ACWA Submission on the draft IPART Final Report

Review Out of Home Care cost and pricing

May 2025

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13 May 2025

Ms Carmel Donnelly, Chair
Independent Pricing and Regulatory Tribunal
Level 16, 2-24 Rawson Place
Sydney NSW 2000

Via online submission portal

ACWA submission on the draft IPART Final Report – Review of out-of home-care cost and pricing

1. About ACWA

The Association of Children's Welfare Agencies (ACWA) is the NSW peak body representing the voice of non-government community organisations that deliver services to vulnerable children, young people and their families.

Established in 1958, for more than 60 years we have worked with our members, partners, government and non-government agencies, and other peak bodies, to bring about positive systemic reform that will deliver better outcomes to the lives of children and young people, including those living in out-of-home care.

ACWA supports its members by:

- Advocating for the rights, needs and interests of vulnerable children and young people.
- Providing strong sector leadership – gathering knowledge, examining new concepts and promoting best practice.
- Providing flexible, affordable and tailored training and development through the Centre for Community Welfare Training (CCWT).

ACWA's membership comprises the largest group of not-for-profit agencies delivering out-of-home care services in NSW through the Permanency Support Program (PSP). Many of our members deliver these services nationally and serve diverse communities. A full list of ACWA's membership can be found on our website https://www.acwa.asn.au/our-members/.

This submission is informed by the considerable experience, expertise and valuable insights shared with us by our member agencies and should be read alongside any individual submissions made by our members which draw out the themes in this document in more detail.

2. About this submission

In preparing this submission, ACWA has taken into account feedback from our member agencies provided through a range of forums including:

- A consultation forum hosted by ACWA for member agencies delivering residential care services held on 27 March 2025
- A consultation forum between ACWA member agencies delivering residential care services and IPART held on 15 April 2025 (arranged by ACWA at the request of IPART)

- A consultation forum hosted by ACWA for member agencies delivering foster care services held on 14 April 2025
- A consultation forum between several ACWA member agencies delivering foster care services and IPART held on 30 April 2025 to discuss home-based care agency payment costings
- Individual meetings with ACWA member agencies
- Individual submissions from ACWA member agencies
- Feedback provided by participants at open consultation forums held by IPART on 29 April and 1 May 2025.

The submission has been ordered as follows:

- Part 1: General observations
- Part 2: Feedback on issues relating to casework costings (focus on foster care)
- Part 3: Feedback on issues relating to carers
- Part 4: Feedback on issues relating specifically to residential care
- Part 5: Systemic issues

This submission is intended to represent the collective views and perspectives of ACWA's membership. ACWA is aware that a number of member agencies will separately lodge submissions with IPART and will provide additional data and particulars relating to the impacts of the proposed costings on their agency operating models.

We have not sought to comment separately on all of the draft decisions, findings and recommendations, but where agencies have identified concerns with a preliminary position or proposal made in the draft final report, we have focused on the substance of the related impacts as many of the draft decisions and findings are inter-related.

Following additional feedback sessions with ACWA and its members, IPART has requested additional evidence from agencies. In relation to ITC agencies, further material is being provided to IPART which is due on 16 May via a survey, as well as responses from individual agencies to questions about their staffing, rostering, repairs/maintenance and vehicle costs which do not appear in this public submission but will be compiled separately by ACWA and provided to IPART.

Part 1: General observations

3. Welcome directions

ACWA welcomes IPART's draft final report.

ACWA wishes to formally recognise the high quality of the work undertaken by IPART in conducting this very complex and multi-faceted review and commends the consultative approach it has taken throughout the review process.

It is particularly pleasing that IPART has been willing to meet with ACWA and its member agencies (as noted in section 2 above) on several occasions since releasing its draft final report to better understand concerns about certain proposed directions and costings and has sought additional evidence from providers where appropriate to inform its ongoing consideration of relevant matters. IPART has also made considerable efforts to hear directly from and engage with foster carers.

As we discuss in section 4, there are many commendable proposals in the draft final report which, if well executed, will likely lead to improved system efficiency. However, there are certain areas where the assumptions underpinning proposed costings and recommended actions should, in our view, be further considered.

Our submission highlights those areas where we consider the proposed pricing model to be insufficient or lacking the flexibility needed to deliver quality care into the future. We have also highlighted those recommendations which, if implemented, may increase the administrative and financial burden on agencies as well as carers.

In this regard, ACWA thanks IPART for giving stakeholders the opportunity to provide additional feedback about its draft positions and proposals, and its concern to avoid any unintended consequences in formulating its final findings and recommendations.

ACWA looks forward to the release of IPART's final report and remains committed to working alongside DCJ to implement a revised pricing model and more broadly, improving the efficiency, performance, and long-term sustainability of the out-of-home care system.

While this submission focuses primarily on those areas where ACWA members hold a different view to the preliminary positions put forward by IPART in its draft final report, we acknowledge there are a number of important draft findings and recommendations made by IPART that the NGO sector strongly endorses including those outlined below.

- Meeting the needs of a child in out-of-home care are significantly higher than meeting those of a child not in out-of-home care (the figure noted by IPART is 46%).
- Inefficiencies and errors in how the Child Assessment Tool is used and variations within DJC as to how assessment outcomes are approved can lead to delays in funding being available to meet a child's needs.
- The current rule of reducing a provider's funding for a child living away from their residential care placement does not properly recognise the costs associated with supporting a child out-of-placement, including the cost of ensuring the child has a working phone, can access food and basic necessities, and driving and making other arrangements to sight that child in the community or where they have self-placed.
- Administrative costs are significantly higher than those anticipated by the PSP. The PSP's original assumptions overlooked critical activities associated with indirect contract administration costs, management costs, and increased data administration.
- Current funding reconciliation processes leave organisations out-of-pocket often creating substantial cashflow concerns.
- DCJ should meet the cost of insurances and indemnify NGOs for claims for abuse in care as a cost inherent in providing out-of-home care.
- IPART has further qualified that the $18,000 gap it previously noted as the variance in delivery costs between DCJ and NGO agencies is in fact driven by higher reported caseloads held by DCJ. By recommending the same efficient caseload for both DCJ and NGOs, IPART appears to be suggesting that the previous cost discrepancy was not due to one model being inherently more efficient than the other.
- Additional funding is required to ensure Aboriginal and Torres Strait Islander children and young people, and their families are supported within culturally appropriate and Aboriginal and Torres Strait Islander-designed frameworks, including higher pricing levels for cultural supports to Aboriginal children and ACCO-specific costs.

- Children and young people from culturally and linguistically diverse (CALD) backgrounds require additional support as compared to non-CALD children and young people.
- Increased financial support should be given to carers, including higher pricing to cover expenses, refunding actual costs of providing necessary medical and family time expenses, and importantly, increasing the standard care allowance by around 30%, or between $117-$497 per fortnight depending on the age of the child.
- The use of an out-of-home care health card for treatment not covered by Medicare should be explored.
- The expansion of NSW voucher scheme should be pursued.

4. Areas we submit require additional consideration by IPART

Part 2: Casework

4.1 Reduction in benchmark cost per child for home-based care delivered by NGOs

IPART outlined its proposed pricing structure for home-based care on page 16 of the draft final report. ACWA agencies have expressed concern that the proposed funding under the revised pricing model appeared to be less than they are currently receiving.

IPART agreed to meet with ACWA and a group of member agencies to cross-check the calculations which had been carried out by one of our members to assess the impact of the proposed pricing model for home-based care based on two sample child cases for the 2025/26 financial year. The calculations were also reviewed by our actuaries.

ACWA submitted the calculations and workings to IPART, which subsequently confirmed that after removing the proposed increased carer allowance, child costs, and carer training fee, the proposed pricing framework would lead to a reduction of approximately $7-7,500 in funding per child placed with an agency. See **Appendix A** for an example demonstrating the funding gap for the long-term care of a non-Aboriginal low needs child in a stable foster care placement of more than 1 year with a single carer (this is comprised of casework costs, admin costs, and annual carer training)

For some agencies, this reduction in funding is likely to lead to a corresponding reduction of around 20% of its frontline casework staff engaged in the delivery of the PSP. The impact of such a projected staffing reduction would lead to important roles being removed from PSP program delivery, including casework coordinators/managers, care engagement and support workers, and casework support staff who undertake administration activities to allow caseworkers more face-to-face time with children and young people and their carers. In addition, dedicated specialist roles delivering important activities such as family finding, family group conferencing, behaviour support and coaching and mentoring will be substantially reduced and, in some cases, would cease to exist.

Against the background of a shortage of carers and challenges associated with carer recruitment and retention, and the need for specialised services to address the complex needs and trauma of children and young people in out-of-home care, any reduction in these types of specialised roles is of great concern.

ACWA agencies are concerned that, if applied, the proposed pricing framework for home-based care would lead to some of the most vulnerable children and young people in the state

receiving a minimum or baseline level of care if agencies are unable to continue to provide the range of practical supports and interventions currently being delivered. In some cases, the proposed reduction in funding for agencies will make it unviable for certain providers to continue delivering services, especially small to medium sized providers which are often operating in rural and remote areas.

ACWA supports the more structured and delineated approach taken by IPART in proposing a pricing framework, however, we would argue that the pricing 'structure' should not be overly rigid and at the expense of embedding agency flexibility and discretion in the application of funds, which importantly, must sit alongside strong accountability measures.

ACWA is concerned that if the home-based care component of the system, which IPART identified, represents just over half of the out-of-home care budget despite accounting for over three quarters of the children, is underfunded, then this is likely to contribute to a greater degree of placement instability and breakdown, making it more likely that children and young people will enter residential and emergency care placements at a far greater cost to the system in the medium to longer term. In making this observation it is important to highlight IPART's finding that 40% of the out-of-home care funding is directed towards just 4% of the out-of-home care population, that is, children and young people in emergency care and residential care arrangements.

The provision of safe and quality home-based care for those children and young people who cannot live at home with their families must remain a shared goal or else we are at risk of perpetuating the crisis driven response that has been a feature of the system to-date.

We urge IPART to revisit the funding structure for agencies to deliver home-based care.

4.2 Casework costs – key considerations

Discussed below are a number of issues relevant to the formulation of funding for the agency benchmark costing for home-based care casework which illustrates the complexity of factors associated with supporting the care of children who have experienced trauma which often manifests in neurological, psychological, and physical factors.

4.2.1 Family time

In the draft final report, IPART lists a number of assumptions about 'family time' which underpinned its proposed benchmark casework costings for children in foster care with a restoration case plan goal (meaning the plan is to eventually return them to their birth families). Agencies have told us that their experience differs considerably from these assumptions and have noted that the 2016 DCJ report[1] relied on is outdated and that practice has changed considerably in the decade since given the critical role that family inclusion plays in ensuring holistic, therapeutic care.

Agencies have also indicated that IPART's modelling appears to be based on DCJ actuals which would explain the difference. In its report, IPART notes that DCJ is seeking to employ family time workers, indicating this is an area where further investment is required.

[1] NSW Department of Communities and Justice, Birth family contact for children and young people in out-of-home care, December 2016, p 2.

NGOs have given us consistent feedback about the critical benefits of investing in family time to promote the wellbeing of children and young people.

The breakdown below illustrates how IPART's family time assumptions for foster care cases (particularly restoration cases) significantly underestimate the actual time and resources required, potentially creating a major funding gap for these essential services.

IPART's assumptions:

- For children with restoration/permanency goals: 15 visits per year at 4 hours per visit, totalling 60 hours per child per year
- For children with long-term care goals: 7 visits per year at 4 hours per visit, totalling 28 hours per child per year

NGOs' actual experience:

- average of 6 hours per month (3 hours per visit) for direct family time
- plus 1 hour for report writing per visit
- plus 1 hour for coordination of each visit

This totals 10 hours per month or 120 hours per annum which is double IPART's estimation for restoration cases (120 vs. 60 hours).

Family time intensity for restoration cases

The agency example below illustrates why restoration cases require more intensive family time.

Court requirements:

- Detailed family time reports are required for all visits to support court work. This means visits cannot be facilitated solely by carers.
- One hour of report writing time is required per visit (which does not appear to be accounted for in IPART's modelling).

Legal process considerations:

- Visitation remains high until a Magistrate determines there is no realistic possibility of restoration.
- Even when service providers recommend long-term care, they cannot pre-empt the Magistrate's decision.
- This means higher visitation rates continue throughout the court process and often for the duration of court orders.

Multiple factors affecting family time needs:

- child's age
- location of child and parent
- parent wishes and capacity
- child wishes
- number of siblings and their care arrangements
- number of other connections to be maintained

Staffing implications:

- some larger agencies have a family time coordinator who manages approximately 14 family time staff.
- these staff require training and supervision from the coordinator

Agencies have also indicated that family time is not necessarily less for children with lower needs children, as there's no clear correlation between family time and child need. Family time is usually a minimum of four hours, including time for transporting the young person from their placement. In addition, family contact often includes multiple family members, and there are additional costs for activities and food. To make family time purposeful, many agencies promote activities and cultural events, but these often cost extra, particularly if the family members aren't able to pay for themselves.

Rather than a fixed hourly allocation, an alternative could involve:

- an annual amount paid at level 1, 2, or 3 depending on the complexity of the case
- factors determining complexity would include location of parents, amount of support parents need, and needs of the child

The above method would accommodate the significant variability in family time requirements across different cases. If the proposed time allocation by IPART is implemented, agencies have indicated that decisions about facilitating family time would become contentious.

4.2.2 Costs for NGOs of supporting DCJ in Children's Court proceedings

The draft final report assumes that DCJ currently bears the cost of Children's Court proceedings[2] and does not adequately examine the cost to NGOs who are routinely required to provide affidavits and act as witnesses in Children's Court proceedings consistent with Children's Court Practice Note 17.[3] We note that currently case management nearly always transfers before final orders are achieved and the legal support provided to NGO agencies by DCJ in this situation is nominal at best, meaning that the cost of preparing documentation and evidence and engaging legal assistance to do this effectively is an unfunded cost met by the NGO agency.

Agencies have described this court work as involving:

- Fortnightly planning and information sharing meetings with DCJ – involving caseworker and casework manager time for approximately 1/2 -1 hour per fortnight
- Preparation of affidavits and compiling annexures – approximately 4 x 5 hours each = 20 hours
- Preparation of care plans – approximately 6 hours (two plans are often required for covering both restoration and long-term care)
- Attendance at dispute resolution conferences (DRC) – caseworker and casework manager time at 3 hours per DRC (an average of two DRCs per matter)

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[2] "Typically, a DCJ child protection caseworker will manage casework responsibilities until a final order is received, at which point a DCJ out-of-home care caseworker or non-government caseworker will take over the casework responsibilities for the child." p. 237.

[3] *Practice Note 17: Designated agencies in Children's Court care proceedings*, NSW Children's Court. Issued December 2022 and revised March 2023.

- Court attendance time – agencies generally only attend Court if the matter is listed for hearing and they are required to appear

The impact of the recommendations made by the system review into out-of-home care that DCJ should retain case management for all children and young people until final court orders and accept service provider requests for case management to be transferred back to DCJ, if fully implemented, will also need to be factored into this cost component.[4]

4.2.3 Children with disability

IPART made the following observations and findings about children with disability at p.240-241 of the draft final report:

> *Our analysis showed that 18% of children in out-of-home care have a disability.*
>
> *Children with a disability require behavioural support plans, which address behaviours of concern and effective interventions to respond to them. Caseworkers may also have to dedicate significant time to negotiating funding and access to appropriate supports."*
>
> *DCJ's internal analysis has found that caseworkers spend an additional 37% more time relative to a base case with no identified complexity factors. Non-government providers have also reported an additional 75% of casework time is needed to care for children with a disability compared to a base case.* ***Our present view is that the providers who care for a higher proportion of children with a disability are typically providing residential care placements.*** *The higher caseload for residential care (6 cases per caseworker) embeds the additional casework support needed for children with a disability. Therefore, our draft position is that an additional casework cost for children with a disability is not required.*

Agencies have indicated that the basis for the above finding is inconsistent with contemporary experience. Agencies have advised us that outside of residential care, there is a significant proportion of children with disability in foster care placements who require additional casework support. For example, one agency indicated that for the 2023-2024 financial year, they had approximately 105 children and young people in their foster care program. Of these children, 53 (51%) have a diagnosed disability.

Agencies operating residential care programs which serve children with disability have stated that the supports provided in the residential and intensive therapeutic home-based care (ITCH) stream do not cover the additional casework required for children with disability in their foster care programs.

Typical additional casework support required for this cohort of children involves:

- developing and implementing behaviour support plans
- additional and targeted carer support and training
- additional respite for carers to avoid burnout
- engaging health specialists to complete assessments – speech pathology, occupational therapy, psychologist, paediatrician/psychiatrist, behaviour specialist, physiotherapists, continence clinics, feeding clinics, and so on

[4] System review into out-of-home care, NSW Government, October 2024, Recommendation 10. NGO agencies will still be required to support court processes and provide evidence even if DCJ has case management during the interim order stage.

- gaining resource and implementing specialists' recommendations, including booking in and coordinating appointments to support overwhelmed carers
- working with Department of Education staff to respond appropriately to children and young people including supporting the development of school behaviour support plans that align with specialist recommendations
- the above work often involves medications which then require additional approvals and support plans from DCJ (BSPs must be reviewed quarterly by someone with advanced behaviour specialist training, and endorsed by the Principal Officer)
- application and engagement with the NDIA and NDIS funded services
- increased need for caseworkers to attend key appointments with carers, and
- approval, implementation and monitoring of regulated restricted practices (out-of-home care & NDIS Quality and Safeguarding Commission)

We would strongly encourage IPART to review their draft position on this issue of additional casework support for children with disability in foster care and its related impact on the benchmark costings proposed for home based foster care.

4.2.4 CALD children and young people

ACWA welcomes the specific recognition given to the additional support requirements for CALD children and young people. We make the following comments and suggestions about IPART's decisions in this area:

Cultural support worker

- We have been advised that the proposed payment of $1,260 to the cultural support worker who will help with developing and implementing the cultural support plans, assumes that, on average, a full-time cultural worker supports around 86 children. Based on the experience of a leading cultural care agency, this number may be set too high given the complexity of the work involved.

Cultural plan development

- Agencies have suggested that the funding for cultural plan development should be based on each occasion that a child's placement changes, rather than at a point in time during the year. For example, a child might be in a short-term placement then move to a kin or other placement (e.g. respite). Their cultural support plan will need to be adjusted, and support will need to be provided to help with the new carer's understanding and implementation of the plan. It appears that this additional work is not accounted for in the proposed costing and how it's applied. In addition, the inclusions relating to cultural planning should be updated to reflect the additional costs for the provider to translate cultural plans for court when necessary. We suggest that an adjustment be made to the proposed costing to recognise these additional efforts.

Support for cultural maintenance

- Agencies have flagged the need for an additional annual per child payment to be made for cultural maintenance which is inextricably linked to the child's overall wellbeing. There are a range of costs associated with maintaining a child's connection to their culture (which encompasses language, ethnicity, faith and place), such as:
    - flight costs to visit relatives overseas

- traditional clothing for cultural festivals
- cultural books and materials
- cultural food, events and activities

Agencies have suggested that an annual payment of $500 per year would assist with implementing cultural activities associated with the child's overall wellbeing.

For further information on cultural issues for children and young people from CALD backgrounds, we refer IPART to the submission made by our member agency SSI.

4.2.5 Family finding

The draft final report does not make specific provision for casework time associated with family finding, apart from in relation to Aboriginal children. The primary goal of family finding is to establish and help maintain a child's connections to their family network.

Agencies have given us clear feedback that funding should be available for all children to locate relatives who may be able to form part of a child's broader support network, and this should be factored into the benchmark costs for casework. Restriction of these services would significantly reduce the quality-of-care agencies are able to provide to children and their carers.

One agency advised us that it had undertaken family finding for 60 non-Aboriginal children in 2023-24 and was able to identify, on average, 35 family members in each child's genogram.

It is also important to note that through family finding work, potential carers for a child are often identified. Against the backdrop of increasing foster carer shortages among 'willing strangers', being able to tap into family as potential carers is even more critical.

We urge IPART to consider recommending that family finding for all children and young people be funded as a core element of best practice service provision.

4.2.6 Impact on costings of differences between permanency goals

The draft final report examines caseload and casework costings for restoration. It defers the issue of 'legal adoption' but does not clearly speak to 'guardianship'. It is assumed that the additional efficient casework cost is $14,000 per child per year for a child with a restoration or permanency case plan goal with an NGO, so appears to have equated guardianship to restoration in terms of cost. This approach is problematic given these are two different permanency goals with different complexities. It does not account for the legal requirement of a guardianship assessment to be completed.

4.2.7 Aftercare casework

There is no consideration for after-care or the 'follow-up' services extended to children and young people who formally leave the out-of-home care system, despite the fact that agencies are still required to carry out casework after young people turn 18 within the existing funding envelope. Agencies have flagged that a specific allocation for aftercare should be included in the benchmark costings for casework. By way of example, one agency told us that over the past 12 months, 542 hours of casework support was provided to 39 young people which they estimate is equivalent to approximately 28% of a fulltime equivalent caseworker.

4.2.8 Regionality

Agencies accept IPART's finding that regionality does not impact costs for carers in delivering care significantly, as factors such as lower accommodation costs can offset increased costs associated with travel. As well, higher medical and therapeutic costs arising from the need to access private health are to be refunded by DCJ reducing any potential cost onflow to carers.

However, agencies have indicated they disagree with IPART's conclusion that there is "contradictory evidence for the impact of regionality on casework time".[5] A number of agencies made submissions to IPART noting that "children living in regional or remote areas require additional casework support as they may require more time spent accessing services and travelling."

Regional and remote service provision incurs costs associated with distance where travel is frequently required for routine care. Because of the distances involved, overnight stays and associated accommodation costs are common to carryout activities such as home visits, family time, cultural connections and family finding work.

4.3 Providing greater clarity around when and how certain payments are to be made

The draft report proposes multiple payments where the frequency and trigger for the payment are unclear. For example:

- specifying whether a payment accrues on a carer or a child's engagement with an agency, that is, a one-off payment; or if the payment is repeated for each new care engagement or placement.
- specifying whether a payment is allocated on the basis of the number of children in an agency's care, or the number of carers engaged by the agency.
- specifying whether a carer payment is per carer-household or per carer.

In consultations with our members, they have indicated that the implications of these payment arrangements could potentially be fiscally significant, depending on when and how they are to occur, and that this should be taken into account and clarified in the final report. In this regard, we also rely on direct feedback provided to IPART staff at our member consultation on 30 April.

4.4 Benchmark costs – frontloading NGO payment and scaled reduction

IPART's proposed benchmark costings for payments to agencies for meeting a child's day to day needs essentially frontloads payments with the proposed first year payment to the provider being approximately $11,000 more than the current payment; however, for subsequent years, the payment is between $2000 to $14,000 less than the current payment received by agencies.

The rationale for this scaled approach appears to be that placements require the most casework and extensive support in the first year, and that the proposed pricing structure will reduce administrative costs, with costs for additional needs to be funded, as approved, through the child's case plan. This reduction in costs in subsequent years does not recognise that even for stable long-term placements, a provider has both a contractual duty and a duty

[5] See page 57-58.

of care to supervise a placement, and complete regular home visits and placement reviews. Importantly, the *NSW Child Safe Standards for Permanent Care*[6] require agencies to fulfil a range of requirements on an ongoing basis.

Additionally, this approach does not recognise that even when a child has settled well into an appropriate long-term placement, they can experience periods of unrest or increased pain-based behaviours due to the trauma they experienced prior to entering care or as part of typical developmental changes. It is not unusual for sound, long-term placements to require increased casework support to remain stable when the needs of the child change as they grow, and their understanding and experience of the world evolves.

The proposal that Year 2 onwards funding should level out is at odds with the experience of agencies who have noted that the need for therapeutic and external services may peak even after the first year of a placement.

From an administrative perspective, a great deal of manual package reconciliation is already required via the existing systems, which will be made more challenging if the proposed scaled approach for agency payments is adopted to accommodate the different payments for years 1, 2 and onward.

4.5 A contingency fund to support children with additional or higher needs

At p.189 of its draft final report, IPART noted that:

> *Currently, carers in home-based care who are with non-government providers may receive a higher allowance to support the additional needs of children in their care, however there is no requirement for non-government providers to do this. Non-government providers can apply for the Additional Carer Support Specialist Permanency Support Program (PSP) package which covers additional casework provision by the non-government provider as well as additional allowance, training and respite for the carer. The Additional Carer Support package is $29,942.48 per annum from 1 July 2024. As with the care allowance, there is no visibility of how much of this is provided to the carer by non-government providers. Despite the potential access to additional financial support for carers case managed by non-government providers, some carers have told us they still struggle to cover the costs of caring for children with disability and high needs.*

IPART has proposed a pricing structure that would remove the Additional Carer Support (and Complex Needs) packages and instead make provision for carers who are caring for children with higher needs through a consistent approach to eligibility for the proposed allowance types. IPART has also indicated that DCJ would need to consider what framework should be put in place to assess the needs of individual children and the necessary transitional arrangements. As well, the pricing structure IPART proposes recognises that agencies caring for children with higher needs should receive a higher payment to deliver their care which is scaled down after year 1.

However, agencies have expressed concern that the proposed reduction in payments to agencies per child per year for casework, combined with the absence of these additional support packages and lack of flexibility in applying funding (discussed further in section 4.6

[6] NSW Office of the Children's Guardian, NSW Child Safe Standards for Permanent Care, November 2015.

below), will significantly reduce the ability of agencies to continue to deliver a range of critical supports to children and young people.

Not every child will require the same level of casework support; and for this reason, it makes sense to build in a pricing component to allow agencies to continue to invest in delivering specialised services aimed at reducing placement breakdown, promoting overall child wellbeing, and responding quicky to meet the needs of children and young people as they emerge.

The draft final report explicitly refers to a suite of funded activities when discussing casework however, it is unclear whether critical specialised services delivered by agencies such as family finding, youth mentoring/coaching and behaviour support have been factored into the proposed pricing framework or whether the intention is for separate provision to be made for these types of services.

If specialised services of this type are to be funded through the proposed casework allocation discussed in section 4.1, member agencies hold concerns about whether they will continue to be able to deliver them.

We suggest that specialised services should either be regarded as separate items the subject of additional funding allocation or built into an increased allowance for casework activities. Either way, it will be important to clarify how such services will be factored into the final proposed pricing framework so that agencies carrying out this work can appropriately allocate funds.

4.6 Discretion and flexibility can sit alongside strengthened accountability

Flexibility and accountability are not mutually exclusive.

The effort to more clearly define the individualised costs associated with delivering care is critically important however, our concern is that an approach which seeks to particularise and prescribe funded items should not be at the expense of affording agencies flexibility and discretion when the need arises.

While the current funding model and its administration needs refinement, a strength of the 'package' model is that agencies are able to redistribute funds within an approved envelope to develop and deliver a suite of services tailored to meet the needs of children and young people being supported by the agency. This approach helps agencies to tailor their services and supports as required and fosters innovation.

Agencies have told us that the proposed flat rate for administration ($11,940) and casework ($15,200) will not cover the substantially greater hours of administration and casework required for children and young people with more complex needs.

If the suggested approach of allowing a 'contingency fund' for agencies to access for specialised services and other unexpected items to address immediate need is adopted, we would also argue that this type of contingency fund could be administered by agencies without having to seek ad hoc approvals (as is the case currently with the Additional Carer Support and Complex Needs packages), which creates additional administrative processes and delays in being able to meet the identified needs of children while the agency awaits approvals, provided that strong accountability mechanisms are also in place.

Agencies have suggested other approaches to casework funding including the approach outlined below.

1. **Providing a single comprehensive payment** to cover all funding for each child, which the agency can apply flexibly based on the child's needs
2. **Base funding for multiple items** including:
    - placement type (e.g., foster care)
    - level of assessed need
    - case plan goal
    - medical needs
    - family time needs/complexity
    - therapeutic/social and emotional needs
    - cultural needs
3. **Incorporate tiered complexity levels** within categories:
    - Low, medium, and high therapeutic needs
    - Low, medium, and high family time needs
    - Low, medium, and high medical needs
4. **Allow for provider discretion** in how funds are allocated, recognising that each child's situation is unique and requires individualised support
5. **Maintain boundaries and oversight** by working within defined limits and categories while still providing flexibility
6. **Increase transparency** to ensure agencies are actually providing the services they're funded to deliver to children and carers.

This approach would eliminate the administrative burden of continual approvals and reimbursements while still providing structure and accountability. It acknowledges the uniqueness of each child's circumstances while giving providers the flexibility to address needs promptly without lengthy approval processes. The key driving principle would be balancing flexibility with accountability – that is, giving agencies the ability to respond to children's needs quickly and appropriately while ensuring funds are being used as intended.

Another suggested casework costing approach is developing a pricing model based on:

- an equivalent payment structure for agencies as that for carers (standard, Care+1 and Care+2).
- DCJ establishing a process where agencies can request a contingency fund be created to support their care of a child or young person – equivalent to an ACS package. Each fund would require an individual application.

Regardless of the costing approach adopted to enhance accountability and transparency, any contingency payments could be the subject of quarterly reporting to DCJ, and periodic and targeted audits as required, combined with an annual funding acquittal process. If our suggestion that a P card for carers is adopted (which aligns with IPART's draft health card recommendation – see section 4.8), this would further alleviate the current administratively burdensome processes that are in place.

We recognise that the motivation behind IPART's pricing structure is to address the "limited visibility over services received by children and young people due to inadequate data and oversight" and therefore, "relative outcomes and cost effectiveness are unable to be

assessed."[7] ACWA shares the government's desire for there to be greater visibility over the out-of-home care services children are receiving and related outcomes, but this should occur without increasing what is already a significant compliance and administrative burden for agencies and DCJ.

Any new pricing model must balance structure with flexibility in a way that allows providers discretion to deliver quality services. In this regard, it is timely that DCJ is implementing changes to its existing income and expenditure report which could improve accountability. IPART's proposed changes should be reviewed concurrently with new financial year changes.

4.7 Lack of clarity regarding how the proposed pricing model will improve efficiency

The proposed approach of an annual payment per child per year which is varied or 'topped up' depending on factors including permanency goal and Aboriginality is not dissimilar from the current approach of a base payment with packages added – both equate to a base payment which is further built on depending on the needs of the child.

As noted previously, the draft final report also acknowledges that payments will vary dependent on each child based on their level of need, however, it does not provide a clear explanation as to how addressing this in the proposed model will vary or improve current approaches which the draft final report suggests are inefficient.

We suggest there would be value in the final report articulating how separating and distributing funds as proposed through an individualised payment per child will equate to greater efficiencies. Presumably savings are expected from a reduction in administration and assessment of need costs, but as to how this will occur remains unclear.

Part 3: Carers

4.8 Centralising carer payments and reimbursement of expenses with DCJ

IPART has recommended that the care allowance should be paid at a consistent rate for all children assessed with the same level of need across both NGO agencies and DCJ. In addition, it has recommended that DCJ should consider paying the care allowance and reimbursement of out-of-pocket expenses directly to all carers, rather than via their care agency as is the case currently.

The primary motivation behind these recommendations is that carers have expressed concern to IPART and during the system review of out-of-home care about not being dealt with equitably for performing the same work, with some agencies paying carers higher rates to attract them to a caring role and incentivise them to continue caring for children with more complex needs. IPART has suggested that if DCJ administered the care allowance, this equity issue would be addressed. IPART has also argued that removing the role of paying carers from NGO agencies will reduce their administrative burden.

[7] IPART, Out-of-home care costs and pricing Draft Report, March 2025, p.8.

However, widespread concern has been expressed by ACWA agencies about the proposal for DCJ to directly administer the care allowance, and reimbursement of additional medical and other extraordinary costs.

IPART has noted that DCJ already has an established system for paying around half of the carers in the system, so has argued that it would not be overly burdensome to extend this process to all carers. In response, ACWA agencies have told us that making this change would not deliver any notable time savings for them as their payment systems are already established and there are other ways to achieve the transparency and consistency around carer payments that IPART and system review of out-of-home care are seeking to bring about.

In addition, agencies have flagged that an unintended consequence of creating consistent carer payments which needs to be carefully planned, is the reality that if some carers receive less than what they have been receiving, it may mean they resign from caring, or the change creates tension between the carer and the NGO agency. IPART has noted this possibility and flagged that certain arrangements between carers and agencies would need to be 'grandfathered'.

On the issue of reimbursement of carer 'out-of-pocket' expenses, agencies have pointed to the range of substantial (and well documented) administrative challenges they have experienced from the outset of the PSP's commencement, including in relation to delays by DCJ in completing funding reconciliations and approving agency requests for additional supports, which cause them to legitimately doubt DCJ's capability to execute these responsibilities. Both IPART and the system review of out-of-home care have acknowledged these administrative burdens are a legitimate and substantial concern.

Given the strongly held view across the sector, which is shared by IPART, that practical support for carers must be enhanced, we are concerned that any move to shift the responsibility for reimbursing carers to DCJ and away from their care agency, carries a significant risk of further burdening carers with delays in their out-of-pocket expenses for essential health, education and other expenses for children and young people in their care being refunded. As well, there is a risk that carers who may not be able to cover these types of expenses, may delay seeking out the necessary services or fail to seek them out at all.

It is likely that any dissatisfaction felt by carers about delays in reimbursement will be targeted at the agency and will undermine the relationship between carer and agency. At present, the carer negotiates any 'out of guidelines' expenses directly with their care agency, and agencies often make flexible decisions to accommodate proposals they consider justified and sound, however this is less likely to occur if DCJ is determining these matters at a step removed, and again, a lack of flexibility in assessing requests is likely to feed into carer dissatisfaction and frustration.

The financial plan for the child's care is usually formulated as part of developing the case plan because the care agency understands the needs of the child, carer and placement. It will be logistically challenging for these financial plans to be developed in future by the agency with the approval sitting with DCJ. Centralising these processes and related negotiation between agencies and DCJ is likely to cause bottlenecks and delays, the effects of which are likely to trickle down to carers and their caseworkers and impact relationships.

Members are also concerned over the logistics around the centralisation proposal, especially as many agencies already deal with hundreds of invoices and need to 'get things done' for children as soon as possible (i.e. they cannot wait for the approval to arrive). They are concerned that this may create more additional work depending on what evidence needs to be provided to process reimbursements.

In our view, there are other ways to bring about greater efficiencies in relation to processes for reimbursing carers. In this regard, we support IPART's proposal for a health care card, and Service NSW vouchers as vehicles for reducing out-of-pocket expenses for carers and reducing the administration burden associated with claiming reimbursements.

We consider a purchasing card (or 'P' card) for use by carers to allow them to make approved types of purchases without the need for traditional purchasing processes, involving double handling of financial information and paperwork, would potentially be even more effective and can be readily implemented. We are aware that DCJ utilises P cards as do other NSW public sector agencies and NGOs.

Member agencies have been clear that it would be better to strengthen the governance of existing systems rather than 'reinvent the wheel' in relation to the reimbursement issue.

On the issue of transparency, our members advise that they are already inputting expenditure information in children's case plans which are uploaded to ChildStory. They have argued that, instead of reconfiguring the current payment system, contract meetings could be modified to increase the focus on financial reporting on issues such as carer allowance rates paid against assessed need levels for the child and related expenditure on medical, dental and other expenses per the case plan.

4.9 Payments for recruiting and assessing carers

IPART has estimated the efficient cost of recruiting a new carer to be $18,190 and the efficient cost of assessing a new carer to be $5,250. A total amount of $23,440. However, it has recommended that a lower amount of $21,100 per child be paid to agencies to cover the cost of recruiting and assessing carers when a child enters their care. (This amount is lower because it's calculated at 0.9 children per carer.)[8]

ACWA welcomes IPART's draft decision to give financial recognition to the cost of carer recruitment by suggesting it be allocated dedicated funding. However, the cost assumed for carer recruitment is lower than what many organisations currently pay with some indicating the costs are closer to $28,000 on average per carer (including advertising and promotion costs, assessment and training of prospective carers (who progress) and assessment of carers who don't progress for various reasons part way through the assessment process).

Additionally, the assumed costs should consider the impact of recent amendments to legislation giving a carer applicant a right of review by the NSW Civil and Administrative Tribunal of a decision not to authorise them.

Agencies have also identified that the trigger for the recruitment and assessment payment, that is, 'when a child enters their care', is problematic.

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[8] See decisions 10 and 11; and recommendation 10.

If agencies are only paid a recruitment fee when children are newly placed with the agency, a substantial amount of the investment agencies make in recruiting new carers (including for respite purposes) will go unfunded. Agencies have submitted that the recruitment payment should be made to the agency upon the recruitment of any new carer, regardless of whether they are a fulltime or respite carer.

Many agencies run ongoing recruitment campaigns to ensure a pipeline of carers to deal with the peaks and troughs of carers coming in and out of an agency or the system more generally. It is also common for children to be placed with existing carers within an agency at the outset or when there are placement changes or breakdowns which could be due to reportable conduct investigations, carers retiring or when a child is being 'stepped down' from an ITCH placement. None of these circumstances would attract the carer payment. Because the payment is triggered by the placement of a child with the agency, the payment would not appear to cover the pool of respite carers needed.

Agencies have suggested that it would make more sense if they were funded holistically for carer recruitment rather than just when a child enters the care of the agency, or on a 'new carer' rather than 'new child' basis. If the goal is to achieve placement stability and the best outcomes for children's wellbeing, agencies need a 'carer village' or 'carer network' ready to quickly step in and provide respite or take over payments when needed, as well as to be ready to take in new entries of children.

In relation to carer assessments, agencies have highlighted that assessments commonly happen for carers on multiple occasions throughout their caring role. For example, if a child within an agency has a placement breakdown and another carer is assessed to take over their care; or respite carers from within the agency are assessed to take on the care of a child also from within the agency. In other cases, a child's family may have been found, and kinship carers are then assessed to take on their care, not all of the individuals assessed will end up being suitable.

A lot of work goes into the pre-assessment and assessment stage, which the proposed pricing doesn't adequately cover in circumstances where a carer isn't matched up with a child. While not ideal, this work is necessary to ensure agencies are exploring all options for carer opportunities, particularly in relation to identifying suitable family members as carers. The issue is further exacerbated when the potential carers could be living in other states/territories making the process more expensive.

Ensuring appropriately thorough assessments are undertaken is essential for engaging safe and suitable people to care for children and to avoid placement breakdown and entries into more costly care arrangements.

The authorisation process for carers is appropriately robust and understandably resource intensive. If the proposed assessment payment is linked only to assessing new carers, and does not factor in the reality, which is that multiple assessments are often being carried out for the same carer or for others who don't end up being suitable or drop out, agencies will be left substantially out of pocket.

ACWA suggests that a higher assessment allocation be paid to agencies which takes account of the efficient cost of assessing a new carer (@$5,250) and noting that multiple assessments are commonly undertaken per child. This higher fee would ideally encompass all assessments which establish care arrangements between a carer and child and re-established care

arrangements with the original carer after a defined period away (e.g., 12 months) from the placement when deemed necessary.[9]

4.10 Payment for carer training

IPART has estimated the efficient cost of carer training to be $1,500 per carer and has recommended that NGO providers should receive an annual amount of $1,350 per child to cover the cost of carer training (based on 0.9 children per carer ratio).[10]

The draft final report acknowledges that "carers who are well trained and have access to resources and support are vitally important for the delivery of quality out-of-home care.[11]

As noted in our previous submission, ACWA agencies generally provide a suite of services to not only train but to better support carers often via dedicated teams.

These activities include:

- facilitating events both online and in person that bring carers together
- creating carer development plans
- checking in regularly with carers about their wellbeing
- producing a regular carer newsletter with useful information for carers e.g. about Cyber safety, ACCO transition advice, upcoming training etc
- supporting carers during reportable conduct investigations
- conducting carer satisfaction surveys, and surveys post workshops to inform continuous improvement to enhance the carer experience

Several agencies have also noted they invest proactively in training initiatives that while costly, are critical to enhancing the care provided to children and improving wellbeing outcomes. For example, one provider told us that the decision to invest in therapeutic crisis intervention training yielded positive results, but to resource this training on an ongoing basis would be at a significant cost to the organisation.

While the sector welcomes the dedicated carer training payment proposed by IPART, agencies are concerned that if the payment is applied per child rather than per carer, this could leave some agencies with insufficient coverage of their costs in delivering annual carer training and support activities. The *NSW Child Safe Standards for Permanent Care*[12] require agencies to fulfill a range of ongoing requirements relating to carer training.

In this regard, agencies have indicated that it will be important for IPART to clarify in the final report if the payment relates to carer couples on an individual basis, given that all carers must undergo sufficient training (and annual refresher training) each year, and that the intention is to also cover carers performing respite or emergency care given that respite care is a critical carer retention and placement stability strategy. As well, there are carers who may not be actively caring at the time of the funding window, but who are nonetheless required to

[9] As noted previously, this issue will need to be considered in the context of recommendation 10 of the system review of out-of-home care regarding case management of children on interim court orders.
[10] See Decision 13 and recommendation 11.
[11] See page 124.
[12] NSW Office of the Children's Guardian, *NSW Child Safe Standards for Permanent Care.*

undergo annual training so they are ready to care when asked to step up to do and they too should be accounted for in a carer training payment.

As the carer training payment is currently framed as being made to agencies per child, it is unclear how it is to be applied in practice and the scope of its coverage in terms of carers engaged by an agency.

We heard that some of our agencies have more carers than children (especially when couples are taken into account); whereas others have more children than carer households, so we appreciate that coming up with a suitable metric is challenging but there is a need to further consider how this payment can be applied to achieve its intended purpose for all carers, no matter their classification.

ACWA is concerned that if carers are not provided with good quality carer training and support/guidance, that this will feed into carer dissatisfaction and have direct implications for carer retention, with more carers likely to exit the foster care system.

4.11 Giving specific recognition to the cost of respite carers

We have received strong feedback from agencies that the draft final report should give more specific recognition to the cost of 'respite care' and the associated costs of recruiting, assessing, and training respite carers to ensure that full-time carers are adequately supported to avoid placement breakdown. In most cases, agencies have told us that the cost of carrying out these activities is the same for respite carers, as it is for full-time carers. (We also rely on our earlier comments in sections 4.9 and 4.10 regarding these issues.)

Agencies who invest in onboarding respite carers would effectively be penalised if respite carers are not factored into the proposed payments, as they would be incurring additional costs to those agencies who do not make the same efforts to either recruit respite carers.

It is not uncommon for respite carers to go on to become fulltime carers, therefore their recruitment should be encouraged. One of the larger agencies advised us that they have a total of 115 carer households with 44 of these 'households' comprising respite carers. This means that almost 40% of the agency's recruitment, advertising, assessment and ongoing review and support costs for foster carers are attributed to respite carers. Other costs for the agency to support its stable of respite carers include the costs associated with conducting annual reviews for all respite carers, and three meetings with these carers per year to help them feel connected, supported, and valued. Respite carers are offered the same access to ongoing training and support, and are included in all foster care activities such as fun days, picnics etc.

Part 4: Specific issues relating to residential care

4.12 Staffing oncosts

The 25% estimate allowed for oncosts accords with estimates from a number of agencies but may be understated due to missing items from IPART's calculations, such as:

- backfill for absences (e.g. stand-downs for reportable conduct and other investigations – see also discussion on this issue in section 4.21)
- long service leave
- redundancy costs

- special leave
- domestic violence leave

Agencies noted that inadequate estimates for backfilling positions can be particularly problematic as there is minimal flexibility for agencies to bring in new staff when they're required to pay those on leave, and without the sufficient staffing in place there would likely be an increase in incidents.

It is also important for further examination of these costs to consider the significant continuing need to use labour hire staff and the cost of managing labour hire agreements.

Further analysis is also required in relation to the cost of ensuring staff are optimally prepared through training – both when onboarded and continuing. Currently resourcing constraints can make it difficult to prioritise staff training and ensuring that staff new to a household are adequately inducted, particularly where funding is approved based on actual placements but ideally staff training occurs in advance of a placement.

IPART has requested further information from providers relating to the above items which will be separately submitted (due for return on 16 May).

4.13 Staffing assumptions

In addition to the comments made above about staffing oncosts, the following items appear to be understated in the draft final report for residential staff:

- overtime for when woken up during the night
- sleepover allowance
- allowance for staff returning on lighter duties

Shift coverage and rostering

Agencies have indicated that the estimated annual costs of covering shifts (Table 8.9) are conservative and do not adequately reflect operational realities. A single roster can contain up to 24 different pay points due to variables such as:

- shift loadings
- emergency overtime
- labour hire costs when required
- support for young people at hospitals or police stations (often at premium overtime rates)

The complexity and demanding nature of out-of-home care work requires competitive salaries to attract and retain qualified staff. Simplifying the award structure could help, but the funding model must support full compliance with industrial requirements.

IPART has requested further information from agencies about how they implement efficient rostering and information about how frequent the 'cross-over' or overlapping shifts take place.

Sleepover Assumptions

Agencies have indicated that IPART's 60/40 sleep/wake assumption does not reflect actual conditions. While this ratio works for some agencies, others require a constant staff presence. The overtime impact from sleep disturbances is unpredictable and not adequately factored into costings. IPART has indicated they assumed a staff member would be awake and present

at all hours, with adjustments possible for different sleep/wake proportions. Agencies will provide further evidence regarding the appropriateness of the 60/40 assumption.

Agencies have also indicated that they don't typically have staff rostered regularly for 'awake' shifts. These shifts are only utilised if there are specific escalations for short periods of time. Due to the nature of these instances, the short notice prevents agencies from securing additional funding from DCJ, leaving agencies to absorb the additional costs.

Call-backs and Shift Transitions

Additional cost factors include:

- staff called back to work (requiring overtime payments at higher rates)
- staff becoming industrially entitled to skip subsequent shifts due to extended hours (requiring casual backfill)
- handover periods between shifts
- non-sequential shift patterns that create inefficiencies and overlaps

Agencies suggested that IPART be provided with sample rosters to better understand how costs are calculated across a week. This information will be compiled and provided by ACWA to IPART along with survey responses from agencies by 16 May.

Staff Tenure and Experience

IPART has assumed that residential staff remain in positions for only 2-3 years, which affects training allowances and leave calculations. Agencies have indicated that this assumption does not align with current practice, particularly in regional areas where some staff remain for 10+ years. As such, the proposed funding model may:

- penalise agencies with better staff retention
- not account for long service leave entitlements that must be paid annually
- overlook the new long service leave (LSL) scheme (effective July 2025) allowing most staff to access LSL after 6 years

SCHADS Classification

IPART's proposed SCHADS Level 3 funding for residential workers significantly undervalues:

1. The substantial casework they perform
2. The complex skills required for the role
3. The challenging labour market conditions

The NSW reclassification guide clearly identifies youth workers as SCHADS Level 4. Residential workers supporting children and young people with high needs to perform complex work including:

- Building therapeutic relationships with traumatised young people
- Managing challenging behaviours and potentially dangerous situations
- Administering medications
- Implementing behaviour plans
- Liaising with schools and other agencies
- Managing family contact (often difficult)
- Performing significant casework functions

For context, the proposed starting rate of $37/hour for staff supporting the most complex clients is only marginally higher than the $28/hour paid to untrained, unqualified customer service workers.

While some agencies currently pay a mixture of SCHADS 3 and 4, this reflects funding inadequacy rather than appropriate classification.

IPART has based its calculations for caseworkers at median level 4.4, but agencies have submitted that experienced caseworkers should be paid at SCHADS level 5.

Agencies have also argued that the calculation rates do not account for the thin labour market and the difficulty of attracting and retaining staff to this part of the out-of-home care sector.

IPART has indicated that its casework costings were based on information returns submitted by agencies however, agencies indicated that they are often paying staff based on rates they can afford within the funding envelope provided, rather than at the appropriate industrial rate for performing demanding and complex work of this type.

The current system artificially suppresses wages, contributing to qualification gaps and high staff turnover. There is a direct correlation between appropriate compensation and staff retention. Higher classification levels would address both the industrial inequity and improve stability for vulnerable children and young people in care.

We urge IPART to reconsider the rates on which it based its calculations for residential care workers for the reasons outlined above.

4.14 Rental or accommodation costs

At times, it is especially difficult and expensive for agencies to source properties such as six-bedroom houses for placements with 4 children and young people. Agencies usually face high demand, competition, and pressures to 'bid' to secure rentals especially in the private market, which can be a requirement for certain placements such as Supported Independent Living (SIL).

Further, when other people or real estate agents discover what agencies are actually doing, negotiation can become more difficult as they ask questions, "Are you able to pay more rent? There are people willing to pay ___." Some real estate agents from the private market require them to apply for material change of use and declare they will be using the rental property as a group home. Generally, there is limited available stock due to owner/agent reluctance to lease to NGOs housing young people.

Some agencies noted that it can take around 4 to 6 months on average to secure a new leased property. They also said that the frequency some children and young people (and households) need to be relocated also needs to be accounted for in overall costings.

This cost of doing business should be factored into the overall costs of delivering residential care.

4.15 Median annual rent and variation by location

Using the median annual rent and varying it by location cannot be the sole tool to formulate the benchmark cost of renting property for the purpose of providing out-of-home care. Agencies noted that current costs for 3 bed properties are similar to the median annual rents

suggested in the draft final report however, there is a disparity between actual spend and the benchmarks for 1 bed and 4 bed properties, with costs higher than the benchmarks in some non-metropolitan areas.

A spread of properties held across non-metropolitan areas may mean the varying median rents and other costs offset each other, however if this assumption is applied, providers will be at a loss if they largely provide residential or independent living arrangements in very high-cost regions (for example Tweed, Ballina and Byron Bay). If the rent by region model is maintained, an option might be to include a fourth category for such regions, or for the average across the state model to allow for additional funding for uniquely high-cost locations.

Other factors which need to be considered when benchmarking rent costs are that a 'median rent' property cannot be assumed to be of appropriate standard for housing young people, and the quality that median rent can buy differs between locations. In some locations median rent housing lacks proximity to public transport or the town centre. In some locations available stock might be limited due to the appetite of owners and real estate agents to lease to an NGO housing young people and it is not uncommon for households or young people to need to move properties frequently due to the impact of their pain-based behaviour on their relationships with neighbours. IPART's modelling does not sufficiently account for the challenges in securing rental properties to provide out-of-home care nor the frequency with which some young people need to move. Further, the modelling does not recognise that ideally properties are secured that support positive outcomes for young people through being in locations that enable them to access their schools, places of training or employment, support services and peer groups in a way that fosters independence and age-appropriate autonomy.

4.16 Establishment, re-establishment, maintenance, damage and relocation costs

Agencies have indicated that the draft final report does not adequately consider the challenges and real cost of maintaining properties for residential care homes and supported independent living arrangements.

Factors which appear to require further consideration by IPART's include:

- The cost of establishing a residential placement. Currently an organisation is funded $15,000 for every new house contracted by DCJ regardless of the housing configuration (2B or 4B). This is to include all furniture, modifications and property uplift before a child moves in, which is insufficient considering the furnishing of a three, four or five-bedroom house from scratch. Also, it is important for young people to be supported to choose their own furnishings and to be set up with new bed linen and equipment, so established houses are generally updated when a new young person enters. The real cost of establishing a new house can range between $40,000 and $60,000.
- The fact that no 're-establishment' payment is available when property leases are not renewed or are terminated, and a new property needs to be set up. While some furniture might be transferred from one house to the next, there are still considerable costs in re-establishing a contracted home, including the cost of moving residents' belongings, negotiating new leases, and addressing any wear and tear or damage to the previous property.

- The cost of maintaining a property for residential care or supported independent living has been under-estimated. A significant cost in providing these placements is the damage caused by young people, often intentionally and as a result of their pain-based behaviours. Intentional damage aside, young people tend to be harder on property and furnishings than adults. Agencies are annually recording significant deficits meeting the costs of these repairs, with no option to recoup via a standardised or ex gratia process. Unlike with ordinary renters, agencies get very little landlord assistance even with general repairs and maintenance. We note that IPART has requested further information from agencies since releasing its draft final report. ACWA will compile and provide IPART with this information separately. By way of illustration in the meantime, one agency estimated its total repairs and maintenance costs for the 2022/23 year to be $268,670.70 and another cited these costs on a 'per placement' basis at $43,660 per year.
- ACWA provided IPART with information obtained via its ITC working group which found that around 4-5 providers had an annualised cost associated with property damage between $320,000 to $360,000 p.a. This is largely unfunded and unbudgeted, excluding motor vehicles. Agencies are annually recording significant deficits meeting the costs of these repairs, with no option to recoup them via a standardised or ex gratia process. Increases in premium are also not accounted for. The ITC working group can provide additional supporting data to IPART if required.
- It is not uncommon for households of young people to require relocation as often as every 6 or 12 months due to the exhaustion of neighbourhood tolerance of the noise and disruptive behaviour of residents. Leases beyond 12 months are difficult to obtain, and it is estimated that currently a third of leases for residential care households are for 12 months or less, with no lease being for more than 3 years.

4.17 House and client payments

Agencies agree that residential care placements should continue to consist of two elements: a house-related payment and a child-related payment.

The draft final report suggests that, if residential services are not operating at full capacity, less staff may be required, decreasing house payments while increasing client payments would supposedly incentivise services to avoid 'vacancies.' However, agencies have strongly rejected this view, noting that regardless of the number of children and young people in a house, the same number of residential staff are needed to keep services open and supervised 24/7.

The assumption that staff can easily be moved somewhere else or sent home when there is a vacancy is incorrect. The assumption appears to be based on staff being employed as casuals. Agencies have indicated that this would be a breach of good industrial practice includes requirements to employ people as permanent, full-time staff, especially when a key concern for young people is the impact of casualisation on their ability to form solid, consistent relationships with their caregivers. It would also be at odds with the NSW government roadmap – *Secure Jobs and Funding Certainty (SJFC)*, released earlier this year by Minister Washington.

Agencies have argued that IPART's proposal to "reweight" staffing costs to child-related payments might not account for the operational realities they face, including the fixed nature

of many costs and the unpredictability of placements. Agencies have submitted that the house payment should be the higher payment, at least to the same degree that it is currently.

Administration payments should be built into the house payment, not the client payment to avoid substantial manual reconciliation. The house payment is critical for sustaining an agency's ongoing viability because even if there are less clients, the majority costs do not change.

Further, less children and young people do not necessarily equate to lower administration costs. Regardless of the number of children and young people in a placement, the organisation still needs to conduct audits, maintain bookkeeping, pay for relevant subscriptions and office supplies.

Agencies have also suggested that client payments need to be averaged across the age spectrum, or it will lead to further complexities, manual adjustments, and high variations in funding. This is because providers cannot predetermine how long each CYP will stay in care. For a 4-client house, for example, the average should be comprised of a 13-year-old payment, two 14-15-year-old payments, and a 16-year-old payment.

Other relevant issues that do not appear to be adequately addressed by the draft report include:

- Transition costs without payment: Providers incur significant costs assessing, matching, and preparing for children before placement begins, but only receive payment once a child is actually placed. As mentioned, "planned transitions take a month and a lot of casework is expended in anticipation of this."

- Unpredictable placements: The feedback highlights that even when providers accept referrals, children may never arrive at the placement despite preparation work already being done; in such instances, agencies don't get paid.
- Staff retention and agility challenges: The proposed "incentivised structure" might inadvertently "de-incentivise" houses from adjusting staffing levels. Providers spoke of needing a "two-month lead in time to readjust the roster" and concern that if they reduce staff due to vacancies, they won't have them available when needed later.

4.18 Caseloads

IPART has assessed current caseloads for residential workers at 6, which implies that caseworkers are shared across houses given most houses have 4 clients. If caseloads were calculated at 4, then staff would be able to support casework for children and young people 'not in placement'.

4.19 Transportation costs

The draft final report cites 88c per kilometre based on the ATO car use rate, however agencies have noted that the industrial requirements under the SCHADS award allow 99c per kilometre.[13]

[13] IPART also used ABS data for the average annual passenger vehicle usage in NSW.

Agencies indicate that this differential of 11c is worth addressing given that many of the children and young people in their care attend different schools and family time visits with a variety of different family members which are often in different locations rather than one household. In addition, agencies told us that children and young people in residential placements have significantly more medical and other therapeutic appointments.

4.20 Additional information requested from IPART from residential care providers

IPART has acknowledged that further work is still to be done relating to estimating the efficient costs for residential care and has requested that agencies submit information about the following issues:

1. Staffing
    a. Average tenure of residential care staff.
    b. How frequently providers are paying redundancies for staff
    c. How frequently staff are being stood down for investigations
    d. In relation to workers compensation, what is the frequency, and how long, on average, are returning staff on lighter duties?
2. Rosters - IPART requested that agencies provide a week's roster for one house, for the week beginning Monday 7 April (or as close to this as possible) to help it better understand time and costs involved in shift handovers, when afternoon shifts extend to the night rate, and use of overtime.
3. Cost of repairs – in addition to the material ACWA provided about property damage, IPART requested information about the average costs of regular maintenance.
4. Vehicle costs – IPART has requested further information about the average mileage per vehicle/per house if possible.

Residential care agencies have submitted this information to ACWA directly and we will compile and provide this to IPART separately from this submission.

In addition, IPART has directly issued residential care agencies with a survey requesting information about:

- Rostering
- Accommodation management
- Operations management
- Administrative support
- Reportable conduct
- Accreditation

The survey responses are due to be provided to IPART by 16 May 2025.

Part 5: System issues

4.21 Administration costs

Agencies have made a number of observations about administration costs; these are outlined below:

- IPART found that the average administrative costs incurred by NGOs are materially higher than those anticipated in the PSP's pricing assumptions. It found foster care

only NGOs spend 17% of total out-of-home care expenditure on administration and corporate overheads, while the PSP pricing assumed 8.7%. However, agencies have noted that they were never given visibility of the basis for the PSP assumptions for administrative costs before the program was rolled out and nor do they consider the 8.7% figure to be realistic.

- There was general support for IPART's proposed approach of allowing an administration fee based on a percentage of funding against the agency grant. As IPART would be aware, the NSW Treasury, Grants Administration Guide (2020) recommends a range of between 5 and 15 per cent. We note IPART's assumption of 10% is in the middle of this range, however, agencies have submitted that a higher fee would better reflect the high-risk operating environment with attendant regulatory compliance requirements.
- The current funding model allows agencies to fund auditing, complex case assessments, evaluation and practice improvement initiatives. However, the proposed funding model appears insufficient to support providers to continue to implement such practices.
- While the classifications suggested by IPART based on information returns from agencies are generally sound, agencies have highlighted the need for the final report to more clearly delineate the classification of administration costs to ensure appropriate consideration is given to all components. Examples of additional delineation include:
    - Casework administration. (The cost of maintaining records of the young person's time in care should feature as a component of casework administration.) 'Program administration' should be separated out as this is a cost specific to DCJ.
    - Regulatory compliance and service requirements. A specific allowance should be made for program management which is typically undertaken by specialist teams unrelated to casework and other direct support activity. Leaving to one side program management performed by DCJ, all agencies need to perform the same program management functions which should be specified (including out-of-home care accreditation, reportable conduct and WWCC compliance, managing complaints).[14]

IPART found that there is material variation in the observed average administrative costs of non-government providers during 2022-23 across placement types. In part, this appears from our own oversight of this issue during the IPART review to be linked to differences in how agencies categorise 'direct and indirect' costs of delivering care. Ideally, the information submitted to IPART by NGO agencies and DCJ about the various administrative costs to deliver the PSP can be documented in the form of a final decision in the final report to bring

[14]The draft final report refers to administration and overhead costs, including a quality component namely "teams to ensure adherence to regulatory and service requirements". However, the same funding item also includes accounting, advertising, computers, rent, and many other things. Agencies have submitted that financial, technical and other office related (non-direct care) costs should be allocated a separate category to distinguish these costs from meeting important regulatory requirements.

about a common understanding of this issue across the sector reflective of the maturation of the commissioning model.

Residential care

In relation to administration costs associated specifically with residential care agencies provided the following feedback (over and above items described above):

- The Report proposes maintaining the administration allowance of $50, 970. However, IPART's own research suggests that this is an insufficient figure given the average spend was found to be $117, 049.
- The draft final report does not adequately acknowledge the time and costs associated with residential care services monitoring placement occupancy and managing applications for additional funding. In relation to the latter, the applications needed to be made by larger organisations in providing residential care and supported independent living can reach 100 in a year.
- Clarity could be provided around whether the cost of negotiating and managing leases for properties to house young people is included as an administrative cost or the cost of meeting a young person's needs. Generally, agencies have indicated that the frequency some young people and households need to be relocated is underestimated in IPART's figures, and this underestimation will impact proposed administrative costs.
- While presumably included in the human resources costs are those associated in completing worker probity checks, any estimation of administrative costs needs to recognise the administrative burden of the residential care worker register which is not insignificant.
- An allowance should be made for the substantial time and costs associated with maintaining the residential care worker register.
- While the list of administrative costs includes general insurance costs and legal, it is important to recognise that workers' compensation and staff injury costs can be significant given the nature of the work. Similarly, there is a concern that the 'legal' costs referred to does not encompass work specific to leasing and maintaining properties including preparing and reviewing lease documentation and negotiating with landlords in relation to property damage and settling associated disputes.

We discuss the added administrative burden associated with ChildStory in section 4.22 below.

Reportable conduct

IPART requested that ACWA provide additional information about the cost impact of reportable conduct investigations.

In the 2023/2024 year, the OCG experienced a 17% increase the number of reportable conduct notification it received (2,405). The out-of-home care sector comprised 43% of all notifications. Of these notifications, 317 came from DCJ and 721 came from the out-of-home care sector. The increase in notifications across the board does not necessarily equate to an increased prevalence of child abuse. The OCG attributed the increase to 'a myriad of factors and can be a positive sign of an increased awareness of child safety and reporting obligations.

Relevant factors include the introduction of the Child Safe Scheme; growth and increased education and awareness within sectors.'[15]

The OCG noted that:

> *The majority of notifications from OOHC agencies involved allegations against foster carers (741 - 74%), while 24% (241) involved employees in residential care services. The data reflects significantly increased reporting by residential care services – a 40% increase (from 159 to 222) compared with a 9% increase across the rest of the sector, which in part explains the 17% increase in notifications from non-government designated agencies.*[16]

In relation to the average length of time of reportable conduct investigations, for the 2022 investigations finalised in 2023–24, 52% (1,059) took more than 6 months to investigate, with the average completion time being 276 days (around 9 months). Investigations are often suspended when there is police involvement which is usually in relation to allegations of sexual or physical assaults. In addition, agency investigations must pause and run alongside statutory child protection investigations carried out by DCJ. Around one third of all completed investigations were suspended for a period of time with the average suspension timeframe being 5-6 months.[17]

The financial impact on agencies during reportable conduct investigations is multi-faceted. Agencies often engage external investigators to examine reportable allegations (which is consistent with practice generally), or for larger agencies, they may have invested in establishing their own investigation units; as well, agencies may conduct their own investigations which requires staff time away from other duties.

When reportable conduct investigations are underway it is common practice for agencies to stand aside their employees and in the most serious cases, remove children from placements with carers. During this period, employees are required to be suspended with pay unless there are extenuating circumstances and carers are generally still provided an allowance until the investigation outcome is unknown. Agencies have advised that it is not uncommon for reportable conduct investigations to take 6-12 months, especially in circumstances where matters proceed to court.

Given that reportable conduct investigations are very stressful processes for carers, agencies also invest additional resources in providing carers with additional support and in some cases, will be required to undertake more intensive supervision of a placement as a risk management strategy.

We note that IPART has recently requested residential care agencies to provide it with information about the length of time staff are generally stood aside during reportable conduct investigations. ACWA will separately compile and provide this information to IPART by 16 May 2025.

4.22 Investing in ChildStory and streamlined system interface

Pleasingly, the review has focused strongly on the issue of the need to alleviate the administrative burden on agencies delivering care. However, ACWA drew to IPART's attention

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[15] NSW Office of the Children's Guardian, 2023-2024 Annual Report, p. 35-36.
[16] NSW Office of the Children's Guardian, 2023-2024 Annual Report, p.38.
[17] NSW Office of the Children's Guardian, 2023-2024 Annual Report, p.44.

that the draft final report did not give consideration to the impact of DCJ's failure to deliver on the promised 'business to business' connection between its case management database, ChildStory, and agency case management systems.

In our March 2024 submission to IPART we noted that ChildStory was introduced around the same time as the implementation of the PSP. This created substantial challenges for the sector and related negative impacts, as the system commenced without business to business 'B2B') interconnectivity between departmental and service provider operating systems, causing substantial burdens on provider resources; nor did it include adequate payment and reimbursements mechanisms, causing service providers to carry substantial debt.

Most concerningly, ChildStory remains a limited source for efficiently collecting and reporting business activity data and outcomes achieved through the PSP program. While some progress has been made over the past five years, we urged the review to consider the past and future impact of not making sufficient investments in the system data platform.

In more recent consultations with IPART we suggested that there would be value in gathering further evidence from DCJ and member agencies, especially those which took part in the trial of the introduction of the B2B system which commenced in 2024.

The purpose of the trial group was to progress the building of a B2B function to reduce the double loading of data onto both systems. The intention was that the B2B would allow agencies to submit the 'minimum dataset' through their own system into ChildStory, but that it wouldn't allow for the capture of all necessary data about children and young people that agencies require, which is why they've continued to maintain their own systems. Nonetheless, the B2B connection should have reduced some of the 'double-ups' and enhanced the automation of certain processes for the trial group.

We understand that IPART has been conducting further consultations with the agencies in the trial group to examine what improvements have been made to ChildStory and what they still find challenging. We look forward to any resulting observations, findings and recommendations.

Ideally, the final report will address the improvements that could result from further enhancements to ChildStory and a wider B2B rollout and related costs, given the potential for further investment in the system to bring about longer-term efficiencies. Importantly, a more effective system database will help provide much greater visibility over children in out-of-home care for the Minister and DCJ.

4.23 Caseload metrics and common needs assessment tool

IPART found that there is no discernible relationship between individual out-of-home care performance metrics and caseload for non-government providers, highlighting the complex dynamics between casework time and short-term measurable outcomes.

We appreciate the constraints IPART was operating under in seeking to determine caseload performance metrics in the absence of solid data about outcomes. In our view, it has also been challenging for IPART to assess this issue without a common child needs assessment instrument used by all providers (including DCJ). Such a tool would help to contextualise outcomes against worker caseloads.

Against this background, ACWA strongly supports the system review into out-of-home care and IPART's recommendations relating to the development and implementation of a common needs assessment tool for use across the whole sector. A consistent tool will assist NGO agencies and DCJ to not only assess and plan for a child's needs but will enable much more sophisticated measurement of a child's wellbeing and outcomes achieved on an annual basis.

The rollout of any new pricing framework should be carried out hand-in-glove with a common assessment tool to enable the Department and NGO agencies to more effectively understand the cost impacts of supports provided to children and better track related outcomes achieved from specific investments. This approach would deliver much greater transparency over the ongoing wellbeing of children in care and how they are progressing, and the effectiveness of particular interventions.

4.24 Monitoring implementation of the new pricing framework

ACWA appreciates that it is not the role of IPART to determine how the proposed pricing framework, if adopted, is implemented, however, we wish to highlight the importance of DCJ establishing a mechanism to ensure that the rollout of new funding arrangements and related impacts are closely monitored, and if necessary, scope for DCJ to make funding adjustments. We consider there would be merit in the department having a sufficient allocation for this purpose during the initial phase of implementation.

There is also merit in DCJ, in collaboration with the NGO sector, undertaking a review of the impact of the financial reforms after a 12-month period.

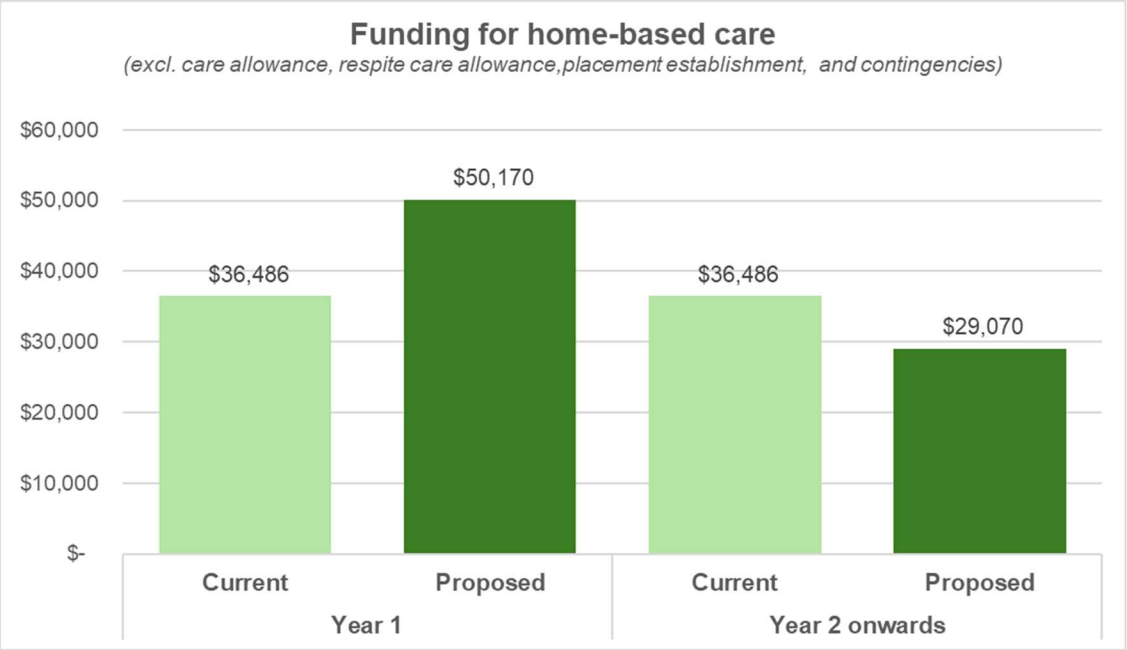
We trust that the information contained in this submission is useful for IPART's further deliberations.

Yours faithfully,

Simone Czech
ACWA CEO

Appendix A

The chart below summarises the funding of a home-based care placement for a non-Aboriginal CYP aged 14-15 years old with low needs and $8,200 worth of annual contingencies (e.g. medical, family time spending). To demonstrate the funding gap from the perspective of *agencies*, the line items that are proposed to be directly paid to *carers* are excluded. These are: care allowance, respite care allowance, and reimbursements for placement establishment and contingencies.



	CURRENT FUNDING (Year 1)			FUNDING (Year 1)	
Case plan goal package: long term care	$	13,954	Carer recruitment and assessment	$	21,100
Baseline package: foster care	$	49,523	Care allowance	$	28,913
Child needs: low needs	$	5,665	Respite	$	1,906
			Annual carer training	$	1,350
			Administration and overhead	$	11,940
			Casework	$	15,200
			PSA insurance	$	580
			Contingencies (medical/family time)	$	8,200
			Placement establishment (setup)	$	1,500
TOTAL funding	**$**	**69,142**	**TOTAL funding**	**$**	**90,690**
placement establishment, and contingencies	**$**	**36,486**	***placement establishment, and contingencies***	**$**	**50,170**

	CURRENT FUNDING (Year 2 onwards)			FUNDING (Year 2 onwards)	
Case plan goal package: long term care	$	13,954	Carer recruitment and assessment	$	-
Baseline package: foster care	$	49,523	Care allowance	$	28,913
Child needs: low needs	$	5,665	Respite	$	1,906
			Annual carer training	$	1,350
			Administration and overhead	$	11,940
			Casework	$	15,200
			PSA insurance	$	580
			Contingencies (medical/family time)	$	8,200
			Placement establishment (setup)	$	-
TOTAL funding	**$**	**69,142**	**TOTAL funding**	**$**	**68,090**
placement establishment, and contingencies	**$**	**36,486**	***placement establishment, and contingencies***	**$**	**29,070**