

Barnardos Australia's Response to the IPART OOHC Costs and Pricing Review Draft Report

May 2025



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From:		Barnardos Australia
Subject:		IPART OOHC Costs and Pricing Review Draft Report
Date submitted:		6 May 2025

Ms Heather Dear
Review of out-of-home care cost and pricing
Independent Pricing and Regulatory Tribunal
Financial Wellbeing and Capability Programs Team
Level 15, 2-24 Rawson Place
Sydney NSW 2000

6 May 2025

Dear Heather

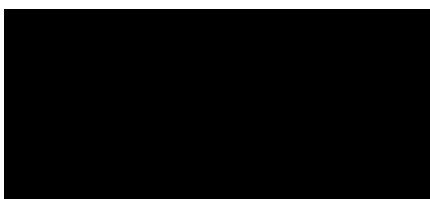
Thank you for the opportunity for Barnardos Australia (Barnardos) to provide a response to the Independent Pricing and Regulatory Tribunal's (IPART) Review of out-of-home care (OOHC) cost and pricing (the Review) Draft Report.

Barnardos is focused on driving positive outcomes for children and their families through a span of services that encompass early supports for families through to crisis-response. It is our goal to see an end to child poverty and underlying drivers of family crises. Throughout our work with families across NSW, we focus on the provision of earlier supports to families which reduce the need for crisis services such as OOHC.

Barnardos provides evidence-driven foster care programs based on planned child outcomes, with discrete and specifically trained managers, case workers and teams. Barnardos' OOHC programs and planned child outcomes are closely aligned to previous and current NSW legislation, specifically the Children and Young Persons (Care and Protection) Act, 1998.

Barnardos wishes to acknowledge IPART's level of engagement with the NGO sector during the review, and the efforts of the IPART review team to appraise the issues facing the financial and funding sustainability of the sector via consultations and information gathering from a range of sector stakeholders including OOHC providers, in the development of the Draft Report.

The following submission is informed by our considerable experience, expertise and insights in achieving positive outcomes for children in our care and their families via the delivery of evidence-based programs. It is anticipated that this submission be considered alongside our previous submissions with respect to this Review.



Barnardos Australia

Background

For over 100 years Barnardos Australia (Barnardos) has been a leading child protection charity, providing support to more than 15,000 children and families across New South Wales (NSW) and the Australian Capital Territory (ACT) each year. This includes up to 1,200 children placed in Barnardos' OOHC per annum.

Barnardos provides specialised, evidence-driven foster care programs based on planned child outcomes aligned with the Permanency Support Program (PSP) case plan goal hierarchy, with discrete and specifically trained managers, caseworkers, and teams. Barnardos' carers are professionally assessed, trained, and authorised based on motivation and skill set to achieve and deliver planned child outcomes, with a focus on achieving permanency and strengthening family outcomes.

Barnardos' specialist OOHC comprises:

- **Temporary Family Care** (children entering care on NSW Children's Court Interim Orders)
- **Kinship Care**
- **Open Adoption** (for non-Aboriginal children)
- **Permanent Care** (children on NSW Children's Court Orders for Parental Responsibility to 18 years of age).

These four discretely specialised program streams have been operating in NSW for almost 40 years, with a strong evidence base, having been independently validated by academics and university researchers over this period. Publications are numerous from Barnardos' related research, including publications by Emeritus Professors Elizabeth Fernandez (UNSW) and Harriet Ward (Oxford University UK) which reflect the strong outcomes that Barnardos achieves for children and families in our care (references are available on request).

Barnardos is the only NSW non-government organisation (NGO) to hold a Deed of Delegation on the Exercise of Aspects of Parental Responsibility for Children and Young People under the Minister's Responsibility, agreed in 2007 and renewed by the Department of Communities and Justice (DCJ) ongoingly since that time.

Barnardos recognises the importance of IPART's review in providing recommendations to improve the performance and financial sustainability of the OOHC system. The IPART review will inform the Government's decisions on the delivery and funding of OOHC and help address the issues that have been identified, many of which have been raised by Barnardos throughout our previous IPART submissions.

The Draft Report sets out IPART's draft decisions, recommendations and findings for its review of the cost of delivering OOHC and the pricing arrangements with non-government providers who deliver care under contract with the NSW Government.

Barnardos supports the principles which underpin the Draft Report's key proposals:

- a simplified approach to pricing outsourced care, based on more accurate costings
- increased financial support for foster, relative and kinship carers who are vitally important to the success and sustainability of the system
- increased accountability across the system for essential medical care and connection with families, and improved visibility over key service areas.

The following submission explores the Draft Report's findings and reflects Barnardos' experiences aligned to these proposals and should be considered alongside Barnardos' previous submissions to this review made at the Consultation paper and Interim Report stages of the review process.

Evidence-based Specialised Service Provision

Barnardos does not support a "one-size-fits-all" approach to the provision of OOHC, instead deploying discrete teams of specifically trained caseworkers to achieve planned outcomes for children and their families. This specialisation drives systemic value and is delivered efficiently to enable outcomes for families and children. We therefore welcome IPART's recognition of cost equivalence between NGO and DCJ service provision, which validates the viability of specialised models such as our Temporary Family Care (TFC) program. This cost equivalence highlights that the specialised and innovative approaches to the provision of care delivered by NGOs across NSW are cost-effective mechanisms to meet the diverse needs of children, young people and their families.

The IPART's finding that *"the efficient cost of delivering home-based care is very similar"* across providers (p8, IPART Draft Report) demonstrates that outcome-focused specialisation that NGOs such as Barnardos bring can be achieved without systemic cost penalties.

Our TFC program exemplifies this through:

- delivering restoration rates 2.9 times higher than NSW sector averages through evidence-based interventions combining intensive family work, trauma-informed care, and dedicated carer support
- achieving 83% placement stability in TFC (compared with 67% sector-wide) reducing costly emergency interventions
- 5.5-year carer retention (compared with 2.8 years sector-wide), reducing recruitment costs by 37%
- 16.5-month average care duration (compared with 2+ years sector-wide) enabling timely, sustainable family reunification.

IPART's proposed "first year of care" benchmark cost includes a number of items as upfront once-off costs that result in a higher cost for the first year of care and lower

costs in subsequent years. This aligns with our operational reality, where 72% of restorations occur within 18 months of children entering our TFC program.

Barnardos drives strong outcomes for children and families with an evidence-based approach to caseload management. We would suggest that a strong contributor to the results we achieve for children and families are lower caseloads than the average caseloads recommended by IPART. Appropriate caseloads also prevent burnout and turnover among caseworkers¹, an area of considerable focus across the sector in recent years given high sector turnover.

In our extensive experience providing trauma-informed, relationships-based care for children and families, ensuring that caseloads are optimised to enable caseworkers to deliver quality care and maximise personal wellbeing is essential to ensure the stability and continuity of care provided to the children and families they serve.

Research by Melbourne University on Barnardos' case management approaches³ underpins casework guidance for TFC. An optimal caseload of 6 was indicated by this research to enable delivery of effective, high-quality therapeutic interventions to children and families, supporting the wellbeing and retention of staff, and ensuring compliance with professional and best practice standards. This evidence-centred approach is a core factor in achieving successful restoration outcomes for children and their biological families.

The IPART's finding that caseloads are not linked to outcome quality is at odds with this and other related academic evidence on the importance of enabling quality service provision via targeted caseloads.

It is generally unclear how the examples of practice excellence referred to in the IPART Draft Report, such as TFC and other models, have informed the findings and recommendations. While the report acknowledges these pockets of excellence, it does not provide sufficient detail on how they were integrated into the analysis or how their demonstrated outcomes influenced proposed reforms. This lack of clarity raises questions about whether the recommendations adequately reflect the proven benefits of specialised programs or leverage their success to inform broader system improvements.

Improving Children's Outcomes

Barnardos welcomes IPART's recommendation that medical and wellbeing services be reimbursed based on actual costs through the introduction of an OOHC Health Care Card. This proposed reform addresses a critical inequity in the current system, where providers are often required to reallocate funding between children to meet individual needs.

By aligning funding with actual costs, the Health Care Card proposal would ensure that children in OOHC receive tailored support for essential services without the need for reimbursement. Barnardos agrees these supports are vital for promoting children's

¹ Lizano, E., & Mor Barak, M. (2012). Workplace demands and resources as antecedents of job burnout among public child welfare workers: A longitudinal study. *Children and Youth Services Review*, 34(9), 1769-1776.

long-term wellbeing and enabling positive outcomes. Barnardos would further emphasise that IPART consider supports for children and young people beyond health, including in reimbursement of targeted interventions for education, employment and life skills, to ensure that the holistic needs of those children and young people with care experiences are met.

Alongside our enthusiasm for proposals that provide stronger and more direct investments in the health and wellbeing needs of children and young people with care experiences, we believe that in implementation, it is critically important that such initiatives enable flexibility of choice in providers for provision of services. As numerous studies have demonstrated, children in care have higher health needs than the general child population and frequently require access to multiple specialists to meet these needs.

In practice, carers require some level of flexibility in the service providers they access to ensure that they are able to practically meet children's needs. For example, many Barnardos' carers add children in their longer-term care to their own private health insurance coverage to enable access to services and providers whom their family are familiar with and are easily able to access.

Like other families, carers are entitled to seek services for children and young people in their care which best meet their needs, and it is for this reason that Barnardos would suggest that the IPART consider flexibility in the implementation of this recommendation to ensure that children's health needs are able to be met in ways that are responsive to the individual needs of children and their carers and families.

Barnardos would suggest that the IPART considers administrative burden in the context of this recommendation. It is not currently clear how the proposed interim arrangements involving carers submitting claims to DCJ directly for reimbursement will address the current challenges with regard to the administrative burden on carers and OOHC providers and timely reimbursement of claims by DCJ, nor adequately deal with changes to medical and therapeutic needs such as via a subsequent diagnosis or other emerging needs that may necessitate variations to these plans.

We believe that these implementation considerations require further sector consultation in their development to ensure that the proposed approach to reimbursement of actual expenses maximises children's health and wellbeing.

Measuring Outcomes for Children and Families

As an OOHC provider who has contributed extensively to the academic evidence base in NSW, Barnardos acknowledges the importance of holistic outcomes evidence which demonstrates the impact of services on the long-term outcomes for children and families. We note that IPART was unable to link long-term outcomes to specific OOHC service offerings due to gaps in data collection across the sector. This lack of visibility limits the ability to evaluate the effectiveness of differing care models and restricts the ability of providers to demonstrate the impact of their work on children's health and wellbeing. Without robust, wellbeing and outcomes focused data collection and reporting, it becomes challenging to identify which service approaches deliver stronger outcomes or to refine funding mechanisms based on outcomes evidence.

As a provider who has been consistently focused on building evidence-based practice across the sector, Barnardos strongly supports IPART's recognition of the need to improve data collection and reporting on services provided to children in OOHC. Within our own practice, Barnardos systematically tracks and assesses program performance through regular data collection, stakeholder feedback, performance monitoring, and continuous improvement processes. These measures enable Barnardos to evaluate outcomes holistically and ensure that children's needs are met effectively. Programs such as TFC have demonstrated a restoration rate almost 3 times the rest of NSW average, reflecting the significance of evidence informed programs with robust data collection and analysis which enable service delivery improvements.

Barnardos supports IPART's recommendations in this regard and believes that a systematic and holistic approach to capturing health and wellbeing outcomes for children and families served by the sector through both NGOs, ACCOs and DCJ would strengthen cross-sector practice. A coordinated framework for data collection that includes input from non-government providers, ACCOs and DCJ could enable better tracking of service delivery and outcomes while reducing administrative burdens through streamlined processes.

Given the extensive outcomes data which DCJ's FACSIAR holds, including linked data assets, there are obvious opportunities for more routine provision of outcomes data to providers to inform their practice, e.g. in children's placement and restoration stability, and in their longer-term health, education and wellbeing outcomes. Barnardos would welcome opportunities to further explore potential data sharing mechanisms across the sector where these are focused on exploring the impact of the sector's work in driving meaningful outcomes for children and families, rather than purely driven by contractual outputs reporting.

In time, by aligning funding mechanisms with robust outcome measurement practices, the sector can ensure that all children in OOHC receive the comprehensive support they need to thrive while empowering providers to deliver high-quality care informed by evidence.

Strengthening Support for Carers

Adequate financial support is essential to ensuring carers remain engaged and are empowered to provide high-quality care that meets the needs of children in OOHC. Barnardos welcomes IPART's proposal to increase the carer allowance as part of its recommendations aimed at alleviating financial impacts on carers, improving carer retention, and supporting placement stability and better outcomes for children.

This measure acknowledges the critical role carers play in providing stable and nurturing environments for children, particularly in programs like TFC, where carers are already compensated above the standard allowance to reflect the known demands of their role.

Barnardos also supports efforts to clarify and streamline policies surrounding how carers are compensated for child-related costs, some of which are currently borne by Barnardos. Clear and consistent reimbursement processes are vital to ensuring carers are supported in their roles and enabled to support positive outcomes for children and young people.

Whilst we understand the IPART's rationale in its proposal for DCJ to directly manage care allowances and reimbursements thereby negating the need for Barnardos and other providers to navigate application, approval, reimbursement and reconciliation processes, its feasibility in practice is not clear.

Barnardos suggests that there is a risk that delays in payments under a DCJ-managed system could result in cost-shifting onto carers or agencies, requiring providers to step in to stabilise placements when payment issues arise. This could create additional administrative burden on agencies and undermine the trust and confidence of carers. Barnardos emphasises the importance of establishing robust systems to ensure payments are processed efficiently and accurately, minimising disruptions to placements.

Building enduring relationships with carers is a core component of Barnardos' approach to enabling quality care. We believe that our focus on continuity for carers contributes to the high rates of retention of Barnardos' carers, with an emphasis on meeting the needs of children, carers and families through these consistent supports. As such, Barnardos is concerned by the potential impact of proposals which increase complexity for carers through navigation of additional organisational processes and personnel and would suggest that thorough implementation planning is essential to ensure streamlined processes with consistency in carer contacts and supports.

Barnardos also highlights the need for a balanced approach that provides flexibility for providers to allocate funding where it is most needed, for example the need for carers to be able to exercise a degree of choice in medical and therapeutic service providers as previously outlined, while ensuring Government leadership in payment reimbursements guarantees children's needs are met without imposing excessive administrative burdens.

We believe that a transparent framework is necessary to manage changes in funding allocations effectively while maintaining accountability. We support a systematic approach that balances flexibility and feasibility with accountability, enabling providers like Barnardos to deliver tailored care while ensuring children's needs are met efficiently.

We advocate for further detail in refining these proposals to ensure their smooth implementation and reduce, rather than risk increasing, administrative burden, with consideration of operational realities to ensure financial arrangements support both carers and agencies in delivering high-quality care outcomes.

Ensuring Responsive and Flexible Support for Children's Needs

Barnardos welcomes IPART's proposal for a simplified pricing structure, which aims to enhance transparency in funding allocation and reduce administrative, data entry, and compliance burdens. These measures have the potential to improve service delivery by allowing providers to focus on meeting the needs of children rather than navigating complex administrative processes. Greater clarity in pricing structures can support more effective planning and resource allocation, ensuring that funding is directed toward achieving positive outcomes for children in OOHC.

We appreciate that the case plan goal remains a key determinant of funding as part of IPART funding package proposals, as it reflects the specific needs and permanency objectives for each child. However, inappropriate or inaccurate categorisation of child needs under the Child Assessment Tool (CAT) can lead to delays in responding to those needs, which drive poorer outcomes for children and young people.

In our experience, reclassification processes and requests for additional funding to address unforeseen circumstances or changes in a child's situation are often arduous and uncertain. Barnardos notes that baseline funding packages currently encompass a wide range of expenses but lack clear definitions of what constitutes baseline criteria. This ambiguity can hinder timely access to additional resources when required. Complicating this is the inability of DCJ Child Story to interface with provider databases. Data discrepancies between provider and Child Story datasets may be attributed to timing and administrative impediments i.e. duplicate entries in the provider and DCJ Child Story systems, and differing data definitions and data recording approaches.

Barnardos agrees with IPART's observation that the reconciliation of package funding imposes significant administrative and financial burdens on providers. While the proposed annual child payment may simplify funding arrangements, further detail is required on how this approach will address situations where children remain with providers for shorter durations which may necessitate repayment of unused funds. It is unclear how this mechanism will account for the dynamic nature of care placements without creating additional financial or administrative challenges for providers.

The tension between flexibility and certainty in funding for providers and government oversight remains an important consideration. Providers require the ability to access and allocate funding where it is most needed to respond to individual circumstances effectively, with mechanisms that enable sector oversight to provide assurance that children's needs are being met without imposing excessive administrative burdens.

Barnardos supports IPART's recommendation for an initial assessment of a child's health and therapeutic needs but emphasises the importance of streamlined processes for handling variations as children's needs change over their developmental trajectories. Clear guidelines on application processes and evidence requirements are necessary to ensure that funding adjustments are responsive and efficient.

A transparent framework that balances flexibility with accountability is essential to ensuring that funding mechanisms support both providers and children effectively. Barnardos encourages consideration of these operational realities, ensuring that simplified pricing structures truly enhance service delivery without compromising responsiveness or creating unintended burdens for providers that impede their ability to responsively meet children's needs.

Aligning Prices and Funding with Desired Child Outcomes

Barnardos is focused on driving positive outcomes for children and their families through a span of services that encompass early supports for families through to crisis-response. It is our goal to see an end to child poverty and underlying drivers of family

crises. Throughout our work with families across NSW, we focus on the provision of earlier supports to families which reduce the need for crisis services such as OOHC.

Whilst we recognise that the IPART is focused on OOHC, as a provider with a focus on empowering families, we would echo statements from other recent reviews such as the NSW Audit Office that there is an urgent need to bolster early intervention supports to families and rebalance the expenditure across the child protection system to more meaningfully empower families navigating challenges.

There are particular cohorts where intensity of support needs differ. Barnardos notes that the IPART's draft findings suggest an equivalence in regional and metropolitan areas in relation to the costs of staffing, casework time and OOHC delivery costs. In our experience, these findings do not align with the reality of delivery of comprehensive supports to children and families in regional areas, where challenges in regionality add to service delivery costs, limit the availability of services in communities, and pose challenges for staffing. We would be eager to work alongside the IPART team to further explore this issue drawing on our experience to ensure that IPART's proposed pricing structures adequately reflect the needs of regional and rural based children and their families.

Where OOHC is required to support children and young people, Barnardos and IPART recognise that achieving permanency often involves higher upfront costs due to intensive family work and tailored therapeutic interventions. These costs are offset by the considerable long-term costs of children remaining in care long-term OOHC which are avoided with successful restorations and reduced reliance on crisis placements. However, it is not clear how IPART's funding proposals adequately account for these dynamics, creating a financial sustainability risk for providers committed to achieving permanency outcomes.

To ensure alignment between funding mechanisms and desired outcomes, further clarity is needed on how IPART's proposals enable permanency-focused practices which ensure that children and young people do not remain in care whilst addressing the financial realities faced by providers. Currently, the PSP drives time-limited approaches to achievement of permanency; whilst Barnardos achieves permanency well within 2-year windows for the vast majority of children we serve, we would emphasise that flexibility is required to meet the individual needs of children and their families. Transparent pricing structures that provide suitable time for achievement of permanency outcomes and do not result in a financial penalty for successful restorations and sustained exits from care would support providers in delivering high-quality care without compromising their financial viability.

Barnardos was the only non-Aboriginal agency to meet the target for transition of Aboriginal children to ACCOs in FY24, exceeding this target by a proportion of 30%, reflecting our commitment to empowering ACCOs through our work. We believe that funding structures which enable ACCO transfer and empower ACCOs in service

delivery are essential to support sector commitments to bolstering Aboriginal-led services, and support IPART's suggestions for ensuring increased funding for ACCOs to this end.

Partnership in Implementation Design

As a longstanding provider of comprehensive services for children and their families in NSW, Barnardos recognises the significant potential in many of IPART's recommendations. The recent independent evaluation of the Permanency Support Program (PSP)² clearly demonstrated that implementation challenges substantially undermined its ability to deliver more positive improvements for children and families and provides important learnings for future reform design and implementation.

The success of any future funding reform arising from IPART's work will depend not only on the quality of its design but, critically, on effective and coordinated implementation. Barnardos believes that it is therefore essential that the lessons from the PSP's implementation are considered in design of implementation approaches to any future reform to ensure that said reforms achieve their intended outcomes.

Given the importance of comprehensive implementation planning to the success of the proposed reforms, Barnardos would welcome the opportunity to actively participate in collaborative design processes and work in partnership with DCJ to inform the development of new funding approaches, supporting DCJ in considering their responses to the IPART's recommendations. Through sector partnership in implementation design, we can collaboratively ensure that reforms flowing from the IPART's findings best meet the needs of children and families in NSW.

- END -

² Rose V, Jacob C, Roberts J, Hodgkin L, Shlonsky A, Kalb G, Meekes J, Etuk L & Braaf R. 2023. Evaluation of the Permanency Support Program: Final Report, Centre for Evidence and Implementation, Sydney.