

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2014–15

Melbourne — 22 May 2014

Members

Mr N. Angus

Ms J. Garrett

Mr D. Morris

Mr D. R. J. O'Brien

Mr C. Ondarchie

Mr M. Pakula

Mr R. Scott

Chair: Mr D. Morris

Deputy Chair: Mr M. Pakula

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Executive Officer: Ms V. Cheong

Witnesses

Ms M. Wooldridge, Minister for Disability Services and Reform,

Ms G. Callister, Secretary,

Mr A. Rogers, Deputy Secretary, Service Design and Implementation Group,

Ms A. Congleton, Acting Executive Director, Corporate Services Group, and

Mr J. MacIsaac, Director, NDIS Ready, Policy and Strategy Group, Department of Human Services.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — We will resume the hearing with Minister Wooldridge, hearing no. 41 — disability services and reform. I welcome back the minister, Ms Callister, Mr Rogers and Ms Congleton, and I welcome to the table from the Department of Human Services the Director, NDIS Ready, Policy and Strategy Group, Mr James MacIsaac.

The minister now has an opportunity for a brief presentation of no more than 5 minutes on the budget estimates for the disability services and reform portfolio.

Overheads shown.

Ms WOOLDRIDGE — Thank you very much, Chair. It is an exciting time and a challenging time in disability services right across the country. I think Victoria has always, under successive governments, taken a leadership position in relation to the provision of disability services. From our perspective — just starting where I started the previous one as well — there is a lot of reform going on, and that is the context of it. I will not spend too long, you will be relieved to know, on Services Connect and service sector reform, having touched on them already. But we have done a state disability plan, which was a requirement also under the national disability agreement and commitments. Importantly what is happening of course is the trial of the NDIS down in Barwon.

Another important part of the government's reform has been really driving the modernisation of disability accommodation. There have been some significant improvements there. This budget has over \$200 million over five years — that is because there is a small amount of funding in 13–14 but predominantly in the next four years of the forward estimates — that continues delivering essential supports, is seeking to drive that reform of disability accommodation and an important commitment to the headquarters of the NDIS in Geelong, and I am sure we will touch on more of that as we go through.

In terms of essential supports, \$121 million over the next four years is going to provide over 650 new individual support packages, particularly continuing the commitment we have to school leavers, Futures for Young Adults and people with a disability in the community. This budget also includes, as I have mentioned previously, a very significant increase in funding for wages through the Fair Work Australia SACS case. What we find across government is that there are more disability support workers that are funded through SACS than from across any other government area, so the government's commitment in terms of meeting the SACS determination makes a very significant difference for this workforce.

An important part of this budget of course is the disability accommodation. I am very pleased that the reform of accommodation, which started with looking and funding new models of accommodation to get beyond the old community residential unit, last budget was followed on by the announcement of the closure of Sandhurst. It is followed again with the announcement of the closure of Oakleigh Centre. This essentially means that all remaining disability congregate care facilities have a plan for closure, and it is a very significant shift forward. It is something that has been called for and welcomed, and it will make a very significant difference for people living in those congregate care facilities at the Oakleigh Centre.

The budget also has \$25 million to establish the Geelong headquarters of the National Disability Insurance Agency. That is going to make — and it is already making — a very significant difference for Geelong in terms of the workforce, and I know we will talk about that more. We continue to play a leadership role in the learning about the trial site in Barwon, in terms of engaging and thinking about how the NDIS gets rolled out nationally, and particularly from our perspective across Victoria, and how the model will work to make it a sustainable scheme in the future.

This budget builds on — we now have over \$570 million that has been invested in disability services over the course of the last four years: more individual support packages, more accommodation and better and innovative accommodation. There is more funding for aids and equipment, more planning for the future with the reform through the NDIA and the NDIS, and innovating and connecting up the way we work with people with a disability through Services Connect and the service sector reform project.

The CHAIR — Thank you, Minister. We have until approximately 3.15 p.m. We may run a couple of minutes over that, given that we started a couple of minutes late. Minister, would you outline to the committee the budget initiatives in this portfolio which will contribute to the growth of Victorian jobs, both in the coming year and over the forward estimates period.

Ms WOOLDRIDGE — This is a very significant investment in jobs in the disability services area. At its heart is our payment of \$25 million, contributing to the establishment of the NDIA headquarters in Geelong, because what we know is that is going to be at least 300 new jobs in Geelong. When you combine that with the Victorian regional office in terms of the service delivery arm, it is going to be about 450 jobs altogether, which is a very significant move forward in terms of Geelong. We all know some of the challenges that Geelong is facing on that front. We think this will make a very significant difference, and it already is.

The thing about investing in disability services is it also means that as we invest over \$120 million in individual support packages, there is going to be a very significant increase in staff to be able to support that. We think it will support up to 225 new positions for disability support workers. These will be largely community based, providing support in a one-on-one environment, consistent with the choice that the person with the disability makes about the care and support that they require. We know that we are going to need an expanded workforce as we roll out the NDIS, and these individual support packages and the funding for that will significantly expand the workforce needed. Even for the redevelopment of the Oakleigh Centre there will be 20 new jobs for support workers in the disability sector and of course jobs created through the construction of new disability accommodation to replace the outmoded disability centre. There is good investment not only in direct service jobs but also in a whole range of jobs that will need to be established through the NDIA headquarters in Geelong.

Mr PAKULA — Minister, your presentation goes to the matter of modern and appropriate disability accommodation and disability services more generally. You would no doubt be aware of Professor Peter Shergold's report which was entitled *Service Sector Reform — A Roadmap for Community and Human Services Reform*. In that report, there was an interesting heading which has a number of people in the sector scratching their heads about exactly what Dr Shergold meant. Under the heading 'Accessing social finance', it says:

There is an emerging opportunity to harness wider sources of social investment from the private sector to complement the revenue or capital requirements of CSOs.

And it then talks about new debt and equity arrangements. I am wondering if you can take the opportunity to assure the committee, the sector and those who benefit from the government's provision of disability services that you will not be contracting out disability services to for-profit providers.

Mr O'BRIEN — On a point of order, Chair, this is the same point of order that has been raised on a number of occasions. I ask how this relates to the budget estimates as opposed to something that may or may not be in future policies.

Mr PAKULA — On the point of order, the disability services that are provided for by the government are paid for from an appropriation in the budget, and if they are alternatively provided by the private sector, that will have a very real impact on the budget.

Mr O'BRIEN — The question as asked talked about the private sector — —

Mr PAKULA — I thought you only got one go at a point of order.

The CHAIR — Order! There is no opportunity to have a second go at the point of order before it is ruled on. I do not uphold the point of order. I think the method of service provision is central to the discussion.

Ms WOOLDRIDGE — Thank you. There are a few things to address in relation to this. First of all, it has been for decades that the community sector has delivered disability services supported accommodation. In fact it is about 50-50 in terms of the provision of supported accommodation between the community sector and the public sector — the government. In terms of individual support packages, they are all delivered in the community sector. So we have a longstanding and — I had believed bipartisan — view that the community sector has a crucial and vital role in relation to the provision of disability supports in this state. I have a strong belief in the capacity of the community sector to be able to deliver these services. What I have been seeing is a creeping of language that seeks to undermine the community sector's delivery of these services.

Let me give you an example. In the closure of Sandhurst, community sector organisations will be delivering the new community-based accommodation from Sandhurst services. That has been characterised by the member for Bendigo East as a privatisation of these services. We know it is not a privatisation. Technically maybe it is the language that could be used, but it implies that there is a lesser quality of services and that it is being provided

by the private sector. What we know is that it is going to be provided by the community sector, and we think and we understood previously that both sides of Parliament had believed that the community sector does have the capacity to do this. I do not believe we should be undermining the community sector.

We have had correspondence from people like Brian Boyd at the Trades Hall Council, saying that Trades Hall Council:

... believes it is the direct responsibility of the state government to provide all types of public services in the community.

He goes on to say the council believes that things like the community sector providing more of these services:

... will deliver lesser quality services for many Victorians who are already disadvantaged. There is also a risk, in our view, when the corporate sector —

and this is language used to describe the community sector —

fail to deliver the services contracted out to it, they clear out with the profits already gained, leaving the taxpayer to clean up the mess.

This sort of language about, in this particular case, Sandhurst or the use of the community sector to provide disability supports I think is a clear diversion from long-held commitments to the role of the community sector in the provision of disability services in this state.

The other thing I would add is that through the NDIS the market will open up very substantially because consumers will have choice about who they use to access the supports they need. It will not be the government block funding either itself or community sector organisations; the people with a disability will actually have the funds in their pocket to make a choice about who they wish to provide services. An inevitability of the NDIS, which also has bipartisan support, is that there will be a range of providers in the market who will get business based on the choices of people with a disability.

What we are seeing in Barwon is some evolution towards that choice. What the community sector is saying is that it needs to prepare for a broader market when the NDIS is operating, because whoever offers the best services will be funded and supported and people will make the choice to utilise their services, and we do believe that the community sector is exceptionally well placed to deliver disability supports in this state. We do not resile from utilising the community sector to deliver them, and the inevitability of where the NDIS is heading is that the best service providers will get the support based on client choice into the future.

Mr PAKULA — Minister, if I may be so bold, that was an exercise in knocking down a straw man. I did not ask you about the community sector; I asked you about — —

Members interjecting.

The CHAIR — Order! The deputy chair has the opportunity for a supplementary, which he can exercise in silence. If the minister wishes to respond to comments the deputy chair makes in his supplementary, that is up to the minister. She does not need the assistance of government members.

Mr PAKULA — Minister, you went on at length about the community sector as if I had asked you about the community sector when in fact I had not. I asked you about for-profit providers. I ask you to clarify your answer. Can you give the committee and the sector an assurance that existing DHS supported accommodation will not be contracted out to the for-profit sector?

Ms WOOLDRIDGE — The reason I responded in the way I did is that colleagues of yours and members, as I referred to, utilise those terms synonymously.

Mr PAKULA — I didn't.

Ms WOOLDRIDGE — No, but it is used consistently — the language of corporatisation and privatisation — with the utilisation of community sector providers, so I wanted to be very clear that we support the community sector providing these services, and the one step that has been taken in relation to the Sandhurst closure is for community sector providers to do it.

The other thing I should be very clear about is that since individual support packages have been available Victorian clients are choosing in some instances to use private providers, and that has been consistent under the previous government as it is under this government, because when clients have choice some are choosing to utilise for-profit providers in terms of accessing their support and care. As more individual support packages occur, once again no government is telling them how to utilise their packages of funding to access the support that they need.

The third thing I would say — and it reiterates what I said in the last question — is that this is all moot, ultimately, because the NDIS puts all those decisions in the hands of the individual who is supported through the NDIS in terms of the choices they wish to make. They will make their choices — whether it is a community sector, government or a for-profit provider — in terms of utilising their package in the way that is consistent with their choice and the control that they have.

That is my very clear response about where the disability sector is heading, and what we are doing is doing everything we can to make sure that the community sector has the capacity to be effective in what will be a highly competitive environment. We want the community sector to be successful going forward, and that is what we will invest in. We have been doing that with National Disability Services so that the community sector can continue to be a vital and important part of service provision going forward.

Mr O'BRIEN — Minister, I just want to take you to budget paper 3, page 31, where, under the heading of 'National disability insurance scheme headquarters', it says:

As part of supporting the national disability insurance scheme trial and full scheme rollout, the Victorian government is committing an additional \$25 million over three years for the establishment costs of the National Disability Insurance Agency national headquarters in Geelong, creating 300 new jobs.

This initiative contributes to the Department of Human Services disability services output.

Could you outline to the committee — and I know you touched on this in your presentation — exactly why Victoria has invested in the national disability insurance scheme headquarters in Geelong.

Ms WOOLDRIDGE — Thank you. As someone representing and covering the Geelong area, and having been involved in the discussions in relation to this, it is an important question, because we know Geelong is a vital part of the state, and they are facing some challenges at the moment, which I am confident the people of Geelong will address and deal with. But the government has had the capacity to be able to entice employers into the Geelong area, and as part of our negotiations for the trial — and we made a positive choice about the NDIS trial being located in the Barwon region — we also put on the table \$25 million for the headquarters.

This is the national headquarters of the NDIA to be located in Geelong. The good news is: that decision was made to locate the headquarters there, and the former federal government said at the time that our \$25 million being on the table was a very significant part of that decision. We were the only state to actually put some money forward to say, 'We think that this is a skill and capability that we have in Victoria, and we would like to continue it'. Of course it combines with the TAC and the government's commitment also about WorkSafe. A centre of excellence down there in Geelong is already happening. So it was wonderful to be down there with the Prime Minister and Premier to open the interim headquarters. What we know is that over 100 jobs will be created by the end of this year and 450 by 2016 with a very significant \$34 million boost to the Geelong economy.

Can I inform the committee that one of the things that has really struck me in talking with the workforce is the decisions of people from right around the country to move to Geelong. I chatted to a woman who was in Sydney. She worked in disability services in Sydney and wanted to be part of what was happening with the NDIA and the rollout of the NDIS, and she moved. She has bought a house in Geelong. She is living there, earning a good income and contributing not only to the development of the scheme but to the local economy as well. There is example after example of people moving from interstate and right around Victoria into Geelong to be part of what is happening with the NDIS.

It is a very important investment. I am very pleased that what Geelong had to offer with the support of the state government has enabled this important new national agency to be headquartered there. It is important for the future of Geelong as a centre of excellence in this type of insurance-based provision of service.

Mr SCOTT — Minister, I want to ask you a question about shared accommodation, specifically the proposed closure of the shared accommodation facility at Vale Street in Ballarat, which I understand you are familiar with, which provides supported accommodation for four young kids with profound disabilities. I understand the residents there were initially advised by your department the facility was closing at the end of June. Subsequent advice has been that this closure has been postponed until after the election. Will you give a commitment to keep this facility open beyond February 2015?

Ms WOOLDRIDGE — I am just getting some advice in relation to that specific facility. This is a contingency unit, and as you can imagine we have many hundreds of different facilities. The case is coming back to me as you talk and as I get some advice. This was a unit that was established as short-term accommodation to address some particular issues that a group of clients were facing while longer term solutions were being found. My advice is that the funding has been extended to March 2015, so I think it was probably a bit of a cheap shot to try to imply that there was some election element here. We always work in the interests of the clients. The funding has been extended through to March 2015, and that will give us time for the particular children and young people who are housed there — and there are four children aged 12 to 16 — as we do the longer term planning with them to work out what the best longer term accommodation option is.

Mr SCOTT — I would be grateful if you could inform the committee about when you will make a decision about how much longer the families and their children will be provided support through this service.

Ms WOOLDRIDGE — The expectation and my understanding is the children and young people will continue to be provided support. The challenge is to work out the best option for them. Individual planning happens with local teams. That is always what is vital — to work out what is in their best interests going forward and creating stable and safe accommodation options. We talk with the families. We engage with the clients whenever we can, and we obviously have some time. March 2015 is of course 10 months away, and we will work actively to work out what the long-term solution is and make sure that the families are integral to that process and engaged in the process so we can have a solution that works for the residents for the future.

Mr ANGUS — Minister, I refer you to budget paper 3, page 34, and also slide 5 of your presentation regarding the closure of the Oakleigh Centre. Can you provide some detail to the committee around how this investment aligns with the government's reform agenda for people with disabilities?

The CHAIR — Minister, I note we have got a couple of minutes left, so if you could tailor your answer to that time frame, that would be helpful.

Ms WOOLDRIDGE — I will, Chair. As I mentioned at the beginning, this is a very important part of the government's agenda to ensure that people with a disability have genuine choice in both their accommodation and supports, and that particularly what their living arrangements are reflect their individual needs and are based in the community. So 29 people currently live at the Oakleigh Centre, and if you have ever visited there, while the staff do an excellent job with what they have got, it is a congregate care facility with serious concerns about the fabric of the building and a real need for that redevelopment to happen and for people to move out into the community.

I am very pleased that there is \$14.1 million in the budget both to enable the building of new shared supported accommodation in the community for the residents and also to provide funding for ongoing support for that model of care. It is a big step forward, and having gone down to Oakleigh to make the announcement I saw the absolute joy in the faces of the residents and their families at the support and the difference that it is going to make in their lives. They have already been undertaking a planning process to plan where they want to live, in what sort of accommodation, who they want to share with and what their needs are — all the choices that we genuinely have in our lives that they have not previously had.

They have been going through a planning process. They are very excited about the transition and are very much looking forward to it. Over the next couple of years we will complete the planning process. We will be identifying land, we will be constructing new facilities and we will be transitioning residents from the Oakleigh Centre out into the community. They will be living in the community as part of their day-to-day activities. It is a very significant and positive step forward. As I said at the beginning, this is very much the last of the congregate care facilities, and I am very proud that this government has taken the step to close them.

The CHAIR — Thank you, Minister. As I indicated, we are out of time. That concludes the hearing for the disability services and reform portfolio. I thank the secretary and her staff for their attendance today. That concludes the hearing.

Witnesses withdrew.