

6 November 2024

Review of out-of-home care costs and pricing
Independent Pricing and Regulatory Tribunal NSW
PO Box K35
Haymarket Post Shop
Sydney NSW 1240

Submission: IPART Review of out-of-home care costs and pricing Interim Report

The Centre for Relational Care appreciates the opportunity to provide a submission on IPART’s Interim Report on out-of-home care (OOHC) costs and pricing.

We understand that IPART’s role with this review is to help the NSW Government to improve the financial sustainability and performance of the OOHC system. To support this effort, we draw insights from the recent [Supporting Children and Families to Flourish](#) report by the James Martin Institute for Public Policy, developed in collaboration with our Centre.

This report reimagines the child protection and OOHC system, advocating for a shift from a “report, investigate, and remove” model to one where children are protected by fostering strong family and community relationships. It emphasises that children in OOHC need meaningful, lasting connections with their caregivers.

Of particular relevance to IPART, the report proposes economic modelling to guide increased funding for early intervention programs and foster carer support, with long-term savings expected from a reduced need for intensive support services and OOHC placements. While we encourage IPART to read the full report, we outline some key actions below.

FINANCIAL SUSTAINABILITY

1. Undertake modelling of funding for relational early interventions supports (see Opportunity 8, p.55-58)

- Assess how much additional funding is required to support relational, early intervention approaches, and evaluate the potential long-term impact on reducing costs in the child protection budget.
- Consider options for new funding settings that prioritise relational early intervention, ensuring these services receive ongoing, sustainable funding.

International models, like the UK’s 2022 *Independent Review into Children’s Social Care*, suggest that investing in relationally-oriented early intervention can be cost-neutral over time by reducing the need for OOHC services (see Appendix). In NSW, resources like the *Forecasting Future Outcomes* report¹ (part

¹ For example, a case study of the Functional Family Therapy – Child Welfare program estimated that the NSW Government’s investment in the program over the next two years will not only cover its costs, but lead to net avoided costs of between \$11 million and \$15 million. The FFT-CW program is an evidence-based family preservation initiative that offers intensive therapy and comprehensive case management. [Forecasting Future Outcomes](#), Stronger Communities Actuary Insights Report 2022, p.18

of *Their Futures Matter*) and the *Investment Approach for Human Services*² provide a foundation for this type of evidence-based modelling.

2. Support foster and kinship carers in building meaningful connections (see *Opportunity 10, pp.61-63*)

- Increase allowances to help carers maintain relationship-focused placements and attract new carers.
- Ensure that carer allowances reflect the complex needs of children in OOHC, providing resources for truly therapeutic care. This can include professionalised models of care, for example where carers are encouraged to dedicate themselves full-time to their caring roles, receiving a generous allowance to cover the needs of the child or young person and a compensatory income, along with intensive, ongoing supervision and support.

3. Revise mandatory reporting to establish a “differential response” (see *Opportunity 4, pp. 38-41*)

- The current heavy reliance on mandatory reporting overwhelms the system with low-to-moderate risk cases. A differential response could direct these cases toward non-statutory support pathways, reducing entries to OOHC.
- Evidence from the US shows that differential responses to maltreatment reduces entries to out-of-home care by between 17 and 25%.³
- Additional investment in community-based services, and time, are essential to achieve the benefits of a differential response approach.

4. Optimise caseloads to support relational practice (see *Opportunity 6, pp.43-50*)

- Caseloads should be based on a clear understanding of the time required to build meaningful relationships with children and families, rather than based on a proportion of the total number of families that DCJ is expected to see each year.
- Embedding a relational approach can enhance caseworker morale and job satisfaction, supporting the retention of experienced staff. While there is a need for a comprehensive workforce strategy focused on improving retention more broadly, optimising caseloads is a critical first step to allow time for the development of professional capabilities aligned with a relational approach.

PERFORMANCE

The IPART report describes a lack of visibility on the outcomes of OOHC programs and services, making it difficult to assess cost-effectiveness. The JMI report also found that data on the experience of those who are affected by OOHC programs and services is sparse or non-existent.

We do know however from the July 2024 NSW Ombudsman’s report on the NSW child protection system that almost all the indicators of child wellbeing are heading in the wrong direction, and the indicators are even worse for Aboriginal children.

² Central to this work is DCJ’s [NSW Human Services Dataset](#). A key focus of the investment approach is to redirect savings from realised benefits over time towards prevention and earlier intervention services.

³ Michelle Johnson-Motoyama, Donna K Ginther, Rebecca Phillips, Oliver WJ Beer, Lisa Merkel-Holguin, and John Fluke, “Differential Response and the Reduction of Child Maltreatment and Foster Care Services Utilization in the U.S. From 2004 to 2017,” *Child Maltreatment*, 28:1 (2023), 152-162.

Current measurement approaches tend to orientate towards what can be most easily measured, rather than what people in the system say is meaningful to them, which includes the kind of relationships they experience.

1. Measure the experience of families accessing support (see *Opportunity 9, pp.58-60*)

The JMI report proposes several initiatives to measure the experience of families accessing support (see *Opportunity 9*), including:

- metrics that capture the direct feedback of families and carers, to help the sector to learn and improve.
- performance indicators for frontline workers that better reflect the priorities and self-defined goals of families, carers and young people.

2. Prioritise relationship-based models when commissioning care and support services (see *Opportunity 7, pp.51-55*)

Best practice commissioning puts people, their lived experience and their needs at the heart of service design. The JMI report recommends prioritising relationship-based models when commissioning care and support services. This includes Aboriginal Community Controlled Organisations (ACCOs), which are grounded in the relational values of kinship and community central to First Nations cultures. This would require program outcomes, including for OOHC services, to be defined flexibly, incorporating new metrics on 'what matters' to children and young people in OOHC, their families and carers.

Conclusion

We understand IPART is still collecting and analysing information to identify efficient care costs and set benchmarks. As part of this process, we recommend modelling to determine the funding required across government for evidence-based, relational preventative supports. This investment could reduce the number of families entering the child protection system and promote long-term system sustainability. We also urge IPART to consider options for new funding settings and metrics that prioritise and sustain relationship-based services and programs into the future.

If you would like to discuss this submission, please contact me at [REDACTED]

Yours sincerely

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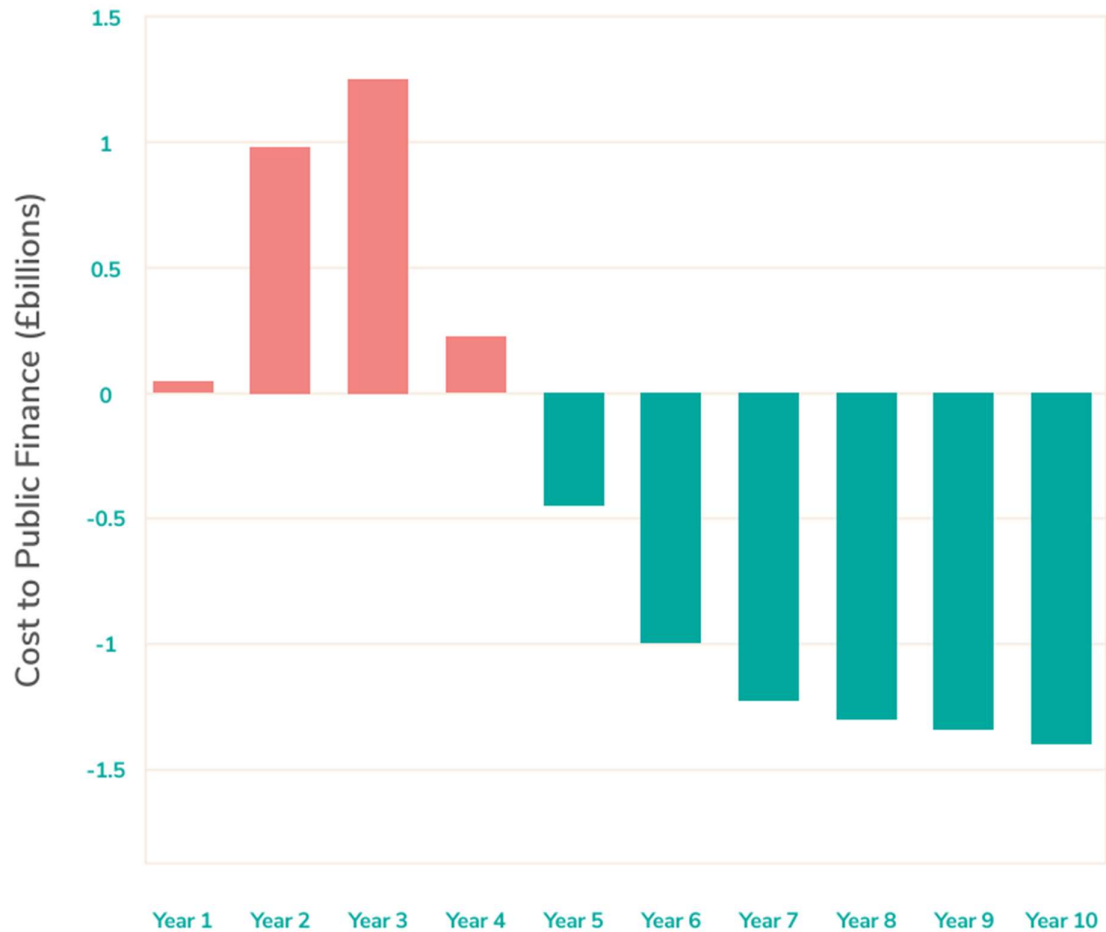
Sophi Bruce
CEO

About the Centre for Relational Care

We are an independent not-for-profit advocacy body formed in 2023 which is seeking to transform Australia's care systems toward relational models of practice. Our work is built on evidence that a system that puts child connection and relationship first, works best. We call this a "Child Connection System". We are growing a community of people with extensive and diverse experience in child protection and out-of-home care systems to guide our work.

APPENDIX

The UK Review into Children’s Social Care found that relationally-oriented reforms could be cost-neutral to the government within 10 years.



Source: Josh MacAlister, *Independent review of children’s social care: Final report* (London: 2022), <https://webarchive.nationalarchives.gov.uk/ukgwa/20230308122449/https://childrensocialcare.independent-review.uk/final-report> p.237