

Summary of Public Hearing for Review of Out-of-Home Care Costs and Pricing

22 October 2024

Overview

IPART has been asked to review the costs of delivering out-of-home care (OOHC) and the pricing arrangements with the non-government providers who deliver care under contract with the NSW government. We are also looking at the allowance foster carers, relatives and kinship carers receive to meet the costs of providing care and support to children and young people.

As part of this review, we held a public hearing on 22 October 2024 to hear feedback from stakeholders about the issues and preliminary findings discussed in our Interim Report. Close to 110 stakeholders attended our public hearing, including carers, representatives from non-government (NGO) providers, representatives from Aboriginal community-controlled organisations (ACCOs), as well as representatives from the Department of Communities and Justice (DCJ).

This paper presents a summary of the presentations made at the public hearing. The full transcript of the hearing is available on our website.

Summary of presentations

Table 1 Summary of presentations given in the public hearing

Speaker	Summary of presentation
Sarah Barrett-Reid – Department of Communities and Justice	<ul style="list-style-type: none"> Systemic reform is needed within the OOHC system, DCJ recognises that the current system is not fit for purpose. In response to this, DCJ is recommissioning key services to support vulnerable families through targeted early intervention, family connection and support, and family preservation services. DCJ is evaluating and redesigning the approach to assessing and responding to child protection reports. This includes reviewing structured decision-making tools, prioritisation, triage and allocation policies and evaluating child wellbeing units. The NSW Government's 2024-25 budget included a \$224 million investment to build a better foster care system through a range of initiatives, including: <ul style="list-style-type: none"> DCJ re-entering the market as a foster care provider. The development of government run intensive and professional foster care models. The delivery of government-run residential care for children where NGOs are unable to offer stable placements. Commissioning additional residential care options. Commencing recruitment of family time workers and additional caseworkers to undertake carer authorisation assessments. Rolling out a statewide quality assurance framework for children in OOHC.

Speaker	Summary of presentation
Maree Walk – Association of Children's Welfare Agencies (ACWA)	<ul style="list-style-type: none"> • NGOs frequently manage the care of children and young people with multiple and complex needs, and they require more intensive levels of support for both the child and the carer in the household. Therefore, it is unsurprising that the driver of the key difference in delivery cost is casework. • Despite higher casework salaries within DCJ, it's more costly to deliver care to children with high or more complex needs, and this difference needs to be factored in when comparing caseloads. • There is a need to reduce administrative burden and increase flexibility within the OOH system whilst maintaining accountability. The introduction of Child Story as a reporting tool has created a lot of administrative burden and has not improved the transparency over child outcomes. • ACWA recently produced 2 documents which outline the structural and systemic issues around the availability of new foster carers. Subsequently, ACWA questions why DCJ is prioritising the recruitment of foster carers, rather than the retention of foster carers and investing into relative and family care. • All of ACWA's member agencies have reported that the increasing cost of living and the need for 2 incomes has led to fewer applications from new carers. It has contributed to carers no longer being available or having restrictions on the level of availability and time to be carers.
Deidre Cheers – Barnardos Australia	<ul style="list-style-type: none"> • The Child Assessment Tool (CAT) is a funding mechanism more than it is an assessment tool for child needs. • Outcomes frameworks are important, but NGOs know what works to produce better outcomes and reduce the time children and young people spend in care. • It's important for care allowance rates to remain flexible across NGO providers as no 2 children in care are the same. The ability to move money flexibly allows NGOs to meet what the carer needs to look after their children. • Specialisation means looking at that connection between what the costs are and what the outcomes are. Barnardos has direct evidence that specialisation works using both their own data and Family and Community Services Insights, Analysis and Research (FACSIAR) data.
Helen Ross-Browne – carer	<ul style="list-style-type: none"> • The OOH system is failing to provide the support carers need to meet their children's needs. The care allowance fails to meet the needs of children and does not account for the inability of many carers to work. • Many carers suffer an unplanned loss of income, career growth, and superannuation, and in some cases, are living with large amounts of debt. Carers should receive adequate financial support which accounts for the inability of many carers to work due to their caring responsibilities. • There is a need for an independent carers' representative group. Some carers are concerned that existing organisations which represent carers have vested interests. This influences which carers are chosen to speak, and the perspectives that are put forward to government and decision-makers. • Some carers are reluctant to complain about the OOH system for fear of retribution from their NGO providers, DCJ, or other bodies. The relationship between carers, NGOs, DCJ and other bodies has broken down, this divide in addition to the financial impact of caring, is a major contributor to the pressures felt by carers.

Speaker	Summary of presentation
Mykol Paulson and Russell Smith – Burrun Dalai	<ul style="list-style-type: none"> • The amount of administrative and regulatory burden in the OOHC system makes it difficult for NGOs to do what is required of them in a timely and innovative way to achieve the best outcomes for children in care. • Child Needs funding packages do not consider changes in the child's needs as they age. Other than applying for the Complex Needs funding package, there is no way for NGOs to address the changes in the needs of children throughout their life cycle. • NGOs should be able to retain a small surplus of funding, so they have the capacity to manage themselves in a financially and fiscally responsible manner. For example, DCJ could allow for NGOs to retain surpluses of up to 3%-6% so that they have some financial capacity to address unpredicted issues or implement innovative services or practices • More investment needs to be made in carer retention, as carers are given no support other than the care allowance. The State should provide more support to carers, such as free public transport travel, energy bill reductions, or rate reductions. Carers should be offered the same State-offered support that pensioners receive. • There needs to be more funding allocated to keeping Aboriginal children culturally connected. Burrun Dalai works with a lot of transient families, and the money available to fund keeping children connected with their families is inadequate. Burrun Dalai experiences a lot of administrative burden when they request additional funding to return children to country for contacts and familial relationship building.
Lee Kaylock – carer	<ul style="list-style-type: none"> • Carers have no support, no legal avenues and no legislation, to protect them from bullying, control, manipulation, and false allegations by service providers. • Many carers are unable to work due to their caring responsibilities. Consequently, carers are coming into retirement with less superannuation and savings, and more expenditure to provide for their children. • There are inconsistencies around what financial supports are provided to carers across service providers. One carer may get a contingency payment reimbursed, whereas another may need to pay for the same thing out-of-pocket. Lee experienced a reduction in the level of financial support she received when she transferred from DCJ to an NGO service provider. • The care allowance is not in line with the cost of living, nor does it take into consideration the high and challenging needs of children with trauma-affected brains. Children in care cost more to raise because they require more support. • Carers should be reimbursed to travel to visit birth families who live far away. Carers are often expected by their providers to cover all expenses associated with family visits, even though these visits are often court-mandated and must be attended. • Additional funding from higher CAT scores is often not passed down to carers and their children. Some providers absorb the additional funding, claiming that they will provide more support to children without this eventuating. Providers should be more transparent with carers about how funding allocated to their children is being spent. • It is unfair to carers that NGO providers can decide what funding and allowance rates they provide to carers and their children. Care allowances should be paid directly to carers through DCJ to ensure that carers receive the same care allowance rates, whether they are managed by DCJ or an NGO provider.

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Narelle Clay – Southern Youth and Family Services	<ul style="list-style-type: none"> • There are workforce issues within the OOHC sector, particularly because of low wages, the complexity of attracting and retaining suitable staff, unsafe working environments, and the challenging behaviours presented by clients. Many people no longer want to work in low-paid jobs and no longer want to work where there is significant risk of reputational damage and injury to the workers. • The high cost of essential goods and services, including housing, is affecting NGOs. Increases to funding in NSW have only come through indexation, which has not adequately compensated for the increased costs over the past decade. This has led to cost cutting measures, such as a reduction in staffing and support hours. • Funding increases through indexation must at a minimum cover increases to wages and superannuation, and adequate compensation for non-wage components. Recent funding increases have been inadequate, especially when considering increases to the cost of insurances and premiums. • The current housing crisis in NSW has resulted in residential care providers paying much more for properties, including exit properties for young people leaving care. The increases to housing costs have not been compensated for through funding. • Current funding processes are not fit-for-purpose for residential care providers. It would be far more efficient to have a grant system, as opposed to a unit cost system. The amount of reconciliation, manual processes and delays, cost money for both the government and for NGOs, and this needs to be addressed. • In 2022, there was a funding uplift granted to residential care providers. Despite this being an improvement in recognising the on-costs of providing residential care, the funding still does not cover everything that it should. It is important for IPART to consider on-costs when considering the costs of providing residential care. • Worker's compensation is a significant cost to providers, this includes the cost of staff absenteeism, the cost of compensation, and the cost of insurance. The solution for this would be for the government to underwrite these costs properly. The system cannot be managed within the private sector with profit margins that need to be made. • The residential care model as it's currently defined in this contract system is not necessarily appropriate for young people. Describing what providers need to provide as a "home-like environment" may not always be the most appropriate option for young people who are moving towards independence. There may be other models that can be used, it is important to enable providers to be flexible so they can offer different models. • The costs of meeting child needs include litigation, redress, safety, psychological injury to staff, as well as what is in the best interests of the young person.
Ghassan Noujaim – SSI	<ul style="list-style-type: none"> • When culturally and linguistically diverse (CALD) children come into care, they receive a one-off funding package for a cultural support plan. They do not receive further funding for cultural support, despite the changing needs of the carer and the child as they age. Cultural needs packages should not be a one-off payment and should not be assigned at the point of entry into care. • Cross-cultural responsiveness training and upskilling is needed for staff and carers. However, the cost of this training is not reflected in any of the current costings. • Some CALD carers, particularly older kinship carers, have limited skills, such as low English proficiency or an inability to drive. In recognition of this, SSI has reduced their caseload to 1:8 or 1:9, as caseworkers often need to drive carers and their children to appointments. • When culturally matched carers come from small communities where everyone knows each other, they put themselves at risk by caring for children. When there are allegations made against these carers, it takes a lot of effort to re-engage these communities because they lose trust. In these situations, a lot of steps are taken to mitigate reputational damage within the communities, so that carers can be recruited from these small cohorts.