



SubmissionSYFSIPARTReviewOOHCCostsConsultationPaper25June2024

25th June 2024

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

To Whom it May Concern,

***Re: Out-of-home Care Costs and Pricing Consultation Paper***

Thank you for the opportunity to contribute feedback on the Consultation Paper for the IPART Review. We also wish to extend our thanks to Tribunal Chair Carmel Donnelly and her staff for taking the time to meet with us in our offices on 17 June to obtain further information about our residential out-of-home care service to inform the review.

Southern Youth and Family Services (SYFS) is an agency accredited by the Office of the Children's Guardian to provide residential out-of-home care (OOHC) in New South Wales through the Permanency Support Program (PSP). Our PSP Service is part of SYFS' comprehensive suite of services for children, young people, adults, and families who are disadvantaged, vulnerable, homeless, or at risk of homelessness, in the Illawarra Shoalhaven and Southern districts of New South Wales. We first provide some background information on SYFS and our experience working within the residential OOHC system. We then address the IPART Review's terms of reference, drawing on more than 45 years of experience working with people who are vulnerable, disadvantaged, homeless, or at risk of homelessness, and nearly 25 years' experience in the OOHC sector. SYFS residential OOHC service caters to children over the age of 12. We are the smallest residential care provider in NSW and one of only two that do not also provide foster care. Our submission therefore highlights issues related to supporting teenagers aged 12 and over, whose needs are sometimes neglected in an OOHC system that seems structured more towards the needs of younger children.

There has been a lot of criticism from within the NSW Government recently about the OOHC system in NSW, with claims that the system is broken. Some people in the community have also made similar comments. Members of the Government have made reference to the increasing costs of the system as evidence, but the fact is that the cost of providing social care services, and indeed all government services, has increased rapidly in recent years due to a range of factors that are beyond the control of individual Agencies who deliver government services. These cost increases are across the board and include cost of living, insurance, industrial relations, wages, employment-related costs, rent and building costs, healthcare, and education. Client needs have changed and increased as hospitals, mental health services and youth justice services have struggled to meet demand, shifting some of the burden onto residential care. While significant sums have been expended on crisis management, such as through Alternative Care Arrangements, no money has been invested in measures to enhance or improve system. The system is chronically under-funded. The costings on which funding packages were based are inaccurate and have been proven so, as we outline further below. The fact that costs have increased is not in and of itself evidence of poor management. As OOHC providers, we want to see improvements in the system for children and those who work with them but the analysis of what is wrong needs to be based in reality. The reality is that providing suitable care for children who are in the care of the state is and always will be expensive. But it is a fundamental responsibility of the NSW Government, as reflected in legislation.



Criticism of OOHC from some members of the Government and the media can be very demoralising for staff in the Department and in community services who make a positive contribution to protecting children from harm and facilitating their growth and development, sometimes under very difficult circumstance. It can also have a negative effect on young people in care. While challenges remain, many aspects of the residential OOHC system in NSW are functioning well, despite inadequate funding. The problems that remain in the system are complex. There is no single, simple solution. Nevertheless, solutions to these complex problems can be found. It is our firm belief that OOHC is best delivered via partnerships between accredited and experienced non-governmental organisations (NGOs) and Government, with residential services best delivered in the community. The system requires adequate funding, greater flexibility, responsiveness to current pressures such as the housing shortage, and well-designed properties for residential care. Account must be taken of the escalation of insurance costs and risk assessment.

### **About Southern Youth and Family Services**

Southern Youth and Family Services (SYFS) was established in 1977, when a group of people in Wollongong concerned about homelessness and young people came together to establish a youth refuge. We opened our first service in January 1979 and have since grown to over 200 employees and 47 services. These services include social housing (approximately 220 properties), transitional housing and supported accommodation, outreach, early intervention, family relationship support, residential OOHC and outreach support, financial and material assistance, skill development, psycho-social support, advocacy, information and referral, health and personal care, education (including a specific program for Aboriginal school students), training, and pre-employment support, community development/neighbourhood centre, a mobile preschool, and a multicultural playgroup. In 2022/23 SYFS provided substantial support to 5,401 young people and 2,970 families. In addition, we provided 15,048 instances of one-off or casual support. 28 per cent of SYFS clients were Aboriginal and 15 per cent were non-English speaking. 11 per cent had had contact with the criminal justice system. Our programs are funded through Commonwealth and State funding agreements, philanthropic donations, and social enterprise.

SYFS has provided accommodation and support to children in statutory care since the establishment of our first youth refuge in 1979. We have never maintained a distinction between clients supported in our homelessness services, and children in residential OOHC, in terms of either the quality care we provide, or the principles by which we support children and young people. Our first successful tender for residential OOHC was in 1999, when we began providing two short-term crisis beds with additional support staff in our youth refuge for children in the OOHC system following the closure of Ormond and Minalli. Over time, SYFS OOHC service has expanded and is now delivered under DCJ's Permanency Support Program (PSP). SYFS currently provides Intensive Therapeutic Care (ITC) Homes, Supported Independent Living (SIL), and Therapeutic Supported Independent Living (TSILS). Our residential ITC Homes are in Wollongong, Nowra, and Goulburn, with 28 places available. We also deliver the separately funded Premier's Youth Initiative, a specialised program that supports young people who are leaving state care.

In 2022/23, our PSP Service accommodated 44 young people in the Illawarra Shoalhaven and Southern districts. 18 clients exited the service, with 22 per cent restored to family or relatives, 50 per cent exited to specialist or other supported accommodation, and 28 per cent exited to independent housing. We are proud to say that 100 per cent of the children we supported who were not restored to family or relatives, achieved some degree of reconciliation with them. Furthermore, 44 per cent began/maintained/returned to education, 6 per cent began/maintained/returned to training, and 39 per cent became involved in community activities. Our 2023/24 evaluation showed that 97 per cent of the children we supported were satisfied with the Services provided, and 94 per cent indicated that their situation had improved since becoming a client of our PSP Service.

### **Evolution of the Out-of-Home Care System**

The current problems in the OOHC system in NSW are the result of long-term, systemic issues. There have been many attempts to investigate, research and restructure the Out of Home Care system. Many of these efforts have resulted in some improvements but some strategies were unsuccessful, and some have reduced the capacity of the community sector to provide placements for young people. During various changes and reforms, some positive aspects of the system were lost, such as the ability to provide crisis placements in our refuge (we have

had discussions with the Department about offering these placements again and are hoping to be able to do so soon). Most recently, the expiry of residential OOHC contracts and the procurement for new services in 2016 provided the NSW Government with an opportunity to reform out-of-home care and move to an 'Intensive Therapeutic Care Model'. This led to the implementation in October 2017 of a significant reform to child protection known as the Permanency Support Program. It aimed to reduce the number of entries into care (keeping children and families together at home), to reduce the length of time spent in care (by increasing family restoration and foster placements, including guardianship arrangements and adoption), and to provide a better experience of care (through higher quality services and more needs-based support). A further objective was later added to reduce the number of Aboriginal children in the care system. The intention is to achieve the best possible permanency goal for the child within two years. We note here that the ambition of reducing the number of children entering residential care was naïve, as NSW already had a low percentage in residential care.

The reform involved a significant restructure of the way DCJ funded non-governmental providers. It created a packaged care service model, in which agencies receive funding based on which services they provide. Despite the feedback provided by NGOs during the consultations and tender process, funding for residential care was, and continues to be, inadequate. The Intensive Therapeutic Care (ITC) model prescribed a number of service types along a continuum of care, from residential to less intense 'step-down' models. SYFS was successful in tendering to provide Intensive Therapeutic Care (ITC) under the new model and started providing residential care under the Permanency Support Program (PSP) in July 2018. We were one of only nine residential care providers recommissioned under the new PSP at that time. As researcher Wendy Lee Foote has observed, the increasing use of commercial contracting practices in the OOHC sector in NSW between 2011 and 2018 had a negative impact on the nongovernmental organisations that provide foster and residential care services.<sup>1</sup>

### **Current Issues**

Due to the inadequate funding for residential care, not-for-profits are currently subsidising residential OOHC to provide adequate care to clients. Many of the costs of providing residential OOHC have not been accounted for in the funding model. We outline some of these below. The IPART Review will need to consider all these issues to determine the efficient cost of providing residential care.

### ***Changing Client Profile***

Changes in the client profile for residential care have created cost pressures for our agency. Some of these issues are a result of the 2016 reform. Prior to the reform, residential services had a mix of high-needs and medium-needs clients that led to a good balance in the typical four-bedroom residential care home. Now under the Permanency Support Program, an overly rigid CAT system means only those young people who are identified as having high needs are placed in Intensive Therapeutic Care. This increases the potential for conflict within the house and makes it more difficult to place a new client in an existing house, due to the risk that doing so will impact negatively on other clients. We would prefer a system that funded us for 50% higher needs clients and 50% medium needs and allowed the agency to best arrange the support and Service configurations.

Broader social and legislative changes have also affected the client profile. High levels of youth mental illness are reflected in the population in care. We do not believe that residential care is a suitable environment for young people who have a serious mental illness who need a higher level of care and supervision than can be provided in a home-like residential care environment in the community. Despite the unsuitability of ITC Homes for these young people, the lack of hospital beds or other suitable accommodation can lead to pressure on not-for-profit providers to place young people at high risk of suicide, for example. Similarly, while we support the move to keep young people out of the prison system, the result has been an increase in young people who display challenging behaviours being placed in residential care. We believe there is a need to increase the system by a small number of beds in secure facilities managed by the Department, so that these young people can be managed safely and provided with the support they need.

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<sup>1</sup> Wendy Lee Foote, "Risky Business: Impact of Outcomes-Based Contracting on Nongovernment out-of-Home-Care Services," *Children and Youth Services Review* 136 (May 2022): 106394, <https://doi.org/10.1016/j.childyouth.2022.106394>.

*One example of the complexity that significant mental health issues can create for an OOHC provider is the case of Trish. SYFS accepted a referral for Trish and opened a dedicated house to enable this client to be housed separately. On the first day of the placement, the client attempted suicide. Subsequently, NSW Health demanded that the client be supervised 24 hours a day by 2 staff, with awake night shifts. This was an extreme reaction to the incident and very costly for the Organisation. It meant that a very significant high-cost complex needs package was needed. It is our view that, given Trish's high needs, she should have remained in hospital in the first instance, until her mental health had stabilised to the point where she could return safely to the community. The level of intensive support required indicates that Trish should not have been considered for a community placement. This case study shows how failures within the mental health system leads to the shifting of responsibility for complex needs onto the community-based residential care sector.*

Another issue that relates to the client profile is the age of young people referred to our PSP. We have noticed that more and more young people are being referred for Supported Independent Living who are too young for independent living and would be better placed in a care home with on-site staff. A reform that allowed residential care homes to accommodate young people with lower CAT scores would provide a more appropriate place for these young people. As a Specialist Homelessness Service, SYFS often receives referrals to our Crisis and other accommodation services for young people under the age of 16. To support under-16s a greater level of staff is usually needed for increased supervision/support. In addition there are times when these young people should have been in OOHC, not a Homelessness Service. We provided advice that led to the development DCJ's *Unaccompanied Children 12-15 Years Accessing Specialist Homelessness Services Policy* to address this problem. However, there is a lack of appropriate placement options for children aged 12-16 who either cannot be placed in foster care or who do not wish to live in foster care. Again, we see a role here for greater flexibility in residential care to accommodate these young people.

### **NDIS**

We have also experienced an increase in the number of referrals of young people who have a disability but do not meet the criteria for the Intensive Therapeutic Care Significant Disability package. The creation of the NDIS means that there are support options available for young people with disabilities but navigating the system is complex. Considerable staff time is spent supporting clients to apply for their NDIS entitlements. For example, consider the case of Mary:

*Mary,<sup>2</sup> entered care at Southern Youth and Family Services (SYFS) and was supported in an Intensive Therapeutic Care (ITC) Home. Adverse experiences in care since infancy created instability, producing feelings of insecurity and significant anxiety. Mary was already a National Disability Insurance Scheme (NDIS) participant and presented with a range of health issues. These issues significantly impacted upon Mary's ability to carry out daily activities, resulting in high reliance on supports to complete daily hygiene tasks and access health services. She required staff to monitor her general wellbeing and safety. Mary remained in the same placement until leaving care at 18 years old, when she was supported to transition into an NDIS-funded Supported Independent Living (SIL) provision with another agency, where she resides independently in a two-bedroom unit with 24-hour support.*

It can also be difficult to identify suitable exit options for young people with a disability due to a chronic lack of accessible affordable housing. We have experienced significant problems with the NDIS and the demarcation between disability and child protection. An example of this was our client, Linda.

*We received funding to assist with the cost of caring for Linda, a high needs client who was under 18 years old. Most of Linda's issues were related to her significant disability but the NDIS declined ongoing funding without notice, leaving this agency with a serious cost deficit until she was able to transition to a disability service.*

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<sup>2</sup> Clients names have been changed to protect their identity.

### ***Properties***

Residential OOHC requires suitable properties but many agencies struggle to access them. The PSP's unnecessarily rigid specifications for Service design, including property type, ignore the various agency types and models that may assist. Many OOHC residential agencies have had to rent private dwellings for OOHC, and this often proves unsuitable. The requirements stipulated in the PSP reform for property type were also limiting. SYFS is a small OOHC provider and a small Community Housing Provider (CHP) (Nationally Registered Tier 2) with a good reputation for design and development. SYFS has been described as a good practice model and visitors (both Government and NGO) have always commented on our buildings. Property type can enhance privacy and safety for staff and clients and the activities and programs provided, as well as being a comfortable and safe place for visitors. OOHC providers that are registered CHPs should be able to access capital to design and develop more suitable properties. The funding for residential OOHC needs to include a capital funding stream to allow agencies to acquire and develop suitable properties. One possibility would be for a mix of Government-owned properties that are made available for OOHC providers and a capital funding scheme to allow OOHC providers that are also registered Community Housing Providers to develop new properties. Relying on the private rental market for OOHC properties is not safe, or adequate and is ultimately more costly.

SYFS has been able to over time purchase and pay off some properties, then refurbish or renovate for OOHC or Homelessness Support Services. Owning the property means we can maintain it well, design and utilise the space in the best interests of the clients and young people. We have been able to enhance safety and have security of tenure. It also builds infrastructure and allows us to leverage the capital for further investment for the clients and the system. We can build strong relationships with the neighbours. This all makes a difference. As an example, SYFS has been innovative in purchasing and renovating two old motels in Nowra and Goulburn respectively, which have been an asset to our PSP. The provision of private bathroom and kitchen facilities within a supervised environment fosters independence and prepares young people for leaving care. SYFS currently has a property that we could use to increase the number of placements we offer but we cannot do it with the current restrictions on funding and the staffing requirements in the current labour market. We will send some photos of the properties we have separately.

### ***Safety and Insurance***

One of the major challenges of delivering residential OOHC is the contradiction between providing a safe workplace for staff and the inherently risky nature of providing care for young people, some of whom display challenging behaviours that make the environment unsafe environment for staff and clients. Specially designed properties reduce these risks. Closely related to the safety issue is the growing and unsustainable cost of workers compensation insurance. Recently, premiums went up 50%. SYFS has raised this issue with the NSW Government and various departments for the past 4 years with increasing urgency. Workers compensation insurance is also now almost unaffordable and not adequately funded. This has increased massively for agencies in the year 23/24 and is not sustainable. Many agencies can no longer gain insurance to protect them from claims of sexual abuse or other abuse. Some of this is the result of the National Redress Scheme as well as an increase in the number of civil cases. The current temporary indemnity scheme does not adequately cover historical claims and has been temporary now for too long.

Agencies have had to develop stricter risk assessments to protect themselves from financial claims that could ruin the agency and to satisfy insurers. This in turn impacts on agencies' ability to accept referrals, contributing to the high vacancy rates plaguing some parts of the sector. Agencies must risk assess client behaviour to minimise the cost of claims in this area.

Property and contents insurance is another area of escalating costs. Vandalism is another related factor that drives maintenance and insurance costs for agencies. The NSW Government needs to fund agencies well enough to cover the cost of insurance. We also need a more permanent solution involving some kind of Government underwriting of insurance for the Sector, given that these children are in the Care of the State.

### ***Severe Weather Events and Climate Change***

The NSW Government recognises that climate change is increasing risks for households, communities, and businesses across the state and has developed the NSW Climate Change Policy Framework to guide its response. For residential care providers, the increasing number of storms and severe weather events results in damage to property that has both direct costs in terms of repairs and indirect costs in terms of rising insurance premiums. The NSW Climate Change Policy Framework commits the NSW Government to ‘Reduce risks and damage to public and private assets in NSW arising from climate change’. Provision needs to be made within the funding for residential care for these costs which will only grow in the future as the number of severe weather events increases.

### ***Workforce***

The PSP has specified overly strict staffing requirements that are not reflective of the labour market, or the funding provided. This has worsened in the current tight labour market with recruitment in the care sector, including OOHC, becoming more challenging. Previously, SYFS advertised for new residential care workers periodically throughout the year. Now, recruitment is ongoing. The small pool of applicants is making it difficult to identify the most suitable candidates. This is compounded by the low wages available to residential care workers given that similar wages can be obtained elsewhere for less challenging work.

The previous NSW Government’s decision to require minimum qualifications for residential care workers has added to the recruitment problem. The higher qualification requirements put these jobs in competition with higher paid jobs, for instance in the Department of Communities and Justice, where there is less shift work and more security. Hence, we have experienced greater difficulty recruiting. On many occasions we have paid for Staff to obtain a qualification and they have left immediately to take up a Government or higher paid position elsewhere in the Sector. It is also much harder to recruit in country and regional areas but the funding body does not understand this. This leads to very perverse outcomes. There are significant expectations and responsibilities of workers in OOHC, yet they are paid very low and this has become a reason for people not to apply or to leave. We hear comments now that we did not hear in years gone by such as, “We can earn almost as much packing shelves at a supermarket”, and, “We do not want to work with the risks posed by many children in OOHC without adequate pay and support”.

At SYFS, we believe that many of the qualities that make for an excellent residential care worker, such as high standards of ethical behaviour, good communication skills, energy, desire to work with people and do good, sense of humour, ability to handle changing circumstances, teamwork, and ability to follow policy are the most important considerations. Agencies can train residential care workers but the qualification requirement acts as a disincentive for many potential applicants who have the core attributes but may not be in a position to undertake extensive formal training before commencing employment. SYFS has had to start providing access to formal training internally to ensure suitably qualified staff are available but this comes at an additional cost that is not factored into the funding package. We suggest the specifications could include encouragement to gain qualifications and perhaps require that 25%-50% of staff hold qualifications above a certain level but the current requirements are not sustainable. This needs to be reviewed.

Ensuring staff are registered and maintaining their registration with the Residential Care Workers Register also generates a lot of additional work for the agency, none of which is included in the funding packages. There seems to have been no real “gain” from the creation of the Register given that residential care workers were already required to have Working With Children and Police Checks and that agencies are accredited by the Office of the Children’s Guardian. The requirements need to be relaxed for accredited agencies such as SYFS. We need to have in place better mechanisms that both support and protect children but also support and protect staff. There are many examples where false allegations by a client have damaged a Staff Member’s reputation and even when the allegation is proven to not be founded, reputational damage and stress can occur.

### ***Out of Area Young People***

For a variety of reasons, the Department often lacks suitable placement options for young people in the area where they currently live. Departmental case workers must then look further afield to find a place for the young person. SYFS sometimes accepts placements from young people out of area but this comes with additional costs. Being placed out of area is very difficult for young people because it often results in losing connections with friends, family, and support systems. For agencies, it also increases costs due to the high cost of facilitating family visits. If a young person from far western NSW is placed with us in Wollongong, for example, it might require 1-2 staff a full 2-3 days of travel to facilitate an access visit. Young people who are out of area are also more likely to self-place, meaning that they leaving care to reside with relatives and friends. They sometimes self-place into inappropriate, or even dangerous situations. This creates risks for the young person and the agency, risks that are not adequately accounted for in the funding packages.

### ***Not in Placement (NIP)***

Young people designated as 'not in placement', also known as 'self-placement', have been given a high CAT score and allocated a funded place but have left their allocated placement. These young people may be living with a significant other, family member, or friends. They are often at very high risk of harm due to the unsuitability of these self-placements. The agency that has been funded to place the young person retains responsibility for case management but as the young person is not physically housed with the agency, it is impossible to ensure their safety. Agencies attempt to provide outreach support but this can mean even greater expense than for young people in a residential home operated by the agency. Sometimes these young people also self-place out of area, meaning that the agency has limited if any access to provide support. The agency may send money to help support the young person but many young people in this situation refuse to live in the ITC Home in which they have been placed and may even refuse a TSIL place. There needs to be a funded outreach program available within the OOHC system to respond to cases such as this. This would enable the agency to continue to provide some support. This is the approach that SYFS already adopts but this is an informal arrangement. Better outcomes could be achieved for young people who have self-placed out of area if the Department could find an agency located near them.

Some examples from our agency which illustrates this issue, including the extra cost to the provider, extra staff required to be rostered on, and inadequate funding are as follows:

*Oliver was placed with SYFS in one of our residential services in Wollongong. Oliver had a parent living in Canberra and removed himself from the placement at SYFS and self-placed with the parent there. SYFS still had responsibility for case management for Oliver, who was designated as 'Not in Placement (NIP)'. However, as Oliver now lived in a different jurisdiction, ensuring Oliver's welfare and maintaining support was challenging. On several occasions Staff from SYFS Wollongong OOHC Service made the trip to Canberra and back to visit Oliver. Attempts were made to have Staff from SYFS Goulburn Service visit Oliver as they were closer, but these Staff did not have a prior relationship with him and he refused to meet with them. Oliver was nearing the age of 18 when he left his placement in Wollongong and it proved impossible to get the ACT's Child Protection Services to assume responsibility for his case.*

*Josie resided in northwest Sydney in an Independent Unit provided by another agency and was therefore Not In Placement. SYFS retained case management for Josie and provided ongoing support with her transition to adulthood. This included maintaining close communications with the agency providing accommodation, and helping the client to access her Leaving Care Plan funds to cover rental arrears and furnish the unit. SYFS completed many of the routine leaving care activities, such as supporting Jodie to apply for the Transition to Independent Living Allowance. Josie struggled to pay her rent and when the arrears reached the NSW Civil and Administrative Tribunal, SYFS liaised with all of the parties involved and advocated for Josie to ensure a fair resolution. In addition, staff visited Josie regularly in her Sydney unit, providing practical assistance such as food as well as emotional support.*



### ***Aftercare***

Residential agencies are required to provide aftercare to all clients once they leave care. However, no additional funding is provided once the young person has turned 18 and left their placement. DCJ recently issued a limited tender process for its Specialist Aftercare Program to provide additional case management, mentoring, and other supports for care leavers. SYFS submitted a tender for this Program but was unsuccessful. However, all agencies that provide residential care need some additional funding for providing aftercare. This should not be restricted to one or more Specialist Aftercare providers. The aftercare needs of young people can include general aftercare supports such as information and warm referral, assistance/advocacy to access entitlements and support with applications, through to intensive aftercare supports such as coordinating support to a range of generic and specialist services, assisting the young person to access and maintain suitable accommodation, legal support etc. Staff may provide the identified intervention directly via mentoring support and/or advocacy, refer the young person to relevant internal, or external services or in some situations advocate for access to brokerage or DCJ funds to purchase the required supports. Young people should not be exited from support unless this is agreed by all parties and appropriate supports are in place to maintain their identified goals. As is outlined in the case study below, aftercare support can involve complex and ongoing care. This is not adequately funded.

One example of this is the case of Mary, discussed earlier with reference to her NDIS status. It illustrates some of the challenges that complex cases can pose to the existing funding model. We have an obligation to provide aftercare for care leavers such as Mary under the current PSP contract, but even when this aftercare involves complex and ongoing support, no additional funding is available:

*After Mary left care at SYFS, OOHC staff continued to liaise with Mary's housing provider, and her NDIS Support Coordinator to ensure continuity of care. When Mary felt her needs were not being met, she was able to access support from SYFS to advocate on her behalf. Recently, Mary voiced concerns regarding her NDIS plan usage and general service provision. SYFS facilitated a case conference, where Mary and her main stakeholders were able to openly and collaboratively develop and facilitate plans towards meeting her goals. Mary has chosen to maintain contact with her SYFS Caseworker, accessing ongoing aftercare, emotional support, advocacy and practical means, where appropriate. SYFS continues regular approved visitations, during which Mary has sought guidance and advice around her rights as a NDIS participant, education goals, financial management, and mental health interventions. Mary's need for stability of care and emotional security is maintained through her connection to SYFS, as she continues to navigate the challenges of early adulthood.*

This Case study illustrates how agencies continue to provide support even though there is no funding for this. The tight Staffing structure and funding limitations makes this difficult and costly for agencies.

### **Strengthening Residential Care**

The underlying principle of the Permanency Support Program is to establish permanency within a two-year timeframe. This has been interpreted too narrowly by DCJ as meaning a two-year timeframe to achieve restoration or foster placement. In some cases, this is sufficient for an agency to initiate reconciliation and restoration with family, support the child, and support them to make a safe return to family or relatives. However, it is not realistic for all children. Similarly, while foster care is the most appropriate OOHC option for children and younger adolescents, it is extremely difficult to attract and maintain foster carers for teenagers. Many young people (especially those over the age of fourteen), and despite their CAT level, do not want a foster family. They are starting to test their independence. Many are not mature or skilled enough to be independent but need to be allowed to develop and grow.

The system needs to recognise that for some children, permanency could mean a stable placement in residential OOHC, where they can be supported by skilled and caring staff and have a stable environment in which to grow and develop, encouraged to attend school, and hopefully engage in some degree of reconciliation with family, where it is safe for them to do so. Some children do not want reconciliation due to their traumatic experience and the child's right not to seek reconciliation and restoration also needs to be respected. It is our view that for



many children for whom a stable foster placement, or other permanency option, is either undesirable or unlikely to succeed, rapid placement in residential care with an accredited provider would be preferable to the current system, where many languish for extended periods in high-cost Alternative Care Arrangements (ACA). Earlier placement in residential care would reduce the damage caused by lengthy placements in ACAs and create a greater degree of permanency.

If we are to expand capacity in the existing residential OOHC sector and provide more permanent places for children and young people to thrive, we need to address the current inadequate funding model. SYFS currently contributes approximately \$20,000 per child over and above the amount we are funded in our OOHC contract. For our agency, the deficit was previously around \$1 million for the program per annum. This has decreased to about \$700,000 since residential care was granted a funding uplift. Only when we fought for the funding uplift did we gain any transparency into the calculations for funding and what was included or excluded. The calculation of the on-costs and the actual rate used were the two biggest areas of funding failure. Some of the additional costs we incur are due to additional staffing levels that we regard as essential, but are not required by the Department. For example, SYFS employs an Operations Manager with responsibility for the OOHC Services. Even without this extra staffing, the gap would be about \$15,000 per client. SYFS has no doubt that other residential OOHC agencies are also incurring ongoing deficits. This is unsustainable and means that we are reluctant to expand the number of places we currently offer, as we cannot keep raising the extra funds needed. To expand the number of residential OOHC beds available in the system, DCJ needs to cover the full cost of providing the service. We also need greater flexibility within the core Permanency Support Program (PSP) to enable experienced providers to care for children and young people whose needs may sit outside the parameters of a particular contract.

Agencies would also like to see a reduction in 'red tape' and a simplification of the business rules around the various contract types, particularly in relation to eligibility criteria such as age of the child and CAT score, to enable placements to be made based on children's needs. Currently, onerous program specifications such as how many staff are needed in ITC Homes, minimum numbers of Clinical Specialists, and other requirements make residential care extremely difficult to operate. DCJ needs to provide adequate funding to accredited agencies and give them the flexibility to make decisions about how these funds are used in the best interest of the child or young person. We also face excessive reporting and compliance activities, with overlap between DCJ, the Office of the Children's Guardian, requiring providers to provide the same information repeatedly. We would like to see a simplified reporting system that accepts the accreditation process as guaranteeing compliance and relies on outcomes monitoring rather than intrusive reporting. Agencies should not be forced to take all referrals and must be able to conduct their own risk assessment to ensure they have the capacity to manage that risk, as well as to match the child with others with whom they must share space in an ITC Home.

On a positive note, SYFS believes that the therapeutic specialist component of the Therapeutic Care model provides valuable support to the PSP. SYFS has always employed clinical specialists, even prior to the reform, and we believe this part of the program helps to mitigate risk and support clients and staff. The provision for caseworkers within the PSP is also worthwhile. SYFS regards all its staff as case workers but having dedicated caseworkers also makes a positive difference.

### ***Funding Model***

The funding formula developed out of the reform is chaotic and creates considerable uncertainty for agencies. The issues relate to both the amount of funding, the structure of the package care service model, and the administration of reconciliation and payment. The current PSP model comprises a case plan goal package, baseline package, and child needs package, with specialist packages available depending on the child's circumstances and eligibility. Funding attached to each individual child is 'built up' from these packages. SYFS receives funding for Supported Independent Living (SIL) and Therapeutic Supported Independent Living (TSIL) through this package care service model. For residential care homes, the package system works differently. Funding for the Intensive Therapeutic Care Homes (ITCH) operated by SYFS and other residential providers are funded on the basis of a 'House Package' and a 'Child (Baseline) Package'. The

house packages are funded for either a two- or four-bedroom home while child packages are provided for each child in placement, paid at a daily rate.

The packaged care service model claims to promote flexibility, but in practice, overly rigid restrictions on how the funds can be used produce quite the opposite result. The packaged care service model does not adequately address the needs of individual young people, is complicated and inefficient. It is our contention that these packages are not funded at an adequate level and that the costings used to develop them were wrong. SYFS, alongside other residential care providers, has campaigned for a long time on this issue and provided DCJ with ample evidence. A funding uplift was offered, but the funding level remains inadequate. Some of the problems arose from the Caseload Benchmarking work conducted by Ernst & Young. Serious errors were made in the costings, such as the notion of 'funding at a range' for staff positions where it was assumed that staff would be employed at a range of levels in the SCHADS Award. To assist with retention and in recognition of the skill level involved, all staff at SYFS who work directly with clients are paid at SCHADS 4. More experienced staff can be eligible for SCHADS 5 under the Award but this is not reflected in the funding. However, Ernst & Young's costings only provided for a 'mid-range' of staff employed at SCHADS 3 initially. We have found that we need to pay at the highest level to attract and retain suitable staff in residential care. Some agencies pay residential workers at SCHADS 3, but this does not align with the duties set out in the Award for this level. Underpayment of residential care workers is associated with higher levels of industrial disputation. We believe the funding needs to be flexible and adequate to ensure we can pay at a minimum at SCHADS 4. It is not up to the Department to provide industrial advice and so we need to ensure funding is adequate and not force agencies to make industrial relations decisions that are incorrect and have a negative impact on the work being done.

The Caseload Benchmarking also failed to fully account for the on-costs associated with employing staff. In preparing the case for a funding uplift, SYFS and other agencies looked at all the agencies providing residential care in NSW and found that on-costs were about 53 per cent. This included workers compensation insurance, Casual loading, Loading, Long Service leave, Overtime and, call backs. It also included allowances such as travel, first aid, higher duties, and awake night shifts. There are also leave entitlements such as Sick leave, and Domestic Violence Leave, and additional costs for part timers, redundancy, Special Leave, bereavement Leave, etc. Some additional costs not included in the 53% estimate above include Training/Supervision, Professional development, Recruitment, and induction. There are also costs for people returning to work from Workers Compensation leave, or when Staff are under investigation and stood down with pay. None of this was included in EY's costings, which only accounted for workers compensation insurance at a low level, and superannuation. The penalty rates included in the costings were inadequate and there was no flexibility for Award changes. For example, when Award changes led to a different payment for sleepover allowance, there was no corresponding change to the funding formula. This produces a deficit for the agency.

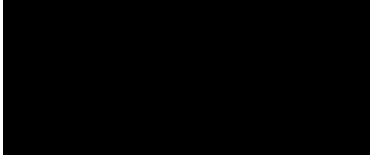
Recent State Government indexation payments, while accounting for increases in the Award rates, have not accounted for the increase in superannuation costs. The cost of workers compensation has also gone up and is not funded, with a significant impact on our Organisation. Other costs, such as returning to work gradually after an injury, are hard to calculate but need to be considered in the funding formula. If a staff member goes home sick, for example, and the agency has to call in relief staff, this is another additional cost. The current system also makes no allowance for the establishment of new ITC Homes or purpose-built facilities. The lack of adequate funding to cover this expensive acquisition and development work has affected many residential care providers, forcing some to rent properties in the private market with attendant problems with neighbours, lack of specialist modifications to the property, etc.

The administration of the funding packages is also a problem. The need for manual reconciliation based on individual packages leads to significant delays in payment. Agencies have waited a year or even two for money owed them to be paid. The package service model also creates a significant workload for Departmental Staff. We strongly believe that a grant funding model would be superior to the current packaged care service model. Residential Services need to be funded at a set amount and through a grant. Grant funding adequate to maintain

ITC Homes over time would be able to account for minor changes in the composition of the household and could establish acceptable vacancy rates. There could be some supplemental funding provided for special purposes, such as cultural planning for Aboriginal young people, CALD clients who require interpreters, or other specific needs such as orthodontic work, which can cost thousands of dollars and is not currently covered by the funding provided.

We thank you once again for the opportunity to make a submission to the IPART Review.

Yours Faithfully,



Narelle Clay, AM  
Chief Executive Officer