

# **GENERAL PURPOSE STANDING COMMITTEE No. 2**

**Wednesday 19 November 2008**

**Examination of proposed expenditure for the portfolio area**

## **DISABILITY SERVICES**

**The Committee met at 11.15 a.m.**

### **MEMBERS**

The Hon. R. M. Parker (Chair)

Mr I. Cohen  
The Hon. G. J. Donnelly  
Reverend the Hon. G. K. M. Moyes

The Hon. M. J. Pavey  
The Hon. C. M. Robertson  
The Hon. H. M. Westwood

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### **PRESENT**

**Department of Ageing, Disability and Home Care**  
**Mr B. O'Reilly**, *Director General*  
**Ms E. McAlpine**, *Deputy Director General*  
**Ms C. Burlew**, *Deputy Director General*  
**Mr J. Moore**, *Deputy Director General*

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## **CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS**

**Corrections should be marked on a photocopy of the proof and forwarded to:**

**Budget Estimates secretariat  
Room 812  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000**

**BRENDAN O'REILLY**, Director General, Department of Ageing, Disability and Home Care,

**CAROLYN BURLEW**, Deputy Director General, Department of Ageing, Disability and Home Care, and

**ETHEL McALPINE**, Deputy Director General, Department of Ageing, Disability and Home Care, on former oath:

**JAMES MOORE**, Deputy Director General, Department of Ageing, Disability and Home Care, affirmed and examined:

**CHAIR:** I declare the supplementary budget estimates hearing into the portfolio of Disability Services open. In relation to procedural matters, I refer to my earlier remarks about broadcasting. The requirements for broadcasting are available at the door. Departmental staff are free to pass messages between themselves. Any messages to Committee members are to be passed through the Committee staff or secretariat. All mobile phones are to be switched off or silenced. If they vibrate, please keep them away from the microphones because they interfere with the sound and Hansard equipment. Mr Cohen and Reverend the Hon. Dr Gordon Moyes are expected to arrive shortly. We will now proceed to questions.

**The Hon. MELINDA PAVEY:** Last year 165 employees of the Department of Ageing, Disability and Home Care [DADHC] were earning more than \$100,000. This year 219 employees are earning more than \$100,000. What is the reason for the growth in middle management?

**Mr MOORE:** I cannot give you the precise breakdown of what that would be but it would be largely due to people moving across a salary pay point, I would expect. There would be a group of people who would just be below who have moved above. There has not been a major influx of middle managers into the department.

**The Hon. MELINDA PAVEY:** Would you be able to get back to us with more details on that table? You are suggesting there were a heap of employees that were just under \$100,000 who have moved up the pay scale to over \$100,000?

**Mr MOORE:** That would be my suspicion because there has not been an influx of a middle management group into the department.

**The Hon. MELINDA PAVEY:** You will come back to us with details on that?

**Mr MOORE:** Yes.

**The Hon. MELINDA PAVEY:** In relation to the 219 employees earning over \$100,000, could you give us a breakdown on senior executive service [SES] positions, how many are not SES but are earning in the vicinity of SES?

**Mr MOORE:** Twenty-three of our employees are SES. The balance would be non-SES.

**The Hon. MELINDA PAVEY:** Have you decided which 5½ are going under Premier Rees's edict?

**Mr O'REILLY:** There has not been a flat 20 per cent cut for every agency. In the case of DADHC, our category, so to speak, the proportion of SES against the number of staff, we are in the lowest category and we are at the bottom end of that bandwidth. What it means is different departments relate to different categories. We happen to be in the category that means that we have to have the lowest proportion of people compared to staff. There is a bandwidth and we are at the bottom end of that bandwidth.

**CHAIR:** What percentage are you expecting to lose?

**Mr O'REILLY:** Given that we are at the bottom, they might create a new category, I am not too sure.

**CHAIR:** What are you prepared to accept?

**Mr O'REILLY:** I do not think it is going to be a matter of choice. I think I am going to be told.

**CHAIR:** What do you think then?

**Mr O'REILLY:** We do not know at this stage. We are currently discussing with the Minister.

**CHAIR:** Funnily enough, the education department has a similar view, that is, that it should not be required to have a 20 per cent cut, for similar reasons. There is a department out there somewhere that will lose lots of SES employees to make up for it.

**Mr O'REILLY:** Well, there could be. I do not have the information on every other department. I can say that we took actions about three years ago and we have reduced our numbers. We are at the bottom end of the bottom scale. So it would be a matter of what we are told by Government.

**CHAIR:** Are you prepared to give us the correspondence that has gone between you and the Premier's Department over the negotiations?

**Mr O'REILLY:** I think the Premier's Department would be the only ones who can release that. I would not have the authority to do it, I am sorry.

**The Hon. MELINDA PAVEY:** We know there are 165 employees earning over \$100,000 and you say 23 of those only are SES?

**Mr O'REILLY:** That is right.

**The Hon. MELINDA PAVEY:** Would it be a better management principle to be able to not just look at SES staff who are on individual contracts with the department but to look more broadly at all staff earning, say, over that \$100,000?

**Mr O'REILLY:** Can I just say first off, \$100,000 is not a huge amount of money in comparison to the NGO sector, what their CEOs are being paid. I would be very surprised if many of them were less than \$100,000, except they must be the very small agencies with four or five people. But the way the system works is that the numbers that you have been allowed or assigned—the bandwidth—include all senior officers as well. Over the \$100,000, even though they are not SES they are included in your bandwidth, but you are only allowed to cut the SES. That is the way it works. So they are not taken into account in the Premier's announcement.

**The Hon. MELINDA PAVEY:** But is that the most effective way to reach the goals set out by the Premier, by just attacking the SES?

**Mr O'REILLY:** I cannot give an opinion. I think that what we have to do, obviously, is implement what the Premier has instructed us to implement and we will have to work our way into that.

**The Hon. MELINDA PAVEY:** Would it suggest that the Premier is beholden to the PSA?

**The Hon. GREG DONNELLY:** Madam Chair, we seem to be venturing into what are policy areas in the debate and discussion here.

**The Hon. MELINDA PAVEY:** Political areas you mean?

**The Hon. GREG DONNELLY:** The previous question was in a policy area and the most recent question is a very interesting one.

**The Hon. MELINDA PAVEY:** Very political.

**The Hon. GREG DONNELLY:** That is not the nature of the way in which these questions are presented in budget estimates hearings. I would argue that that particular question just asked should be ruled out of order.

**CHAIR:** In ruling on your point of order, I am sure that the member could rephrase that. From time to time we do stray into policy areas and departmental people here are quite within their rights to say that they do

not wish to make a comment on a policy area. But I am sure that in the light of your comments the Hon. Melinda Pavey might wish to rephrase the question.

**The Hon. MELINDA PAVEY:** I do not think I can rephrase it. I will not put the departmental officials in such an invidious position. What were the total annual wage costs of the department this year?

**Mr MOORE:** Somewhere just over \$500 million, total employee related expenses.

**The Hon. MELINDA PAVEY:** And last year's wage bill?

**Mr O'REILLY:** The salary payments, including recreation leave, in 2007-08 were DADHC, excluding Home Care, \$422,963,000; Home Care was \$129,442,000—a total of \$552,405,000. In 2008-09—this is what we budgeted on, but there could be some changes—\$430,623,000 for DADHC, and Home Care \$129,389,000, giving a total of \$560,012,000.

**The Hon. MELINDA PAVEY:** Mr O'Reilly I would like ask you some questions about the ongoing issue of the Stronger Together program and how the planning is going for the next phase of that. Just in terms of the history of it, how long did planning take for the development of the first five years of Stronger Together from 2006-011?

**Mr O'REILLY:** To be honest, the first year I was in DADHC we really needed to get the budget under control, so we spent 12 months on ensuring that we lived within the budget, and that gave us information about where there were pressure points throughout the service system. We probably spent 12 to 15 months in doing not only the actuarial work but also getting the ideas and feedback from staff, from parent groups, that sort of thing.

**The Hon. CHRISTINE ROBERTSON:** Plus our inquiry.

**Mr O'REILLY:** Plus the inquiry. And it probably took about 15 months to actually have the framework and what sort of money we were talking about, and then probably about six months of Treasury review and the normal arguments and reviews, and then the position was announced.

**The Hon. MELINDA PAVEY:** So it was about 2½ years?

**Mr O'REILLY:** No, we would not have to worry about that first 12 months again because we got all that done.

**The Hon. MELINDA PAVEY:** How is progress for the development of the next five years from 2011 to 2016?

**Mr O'REILLY:** We are about half-way through Stronger Together 1. We have not been asked for the forward estimates as yet. We have alerted Treasury. We have had meetings with Treasury advising that come 2011-12 there is going to be an impost to government on disabilities basically for the same reasons, being we have ageing carers and clients, their needs are changing and the general ageing population that is continuing to increase. We have alerted Treasury that there will not be any reductions because the service system would actually struggle enormously—when I say service system I mean parents and people with disabilities. We have started work around the bread and butter areas of respite, day programs, post-school programs, those sorts of thing will be incorporated. We also want to concentrate on a couple of other areas which includes self-managed packages where you can allocate the funds directly to the person because often times fitting into a service system is not always the easiest for some families. Some have better ideas and better ways to do things. They can also call on family and friends and sometimes they just want to be able to compensate them for the supports they can give. They can actually get better value for the dollars, so to speak. Self-managed packages are going to be a big one.

We have piloted the attendant care package, that is when a person requires around about 35 hours a week in their own home and they want to manage their own package. We have piloted it. Our initial problem was with the tax department because it said we put the money directly into their account and it is income. We have now had a ruling and have sorted all that out. The pilot for the 10 people we started with proved to be—the evaluation and the comments from the people themselves—extraordinarily well received and worked well.

Indeed they were able to shop around for what they wanted. They did not have to fit within a service block or a system. We would really like to extend that further. We know the sector generally likes that idea.

We do have to have some safety nets there because some people would find that difficult to manage. They would not want to or deliberately spend the money on other matters but because it is public money we have to have some safety nets in there. But we certainly think we can expand towards the areas of respite, the day program side. I am not too sure at this stage about post-school programs because that is an indirect form of respite as well for the family but, no doubt, some might say they would rather do it this way. We have just got to have the model, system and tax all sorted out to make sure there are no problems. That will be part of Stronger Together II that we will put to government.

**The Hon. MELINDA PAVEY:** Will that be a bigger cost to government? Will that lead to streamlining?

**Mr O'REILLY:** I think it will be a reduced cost to government in the fact that the administration will not be there, all the returns and reports all the rest of it. I think there will be some savings. There will be some efficiencies but, more importantly, it empowers the individual, that is what we really want to get to.

**The Hon. MELINDA PAVEY:** The first five years has been worth \$1.3 billion. From what you say you will at least be expecting that \$1.3 billion with CPI growth?

**Mr O'REILLY:** Yes. I can tell you what I want. It has got to be greater than \$1.3, simply because our information and the fact that people are ageing and more people are going into that group. Mum and dad suddenly say they have been able to look after Fred or Mary and they cannot do it any more. A big issue that has not really been worked on well, I think, for the whole sector because we have not experienced it before, is the fact that people with Down's syndrome represent around about 16 per cent of the disability population, and probably 1 per cent of them get a service and it is because mum and dad have been able to manage. But a person with Down's syndrome also has the risk of early onset dementia on reaching the age around 40. Now they are coming into this whole stream and mum and dad are getting into their 70s and 80s. That group will be a large number coming into our service system that we have not had before. We are doing work on that as well.

**The Hon. MELINDA PAVEY:** From your answer we can take it that the Minister has not yet had a discussion with the Treasurer about the forward plan?

**Mr O'REILLY:** The Minister has certainly raised the issue of Stronger Together II and the need for Treasury to be involved from day one in developing Stronger Together II, but it is just a matter of timing at the moment because the forward estimates are not required. We have actually started early work on it. Treasury is going to be working with us from 2009 in preparing for the 2011-12 budget so that there are no surprises to anyone that this just has to be budgeted for.

**The Hon. MELINDA PAVEY:** Have you given Treasury a figure?

**Mr O'REILLY:** No, we have not.

**The Hon. MELINDA PAVEY:** Do you have a figure?

**Mr MOORE:** At this stage, no, because there is still a series of issues about the appropriate service structure going forward. Stronger Together mark I is about trying not only to grow the capacity but also to change the service shape so some of the things that the Director General is referring to about individualised packages, those sorts of things, we are still working through just what they look like. Your point: will they lead to streamlining? All those issues need to be modelled through to identify what would be an appropriate quantum. The Commonwealth has changed its approach to some extent with the recent DAC announcements where it is providing that money across into the State system so that gives us access to another tranche of resources as well. We are still at the very early stages of modelling.

**The Hon. MELINDA PAVEY:** From where is your data coming?

**Mr MOORE:** The core data comes from the ABS survey of carers and people with a disability referred to by the acronym SDAC. That data was collected in 2003 and the next ABS survey is 2009. We would be very

keen to not conclude final modelling until we have an updated picture of the population. That is the only data source that gives you a picture of the total population as opposed to what services you are actually delivering.

**The Hon. CHRISTINE ROBERTSON:** Is that where you picked up the Down's syndrome persons not getting regular services?

**Mr O'REILLY:** That is right.

**Mr MOORE:** One of the key issues with disability is being able to appropriately balance what fits under the government system and what is outside the government system and the right sort of balance of incentives and capacity for people to continue to participate in the care of people with a disability rather than bringing it all within the government funded system. So there is a lot of complex modelling that will take place over 1½ years.

**The Hon. MELINDA PAVEY:** In terms of that complex modelling will you consider the Australian Institute of Health and Welfare data to be used to estimate the level of unmet need for supported accommodation?

**Mr MOORE:** That is a relevant factor. It comes from a different modelling approach. Disability officials around the country have all gotten together to try to work through how it would be best modelled out as to what is the underlying level of unmet need. That is an indicator at the moment but it does not directly relate to the sort of system models that we have about what need you need to respond to as opposed to need that is dealt with outside of the formal system.

**Mr O'REILLY:** The other thing is, of course, that our clients are living longer. Fifty years ago the average age for a person with a disability, the life expectancy, was the mid-20s. It has now improved greatly as a result of better standards, better care, improved medical interventions and that sort of thing and we find that, where all governments always had a factor for clients who left the service system, that factor was inappropriate at today's levels because people are living longer and the cost of care is increasing, so we have to factor that part into it as well. It is not inconsiderable. It is quite a financial impact.

**The Hon. MELINDA PAVEY:** As a percentage of our State and nation's population is the level of disability increasing just because people are living longer?

**Mr O'REILLY:** I really think the three factors that are driving the increase in need for support are that the mums and dads are ageing, and where they never asked for support before, and they managed somehow to get by, they cannot. The ageing client is not only in the service system longer, but their needs have changed during that service. And with the ageing population under home and community care arrangements, more and more people are living longer and are saying that they need a bit of help with personal care or whatever.

**The Hon. CHRISTINE ROBERTSON:** Has there been much discussion about the increase in numbers of persons requiring disability services because of improved care for the newborn—they rarely die now?

**Mr O'REILLY:** That is a factor. As a result of improved medical interventions we can have premature kids at 26 weeks. Some of the data or research we have seen is that, of every 10 who survive premature birth, from memory, one will have a lifetime need for care and support.

**The Hon. CHRISTINE ROBERTSON:** The Government members do not have questions at this time. If we need to, we will ask questions later.

**CHAIR:** Reverend Moyes is double-booked and he is on his way, but he is going to be late, so perhaps we will go on with some Coalition questions until he arrives. There is mention in the mini-budget of projected savings of \$13.8 million through rationalisation and the sale of various Department of Ageing, Disability and Home Care [DADHC] sites. The statement in the mini-budget was that a number of assets would be sold or divested of their leases to give some flexibility to fund other initiatives. One that has been mentioned is a site called Grosvenor. Where is Grosvenor and how is that surplus to requirements?

**Mr O'REILLY:** Grosvenor is located at Summer Hill, off Liverpool Road. It is a fairly large site. The disposal of Grosvenor was not included in any forward estimates. By next month we will have completed the

new accommodation models on that site for people who generally have very high and complex needs, but there is a very large parcel of land that will be surplus to our needs. The Government has said, "We have not included that in forward estimates; it is now included in the mini-budget", so it is at no cost to the department as such. We do not keep all the money from properties that are sold, we argue strongly for it but we do not always get it. Nevertheless, it was always on the books, but it was not included in any of the budget forecasts, so it has been included in the mini-budget.

**CHAIR:** How much is that likely to be sold for?

**Mr MOORE:** It is in the range of \$3 million to \$5 million. That is the estimate for that particular site.

**CHAIR:** And you have no guarantees that it is coming back into the Department of Ageing, Disability and Home Care budget?

**Mr O'REILLY:** No, there is no guarantee of that, but from memory I think we get roughly half of it and the Government gets the other half.

**The Hon. MELINDA PAVEY:** Which part of Government—Treasury?

**Mr O'REILLY:** Well, it goes to Treasury. That is the policy right across the whole service system.

**Mr MOORE:** The cost of the redevelopment of the Grosvenor sites and the building of new facilities was part of Stronger Together, so one of the line items in Stronger Together was to fund the construction of new long-term and respite accommodation.

**CHAIR:** How much was that?

**Mr MOORE:** I would have to take that on notice, I am sorry, I do not have it off the top of my head, but the land that was freed up as part of the action was not used as an offset to that particular capital investment.

**CHAIR:** What other assets of the Department of Ageing, Disability and Home Care that are mentioned in the mini-budget are to be sold?

**Mr O'REILLY:** The only other one is Peat Island. We recognise that we need accommodation arrangements for clients who are ageing and they need age appropriate care and support. There are around 85 residents located on Peat Island. The facilities are very run down and are inappropriate for the standard of care needed. We have purchased land for a new site near Wyong, near the hospital and near transport and all the rest of it. We have spoken to all the parents of the clients about the plan that was listed in Stronger Together and the Government has announced that it will divest itself of the Peat Island site, but only once a replacement is arranged, which from memory is scheduled for around 2010-11. We have said to the Government, "Well, you can take steps to sell the site now, but if you sell it prior to our new site being ready we will need to lease back", and the Government understands that position. I am not too sure how quickly it will sell it or be able to sell it.

**CHAIR:** Are any of the buildings on Peat Island heritage listed?

**Mr O'REILLY:** I think they would be, yes. There is a chapel and I would be amazed if that is not protected.

**Ms BURLEW:** It is.

**Mr O'REILLY:** It is protected. The others are run down.

**CHAIR:** Is there an estimate of the value of Peat Island?

**Mr MOORE:** In net terms, it is the balance of the \$13.8 million.

**Mr O'REILLY:** If you take Grosvenor off, which is around \$3 million.

**Mr MOORE:** So it is \$8 million to \$10 million in net terms after we have covered all the costs associated with it.



**CHAIR:** What chance do you think you have of that coming back to the Department of Ageing, Disability and Home Care?

**Mr MOORE:** That would be the same as the Grosvenor arrangement.

**Reverend the Hon. Dr GORDON MOYES:** There is a Legislative Council members meeting with the clerks today and I attended on behalf of all of us to listen to what they had to say, so I apologise for being late. I want to follow up on the Morisset and Peat Island issues. There have been some letters in our local paper which alerted me to something, that with the proposed closure of some centres a lot of staff are going to be financially disadvantaged because they cannot find similar work locally and so on. That is quite understandable, but what amazed me was the number of letters that made reference to the fact that husbands and wives are working in the centres. Do you have protocols about conflicts of interest between family members working at the same site?

**Mr O'REILLY:** Yes, we do. First, we have a code of conduct and ethics that every staff member has to have access to and sign. That raises conflicts of interest and staff are very much aware of that issue. Sometimes with a place like Peat Island, although it is only at Brooklyn, transport is very difficult.

**Reverend the Hon. Dr GORDON MOYES:** Public transport?

**Mr O'REILLY:** That is right, and because of that people have to make their own way or make their own transport arrangements. Sometimes you do have people who apply—it could be a husband or wife, or they started and then became husband or wife over the years.

**Reverend the Hon. Dr GORDON MOYES:** Children as well?

**Mr O'REILLY:** That is right, but we do have a system for our staff about conduct and ethics and also with regard to close personal working relationships.

**Reverend the Hon. Dr GORDON MOYES:** I would like you to expand more on that. What kind of prevention? One of the criticisms that have been made about some of the centres run by the Government—I am thinking of not-for-profit providers as well—is that there are cosy little arrangements between family members, and like in the prison service it may even be generational. I appreciate that in the stevedoring industry there are three or four generations working around Darling Harbour and when the cars stop being delivered there it is a case of "This is the end of history as far as our family is concerned". What sort of precautions do you have to stop people building up inflated overtime?

**Mr O'REILLY:** Firstly, and I know you will understand this, we cannot discriminate on the basis of family relationships. We also have monitoring systems with regard to all the expenditure arrangements. We have the normal overtime reports that are checked by the executive on a monthly basis. Sometimes it may not be family members, it may be a particular unit that seems to have a higher level of overtime than one would expect. All of those things are always checked and looked at. There is a regular monitoring arrangement within the department, which exists not only at the regional level but also at a department-wide executive level. We meet quarterly and go through all those reports.

**Reverend the Hon. Dr GORDON MOYES:** Have you discovered cases of rotting?

**Mr O'REILLY:** We have discovered cases where we have been required to investigate why things have happened. Why does it appear that a certain unit has greater overtime than one might expect? Most times there is an explanation: it could be that someone went on maternity leave and they could not get a replacement nurse, that sort of thing. It is always investigated. If we find any cases of fraud or rotting it starts a disciplinary process within the organisation.

**Reverend the Hon. Dr GORDON MOYES:** Has that been happening?

**Mr O'REILLY:** It is not common, but there have been areas where we have—

**Reverend the Hon. Dr GORDON MOYES:** I mention this is not based upon my knowledge of certain situations but from reading local papers in which people complain that they will not be able to continue as they have in the past.

**Mr O'REILLY:** With the Peat Island one you mentioned, we have said to the staff that all the staff who provide direct services to clients will be offered positions at the new location further up the coast. It is early days on how many will wish to take up that offer. Some may say they prefer to finish up. We will help staff to be able to take up new positions because we are anxious to keep that client-staff relationship where they know the client and the client's behaviours and they have often worked with the same client for up to 20 years. We have to get that balance right too. Where we see close family relationships that may involve overtime and we are on the site, we will re-assign people where we can so that they are not working in the same unit as before. We may ask them whether they are happy if we move them to another unit that is only 50 metres away and work under a different supervisory arrangement. Most staff understand that perceptions are a major concern to anyone, so we had to act on that.

**Reverend the Hon. Dr GORDON MOYES:** I raised the issue of respite fees and I am glad to see that seems to have been declassified. I appreciate that the Minister was not aware of the situation and actually gave false information to us based upon his understanding. I did correct him because he was wrong and then he replied to me later that we had different and conflicting advice from various members of the department. Have those people who have been charged in the past for respite care been sent accounts for any back payments?

**Mr O'REILLY:** I issued an instruction to all regional directors advising them of the Government's policy with regard to respite fees as a result of the questions you raised. The instruction said that any claim that was still outstanding prior to the policy was to be dropped. I have issued that instruction.

**Reverend the Hon. Dr GORDON MOYES:** Thank you, Mr O'Reilly.

**CHAIR:** Do Government members have any questions?

**The Hon. HELEN WESTWOOD:** We reserve our right. Not at this time.

**The Hon. MELINDA PAVEY:** In the mini-budget it was stated that expenses have increased relative to budget time and this is the result of higher superannuation expense provisions, higher revenues and expenses arising from the Commonwealth Government's first home owners grant boost program and the Commonwealth State Territory Disability Agreement. Could you outline what are these higher expenses associated with the Commonwealth State Territory Disability Agreement referred to in the mini-budget?

**Mr MOORE:** They would be the disability plan that was agreed by Ministers in May this year, which was that funding totalling \$300 million over four years be moved from the Commonwealth to the States, so this year we would be receiving somewhere in the order of \$30 million of increased funding from the Commonwealth for disability services. That funding would be offset by increased expenditure on disability services.

**The Hon. MELINDA PAVEY:** So, it is actually increased income?

**Mr MOORE:** There is an increase in revenue from the Commonwealth associated with that but the expenses are going to go up.

**The Hon. MELINDA PAVEY:** So we are getting \$30 million from the Commonwealth. What do you expect your expenses will be?

**Mr MOORE:** It will match that.

**The Hon. MELINDA PAVEY:** So, in and out. It says on the Council of Australian Governments [COAG] website in regard to the national disability agreement that reform of roles and responsibilities should be budget neutral for both levels of government delivered by the transfer of current funding to mirror the transfer of responsibilities for service provision. Do you believe that budget neutrality can be achieved as part of this agreement?

**Mr MOORE:** That is the plan. The plan is to make a series of adjustments of responsibilities that are financially neutral. The specifics of that proposal are being worked up for the COAG meeting at the end of this month, so we are not in a position to speculate as to what they will actually resolve, but the overall strategy is one of being able to ensure that things that were being paid for by the Commonwealth will be paid for by the State and there will be a transfer of funds to cover those and there might be transfers the other way.

**The Hon. MELINDA PAVEY:** Is budget neutrality an achievable plan, do you think?

**Mr MOORE:** On the terms that have been spelled out as a change of financial responsibilities, then budget neutrality is achievable.

**The Hon. MELINDA PAVEY:** Further to that, what negotiations have taken place in regard to growth funding as part of the national disability agreement?

**Mr MOORE:** There are discussions of funding in the COAG process that has been conducted this year but that is the responsibility of Treasurers to carry through. The initial COAG principles that were advanced at the beginning of this year for the whole reform of funding arrangements place responsibility for resolution of all funding matters firmly on the heads of Treasury and Treasurers. They will be meeting on 28 November to discuss where they are at with respect to funding and you need to direct further questions about where the negotiations are at towards the Treasurer.

**Mr O'REILLY:** We will not know until the money is put on the table but—if I get where your question is going—the gorilla in the room is about indexation. We actually have to have that addressed. In the past half a dozen years the Commonwealth has not put up the appropriate indexation that has matched the State's and there is an imbalance that now exists. I honestly believe that the indexation issue is critically important, certainly to New South Wales. It has been raised at the Ministerial councils and it has to be addressed.

**The Hon. MELINDA PAVEY:** That would also go to the issue of workforce?

**Mr O'REILLY:** Yes.

**The Hon. MELINDA PAVEY:** One of your issues, I am sure, is that it is getting harder and harder to attract people?

**Mr O'REILLY:** Absolutely. Attracting people to the disability workforce is a serious situation right across Australia, but the care sector generally—it is not a highly paid sector.

**The Hon. MELINDA PAVEY:** It is about 60 percent of the national weekly wage, is it not?

**Mr O'REILLY:** That is about it, yes. There is an award to be handed down in May of next year, what is called the SAX award. That is going to be a major consideration for the non-government sector, as it must be for Government. What we have done to try to work through some of this is that we have worked a partnership arrangement with National Disability Services [NDS], the peak body we deal with who have the membership of the providers. We have said that what we have to do is not just pirate each other's staff all the time but we have got to build a pool and to do that requires both of us working in cooperation to be able to attract people into the service system.

The Government has allocated over \$3 million for this project with NDS and we will be working with them as a partner in building a pool and lowering the recruitment cost. As we get people who are interested we can actually do, for want of a better word, slicker advertising than we can in Government—rather than the little box that appears in the paper—to build a pool we need to promote that it is actually a very worthwhile job. There is a great deal of job satisfaction once people are in the system. There are pockets of people that probably do not realise that there are opportunities to work in the care sector. For instance, mums who have stayed at home and whose children are now turning eight, or whatever, and the whole issue of support from the mother is disappearing—there is work available. We have embarked on this major project with this organisation that represents all the providers, we want to build a pool and attract people to the service system.

**CHAIR:** I would like to ask you some questions about supported accommodation. I know we asked similar questions at the last estimates hearing about people who applied for supported accommodation in 2007-08. Your response then was, 1,771 people were registered in the preceding 12 months that wanted supported

accommodation but they were on a waiting list. How long do you think it is going to take to get those people off the waiting list and into placement?

**Ms McALPINE:** We have another 340 Stronger Together supported accommodation places that are coming online, we have a number of other models as well; the Disability Housing and Support Initiative [DHASI] and some other in-home support models that have additional places. By the end of the Stronger Together there will be around 400 of those people that places will be made available for. We also have the places that become available in the course of the year, which will grow in number, but that might pick up another 100 people in that time. So the rest we would be looking at Stronger Together, phase two.

**Reverend the Hon. Dr GORDON MOYES:** If I could follow up on that? I think under the budget there was something like 990 additional places going to be provided. Has that been altered in any way by the mini-budget? I looked but could not see any comment there?

**Ms McALPINE:** No.

**CHAIR:** We asked some questions on notice about the unmet need, and your answer was basically that the level was unknown, but also that the AIHW data set the national unmet need accommodation service at 28,000 places in 2005. Is that right?

**Mr MOORE:** Yes, that is right.

**CHAIR:** Does not New South Wales have 30 per cent of the national population, with disability remaining similar in all jurisdictions?

**Mr MOORE:** In general there is not a great discrepancy in the distribution of people with disability on a per capita basis across any jurisdiction; they are all much the same.

**CHAIR:** So we would have basically 30 per cent of that national statistic, would we not?

**Mr MOORE:** You could draw that conclusion but you have to also be cautious about drawing a conclusion that the AIHW figures enable you to map the number of people who need to be placed immediately or who need to be placed in any particular time frame. There is a lot of complexity about just what it takes to measure unmet need and marry that to what is an actual service need now. I could refer you back to the early discussion that we were having about Stronger Together.

**CHAIR:** What is the projected demand over the next five years?

**Mr MOORE:** The projected demand is as mapped out in Stronger Together, where for the first five years we were projecting nearly 1,000-supported accommodation places. Also with Stronger Together we are taking alternative approaches to trying to meet people's needs that do not require them to move all the way through to supported accommodation. Part of the reforms within the Stronger Together package is trying to find various early intervention prevention approaches, various alternative means of providing support that do not remove people with disability as far from the community as putting them in supported accommodation would do.

**The Hon. CHRISTINE ROBERTSON:** Is there any indication that the other States are emulating the support in the community programs that New South Wales is delivering?

**Mr MOORE:** To be frank, each State is looking at quite different approaches. As part of the new disability agreement that is being brought together at the moment under the COAG processes there is a lot of work being done to try and identify what are they appropriate ways of understanding the needs and the appropriate ways of responding to service delivery. But different States are at different places with how to approach it. Indeed, it is an opportunity boat for places like New South Wales to be able to look around with our substantial investments in disability services.

**The Hon. CHRISTINE ROBERTSON:** Would that distort national figures—the different States having different issues and needs and the programs running? Trying to extrapolate our percentage of disabled persons and their needs on to a national piece of data, is that possible? Because we have different services, do we not?

**Mr MOORE:** It is one of the aspects that makes it difficult to move from a calculation such as the AIHW has prepared, which is as good as it gets with the methodologies that they have, and being able to translate that across to what it tells you about specific service needs in any particular location. You have got enormous difficulties with respect to data. You are dealing with a very small proportion of the population so the ability to extrapolate once you get below national levels is often quite difficult.

**CHAIR:** How much does a group home cost to build, not including the land?

**Mr MOORE:** Depending upon the type of model—I am sorry but this will include land acquisition—anywhere between \$150,000 and \$300,000.

**Reverend the Hon. Dr GORDON MOYES:** \$180,000 was the figure I used to work on and this is allowing may be six—

**Mr MOORE:** Per place.

**CHAIR:** What figure do you work on?

**Mr MOORE:** Depending upon the particular type of model that we are trying to construct for accommodation purposes, anywhere between \$150,000 a bed through to about \$300,000 a bed.

**CHAIR:** Do you have a model of a five-bedroom group home being developed?

**Mr MOORE:** We have many models that are basically around a five-bedroom arrangement. You have different types of clients within the home. You may have a lot of complex need clients or clients who have challenging behaviours. They will lead to different infrastructure within the building, different degrees of robustness of the fabric of the building, different needs for the ability to have hoists and supports and so on. So there is quite a range of models that we have.

**Reverend the Hon. Dr GORDON MOYES:** Special bathrooms, island baths, all that sort of thing.

**Mr MOORE:** Yes.

**CHAIR:** There was a property in Wagga Wagga that was renovated and upgraded. I believe it cost close to \$500,000 to start with, and another \$300,000 for renovations. If that is the case, would it not be more effective to start from the ground up?

**Mr O'REILLY:** Before we actually purchase the property we do an assessment of what renovations are needed. Then Commerce do the test: The property costs \$500,000, to renovate is going to cost another \$200,000. Can you get the same sort of property for \$700,000 or cheaper? Each one of those purchases goes through that arrangement. We always get some people who say, "I have a place for sale for \$600,000. You could have saved \$100,000." You can understand where they are coming from but it is not always the right site, it could be that the parents are saying, "Wait a moment, it is further out away from the day program", or whatever. All those things are taken into account. The bottom line is a group home to build is not cheap. They require, as Reverend Moyes pointed out, wider hallways, wider bathrooms, bigger blocks of land.

**Mr MOORE:** You also have to make choices because sometimes you are investing for a long term. While you may not need the wider corridors at this particular point in time, a client moves on and you bring in a client with a large wheelchair, then you cannot make the whole facility work. So you have this efficiency trade-off. What might be too much on day one, given that you are looking at a 20- to 30-year lifespan, it makes sense to do the investment now rather than wait till later. Our buildings, while we try from the group home perspective to put them in the community looking like the community, inside the building it cannot be the same as a residential property. There are key features that make it different.

**Reverend the Hon. Dr GORDON MOYES:** I am not sure who is best to answer this question, which is about management structure within the department. I suppose, Brendan, it is over to you. When you look through the numbers of staff, their titles and so on, the word "acting" comes up many, many times. For a department to be really effective, you cannot have, as I think you do, 71 acting network managers.

**Mr O'REILLY:** I agree.

**Reverend the Hon. Dr GORDON MOYES:** There is something desperately wrong there.

**Mr O'REILLY:** Yes.

**Reverend the Hon. Dr GORDON MOYES:** The reason is either the permanent managers are leaving or you do not have suitable replacement persons. How long will the acting situation continue? In any business structure 71 acting managers is rather stupid.

**Mr O'REILLY:** Using that classification of staff, the network managers, we have been negotiating with the Public Service Association [PSA], the industrial association that it is covered by, with regards to a different arrangement for group homes. I think the evidence is showing us that to have the network manager located off site and away from the group home, so the current arrangement is that the network manager supervises or is responsible for two or three group homes. The number of staff that are employed in the group home may be five or six, so the span of supervision is crazy. They are also not on the site. What we want to do is move to a model where we actually have a person in charge of the home.

**CHAIR:** That is back to the future. That is what we used to have.

**Mr O'REILLY:** Well, no—

**Reverend the Hon. Dr GORDON MOYES:** Is this a conflict between you and the union?

**Mr O'REILLY:** There is. We have done our best in the negotiations. We have got so far and it has not gone much further. We have another meeting with the unions in December on this exact issue. Because at the end of the day we really do believe that we are not going to backfill the network managers until we get this matter resolved, otherwise we will up for redeployment and movements and all the rest of it. We have told the union that we have to break this impasse. If we cannot do it we will ask the Industrial Commission to make a ruling because it is critically important to the parents and to the staff themselves in the group home that they have a person who is in charge of it that can actually look at critical incidents, that can actually monitor and make sure the medication is being done properly and all the rest of it. That is where it stands. The other thing I would add—

**Reverend the Hon. Dr GORDON MOYES:** You could almost end up with your own senior executive service of outplaced acting managers.

**Mr O'REILLY:** We do not want to do that.

**Reverend the Hon. Dr GORDON MOYES:** All power to your arm. The buck has to stop somewhere. Taking Dubbo—and you would have more than, say, five places in Dubbo—in theory you could have one network manager looking after five places. But, ultimately, if the local person in charge of an individual unit is not in charge, you are going to have problems.

**Mr O'REILLY:** Absolutely, that is right.

**Reverend the Hon. Dr GORDON MOYES:** All power to your arm in solving that one. This is a ludicrous position that you are in now with 71 acting managers.

**Mr O'REILLY:** That is why we have to bring it to a head.

**CHAIR:** That completes questions for today. You have taken some matters on notice. It is a 21-day turnaround for questions on notice and you may receive other questions.

**Reverend the Hon. Dr GORDON MOYES:** May I extrapolate on my last question? I was not being critical of you, Mr O'Reilly, or the department for that management style. I just wanted to raise the fact that that management style ultimately is not a workable management style.

**Mr O'REILLY:** Thank you. I should add that the network managers that we have are really good staff who work incredibly hard but the model is wrong, and that is the problem.

**CHAIR:** Thank you everyone and thank you for your attendance.

**(The witnesses withdrew)**

**The Committee proceeded to deliberate.**

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