

Chairman; Mr Roger Cook; Ms Janine Freeman; Dr Kim Hames; Dr Graham Jacobs; Mr Peter Abetz; Mr Albert Jacob

Division 75: Disability Services Commission, \$489 062 000 —

Mr A.P. O’Gorman, Chairman.

Dr K.D. Hames, Minister for Health representing the Minister for Disability Services.

Dr R.F. Chalmers, Director General.

Mr G. Meyers, Chief Finance Officer.

Mr M.J. Carroll, Manager, Commonwealth–State Relations and Funding Analysis.

Ms D. Fitzgerald, Chief of Staff, Office of the Minister for Disability Services.

Mr S. Eadie, Principal Policy Adviser, Office of the Minister for Disability Services.

[Witnesses introduced.]

The CHAIRMAN: Members, are there any questions?

Mr R.H. COOK: I refer the minister to the first dot point on page 892 that refers to the growing demand “to meet diverse and emerging needs of people with disability, their families and carers.” Part of this is driven by population growth and the decline in the availability of informal care et cetera. I note the obvious anticipation of a significant increase in the demand for the services of the Disability Services Commission. However, in relation to the full-time equivalent in the budget, there is no increase in any of the five services listed under services and key efficiency indicators. If the demand for services is increasing, why are there no additional FTEs?

Dr K.D. HAMES: I defer to Dr Chalmers.

Dr R.F. Chalmers: The commission FTE has not changed for approximately 10 years. We have always run at about that FTE. What has changed is the growth of the non-government sector. It has grown significantly over that 10-year period. Over that period, successive governments have channelled all the growth out to a range of non-government service providers that now provide a range of services for people with disabilities right across the state.

Mr R.H. COOK: I have a follow-up question in relation to the provision of services such as housing. Is it correct that all DSC staff are contracted out and therefore are not DSC employees?

Dr K.D. HAMES: I defer to Dr Chalmers.

Dr R.F. Chalmers: The member mentioned our accommodation service. In terms of the number of people that we support, our accommodation service has not changed for a long time; therefore, the staff that we require to support those people has not changed for a long time. All the growth in accommodation services has, as I said, occurred in the non-government sector.

Ms J.M. FREEMAN: I refer to the second dot point on page 892 of the *Budget Statements*. We have heard about housing. Based on the current application levels for housing, which I understand the commission publishes through its CAP, or combined application process, bulletins, how much unmet housing need remains once these 169 homes have been built?

Dr R.F. Chalmers: That is very difficult to determine each funding round because the number of people who will require housing, and therefore the disability support dollars that we provide through those rounds, is unpredictable. It is near-on impossible to predict the housing stock requirements.

Ms J.M. FREEMAN: In terms of predicting need, the department must have some sort of strategic plan. Will the current plan to build 169 homes meet 10 per cent of the unmet housing need or 40 per cent of that need? What is the long-term plan for the commission and the 169 homes and the demand they will meet?

Dr K.D. HAMES: I am sorry; we have to go through the process: I defer to Dr Chalmers.

Dr R.F. Chalmers: The 169 houses will cut deeply into the unmet demand for housing stock that we have at the moment. It will not cover it all, but it is not the only strategy that we employ. People with disabilities who receive support from the commission through our accommodation support funding are also, routinely, getting housing stock through the social housing list.

Ms J.M. FREEMAN: When the director general said it cut deeply, can the minister give me an indication of the percentage size of that cut?

Dr K.D. HAMES: I defer to Dr Chalmers.

Dr R.F. Chalmers: No; we cannot because, again I reiterate, each funding round generates a different demand. It is not as though we have a waiting list for houses that we can quantify.

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Mr R.H. COOK: Is the department overwhelmed each time there is a funding round?

Dr R.F. Chalmers: There is no doubt that up until now each of our funding rounds has generated increased demand for housing stock to match the accommodation support that we have, and that is why the allocation of these additional dollars will go a long way to meet that demand. But in proportional or percentage terms, we are not in a position to say what that is.

Mr R.H. COOK: Is the subscription double? Would the minister expect to see, for instance, 300 applications for the extra 169 beds—or 400 or 500?

Dr R.F. Chalmers: Again, if in a particular round we get 300 or 400 people applying for accommodation support funding, some of those people will not require any housing because they already have accommodation in which to live. Others will rent their own accommodation via family or friends. Others will want a place in a group home. Some will want a different style of accommodation all together. We do not know from one round to the next what that demand will be.

Dr G.G. JACOBS: We referred to this when talking about mental illness. It is clear that this will deliver 169 new social housing units. Do these units come with that wraparound, personalised support services for those people as it does for mental illness support services? Are additional dollars provided for that? Is it under the current application process or are there some additional dollars to personalise a support service for those places?

[4.30 pm]

Dr R.F. Chalmers: All the people who will access one of those housing facilities, be it a flat, a unit, a duplex, half a house or so on, will have accommodation support dollars that accompany them. The Department of Housing supplies those houses for us either through spot purchase or by purpose building them for us and every one of the individuals has accommodation support funding that is used to meet their care and support requirements.

Dr G.G. JACOBS: When we talked about mental illness, an average figure was given for the personalised support service for those people who were going to be found new houses. Is there a dollar average reflecting the personalised support service for an individual?

Dr R.F. Chalmers: The average figure is \$103 000 per annum.

Mr P. ABETZ: I refer to the first dot point on page 892 of the *Budget Statements* that states —

Disability services continue to grow to meet the diverse and emerging needs of people with disability, their families and carers.

How is the government responding to the need for respite services? Also in that context, I think in the last budget a commitment was made to build some respite centres. How is that progressing, particularly the one in Gosnells?

Dr K.D. HAMES: Dr Chalmers.

Dr R.F. Chalmers: The commission was given \$11.75 million of funding over four years for the construction of five respite houses. But decisions were taken after consultation. Out of a process of looking at demand patterns right across the state, looking at demographics and looking at where unmet need was currently sitting, it was determined that these five respite facilities would be located in Broome, Rockingham, Clarkson, Gosnells and York. In short, we are absolutely on target and on budget to meet that requirement. The Broome facility is up and running and is working very effectively in meeting the needs of people right across the Kimberley region. It is a very flexible arrangement, and the feedback we are getting is very strong indeed. The sod was turned on the York land. The Shire of York gave a piece of land to assist us and that land is very well located right in the middle of the York town site. That is proceeding according to the time frame we have available. We have building approvals for the facilities in Clarkson and Rockingham. Designs are being put together for those. The designs are based on what families tell us they want these facilities to do and provide them with by way of support. Every one of those facilities is at various stages of development, as we had planned to do, and we are comfortable that we will hit all targets as for that commitment.

Mr P. ABETZ: The Gosnells facility was not referred to in that answer. Are there any plans for that?

Dr R.F. Chalmers: There is a block of land in Gosnells that belongs to the commission. It is in a good residential location. Plans are well underway for the development of that respite centre and again the plans are based on what we heard from families in the local area, not just from Gosnells, because that facility will be used by people in surrounding suburbs as well—that corridor.

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Mr R.H. COOK: I refer to the second dot point on page 892 of the *Budget Statements*, dealing with demand for housing. Can the minister please provide the strategic plan by the Disability Services Commission to track the demand for housing, housing services and the future growth of those services?

Dr R.F. Chalmers: Again, I preface my answer by saying that we do not know from one round of funding to the next exactly what locations people want their houses to be constructed or spot purchased in. With the additional funding, we will now need to almost do best guesswork about where people will be located in different parts of the metropolitan area. I give one example. We might be faced with a family in which an ageing carer is looking after a son or daughter and that ageing carer dies. Immediately, the son or daughter ramps right up the priority list and in the next funding round has every chance of securing support dollars. Ideally, we would ask where the best location to try to find a home for that person was if they could not stay where they were. They are emerging trends. We are aware of the locations of the houses that people who were funded in the past round, or the round before, were seeking to go into, but we cannot project too far into the future, because we simply do not know who we will deal with from one funding round to the next.

With this significant amount of additional funding, we will have to take a little bit of speculative risk to find appropriate suburbs and neighbourhoods. We are guided by knowing that people with disabilities will need to be close to public transport routes, close to good access to shopping centres and so on.

Mr R.H. COOK: At some point, the cabinet Economic and Expenditure Reform Committee, cabinet and indeed the ministers themselves would have had to have decided whether they would build 169 new homes or 171 new homes over the next three years. There would have to have been some modelling or assumption upon which that request for funds was based. In the context of the budget, what were the assumptions underpinning the decision that 169 is a good get, is hopelessly inadequate or is overly generous. That is the nub of my previous question about the budgetary allocation for this particular line item.

Dr R.F. Chalmers: Again, the modelling was based on projecting the number of two-bedroom, three-bedroom, five-bedroom, six-bedroom types of accommodation that we would require and was also based on the projected building costs we received from the Department of Housing for that style of housing, taking into account their different sizes for the three years we will be securing houses—2011–12, 2012–13 and 2013–14. Those factors gave us the modelling. Some of the modelling was also based on standard housing stock, because some people with disabilities only require standard housing. Purpose-built housing, which we became aware of by looking at trend data, has also been factored into this modelling. That process gave us the figures of \$43.5 million in the first year, \$37.8 million in the second year and \$14.4 million in the third year. In the first year we need to get a head start and we will do a lot more spot purchasing to get these facilities up and running quickly, rather than waiting for construction to be completed, because if we wait for construction to be completed, we will wait for quite some time. Therefore, the modelling is quite detailed and is based on the information that the Department of Housing has given us about building costs around the metropolitan area.

Mr R.H. COOK: Could we be provided with a copy of that demand modelling?

[4.40 pm]

Dr K.D. HAMES: I ask Dr Chalmers to answer that question.

Dr R.F. Chalmers: We have developed a business case, which has been submitted and vetted. The funding that has been provided to us for accommodation support has projections of the number of people who will get our accommodation support funding. We have made an assumption that not all of those people will require housing stock, but as I said before, a proportion of those will. We looked at trend data on who will require those. We have extrapolated out over those years to calculate who will require a house and then made assumptions about the size of the house and the model of support.

Mr R.H. COOK: I am not questioning the funding model, because the department is expert, not me. I am simply asking whether we can see a copy of the modelling, because obviously that —

The CHAIRMAN: Is the minister agreeing to supply that by way of supplementary information?

Dr K.D. HAMES: Yes, we are going to do that.

The CHAIRMAN: Can the minister detail what exactly he is going to provide?

Dr K.D. HAMES: What Dr Chalmers said.

The CHAIRMAN: I need a bit more information.

Dr K.D. HAMES: What is it exactly the member wants a modelling for?

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Mr R.H. COOK: I seek the demand modelling that was done by the Disability Services Commission to arrive at the new funding levels associated with the housing.

[Supplementary Information No A30.]

Ms J.M. FREEMAN: I would like to go to the second dot point on page 893 and the comment that 65 per cent of the commission's budget goes to not-for-profit disability organisations. I have a couple of questions: What risk management strategies, through the review of performance and management capability of non-government service providers, are in place? In the review of performance and management and funding, has funding and assistance to non-government service providers been put in place to provide training to staff to ensure that services are being delivered? How many workers will benefit from that assistance over the 2011–12 period? Given that \$640 million going into the community sector will also go into this sector through the sustainable funding and contracting for the not-for-profit sector, how will the Disability Services Commission ensure that the money will be expended on increasing workers' salaries in not-for-profit organisations?

Dr K.D. HAMES: I will ask Dr Chalmers to answer that question.

Dr R.F. Chalmers: If I have this right, there were four parts to the question; I will see how well I go. I think the first part of the question was on how we manage and monitor the quality of services that are provided. Over the past three and a half years, the commission has been developing a new, state-of-the-art quality management framework. It started to be rolled out about 12 months ago. Before that we had a very robust standards monitoring process, but we felt that that was not going far enough, so over time we used the services of KPMG and worked with our sector to develop what we think is now probably the best quality management or quality assurance system of any disability service system in the nation. As I say, that is being rolled out as we speak. We are very pleased with what it is doing with monitoring. It is not a tick-box, compliance-only type of approach; it is very much a quality assurance process that involves the non-government organisations being a genuine partner in that quality assurance. It also involves a measure of truly independent monitoring of what is going on, but it is a very robust system. We are very pleased with it.

I think the member's second question was on the resources available to these non-government organisations to assist with training.

Ms J.M. FREEMAN: Yes. My question related to staff training so that non-government organisations can meet the department's quality management frameworks.

Dr R.F. Chalmers: There is no doubt that this unprecedented level of additional funding will make it far easier for non-government organisations to meet the costs involved in quality training for their staff. This significant boost in funding will certainly be directed towards increasing wages for those direct-care staff in particular, but it is also going to be made available for those organisations to attend to things such as training and development of their staff. That has really been welcomed by those non-government organisations. I must say that the commission also plays a role in facilitating and coordinating training for those sector organisations. We work through the sector's peak body, National Disability Services WA, which does a tremendous job in coordinating training across the sector.

The third area is the number of workers that will benefit from this. My view is that every one of the workers in our sector will benefit from these additional dollars. We are confident, because we have been told by the CEOs of those 114 organisations that they are committed to putting the vast majority of these additional dollars towards topping up the wages of their direct-care staff. I missed the last question.

Dr K.D. HAMES: The last question was about guaranteeing that the funding goes on improving wages.

Ms J.M. FREEMAN: He has already answered that. I have a further question. In terms of ensuring that the money goes on increasing wages, Dr Chalmers said that the money will go to other issues such as training. Can the minister tell me, prior to the \$600 million that is going into the sustainable funding and contracting for the not-for-profit sector, was there funding for training when the commission was contracting into the services? Prior to this additional money, has there been funding for training to ensure that the quality management framework is met?

Dr K.D. HAMES: I will ask Dr Chalmers to answer that question.

Dr R.F. Chalmers: Yes. For many years we have operated a business rules framework that sets an hourly rate upon which we purchase services from those non-government organisations. That framework has served us very well, but it has been built on an hourly rate that involves direct-care support, front-line supervision of staff, on-costs, including training and so on. That framework has not been sufficient to meet all the needs in those areas. That has not allowed those organisations to pay the wage level that we think is required. Similarly, it has not

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required them to invest as much as we would have liked in training and development. This additional funding will enable all of those things to get a real boost.

Ms J.M. FREEMAN: The hourly rate is part of the \$604 million that disability services will get; obviously it does not get all of it, unfortunately. Will an increase to the hourly rate be contracted for? How will the minister ensure that the hourly rate runs on the lean-machine model that we keep hearing the not-for-profit organisations run on? How will the minister ensure that 80 to 85 per cent goes to wages and employment, instead of what is happening at Rocky Bay, as I read in a newspaper the other day, where around 60 per cent goes on wages? How will the minister ensure that there is not that heavy administrative cost coming out of the hourly rate and gobbling up this new money that is available?

[4.50 pm]

Dr R.F. Chalmers: The start of the member's question was on hourly rates. These additional funds are being made available to the government agencies to disperse to non-government organisations in two components. The first component is a flat 15 per cent top-up on existing funds under contract. The second component is where we get to analyse very closely what we are purchasing from those non-government organisations. We welcome this, because it takes us away from a fixed hourly rate. I will give one quick example. We are funding an organisation in the suburbs of Perth to provide accommodation support to a person with mild Down syndrome. We are currently paying the same hourly rate for an organisation in remote Kimberley to provide accommodation support for someone with very high support needs. It is a very blunt system that we have been operating until this point. With the second component we get the chance to say to the organisations, "You need to be a partner in telling us what the true cost of services are so that we can start to build into your contract a viable funding arrangement for you as well." We are moving away from saying, "Here is a fixed cost; you take that or you don't do business with us." It is a far more mature relationship in the end, and this will go right across human service departments. For one, I am very welcoming of this. It will allow us to factor in the true cost of not only care, but also training, if you happen to be located in the Kimberley, and travel, or if you happen to be located in the Goldfields. It is a far more real costing arrangement.

Ms J.M. FREEMAN: Will that also allow the commission to ensure that this new money, especially the 15 per cent in the second tranche, is not gobbled up in administration costs and is directly going to services and wages?

Dr R.F. Chalmers: We will not be endeavouring to dictate to non-government organisations how they run their organisations. We will not be saying, "You must spend a percentage on wages", because each organisation is different; they are structured differently and they are providing different services. Some of them have higher on-costs because they deliver different types of services. It would be, I guess, foolhardy of the commission to set, say, 85 per cent or some other percentage as a fixed, must-do for where they put those dollars.

Ms J.M. FREEMAN: How can we be sure that those dollars are being most effectively used and they are not used for the costs of a burdensome administration, especially when this government has said outright that the public service has admin costs that are vastly more than those in the non-government sector? How does your service ensure that the dollars will not go into those admin costs but will go to where the need is, which has always been, and is said to be, the wages of the workers to maintain longevity of employment and stability for employees?

Dr R.F. Chalmers: There are two elements of a response to that. Firstly, when we contract with organisations, we contract for them to provide a certain amount of service to a certain number of individuals. We monitor that very closely and the standard at which that care is provided. If the organisations can provide that level of care, quality and so on, then they have met their contractual obligation back to us. That is the primary way that we comfort ourselves that, in fact, dollars are being spent appropriately. I also have to say that at the end of each financial year, we monitor the financial statements. Those organisations report back to us what they have spent their money on in different categories, so we can monitor the 114 organisations that we fund. We get a fairly good idea of what is going towards salaries and wages versus on-costs, training and other things.

Mr A.P. JACOB: I refer the minister to the second dot point under "Significant Issues Impacting the Agency" on page 892 of the *Budget Statements*. That point deals with housing, specifically universal access and modified homes. Can the minister explain how the government will ensure sufficient housing for people with disabilities.

Dr K.D. HAMES: I defer to Dr Chalmers.

Dr R.F. Chalmers: We have mentioned housing on a number of occasions here. The sheer fact that \$95.7 million is being made available gives us enormous scope, not only to provide 169 additional homes of various shapes and sizes for 340 people, but also in a very creative and innovative way, which we have never been able to do before. We are in the process of developing a robust memorandum of understanding with the Department of Housing, and we get to draw on all its expertise around architects, universal design and access

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requirements and so on. We have also been in good conversation and engagement with private developers who also want to assist in coming up with very innovative housing design models and so on to tailor accommodation to meet people's requirements. Every one of those houses that are built will be to the highest standard of universal design and access. The Department of Housing is very sensitive to that, as far as we are concerned. As I said before, location becomes important, so we get the opportunity to identify suburbs that are close to transport hubs, and workplaces for people with disabilities who are employed. We see this as a tremendous opportunity.

Mr R.H. COOK: My final question relates to the third dot point on page 899 under the section, "Significant Issues Impacting the Agency". Would the minister care to comment on the national disability insurance proposal put forward by the federal government, in particular the draft report by the Productivity Commission? What is the perspective on the national insurance scheme proposal and how that will impact on the work of the Disability Services Commission?

Dr K.D. HAMES: Dr Chalmers.

Dr R.F. Chalmers: There is no doubt that the draft proposal around a new national disability insurance scheme from the Productivity Commission is a bold proposal for the nation. The Western Australian government was the first state or territory government to respond to that proposal that is out there. I think it is fair to say that there are many aspects of that draft proposal that the commission likes—things like doubling the amount of funding that is available for disability services across the nation is something that is hard to argue against, but also things like highly personalised, individualised support arrangements and so on. We also welcome nationwide standardised assessment and eligibility procedures. We also like the proposals that allow very self-directed supports and services to be a reality for people who require them as well. There is lots of that that we really like. But we are concerned, which is expressed in the state government's response, that the model involves the creation of a new national bureaucracy that will operate out of the eastern states, and that will, I guess, effectively take control away from the state and territories concerning the running of disability services. From a commission perspective, we think that would be a retrograde step. There are many elements of disability services in Western Australia in which we can confidently say we lead the nation, and it would be disappointing if this national scheme swept a lot of that away and replaced it with a new national bureaucracy that delivers what looks to be a bit of a one-size-fits-all approach to disability services.

Ms J.M. FREEMAN: I refer to the second dot point on page 893 that states 65 per cent of the commission's budget goes to disability not-for-profit organisations, and to its quality management framework. Does that include a review of workers' compensation management across the sector? If not, given that part of the health of the sector is based on its injury management, what will the commission be doing in that area?

Dr R.F. Chalmers: In the whole area of workers' compensation and occupational health and safety, we rely very heavily on our partnership with National Disability Services Western Australia as the peak body that has tentacles right into the vast majority of all our disability sector organisations that we fund. We are in an ongoing partnership around development of resource materials, some of the training that gets done around this as well, and some of the occupational health and safety changes that are not too far away. We will be working very closely with NDSWA to ensure that the sector has the information it needs and the wherewithal to be able to respond.

Ms J.M. FREEMAN: But the commission does not manage it as part of its quality management framework in terms of time and injury management.

Dr R.F. Chalmers: No, we do not.

The appropriation was recommended.

[5.00 pm]