



Minister for Commerce
Minister for Finance
Minister for Industrial Relations
Minister for Ageing
Minister for Disability Services
Leader of the Government in the Legislative Council

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Mr Elton Humphery
Committee Secretary
Community Affairs Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600



10 JAN 2007

Dear Mr Humphery

I am writing to you in regard to Committee's current inquiry into the funding and operation of the Commonwealth State / Territory Disability Agreement.

At my recent appearance before the Committee I undertook to provide an account of the negotiations between the Department of Ageing, Disability and Home Care and the Nardy House Management Committee. Please find this account attached.

Please don't hesitate to contact my office if you would like any further information.

Yours sincerely

John Della Bosca MLC

Encl.

Background

The Nardy House Management Committee (Committee) applied for funding in 2000 under a state-wide call for expressions of interest (EOI) for respite services (capital program only).

There were two programs, DSP004 and DSP007. DSP007 was for Innovative Joint Partnership Respite Projects.

The Minister approved all eligible EOI's for this program, resulting in Nardy House being funded under DSP007 for \$430,000 non-recurrent. The Committee provided the land for the facility, with a Trust Deed enabling the facility to support people with profound and severe disabilities only.

The Hon Faye Lo Po MP, then Minister for Ageing and Disability Services, was interviewed by ABC radio (South East NSW) during November 2000, where she stated ongoing costs would be provided.

The Funding Agreement for the \$430,000 states under section 8.4(b) that "the Purchaser (Nardy) represents to the Department that it will have other means to enable it to provide the services and maintain the facility including...(i) financial, through sources of funding, and (ii) non-financial through the use of volunteer support or from donated goods and services."

During March 2004, \$90,000 one-off non-recurrent funding was approved for the fit-out of the facility.

Review of respite needs in the Bega Valley area

The Department of Ageing, Disability and Home Care (DADHC) engaged consultants KPMG, to undertake an independent review of the respite support needs in the Bega Valley and surrounding areas. *The Bega Valley Respite Review Report* was submitted to the Department in October 2004, following a briefing to the Bega Valley Respite Coordination Group.

The Report outlines some significant findings and recommendations, which will assist the Department in future funding allocations regarding respite. The Report highlights the importance of any future respite services or facilities using a flexible model to meet different requirements, possibly mobile, to improve access, or located in a transport hub. The Report recommends that centre-based respite should be flexible enough to provide sessional, day long and overnight care, and be responsive to the level of support needs, the age of the person, and the carer arrangements around the person with a disability.

The key findings support the Department's position in relation to the future operation of Nardy House as a flexible respite facility.

Negotiations with the Nardy House Committee

2002-2004

Since 2002, the Department has been meeting with the Nardy House Project Control Group and the Management Committee to discuss the options for operationalising the facility as a respite service including, service models and resourcing the operations.

In March 2004, the Department offered to develop a respite coordination model in the facility, with some recurrent funds. The Committee rejected this offer. The Committee is only prepared to accept recurrent funding to directly provide a 24 hour, 7 days per week fully staffed respite service from the facility.

2005

In March 2005, the Department wrote to the Committee to advise that there was no commitment to recurrent funding for the level of service that they propose to provide.

Construction of the respite facility was completed in June 2005.

On 1 June 2005 the Regional Director met with the Committee to discuss a possible alternative service model involving a mixture of respite and permanent accommodation in the facility, which involved a mixture of current people in crisis in the Bega Valley. The committee rejected this option, both for the above reasons (only prepared to consider permanent recurrent funding for respite), but also because they claimed the Trust Deed was an impediment to this model.

The Department raised the option of existing providers purchasing respite beds, however the Committee is only prepared to accept this if the Department contributes sufficient funds to operate three or four beds. This option was further discussed on 15 June 2005.

On 15 June 2005, the Committee informed the Department that they were not prepared to engage in an EOI or tender process for recurrent funds, and would not permit any other provider to operate from the facility.

On 12 August 2005, the Department met with the Bega Valley Respite Coordination Group, including members of the Committee, to present six respite models. The models were based on the recommendations of the KPMG Report that supported a cooperative sector-wide approach to the planning and provision of respite services in Bega Valley and a flexible model of respite services to meet different requirements.

On 12 August 2005, at a separate meeting with the Committee, the Department discussed service models for the facility. The service models were costed to provide 24 hour respite for four people with high support needs, using information from several existing Departmental respite services, adjusted for non-government conditions. The Committee rejected the service models.

On 18 August 2005, the Minister appointed Mr Herd to assist in brokering an agreement between the Committee and the Department in relation to a number of issues preventing the facility from being funded and opened to the community. Mr Herd subsequently submitted a detailed report which was supported by the Minister.

The Committee rejected Mr Herd's Report.

On 6 October 2005, The Department met with the Committee to continue discussions regarding a service model of four funded centre based beds and two brokered respite beds. The recurrent funding package proposed to the Committee included 20 weeks of pre-purchased respite, a full-time coordinator and administrative support. The model allowed the Committee to also attract further resources to enhance services by negotiating with other respite service providers, to purchase respite at the facility.

On 17 October 2005, the Department, at the request of the Committee, provided detailed written feedback on their service model for the facility. The Department's review showed significant differences in both operating and employee related costs proposed by the Committee. The Department considered the costs to be inflated and unrealistic.

On 10 November 2005, at a meeting with the Bega Valley Respite Coordinator Group, members indicated their willingness to meet with the Committee to discuss the development of a respite coordination model and explore how their services could use the Nardy House facility for people with high support needs. The meeting was attended by Mr Herd and Senior Departmental Officers.

On 10 November 2005, Mr Herd and Senior Departmental Officers met with the Committee. The respite coordination model was discussed and the Committee was informed that members of the Respite Coordination Group were willing to work with them to enable the facility to be open and providing respite. Departmental Officers reiterated to the Committee that funds were available immediately for a respite coordination model. The Committee again refused to allow any other local providers to operate from the facility, rejected the service model and requested the Department to call for Expressions of Interest.

The Committee informed the Department that discussions had taken place with the Cram House who was willing to provide advice and support to the Committee. The Committee was encouraged to continue their discussions with Cram House and any other experienced service providers who were willing to enter a partnership with the Committee and who had a proven track record in service delivery.

On 24 November 2005, the Department wrote to the Committee to respond to their issues regarding funding for the facility. The Committee was urged to accept the Department's offer and open the facility.

On 25 November 2005, the Department wrote to the Committee and provided additional information in response to their concerns regarding a respite coordination model for the facility. The Committee was urged again to accept the Department's offer of immediate funding.

On 7 December 2005, the Department wrote to the Committee acknowledging receipt of their letter in which the Committee rejected the funding offer. The Department reaffirmed their commitment to work with the Committee to enable the facility to be open and confirmed it was offering recurrent funding to open the facility prior to Christmas 2005.

2006

On 8 March 2006, the funding offer to the Committee was made publicly by the Minister during an interview on ABC Radio, South East NSW Program.

On 17 March 2006, the Department met with Ms Denise Redmond (Nardy House Project Manager) and Mr Ken Dixon (Chief Executive Officer the CRAM Foundation). At this meeting Ms Redmond confirmed that the CRAM Foundation is their preferred partner. The meeting also resulted in a revised definition of the target group being submitted by Nardy House. The new definition provides for some flexibility, but remains narrower than the Departments preferred target group.

The Committee was still eager to move to an open tender process, believing they were in a position to respond within the broad parameters described by the Department. The Committee failed to secure an experienced and suitably qualified partner and it was unlikely that they would be able to satisfy the tender requirements.

In April 2006, the Department prepared a tender document but delayed calling for invitations as it was hoped that the genuine offer of a respite coordination model and a direct funding allocation would be accepted by the Committee. Also, given that the Committee refused to allow other providers to use the facility. A competitive tender could not occur.

On 21 April 2006, the CRAM Foundation provided written advice to the Department that they were only willing to provide a consultancy role and had declined to formally partner with the Committee.

In May 2006, the Department wrote to the Committee in response to issues raised by the Committee to the Estimates Committee. The Committee was again asked to consider the funding package put forward by the Department.

On 18 May 2006, the Department wrote to the Committee in response to their letter that indicated they could not move forward until the tendering process had commenced. The Committee was encouraged to seriously consider the funding offer and was informed that the Department remained committed to working with them on a respite coordination model for the facility.

On 9 June 2006, the Department wrote to the Committee to inform them that the Department could not allocate \$1 million for the model delivery put forward by the Committee. The Committee was encouraged to seriously consider the final offer by the Department of a respite coordination model for the facility.

On 13 June 2006, the Department wrote to the Committee to reiterate that there was only one current funding offer of a respite coordination model. The funds attached to the offer enabled the Committee to immediately employ a coordinator and administrative support. The model allows the Committee to attract further resources. The combined package is worth in excess of \$400,000 per annum.

On 22 September 2006, the Department wrote to the Committee to encourage them to seriously consider the final funding offer of a respite coordination model for the facility. The Committee was informed that if the offer was not accepted, the Department would proceed to release 50 new respite packages, worth approximately \$8,000, for families living in the Bega Valley, caring for a family member with a severe or profound disability.

On 3 October 2006, the Department wrote to the Committee to reiterate that immediate funding had been offered to enable the facility to be opened. As the Committee was determined to reject the funding offer for the employment of a coordinator and administration support, with a further \$400,000 per annum available to provide respite services at Nardy House, the funds would be reallocated, to ensure families in the Bega Valley did not wait any longer for respite. The funds would be used to provide 50 new respite packages directly to families. The Committee was informed that the opportunity still existed for them to discuss with the Department, the option of Nardy House being a service provider under the new initiative.

On 3 October 2006, the Department proceeded to release 50 new respite packages, each worth approximately \$8,000, for families living in Bega Valley who are caring for someone with a severe or profound disability.

Eligible families will be able to access a package of respite, which they can use to obtain a range of respite options. Individual plans will be tailored to each person's needs, and respite will be available from a variety of services in the Bega Valley and the Southern Region. Families will be provided with a list of approved service providers.

Eligibility will be assessed by the Department.

On 20 October 2006, the Director-General wrote to the Committee to request that they consider a formal partnership with the Department. It was proposed that the Committee would operate under the partnership for two to three years, and then consider a move to be an independent approved service provider. Under this proposal, the Department would be responsible for service delivery and the Department and the Committee would be responsible for the governance and the management of the facility.