

QCPCI

Date: 6.2.2013

Exhibit number: (6)



QUEENSLAND CHILD PROTECTION
COMMISSION OF INQUIRY

Our reference: 2097477

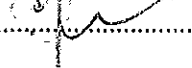
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|------------------------------------|-------------------------------|
| <i>Name of Witness</i> | Darren FRAME |
| <i>Date of Birth</i> | 07/07/1971 |
| <i>Address and contact details</i> | c/- 218 Manly Rd, Manly 4179 |
| <i>Occupation</i> | Chief Executive of Silky Oaks |
| <i>Officer taking statement</i> | Jason Schubert |
| <i>Date taken</i> | 18 January 2013 |

I, Darren FRAME state;

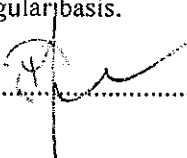
1. I am the Chief Executive of Silky Oaks. I have held this position since March 2007.
2. I hold a *Bachelor of Business – Health Administration* from Queensland University of Technology (1997). I report directly to the Silky Oaks Children's Haven Board of Governance. Under the Silky Oaks Children's Haven Constitution the Chief Executive is charged with full operational responsibility for the organisation. Silky Oaks operates Residential Care Programs, Counselling and Therapy Services, Supported Accommodation Services and a Child Care Centre.

Part Time Care (fractions of a week)

3. I have been asked to discuss the case of ZR who is a child taken into care at four years of age.
4. He has been places at Silky Oaks for over nine months.
5. At the age of 15 plus he is now visiting his home on a regular basis. We have not observed any anti-social consequences of that reunification and it's something that should be encouraged.

Witness signature..........Signature of officer.....

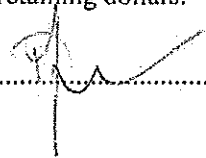
6. The problem that we face is that we have a funded bed for him seven nights a week and he really and truly only requires two nights a week.
7. A way of addressing this waste of resources would be to effectively establish a share house type model so the resources go in to the staff and the rooms and then a cohort of young people is established for capacity.
8. The young people may be from residential care or foster care so if you've got a four bed residential, you've got 1200 plus capacity of nights and you may have a number of young people staying for only two or three nights.
9. It may be a temporary respite situation or it may be part of a reunification plan, but the residence operates in a way that the funding is attached to providing the bed and the care and support and then there is additional money that supports the case plan and casework for that young person.
10. So whether that's restoring a relationship with a foster carer, creating a pathway to transition home, supporting them to transition them to independence, it's just a slight reworking of a different model that allows the concept of a non-permanent resident, a fractional resident to exist, rather than occupying 100 per cent seven nights a week of a bed.
11. The residence would need to be fairly central and would be called a flexible residential service.
12. Currently a regulation of care constraint stops us from taking in extra kids.
13. It is inflexible and driven by a need to respond to a history of enquiries that have highlighted the worst scenarios that exist in the sector.
14. To free up the five nights in ZR's case I think we'd be recommending that he was actually returned home as his primary placement and that a case was opened on the basis of an intervention with parental agreement and a part of that agreement would see an outreach worker that ran with the care provider into the house on a regular basis.

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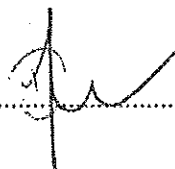
15. If ZR was provided 20 hours a week of outreach work that would cost as a reasonable rule of thumb \$800 a week, around \$40,000 a year.
16. If you had your outreach workers clustered by location, the capacity of that team to service and support a number of young people is improved so the individual unit costs gets driven down.
17. To do this you either write into the service agreements the ability to delegate funding when you have that situation or you create a flexible placement residential that had the capacity to be constrained only by the physical amount of space that can be occupied at any one time rather than a headcount of clients.
18. For example, if you have five beds per night available that technically could service 35 young people who all only required one bed night per week. Or you might have five permanents. That discretion should be left to the provider.
19. What I'm proposing is something that would actually have the capacity to support the foster care system as well by preserving placements at risk of breakdown.
20. The referral into this flexible residential could be time limited. We've got you in there for three nights a week for the next six weeks, just to let things cool down a little bit while we do some therapy with you and talk to the foster family so you're actually saving the system from having to regenerate new carers or find new placements.
21. There are some operational constraints that would have to be worked through but effectively the bed belongs to the service rather than to the young person and it's that best response first who gets priority access to it.

Competitive tendering

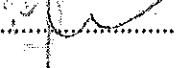
22. Since the introduction of competitive tendering rather than a collaborative process, most organisations, including not-for-profits charities that occupy the sector, are now fairly protective about retaining placements because it means retaining dollars.

Witness signature..........Signature of officer.....

23. We moved from a collaborative to a competitive model for care around five or so years ago.
24. I think it came out of the Forde inquiry responses to some of the funding arrangements. As I understand it, the genesis of this was that child safety ran a series of projects designed to identify the full cost of service delivery.
25. Silky Oaks as a charity slid into that along with most of the other significant players in the Child Protection landscape. The result of that then was the government effectively taking a stance that says "Instead of the co-payment model, you are now receiving 100 per cent of the cost of delivering this service".
26. This makes it a commercial contract and so it will be based on competitive tendering and it changed the landscape from a collaborative landscape to a competitive landscape.
27. So there's an incentive for organisations to hang on to their kids, because they know that every kid that they've got is worth \$200,000 and up, especially in the transitional placement landscape.
28. The transition of a young person from the transition placement service to a recurrently funded landscape will cost that organisation from \$300,000 to \$600,000 per child.
29. The most common model of residential care is a roster of two staff to four beds. However the department has fairly mixed models of care.
30. There is clearly an incentive for an organisation to maximise its revenue by having that person 'classified' as an extreme behavioural support needs.
31. I think the incentive there was a significant upswing of the number of young people being taken into care and a sector that was generally inert. Most large service providers were fairly inert in responding to that growth.

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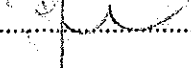
32. New commercial entrants who were quick on their feet and able to spend money stepped in and bought or rented houses, staffed them and said "Here we are and we will charge X amount per child".
33. Six or so years ago the sense was that the department would pay whatever was required if you had a bed and staff. So they would quite willingly engage a charity to provide two beds for \$400,000 a year, but a for profit agency might be being paid 600,000 for two beds because demand was so high that if they were holding the only supply, the department would pay.
34. What drives demand for beds is an assessment of a child being in need of care, a significant enough risk from their current care environment, whether that be at home or elsewhere. The department essentially drives demand.
35. Commercial operators entered the sector in response to a dramatic increase in the demand for beds.
36. I think initially the experience of commercial care providers entering the sector was an indicator that there was something amiss with the way funding arrangements were and indeed the relationship and responsiveness of existing care providers to the sector.
37. If existing care providers had been more responsive and more motivated and flexible then there wouldn't have been an opening for profits to enter the sector and we would have had the government fully engaged.
38. I think that there are lessons that have been learnt. Most of the not for profit care providers in the sector are now much more responsive to requests from the department.
39. Not for profit providers are now much more business savvy in the way that they are operating their models, a little more entrepreneurial in their response to the business side rather than the old traditional charity models.
40. In 2006 - 2007 costs escalated so rapidly and so dramatically that corporate staff within the finance area of the Department of Child safety had little option but to respond to pressure from Treasury and begin to wave red flags.

Witness signature..........Signature of officer.....

41. The operational interpretation of that from the Department of Child safety was to begin to make increasingly stringent requests of the service provision so they would actually begin to refuse to fund what we would consider to be core basic services.
42. For example, the department would make a referral for a family group of four and they would not fund a therapeutic intervention and they would refuse to fund an appropriate vehicle.
43. There was cost-cutting imposed by the Department upon care providers to the point at which we said we no longer believe we can meet the needs of these young people and we will no longer participate in the transitional placement.
44. We voluntarily withdrew from that funding space as a result of the budget constraints imposed, leading us to make a judgement that we actually couldn't adequately meet the needs of those who were being referred.
45. We then fast forward to temporary placement changes to models and I think that already at the beginning of this period, around 2005 - 2006 is when I first became aware of these for profit agencies beginning to enter the sector.
46. Based on conversations that I've had, it would certainly appear that in the early stages of a new profit making agency entering the child protection sector, they often make the business decision to engage in a number of loss leading programs until they can establish a critical mass within the sector, which would then allow them to make a profit from the programs collectively.
47. So they may agree to what a not-for-profit was being funded at in order to get four, five, six residential's, at which point that became a profit-making scenario because you no longer have the operational and organisational overheads spread so thin.

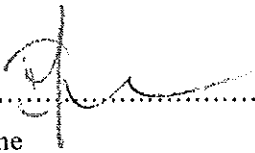
Licensing of providers

48. One of the elements of the current system that appears to be inconsistent is that all recurrently funded providers are required to obtain and maintain a licence through an accredited quality assurance system.

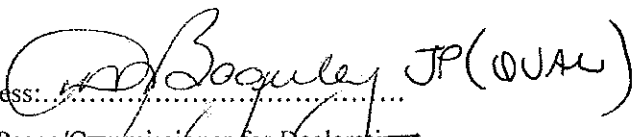
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- 49. It's possible within the transitional placement landscape for an entire organisation to operate multiple residential programs without having to obtain those same quality standards and the costs that are incurred.
- 50. The Department of Child Safety issues the licence and the regional director for the area in which the program is located signs it.
- 51. Transitional placement providers are not necessarily required to be licensed.
- 52. I am aware of whole agencies who only work in the area of transitional placements and do not hold a licence under the Child Protection Act.
- 53. In the event of a licensed, recurrently funded operator having their licence revoked then those young people in their care would potentially be placed into a bed which costs up to three times as much and be provided by an unlicensed operator.

I make this solemn declaration conscientiously believing same to be true, and by virtue of the *Oaths Act 1867*.

Signed: 
 Darren Frame

Taken and declared before me at Brisbane in the State of Queensland on this 31ST day of JANUARY 2013.

Witness:  JP (QJAL)
 Solicitor/Justice of the Peace/Commissioner for Declarations
DEBRA MAY BAGULEY
 Justice of the Peace (Qualified)
 Reg. No. 12780

Witness signature  Signature of officer.....
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