

Ms Carmel Donnelly PSM
Chair
IPART



Re: IPART's review of out-of-home care costs and pricing

Dear Ms Donnelly,

I am writing in response to your correspondence on the final Terms of Reference for a review by IPART of out-of-home care costs and pricing in NSW.

In December 2023, pursuant to section 12A of the *Independent Pricing Regulatory Tribunal Act 1992*, I referred the matter to the Tribunal for monitoring and report. I note that IPART gave notice of this referral and has sought public comment on the draft Terms of Reference.

I have considered the revised Terms of Reference you provided, and I am pleased to issue IPART with the final Terms of Reference (attached).

Sincerely,



Chris Minns MP
Premier of New South Wales

21/5

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 all aspects related to the delivery of out-of-home care from entry to leaving care
 - c) Administration and corporate overheads
 - d) Additional casework and legal support required to support court work
 - 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 with varying needs
 - a) In home-based care
 - b) In residential care
 - c) Living independently
 - d) In emergency arrangements.
- 3) Make recommendations on:

- a) Appropriate pricing structures and levels for efficient delivery of quality 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 out-of-home care.

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 organisations (ACCOs) providing out-of-home care
- The additional support required by Aboriginal children, young people and carers
- The additional support required by children, young people and carers with a culturally and linguistically diverse (CALD) background
- The additional support required by children, young people and carers with disability
- Potential cost variations by location
- 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.