

8th May, 2025

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

Dear Ms Dear

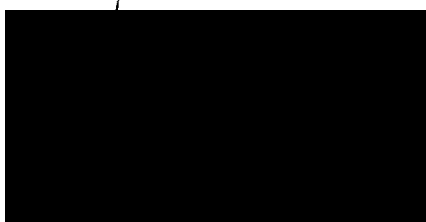
Re: Submission to IPART – Draft Report on Out of Home Care Costs and Pricing

Thank you for the opportunity to respond to the Independent Pricing and Regulatory Tribunal (IPART)'s Draft Report on the pricing of Out of Home Care (OOHC) services. As a provider of residential services in New South Wales we are heavily invested in the outcomes of the OOHC system review.

I wish to thank you for the the highly technical and competent work IPART has completed to date to improve accurate pricing of OOHC in NSW. I attach our carefully considered response, which we have prepared in good-faith and believe strengthens the work already completed by IPART – though highlighting problems, areas of deficiency, recognising strengths, and suggesting further areas for consultation.

I am always ready to assist you should you have further queries or seek any additional information on our submission or expertise in the sector.

Yours Faithfully



Narelle Clay, AM
CEO

SYFSSubmissionIPARTOOHCCostAndPricing2025

9th of May 2025

Re: Submission to IPART – Draft Report on Out of Home Care Costs and Pricing

Thank you for the opportunity to respond to the Independent Pricing and Regulatory Tribunal (IPART)'s Draft Report on the pricing of Out of Home Care (OOHC) services. As a provider of residential services in New South Wales we are heavily invested in the outcomes of the OOHC system review.

About Southern Youth and Family Services (SYFS)

Southern Youth and Family Services is a public company, limited by guarantee registered under the Corporations Act 2001 and registered in NSW. Founded in 1977, our first services commenced in January 1979. Our main objectives are:

- To provide support and assistance to children, young people, adults and families who are vulnerable and disadvantaged, including those who are homeless, or at risk of becoming homeless, and their families
- To act as an advocate for, and facilitator of structural change that achieves improved living situations for all those we support. In general, the Organisation aims to act in a way that will increase accessibility for children, young people, adults and families to:
 - Secure, affordable and individual housing
 - Employment, education and training supports
 - Secure and adequate income
 - Health supports and services
 - Appropriate support services
 - Clothing, food and other practical assistance

Services Provided to the Community:

- Community development
- Research and education
- Advocacy
- Advice and consultation

Services Provided to Children, Young People, Adults and Families:

- Accommodation - crisis, short and medium term with support, Youth Foyer and specialist Out of Home Care
- Housing - social housing, supported, medium and long term
- Outreach support services
- Early intervention, prevention and awareness programs
- Financial and material assistance including allowances - meals, food, clothing, emergency cash assistance, personal items, household items, educational, employment and training needs, transport costs
- Skills education – living and social skills, recreational skills, parenting and job seeking skills
- Support - mediation, counselling, assessment, conflict resolution, suicide prevention, behaviour management, emotional support, practical assistance, and family relationship and reconciliation

- Advocacy
- Information and referral
- Health and personal care - showers, first aid, maternity services, screening, referral, counselling
- Education, training and pre-employment support
- Mobile pre-school and playgroups
- Other relevant services and support how services are delivered
- Early intervention and prevention
- Crisis intervention
- Case work and case management
- Therapeutic care
- Group work, workshops and programs
- Telephone support and counselling
- Brokerage
- Primary and secondary worker assessment processes
- Mentoring
- Drop-in and casual client contact
- Home visits and outreach work
- Clinics, drop in and appointment based

1. Introduction

Southern Youth and Family Services (SYFS) welcomes the opportunity to respond to the Independent Pricing and Regulatory Tribunal (IPART)'s Draft Report on the pricing of Out of Home Care (OOHC) services. As a provider of residential services in NSW, we strongly support a pricing model that reflects the real costs of service delivery, enables quality care for young people, and sustains a stable workforce.

While we welcome several elements of the Draft Report, we have significant concerns about aspects of the proposed pricing model, particularly in relation to Social, Community, Home Care and Disability Services Industry (SCHADS) Award role alignment, discrepancies in wages and on-costs, the age-based client payment model, and the imbalance between house-level and client-level payments.

2. Aspects of the Draft Report We Support

- Recognition of Wage Increases – The draft acknowledges that wage increases (such as through Fair Work decisions) should be fully funded. This is essential for workforce stability and sector viability. (IPART 12.5.1)
- Insurance Costs – The inclusion of insurance (including coverage related to historical abuse claims) as a government responsibility is appropriate and necessary. (IPART 1.2.3)
- Cost Allocation for Manager (SCHADS 6.3) – The proposed level appears reasonable where it refers to house manager role. (IPART 8.1)
- Reimbursement of larger Client-Specific Costs – Support for reimbursing medical, dental, and related client costs is positive, **provided administrative processes are streamlined and payment is prompt.** (IPART 1.1.2)
- Increased Client Cost Allowances – The recognition of higher day-to-day client costs is appreciated. (IPART 5.1-5.4)
- Simplified Payment System – We support the intent to simplify the funding system, and we urge IPART, and government to consult with service providers to **continue refining the model to reduce administrative burden.** (IPART 13.3.2)
- Acknowledgement of Setup Costs – We appreciate the acknowledgement that further work is needed to assess and support the high setup costs involved in establishing new residential houses. But note, that setup may need to occur more than once, as some houses must be reestablished from time-to-time. Noting **that the current interim report suggests a 4-5 year cycle which we do not support.** (IPART, 9.3)

3. Key Concerns and Challenges in the Proposed Model

- The proposal to price residential workers at SCHADS Level 3 is problematic and does not reflect the actual work of many direct care staff, residential staff and support workers in these roles. It also fails to recognise many of these workers do a great deal of the casework and certainly all of the intensive case plan implementation, therapeutic support, client engagement and rapport building, managing critical and crisis incidents, family liaison, agency and other support provider liaison, medication administration and many other tasks. This price model forces the industrial misclassification of their work, which is legally questionable and ethically problematic. The role of the residential worker is more closely aligned with SCHADS 4. Whilst modelling pricing at Level 3 may be reflective of practice in the industry, it is not an accurate basis for which pricing can be or should be modelled. This misclassification of these workers undermines recruitment and retention. Specifically we have concerns about:
 - Using SCHADS Level 3 Classification for direct care workers (residential workers) as a basis for price models.
 - Casework Support modelled using SCHADS 3.4 – whilst we acknowledge is better than the midpoint of Grade 3, it is still too low and does not accurately reflect the actual responsibilities of these roles, and therefore mis-prices this work. (IPART 8.1)
- Flawed Incentives Regarding House and Client Payments – We are concerned that reducing house-level payments risks service continuity and financial viability. Staffing must be maintained regardless of client numbers. Staff cannot be readily redeployed or stood down without impacting service quality, compliance or staff retention. (IPART 14.4) We support a pricing model which:
 - **Accurately reflects a house payment price which is higher than it is now, and is higher than the draft report suggests, both of which underprices the costs.**
 - **Where client payments are averaged across the age spectrum. Any alternate model will lead to further complexities, manual adjustments and high variations in funding etc. We suggest, for modelling purposes, an average based on a 4-client house: 1 x 13-year-old, 2 x 14–15-year-olds, and 1 x 16-year-old**
- Case Worker On-Costs Set Too Low – Experienced caseworkers often progress to SCHADS Level 5. The proposed median of 4.4 undervalues the role and also leads to industrially poor decisions. (IPART 6.5)
- **On-Costs and Leave Entitlements** – Estimated 25% on-costs seems to underprice real costs – it does not adequately include redundancy allowance, special leave, domestic violence leave whilst at the same time backfilling this position. (Table 6.9 Proposed salary oncosts for DCJ and non-government provider caseworkers, 2024-25, p.91). This agency notes:
 - Overtime is required in a few instances:
 - Overtime allowance where staff are woken up and perform work during sleepover shift - this agency suggests price average 1 x 2 hours per fortnight;
 - Overtime when people on call are called out and perform some work- this agency suggests an average 1 x 3 hours per fortnight;
 - Backfill when staff who were on-call and unable to resume their next shift due to required break periods. SYFS suggests pricing an average of 4 hours per fortnight for this purpose;
 - First Aid allowance;
 - Extra work to be paid when someone returns from work cover on light duties or non-client work;
 - There is some acknowledgement of relief when someone is under investigation and stood down on pay – mostly the delays here are Caused by Police, Department of Communities and Justice, and Office of the Children’s Guardian , however the amount allowed by IPART is inadequate;
 - Unfunded Leave and Backfill – Staff stood down during investigations must be backfilled—these prolonged cases incur significant cost and should be included. This is complicated and needs further discussion The biggest delays in investigation are caused by Department Community Services and Justice, Police and Office of the Children’s Guardian, not our own Services. Some have taken a year or more. We suggest that this is to be covered in backfilling calculations. (IPART 8.1, 8.5 and 8.9).
 - Staff Tenure Assumptions – Assumed tenure of 2.5–3 years does not reflect regional workforce trends and undermines retention efforts. Retention is a significant asset in providing quality service and continuity of care. This agency does not agree with the 2.5-3 year assumption, and this agency

would be severely penalised if this was accepted. A clear majority of our Full Time Staff stay with the Organisation for more than 10 years, with 62% of staff being employed 5 years or more. (IPART 8.1)

- Further, Long Service Leave backfill does not appear to have been included in the price model. While the grant may cover some of this, there needs to be some allowance for overlap and induction of replacement staff for such absences. We have managed this ourselves as we have had control of the Long Service Leave funds for interest accumulation but this changes after 1/7/25. We suggest an allowance of two days per FTE per year to accrue.
- Redundancy – redundancy should be priced as all agencies are of the size where it is a legal requirement. Suggest if a contract is a five-year contract that 2.5 weeks per FTE.
- Caseload Estimates – A caseload of six per worker is impractical (and inefficient) for houses with four clients, suggesting a flawed staffing model where caseloads must be managed across multiple houses. It may be possible if the caseload was to include up to two Not-In-Placement clients and not have to be shared across houses. (IPART B.1.2)
- Client-Based Payments by Age – Predicting age and duration of stay is not feasible and would lead to increased administrative burden and complexity and manual reconciliation. Averaging is preferable. (IPART 4.1 and IPART 13.4). We suggest 1 x 13 year old, 2 x 15 year old, 1 x 16 year old and average for a 4 bed house.
- Housing Cost Assumptions – Using average rent for three to five bedroom homes underestimates space requirements. Larger homes are often needed but are difficult to obtain and often need modifications. (IPART 14.6)
 - Further rent assumptions should also incorporate costs of renovations, damages and bringing homes to standard before exit. These are very significant, and un-priced costs in the current model.
- Uncosted Admin and Management Overheads – The draft may understate true overhead costs as it is based on a ‘fixed’ administrative cost for both small and large providers, full transparency of what has been included in this pricing model is required so agencies may assess this accurately. (Appendix C and p. 244)

4. Areas for Further Clarification and Review

- Whether the number of hours and staff across a 24-hour period is adequately covered and time for handover/overlap, staff meetings etc. We cannot see where this has been adequately provided for. And providing overlap/handover times and meeting time is essential for quality of care.
- We do not agree that some of the day worker hours is costed in the client payment and not paid when there is a vacancy. This is cumbersome, incorrect in terms of the model and fails to support legal industrial behaviour by not relying on casual staff.
- Administrative cost provisions – including the complexity of age-based or needs-based payments.
- Real insurance premium costs and their variation across providers.
- First Aid allowances do not appear to have been priced. They must be included in the pricing model.
- Will 14% superannuation be factored into the model from 1 July 2025.
- Damage, maintenance and repair costs of housing
- The inappropriate use of the term “incentivised” in reference to client and house payment models, there are complex factors why there may be some vacancies in our services. The sector does not require incentivisation to provide services, it is our purpose.

5. Conclusion and Recommendations

We have attached the translation guide for SCHADS, showing SCHADS 4 as acceptable for youth workers and other similar workers plus definitions of SCHADS 3 and SCHADS 4 and have included our comments.

The IPART Draft Report represents an important opportunity to improve pricing transparency and adequacy for Out of Home Care. However, without correction to SCHADS classifications, house-level funding, and recognition of the true costs of service delivery, the model risks under-pricing and ultimately underfunding quality care.

We recommend:

- 1. The price model averaging across SCHADS levels—e.g., 50% at SCHADS 3.4 and 50% at SCHADS 4.4 for residential workers, and 50% at SCHADS 4.4 and 50% at SCHADS 5.3 for caseworkers.**
- 2. Maintain higher house-level funding to reflect fixed staffing needs.**
- 3. Average client payments to residential services to reduce complexity.**
- 4. Ensure all staff entitlements and backfill costs are fully included.**
- 5. Review employee on-costs, which appear to low, and do not appear to account for some leave, back-fill, overtime, longer tenure or other entitlements and costs.**
- 6. Revisit rent and infrastructure assumptions.**
- 7. Client based by age, would be more practical if based on average.**
- 8. Housing cost assumptions should be reviewed to more accurately reflect real costs, including damage and repairs, beyond maintenance.**
- 9. Consultation with the sector on a simplified and prompt payment system with reduced administrative burden.**
- 10. Additional work on the setup costs of new residential accommodation, including review of the 4-5 year life-span of a residential home.**