

Ms Carmel Donnelly PSM  
Chair  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket NSW 1240

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**Re: Out of Home Care Cost and Pricing Review**

Dear Ms Donnelly,

The Minister for Families and Communities, the Hon Kate Washington MP, has written to me to seek my approval for the Independent Pricing and Regulatory Tribunal to investigate and report on the cost and pricing of out-of-home care provided in NSW.

Pursuant to section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992*, I hereby refer the matter to the Tribunal for investigation and report.

The Tribunal is requested to conduct a review with the final report to be completed and provided to the Minister for Families and Communities and myself within 12 months of finalising the terms of reference.

Draft terms of reference are attached.

I look forward to receiving the recommended final terms of reference following your period of public consultation, for my consideration.

Sincerely,



**Chris Minns MP**  
Premier of New South Wales

CC: The Hon Kate Washington MP, Minister for Families and Communities and Minister for Disability Inclusion

15/12/23

**Draft TERMS OF REFERENCE for  
Review of Out-of-Home Care cost and pricing**

I, the Hon. Christopher John Minns, Premier, under section 12A of the Independent Pricing and Regulatory Tribunal Act 1992 (NSW), request the Independent Pricing and Regulatory Tribunal (IPART) to investigate and report on the cost and pricing of out-of-home care (OOHC) provided in NSW in accordance with this Terms of Reference.

**Context**

The NSW government funds the delivery of out-of-home care through the Permanency Support Program reform which commenced in 2017. Out-of-home care is delivered by both Government and non-government providers who work together in the best interests of children to provide relative and kinship care, foster care, and residential care.

The NSW Government is seeking to improve the performance and financial sustainability of the out-of-home care system. Out-of-home care services need to be funded at a rate that reflects the efficient cost of providing quality, tailored services to children and young people in care in line with service requirements and accreditation standards, whether those services are provided by the Department of Communities and Justice or by contracted non-government organisations.

**The tasks**

IPART is requested to:

- 1) Investigate and report on the efficient costs for DCJ and non-government providers, of providing out-of-home care, including the costs of:
  - a) Facilitating and administering the Permanency Support Program
  - b) Casework, including responding to child protection reports, assessing safety, case planning for permanency, placement monitoring and supporting children and carers
  - c) Administration and corporate overheads
  - d) Additional casework and legal support required by service providers to support court work when children are on interim court orders
  - e) Any other activities relevant to providing out-of-home care.
- 2) Develop benchmark costs for DCJ and non-government organisations associated with caring for and supporting a child or young person in out of home care
  - a) In relative and kinship care
  - b) In foster care
  - c) Living independently
  - d) In residential care through Intensive Therapeutic Care service types based on varying levels of intensity
  - e) In Emergency Placement options (Short Term Emergency Placements (STEP, Individual Placement Arrangements (IPAs) and Interim Care Model (ICM).

- 3) Make recommendations on:
- a) Appropriate pricing structures and levels to incentivise outcomes and delivery of services by contracted providers
  - b) A methodology for adjusting prices paid to non-government providers going forward
  - c) Care allowances for providing care and support to children and young people in OOHC.

### **Relevant considerations**

In undertaking these tasks, the Tribunal should consider:

- The roles and responsibilities of government as steward and funding provider, and non-government and government as service providers
- Differences in levels of need, case complexity and casework requirements driving the amount of casework required to conduct permanency planning, and to support children, young people, carers and families
- Whether there are additional costs for Aboriginal Community Controlled Organisation (ACCOs) PSP providers
- The current contracting arrangements to ensure quality care is provided
- Simplifying funding arrangements
- Any other matter the Tribunal considers relevant.

### **The process**

IPART is required to publicly consult in undertaking this investigation, including publishing a draft report for comment prior to finalising its final report. IPART may undertake any other consultation, including targeted consultation, that it considers appropriate.

IPART will provide the final report to the Minister administering the *Independent Pricing and Regulatory Tribunal Act 1992* (IPART Act) and the Minister for Communities and Justice within 12 months of receiving the final terms of reference.

The Minister administering the IPART Act will table the final report in each House of Parliament and forward a copy to the Parliamentary Librarian in accordance with section 19 of the IPART Act. Once the final report has been tabled in Parliament or earlier if requested by the Minister administering the IPART Act, IPART will publish a copy of the report on its website.

**The Hon. Christopher John Minns MP**

Premier

Date: