



SYFSLetterIPARTReviewOutofHomeCareMarch2024

29th February, 2024

Ms. Heather Dear
Independent Pricing and Regulatory Tribunal NSW
Level 16, 2-24 Rawson Place
Sydney. NSW. 2000.

Dear Ms. Heather Dear

RE: Draft Terms of Reference for the Review of Out-of-Home Care Costs and Pricing

Thank you for the opportunity to comment on the Terms of Reference for this important review. Southern Youth and Family Services Southern Youth and Family Services (SYFS) is an agency accredited by the Office of the Children's Guardian to provide residential out-of-home care (OOHC) in New South Wales. Our residential OOHC Service forms part of a comprehensive suite of services for children, young people, adults, and families who are disadvantaged, vulnerable, homeless, or at risk of homelessness, in the Illawarra Shoalhaven and Southern. In 2022/23 SYFS provided substantial support to 5,401 young people and 2,970 families. In addition, we provided 15,048 instances of one-off or casual support. Our programs are funded through Commonwealth and State funding agreements, philanthropic donations, and social enterprise. SYFS has provided accommodation and support to children in statutory care since the establishment of our first youth refuge in 1979. In 2022/23, our Permanency Support Program (PSP) Service accommodated 44 young people in the Illawarra Shoalhaven and Southern districts. 18 clients exited the service, with 22 per cent restored to family or relatives, 50 per cent exited to specialist or other supported accommodation, and 28 per cent exited to independent housing. In our evaluation, 100 per cent of the children we supported were satisfied with the Service, and 88 per cent indicated their situation had improved since entering our PSP Service.

Southern Youth and Family Services welcomes the opportunity for a thorough examination of the true cost of providing statutory care in New South Wales. We acknowledge recent commentary in the media regarding some of the challenges facing the statutory care system. Many of these issues stem from an over-reliance on measures such as Alternative Care Arrangements (ACAs), where for-profit providers accommodate children who cannot be placed appropriately in foster care or residential care are placed in hotel rooms with 24-hour staffing at enormous cost to the State Government. Most residential care services in New South Wales are now provided by not-for-profit providers like Southern Youth and Family Services. On the whole, these providers do an excellent job and are able to provide good outcomes for the children in their care. However, lack of funding and funding certainty mean that not-for-profit residential care services have limited capacity, particularly when it comes to placing children with very high needs. In the Illawarra Shoalhaven, for example, SYFS would like to offer additional Intensive Therapeutic Transitional Care (ITTC) and has access to a property to do so but is unable to obtain adequate funding that would make operating this service viable. We hope that the review will lead to the development of a more appropriate funding model that can support high-quality not-for-profit providers to continue to deliver residential care and potentially to expand the number of places available in the system. This would help to reduce the reliance on ACAs and lead to better outcomes for children in the care of the state.

Given these funding challenges, we have concerns about some of the language being used in the Terms of Reference (TOR) which suggests that cost-cutting might be the focus of the review. The TOR begins by stating the Government's intention to 'improve the performance and financial sustainability of the out-of-

www.syfs.org.au

467 Crown Street

Wollongong NSW 2500

PO Box 23, Wollongong NSW 2500



Phone: 02 4221 7700

Facsimile 02 4221 7790

Email: syfs@syfs.org.au

ABN: 70 244 601 731

home care system.’ While we must always seek to improve the ways in which we care for children who need statutory care, this suggests that the system is currently under-performing and not financially sustainable. The reality is quite different. Not-for-profit out-of-home care providers are providing high-quality services within a severely constrained funding environment. Southern Youth and Family Services currently subsidises our residential out-of-home care service to the tune of approximately \$20,000 per child per annum. These costs must be covered by fundraising and other forms of revenue-raising and are not sustainable over the long term. Other providers face similar challenges. There is an urgent need for the NSW Government to address this funding gap by covering the real cost of providing residential services. Importantly, any review of the cost of not-for-profits providing statutory care sector must incorporate the enormous and growing cost of insurance, capital development for housing, accreditation and compliance, audit, supervision, staff education and training, and other administration costs. Furthermore, the review must have proper regard to the differential cost associated with delivering services in regional and rural areas, where the cost of transport and most other costs associated with service provision are higher.

Significantly, we welcome the review’s recognition that the cost of providing out-of-home care must reflect ‘Differences in levels of need, case complexity and casework requirements driving the amount of casework required to conduct permanency planning, and to support children, young people, carers and families.’ It is critical that this includes the significant additional costs incurred in providing complex care, noting that children are only placed in residential services when they have already been recognised as having complex needs.

We are also concerned by suggestions that funding structures might be altered to ‘incentivize outcomes’ as well as service delivery. Outcomes-based funding models are not sustainable for small and medium-sized not-for-profit providers, who cannot afford to wait for payment in arrears after outcomes have been established. Furthermore, outcomes-based payment systems tend to encourage ‘creaming’ by providers who prioritise housing children they identify as likely to achieve good outcomes at the expense of those children who may have higher needs. This is a well-recognised problem of outcomes-based payment regimes as has been documented by Professor Mark Considine, for example, in his survey of social care in Australia (The Careless State, Melbourne University Press, 2022). Measuring outcomes is important and Southern Youth and Family Services is a pioneer in this area. However, we reject any move to tie payment for essential social services to outcomes.

We therefore seek an expansion of the TOR to include:

‘Investigate and report on the extent of the gap between DCJ funding for residential out-of-home care providers and the true cost of providing these services to understand the extent to which not-for-profit providers are already subsidising residential care.’

Yours Sincerely,

Narelle Clay, AM
Chief Executive Officer