



# ***HEALTH AND COMMUNITY SERVICES COMMITTEE***

**Members present:**

Mr DE Shuttleworth MP (Acting Chair)  
Ms RM Bates MP  
Dr AR Douglas MP  
Mr JD Hathaway MP  
Mr JM Krause MP

**Staff present:**

Ms S Cawcutt (Research Director)  
Ms K Dalladay (Principal Research Officer)

## **PUBLIC BRIEFING—INQUIRY INTO THE COMMUNITIES LEGISLATION (FUNDING RED TAPE REDUCTION) AMENDMENT BILL 2014**

### **TRANSCRIPT OF PROCEEDINGS**

**MONDAY, 17 FEBRUARY 2014**

**Brisbane**

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Committee met at 10.30 am

**TAYLOR, Ms Cathy, Acting Deputy Director-General, Strategy Policy and Programs,  
Department of Communities, Child Safety and Disability Services**

**SIMPSON, Mr Matt, Principal Policy Officer, Strategic Policy and Programs,  
Department of Communities, Child Safety and Disability Services**

**ACTING CHAIR:** Good morning and welcome everyone. I am Dale Shuttleworth, the member for Ferny Grove, and this morning I am acting as a relief chair. We have a letter from Mr Ray Stevens, the Leader of the House, that advises that, in accordance with standing order 202, paragraphs one and three, I am appointed as temporary chair to take over from the chair, Mr Trevor Ruthenberg, who is unable to join us this morning.

So I declare open the Health and Community Services Committee public briefing about the Communities Legislation (Funding Red Tape Reduction) Amendment Bill 2014. Our purpose today is to hear from officials from the Department of Communities, Child Safety and Disability Services. As I said, I am Dale Shuttleworth, acting chair, the member for Ferny Grove. On the line we have Ms Ros Bates, the member for Mudgeeraba; Dr Alex Douglas, the member for Gaven; and Mr John Hathaway, the member for Townsville. We have received apologies from the chair, Mr Trevor Ruthenberg, the member for Kallangur, and Ms Jo-Ann Miller, the member for Bundamba.

We welcome officials from the department of Communities, Child Safety and Disability Services, Ms Cathy Taylor, Acting Deputy Director-General, Strategic Policy and Programs, and Mr Matt Simpson, Principal Policy Officer, Strategic Policy and Programs. I remind those present that these proceedings are similar to parliament and are subject to the Legislative Assembly's standing orders and rules. Mobile phones should be turned off or switched to silent, please. Hansard is making a transcript of the proceedings. The committee intends to publish the transcript of today's proceedings unless there is good reason not to do so. Our proceedings today will also be broadcast live on the parliament's website.

The Communities Legislation (Funding Red Tape Reduction) Amendment Bill 2014 was referred to the committee on 11 February. The committee has invited written submissions on the bill by 27 February and a public hearing is planned for Wednesday, 5 March. The committee is required to report to parliament by 12 March 2014. Ms Taylor, would you like to start and we will have some time for questions after you and Mr Simpson have briefed committee about the bill.

**Ms Taylor:** Thank you very much. Thank you for the opportunity to address the committee today. To assist the committee I propose to cover a number of matters. Firstly, I would like to provide some brief information on the current legislative framework for the government's investment in community services and products. Then I would like to talk very briefly about the proposed changes to the legislation and their purpose and benefits. Lastly, I would like to provide some information on the consultations that have taken place with non-government organisations in the human and social services sector.

The current legislative framework really brings us into quite a new and exciting area. The Queensland government invests substantial public funds in front-line services and products for the community. The department funds a broad range of not-for-profit organisations, local governments and other entities and they deliver a variety of child safety, disability and community services. In 2012-13, the department provided approximately \$1.5 billion in funding, which represents about 60 per cent of our budget and currently the department administers this investment under three acts: the Community Services Act 2007, the Disability Services Act 2006 and the Family Services Act 1987. The Community Services Act is used by a number of other departments for some of the funding programs they administer and these include the departments of Education, Training and Employment; Aboriginal and Torres Strait Islander and Multicultural Affairs; Justice and Attorney-General; and Housing and Public Works. The legislation gives the department stronger legal powers than is currently available under funding contracts and this will allow us to act swiftly to investigate and rectify serious concerns about service delivery, the safety of clients and the use of public funds.

Contracts generally rely on the cooperation and compliance of all parties with defined dispute resolution procedures and remedies and in most circumstances our contractual powers under our funding agreements are adequate. However, there are occasions when situations arise where the department needs to step in quickly to stop harm to clients or to make sure that crucial services continue. These situations are rare but the consequences for individuals and for the community can be severe when they do arise.

The funding laws provide clear legal powers for us to investigate and rectify these matters. The Community Services Act 2007 and the Disability Services Act 2006 provide similar powers for the department to appoint specially authorised officers to investigate issues, to obtain information and documents from service providers, to issue compliance notices requiring the service provider to take specified remedial action and to appoint an interim manager to administer funding. While the laws provide these essential safeguards, the laws are currently more burdensome for service providers than is necessary. As their name suggests, the current acts were developed to cover particular types of services. This has meant that duplicative, inconsistent and unnecessary legislative requirements have arisen and in turn these increase the red tape costs for funded organisations.

Some service providers receive funding under several pieces of legislation and, again, they see themselves having to comply with duplicative and slightly different requirements. For example, an organisation that is funded under both the Community Services Act and the Disability Services Act must make separate applications to become an approved service provider under each act before they can apply for funding. Then once they get funding, the acts require the service providers to have some different policies for their disability and community services. For example, they need to have separate complaints policies for each type of service. In reality, having multiple acts also means that funding contracts are not as efficient as they could be. To give you an example, from the Commission of Audit final report, in 2012-13 UnitingCare Community received approximately \$88 million from the department under 232 grants to deliver services at 123 locations across Queensland and these grants were then supported by 99 separate service contracts.

I would like to now talk briefly about the proposed changes to the legislation, their purposes and benefits. The bill will streamline the current legislation to reduce red tape costs for service providers while retaining essential safeguards. The department has prepared a summary paper about the proposed changes that I would like to table and hand up.

**ACTING CHAIR:** If I could just pause a moment. Everyone on the line, could we please accept that the document be tabled?

**Dr DOUGLAS:** Yes.

**Mr HATHAWAY:** Yes, Townsville is fine.

**Ms BATES:** Yes, that is fine.

**Ms Taylor:** Under the bill the Community Services Act will provide a simpler and shared legislative base for funding across the department and for other agencies that decide to use it. For example, the Family Services Act 1987 will be repealed entirely and the funding and duplicative investigative and remedial powers will be removed from the Disability Services Act 2006. You will see from the summary that the Community Services Act will be streamlined to remove unnecessary matters and those matters that can be dealt with better in another way, for example, through our service contracts or other administrative processes. This means that we will remove requirements for organisations to be pre-approved before they can apply for funding. That enables the department to essentially have a one-stage funding process. It will also mean removing provisions specifying how ministers approve funding and requiring chief executives to enter into written funding contracts. That will now be dealt with administratively instead. It will remove the legislative show-cause process, which already duplicates what is already in our funding contracts. Lastly, it will remove legislative service standards. These standards will continue to be made administratively and organisations will be contractually required to meet them.

The bill also contains new objects and principles for the Community Services Act. These suit the wider range of services that will be funded under the act but also the more targeted focus of the revised act. Because we are removing the funding approval and contract-making provisions, a new way of providing clarity about which funding is subject to the investigative and remedial powers in the amended act is required. The bill, therefore, provides that the amended Community Services Act will apply to funding that is the subject of a ministerial funding declaration that is at a minimum published on a department's website. Those departments currently using the Community Services Act and indeed other departments can decide if they wish to make a declaration. It is not, however, mandatory. A declaration may relate to a funding program or it may relate to one-off funding.

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In deciding whether to make a declaration, a minister may consider a range of factors including, for example, the nature of the product or service to be provided, the importance of the product or service to the community, the vulnerability of the service users themselves and the amount of the government investment. Ministers will be able to make declarations either before the department provides funding to NGOs or after funding has been provided. If a declaration is made after the funding has been provided, the department must then give each affected NGO written notice of the declaration within one month. The powers in the Act will also be available to deal with problems that arise after the declaration is made.

The bill also removes the current prescribed requirements in accompanying regulations, a breach of which triggers the investigative and remedial powers. To provide clarity about the use of the powers while relieving the compliance burden, the bill specifies and sets out four serious concerns that will trigger the powers. The bill defines these serious concerns as the presence or serious risk of, firstly, improper using of funding that may be for dishonest or fraudulent purposes or purposes contrary to the funding contracts. It may be about failure to deliver funded products and services. For example, it might be about where an emergency service has been closed that is required to be continually open. It may be about harm to a person resulting from a funded entity's act or omission in delivering a funded product or service. Or it might be a breach of the Disability Services Act, for example, the employment screening requirements or the provisions regulating the use of restricted practices. By defining the serious concerns, the bill makes the remedial and investigative powers available where necessary and justified without imposing any red tape costs on funded entities.

Under the bill there will be a single set of investigation and remedial powers that will be located in the revised Community Services Act. The bill makes these available for funding provided for disability services. Accordingly, there is no need to maintain separate and duplicative provisions in the Disability Services Act 2006. The bill also will simplify the review and appeals processes. It will ensure that there are no impediments to departments taking quick and decisive action to protect service users and to safeguard taxpayer funds.

Overall, as a result of these changes, the bill will cut red tape costs for funded organisations by approximately \$2.6 million per year. The bill will also support and enable further reforms that will cut more red tape, such as the streamlining of funded contracts.

The last thing I would like to talk to you about is the consultations with the human and social services sector. They have been consulted extensively around the funding legislation. The Community Services Act 2007 and the Disability Services Act 2006 were both developed after extensive consultation with the sector. In 2010-11, funding reforms were considered by the Queensland Government. As part of this, targeted consultations were conducted with representatives from peak bodies, state-wide service providers, the Local Government Association of Queensland and Local Government Managers Australia. Key proposals from that time are similar to those in the bill, in particular a single-step process for funding and the description of circumstances when investigative and remedial powers may be used rather than prescribing requirements in regulation.

Further, confidential consultations with targeted key peak bodies on the proposals in the bill were conducted again in October 2013. The bodies consulted were the Local Government Association, the Queensland Council of Social Service, the National Disability Services, PeakCare and the Queensland Aboriginal and Torres Strait Islander Child Protection Peak. These bodies were also consulted on a draft bill in January 2014.

In conclusion, these reforms are part of reforming the way that the department does business with non-government organisations. They will improve effectiveness and efficiency, and they will contribute to better services for the department's clients. Thank you.

**ACTING CHAIR:** Thank you, Ms Taylor. Mr Simpson, would you like to add anything?

**Mr Simpson:** I have nothing to add at this stage, thank you.

**ACTING CHAIR:** I will open it to questions. Would anyone on line like to kick off the questions?

**Mr HATHAWAY:** Cathy, thanks very much for your briefing. In regard to the changes, previously providers needed to be pre-approved as eligible for funding. How will the department manage that? I take it you will have a panel of providers along certain disciplines. If I am a new service provider under this system, how do I get to be placed on that panel? How will you manage that?

**Ms Taylor:** We will not be using a panel arrangement anymore. Obviously, services will indicate interest in delivering services for us. We will go out under procurement processes. It will be during that process that we would need to be satisfied that they can deliver the services that they have indicated interest in. Did I answer your question?

**Mr HATHAWAY:** Yes. I am just saying, how does a service provider perhaps who we are not dealing with at the moment become aware of particular service requirements that need to be delivered, so that they can throw their hat in the ring, so to speak?

**Mr Simpson:** Usually we would run an open-tender process. We would have tender documents. We would make a public tender. Those documents would be published through our website and through our networks. Any organisation that was interested in providing the service would then be free to make an application to the department for the funding that is available.

**Mr HATHAWAY:** Thank you very much, Matt and Dale.

**ACTING CHAIR:** Are there any other questions, Ms Bates or Dr Douglas?

**Dr DOUGLAS:** I am curious on that last point. You are not intending to change the tendering process; that is staying as it is?

**Mr Simpson:** Essentially, yes. The reforms in the bill will simplify the tender process so, instead of organisations having to make two applications and being essentially on the panel before they can submit a response to a tender, they will just be able to go straight to submitting a response to the tender.

**Dr DOUGLAS:** They do not need to be on the panel and they can just put their tender in and the tender documents are somewhat simpler?

**Mr Simpson:** Yes.

**Dr DOUGLAS:** Essentially that is it?

**Mr Simpson:** That is correct.

**Dr DOUGLAS:** Thank you.

**ACTING CHAIR:** Being that the state is obviously quite geographically dispersed, typically, would it be for providing a service across the state or would they be somewhat regionalised?

**Ms Taylor:** That is a very good question. We would probably utilise a combination of both. For example, under the Carmody reforms, it is likely that we will be seeking, across the state, increased family services to deliver in the child and family reform area. But there may also be some areas where a service may have ceased to deliver or we may need to provide a specific service where it might be quite targeted to a geographic location. For example, it might be about delivering a domestic and family violence service in Rockhampton. We can do tenders through a variety of ways. They may be whole of state, they might be geographically targeted. It might be that we are deciding to look at the whole question of renewal of the current tendering. It can be a mix.

**ACTING CHAIR:** In the example where there may be a large service provider providing effective service in the south-east corner and perhaps Gympie and some larger regional areas, if you were looking to expand a service into a more remote regional location, obviously they have already satisfied criteria around delivering that service here. Would there be any further obligation on them to prove their capacity to deliver in that regional area or would you assume that, just because they are already on that panel, they would be able to effectively deliver? Often the challenge will come from the geographical location as opposed to the organisation themselves.

**Ms Taylor:** Our experience has certainly shown that some make the transition very well and for others it is really important to be able to demonstrate how they would partner and deliver services that are actually effective locally. We should not assume that the delivery of a service in Brisbane will look the same as the delivery of a service in Mount Isa or the Cape or the Gulf.

**Dr DOUGLAS:** Dale, could I ask a further question in relation to the partnership stuff that you are getting into? You are not intending to change the partnering? Some of the organisations regionally are not the principal contractors. It is almost as if they are the subcontractor. They engage in partnership agreements. They do have relationships with the department as well, but it is a hierarchical structure in some ways. Are you proposing to change that or flatten it in some way?

**Ms Taylor:** Dr Douglas, there are a variety of ways in which funding is provided. On occasions we may, through a procurement process, invest in a number of agencies, some who are almost taking the lead on the coordination and delivery of a service and on other occasions they might be delivering just a small part of the service. I know down in the Logan/Beenleigh/Gold Coast Brisbane

area, one of the areas where we currently invest in is the Helping Out Families initiative. We invest in, obviously, one service to deliver the Supporting Families Alliance Service, which really does some of the work around the coordination and delivery of the services, but we also separately invest in a number of other services that deliver the direct services themselves. No, the intention is not to move to simply funding or investing in one lead service. It is about recognising what we are seeking to procure from each of the services.

**Dr DOUGLAS:** Okay.

**Ms BATES:** Thank you very much to you both for appearing this morning. I note that you mentioned, I think it was, the Wesley Mission that received many millions of dollars when you worked out exactly which different pots that they were getting money from. Are there many other groups where you found the same thing, whereby you were funding a large amount of money but you were not quite sure that you were because there are so many different pools of funds?

**Ms Taylor:** Yes, I made reference to UnitingCare, which was mentioned in the Commission of Audit report. It identified practically quite a significant administrative burden that we had placed on the organisation by a combination of contracts, service agreements and different funding streams. We are continuing to do work in the department to, obviously, rationalise our programs to move with the whole-of-government suite of standard contracts, which really are a lovely complement to the bill that is before the committee today.

**Ms BATES:** Thank you very much.

**ACTING CHAIR:** Member for Townsville, do you have any further questions?

**Mr HATHAWAY:** No, I am good thanks Dale.

**ACTING CHAIR:** Dr Douglas?

**Dr DOUGLAS:** I have one more question. This is more of a theoretical question. You will still keep going with your funder-provider mechanisms as before, but you are streamlining some of the other funder mechanisms to the more direct funding; is that what I am hearing? You made mention then of UnitingCare and I know the Benevolent Society is possibly another one where they get holistic-type funding. I do not want to get into the specifics of all the different ones. Can you give me a little bit more of an overview of what you are saying there?

**Ms Taylor:** We are doing a couple of things, Dr Douglas. First of all, we are removing the requirement about pre-approvals. As Matt mentioned, we are moving to a one-step funding process. We are also removing some of the funding approval and contracting requirements that will be dealt with administratively, rather than through legislation. We are removing prescribed requirements so, instead, when we need to investigate or remedy something that is wrong, that will be triggered where there is a serious concern about service delivery. We are removing the legislative show-cause process and we will use the process that is set out in our contracts. In terms of applying the act, it will be under a new process whereby the minister will actually make a declaration that the act applies to either a funding program or to one-off funding. It is a combination of all of those that will, in fact, deliver more streamlined and less administratively burdensome requirements for agencies that receive funding from the department.

**Dr DOUGLAS:** This is a devil's advocate question: does that then imply that the acquittals process will be more onerous for a lot of those bodies? In other words, you are talking more about the front-end stuff; this is the back-end. Is there, in some ways, like a compensatory mechanism to cover; is that part of this?

**Ms Taylor:** Acquittals are dealt with under our contractual arrangement. There is no intention to make those unnecessarily burdensome.

**Dr DOUGLAS:** So there is no extra acquittals mechanism being added in as a result of these changes?

**Ms Taylor:** No.

**Dr DOUGLAS:** Thank you.

**ACTING CHAIR:** The only other question I would have is this: if over time, through all of this simplification, I imagine, a service provider would have a single contract, not individual for each place of provision. How are we going to manage the ongoing auditing and compliance of those multiple locations? I assume that each time they add a location, there still needs to be a form of notification and then there would be like a random auditing process that ensures compliance over a period?

**Ms Taylor:** This is a process that we have been doing some work on for some time. The intention is to have a single contract. Obviously, there will be a series of schedules behind that that might talk to the different pieces of funding and where it comes from. We have also been trialling a single account manager. Rather than having to negotiate with every one of our regional officers across the state, we will also need to obviously do it, whether it be through an audit as you described it. There will be times when we will need to absolutely confirm information locally. The single account manager, for example, might be based out of Ipswich and there are services being delivered out of Cairns or Townsville, and we would need to confirm that those outcomes and outputs are actually being delivered in line with the contract. It is absolutely designed to reduce the burden on the NGO and it is also designed to ensure that we get very good information when required.

**Dr DOUGLAS:** Can I follow up on that point?

**ACTING CHAIR:** I have a follow up, too. We just heard a beep, though, so we may have lost the quorum. Can I check who is on line?

**Mr HATHAWAY:** Townsville here.

**Dr DOUGLAS:** I am here.

**ACTING CHAIR:** At this stage, we do not have Ms Bates so we do not have a quorum. I will briefly suspend the hearing at this point.

**Proceedings suspended from 10.58 am to 10.59 am**

**ACTING CHAIR:** I will recommence proceedings. I also had a follow-up question, but Dr Douglas, if you want to go first?

**Dr DOUGLAS:** I have two things that came out of what you just said—that is, the single account manager and the way things will be managed. Are you inferring that there is going to be an element of a self-assessment type model which will go back to a single account manager? The first question relates to the self-assessment acquittal ongoing process. Is that what you are inferring? Is that what I am hearing?

**Ms Taylor:** No, I am not. The way to ensure that we have consistent standards across the services is that the department has implemented the human services quality framework. This will absolutely underpin the delivery of services and compliance with standards right across-the-board. What the single account manager, which is currently being trialled, aims to do is to move from having multiple account managers in contact with a large service provider and actually enable us to ensure that there is a single point of contact which is consistent and aligned with what we are seeing and receiving in terms of key material. It is not about self-assessment; it is absolutely about ensuring it is a more streamlined service.

**Dr DOUGLAS:** That sort of answers it. I will think about that.

**ACTING CHAIR:** Again can we focus on a single contract and a larger organisation that may be delivering services across the state. If there was an instance of non-compliance in a remote area, would that put at the jeopardy the entire contract or is there going to be a way to manage that single remote location.

**Mr Simpson:** No, the anticipated single contract would be flexible enough so that the problem can just be addressed wherever it is occurring. It would not put at jeopardy the whole of the contract. The same applies to the bill that is before the committee. The provisions in the bill have been designed so that it will be possible to address the issue that has arisen in a particular location without considering or putting in jeopardy the rest of the funding that the organisation may get from the department.

**CHAIR:** Does anyone online have any further questions?

**Ms BATES:** No, thank you.

**Mr HATHAWAY:** I am okay.

**ACTING CHAIR:** Dr Douglas, do you have anything further?

**Dr DOUGLAS:** I will have to think about it for a while and talk to a couple of people. I have myriad questions, but at the moment I am going to think about what has been said. Thank you very much. I do not mean to be dismissive of what has been said, but I will think about it as we go along and maybe come back to it at a later stage.

**ACTING CHAIR:** Mr Krause, the member for Beaudesert, has joined us online. John, do you have any questions you would like to ask?

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**Mr KRAUSE:** No, thank you.

**ACTING CHAIR:** There being no further questions, we will bring the public briefing to a close. Thank you Ms Cathy Taylor and Mr Matt Simpson for your attendance today and for the briefing that you have provided. The proof transcript will be sent out and checked prior to it being published on the committee's website. I declare the briefing closed.

**Committee adjourned at 11.03**