



Out-of-home care costs and pricing

# Interim Report

September 2024



---

## Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

## Tribunal Members

The Tribunal members for this review are:

Carmel Donnelly PSM, Chair  
Dr Darryl Biggar  
Jonathan Coppel  
Sharon Henrick

Enquiries regarding this document should be directed to a staff member:  
Ineke Ogilvy (02) 9290 8473  
Heather Dear (02) 9019 1927

## Invitation for submissions

IPART invites comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

## Submissions are due by Tuesday, 29 October 2024

We prefer to receive them electronically via our [online submission form](#).

You can also send comments by mail to:

Review of out-of-home care costs and pricing  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop, Sydney NSW 1240

If you require assistance to make a submission (for example, if you would like to make a verbal submission) please contact one of the staff members listed above.

Late submissions may not be accepted at the discretion of the Tribunal. Our normal practice is to make submissions publicly available on our [website](#) as soon as possible after the closing date for submissions. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed above.

We may decide not to publish a submission, for example, if we consider it contains offensive or potentially defamatory information. We generally do not publish sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please let us know when you make the submission. However, it could be disclosed under the *Government Information (Public Access) Act 2009* (NSW) or the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW), or where otherwise required by law.

If you would like further information on making a submission, IPART's [submission policy](#) is available on our website.

## The Independent Pricing and Regulatory Tribunal

IPART's independence is underpinned by an Act of Parliament. Further information on IPART can be obtained from [IPART's website](#).

---

# Contents

<b>1</b>	<b>Executive Summary</b>	<b>5</b>
1.1	What this Interim Report covers and our early findings	6
1.2	How we have conducted the review so far	10
1.3	How this report is structured	11
1.4	We welcome your feedback on this report	11
1.5	Preliminary findings	12
1.6	Questions we seek feedback on	13
<b>2</b>	<b>Context for the review</b>	<b>15</b>
2.1	Snapshot of the out-of-home care system in NSW	16
2.2	Children in NSW out-of-home care	17
2.3	Providers of NSW out-of-home care	18
2.4	Cost of NSW out-of-home care	20
2.5	The out-of-home care system faces ongoing challenges	23
2.6	The NSW Government is driving reform	26
<b>3</b>	<b>Overview of our approach</b>	<b>27</b>
3.1	What this Interim Report covers	27
3.2	What the Draft Report will cover	28
3.3	How we are considering quality in OOHC in our review	28
3.4	How we have conducted the review so far	29
3.5	Next steps for the review	31
<b>4</b>	<b>Pricing quality out-of-home care</b>	<b>33</b>
4.1	Overview of our preliminary findings on pricing structure	33
4.2	Child safe standards and child placement principles provide a framework	33
4.3	Pricing to deliver quality out-of-home care	35
4.4	The current pricing structure – what is and is not working	35
4.5	Issues with the current funding levels	42
4.6	Prior to the PSP funding for OOHC was on a placement basis	50
4.7	Across Australia there is a mixed model of OOHC delivery	51
<b>5</b>	<b>The cost of government and non-government delivered foster care</b>	<b>53</b>
5.1	Overview of current costs of providing foster care	53
5.2	Monitoring service delivery would provide valuable information	54
5.3	Foster care placements delivered by government are less expensive	56
5.4	Non-government providers deliver care to more children with higher care needs	57
5.5	The pattern of actual expenditure under the PSP is different from what was initially anticipated	58
5.6	There are limitations in the available data	60
<b>6</b>	<b>Casework costs</b>	<b>62</b>
6.1	Overview of current casework costs	62
6.2	Caseloads differ significantly between DCJ and non-government providers	64
6.3	The different roles of caseworkers at DCJ and non-government providers	65
6.4	The mix of children in the caseworker's caseload	67
6.5	Administrative tasks performed by caseworkers	72
6.6	Court work	72
6.7	Team structures and salary	72
6.8	The cost of vacancies and recruitment	75
6.9	Access to in-house services	76
6.10	Training	76
6.11	Potential for overlap between DCJ and non-government provider casework	77

<b>7</b>	<b>Administration and overhead costs</b>	<b>79</b>
7.1	Overview of current costs	79
7.2	Classifying DCJ teams undertaking administrative functions	80
7.3	DCJ's key administrative functions to support their delivery of OOHC	81
7.4	DCJ's administrative functions to facilitate and administer the PSP	82
7.5	The avoided cost approach has been applied to allocate shared costs within DCJ	83
7.6	Administrative costs for non-government providers	87
7.7	How administrative cost of large non-government providers compare with DCJ	93
<b>8</b>	<b>Recruiting and retaining suitable foster carers</b>	<b>98</b>
8.1	It is getting more difficult to recruit and retain carers	98
8.2	The experience of existing carers may be contributing to the carer shortage	100
8.3	Improvements in prices, costs and allowances can make a difference	100
<b>9</b>	<b>Adequacy of support for carers</b>	<b>102</b>
9.1	The standard care allowance was last reviewed around 20 years ago	102
9.2	We have heard the current care allowance is inadequate	103
9.3	Estimates of the cost of raising children	104
9.4	Care allowances need to be reviewed regularly	105
9.5	Reimbursement for additional expenses	106
9.6	Access to contingency payments is an issue for carers	107
9.7	Approaches to contingency funding in other jurisdictions	108
9.8	Kinship and relative carers face additional issues	109
9.9	Respite care	110
<b>10</b>	<b>Additional carer support for children with high needs</b>	<b>112</b>
10.1	The financial support that is available to carers of children with high needs requires review	112
10.2	Identifying children with high needs	115
10.3	Respite care for children with higher needs	115
10.4	Professionalised models of care	116
10.5	Interaction with NDIS	117
<b>A</b>	<b>Additional context on the NSW out-of-home care system</b>	<b>119</b>
A.1	The Department of Communities and Justice's role in delivering out-of-home care	120
A.2	Accreditation of providers of out-of-home care	121
A.3	Recent reviews	122
<b>B</b>	<b>Estimating the administrative and overhead cost for DCJ-delivered OOHC</b>	<b>125</b>
<b>C</b>	<b>How the care allowance was developed and how it compares</b>	<b>127</b>
C.1	The current care allowance rate is based on the findings of a 2002 study	127
C.2	The care allowance rate is higher in some jurisdictions	129
<b>D</b>	<b>Care allowances and loadings in other states 2023-24</b>	<b>131</b>
D.1	Allowance loading and additional allowances in Queensland	131
D.2	Financial support payments in Australian Capital Territory	131
D.3	Allowance loading and additional allowances in Victoria	132
D.4	Allowance loading and additional payments in South Australia	132
D.5	Allowance loading and additional payments in the Northern Territory	133
D.6	Allowance loading and additional allowances in Western Australia	133
<b>E</b>	<b>Glossary and Acronyms</b>	<b>134</b>



# 1 Executive Summary

Out-of-home care (OOHC) is provided to children and young people who are unable to live with their own families. It is currently provided through a mix of government and contracted non-government providers including Aboriginal community-controlled organisations (ACCOs). There are around 14,000 children in OOHC across NSW, comprising foster care (including relative and kinship care), residential care, as well as supported independent living and emergency care.

The cost of providing OOHC is rising. Economy-wide factors are contributing to caseworker and care-worker shortages and increasing costs for care providers. The growing cost of essentials like housing and food, along with demographic changes are also exacerbating shortages of foster carers. Increased costs have put pressure on the system and contributed to the use of expensive emergency arrangements, which further raise the cost of OOHC.

The NSW Government has recently announced some changes to the OOHC system including the prohibition of unaccredited alternative care arrangements, an expansion of intensive therapeutic care capacity and the recruitment of 200 additional foster carers.<sup>1</sup> Changes to the funding arrangements and pricing levels for OOHC could help facilitate the move away from high-cost emergency arrangements and improve the experience of children and young people in care by lessening the impact of cost pressures on the system and ensuring that other types of care are adequately supported.

IPART has been asked to assist the NSW Government to improve the performance and financial sustainability of the OOHC system. To do this, we will:

- investigate and report on the efficient costs for the NSW Department of Communities and Justice (DCJ) and non-government providers of providing OOHC
- develop benchmark costs for caring for children with varying needs in OOHC across the different care types
- recommend appropriate pricing structures and levels for the efficient delivery of quality services
- recommend a methodology for adjusting prices paid to non-government providers
- recommend an appropriate care allowance for providing care and support to children and young people in OOHC.

Our full Terms of Reference are [published on our website](#).

In undertaking our review we are guided by the [NSW Child Safe Standards for Permanent Care](#) (standards) and the Aboriginal and Torres Strait Islander principles (principles) set out in the [Children and Young Persons \(Care and Protection\) Act 1998](#) (Care and Protection Act). In practice this means that benchmark costs and prices must be structured and set at a level which enables the provision of OOHC that meets these standards and principles.

## 1.1 What this Interim Report covers and our early findings

This Interim Report addresses some of the key issues within the OOHC system and sets out some analysis and preliminary findings. The report focuses primarily on the current costs of OOHC to government, whether that cost relates to government-delivered care or care that is outsourced to non-government providers. We seek feedback from stakeholders on the content of this report.

This Interim Report is primarily based on data we've received from DCJ and non-government providers on the current state of the system and what it costs. It also summarises some of the key themes from our consultation so far. We are still in the process of collecting and analysing information. While we have made some early observations, we will investigate the issues outlined in this report further as the review progresses.

This Interim Report does not address all of the matters in our Terms of Reference for the review. For example, the Terms of Reference ask us to identify the *efficient costs* of care that is delivered by DCJ and by non-government providers, and to set benchmark costs. As the review progresses, we will undertake additional analysis in order to do this.

We will publish a comprehensive Draft Report early next year. This will cover the remaining parts of our Terms of Reference and progress the issues considered in the Interim Report in response to feedback we receive. The Draft Report will set out all Draft Findings and Draft Recommendations for feedback. Chapter 3 provides further information about how we are staging our review.

### Box 1.1 Note on terminology

**Aboriginal and Torres Strait Islander principles (principles):** These principles are set out in Part 2 of Chapter 2 of the Care and Protection Act and include, for example, the principle of Aboriginal and Torres Strait Islander self-determination and the Aboriginal and Torres Strait Islander Child Placement Principles.

**Aboriginal people:** The term 'Aboriginal' used in this report refers to Aboriginal and Torres Strait Islander peoples. It includes the many diverse communities, nations and language groups in NSW.

**Casework:** The work done by qualified professionals (caseworkers) to support the protection and wellbeing of children in OOHC and their families.

**Caseload:** the number of children a caseworker is supporting at a given point in time.

**Children:** Unless otherwise stated, where we refer to 'children' and 'child' in this report, it includes children and young people aged under 18 years.

**Foster care:** We use the term foster care to include home-based care provided by relatives and kin as well as foster carers.

### Box 1.1 Note on terminology

**Non-government providers:** We use the term non-government providers to refer to not-for-profit organisations delivering out-of-home care in NSW, typically through the Permanency Support Program (PSP), and it includes Aboriginal community-controlled organisations (ACCOs) unless otherwise noted. We recognise that ACCOs have a unique role in the sector with Aboriginal community governance arrangements.

#### 1.1.1 A pricing structure for quality out-of-home care

The Permanency Support Program (PSP) was introduced to promote a greater emphasis on providing permanency outcomes for children. It significantly increased funding for non-government providers on the expectation that the gains in permanency would shorten children's time in care. Previous reviews have found that the PSP package-based structure has not delivered the gains that it was initially intended to.<sup>2</sup>

The needs of children are diverse. Finding the balance between flexibility and ease of administration that delivers improved governance is not easy. We have heard from stakeholders and there is a range of evidence, that the current arrangements are administratively complex. DCJ has limited oversight of how the PSP funding is being spent by providers or the outcomes achieved. This makes assessing the cost effectiveness of different packages complex. In addition, innovative services and programs delivered by some non-government providers which are improving the lives of children are not widely shared and adopted.

We have found that there is lack of clarity around what services are covered in each funding package and for what additional services non-government providers can request top-up funding. This impacts the way care is delivered. There are also inconsistencies around what payments carers receive and cost pressures within the system, with some costs rising significantly (for example, insurance) and shortages in skilled staff and carers.

There are some items for which there appears to be broad agreement among stakeholders that the current funding levels do not adequately compensate non-government providers. Those include provision for the transition of Aboriginal children to ACCOs, supporting cultural connections of Aboriginal children, supporting children with high needs and case-coordination for children not in placement.

## 1.1.2 The current cost to Government of delivering foster care

We have undertaken an initial assessment of the difference in the cost to government of government (DCJ) directly delivering foster care and the cost of outsourcing care to foster-care only non-government providers. Based on this initial assessment, we estimate that the average foster care placement delivered by non-government providers is around \$73,000 per child per year and the average cost of DCJ delivered care is around \$60,000. Comparing direct service delivery costs of foster care to DCJ, non-government providers cost about \$13,000 more.

We have also found that for every child in PSP, DCJ spends \$1,900 on direct service delivery where Child and Family District Unit (CFDU) caseworkers are providing secondary case management<sup>a</sup>, and \$3,100 to administer the PSP, including managing contracts with non-government providers. This adds around \$5,000 per year on top of the direct service delivery costs of \$73,000. As a result, we estimate that the average cost of a PSP foster care placement with a non-government provider is about \$78,000 per child per year.

The primary reason for the higher delivery cost for non-government providers compared with DCJ, appears to be a higher spend on casework by non-government providers. Based on the information we have reviewed so far we note the following factors that provide context to this:

- Non-government providers spend more of their funding on casework than initially anticipated in the design of the PSP packages and significantly more than DCJ does.
- For foster care, the caseload for non-government providers varies but on average is 9 children per caseworker and the average caseload for a DCJ caseworker is 17 children.
- The profile of children in non-government provider delivered care is different from the average profile of children in DCJ delivered care. Specifically, non-government providers have a greater proportion of children identified as having medium and high care needs. Children with higher needs could be expected to take up greater casework resources.
- Fewer children per caseworker provides scope for greater support to be given to each child. More information needs to be collected on whether this translates to more hours of casework and/or to better quality care.
- High caseworker turnover and inexperience have been raised with us as key problems within the sector. Lack of caseworker support and assistance is also a theme in carer submissions we have received. Several carers raised concerns with us about frequently changing caseworkers, which negatively affects both the carer and the children they are caring for.<sup>3</sup> DCJ faces challenges retaining caseworkers. The Audit Office of NSW found that in June 2023, 49% of caseworkers had been employed with DCJ for less than 5 years.<sup>4</sup>
- Non-government providers have indicated that their caseworkers spend more time on administrative tasks than DCJ caseworkers, and we have identified duplication in casework tasks undertaken by DCJ and non-government providers for the same child.

---

<sup>a</sup> Secondary case management responsibilities include decision making in relation to the Minister's exercise of parental responsibility for children in statutory OOHc.



Many of the providers we spoke with offer wraparound services and/or innovative programs that have the potential to add significant value to the system. These complementary services offered by non-government providers, such as therapy, medical or housing services, may be especially beneficial where these are difficult to access privately. In addition, many of the non-government providers we spoke to have bespoke or tailored programs, including carer support groups and proactive respite care and life-skills services.

It is challenging to make observations about the cost effectiveness of different modes of delivery without a process to monitor the service delivery of both DCJ and non-government provider delivered care. Greater visibility of the services provided would help identify differences in the quality of care being delivered by different providers. Reporting on and analysis of quantifiable, short-term indicators of quality including the experience of children in care, caseworker and carer retention rates, and rates of placement breakdown would provide valuable information. The quality assurance framework (discussed further in Chapters 4 and 5) that has been trialled by DCJ provides a number of indicators that would be useful for this purpose.

Other cost differences between non-government provider and DCJ delivered care appear to be less substantial. The administrative costs of delivering foster care at large<sup>b</sup> non-government providers are slightly higher than DCJ's administrative costs on a per child per year basis.

### 1.1.3 Supporting carers to continue caring

Foster care is predominantly built on a volunteer model that does not compensate carers for their time. Carers receive an allowance that is designed to cover the cost of the day to day needs of the children in care, such as clothing and food. They also receive funding for some additional out of pocket expenses.

We have heard of growing dissatisfaction and frustration among foster, relative and kinship carers. We have heard from carers that the care allowance is inadequate to cover the costs of children in care and needs to be updated. Carers have also raised concerns with the responsiveness of both non-government providers and DCJ to requests for additional assistance. There is a lack of clarity for carers around what the care allowance is designed to cover, what additional expenses carers are entitled to receive funding for, what evidence they need to provide to substantiate a claim and the timeframes in which their claim will be dealt with.

In addition, the placement of children with higher needs is increasingly leading to financial strain and putting additional financial pressure on carers, and the system more broadly. We have heard from carers who have discovered that the supervisory needs of the children in their care are significantly higher than they anticipated when they agreed to become carers. In some cases, this has led those carers to cease paid employment or to go into debt to be able to continue providing care for the child.

---

<sup>b</sup> A large non-government provider (ACCO and non-ACCO) is contracted to deliver over 100 placements.

In our view the current care allowance, which has not been comprehensively reviewed for around 20 years, is unlikely to reflect the current day to day costs of children in care. We will establish the current costs of providing a reasonable standard of living to children in OOHC and will seek additional feedback from carers as we progress with our review.

## 1.2 How we have conducted the review so far

The early stages of the review have been focused on engaging with stakeholders to understand the costs of supporting a child in care, as well as facilitating and administering the OOHC system including the PSP. We have also sought data from DCJ and non-government providers.

### 1.2.1 Stakeholder engagement is critical for our review

Hearing from the people working and caring for children in OOHC is a critical part of our review. We appreciate the time taken by stakeholders to make submissions, meet with us, and provide information in the early stages of the review. We look forward to continuing to engage with all interested stakeholders throughout the review.

We have also visited non-government providers, including ACCOs, in Tamworth, Armidale, Shellharbour, Wollongong and Nowra, and met with many others online. In Tamworth we visited the DCJ Community Service Centre. We plan to visit further DCJ district units and non-government providers as the review progresses.

From the early stages of our review, we have been working with the sector peak organisations who represent non-government providers, the NSW Child, Family and Community Peak Aboriginal Corporation (AbSec) and the Association of Children's Welfare Agencies (ACWA) to engage with, and help with collecting information from, their members. In May we presented and facilitated a session at the AbSec Sector Forum in Tamworth on the costs ACCOs face in providing OOHC in their communities.

Carers also have been very engaged with our review to date, and we have received some very valuable information in submissions and responses to our feedback form. We plan to run workshops with carers in the next few months to further discuss issues and seek feedback on some of the preliminary findings and proposals in this Report.

We have also engaged with other representative peak bodies and will continue to do so throughout our review. These include:

- Aboriginal Legal Service (ALS) NSW/ACT
- the Office of the Children's Guardian
- the Advocate for Children and Young People
- Adopt Change (My Forever Family).

We also acknowledge and appreciate the cooperation we have received from DCJ so far including answering questions and providing data.

## 1.2.2 Data we have used for our review

To understand the costs of delivering OOHC we have requested data from DCJ and non-government providers.

For the Interim Report, we examined the administrative and overhead costs of facilitating and delivering OOHC for both DCJ and the non-government providers, as well as the costs of casework, including court work. We have not made findings about whether these costs are efficient at this stage of the review. We will do this for our Draft Report.

We will also consider the data related to placements, including residential care, emergency care, supported independent living and home-based care in detail in our Draft Report.

Section 3.4.2 has more information about the data we have received from DCJ and non-government providers.

## 1.3 How this report is structured

This Interim Report is structured in 4 parts:

- **Part 1** (chapters 2 and 3) sets out the context for the review and describes how we are staging the review to address our Terms of Reference.
- **Part 2** (chapter 4) considers the PSP pricing structure and identifies areas where the current structure and level of funding is impeding the delivery of care for children.
- **Part 3** (chapters 5, 6 and 7) examines the current costs of delivering home-based care for both DCJ and non-government providers. It also considers the cost drivers and reasons for cost variations.
- **Part 4** (chapters 8, 9 and 10) discusses the feedback we received from carers and presents some options for how carers could be better supported.

## 1.4 We welcome your feedback on this report

We have received some very valuable information from stakeholders who provide care for children living in OOHC which has helped us in our early analysis. We are keen to keep engaging with you and hear your feedback on the questions and preliminary findings in this report.

### Have your say

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

Making a written submission through IPART's website by  
**29 October 2024**

Attending an online public hearing on **22 October 2024**.

[Submit feedback »](#)

[Attend the public hearing »](#)

We will publish a Draft Report in February 2025, which will cover the remaining parts of our Terms of Reference and progress the issues considered in the Interim Report in response to feedback we receive. The Draft Report will set out all Draft Findings and Draft Recommendations for feedback. Our Final Report is to be submitted to the Minister for Families and Communities in May 2025.



## 1.5 Preliminary findings

- |    |   |    |
|----|---|----|
| 1. | The Department of Communities and Justice (DCJ) has limited visibility of the services delivered by non-government providers. This makes assessing the cost effectiveness of different delivery approaches challenging.   | 39 |
| 2. | There is a lack of clarity around what services are covered by each package and for what additional services non-government providers can request top-up funding.   | 41 |
| 3. | There is concern from stakeholders that the funding for individual packages in the Permanency Support Program does not reflect the costs incurred by non-government providers in delivering OOHc.   | 46 |
| 4. | There is concern from stakeholders that funding for the care of Aboriginal children by ACCOs, and their transfer to ACCO delivered care, is not transparent and does not reflect the costs.   | 46 |
| 5. | Foster care placements delivered by non-government providers cost the Government around \$18,000 more per child per year than DCJ-delivered foster care. Around \$5,000 of this is additional cost incurred by DCJ and around \$13,000 is a result of differences in the delivery cost. The main difference in delivery cost is higher expenditure on casework at non-government providers. | 56 |
| 6. | While the assessment tools used to measure child need differ materially for DCJ and non-government providers, there is evidence that, for foster care placements, non-government providers care for a larger proportion of children with high needs compared with DCJ.  | 57 |
| 7. | For foster care placements, non-government providers spend more of the funding they receive on casework and administrative costs and less on child related expenses than was anticipated when the funding levels were established.  | 60 |
| 8. | For foster care placements, DCJ caseworkers have an average caseload of 17 children and non-government providers have an average caseload of 9 children (with an average target caseload of 10 children). For comparison purposes, we note that a benchmark caseload of 12 children was recommended by the Wood Report (2008).  | 65 |

9.	Comparing caseloads across providers may be misleading because the amount of casework required depends on a range of different things, including the needs of the children in care.	72
10.	The administrative costs of delivering foster care by large non-government providers are slightly higher than DCJ's administrative costs on a per child per year basis. Across similar sized non-government foster care providers, administrative costs do not differ materially by location or ACCO status.	94
11.	The number of authorised carers in NSW is decreasing at a faster rate than the number of children in out-of-home care and the rate of decline is accelerating.	101
12.	The care allowance is out of date and requires review. The indexation that has been applied to it over the past two decades is unlikely to have adequately captured changes in the cost of caring for children.	106
13.	There is a need for clearer guidance for carers on which costs are funded by the care allowance and which costs are covered as contingencies.	108

## 1.6 Questions we seek feedback on

1.	What additional support is provided to carers to ensure they are prepared to care for a child in OOHC?	55
2.	What examples of wrap around services does your organisation/District provide to children in your care that have contributed to their improved wellbeing?	55
3.	For providers of foster care, what strategies have you implemented to improve foster carer recruitment?	55
4.	What activities and costs are involved in ensuring a smooth transition of Aboriginal children to ACCOs?	96



Part 1: Context and Approach 

---

# 01

## 2 Context for the review

The NSW out-of-home care (OOHC) system is overseen by the Department of Communities and Justice (DCJ), which also administers other child protection programs within the child protection continuum. Currently OOHC in NSW is provided by both DCJ and non-government providers, including Aboriginal community-controlled organisations (ACCOs). Non-government providers receive funding from DCJ to deliver OOHC services.

The mixed model has been in place since 2012, when some OOHC services were transferred to non-government providers following a recommendation from the 2008 Special Commission of Inquiry into Child Protection Services in NSW.<sup>5</sup> There are currently 48 contracted providers, including 16 ACCOs.

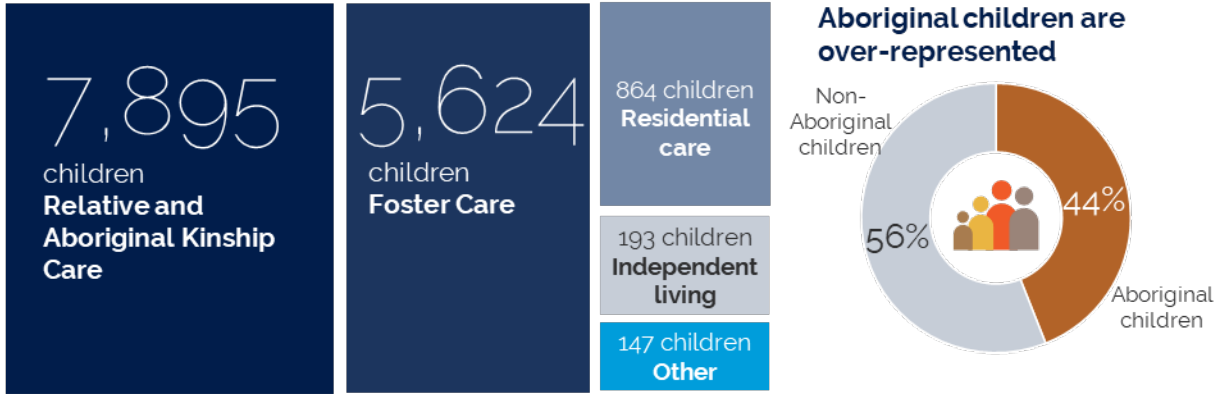
There are 5 main types of OOHC delivered by this system:

- relative or kinship care, when a child lives with a relative or someone they already know in their community
- foster care, when a child lives in the home of a carer who they did not previously know
- residential care, which is when a child lives in a group home supervised by specialist staff
- independent living, which is integrated accommodation and support for young people over 16 years old to transition to adulthood
- emergency care, which is emergency arrangements for children who have no other placement option available to them.

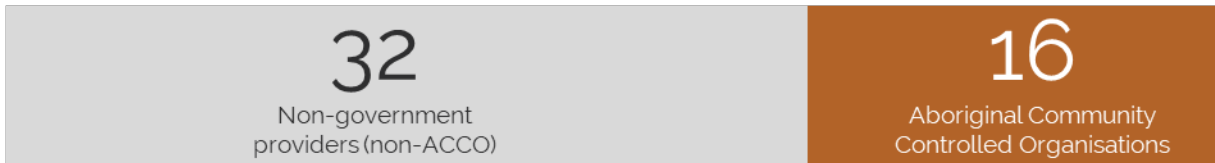
This chapter sets the scene for our review by describing the current OOHC system in NSW, as well as recent reviews, reforms and ongoing challenges.

## 2.1 Snapshot of the out-of-home care system in NSW

In June 2023 there were **14,723 children** in OOHC



There were **48 non-government providers** of OOHC



Over **\$1.88 billion** was spent on OOHC in 2022-23



Note: All totals as of 30 June 2023.  
Source: IPART analysis of data provided by NSW Department of Communities and Justice.

## 2.2 Children in NSW out-of-home care

In June 2023, there were 14,723 children in OOHC in NSW.<sup>6</sup> As shown in Figure 2.1, the total number of children in OOHC in NSW has been declining steadily since 2017. The NSW Ombudsman found this is largely due to young people ageing out of the OOHC system at age 18, rather than a change to the number of entries into care.<sup>7</sup>

The majority of children are in home-based settings – either with relatives or kin, or with a foster carer. A small number of children (typically children over 12 years old) are in residential care settings. Young people over 16 years old may be in supported independent living. A small number of children are in an emergency arrangement awaiting a placement into foster care or residential care.

Aboriginal children are overrepresented in OOHC. While the total number of children in OOHC has fallen, the number of Aboriginal children has remained relatively stable. This means that despite a range of policies aimed at reducing the overrepresentation of Aboriginal children in care, the proportion of children in care that are Aboriginal is steadily climbing. Figure 2.1 presents the total number of children in OOHC by Aboriginality over time. In 2022, 44% of children in OOHC in NSW were Aboriginal while only around 7% of all children are Aboriginal.<sup>8</sup>

Figure 2.1 Total number of children in out-of-home care by Aboriginality over time



Source: NSW Department of Communities and Justice, *Annual Statistical Report 2022-23 summary dashboard*, accessed 27 August 2024.

In 2023, 18.2% of children in OOHC had a reported disability.<sup>9</sup> This compares with 7.6% of all children aged 0-14 years old across Australia.<sup>10</sup> However, as there is currently no systematic tool to screen for disability at the intake stage of the OOHC system, some children with disability in OOHC may be undiagnosed.<sup>11</sup>

## 2.3 Providers of NSW out-of-home care

DCJ is both the commissioning agency responsible for contract management and a delivery agency. DCJ administers the Permanency Support Program (PSP), which is the program for non-government organisation delivered OOHC. DCJ commissions non-government providers including ACCOs to provide statutory OOHC under PSP for foster and relative and kinship care, as well residential care placements through the PSP. In practice, DCJ's role in the PSP includes finding and organising placements, contract management and financial oversight. DCJ is also the sole-provider of casework at certain stages within the child protection and out of home care system and a provider for some types of in-placement care.

Contracted non-government providers are delivery agencies. They provide casework and care placements. Non-government providers may provide specific types of care only (for example, residential care) or may provide the full range of OOHC services. Many contracted non-government providers also provide other services alongside their out of home care delivery. Some of these services are closely related to OOHC services (for example, therapeutic services, youth homelessness programs or social housing).

Sometimes care for an individual child is split across more than one provider, for example one agency providing case management and another providing the day-to-day care of the child.

Different agencies may offer different types of OOHC. For example, DCJ has different focus areas of care compared to non-government providers and ACCOs focus on care for Aboriginal children (Table 2.1). The allocation of children to a provider is done on a capacity and location basis. What this looks like in practice differs across districts.

Table 2.1 Total number of children in different types of out-of-home care by type of service provider<sup>a</sup> (2022-23)

	Department of Communities and Justice	ACCOs	Non-ACCO non- government providers
Foster care or relative and Aboriginal kinship care	7,205 (100%)	1,499 (100%)	6,063 (87%)
Supported independent living	0	0	267 (4%)
Other residential care <sup>b</sup>	0	0	618 (9%)
Total	7,205	1,499	6,948

a. This table is by service provider. The provider of a child placement may not necessarily hold case management.

b. Other residential care includes intensive therapeutic care, intensive therapeutic care significant disability and interim care

Source: IPART analysis of data provided by NSW Department of Communities and Justice.



### Data on child placements is limited

It is difficult to get an overview of child placement types as children can move between different types of care throughout the year. Also, children may only be in OOHC for short periods of time. We have reported the number of children in care across the 2022-23 year, which means that the number of children in the table is more than the number of children in OOHC at any given time.



There are also differences in the needs of children cared for by different types of providers. Because non-government providers provide residential care (i.e. supervised group homes) and DCJ does not, we would expect there to be a higher proportion of children with high needs in non-government provider care. Looking at foster care only, non-government providers also deliver care to a higher proportion of children that are identified as having higher support needs than DCJ does. Children in DCJ care and non-government provider care are not categorised using the same child needs assessment tool and as a result, it is not straightforward to compare care needs across providers.

DCJ services all of NSW, through a regional delivery model. Some non-government providers also service the whole state, but others only focus on certain areas.

DCJ policy seeks to place Aboriginal children in the care of ACCOs. Self-determination, identity, and culture are central to the rights and best interests of Aboriginal children.<sup>12</sup> Aboriginal children require specific considerations for their care to support and maintain their unique connections to their community, Country and culture. DCJ policy recognises that ACCOs are best placed to support this. Box 2.1 provides more information on the role of ACCOs in OOHC.

Currently, the majority of Aboriginal children in OOHC are placed with non-ACCO providers. In June 2023, there were approximately 5,202 Aboriginal children case managed by non-ACCOs (including DCJ), compared to 1,361 children case managed by ACCOs.<sup>13</sup> Initially, DCJ set the timeline for transition of Aboriginal children to ACCOs to occur between 2012 and 2022, but now there is no publicly stated due date for transitions to occur.<sup>14</sup>

### Box 2.1 Aboriginal community-controlled organisations in out-of-home care

AbSec (the peak organisation for Aboriginal children and families in NSW) defines an ACCO in the child, family and community care sector as meeting the following criteria<sup>a</sup>:

- an independent, not-for-profit organisation that is incorporated as an Aboriginal organisation
- initiated by, and is controlled and operated by Aboriginal people, thereby acknowledging the right of Aboriginal peoples to self-determination.
- based in a local Aboriginal community, or communities
- governed by an Aboriginal Board which is elected by members of the local Aboriginal community or communities where it is based and decision making of the Board is determined by Aboriginal Board members
- delivers services that build strength and empowerment in Aboriginal people and their communities.<sup>15</sup>

There is a large variation in the size, operation and roles between different ACCOs. This is because of the differences in cultural, community and geographical contexts that each ACCO operates in. ACCOs are subject to the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (Cth) and local Aboriginal governance processes. This means that ACCOs not only face external accountability as any other corporation, but also to the community.

The NSW Government has committed to building the community-controlled sector under the National Closing the Gap agreement, recognising the important role ACCOs have in delivering services for Aboriginal people and enacting self-determination.

a. DCJ uses a similar definition, see. [How an ACCO is defined](#).

Source: NSW Child, Family and Community Peak Aboriginal Corporation, *Aboriginal Case Management Policy – Fact Sheet: ACCO's role in the implementation of the ACMP*, accessed 31 July 2024. *National Agreement on Closing the Gap*, accessed 29 August 2024.

## 2.4 Cost of NSW out-of-home care

The total Government expenditure on OOHC was \$1.883 billion in 2022-23 compared to \$1.681 billion in 2021-22. The cost of OOHC has increased while the number of children in OOHC is decreasing. The NSW Government has suggested that the current OOHC system is financially unsustainable.<sup>16</sup>

The Government links these high costs to the high number of children in costly emergency arrangements, which it is seeking to eliminate.<sup>17</sup> An evaluation of the current funding system found that additional expenditure has not delivered an improvement in outcomes for children in OOHC compared to the pre-PSP OOHC system.<sup>18</sup> It also found that at the time (2023) the costs of the PSP funding model outweighed the benefits the model was envisaged to provide to children in care compared to the pre-PSP model.<sup>19</sup> DCJ is currently undertaking a system review into OOHC. Among other things this review will consider the cost effectiveness of the current mixed model of delivery, where some care is outsourced.

Successive independent reviews into NSW child protection have recommended that DCJ redirects more funding to an early intervention model of care, rather than its current crisis-driven state. Most recently, the NSW Audit Office found that DCJ has made minimal changes to its resource profile to implement such a change.<sup>20</sup> This adds costs for the government but also particularly affects Aboriginal communities, who are continuing to see their children removed at a disproportionate rate.<sup>21</sup>

#### 2.4.1 Current funding arrangements including the Permanency Support Program

The NSW Government has used various models and systems to fund OOHC over time. The PSP commenced in October 2017 and was designed to support children and families to achieve permanency. Children who are eligible for the PSP have identified case plan goals which support their transition to permanency. DCJ works together with children and families to support establishing and maintaining stable, secure and loving homes. The funding model for the PSP applies to non-government providers and is determined by assigning funding packages to the provider for each child, based on categorising the needs and goals of each individual child in the care of the provider.

The PSP was designed and introduced after the release of a 2015 independent review of the OOHC system in NSW.<sup>22</sup> The review identified that the current NSW system is ineffective and unsustainable. It also found the system is not client centred, expenditure is crisis driven and not aligned to an evidence base and the Department of Family and Community Services (DCJ) has minimal influence over drivers of demand and levers for change.<sup>23</sup> It called for significant change to OOHC to shift the system towards being client-centred and outcomes-focused, placing children at the centre of decision making with individual goals and plans to support their futures.

Funding for PSP providers is designed to cover the cost of case management and supports required to care for a child and address their needs.

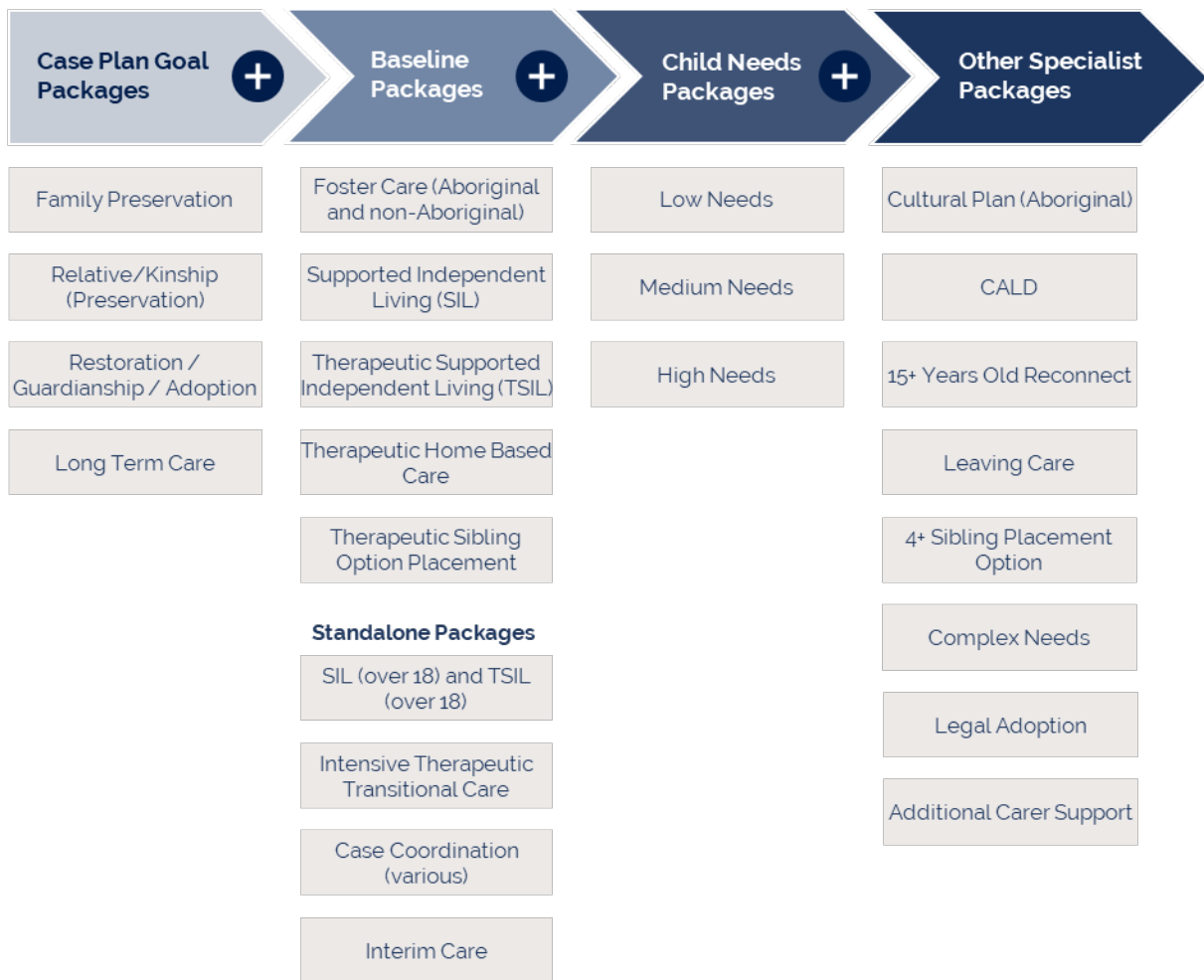
Figure 2.2 shows how the PSP is delivered as packages that are 'built-up'. For most children, the PSP provider will receive one case plan goal package, one baseline package and one child needs package, and potentially multiple specialist packages depending on the child's needs. Each child is assessed by a caseworker to determine:

- the level of their needs package using the child assessment tool (CAT)
- whether they require additional specialist packages, noting that some specialist packages are based on the child's characteristics, while assessment for other packages may be more discretionary (such as complex needs).

Children with high needs frequently also require other specialist packages to support them in OOHC.

The PSP structures a child's progression to permanency through an identified case plan goal. Caseworkers work with a child and their family and kin to identify and select the most appropriate case plan goal for both the child and their family. All parties work together and try to achieve that goal within 2 years. Eligibility for different packages within the PSP varies based on the circumstances and goals of the child and family.

Figure 2.2 Permanency Support Program package model



Note: Standalone packages are available on a case-by-case basis for up to six months.  
 Source: Department of Communities and Justice, *Permanency Support Program (PSP) Packages: Eligibility Rules and Inclusions*, July 2023, p 4.

Under the PSP, residential care for children with high and often complex needs is delivered by non-government providers. As shown in Figure 2.3, funding is provided for Intensive Therapeutic Care (ITC) homes and ITC Significant Disability (ITC-SD) homes through a combination of a house package and a baseline package per child in placement.

Figure 2.3 Permanency Support Program package model: ITC and ITC-SD Homes



Source: NSW Department of Communities and Justice, *Permanency Support Program (PSP) Packages: Eligibility Rules and Inclusions*, July 2023, p 33.

The rates for the PSP are indexed each year at a rate which matches the annual CPI. This increase is set by NSW Treasury and passed on to non-government providers by DCJ.

## 2.5 The out-of-home care system faces ongoing challenges

As demonstrated in numerous reviews of the sector (further detailed in Appendix A), the NSW OOHC system faces major challenges. Some of these which are relevant to our review are described in the following sections.

### Ongoing impacts on Aboriginal families and communities

Child removal has had, and continues to have, a significant impact on Aboriginal communities. This impact is connected to a history of past laws and policies that resulted in Aboriginal children being removed from their families based on racist ideology.<sup>24</sup> These assimilation policies, that existed in all states and territories, promoted the erasure of Aboriginal culture and identity. The children impacted by these laws are known as the Stolen Generations. This has had intergenerational impacts on Aboriginal communities and families.<sup>25</sup> As shown in section 2.2, Aboriginal children continue to be over-represented in OOHC.

We have heard that the current funding model is not set up to support the needs of Aboriginal children, including connections to culture, community and Country.<sup>26</sup> The Audit Office also found that DCJ does not provide commensurate funding to ACCOs to address the over-representation of Aboriginal children entering and in OOHC.<sup>27</sup>

### Carer shortages

As of June 2022, there were 8,470 households providing a placement for at least one child in OOHC in NSW.<sup>28</sup> In 2022 there was a shortage of around 350 foster carer households.<sup>29</sup> Between 30 June 2021 and 30 June 2023, there was a 11.4% decrease in the number of carers authorised with DCJ and a 2.7% decrease in the number of carers authorised with non-government providers.<sup>30</sup> Aboriginal communities and certain culturally and linguistically diverse communities are particularly under-represented in carer households.<sup>31</sup> Agencies and major bodies like My Forever Family are proactively trying to recruit carers to reverse the decline. The NSW Government also continues to make urgent calls for more carers.<sup>32</sup>



## Labour shortages

We have heard from many providers that it is difficult to attract and recruit staff. In March 2024, there was a 10% vacancy rate for DCJ caseworker positions.<sup>33</sup> The Mid North Coast, New England, Northern NSW region had the highest proportion of vacancies, at 17%.

Stakeholders have found that increased compliance and administrative tasks for caseworkers have increased their workload and reduced the amount of time they are able to see children and families.<sup>34</sup> Some submissions to our Consultation Paper suggested that caseworkers have a high turnover rate and are at risk of burnout, due to high workloads.<sup>35</sup> Some non-government providers said that as a result they face increased recruitment costs.<sup>36</sup>

## Cost increases

The cost of living in NSW is rising and many households rely on dual incomes. This, tied with the increased cost of housing, means fewer households have extra space to become foster carers and existing foster carers face financial pressures.<sup>37</sup> Healthcare and other specialist services have become more expensive and less accessible. As will be further discussed in Chapter 9, the care allowance has not increased sufficiently in line with the rising cost of living.

Providers are also experiencing challenges with cost increases. The increased cost of housing has also affected residential care providers. Increasing insurance premiums have been an especially large cost for OOHC providers. This is partly due to an inability to access fit-for-purpose public liability insurance following the findings of the Royal Commission into Institutional Responses to Child Sexual Abuse (2017). Workers' compensation premiums are also on the rise. Some of these rising costs will be further examined in Chapter 7.

## Reliance on high-cost emergency arrangements

High-cost emergency arrangement (HCEA) is the term used to describe non-home based arrangements designed for emergency use. They are only considered if all other placement options are exhausted and are meant to only be an interim option until a better placement is found.

As these placements are non-home based and supported by paid care staff, they can be very expensive, as well as having detrimental impacts on children.<sup>38</sup> The NSW Advocate for Children and Young People has found evidence that "the significant funds that have been spent on ACAs [a type of HCEA] could be better invested in providing alternative models and placement options for children which have a stronger focus on therapeutic support".<sup>39</sup> Recognising these issues, DCJ is working to move children out of emergency arrangements.<sup>40</sup>

Many stakeholders have criticised the system's use of HCEAs.<sup>41</sup> Submitters blamed this issue on other faults in the system, mainly due to the lack of carers and support for them, but also the inflexibility of funding to respond to emerging needs of children.<sup>42</sup> These factors are thought to lead to placement breakdowns, in turn directing children toward HCEAs.

## Resourcing early intervention

Past reviews have called for an increased focus of resources in the child protection system toward targeted early intervention, to improve outcomes for children and families as well as creating long-term budget savings. The Audit Office of NSW recently found that DCJ has made minimal progress in redirecting resources toward such a model.<sup>43</sup> This could be further exacerbating budgetary challenges in the OOHC system.

### 2.5.1 OOHC challenges are not unique to NSW

Most other jurisdictions in Australia are facing similar OOHC system challenges to NSW, including carer shortages<sup>44</sup>, inappropriate emergency accommodation<sup>45</sup> and overrepresentation of Aboriginal and Torres Strait Islander children.<sup>46</sup> Costs faced by NSW are not out of step with those in the rest of the country. The unit cost per child per placement night is about average compared to other states/territories in Australia (see Figure 2.4).

Figure 2.4 Unit cost of care (real expenditure on OOHC services per placement night) by jurisdiction (2022-23) – all types of OOHC



Source: Australian Government Productivity Commission, *Report on Government Services 2024: Part F, Section 16*, January 2024.

## 2.6 The NSW Government is driving reform

The NSW Government is seeking to reform the OOH system through various initiatives. Some of these reforms are noted in Table 2.2 below:

Table 2.2 Recent and ongoing reforms in the NSW out-of-home care system

Recent reforms	Ongoing reforms
<p><b>Introduction of different emergency care options (2021)</b></p> <ul style="list-style-type: none"> <li>• Instead of relying on non-contracted emergency arrangements, the Government tendered for providers of contracted emergency care options</li> </ul> <p><b>Uplift of funding of Intensive Therapeutic Care (2022)</b></p> <ul style="list-style-type: none"> <li>• Simplified and increased funding for residential care</li> </ul> <p><b>Increasing partnerships with Aboriginal communities (2024)</b></p> <ul style="list-style-type: none"> <li>• Establishment of the Ministerial Aboriginal Partnership Group, to incorporate input on OOH system reforms from Aboriginal community representatives</li> <li>• Setting up a restoration taskforce to support ACCOs in expanding restoration focused work</li> </ul>	<p><b>Transition of the case management of Aboriginal children to ACCOs</b></p> <ul style="list-style-type: none"> <li>• Target of majority of transitions to have occurred by June 2026</li> </ul> <p><b>Reducing the number of children in non-home-based emergency arrangements</b></p> <ul style="list-style-type: none"> <li>• More targeted recruitment of emergency foster carers</li> <li>• Increased work with providers to redirect children into other care options</li> </ul>

Sources: Minister for Disability Inclusion, Minister for Families and Communities, *\$231 Million to Rebuild the Foster Care System and Drive Disability Inclusion*, June 2024; Meeting with NSW Department of Communities and Justice, February 2024.

## 3 Overview of our approach

We have taken a staged approach for our review, and are addressing our [Terms of Reference](#) in 3 main stages:

- Identifying current cost differences between DCJ and non-government providers and what is driving them.
- Considering to what extent there is inefficiency or poor incentives because of the current price structure (PSP package model) and how this could be addressed.
- Developing benchmark costs for DCJ and non-government providers across the different OOHC placement types, for children with varying needs and costs; prices for outsourced care and the care allowance.

This Interim Report includes our analysis and early findings for the first 2 of these stages. We have initially focussed on these areas to help inform the NSW Government's broader review of the way forward for out-of-home care (OOHC) delivery. It also allows providers and other stakeholders to provide feedback on our preliminary analysis to inform our Draft Report, which will address all the matters in the [Terms of Reference](#).

### 3.1 What this Interim Report covers

As noted in our Consultation Paper for the review, we decided to release an Interim Report so that we could receive early feedback on some of the key topics in our Terms of Reference. The Interim Report includes our preliminary analysis of key topics, including the drivers of costs in the OOHC system, differences in casework costs, administrative costs and overheads, and some observations regarding the current pricing structure.

Carers have been very engaged with our review so far. Chapter 9 addresses some of the issues directly affecting carers and some of our preliminary analysis. We will undertake a study on the cost of caring before making draft recommendations on the care allowance in the Draft Report.

We consider it is important to have early feedback on these topics from stakeholders as it will help establish the focus and direction for the rest of the review. The Draft and Final Reports will further develop the analysis in the Interim Report, establish the benchmark costs for each type of care and make recommendations on the care allowance. This staged approach allows us to seek feedback on our preliminary findings and approach before finalising our recommendations on the efficient costs and pricing of OOHC.

## 3.2 What the Draft Report will cover

The Draft Report will address all of the matters in our [Terms of Reference](#), namely 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.

We will also have regard to variations in the costs of delivery between locations, as well as for different groups in the community and differences in level of need, case complexity and casework requirements.

## 3.3 How we are considering quality in OOHC in our review

The *NSW Child Safe Standards for Permanent Care* are 23 standards set by the Office of the Children's Guardian which establish the minimum standards for the accreditation of OOHC and adoption service providers in NSW. These standards are based on the statutory responsibilities of OOHC and adoption services providers as set out in the Care and Protection Act, the *Adoption Act 2000* (Adoption Act), and other relevant regulations.<sup>47</sup> The purpose of these standards is to ensure that children in care have their rights upheld and receive quality services, regardless of where they are placed.<sup>48</sup>

While conducting the review, we will consider the resources required to ensure that OOHC meets the *NSW Child Safe Standards for Permanent Care*. Specifically, we will consider the 'indicators of compliance with the standard' while developing benchmark costs. For example, costing access to medical, specialist, and therapeutic services, which is necessary to comply with Standard 9 – Health.<sup>49</sup>



Our review will also consider indicators of quality service provision from the perspectives of children in care, as well as carers. To understand quality from the perspective of children people, we will consider factors that promote their wellbeing. For example, children in care value maintaining relationships with family and friends, therefore we will examine the costs of facilitating family time.<sup>50</sup> We will also include carer perspectives about quality service provision and carer wellbeing, by considering the findings of the recent *Carer Survey* conducted by DCJ and what we hear during our consultation with carers.

## 3.4 How we have conducted the review so far

Initially we published and sought feedback on the draft Terms of Reference for the review. Based on this feedback we recommended some changes to the Terms, and the Premier signed our final Terms of Reference in May. We published a [Consultation Paper](#) in May and received 88 submissions and 281 responses to our feedback form.

### 3.4.1 Stakeholder engagement is critical for our review

Throughout the review, we have been engaging with stakeholders who provide OOHC services and who directly support children in OOHC. This engagement is critical to gain an understanding of the costs of supporting a child in OOHC, as well as facilitating and administering the OOHC system including the PSP.

We have visited non-government providers including ACCOs in Tamworth, Armidale, Shellharbour, Wollongong and Nowra, and met with many others online. In Tamworth we visited the DCJ Community Service Centre. We plan to visit further DCJ district units and providers as the review progresses.

From the early stages of our review, we have been working with the sector peak organisations who represent non-government providers, the NSW Child, Family and Community Peak Aboriginal Corporation (AbSec) and the Association of Children's Welfare Agencies (ACWA) to engage with their members and help with collecting information. In May we presented and facilitated a session at the AbSec Sector Forum in Tamworth on the costs ACCOs face in providing OOHC in their communities.

Carers also have been very engaged with our review to date, and we have received some very valuable information in submissions and responses to our feedback form. We plan to run workshops with carers in the next few months to further discuss issues and seek feedback on some of the proposals in this Report.

We have engaged with other representative peak bodies and will continue to do so throughout our review. These include:

- Aboriginal Legal Service (ALS) NSW/ACT
- the Office of the Children's Guardian
- the Advocate for Children and Young People
- Adopt Change (My Forever Family).

We also acknowledge and appreciate the cooperation we have received from DCJ so far including answering questions and providing data.

### 3.4.2 Data requirements for the review

We have requested data for the different stages of the review concurrently to reduce the level of administrative burden on service providers. For the Interim Report, we examined the administrative and overhead costs of facilitating and delivering OOHC for both DCJ and the non-government providers, as well as the costs of casework including court work. Data related to placements, including residential care, emergency care and home-based care will be considered in detail in our Draft Report.

#### Data from DCJ

We requested and have received data from DCJ for 2021-22, 2022-23, and where available Q1-Q3 2023-24 for:

- the workforce profile for all OOHC related teams within DCJ
- DCJ's financial accounts for all OOHC district and head office teams
- non-government provider income and expenditure acquittals
- de-identified unit records for all children in OOHC
- details for high-cost emergency arrangements.

#### Data from non-government providers

An accurate understanding of non-government providers including ACCO's costs and cost drivers is critical for our review. Given this, we requested information from providers on their costs of providing care and support to children in OOHC. We worked with ACWA and AbSec and providers to develop both a simplified and more detailed information request. Both ACWA and AbSec assisted a sample of their members to complete the more detailed requests.

The information sought in the more detailed request included contract expenses and income, detail on staff numbers, administrative and corporate overheads, cost drivers for casework, details on the number of carers and care allowances, residential care workers, in-house clinical and therapy workers and support staff.

We ran a series of online drop-in sessions to answer questions about the information request, which were well attended by providers. We have received over 20 completed returns so far and will continue to analyse this data throughout the review.

### 3.5 Next steps for the review

The next steps in the review will include:

- ongoing engagement with non-government providers including ACCOs and DCJ
- focussed engagement with carers, including workshops and interviews
- investigating the costs of caring to rebase the care allowance to meet the needs of caring for a child in OOHC
- developing benchmark costs and pricing levels to ensure the delivery of quality care.

We will hold a public hearing for the Interim Report on 15 October and are inviting submissions until 22 October. Table 3.1 outlines the milestones for our review.

Table 3.1 Review milestones

Review Milestone	Proposed date
Publish Terms of Reference and submissions on draft ToR	22 May 2024
<b>Publish Consultation Paper</b>	<b>22 May 2024</b>
<i>Data info requests to NGOs inc ACCOs</i>	<i>June-July 2024</i>
Submissions on Consultation Paper close	27 June 2024
<b>Publish Interim Report</b>	<b>10 September 2024</b>
Public Hearing on Interim Report	22 October 2024
Submissions on Interim Report close	29 October 2024
<b>Publish Draft Report</b>	<b>Mid-February 2025</b>
Public Hearing on Draft Report	Early March 2025
Submissions on Draft Report close	Late March 2025
<b>Submit Final Report to Premier and Minister</b>	<b>Mid-May 2025</b>

Note: Shaded rows are completed

Part 2: Pricing structure



---

02

## 4 Pricing quality out-of-home care

In this chapter we consider the pricing structure underpinning the delivery of out-of-home care (OOHC) by non-government providers, the Permanency Support Program (PSP). We identify areas where the current structure and level of funding is impeding the delivery of care for children that meets the standards and upholds the rights of all children. We also consider the incentives in the current pricing structure and the extent to which they may be driving perverse outcomes. We reflect what we have heard from stakeholders in submissions and meetings and put forward options for feedback.

As discussed in Chapter 3, we will develop benchmark costs for the different types of placements as part of the Draft Report. These benchmark costs will form part of our draft recommendations for pricing levels and structure in the Draft Report.

### 4.1 Overview of our preliminary findings on pricing structure

We have found that there is lack of clarity around what services are covered in each package and for which additional services non-government providers can request top-up funding. There are also inconsistencies around what payments carers receive and this impacts the way care is delivered. When packages are misaligned with the needs of children, there can be a significant impact on children and their carers, and the administration required to address this is an inefficient use of caseworkers' time.

Our preliminary finding is that although there has been an increase in administrative tasks and costs associated with the PSP, the Department of Communities and Justice (DCJ) has limited visibility of the services delivered by non-government providers or more importantly, the outcomes for children. This makes assessing the cost effectiveness of different packages complex.

Our preliminary analysis indicates that current funding may be inadequate to deliver quality OOHC services in some areas. These include the care allowance, funding to support the transition of Aboriginal children to ACCOs or meet the needs and rights of Aboriginal children in OOHC. In addition, we have heard that the funding to deliver services for different groups or locations may be inadequate. We will consider these factors and issues further in our Draft Report.

### 4.2 Child safe standards and child placement principles provide a framework

The [NSW Child Safe Standards for Permanent Care](#) are based on the statutory responsibilities of OOHC and adoption service providers, as set out in the objects and principles of the *Children and Young Persons (Care and Protection) Act 1998* (Care and Protection Act), the *Adoption Act 2000* and relevant regulations. They are intended to ensure that the rights of children in OOHC are upheld (Box 4.1 sets out these rights).

Further, the rights of Aboriginal children in OOHC to be supported to maintain connections to family, culture, community and Country are recognised in the 'connection' element of the Aboriginal and Torres Strait Islander Children and Young Persons Principle of the Care and Protection Act.<sup>a</sup>

These standards and principles provide a framework for the pricing structure for OOHC. In recommending prices, we will take account of the services and costs that are required to meet these standards and principles. For example, the additional costs required to support children and carers on cultural trips and programs including visiting Country, family members and places of cultural significance.

#### Box 4.1 Charter of Rights for children and young people in out-of-home care in NSW

Based on the [UN's Convention on the Rights of the Child](#) and the [Charter of Rights for Children and Young People in Out-of-Home Care in NSW](#), children and young people have a right to:

- be safe and protected from harm
- live a full life and develop healthily
- participate in decisions that affect them
- healthy living environments
- receive an education
- receive quality health care
- maintain relationships with family and people of significance
- maintain connections to community, culture, language and spirituality
- information about issues that concern them
- privacy
- engage in leisure activities and spend time with their peers
- services that assist them to achieve their full potential.

Source: NSW Government, Office of the Children's Guardian, [Accreditation framework](#), accessed 12 August 2024.

---

<sup>a</sup> Connection is one of the 5 elements in the Aboriginal and Torres Strait Islander Children and Young Persons Principle in s12A of the Care and Protection Act.

### 4.3 Pricing to deliver quality out-of-home care

As discussed in Chapter 2, the NSW OOHC system has been subject to frequent reviews and reforms, many of which identified similar issues and made similar recommendations. Despite this some challenges continue to persist, impacting the lives of children and families.

A pricing structure could be used to incentivise the delivery of quality services and improved outcomes for children in OOHC. However, caution is required to ensure that incentives do not lead to inappropriate placements or a reluctance to accept more challenging placements.

The recent Evaluation of the Permanency Support Program (PSP Evaluation) undertaken by a consortia<sup>b</sup> led by the Centre for Evidence and Implementation found that the current PSP payment structure does not effectively incentivise the achievement of positive outcomes (or penalise non-achievement). For example, DCJ has not applied contract abatements for providers which did not accept referrals or provide placements in line with contracted service agreements.<sup>51</sup> The funding for different packages may have been intended to reflect the time and costs of delivery but there may be no incentive, or in fact be a disincentive, to achieve the package's intended permanency outcome. For example, successful guardianship arrangements result in PSP service providers no longer receiving funding for the placement.<sup>52</sup>

The PSP was a significant reform to the way OOHC is delivered in NSW. Given this, and the resources required for its implementation, we will carefully consider what is and isn't working before recommending changes to funding arrangements.

In considering how the pricing structure and levels might be able to address some of the perennial issues in the OOHC system, there is a tension between increasing the flexibility for how providers are able to use funding, and the government being able to assess the effectiveness of the care and services provided to children in OOHC without the administrative burden becoming overwhelming. There is also a need to ensure that funding is used efficiently and pressure on the NSW Budget is contained.

### 4.4 The current pricing structure – what is and is not working

The PSP Evaluation found that while the PSP had successfully embedded permanency planning and practice across the OOHC system, there had not been an increase in the proportion of children achieving permanency goals within two years, irrespective of the type of permanency goal.<sup>53</sup>

We have heard in submissions and consultation with providers about various packages and aspects of the system which are inefficient and potentially creating perverse incentives. We have also heard how the PSP pricing structure has impacted the delivery of care in line with the Child Safe Standards and Aboriginal and Torres Strait Islander Child and Young Persons Placement Principles. These are discussed in the following sections.

---

<sup>b</sup> The consortia included partners from Monash University, University of Melbourne and the Cultural and Indigenous Research Centre Australia.



#### 4.4.1 Lack of clarity of package inclusions creates variations in the level of support provided to children

Non-government providers are responsible for allocating PSP package funding to meet the needs of the children in their care. While the package inclusions are listed, providers have flexibility as to how the funding is allocated, and DCJ has no visibility of the services provided. This can mean children with the same packages receive different types of support. As is explored further in Chapter 5, we found that the way funding is being used is different to what was envisaged when the PSP package prices were designed. For example, foster care-only non-government providers are spending proportionally more on casework and administration, and less on child and carer costs, than anticipated in the PSP packages.

We have heard there is a lack of transparency in how supporting cultural, family and community connections for Aboriginal children is specified and funded in the different PSP packages (Case Plan Goal, Baseline Packages for Aboriginal Foster Care and the Aboriginal Cultural Plan Package). AbSec argues that it is important to distinguish which resources are allocated to ACCOs to enable to fulfilment of the 'connection' principle within the Aboriginal and Torres Strait Islander Child Placement Principles and to operationalise Aboriginal Case Management Policy.<sup>54</sup>

Non-government providers are responsible for allocating funding for the care allowance from each child's baseline package. The minimum care allowance paid to carers must be in line with the [DCJ standard care rate](#).<sup>55</sup> Some providers may pay more than this rate to attract and retain carers. However, the capacity to do so varies between providers and this can make it harder for some providers to attract and retain carers. We note also that DCJ does not have visibility of the allowance paid to carers by non-government providers. We consider it would be clearer and simpler for the care allowance to be a standalone item rather than included in the baseline package and potentially paid directly by DCJ to the carer.

In addition, as discussed in section 9.5, submissions from carers indicated that there is great variation in the amounts allocated to contingencies.<sup>c</sup> Funding for contingencies is currently embedded in the PSP packages with the expectation that non-government providers will fund appropriate contingencies for carers. If there is insufficient funding allocated for contingencies in the child's case plan and baseline packages, or if providers choose to allocate that funding to other items, either the carer ends up out-of-pocket, or the services are not provided. Another approach has been to make applications to DCJ for complex needs<sup>d</sup> funding. This increases administration for caseworkers and DCJ, and we note that more than half of complex needs applications are declined.<sup>e</sup>

<sup>c</sup> Contingency funding is intended to meet costs which are beyond those to be covered by the care allowance. Examples of costs considered contingencies include professional reports required by the court as part of care proceedings, psychological counselling, expensive medications to manage psychiatric disorders, speech and other therapies to address developmental delays, tutoring to address educational deficits, travel and accommodation to facilitate 'family time' contact with the child's family.

<sup>d</sup> Complex needs are a specialist package to support extraordinary circumstances for a child in statutory OOH. The package is a one-off or time-limited payment. There are 4 categories for complex needs requests: therapeutic behaviour support, disability care, additional rostered staff (ITC/ICM only) and discretionary extraordinary placement support. See NSW Government, Department of Communities and Justice, [Permanency Support Program \(PSP\) Packages: Eligibility Rules and Inclusions](#), July 2023, p 29.

<sup>e</sup> The Audit Office found that DCJ declined 53% of the NGO complex needs applications that were finalised from November 2022 to January 2023. See NSW Audit Office Report - Performance Audit, [Oversight of the child protection system](#), June 2024, p 51.

Clearer guidance about the relative funding allocations for items to be met from each package could reduce inconsistencies between providers, as well as the administrative burden of applying for complex needs funding. As discussed further in section 4.4.4 and Chapter 9, we consider clear guidelines could help clarify what costs should be met as a contingency from the child's allocated package, and what carers are expected to cover from the allowance. This would also help ensure that package funding is allocated as intended, rather than absorbed into the operations of the non-government provider.

Although the package-based system was intended to deliver tailored services to individual children in OOH, in practice providers are able to allocate funding packages flexibly as part of their organisational budgets.<sup>56</sup> We have heard from non-government providers that they move funding between children, for example, where the package funding is inadequate for one child, underspent funds from another child's package may be used to meet the shortfall.<sup>57</sup> The need to reallocate funding between children may be due to inadequate funding for particular packages and/or a misallocation of packages if the child's needs are higher than the packages they have been allocated. We discuss these issues further in section 4.4.4.

#### 4.4.2 The PSP has increased administrative burden without visibility of services delivered or outcomes achieved

The PSP represents a large administrative cost for providers and DCJ. As discussed in Chapter 7, we estimate that large<sup>f</sup> non-government providers are spending around \$15,500 per child per year (for foster children) on administrative costs. DCJ spends a further \$3,100 per year administering the PSP system and managing contracts for each child whose care is managed by a non-government provider.

By allowing non-government providers to allocate package funding to meet the needs of the child, the PSP was intended to provide flexibility. However, the PSP is considered to have led to an increase in administration, data entry and compliance tasks at the expense of practice related work or a focus on evidence-based services for both DCJ and non-government providers.<sup>58</sup> In addition, DCJ does not have visibility of the services provided or more importantly, the outcomes for children.

"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 ... it does not adequately address the needs of individual young people, is complicated and inefficient."

Southern Youth and Family Services<sup>59</sup>

<sup>f</sup> A large non-government provider (ACCO and non-ACCO) is contracted to deliver over 100 placements.

We have heard from non-government providers that administrative requirements have increased substantially, to the point where the burden to meet compliance with administrative processes potentially delays services' capacity to meet the needs of children.<sup>60</sup> Also that the need for manual reconciliation based on individual packages leads to significant delays in payment. Submitters noted that the package service model also creates a significant workload for DCJ staff.<sup>61</sup>

Each contracted non-government provider receives an annual amount based on the number of children they are delivering services to. Funding is paid quarterly in advance and reconciled annually for any over or underpayments that occurred in the previous financial year.<sup>62</sup> However, we have heard that the reconciliation process can take several years to complete, which can create cashflow problems for PSP providers waiting for money they are owed, as well as in cases where they have been required to repay DCJ for funding received more than 2 years ago.<sup>63</sup>

The Program Level Agreement between DCJ and each non-government provider includes provision for abatements for failure to meet key performance indicators, including not developing or reviewing a plan on time or not appropriately reporting it to DCJ.<sup>64</sup> However, the Audit Office found that DCJ has not implemented these penalties due to problems with providers accessing ChildStory and therefore being unable to collect reliable data on placements provided.<sup>65</sup>

It is appropriate that providers be required to account for the funding they receive. However, as found by the NSW Audit Office, DCJ does not collect data from non-government providers to determine the nature of the services that were delivered to the child against the funding for each package. Currently providers are not required to report on how they spend the package funds or report on any outcomes that relate to the child's health, wellbeing, cultural, or educational needs.<sup>66</sup>

DCJ has trialled a Quality Assurance Framework (QAF) with a DCJ district and several non-government providers across NSW.<sup>67</sup> Under the QAF outcomes for children in OOHC were assessed across the domains of safety, permanency, and wellbeing (including educational potential, physical health and development, emotional and psychological wellbeing, social functioning, and cultural and spiritual identity).<sup>68</sup> However, there were challenges in using the QAF including linking data from other systems, and further work is being undertaken to ensure it is fit-for-purpose before being implemented system-wide.

We have heard from non-government providers about some of the innovative services and tailored support they provide to the children in their care, such as the William Campbell Foundation Pre-Sil Independent Living Program.<sup>9</sup> Being able to share such examples where they result in positive outcomes and are cost effective<sup>h</sup> would be valuable for the OOHC system. We acknowledge that this would potentially lead to an increase in monitoring and reporting. However, this could be offset by streamlining existing reporting requirements and removing current inefficiencies. We discuss some of these below.

---

<sup>9</sup> Further information on [William Campbell Foundation Supported Independent Living programs](#) can be found on their website.

<sup>h</sup> Noting that benefits may not be quantifiable in the short term, this may involve comparing the relative cost and outcomes of different services.

## Preliminary finding



1. The Department of Communities and Justice (DCJ) has limited visibility of the services delivered by non-government providers. This makes assessing the cost effectiveness of different delivery approaches challenging.

### 4.4.3 Establishing permanency within 2 years is challenging

One of the underlying principles of the PSP is to establish permanency for children within 2 years. When a child enters care, and until a case plan is recorded (within 30 days), the default case plan goal is Assess Restoration, and the default case plan goal package is restoration. Case plans with the goal of restoration, guardianship or adoption include funding for intensive family support, assessments and preparing for court proceedings, and are funded at a much higher rate than case plans with the goal of long-term care.<sup>i</sup>

If permanency has not been achieved within 2 years, funding is reduced to the lower rate for long term care. Only in exceptional circumstances can PSP providers apply to have the case plan goal package extended if the goal remains in the best interests of the child.<sup>69</sup>

However, as noted by submitters such as Barnardos, there are external drivers that significantly impact timeframes for restoration and open adoption processes; and it is more often the case that adoption outcomes are not achievable within 2 years, due to Supreme Court scheduling and adoption matters being contested. Therefore, Barnardos considers that there needs to be a change to the requirement to apply to extend permanency case plan goals and for the funding model to be aligned with the system it is operating in.<sup>70</sup>

Similarly, Southern Youth Family Services considers that the 2-year timeframe is interpreted too narrowly by DCJ to achieve restoration or foster placement. While possible for some children, it is not realistic for all children.<sup>71</sup>

When restoration, guardianship or adoption is considered in the best interests of the child, it needs to occur within a reasonable timeframe. However, where circumstances outside the control of the provider, such as court processes, make achievement within 2 years impracticable, the process for extending the timeframe for package funding needs to be as streamlined as possible.

There may also be challenges arising from the relative funding difference between the different case plan goal packages. These could include:

- For providers, achieving positive permanency outcomes for children such as restoration, guardianship and adoption, means the loss of funding and often the carer.<sup>72</sup> This could present a perverse incentive for providers.

---

<sup>i</sup> Case plan goal packages from 1 July 2023 were \$32,105.40 p.a. for Restoration/Guardianship/Adoption and \$13,450.25 for Long Term Care. See NSW Government, Department of Communities and Justice, [PSP rates effective from 1 July 2023](#), p 1.

- Unintended consequences for children in long-term care due to the focus on permanency within the PSP and its payment structure. The PSP Evaluation noted that providers believed the PSP has resulted in fewer resources being available for children in long-term care, despite the often high needs and large numbers of these children.<sup>73</sup>

For our Draft Report we will consider the intensity of casework, including court work, involved in working with children with a goal of restoration, guardianship or adoption. We will also seek to avoid funding incentives that could divert resources from focusing on the safety and wellbeing of children.

#### 4.4.4 Inappropriate package allocation can delay service delivery and contribute to administrative and financial burdens

When packages are assigned at a level that do not meet the needs of the child, this adds to the administrative burden for both non-government providers and DCJ. It can also delay delivery of appropriate services and/or result in providers carrying the extra costs. We heard that inappropriate or inaccurate categorising of child needs in terms of the Child Assessment Tool (CAT), invariably causes time and administrative delays in responding to child needs.<sup>74</sup>

The PSP Evaluation recommended that the default low needs package should be overridden if the child has a previous and recent CAT score in the system. It found that children entering care were initially given a lower child's needs package than their most recent CAT score suggested. Over time, children were generally moved to higher child's needs packages.<sup>75</sup>

As suggested by the PSP Evaluation, allocating children a needs package based on their most recent CAT score would be more accurate and would better facilitate the casework and services required to improve children's outcomes.<sup>76</sup> There also needs to be greater flexibility for packages to be stepped up and down when the level of the child's needs changes significantly.

Assigning child needs packages more accurately would also avoid unnecessary administrative and financial burdens. As the NSW Audit Office found, there are significant backlogs of assessments that non-government providers must request from DCJ to change a child's need categorisation.<sup>77</sup> DCJ Districts vary in the processes that non-government providers must follow to have a child's needs reassessed, and in the time taken for reassessment. The Audit Office found that some Districts took up to 3 months to consider and approve a reassessment, while others completed the process more rapidly. If a child is reassessed as requiring a higher category of support, DCJ may not reimburse the provider for any increased services provided while awaiting reassessment. In these Districts, the provider carries the financial burden for the time it takes for re-assessment approval processes.<sup>78</sup>

Similarly, we heard that applying for Additional Carer Support packages for carers caring for children with behavioural difficulties, special medical needs or disabilities is a lengthy process and is in addition to the Child Assessment Tool (CAT) process.<sup>79</sup> These packages may be used for additional carer recruitment, matching and training; more carer respite; more casework support; and a higher care allowance.<sup>80</sup> In 2022-23 there were around 715 children in foster care with an Additional Carer Support package. Of these 23% were assessed as having low needs, 62% medium needs, and only 15% were assessed as high needs. This would suggest that the needs of some of these children are higher than their current CAT score.

In submissions to our Consultation Paper, we heard from caseworkers about the time spent writing lengthy applications for extra funding from DCJ for Complex Needs Packages. They stressed the need for a better method of assessing the needs of children in OOHC and applying the correct level of funding more efficiently.<sup>81</sup>

“The problem is that the things that fall under these packages are usually not ‘additional’ or ‘complex’. It is hugely inefficient making me waste my valuable case management time applying over and over for the same kinds of extra supports.”

Anonymous submission<sup>82</sup>

As discussed in section 4.4.1, greater consistency and clarity about the services that should be provided from contingencies in the child's packages could alleviate some of the administrative burden on caseworkers. We consider that guidelines clarifying what costs should be met as a contingency from the child's allocated package would help address some of these issues.

### Preliminary finding



2. There is a lack of clarity around what services are covered by each package and for what additional services non-government providers can request top-up funding.

#### 4.4.5 Ensuring placements are available when required is complex

Up until 1 July 2023 non-government providers received a Placement Capacity Payment for vacant placements that reflected the difference between the number of contracted placements and their actual number of filled placements.<sup>83j</sup> This was intended to fund providers to maintain carer vacancies so that they could accept immediate placements.<sup>84</sup>

However, the PSP Evaluation found that providers did not provide the placement vacancies they were funded and contracted to provide, creating inefficiencies in the system and resulting in more children in alternative non-foster care arrangements. This was related to the insufficient pool of carers.<sup>85</sup> In 2022 when the payment was proposed to be discontinued, there were 500 funded vacancies, despite children in need of placement, some ending up in Alternative Care Arrangements (ACAs) as vacancies were not able to be utilised.<sup>86</sup>

<sup>j</sup> The Placement Capacity Payment was \$35.76 per day, or \$13,052.40 per year per actual vacancy. See NSW Government, Department of Communities and Justice, Program level agreement and contract governance. [Schedule 3 – Payment Provisions](#), Appendix A, p. 13.

We have heard from providers that the payment allowed flexibility and enabled them to maintain vacancies for new children coming into OOHC. Also, that the removal of this payment has impacted their ability to maintain staffing levels and undertake foster carer recruitment.<sup>87</sup> We note that DCJ introduced a Sustainability Payment of up to \$100,000 from 1 July 2023 for non-Aboriginal foster care service providers with less than 100 contracted placements on an as needs basis.<sup>88</sup>

The baseline package for foster care includes funding for carer on-costs (such as recruitment, assessment, training, and authorisation). In estimating benchmark costs, we will consider the adequacy of this funding, and whether there are more efficient ways of maintaining capacity to accept placements, especially with the current shortage of carers.

## 4.5 Issues with the current funding levels

As part of our review, we are required to recommend pricing levels for efficient delivery of quality services by contracted providers. As discussed, we will do this in our Draft Report, once we have established benchmark costs for the different types of placements. The sections below discuss some packages and services where the current funding level is likely to be inadequate and how this may be impacting the quality of the care provided and potentially resulting in adverse outcomes.

### 4.5.1 Care allowances need to be assessed to ensure they are adequate

As discussed in Chapter 9, we have consistently heard from stakeholders (including carers, caseworkers, and non-government providers) that the care allowance is not sufficient to cover the day-to-day costs of caring for a child in OOHC. As a result, it is becoming increasingly difficult to recruit and retain carers. The number of authorised carers in NSW is declining. Between 30 June 2021 and 30 June 2024, there was a 14% decrease in the number of authorised carers (from 18,369 to 15,871).<sup>89</sup>

We have heard that the shortage of carers, along with pressures on existing carers created by inadequate financial support, managing challenging behaviours and difficulty accessing respite care, is leading to more children being placed in emergency accommodation. In 2022-23, 63% of the children placed in ACAs were moved there due to the breakdown of their OOHC placement.<sup>90</sup>

Ensuring the care allowance reflects the current costs of caring for a child is one factor that may help to address the shortage of carers. As discussed in more detail in Chapter 9, the care allowance was based on a 2002 study by the Social Policy Research Centre. Although it has been increased in line with CPI, the relative cost components and types of costs it is required to cover are likely to have changed over the past 20 years. For our Draft Report we will review the costs of caring and make draft recommendations on the care allowance.



#### 4.5.2 Funding for the transition of Aboriginal children is not cost reflective

As mentioned in the Chapter 2, the transition of Aboriginal children to ACCOs is a NSW Government policy which recognises that ACCOs are best placed to provide care and case management, uphold the right to self-determination and support Aboriginal children's connections to culture, community and Country.<sup>91</sup> The policy is underpinned by the Aboriginal and Torres Strait Islander principles in the Care and Protection Act.<sup>92</sup>

An annual upfront Aboriginal Transition Support Payment of \$150,000 for service providers who are ACCOs was introduced from 1 July 2023.<sup>93</sup> The amount is intended to support both new and established ACCOs, but as submitted by AbSec, there is no transparency around how the payment was costed or what services it is supposed to cover.<sup>94</sup> The payment is the same regardless of the size and capacity of the ACCO or the number of children transferred into their care.

In our consultation with ACCOs we have heard about the complexities and costs involved such as additional case work due to incomplete case information on the Aboriginal children who transfer, undertaking carer reassessments, as well as the financial risks due to uncertainty about when transfers are occurring.

We have also heard from non-ACCO providers that face challenges with the process of transferring Aboriginal children to ACCOs such as the loss of carers they have recruited, assessed and trained, as well as the child's funding package, and potentially a reduction in the number of case workers they are able to employ.<sup>95</sup> There may also be reluctance from the carer to change provider.

We will investigate the costs associated with the transition of Aboriginal children to ACCOs and make recommendations in our Draft Report. We will also consider how non-ACCO providers may be incentivised to facilitate the transfer.

#### 4.5.3 Funding levels do not meet the needs and rights of Aboriginal children

Under the PSP Aboriginal children receive an Aboriginal cultural plan package, consisting of an establishment payment of \$4,164, to support cultural care planning, participation in cultural activities, family finding and genealogy work, and an annual payment of \$494 each subsequent financial year to support the review of the cultural plan and participation in cultural activities.<sup>96</sup> Aboriginal children managed by an ACCO also receive an Aboriginal foster care baseline package.

ACCOs have highlighted that the current funding structure does not meet the needs and rights of Aboriginal children. For example, AbSec points out that the 'Aboriginal Foster Care' baseline package is only \$1,734 higher than general 'Foster Care' baseline package<sup>k</sup>, which does not cover the additional costs for ACCOs to deliver culturally appropriate care in line with the NSW Government's [Aboriginal Case Management Policy](#).<sup>97</sup>

---

<sup>k</sup> This figure is reflective of the Aboriginal Foster Care baseline package compared to the Foster Care baseline package as of 1 July 2023.

Similarly, AbSec notes that the one-off cultural plan payment of \$4,164 is inadequate to support cultural care planning, participation in cultural activities, family finding and genealogy work for new Aboriginal children in care. It does not cover the cost of building and/or rebuilding connections across extended family and kin structures in a way that honours the requirements of the [Aboriginal and Torres Strait Islander Child Placement Principle](#) relating to 'connection'. Additionally, AbSec considers the annual payment of \$494 per child fails to acknowledge the resources required to support children and carers on cultural trips and programs including visiting Country, family members and places of cultural significance.<sup>98</sup>

We heard directly from ACCOs about some of the additional costs they face in delivering culturally appropriate OOHHC for children (see Box 4.2).

### Box 4.2 Additional costs faced by ACCOs

We heard from AbSec, as well as in meetings and workshops with ACCOs about some of the additional costs they face. The costs raised with us include:

- Higher administration and compliance costs associated with issues including carer and family assessments and intake procedures. These tend to be more complicated when working with extended Aboriginal family, kin and community networks.
- More extensive travel and time spent supporting cultural connections of Aboriginal children with family, kin and Country. This involves additional costs for travel, fuel, accommodation, meals, incidentals and building in longer stays. It also requires funding to support the participation of family members so that costs are not a barrier to building relationships with family and community members, Elders and mentors so they can share knowledge and support children to build their cultural identity.
- Greater and more consistent investment in cultural planning across the child's time in care. Cultural planning is not conceived as a discrete or 'one off' activity when a child first enters care but an implicit component of ACCO ways of working.
- Greater time spent in family finding and genealogy work.
- Community accountability means engagement and sponsoring of community events. NGOs and DCJ are constantly seeking cultural advice and knowledge without recognising this as cultural intellectual property or compensating ACCOs and Aboriginal practitioners for their time. Community keeps ACCOs accountable, means they go above and beyond, particularly for cultural and community supports, as it is critical to Aboriginal ways of being and doing.
- Cultural obligations mean there is no 'off clock' for staff undertaking what is often traumatic and potentially triggering work.

### Box 4.2 Additional costs faced by ACCOs

- The work with children and families is often more complex and intertwined as it flows from intergenerational trauma and family-led decision-making processes, including family group conferences, take time and require good conflict management skills.
- ACCOs have higher costs in upskilling new staff; creating new entry points and mentoring for Aboriginal people with both system knowledge and lived experience who are completing qualifications; and in training and supervising non-Aboriginal staff to provide culturally safe and appropriate support.
- ACCOs devote more time and resources to advocating for families experiencing systemic justice and violence and carry a significant cultural and committee load providing policy and program advice to DCJ, OCG and other entities.

Source: [AbSec submission to IPART Consultation Paper](#), July 2024, pp 10-11, supported by IPART led workshop at the AbSec sector forum in Tamworth, May 2024.

Using data we have received from ACCOs and other non-government providers, we propose to include in our Draft Report draft recommendations to reflect the costs of providing care to meet the needs of Aboriginal children in line with Aboriginal and Torres Strait Islander principles and the NSW Child Safe Standards for Permanent Care.

#### 4.5.4 Funding is insufficient for children who require more help

We also propose to include in our Draft report analysis of variations in the costs of delivery for different groups in the community and differences in level of need, case complexity and casework requirements. These groups include:

##### **Children with disability**

Many stakeholders discussed the complexity of navigating the National Disability Insurance Scheme (NDIS) system, creating administrative burden for caseworkers and delaying/preventing children from accessing appropriate care. Some carers stated that combined DCJ and NDIS funding still does not cover the cost of caring for children with disability.

We will further review the potential to simplify the OOHC funding arrangements for children with disability and their carers. We have heard that the extra funding in the high needs package is insufficient (at under \$5,000 more than the medium needs package per year, and just under \$8,000 more than the low needs package).<sup>199</sup> It is also complicated because of the different specialist packages that support children with high needs.

---

<sup>1</sup> Child Needs Packages from 1 July 2023 are: \$5,460.40 p.a. for a child with low needs, \$8,577.50 p.a. for a child with medium needs, and \$13,359.00 p.a. for a child with high needs. NSW Department of Communities and Justice, [PSP rates effective from 1 July 2023](#), p 2.

## Case study: Trish

### ***The content in this case study describes traumatic experiences and may be distressing***

An example of the complexity that significant mental health issues can create for an OOHC provider is the case of Trish. The non-government provider accepted a referral for Trish and opened a dedicated house to enable her to be housed separately. On the first day of the placement, Trish attempted suicide and was required to be supervised 24 hours a day by 2 staff, with awake night shifts. A very significant high-cost complex needs package was needed to set up and maintain the level of staffing needed to keep her safe.

At the time of accepting the placement, the provider was unaware that Trish's mental health was so unstable. It was the provider's view that, given Trish's high needs, she should not have been transferred out of the care of the hospital and medical team into their care until her mental health had stabilised to the point where she could return safely to the community.

Note: The name and other identifying information of the young person in this case study have been changed.  
Source: Case study from provider.

## Children from culturally and linguistically diverse (CALD) backgrounds

Currently children in OOHC from a CALD background are provided with a one-off specialist package of around \$1,700 to meet the costs of targeted recruitment, training and support for carers, and contribute to the cost of specialised staff.<sup>100</sup>

Several stakeholders commented on the inadequacy of current funding for support for children with CALD backgrounds.

### Residential care

Several submitters suggested that funding for residential care is inadequate. Specifically, some providers commented that funding prevents them from accessing and owning suitable properties, which they considered to be more efficient in the long term.<sup>101</sup>

We will examine the costs of providing residential care in our Draft Report.

## Preliminary Findings



3. There is concern from stakeholders that the funding for individual packages in the Permanency Support Program does not reflect the costs incurred by non-government providers in delivering OOHC.
4. There is concern from stakeholders that funding for the care of Aboriginal children by ACCOs, and their transfer to ACCO delivered care, is not transparent and does not reflect the costs.

#### 4.5.5 Location can impact costs and access to services

Regional and remote areas are likely to experience higher travel costs related to travel for family visits, caseworkers visiting families, carers transporting children to activities and appointments, and travel to access therapeutic and specialist medical services. In addition, services often face additional challenges recruiting regional skilled and qualified staff. When not going in-house there are limited options for specialist medical services, in turn increasing travel and associated costs.<sup>102</sup>

"[higher costs are] ... especially prominent where case management involves home visits, supporting children and carers who are widely spread in some geographical locations."

Barnardos Australia<sup>103</sup>

Barnardos also notes that NSW Health pathways programs invariably have long wait times for essential services in rural and remote areas and health services are inaccessible due to service gaps. To ensure timely and appropriate services to children in need, they often engage private health practitioners, and these expenses are not reimbursed.<sup>104</sup>

Box 4.3 describes some of the extra costs faced by an ACCO operating across a large geographical area.

##### Box 4.3 Additional locational costs faced by Burrun Dalai

Burrun Dalai Aboriginal Corporation operates across a broad geographic area in NSW, of approximately 52,000 square kilometres, with offices located in Kempsey, Taree, and Tamworth. The organisation manages foster care households that span significant distances, servicing from the three offices households as far afield as Forster, Narrabri, Gunnedah, Armidale and Nambucca.

Burrun Dalai notes that supporting foster care households in these regional and remote areas results in several key impacts:

- **Increased operational costs:** These costs relate to travel, accommodation, and vehicle maintenance. The time spent travelling to remote locations also reduces the efficiency of service delivery, with caseworkers spending more time on the road than in direct contact with children and carers.
- **Decreased access to services:** The limited availability of specialised healthcare, including mental health support, mean that children in Remote and Very Remote<sup>a</sup> areas often face delays in accessing essential health and social services, potentially impacting their well-being.

### Box 4.3 Additional locational costs faced by Burrun Dalai

- **Challenges recruiting and retaining staff:** Attracting and retaining qualified staff in remote locations is challenging due to the isolation and lack of amenities. The organisation often needs to offer additional incentives, such as higher salaries or housing support, to staff willing to work in these areas, further increasing costs. Burrun Dalai notes that its main competitor for Aboriginal caseworkers is paradoxically DCJ who pay higher wage rates than Burrun Dalai can afford to match under the funding provided by DCJ.
- **Cultural connection:** Maintaining cultural connections for Aboriginal children in foster care is particularly challenging in remote areas. The distance to cultural events, community gatherings, and extended family members can hinder efforts to preserve cultural identity, which is vital for the children's overall well-being.

a 'Remote' and 'Very Remote' are [Australian Statistical Geography Standard \(ASGS\)](#) remoteness classifications.

Source: Case study provided by Burrun Dalai Aboriginal Corporation and AbSec.

Providers in metropolitan areas also face additional costs predominantly related to housing, which can make it challenging to recruit carers, especially given a carer must have a spare bedroom available for a child to be placed into their care.

There is currently no location-based variation in the pricing of the PSP packages. In contrast, several Australian jurisdictions apply a regional loading to carer payments. For example, carers in remote areas of Queensland, Western Australia, South Australia and the Northern Territory receive loadings of between 10–20% on their care allowance.<sup>105</sup>

We have collected data from DCJ and providers on the cost of providing services across NSW. We will use this in considering whether it may be appropriate to apply a loading to services in particular areas and include this analysis in our Draft Report.

#### 4.5.6 Children not in placement often require intensive support

When a child leaves their placement and goes to live elsewhere, such as with family members or friends, they are considered to have self-placed and are no longer in an authorised placement. The non-government provider retains case management responsibility for the child; however, they move from their baseline funding package to the Case Coordination – Not in Placement package, a reduction of almost \$20,500 or 43% per year.<sup>m</sup>

---

<sup>m</sup> Based on the Foster Care baseline package of \$47,734.70 p.a. and the Case Coordination – Not in Placement package of \$27,258.20. See NSW Government, Department of Communities and Justice, *PSP rates effective from 1 July 2023*, pp 1-2.

Although the provider is no longer paying the care allowance, children who self-place often require additional support and intensive case management to ensure their safety and wellbeing. We have also heard that in many cases the provider is still providing food, clothing and other essentials that are not included in the funding package. In addition, travel and accommodation costs are often incurred for caseworkers travelling to visit the child in cases where they have moved interstate.<sup>106</sup>

The case study below sets out the complexity and costs involved in supporting a child who has self-placed. In our Draft Report we will present further information on these costs and any recommendations about the funding for this support.

### Case study: Cameron

Cameron self-placed with his mum after several placements broke down due to challenging behaviours. During the time that Cameron self-placed with his mum, he was exposed to drug use, domestic violence and the provider had concerns around unsafe people staying in the home.

Some of the key supports that were put in place during the time that Cameron spent in case coordination included:

- Home visits at least weekly between the caseworker and Cameron. The caseworker would take Cameron out of the home during this time and work on life skills with him. They would frequently purchase a meal for Cameron during this time also.
- Clinician fortnightly support – the clinician would spend one on one time with both Cameron and his mother to assist in supporting emotional wellbeing and managing difficult behaviours within the home. Individual Safety and Risk management plans were also created and implemented within the home. A Positive Behaviour Support Plan was also developed, and support sessions were held with both Cameron and his mum.
- Fortnightly vouchers provided to his mother for food (\$100 per fortnight Woolworths voucher, plus additional vouchers when required).
- The non-government provider funded a new fridge due to a cockroach infestation.
- Provided vouchers for Cameron's mum to pay for her own medication and Christmas presents for Cameron.
- The non-government provider worked closely with Cameron's school to increase Cameron's engagement and assist in behaviour management in the school environment. Cameron eventually obtained an apprenticeship and signed out of school. Even after he stopped engaging in his education, the school continued to provide food hampers to the home on a weekly basis which the non-government provider would facilitate.



- The non-government provider worked closely with Cameron to help him in finding appropriate workplace opportunities. Cameron was able to gain access to 2 different apprenticeships at this time.

After working with Cameron whilst he was self-placed for a period of roughly 7 months, the non-government provider was able to successfully transition him to Supported Independent Living (SIL). Cameron has now aged out of OOHC.

Note: The name and other identifying information of the young person in this case study have been changed.  
Source: Case study from provider.

## 4.6 Prior to the PSP funding for OOHC was on a placement basis

Prior to the PSP, Keep Them Safe was introduced in response to the 2008 Wood Inquiry into the child protection system. It involved the transfer of children in OOHC to non-government providers, who were funded on an inclusive unit price per child, based on the needs of the child. It included 5 categories of care (Table 4.1).

The rationale for the transfer was that non-government providers would deliver higher quality services. At the time non-government providers providing OOHC services had lower casework ratios than the government and were perceived as having better community links. The Department of Family and Community Services (as DCJ was then called), started transferring OOHC services to non-government providers in March 2012. In 2014-15, its contracts with non-government providers were worth almost 60% of its OOHC budget.<sup>107</sup>

Table 4.1 Unit cost by care category (\$2015-16)

Care category	No. of children per caseworker	Unit cost
General Foster Care and Care +1	12.8	\$40,952.93
General Foster Care +2	12.8	\$52,020.76
Intensive Foster Care	7.5	\$97,401.54
Residential care	10	\$194,802.77
Intensive residential care	6	\$318,768.69

Source: NSW Audit Office Report – Performance Audit, [Transferring out-of-home care to non-government organisations](#), September 2015, p 15.

This funding model allowed non-government providers flexibility in allocating resources as it did not specify how funds should be spent on individual children. It also increased placement efficiency with non-government providers only paid for the nights a child is in their care.

However, a review by the NSW Audit Office in 2015 found that the funding model promoted placement stability rather than permanency outcomes. It offered limited incentives for non-government providers to initiate adoption or return children to their parents, with funding based on maintaining placements rather than the extra costs associated with restoration and adoption. It also did not provide additional support for cultural considerations such as cultural care plans, operating in regional locations, or supporting court work.<sup>108</sup>

Similarly, the Tune review in 2016 found that despite numerous reports and increased government expenditure, the OOHC system was “ineffective and unsustainable”. Further that it was not client centred, expenditure was crisis driven and not aligned to an evidence base. This review recommended the introduction of personalised support packages for vulnerable children and their families, with a staged implementation over several years.<sup>109</sup>

The PSP was a significant reform to the NSW child protection and OOHC systems and focused these systems on family preservation and wrap-around services. This change aimed to keep children at home, while supporting future financial sustainability of the child protection system.

The PSP has 4 objectives:

1. fewer entries into care (by keeping families together)
2. shorter time in care (by returning children home or finding other permanent homes for more children)
3. a better care experience (by supporting children's individual needs and their recovery from trauma)
4. reducing the over-representation of Aboriginal children in care (by keeping Aboriginal families together, returning children home to family/kin or placing them with a permanent legal guardian).

The fourth objective was added after the commencement of the PSP in 2017 to address the over-representation of Aboriginal children in OOHC. A separate policy, the Aboriginal Case Management Policy (ACMP), was added with the additional objective in October 2018.

## 4.7 Across Australia there is a mixed model of OOHC delivery

Across Australia OOHC is delivered by both government and non-government service providers, with all jurisdictions operating a mixed model. Funding arrangements include:

- block payments to service providers, with unit price funding for additional placements above the minimum specified in the service agreements<sup>110</sup>
- remoteness<sup>111</sup> and Aboriginal loadings for family-based care<sup>112</sup>
- direct payment of the care allowance to the carer by the government<sup>113</sup>
- payment of a fixed or base placement cost supplemented with individualised additional support
- services delivered on a fee-for-service basis.

Part 3: The delivery of care  
and costs of casework



---

03

## 5 The cost of government and non-government delivered foster care

We have been asked to assess the efficient costs of the Department of Communities and Justice (DCJ) delivering out-of-home care (OOHC) directly and the cost it incurs in outsourcing OOHC to non-government providers. This chapter sets out some early analysis of the current costs to government using information sourced from DCJ's accounts and costs reported to DCJ by non-government providers including ACCOs. Through the remainder of our review we will examine additional information, consider what efficient costs look like and develop benchmark costs for both DCJ and non-government providers.

At a high level, the costs of delivering OOHC are comprised of a share of overhead costs for the delivery organisation, the costs of administration (relating to direct provision and costs incurred by DCJ in administering outsourcing), casework and direct placement costs.<sup>a</sup> In our view, the efficient level of direct placement costs is unlikely to differ between government and non-government providers. This is because the cost of caring for a child (such as care allowances) should be based on the needs of the child regardless of who is providing OOHC case management. As a result, the following chapters focus on the other costs listed and do not consider direct placement costs. We will consider direct placement costs in detail in our Draft Report.

### 5.1 Overview of current costs of providing foster care

Our preliminary analysis on foster care placements (where both DCJ and non-government providers are involved in delivery) suggests that the cost of non-government delivered care is higher than the cost of government delivered care. However, caution is required when comparing the two types of care as the services that are delivered may not be the same.<sup>b</sup> DCJ currently has limited monitoring of service delivery and outcomes in OOHC, which means that it is difficult to assess value for money by comparing only the costs incurred.

Based on our preliminary analysis, foster care placements delivered by non-government providers cost the Government around \$18,000 more per child per year than DCJ-delivered foster care. Of that, around \$3,100 is contract administration (incurred by DCJ), around \$1,900 is secondary case management and similar costs arising from DCJ retaining legal responsibility over these children (incurred by DCJ) and around \$13,000 is the difference in the cost between non-government provider and DCJ delivery.

---

<sup>a</sup> Direct placement costs include: the care allowance paid to foster carers, contingencies or complex needs payments for additional expenses, property and staffing costs for residential care.

<sup>b</sup> We have focused on foster care to compare equivalent services between government and non-government providers, as DCJ does not deliver residential care placements.

This means that non-government providers spend around \$13,000 per child more on delivering care than DCJ. Casework costs are the main difference between the cost of delivery for DCJ and non-government providers. They are significantly higher for non-government provider delivered care than for DCJ delivered care. There are a number of possible reasons for this, some of which require more analysis (see Chapter 6 for more discussion).



### Sensitivity of results to the number of children

To calculate the average cost per child per year, we need the total number of children in PSP by non-government provider. Our initial analysis showed data discrepancies in the reported number of children that we received from various sources. We have used what we consider to be the most appropriate measure of the number of children but all results reported on a per child basis should be considered with caution due to movements of children throughout the year.

For example, the PSP payments data does not reflect real-time case management transfers or transfers between non-government providers. There are also delays in the reconciliation processes and reconciliation payments are generally lump sum amounts by provider rather than by child.

## 5.2 Monitoring service delivery would provide valuable information

Delivery of care to children is inherently complex and requires an individualised approach. The least-cost delivery solution may not be the most beneficial for the child or their family, or for society as a whole. A comparison of costs, and in particular, cost efficiency or value for money necessarily involves a judgment about the nature and quality of services that are being provided.

We have heard from providers about a variety of different approaches they have taken, based on their own judgment and experience of what is needed. Some of the case studies included in this report show how providers have taken approaches that are unconventional and at times costly, to deliver outcomes for children. There appears to be little information collected regarding the different services that are being delivered under the PSP and their effectiveness.

The Audit Office of NSW found that DCJ lacks an integrated performance management system to collect data about the effectiveness of non-government providers.<sup>114</sup> While it is difficult to measure all outcomes of OOHC as children age out of the system, there appears to be a need for increased monitoring of short-term service outcomes.

As discussed in Chapter 4, DCJ has trialled a Quality Assurance Framework (QAF), which assessed outcomes for children across the domains of safety, permanency, and wellbeing (including educational potential, physical health and development, emotional and psychological wellbeing, social functioning, and cultural and spiritual identity). We understand that further work is being undertaken to ensure the framework is fit-for-purpose before being implemented system-wide.

Some examples of focus areas which would assist in identifying where different approaches are beneficial include:

- A consistent approach to the categorisation and reporting of children's needs, so that the task being undertaken by each provider is better understood.
- Collecting information on the types of casework activities undertaken by providers. This would add to the evidence base of what good casework looks like.
- Monitoring placement stability. Evidence has shown that unplanned placement changes influence a child's social and emotional wellbeing as well as developmental outcomes over time.<sup>115</sup> Placement stability is impacted by a range of child-related factors, such as behavioural issues, placement in non-kinship care, and age of entry into OOHC, which are difficult to control for. However, information on carer satisfaction or the support provided to them, including the frequency of respite care and access to assistance such as parenting skills and informal support systems, may be useful.
- Understanding and maximising the value of wraparound services. Some non-government providers deliver support services in-house. The PSP Evaluation found that children case managed by providers with in-house health and behavioural services had greater access to these services than those with smaller non-government providers who did not offer them. Children with lower access experienced long wait times, geographical barriers to services and referral to 'proxy' services that were not appropriate to meet their needs. DCJ could consider investigating the level of complementary services on offer by each non-government provider. Where these activities are providing additional benefit to children, there may be scope to leverage the non-government providers' local knowledge and expertise in providing specialised support services for children in care in the local area to alleviate accessibility issues for children with other providers.
- Recognising good practice in carer recruitment and retention. The OOHC system requires a sufficient pool of available foster carers. Through our consultation and engagement process, we have heard from some non-government providers which have finessed their carer recruitment practice amid a thinning foster carer market.<sup>116</sup> Collaboration and partnership with non-government providers who have gained local knowledge and reputation could potentially contribute to developing a strategy to increase foster carer recruitment.

## Seek Comment



1. What additional support is provided to carers to ensure they are prepared to care for a child in OOHC?
2. What examples of wrap around services does your organisation/District provide to children in your care that have contributed to their improved wellbeing?
3. For providers of foster care, what strategies have you implemented to improve foster carer recruitment?

### 5.3 Foster care placements delivered by government are less expensive


Based on our initial analysis, we estimate that the average foster care placement delivered by non-government providers is around \$73,000 per child per year which is higher than DCJ's average cost of \$60,000. Comparing direct service delivery costs of foster care to DCJ, non-government providers cost about \$13,000 more.

We have also found that for every child in PSP foster and residential care, DCJ spends \$1,900 on direct service delivery where Child and Family District Units (CFDU) caseworkers are providing secondary case management<sup>c</sup>, and \$3,100 to administer the PSP such as contract management. Along with the direct service delivery costs, we estimate that the average cost of a PSP foster care placement is about \$78,000 per child per year.

Our preliminary analysis found that the key driver of the difference in delivery cost is casework. DCJ spends less on casework per foster care placement compared to non-government providers, despite higher caseworker salaries<sup>d</sup> in DCJ of between around \$120,000 to \$133,000 relative to non-government providers of \$113,000. DCJ's average caseload of 17 children per caseworker for OOHC cases is materially higher than the average caseload of 9 for non-government providers, meaning that non-government PSP providers are being funded to provide each child in PSP with more casework hours. Our analysis of casework costs are set out in Chapter 6.

DCJ's administrative cost on a per child basis is slightly lower than large foster care-only providers. For the most part, administrative costs and corporate overheads are fixed costs and would not necessarily increase incrementally when a child enters care. This means that the more children in care, fixed costs are diffused over a larger base. Our interim findings on administrative costs are set out in Chapter 7.

#### Preliminary finding

-  5. Foster care placements delivered by non-government providers cost the Government around \$18,000 more per child per year than DCJ-delivered foster care. Around \$5,000 of this is additional cost incurred by DCJ and around \$13,000 is a result of differences in the delivery cost. The main difference in delivery cost is higher expenditure on casework at non-government providers.

We have set out what we know about the differences in the children cared for between non-government providers and DCJ, a comparison of these costs against what was expected when the PSP packages were developed, and data limitations to consider when interpreting these results below.

<sup>c</sup> Secondary case management could include filing birth registration, applying for passports and victim compensation claims, as well as setting and approving permanency goals.

<sup>d</sup> Including salary on-costs such as superannuation, payroll tax, annual leave loading and workers compensation.



## 5.4 Non-government providers deliver care to more children with higher care needs

The assessment tools used to measure a child's level of need differ materially for DCJ and non-government providers. Based on the information we have, we have estimated the proportion of children in foster care at each type of provider that is classified as low, medium and high needs. Table 5.1 shows the categorisation of the needs of children in foster care compared between DCJ, ACCOs and non-ACCO non-government providers. DCJ cares for a significantly higher proportion of children with lower needs.

Table 5.1 Proportion of children in home-based care with different need groupings by provider types

	Department of Communities and Justice	ACCOs	Non-ACCO non- government providers
Lowest need grouping	91.8%	79.5%	71.6%
Middle need grouping	6.9%	15.7%	23.6%
Highest need group	1.3%	4.8%	4.8%

Note: Children in DCJ care and non-government provider care are not categorised using the same child needs tool. While they both have three levels of need classification, they do not necessarily have the same threshold.

Source: IPART analysis of data provided by NSW Department of Communities and Justice

The grouping of non-government providers does not take into account children who are not categorised as having 'high' needs but receive additional carer support packages that indicate they have higher support needs. If we were to account for that, the percentage of children with higher needs in non-government provider care would be even higher.

### Preliminary finding



6. While the assessment tools used to measure child need differ materially for DCJ and non-government providers, there is evidence that, for foster care placements, non-government providers care for a larger proportion of children with high needs compared with DCJ.

## 5.5 The pattern of actual expenditure under the PSP is different from what was initially anticipated

To better understand the cost differences between PSP funding and PSP expenditure, we reviewed how much funding was received for a PSP foster care placement<sup>e</sup>, how non-government providers used the funding to deliver a PSP foster care placement (reported in their acquittals), and how this compares with DCJ's costs of delivery (in the following section). Without being given specific guidance on how PSP pricing was built up or the services they are paid to deliver, non-government providers exercise some discretion on how to spend funding in a way to meet the needs of the children in their care.

We used two primary data sources to analyse the non-government providers' cost of delivering foster care, including the total PSP funding allocated to each provider as well as the detailed income and expenditure reports acquitted to DCJ. The expenditure reports include other OOHHC payments such as emergency arrangements, however given they were not separately identified in the data, it was not possible to make adjustments for these.

In Figure 5.1, we show the proportion of PSP funding, the PSP reported spend and DCJ's spend on foster care placements. The PSP funding represents the average funding amount of a foster care placement in 2022-23, showing the major cost components being casework, child-related costs and administrative costs. This was estimated by applying the PSP pricing assumptions and categorising into the relevant cost components to the PSP funding. It takes into account the mix of case plan goal and child needs packages that children may receive. We have separately called out specialist packages as we did not have enough data at this stage on the price build up to allocate these packages to casework or child-related costs.

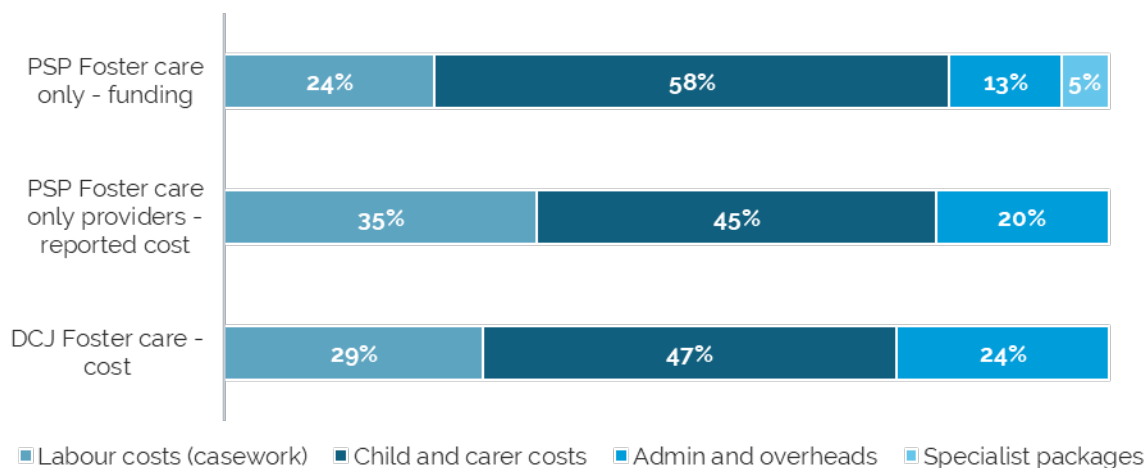
We have compared this against how much foster care-only non-government providers are reporting in their income and expenditure reports acquitted to DCJ. The average cost of a foster care placement was estimated using the detailed income and expenditure reports of non-government providers (foster care only) and categorised costs into the same cost categories as the PSP funding. We calculated an average cost per child using the number of children that received a PSP foster care package during 2022-23, rather than a count of the number of children in foster care at a point in time. This is because the reported expenditure ideally should reflect the number of children that received a PSP foster care package. We note that we have received other population data from DCJ and non-government providers, but we have identified discrepancies. This could be due to different counting rules as well as the nature of OOHHC which involves placement changes and transfers between case management.

Specialist packages are not separately identified in reported expenditure and are likely to be captured within casework or child-related costs. Due to the granularity of financial data available, we assessed foster care-only providers who care for approximately 55% of PSP foster care children. Some non-government providers offer both residential and foster care, however at this stage of the review they have not been included in the analysis below. As we receive more data, we will conduct further analysis and will include relevant findings in the Draft Report.

---

<sup>e</sup> This is a weighted average, taking into account the mix of case plan goals, child needs, specialist packages and includes placement capacity payments.

Figure 5.1 Average proportion of costs spent on foster care per child per financial year, \$2022-23



Note: Specialist packages cannot be separately identified in the PSP foster care only providers reported cost as they are embedded within labour and child and carer costs.

Source: IPART analysis of data provided by NSW Department of Communities and Justice and non-government providers.

As shown in Figure 5.1, our initial analysis shows that non-government providers are spending more on casework relative to the proportion of casework they were funded to deliver for each foster care placement.

To ensure quality casework is provided, a benchmark caseload for foster care could be prescribed in the service requirements, noting in practice that there will be differences in caseload amongst caseworkers as their case mix would vary with the needs of the child. As noted above, there are differences in the proportion of children with higher needs across different providers (the characteristics of children that may require greater caseworker time is discussed further in Chapter 6). While there is no universally accepted caseload for OOHC, the Wood Report recommends an OOHC caseload of 12 children.<sup>117</sup>

However, as noted earlier, an effective system for monitoring service delivery and outcomes for children would support analysis on appropriate caseloads. Any recommended caseload needs to reflect the number of caseworkers needed to ensure children in OOHC receive quality casework, and not contribute to turnover, shortened tenure and burnout of caseworkers.

The child and carer costs refer to care allowances as well as other payments to support the child in placement. The chart shows that non-government providers spend proportionally less than what they were funded for. We are planning to investigate appropriate levels of care allowances and present findings in the Draft Report. We note that the income and expenditure reports of foster care-only providers may include costs related to emergency arrangements, which would increase the average child costs. Where providers separately identified costs related to emergency arrangements, they were only a small proportion of total reported costs.<sup>f</sup>

<sup>f</sup> Noting that not all non-government providers' financial statements provided details on emergency arrangements. Some may have been included in client costs expense bucket with no breakdown.

## Preliminary finding

7. For foster care placements, non-government providers spend more of the funding they receive on casework and administrative costs and less on child related expenses than was anticipated when the funding levels were established.

## 5.6 There are limitations in the available data

There are some data limitations and notable differences in the services delivered by non-government providers compared to DCJ that need to be considered when interpreting the initial results of our analysis:

- Non-government providers' PSP reported spend may include the costs of emergency arrangements. However, emergency placements would not be included in the foster care PSP funding.
- The PSP funding and PSP reported spend includes case coordination packages. For comparability between funding and reported spend, we have included these, as it is not possible to adjust for case coordination in non-government providers' PSP reported spend. These packages are less expensive than the foster care baseline package and represent 4% of total PSP foster care funding.
- Non-government providers supply a form of 'intensive foster care', where an Additional Carer Support package is required. This provides for additional carer recruitment and training resources, additional respite for carers and additional casework support to meet the needs of the child. Children requiring additional carer support are generally above the needs of a Standard Care +2 allowance, which is the highest foster care allowance level provided by DCJ. (Section 10.1 discusses Care +1 and Care +2 allowance rates and how eligibility is assessed in more detail).
- The casework costs of non-government providers are also influenced by team structures. At this stage of the Review, we do not have information on non-government providers' team structures so cannot provide a comparison against DCJ. We will review information provided by non-government providers and provide findings in the Draft Report.
- The labour costs in PSP funding and PSP actual spend relate to employee-related costs only such as salaries and salary oncosts, as this is how the income and expenditure reports are structured. We assume the majority of these pertain to staff providing OOHC services but may also include administration officers or support/supervisory staff. We will conduct further review on the data we have received from non-government providers and investigate whether an adjustment is needed.
- Of indirect expenses for non-government providers, 50% relate to admin management fees or corporate overheads where detailed costs were not available. The non-government providers may allocate a proportion of CEO or executive costs, where we have not included these costs for DCJ (we have used an avoided cost approach noting that these costs would be incurred irrespective of whether DCJ delivered OOHC services or not).

- We computed DCJ's administrative cost per child per year using the number of children in foster care only. Although DCJ provides financial support to children under guardianship orders as well as children who have been adopted, we have not included them in the base when computing an average administrative cost. Although there would be some administrative functions such as processing of guardianship allowances and adoption payments, we have adopted a pragmatic approach as we would expect the allocation of administrative costs and corporate overheads to be fairly minimal compared to children in foster care.

We will continue with our analysis using information collected from non-government providers where available and provide findings in the Draft Report. In addition, we will also conduct a similar analysis for residential care.



#### Comparison of costs between non-government providers and DCJ need to be interpreted with caution

It is difficult to say with certainty that the PSP actual spend on foster care placements is a like-for-like comparison with DCJ. This is because of the type of foster care provided by non-government providers, as well as the classification and granularity of costs in their financial accounts.

## 6 Casework costs

Caseworkers are qualified professionals who work to ensure the protection of children in out-of-home care (OOHC). Our terms of reference require us to investigate and report on the efficient costs of casework for the Department of Communities and Justice (DCJ) and non-government providers. This chapter covers the factors that feed into the cost of caseworkers in OOHC, including:

- their role (see Box 6.1)
- court work
- caseloads (and how they may vary)
- the costs associated with caseworkers.

How these factors feed into an efficient cost of casework is discussed later in the chapter.

### 6.1 Overview of current casework costs

Differences in the caseload is one of the key factors driving a difference in costs between DCJ and non-government providers. Based on data reported to DCJ by non-government providers and information obtained from DCJ:

- The average DCJ caseworker is responsible for 17 children in OOHC whereas across non-government providers caseworkers are responsible for 9 children on average. Casework managers working for non-government provider tend to supervise less caseworkers compared to casework managers at DCJ.
- Non-government providers have lower salary costs and on-costs for caseworkers and casework managers than DCJ does.
- Caseworker time spent on administrative tasks is reported as higher by non-government providers compared with DCJ caseworkers. However, this could be due to differences in the definition of administrative tasks and is something we will consider further as our review progresses.
- Caseworker turnover is a problem across the sector. The effects of turnover pose significant costs to providers.
- The sharing of casework responsibilities between non-government providers and DCJ is seen as confusing and at times duplicative. We have heard there may be some inefficiencies in work related to court processes with some duplication of activities between DCJ and non-government providers.
- The mix of children with different levels of need is likely to significantly impact the amount of caseworker time required, and as a result, the caseload.

Our preliminary analysis of a range of possible reasons for the differences in casework costs reported by DCJ and non-government providers is set out below. We will look into each of these matters further in our Draft Report.

### Box 6.1 The role of caseworkers in out-of-home care

The role of a caseworker in OOHC encompasses many tasks. In general, it will involve direct contact with children and families, case planning, as well as administrative tasks to support court work, reporting and compliance.

- **Contact with children and families**, for example supporting the child to maintain contact with their family, transporting the child to appointments, healthcare planning.
- **Case planning**, for example, completing behavioural support or cultural plans, preparing referrals to services, organising respite care.
- **Court work**, for example, preparing court materials, affidavits or responding to requests for subpoenas.
- **Reporting and compliance**, for example, ensuring child records are maintained adequately.

The actual day-to-day tasks of a caseworker will differ depending on the children they are supporting and the type of provider they are working for. The role of the caseworker and the time needed varies, as the support needs of children in certain types of care are higher than others. For example, children in intensive therapeutic care tend to have higher casework support needs than children in foster care, but also have higher needs in general. This chapter therefore assesses casework based on child needs and characteristics. Section 6.4 discusses different types of children who are likely to need additional casework support.

Typically, a casework team consists of:

- caseworkers, who are responsible for contact with children day-to-day case management
- casework managers, who coordinate case management by supervising and supporting caseworkers
- casework support workers, who assist with administrative tasks and other tasks that support casework such as transporting children.

## 6.2 Caseloads differ significantly between DCJ and non-government providers

The average DCJ caseworker is responsible for 17 children in OOHC whereas information provided to us by foster care only non-government providers to date shows that across these non-government providers, caseworkers are responsible for 9 children on average.<sup>9</sup> Caseloads vary significantly between non-government providers. The caseload reported to us by non-government providers offering only foster care ranged from a low of 3.5 to a high of 12 children. Based on the responses we received, smaller organisations (with fewer children in care) tend to have a lower caseload (fewer children per caseworker) than larger organisations with more children in care.

There are many factors that determine how many children a caseworker can support, and as a result the caseload of different individuals varies. Understanding best practice caseloads requires an assessment of the value of time caseworkers spend on each child. We consider that at present, there is not clear information that would support the nomination of a best-practice caseload.

A higher caseload might save on labour costs in the short term but may also result in fewer hours of effective delivery to children, and potentially higher overall costs, if the caseworker becomes overburdened. The NSW Child Safe Standards for Permanent Care contain several standards relating to casework, including a standard that "Children and young people are monitored and supported in their placements, according to their care arrangements".<sup>118</sup>

For non-government provider caseworkers, there are some caseloads recommended by DCJ:

- For residential care (Intensive Therapeutic Care, Intensive Therapeutic Care – Significant Disability, and Therapeutic Home Based Care), the prescribed caseload is 1:6.
- For Therapeutic Supported Independent Living and Therapeutic Sibling Option Placement, the prescribed caseload is 1:8.<sup>119</sup>

There is no specific caseload recommended by DCJ for foster care. However, the PSP Service Requirements require that the provider must meet minimum standards for Case Planning and Review as per the Office of the Children's Guardian's NSW Child Safe Standards for Permanent Care.<sup>120</sup>

The Wood Report in 2008 recommended an OOHC caseload of 12.<sup>121</sup>

As well as collecting information on actual caseloads, we asked providers to tell us their target caseload (the caseload they would have if resourcing and placement availability were no issue). A target caseload that is lower than the actual caseload may point to staff shortages. A target caseload that is higher than the actual caseload could be due to child placement vacancies. For example, we have heard from several Aboriginal community-controlled organisations (ACCOs) that they currently have excess placement capacity to prepare for Aboriginal children to be transitioned into their care.<sup>122</sup>

---

<sup>9</sup> We have focused on analysing the caseloads of non-government providers offering only foster care, to provide as close to a like-for-like analysis of DCJ care as possible. This is because DCJ does not offer residential care placements and caseloads for residential care caseworkers tend to be lower.



The average target caseload reported was around 10 children per caseworker. This ranged from 7 to 12 children between providers. Interestingly, there was around an equal split of providers that reported a target caseload higher than the actual caseload, versus providers that reported a target caseload lower than the actual caseload, versus providers that had the same target and actual caseload. It is unclear what is driving the differences between actual caseloads and target caseloads.

Caseworkers who directly case manage children in DCJ care have an average caseload of 17 children.<sup>123</sup> This does differ by district however, and we were advised by DCJ staff in one district that the caseload for that district is around 13 children.<sup>124</sup> As further discussed later in the chapter, many stakeholders consider DCJ caseworkers have excessive workloads. The Audit Office of NSW found that DCJ caseworkers must often deprioritise restoration casework (which is typically more intensive) due to competing casework priorities.<sup>125</sup>

### Preliminary finding



8. For foster care placements, DCJ caseworkers have an average caseload of 17 children and non-government providers have an average caseload of 9 children (with an average target caseload of 10 children). For comparison purposes, we note that a benchmark caseload of 12 children was recommended by the Wood Report (2008).

## 6.3 The different roles of caseworkers at DCJ and non-government providers

When DCJ has case management for a child in OOHC, it is responsible for all case management tasks. When a non-government provider has case management for a child, it shares case management responsibility with DCJ.



DCJ holds residual parental responsibility for children that are case managed by non-government providers (see Figure 6.1). In practice, this means that the casework is shared between the parties, with non-government providers doing "primary" case management and DCJ mainly doing "residual" case management. This residual case management is typically done by Child and Family District Units (CFDUs) at DCJ and is not captured in the DCJ caseloads discussed above. We've heard from providers that the way this shared case management works in practice differs in different regions,<sup>126</sup> so while the information provided in this section is typical of what happens in practice it does not reflect all areas of NSW.

CFDU residual case management tasks include:

- coordinating placements
- collating, approving, and filing court evidence from non-government providers with the Children's Court for children in long-term care
- decision making in relation to setting or changing a child's case plan goal
- approving children's allocated PSP service packages

- decision making in relation to the Minister's exercise of parental responsibility for children in statutory OOHC.<sup>127</sup>

Figure 6.1 Case management roles of provider types

	Primary case management role	Specific roles
 <p>Department of Communities and Justice</p>	<p>DCJ and a non-government provider will carry out out-of-home care case management for children under their care, including:</p> <ul style="list-style-type: none"> <li>• maintaining family relationships and contact</li> <li>• education, health and behaviour management plans</li> <li>• court and related casework</li> <li>• developing a case plan</li> <li>• carer support and organising respite care</li> <li>• aftercare support</li> </ul>	<p>DCJ has residual parental responsibilities which means they will also provide support to children in the care of a non-government provider. This includes court work, practice advice, setting permanency goals and approving funding requests.</p>
 <p>Non-government provider</p>		<p>A non-government provider will support the day-to-day care needs of the child and foster carer. Non-government providers and ACCOs may also support their local community and provide community-based services</p>

Non-government providers require approval from DCJ for certain major activities, such as major medical/dental treatment, interstate/overseas travel, inheritances and case plan changes. Non-government providers' caseworkers also have to report in an administrative system shared with DCJ called ChildStory. Often this is separate to the internal reporting system used in their organisation, creating duplication and additional administrative burden.<sup>128</sup> DCJ caseworkers also use ChildStory, and it is their primary casework reporting system.

This suggests that in terms of tasks, the role of a non-government provider caseworker has a narrower scope than that of a DCJ caseworker. We have heard however that practice varies between different non-government providers and some providers offer additional supports to children in their care. This may mean that caseworkers employed by some non-government providers have additional tasks. For example, these include offering:

- school holiday camps and wellbeing programs<sup>129</sup>
- in-depth support to children from a culturally and linguistically diverse background to support their connection to culture.<sup>130</sup>

This, combined with the unique needs of each child, makes it difficult to analyse the difference in casework tasks.

The casework tasks undertaken by ACCOs are also unique and we expect this to be reflected in benchmark costs for ACCOs. ACCOs operate in different organisational contexts, with Aboriginal community governance arrangements, that do not exist for other non-government providers. This different approach to practice means they are best placed to provide culturally appropriate and connected services to Aboriginal children and families (as recognised by DCJ policy). ACCOs also play an important role in supporting the Aboriginal Case Management Policy (outlined in Box 6.2).



### Cost data for ACCOs

We are in the process of analysing ACCO data to inform efficient and actual costs of providing casework to Aboriginal children. This, along with other additional costs for ACCOs, will be a key focus for our Draft Report.

## 6.4 The mix of children in the caseworker's caseload

We recognise that it is more costly to deliver care to children with high or more complex needs. It is important to recognise this difference when comparing caseloads across providers.

While there are data available to compare children's level of need in DCJ care with those in PSP, it is difficult to draw conclusions as the assessment tools used to assess level of need for a PSP package versus the DCJ care allowance are fundamentally different. In addition, children with high needs are generally placed in residential care type of placements which are only offered by non-government providers. Children in foster care placements with high needs are also eligible for Additional Carer Support package and there is no equivalent placement type in DCJ care.

Based on the data we have received, our analysis of children in foster care placements only indicates that non-government providers care for a higher proportion of children with high needs than DCJ does.

The additional casework for types of children that may require additional casework above a 'standard' case is described in the following sections. We recognise that this list is not exhaustive, and that children may have intersecting complexities which can further increase their need for caseworker support.

Some children may be categorised as having high needs, however other types of needs may not be covered by child needs assessment tools. The differences in proportions of children with different needs (as categorised by DCJ's tools) are described in Chapter 2.



### Estimated casework hours for children with particular needs

This section discusses casework hours provided to us by DCJ and non-government providers. These were often retrospectively reported estimates and we have not yet reviewed these estimates in detail so the numbers provided here are a guide only.

## 6.4.1 Aboriginal children

Aboriginal children make up just under half of all children in OOHC. It is also necessary to ensure that Aboriginal children can be connected to culture, community and Country throughout their time in care. Case management for Aboriginal children in NSW is guided by the Aboriginal Case Management Policy (ACMP), described in Box 6.2.

### Box 6.2 The Aboriginal Case Management Policy

The Aboriginal Case Management Policy (ACMP) is an operational framework for all practitioners working with Aboriginal children and families across the continuum of support in NSW including OOHC. This includes caseworkers working with Aboriginal children at both ACCOs and non-ACCOs.

The purpose of the ACMP is to strengthen Aboriginal families and deliver outcomes for Aboriginal children. It is a framework that operationalises the Aboriginal and Torres Strait Islander principles. Its core elements are:

- **Aboriginal Family-led Decision Making:** A process for decision making which is supported by an Aboriginal community facilitator and places family as key decision making partners.
- **Pro-active Efforts Standard:** Ensures practitioners take meaningful and available steps to support families and address risks.
- **Aboriginal Family-led Assessments:** Practitioners operate through a cultural lens and prioritise culturally valid assessment tools which are able to clarify concerns and assess risks appropriately
- **Aboriginal Community Controlled Mechanisms:** A formal structure or process which is representative of the needs of the local Aboriginal community that establishes it. ACCMs oversee decision-making processes which affect children, their families and communities.

The ACMP states that quality Aboriginal case management:

- is child focused to promote child safety and wellbeing
- facilitates Aboriginal family-led decision making
- values community involvement, including self-determination and advocacy
- is culturally embedded
- delivers holistic services tailored to meet the needs of Aboriginal children and families
- is oriented to prevent harm and preserve families
- is accountable to Aboriginal peoples for the outcomes achieved for Aboriginal children and their families.

Sources: AbSec, [Aboriginal Case Management Policy](#), accessed 3 March 2024; NSW Department of Communities and Justice, [Aboriginal Case Management Policy](#), October 2018, pp 4-5.

Aboriginal children require additional casework support to meet these requirements. This additional casework includes:

- Additional family finding and genealogy work. Working with Aboriginal families affected by intergenerational trauma requires time to build trusting relationships.
- Cultural planning to uphold the child's right to cultural connection throughout their placement. An ACCO we met with highlighted to us how cultural planning is an on-going process and a living document as the cultural journey and processes change with age and a person's journey.<sup>131</sup>
- Connecting the child to their Aboriginal culture, community and Country. This often is not their local community, requiring extra travel time.
- Supporting cultural activities as part of the child's cultural plan.
- Extensively engaging with the child's parents to uphold the ACMP principle of Aboriginal family-led decision making.<sup>132</sup>

ACCOs provide care for Aboriginal children and therefore could be expected to have a lower overall caseload. ACCOs may not be able to easily distinguish the additional casework hours required for children in their care compared to non-Aboriginal children. However, we have heard from ACCOs that the current funding allocated for cultural planning is insufficient and Aboriginal children require intensive casework support,<sup>133</sup> as discussed in Chapter 4.

One non-ACCO non-government provider said it was limited in the additional case management it could offer for Aboriginal children due to limited funding. Non-ACCOs also highlighted the additional casework that is required to prepare for a child to transfer to an ACCO.<sup>h</sup>

DCJ estimated that the average Aboriginal child requires 33% more casework time compared to non-Aboriginal children, for children in DCJ care.<sup>134</sup>

## 6.4.2 Children with a restoration case plan goal

The case plan goal of restoration is often the most complex and time intensive care plan for a caseworker to manage. This is due to the higher demand for planning, general administrative work, legal work, and overall level of care required for the child, foster carer and family. The caseworker is required to also support the parents of the child to address the behaviour that led to their child entering OOHC. During the span of this work, the caseworker must undertake assessments and reviews to identify whether and when restoration can occur. Casework and the related reporting are critical in this context.

In its submission to our Consultation Paper, AbSec noted that the restoration workload increases when a child is Aboriginal or Torres Strait Islander as significantly greater caseworker time is required to build trusting relationships and cohesive connections with extended family and community.<sup>135</sup> This time is dedicated to relationship-building to ensure a child maintains their connections to culture and community.

---

<sup>h</sup> NSW Government policy recognises that ACCOs are best placed to provide OOHC for Aboriginal children, however there are still many Aboriginal children in non-ACCO care.

We have heard from several non-government providers that the current funding provided for children with a restoration case plan goal is not enough to cover the intensive casework support required.<sup>136</sup>

### 6.4.3 Children not in placement

Children not in placement are children who have removed themselves from their allocated placement and need additional outreach support.<sup>137</sup> As shown in Abby's case study below, caseworkers provide additional support when children are not in placement. For example, they have to find carers, maintain contact with the child despite the child potentially being far away. Southern Youth and Family Services submitted to us that these children are often at very high risk of harm due to the unsuitability of these self-placements.<sup>138</sup> Due to this vulnerability, non-government providers have additional requirements to report to DCJ.

#### Case study: Abby

Abby's long-term foster care placement broke down after she left the home, initially to self-place with her sister Jessica. The non-government provider had almost finished a provisional carer assessment for Jessica when Abby decided instead to move in with another sister Lisa, who lived in Dubbo. The provider decided that Lisa would need to undertake a full carer assessment to be approved to care for Abby. Abby was placed on a case coordination package throughout the time it took for Lisa's carer assessment to be completed. This entailed:

- Monthly home visits to Dubbo, with 10 hours of travel and overnight stay for 2 caseworkers. The caseworkers used the home visits to connect Abby to the community as well as helping her access school, health services, psychology and Centrelink.
- Clinical support to assist Abby in developing a positive behaviour support plan and safety plan and assist Lisa to implement these in the home.
- Regular grocery vouchers to help Abby and the family to be able to afford groceries.
- Regular phone support.
- Intensive support to Abby's high school as she experienced bullying and harassment. Caseworkers worked with the school regularly to put in place appropriate supports, such as safety plans.

As Abby was self-placed during this time, the provider received reduced funding despite providing more intensive support to Abby at a vulnerable time of her life.

Note: The name and other identifying information of the young person in this case study have been changed.  
Source: Case study from provider.

#### 6.4.4 Other needs that may impact the amount of casework

There are a number of additional characteristics of children that can increase the amount of casework they require. Where a child falls into more than one category, the interaction between the different needs may also compound the issue.

We have received estimates of the additional time that non-government providers spend on casework for children with varying additional needs. We are still analysing this data.

**Children with a disability, complex behavioural needs or trauma** require behavioural support plans, which address behaviours of concern and effective interventions to respond to them. Caseworkers may also have to dedicate significant time to negotiating funding and access to appropriate supports. Children with disability require significant casework to support them to access the National Disability Insurance Scheme (NDIS)<sup>139</sup> and negotiate additional funding to support their needs.<sup>140</sup> We have heard from many non-government providers that navigating the NDIS significantly adds to the workload of caseworkers and case managers.<sup>141</sup>

"Every child that comes into care has experienced some kind of trauma – that is why they are in care. They are then removed from their parents which is an extra attachment trauma."

Anonymous submission<sup>142</sup>

**Children living in regional or remote areas** require additional casework support as they may require more time spent accessing services and travelling.<sup>143</sup> Barnardos submitted to us that case management in areas such as Western NSW is significantly more costly due to the need to support children and carers who are widely spread.<sup>144</sup> It also noted that there are service gaps in health services in remote and rural areas, which leads to a need to access private healthcare to ensure timely and appropriate services to children in need. CareSouth told us that it has set up a regional health hub to address this, however it is a larger provider with access to in-house clinicians.<sup>145</sup>

**Children with a culturally and linguistically diverse (CALD) background** require additional casework to support them to maintain connection to their culture.<sup>146</sup> This requires the caseworker to work closely with the child, family and carer to develop cultural plans and review them regularly as the cultural needs of the child change. Caseworkers may need to spend extra time family finding or finding a carer with a similar cultural background to the child. Settlement Services International advised us that CALD relative/kinship carers may need additional casework support as they may not speak English or may not be able to drive.<sup>147</sup>

Other categories of children that may have higher casework needs include young people preparing to leave care, those in emergency arrangements, involved in the youth justice system or who move interstate while in care.



## Preliminary finding



9. Comparing caseloads across providers may be misleading because the amount of casework required depends on a range of different things, including the needs of the children in care.

## 6.5 Administrative tasks performed by caseworkers

Caseworker's ability to spend time on direct casework is also impacted by the amount of time they need to spend on non-productive administrative tasks. Where the administrative burden on caseworkers is high, lower caseloads may not be indicative of more time spent on value-adding work with children. We have heard from non-government providers that some of the tasks they need to undertake are more time consuming than they need to be (for example, the time taken to interact with ChildStory). We asked non-government providers to estimate the amount of time their caseworkers spend on administrative tasks. There was a large variation in the reported amount of time and we are still analysing this information. DCJ estimates that its caseworkers spend anywhere from 12% to 21% on administrative tasks depending on whether the caseworker is supporting children in non-government provider care or DCJ care.

## 6.6 Court work

Court work is an aspect of OOHC that is intense but occurs infrequently for each child and as a result, there would be periods where the demand on caseworker time is significantly higher or lower.

We consider that DCJ's statutory role, its involvement in all court matters and higher caseloads would inevitably result in more hours being spent on court work compared to a non-government provider. However, in cases where a child is case managed only by DCJ this additional work may be offset by a reduction in the back-and-forth of court materials prior to filing that occurs when caseworkers from both a non-government provider and DCJ are required to provide input.

## 6.7 Team structures and salary

There are significant differences in caseworker management structures between DCJ and non-government providers. In general, non-government providers tend to have a higher ratio of case managers to children compared to DCJ:

- On average, managers for teams providing DCJ case-managed care support around 6 caseworkers. This figure ranges from 3 to 11 depending on location. In general, the larger the team, the more caseworkers supported by one manager.
- Managers for CFDU teams (supporting non-government provided care) also support around 6 caseworkers. The number of caseworkers managed ranges from 2 (in a very small CFDU team) to 8.



- We were able to assess the team structure of a small number of non-government providers. On average, casework managers at these non-government providers supported around 4 caseworkers.

It is difficult to assess the equivalent supports available to DCJ and non-government provider caseworkers. Where DCJ has dedicated casework support workers, most non-government providers had different types of support workers. For example, some providers had specific cultural workers or carer support workers. Within DCJ the ratio of casework support workers to caseworkers also varied significantly from 1:2 to 1:32. Finally, we have heard that some non-government providers contract out their casework support staff to DCJ or other non-government providers but did not obtain sufficient data to quantify this in the sector. We may revisit this analysis in our Draft Report to get a clearer view of casework support capacity.

The salaries of caseworkers at DCJ and non-government providers are set by the *Crown Employees (Public Sector – Salaries 2022) Award* (Crown Award) and the *Social, Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award) respectively. There may still be differences in the pay of caseworkers working for the same provider type, for example, depending on tenure or if the provider pays above award wages.

Our analysis of DCJ workforce data did not reveal any casework staff paid above Crown Award level. Based on information provided to us by a sample of non-government providers, we found that some providers pay above award to attract specific staff or retain experienced caseworkers.

On average, DCJ caseworkers are paid between \$95,963 and \$105,794 per year (see Table 6.1). CFDU caseworkers tend to get paid more than caseworkers providing DCJ-managed care. This is likely to be due to CFDU caseworkers having longer tenures. Casework managers for DCJ OOHc have a base salary of about \$123,185 on average.

On average, non-government provider caseworkers are paid \$94,996 per year. Casework managers at non-government providers have a base salary of around \$114,195 on average. While we have heard that non-government providers sometimes use labour hire staff for casework, we currently do not have data showing the costs of hiring such staff.

Table 6.1 Average base salary of OOHc casework staff by provider type

Casework staff	Department of Communities and Justice	Non-government providers
Caseworker	\$95,963 - \$105,794	\$94,996
Casework manager	\$123,185	\$114,195

Source: IPART analysis of data provided by NSW Department of Communities and Justice and non-government providers.

We found that non-government provider caseworkers in the Greater Sydney area are paid more on average compared to caseworkers outside of Sydney, whereas DCJ salaries do not change with location.

There is a difference in salary on-costs between DCJ and non-government providers. On-costs are the additional costs of employing an individual on top of salary. Table 6.2 shows that on-costs for non-government providers are 6% lower than for DCJ, owing to their payroll tax exemption.

Table 6.2 Comparison of salary on-cost between government and non-government provided care

Salary on-cost type	Department of Communities and Justice	Non-government providers
Superannuation	10.5%	10.5%
Payroll Tax	6.0%	0%
Annual leave loading and long service leave	4.0%	4.0%
Workers compensation (average)	5.0%	5.0%
<b>Total</b>	<b>25.5%</b>	<b>19.5%</b>

Source: Information provided to IPART by NSW Department of Communities and Justice

The resulting average casework salaries including on-costs are provided in Table 6.3. When on-costs are taken into consideration, the cost discrepancy of casework per staff between DCJ and non-government providers becomes even larger.

Table 6.3 Average salary including on-costs of OOHC casework staff by provider type

Casework staff	Department of Communities and Justice	Non-government providers
Caseworker	\$120,434 - \$132,771	\$113,520
Casework manager	\$154,600	\$136,464

Source: IPART analysis of data provided by NSW Department of Communities and Justice and non-government providers.

Overtime can also be analysed as a salary cost. Most DCJ OOHC casework staff did not have recorded overtime. On average across a sample of non-government providers, their caseworkers did some overtime on top of their scheduled hours. At this stage we do not have enough information to factor this into our salary cost analysis but we will consider this further as the review progresses.

The information below shows estimated casework costs per child that would be incurred by different providers under various assumptions about staff composition (Table 6.4). These casework costs include the direct labour costs (i.e. base salary and on-costs) for caseworkers and case managers only. Beyond these staff types, the differences between different providers are too great to build into a cost comparison. For example, some hire casework support staff, some hire cultural workers, etc.

Table 6.4 Average casework labour costs (salary of caseworkers and casework managers) per child

Staff composition	Department of Communities and Justice	Non-government provider (including DCJ secondary case management)	Non-government provider (no DCJ secondary case management)
Current DCJ	\$ 8,600	\$9,573	\$8,016
<ul style="list-style-type: none"> <li>17 children per caseworker</li> <li>6 caseworkers per casework manager</li> </ul>			

Staff composition	Department of Communities and Justice	Non-government provider (including DCJ secondary case management)	Non-government provider (no DCJ secondary case management)
Current non-government provider <ul style="list-style-type: none"> <li>9 children per caseworker</li> <li>4 caseworkers per casework manager</li> </ul>	\$17,676	\$17,962	\$16,404
Medium case <ul style="list-style-type: none"> <li>12 children per caseworker</li> <li>5 caseworkers per casework manager</li> </ul>	\$12,613	\$13,292	\$11,734
Low case (e.g. residential care) <ul style="list-style-type: none"> <li>6 children per caseworker</li> <li>3 caseworkers per manager</li> </ul>	\$28,661	\$28,059	\$26,501

Source: IPART analysis of data provided by NSW Department of Communities and Justice and non-government providers.

## 6.8 The cost of vacancies and recruitment

The work that caseworkers do with vulnerable children and families is challenging. There are currently high vacancies and turnover in the OOHC sector, both at DCJ and non-government providers.

There is currently a 10% vacancy rate of all DCJ caseworkers, including child protection and OOHC.<sup>148</sup> This varies significantly between districts, with vacancies within districts ranging from 5- 17%. DCJ caseworkers across the child protection spectrum have recently been making calls for increased pay and staffing to address resourcing problems.<sup>149</sup> We received information from non-government providers about their vacancy rates. Across the sample of non-government providers, the vacancy rates were broadly consistent with that reported by DCJ but the range was larger. Organisation size varies significantly across non-government providers and as a result, we would expect to see a greater variation in percentage terms for providers with a very small number of caseworkers. We heard that ACCOs are facing especially significant challenges recruiting Aboriginal caseworkers and caseworkers with adequate cultural competency and community connections to deliver culturally appropriate care.<sup>150</sup>

"A stable highly skilled workforce is essential to the provision of quality OOHC that ensures the safety and well-being of young people in care and delivers good outcomes for young people when they transition out of care."

Australian Services Union NSW & ACT (services) Branch<sup>151</sup>

The Audit Office of NSW found that workload stress was the greatest challenge for exiting DCJ caseworkers.<sup>152</sup> Data collected by the Public Service Association shows that 9% of DCJ child protection caseworkers are absent from work due to workers compensation claims.<sup>153</sup> Responses to our quick feedback form raised concerns over burnout of both DCJ and non-government provider staff.<sup>154</sup>

High caseworker turnover is having a negative impact on the sector. Several carers raised concerns with us about frequently changing caseworkers, which negatively affects the carers and the children they are caring for.<sup>155</sup> DCJ faces challenges retaining caseworkers. The Audit Office of NSW found that in June 2023, 49% of caseworkers had been employed with DCJ for less than 5 years.<sup>156</sup> We do not have an equivalent figure for non-government providers. High turnover increases the costs of caseworkers to providers, as it increases recruitment and training costs. It is difficult to estimate the overall cost of caseworker turnover, as there are many direct and indirect costs that could be considered. One study in the United States estimated that for every child welfare caseworker who leaves their agency, the cost to that agency is 20 to 300% of that employee's salary.<sup>157</sup> If we apply this to NSW OOHHC caseworkers, this could create a turnover cost between around \$19,000 to \$317,000 per person.

The combination of turnover and difficulties in recruiting new caseworkers may increase labour costs. We have heard that providers sometimes need to use labour hire caseworkers, who typically earn higher salaries.<sup>158</sup> Based on information provided to us by non-government providers we are also aware that some providers have significant recruitment costs.

## 6.9 Access to in-house services

As discussed in section 6.4, we have heard that caseworkers spend a large amount of time supporting children to access specialist care, especially in regional areas. Where care can be provided in-house (e.g. due to staffing of specialists or having partnerships with Aboriginal Medical Services), this decreases the time caseworkers have to spend liaising with specialists to get appointments. Early access to specialist care and/or wraparound supports may help to prevent children's needs escalating, therefore creating long-term savings.

Due to the more specialised nature of some non-government providers, these providers may need to employ more specialists to support the children in their care. For example, we have heard of non-government providers hiring genealogists, cultural support workers, and NDIS specialists. While such staff may be an additional cost, they may also reduce caseworkers' workloads and enable more efficient support to children in care.

## 6.10 Training

There does not appear to be a standardised ongoing training pathway for caseworkers, leaving discretion to individual providers to determine the amount of training that caseworkers receive. In practice, this appears to range significantly. For example, CareSouth told us it employs a learning and development technician to support the training of caseworkers. It suggested that this has had a positive impact on its retention rate of caseworkers.<sup>159</sup> On the other hand, several submissions to our quick feedback form suggested there is a lack of training for caseworkers, especially in providing trauma-informed care.

While we have not been tasked to assess the appropriate amount of training for staff, we consider it may be worth DCJ investigating the merits of standardising training for caseworkers. Due to the variety in training between providers, we are not able to estimate the efficient costs of caseworker training.



### Overall casework costs

We do not currently have granular data on non-labour costs of casework, for example training and efficiencies gained by having in-house wraparound services. Overall casework costs may therefore be higher in practice. We intend to investigate this further as our review progresses.

## 6.11 Potential for overlap between DCJ and non-government provider casework

Where children are case managed by non-government providers, there are some areas of casework overlap between DCJ, which retains certain legal responsibilities and the non-government providers who are responsible for day-to-day care. We have heard from providers that suggest there is an opportunity to reduce this overlap and make some of these processes more efficient. For example, Barnardos Australia submitted:

It is Barnardos' practice experience that all case management responsibilities rest with funded service providers, therefore we question the necessity of secondary case management. If necessary, then consideration of the resourcing of secondary case management to be redirected to the primary provider.<sup>160</sup>

We are also aware of some other areas that are potentially not operating as efficiently as they could be that we consider warrant further investigation, including:

- The process of liaising with DCJ to apply for additional funding (including complex needs payments) or change a child's case plan or need categorisation, which can be time-consuming for non-government provider caseworkers.<sup>161</sup>
- The system for broadcasting placement requests to non-government providers and the requirement for providers to respond to all broadcasts they receive, which can include irrelevant requests and repeat broadcasts.<sup>i</sup>
- The need for non-government providers that provide care in multiple DCJ districts to liaise separately with DCJ CFDU staff in each district, with potential for inconsistencies between districts in terms of both process and outcome. These differences extend to the expectations of non-government provider caseworkers in legal proceedings.
- The preparation of court materials, particularly affidavits, is frequently sent back-and-forth between DCJ and non-government providers for amendments and changes, as often involvement from two sets of caseworkers is required (see Box 6.3).

We propose to undertake additional data collection and analysis on each of these matters prior to our Draft Report.

<sup>i</sup> Irrelevant requests include placements for a different district or broadcasts for Aboriginal children being sent to non-ACCO providers. The Audit Office of NSW also found that over 50% of broadcasts are repeats (Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 56).

### Box 6.3 Role of DCJ and non-government providers in court work

The OOHC system is underpinned by the Care and Protection Act which provides for the care and protection of children, including with the object of providing them long-term, safe, nurturing, stable and secure environments through permanent placements.<sup>162</sup> Both DCJ and non-government providers have a role in legal proceedings and court work.

When a child is under the care of a non-government provider, court work is coordinated between both DCJ and the non-government provider. This includes the preparation of affidavits, gathering evidence, establishing the desired outcome for the child (e.g. a restoration order) and attending court when required. If a child is under the care of DCJ, a DCJ caseworker or casework manager will typically be responsible for these tasks. However, as the statutory body DCJ coordinates and is responsible for all court matters relating to a child's designated care plan and orders.

Where DCJ manages the case, a child protection caseworker will be responsible until the court makes a final order at which point the case will be transferred to a DCJ OOHC caseworker. Where a non-government provider manages the case, a DCJ child protection caseworker is responsible for the court matter and the non-government provider caseworker will carry out the day-to-day casework. Once the court makes a final order, the case continues to be case managed primarily by the non-government provider and the DCJ child protection caseworker will hand over the case to a DCJ CFDU caseworker for secondary case responsibility.

The responsibilities for DCJ caseworkers in court work are supported by other teams in DCJ. Primarily, caseworkers are supported by DCJ Legal, permanency coordinators and managers within a CFDU.

Depending on a child's circumstances, a non-government provider may be involved in court work before or after final orders are issued. If they are the designated agency<sup>a</sup> for a child, they may have additional responsibilities in the preparation of court materials or evidence.

Note: DCJ Legal is responsible for reviewing court material regardless of whether DCJ or a non-government provider is the designated agency for a child.

a. A designated agency is responsible for providing the best available evidence to the Children's Court to support their determination. The designated agency is typically DCJ, but it can be a non-government provider. If the designated agency is a non-government provider, the provider is still required to file court matters through DCJ. [Children's Court Practice Note 17](#) provides further information on the responsibilities of a designated agency.

## 7 Administration and overhead costs

Currently out-of-home care (OOHC) is delivered under a hybrid approach whereby foster care is delivered by both the Department of Communities and Justice (DCJ) and non-government providers including Aboriginal community-controlled organisations (ACCOs), and residential care is delivered primarily by the non-government sector.<sup>j</sup> To enable a like-for-like comparison of the cost of delivering OOHC by DCJ compared to non-government providers, we considered the definition of administrative costs of delivering OOHC.

Administrative costs refer to expenditure incurred from activities that are not part of core service delivery but are needed to ensure ongoing operations. For OOHC, administrative functions would be activities that support the core OOHC services such as maintaining and providing support for data systems, quality assurance to meet accreditation, and training OOHC caseworkers. The costs of these administrative activities include employee-related expenses, as well as non-labour operating expenses (together 'administrative costs').

### 7.1 Overview of current costs

We have used DCJ financial data and non-government provider's income and expenditure reports acquitted to DCJ to analyse administrative costs. Our preliminary findings have shown that:

- Administrative costs associated with the delivery of OOHC are relatively similar for DCJ and large non-government providers on a cost per child basis.

There are notable data limitations when comparing administrative costs of DCJ and non-government providers such as granularity and varying structures of financial statements, as well as sensitivity of results to the number of children in care. Specifically, as administrative costs are generally fixed, where there are more children in care, these fixed costs will be spread out across a larger base resulting in a lower cost per child. We found discrepancies in the reported number of children in care from the various data sources we received.

- Administrative costs are higher in total for larger organisations but tend to be lower on a per child basis compared to smaller non-government providers. This means that the size of an organisation is a factor that influences total administrative costs.
- There was no material difference in total administrative costs for large organisations based in metro areas compared to those located in regional areas.

Similarly, the total administrative costs for large ACCOs are fairly similar to non-ACCOs of the same size.<sup>k</sup> We will be analysing additional information received from non-government providers to further understand these initial findings and report back in the Draft Report.

---

<sup>j</sup> DCJ manages and delivers Sherwood House Program, comprising of secure residential care homes for children in OOHC. A Supreme Court Order is required for children to be placed in Sherwood House Program due to their complex needs.

<sup>k</sup> A large non-government provider (ACCO or non-ACCO) is contracted to provide over 100 placements.



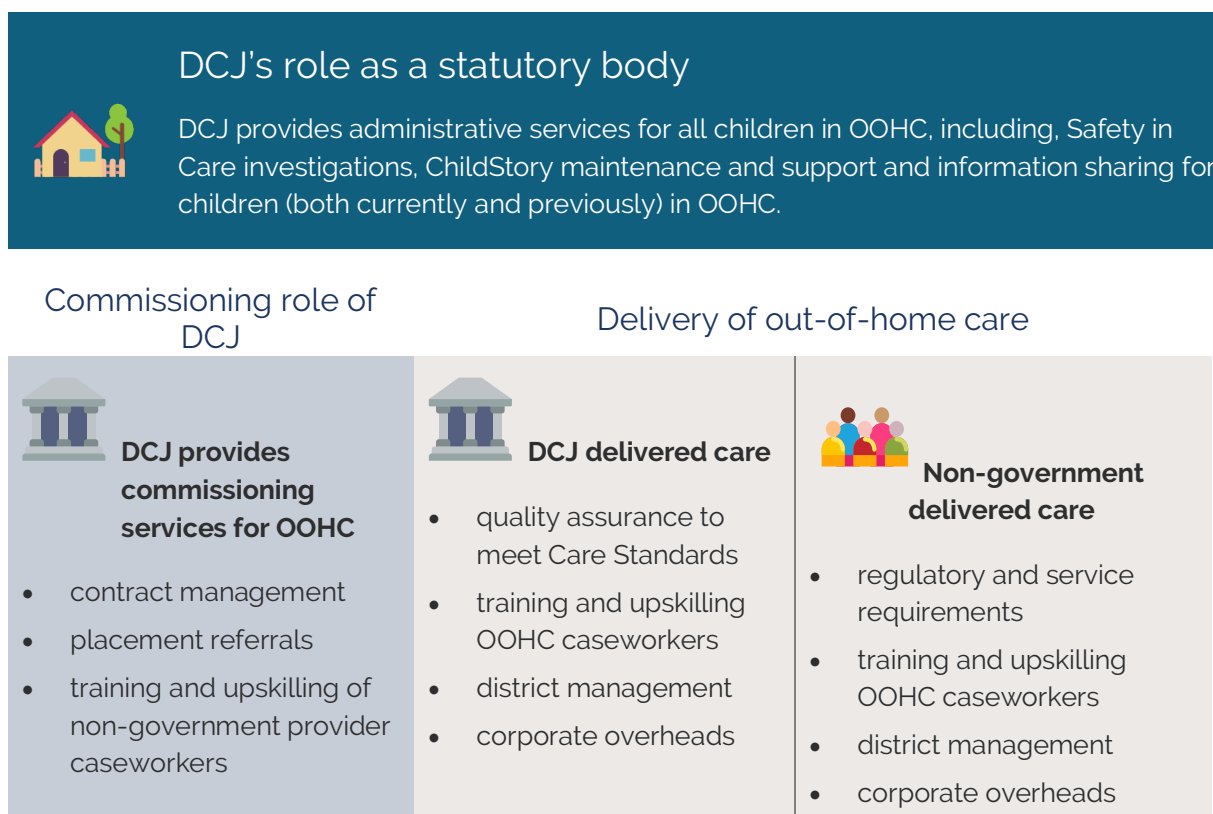
- The costs to DCJ of administering the PSP is approximately \$5,000 per child per year. This encompasses \$1,900 on direct service delivery and \$3,100 to administer the PSP such as contract management.

We will consider the efficiency of this cost and whether there are changes that could be made to reduce it further during our review.

## 7.2 Classifying DCJ teams undertaking administrative functions

We have classified administrative functions under three broad categories. These are presented in Figure 7.1 and described in further detail below.

Figure 7.1 DCJ's administrative functions



### 7.2.1 DCJ teams which support the OOHC system as a whole

These are teams within DCJ that support both DCJ and non-government provided care through the Permanency Support Program (PSP) and OOHC systems and include those that carry out DCJ's statutory obligations. These obligations include:

- the Reportable Conduct Scheme and Child Protection investigations (e.g. Safety in Care teams who conduct investigations and field assessments for children reported to the Helpline)
- information sharing for care leavers



- information on adoption and post-adoption
- information sharing with other government agencies (e.g. inter-jurisdiction information requests)
- ChildStory<sup>1</sup> data teams to support caseworkers and other ChildStory system users such as the NSW Ombudsman and non-government providers.

### 7.2.2 DCJ teams which facilitate and commission the PSP

These are teams within DCJ who are responsible for the administration of the PSP. These include teams such as Child and Family District Units (CFDUs) who perform residual parental responsibility activities to support children in PSP, district commissioning and planning teams who engage with non-government providers around contracts and services, Permanency Coordinators as well as the Central Access Unit who manage the residential care placement referral pathways.

### 7.2.3 DCJ teams which support DCJ-delivered OOHC

These are teams within DCJ that support the ongoing delivery of OOHC to children under DCJ case management as well as teams that monitor and ensure practice meets regulatory and service requirements. One would expect similar functions to exist in the PSP OOHC operating models. These include teams such as quality assurance that support casework practice and ensure compliance with Child Safe Standards for Permanent Care, as well as teams who provide training and enable upskilling of DCJ caseworkers.

## 7.3 DCJ's key administrative functions to support their delivery of OOHC

DCJ undertakes the following administrative functions to support its own OOHC service delivery:

1. **Compliance with regulatory and service requirements** – this includes teams such as Reportable Conduct and Quality Assurance.

The Reportable Conduct team is responsible for investigating reportable allegations made against authorised carers or care staff. This includes risk management and reporting back to the OCG. The Reportable Conduct Scheme is a legislative requirement that aims to keep children safe and ensure that employees or volunteers are treated fairly when an allegation is investigated.

---

<sup>1</sup> ChildStory is DCJ's information management system for children in OOHC and Child Protection.

Quality Assurance Continuous Improvement (QACI) teams provide practical support to DCJ caseworkers to ensure quality of casework practice as well as accuracy of ChildStory records to comply with accreditation requirements stipulated in the NSW Child Safe Standards for Permanency Care. This includes audit checks on sample ChildStory records and providing guidance on casework documents such as behaviour support plans, leaving care plans, health and education pathways, as well as review of professional to full carer authorisations.

2. **Training and Upskilling of DCJ OOHC Caseworkers** – this includes teams which provide practical support to OOHC caseworkers to elevate practice and achieve better outcomes for families and children.

Casework specialists provide child protection and out of home care practice advice to caseworkers and managers to safeguard practice and decision making. They provide case consultation, undertake case practice reviews, attend group supervision, accompany caseworkers in the field to model and coach casework with families, coach new caseworkers undertaking the Caseworker Development Program, and support the implementation of DCJ's priorities and key reforms.

The Practice Quality team designs and develops practice kits for DCJ caseworkers such as implementation of the NSW Practice Framework<sup>163</sup> as well as resources to support the effective use of group supervision.

Permanency coordinators provide permanency advice through consultations and permanency progress reviews for both DCJ and non-government provider caseworkers to ensure permanency is achieved within stipulated timeframes. They also assist with the application of the Permanency Case Management Policy<sup>164</sup> and group supervision consultation including after a child enters care and support the implementation of DCJ priorities and key reforms.

3. **District management and administration** – within each District, there are management (e.g. Executive District Directors and Directors) and administrative teams (admin officers and business analysts) to support DCJ OOHC caseworkers. The District management teams oversee both Child Protection and OOHC services.
4. **Corporate overheads** – this includes DCJ's corporate overheads such as Finance, Procurement, IT, HR, Payroll, Legal, Media and Comms). These costs are apportioned across DCJ's service streams.

## 7.4 DCJ's administrative functions to facilitate and administer the PSP

There are teams within DCJ that are responsible for facilitating and administering the delivery of the PSP. These costs need to be taken into account to reflect the full cost of a PSP placement.

### 7.4.1 Contract management and engagement

There are two types of contract management related to the PSP, the first is the management of PSP funded placements and the second is the day-to-day engagement with PSP service providers regarding contracts.

PSP Contract Support team – PSP funding is released to providers every quarter on expected number of placements. Given the modular nature and complexity of PSP packages and the funding approach, the PSP Contract Support team is responsible for maintaining the contract including variations, monitoring, verifying and reconciling PSP package payments.

Commissioning and Planning teams are predominately located in each District, with some centrally, to facilitate engagement with the sector and communities. Contract managers work collaboratively with key stakeholders and non-government providers to better understand and support the development of their capacity and capability to:

- respond to sector reforms and initiatives
- implement improvement strategies and deliver on outcomes agreed in the contract
- risk management of service delivery
- provide clarity on how funds could be used to meet client needs.

### 7.4.2 Placement referrals

When a child has been removed from their family and there is no available placement with a relative or kin, DCJ CFDU caseworkers are responsible for broadcasting referrals to non-government providers via ChildStory. For children needing a placement in residential care or interim care, the Central Access Unit is responsible for managing the referral via ChildStory to non-government providers.

### 7.4.3 Training and Upskilling of non-government provider caseworkers

As mentioned above, permanency coordinators also support non-government provider OOHC caseworkers with permanency consultations and permanency progress reviews to achieve permanency in a timely manner. They also provide guidance and advice on the Permanency Case Management Policy and all aspects of permanency for children in care.

## 7.5 The avoided cost approach has been applied to allocate shared costs within DCJ

To ensure a like-for-like comparison of administrative and overheads costs between DCJ and non-government providers, we have considered the most appropriate cost allocation methodology. While there are no universal standards for cost allocation, we have referred to guidelines set out in the *Competitive Tendering and Contracting by Public Sector Agencies*<sup>165</sup> and *Cost Allocation and Pricing*<sup>166</sup>. Essentially there are two methods of cost allocation, these are:

- **Fully distributed cost** is where the total costs of an agency are allocated to their respective output. This means that the total expenditure (direct costs as well as an allocation of indirect costs (such as executive costs and corporate overheads) would be included.
- **Avoidable cost** (or incremental cost) accounts for all the costs that would be avoided or saved if that business unit (or particular service) ceased operation. Under this approach, it would include all direct costs and some indirect costs (such as payroll and other overheads related to OOHC teams). However executive staff costs would remain fixed if OOHC services did not exist and so would not be included in avoidable cost.

As the fully distributed approach factors in total expenditure relating to OOHC services, it does not capture the specific costs of delivering OOHC. This means that it does not measure the amount by which costs increase with additional children entering OOHC or conversely where costs reduce as children exit OOHC.

A challenge with applying the fully distributed cost approach is the treatment of government functions. Given DCJ's role in OOHC spans across strategy and policy, commissioning and planning, and provider of OOHC, a delineation needs to be made between costs attributable to the provision of OOHC services and costs relating to DCJ's government function. The strategy and policy work undertaken by DCJ should not be included in the cost comparison as the functions serve a different purpose and would erroneously overestimate DCJ's OOHC service delivery costs. Furthermore, these costs are generally fixed and would not increase or decrease in response to the size of DCJ's share of OOHC services.

Given that the avoided cost approach includes an allocation of administrative and overhead costs that would be saved if the services did not exist, it would represent a more accurate estimate of OOHC service delivery costs on an incremental basis. The avoided cost approach is the preferred cost allocation method by the NSW and Commonwealth Governments, including the Industry Commission<sup>167</sup>, for costing in-house bids for competitive tendering.<sup>168</sup> This is relevant to OOHC services as \$1.1 billion (60%) of total OOHC budget of \$1.9 billion for \$2022-23 are provided by non-government providers.<sup>169</sup> For non-government providers that only provide OOHC services and no other social services, their avoidable cost would be fairly similar to their fully distributed costs.

We acknowledge that a difficulty with applying the avoided cost approach is the availability of granular financial statements in order to identify relevant expenses. While we have analysed financial statements methodically, we recognise that due to varying financial statement structures, the avoided costs approach has been applied as robustly as possible and estimates reflect the data available.

For the reasons outlined above, we have adopted the avoided cost approach to compute the administrative and overhead costs of DCJ and non-government providers. Box 7.1 outlines how we have defined direct and indirect costs.

### Box 7.1 Direct and Indirect costs

For the purposes of this analysis, we have adopted the following definitions of Direct and Indirect costs:

**Direct costs** are those which can directly and unequivocally be attributed to an activity. They include labour (including on-costs) and materials used to produce the good or service.

**Indirect costs** are those which are not directly attributable to an activity and are often referred to as overheads. They can include 'corporate services' costs such as the Chief Executive Officer's salary costs, financial services, human resources, records management and information technology.

Source: Commonwealth Competitive Neutrality Complaints Office, *Cost allocation and pricing – Commonwealth Competitive Neutrality Complaints Office Research Paper*, 1998.

## 7.5.1 Calculating the administrative and overhead cost for DCJ-delivered OOHC

We used DCJ's detailed financial statements for 2022-23 to compute the administrative costs for DCJ-delivered OOHC. As DCJ provides a range of social services including Legal and Justice, Housing and Homelessness, Community Inclusion, and Children and Families, we have used the financial data pertaining to OOHC services only. DCJ apportions indirect costs across service streams using the best estimate of cost drivers. For example, supervisory and ancillary staff have been apportioned based on the split of frontline child protection and OOHC caseworkers. We considered their method to be reasonable and have used their Indirect costs allocated to OOHC in our analysis.

The total cost of teams categorised as supporting DCJ-delivered OOHC as well as corporate overheads was divided by the number of children in DCJ Statutory and Supported Care to arrive at an average cost per child per year. This is presented in Table 7.1 below.

Table 7.1 DCJ's administrative costs of delivering OOHC per child per year, \$2022-23

Description	DCJ-delivered OOHC
Administrative costs and corporate overheads	\$14,500

Source: IPART analysis of data provided by NSW Department of Communities and Justice.

For teams that provide support to both children in DCJ and PSP care we apportioned costs based on the number of children case managed by DCJ relative to non-government providers. A detailed approach is presented in Appendix B.

DCJ's administrative cost of delivering OOHC excludes direct service delivery (such as OOHC caseworkers) and administrative support for the PSP. Policy teams have not been included as these functions form part of the strategy and planning role of the NSW government.

## 7.5.2 DCJ's cost for facilitating and administering the PSP

Table 7.2 presents the cost to DCJ to facilitate and administer the PSP on a cost per child basis. We have used the number of children in Statutory Care that were case managed by non-government providers as at 30 June 2023, as this represents the number of children requiring support from CFDUs and includes home-based and residential care placements. However, there are some inconsistencies in the number of children depending on the data source.

Table 7.2 DCJ's administrative and corporate overhead costs of facilitating and administering PSP per child per year, \$2022-23

Cost Description	PSP
Direct service delivery	\$1,900
Administrative and Corporate Overheads	\$3,100
<b>Total</b>	<b>\$5,000</b>

Source: IPART analysis of data provided by NSW Department of Communities and Justice.

DCJ's direct service delivery costs include CFDU caseworkers who carry out residual parental responsibility tasks. The cost per child per year is materially less than the cost of casework for a child in DCJ care. This is because CFDU caseworkers are able to carry a higher caseload compared to DCJ OOHC caseworkers as they exercise secondary case responsibility.

The administrative and corporate overheads include the commissioning and planning teams, contract management as well as a portion of DCJ's corporate overheads. We have allocated corporate overheads based on the proportion of employee-related expenses between staff supporting DCJ OOHC and PSP.



### Sensitivity of results to the number of children

To calculate the average cost per child per year, we need the total number of children in PSP by non-government provider. Our initial analysis showed data discrepancies in the number of children that we received from various sources. We have used the number of children as at 30 June 2023 from DCJ's Annual Statistics Report but these results need to be considered with caution due to movements of children throughout the year. For example, the PSP payments data does not reflect real-time case management transfers or transfers between non-government providers. There are also delays in the reconciliation processes and reconciliation payments are generally lump sum amounts by provider rather than by child.

## 7.6 Administrative costs for non-government providers

The administrative functions undertaken by non-government providers to support the delivery of OOHC would be broadly similar to those described above for DCJ, noting there are additional administrative tasks for non-government providers around residential care. We have heard from non-government providers through meetings and submissions on the Consultation Paper, that there is increased administrative burden and compliance associated with delivering the PSP.

We have distinguished between administrative tasks as those that support frontline OOHC services rather than desktop activities that are considered an essential part of casework (for example writing case notes, entering data in ChildStory and client management systems, or preparing NDIS plans and navigating the NDIS system). These desktop casework activities should be included in the costs of delivering OOHC and would be reflected in the caseload and staffing costs. Core casework has not been included in the computation of administrative and overhead costs.

The section below describes the key administrative functions undertaken by non-government providers in providing PSP to children in their care.

### Training and upskilling of staff

Non-government providers have highlighted the increased need for training and upskilling of caseworkers and residential care staff as turnover rates impact on staff shortages. This is exacerbated by stand downs and investigations due to Reportable Conduct matters.<sup>170</sup> Non-government providers have also flagged that the PSP funding does not factor in additional training around trauma-informed care and behavioural management for residential care staff who supervise children with complex needs, as well as a structured framework for continuous improvement such as group supervision. Furthermore, ACCOs have raised the higher training costs in upskilling new staff and providing mentoring for Aboriginal people with both system knowledge and lived experience who are completing social services qualifications as well as tailored training for non-Aboriginal staff to provide culturally safe and appropriate support.<sup>171</sup> Similarly, non-government providers have also identified increased recruitment costs due to staff shortages, with some providers needing to conduct recruitment processes year-round.<sup>172</sup>

### Management and administration teams

Non-government providers delivering OOHC would also have the necessary supervisory and support structure to oversee and provide back-office administrative support to the OOHC frontline operations. Additionally, this would include the contract management function of the PSP, whereby non-government providers manage their contracts with DCJ including reporting requirements on PSP packages and children in their care. The management function should be considered in the computation of the administrative and corporate overhead estimate for non-government providers.

Given the scrutiny on the OOHC system through reviews and inquiries, there has been a trend towards increased compliance and regulation resulting in administrative impost on both DCJ and non-government providers. Our Draft Report will explore the potential impact of the various OOHC reviews on administrative costs.



## Compliance with regulatory and service requirements

Non-government providers providing statutory OOHC are required to be accredited with the OCG. The accreditation process involves gathering evidence to demonstrate compliance with the *NSW Child Safe Standards for NSW*. The types of evidence includes policy and procedures, case plans and notes, internal auditor reports, etc.<sup>173</sup> This would also include teams who respond to reportable conduct claims, as well as teams responsible for updating Carer Register and Residential Care Workers Register. The Residential Care Workers Register is kept by the OCG to ensure all designated agencies provide information on care staff working in residential care settings.<sup>174</sup>

Non-government providers are required to have adequate insurance including cover for physical and sexual abuse as part of their contractual arrangements with DCJ. Non-government providers have voiced concerns over the increasing costs of insurance premiums.<sup>175</sup> Residential care service providers have noted that the costs of property and content insurance for residential care properties is escalating.<sup>176</sup> Furthermore, the cost of workers compensation particularly for residential care staff is growing (50% increase in 2023-24 compared to previous year) and has been suggested that it is not adequately funded under the PSP.<sup>177</sup> The case study below discusses the increased workers compensation and insurance experienced by non-government providers.

### Case study: Escalating workers compensation and insurance premiums

#### Workers' compensation premiums

Burrin Dalai Aboriginal Corporation faced a rise in their workers compensation insurance premium from \$250,000 in 2023-24 to \$408,000 in 2024-25. It was advised by icare that its premium increase reflected the increasing costs of claims in the OOHC sector. Workers compensation claims are primarily made for mental stress and psychological injuries which reflects the stressful, important and personal nature of casework in child protection and OOHC. Vicarious trauma can be experienced by staff who engage empathetically and professionally with Aboriginal children, young people and families. For Aboriginal staff who belong to the community in which they are working, stress can be compounded if community makes judgments about casework.

#### Physical and sexual abuse indemnity insurance

The findings of the Royal Commission into Institutional Responses to Child Sexual Abuse released in December 2017 saw commercial insurers withdraw from the market due to the increase in the number of potential civil claims for physical and sexual abuse (PSA) and the size of settlements. OOHC providers including ACCOs required full professional liability and public indemnity coverage but were unable to purchase insurance that was fit-for-purpose.

As a temporary measure from February 2021, the NSW Government provided a short-term financial indemnity scheme for contracted OOHC providers. However, the indemnity only covered PSA claims that occurred after 30 June 2017, meaning providers carried all risk for historical physical and sexual abuse claims.



Based on the advice received from the Treasury Managed Fund, Burrun Dalai expects that their PSA premiums will effectively quadruple in costs in 2024-25.

### **Public liability and professional indemnity insurance**

In 2023-24 Burrun Dalai's emergency arrangement contractor costs exceeded \$9 million. This alarmed its insurance underwriters to the extent that for 2024-25 they required both separate professional indemnity insurance for contractors and a substantial increase to their public liability Insurance.

Burrun Dalai sought advice from an insurance broker specialising in professional indemnity and public liability issues and received the following advice:

- Despite the increase in premium costs, the increased contractor professional indemnity and public liability coverage needs to be taken out to adequately cover Burrun Dalai's increased risk associated with the large number of contractors being used.
- Whilst the DCJ PSA insurance coverage specifies contractors so emergency arrangements contractors are covered for PSA, professional indemnity and public liability cover a wider range of potential claims than PSA.

In 2024-25 Burrun Dalai paid an additional \$12,365 for separate contractor professional indemnity insurance and an unplanned increase to public liability insurance of \$100,000 relating to emergency arrangements.

Source: Case study provided by AbSec, August 2024.

## **7.6.1 Non-government providers' financial data varies in structure and granularity**

Our analysis of non-government providers' administrative and overhead costs in delivering PSP demonstrates whether the funding level is adequate and would provide a benchmark against DCJ's costs. We have obtained the detailed income and expenditure reports provided to DCJ by 48 non-government providers which represents the majority but not all non-government providers. We have also requested details of administrative costs from a sample group of non-government providers which will be analysed as part of our Draft Report.

We note that the non-government providers' financial data vary in detail and structure. In some cases they lack transparency in how consistent each expense item has been defined. We have utilised financial statements that are available at a granular level to the extent possible to ensure a like-for-like comparison of administrative and corporate overhead costs with DCJ. Furthermore, the detailed expenses allowed us to disentangle administrative and corporate overhead costs from direct delivery costs and highlight the key cost drivers.

Ideally, the qualitative feedback received from non-government providers on the increased administrative burden would be evidenced by data. We have reviewed the data provided in the income and expenditure reports as well as the non-government provider information requests and have summarised data availability and challenges in Table 7.3. Overall, the lack of detail in the financial data meant that we could not explore increases in administrative functions in our initial analysis. We aim to further analyse the non-government provider information request and review year-on-year trends for the Draft Report.

Table 7.3 Summary of data availability and challenges

Administrative function	Income and expenditure report	Non-government provider Information Request
Compliance and regulatory compliance	Insurance and workers compensation can be identified; however, it is not broken down specifically for relevant staff (e.g. residential care staff), rather it is for the whole organisation.	Some providers have included the number of staff FTE and total salary costs of those engaged in accreditation and other roles that support compliance with regulatory requirements.
Training and upskilling	Training and recruitment costs can be identified, however similar as above, it is for the whole PSP operations rather than relevant staff.	Staff training, particularly caseworkers have been provided by non-government providers in the form of hours per week. This will be captured in the direct service delivery costs, rather than administrative and overhead costs.
Management and Administration	Management and administration would be captured in the Indirect Contract-related expenses as well as the administration and management and corporate overheads line items.	Some providers have included number of staff FTE and total salary costs of staff conducting management and administration officer functions.

Source: IPART analysis of data provided by NSW Department of Communities and Justice and non-government providers.

## 7.6.2 There are key factors that impact non-government providers' administrative costs

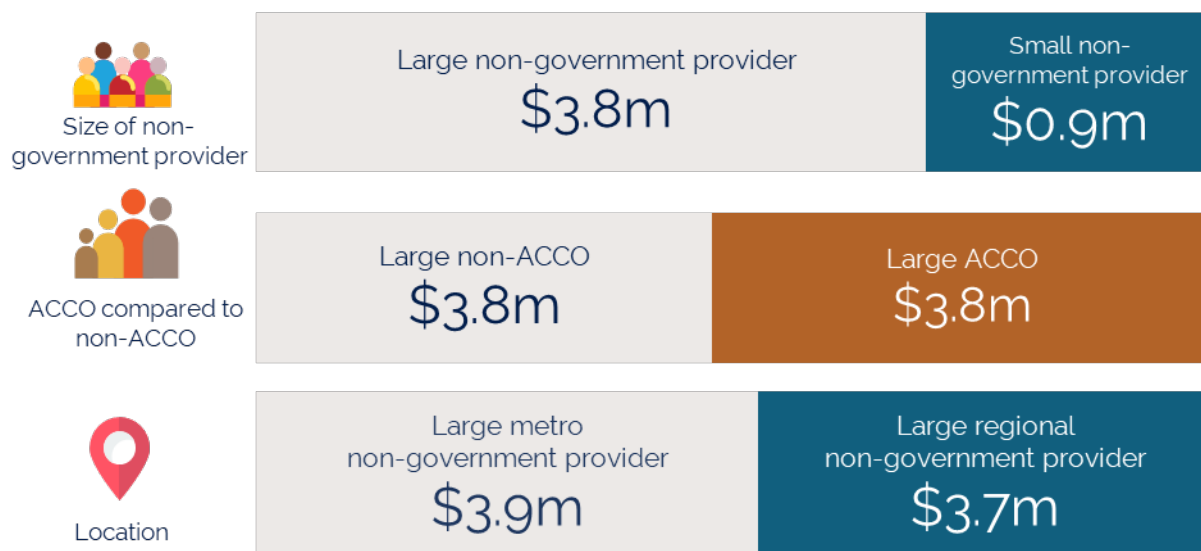
To compute administrative and corporate overhead costs, we have used indirect contract administration costs, management and admin costs, and corporate overheads from the detailed income and expenditure reports. We have supplemented the data with information provided by non-government providers. We have made adjustments so as to include certain expenses that would otherwise be captured in employee-related expenses such as recruitment, training and travel and accommodation relating to staff.

For the most part, administrative and corporate overheads of a non-government provider are a fixed cost and would not necessarily increase or decrease as the number of children in their care changes. For example, a non-government provider's rent or payroll expense is likely to remain at the same cost whether there were 20 more or less children under their case management. There would be however a point at which a certain number of children in care would require bigger offices or a larger payroll team. For this reason, we have presented the administrative costs and corporate overheads of non-government provider at a provider level. In our initial analysis we have found that the cost per child is fairly volatile as the denominator<sup>m</sup> is highly sensitive (i.e. the more children in care, the more administrative costs and corporate overheads are diffused).

<sup>m</sup> The denominator we have used is the number of children in care by provider.

Figure 7.2 presents the average administrative costs of non-government provider's offering foster care only.<sup>n</sup> We have analysed the income and expenditure reports by size, ACCOs and location to understand whether these factors impact on administrative costs.

Figure 7.2 Average administrative costs per provider (foster care only) per year, \$2022-23



Note: a large non-government provider (ACCO or non-ACCO) is a provider contracted to deliver over 100 placements.  
Source: IPART analysis of data provided by NSW Department of Communities and Justice and non-government providers.

Our initial analysis of the non-government providers income and expenditure shows that the size of an organisation impacts the total administrative costs, while there are only marginal differences between ACCOs and non-ACCOs of the same size. We also found that location is not a key driver of administrative costs for non-government providers of the same size.

### Size of non-government provider

Due to the number of foster care only providers, we have grouped together all non-government providers which are contracted to deliver over 100 placements (referred to as 'large non-government providers'). We have seen that the administrative costs of a large non-government providers are four times greater than their smaller counterparts. This aligns with expectations as organisations with more children in their care would require more staff to support their operations. In addition, larger organisations offering multiple social services are likely to have larger corporate overhead allocations. On average, administrative costs represent about 20% of total expenditure across both small and large non-government providers offering foster care only.

<sup>n</sup> The analysis excludes organisations providing both foster, residential and/or supported independent living placements, as well as providers offering residential care only.

## ACCOs

On average, the administrative costs of ACCOs caring for more than 100 children in foster care (large ACCOs) are similar to the administrative costs of large non-ACCOs. We have heard from the sector that there are additional costs in training and upskilling staff in ACCOs, as well as costs related to the transition of children to ACCOs. However overall, there is not a substantial difference in administrative costs between large ACCOs and non-ACCOs.

## Location

Providers servicing metro areas have slightly higher average administrative costs compared to those servicing regional areas. We note that a small number of foster care only providers service both metro and regional areas, and these have been included in the metro category. This suggests that location has less of an impact on administrative costs.

### 7.6.3 Limitations of the financial data we used

We identified data limitations when analysing the non-government providers' income and expenditure reports that need to be considered when interpreting results. These include:

**Number of observations:** to provide a meaningful analysis we have analysed groups of non-government providers by the type of placements offered (foster care only, foster and residential care, residential care only) as well as other factors. Slicing data in these ways impacts on the number of observations in each analysis. We have presented our initial findings where a reasonable number of data points were available.

**Missing data:** some non-government providers' financial statements were granular while others only reported total expenses, for example, corporate recharge or administration fee is a lump sum figure with no breakdown of expenses. This means there was no transparency on which costs were included in each broad bucket of expenses.



#### Number of observations and missing data

The findings in our initial analysis need to be considered carefully given the number of observations and the lack of granularity in the financial data.

Separately, we have reviewed the financial data of non-government providers of residential care only and found that the average administrative cost is \$3.9 million. This is triple the administrative cost of similar-sized foster care providers (small), however the proportion of administrative costs is consistent at 20% relative to total costs for both small foster care only providers and residential care providers. Inherently, residential care is more expensive than foster care (as it is labour intensive), and thus we would expect that administrative costs would be higher.

## 7.7 How administrative cost of large non-government providers compare with DCJ

A comparison of total administrative costs between DCJ and non-government providers becomes meaningless as DCJ cares for many more children in foster care compared to large PSP providers. We have therefore assessed the administrative costs on a cost per child basis, notwithstanding the data limitations around sensitivity and certainty of the denominator (number of children in care) as well as the structure of the financial reports. As mentioned above, the more children there are in care, the administrative costs become more diffused.

Table 7.4 presents a summary of the administrative functions performed by DCJ and non-government providers to support the delivery of their OOHC services.

Table 7.4 Summary of administrative functions undertaken by DCJ and non-government providers

Administrative function	DCJ	Non-government providers	Potential factors impacting costs
Regulatory and service requirements – accreditation, quality assurance, reportable conduct	✓	✓	Non-government providers providing residential care may face higher costs in reportable conduct and insurance costs
Training and upskilling of frontline staff	✓	✓	Non-government providers providing residential care may face higher costs in training and recruitment due to care staff shortages
Management and administration officers	✓	✓	DCJ's team structures are organised to support vulnerable families through an array of social services
Contract management	-	✓	DCJ does not incur any contract management costs on their own delivery of OOHC
Corporate overheads	✓	✓	Size of organisation

Source: IPART analysis of data provided by NSW Department of Communities and Justice and non-government providers.

Figure 7.3 presents DCJ's administrative costs and corporate overheads per child per year alongside the average administrative costs of large non-government providers of foster care only. We have compared DCJ to a large non-government provider given that corporate overheads are driven by the size of the organisation as well as the type of placements offered.

Figure 7.3 Average administrative costs for foster care only, per child per year, \$2022-23



Source: IPART analysis of data provided by NSW Department of Communities and Justice and non-government providers.

The results show that the average administrative cost of large non-government providers is slightly higher than DCJ's on a cost per child basis.

### Preliminary finding

- 10. The administrative costs of delivering foster care by large non-government providers are slightly higher than DCJ's administrative costs on a per child per year basis. Across similar sized non-government foster care providers, administrative costs do not differ materially by location or ACCO status.

The results should be considered with caution due to the following data limitations:

1. Although DCJ delivers OOHG services across the state through its network of community service centres (CSCs), many of its administrative and corporate functions reside centrally.

It is not possible to analyse the admin and corporate overheads on a location-basis as was done for non-government providers. In addition, although DCJ primarily provides foster care placements, there are also a small number of young people in Sherwood House Program (residential care), however it is not possible to delineate administrative and corporate overheads separately for this service model in DCJ's financial accounts. We accept that the costs of Sherwood House Program is smaller compared to the overall foster care costs and will have minimal impact on admin costs.

2. We have used granular financial data to ensure our analysis presents a like-for-like comparison given the data availability.

As mentioned above, the largest indirect cost for PSP providers is the administration fee or corporate overheads (lump sum) at 50% of total indirect costs. We cannot say with certainty that all administrative functions, e.g., management or administration officers are included in corporate overheads or if they are captured in employee-related expenses.

### 7.7.1 The transition of Aboriginal children is causing administrative burden

The transition of Aboriginal children to ACCOs is a DCJ policy which recognises that ACCOs are best placed to provide care and case management, uphold the right to self-determination and support Aboriginal children's connections to culture, community and Country. The policy is underpinned by the Aboriginal and Torres Strait Islander Child Placement principles in the Care and Protection Act.<sup>178</sup> Chapter 6 provides more information on the case management of Aboriginal children and the role of ACCOs in the out-of-home system.

The policy initially was due to occur between 2012 and 2022, however the transition faced pricing and administrative delays and has been heavily criticised for the lack of progress.<sup>179</sup> The policy has been extended, but a final due date has not been made publicly available.<sup>180</sup>

#### Funding structure

The current funding structure for the transition is a fixed annual 'Aboriginal Transition Support Payment' of \$150,000 for each ACCO in NSW which was introduced from 1 July 2023.<sup>181</sup> The amount is intended to support both new and established ACCOs, however we have heard that there is no transparency around how the payment was costed or what services it is supposed to cover.<sup>182</sup>

The policy relies on collaboration and communication between non-government providers (non-ACCO) and ACCOs to work with children, carers and families to transition them to the care of an ACCO. However, we have heard that delays and issues which have arisen from the lack of clear business guidance or regulation of the transition have resulted in some ACCOs carrying significant financial risk as they 'scale up' to support placements.<sup>183</sup>

We have heard that the Aboriginal Transition Support Payment is also being provided to support the establishment of new ACCOs.

#### Administrative impact

The NSW Audit Office reported that the transition has resulted in administrative burdens for both non-government providers and ACCOs (see Box 7.2). One of the administrative requirements for the transition is the transfer of authorised carers who have an Aboriginal child (or children) in their care. When a carer transitions to a new provider, the new provider must re-authorise the carer. This process can impact the time it takes to transition an Aboriginal child to an ACCO.

There is also a requirement for ACCOs to 'scale up' their resources to be able to accommodate new placements which can be a burdensome process that is reliant on resource availability.

### Box 7.2 Performance Audit: The Aboriginal Transition Support Payment

In June 2024, the NSW Audit Office released their annual performance audit of the NSW child protection system. The report reiterated the financial risk ACCOs were facing in their preparation for transition and commented on the administrative requirements to support increased capacity.

DCJ did not provide NGOs with sufficient direction, coordination, or governance through its contract arrangements to effect transitions from non-Aboriginal NGOs to Aboriginal NGOs.

... Aboriginal Community Controlled Organisations and non-Aboriginal NGOs are carrying significant financial risk due to a lack of certainty in the transition process of Aboriginal children to the Aboriginal Community Controlled sector ... DCJ does not provide funds for this activity.

... Aboriginal Community Controlled Organisations have been upscaling their businesses to prepare for the transition of Aboriginal children to their care. They have employed additional caseworkers and enhanced administrative and infrastructure arrangements to take on new children, without receiving new intakes

... Aboriginal Community Controlled Organisations advise that they don't expect confirmation of the child transition process and timelines until 2024 and must carry the financial consequences of upscaling.

Source: NSW Audit Office, [Oversight of the child protection system: Performance audit](#), 6 June 2024, p 27.

We have heard that inadequate clarity, governance, oversight or supporting guidelines from DCJ is impacting the overall success of the transition and adding to the administrative burden for both ACCOs and non-government providers. This is further impacted by the bulk funding model and the absence of establishment funds for new ACCOs to support culturally appropriate care for Aboriginal children. This aligns with the findings from the NSW Audit Office June 2024 Performance Audit.<sup>184</sup>

### Seek Comment



4. What activities and costs are involved in ensuring a smooth transition of Aboriginal children to ACCOs?



Part 4: Carers and the care allowance



---

04

## 8 Recruiting and retaining suitable foster carers

Foster carers, relatives and kinship carers who look after the children in out-of-home care (OOHC) are vitally important to the success of the system. Quality care in a family-home setting is widely considered the most suitable way to care for children who cannot live safely with their family. Good carers provide stable, caring and nurturing environments for vulnerable children with varying needs. Those carers volunteer significant amounts of their own time and energy to ensure that the children in their care are given the best possible care.

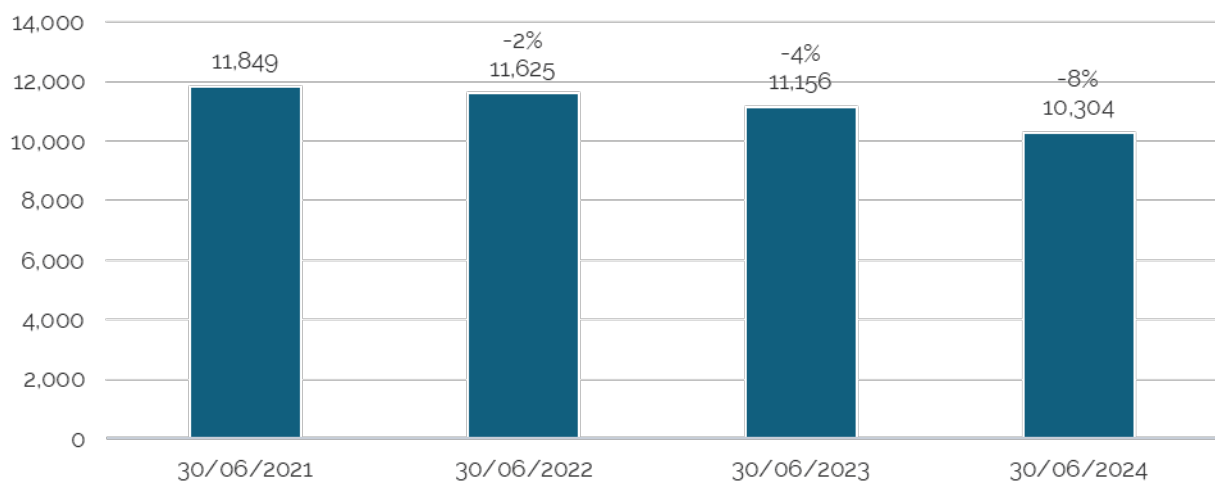
Like other parts of the world, NSW is experiencing a shortage of willing and capable carers, and many of those that remain in the OOHC system feel overwhelmed and undervalued. Carers are leaving faster than they can be replaced, which puts additional pressure on the OOHC system and contributes to poorer outcomes for the children in care. Demographic and societal changes, including greater female participation in the workforce and the high cost of housing, have reduced the pool of potential carers. The rising needs of children in care are placing greater financial and emotional pressure on the carers who remain in the OOHC system.

We have heard from many carers that they feel undervalued and overwhelmed and we know that these experiences have implications both for the immediate welfare of foster carers and the children they care for and for the performance and sustainability of the OOHC system more generally.

### 8.1 It is getting more difficult to recruit and retain carers

Although the number of children in OOHC has decreased slightly each year since 2018-2019, the number of carers is falling more rapidly and the rate of decrease is growing.<sup>185</sup>

Figure 8.1 Number of authorised carer households in NSW 2020-2024



Source: Office of the Children's Guardian, *Key statistics – NSW Carers Register*, 14 June 2024, p 2.

This change is at least partly due to demographic and economic changes. Previously, two-parent, single earner households were much more common, with one parent, traditionally the mother, staying at home most of the time. A common demographic for foster carers has historically been women who did not work outside of the home whose children have grown. These two-adult, single income households had more time available to sustainably volunteer to become a foster carer than the dual-income households that are more common today.<sup>186</sup>

Over the past 40 years, the number of women in the NSW workforce has increased significantly, rising from 51 per cent of working-age women (aged 15–64) in 1981 to 74 per cent in 2021. This increase is attributable to significant improvements in women's access to education, policies to address gender discrimination, improved access to paid parental leave and childcare, society's evolving attitudes,

Over the past few decades, economic pressures have led more households to become reliant on two incomes. This means households typically have less time, energy and money to dedicate to caring for children.<sup>187</sup> Across Australia, women are also having fewer children and starting families later in their life. These factors are contributing to a smaller number of people in those traditional carer groups.

Less affordable housing, and in particular, the impact this is having on families with children, is another factor that is contributing to the smaller pool of carers. Box 8.1 provides more information on the impact of housing affordability on potential carers.

### Box 8.1 The impact of housing affordability on potential carers

In NSW, some carers are expected to have a spare bedroom available for each child that they care for. One of the impacts of housing shortages and rising costs is a reduction in the size of houses that are affordable, particularly for younger families. The link between housing affordability, changing demographics and carer availability has been explored in detail within the sector and is likely to be an increasing issue for the OOHC system to address.

Millennials, who are now approaching their 30s and 40s, will be the largest cohort of the adult population in the coming decade. Traditionally, having a large generational cohort reaching the family stage would result in more carers entering the out-of-home care system. However, fewer Millennials are able to afford to rent or buy homes with spare bedrooms to accommodate additional children.

Generation X is a small generational cohort who are currently aged in their 40s and 50s. Some of this cohort may not be able to afford homes that can accommodate an additional child as many are still housing their own children while also potentially caring for their aging parents.

### Box 8.1 The impact of housing affordability on potential carers

Baby Boomers are the generational cohort that is most likely to have spare bedrooms available. However, their capacity and willingness to take on the role as primary carer for a child may be impacted by their age, with most currently in their 60s and 70s.

Source: Association of Children's Welfare Agencies, *Demographic Outlook: Impacts on the availability of foster parents (narrative summary)*, July 2024, pp 2-7.

## 8.2 The experience of existing carers may be contributing to the carer shortage

Word of mouth referrals from existing carers is one of the most significant ways in which future carers are recruited.<sup>188</sup> This means that carers lived experiences of foster care have an important impact on carer recruitment and retention.

In submissions from carers, some told us that they would not recommend caring to others and would not continue to be carers themselves if they didn't love their children.<sup>189</sup> Other carers had observed that many carers are exiting the OOH system and empathised with their decision to leave.<sup>190</sup> Many carers indicated that the financial support they receive is inadequate.<sup>191</sup> Other carers told us about burnout, career impacts, social isolation, poor service from provider staff, and a lack of access to training and professional support.<sup>192</sup>

"Carers are leaving in their droves because, let's face it, we honestly can't live like this anymore."

Anonymous submission<sup>193</sup>

## 8.3 Improvements in prices, costs and allowances can make a difference

Issues facing carers are not new. The Special Commission of Inquiry into Child Protection in NSW (the Wood Report) observed in 2008 that there were increasing numbers of children in care for longer periods, increasingly complex needs of children with a rising cost per child and a decreasing pool of foster carers. To help address these issues, the Wood Report recommended that carer allowances should be reviewed periodically by an independent body and should more closely reflect the actual costs to the carer of providing care, according to the varying categories of need.<sup>194</sup>

Most carers do not foster children for the money and changes to allowances will not address all the concerns raised with us. However, the financial implications of caring do matter. While the main drivers for initial decisions to explore fostering are intrinsic and altruistic – including loving children and wanting to make a difference – being able to cover costs and replacing income from employment (that has ceased or been exchanged for fostering) have been found to be important considerations in decisions to proceed.<sup>195</sup>

While many aspects of a carers' experience sit outside the scope of our review, ensuring that the care allowance is adequate, and the structure and level of prices and incentives within the system help deliver appropriate support for carers, are within the scope of our review and have the potential to make a difference.

A few submissions that we received also emphasised the importance of investing in carer recruitment and retention to prevent children from being placed in high-cost emergency arrangements (HCEAs) (see section 8.1). These submissions argued that the carer shortage in NSW has caused the OOHC system to rely on these placement types.<sup>196</sup> They argue that funding should be diverted from these placement types and invested into supports to attract and retain carers. Submitters argue that this would not only reduce spending in the long-term but it would also improve the outcomes and wellbeing of children in care.<sup>197</sup>

### Preliminary finding



11. The number of authorised carers in NSW is decreasing at a faster rate than the number of children in out-of-home care and the rate of decline is accelerating.

## 9 Adequacy of support for carers

Carers who look after children that are subject to a court issued care order receive an allowance to cover the costs of supporting those children. They may also be entitled to have one-off or less typical costs reimbursed by the agency they are engaged by. We will make recommendations on the level of the care allowance as part of this review and include these in our Draft Report to be released for consultation in February 2025.

This chapter considers the need for a review of the care allowance and discusses some of the feedback we have received from carers on the adequacy of financial compensation they receive as carers.

### 9.1 The standard care allowance was last reviewed around 20 years ago

The Department of Communities and Justice (DCJ) sets a standard care allowance for carers who are case managed by DCJ. Non-government providers can set their own care allowances provided they are not below the DCJ standard rate.

The standard care allowance is set at a rate that is meant to support carers to cover the daily costs of raising a child in care. Those costs include food, accommodation, energy, clothing, leisure and basic healthcare, like routine GP and dentist visits. Carers are expected to spend the allowance on the children in their care. The allowance is not designed to compensate carers for their time because carers are engaged as volunteers. The care allowance is not considered to be a source of income and is not taxed.<sup>198</sup>

The standard rate of care allowance depends on the age and needs level of the child and is higher for larger sibling groups. The standard allowance was initially determined in 2006 based on the findings of a 2002 study and has been raised annually by the rate of change in the CPI since that time. The standard care allowance is set out below in Table 9.1.

Table 9.1 DCJ standard care allowance rates per week in \$2023-24

Age range	Standard care allowance rate
0-4	282
5-13	318
14-15	427
16-17	284

Source: Department of Communities and Justice, *DCJ Care allowances indexation adjustment – effective 1 July 2023*, 2023, p 1.

Appendix C contains additional information on the current care allowance, what it covers and how it was developed along with information showing how it compares with what is in place in other states.

## 9.2 We have heard the current care allowance is inadequate

Many people we have heard from across the out-of-home care (OOHC) sector have raised concerns about the inadequacy of the care allowance. We have heard that amidst recent increases to the cost of living and significant rises to housing costs that the care allowance covers little more than the 'basics', such as groceries or accommodation. Submissions to this review explained the lack of financial support has resulted in considerable financial burden for some carers. Consequently, some carers have incurred significant debt, whereas others have left the OOHC system as they are no longer able to afford to be carers.<sup>199</sup>

Eighty percent of the 60 submissions we received from carers suggested that the current care allowance is inadequate to cover the costs of supporting children in care. These submissions described the financial challenges that many carers are experiencing and called for more financial support for carers through an increase to the care allowance.<sup>200</sup>

A number of carers indicated that the care allowance they receive equates to a very small hourly rate of pay for their time and requested that we consider increasing the allowance to reflect a fairer rate of pay and adding superannuation to the allowance.<sup>201</sup>



Furthermore, some stakeholders have told us that many children in care have needs (therefore, costs) that are additional, or higher, compared to those who are not in care. These stakeholders felt that the care allowance does not reflect the additional costs carers incur when raising children in care. Carers have told us that they are required to provide therapeutic care to their children. However, the minimum costs of therapeutic care, which include occupational therapy, speech therapy, and psychology sessions, regularly exceed the rate of the care allowance.<sup>203</sup>

"The allowance I receive is totally inadequate. ... I am now in debt after years of no debt! With the cost of living, I struggle to cover costs including food, electricity, fuel, sporting equipment etc. It's a constant battle each fortnight."

Anonymous submission<sup>204</sup>

### 9.3 Estimates of the cost of raising children

Since the care allowance was last reviewed, a number of different studies of the cost of raising children have been undertaken. A summary of the results of those studies compared with the current care allowance is set out in Table 9.2 below.

There is a large variation in the estimates. The studies they are drawn from looked at different types of children and considered different geographical areas (in particular, none of them relate specifically to NSW). However, the most significant driver of variation is likely to be the difference in the approach used to develop the estimates. There are three basic approaches that are used:

- Surveying a sample of different families about what they spend on their children.
- A statistical top-down approach that compares the costs faced by a larger sample of families with and without children and then identifying the difference.
- A bottom-up approach (known as the 'budget standards' method), which identifies what items and activities are needed to provide a child with a healthy life and then costs those items using assumptions about how a family would go about obtaining them at a low cost.

The survey and top-down approaches are heavily influenced by the level of discretionary income that the surveyed families have. The bottom-up, budget standards approach is the approach that was initially used to set the care allowance in NSW. Our preliminary view is that this is the more appropriate approach for setting the care allowance and as a result, studies using this approach provide the best source of comparison with the current allowance.

Table 9.2 shows some recent published estimates and the methods used to develop them.

Table 9.2 Published estimates of the cost of raising children since 2002

Study	Method used to develop estimate	Estimates
Peter Saunders, Social Policy Research Centre (UNSW), <i>Using a Budget Standards Approach to Assess the Adequacy of Newstart Allowance</i> , November 2017, p 11.	Budget standards	Total household cost for \$2016: \$378 per week for a single parent household, 1 child (6-year-old girl) \$470 per week for a double parent household, 1 child (6-year-old girl)
AIFS by the Social Policy Research Centre (UNSW), <i>New estimates of the costs of children</i> , May 2018, p 24.	Budget standards	Cost of children for \$2016: \$137 per week for a 6-year-old girl \$203 per week for a 10-year-old boy



Study	Method used to develop estimate	Estimates
Fair Work Commission by the Social Policy Research Centre (UNSW), <i>Budget Standards for Low-Paid Families</i> , March 2023, p 38.	Budget standards	Total household cost for \$2022: \$762 per week for single-earner couple (household), 1 child \$814 per week for double-earner couple (household), 1 child
Choosi, <i>The Choosi Cost of Kids Report</i> , February 2023, p 6.	Survey of 1,210 Australian parents and couples who intend to have children	3 in 5 parents have had to reduce their working hours or seek more flexible working arrangements 2 in 3 parents purposely put their career on hold when they had children

The above studies estimate the cost of children and families with children that are *not* in care and as a result, are not directly comparable with the care allowance. When the NSW care allowance was developed, it was done by making adjustments to an earlier (1998) study by the Social Policy Research Centre (SPRC) at the University of NSW on the weekly costs of children not in care as at 1998.<sup>205</sup> Using the results of this study, researchers sought feedback from carers of children in foster care about the relevance of the estimates to children in care. Carers highlighted several areas in the original estimates that did not adequately reflect the costs of caring for children in care.<sup>206</sup> Using this feedback, the researchers developed amended estimates. The result was that the cost of children in care was around a third higher, compared with children not in care (Table 9.3).

Table 9.3 How the costs for children in care differ from those not in care, adjusted for inflation (\$2023)

	1998 SPRC study Children not in care, Modest but adequate	2002 SPRC study Children in care	\$ difference required for children in care	% increase required for children in care
6-year-old girl	212	300	88	29%
10-year-old boy	251	352	101	29%

Note: Figures have been indexed to reflect \$2023 amounts.

Source: McHugh, M, Social Policy Research Centre, *The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Out of Home Care in Australia*, February 2002, pp 58, 93.

## 9.4 Care allowances need to be reviewed regularly

The care allowance has been increased annually by the rate of change in the CPI since the costs were last examined. Applying an annual indexation approach to the allowance over such an extended period makes it likely the care allowance is now out of step with today's standards. Expectations of what constitute minimum standards of living change over time as the economy changes and we gain different understandings of what is necessary.

This is illustrated by the 2018 study undertaken by the SPRC, which updated its 1998 cost of children study (as noted above, the 1998 study formed the basis for the foster care allowance in NSW). While some elements of the 2018 study differed from the original, the methodology was broadly comparable. The 2018 study resulted in significantly higher cost estimates than the 1998 study, after the earlier estimates were adjusted for inflation to bring them up to date (Table 9.4).

Table 9.4 Comparing new and previous estimates from SPRC, adjusted for inflation (weekly cost in \$2016)

Study	1998	2016	\$ difference	% difference
6-year-old girl (moderate cost)	108	137	29	21%
6-year-old girl (low cost)	82	106	24	23%
10-year-old boy (moderate cost)	129	203	74	36%
10-year-old boy (low cost)	99	174	75	43%

Note: Moderate cost refers to the 'modest but adequate' cost in the 1997 study and the 'MIHL, low paid' cost in the 2018 study. Low cost refers to the 'low cost' estimate in the 1997 study and the 'MIHL, unemployed' estimate in the 2018 study.

Source: Sauters, P. and Bedford, M. for the Australian Institute of Family Studies, *New estimates of the costs of children*, May 2018, p 25.

In this study, the authors noted that indexing the estimates produced over two decades earlier by the rate of inflation gave a cost estimate that was no longer adequate to reflect the basic needs of children in 2018. Changes in prevailing community standards and consumption options that occur over time are not adequately captured by indexation. While these shifts may be relatively small from year to year, ignoring them over long periods of time can lead to a significant cumulative impact.

We consider that there is evidence that the current care allowance requires fundamental review. We will review the costs of care in order to establish an updated care allowance.

### Preliminary finding



12. The care allowance is out of date and requires review. The indexation that has been applied to it over the past two decades is unlikely to have adequately captured changes in the cost of caring for children.

## 9.5 Reimbursement for additional expenses

In some circumstances, carers can receive a payment from their provider in addition to their care allowance to reimburse them for the costs of items and services beyond those that can be expected as part of the typical day to day costs of raising a child. These payments are referred to as 'contingency payments', some examples of contingency payments include:

- professional reports required by the court as part of care proceedings
- psychological counselling
- expensive medications to manage psychiatric disorders
- speech and other therapies to address developmental delays
- tutoring to address educational deficits
- travel and accommodation to facilitate 'family time' contact with the child's parents.<sup>207</sup>

Contingency payments are made by the relevant provider (either DCJ or the non-government provider) to the carer to address a child's additional needs, including those related to a disability. The requirement to address those needs should be described within a child's case plan.<sup>208</sup> For DCJ carers, eligibility for contingency payments is determined by a combination of care type, placement type, and care allowance type being paid.<sup>209</sup> Non-government providers are able to determine their own policies regarding contingencies.

## 9.6 Access to contingency payments is an issue for carers

The amount of care allowance and contingency payments that non-government providers allocate to their carers is determined by each individual provider. We have heard from some carers that they have observed carers from other providers receiving contingency payments for items and services their own provider had refused to reimburse them for. For example, we heard from one carer that they have heard that other providers are more generous with their contingency payments and have funded furniture and placement establishment costs, unlike their provider.<sup>210</sup>

As carers are typically not motivated by financial considerations when stepping into the role of foster carer, they may not be fully aware of the financial implications of their decision until after they begin caring for a child. We are considering options that would make the funding carers are eligible for, to assist with the costs of caring, clearer and more predictable. These options could include separating the care allowance from its current Permanency Support Program (PSP) package, greater transparency around what the care allowance is to cover and what additional costs that they will be reimbursed for by their provider.

We have heard that the reimbursement of contingency payments is inconsistent across providers. Some carers have told us that they sometimes receive reimbursements for contingency payments from their provider (though these are often delayed), whereas others have told us that they rarely, or never, receive contingency payments.<sup>211</sup> A small number of carers told us that they have not experienced any barriers to receiving contingency payments from their provider.<sup>212</sup>

Twenty-three of the submissions we received from carers highlighted issues with, or expressed concerns about, contingency payments. Several of these submissions suggested that reimbursements for contingency costs are often delayed, if they are paid at all. For example, one carer states in their submission that sometimes they wait between 3-6 months to receive contingency payments from their provider, and on some occasions, they have not been reimbursed for the full amount spent. In their experience, communication with their provider about contingency payments has been poor and lacking in transparency.<sup>213</sup> Additionally, when asked "how easy is it to access additional financial support from your provider?" out of the 220 respondents who answered this question in our Feedback Form, 70% responded that it was 'difficult' or 'very difficult'.<sup>214</sup>

"I asked my NGO to help with the petrol expenses to take the kids to the paediatrician and they flatly refused. I am currently driving 1,000 kms per week and that is the honest truth."

Anonymous submission<sup>215</sup>

For some carers, a delay in receiving a contingency payment can cause them to be in a financially precarious situation. For example, P. TePurei states that they have had to wait up to a month to receive a contingency payment from their provider. Consequently, on numerous occasions, they have had to request an extension from their energy provider to pay their electricity bill while they wait to receive a contingency payment.<sup>216</sup>

South Australia's Department for Child Protection provides an example of such guidelines that could be developed in NSW to increase transparency over what carers are and are not able to be compensated for with their *Carer reference - Who pays for what?* document.<sup>217</sup> *Who pays for what?* clearly outlines which costs carers are expected to cover and which costs could be reimbursed by a contingency payment from the Department for Child Protection. We have also heard that the lack of timely communication on whether costs will be reimbursed is stressful for many carers.<sup>218</sup> We will also consider whether providers should make information available to carers on what evidence they require and the estimated timeframe that carers can expect a decision when making a claim for reimbursement.

## Preliminary Finding



13. There is a need for clearer guidance for carers on which costs are funded by the care allowance and which costs are covered as contingencies.

## 9.7 Approaches to contingency funding in other jurisdictions

In some jurisdictions, common contingency costs such as those associated with establishing a placement, school attendance, and transport, are covered by care allowance loadings which are paid directly to the carer. Some of the submissions we received from carers indicated that additional payments paid directly to carers could be a more practical and efficient way to receive funding for common contingency items and services. For example, R. Muir argues that carers in regional areas should receive an extra allowance in recognition of the costs of travelling greater distances to fulfil their caring responsibilities.<sup>219</sup>

Common loadings and allowances in other states include:

- Regional and remote loadings to cover additional travel costs
- Establishment allowance to cover one off costs when a child first comes into someone's care
- School attendance allowance to cover educational costs
- Activity grants to cover participation in a sport, recreation or social activity.

The Australian Capital Territory has the following financial support payments for common expenses:

- **Driving lessons and associated costs:** carers will receive a reimbursement to cover the costs of up to 6 professional driving lesson per child, and insurance excess coverage for the first 12 months.<sup>220</sup>
- **Medical/Dental/Optical:** carers will receive a reimbursement to cover the costs of medical/dental/optical services where the Medicare gap exceeds \$40 for one appointment. Reimbursement is for the gap fee after the Medicare payment is made.<sup>221</sup>
- **Supported contact:** carers will receive a reimbursement to cover the costs associated with a child's approved contact with their family or significant others e.g., transport, meals, and activities.<sup>222</sup>
- **Excess travel:** carers will receive a mileage reimbursement when they are required to travel over 150km per week per child for their ongoing care.<sup>223</sup>

More information on the allowances and their values is set out in Appendix D.

## 9.8 Kinship and relative carers face additional issues

In recent years there has been a greater emphasis put on finding relative and kinship carers. This has been viewed as a way to keep children connected with their families, community and culture and to lead to better outcomes. This is particularly important for Aboriginal children and kin in line with the Aboriginal and Torres Strait Islander principles.

The career and financial impacts of caring are of particular concern to older kinship and relative carers. Kinship and relative carers are the largest cohort of carers in the OOHC system, with a significant proportion of them being people over the age of 50 years.<sup>224</sup> Kinship and relative carers often become carers with little notice or time to prepare. Unlike other foster carers, they may also feel obligated to agree to caring for the children. Upon assuming care of a child, some kinship and relative carers may need to immediately move into a larger home, upgrade their vehicle, and buy new appliances and furniture.<sup>225</sup> For older kinship and relative carers, it can be especially difficult to afford these costs as many have already retired, or are unable to manage working while caring.<sup>226</sup> Consequently, some older kinship and relative carers have had to use their retirement savings or access their superannuation to cover the costs of caring for their children.<sup>227</sup>

We have heard from stakeholders that affordable housing is particularly challenging for kinship and relative carers to manage. As kinship and relative carers often have little forewarning before becoming carers, it can be challenging to find and afford suitable housing amidst the ongoing housing crisis in NSW. Some kinship and relative carers have told us that they were required by their provider to move into larger housing to be able to provide their children with their own bedrooms. Moving into a house with more bedrooms can be financially burdensome for carers. We have heard that some kinship and relative carers have gone into debt to move into a bigger house, while others struggle financially as the majority of their care allowance is spent on rental payments.<sup>228</sup>

In their submission, AbSec stated that they have heard from their members that the shortage of kinship carers has been exacerbated by increases to the cost of living, particularly the sharp increases in rental and mortgage payments.<sup>229</sup> Consequently, some Aboriginal families who had previously provided, or were interested in providing, kinship care no longer have spare bedrooms available for children in care as they are sharing their accommodation with other family members who cannot access or afford housing in their community.<sup>230</sup>

"I spend the majority of my girl's allowance on the rent, which my daughter (not the mother of the children) helps with so that we can live close to her and in a good home. Over the past couple of years with rising costs I now see her family going without to substitute ours."

Anonymous submission<sup>231</sup>

## 9.9 Respite care

Respite is planned, regular or one-off time limited breaks for parents, carers and children. Respite is provided by an authorised respite carer, this may include adult siblings, family/kin, friends, neighbours, volunteers or professional carers. Respite can occur in the child's home, another home or a variety of out-of-home settings. It can be for different lengths of time and frequency, depending on need of the parents or carers.<sup>232</sup>

Planned regular respite acknowledges that parents, carers and children have their own needs. Respite can help sustain the parent or carer, so they are able to provide the stability, care, and support that children need.<sup>233</sup> Respite care is an important support available to carers and we will consider this further in our draft report.

The respite entitlement included in costing of PSP service packages is the equivalent of up to 24 nights respite per year.<sup>234</sup> Whilst the costing for respite is based on 'nights':

- respite can take many forms and is not restricted to overnight care or care outside a carer's or parent's home
- innovative and flexible arrangements can meet the needs of the parents, help the child to feel safe and secure and allow carers to feel supported.

From the consultation we have done, we understand that there is variance in how respite care is delivered across providers. Some non-government providers offer wraparound services which allow them to provide respite to carers in alternative ways. Examples of alternative respite services that we have heard about include:

- homework hubs
- mental health workshops
- school holiday camps.<sup>235</sup>

When setting benchmark costs for respite care, we will need to consider that some providers offer different types of respite services. We are interested in hearing from carers about what services they currently have access to from their provider and what respite services they would like to access.

## 10 Additional carer support for children with high needs

The care allowance and contingency payments carers receive support them to cover the additional expenses of caring for a child and are not meant to be equivalent to wages or income for carers. This means that carers are expected to be able to access enough household income to support themselves. However, in some cases the supervisory needs of children in out-of-home care (OOHC) are very high. Where children have disability or significant trauma, they may be unable to regularly attend school and/or may require many additional supports. The time and resource intensive nature of caring for these children in OOHC can result in considerable and lasting impacts for carers.

We will review the support available to carers to ensure that they adequately cover the costs of raising a child in care who has a disability and/or higher needs, including the need for higher supervision. We will also further investigate the eligibility criteria and application processes to receive this support.

This chapter discusses what we have heard from carers of children with high needs about the effect that caring has had on them. It also considers options for addressing these issues through our review, especially when carers find themselves unexpectedly caring for children with high supervisory needs.

### 10.1 The financial support that is available to carers of children with high needs requires review

Stakeholders have told us that there is not enough support available for the carers of children with disability and high needs. Many children in care have a disability and/or high needs due to the circumstances in which they were removed from their parents.<sup>236</sup> Caring for children with disability and high needs can be time and resource intensive, especially when they are unable to regularly attend school. Therefore, some carers of these children can feel financially and emotionally stressed and isolated.<sup>237</sup>

We have heard that many children in care often need to attend many appointments such as therapy sessions, 'family time' contact, or medical appointments. Therefore, many carers forgo employment to support their child to attend these appointments.<sup>238</sup> Additionally, some children in care may not be able to regularly attend school due to regular school suspensions or school avoidance. We have heard that some carers in this situation have needed to stop working so that they can supervise their child.<sup>239</sup>



The carers of children who are assessed as having high needs may be eligible to receive additional assistance. This assistance differs depending on whether a carer is engaged by Department of Communities and Justice (DCJ) or a non-government provider:

- DCJ carers may be eligible for an increased care allowance. The increased allowance rate set by DCJ is almost 50% (Care+1) or 100% (Care+2) higher than the standard rate.<sup>240</sup>
- Non-government providers can apply for the Additional Carer Support specialist Permanency Support Program (PSP) package. This package covers additional casework provision by the non-government provider as well as additional allowance, training and respite for the carer.<sup>241</sup>
- The higher allowances are given to eligible carers in recognition of the additional support required and disruption to daily routines that results from caring for a child with challenging behaviours and/or complex health and developmental needs.<sup>242</sup> Eligibility for the Care+1 and Care+2 allowances is determined by the child's DCJ caseworker, who considers the following factors:
  - the extra or unusual physical care services the carer must provide to meet the high needs of the child
  - the additional housework created for the carer resulting from the high needs of the child
  - the extra or unusual supervision and support needed because of the child's disability and/or behaviour
  - the stress and restriction of activities the child's disability and/or behaviour creates for the carer.<sup>243</sup>

The DCJ Care+1 and Care+2 allowance rates in NSW are shown in Table 10.1.

Table 10.1 Care+1 and Care+2 allowance rates per week in \$2023-24

Age range	Care+1	Care+2
0-4	424	560
5-13	477	628
14-15	639	843
16-17	497	702

Source: Department of Communities and Justice, *DCJ Care allowances indexation adjustment – effective 1 July 2023*, 2023, p 1.

The additional allowance that eligible carers engaged by non-government providers receive is funded from the Additional Carer Support package and determined by the provider. To receive the Additional Carer Support package, non-government providers must demonstrate to DCJ that certain criteria is met which demonstrates that additional carer support is required. Therapeutic Home Based Care (THBC) placements are automatically eligible for Additional Carer Support and are not required to demonstrate the below eligibility requirements. Otherwise, 4 or more of the following criteria must be met. The carer:

- is likely to require a minimum 12 nights (or equivalent) respite per year in addition to the 24 nights provided by the PSP packages (a total of 36 nights per year minimum) in response to the child's additional needs
- is or will participate in developing and enacting the child's behaviour support plan and participate in the monitoring of the plan and review by a psychologist (or similar discipline)

- has or is developing advanced additional skills in relation to trauma-informed care and/or other relevant accredited, specialist training
- is or will be required to provide the child with additional assistance in bathing, toileting, dressing/undressing, and participates in the monitoring and review by an occupational therapist
- is or will be required to provide the child with additional assistance in play, peer relationships, achieving developmental milestones and participates in the monitoring and review by an occupational therapist
- is or will be required to provide a special diet to the child and/or assistance with feeding and participates in the monitoring and review by a dietician
- is or will be required to participate with the child's teachers and school staff in the regular monitoring and review of a student behaviour support plan
- is or will be required to attend the child's school for a minimum of 6 hours per week to support the child's behaviour and/or academic learning.<sup>244</sup>

Some carers have told us that even with additional loadings to the care allowance for children with high needs, they still struggle to cover the costs of caring for children with disability and high needs. For example, one carer states that their child has 8 diagnoses and although they receive a higher care allowance, it is not enough to compensate for the lost wages and superannuation they would have earned if they did not care for their child or if their child had lower needs.<sup>245</sup>

"I have noticed a shortage of people putting their hands up to be foster carers and I believe if there was a considerable increase in the financial support carers received to support the high needs of traumatised children, there would be no need for carers to face financial stress, emotional stress and isolation stress ..."

C. Clapp submission<sup>246</sup>

Numerous carers have told us that becoming a carer has had a significant impact on their career and finances. Many of these carers have had to cease or reduce their employment to fulfil their caring responsibilities due to the needs of the children that they care for.<sup>247</sup> Subsequently, some carers feel that they are in a financially precarious position where they are reliant upon the care allowance for income to support themselves, as they are unable to earn income or accumulate superannuation. This is worrying for these carers, as they will not receive the care allowance after their child ages out of the OOH system and they may not be able to return to work at a later age.<sup>248</sup>

"The carer's reduction in paid employment along with the corresponding reduction in the carer's superannuation is a financial burden that the carer alone bears."

S. Dengate submission<sup>249</sup>

## 10.2 Identifying children with high needs

Children enter the OOH system as having 'low needs' by default, until their level of need is assessed by a DCJ Child and Family District Unit (CFDU) caseworker using the CAT, or Child Assessment Tool.<sup>250</sup> The CAT screens for potential behavioural, health, and development issues and makes a recommendation for the level of care needed for a child in care.<sup>a,251</sup> The CFDU caseworker completes the CAT based on information available to them that is sourced from the child's caseworker and the Client Information Form.<sup>252</sup> A non-government provider can request a review of a child's CAT score within 30 days of a placement commencing if there is new information regarding the child's behaviour, health or developmental issues which may change the outcomes of the CAT assessment.<sup>253</sup>

Some stakeholders have told us that it can be extremely stressful for foster carers to work with provider staff who are not sufficiently trained to understand the relevant aspects of the disability impacting the child they are case managing.<sup>254</sup> Furthermore, one stakeholder submitted that caseworkers often do not know how to conduct needs assessments.<sup>255</sup> Consequently, some children may not be assessed correctly and have their needs recognised. For example, we have heard from a foster carer who assumed care of 3 children who were assessed as having 'low needs' at the time. Eventually, their children were diagnosed with conditions such as autism, attention deficit hyperactive disorder, and fetal alcohol spectrum disorder. They reported experiencing a frustrating battle to have their 3 children reassessed.<sup>256</sup>

## 10.3 Respite care for children with higher needs

We have also heard that the way respite care is provided is inaccessible for some carers of children with disability and/or with high needs. Currently, respite care is mostly delivered outside of a child's home in a respite carer's house. For some children with disability or high needs, this is unsuitable as they may have disability supports that are kept in their own home or they may feel uncomfortable staying overnight or longer at a respite carer's house.<sup>257</sup> Therefore, some carers are unable to access respite care and are more prone to burnout.<sup>258</sup> Subsequently, some carers have argued that respite care should be delivered more flexibly for families who cannot access out of home respite care. For example, receiving in-home help with household tasks.<sup>259</sup>

<sup>a</sup> In the context of this report, children with 'high needs' refers to those with Child Assessment Tool (CAT) scores of 5 or 6. A score of 5 or 6 indicates that a high level of support and supervision is needed. The CAT does not indicate whether or not a child has a disability. High needs children in care may or may not have a disability.

## 10.4 Professionalised models of care

Where the higher care need is identified up-front, it may be preferable to select a mode of care that has more support built into it. Many voluntary carers are not sufficiently skilled and experienced enough to manage caring for children with challenging behaviours and complex needs.<sup>260</sup> To address this, there have been calls to increase investment into professionalised models of care to expand their range and availability.<sup>261</sup> Professionalised models of care vary but they typically cover approaches whereby a qualified foster carer who has the particular skills or experience required to provide care to children with complex needs is paid a higher allowance or a salary.<sup>262</sup>

Below are descriptions of the professionalised models of care currently operating in NSW on a small-scale basis that we will consider when developing benchmark costs for in-home care.

### 10.4.1 Therapeutic Home-Based Care

Therapeutic Home-Based Care (THBC) is a model of care that involves the provision of one-on-one care to high needs children aged 12 years and over. Children who receive THBC have complex behaviours and require additional support.<sup>263</sup> Accordingly, THBC carers are expected to provide 24-hour care 7 days a week in their own home, or a home provided by their service provider. Additionally, THBC carers need a minimum qualification, or be working towards a qualification, in a related field such as psychology, community services, youth services, education or health.<sup>264</sup> THBC carers receive a tax-free allowance of \$65,000 (plus incidentals) and a package of intensive supports, including ongoing training, access to specialist therapeutic practitioners and regular respite to support them in their caring role.<sup>265</sup>

### 10.4.2 Professionalised Individual Care

Professionalised Individual Care (PIC) is a bespoke model of care where one Professional Therapeutic Carer works with one young person who lives in their home. The PIC model is only used for young people in care who have been placed in high-cost emergency arrangements or residential care after multiple placements have been terminated.<sup>266</sup> Professional Therapeutic Carers have industry recognised qualifications and extensive professional work experience, such as psychologists and other therapeutic professionals.<sup>267</sup> These carers are currently paid around \$100,000 a year to forgo employment and commit to becoming a full-time foster parent.<sup>268</sup>

### Treatment Foster Care Oregon

The Treatment Foster Care Oregon (TFCO) program targets children who are in residential care, or at risk of entering residential care, due to emotional and/or behavioural difficulties.<sup>269</sup> Children in the TFCO program are placed with a trained specialised foster parent for a period of 9-12 months. At the end of a placement, the child is reunified with their parents, other family members, or placed in lower intensity foster care.<sup>270</sup> Specialised foster parents must complete 16 hours of compulsory foster care training and be willing to forgo employment while they are caring for a child. These carers receive a tax-free allowance of \$65,000 and access to support and training to support them in their caring role.<sup>271</sup>

## 10.5 Interaction with NDIS

Furthermore, we have heard from a few stakeholders that there are barriers to accessing NDIS support for children in care. One case manager told us that many children in care do not qualify for NDIS support despite having significant additional needs from the trauma of being neglected or abused and removed from their parents. Consequently, carers and providers are often left to cover the costs of intensive therapeutic supports (e.g. occupational therapy, psychology, speech therapy) for children and young people in care.<sup>272</sup>

Even when a child has a diagnosed disability, they may not necessarily be eligible for NDIS support. In these situations, some carers have told us their provider has expected them to access intensive therapeutic supports through the public health care system, DCJ psychological services, or through in-house support services (when providers can offer these services).<sup>273</sup> However, there are often lengthy wait times to access support through these services, forcing carers to access private therapeutic services at their own expense.<sup>274</sup>

# Appendices

---

## A Additional context on the NSW out-of-home care system

Besides DCJ and non-government providers, there are other key actors involved in the NSW out-of-home care (OOHC) system:



**NSW Minister for Family and Community Services** assumes parental responsibility via court order for a child in statutory care, and also holds political responsibility for the OOHC system. In practice, the Care and Protection Act allows the Minister to delegate parental responsibility to the Secretary of DCJ or any other person.



**NSW Department of Communities and Justice** oversees much of the policy and operation of OOHC in NSW. This includes:

- assessment and investigation of risk of harm reports to children
- case work actions and court work to enter a child into care, as well as support long-term permanency of care
- placement and case management of some children in OOHC
- commissioning non-government providers to deliver OOHC placement and case management.



**Non-government providers (non-ACCO)** are typically not-for-profit agencies that are funded by the Government to provide OOHC. These agencies often offer wrap-around services and other types of support for children in OOHC.<sup>a</sup>



**Aboriginal community-controlled organisations (ACCOs)** are the preferred agencies to provide culturally appropriate OOHC for Aboriginal children. These agencies are Aboriginal-owned that work for and are accountable to local Aboriginal communities, but are funded by the Government to provide OOHC.



**The Office of the Children's Guardian** accredits and monitors statutory OOHC providers in NSW (including DCJ). As part of this function, it sets minimum standards for providers, manages reportable conduct allegations and administers a register of carers and residential workers.



**The NSW Children's Court** orders care arrangements for a child, for example for the Minister for Families and Communities to assume parental responsibility, restore a child to the care of their parents, or set conditions for contact.

<sup>a</sup> Where we refer to non-government providers, this typically includes both ACCOs and non-ACCOs. If we are only referring to non-ACCOs, this is specified.



**NSW Treasury** allocates government funding for the overall OOHC program.



**My Forever Family NSW** a Government-funded body that seeks to recruit carers for children in OOHC, as well as provide advocacy and additional training for carers.

## A.1 The Department of Communities and Justice's role in delivering out-of-home care

When a child is assessed as in need of care and protection, DCJ may take a range of actions to safeguard or promote the safety, welfare and well-being of the child. This may include initiating proceedings in the Children's Court of NSW (Children's Court) for a care order. In some emergency cases where there is an immediate risk of serious harm to the child, DCJ may be able to remove the child without a warrant and apply for a care order after the child has been removed.

When applying for a care order, DCJ is required to provide the Children's Court with:

- the particular care order and the grounds on which it is sought<sup>275</sup>
- evidence supporting the decision and care arrangements for the child<sup>b</sup>
- evidence of active efforts to take alternative action (other than for emergency care and protection orders).<sup>276</sup>

Generally this is undertaken by DCJ's child protection (CP) caseworker with support from the DCJ Legal team and if required, assistance from the relevant PSP provider.

The Children's Court may make interim care orders before a care application is finally determined. For children that are case managed by DCJ, once the Children's Court has made a final order, the child's case management is handed over from a DCJ CP caseworker to a DCJ OOHC caseworker who will manage the casework support for the child. For children that are case managed by a non-government provider, once a final order is made, the non-government provider continues holding primary case management and the DCJ CP caseworker will transfer the case to a DCJ CFDU caseworker for secondary case responsibility.

DCJ caseworkers deliver DCJ care work from Community Service Centres (CSCs), which are locally based DCJ community services offices spanning 80 centres across NSW. DCJ also provides secondary case management support to children in non-government provider care. These are residual parental responsibility tasks that DCJ are required to carry out as part of their statutory and regulatory obligations. The different responsibilities are set out in Table A.1 below.

<sup>b</sup> The care application must be accompanied a report summarising the facts, matters and circumstances on which the DCJ intends to rely, and details of existing care order in NSW or any other jurisdiction: Care and Protection Act, s 61(2); *Children's Court Rule 2000*, cl 21.



Table A.1 Department of Communities and Justice's role in care

For children in DCJ case management	For children in non-government provider case management
<p>Primary case management, including:</p> <ul style="list-style-type: none"> <li>maintaining family relationships and contact</li> <li>developing education, health and behaviour support plans</li> <li>court and related casework</li> <li>developing and implementing the case plan including referral to services</li> <li>home visits</li> <li>cultural support planning</li> <li>carer support including training, carer reviews, organising respite care and managing any placement breakdowns</li> <li>reportable conduct investigations against carers</li> <li>after care support including developing a leaving care plan.</li> </ul>	<ul style="list-style-type: none"> <li>court work including filing applications, seeking legal orders, responding to court applications from parents/relatives, court appeals, seeking changes to legal orders, filing care and cultural plans</li> <li>setting and approving a child's permanency goal</li> <li>statutory role such as filing birth registration, applying for passports, and applying for victim compensation claims</li> <li>approving funding requests such as complex needs specialist packages</li> <li>assessing safety in care where a child in PSP has been reported to the Helpline as being at risk of significant harm</li> <li>organising new placements if a placement has broken down</li> <li>coordinating responses to ministerial and other requests.</li> </ul>

Source: NSW Department of Communities and Justice, [PSP Permanency Case Management Policy \(PCMP\) - Rules and Practice Guidance](#), October 2023, pp 17-18.

To ensure DCJ meets the statutory and regulatory requirements for OOHC, there are teams that support the ongoing delivery of OOHC including Child Protection investigations for children in care who have been reported at risk of significant harm, information sharing of children currently and previously in OOHC, ChildStory data teams, quality assurance to meet accreditation requirements, training of caseworkers and district management.

As a commissioning agency of OOHC services, DCJ has team structures in place for administering the PSP. Primarily these include contract management functions, facilitating placement referrals, and upskilling of non-government provider caseworkers.

## A.2 Accreditation of providers of out-of-home care

A provider<sup>c</sup> must be accredited by the Children's Guardian to provide OOHC in NSW. To be accredited, the provider must demonstrate it is able to meet the Child Safe Standards.<sup>d,277</sup> The Child Safe Standards apply to both DCJ and non-government providers. These standards incorporate legal responsibilities contained in the Care and Protection Act, the Adoption Act and various regulations, as well as being underpinned by the United Nations *Convention on the Rights of the Child* and the *Charter of Rights for Children and Young People in Out-of-Home Care in NSW*.

Upon receiving an application for accreditation, the Office of the Children's Guardian assesses the applicant's policies, procedures and operations, including undertaking a site visit. If the assessment is successful, the provider can be accredited for a period of 1, 3 or 5 years.<sup>278</sup> Accreditation comes with conditions that the agency must comply to.

<sup>c</sup> A provider can be a government provider or a non-government organisation.

<sup>d</sup> The Child Safe Standards are set out in section 8C of the *Children's Guardian Act 2019*.

## A.3 Recent reviews

There have been numerous reviews into the sector. Some of the recent reviews that are relevant to our task are summarised in Table A.2 below.

Table A.2 Recent reviews of NSW out-of-home care

Name and year	Done by	Key findings
<b>Family is Culture (2019)</b> <sup>279</sup>	Independent review chaired by Professor Megan Davis	<p>The review found that systems, policies, and practices in OOHC and Child Protection in NSW contribute to the disproportionate number of Aboriginal children in care. It made 126 recommendations about how the NSW Government delivers OOHC services.</p> <p>Since the release of the report, DCJ has completed only 12 of the review's 105 recommendations for which it is responsible.<sup>280</sup></p>
<b>Evaluation of the Permanency Support Program (2023)</b> <sup>281</sup>	Centre for Evidence and Implementation	<p>The study found that while there has been a service shift toward permanency and a small improvement in outcomes, there have been significant implementation challenges and the Program failed to demonstrate the intended larger impact on children.</p> <p>We recognise the relevance of this study to our review. In particular, we note the following findings:</p> <ul style="list-style-type: none"> <li>• The costs of PSP are much larger than any benefits seen so far. The review recommended costs can be reduced by promoting earlier exits from the OOHC system and providing additional support services early on in a child's contact with the OOHC system.</li> <li>• The payment structures set out by Program Level agreements do not effectively incentivise the achievement of positive outcomes.</li> <li>• Package-based funding does not adequately address the substantial differences in the resources and effort required to achieve permanency, wellbeing, and safety outcomes for different cases.</li> <li>• PSP has increased the funding directed toward Aboriginal children, due to the implementation of cultural plan and Aboriginal Foster care packages. There was still evidence of practices that do not align with the Aboriginal Child Placement Principles.</li> </ul>
<b>Interim report of the special inquiry into children and young people in alternative care arrangements (2024)</b> <sup>282</sup>	NSW Advocate for Children and Young People	The Advocate concluded that the overwhelming weight of the evidence provided to the Special Inquiry has suggested that Alternative Care Arrangements (ACAs) <sup>a</sup> have a detrimental impact on children. It also found that while ACAs are intended as a short-term care option, most children are staying in these placements for extended periods of time. Further, it found that both Aboriginal children and children with disability make up for more than half of children in ACAs.
<b>Oversight of the child protection system (Performance Audit) (2024)</b> <sup>283</sup>	Audit Office of NSW	<p>The Audit Office found the NSW child protection system is inefficient, ineffective and unsustainable. The review found that despite numerous reviews into issues with the child protection system, DCJ has failed to make the necessary changes to ensure its child protection service model meets the needs of children and families. Key findings of the review include:</p> <ul style="list-style-type: none"> <li>• DCJ has made minimal progress in redirecting funding to move the system away from a crisis-oriented model toward a focus on early intervention.</li> <li>• The increasing cost of the OOHC system can be linked to increasing emergency care costs.</li> </ul>

<sup>a</sup> ACAs are a type of emergency arrangement where a child is cared for by non-accredited agency workers in temporary accommodation such as hotels, motels, caravan parks or short-term rental accommodation. They are only considered if all other placement options are exhausted and are meant to only be an interim option until a better placement is found, due to their high cost (average \$965,000 per child per year) and negative impact on children.

Name and year	Done by	Key findings
<b>Safeguarding the rights of Aboriginal children in the child protection system (Performance Audit) (2024)</b> <sup>284</sup>	Audit Office of NSW	<ul style="list-style-type: none"> <li>DCJ has created an uncertain contracting environment for non-government providers and does not have effective forums for resolving contract and system inefficiencies with its funded providers.</li> </ul> <p>The Audit Office found that DCJ and a subset of its funded non-government providers are not effectively safeguarding the rights of Aboriginal children in the child protection system. The audit suggested this is due to factors such as:</p> <ul style="list-style-type: none"> <li>a lack of effective governance arrangements to ensure compliance with the Aboriginal and Torres Strait Islander Principles</li> <li>negligible progress in implementing key strategies, independent recommendations and reforms designed to improve outcomes for Aboriginal children and their families</li> <li>continued use of structured decision making tools that have been recognised to disproportionately impact Aboriginal children and their families</li> <li>ineffective quality assurance and monitoring frameworks for services delivered by DCJ and non-government providers.</li> </ul>
<b>Protecting children at risk: an assessment of whether the DCJ is meeting its core responsibilities (2024)</b> <sup>285</sup>	NSW Ombudsman	<p>The report found that DCJ cannot demonstrate that it is meeting its core responsibilities, and that the NSW child protection system operates in a disconnected, fragmented way which is reflected in the poor tracking of outcomes achieved for children. The report also described 'concerning' disparities in outcomes for Aboriginal children in OOHC.</p>
<b>System review into out-of-home care (OOHC) (2024)</b> <sup>286</sup>	NSW Department of Communities and Justice	<p>DCJ is currently undertaking a system review to examine the performance and sustainability of the current OOHC system, with a particular focus on:</p> <ul style="list-style-type: none"> <li>high-cost emergency arrangements</li> <li>residential care</li> <li>the effectiveness of the current hybrid model of government and non-government service delivery.</li> </ul> <p>The review will aim to make immediate and long-term recommendations to inform the development of an overall strategy for OOHC at the end of 2024.</p>

## B Estimating the administrative and overhead cost for DCJ-delivered OOHC

To conduct our analysis, we requested DCJ's detailed financial statements for the financial year 2022-23. DCJ's detailed financial statements are constructed based on direct costs (expenses attributable to the provision of OOHC services) and indirect costs (expenses that are shared with other DCJ service streams and are allocated primarily based on proportion of frontline staff FTE by service stream). Both direct and indirect costs include employee-related expenses (such as salaries and wages) as well as non-labour operating expenses (such as motor vehicle expenses).

We note that DCJ apportioned indirect costs across service streams based on several factors. Costs have been classified into broad categories of expenses and have been allocated using the best estimate of cost drivers. For example, supervisory and ancillary staff have been apportioned based on the split of frontline child protection and OOHC caseworkers, as this represents the best estimate of their time spent. We considered this to be reasonable and have used their Indirect costs allocated to OOHC in our analysis.

We carried out the following steps to estimate the administrative costs of delivering OOHC and the PSP.

**Step 1:** We categorised DCJ teams based on their primary function. This involved review of team descriptions and profiles as well as DCJ organisational charts. The main categories are presented in Table B.1 below.

Table B.1 Categorising DCJ's teams

Team category	Description	Included in admin and corporate overheads cost estimation
Direct service delivery for DCJ OOHC	These include Community Service Centres in the Districts, Intensive Support Services, Adoption services, Psychologist services, etc.	Direct service delivery costs are not included in the administrative and corporate overheads for DCJ.
Direct service delivery for PSP OOHC	These are teams comprising of Child and Family District Unit (CFDU) caseworkers who provide residual Parental Responsibility casework to children in PSP such as providing leaving and after care support and reviewing Child Assessment Tool reports.	These costs should be considered as part of the cost of delivering the PSP.
Administrative support for DCJ OOHC	Defined as per section 7.3 above.	Included in the administrative and corporate overheads for DCJ-delivered OOHC.
Administrative support for PSP	Defined as per section 7.4 above.	Included in the administrative and corporate overheads for DCJ administering PSP.
Corporate overheads	These include Finance, Procurement, IT, HR, Payroll, Legal, Media and Comms) as well as Senior Executives (e.g. Secretary and Deputy Secretaries)	Included in the administrative and corporate overheads for DCJ-delivered OOHC.

Team category	Description	Included in admin and corporate overheads cost estimation
Policy	These are teams primarily engaged in setting the strategy and policy for DCJ's social services. These would include development of policies around casework and practice, reform teams, strategic analysis, reporting, and evaluation.	Policy teams have not been included in the computation of administrative and overhead costs under the avoided cost approach, as these functions form part of the strategy and planning role of the government.
Other DCJ services	Teams such as Social Housing, Justice, Child Protection	Costs related to other social services are not relevant to OOHC.

Source: IPART analysis of data provided by NSW Department of Communities and Justice.

**Step 2:** For teams that provide administrative support the delivery of DCJ OOHC and the PSP, we apportioned the costs based on who the team is supporting (see Table B.2). For teams that support children in OOHC such as ChildStory teams and client information access, we used the proportion of children case managed by DCJ and non-government providers.

Table B.2 Allocation based on number of children in DCJ and PSP care

Description	Number of children in care as at 30 June 2023	Proportion
Children in statutory care – non-government provider case managed	7,435	51%
Children in statutory and supported care – DCJ case managed	7,043	49%

Note: Supported care refers to children with a final care order of Parental Responsibility to a Relative.

Source: NSW Department of Communities and Justice, [Annual Statistics Report, 2022-23](#).

For District management teams that include supervisory and administration support for frontline staff in the Districts, we have apportioned their costs by the estimated percentage of staff in teams with a primary function related to PSP versus teams with DCJ OOHC teams.

**Step 3:** Corporate overheads include the costs of corporate functions (Finance, Procurement, IT, HR, Payroll, Legal, Media and Comms) as well as senior executives. DCJ apportions corporate overheads across its service streams based on the estimated time spent of corporate functions supporting the relevant services. In line with the avoided cost method, we have excluded the cost of senior executives from corporate overheads.

**Step 4:** The total cost was then divided by the number of children in DCJ Statutory and Supported Care to arrive at an average cost per child per year. This is presented in Table B.3 below.

Table B.3 DCJ's administrative costs of delivering OOHC per child per year, \$2022-23

Description	DCJ-delivered OOHC
Administrative costs and corporate overheads	\$14,500

Source: IPART analysis of data provided by NSW Department of Communities and Justice.

## C How the care allowance was developed and how it compares

### C.1 The current care allowance rate is based on the findings of a 2002 study

In 2002, a report titled *The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Out of Home Care in Australia* was prepared by the Social Policy Research Centre at the University of New South Wales. The study endeavoured to estimate the costs of caring for children in foster care across different age groups and genders. To achieve this, weekly budgets for caring for a foster child were developed across typical commodity groups, such as housing, energy, food, clothing, personal care items, health, transport, leisure, and household goods.

The budgets were partially based on previous research conducted by the Social Policy Research Centre (SPRC) which estimated the weekly costs of caring for children *not* in care as at 1998.<sup>287</sup> Researchers sought feedback from carers of children in foster care about the weekly costs of caring estimated by the SPRC. Carers highlighted several areas in the budgets developed by the SPRC that did not adequately reflect the costs of caring for children in care.<sup>288</sup> Using this feedback, the researchers developed amended budgets. From these budgets, estimates were established for the costs of caring for a child in foster care as at December 2000 (Table C.1).

Table C.1 Estimated weekly costs of caring for a foster child by commodity group in \$2000-01

Age and Gender	Child, age 1	Girl, age 3	Girl, age 6	Boy, age 10	Boy, age 14	Girl, age 14
Housing	35	45	45	45	45	45
Energy	4	4	4	4	4	4
Food	30	32	40	54	69	60
Clothing	22	13	15	15	17	23
Household Goods	19	26	28	39	41	41
Health	1	2	3	3	3	3
Transport	4	3	8	8	13	13
Leisure	5	14	23	26	44	43
Personal Care	37	17	3	4	7	16
<b>Total</b>	<b>157</b>	<b>156</b>	<b>168</b>	<b>197</b>	<b>242</b>	<b>248</b>

Source: McHugh, M, Social Policy Research Centre, *The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Out of Home Care in Australia*, February 2002, p 93.

In 2006, based on the study's recommendations, NSW introduced age-bracketed care allowances. The allowance rates were based on the foster care estimates shown in Table C.1. and were adjusted for changes to the CPI.<sup>289</sup> Prior to this, the care allowance was a flat rate of \$175 per week regardless of the child's age.<sup>290</sup>

Since December 2000, CPI has risen by 88.5% as at June 2024.<sup>291</sup> Table C.2 shows the amounts in Table C.2 in \$2023-24.

Table C.2 Estimated weekly costs of caring for a foster child by commodity group \$2023-24

Age and Gender	Child, age 1	Girl, age 3	Girl, age 6	Boy, age 10	Boy, age 14	Girl, age 14
Housing	66	85	85	85	86	86
Energy	7	7	7	7	7	7
Food	56	61	77	102	130	113
Clothing	41	24	28	29	32	43
Household Goods	37	49	52	74	79	79
Health	3	5	5	5	6	6
Transport	8	5	15	14	24	24
Leisure	10	27	44	50	83	82
Personal Care	69	33	5	7	13	30
<b>Total</b>	<b>298</b>	<b>297</b>	<b>319</b>	<b>374</b>	<b>460</b>	<b>471</b>

Source: IPART analysis of McHugh, M, Social Policy Research Centre, *The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Out of Home Care in Australia*, February 2002, p 93.

When Table C.2 is compared to the DCJ care allowance rates for 2023-2024 shown below in Table C.3, it is apparent that similar budgetary assumptions about the costs of caring for a child in foster care are applied in the present day for children under the age of 16. Although there are some differences between how age brackets have been structured in the current allowance (and it is not differentiated by gender), the current care allowance rates are closely aligned with the CPI adjusted figures in Table C.2.

Table C.3 DCJ care allowance rates per week in \$2023-24

Age range	Standard care allowance rate
0-4	282
5-13	318
14-15	427
16-17	284

Source: Department of Communities and Justice, *DCJ Care allowances indexation adjustment – effective 1 July 2023*, 2023, p 1.

As discussed in Chapter 9 the assumptions made in *The Costs of Caring* study may no longer reflect the economic and social conditions of the present day. In particular, we expect that weekly expenditure across the housing, energy and health categories are likely to be considerably higher than the figures shown in Table C.2. Transport expenditure is also likely to be higher than the figures shown in Table C.2 for carers based in regional and rural areas.

It is of note that the DCJ care allowance rates shown in Table C.3 are the standard care allowance rates that carers who are managed by DCJ receive. Carers of children with disability or 'complex' needs may receive a Care+1 or Care+2 allowance at a higher rate than shown in Table C.3 (discussed in Chapter 10). Carers who are managed by non-government providers should receive the DCJ care allowance rates at a minimum, however, at the discretion of their provider they may receive a higher rate.



The NSW care allowance for young people aged 16-18 is lower than the allowance for young people aged 14-15. In NSW, eligible carers are provided with a Teenage Education Payment when the young person in their care is between 16-18 years of age and they are receiving the [Family Tax Benefit Part A](#).<sup>292</sup> The young person in care may also be eligible for Commonwealth-supported [Youth Allowance](#) which would be paid to the young person directly.

Some stakeholders have told us that there is some variance in the amount of care allowance carers receive across providers. A submission we received from a carer suggests the rate of care allowance is varied across different non-government providers.<sup>293</sup> Similarly, we received a submission from a caseworker who argues that the care allowance should be the same for carers across all providers, as carers managed by DCJ receive lower rates than carers at some non-government providers.<sup>294</sup>

## C.2 The care allowance rate is higher in some jurisdictions

As shown in Table C.4 and Table C.5, the care allowance rate differs across all Australian jurisdictions<sup>a</sup>.

Table C.4 2023-2024 weekly standard care allowance rates in \$2023-24

Age of child	QLD	ACT	VIC	SA	WA	NT <sup>a</sup>	NSW
0-1	306	310	218	244	218	253	282
3	306	310	218	244	218	253	282
6	330	348	218	265	218	271	318
10	330	348	225	265	256	319	318
12	358	348	250	265	256	319	318
14	358	348	320	358	295	394	427
16	358	468	320	415	295	394	284

a. For the Northern Territory \$2023-24 care allowance, an average of the 2022-23 and 2024-25 care allowance amounts was used. The allowance increased by around 10% between 2022-23 and 2024-25.

Sources: Queensland Government, [Carer Allowances](#), accessed 29 August 2024; ACT Government, [Carer Subsidy Guide 2023/24](#), accessed 29 August 2024, p 2; Victoria State Government, Families, Fairness and Housing, [Support for home based carers in Victoria](#), accessed 29 August 2024; Government of South Australia, Department for Child Protection, [Carer Payment Rates and Loadings](#), accessed 29 August 2024, p 1; Government of Western Australia, Department of Communities, [Financial Support Information: Family or Foster Care Subsidy](#), accessed 29 August 2024, p 1; Northern Territory Government, Department of Territory Families, Housing and Communities, [Foster care current payment rate](#), accessed 29 August 2024; NSW Department of Communities & Justice, [DCJ Care allowances indexation adjustment – effective 1 July 2023](#), accessed 29 August 2024, p 1.

Table C.5 Difference in weekly standard care allowance rate in NSW compared to other jurisdictions in \$2023-24

Age of child	QLD	ACT	VIC	SA	WA	NT
0-1	24	28	-64	-38	-64	-29
3	24	28	-64	-38	-64	-29
6	12	30	-100	-53	-100	-47
10	12	30	-93	-53	-62	1
12	40	30	-68	-53	-62	1

<sup>a</sup> Care allowance rate data for Tasmania was unable to be sourced.

Age of child	QLD	ACT	VIC	SA	WA	NT
14	-69	-79	-107	-69	-132	-33
16	74	184	36	131	11	110

Source: IPART analysis of Table C.4.

As demonstrated in Table C.5, the care allowance rate is higher in Queensland and the Australian Capital Territory than NSW across all age brackets, except for 14-year-olds. In all jurisdictions, carers receive a higher care allowance for young people aged 16 and over when compared to NSW.

## D Care allowances and loadings in other states 2023-24

In some jurisdictions, common contingency costs such as those associated with establishing a placement, school attendance, and transport, are covered by care allowance loadings which are paid directly to the carer. Some of the submissions we received from carers indicated that additional payments paid directly to carers could be a more practical and efficient way to receive funding for common contingency items and services. For example, R. Muir argues that carers in regional areas should receive an extra allowance in recognition of the costs of travelling greater distances to fulfil their caring responsibilities.<sup>295</sup>

### D.1 Allowance loading and additional allowances in Queensland

- **Regional and remote loading:** an additional allowance loading of 10% of the standard care allowance for carers living in locations with higher retail prices. This allowance is paid to carers residing in Cape York South, Cape York North and Torres Strait Island, Emerald, Gladstone, Mackay, Mt Isa, parts of Roma, and applicable Aboriginal and Indigenous communities.<sup>296</sup>
- **Establishment allowance:** a one-off payment to assist a carer with the establishment costs for a child, once a care arrangement is confirmed for longer than 7 days.<sup>297</sup>
- **Start-up/Outfitting allowance:** a one-off payment to assist carers with the initial set up costs to establish appropriate accommodation and resources needed for a placement that is longer than 5 nights.<sup>298</sup>

### D.2 Financial support payments in Australian Capital Territory

- **Driving lessons and associated costs:** carers will receive a reimbursement to cover the costs of up to 6 professional driving lesson per child, and insurance excess coverage for the first 12 months.<sup>299</sup>
- **Medical/Dental/Optical:** carers will receive a reimbursement to cover the costs of medical/dental/optical services where the Medicare gap exceeds \$40 for one appointment. Reimbursement is for the gap fee after the Medicare payment is made.<sup>300</sup>
- **Supported contact:** carers will receive a reimbursement to cover the costs associated with a child's approved contact with their family or significant others e.g., transport, meals, and activities.<sup>301</sup>

- **Excess travel:** carers will receive a mileage reimbursement when they are required to travel over 150km per week per child for their ongoing care e.g., travel to school, attendance at appointments, extracurricular activities. Mileage reimbursement is made at:
  - \$0.75 per km over the 150km threshold for the ACT and surrounding region.
  - \$0.25 per km over the 150km threshold for interstate travel.<sup>302</sup>

### D.3 Allowance loading and additional allowances in Victoria

- **New placement loading:** an allowance loading of \$70.94 per fortnight paid to carers for the first 6 months of a placement. This allowance loading is to assist carers pay for the immediate or 'start-up' costs of caring for a child.<sup>303</sup>
- **School attendance allowance:** an annual allowance of \$401.50 for children aged 5-11 years or \$602.24 for young people aged 12-18 years. This allowance is to contribute to the educational costs for a child or young person.<sup>304</sup>

### D.4 Allowance loading and additional payments in South Australia

- **Remote allowance:** an additional allowance loading of 10% of the standard care allowance is paid to carers who reside in the Australian Bureau of Statistics defined remote and very remote areas of South Australia. This loading is to compensate for the higher costs of living in these communities.<sup>305</sup>
- **Placement start-up payment:** a one-off payment to assist with the immediate costs of a child being placed with a carer (e.g. clothing, footwear, and personal care items).<sup>306</sup> The payment is age-bracketed as follows:
  - 0-4 years: \$117.00
  - 5-12 years: \$153.00
  - 13-15 years: \$181.00
  - 16-17 years: \$230.00.<sup>307</sup>
- **Respite loading:** respite carers are paid an additional 100% loading on the standard care allowance up to, and including, the first 7 consecutive occasions of the placement. This loading is paid in recognition of the additional costs and responsibilities caring for a child for a short period of time.<sup>308</sup>
- **Education grant:** carers are paid an education grant at the beginning of each school term to contribute to the educational costs for a child.<sup>309</sup> The grant is age-bracketed as follows:
  - 0-4 years: \$80.00
  - 5-12 years: \$217.00
  - 13-15 years: \$281.00
  - 16-17 years: \$281.00
  - 18+ years: \$281.00 (conditions apply).<sup>310</sup>

- **Activity grant:** eligible carers can receive an annual activity grant of \$109.00 to support a child to participate in a cultural, recreational, or social activity of the child's choice.<sup>311</sup>

## D.5 Allowance loading and additional payments in the Northern Territory

- **Remote area loading:** an additional allowance loading on top of the standard care allowance for carers living in remote or very remote regions. Areas that are eligible for the remote area loading include Alice Springs, Katherine, Nhulunbuy and Tennant Creek.<sup>312</sup>
- **Establishment payment:** a one-off payment of \$200 to assist with the immediate costs of a child being placed with a carer.<sup>313</sup>

## D.6 Allowance loading and additional allowances in Western Australia

- **Remote and regional loading:** an additional allowance loading of 10% or 20% of the standard care allowance for carers living in selected regions.<sup>314</sup>
- **Clothing allowance:** an allowance that is paid to carers 3 times per year in January, May, and September until a child turns 16 years old. The allowance is age-bracketed as follows:
  - 0-6 years: \$178.81
  - 7-12 years: \$235.28
  - 13-15 years: \$400.00.<sup>315</sup>

## E Glossary and Acronyms

Table E.1 Glossary of terms used in this report

Term	Meaning
Aboriginal community-controlled organisation (ACCO)	An ACCO is defined under Clause 44 of the <a href="#">National Agreement on Closing the Gap</a> , to among other things be controlled by Aboriginal and/or Torres Strait Islander people and not-for-profit. ACCOs are the OOHC provider of choice for Aboriginal children.
AbSec - NSW Child, Family and Community Peak Aboriginal Corporation	AbSec is the peak organisation for Aboriginal children and families in NSW. AbSec is a not-for-profit organisation which aims to empower Aboriginal children and families impacted by the child protection system and support ACCOs in the child and family sector.
Aboriginal Legal Service (ALS)	The Aboriginal Legal Service delivers culturally appropriate community legal services for Aboriginal and Torres Strait Islander people throughout NSW and the ACT.
Adoption Act	<a href="#">Adoption Act 2000</a>
Alternative Care Arrangement (ACA)	Emergency and temporary fee for service arrangements for children in OOHC when no alternative placement can be made. ACAs are usually in hotels, motels or temporary accommodation. The government's position is that ACAs are the least preferred high-cost emergency arrangements (HCEAs).
Association of Children's Welfare Agencies (ACWA)	ACWA is the NSW non-government peak body representing the voice of community organisations working with vulnerable children and their families.
Care and Protection Act	<a href="#">Children and Young Persons (Care and Protection) Act 1998</a>
Caseload	The number of children that a single caseworker is caring for at a given time.
Child/children	Section 3 of the Care and Protection Act defines a child as a person who is under the age of 16 years and a young person as a person who is aged 16 years or above but who is under the age of 18 years. In this report, unless otherwise stated, the terms 'child' and 'children' include young people.
Child Assessment Tool (CAT)	The Child Assessment Tool (CAT) is designed to identify the most appropriate level of out-of-home care for a child based on behavioural, health and development factors applied across 3 age groups.
Child and Family District Unit (CFDU)	The local teams within DCJ that provide an interface between itself and non-government providers. There are 11 CFDUs in NSW.
Children's Guardian Act	<a href="#">Children's Guardian Act 2019</a>
ChildStory	The software used for data reporting on all children in OOHC in NSW.
Community Services Centre (CSC)	DCJ locally based community services offices, which offer services for children in DCJ case-managed care. There are approximately 80 CSCs across NSW.
Culturally and linguistically diverse (CALD)	Culturally and linguistically diverse (CALD) is a broad and inclusive descriptor relating to a person's country of birth, their ancestry, the country of birth of their parents, what languages they speak and their religious affiliation.
Department of Communities and Justice NSW (DCJ)	The lead agency in the NSW Government Communities and Justice portfolio, which aims to create safe, just, inclusive and resilient communities through its services. DCJ is the statutory child protection agency in NSW.
Designated agency	A designated agency means an agency accredited by the Children's Guardian under Schedule 3A of the <a href="#">Children's Guardian Act</a> . DCJ and some non-government providers are designated agencies. A designated agency that places a child in the out-of-home care of an authorised carer has a responsibility to supervise the placement.
District	A geographical area defined by DCJ. <a href="#">There are 16 districts in 7 groups</a> . The district boundaries are aligned with NSW Local Health Districts.
Department of Family and Community Services NSW (FACS)	A former department which, together with the former Department of Justice, now constitutes DCJ.

Term	Meaning
Early intervention/family preservation	Services that seek to support families with children at risk of harm. Early intervention is always preferable to removing children into OOHC.
Guardianship	Where a guardian takes on full parental responsibility of the child, making all decisions about their care until they reach 18 years of age. A child under a guardianship order is not considered to be in OOHC but in the independent care of their guardian.
Intensive Therapeutic Care (ITC)	ITC is for children over 12 years with complex needs who are either unable to be supported in foster care or require specialised and intensive supports to maintain stability in their care arrangements. Accommodation is in a home like environment provided by non-government providers. There are several types of ITC – Intensive Therapeutic Transitional Care (ITTC), Intensive Therapeutic Care Home (ITCH) and Intensive Therapeutic Care – Significant Disability (ITC- SD).
Interim Care Model (ICM)	A short-term group home accommodation placement for children with low or medium needs at risk of entry into other forms of emergency care (Alternative Care Arrangement or Individual Placement Agreements). Provided and staffed by accredited non-government providers.
Non-government provider	A provider of OOHC that is not government affiliated. Typically, these are not-for-profit non-government organisations (NGOs) or ACCOs.
Office of the Children's Guardian (OCG)	The Office of the Children's Guardian is a statutory NSW government agency which has a range of functions relating to child safety. The powers and functions of the Children's Guardian are defined in the <i>Children's Guardian Act 2019</i> . It's responsibilities include: <ul style="list-style-type: none"> <li>• accrediting providers of out of home care and adoption services, including DCJ</li> <li>• maintaining the NSW Carers Register and the NSW Residential Care Workers Register.</li> </ul>
Out-of-home care (OOHC)	The Care and Protection Act provides for 2 types of out-of-home care: <ul style="list-style-type: none"> <li>• Statutory out-of-home care (statutory OOHC), which requires a Children's Court care order.</li> <li>• Supported out-of-home care (supported OOHC) which provides either temporary or longer-term support for a range of other care arrangements made, provided or supported by DCJ.</li> </ul> A prerequisite common to both types is that a child must be considered to be in need of care and protection.
Out-of-home care Health Pathway Program	NSW Health provides coordinated health assessments for children aged 0 – 17 years in statutory OOHC living in NSW who are expected to remain in care for longer than 90 days.
Permanency goal	Every child in statutory OOHC is expected to have a permanency goal to either exit OOHC through restoration, guardianship or adoption, or to remain in the long-term care of the Minister.
Permanency Support Program (PSP)	The PSP funds non-government PSP providers to deliver services to children in out-of-home care. The PSP packaged care service model is comprised of a case plan goal package, baseline package and child needs package. Specialist packages are available depending on the child's circumstances and eligibility.
PSP Provider	Non-government providers delivering OOHC through the PSP. Includes ACCOs unless otherwise noted.
Residential care	Residential care is a group home-based form of OOHC for children. Under the PSP, the Intensive Therapeutic Care model was designed to replace "legacy" residential care across NSW.
Restoration	Restoration is the return of a child in OOHC to their parents.
Supported Independent Living (SIL)	Supported independent living is a type of residential care to prepare and support young people to make a smooth transition from OOHC to independent living as an adult. There is a special type of SIL called therapeutic independent living (TSIL) which incorporates therapeutic care and interventions.

Table E.2 Acronyms used in this report

Acronym	Explanation
AbSec	NSW Child, Family and Community Peak Aboriginal Corporation
ACA	Alternative Care Arrangements
ACCO	Aboriginal community-controlled organisation
ACWA	Association of Children's Welfare Agencies
ALS	Aboriginal Legal Service (NSW/ACT)
CALD	Culturally and linguistically diverse
CFDU	Child and Family District Unit
CSC	Community Service Centre
CAT	Child Assessment Tool
CYP	Children and young people
DCJ	Department of Communities and Justice
HCEA	High-cost emergency arrangements
ICM	Interim care model
IPA	Individual placement arrangements
ITC	Intensive Therapeutic Care
ITC-SD	Intensive Therapeutic Care – Significant Disability
NDIS	National Disability Insurance Scheme
NGO	Non-government organisation
OCG	Office of the Children's Guardian
OOHC	Out-of-home care
PSP	Permanency Support Program
ROSH	Risk of significant harm
STEP	Short term emergency placements
THBC	Therapeutic Home-Based Care
ITTC	Intensive Therapeutic Transition Care
TSIL	Therapeutic Supported Independent Living



- 
- <sup>1</sup> NSW Government, [NSW Government to ban the use of Alternative Care Arrangements for vulnerable children](#), 3 September 2024.
  - <sup>2</sup> For example, Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program: Final Report](#), April 2023, p 18.
  - <sup>3</sup> Responses to IPART Consultation Paper quick feedback form, May 2024 to June 2024.
  - <sup>4</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 33.
  - <sup>5</sup> Wood AO QC, J, [Report of the Special Commission of Inquiry into Child Protection Services in NSW Executive Summary and Recommendations](#), November 2008, p v.
  - <sup>6</sup> NSW Department of Communities and Justice, [Annual Statistical Report 2022-23 summary dashboard](#), accessed 27 August 2024.
  - <sup>7</sup> NSW Ombudsman, [Protecting children at risk: an assessment of whether the Department of Communities and Justice is meeting its core responsibilities](#), July 2024, p 39.
  - <sup>8</sup> Australian Government Productivity Commission, [Report on Government Services 2024 Part F Table 16A.42](#), January 2024.
  - <sup>9</sup> NSW Department of Communities and Justice, [Annual Statistical Report 2022-23 summary dashboard](#), accessed 27 August 2024.
  - <sup>10</sup> Australian Government, Australian Institute of Health and Welfare, [People with disability in Australia](#), accessed 2 September 2024.
  - <sup>11</sup> Association of Children's Welfare Agencies, ["Falling through the gaps? Delivering the best possible outcomes for vulnerable children and young people with disability."](#), July 2021, pp 9-10.
  - <sup>12</sup> NSW Department of Communities and Justice, [Aboriginal Out of Home Care \(OOHC\) Transition Project Factsheet](#), accessed 28 August 2024, p 2.
  - <sup>13</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 10.
  - <sup>14</sup> NSW Department of Communities and Justice, [Aboriginal Out of Home Care \(OOHC\) Transition Project Factsheet](#), accessed 28 August 2024, p 2.
  - <sup>15</sup> NSW Child, Family and Community Peak Aboriginal Corporation, [Aboriginal Case Management Policy – Fact Sheet: ACCO's role in the implementation of the ACPM](#), accessed 28 August 2024.
  - <sup>16</sup> NSW Minister for Families and Communities, [Labor confirms \\$200 million lifeline to keep vulnerable kids safe](#), 19 September 2023.
  - <sup>17</sup> NSW Minister for Families and Communities, [Labor confirms \\$200 million lifeline to keep vulnerable kids safe](#), 19 September 2023; NSW Office of the Advocate for Children and Young People, [Moving cage to cage: Final Report of the Special Inquiry into children and young people in alternative care arrangements](#), August 2024, p 51.
  - <sup>18</sup> Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program: Final Report](#), April 2023, p 24.
  - <sup>19</sup> Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program: Final Report](#), April 2023, p 28.
  - <sup>20</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 2.
  - <sup>21</sup> Family is Culture Advocacy Working Group, [July 2024 Family is Culture Community Report Card](#), July 2024, p 7.
  - <sup>22</sup> Tune AO PSM, D, [Independent Review of Out of Home Care in New South Wales](#), Final Report, 1 January 2016.
  - <sup>23</sup> Tune AO PSM, D, [Independent Review of Out of Home Care in New South Wales](#), Final Report, 1 January 2016, p 3.
  - <sup>24</sup> Australian Institution of Aboriginal and Torres Strait Islander Studies (AIATSIS), [Stolen Generations](#), accessed 5 December 2023.
  - <sup>25</sup> Australian Human Rights Commission, [Bringing them home: Report of the National Inquiry into the Separation of Aboriginal and Torres Strait Islander Children from Their Families](#), May 1997, p 4.
  - <sup>26</sup> [AbSec submission to IPART Consultation Paper](#), July 2024, p 2.
  - <sup>27</sup> Audit Office of NSW, [Safeguarding the rights of Aboriginal children in the child protection system](#), June 2024, p 31.
  - <sup>28</sup> Australian Institute of Health and Welfare, [Child Protection Collection 2021–22 Table S7.1](#), June 2023.
  - <sup>29</sup> My Forever Family NSW, ['A home for connection': Carer shortage calls for more people to open their homes and hearts to the children and young people across NSW](#), October 2022.
  - <sup>30</sup> Office of the Children's Guardian, [Key statistics – NSW Carers Register](#), 31 January 2024.
  - <sup>31</sup> NSW Office of the Advocate for Children and Young People, [Moving cage to cage: Final Report of the Special Inquiry into children and young people in alternative care arrangements](#), August 2024, p 27.
  - <sup>32</sup> NSW Minister for Families and Communities, [Urgent call to help care for state's most vulnerable children](#), September 2023.
  - <sup>33</sup> NSW Department of Communities and Justice, [DCJ Caseworker Dashboard March 2024 Quarter](#), accessed 28 August 2024.
  - <sup>34</sup> [Barnardos Australia submission to IPART Consultation Paper](#), June 2024, p 2; [Southern Youth and Family Services submission to IPART Consultation Paper](#), June 2024, p 9.
  - <sup>35</sup> [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1; and [Walker, C. submission to IPART Consultation Paper](#), June 2024, p 1.
  - <sup>36</sup> [AbSec submission to IPART Consultation Paper](#), July 2024, p 2.
  - <sup>37</sup> The Demographics Group, [Demographic Outlook: Impacts on the availability of foster parents](#), July 2024, pp 3-4.
  - <sup>38</sup> NSW Office of the Advocate for Children and Young People, [Moving cage to cage: An interim report of the Special Inquiry into children and young people in alternative care arrangements](#), May 2024, p 7.
  - <sup>39</sup> NSW Office of the Advocate for Children and Young People, [Moving cage to cage: Final Report of the Special Inquiry into children and young people in alternative care arrangements](#), August 2024, p 50.

- <sup>40</sup> NSW Minister for Disability Inclusion, Minister for Families and Communities, [\\$231 Million to Rebuild the Foster Care System and Drive Disability Inclusion](#), June 2024.
- <sup>41</sup> For example see [Anonymous submission to IPART Consultation Paper](#), June 2024, p 3; and [ACWA submission to IPART Draft Terms of Reference](#), March 2024, p 3.
- <sup>42</sup> [Southern Youth and Family Services submission to IPART Consultation Paper](#), June 2024, p 9; and [Anonymous submission to IPART Consultation Paper](#), June 2024, p 2.
- <sup>43</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 2.
- <sup>44</sup> Schapova, N, [More foster carers leaving the system as carers call for more support amid rising cost of living](#), 15 July 2024.
- <sup>45</sup> NSW Office of the Advocate for Children and Young People, [Moving cage to cage: Final Report of the Special Inquiry into children and young people in alternative care arrangements](#), August 2024, p 17.
- <sup>46</sup> Australian Government Productivity Commission, [Proportion of children in out-of-home care \(0–17 years old\) that are Aboriginal and Torres Strait Islander](#), accessed 6 August 2024.
- <sup>47</sup> NSW Office of the Children’s Guardian, [NSW Child Safe Standards for Permanent Care](#), November 2015, p 2.
- <sup>48</sup> NSW Office of the Children’s Guardian, [NSW Child Safe Standards for Permanent Care](#), November 2015, p 2.
- <sup>49</sup> NSW Office of the Children’s Guardian, [NSW Child Safe Standards for Permanent Care](#), November 2015, p 14.
- <sup>50</sup> NSW Department of Communities and Justice, [What young people thought about the statutory OOHQ Quality Assurance Framework](#), 2016, p 9.
- <sup>51</sup> Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program: Final Report](#), April 2023, p 30.
- <sup>52</sup> Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program: Final Report](#), April 2023, p 255.
- <sup>53</sup> Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program: Final Report](#), April 2023, p 21.
- <sup>54</sup> [AbSec submission to IPART Consultation Paper](#), July 2024, p 6.
- <sup>55</sup> NSW Department of Communities and Justice, [Permanency Support Program \(PSP\) Packages: Eligibility Rules and Inclusions](#), July 2023, p 11.
- <sup>56</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 49.
- <sup>57</sup> Meeting with non-government provider, June 2024.
- <sup>58</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 49.
- <sup>59</sup> [Southern Youth and Family Services submission to IPART Consultation Paper](#), June 2024, p 10.
- <sup>60</sup> [Barnardos Australia submission to IPART Consultation Paper](#), June 2024, p 2.
- <sup>61</sup> [Southern Youth and Family Services submission to IPART Consultation Paper](#), June 2024, p 10.
- <sup>62</sup> NSW Government, Department of Communities and Justice, Program level agreement and contract governance. [Schedule 3 – Payment Provisions](#), Section 3.1 (a).
- <sup>63</sup> Meetings with non-government providers June 2024.
- <sup>64</sup> NSW Government, Department of Communities and Justice, Program level agreement and contract governance. [Schedule 2 – Performance and outcomes data reporting](#), Appendix A – Key performance indicators.
- <sup>65</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 48.
- <sup>66</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 49.
- <sup>67</sup> NSW Government, Department of Communities and Justice, [About the Quality Assurance Framework](#), accessed 6 August 2024.
- <sup>68</sup> NSW Government, [Quality Assurance Framework for New South Wales, Executive Summary QAF](#), November 2020, p 3.
- <sup>69</sup> NSW Department of Communities and Justice, [Permanency Support Program \(PSP\) Packages: Eligibility Rules and Inclusions](#), July 2023, pp 5-6; and NSW Government, Department of Communities and Justice, [Permanency Goal Reviews and Case Plan Goal Package Extension Policy](#), May 2020, p 10.
- <sup>70</sup> [Barnardos Australia submission to IPART Consultation Paper](#), June 2024, p 6.
- <sup>71</sup> [Southern Youth and Family Services submission to IPART Consultation Paper](#), June 2024, p 8.
- <sup>72</sup> [Marymead CatholicCare Canberra & Goulburn, submission to IPART Consultation Paper](#), June 2024, pp 1-2.
- <sup>73</sup> Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program: Final Report](#), April 2023, p 251.
- <sup>74</sup> [Barnardos Australia submission to IPART Consultation Paper](#), June 2024, p 4.
- <sup>75</sup> Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program: Final Report](#), April 2023, p 39.
- <sup>76</sup> Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program: Final Report](#), April 2023, p 39.
- <sup>77</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 43.
- <sup>78</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 50.
- <sup>79</sup> [Anonymous submission to IPART Consultation Paper](#), June 2024, p 2.
- <sup>80</sup> NSW Department of Communities and Justice, [Permanency Support Program \(PSP\) Packages: Eligibility Rules and Inclusions](#), July 2023, pp 30-31.
- <sup>81</sup> [Anonymous submission to IPART Consultation Paper](#), June 2024, p 2.
- <sup>82</sup> [Anonymous submission to IPART Consultation Paper](#), June 2024, p 2.
- <sup>83</sup> NSW Government, Department of Communities and Justice, Program level agreement, [Schedule 5 – Definitions](#), pp 2, 6.
- <sup>84</sup> NSW Government, Department of Communities and Justice, [Permanency Support Program PSP Recommissioning – Q&As](#), May, June and July 2022, p 8.
- <sup>85</sup> Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program: Final Report](#), April 2023, p 254.

- <sup>86</sup> NSW Department of Communities and Justice, [Permanency Support Program PSP Recommissioning – Q&As](#), May, June and July 2022, p 9.
- <sup>87</sup> [Marymead CatholicCare Canberra & Goulburn submission to IPART Consultation Paper](#), June 2024, p 1; and meetings with providers June 2024.
- <sup>88</sup> NSW Department of Communities and Justice, Program level agreement. [Schedule 3 – Payment Provisions](#), pp 8, 14.
- <sup>89</sup> Office of the Children’s Guardian, [Key Statistics - NSW Carers Register](#), accessed 29 August 2024.
- <sup>90</sup> NSW Ombudsman, [Protecting kids at risk: an assessment of whether Department of Communities and Justice is meeting its core responsibilities](#), July 2024, pp 70-71.
- <sup>91</sup> NSW Government, Department of Communities and Justice, [Transition to Aboriginal out-of-home care agencies](#), accessed 30 August 2024.
- <sup>92</sup> [Children and Young Persons \(Care and Protection\) Act 1998](#), s 13.
- <sup>93</sup> NSW Department of Communities and Justice, Program level agreement. [Schedule 3 – Payment Provisions](#), pp 7, 14.
- <sup>94</sup> [AbSec submission to IPART Consultation Paper](#), July 2024, p 4.
- <sup>95</sup> Meetings with non-government providers May and June 2024.
- <sup>96</sup> NSW Government, Department of Communities and Justice, Program level agreement and contract governance. [Schedule 3 – Payment Provisions](#), pp 7, 12; and NSW Government, Department of Communities and Justice, [PSP rates effective from 1 July 2023](#), pp 1-2.
- <sup>97</sup> [AbSec submission to IPART Consultation Paper](#), July 2024, p 4.
- <sup>98</sup> [AbSec submission to IPART Consultation Paper](#), July 2024, p 6.
- <sup>99</sup> NSW Department of Communities and Justice, [PSP rates effective from 1 July 2023](#), p 2.
- <sup>100</sup> NSW Department of Communities and Justice, [Permanency Support Program \(PSP\) Packages: Eligibility Rules and Inclusions](#), July 2023, p. 27; and NSW Department of Communities and Justice, [PSP rates effective from 1 July 2023](#), p 2.
- <sup>101</sup> For example, [Southern Youth and Family Services submission to IPART Consultation Paper](#), June 2024, pp 2, 5.
- <sup>102</sup> [Marymead CatholicCare Canberra & Goulburn submission to IPART Consultation Paper](#), June 2024, pp 1-3.
- <sup>103</sup> [Barnardos Australia submission to IPART Consultation Paper](#), June 2024, p 3.
- <sup>104</sup> [Barnardos Australia submission to IPART Consultation Paper](#), June 2024, p 3.
- <sup>105</sup> Government of South Australia, Department for Child Protection, [Carer Support Payments Carer Handbook](#), July 2024, p 7; Government of Western Australia, Department of Communities, [Financial Support Information Family of Foster Care Subsidy](#), July 2023, p 2; Queensland Government, [Carer allowances](#), accessed 1 August 2024; and Northern Territory Government, Department of Territory Families, Housing and Communities, [Foster care current payment rate](#), accessed 1 August 2024.
- <sup>106</sup> [Marymead CatholicCare Canberra & Goulburn submission to IPART Consultation Paper](#), June 2024, p 5; and meetings with non-government providers June 2024.
- <sup>107</sup> Audit Office of NSW, [Transferring out-of-home care to non-government organisations](#), September 2015, p 5.
- <sup>108</sup> Audit Office of NSW, [Transferring out-of-home care to non-government organisations](#), September 2015, p 15.
- <sup>109</sup> Tune AO PSM, D, [Independent Review of Out-of-home care in New South Wales](#), Final Report, pp 3-4.
- <sup>110</sup> Government of South Australia, Department for Child Protection, [Out of home care placement utilisation and funding policy](#), accessed 29 August 2024.
- <sup>111</sup> Queensland Government, [Care allowances](#), accessed 29 July 2024.
- <sup>112</sup> Government of South Australia, Department for Child Protection, [Family based care funding](#), accessed 29 July 2024.
- <sup>113</sup> Victoria State Government, Department of Families, Fairness and Housing, [Support for home based carers in Victoria](#), accessed 29 July 2024; and Government of Western Australia, Department of Communities, [Financial Support Information](#), accessed 29 July 2024.
- <sup>114</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024.
- <sup>115</sup> NSW Department of Communities and Justice, [What factors impact placement stability for children in out-of-home care? Key findings from evidence](#), July 2023.
- <sup>116</sup> Meeting with non-government provider, June 2024.
- <sup>117</sup> Wood AO QC, J, [Report of the Special Commission and Inquiry into Child Protection Services in NSW](#), Volume 2, November 2008, p 690.
- <sup>118</sup> NSW Office of the Children’s Guardian, [NSW Child Safe Standards for Permanent Care](#), November 2015, p 23.
- <sup>119</sup> NSW Government, [Permanency Support Program Appendix 5: Service Overview – Intensive Therapeutic Care](#), March 2027, pp 23-24.
- <sup>120</sup> NSW Government, Department of Communities and Justice, Program level agreement, [Schedule 1 - Permanency Support Program - Service Requirements](#), p 6.
- <sup>121</sup> Wood AO QC, J, [Report of the Special Commission and Inquiry into Child Protection Services in NSW](#), Volume 2, November 2008, p 690.
- <sup>122</sup> Meeting with ACCO, May 2024; Meeting with ACCO, June 2024.
- <sup>123</sup> Information provided to IPART by NSW Department of Communities and Justice.
- <sup>124</sup> Meeting with NSW Department of Communities and Justice Community Services, May 2024.
- <sup>125</sup> Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 44.
- <sup>126</sup> Meeting with ACCO, May 2024; and meeting with non-government provider, June 2024.
- <sup>127</sup> NSW Government, [Permanency Case Management Policy Rules and Practice Guidance](#), August 2023.
- <sup>128</sup> [Association of Children’s Welfare Agencies submission to IPART Draft Terms of Reference](#), March 2024, pp 5-6.
- <sup>129</sup> Meeting with non-government provider, June 2024.
- <sup>130</sup> Meeting with non-government provider, March 2024.
- <sup>131</sup> Meeting with ACCO, May 2024.
- <sup>132</sup> NSW Government, [Fact sheet: Aboriginal family-led decision making](#), accessed 8 August 2024.
- <sup>133</sup> Feedback provided during IPART Workshop at AbSec Quarterly Forum, May 2024.
- <sup>134</sup> Information provided by IPART by the NSW Department of Communities and Justice.

- <sup>135</sup> [AbSec submission to IPART Consultation Paper, July 2024, pp 4-5.](#)
- <sup>136</sup> [CareSouth submission to IPART Draft Terms of Reference, March 2024, p 1; and Feedback provided during IPART Workshop at AbSec Quarterly Forum, May 2024.](#)
- <sup>137</sup> [Southern Youth and Family Services submission to IPART Consultation Paper, June 2024, p 7.](#)
- <sup>138</sup> [Southern Youth and Family Services submission to IPART Consultation Paper, June 2024, p 7.](#)
- <sup>139</sup> [Marymead CatholicCare Canberra & Goulburn submission to IPART Consultation Paper, June 2024, p 2.](#)
- <sup>140</sup> [Key Assets Australia submission to IPART Draft Terms of Reference, March 2024, p 3.](#)
- <sup>141</sup> For example see [Barnardos Australia submission to IPART Consultation Paper, June 2024, p 5;](#) and [Marymead CatholicCare Canberra & Goulburn submission to IPART Consultation Paper, June 2024, p 2.](#)
- <sup>142</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 3.](#)
- <sup>143</sup> [AbSec submission to IPART Consultation Paper, July 2024, p 10.](#)
- <sup>144</sup> [Barnardos Australia submission to IPART Consultation Paper, p 3.](#)
- <sup>145</sup> For example see [CareSouth, Limited Health Hub Spots Still Available, accessed 9 August 2024.](#)
- <sup>146</sup> [Settlement Services International submission to IPART Draft Terms of Reference, March 2024, p 1.](#)
- <sup>147</sup> Meeting with non-government provider, March 2024.
- <sup>148</sup> [NSW Department of Communities and Justice, DCJ Caseworker Dashboard January 2024 - March 2024 Quarter, May 2024.](#)
- <sup>149</sup> [McLeod, C, Children in danger as NSW child protection reaches crisis point, striking caseworkers say, May 2024.](#)
- <sup>150</sup> Feedback provided during IPART Workshop at AbSec Quarterly Forum, May 2024.
- <sup>151</sup> [Australian Services Union NSW & ACT \(Services\) Branch submission to IPART Consultation Paper, June 2024, p 2.](#)
- <sup>152</sup> [Audit Office of NSW, Oversight of the child protection system, June 2024, p 33.](#)
- <sup>153</sup> [Public Service Association, \\*\\*\\* MEDIA ALERT: CHILD PROTECTION PROTEST AT 12.30PM TODAY\\*\\*\\*, August 2024.](#)
- <sup>154</sup> [Responses to IPART Consultation Paper quick feedback form, May 2024 to June 2024.](#)
- <sup>155</sup> [Responses to IPART Consultation Paper quick feedback form, May 2024 to June 2024.](#)
- <sup>156</sup> [Audit Office of NSW, Oversight of the child protection system, June 2024, p 33.](#)
- <sup>157</sup> [Casey Family Programs, How does turnover affect outcomes and what can be done to address retention?, October 2017, p 3.](#)
- <sup>158</sup> Meeting with AbSec, July 2024.
- <sup>159</sup> Meeting with non-government provider, June 2024.
- <sup>160</sup> [Barnardos Australia submission to IPART Consultation Paper, June 2024, p 3.](#)
- <sup>161</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 2.](#)
- <sup>162</sup> [Children and Young Persons \(Care and Protection\) Act 1998, s 8.](#)
- <sup>163</sup> [NSW Department of Communities and Justice, Practice Framework Standards for child protection and out-of-home care practitioners.](#)
- <sup>164</sup> [NSW Department of Communities and Justice, Permanency Case Management Policy: Policy Statement, 2020.](#)
- <sup>165</sup> [Industry Commission, Competitive Tendering and Contracting by Public Sector Agencies, 1996.](#)
- <sup>166</sup> [Commonwealth Competitive Neutrality Complaints Office, Cost allocation and pricing – Commonwealth Competitive Neutrality Complaints Office Research Paper, 1998.](#)
- <sup>167</sup> [Industry Commission, Competitive Tendering and Contracting by Public Sector Agencies, 1996, p 312.](#)
- <sup>168</sup> [Commonwealth Competitive Neutrality Complaints Office, Cost Allocation and Pricing, 1998, p 14.](#)
- <sup>169</sup> Information provided to IPART by NSW Department of Communities and Justice.
- <sup>170</sup> [Safe Places For Children \(NSW\) Limited submission to IPART Consultation Paper, June 2024, pp 3-5.](#)
- <sup>171</sup> [AbSec submission to IPART Consultation Paper, July 2024, pp 10-11.](#)
- <sup>172</sup> [Southern Youth and Family Services submission to IPART Consultation Paper, June 2024, p 6.](#)
- <sup>173</sup> [Office of the Children's Guardian, Accreditation Guide: For statutory out-of-home care and adoption providers, 2022.](#)
- <sup>174</sup> [NSW Government, Department of Communities and Justice, PSP Funding Deed, cl 17.](#)
- <sup>175</sup> [AbSec submission to IPART Consultation Paper, July 2024, p 2; and Marymead CatholicCare Canberra & Goulburn submission to IPART Consultation Paper, June 2024, pp 2-3.](#)
- <sup>176</sup> [Southern Youth and Family Services submission to IPART Consultation Paper, June 2024, pp 5-6.](#)
- <sup>177</sup> [Southern Youth and Family Services submission to IPART Consultation Paper, June 2024, p 5.](#)
- <sup>178</sup> [Aboriginal and Torres Strait Islander Child Placement Principles, Children and Young Persons \(Care and Protection\) Act 1998 No 157, Cth NSW, s 13.](#)
- <sup>179</sup> [National Indigenous Times, Child protection gap widens as NSW government delays Aboriginal-led reforms, 4 July 2024.](#)
- <sup>180</sup> [NSW Department of Communities and Justice, Aboriginal Out of Home Care \(OOHC\) Transition Project Factsheet, p 2.](#)
- <sup>181</sup> [NSW Department of Communities and Justice, PSP Program Level Agreement, Schedule 3 Payment Provisions, p 7.](#)
- <sup>182</sup> [AbSec submission to IPART Consultation Paper, July 2024, p 4.](#)
- <sup>183</sup> [AbSec submission to IPART Consultation Paper, July 2024, p 4.](#)
- <sup>184</sup> [Audit Office of NSW, Oversight of the child protection system, June 2024, p 27.](#)
- <sup>185</sup> [Association of Children's Welfare Agencies, The Future of Foster Care in NSW: A Portrait of Future Carers, July 2024, accessed 31 July 2024, p 2.](#)
- <sup>186</sup> [The Centre for Excellence in Child and Family Welfare, Rapid Review: Foster Care Recruitment and Retention, April 2024, accessed 31 July 2024, p 14.](#)
- <sup>187</sup> [Queensland Family and Child Commission, Preserving A Vital System: The Future of Foster Care, Queensland Foster Carer Demographic Insights Report, June 2024, accessed 31 July 2024, p 28.](#)
- <sup>188</sup> [Sebba, J, Why do people become foster carers? An international literature review on the motivation to foster, University of Oxford, September 2012, accessed 31 July 2024, p 5.](#)
- <sup>189</sup> For example, [Anonymous submission to IPART Consultation Paper, 5 June 2024, p 1;](#) and [Anonymous submission to IPART Consultation Paper, 21 June 2024, p 1.](#)



- <sup>190</sup> For example, [C. Clapp submission to IPART Consultation Paper](#), 23 June 2024, p 1; [Anonymous submission to IPART Consultation Paper](#), 27 June 2024, p 1; and [Anonymous submission to IPART Consultation Paper](#), 27 June 2024, p 1.
- <sup>191</sup> For example see [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1; and [Anonymous Submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>192</sup> [Anonymous submission to IPART Consultation Paper](#), 2 June 2024, p 1; [Anonymous submission to IPART Consultation Paper](#), 4 June 2024, p 1; [C. Clapp submission to IPART Consultation Paper](#), 23 June 2024, p 1; and [Anonymous submission to IPART Consultation Paper](#), 27 June 2024, p 1.
- <sup>193</sup> [Anonymous submission to IPART Consultation Paper](#), 27 June 2024, p 1.
- <sup>194</sup> Wood, J, [The Special Commission of Inquiry into Child Protection in NSW \(the Wood Report\)](#), 2008, accessed 26 August 2024, p 689.
- <sup>195</sup> Sebba, J, [Why do people become foster carers? An international literature review on the motivation to foster](#), University of Oxford, September 2012, accessed 31 July 2024, p 5.
- <sup>196</sup> For example, [J. Hornby submission to IPART Consultation Paper](#), 27 May 2024, p 1; [Anonymous submission to IPART Consultation Paper](#), 28 May 2024, p 1; [Anonymous submission to IPART Consultation Paper](#), 4 June 2024, p 1; and [S. Bennett submission to IPART Consultation Paper](#), 21 June 2024, p 1.
- <sup>197</sup> [J. Hornby submission to IPART Consultation Paper](#), 27 May 2024, p 1; [Anonymous submission to IPART Consultation Paper](#), 28 May 2024, p 1; [Anonymous submission to IPART Consultation Paper](#), 4 June 2024, p 1; and [S. Bennett submission to IPART Consultation Paper](#), 21 June 2024, p 1.
- <sup>198</sup> Australian Taxation Office, [TD 2006/62](#), October 2006, p 1.
- <sup>199</sup> For example, [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1; and [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>200</sup> For example, [R. Muir submission to IPART Consultation Paper](#), May 2024, p 1; [Anonymous submission to IPART Consultation Paper](#), May 2024, p 1; [Anonymous submission to IPART Consultation Paper](#), May 2024, p 1; [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1; and [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>201</sup> For example, [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1; [P. TePurei submission to IPART Consultation Paper](#), June 2024, pp 3-4; and [J. Hornby submission to IPART Consultation Paper](#), May 2024, p 1.
- <sup>202</sup> IPART, [Quick feedback form: Out-of-home care review](#), 2024.
- <sup>203</sup> [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>204</sup> [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>205</sup> McHugh, M, Social Policy Research Centre, [The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Out of Home Care in Australia](#), February 2002, p viii.
- <sup>206</sup> McHugh, M, Social Policy Research Centre, [The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Out of Home Care in Australia](#), February 2002, p viii.
- <sup>207</sup> Information provided to IPART by NSW Department of Communities and Justice.
- <sup>208</sup> Information provided to IPART by NSW Department of Communities and Justice.
- <sup>209</sup> Information provided to IPART by NSW Department of Communities and Justice.
- <sup>210</sup> [Anonymous submission to IPART Consultation Paper](#), May 2024, p 1.
- <sup>211</sup> For example, [L. Kaylock submission to IPART Consultation Paper](#), June 2024, p 1; and [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1;
- <sup>212</sup> For example, [N. Brawn submission to IPART Consultation Paper](#), June 2024, p 1; and [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>213</sup> [Anonymous submission to IPART Consultation Paper](#), July 2024, pp 2-5.
- <sup>214</sup> IPART, [Quick feedback form: Out-of-home care review](#), 2024.
- <sup>215</sup> [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>216</sup> [P. TePurei submission to IPART Consultation Paper](#), June 2024, p 2.
- <sup>217</sup> Government of South Australia, Department of Child Protection, [Carer reference – Who pays for what?](#), 2024.
- <sup>218</sup> For example, [Anonymous submission to IPART Consultation Paper](#), p 2.
- <sup>219</sup> [R. Muir submission to IPART Consultation Paper](#), May 2024, p 1.
- <sup>220</sup> ACT Government, Department of Community Services, [2024-25 Subsidies and Financial Support Guide](#), July 2024, p 4.
- <sup>221</sup> ACT Government, Department of Community Services, [2024-25 Subsidies and Financial Support Guide](#), July 2024, p 4.
- <sup>222</sup> ACT Government, Department of Community Services, [2024-25 Subsidies and Financial Support Guide](#), July 2024, p 5.
- <sup>223</sup> ACT Government, Department of Community Services, [2024-25 Subsidies and Financial Support Guide](#), July 2024, p 5.
- <sup>224</sup> Office of the Children's Guardian, [Key statistics – NSW Carers Register](#), 14 June 2024, p 3; and [R. Smallwood submission to IPART Consultation Paper](#), May 2024, p 1.
- <sup>225</sup> [P. TePurei submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>226</sup> [P. TePurei submission to IPART Consultation Paper](#), June 2024, p 3; and [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>227</sup> For example, [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1; and [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>228</sup> For example, [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1; [P. TePurei submission to IPART Consultation Paper](#), June 2024, p 3; [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1; and [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>229</sup> [AbSec submission to IPART Consultation Paper](#), July 2024, p 2.
- <sup>230</sup> [AbSec submission to IPART Consultation Paper](#), July 2024, p 2.
- <sup>231</sup> [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>232</sup> NSW Department of Communities and Justice, [Respite](#), October 2023, accessed 20 August 2024.
- <sup>233</sup> NSW Department of Communities and Justice, [Respite](#), October 2023, accessed 20 August 2024.
- <sup>234</sup> NSW Department of Communities and Justice, [Respite](#), October 2023, accessed 20 August 2024.
- <sup>235</sup> Meeting with non-government provider.

- <sup>236</sup> [A. Nash submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>237</sup> [C. Clapp submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>238</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>239</sup> For example, [Anonymous submission to IPART Consultation Paper, May 2024, p 1;](#) and [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>240</sup> NSW Department of Communities and Justice, [DCJ Care allowances indexation adjustment – effective 1 July 2023, 2023, p 1.](#)
- <sup>241</sup> NSW Department of Communities and Justice, [Additional Carer Support Package: Frequently Asked Questions, accessed 29 August 2024, p 1.](#)
- <sup>242</sup> Information provided to IPART by NSW Department of Communities and Justice.
- <sup>243</sup> Information provided to IPART by NSW Department of Communities and Justice.
- <sup>244</sup> NSW Department of Communities and Justice, [Permanency Support Program \(PSP\) Packages: Eligibility Rules and Inclusions, July 2023, pp 30-31.](#)
- <sup>245</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>246</sup> [C. Clapp submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>247</sup> For example, [Anonymous submission to IPART Consultation Paper, May 2024, p 1;](#) [Anonymous submission to IPART Consultation Paper, May 2024, p 1;](#) [Anonymous submission to IPART Consultation Paper, June 2024, p 1;](#) [S. Varcie submission to IPART Consultation Paper, June 2024, p 1;](#) and [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>248</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>249</sup> [S. Dengate submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>250</sup> NSW Department of Communities and Justice, [Permanency Support Program \(PSP\) Packages: Eligibility Rules and Inclusions, July 2023, p 24;](#) and NSW Department of Communities and Justice, [Child Assessment Tool User Manual, March 2014, p 4.](#)
- <sup>251</sup> NSW Department of Communities and Justice, [Child Assessment Tool User Manual, March 2014, p 6.](#)
- <sup>252</sup> NSW Department of Communities and Justice, [Child Assessment Tool User Manual, March 2014, p 12.](#)
- <sup>253</sup> NSW Department of Communities and Justice, [Child Assessment Tool User Manual, March 2014, p 13.](#)
- <sup>254</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>255</sup> [Anonymous submission to IPART Consultation Paper, May 2024, p 1.](#)
- <sup>256</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>257</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>258</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>259</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>260</sup> Australian Institute of Family Studies, [Identifying strategies to better support foster, kinship and permanent carers, July 2022, p 25.](#)
- <sup>261</sup> Queensland Family and Child Commission, [Preserving A Vital System: The Future of Foster Care, Queensland Foster Carer Demographic Insights Report, June 2024, p 8;](#) and Australian Institute of Family Studies, [Identifying strategies to better support foster, kinship and permanent carers, July 2022, p 98.](#)
- <sup>262</sup> Australian Institute of Family Studies, [Identifying strategies to better support foster, kinship and permanent carers, July 2022, p 11.](#)
- <sup>263</sup> MacKillop Family Services, [Intensive Therapeutic Foster Care, accessed 8 August 2024.](#)
- <sup>264</sup> MacKillop Family Services, [Intensive Therapeutic Foster Care, accessed 8 August 2024.](#)
- <sup>265</sup> MacKillop Family Services, [Intensive Therapeutic Foster Care, accessed 8 August 2024.](#)
- <sup>266</sup> ABC News, [Traumatised children find first stable home and support in foster care program, 1 June 2023.](#)
- <sup>267</sup> Schraner, I, [Economic Considerations: The Model of Professional Individualised Care \(PIC\), March 2016, p 3;](#) and ABC News, [Traumatised children find first stable home and support in foster care program, 1 June 2023.](#)
- <sup>268</sup> ABC News, [Traumatised children find first stable home and support in foster care program, 1 June 2023.](#)
- <sup>269</sup> OzChild, [Become a Specialised Foster Carer with OzChild, February 2022, p 5.](#)
- <sup>270</sup> OzChild, [Become a Specialised Foster Carer with OzChild, February 2022, p 5.](#)
- <sup>271</sup> OzChild, [Become a Specialised Foster Carer with OzChild, February 2022, p 6.](#)
- <sup>272</sup> [Anonymous submission to IPART Consultation Paper, June 2024, p 1.](#)
- <sup>273</sup> For example, [Anonymous submission to IPART Consultation Paper, May 2024, p 1;](#) [Anonymous submission to IPART Consultation Paper, June 2024, p 1;](#) and [Anonymous submission to IPART Consultation Paper, June 2024, p 2.](#)
- <sup>274</sup> For example, [Anonymous submission to IPART Consultation Paper, May 2024, p 1;](#) [Anonymous submission to IPART Consultation Paper, June 2024, p 1;](#) and [Anonymous submission to IPART Consultation Paper, June 2024, p 2.](#)
- <sup>275</sup> [Children and Young Persons \(Care and Protection\) Act 1998, s 61\(1A\).](#)
- <sup>276</sup> [Children and Young Persons \(Care and Protection\) Act 1998, s 63.](#)
- <sup>277</sup> [Children's Guardian Act 2019, Schedule 3A;](#) and NSW Office of the Children's Guardian, [Accreditation framework, January 2023, accessed 28 August 2024.](#)
- <sup>278</sup> [Children's Guardian Act 2019, Schedule 3A, cl 11.](#)
- <sup>279</sup> Davis, M, [Family is Culture Final Report, October 2019.](#)
- <sup>280</sup> Audit Office of NSW, [Safeguarding the rights of Aboriginal children in the child protection system, June 2024, p 3.](#)
- <sup>281</sup> Centre for Evidence and Implementation, [Evaluation of the Permanency Support Program, April 2023.](#)
- <sup>282</sup> NSW Office of the Advocate for Children and Young People, [Moving cage to cage: An interim report of the Special Inquiry into children and young people in alternative care arrangements, May 2024.](#)
- <sup>283</sup> Audit Office of NSW, [Oversight of the child protection system, June 2024, pp 2-10.](#)
- <sup>284</sup> Audit Office of NSW, [Safeguarding the rights of Aboriginal children in the child protection system, June 2024, pp 1-5.](#)
- <sup>285</sup> NSW Ombudsman, [Protecting children at risk: an assessment of whether the DCJ is meeting its core responsibilities, July 2024.](#)

- 
- <sup>286</sup> NSW Department of Communities and Justice, [System review into out-of-home care \(OOHC\) Terms of Reference](#), May 2024.
- <sup>287</sup> McHugh, M, Social Policy Research Centre, [The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Out of Home Care in Australia](#), February 2002, p viii.
- <sup>288</sup> McHugh, M, Social Policy Research Centre, [The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Out of Home Care in Australia](#), February 2002, p viii.
- <sup>289</sup> McHugh, M, Social Policy Research Centre, [A Review of Foster Carer Allowances: Responding to Recommendation 16.9 of the Special Commission of Inquiry into Child Protection \(NSW\)](#), 2011, p 21.
- <sup>290</sup> McHugh, M, Social Policy Research Centre, [A Review of Foster Carer Allowances: Responding to Recommendation 16.9 of the Special Commission of Inquiry into Child Protection \(NSW\)](#), 2011, p 21.
- <sup>291</sup> Reserve Bank of Australia, [Inflation Calculator](#), accessed 30 July 2024.
- <sup>292</sup> NSW Department of Communities and Justice, [Teenage Education Payment: Questions and answers for carers](#), 2022, accessed 4 September 2024, p 1.
- <sup>293</sup> [Anonymous submission to IPART Consultation Paper](#), June 2024, p 1.
- <sup>294</sup> [Anonymous submission to IPART Consultation Paper](#), May 2024, p 1.
- <sup>295</sup> [R. Muir submission to IPART Consultation Paper](#), May 2024, p 1.
- <sup>296</sup> Queensland Government, [Carer allowances](#), accessed 1 August 2024.
- <sup>297</sup> Queensland Government, [Carer allowances](#), accessed 1 August 2024.
- <sup>298</sup> Queensland Government, [Carer allowances](#), accessed 1 August 2024.
- <sup>299</sup> ACT Government, Department of Community Services, [2024-25 Subsidies and Financial Support Guide](#), July 2024, p 4.
- <sup>300</sup> ACT Government, Department of Community Services, [2024-25 Subsidies and Financial Support Guide](#), July 2024, p 4.
- <sup>301</sup> ACT Government, Department of Community Services, [2024-25 Subsidies and Financial Support Guide](#), July 2024, p 5.
- <sup>302</sup> ACT Government, Department of Community Services, [2024-25 Subsidies and Financial Support Guide](#), July 2024, p 5.
- <sup>303</sup> Victoria State Government, Department of Families, Fairness and Housing, [Support for home based carers in Victoria](#), accessed 29 August 2024.
- <sup>304</sup> Victoria State Government, Department of Families, Fairness and Housing, [Support for home based carers in Victoria](#), accessed 29 August 2024.
- <sup>305</sup> Government of South Australia, Department for Child Protection, [Carer Support Payments Carer Handbook](#), July 2024, p 7.
- <sup>306</sup> Government of South Australia, Department for Child Protection, [Carer Support Payments Carer Handbook](#), July 2024, p 7.
- <sup>307</sup> Government of South Australia, Department for Child Protection, [Carer Payment Rates and Loadings](#), 2024, p 1.
- <sup>308</sup> Government of South Australia, Department for Child Protection, [Carer Support Payments Carer Handbook](#), July 2024, p 7.
- <sup>309</sup> Government of South Australia, Department for Child Protection, [Carer Support Payments Carer Handbook](#), July 2024, p 7.
- <sup>310</sup> Government of South Australia, Department for Child Protection, [Carer Payment Rates and Loadings](#), 2024, p 1.
- <sup>311</sup> Government of South Australia, Department for Child Protection, [Carer Payment Rates and Loadings](#), 2024, p 3.
- <sup>312</sup> Northern Territory Government, Department of Territory Families, Housing and Communities, [Foster care current payment rate](#), accessed 1 August 2024.
- <sup>313</sup> Northern Territory Government, Department of Territory Families, Housing and Communities, [Foster care current payment rate](#), accessed 1 August 2024.
- <sup>314</sup> Government of Western Australia, Department of Communities, [Financial Support Information Family of Foster Care Subsidy](#), July 2023, p 2.
- <sup>315</sup> Government of Western Australia, Department of Communities, [Financial Support Information Family of Foster Care Subsidy](#), July 2023, p 3.

© Independent Pricing and Regulatory Tribunal (2024).

With the exception of any:

- a. coat of arms, logo, trade mark or other branding;
- b. photographs, icons or other images;
- c. third party intellectual property; and
- d. personal information such as photos of people.

this publication is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia Licence.



The licence terms are available at the [Creative Commons website](#)

IPART requires that it be attributed as creator of the licensed material in the following manner: © Independent Pricing and Regulatory Tribunal (2024).

The use of any material from this publication in a way not permitted by the above licence or otherwise allowed under the Copyright Act 1968 (Cth) may be an infringement of copyright. Where you wish to use the material in a way that is not permitted, you must lodge a request for further authorisation with IPART.

#### **Disclaimer**

Nothing in this document should be taken to indicate IPART's or the NSW Government's commitment to a particular course of action.

This document is published for the purpose of IPART fulfilling its statutory or delegated functions as set out in this document. Use of the information in this document for any other purpose is at the user's own risk, and is not endorsed by IPART.

**ISBN** 978-1-76049-756-9