in the spectrum of services which consumers are able to purchase their care and support services from.

The unmet need funding round 2000-01 was acknowledged as a starting point but it was recognised that for many people who did receive funding there were limited or no services to purchase, particularly in remote areas.

Sustainability of services in remote areas was recognised as an on-going concern, e.g. funding for the administrative component of their work, cost of vehicles, staff training etc. Overheads impacted on the services that could be provided. Innovative service models were required. Pooling of funding was seen as one way to maximise the purchasing power.

Anecdotal feedback has highlighted that for individuals living in remote areas there were some cultural difficulties associated with the receipt of individualised funding, i.e. issues pertaining to the payment of family members to provide services, e.g. Who is allowed to do what for whom, who the payment goes to etc.¹²

¹² Northern Territory Survey response, pages 18-19.

Queensland also reported concerns about:

- 'the "cost" of disability, both in terms of the cost of aids and equipment, and the GST which is placed on some essentials such as air conditioners (required for temperature control for people with severe physical disability). These issues are not taken into account in the Commonwealth's income support system'¹³; and
- 'Commonwealth Tax Reform – compliance with the new requirements is time-consuming and often beyond the expertise of volunteer management committees. Service providers' operating/administrative budgets are unable to meet these requirements, resulting in funds being diverted from service provision budgets and therefore less service to clients. Some are having to purchase specialist accounting and other financial expertise. For States this is a cost-shifting exercise both in terms of the diversion of funds away from service provision, and of having to "bail out" providers when they have reached critical points in terms of their viability, often for millions of dollars.'

Developments in funding or purchasing arrangements and costing approaches

A development in most jurisdictions since the 1997 study is the expansion of resource allocation and funding or purchasing arrangements used, including systems based on:

- *individual assessments* of applicants which lead to support strategies which are then costed according to predetermined funding increments or unit costs. This system is largely used for accommodation support and individual packages;
- *categorisation* of applicants into broad bands of support need, to which predetermined funding levels apply. This is most often used for post-school option services but is also being used for packages, day services, community support and local area coordination, in some jurisdictions. The post-school option systems used include:
 - in Victoria, six funding bands are used related to client need, from the lowest level which is funded at a rate of \$7,014 per annum (which is assumed will support 20–30% of clients), to the second level of \$8,317 (20–30% of clients), third level of \$10,751 (10–20% of clients), fourth level \$15,809 (10–20% of clients), fifth level \$17,513 (<10% of clients) to level 5.5 \$20,166 (<5% of clients);
 - Queensland uses two funding bands: low which provides less than \$14,500 (for possibly 61% of clients) and high which funds between \$14,500 and \$18,500 per annum (for possibly 39% of clients);
 - the Australian Capital Territory uses four funding bands: low – \$6,000 per client per annum, based on 200 hours (for some 24% of clients); medium – \$10,000 per client per annum based on 333 hours (7% of clients); high – \$14,000 per client per annum based on 466 hours (23% of clients); and very high – \$20,000 per client per annum based on 666 hours (46% of clients);

The very different distribution of clients supported across the fairly similar funding bands in Victoria and the Australian Capital Territory would suggest that the Australian Capital Territory would incur higher average government funding per person supported. This is demonstrated in the figures in Table 3.9 for the unmet need funding;

¹³ In relation to this point, Queensland referred to the web sites of the Physical Disability Council and of QCOSS.

- *resource allocation formulae* related to demographic, socioeconomic, geographic and other characteristics of areas, which may include weightings for particular target groups and/or goals of ensuring geographic coverage of all catchment areas. This system is most often used for service development and intake, assessment and/or local area coordination projects.

Contracting of service providers to provide prescribed services (which may be in relation to specific individuals) is becoming increasingly common, although Queensland, the Northern Territory and the Australian Capital Territory each mentioned difficulties associated with contracting (outlined above).

3.9 Unmet need funding: comparisons with past estimates

The study team also set out to answer the question: How does the quantum of new service provision compare with what might have been anticipated, based on the estimates of need and cost contained in the AIHW 1997 report and the Administrators' paper of 1999? This section compares the estimates of need from the AIHW 1997 report with jurisdictions' estimates of the effect of the unmet need funding in future years. In order to make these comparisons various assumptions are needed, for example to deal with missing data.

The AIHW report conservatively estimated that, in 1996, there could be some 13,400 people who had expressed unmet demand for accommodation and respite support and another 12,000 for day programs (AIHW 1997a). It was estimated that these may cost \$178.29 million and \$115.79 million to meet respectively. The funding cost method used was built up from the estimated need of individuals within each of these groups and from predicted appropriate service response levels (see also Appendix 1).

In 1999, Disability Administrators considered the Institute's estimates and (as reported in Chapter 1) recommended to Ministers that:

- 750 clients with profound disabilities be provided accommodation support, at an average cost of \$50,000 each;
- 16,760 ageing carers be supported with either or both respite or day programs, at an average cost of \$10,400 for each service component per client; and
- 7,890 younger families be supported with either or both respite or day programs, at an average cost of \$10,400 for each service component per client.

Table 3.11 places the 1997 AIHW estimates of unmet need for disability services (namely the estimated number of clients and the estimated cost of supporting them) alongside jurisdiction-based figures of the possible future effects of the unmet need funding provided in 2000-01 and 2001-02 (namely the number of clients that may be supported with unmet needs funding when it is fully operational). Caution is needed when interpreting the jurisdiction-based figures because they were derived by:

- taking the expected full-year recurrent expenditure provided by jurisdictions for each service type (see Table 3.5);
- considering the expected number of clients to be supported with this expenditure, provided by some jurisdictions for some service types (see Table 3.7); and
- deriving possible client numbers where client figures were not provided by jurisdictions (by dividing expected full-year recurrent expenditure for these jurisdictions and service

types, by the average funding costs derived for these service types by information provided by other jurisdictions).

Because of missing data, this comparison or checking process does not provide reliable estimates. For instance, it uses estimated projections of some jurisdictions and applies average funding costs from other jurisdictions to fill gaps.

This process broadly suggests that the ongoing impact of the unmet need funding *could* be that (Table 3.11):

- some 14,800 clients *may* receive accommodation support, multi-service packages or respite support (4,400, 1,400 and 9,000 respectively), which is higher than initially recommended; and
- some 3,500 clients *may* receive day programs support, which is lower than initially recommended¹⁴.

In addition, the jurisdiction-based estimates show that jurisdictions used the funds for purposes beyond accommodation, respite and day programs. An additional number of clients will also receive community support or other (mainly equipment) assistance. Clients can also be expected to receive indirect benefits from funded quality and service infrastructure development projects.

The analysis also suggests that overall average costs for accommodation and respite and for day programs, depending upon the New South Wales results, *may* approximate those predicted. However, New South Wales has indicated a range of factors as to why it believes its costs are greater. So the client extrapolations outlined above may be on the high side, that is, fewer clients may realistically be assisted, and the average cost figures on the low side, that is, funding cost per client may in reality be greater.

Further, it must be noted that the grouping of accommodation and respite costs camouflages a considerable range in delivery costs, and allows high client numbers for lower cost respite services to offset lower client numbers for higher cost accommodation services. Separation of these service types in future estimates may better reflect expenditure goals and client needs. This issue, and the methodology used, is discussed in Chapters 2 and 8.

¹⁴ In some jurisdictions clients may receive day support as part of their multi-service packages, which could extend the number, to perhaps a maximum of 4,900 clients, which is still below the level initially recommended.

Table 3.11: Comparison (check) of AIHW 1997 estimates with jurisdiction estimates of future effects of unmet need funding

a. Numbers estimated by AIHW and reflected in Administrators' paper 1999			
Unmet needs	Number	Total funding cost	Average funding cost (AIHW)
Accommodation and respite	13,400 people	\$ 178,290,000	\$ 13,305
Day programs	12,000 places	\$ 115,500,000	\$ 9,625
Total		\$ 293,790,000	

b. Jurisdiction-based figures: Possible effect of unmet need funding (based on estimated full-year recurrent expenditure and clients supported from Tables 3.5 and 3.7)			
Unmet needs	Possible number of clients supported	Expenditure provided by jurisdictions	Possible average costs
Accommodation support	4,400	\$ 161,119,000	\$ 36,618
Multi-service type packages	1,400	\$ 34,355,000	\$ 24,539
Respite	9,000	\$ 41,800,000	\$ 4,644
Community support	not available	\$ 41,034,000	not available
Community access	3,500	\$ 34,453,000	\$ 9,844
Other	8,500	\$ 7,108,000	\$ 836
Service/infrastructure/quality development	not available	\$ 12,563,000	not available
Total		\$ 332,432,000	
<i>Subtotal accommodation, respite or multi-service type packages:</i>	<i>14,800 people</i>		<i>\$ 16,032</i>
<i>Subtotal day programs:</i>	<i>3,500 people</i>		<i>\$ 9,844</i>
<i>Subtotal other:</i>	<i>not available</i>		<i>not available</i>

Sources: AIHW 1997a and NDA 1999.

3.10 Summary: use of the funding

Quantum

Bilateral Agreements in 2000 between the Commonwealth and all other jurisdictions covered unmet need funding of \$519 million over two years, 2000–01 and 2001–02. Through the survey for this study, jurisdictions reported on estimated expenditure totalling \$575 million.

New South Wales, Victoria and the Australian Capital Territory reported applying more funds over 2000–01 and 2001–02 than were required under the Bilateral Agreements with the Commonwealth.

Expenditure in New South Wales dominates unmet need funding—50% of the \$220 million reported on in 2000–01 and 51% of the \$355 million estimated in 2001–02.

Growth in disability expenditure in 2000–01 exceeded Bilateral Agreement offers by all jurisdictions except New South Wales (see Section 3.3).

Constraints on national expenditure analysis

The unmet need funding is a national initiative that has been translated differently in each jurisdiction, including the application of the Commonwealth funding, which targets ageing carers.

The unmet need funding has not always been 'quarantined' within disability expenditure and so in many cases its size and client impact had to be estimated. Furthermore, the unmet need funding is a two-year initiative being considered after 18 months and with only one year of data.

Some jurisdictions reported they were not able to fully roll out the 2000–01 funding within the 2000–01 financial year. Consultations with other jurisdictions suggest they had similar problems although their figures do not show under-expenditure for 2000–01.

New service models are still evolving (with expenditure including set-up costs) so actual recurrent funding costs are not yet available.

Given these circumstances, all expenditure figures should be considered estimates and must be used with caution.

Application of the unmet need funding

Over the two years of funding, around 66% of both Commonwealth and State funding is estimated to be directed towards accommodation support, multi-service packages and respite. Around 31% of Commonwealth funds are expected to be allocated to respite compared to 11% of States' and Territories' contributed funds.

The ongoing effect of unmet need funding is expected to be an even greater emphasis on accommodation support, multi-service packages and respite, with 71% of funds directed to those service types (Table 3.5).

Clients supported and funding amounts

Client numbers provided by jurisdictions are incomplete. These incomplete reports suggest that, on an ongoing basis, at least 1,200 clients will receive accommodation support, 1,400 are expected to receive individualised packages (containing more than one service type), 4,200 are expected to receive respite support and 2,500 are expected to receive community access support. The incompleteness of these figures is apparent when it is noted that the estimates of clients supported relate to only 35% of 2000–01 funding (Table 3.6) and 38% of ongoing recurrent funding (Tables 3.7 and 3.8).

For accommodation support, average funding per client from unmet need funding is lower than historic CSDA costs as reported to the Productivity Commission (Table 3.10). This probably reflects the absence of government-delivered accommodation services and the lower representation of group homes in the new funding.

For community access, the average funding per client from unmet need funding is lower in four jurisdictions than historic costs as reported to the Productivity Commission and higher in one (Australian Capital Territory) (Table 3.10).

Jurisdictions reported new service initiatives for ageing carers (see Section 3.4) although the variety of reporting methods does not readily allow aggregation of the data supplied.

Achievements compared with expectations

The full effect of funding will not be apparent in client outputs until after the two years of additional expenditure have been completed, that is, until 2002–03. Given the incompleteness of the data currently available on the effect of the unmet need funding, it is too early to judge the extent to which it may achieve the service needs identified by National Disability Administrators in 1999. However, an exercise was undertaken to compare the estimates of unmet need from the AIHW 1997 report with jurisdictions' expectations of the effect of the unmet need funding in future years. From this exercise, it appears that jurisdictions' expectations of the full-year effects of the unmet need funding may be broadly consistent with the 1997 estimates of the AIHW and disability Administrators (Section 3.9).