



Summary for carers – Draft Report on out-of-home care costs and pricing

14 March 2025

This paper provides an overview for carers of the draft findings, decisions and recommendations we have made in our Draft Report on out-of-home care costs and pricing. It focuses on areas related to carers providing foster, relative or kinship care for a child in their home. Our full analysis can be found in our Draft Report which has been published alongside this paper. The last section of this paper shows how you can provide feedback on our recommendations.



Thank you to all carers who have contributed to the review so far. Your input is valuable to us and we look forward to continuing to hear from you before we make our final recommendations to the NSW Government.

1 Our draft findings and recommendations

We have proposed several important recommendations to improve support for carers including:



Increased financial support to cover expenses

- Increasing the standard care allowance by around 30%, or between \$117-\$497 per fortnight depending on the age of the child.^a
- The actual costs of providing necessary medical and family time expenses should be reimbursed.
- Helping with one-off costs, including limited reimbursement of expenses for new carers and extension of Active and Creative Kids vouchers to all children in out-of-home care.
- Considering extending financial support to informal carers to keep children out of the out-of-home care system wherever possible.

^a Carers of young people aged 16-17 currently receive \$586 per fortnight in the care allowance and if eligible, an additional \$231 through the Teenage Education Payment (TEP). Our recommended care allowance for 16-17 year olds makes no adjustment to account for the existence of the TEP and reflects the whole day-to-day cost of providing care to young people of this age.

For more information see Chapters 5 and 13 of the Draft Report.



Increased transparency and equity

- Clear information for carers on what financial support is available to them and how to get it.
- Greater consistency and standardisation of financial support, to ensure that carers caring for children in the same circumstances are treated equally.

For more information see Chapters 10 and 13



A simplified pricing structure based on more accurate costings

- Changes to the way out of home care is priced when it is delivered by non-government providers, including that DCJ consider centralising payments to carers.
- Clearer identification of the circumstances in which children will require additional financial support and what portion of this support is paid to carers.
- Continuation of the current arrangements for respite care, which should be applied flexibly to meet the needs of carers.

For more information see Chapter 12

These proposed changes are explained in more detail below.

1.1 Proposed changes to the care allowance

We have updated the care allowance to reflect changes in household expenditure that have occurred since the care allowance was last reviewed. The changes we captured include both changes in prices and changes in the mix of goods and services we would expect a family to purchase in relation to caring for a child.

To estimate the impact of these changes on the care allowance, we engaged the Melbourne Institute of Applied Economic and Social Research (the Melbourne Institute). The Melbourne Institute analysed data from the HILDA survey, which is a well-known survey of Australians' income and expenditure patterns.¹ To ensure that the right changes were picked up, the Melbourne Institute surveyed foster carers in NSW to confirm that the categories of costs included in the care allowance reflected the expenses faced by carers and then used data from the HILDA survey to estimate how families' costs in these categories have changed over time.²

Table 1.1 Draft recommendation on the care allowance needed to cover day-to-day expenses for children in care (\$ per fortnight, \$2024-25)

Age	Current care allowance (standard rate)	Including contribution to household costs \$2024-25	Excluding contribution to household costs \$2024-25
0-4	581	698	336
5-13	656	789	404
14-15	880	1,109	618
16-17	586	1,083	633

Source: IPART analysis of Melbourne Institute: Applied Economic and Social Research, IPART Out-of-Home Care Review: Cost of Caring, February 2025, p 24.

We also spoke with several carers and reviewed data from the carer survey we conducted to identify whether there were any additional costs that should be considered. We found that in addition to normal weekly costs, such as groceries, carers have expenses at particular times that can be significant and that these may impact their cashflow and ability to provide for the children they care for.

These significant expenses include upfront costs for foster, kinship and relative carers associated with establishing a placement. Consistent with the current practice of DCJ and some non-government providers, we consider that reimbursing these establishment costs up to a limit of around \$1,500 is an appropriate way to ensure that placements get off to a strong start. We have made additional draft recommendations to help with some other types of less frequent expenses, such as extracurricular activities, by making better use of the Government's digital infrastructure by using targeted Service NSW vouchers for children in out-of-home care. As a first step, we suggest that the current Active and Creative Kids vouchers be made available to all children in out-of-home care.

We did not have strong information on the costs of caring for children with higher needs. Using the current approach that DCJ applies for the children under its case management of applying a 50% or 100% loading on the standard care allowance, we have also updated the existing Care+1 and Care+2 allowances to reflect the recommended increase in the standard care allowance (see table below).

Table 1.2 Updated care+1 and care+2 allowances (\$ per fortnight, \$2024-25)

Age	Care+1 (50%)	Care+2 (100%)
0-4	1,047	1,396
5-13	1,184	1,578
14-15	1,664	2,218
16-17	1,625	2,166



For more information on our draft recommendations on the care allowance, see Chapter 5 and Chapter 13 of our Draft Report.

1.2 Draft recommendations to support consistency and transparency for carers

Throughout our consultation, we have heard from carers that they would not recommend caring to others because of their experiences, particularly because of the inadequacy of the financial support they receive.³ This not only puts their current placements at risk, but it also makes it more difficult to recruit new carers.

We have heard from some carers that inconsistent information about their financial entitlements has even resulted in threats of removing their children when they have questioned their rights or entitlements.⁴ We have also heard that many carers do not trust their caseworkers because they feel like the caseworker acts in the interest of saving money for the provider.⁵

We have made draft recommendations to support the provision of information and increase the consistency of financial and non-financial supports for carers. These include:

- paying the care allowance at a consistent rate for all providers for children assessed with the same level of need
- developing clear guidelines for carers
- recommending DCJ consider paying the care allowance directly to all carers.

We're also proposing that medical and therapeutic services and expenses related to maintaining birth family contact, be reimbursed based on actual costs incurred. Currently, medical and family time expenses are managed differently between DCJ and non-government providers, leading to inconsistency for carers and perceived unfairness. We have heard that some carers have had to wait for prolonged periods of time to receive reimbursement for expenses, while some others have not received a reimbursement at all.⁶

As these costs vary significantly depending on the needs of the child, we consider that they should be funded on the costs of services that are identified and delivered for each child. This would provide greater transparency and consistency for carers about the costs they will be reimbursed for. Some of the draft recommendations we have made include:

- funding for each child should match the cost of delivering individual health and wellbeing plans developed through the child's case plan
- DCJ should centralise the reimbursement of all carers for out-of-pocket medical and dental costs as per the case plan
- the costs of maintaining family connections for children case managed by non-government providers be included in their case plan and directly funded by DCJ.



For more information on our draft recommendations to support consistency for carers, see Chapter 13 of our Draft Report. For more information on our draft recommendations on reimbursements, see Chapter 10 of our Draft Report.

1.3 Respite care

Respite is planned breaks from caring for parents, carers and children. It is delivered by a registered respite carer who typically receives a flat rate derived from the care allowance. We have heard from some carers that caring can feel like a 24-hour job, particularly if their children have higher needs or are still settling into their home environment.⁷

We have made draft recommendations that respite care be funded based on the care allowance, equivalent to 24 nights a year per child, and it be used in a way that best supports the carer and the child.



For more information on our draft recommendations on respite care, see Chapter 13 of our Draft Report.

2 We want to hear from you

We have received valuable feedback and insight into carers' experiences with home-based care and the out-of-home care system throughout our review, through submissions, our public hearing and carer workshops. Carers play a vital role in supporting positive outcomes for children in care and we want to continue our engagement with carers.

We welcome feedback on any aspect of our report.

Have your say

Your input is critical to our review process. You can give feedback by:

[Submit feedback »](#)

[Register for our mailing list »](#)

Making a written submission through IPART's website by **17 April 2025**

Joining an online workshop (dates to be confirmed)



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- ¹ The University of Melbourne, [HILDA Survey](#), accessed 11 February 2025.
 - ² Melbourne Institute: Applied Economic & Social Research, [IPART Out-of-Home Care Review: Cost of Caring](#), March 2025.
 - ³ [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
 - ⁴ IPART workshops with carers.
 - ⁵ IPART workshops with carers.
 - ⁶ [Anonymous submission to IPART Interim Report](#), October 2024, p 2.
 - ⁷ IPART workshops with carers.