

4 July 2007

The Hon Mal Brough MP
Minister for Families, Community Services and Indigenous Affairs
Parliament House
CANBERRA ACT 2600

Dear Minister

I refer to your letter of 8 June 2007 and the joint State and Territory correspondence of 28 June 2007 regarding future directions for the Commonwealth State/Territory Disability Agreement (CSTDA) and disability funding.

As outlined in the joint response of 28 June I remain committed to a multilateral approach for the fourth CSTDA. In common with other Ministers I believe that this will provide the best opportunity to support and strengthen the national disability service system.

As you know, the New South Wales Government has a strategic plan in place, *Stronger Together: a new direction for disability services 2006-2016*. This plan has a 10-year vision and details expenditure of \$1.3 billion for the first five years on a wide range of services to support people with a disability, their families and carers.

I also note your undated letter received by facsimile on 4 July 2007 which withdraws the Commonwealth's offer of bilateral funding for accommodation and respite. You had made the claim that this funding offer was uncapped funding and had no deadline.

I make two observations:

1. The Commonwealth's offer of bilateral funding on accommodation and respite was not a genuine offer to the NSW Government, as you had consistently and publicly ruled out forward estimates.

Your decision to exclude forward estimates even before bilateral negotiations began meant that the Commonwealth never intended to match the NSW Government's \$925 million commitment to accommodation and respite under the first five years of *Stronger Together*.

I am disappointed by your decision to exclude forward estimates. It punishes people with a disability, their families and carers in New

South Wales simply because of a timing issue – that is, the NSW Government announced *Stronger Together*, backed up by \$1.3 billion, over 12 months ago. However, I am not surprised at the position you took. It is consistent with Prime Minister John Howard's letter to Premier Morris lemma last year in which the Prime Minister ruled out matching *Stronger Together* funding.

2. I am significantly concerned that the package you announced last week does not come close to matching the NSW Government's commitment to accommodation and respite.

Your announcement advises that the Commonwealth will make the following commitments across the whole of Australia over five years:

- 1750 new accommodation places
- 800 new respite places

Under *Stronger Together*, the lemma Government is committing to families in NSW over five years:

- 1400 new supported accommodation and intensive in-home support places
- 1260 new respite places – which we have already exceeded in the first two years. This is on top of the 791 respite places the NSW Government has provided as part of the Older Parents Carers Respite in the 2006/07 financial year.

It would appear that of the \$1.8 billion announced by the Commonwealth last week, \$800 million goes to carer's payments and business services – direct Commonwealth responsibilities. This leaves approximately \$1 billion for specialist disability services. I note the Prime Minister urged the States and Territories to match the Commonwealth's announcement. In fact, the Commonwealth's offer has not yet matched what the NSW Government has committed for families in this state under *Stronger Together*.

I argue that the Commonwealth's announcement last week does not meet your intention to match accommodation and respite on a dollar for dollar basis. If you do intend to make a real difference for people with a disability, their families and their carers, I urge you to consider the additional funding NSW can commit to accommodation and respite under a bilateral approach.

Supported Accommodation and Respite

I am pleased to advise that New South Wales, after its contribution to the offer proposed through the multilateral approach, is able to offer a further \$428 million for unmet demand for supported accommodation, respite and services with a respite effect through a bilateral agreement. The following table outlines projected cash flows for *Stronger Together* and proposed additional contributions under a bilateral agreement in current dollars.

	2006/ 07 \$M	2007/ 08 \$M	2008/ 09 \$M	2009/ 10 \$M	2010/1 1 \$M	2011/1 2 \$M	Total \$M
Stronger Together	154.5	192.5	281.8	332.4	377.6	N/A ¹	1,338.8
Estimated Funding for Supported Accommodation, Respite and Respite Effect Services²	N/A	93.2	156.8	194.9	232.0	232.0	908.9
NSW Bilateral Contribution	N/A	43.9	73.8	91.9	109.2	109.2	428.0
Australian Government Bilateral Contribution	N/A	43.9	73.8	91.9	109.2	109.2	428.0
Total Bilateral Contributions	N/A	87.8	147.6	183.8	218.4	218.4	856.0

Notes:

1. *Stronger Together* growth for 2011/12 to be confirmed.
2. Increase in funding compared with 2006/07 recurrent funding levels.

It is clear that through a matching arrangement of recurrent funding, the combined effort of both our governments could achieve significant outcomes for people with a disability and their families and carers over the life of the next Agreement.

The funding from the New South Wales Government alone will provide well over 4,000 additional places or packages of support over the period. Subject to negotiation of an agreed service mix and taking account of the Australian Government's contribution, a significantly higher number of places could be provided from the combined funding pool.

New South Wales will also commit to funding for a number of other CSTDA service such as therapy and community support. Considerable funding will be invested in these services and in supporting the infrastructure to ensure that the sector remains sustainable and viable.

The New South Wales Government has demonstrated its preparedness to address unmet need across the range of specialist disability services in successive budgets throughout the term of the current Agreement. As you would be aware, since 2002 New South Wales has contributed an additional \$756 million over what it committed at the time of signing the Agreement. *Stronger Together* continues that trend.

This complementary approach on supported accommodation and respite, together with the multilateral agreement, between both our governments will ensure your proportional contribution to specialist disability services in New South Wales will not decline over the life of the next Agreement.

Stronger Together, Unmet Need and Demand

In the planning and preparation of *Stronger Together* New South Wales undertook extensive work to build on the strengths of methodology developed by the AIHW and other data sources. This work was undertaken by PriceWaterhouseCoopers through an independent actuary to examine all sources of data including the ABS Survey of Disability, Ageing and Carers. It included, but looked beyond, the Department of Ageing Disability and Home Care's waiting lists and was informed by a rigorous analysis of current unmet need and projected future growth in demand for specialist disability services in this State. Demand drivers such as growth in population, increase in prevalence of disability and increasing pressures on carers were factored into the modelling.

This work was influential in the decision of the New South Wales Government to commit to funding the initiatives in *Stronger Together*.

Stronger Together included an immediate commitment of \$154 million in 2006/07 and over \$1.3 billion (including our commitment the Young People in Residential Aged Care initiative) in funding for the period 2006 to 2011.

While *Stronger Together* goes a long way to addressing the needs of people with a disability and their families, I am sure you will agree that a complementary approach with investment also from the Australian Government would provide the opportunity to address critical areas of need in a truly comprehensive manner.

I look forward to further discussions with you on these matters and would be happy to meet with you at your convenience.

Thank you for your consideration of this matter.

Yours sincerely

A handwritten signature in cursive script that reads "Kristina Keneally".

The Hon. Kristina Keneally MP