

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2013–14

Melbourne — 23 May 2013

Members

Mr N. Angus

Ms J. Hennessy

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Mr M. Pakula

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Witnesses

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

Ms G. Callister, Secretary,

Mr J. Higgins, Executive Director, Corporate Services Group,

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

Ms K. Haire, Deputy Secretary, Community and Executive Services, Department of Human Services.

The CHAIR — We resume the hearing on the disability services and reform portfolio. I call on the minister to give a brief explanation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the disability services and reform portfolio. Thank you, Minister.

Overheads shown.

Ms WOOLDRIDGE — I am very pleased: this is the first time I have come before the committee formally as the Minister for Disability Services and Reform, a new portfolio that was created recently to acknowledge the importance of disability issues and the reform for this, for our coalition government.

Once again I would like to give a bit of the strategic context in terms of what we are seeking to do as we invest in reform disability services. Obviously the NDIS is very important — and I use that term because it rolls off the tongue — DisabilityCare Australia is driving a lot of the thinking, a lot of the time, a lot of the effort as we not only get ready for our launch in Barwon in just a few weeks time, but also very actively engage, as we have, with the commonwealth about what the scheme looks like on a national basis. That has been a very important part of the work that we are doing.

We are also seeking to continue the reform that has been happening over 16 years in Victoria for flexible supports for individuals through individual support packages, through having a more tailored response, through making sure that we understand the needs of people with disability and making sure our response goes directly towards those needs.

We have released the state disability plan, which is about people being more engaged in the community, having more individualised supports and, of course, I have to mention it again, Services Connect, which people with a disability will form as an important part of our Services Connect response.

In terms of the budget, \$224 million over four years, and what this focuses on is delivering essential supports for people with disability, making sure that our services are sustainable, which has been an important element of the work that has been happening; the SACS case — which I have talked about previously — but I have got to say predominantly if there is one work force group that has been affected by SACS particularly it is the disability work force; the closure of Sandhurst Residential services in Bendigo is an important part of that and I will go into some more detail; and of course there is funding to launch the NDIS in Barwon.

In terms of delivering essential supports, there is \$107 million in the budget for 720 new individual support packages. We continue to see an increase in need for people to access individual supports. That might be showers in the morning, it might be respite services, it might be care during the day, it might be access to day programs — it is a whole range of things that are package-developed to reflect an individual's needs, and we will be able to invest in 720 new packages for people.

We are also continuing funding in this budget for the Transitions to Employment program, which was a lapsing program, basically for students with a disability who are coming out of the school system. It works with them really intensively to see their capacity to undertake work, and many do. For many people, all of our aspirations often are to get a job, and helping young people with a disability to access employment is a very important part of the work that happens. We are also investing further in aids and equipment and about 1400 extra people being able to access, in addition to the many that do already.

In terms of sustainable services, this budget invests over \$60 million to help meet the increasing needs of people with a disability living in government-run supported accommodation. We have introduced, and I am sure we will spend some time on it, a board and lodging fee which is a new fee into our supported accommodation system. We are also investing about \$26 million — of that 70 I was talking about for SACS work — going to the disability work force.

In terms of the closure of Sandhurst, \$7.9 million to build the new accommodation, and for the 29 residents of Sandhurst this will build up to five new supported accommodation homes, but what we are going to do is that we are going to work individually with each of those 29 residents to understand their needs and then build accommodation that supports their individual needs. We think this is very important for really giving genuine choice for people and being able to have their independence and engagement with the community. It has been very widely supported, including very actively by the public advocate.

I also just touch on the national disability insurance scheme: it was a very happy day when we signed up with the commonwealth to the full rollout of the scheme, and I will hurry up because I am sure we will come back to some of this stuff. It is \$17 million in this budget for the launch of the NDIS which basically takes the government's investment over the three-year period in the launch side of Barwon to over \$300 million.

Just to finish up, once again, trying to give a picture of the three-year investment in disability services across the board there is over \$360 million in disability services, more individual packages, addressing the demand for accommodation, more for aids and equipment, and planning for the future and making sure we have a service delivery model that meets the needs of people with a disability in this state.

The CHAIR — Thank you, Minister. We have about 20 minutes left for questions, and I will start. In the context of 2013–14 budget — this question may sound familiar — can you outline to the committee examples of capital infrastructure projects in the disability portfolio, to use the shorthand, which will be either commenced or completed in this financial year?

Ms WOOLDRIDGE — There are a number on that front, and it is important because there are significant capital items. In particular the capital relates to people's accommodation in the supported accommodation system, and that is where the investments we are making are. In supported accommodation we have already completed 127 new supported accommodation places, but there are another 216 that are under way — funded, in the planning stage and some are in the building stage. It is a very significant investment in new accommodation places for people with a disability.

In my presentation I also touched on the reference to Sandhurst redevelopment. Obviously the bulk of the time for the next 12 months will be in planning with the individual residents, but then we will be getting on and building further accommodation for people who are residents of Sandhurst currently to be able to facilitate that transition. We also have a strategic replacement and realignment program, where we are basically looking at our existing infrastructures and making sure that they are either rebuilt or refurbished as needed, and there are some additional projects happening on that front. Fire safety upgrades were funded in the last budget and will be completed in the next budget for the group that need those essential upgrades.

Our infrastructure investment is very much focused, as I have said, on our supported accommodation environment, making sure that our existing stock is appropriate and building new stock. It is important to note that what we have really focused on is to try to be innovative in that and to reflect that genuine choice of individuals. The new accommodation that we have funded is not just your standard five-bed community residential unit, it is actually looking at alternative models: sometimes carers live alongside, sometimes there are clusters. It is flexible to meet the needs of a group of people with disabilities rather than being a standard one-size-fits-all model. Once again we have had very good, very positive feedback about trying to take a more innovative and flexible approach to meet people's individual needs.

Mr PAKULA — Minister, in your presentation you talked about aids and equipment. Budget paper 3, page 27 indicates that that program is for 'subsidised support for items such as wheelchairs, walking aids, shower chairs, continence aids and home and vehicle modifications'. On the previous page, on page 25, it shows a couple of little dots for 12–13 and 13–14.

Ms WOOLDRIDGE — Sorry, what page was that?

Mr PAKULA — Page 25, BP 3. It shows '..' for 12–13 and '..' for 13–14 and then '1.3', '1.3', '1.4'. Do you see that? But the real story is told by the 2010–11 budget, which shows that in fact aids and equipment funding in 10–11 was 2.0, in 11–12 it was 2.1, in 12–13 it was 2.1 and in 13–14 it was 2.2. So rather than '..' it is actually '2.2' this year. Given that it was due to expire at the end of the next financial year, June 2014, and you have re-funded it from 14–15 onwards, why have you re-funded it at a rate \$900 000 lower than it is currently?

Ms WOOLDRIDGE — I obviously do not have the 10–11 budget paper in front of me, but I am happy to talk through it because this funding in this budget is not seeking to replace lapsing funding into the future. Let me give you some numbers to run through: DHS in 10–11 funded aids and equipment to \$34.2 million; 11–12, \$35 million; 12–13, 35.8; 13–14, 37.1. We will be putting \$37.1 million into aids and equipment from the Department of Human Services in this upcoming financial year. We are increasing it every single year so that we can continue to meet the costs that people accessing aids and equipment need.

Into the forward estimates, the forward estimates then increase with additional funding in 14–15, 15–16 and 16–17, so there is a continual increase every single year in terms of the aids and equipment funding. Over the course of this government we have been able to assist many thousands of additional individuals to be able to access aids and equipment, and some of the funding we have put in in previous years has addressed lapsing funding that we were faced with and some of this funding is in addition to what is already there. We have also provided a top-up fund for aids and equipment for families assisting children with a disability so that they are actually able to access a greater subsidy for the aids and equipment that they need to purchase for their children. I can very comfortably reassure you that the client numbers are continuing to increase and that our funding is continuing to increase year on year.

Mr PAKULA — Minister, those numbers, the 37s et cetera that you talked about, are not the numbers that are specifically identified in the budget.

Ms WOOLDRIDGE — Tell me again where you are then?

Mr PAKULA — What the budget specifically identifies on page 25 is a particular subsidy output which is under disability services aids and equipment, 1.3 million for 2014–15 and moving forward. What I am suggesting to you is that that particular output is effectively a continuation of the previous output, which had the exact same heading, at 2.0, 2.1, 2.1 and 2.2 million.

Mr O'BRIEN — What page of the budget paper is that?

Mr PAKULA — It is 2010–11, appendix A, page 282. The funding for that specific program was 2.2 in 2013–14 and is dropping to 1.3 in 2014–15. I suppose my simple question is: are you telling me I am wrong about that?

Ms WOOLDRIDGE — The funding in here is to address additional demand in the future. It is not to address a lapsing program, and what I am saying to you is that for the next year — —

Mr PAKULA — It is the same program.

Ms WOOLDRIDGE — It all goes in. What I can say is that this year we are spending 35.8, next year we will be spending 37.1 and then in the year after that we will have an additional 1.3 on top of that. So the funding you are seeing in budget paper 3 at page 25 is an additional increase, and the numbers I have outlined show that this is increasing year on year and that there would be an increase of \$1.3 million from 12–13 to 13–14, so more funding for aids and equipment.

Mr ANGUS — Minister, I refer you to budget paper 3, page 25, and a matter that you touched on in your presentation as well in relation to the \$17 million funding towards the NDIS launch site. Can you outline for the committee the progress towards the rollout of the NDIS across Victoria?

Ms WOOLDRIDGE — Thanks very much. As is widely becoming used in the language, obviously we believe, as do most others, that this is the reform of the generation, and Victoria is very proud to have been actively engaged in the process all the way through. I believe we have been a leader in terms of advocating for it, challenging what the scheme looks like and then getting it into place. Barwon will start in less than 40 days, and there is a huge amount of work happening to get ready for that, and that is very exciting. I was pleased on 4 May that the Premier and the Prime Minister signed an agreement that Victoria would be part of the full scheme of the national disability insurance scheme.

Just to give you an idea of what is happening in terms of that process, in Barwon we are investing \$17 million additional in this budget for the Barwon launch site, bringing our total to over 300 million for the Barwon launch site over the three years for the NDIS clients. Over the course of the three years a bit over 5000 people will be part of the NDIS trial. The majority of them — 4000 — will come on in the first year. One of the things we are very pleased we have negotiated is that in the first month many of those who were currently on our disability support register and also on ECIS — the early childhood intervention service — waiting list will actually come onto the scheme.

We have recently released the bilateral agreement that shows over time how people come onto the scheme to be able to then access the national disability insurance scheme supports. What we will have, then, by 2016 is a

launch process in Barwon, and we are really using this as an experience to learn how to refine the scheme and what it needs to look like as we roll it out right across the state and right across Australia. So between July 2016 and July 2019 the rest of the state will then start to participate, and we have to work through with the commonwealth what that rollout looks like, but by July 2019 every eligible person for the NDIS will be accessing and part of the scheme. We believe that is about 102 000 Victorians — a very significant number — and it is going to be very positive. In that full scheme Victoria will need to contribute about \$2.5 billion a year, and the commonwealth contribution will be about \$2.6 billion a year. So it is a very significant increase from where we are now through to where we need to get to by 2019, but what it will mean is that people, instead of waiting in queues, as they currently do to access support, will as an entitlement be able to access the scheme within the guidelines.

As I say, there is still a huge amount of work to be done because a lot of it has not yet been resolved, and people, I think, will need to give it a little bit of latitude as we work through this transition of what has essentially been the state delivery of disability services to the commonwealth because it will now be the commonwealth that is using their assessment tool to work out whether people are eligible or not and then how those services are provided. One of the key things we want to make sure of is that, in that transition, if people have been assessed in Victoria as eligible, that it is an easy transition rather than having to go all the way back through the process again. That is currently an issue that is under negotiation with the commonwealth. It is a very exciting time — a very important time. We are very pleased to be investing in people with a disability and their families and carers to make sure that they by entitlement can get access to a full range of supports that reflect their choices about the lives they want to lead.

Ms HENNESSY — Minister, I wanted to ask you about the introduction of standard board and lodging fees for disability accommodation for DHS-operated services. I suspect you know what I am going to ask, given that this has been a matter of some kind of media commentary. My understanding is that fees for DHS-operated residential supported accommodation will be set at 75 per cent of Centrelink payments plus all rent assistance. Can you advise the committee what the financial impact of those changes will be on those who require supported accommodation?

Ms WOOLDRIDGE — Thank you very much for that question. It is an important one and I am pleased to have the opportunity to talk that through. We in Victoria have the capacity to charge fees in relation to accommodation. That is reflected in the act. The regulations specify that a reasonable or non-excessive fee is 75 per cent of pension and 100 per cent of the commonwealth rent assistance. As a result, over a number of years since those regulations were set in 2007 organisations have been charging up to that amount. What we have now is many residents of community-based organisations who are paying for that accommodation — and it includes food and furniture and all of those sorts of things — at a level of 75 per cent of the pension and 100 per cent of the commonwealth rent assistance.

The government has made a decision. We believe on the basis of fairness and equity and also transparency that the current ad hoc system that we have at the moment where houses charge different rates based on a bottom-up calculation that is done individually — some of which end up being about the same amount, some of which are different but are an average of about 49.5 per cent of the pension — that it is appropriate that we charge in a comparable way as the community sector charges and as is charged interstate. It is actually at a lower level than charges for, say, aged care or for supported residential services.

We have given seven months notice to residents to say that their fees will move from the current structure to a board and lodging structure, which first all enables us to access commonwealth rent assistance, where we were never able to access that previously, and secondly, that it will reflect an increase in the pension. What we believe that means on average — and we have had some analysis done and we have gone through the numbers — is that roughly the board and lodging charge per annum will be around \$14 000 per individual, and the commonwealth rent assistance is about \$3200 per annum. That is the costs and the charges relative to a pension of about \$19 000, so it leaves about \$5000 differential — and these are averages, of course.

On top of that, residents of supported accommodation generally have access to day programs and they have an individual support package, which I have talked about earlier, of somewhere between \$21 000 and \$25 000 that enables them to access that day program. Our numbers show on average the cost of providing supported accommodation is about \$128 000 per year. So a person with a disability in a DHS accommodation would be getting board, lodging, food, utilities, furniture, gardening, maintenance and day programs five days a week or

some mix of that, however they choose to utilise it. For that they are contributing the 75 per cent of their pension and the commonwealth rent assistance, so that leaves a differential of about \$5000 per year. There are other things that people with a disability can access: there are mobility allowances, there are pension supplements, there is the clean energy supplement, there are other supplements and they may have other source of income as well. That is the build-up of how that is calculated.

We will then sit down with each and every resident and work through it with them, because our numbers said that is affordable. People have medical expenses; some people have things like incontinence aids and other equipment requirements, and our analysis has said that is generally affordable within what is remaining. If it is not, we have a standard hardship program, which was put in place, I think, back in 2006, when the act first came in, allowing charging. It has been refined a couple of times now, as of a 2009 document. That says that you can go through a process to assess what people's costs are, match that to the charges that are being charged and if there is undue hardship, then adjustments can be made to the rent. So that is exactly what we are going to go through now with individual residents to make sure, as we have six and a half months to go for this process, so that the charges are appropriate and not excessive in regard to other costs that people may have.

The CHAIR — Thank you, Minister. Given that we are right now hard up against the finishing time that we have for this portfolio, I understand Mr O'Brien has a question that he may wish to place on notice.

Mr O'BRIEN — Yes.

The CHAIR — Mr Scott also has a question he may wish to place on notice.

Members interjecting.

The CHAIR — Just so everyone is clear, that question was answered within the time limit. Mr O'Brien, do you want to just flag your question, recognising that we were right?

Mr O'BRIEN — Thank you. If you could take this on notice: it relates to the closure of the Sandhurst Residential Services, which you touched on your presentation, and the \$7.9 million that has been allocated for that. I am wondering if you could provide the committee with more detail about how this investment will align with the government's reform agenda and also importantly how it will improve the lives of people with a disability living in Sandhurst.

Mr SCOTT — I was just going to ask if the minister had read the Vertigan report.

Ms WOOLDRIDGE — The answer is no.

Members interjecting.

The CHAIR — Order! That concludes hearings on the disability portfolio. We will have a very quick break to allow personnel changes. I thank Ms Callister and her officers for their attendance this afternoon.

Witnesses withdrew.