



Out-of-home care costs and pricing

Final Report

September 2025



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We pay respect to their Elders both past and present, and recognise Aboriginal people's unique and continuing cultural connections, rights and relationships to land, water and Country.



Image taken on Worimi Country (Myall Lakes)

The Independent Pricing and Regulatory Tribunal

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Chapter 1 »

Executive Summary

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

The NSW Government spends around \$2 billion a year on out-of-home care. It is vital that these funds are delivering the care and services that children in out-of-home care need.

In late 2023^b the NSW Government asked IPART to investigate and report on the costs and pricing of out-of-home care, as it was seeking to improve the performance and financial sustainability of the out-of-home care system. Our Terms of Reference asked us to make decisions and recommendations on:

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

This report sets out how we have done this, including how we have addressed all the relevant considerations in our [Terms of Reference](#).

Since we commenced our review, the NSW Government has undertaken a [System review into out-of-home care](#) in NSW (System Review) and released a [Reform Plan](#) to transform its delivery. The planned reforms are expected to lead to changes in how care is provided and funded. Therefore, while we have undertaken our review in the context of the current approach, the Permanency Support Program (PSP), our recommendations are not intended to lock in that contracting model. Our estimated benchmarks should not be interpreted as new package prices, as they will need to be adjusted in response to any changes in service intensity and future model design. Instead, by costing the different components of service provision this report is designed to provide flexibility for DCJ to establish a model for out-of-home care that delivers the greatest value.

One of the main challenges we encountered in estimating costs and prices for out-of-home care is the lack of information on what services children are receiving and how these services contribute to their current and future wellbeing. Comprehensive data on these aspects of the system is needed to identify the efficient level of some costs. In the absence of this data, our review has used existing practices and current costs as a starting point for analysis. However, we are aware that recent reviews have found that the PSP is not effective or financially sustainable.

^a These generalised terms are consistent with our terms of reference. For specific details of current programs and our terminology see Appendix A (Context) and Appendix F (Glossary and Acronyms).

^b Draft terms of reference were signed by the Premier on 15 December 2023 and final terms of reference on 21 May 2024. We received amended terms of reference on 29 July 2025 extending the date for finalisation of the review to 21 September 2025.

The lack of good quality data across the system has impacted our ability to assess efficient costs and we consider that this should be addressed as soon as possible. Over time, improved information will help to identify which services deliver the greatest benefit for children in care, and society over the long term. It will also ensure that the system is able to focus on the things that matter most.

We recommend that DCJ establish a framework to collect data on the services that are being provided to children and the costs of delivering them and that the efficient costs of providing out-of-home care are assessed again once this improved data is available.

1.1 Overview of our approach

One of the key sources of information we have used to develop our estimates is information on the current costs of delivering services and how they vary across providers, including DCJ. To avoid potentially building in existing inefficiencies, we have used data from a range of external sources to test and validate reported costs. These include literature reviews, award rates of pay, contract requirements, and current market rates for utilities, household goods and services, transport and rental properties. We have also undertaken different forms of analysis, as appropriate for different types of costs, including the following methods:

- **Bottom-up approach:** this involved building costs up from first principles. For example, we estimated residential staff costs using award rates of pay and oncosts and contractual information on staffing levels. We also used a bottom-up approach in our estimate of caseworker costs combining caseloads, award rates of pay and oncosts and team structures.
- **Sensitivity analysis:** was undertaken for costs where there is less certainty. For example, identifying the optimal or efficient caseload, which requires data on the type and amount of casework children receive and the impact this casework has on children's outcomes.
- **Cost apportionment:** we used DCJ's detailed financial statements to estimate the administrative costs for DCJ-delivered out-of-home care. This involved apportioning a share of indirect costs across DCJ's service streams in line with estimated cost drivers and separately allocating the cost to DCJ of providing administrative support for the PSP.
- **Comparative analysis:** we used the information received from providers and DCJ to estimate administrative costs and corporate overheads for non-government providers. We also compared administrative costs and corporate overheads as a percentage of total costs across other service sectors and government organisations.
- **Data analysis:** we analysed a range of data provided by DCJ including PSP payment data, non-government provider income and expenditure acquittals, and expenses for high-cost emergency arrangements. We also engaged the Melbourne Institute of Applied Economic and Social Research (the Melbourne Institute) to help us develop a care allowance that reflects the changes in the cost of caring for a child in out-of-home care that have occurred since the allowance was last reviewed.
- **Engagement with stakeholders:** has been a significant part of our review. We have received a large amount of information and data, feedback and insights from the people caring for, working with, and supporting children in out-of-home care in NSW.

Without the data and frameworks in place to monitor the services provided and assess their relative outcomes and cost effectiveness, we have been limited in the extent to which we have been able to determine which practices are the most efficient or cost effective. For casework costs, uncertainty over the level of service that is optimal has led us to include ranges for these costs. There are currently significant differences in caseloads across the sector and limited data to support what level is efficient. Evidence on what caseloads are effective mainly pre-dates the introduction of the PSP. However, there is also some evidence that lower caseloads that were allowed for under the PSP have not led to better outcomes for children. The ranges in this report provide a starting point for these costs that DCJ can use until better data is available.

More information on how we have approached the task of estimating the efficient costs of providing out-of-home care and developing benchmarks for different types of costs and placement types is set out in Chapter 4. This chapter also discusses the limitations of the available data in detail. Chapters 5 to 9 discuss each type of cost and our assessment of it in more detail. Chapter 10 brings the cost components together into a benchmark cost for each type of placement.

1.2 Overview of our decisions and recommendations

Our report makes a number of recommendations aimed at:

- **improving data collection and reporting on measures that matter** so that funding can be better targeted to the areas where it is needed, reducing administrative costs and improving the performance and long-term sustainability of the system.
- **increased financial support and transparency for foster, relative and kinship carers** who are vitally important to the success of the system. We note that recent changes have been announced by the Government that are consistent with the direction of our recommendations. These changes will help ensure that the care allowance reflects changes in the cost of purchasing necessary goods and services for children in care.
- **establishing a pricing structure based on more accurate costings**, which will allow the government to make decisions about how best to deliver out-of-home care services in NSW. We have found that some of the current package inclusions are not adequately funded, with the costs of some necessary activities not included in the original cost build up at all.
- **greater accountability across the system**, particularly for essential medical care and connection with families, and improved visibility over key service areas. As discussed above, and consistent with the findings of recent reviews we found that while there is currently significant compliance and administrative burden, there is also limited visibility over what services children in out-of-home care are receiving and the impact of those.
- **funding to deliver culturally appropriate services to Aboriginal children** in out-of-home care, including recognising the unique role of ACCOs and facilitating the transition of Aboriginal children to their care.

We consider that our recommendations align with the government's reform program, and we believe that these measures will help DCJ better target funding to the areas where it is needed, improve the effectiveness of the system and reduce administrative costs. It is important that budget for out-of-home care is focused on delivering the care that children need and value for money. DCJ will need to collect data on outcomes and improve governance - we recommend this occurs as soon as practical and before implementing any changes to existing funding. Our key recommendations are discussed in more detail below.

Box 1.1 Note on terminology

Aboriginal and Torres Strait Islander principles: These additional principles applicable to Aboriginal and Torres Strait Islander children and young people within the system are set out in Part 2 of Chapter 2 of the *Children and Young Persons (Care and Protection) Act 1998*. They include the principle of Aboriginal and Torres Strait Islander self-determination, that Aboriginal and Torres Strait Islanders participate in decision making, the Aboriginal and Torres Strait Islander Children and Young Persons Principle in section 12A and the Aboriginal and Torres Strait Islander Child and Young Person Placement Principles in section 13.

Aboriginal people: The term 'Aboriginal' is used in this report in recognition of Aboriginal peoples as the Traditional Owners of NSW. There are instances in this report where we use the term 'Aboriginal and Torres Strait Islander people' when referring to matters that relate to all First Nations peoples across Australia, for example the National Agreement on Closing the Gap.

Casework: The work done by qualified professionals (caseworkers) to support the protection and wellbeing of children in out-of-home care 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.

Home-based care: We use the term home-based care to include care provided by relatives and kin as well as foster carers in a home setting.

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.

1.2.1 Increasing data and accountability in out-of-home care

Inadequate data and oversight around what services are being funded and what services children are receiving has reduced accountability in the out-of-home care system. As discussed, it has also meant that the relative outcomes and cost effectiveness of different services are unable to be assessed.

Every child is unique, and it is important that funding for service provision recognises cost differences. However, there is a tension between giving providers flexibility to use funding where it is needed most, and the government having assurance that children's needs are being met without imposing a large administrative burden. There is also a need to ensure that funding is used efficiently and pressure on the NSW Budget is contained.

As noted throughout our review and confirmed in the System Review, there is a lack of visibility in the system of the services being delivered, and what is effective in achieving the best outcomes for children.¹ This is compounded by the way funding is bundled into packages to provide services that can vary significantly from child to child. As recommended by the System Review, there needs to be visibility in the funding and spending for children and young people in care.²

It is vitally important that targeted data collection, outcomes assessment, improved governance and greater accountability are implemented as part of the reforms to out-of-home care in NSW. We recommend that a framework to achieve this be implemented as soon as possible, and preferably prior to, or at the time of, any renegotiation of funding for non-government providers.

1.2.2 Supporting carers to continue caring

We have heard from many carers that they feel undervalued and overwhelmed. 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 out-of-home care system more generally, with carer satisfaction correlated with placement stability and enhanced carer recruitment.

Most foster carers in NSW are volunteers. They receive a care allowance that is intended to cover essential expenses for the children in their care. The care allowance has not been reviewed since 2002. After considering information on how costs, prices and the mix of necessary goods and services have changed since this time, we recommend an increase in the care allowance from 2024-25 levels of between \$117-\$292 per fortnight depending on the age of the child.^c

In June 2025, the NSW Government announced a 20% increase to the standard care allowance including the first real increase (above the Consumer Price Index) to the allowance in 20 years.³ This increase is broadly consistent with our recommendations.

^c Carers of young people aged 16-17 currently receive \$586 per fortnight and if eligible, an additional \$231 through the [Teenage Education Payment](#) (TEP). For 16-17 year olds, these estimates assume that carers currently receive both these payments.

There are a range of other expenses that vary significantly between children, depending on their medical and therapeutic needs, as well as their family and cultural circumstances. These are not covered by the care allowance and there is a great degree of confusion, and a lack of clarity and consistency as to whether and how carers are compensated for these costs.

We consider that carers should not be out-of-pocket for the essential costs of the children in their care. Leaving carers to pay for unavoidable essentials creates a risk that carers will need to bear costs beyond what they signed up for, or that children go without. We consider that if a medical, dental or therapeutic need has been identified for a child by a suitably qualified health care provider, these costs should be funded. As with the care allowance, we recommend that funding for these highly variable costs continue to be paid by DCJ to providers, to be passed onto carers, or paid directly by the out-of-home care provider to the medical or therapeutic service provider.

Consistent with the recommendation from System Review and the NSW Government's Reform Plan, we also consider that carers should be provided with clear guidelines about what the care allowance covers and what additional costs they are entitled to be reimbursed for. We also recommend that DCJ develop guidelines and strengthen governance arrangements for how funding provided to meet the medical, dental and therapeutic costs for children and the costs of maintaining family connections, are used, reported and reconciled.

1.2.3 A pricing structure that reflects the costs of service delivery

By allowing non-government providers to allocate package funding to meet the needs of the child, the current model, the Permanency Support Program (PSP), was intended to provide flexibility. However, the PSP has 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. This has reduced accountability and transparency of the system without demonstrating improved outcomes for children in care.

The recommended pricing structure and levels in this report:

- better reflect the estimated efficient cost of delivering out-of-home care in the pricing of these services, including the variation in costs inherent in delivering care that is tailored to the needs of individual children
- provide detailed cost components across the system that DCJ can use to construct pricing for new or amended programs and services
- provide a framework for every child in out-of-home care to be funded to receive the medical and therapeutic services they need
- provide clear and targeted funding for work to improve restoration, and to undertake the court work required for adoption, to assist in achieving permanency goals
- better meet the needs of Aboriginal children and strengthen ACCOs to provide cultural support and transition Aboriginal children into their care
- are aimed at improving visibility for DCJ of the services children are receiving, and a clearer link between prices and service levels for contracted services

- reduce administrative burden experienced under the current funding arrangements, by moving away from the current package funding system and outlining options for simplifying pricing arrangements.

Implementing these recommendations will require strong governance and clear guidelines from DCJ. In addition, better integration of data systems between DCJ and non-government providers is required to improve transparency without increasing administrative burden. We discuss this further in Chapter 11.

1.2.4 Funding for cultural care for Aboriginal children

Aboriginal children are over-represented in out-of-home care and successive independent reports have called for reform of the child protection and out-of-home care systems to improve outcomes for Aboriginal children and families. While the NSW Government recognises Aboriginal children in out-of-home care are best placed with ACCOs,⁴ the transition of Aboriginal children to ACCOs has not been occurring at the rate expected. Most Aboriginal children remain under the care of either DCJ or non-ACCO providers and current funding structures are likely preventing ACCOs from building up the capacity to care for all Aboriginal children in the system.⁵ In 2022-23, 6.5% of total out-of-home care expenditure went to ACCOs despite 43% of children in the system being Aboriginal.⁶

Cultural connection is a critical part of the social and emotional wellbeing of Aboriginal peoples. Aboriginal children have distinct rights to their culture, community and family⁷. Each Aboriginal child in out-of-home care has unique cultural needs. Our costing approach seeks to identify relevant areas that would facilitate and support access to a child's Country, culture, family and community and support ACCOs to continue delivering culturally appropriate services to Aboriginal children in out-of-home care. We have also made cost decisions and recommendations to facilitate the transition of Aboriginal children to ACCO care. Our analysis is informed by Aboriginal-led research, reports and prior analysis, and our engagement with Aboriginal peak bodies and community-controlled organisations.

1.3 What has changed since our Draft Report

The decisions and recommendations in our Final Report differ from those in our Draft Report. This is a result of feedback we received on our draft decisions and recommendations, and in some instances additional analysis we have undertaken. The key changes are outlined below.

Our estimates of efficient costs have increased for:

- casework for restoration and cultural workers for Aboriginal children, and for children from culturally and linguistically diverse backgrounds (CALD)
- additional staff costs (including additional leave and backfill) for care staff in residential and emergency arrangements
- administrative costs for residential and emergency care providers after further analysis particularly of operational house management and support staff (such as rostering, accommodation management, accreditation and reportable conduct roles).

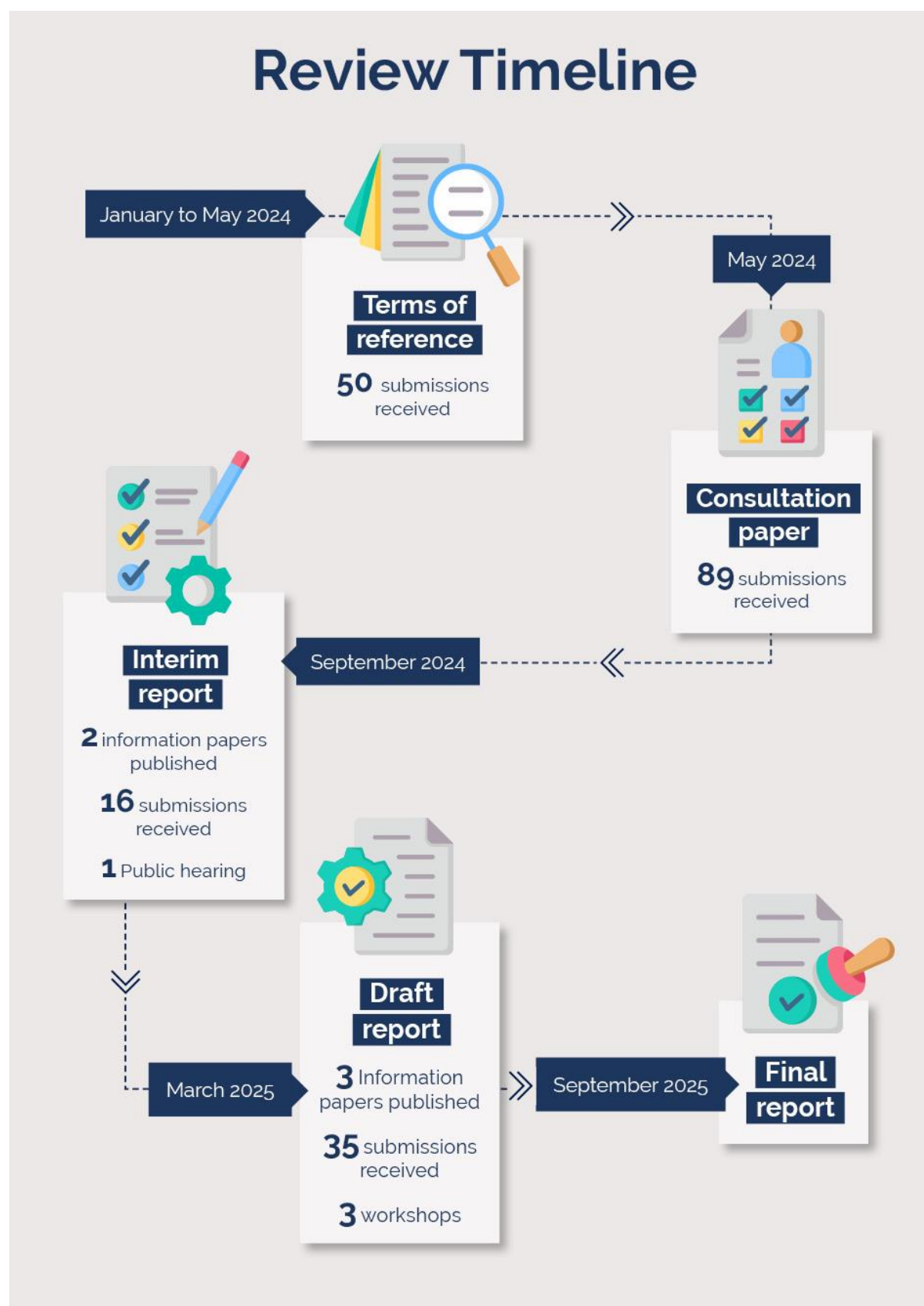
We have also included some new costs in our Final Report. These include:

- The costs of additional casework for children not in placement as well as restoration casework based on our analysis of new information we received in response to our Draft Report. We also estimated an efficient cost for other child-related expenses when a child is not in placement, such as travel and day-to-day living expenses.
- Additional casework and legal support required to support court work. We estimated an efficient cost for legal work for adoption matters undertaken by DCJ or Accredited Adoption Service Providers, and for court related support work while interim orders are in place.
- An annual amount per child for the costs of travelling to Country for Aboriginal children. In our Draft Report we had recommended this be funded based on actual costs. We made this change in response to feedback from ACCOs around how our Draft Report proposal may work in practice.

Other changes include:

- We have revised our draft recommendation that DCJ consider paying the care allowance directly to all carers and recommend instead that DCJ continues to provide this funding to providers, although with additional reporting requirements on providers to report that the allowance has been passed onto carers in full.
- We have also modified our draft recommendation to reduce the number of age bands and recommend that all children aged 14-17 receive the same care allowance. We continue to recommend that the care allowance should be paid at a consistent rate for all children assessed with the same level to ensure equity for carers and accounted for transparently to ensure that the funding is directed where it is needed.
- We have conducted a high-level sensitivity analysis to illustrate how adjusting caseloads would impact on casework costs across all placement types. We have included a range for casework costs in our estimates to allow flexibility in decision making for optimal caseloads.
- We have modified our draft decision on the costs of recruiting and assessing new carers and now consider it should be paid upfront on a per carer household rather than per child basis.
- We have modified our estimate for the cost of transitioning Aboriginal children to ACCO case management, due to changes in our assumptions in costing casework and an error we identified in our calculations. Consistent with the above, we have included a range for the cost of casework and consider payments for reassessing and training carers that transition be made on a per carer basis.
- We have also provided efficient cost estimates for variations that will provide additional flexibility in for DCJ in contracting and delivering out-of-home care. For example, we have estimated the cost of additional family time to be included in the total casework cost.

1.4 Our review in stages



1.4.1 How we have engaged with stakeholders through the review



We greatly appreciate the generous way so many people have engaged with us, provided information and data, and shared their stories and experiences of caring for, working with, and supporting children in out-of-home care in NSW. This engagement has been critical to gain an understanding of the costs of supporting a child in out-of-home care, as well as the issues facing the system.

We also acknowledge and appreciate DCJ's cooperation and assistance throughout the review. The willingness of staff to provide information and data and answer our many questions was invaluable.

1.5 How this report is structured

Executive Summary The Executive Summary provides an overview of the Report and our recommendations. Chapter 2 discusses our review in the context of the NSW Government's reforms in out-of-home care. Chapters 1-2	Overview of Report Changes since the Draft Report Recommendations Our approach to the review
Support for Carers This chapter sets out our recommended care allowances and discusses ways of better supporting carers. Chapter 3	Recommended care allowances Covering other expenses Consistency and transparency for carers
Efficient costs of out-of-home care These chapters set out the efficient cost components for delivering out-of-home care. Chapters 4-9	Casework Administration and overheads Care staff and facilities Aboriginal cultural connections Medical and family time costs
Benchmark costs by placement This chapter presents the benchmark costs for DCJ and non-government providers by out-of-home care placement type. Chapter 10	Home-based care Residential care Independent living Emergency arrangements
Pricing structure for outsourced services This chapter discusses our recommendations for the pricing structure and levels for contracted services and how highly variable costs should be funded. Chapter 11	Balancing cost reflective pricing with simplicity Additional components for Aboriginal children Consistency and transparency of care allowance Adjusting prices over time
Decisions This chapter lists our decisions for the review. Chapter 12	List of decisions
Appendices The appendices detail supporting context, information and analysis underpinning our decisions and recommendations.	Context Cost of caring study Case work Administration and overheads Detailed benchmark costs

1.6 Our recommendations

Below we set out our recommendations for the care allowance and pricing levels and structures for contracted providers, and how prices should be adjusted over time.

All costs are in \$2024-25 unless otherwise specified.

Recommendations

1. The Department of Communities and Justice should establish a framework to collect data on the services provided to children in out-of-home care and the cost of delivering them, consistent with what is proposed in the PSP Evaluation Report. The data captured through this process must be sufficient to: 37
 - a. provide assurance to Government that children are receiving the services expected
 - b. enable analysis of the short- and long-term impacts of different service offerings
 - c. track the qualitative experiences of children in care and foster, relative and kin carers
 - d. facilitate comparison between different service providers on each of the above measures.

This framework should be established as soon as possible and preferably prior to, or at the time of, any renegotiation of funding for non-government providers for service delivery. 37

2. The standard care allowance for children in out-of-home care should be set at the rates in Table 3.3. 44

and set out below

Recommended standard care allowance by age bracket, \$2024-25

Age bracket	Fortnightly care allowance
0-4	\$698
5-13	\$789
14-17	\$1,109

3. The care allowance for children assessed as eligible for Care+1 or Care+2 (or their equivalents) in home-based care should be set at the rates in Table 3.4. 45

and set out below

Updated Care+1 and Care+2 fortnightly allowances, \$2024-25

Age bracket	Standard allowance	Care+1 (+50%)	Care+2 (+100%)
0-4	\$698	\$1,047	\$1,396
5-13	\$789	\$1,184	\$1,578
14-17	\$1,109	\$1,664	\$2,218

4. The Department of Communities and Justice should consider providing up to \$1,500 for carers for the upfront costs of establishing a new placement. 50

5. The Department of Communities and Justice should advocate for the expansion of the eligibility for Creative and Active Kids vouchers to all children in out-of-home care. 53

6. The Department of Communities and Justice should explore the use of digital infrastructure (such as the Service NSW vouchers) to provide targeted funding to carers particularly in relation to larger one-off or less frequent expenses. 53
7. The Department of Communities and Justice should investigate the establishment of an out-of-home care health care card that could be used to meet the out-of-pocket costs for medical and therapeutic services for all children in out-of-home care. 53
8. The Department of Communities and Justice should develop guidelines for carers outlining the essential costs that the care allowance covers and any additional funding that carers are entitled to. 56
9. For home-based care, independent living and individual emergency arrangements, the price level and structure for contracted providers should reflect the benchmark costs set out in Chapter 10, including both an upfront component and an annual per child amount. 177
10. For residential care and group emergency arrangements, the price level and structure for contracted providers should reflect the benchmark costs set out in Chapter 10, with the following exceptions: 177
 - a. The cost of staffing that is not required at low occupancy should be incorporated into the price as a per child component.
 - b. Half of the cost of administration and overheads should be incorporated into the price as a per house component.
11. The Department of Communities and Justice should consider options for simplifying the pricing structure for contracted providers, considering the costs and benefits of trading off cost reflectivity and simplicity. 177
12. The medical, dental and therapeutic costs for children case managed by non-government providers should be included in the child's case plan (where possible). These costs should be funded based on the services provided. Funding for these costs should be paid to the contracted non-government provider who should be required to ensure that carers are not out-of-pocket for these expenses. 182
13. The costs of maintaining family connections for children case managed by non-government providers should be included in their case plan and funded based on the services provided. Funding for these costs should be paid to the contracted non-government provider who should be required to ensure that carers are not out-of-pocket for these expenses. 182
14. The Department of Communities and Justice should strengthen the governance arrangements for how the funding for meeting children's medical, dental, and therapeutic needs and maintaining family connections is used, reported and reconciled. 182
15. The care allowance should be paid at a consistent rate for all children assessed at the same level of need across both non-government providers and the Department of Communities and Justice. 184
16. The funding allocated for the care allowance and respite allowance for each child should be clearly identified in the funding provided to contracted non-government providers. Non-government providers should be required to report to the Department of Communities and Justice that the full amount of the allowance has been passed onto carers for each child in their care. 184
17. The pricing structure to meet the needs of Aboriginal children in out-of-home care should include the additional components identified in our cost assessment and set out in Chapter 8 and Chapter 10. 185

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18. The Department of Communities and Justice should continue to consult with Aboriginal peak bodies, including AbSec and the Aboriginal Legal Service NSW/ACT, in designing reforms for out-of-home care relating to Aboriginal children and families. 187
 19. The Department of Communities and Justice should consider the need for secure sustainable funding for ACCOs, to support the NSW Government's commitments to the National Agreement on Closing the Gap. 190
 20. The prices paid to non-government providers should be adjusted annually (1 July) to reflect changes in: 195
 - a. minimum rates of pay (under the relevant award)
 - b. median rentals for residential, independent living and contracted emergency care arrangements
 - c. All Capitals CPI for all other costs.
 21. The care allowance should be comprehensively reviewed every 8-10 years to ensure that it continues to meet the cost of the goods and services that are required to provide quality care for children in out-of-home care. 195
 22. Between comprehensive review cycles, the care allowance should be adjusted annually in line with the All Capitals CPI. 195
 23. The costs and pricing of out-of-home care in NSW should be reviewed, as soon as practicable, within 5 years of the implementation of the decisions and recommendations in our Final Report, to measure the impact of any reforms on funding and contracting arrangements. 195

Chapter 2 »

Introduction

This chapter discusses our review in the context of current reforms in the out-of-home care system in NSW

02

It is critical for the wellbeing of the children in care that the out-of-home care system supports children's access to quality services and places them with people who care about their welfare and act in their best interests. At the same time, it is important that the system is financially sustainable.

In February 2025, the NSW Government released its [Reform Plan](#) to transform the out-of-home care system in NSW. This followed a [System review into out-of-home care](#) (System Review) in NSW conducted by the Department of Communities and Justice (DCJ) in 2024 which found that the system is not fit for purpose and is failing to meet the needs of children and young people at an efficient cost.⁸ Through the Reform Plan, the NSW Government has committed to "delivering an effective, transparent and accountable out-of-home care system".⁹

Our review will inform the NSW Government's decisions on the future delivery and funding of out-of-home care and help address the issues that have been identified.

2.1 Chapter overview

The current system is not consistently delivering positive outcomes for children despite increasing costs.¹⁰ Work is underway to transform the system to drive improved outcomes for children and families. Understanding what needs to change within a system with improvements driven by better data is a key element of the reform plan.¹¹

Better information is needed if DCJ is to understand what promotes positive short, medium and long-term outcomes for children in care and effectively manage the delivery of these services. It is necessary to improve the state of information on what services children are receiving and the costs associated with delivering those programs. Greater understanding of how funding is being spent, and increased accountability and reporting are also necessary.

In the absence of this data, our review has used existing practice as the starting point for analysis. In undertaking the review, we have assumed that all services delivered by accredited providers satisfy the minimum quality and level of service required. However, there is uncertainty around the level of service quality that is currently being delivered. Our estimates should be considered with this in mind.

Putting in place targeted data collection and analysis, improved governance and greater accountability are the most important first steps. We recommend that the efficient costs of providing out-of-home care are assessed again once this improved data is available.

2.2 The out-of-home care system in NSW

The NSW out-of-home care system is overseen by DCJ, which also administers other child protection programs within the child protection continuum. Currently, out-of-home care in NSW is provided by both DCJ and non-government providers, including Aboriginal community-controlled organisations (ACCOs).

DCJ is both a purchaser and a provider of out-of-home care under a mixed or hybrid delivery model. As the funder of out-of-home care services, DCJ has the commissioning, contract management and oversight role for the whole system. Generally, there are contractual agreements between DCJ and non-government providers (including ACCOs) to deliver out-of-home care services including home-based care, most residential care, independent living and emergency arrangements. The agreements include the expected service quality, the number of contracted out-of-home care placements and funding levels.¹² DCJ works with non-government providers to ensure contractual obligations are met. Since 2017, services delivered by non-government providers have been funded through the Permanency Support Program (PSP). DCJ also provides home-based care and some residential care directly.

The hybrid delivery model has been in place since 2012, when some out-of-home care services were transferred to non-government providers following a recommendation from the 2008 Special Commission of Inquiry into Child Protection Services in NSW.¹³ As at October 2024, there are 53 non-government providers of out-of-home care, including 21 ACCOs.¹⁴

There are 5 main types of out-of-home care 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 (along with relative or kinship care, collectively referred to in this report as home-based care)
- residential care, which is when a child lives in a group home supervised by specialist staff (which comprises a number of different program types)
- 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.

The next page provides a snapshot of the out-of-home care system in NSW, and Box 2.1 shows how the out-of-home care budget is spent.

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

In June 2024 there were **13,987** children in OOHC



7,632 Children
Relative/Kinship care



5,162 Children
Foster care



904 Children
Residential care



202 Children
Independent living



62 Children
Other

Aboriginal children are over-represented

45%



The Government has committed to reducing this over-representation as part of the National Agreement on Closing the Gap.

Non-government providers of OOHC

53

Non-government providers deliver OOHC



32

Non-government providers (non-ACCO)

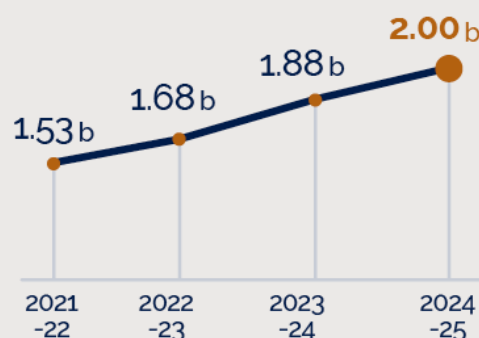


21

Aboriginal community-controlled organisations

What's the government budget?

\$2 Billion
allocated in 2024-25



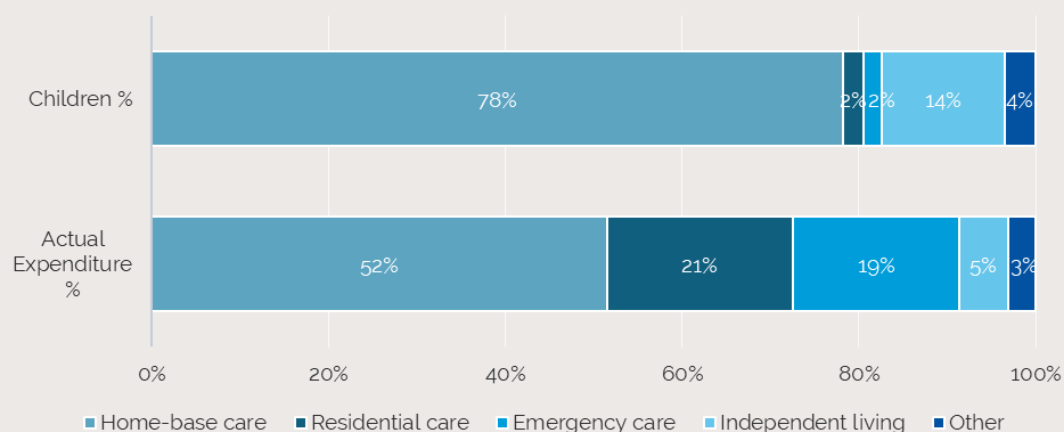
Note: All totals as of 30 June 2024. The number of providers is based on financial data. We acknowledge that the total number of providers accredited to provide out-of-home care is higher.

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

Box 2.1 Where the out-of-home care budget is spent

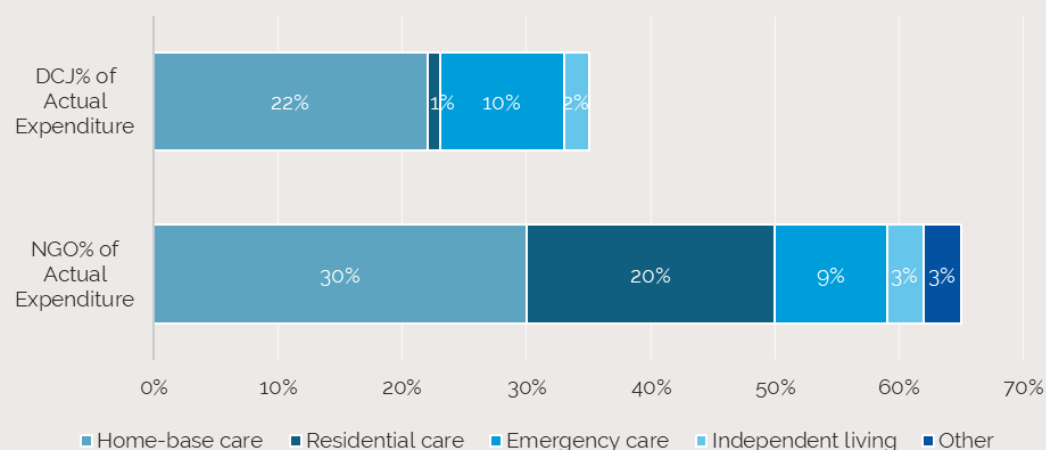
Just over half of the out-of-home care budget was spent on home-based care in 2023-24, accounting for over three quarters of the children. Residential and emergency care accounted for 40% of the budget and 4% of children.

Figure 2.1 Proportion of budget and children by placement type (\$2023-24)



Around 65% of the budget was allocated to non-government providers, who provide almost all the residential care placements.

Figure 2.2 Out-of-home care funding by provider and placement type (\$2023-24)



Note: Other includes Family Preservation, Therapeutic Home-Based Care, Professional Interim Care, Treatment Foster Care Oregon, Case Coordination

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

The primary objective of the out-of-home care system is to provide safe, supportive and stable environments for children in which they can thrive, and to work towards restoring children to their families where it is safe to do so.

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 out-of-home care and adoption service providers in NSW.^a These standards are based on the statutory responsibilities of out-of-home care 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* (Adoption Act), and other relevant regulations.¹⁵ 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.¹⁶

The rights of Aboriginal children in out-of-home care to be supported to maintain connections to family, culture, community and Country are recognised in the Aboriginal and Torres Strait Islander Child Placement Principles of the Care and Protection Act.^b

Box 2.2 sets out the objectives of the Care and Protection Act.

Box 2.2 Objectives of the Care and Protection Act

The objectives of the Care and Protection Act include:

- 1. Safety and wellbeing:** To ensure the safety, welfare, and wellbeing of children and young people.
- 2. Prevention of harm:** To prevent children from experiencing harm, abuse and neglect.
- 3. Family preservation:** To support families to stay together wherever possible, promoting family preservation and reunification when safe and appropriate.
- 4. Out-of-home care standards:** To provide a framework for the provision of out-of-home care services that meets the needs of children and young people.
- 5. Best interests of the child:** To prioritise the best interests of the child or young person in all decisions and actions taken regarding their care and protection.
- 6. Participation of children:** To promote the participation of children and young people in decisions that affect them, ensuring their voices are heard.

^a To bring designated agencies (ie. statutory out-of-home care) and adoption service providers into the NSW Child Safe Scheme, the existing accreditation criteria, the NSW Child Safe Standards for Permanent Care, is being replaced with the Child Safe Standards (recommended by the Royal Commission into Institutional Responses to Child Sexual Abuse) and a sector-specific code of practice that will support the implementation of the Child Safe Standards. This code of practice is to commence on 1 October 2025.

^b 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.

Box 2.2 Objectives of the Care and Protection Act

7. Cultural respect: To respect and consider the cultural identity of children and young people, particularly Aboriginal and Torres Strait Islander children.

8. Collaboration: To foster collaboration among government agencies, service providers, and communities to improve outcomes for children and families.

Source: NSW Government, *System review into out-of-home care*, October 2024, p 43; and *Children and Young Persons (Care and Protection) Act 1998*, s 8.

These laws, standards and principles have provided a framework as we have undertaken our review as they set out the key legal obligations concerning the provision of care for children, the standards for DCJ and other agencies as well as organisations that provide out-of-home care.

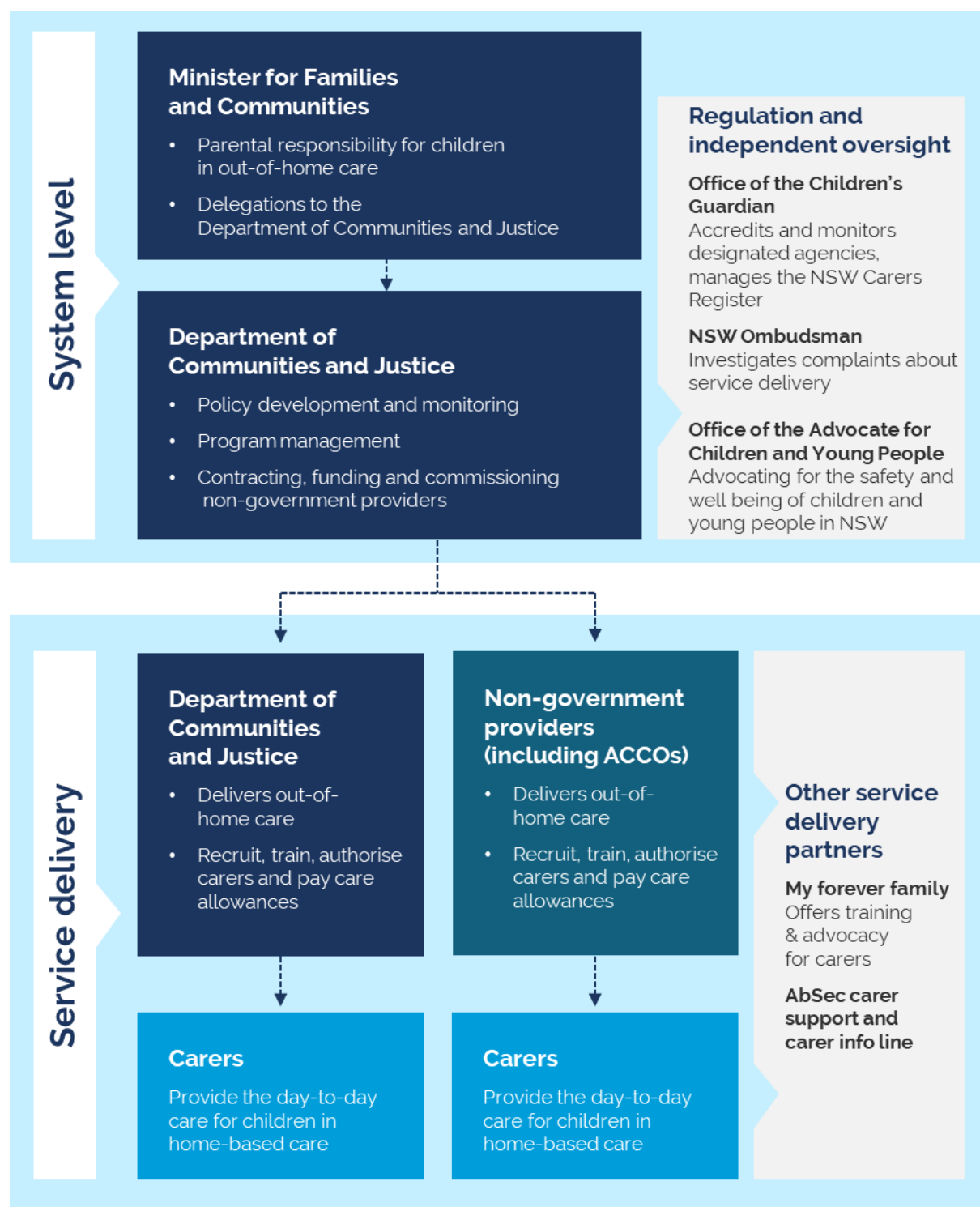
Case management under the PSP is comprised of two types of case responsibility: primary case responsibility and secondary case responsibility. For home-based care, where a non-government provider has primary case responsibility (i.e. the primary casework relationship is between the non-government provider, and the child, their carer, parents and family/kin); the non-government provider pays the carer allowance to the carer, develops the case plan for the child and delivers individualised casework support, makes certain decisions and is responsible for some general or emergency medical and wellbeing expenditure for the child.

As the Minister of Families and Communities is allocated parental responsibility, where a non-government provider exercises primary case management, DCJ exercises secondary case responsibility to carry out DCJ's statutory role. It also exercises residual parental responsibility for decisions such as consent for passport applications, decisions around interstate/overseas travel or movement, and some medical and dental treatment. It also works collaboratively with the PSP provider (for example to set the child's case plan goal and approve changes to the child's case plan goal).¹⁷

Similarly, where DCJ delivers home-based care, it has primary case responsibility and the key relationships are between DCJ, the child and carer.¹⁸

While the relationships in the out-of-home care sector are complex (Figure 2.3 provides a high-level depiction), our recommendations aim to ensure the responsibility of decision making, particularly around funding, are those who have the relationship with the child and carer.

Figure 2.3 Key relationships in the NSW out-of-home care system



Note: The Secretary of the Department of Communities and Justice may assume care responsibility of child or young person in certain circumstances.

Source: IPART analysis of information from NSW Department of Communities and Justice

2.3 How our review has considered the PSP evaluation and the need for change in the way services are delivered

The current model of out-of-home care delivery for non-government providers is the Permanency Support Program (PSP). The PSP was put in place in 2017 with the aim of delivering system wide improvements on a range of different measures. The PSP involved a significant increase in the funding directed to the non-government provider sector designed to improve outcomes for children in care, shorten the length of time children spend in care and reduce costs over the longer term. Underlying the PSP was an assumption that the increase in funding would be short term, as the additional resources aimed at speeding up permanent care outcomes made an impact.

An evaluation of the PSP undertaken in 2023 found that it has not delivered on these aims (see Box 2.3 for a summary of the major findings from the evaluation).^c It also noted that the costs of the PSP funding and operation model are substantial, and that the average costs of the PSP outweigh the benefits for all cohorts. While the evaluation found that the PSP has led to positive changes in casework practice, there remains a lack of data on how funding is spent and what services are delivered.

Box 2.3 PSP did not substantially improve children's safety, permanency, stability and wellbeing

The evaluation compared a set of outcomes for children whose care was delivered under the PSP with those for children whose care was delivered under a different program. The findings of the evaluation against four main goals of PSP were:

- **Fewer entries into care:** The PSP was not effective in reducing entries into care
- **Shorter time in care:** The PSP had an impact on reducing time to restoration and adoption only for the Ongoing care cohort. This impact was small in magnitude considering the low baseline for restorations and adoptions prior to PSP
- **Better care experience:** There is limited knowledge due to the lack of systematic recording of what services each child receives through PSP package funding
- **Address the over-representation of Aboriginal children in the care system:** Overall, the PSP did not affect Aboriginal children differently than non-Aboriginal children

Source: [Evaluation of the Permanency Support Program Major findings and recommendations](#), p 15.

^c DCJ contracted a consortium led by the Centre for Evidence and Implementation to undertake the evaluation. The consortium included partners from Monash University, University of Melbourne and the Cultural and Indigenous Research Centre Australia.

The evaluation found inconsistency in service availability across the system, and an inability to adequately track what services are provided to children, to identify how much they cost and to determine what has the greatest impact on children's safety, permanency and wellbeing. The lack of detailed data on how PSP funding is used means that "DCJ and PSP providers are unable to systematically track services and supports delivered, how much specific services cost and determine which services matter most".¹⁹

Key themes from the evaluation were that the achievement of permanency outcomes were inhibited by the design and implementation of the PSP, as well as by capacity and system constraints. The evaluation suggested several contributing factors including that the set funding model did not address the different levels of resources needed to support children to achieve permanency, depending on their circumstances.



"While there has been a service shift toward permanency, and some improvement in outcomes through PSP, we conclude PSP has not resulted in the positive, transformative change envisaged for children at the beginning of the reform effort."

"The opportunity cost of continuing to implement PSP in its current form is likely to prevent NSW from investing in more effective reform."

Evaluation for the Permanency Support Program: Final Report, p 34.

The evaluation found that PSP packages are currently a focus of activity rather than a means to an end and that the focus of the out-of-home care system needs to shift from administrative processes to meeting children's needs. Recommendations from the evaluation include that the PSP should be substantially overhauled, specific components of the reform should be discontinued and that investment should be made in the collection and integration of, high-quality data.

In the context of this assessment, it is important that our review of costs and pricing does not lock in a particular contracting model. Instead, by costing the different components of service provision it provides flexibility for DCJ to establish a model for out-of-home care that delivers the greatest value. Without comprehensive data on what services are provided to children and which of those is the most effective, it is difficult to identify the efficient level of some costs. Where we have not been able to identify the level of services that is optimal, we have included unit costs that can be scaled or ranges that DCJ can use as a starting point until better data is available.

2.4 How our review fits into the broader set of reforms

IPART has been requested to investigate and report on the efficient costs for DCJ and non-government providers of delivering out-of-home care and to develop benchmark costs for caring and supporting a child or young person with varying needs across the different placement types. We have also been asked to make recommendations for appropriate pricing levels and structures for the efficient delivery of quality services by non-government providers who deliver care under contract with the NSW Government, a methodology for adjusting prices paid to non-government providers going forward, and care allowances for providing care and support to children and young people in out-of-home care.

Our review is being undertaken in the context of broader reform of the out-of-home care system in NSW. In February 2025, the NSW Government released its [Reform Plan](#) to transform the out-of-home care system in NSW. This followed a [System Review](#) into out-of-home care in NSW conducted by DCJ in 2024 which found that the system is not fit for purpose and is failing to meet the needs of children and young people at an efficient cost.²⁰ Through the Reform Plan, the NSW Government has committed to "delivering an effective, transparent and accountable out-of-home care system".²¹

The Reform Plan lists some of the key issues with the current system:

- Although the number of children entering out-of-home care has been decreasing (including Aboriginal children), DCJ does not have sufficient control of the system to drive improved outcomes and manage costs.
- Fewer children in out-of-home care are being restored to their families.
- Too many children are entering ineffective, unsuitable high-cost emergency arrangements rather than stable home-based or residential placements.
- There are not enough new carers, and existing carers tell us that they don't have enough support.
- The outsourcing of case management and service provision has led to systemic confusion about the roles and responsibilities of government, and the accountabilities required between government and its commissioned providers.²²

The Reform Plan is aimed at addressing systemic challenges in the current system which is not delivering positive outcomes for children despite increasing costs.²³ Key areas identified for improvement include:

- Increasing the number of foster carers to provide more stable, carer-based emergency options, including developing a solid framework for effectively recruiting, training, supporting and retaining carers
- Improving the provision of information to carers and children so they are fully aware of their entitlements
- Work to increase Aboriginal out-of-home care transitions
- Creating more intensive models of care and ensuring that carer payments match what is needed to support children
- Understanding what needs to change with a system driven by better data
- Developing performance measures and monitoring systems to drive improved outcomes for children and families.

How our decisions on costs and our recommendations are implemented is a matter for the NSW Government, as part of its wider reform of out-of-home care. The cost detail included in this report is intended to assist the government to implement different aspects in line with the reform plan.

The sections below set out how we have considered the current context in our approach.

2.4.1 Addressing shortages in the number of carers, inadequate carer support and lack of clarity around carer entitlements

Carers are increasingly becoming dissatisfied with the system. Throughout our review we heard from many carers that they feel undervalued and overwhelmed. These experiences have implications both for the immediate welfare of carers and the children they care for, and for the performance and sustainability of the out-of-home care system more generally, with carer satisfaction correlated with placement stability and enhanced carer recruitment.

We have developed an approach to identify changes in the cost of caring for children since the care allowance was last reviewed to ensure that the financial support available reflects today's costs. We explicitly considered changes in household expenditure patterns, such as technology required for education, as these types of changes can have a significant impact over time.

There are a range of other expenses that vary significantly between children, depending on their medical and therapeutic needs, as well as their family and cultural circumstances. These are not covered by the care allowance and we have heard that there is a great degree of confusion, and a lack of clarity and consistency as to whether and how carers are compensated for these costs. We have considered these issues carefully and recommended changes to how these costs are funded to help deliver on the NSW Government's aims to increase transparency around what carers are entitled to and better support them to stay in the system.

2.4.2 Implementing a new culture of accountability and data collection

Better information is needed if we are to understand what drives positive short, medium and long-term outcomes for children in care. We support the findings of other reviews, that it is important to improve the state of information on what services children in out-of-home care are receiving.

A lack of accountability and oversight was a key system failure identified by the recent System Review into out-of-home care. The review made several recommendations to strengthen stewardship of the system, including the introduction of key performance indicators and performance outcomes, and cost-benefit and outcomes-based evaluations.²⁴ We agree that this is a priority area of reform.

Similarly, the NSW Audit Office found that 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.²⁵ Prior to this, the PSP evaluation identified similar concerns and made similar recommendations.²⁶ This information is not collected for children in DCJ managed care either.

We understand that improved transparency, accountability and oversight are focuses of the NSW Government's Reform Plan and will be addressed through the planned reforms. The NSW Government has also committed to implementing a quality assurance framework, which will help inform future reviews.²⁷

As discussed in our Draft Report, DCJ has trialled a Quality Assurance Framework (QAF) with a DCJ district and several non-government providers across NSW.²⁸ 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. Box 2.4 discusses how the QAF was designed to measure outcomes for children in out-of-home care.

Box 2.4 Quality Assurance Framework trial for NSW

Under the QAF, outcomes for children in out-of-home care 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).

The QAF was designed to measure outcomes for children in out-of-home care across the domains of:

- **Safety** - Children and young people have the opportunity and support needed to ensure that they are physically and psychologically safe and free from maltreatment.
- **Permanency** - children and young people have permanency and stability in their living situations, and the continuity of family relationships and connections is preserved.
- **Wellbeing** which consists of:
 - **Educational potential** - Children and young people have the opportunity and support needed to maximise their intellectual ability and functioning and to achieve educational success to their fullest potential.
 - **Good health and development** - Children and young people have the opportunity and support needed to maximise their physical health, strength, and functioning.
 - **Emotional, psychological wellbeing** - Children and young people have the opportunity and support needed to manage their mental health and wellness.
 - **Social functioning** - Children and young people have the opportunity and support needed to cultivate a strong and resilient self-identity, supportive and nurturing relationships and feel hopeful about life and future.
 - **Cultural and spiritual identity** - Children and young people have the opportunity, encouragement and support needed to engage with, and develop, their own cultural, ethnic, and spiritual identity.

Source: NSW Government, *Quality Assurance Framework for New South Wales – Executive Summary QAF*, November 2020

2.4.3 A flexible approach to costing and pricing that can be applied to new models of care

The NSW Government has foreshadowed changes in the delivery model for out-of-home care, including the need to design new models of home-based and residential care.²⁹ Rather than costing and pricing the existing PSP packages, we have used our estimates for the various cost components to develop benchmarks for the different out-of-home care placement types that can be flexibly applied as new care models are explored. This will provide DCJ with flexibility in designing services, and the ability to change prices to reflect adjustments in the intensity of these services. It will also allow DCJ to be able to choose which components to outsource, and which to deliver itself.

2.4.4 A pricing structure that meets the needs of children and is more cost reflective

In recommending pricing structure and levels for the efficient delivery of quality services by contracted providers we have looked for opportunities to:

- ensure that every child in out-of-home care receives the medical and therapeutic services they need and that evidence that this has occurred is available
- provide clear and targeted funding for work to improve restoration, and to undertake court work required for adoption in order to assist in achieving permanency goals
- better meet the needs of Aboriginal children and strengthen ACCOs to provide cultural support and transition Aboriginal children into their care
- improve data collection and transparency so that DCJ has greater visibility of the services children are receiving, and can make decisions about the cost effectiveness of these services
- reduce the administrative burden experienced under the current funding arrangements, by moving away from the current package funding system.

Cost benchmarks themselves are limited in their ability to capture all the required variation in the needs of children. We have recognised this by recommending that highly variable costs be funded based on the needs of the individual in order to ensure that all children have access to the essential care they require.

Implementing changes will require strong governance and clear guidelines from DCJ. In addition, better integration of data systems between DCJ and non-government providers is required to improve transparency without increasing administrative burden.

2.5 The need for better data to inform future reviews of efficient costs

The efficient cost of a service is the minimum cost of delivering that service at the required level and quality. Typically, the required service quality is either set externally as a minimum (for example, minimum standards for water quality) or an optimal service quality is determined through a weighing of the costs and benefits associated with different expenditure-quality options (for example, electricity distribution network standards). In practice, clear and robust information linking expenditure to levels of service is not always available in which case assessments rely on the level of service quality that is currently being delivered as a starting point for analysis. From there, we can estimate efficient costs by using multiple data sources, undertaking sensitivity testing and making assumptions. This is the approach we have taken in this review.

As all providers, including DCJ, must meet the [NSW Child Safe Standards for Permanent Care](#) to be accredited to deliver out-of-home care in NSW, we have assumed that all services delivered by accredited providers satisfy this minimum quality and level of service. However, previous reviews have noted that there is significant uncertainty around the level of service quality that is currently being delivered. The PSP evaluation found a high degree of variability across the sector. Casework is the most obvious example, where there is wide variation in current practice, a lack of evidence around what services are being delivered and poor information linking activities to quality outcomes. However, the System Review Report pointed to concerns regarding other aspects of care as well:

The Official Community Visitors raised several concerns about the quality of services when we met with them. These included concerns about the poor quality and suitability of housing, lack of engagement by casual staff with young people, overdue medical appointments, missing leaving care or transition plans, lack of learning engagement with young people when not attending school, insufficient clothing and food, and addressing safety concerns when young people feel unsafe due to placement mismatches.³⁰

The System Review also found that there are pockets of excellence across different service providers and DCJ districts. The review noted that effective and innovative services were being delivered by many dedicated people, carers and organisations who are doing their best to make a positive difference in the lives of children, young people, families and communities.³¹ However, without the data and frameworks to assess the relative outcomes and cost effectiveness of services, the wider adoption of successful practices is limited.

There is significant concern amongst non-government providers that an assessment which only identifies the lowest short-term financial cost will lead to poorer outcomes for children and higher costs over the long term. Some service providers consider that going above and beyond the minimum standards is necessary in many instances and that there should be scope for recognising higher, and more expensive, levels of care in any assessment of efficient costs. We agree that it is important to ensure that where it is cost effective and in the best interests of the child to deliver higher standards of care, that this is enabled through the design of the system. However, at this point in time, there is insufficient data collected on services, costs and outcomes to allow a high degree of confidence in the reliability and validity of this analysis.

While we acknowledge that it is outcomes over the longer term that matter most, short-term outcomes which are indicators of longer-term outcomes, would have helped to measure the costs and benefits of the different out-of-home care placement types, including wrap around services (such as therapy and homework clubs), in providing for the safety, welfare and well-being of children. Lack of service delivery and outcomes data has impacted on our assessment of efficient costs because we cannot identify the services that have the greatest benefit for children and society over the long term.

The PSP Evaluation Report recommended that DCJ:

"Invest in, and facilitate the collection and integration of, high-quality data at the PSP service provider and system levels to enable monitoring and evaluation of specific services provided and outcomes achieved at the child level. A Minimum Dataset (MDS) at the service-level should be established for PSP which systematically collects data on child wellbeing and the type, timing, duration, and frequency of services referred to and whether these were provided and by whom. Combined with reliable and valid assessment measures that are either standard (or can be standardised across providers), this asset will enable DCJ to properly evaluate, and invest in, what works for whom and at what time rather than relying solely on non-specific, low-quality administrative data that is unsuited to delivering a reform of this complexity."³²

We agree that it is critical that changes to the system focus on ensuring the delivery of effective services to children and families in a cost-effective way, as soon as possible. However, we acknowledge that it will take time to implement this change. Putting in place targeted data collection, analysis, improved governance and greater accountability (as well as safeguards around this data) is the most important first step.

Recommendation

1.  The Department of Communities and Justice should establish a framework to collect data on the services provided to children in out-of-home care and the cost of delivering them, consistent with what is proposed in the PSP Evaluation Report. The data captured through this process must be sufficient to:
 - a. provide assurance to Government that children are receiving the services expected
 - b. enable analysis of the short- and long-term impacts of different service offerings
 - c. track the qualitative experiences of children in care and foster, relative and kin carers
 - d. facilitate comparison between different service providers on each of the above measures.

This framework should be established as soon as possible and preferably prior to, or at the time of, any renegotiation of funding for non-government providers for service delivery.

Chapter 3 »

Supporting carers

This chapter sets out our recommendations for the care allowance and discusses other measures to improve support for carers

03

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. Foster carers, relatives and kinship carers who look after the children in out-of-home care in their own homes are vitally important to the success of the system and optimal outcomes for children in out-of-home care.

Most foster carers in NSW are volunteers. They receive a care allowance and, in some cases, other financial support to cover the expenses they incur caring for a child in out-of-home care. The standard (or minimum) care allowance is increased each year to cover changes in inflation but has not been subject to any detailed review since 2002.

We have heard from many carers about the inadequacy of the financial support they receive and a range of other factors that impact their experience as carers. There is evidence that carers are increasingly becoming dissatisfied with the system. We have heard that carers feel undervalued and overwhelmed. This has implications both for the immediate welfare of carers and the children they care for. It also impacts the performance and sustainability of the out-of-home care system more generally, with carer satisfaction correlated with placement stability and enhanced carer recruitment.

The number of authorised carers is declining. Earlier this year, the Minister for Families and Communities stated that hundreds of children remain in emergency arrangements because there are not enough available carers to meet the demand.³³ While the Government is taking action to recruit additional carers, existing carers are leaving faster than they can be replaced. Addressing the decline in the number of quality carers is a priority action to improve the performance and financial sustainability of the system (see Box 3.1).

This chapter provides our analysis and recommendations on the following:

- The adequacy of financial support for carers – the level of the care allowance to provide care and support for children and young people in out-of-home care, including those with higher needs, covering additional out of pocket expenses and access to respite
- Transparency and fairness around carer entitlements – access to information about what carers can expect to be covered through financial support, and options available to carers when they feel that there is an issue
- Ability for carers to input into decision-making – a carer voice in decisions about their child and in system-wide decisions that impact on carers and the children they look after.

3.1 Chapter overview

We found that the existing care allowance has not kept pace with the costs incurred by carers since it was last reviewed in detail around 20 years ago. We have reviewed the care allowance and have made recommendations to increase it by between \$117-\$292 per fortnight depending on the age of the child.^d

^d Carers of young people aged 16-17 currently receive \$586 per fortnight and if eligible, an additional \$231 through the [TEP](#). For 16-17 year olds, these estimates assume that carers currently receive both these payments.

We recommend that the care allowance available for DCJ carers, Care+1 and Care+2 continue to be set at a 50% and 100% loading (respectively) on the standard allowance. We also consider that the needs assessments in place for all children in out-of-home care for determining the rate of allowance should be standardised and that these allowances are available for all carers with children who meet those needs, irrespective of which provider they are with.

We recommend that the care allowances and other financial support for carers is standardised across the system so that carers who have children of the same age and level of need have access to the same care allowance. We also recommend that greater clarity is provided to all carers around what financial support is available to them.

In the context of the shortage of willing and capable carers in NSW, failing to address key issues for carers will continue to have system-wide impacts that are not sustainable.

Box 3.1 Carers are fundamental to the success of the system

While it is not possible to draw a direct link between our recommendations and the number of carers in the system, there is evidence that improving the sufficiency of financial support and the experience of carers will help address carer shortages. Shortages in carers are correlated with higher system costs.

The use of high-cost arrangements has put pressure on the out-of-home care budget. The NSW Auditor General's 2024 report on the child protection system estimated the average spend per child in a high-cost emergency arrangement to be about \$829,000. Whereas each child in home-based care incurs an average spend of less than \$90,000.

There is significant evidence that the successful recruitment of new carers relies on word of mouth from existing carers. A survey published in 2022 revealed that 32% of surveyed carers were unlikely or very unlikely to recommend caring. The Office of the Children's Guardian 2024 financial year data show that most carers do not remain in the system for more than 3 years and only a few stay for more than 5 years.

At the same time, the number of people who are able to be carers is falling. ACWA and The Demographics Group's report on foster carer demographic outlines increasing challenges associated with becoming foster carers. Individuals are starting families later and the rising cost of living has increased reliance on dual incomes. Housing shortages make it harder for prospective carers to devote sufficient time to caring for children and meet their financial obligations from renting or buying a house.

Unless the needs of existing carers are met, it is likely that carer shortages will continue to be a problem, even with substantial increases in recruitment effort.

Source: NSW Government, [System review into out-of-home care](#), October 2024, p. 30; Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p. 41; Calculated from figures in IPART, [Draft Report - Out-of-home care costs and pricing](#), March 2025, p 26 and 32; My Forever Family, [NSW Carer Survey 2022 - Report of Findings](#), April 2023, p. 1; The Centre for Excellence in Child and Family Welfare, [Rapid review: Foster care recruitment and retention](#), April 2024, p. 5 and 21; NSW Office of the Children's Guardian, [Key Statistics - NSW Carers Register](#), February 2025; Association of Children's Welfare Agencies & The Demographics Group, [NSW Foster Carer Demographic Outlook: Impact on the availability of foster carers](#), September 2024, p. 2, 6, 15 and 26.

3.2 Care allowances

The care allowance is designed to cover the cost of day-to-day living expenses for children in care. This includes items like food and groceries, clothing, and personal items. These expenses vary across different children depending on characteristics, such as age or level of need. The care allowance also includes a contribution to some day-to-day family expenses including housing (rent/mortgage/utilities) and household goods (furniture and replacement of household items).³⁴

3.2.1 The standard care allowance

The standard care allowance was initially established by a detailed bottom-up assessment of the goods and services purchased by carers to care for the children in their care and the cost of acquiring those. Since the allowance was first established, there have been incremental increases to the allowance aimed at keeping pace with inflation across the economy, but the allowance has not been reviewed to take other changes into account.

Changes in expectations around living standards, the different goods and services purchased by carers, and changes in relative prices have all impacted day to day living expenses over the past two decades. While shifts in prevailing community standards and consumption options may be relatively small from year to year, they can be significant over long periods of time. For example, laptops are now expected items for high school students, and mobile phones and entertainment subscriptions are widespread, whereas they were not 20 years ago.

A bottom-up examination of expenses is a highly detailed and time-consuming process, which was not possible within the timeframe we had for the review. As a result, we used the existing care allowance at its establishment in 2006 as a starting point and updated it to reflect changes that have occurred since that time. The changes we have captured include both changes to the prices of different goods and services and changes to the mix of different goods and services that would be purchased to support the day-to-day living of a child in out-of-home care.

To estimate the impact of changes on the value of the care allowance since it was established in 2006, we engaged the Melbourne Institute of Applied Economic and Social Research (the Melbourne Institute). To quantify the effect of all these changes, the Melbourne Institute analysed data from the Household, Income and Labour Dynamics in Australia (HILDA) survey^e (HILDA survey), which is a well-known survey of Australians' income and expenditure patterns.³⁵

The first step in this process was to review the 2002 cost of caring study that underpins the existing care allowance to ensure that it was an appropriate starting point for analysis. The Melbourne Institute reviewed a range of information and literature on the extra costs and needs of foster children and concluded that the initial study by McHugh (2002) used to set the care allowance level in 2006 remains the most relevant source of this information today.³⁶

^e The HILDA survey is a household-based panel study that collects information about economic and personal wellbeing, labour market dynamics and family life across more than 17,000 volunteers in Australia.

The Melbourne Institute then surveyed foster carers in NSW to confirm that the categories of costs included in the care allowance continue to reflect the expenses faced by carers today. The survey showed that the goods and services included in the original 2002 cost of caring study still reflect the day-to-day expenses for a child in care.³⁷ The Melbourne Institute then used data from these expense categories in the HILDA survey to estimate how families' costs in these categories have changed over time.³⁸

The Melbourne Institute found that household expenditure in the relevant categories of costs grew by 72-81% between 2006 and 2022 depending on the age of the child, which was around 23-30% above the rate of inflation.^f

The change above the rate of inflation is the additional amount that day to day living expenses have increased because of changes in the amount of different goods and services purchased by families over this period. These changes are known as 'budget allocation' effects. Table 3.1 separately identifies the value of the changes that result from budget allocation effects, and the total value of changes, for each of the age brackets in the current care allowance.

Table 3.1 Increase in day-to-day living expenses between 2006 and 2022

Age bracket	Increase resulting from budget allocation effects	Increase resulting from both budget allocation effects and price changes
0-4	23%	72%
5-13	26%	73%
14-15	30%	81%
16-17	27%	77%

Source: Melbourne Institute of Applied Economic & Social Research, [IPART Out-of-Home Care Review: Cost of Caring](#), December 2024, pp 22-24. Figures have been rounded to the nearest percentage.

Appendix B provides further detail on the Melbourne Institute's study, including the care allowance by age bracket that results from applying the percentage changes set out in the table above, as well as additional inflation applied to bring the allowance from 2022 to the current year.⁹

In our Draft Report, we retained the four age-based categories in the existing care allowance and applied the percentage changes from both prices and budget allocation effects to the 2006 rate for each age bracket to obtain our draft recommendations on the standard care allowance for 2024-25. We have taken a similar approach in our Final Report but have reduced the number of age brackets to simplify the recommended care allowance.

Following our Draft Report, we received feedback from DCJ querying whether the assumptions made in estimating the revised rates were suitable. In particular, the age of the initial study on which we are relying (i.e. 2002). Further, the fact that the HILDA survey does not specifically represent carer households and the possibility that cyclical factors may have overstated the result.³⁹

^f The Melbourne Institute identified two ways of estimating an updated care allowance – either applying the nominal growth rate to the 2006 allowance (capturing changes in inflation within the study) or applying the real growth rate (capturing only changes above inflation) to the current care allowance, which has already been indexed over the period since 2006. We have adopted the first of these approaches, as we consider it is more consistent to use the same method for capturing both changes in the price and mix of goods and services over time.

⁹ The Melbourne Institute used available HILDA data to 2022 and then applied additional inflation of 8% to each age bracket to bring the allowance to the 2024-25 year.

We acknowledge that our approach relies on the starting point being an accurate reflection of the cost of caring for children in home-based care. The Melbourne Institute undertook a thorough review of the available literature and concluded that "the Australian study by McHugh in 2002 is likely the most comprehensive and methodologically robust in identifying a basket of goods and services necessary for quality foster care in NSW".⁴⁰ The Melbourne Institute also surveyed NSW carers in order to validate the costs included in that study and found a high degree of alignment with the 2002 study.

The costs associated with caring for children in out-of-home care are significantly higher than the cost of caring for children who are not in care. This is reflected in the current care allowance. The Melbourne Institute took this into account through the study, using survey data and various statistical techniques to better reflect the costs of caring for children in care.

The period captured by the study was 2006 to 2022, with the 2022 rates indexed to \$2024-25. The analysis has captured the range of economic changes that have occurred over this time, including cyclical factors, such as periods of higher and lower inflation. In our view, these are relevant factors to take into account in updating the allowance and do not overstate the results. Furthermore, the issue of seasonality was considered in the study and adjusted for using quarterly Consumer Price Index figures by Australian Bureau of Statistics to remove any seasonal effects.

Following our Draft Report, we also received feedback that suggested the needs and cost for 14-15 year olds and 16-17 year olds are similar and the cost of administering different age-based care allowances may outweigh the additional precision of having separate allowances where those allowances are not materially different.⁴¹ Given there is a relatively small difference (\$26 per fortnight) between the allowance identified by the Melbourne Institute study for 14-15 year olds and that for 16-17 year olds, we have now set these equal at the higher of the two rates.

Our recommendations are consistent with the structure of the 2006 care allowance, which made no distinction between 14-15- and 16-17-year-olds. The allowance for 16-17-year-olds was reduced in 2012 to account for the availability of additional government payments, including the NSW Government's Teenage Education Payment (TEP).⁴²

Our recommended care allowance in Table 3.2 makes no adjustment to account for TEP or Youth Allowance. One of the aims of the TEP is to support young people aged 16-18 years to remain engaged in school or other education and training. Eligibility for TEP and how this and other allowances are taken into account is a matter for DCJ. However, we consider carers should receive an allowance that is sufficient to meet the day-to-day living costs of children in their care, regardless of family income. Removing the value of means tested allowances from the care allowance for all children may lead to some carers receiving an allowance that is well below our estimate of the cost of providing for the child in their care.

Table 3.2 Current and recommended fortnightly standard care allowance (\$2024-25)

Age bracket	Current care allowance (standard rate)	Recommended care allowance (standard rate)
0-4	\$581	\$698
5-13	\$656	\$789
14-15	\$880	\$1,109
16-17	\$586 plus TEP and Youth Allowance (if eligible)	\$1,109

Note: The care allowance for 16-17-year-olds may be supplemented by the NSW Government TEP and the Australian Government Youth Allowance. If eligible for the TEP, the carer receives \$1,500 at the beginning of each school term for each child in their care who is either 16 or 17 years old and engaged in full time education (or an equivalent apprenticeship). The TEP is equivalent to \$6,000 per year or \$231 per fortnight.⁴³

Recommendation



- The standard care allowance for children in out-of-home care should be set at the rates in Table 3.3.

Table 3.3 Recommended standard care allowance by age bracket, \$2024-25

Age bracket	Fortnightly care allowance
0-4	\$698
5-13	\$789
14-17	\$1,109

Source: IPART analysis of Melbourne Institute of Applied Economic & Social Research, *IPART Out-of-Home Care Review: Cost of Caring*, December 2024, pp 22-24. Figures have been rounded to the nearest dollar.

3.2.2 Care allowances for children with higher needs

Currently, children whose care is managed by DCJ can receive an additional loading on their care allowance 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.⁴⁴ The increased allowance rate set by DCJ is almost 50% (Care+1) or 100% (Care+2) higher than the standard rate.⁴⁵

The higher allowance is not intended to cover additional medical or therapeutic expenses for children (which are separately provided for). 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 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.⁴⁶

We considered whether we could estimate the additional day-to-day costs associated with higher needs children more accurately. However, there is insufficient data available to allow us to do this. The needs of children may vary considerably, and it is difficult to identify a specific value with any precision. We consider that the current 50% and 100% loadings on the care allowance are as good as an approximation of the additional costs as any other method.

Recommendation



3. The care allowance for children assessed as eligible for Care+1 or Care+2 (or their equivalents) in home-based care should be set at the rates in Table 3.4.

Table 3.4 Updated Care+1 and Care+2 fortnightly allowances, \$2024-25

Age bracket	Standard allowance	Care+1 (+50%)	Care+2 (+100%)
0-4	\$698	\$1,047	\$1,396
5-13	\$789	\$1,184	\$1,578
14-17	\$1,109	\$1,664	\$2,218

Currently, carers who are with non-government providers are not eligible for Care+1 or Care+2. They may receive a higher allowance to support the additional needs of children in their care but there is no consistency over the availability or level of allowance provided. Under the current system, non-government providers can request additional funding from DCJ to meet the needs of children, some of which is designed to provide additional financial support to carers. However, providers have discretion as to how much of this package funding, if any, is provided to the carer via an additional allowance.

The method used to categorise children's needs is also different depending on whether the child's care is managed by DCJ or a non-government provider. In our view, the allowance provided to the carer should be determined based on the needs of the child and should not differ simply as a result of the provider. We are recommending a price structure for non-government providers that would remove the additional carer support packages and instead make provision for carers who are caring for children with higher needs to receive a higher allowance through a consistent approach to eligibility for Care+1 and Care+2 allowances. Additional information on this is set out in Chapter 11.

3.2.3 Care allowance for therapeutic home-based foster care

In NSW there are a number of intensive or therapeutic foster care programs that are designed for children with complex care needs. Under these models, carers are selected for their ability to deliver the time and expertise required to care for children with specific trauma or needs. Because the needs of the child are complex and carers with the requisite skills and experience are more difficult to find, carers in these models typically receive a higher care allowance. These models have been well-researched and are used to varying degrees around the world.

In NSW, several of these different models are used, each for a small number of children where DCJ considers their needs cannot be adequately met by the usual approach (see Box 3.2). These models of care involve specific requirements that carers must meet, including professional qualifications, and/or a more intensive program that carers are required to follow. The recent System Review highlighted the need to introduce and support better scaling and utilisation of these types of models:

These models enable professional paid carers or specialised carers who may be paid a higher care allowance, to be provided with training and support to work more closely with children and young people. This is seen as a critical piece in the service mix to stabilise placements, avoid entry to High-Cost Emergency Arrangements and residential care, and support successful restorations and improved outcomes.⁴⁷

These models play a role in diverting children with significant trauma away from (often more expensive) non-home-based care such as residential care or emergency arrangements. Over time, the goal for some of these children may be to transition to less intensive home-based care.

In our Draft Report we noted that the bespoke nature of these models makes it difficult to estimate a care allowance for these models. In response to our Draft Report, DCJ indicated that they would like us to do this.⁴⁸ We continue to be of the view that it is not possible to establish a care allowance that is appropriate for the range of different programs and circumstances involved. The relevant Care+1 and Care+2 allowances may provide a useful starting point once the needs of the child are assessed. However, for these programs we expect that the particular needs of the child, the availability of volunteer carers who are able to meet those needs and whether or not those carers are required to give up paid work may all be additional relevant factors in determining the cost of caring for those children.

Box 3.2 Professionalised and therapeutic foster care programs in NSW

There are a number of therapeutic foster care programs which have been implemented in NSW including:

- **Treatment Foster Care Oregon (TFCO)** is a model of intensive therapeutic foster care where young people with complex needs are placed with a skilled foster carer in a home-based setting, who provides one-on-one supervision and support. TFCO has been rigorously evaluated and implemented in several countries. In NSW it is delivered by OzChild. The model employs specially trained foster carers who work as part of a team, including a program supervisor, family therapist, individual therapist, and skills trainer. Carers receive intensive training and support with children and young people placed for 6 to 12 months in their home. The model is not designed as a long-term care option.

Box 3.2 Professionalised and therapeutic foster care programs in NSW

- **Professional Individualised Care (PIC)** is a relationship-based model where one young person lives in the home of a professional therapeutic carer and receives professional and therapeutic intervention. PIC allows skilled paid carers the time and autonomy to build genuine, lasting relationships with children, in contrast with clinical models of care. The evidence-base for PIC in NSW is still developing. To date, there has not been a formal outcome evaluation of PIC in NSW due to the sparse numbers of young people in the program.
- **Therapeutic Home-Based Care (THBC)** is currently implemented through the residential care program and provides one-on-one home-based care for children and young people over 12 years old who have complex care needs.
- **Temporary foster care (TFC)** implemented by Barnardos who carefully recruits carers to provide short term care to actively support restoration, family contact and parenting skills. While the program has not been evaluated it appears to be seeing some positive outcomes.

Source: NSW Government, [System review into out-of-home care](#), p 68.

3.2.4 The impact of lost income on carers

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.⁴⁹ As discussed in both our Interim and Draft Reports, the care allowance is not designed to provide carers with an income or superannuation and the allowance is not payment for the time or services provided by carers.⁵⁰

The allowance is provided to help meet the costs associated with providing care for foster children, it is payable for volunteer carers and not employees or people who provide foster care as a business activity. Having these characteristics means that the allowance provided to volunteer foster carers is not assessable income for taxation purposes.⁵¹

Numerous carers have told us that becoming a carer has had a significant impact on their career. Many of these carers have ceased or reduced their employment to fulfil their caring responsibilities due to the needs of the children that they care for.⁵² 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 out-of-home care system and they may not be able to return to work at a later age.⁵³

The matter of lost income and superannuation for carers, and in particular for females caring for children, is a broader issue within our society and not something that can be resolved through setting a higher care allowance. To the extent that children have higher needs that impose additional costs on carers, we consider that a consistent approach to identifying children's needs and paying the corresponding Care+1 or Care+2 allowance will go some way to assisting carers who have been required to reduce hours of paid employment as a result of their child being unable to attend school or requiring increased attendance at appointments during working hours.

3.3 Covering expenses that sit outside the care allowance

While the care allowance covers the day-to-day costs expected for all children in out-of-home care, there are a range of other costs that it does not cover. These costs include medical, therapeutic and family time expenses. It may also include other larger expenses that occur less frequently that may be difficult for carers to budget for through the fortnightly care allowance.

3.3.1 Medical and family time expenses

The provision of medical care, therapeutic services and family time are fundamental to the wellbeing of each child and as a result, the out-of-home care system must ensure that these needs are met. The care allowance is expected to cover general medical costs and pharmaceutical costs including prescription and over the counter medicines, but it is not designed to cover all of the expenses needed for every child.

There is inconsistency among providers in how much of these costs are currently paid for by carers and what proportion of the costs are reimbursed. We have heard from carers that either children are missing out on essential care because they cannot afford to provide it for them or that carers are left paying for these expenses out of their own pocket. This has been reinforced by the findings of the System Review on the lack of visibility and information about funding and supports, and time delays in access to funding, with agencies failing to support carers in seeking funding from appropriate authorities to cater for certain expenses.⁵⁴

We are recommending changes to the way funding is provided to non-government organisations to cover these expenses. If implemented, those changes would see each child's need funded on an individual basis, in a similar way to children case managed by DCJ. In our view this is necessary because of the high degree of variability of costs between individual children and the essential nature of these expenses. We are also recommending that measures are put in place to ensure that this funding is directed in a way that ensures carers are not out of pocket for essential medical and family contact costs.

In the Draft Report, we proposed that these costs could be reimbursed directly to carers by DCJ. In response to the Draft Report, carers and providers were supportive of more cost-reflective funding of the highly variable costs of meeting children's medical and family contact needs.⁵⁵ However, there were concerns raised about the practical aspects of the reimbursement process, including that carers may be required to fund these costs up-front and the potential for delays in reimbursement.⁵⁶

Under our final recommendations, providers would be required to ensure that whoever spends the money (the carer or the agency providing the placement) would receive the funding to cover that expenditure. Providers would continue to have the ability they have now to enter into an agreement with carers to fund expenses upfront so that carers are not out of pocket. We note that a few providers reported handing 'P-cards' to their carers to cover approved expenses without them being left out of pocket.⁵⁷ Under our recommendations, we would expect this type of arrangement to continue.

Chapter 11 includes more information on our proposed price structure for non-government providers.

3.3.2 Upfront costs for a carer to establish a placement

Several carers raised with us the cost of establishing a placement when a child first comes into their care.⁵⁸ The fortnightly care allowance may not be sufficient to cover some of the initial up-front costs, for example, the purchase of car seats or furniture for a child's room. The up-front costs may be a barrier to prospective new carers taking on children, particularly relative and kinship carers.

In some example de-identified case plans provided to us by DCJ, some carers of children entering into long-term care were provided an establishment allowance but this may not be a consistent practice. In DCJ's financial guidelines, funding may be provided to buy items needed by a child in an emergency, short-term or long-term placement. This funding can be used to purchase items that the child may need within the placement (e.g. clothing, personal items, school supplies, furniture or household necessities). DCJ also provides a small contingency payment when a child is placed outside normal working hours or when the authorised carer is requested to accept a child on the day of the request.⁵⁹

There is limited information on the costs of setting up for a foster child. In the survey of NSW carers conducted by the Melbourne Institute, we included a question on the costs incurred by carers when each of their children entered their care. From the survey responses, the adjusted median expenditure was around \$1,590, but there was some variability.⁶⁰

Our draft recommendation was to provide reimbursement to carers for up to \$1,500 of costs incurred in establishing a new placement. For emergency placements in home-based care we proposed that an emergency provider may be paid this amount up-front to cover all children subsequently in their care.⁶¹ In response to the Draft Report, we received feedback that similar costs are incurred for any new placement with a carer, including as a result of a placement change or an emergency or short term arrangement.⁶²

The circumstances in which these costs are covered will need to be clearly established and implemented by DCJ. Where the same types of costs are incurred for a placement change, either the expenses associated with relocating items from the previous placement or re-purchasing items, if relocation is not an option, should also be considered for inclusion.

We heard from providers and carers during our Draft Report workshops that while our proposal for upfront costs to support placement establishment was welcomed, it may be impractical to expect carers to cover such costs and await reimbursements.⁶³ Under our final recommendation, providers would be required to ensure that whoever spends the money would receive the funding to cover that expenditure. Providers would continue to have the option they have now to enter into an agreement with carers to fund expenses up-front.

Recommendation



4. The Department of Communities and Justice should consider providing up to \$1,500 for carers for the upfront costs of establishing a new placement.

3.4 Harnessing digital technologies

A range of technology already exists that could complement the delivery of funding to carers while ensuring that funding is targeted to particular areas and that greater information is available to DCJ on what services children are receiving. Technology is advancing rapidly, and we consider that DCJ should be actively considering how they can use technology for the benefit of children in out-of-home care and their carers.

3.4.1 Service NSW vouchers

NSW introduced a range of digital advancements several years ago, including electronic vouchers administered through Service NSW designed to provide targeted assistance to individuals and families. Examples of Service NSW vouchers that have been provided in recent years include:

- Back to School vouchers
- Parents vouchers
- Active and Creative kids vouchers (still available on a means tested basis)
- First Laps vouchers to cover the cost of swimming lessons
- Before and after school care vouchers.

While the Government voucher program has been wound back in recent years, the digital capability to provide vouchers remains in place in NSW and programs are able to be added to make a specific good or service more affordable for an eligible group of people and/or create wellbeing and social outcomes for targeted groups.⁶⁴ We consider that targeted vouchers available for children in out-of-home care have the potential to address a range of issues with the current approach for carers particularly in relation to larger one-off or less frequent expenses.

We have heard from carers that there is a high administrative burden associated with looking after children in out-of-home care.⁶⁵ The use of Service NSW vouchers would help reduce the administrative costs for carers compared with a reimbursement approach. Eligibility for different vouchers is streamlined for the individuals applying, with the system set up to be easily visible and the application process quick and straightforward. The system is also streamlined for suppliers, and accessible for both small and large service providers and retailers, offering a wide range of options for carers to access goods and services.

Currently, DCJ has limited visibility over which children are accessing different goods and services. Targeted vouchers would allow DCJ to collect data on what access children in out-of-home care have to different goods and services in order to confirm that their needs are being met. Such a dataset would provide an easily analysed overview of what services children are receiving. Noting, of course, that the collection of such data and its use would need to adhere to strict privacy and information protection controls, and as is further mentioned below.

The use of Service NSW vouchers in some form, even as a one off, may help to acknowledge the importance of carers to society. As volunteers who agree to take on a role that requires 24/7 care of a child, it is critical to the viability of the home-based care model, that carers feel valued and supported. A voucher in addition to the fortnightly care allowance could help to show carers that they are appreciated and supported and that the welfare and happiness of the child they care for matters.

A further benefit of the use of vouchers over other forms of payment is that they ensure that money that is provided by the Government for the care of the child is spent on the child. The voucher can be used to direct funding to a specific purpose. If the money is not spent, then the Government does not incur the expense.

The delivery of vouchers specific to children in out-of-home care would need to be done in a way that ensures the personal information privacy and dignity of children in the system is protected and the collection, storage and use of any such information complies with all laws, practices and policies. Service NSW currently facilitates the provision of Active and Creative Kids vouchers (valued at \$50 per semester). To be able to access this voucher, a carer must be eligible for the Family Tax Benefit (A or B) which is means-tested. This means that not all children in out-of-home care would currently have access to vouchers intended to support the cost of extracurricular activities.

All states and territories (except the ACT) offer extracurricular vouchers to at least some children in recognition of the importance of enabling all children to have access to sport and similar activities. In Tasmania, all children in out-of-home care have access to extracurricular vouchers, despite those vouchers being means-tested for other children.⁶⁶

We estimate that extending the current NSW Active and Creative Kids vouchers to all children in out-of-home care would cost less than \$1.5 million annually (as some children will already have access if their carer family's income is below the income threshold). Vouchers would ensure that the money is spent on the child to whom it is allocated and that it is spent on extracurricular activities. This helps to ensure that care is consistent with the NSW Child Safe Standards for Permanent Care which require children to be emotionally healthy and are supported to achieve their developmental potential, which includes access to recreational and leisure activities.⁶⁷

3.4.2 Health expenses card for carers

An out-of-home care health care^h card that covered any gap (above Medicare or private health insurance) at the time of payment could help alleviate the current system where carers face uncertainty and delays to be reimbursed. Such a health care card could operate in a similar way to Medicare or private health insurance where the claim is made and paid instantly at the medical practice, and the patient (or in this case the carer) is not required to make any further payment.

We consider that any such arrangements should be equally available to carers irrespective of their provider. The use of a system such as this would provide a rich source of data for DCJ around what services they are paying for and which children are falling through the cracks. If implemented, consideration would need to be given to the protection of such personal and health information and the collection, storage and use of any such information complied with all laws, practices and policies.

Both carers and providers were supportive of such a card.⁶⁸

By aligning funding with actual costs, the Health Care Card proposal would ensure that children in OOHC receive tailored support for essential services without the need for reimbursement. Barnardos agrees these supports are vital for promoting children's long-term wellbeing and enabling positive outcomes.

Barnardos⁶⁹

Barnardos further suggests that beyond health, targeted interventions for education, employment and life skills be considered for reimbursement to ensure that the holistic needs of children in care are met.⁷⁰

While supporting a health care card, ACWA and Uniting both suggested that a P-card would be even simpler, as they were already used by NSW government agencies and providers.⁷¹

A health care card for children in out-of-home care is also being called for more widely. National Foster Care Sustainability Group, made up of care agencies, carers and peak bodies across Australia, is currently calling for better access to medical and therapeutic support – for example providing carers with the equivalent to a Veteran Gold Card for health and therapeutic supports.⁷²

^h This is different to the Foster Child Health Care Card issued by Services Australia which entitles children in out-of-home care to cheaper prescription medicines under the Pharmaceutical Benefits Scheme. Other benefits could include:

- bulk billing for doctor's appointments, as decided by your doctor
- more refunds for medical expenses through the Medicare Safety Net
- discounted mail redirection through Australia Post.

State and territory governments and local councils may also offer concessions for costs such as:

- energy and electricity
- healthcare, including ambulance, dental and eye care
- public transport
- rates.

See Foster Child Health Care Card at Services Australia.

We note that it would take time to establish such a system, including interfacing with the Medicare system. There would need to be safeguards to avoid potential misuse. These could include establishing an approved list of service providers the card could be used at, similar to Medicare or private insurance, and potentially extended to accredited therapy service providers.

Recommendations

5.  The Department of Communities and Justice should advocate for the expansion of the eligibility for Creative and Active Kids vouchers to all children in out-of-home care.
6. The Department of Communities and Justice should explore the use of digital infrastructure (such as the Service NSW vouchers) to provide targeted funding to carers particularly in relation to larger one-off or less frequent expenses.
7. The Department of Communities and Justice should investigate the establishment of an out-of-home care health care card that could be used to meet the out-of-pocket costs for medical and therapeutic services for all children in out-of-home care.

3.5 Supporting access to respite care

Respite is planned breaks from caring for parents, carers and children. It is delivered by a registered respite carer who typically receives a flat rate derived from the care allowance. We have heard from some carers that caring can feel like a 24-hour job, particularly if their children have higher needs or are still settling into their home environment.⁷³

Respite care placements can:

- provide the carer with a break from childcare responsibilities
- provide children the opportunity to experience different care environments
- support placement stability
- give siblings who are placed separately an opportunity to have time together
- give children the opportunity to connect with their kin, community and culture.⁷⁴

Respite can take many forms and should suit the foster carer, child and their needs. In NSW, respite care is typically arranged by the provider (DCJ or non-government provider) who approves, organises and pays for a respite carer or an equivalent service. If a carer considers they would benefit from an alternative form of respite, such as house cleaning, this is agreed on a discretionary basis between the carer and their provider.⁷⁵

Home-based carers in NSW are entitled to the equivalent of up to 24 nights of respite per year.⁷⁶ Respite carers generally receive the daily equivalent of the relevant care allowance. However, as with the care allowance more generally, respite carers may receive a different respite care allowance between different providers.

We have heard from respite carers that the rate they receive is inadequate and often does not meet the needs of a child who may be feeling uncertain or anxious as they may not be familiar with the carer or the environment they are staying in.⁷⁷ We have heard that some children arrive for respite care with very few belongings, or they require medication which the respite carer is unable to receive a reimbursement for, leaving the respite carer out-of-pocket.⁷⁸

We have also heard that the recruitment of respite carers in out-of-home care is impacted by the competitive daily rates for respite carers under the National Disability Insurance Scheme (NDIS)⁷⁹ and respite carers engaged through DCJ's casework support scheme who are paid at an hourly rate equivalent to the award covering non-government providers, *Social, Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award), Social and Community Services employee classification level 4.2.⁸⁰ However, we consider that it is appropriate for respite carers to continue to receive a pro-rated care allowance. While a higher allowance could make becoming a respite carer more attractive it may have the unintended consequence of encouraging full-time carers to move into respite, which will raise the costs of the system more generally and would not benefit the children.

Consistent with current practice, access to respite care, or services that provide equivalent respite, should continue to be provided flexibly based on the needs of the child and carer.

Decision



1. Respite care arrangements should continue to be agreed in each child's care plan and should be delivered flexibly to suit the needs of the household.

3.6 Improving consistency and transparency for carers

The current price structure gives non-government providers the ability to adjust their carer payments as they see fit, provided they pay at least the standard care allowance. We understand that this was intended to give non-government providers flexibility to increase carer payments to recruit and attract more carers, better tailor allowances to the needs of the child/family or meet their other objectives.ⁱ However, during consultation we were informed that this flexibility has not worked as intended and has created a number of problems.

Failure to provide appropriate financial support to carers and interactions with them that imply lack of respect, information and involvement are a major source of carer dissatisfaction.⁸¹ This should not be ignored, given the importance of carers to the out-of-home care system. Perceived unfairness from the inconsistency of financial support carers receive for doing the same job contributes to carers feeling undervalued.

The relationship between carers and providers is characterised by inequality and the current lack of equity and clarity for carers around their entitlements contributes to this. We have heard from a number of different carers that questioning their rights or entitlements has led to providers threatening to remove the children from their care.⁸²

ⁱ Non-government providers must at least provide the standard care allowance to their carers.

While some carers have indicated to us they are afraid to speak out, others may be encouraged to overstate the impact to pressure providers for additional financial support. This has created a system that responds to crisis rather than preventing it. Ensuring that carers receive payments that are consistent and transparent and based on a clear assessment of the needs of the child, should shift the focus towards preventing placements from reaching a crisis point rather than simply reacting to it when it occurs.

In our Draft Report we strongly supported greater transparency and consistency for carers and we recommended standardisation of payments and greater provision of information in order to deliver this. Feedback from carers supported our draft recommendations on this issue.

The recent System Review also raised these issues and came to similar conclusions. The System Review Report recommended that:⁸³

- a. DCJ should maintain a system-wide financial policy that standardises and governs care allowance, expenses, and additional supports that carers can access for children and young people in their care from the case management agency.
- b. Providers must be transparent with carers as to the funding they receive from DCJ for children and young people in their care. This should be provided to carers on an annual basis.
- c. Carers must be provided with a list of services that every child and young person in out-of-homecare is automatically entitled to receive.

The NSW Government's out-of-home care Reform Plan notes that changes are being made to improve the provision of information to carers and children, to ensure their awareness of their entitlements and to promote better access to government-funded support.⁸⁴ We remain of the view that these are important issues and as a result, continue to recommend increased consistency and transparency for carers.

"We have experienced an incredible lack of transparency and consistency from the agency, regarding what financial support there is available to support our boy. An example of this is that we were offered absolutely no financial support when he first came into our long-term care...we later learned that we were entitled to receive financial support from the agency..."

Anonymous carer⁸⁵

Standardising the payments across different providers would ensure that carers receive consistent financial support and that the same policies and processes are implemented consistently across the system. We have heard that some non-government providers pay a care allowance which is above the standard rate set by DCJ for reasons other than the child having higher needs.⁸⁶ While some carers may have benefitted from this, we consider that the system as whole and the families in it, will receive greater benefit from standardisation. Consistency across providers also allows carers to be smoothly transitioned from one provider to another, if this is necessary.

"Carers require clear and concise information on what financial supports are available to them and how to go about accessing those supports. Currently carers are not aware, from the carer support packages for the children in their care, of what they are entitled to and agency and departmental personnel do not reveal such information."

Hatch Carers⁸⁷

Recommendation



8. The Department of Communities and Justice should develop guidelines for carers outlining the essential costs that the care allowance covers and any additional funding that carers are entitled to.

3.7 Addressing other issues raised by carers

During our review we met with and received submissions from a range of different carers. These carers raised a number of other concerns with us that they consider are affecting their ability to remain in the system. While these are not within the scope of our review, we consider that addressing them is important to improving the experience of carers in the system, increasing the time they spend as carers and building expertise and meaningful relationships with children.

The recent System Review into out-of-home care touched on many of these issues and the NSW Government's Reform Plan is working to make improvements in some of these areas by recognising carers as key partners and improving oversight and accountability. We share our views and the stakeholder comments we have received in relation to these areas in order to help ensure these changes are as effective as possible.

3.7.1 Access to an effective complaints system for carers

Once carers are signed with a non-government provider, they have limited options available to them if they are to remain caring for the children they have. This makes it difficult for them to speak out when they feel that a provider has done the wrong thing.

There is a widespread view amongst carers that complaining or asserting their rights to financial support will have negative consequences for them and the children they care for. This is particularly the case for carers who are seeking long term care, guardianship or adoption.

"We have been trying to adopt our child for 3-4 years and all we get from our agency is caseworkers breathing down our necks. You end up feeling scared that the adoption process will be halted if you speak up."

Anonymous carer⁸⁸

Currently there are avenues to make complaints (for example, access to the NSW Ombudsman; in respect of child protection-related complaints, the DCJ Community Services Enquiry, Feedback and Complaints Unit; and for complaints about organisations contracted by DCJ such complaints can be made directly to the organisation in question). However, it is clear from our consultation that carers are reluctant to access these for fear of retribution. This information is backed by DCJ's most recent carer survey, where some carers fear the repercussions in complaining as they have to deal with the agencies on an ongoing basis and some also fear losing the children they care for.⁸⁹ Fear of retribution and a sense of powerlessness were strong themes in our carer workshops.

Strengthening complaint handling functions is part of the NSW Government's Reform Plan. In our view, an effective complaints system will need to address this fear as a central issue.

Complementary measures such as anonymous carer satisfaction surveys that allow DCJ to analyse and publish carer feedback by provider may assist in identifying systemic issues with particular providers. Information collected should include reimbursement times for expenses, carer tenure as well as broader measures of carer satisfaction. It would also allow prospective carers to make better informed decisions about which provider they would like to work with.

3.7.2 An independent carer voice in decision making

We received feedback from carers on the perception of their role and how they are represented in policy development and decision making.⁹⁰ The lack of representation for carers was an issue raised with us. The recognition of the voice of carers as key participants in influencing system inputs is currently under consideration in the DCJ's out-of-home care Reform Plan.⁹¹

Access to an independent, carer voice that is adequately funded and representative of carers is important. In NSW, My Forever Family was established to provide support for carers as well as advocacy at a systemic level and to work closely with the sector to support collaboration for better outcomes for children in care.⁹² However, we have received feedback from carers that consider that this is not an effective model.⁹³

"Carers have repeatedly told me they want a representative and independent carer voice. Moving forward, this is the only option that will ensure carers are involved in the system and decision making."

Anonymous carer⁹⁴

Feedback from carers suggests that a model such as the one that exists in South Australia may be more appropriate.⁹⁵ The South Australian model has a peak advocacy body of carers and a council of active foster and kinship carers (including Aboriginal carers) who provide the Minister for Child Protection with independent advice that contributes to the design of policy, practice and reform surrounding foster and kinship care.⁹⁶

3.7.3 Support for informal carers

In cases where a child is placed in care with a relative or kinship carer and as a result does not formally enter out-of-home care, a carer will not be eligible to receive a care allowance through DCJ for their children. This is considered an informal care arrangement⁹⁷ and as a result, the children under these arrangements are not part of the out-of-home care system.

In their role as the primary carer, informal carers may be eligible for support through Services Australia, including potentially having access to the Commonwealth support payments.⁹⁸

We have heard of the financial challenges faced by an informal carer who receives minimal support caring for her grandchildren, despite them being identified by DCJ as at risk of harm and subsequently removed from their parents by a judge.⁹⁹ While informal care arrangements are outside the scope of our review, we note that where these arrangements fail there is potential for children to enter formal out-of-home care.

Chapter 4 »

Overview of the costs of providing out-of-home care

This chapter provides an overview of how we have assessed the efficient costs of providing out-of-home care for DCJ and non-government providers



As required by our Terms of Reference, we have estimated the efficient costs of providing out-of-home care for the Department of Communities and Justice (DCJ) and non-government providers, including the following cost components:

- Casework and legal support for court work
- Administration and corporate overheads, including the costs of facilitating and administering the Permanency Support Program
- Care staff and facilities costs, and
- Child-related costs, such as living expenses, medical, family and cultural needs.

This chapter provides an overview of how we approached the task of estimating the efficient costs of providing out-of-home care and developing benchmarks for different placement types, it also discusses the limitations of the available data to enable us to do this. It also discusses a range of factors that drive variations in the costs, outlines cost components that we consider are unsuitable for benchmarking and discusses the impact of regionality on the different cost components.

The following Chapters, 5 to 9, discuss each type of cost and our assessment of it in more detail, including the limitations of this analysis. Chapter 10 brings the cost components together into a benchmark cost for each type of placement.

4.1 Assessing cost efficiency

'Efficient costs' refer to the minimum cost required to achieve a given set of services or outputs. This is not the same as 'least cost' as the efficient cost of a service will vary depending on the quality or level of services provided. In a typical review of efficient costs, the first step would be to define the quality and level of the service, and the outputs of these services.

As discussed in Chapter 2, information on services provided and their outcomes is required to measure the costs and benefits of the different out-of-home care placement types and services providing for the safety, welfare and well-being of children. If this information was available, our analysis would focus on estimating the efficient cost of delivering those placement types and services that have the greatest benefit for children and society over the long term.

However, as discussed in Chapter 2, as well as our Interim and Draft Reports, relating long-term outcomes to particular out-of-home care service offerings is difficult. DCJ does not collect data from non-government providers to determine the nature of the services delivered to the child with the funding in each package.

We agree with the findings of previous reviews that there is inadequate data and oversight around what services children are receiving. We have seen that there are dedicated providers across the system who are doing great work. However, without the data and frameworks in place to monitor the services provided and assess their relative outcomes and cost effectiveness, we are limited in the extent to which we have been able to assess which practices are efficient or cost effective.

As a result, one of the key sources of information we have used to develop our estimates is information on the current costs of providers, including DCJ. We have heard from providers that in some cases they are doing less than they consider would be best practice because they consider that current funding is insufficient. There is also some evidence that some children are not having even their basic needs met.¹⁰⁰

Wherever possible we have complemented our analysis with independently sourced data and research and made comparisons across different providers to gain insights into what drives variations in cost. In estimating each component cost we have also considered the level and quality of services required to meet the *NSW Child Safe Standards for Permanent Care* and the elements in the Aboriginal and Torres Strait Islander Child Placement Principle under the *Children and Young Persons (Care and Protection) Act 1998* (Care and Protection Act).

Chapters 5 to 7 discuss in greater detail how we have assessed the efficiency of the different cost components required by the first task in our Terms of Reference, as well as noting any limitations of our analysis and potential improvements that may be made. As noted, in several areas we have had to rely on current costs across providers to estimate efficient costs due to limitations in the financial data, such as a lack of granularity, and a lack of information on the optimal service level and quality. This means that there may be a degree of inefficiency included in our cost estimates. We recommend that costs should be reviewed again within 5 years to measure the impact of changes from our review and other reforms, including any efficiency improvements in the administration of the system. This is discussed further in Chapter 11.

4.2 Data we used in the review

We sought data from DCJ and non-government providers to estimate efficient costs, understand what drives variations in these costs, and to establish benchmarks for out-of-home care placements which meet the varying needs of children.

4.2.1 Data from DCJ

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

- the workforce profile for all out-of-home care related teams within DCJ (only for June 2024)
- DCJ's financial accounts for all out-of-home care district and head office teams
- non-government provider income and expenditure acquittals
- deidentified unit records for all children in out-of-home care
- allowances, contingencies and complex needs payments from ChildStory
- PSP payments data
- details for high-cost emergency arrangements.

Given the nature of out-of-home care, the data is not static with children moving between care types or providers within a reporting period. This made it challenging to get a complete picture of the costs of system. The length of time taken to reconcile funding added to this complexity. There were inconsistencies in the data, for example, we found children flagged as being in non-government provider care in one data set, and DCJ in another for the same period, and it was difficult to measure the number of children with each provider at any point in time accurately.

While the PSP data shows what packages a provider received for each child, there is no transparency on how these packages are spent. As discussed in our reports throughout the review and found by other reviews such as the PSP evaluation and the System Review, this is a fundamental failing in the out-of-home care system.

As discussed in Chapter 2, we recommend that DCJ establish a framework to improve the collection of data, so that it has a clearer understanding of the services provided to individual children, and the outcomes achieved, and the relative costs between providers.

4.2.2 Data from non-government providers

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 received a total of 23 information returns from providers (18 from non-ACCOs and 5 from ACCOs). Of these, 10 were the more detailed information request (7 from non-ACCOs and 3 from ACCOs). The quality of the data in these returns was variable. We sought additional details where required. We cross referenced this data with the acquittal data submitted by providers to DCJ and qualified the reliability of this data where appropriate.

Despite this, for some cost estimates we relied on very few data points. In these cases, we have qualified our decisions on efficient costs.

4.2.3 Data from external sources

We have also used data from a range of external sources to test and validate reported costs from DCJ and providers, and to estimate the costs of providing services including, award rates of pay, contract requirements, current market rates for utilities, household goods and services, transport and rental properties and literature reviews.

4.3 Key drivers of variation in costs

There are different costs incurred in delivering the different out-of-home care placement types, and within each placement type, there are also several costs that vary depending on the needs of each child. Some variations are manageable within the cost benchmark for a particular placement type, however, there are other costs that are not suitable to include in a benchmark. These are costs which are dependent on the individual needs of each child, and/or their family circumstances, and are critical components for quality care with an inherently high degree of variation. For these we have included indicative costs in the benchmark cost, but recommend they be funded based on the actual cost incurred.

The sections below discuss some of the key drivers of cost variations, which we have been able to include in the benchmark cost.

4.3.1 Placement type

Typically, the needs of a child influence the type of out-of-home care they are placed in, and the costs for each placement type varies by:

- **Intensity of case work** – the number of children allocated to each caseworker varies by placement type and case plan goal, with residential care typically requiring greater casework intensity than home-based care.
- **Day-to-day living costs** – for home-based care, the care allowance is intended to cover all day-to-day living expenses, whereas for non-home-based care the costs of accommodation and furniture are met through other payments. We have estimated a different day-to-day living cost for the non-home-based care placements.
- **Administrative costs and overheads** – for non-home-based care, there are additional roles and responsibilities, such as rostering of care staff, sourcing and managing accommodation and repairs. We have found that administrative costs and overheads are significantly higher for residential care than for home-based care.
- **Care staff and accommodation** – non-home-based care also includes the cost of the accommodation, house managers and care staff in the case of residential and emergency arrangements, and therapeutic staff depending on the child's needs, making these types of placements much more expensive to deliver on average than home-based care.

4.3.2 Provider type and size

We have found that the efficient cost of casework varies between DCJ and non-government providers on a per child basis. This is largely driven by the difference in pay rates in the respective awards covering these workers. Generally, pay rates in the *Crown Employees (Public Sector – Salaries 2024) Award*^a applicable for DCJ caseworkers are higher than those in the SCHADS Award, applicable for caseworkers working with non-government providers. We have taken the view that efficient pay rates (and conditions of employment) are driven by the award and that efficient costs for a particular provider cannot fall below these levels. Further, any consideration of the appropriateness of such pay structures is outside the scope of our review. We have also reviewed market rates where possible. While the award pay for DCJ is generally above those for non-government providers, we note that workers in non-government agencies may be eligible for additional tax concessions and rebates that narrow this pay gap.

The difference in efficient costs for DCJ and non-government providers is also related to the data we had to estimate these costs. We were able to estimate efficient administrative costs and corporate overheads more granularly for DCJ than for non-government providers, which is one reason that our estimates of these costs vary by provider type. In our Interim Report we estimated DCJ's administrative cost per child for DCJ-delivered care by examining DCJ's detailed financial statements for 2022-23 and the apportionment of indirect costs to out-of-home care delivery. However, for non-government providers, as discussed further in Chapter 6, the financial data was less granular, and we have used averages to estimate efficient administrative and corporate overheads. This means there is less certainty regarding these efficient costs.

We initially considered that smaller organisations would have higher costs on a per child basis as there are fixed costs of operation that are incurred regardless of size. These are typically administrative and overhead costs such as accreditation, accounting, governance, IT systems, office spaces, and general insurance. Having reviewed the data in detail we were not able to separately identify fixed and variable costs consistently across providers. However, we did observe that overall, administration and overhead costs vary considerably by provider size suggesting that small organisations are able to scale their costs and do not incur large fixed costs to support small numbers of children.

In addition, as discussed above, the costs for different providers are driven by the out-of-home care services they deliver. This complicates analysis of providers based on size, as there are increasingly small sample sizes to compare on a like-for-like basis. Therefore, we have not included variations in the benchmarks based on the size of the provider.

As discussed further in section 4.3.5 below and in Chapter 8, there are differences in the operating costs faced by ACCOs as they work differently and more holistically to provide a full set of services prior to and across the continuum of care to Aboriginal children, their families and communities.

^a Which applies in conjunction with the *Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009* (Crown Award).

4.3.3 Case plan goal

As discussed in Chapter 5 and Appendix C, a case plan goal of restoration will involve additional casework, family time, parenting programs and wrap around support. We have included this as an additional casework cost, as discussed in Chapter 5.

4.3.4 Age of the child

Typically, food, clothing, school supplies, and extra-curricular expenses increase with the age of the child. This is recognised in the care allowance which varies by age, as discussed in Chapter 3.

4.3.5 Aboriginality of child

As discussed in Chapter 8, Aboriginal children have additional needs to support their connection to their culture. Standard 4 (Identity) of the *NSW Child Safe Standards for Permanent Care* requires that 'Children and young people have access to information and experiences which assist them to develop a positive sense of identity'.¹⁰¹ This relates to all aspects of identity, including Aboriginal children's connections to culture, community and family. Cultural connection is a critical part of the social and emotional wellbeing of Aboriginal people.¹⁰² Through removal from their family, Aboriginal children in out-of-home care are particularly vulnerable to losing connection to their culture, community and Country.

For Aboriginal children there are also specific placement principles and requirements that apply in addition to the more general requirement for cultural connection (see Chapter 8 for more information). Ensuring that these principles and requirements are met is a key element of Government policy and an important part of ensuring that Aboriginal children receive the care they are entitled to.

For Aboriginal and Torres Strait Islander people, 'connection' to family, community, culture and country is a fundamental concept which is central to one's sense of identity, belonging and wellbeing. Aboriginal and Torres Strait Islander people understand 'connection' to be gained through social experience and involves interaction with families, communities and ancestors associated with a particular area that is related to them.

Family is Culture review¹⁰³

As part of the NSW Government's commitment to improve outcomes for Aboriginal children in care, the government is also working to transition all Aboriginal children in the care of non-Aboriginal providers to ACCOs. NSW Government policy recognises ACCOs are best placed to provide culturally appropriate care for Aboriginal children.¹⁰⁴

Rather than attempting to define or cost what cultural connection looks like across the diverse range of Aboriginal Nations and communities in NSW, and personal cultural and community circumstance, our costing approach seeks to identify relevant costs areas that would facilitate and support access to a child's Country, culture, family and community. In this context, we recognise that these categories may not reflect the holistic nature of service provision, particularly with regards to place-based culturally appropriate services that many ACCOs provide. We have also considered issues around the transition of Aboriginal children to the care of ACCOs and how the additional costs should be factored into placement costs.

Further information on how we have assessed these costs is set out in Chapter 5 (casework for Aboriginal children) and Chapter 8.

4.3.6 Cultural background of the child

Children from culturally and linguistically diverse backgrounds (CALD) require additional casework time to develop cultural support plans and support relative and kin carers. There are also expenses incurred maintaining cultural identity. Chapter 5 and Appendix C discuss these costs in more detail.

4.4 Costs with inherently high and unpredictable variation

There are also several costs which we have not included in the benchmark cost as they are more unpredictable. These include the medical, dental and therapeutic needs of each child, as well as the costs associated with facilitating family time such as travel, accommodation and meals. These costs can vary significantly between different children as they are driven by each child's individual health and therapeutic needs, and their family circumstances.

While the general expenses covered by the care allowance are likely to be fairly predictable, the value of other expenses can vary significantly depending on each child's medical and therapeutic needs, as well as their family and cultural circumstances. This makes estimating the cost of these expenses (or even a reasonable range for them) challenging.

As with medical and therapeutic costs, the costs of facilitating family time vary with each child's circumstances. For example, their mother and / or father may be living interstate requiring flights and accommodation for support workers as well as the child to visit them. There can also be significant travel costs to regional areas to visit family or for family to visit. In other cases, there may be minimal expense if family live locally.

As discussed further in Chapter 9, we consider that these costs are not suitable to include in a benchmark cost. For illustrative purposes we have included average costs (based on children in DCJ care) in the benchmarks in Chapter 10. However, if providers are funded based on the average, the individual needs of children may not be adequately funded. As the costs are likely to vary significantly across different children, actual annual costs for providers may look very different from the average. For larger providers this may even itself out, but smaller providers are likely to find it more difficult to absorb fluctuations in costs relative to their funding. This is also likely to be a problem for providers who primarily deliver a type of care where the costs of meeting children's needs may be consistently higher than the average.

We have also not developed a care allowance or benchmark cost for intensive home-based care where carers are paid for their time and expertise in caring for children. These professional foster care arrangements tend to be more bespoke and are more appropriately arranged on a case-by-case basis by DCJ as currently. Chapter 3 discusses examples of professional and therapeutic foster care in NSW.

4.5 The impact of location on costs

Our Terms of Reference require us to consider how costs vary by location. There is currently no location-based variation in the pricing of the PSP packages with service providers across NSW receiving the same package funding for the delivery of out-of-home care, regardless of location. Similarly, there is no variation in the care allowance.

We have heard from providers and carers that there can be additional costs incurred in the delivery of out-of-home care outside metropolitan areas. The sections below discuss what we have heard and how we have considered the impact of location on the cost of providing out-of-home care.

4.5.1 There is mixed evidence for higher regional labour costs

We have heard that services, even in large regional centres, often face challenges recruiting and retaining skilled and qualified staff. We sought cost information from providers and investigated other sources to confirm what we have heard about the costs of service delivery in regional areas, and to be able to quantify this impact.

As discussed in Chapter 5, we found that the evidence for regional variations in casework salaries was inconclusive. We also found contradictory evidence for the impact of regionality on casework time. ACWA submitted that its members disagree with this, arguing that regional and remote service provision incurs costs associated with distance where travel is frequently required for routine care. Due to the distances involved, overnight stays and associated accommodation costs are common to carryout activities such as home visits, family time, cultural connections and family finding work.¹⁰⁵

We acknowledge that distance may impact on costs however, these may be partially offset by less time being required for certain casework tasks, as found by DCJ's casework study. In the absence of conclusive data, we have not recommended a loading for casework salaries or caseload based on location.

Similarly, for care staff in residential care the evidence was mixed. We have heard that providers in regional areas experience difficulties in attracting and retaining therapeutic staff for residential care. This has resulted in providers subcontracting therapeutic care staff from labour hire agencies, increasing costs and leading to requests for additional funding.¹⁰⁶

However, in our information requests to providers, we found that actual salaries paid were lower in regional areas. We caution against using this data given the relatively small sample size, which included several providers operating across several NSW regions making it more difficult to isolate regional cost differences.

Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009 sets out the general conditions of employment applicable to non-executive DCJ staff. The award provides for the payment of a remote area living allowance to staff (and their dependents) as well as assistance to staff stationed in a remote area when travelling on recreation leave in certain circumstances.¹⁰⁷ Due to the remoteness of the area covered by these entitlements we have not included them in our benchmark model.^b There are no equivalent allowances in the SCHADS Award that are applicable to employees of non-government providers.

We undertook some analysis to compare providers in metro and regional areas, correcting for organisation size, and found that there was no material difference in total administrative costs for large organisations based in metro areas compared to those located in regional areas.¹⁰⁸ As a result, we have not applied a regional loading to our administrative cost estimates.

4.5.2 The evidence does not support a regional loading for the care allowance

We note that the 2002 Costs of Caring Study (which was used to establish the care allowance) recommended “that carers in remote and rural areas receive a loading on the standard subsidy payment to assist with extra costs attributable to distance”.¹⁰⁹

However, this recommendation was not adopted in NSW, and as noted above, the current care allowance does not vary by location. This is in contrast with several Australian jurisdictions which 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 due to the higher cost of living in remote areas.¹¹⁰

Given what we have heard from carers, and the example of other Australian jurisdictions, we considered whether it would be appropriate to apply a loading for the care allowance in NSW, as discussed below.

Food and groceries can be more expensive in remote areas

We engaged the Melbourne Institute to review the cost of meeting the day-to-day living costs of children in care (see Chapter 3 and Appendix B for more information). As part of this study the Melbourne Institute estimated the average marginal effects in percentage changes in expenses based on the ABS remoteness categories,^c with Major Cities as the reference group.

Grouped into 3 categories of Major Cities, Regional (Inner and Outer Regional) and Remote (Remote and Very Remote), Melbourne Institute found that across household expenses, total expenses were around 4% lower in Regional and 22% lower in Remote areas (in \$2022). While expenses for some household items (for example, medical costs) were higher in Remote areas, these results were not statistically significant.

^b For full details on these entitlements see clauses 39 and 40 of the *Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009*.

^c Based on the ABS *Australian Statistical Geography Standard (ASGS) Remoteness Structure*, the five remoteness classes are: Major Cities, Inner Regional, Outer Regional, Remote and Very Remote.

The final report in the supermarkets inquiry undertaken by the Australian Competition and Consumer Commission (ACCC) found that high grocery prices are a particular problem in remote locations. This is exacerbated by the lack of store choice for many consumers in remote locations meaning consumers are not able to shop around, as well as a lack of price transparency.¹¹¹ Similarly, the Productivity Commission's 2020 review of remote area allowances found evidence that food and grocery prices increase with remoteness.¹¹²

However, both these studies were Australia-wide, and their observations of higher costs in remote areas were not in NSW. The areas the ACCC considered particularly vulnerable to higher prices were in the Northern Territory, particularly in First Nations communities,¹¹³ and the Productivity Commission's observations of higher food costs were for the remote areas in Western Australia, the Northern Territory and Queensland.¹¹⁴ We note also that the Productivity Commission found that data on the cost of living in remote areas was patchy and required careful interpretation.¹¹⁵

However, housing costs are lower outside metropolitan areas

Generally, the cost of housing is higher in metropolitan areas. On this basis, it could be argued that carers living in higher cost areas should receive a loading for housing costs. However, we are not proposing this at this stage. Rather, the same estimate for the cost of housing (rent/mortgage) included in the care allowance applies to all carers.

We consider that although some household costs may be higher in regional and remote areas, this is largely offset by the lower cost of housing in these areas. Coupled with a lack of strong evidence, we have not recommended a regional loading for the care allowance.

We recommend costs incurred accessing medical and therapeutic services be met

Separate to the costs covered by the care allowance, carers in regional and remote areas may incur higher costs accessing medical and therapeutic services and facilitating family time, particularly where either of these require them to travel. We note that that limited options for specialist medical services also increase travel and associated costs.

As discussed in Chapter 9, we recommend that the cost of medical and therapeutic services and supporting access to family time be funded based on the actual costs incurred (rather than estimated in the build-up of package costs). This includes the costs incurred accessing these services, such as travel and accommodation. This would help ensure that carers are not out-of-pocket for these costs when accessing essential services for the children in their care.

We note that the National Disability Insurance Scheme (NDIS) unit pricing limits for different services are 40% higher in Remote areas and 50% higher in Very Remote areas.^{d116} To the extent that the NDIS unit costs are used to establish unit costs for various out-of-home care wrap around services, these loadings will be captured.

^d The NDIS uses a modification of the Modified Monash Model (MMM). Remote is defined in the NDIS as MMM 6 and Very Remote as MMM7.

4.5.3 Rental costs differ by region

We considered the use of a location based median rent to set the benchmark for the cost of properties for residential care, emergency arrangements and independent living.

However, as discussed in Chapter 7, the difference in annual rent between regions is a relatively small component of the total cost of providing out-of-home care in a residential care model and applying a different rate by region may add administrative complexity. This was supported by DCJ, which deemed the median rental an appropriate benchmark and agreed that the administrative burden would likely outweigh any benefits, given the cost variances are immaterial.¹¹⁷

Chapter 5 »

Casework costs

This chapter sets out our analysis of the costs of delivering casework for children in out-of-home care

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Caseworkers provide case management support to children in out-of-home care as well as their families and carers. IPART has investigated the efficient costs of casework for the Department of Communities and Justice (DCJ) and non-government providers. The key components of casework costs include:

- **Caseload** - the number of out-of-home care cases that a caseworker holds at any point in time
- **Caseworker costs** – combining the caseload with **staff salaries and salary oncosts** of caseworkers as well as casework managers and casework support staff and accounting for **team structure** by looking at the number of supervisory (casework managers) and support staff (casework support workers) relative to caseworkers
- **Casework loadings** – additional casework cost needed to support a child in out-of-home care based on the case, child or agency characteristics.

This chapter summarises our analysis of casework costs. More detailed analysis of each of these elements is included in Appendix C.

5.1 Chapter overview

There are many factors that influence how much time a caseworker spends to support children in care and there are differences in the quality of those interactions. As indicated in our Interim Report there are currently significant differences in caseloads across the sector and limited data to support what level is efficient. There is also evidence that lower caseloads that were allowed for under the PSP have not led to better outcomes for children.

The relationship between caseload and outcomes for children is complex and multi-directional. Lower caseloads do not necessarily mean improved short-term outcomes for children, as caseworkers generally spend more time with children who need additional support such as those experiencing, or on the cusp of, placement breakdown.

To understand what drives improved outcomes for children and families, we consider that there needs to be data collected on the type and frequency of casework provided (for example, how many hours of family contact time is supported by caseworkers), coupled with data on outcomes for children in out-of-home care. Improved data would enable identification of effective and efficient casework practice and a more informed decision on what caseloads are optimal. Assessing and evaluating effective and efficient casework practice will lead to better use of out-of-home care funding and ensure the appropriate services are reaching the children and families that most need it.

As this data is not currently available, it was necessary to rely on the same information that informed the costing that underlies the PSP. However, recognising the uncertainties around the effectiveness of these caseloads we have decided to adopt a reasonable range rather than a point estimate based on some variation around the level supported by the available information.

Our estimate of efficient casework costs for each type of provider is based on our view of what it would cost them, if they were operating at a caseload within the range we have identified, with an efficient team structure and meeting their employment terms and conditions under the applicable award.^a As a result, the efficient casework costs are different for DCJ and non-government providers, even though the caseloads are the same.

We have also identified a number of circumstances where we consider that casework costs would be higher for particular children. As a result, we have estimated additional casework costs that will apply in the following circumstances:

- **Aboriginal children** – evidence shows that caseworkers spend an additional 1.6 hours per 4 weeks (or 21 hours per year) on casework for Aboriginal children relative to a base case.^b The prevalence of Aboriginal children in out-of-home care and concentration of Aboriginal children with ACCOs warrants an additional casework cost to ensure the needs of Aboriginal children are met.
- **Children with a case plan goal of restoration** – this applies to a small proportion of children in out-of-home care and these children are distributed fairly evenly across providers. However, the casework required for these children is very intense. Separately costing and pricing this component for these children should help incentivise providers to work towards permanent placement principles and to acknowledge the intensive casework required to restore children to their families (we estimate this component to be an additional 107 hours per year that includes restoration casework, family time and case plan goal review). We have also included the cost of parenting programs and wrap around support for the parents of these children and an efficient cost for post-restoration support. This adjustment is higher than proposed in our Draft Report.
- **Legal support for adoption matters undertaken by DCJ or Accredited Adoption Service Providers (AASPs)** – legal officers or solicitors are required to review and prepare the required court documents for adoption matters and attend court as needed. Based on data provided by DCJ after publication of the Draft Report, we estimated an additional 87 hours for legal officers or solicitors to support adoption matters. This decision is new since our Draft Report.
- **Court related support work whilst interim orders are in place** – where case management is transferred to a non-government provider and a child is on interim orders, DCJ and non-government providers hold complementary roles. DCJ primarily leads the court work; however, in doing so relies heavily on the input of non-government providers. Based on data provided by DCJ after publication of the Draft Report, we estimated an additional 51.5 hours for supporting court work whilst a child is on interim orders. This decision is new since our Draft Report.

^a In relation to employees in the classifications for the Social and Community Services Sector under the *Social, Community, Home Care and Disability Services Industry Award 2010* this includes the application of the *Social, Community and Disability Services Industry Equal Remuneration Order 2012* PR525485.

^b Base case refers to a case with no case or child characteristics that have been identified as requiring additional casework time.

- **Children with a culturally and linguistically diverse (CALD) background** – we propose to include the costs of a cultural worker for these children. Compared with the amount proposed in our Draft Report, we have included an additional cost to support implementation of the cultural plan.

Note that although we have separately identified loadings for Aboriginal children and children with a CALD background, we also recommend that DCJ consider whether it is worthwhile incorporating these loadings into a revised pricing structure, or whether a simplified approach to funding is preferred. Our analysis of how a simplified approach could work is presented in detail in Section 11.2.2.

Following the Draft Report, we received feedback that the number of hours of caseworker time spent on family contact were not sufficient. We have not changed our decision in relation to the number of hours of additional family time to include. We consider that family time is already incorporated into the caseload, as it reflects a typical task undertaken by a caseworker. However, we have suggested an increase in casework for children with a case plan goal of restoration. We have costed additional family time in section 5.5.2 and Appendix C. Should DCJ consider that this requires additional funding, this amount could be added to the casework cost.

5.2 How we considered efficiency for casework costs

As a starting point, we applied the caseload approach to estimate a base level of casework^c. The caseload approach identifies a reasonable range for the number of cases that a caseworker manages at any point in time based on the available information. The caseworker salary costs per year are then divided through by the caseload (i.e., number of cases per caseworker at any point time) to estimate the casework cost per child per year.^d Next, we identified additional costs for children requiring additional support and this has been estimated on an hourly basis. We have therefore, used a combination of caseload and activity-based approaches to determine the efficient cost of casework on a per child basis.

It is challenging to suggest an optimal or efficient caseload as it requires insight on services provided and outcomes achieved, which can be considered alongside the cost implications. Given that DCJ undertakes limited monitoring of service delivery and outcomes in out-of-home care, we have collated information on the casework cost components from various sources and recognise the parameters and contractual arrangements which non-government providers are held to when delivering out-of-home care services.

^c Rather than an activity-based approach which establishes all casework activities and the average time for each activity. The total casework hours per child is then multiplied by the caseworker hourly cost to arrive at a casework cost per child per year.

^d The caseworker salary costs per year include an allocation of casework manager and casework support staff salaries and salary oncosts.

We have considered the following sources for estimating casework costs (set out in detail in Appendix C):

- literature review of caseloads for different types of care
- DCJ's internal analysis relating to casework and performance metrics
- caseloads prescribed under the Permanency Support Program (PSP) contracts and other PSP pricing information
- information returns from non-government providers relating to the caseload, caseload complexity and workforce data
- DCJ workforce data including salaries and team structures
- submissions from various stakeholders on estimates of certain casework activities.

For our caseload analysis, we relied primarily on the DCJ studies, PSP service requirements, and literature review, as we consider that they are the most robust sources of information.

We have considered the caseload data provided by non-government providers, however, we note that the information is based on small sample sizes and reflects current practice, which is itself influenced by the current funding assumptions. For the data provided on additional casework time for particular categories of children, we note that the additional hours estimated by non-government providers adds up to substantially more than the total number of hours available in many cases. As a result, we have predominately used the non-government providers' information returns to sense check the other caseload data and to identify areas for additional consideration.



Casework information needs to be carefully considered with other sources of information

Given the difficulty in quantifying additional casework time retrospectively for certain case and child characteristics, we have used the information provided by non-government providers as a sense check against our casework findings.

We acknowledge the limitations of our approach in using data reflecting current practice without a strong link to children's outcomes. To recognise these limitations, we have decided to adopt a reasonable range for caseloads rather than a point estimate. We anticipate that next time this analysis is undertaken that improvements in data collection will assist with this task (see Table 5.1 below). We heard from non-government providers about their specialist teams such as family finding and positive behavioural support that they consider have contributed to better outcomes for children in their care.¹¹⁸ We suggest DCJ consider the specialist functions performed by non-government providers and to investigate the effectiveness of such functions and the impact on the outcomes of children in care and whether there are synergies that could be gained from innovative practices.

Table 5.1 describes our preferred efficient casework cost analysis, our adopted approach given the data available to us, and suggested data collection to improve assessing casework efficiency for future reviews.

Table 5.1 Measuring efficiency in casework cost

Preferred efficient cost analysis	Analysis undertaken and limitations	Potential improvements
Casework		
To estimate an efficient casework cost, it would be preferable to have data on casework activity including duration of activity and frequency linked to outcomes. This would provide insight into what works to improve outcomes for children in care. This could then be combined with data on the costs of different approaches to estimate a caseload that would maximise these benefits in the most cost-effective way.	While we do have DCJ's internal analysis on casework, there is no equivalent information for non-government providers and no matching data on outcomes achieved. Spending more time on a case may not necessarily correlate with better outcomes. We have used the following data to inform our estimated efficient casework cost: • Literature review • DCJ's casework study, and performance metrics • PSP service requirements • Information returns from NGOs on caseload and team structures • DCJ workforce data • Meetings with DCJ caseworkers • Relevant awards for labour costs • Submissions from various stakeholders on estimates of certain casework activities. DCJ and non-government providers have different Awards that apply; therefore, the efficient casework cost differs between them for the same caseload.	Collecting data on services provided and matching with outcomes achieved would assist with future analysis on caseloads. Implementation of a quality assurance framework could provide rich information on the relationship between caseload and outcomes for children.

Intrinsically, caseload represents the expected average casework time per family. To understand whether more casework time per family drives better outcomes, we have analysed performance data of non-government providers offering foster care placements and compared this against their actual caseload. While this did not entail statistical analysis, we attempted to identify trends around casework time with families and short-term measurable outcomes.

We found that the relationship between caseload and short-term outcomes is complex. The Association for Children's Welfare Agencies (ACWA) noted that higher caseloads may lead to poor outcomes such as placement breakdowns and carer dissatisfaction.¹¹⁹ Our analysis found that there is no compelling evidence that lower caseloads are correlated with improved short-term outcomes. This is likely because more casework time is spent on children who are in danger of having poorer outcomes (placement breakdown, absconding, self-placement) and less casework time is spent on children with more stable placements. Current data did not allow us to interrogate these relationships further.

More detail on our approach to estimating an efficient caseload and our analysis on short-term out-of-home care performance metrics is in Appendix C.

5.3 Efficient caseloads by placement type

An average caseload represents the expected average number of cases that a caseworker would manage at any point in time. In practice, a caseworker is likely to support children with varying levels of need and at different ages, as well as children at different stages in out-of-home care. For example, throughout a child's journey in out-of-home care, times of crisis (such as a placement breakdown) is likely to require more casework support, while children in stable placements would need less caseworker time.

An average caseload provides a pragmatic approach that enables providers to adjust their caseworker's workload based on capacity and the range of children's requirements. One of the key factors driving variations in caseload is placement type. This is because typically, the needs and age of a child influence their placement type in out-of-home care, whereby children with low to medium needs are generally placed in home-based care, while children with relatively higher needs aged 12 years and above are placed in residential care.

We examined the caseload information available in the PSP service requirements and literature coupled with our data analysis using information from the PSP pricing assumptions, and non-government providers' information returns. We note that despite concerns raised by the PSP Evaluation, there is no more recent data on the effectiveness of current casework practices that we could use to inform our estimates.

Based on our findings we propose the following efficient caseloads by placement type in Table 5.2. Additional casework activities such as family time and case plan goal reviews are not included in these base caseloads and are described in section 5.5.2 and Appendix C.

Table 5.2 Efficient caseloads by type of care

Placement type	Efficient base caseload ^a
Foster and relative/kin care	10-14
Intensive carer models ^b	n/a
Residential care	4-8
Independent living	10-14
Independent living with therapeutic support	6-10
Emergency arrangements	Same as previous placement, otherwise same as home-based care
Not in placement	4-8

a. Where caseload refers to number of cases per caseworker

b. Due to the small number of children currently in these placements and the bespoke nature of these arrangements we have not proposed an efficient caseload.

Source: IPART analysis.

In our Draft Report, we proposed specific caseloads for each placement type based on the available evidence. Having considered the available data in more detail, including the findings of the PSP Evaluation, and taking account of the wide variation in current practices, we decided to instead adopt a range for the Final Report.

We have also further considered the assumptions underpinning the hours for reconnecting with family for children in independent living. In our Draft Report, we included children who required additional casework for leaving care and reconnecting with family.^e We are of the view that there was some duplication included in this estimate and have increased the caseload to correct for this.^f

In our Draft Report we proposed that the caseload for children not in placement remain the same as their previous placement. Following release of the Draft Report, we received new information on 'not in placement' events and analysed their frequency and duration. Our analysis of 2023-24 data shows that when a child is not in placement, it is generally not a once-off event for that child and on average happens twice per year (averaging 21 days per event) for those children that are in home-based care or five times a year (averaging 9 days per event) for those children in residential care. These placement changes coupled with the need to ensure the child or young person remains safe means that casework is likely to ramp up during these periods. In addition to conducting continuous risk assessments, there is also a requirement to review the case plan including assistance to return to the placement or transition to another placement, arrange a permanency goal review and also conduct a carer review. In light of these findings, we have also adjusted the base caseload for not in placement to 4-8 cases per caseworker to account for the intensive casework required. (Additional support for a child not in placement such as transport and food costs are discussed in Chapter 9.)

In response to the Draft Report, we received feedback from one stakeholder that the residential care caseload of 6 children per caseworker is impractical for houses with four children, as it suggests caseloads must be managed across multiple houses.¹²⁰ We acknowledge that a caseload of 6 would mean that caseworkers would need to provide casework support to children across more than one house, particularly under current residential care models, which are typically either 2-bed or 4-bed homes. For the Final Report, we have included a reasonable range of 4-8.

Further information on drivers impacting caseload as well as details on our caseload analysis can be found in Appendix C.

^e Under the PSP, 15+ Reconnect payments are available to non-government providers to support young people aged 15 years and over in their care with family time to develop and maintain relationships as they prepare to leave care.

^f The additional time for reconnecting with family allowed for in the PSP is 37 hours on top of the base estimate for all children with a long-term care case plan goal. Our efficient estimate of family time for all children with a long-term care case plan goal is 28 hours. We are of the view that 28 hours of family time is adequate to support a young person leaving care, particularly if the hours had previously not been used, as a result of limited connection to family while in care (which we consider is part of the rationale for a Reconnect program).

5.4 Caseworker staffing and wage costs

Labour costs are a primary driver of casework cost. As part of estimating efficient casework costs, we considered casework staff salaries, salary oncosts and team structures (that is, casework managers and casework support staff).

Our terms of reference require us to report on the efficient costs of casework for DCJ and non-government providers. As discussed in Chapter 4, we consider that the efficient cost for each of them would be based on the least cost for them of delivering the efficient caseload. For example, it is not possible for DCJ to reduce its own cost of delivering the efficient caseload by paying caseworkers below the relevant award rate for DCJ caseworkers. The salaries payable to caseworkers at DCJ and non-government providers are each governed by different awards. The efficient costs are also affected by team structure. There is scope for DCJ to share staff across out-of-home care with related functions, such as child protection. Non-government providers are not able to do this to the same extent given the differences in scale of operations.

Having reviewed salaries, salary oncosts and team structure information provided to us by non-government providers and DCJ, we calculated the efficient salaries and hourly cost for casework staff in Table 5.3. We have examined the relevant awards and analysed the reported pay rates provided to us by DCJ and non-government providers when determining an efficient casework cost. Unless otherwise stated we have used the full-time and part-time rates of pay under the relevant awards. We have relied primarily on what the prevailing award deems to be a fair rate of pay and employment conditions based on the expected role and responsibilities, noting that some non-government providers may have enterprise agreements which provide better conditions.

Table 5.3 Efficient caseworker annual and hourly costs, \$2024-25

Role	Non-government provider	DCJ
Caseworker annual salary including salary oncosts	\$111,659	\$128,052
Casework manager annual salary including salary oncosts	\$135,440	\$165,337
Casework support worker annual salary including salary oncosts	\$96,479	\$111,713
Fully-loaded caseworker annual salary ^a	\$144,790	\$167,631
Fully-loaded caseworker hourly cost ^b	\$130	\$162

a. The fully-loaded caseworker annual salary includes an allocation of casework manager and support staff. This is then applied to caseload levels to estimate a casework cost on a per child per year basis

b. The fully-loaded caseworker hourly cost includes an allocation of casework manager and support staff, and is then divided by available working hours accounting for leave and time spent on administrative tasks. This casework hourly cost is then applied to casework hours estimates to determine a casework cost on a per child per year basis

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

We applied the maximum pay point in a level rather than the mid-pay point level within the *Social, Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award/SCHADS) Social and Community Services (SACS) employee classification level to ensure the costs accommodate an experienced workforce and address differences in team structures across non-government providers.⁹ For DCJ we applied the observed *Crown Employees (Public Sector – Salaries 2024) Award*^h grade, as they represent the current mix of casework staff and the relevant grades. Our casework staffing assumptions for 2024-25 are described below:

- For non-government providers, caseworker salaries are assumed to be at SCHADS SACS classification level 4.4, casework managers at SCHADS SACS classification level 6.3, and casework support at SCHADS SACS classification level 3.4.
- For DCJ, caseworker salaries are assumed to be at grade 5 of the Crown Award, casework managers at grade 9 and casework support at grade 4.
- Salary oncosts including superannuation, leaving loading, payroll tax, workers compensation, long service leave, as well as training, recruitment and support are set at 21.6% for non-government provider caseworkers, and 27.9% for DCJ.
- We have assumed 1 casework manager for every 7 caseworkers, and 1 casework support staff for every 7 caseworkers for both non-government providers and DCJ.
- We estimate the total available working hours per year for caseworkers to be 1,115 for non-government providers and 1,037 for DCJ.

In response to the assumptions in our Draft Report, one stakeholder expressed their concern that the assumed SCHADS SACS classification level of 4.4 for a caseworker undervalues the role as experienced caseworkers often progress to SCHADS SACS classification level 5.¹²¹ We have based our proposed caseworker SCHADS SACS classification level of 4.4 on the average caseworker grade reported by non-government providers, as well as the classification definitions for SACS employees in the SCHADS Award. For benchmarking purposes, we have chosen to set the cost by selecting a particular typical/average grade. However, we acknowledge that in practice there is a distribution around this with less experienced caseworkers remunerated at a lower rate than a SCHADS SACS classification level of 4.4, and more experienced caseworkers at a higher rate.

We also note that it is not within the scope of the review to consider the appropriateness of classification structures (including pay rates) and conditions of employment as these are set by the relevant awards. To the extent that there is any amendment or change to the awards, consideration will need to be given to the consequential effects.

Further details on casework staffing costs are set out in Appendix C.

Table 5.4 presents the estimated efficient caseworker costs by placement type and by provider. These were estimated by taking the annual costs of caseworkers (taking into account salaries, oncosts and team structures) and dividing through by the efficient caseload by placement type.

⁹ We acknowledge and note that there can be large differences between the pay points and the classification rules for pay points and levels are complex.

^h Which applies in conjunction with the *Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009* (Crown Award).

Decision



2. The estimated reasonable range for annual efficient casework costs by placement type are set out in Table 5.4.

Table 5.4 Annual efficient casework cost per child, \$2024-25

Placement type	Non-government provider	DCJ
Home-based care	\$14,310 - \$18,440	\$15,450 - \$20,240
Residential care	\$21,850 - \$39,950	\$24,160 - \$45,120
Independent living	\$14,970 - \$19,110	\$16,280 - \$21,070
Independent living with therapeutic support	\$19,110 - \$28,760	\$21,070 - \$32,240
Emergency arrangements	Same as previous placement, or same as home-based care if entering care	Same as previous placement, or same as home-based care if entering care
Not in placement ^a	\$18,210 - \$36,310	\$19,640 - \$40,590
Intensive foster care	Not costed	Not costed

a. The casework cost for not in placement is less than residential care, although the base caseload is the same. This is because family time casework is not included in not in placement arrangements.

Note: The efficient casework cost includes the casework costs for case plan goal reviews and family time for children on long-term care.

Source: IPART analysis.

5.5 Additional casework costs for particular children

Some children have higher casework needs than others because of their particular characteristics or circumstances. The caseloads suggested above are considered appropriate for a typical mix of children in care. Children with lower than average and higher than average casework needs are included in the 'typical' mix. However, where providers have a mix of children that is very different from the typical mix, the above caseloads may not reflect the casework they are required to undertake.

This section sets out the particular circumstances in which we consider children have an additional casework cost that would not be adequately recognised by adopting the caseloads above (Appendix C includes more detailed analysis on these adjustments as well as consideration of other items that we considered but do not suggest an additional cost be allowed for). We are aware that there is a need to balance the administrative burden of additional or separate payments versus the materiality of the benefit and have taken into account the weight of evidence, the significance of the cost and the impact on providers in recommending adjustments be made.

5.5.1 Aboriginal children

Our analysis showed that Aboriginal children require an estimated additional 21 hours of casework per year.

The rationale for separately identifying the additional costs for these children includes:

- There are additional casework tasks, as set out in DCJ policy, to support Aboriginal children in out-of-home care's connection to culture
- DCJ's internal analysis included a regression analysis on additional casework time for Aboriginal children in out-of-home care compared to a base case
- Aboriginal children are overrepresented in out-of-home care
- The proportion of Aboriginal children varies widely between providers
- Aligning with the National Agreement on Closing the Gap.

The estimated efficient 'base' caseloads have been adjusted to account for the Aboriginal casework loading. This is because the 'base' caseload factors in the current mix of children, which reflects a proportion of Aboriginal children. Therefore, we have 're-based' the caseload for each placement type to adjust for the additional casework cost for Aboriginal children. This is presented in Appendix C.

5.5.2 Children with a restoration or permanency goal

Our analysis showed that children with a goal of restoration or permanency require an estimated additional 107 casework hours (compared to long-term care cases), comprising of:

- 66 hours of restoration casework (excluding court work)
- 32 hours of family time (which gives 60 hours of family time in total for children with a restoration or permanency goal)
- 9 hours of case plan goal reviews.

We have assumed that post-restoration casework will involve six months of casework at the same caseload as home-based care. For children not in placement with a goal of restoration or permanency we estimate an additional estimated 75 casework hours comprising of the same elements above excluding family time.

The rationale for costing these additional items separately for children with a restoration or permanency goal includes:

- The casework required to achieve permanency is different in nature to the work required to maintain a stable placement and specifically promoting the concept of permanency helps promote a positive shift in the mindset of caseworkers and carers.¹²²
- Although only a small proportion of children in out-of-home care have a restoration case plan goal, the loading in casework is an incentive to promote achieving the permanency placement principles contained in the *Children and Young Persons (Care and Protection) Act 1998*.

- It provides greater transparency for providers around how much additional work is expected and as a result, it can more easily be increased or decreased as greater evidence is collected to support efficacy of these additional activities.

Given the evidence available to us, our Final Report includes a higher estimate of the casework associated with restoration (66 hours) than what was included in our Draft Report (52 hours). We made this change after reviewing additional information from DCJ on current restoration teams as well as data from other jurisdictions.

We have maintained an estimate of 60 family time hours (or an additional 32 hours of family time compared to children in long-term care). In response to our Draft Report, ACWA provided estimates for family time for a restoration case, which amounted to 120 hours per child per year based on actual data it obtained from providers.¹²³ We also received additional information from DCJ that family time for DCJ children with a restoration case plan goal averages 62 hours per child per year. Family time can be carried out by caseworkers, casework support, family time workers or outsourced to family time providers. For this analysis, the DCJ data available to us related to outsourced family time providers, which is not necessarily equivalent to the costs that would be incurred if family time was wholly undertaken by caseworkers.

While we did not change our estimates, we accept that there is some uncertainty. The hourly caseworker costs identified in this report are intended to assist DCJ to provide specific additional funding based on updated family time hours where sufficient evidence is available to suggest that additional hours of casework are warranted.ⁱ As an example, using the hours submitted by ACWA (120 hours of non-government provider delivered casework time per year instead of the 60 hours per year we have estimated) would add an additional \$7,790 per child per year to the cost of care.

We also heard from ACWA that the casework required to achieve a restoration or guardianship case plan goal are not equivalent.¹²⁴ We acknowledge that there are likely to be differences in casework activity, however the data we relied on did not separately identify casework hours for restoration and guardianship and as a result, we have not separated our estimates for these. Data provided to us by non-government providers on the additional hours of casework required also showed that on average, providers estimated the same value for additional casework time for both guardianship and restoration.

More information on the analysis and data underlying these estimates is set out in Appendix C.

5.5.3 Legal work for adoption matters

Our analysis showed that an estimated additional 87 legal officer or solicitor hours should be included as a once off cost to reflect additional legal support for adoption matters.

DCJ or Accredited Adoption Service Providers (AASPs) are required to review and prepare the required court documents (for example affidavits, adoption plans) for adoption matters as well as attend court as needed. This estimation is based on the average time estimates of legal officers or solicitors progressing adoption matters in court provided by DCJ.

ⁱ Caseworker cost includes the salary and oncosts of caseworkers, as well as a ratio of support staff and managers.

5.5.4 Court related support work for non-government providers whilst interim orders are in place

Our analysis showed that the costs associated with supporting court work whilst interim orders are in place is an estimated 51.5 casework hours (once off, on entry).

Where case management is transferred to a non-government provider and a child is on interim orders, DCJ and non-government providers hold complementary roles. DCJ will primarily lead the court work, however, in doing so it relies heavily on the input of non-government providers. This includes the provision of assistance related to the preparation of affidavits, gathering evidence, establishing the desired outcome for the child (e.g. a restoration order or other permanency options such as guardianship order, adoption order or long-term care plan) and attending court when required.

Currently, aside from the 'restoration case plan goal package' non-government providers do not receive explicit funding for intensive court work support whilst interim orders are in force.¹²⁵ We considered and used the information supplied by ACWA on estimated court work time in response to our Draft Report.

The System Review into out-of-home care found that opaqueness in responsibilities while children and young people were on interim orders, and the resulting lack of collaboration and information sharing contributed to lengthy delays in court proceedings.¹²⁶ In light of this, the report recommended that DCJ should retain case management for all children until final court orders are made.¹²⁷ Should DCJ move towards holding case management for all matters until final orders are made, the costs proposed in this section would no longer form part of the funding for non-government providers assuming they will not be required to conduct any court related support work for interim orders.

We consider that DCJ's involvement in all court proceedings involving final orders would result in DCJ spending more hours on legal support court work compared to a non-government provider. For this reason, we consider that the 51.5 hours we have estimated for non-government providers cannot be readily applied to DCJ. Where a child is solely case managed 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.

5.5.5 Children with a culturally and linguistically diverse (CALD) background

The NSW Child Safe Standards for Permanent Care (Standard 4: Identity) requires that children maintain a meaningful connection with community, culture, language and identity. We have considered the additional costs associated with delivering this standard, including whether additional casework is required and the costs associated with developing and implementing cultural plans for these children.

While we did not find that additional caseworker time could be supported by the available evidence, our analysis found estimated additional costs of around 13 hours of cultural worker time should be included for children with a CALD background and an additional cost of \$350 per child per year to support implementation of cultural plans for these children. We noted some limitations with respect to the quality of the CALD identifier within the ChildStory system that stores casework related data. This is discussed further below as well as in more detail in Appendix C section C.5.5.

Available data suggests that about a fifth of the out-of-home care population has a CALD background, and one provider has a significantly larger proportion of CALD children in their care. It is complex to determine whether all children with a CALD background and/or their carers require additional casework support compared to non-CALD children and their carers and with a lack of robust data, it is challenging to estimate what the additional cost may be.

We looked at information from an internal casework study conducted by DCJ and information given to us from non-government providers. DCJ's internal analysis found that a child with a CALD background in out-of-home care required 22% additional casework time compared to non-CALD cases, however, once other factors were controlled for, the analysis found that the casework time was no different from other children. Non-government providers reported to us that an additional 50% of caseworker time is needed for CALD children relative to a standard home-based care case. However, we note that there may be overlapping reasons for this that we are unable to identify. At a task level, DCJ's study did find that developing out-of-home care case plans and providing support to carers took longer for CALD children.

In response to our Draft Report, which proposed 13 hours per child per year of cultural worker time (or a cultural worker supporting 89 children per year), we received information from Creating Links based on recent case study experience, on estimated time spent on developing cultural care plans (between 10 to 20 hours per child) and annual review of these plans (between 3 to 6 hours).¹²⁸ We also received feedback from stakeholders on the costs of implementing cultural care plans.¹²⁹ Settlement Services International queried whether we had considered when a child experienced a placement change and potentially requiring a new cultural care plan.¹³⁰ We took all of this information into account, reviewing the data available to us and found that our assumption of 13 hours per child per year is sufficient on average. We note that it is higher than the estimated hours received from Creating Links and this is the case even if we considered developing a cultural care plan every 2 years (as a scenario only) due to placement changes,

Decision



3. The estimated additional efficient casework costs based on a child's characteristics, circumstances or case plan goal are set out in Table 5.5.

Table 5.5 Estimated efficient casework loadings per child, \$2024-25

Placement type	Non-government provider	DCJ	Nature of cost
Aboriginal loading	\$2,710	\$3,370	Annual
Restoration and permanency loading – including case plan goal reviews, family time and parenting programs and wrap around support	\$17,120	\$19,080	Annual
Restoration loading for not in placement	\$12,970	\$13,910	Annual
Post-restoration support	\$4,750 - \$6,820	\$5,460 - \$7,860	One-off
Legal work for adoption matters	\$8,570 (plus filing fee if applicable)	\$13,070 (plus filing fee if applicable)	One-off
Court related support work whilst a child is on interim orders	\$6,690	n/a	One-off
Cultural workers and cultural maintenance for children with a CALD background	\$1,980	\$2,230	Annual

5.6 Impact of different caseloads on casework costs

In our Interim Report, we undertook a detailed assessment of the difference in the current cost to government (DCJ) of directly delivering foster care and the cost of outsourcing this care to non-government providers (home-based care only). Comparing direct service delivery costs of foster care, we found that non-government providers cost about \$13,000 per child each year more than DCJ. We found that 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, driven by differences in caseload.¹³¹

We have adopted the same 'efficient' caseload range for DCJ and non-government providers based on the available evidence. This will reduce the stated caseload for DCJ compared with what has occurred historically and discussed in our Interim Report. However, these lower caseloads are broadly consistent with our observations of current actual caseloads for DCJ (See Table C.1 for more detail).

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".¹³² The Office of the Children's Guardian has shared observations on drivers of good casework practice including adequately supporting carers, robust placement matching and building and maintain a skilled workforce including supervision and support for staff. The caseload that underlies funding assumptions will influence the quantity and quality of casework that is able to be delivered. However, as noted earlier in this Chapter, the relationship between funding and service delivery is not necessarily straightforward.

We understand that the level of casework provided varies by many factors such as the needs of the child, how much support a carer requires, whether the child has just entered care and whether their placement is stable. For example, research has shown the first six to seven months of when a caseworker establishes a placement for a child is vulnerable to instability, so caseworkers typically would be involved in more home visits and regular contact with carers to ensure they feel supported, while a child who is in a stable placement for the last few years may not require as much intensive support.¹³³

Our proposed ranges for caseloads are based on the available information to date, but the evidence base for assessing optimal caseloads has not moved on significantly since the PSP was put in place. As better data is collected, we anticipate that the evidence base will change and this may lead to a shift in what is considered optimal. We encourage DCJ to collect data on both casework input and on outcomes for children in out-of-home care, such as the Quality Assurance Framework (QAF), to enable continuous improvement of service delivery to vulnerable children and families.^j Assessing and evaluating effective casework practice will lead to better use of out-of-home care funding and ensure the appropriate services are reaching the children and families that need it.

Table 5.6 shows that for home-based care, reducing the caseload from the middle of the range (12 cases per caseworker) to the lower end of the range (10 cases per caseworker) results in a 15% increase in casework costs for non-government providers, while increasing the caseload from the middle of the range (12 cases per caseworker) to the top of the range (14 cases per caseworker) results in an 11% decrease. For residential care, reducing the caseload from 6 to 4 cases per caseworker results in a 43% increase in casework costs while an adjustment from 6 to 8 cases results in a decrease of 22% in casework costs for care delivered by non-government providers.

As mentioned above, we suggest collecting data on the type and frequency of casework activity in order to better understand what services improve outcomes for children so that informed decisions can be made on which caseload is the most appropriate combination of cost and quality.

Table 5.6 Sensitivity analysis of adjusting caseloads

Placement type and caseload	Non-government provider cost per child per year	DCJ cost per child per year
Home-based care		
Caseload of 14 cases per caseworker	\$14,310	\$15,450
Caseload of 12 cases per caseworker	\$16,030	\$17,450

^j The QAF was designed to measure outcomes of children in out-of-home care including safety, permanency, wellbeing (education, health, emotional/psychological, social, and cultural and spiritual identity). The QAF has yet to be implemented system-wide.

Placement type and caseload	Non-government provider cost per child per year	DCJ cost per child per year
Caseload of 10 cases per caseworker	\$18,440	\$20,240
Residential care		
Caseload of 8 cases per caseworker	\$21,850	\$24,160
Caseload of 6 cases per caseworker	\$27,880	\$31,150
Caseload of 4 cases per caseworker	\$39,950	\$45,120
Independent living		
Caseload of 14 cases per caseworker	\$14,970	\$16,280
Caseload of 12 cases per caseworker	\$16,690	\$18,270
Caseload of 10 cases per caseworker	\$19,110	\$21,070
Independent living with therapeutic support		
Caseload of 10 cases per caseworker	\$19,110	\$21,070
Caseload of 8 cases per caseworker	\$22,730	\$25,260
Caseload of 6 cases per caseworker	\$28,760	\$32,240

Source: IPART analysis.

Taking into consideration the base caseload and the additional casework loadings, the implied caseloads we have recommended for home-based care range from 6.3 (for ACCOs under a base caseload of 10) to 9.8 (for DCJ under a base caseload of 14) across the full mix of children. For non-government providers that are not ACCOs the implied caseloads range from 6.7 to 8.3, which is lower than the observed home-based care caseloads of 10 reported by non-government providers. While it is difficult to estimate a comparable value under the PSP, our analysis showed that the implied caseload assumptions for cases with a permanency goal of long-term care is 7 cases per caseworker, while a restoration case plan goal is 4 cases per caseworker.

Chapter 6 »

Administrative costs and corporate overheads

This chapter sets out our estimates of the efficient costs of administration and corporate overheads across different placement types



Our Terms of Reference require us to investigate and report on the efficient costs for the Department of Communities and Justice (DCJ) and non-government providers of administration and corporate overheads, and the costs of facilitating and administering the Permanency Support Program (PSP).

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

Administration costs and corporate overheads are closely linked to the administrative processes and requirements of the program in place. We have considered the current costs reported by providers as well as publicly available information on the level of costs that would be expected for similar providers operating in different regimes.

This chapter summarises our analysis of and decisions for these costs. More detailed information on the analysis we undertook, and our methodology is included in Appendix C.

6.1 Chapter overview

We have undertaken a comparative assessment across providers on a like-for-like basis, using costs reported by providers to DCJ. We have also examined detailed cost information from providers and analysed the costs in each category of administrative and overhead expenses. Using statistical analysis, supplementary information and qualitative assessment, we identified the level of these costs that we consider are efficient for providers within the current out-of-home care delivery system.

The data available from providers was limited and inconsistent. These limitations, and the wide range of reported administration costs for some types of care, meant we had lower certainty in some of our estimates, particularly those for residential care providers.

While we acknowledge that there are limitations in using actual cost data as the basis for our estimates, we consider that it is the most appropriate approach for estimating administrative and overhead costs in this review. Different regulatory regimes, capital structures, operating environments and contractual obligations could all be expected to impact the costs that would be incurred by an efficient provider. As a result, it is difficult to meaningfully compare these costs with entities operating in other sectors, with out-of-home care providers in other jurisdictions or even between out-of-home care providers who deliver different types of care.

The administrative complexity of the current PSP has been widely acknowledged. One of the consequences of using a comparison of actual costs in our review is that they are likely to be higher than is optimal because of this complexity. Without knowing what changes are likely under the upcoming reforms, we cannot correct for this in our cost estimates. We suggest that a further review of administrative costs be conducted after the implementation of any significant system changes in order to capture any efficiency gains associated with the new regime.

Our analysis showed that administrative costs for non-government providers vary significantly depending on the size of the organisation with no strong evidence that there are substantial fixed costs. For this reason, we have estimated these costs on a dollar per child basis, using the number of children in care with a provider as a proxy for organisation size. We used a different approach to estimate costs for DCJ, which may mean that these costs are not directly comparable with those of non-government providers (for example, the DCJ costs do not include an allocation of central agency costs such as policy teams or senior executives in the Department).

We found that:

- Home-based care only non-government providers could be expected to spend \$11,920 (\$2024-25) per child per year.
- DCJ has slightly higher administrative costs per child compared to large home-based care only non-government providers at \$15,360 per child (\$2024-25) per child per year.
- For residential care providers, administration and overheads costs are significantly higher at \$75,810 (\$2024-25) per child per year. There was a large range of reported administrative costs over a small number of providers, which made analysis of actual costs more difficult. Following the release of the Draft Report we undertook further analysis and conducted a survey to request information on operational house management and support staff.^a The increase in costs following the Draft Report primarily accounts for administrative costs associated with managing residential care facilities and staffing.

We also estimated the administrative cost to DCJ of administering the outsourcing of care under the PSP. We found that DCJ spends \$5,080 for each child whose care is delivered by a non-government provider under the PSP. This cost provides for \$1,800 on direct service delivery such as the cost of Child and Family District Unit (CFDU) caseworkers and \$3,280 to administer the PSP such as contract management. This cost has been considered as part of the costs of PSP that DCJ incurs under a hybrid out-of-home care delivery model.

We estimated the efficiency of administration and overheads wherever possible by comparing the costs across providers. However, we acknowledge that they may not reflect the efficient costs for a number of reasons. Recent reviews have observed the administrative burden of some aspects of the out-of-home care system. While we have taken this into consideration, it is challenging to estimate the impact of the administrative burden on non-government providers given the lack of granularity in financial data. As the system evolves, it is important that costs and funding are reviewed regularly and updated using all available data.

^a House management and support staff include rostering, accreditation, reportable conduct, accommodation management, operational managers, and support/admin staff.

6.2 How we considered efficiency for administrative costs

Administration and corporate overheads encompass a range of activities to support the delivery and commissioning of out-of-home care:

- **DCJ teams supporting DCJ-delivered out-of-home care** including quality assurance to meet the NSW Child Safe Standards for Permanent Care (such as reportable conduct teams to investigate reportable allegations made against authorised carers or care staff), training and upskilling of DCJ out-of-home care caseworkers including the roles of casework specialists and practice quality teams, district and operations management and corporate overheads such as finance, procurement, IT and payroll.
- **Non-government provider teams supporting the delivery of the PSP** including teams to ensure adherence to regulatory and service requirements, training and upskilling of non-government provider out-of-home care caseworkers, operations management and corporate overheads.
- **DCJ teams facilitating and commissioning the PSP** including contract management of PSP funded placements, engagement with PSP service providers in relation to contracts, Child and Family District Units (CFDUs) who perform residual parental responsibility activities to support children in PSP, Central Access Unit who conduct placement referrals, Permanency Coordinators, and training and upskilling of non-government provider caseworkers.
- **DCJ teams supporting the out-of-home care system as a whole** including information sharing for care leavers and with other government agencies, as well as ChildStory data teams to support caseworkers and other system users such as the NSW Ombudsman and non-government providers.^b

In estimating efficient administrative costs for DCJ, we have applied the avoidable cost approach set out in *Competitive Tendering and Contracting by Public Sector Agencies*¹³⁴ and *Cost Allocation and Pricing*.¹³⁵ Under this approach, we have captured all direct costs and a portion of some indirect costs (such as payroll and other overheads related to out-of-home care teams). However, executive staff costs (such as DCJ's Secretary and Deputy Secretaries) would remain fixed if out-of-home care services did not exist and so would not be included in our estimates. All else being equal, this may understate DCJ's administrative costs relative to that of non-government providers, which we expect have included an allocation of executive costs. Further discussion on the avoided cost approach is in Appendix C.

^b ChildStory is DCJ's information management system for children in out-of-home care and Child Protection.

For non-government providers, we have focused our analysis on comparing and assessing actual costs reported across the 48 providers who delivered out-of-home care. Our analysis showed a large variability in administrative costs across non-government providers even within the same placement types. We consider that this variation may result from different approaches to cost allocation and not purely a reflection of relative efficiency. Our ability to assess the level of efficient costs has been limited by the quality and detail of the available data. Administrative costs are generally recorded by providers as a lump sum payment that lacks the detail for further investigation. There may also be financial practices which may contribute to higher reported administrative costs, for example using corporate overheads to 'balance the books', or paying a percentage of funding as a corporate recharge to head office for shared services. DCJ's practice of clawing back funding that exceeds reported costs may contribute to a view of administrative costs as a balancing item. We consider that during the reform of the out-of-home care system guidance should be prepared to assist providers accurately and consistently allocate administrative costs.

We recognise there are activities that are required as part of the current PSP that may lead to increased administrative burden without contributing to improved outcomes for children. As a result, current reported costs are unlikely to represent an efficient level of administrative costs. We heard from DCJ that there is a risk in applying the observed administrative costs of non-government providers as it inherently embeds the inefficiencies arising from the PSP framework.¹³⁶ Our recommendations on pricing structure aim to reduce the administrative burden that stakeholders have mentioned, however it is challenging to provide realistic estimates of the costs specifically created by the PSP, as these practices are deeply embedded in providers' costs. While program changes may be able to reduce some of these, it is likely that many of these costs will remain in some form. We suggest that a review of administrative costs be conducted after implementation of any significant system changes.

Table 6.1 describes our preferred efficient administrative cost analysis, our adopted approach given the data available to us, and suggested data collection to improve assessing administration and overhead efficiency.

Table 6.1 Measuring efficiency in administration and overheads

Preferred efficient cost analysis	Analysis undertaken and limitations	Potential improvements
Administration and corporate overheads		
To estimate an efficient cost for administration and corporate overheads, it would be preferable to be able to identify the component costs to estimate average costs across similar providers. Being able to split these costs into fixed and variable costs would assist in assessing the relative efficiencies of different sized organisations, and key cost drivers.	Our analysis relied on financial statements from non-government providers and DCJ. We also requested administrative costs by placement types for large non-government providers who offer more than one placement type. There were several data limitations including: • Large variation in average administrative cost per child by placement type • Potential overallocation of administrative costs in residential care • Lack of granularity in financial data • Potential inconsistency in expense items classified as administrative costs vs direct service costs.	Further details on financial data, consistent categorisation of administrative expenses and corporate overheads (including into fixed and variable costs) and key drivers of these costs particularly for providers that offer residential care.

Preferred efficient cost analysis	Analysis undertaken and limitations	Potential improvements
	Current administrative burden is likely to impact on administrative costs. We have benchmarked across providers using actual costs.	

6.2.1 Cost structure and variation in administrative costs

We considered whether to express administrative and overhead costs on per child/per house (variable cost) or per organisation (fixed cost) basis, or a combination of both.

We examined reported costs as well as the composition of those costs and what drives them. We found two key cost drivers supported by the data:

- **Placement type** – there are significant differences in reported costs between different placement types. For example, residential care providers are required to manage properties and care staff, and have significantly higher administrative costs than home-based care providers.
- **Organisation size** – we observed a close link between the size of administration and overhead costs and the size of the organisation involved. The data did not support a large proportion of fixed costs, with both smaller and larger organisations reporting similar costs on a per child basis.

While we expect that there are minimum costs that an organisation would face no matter its size, by and large, administration and corporate overheads depend on the size of the organisation and there is no clear information to suggest that fixed costs are significant.

When we allocated costs into 'fixed' and 'variable' cost categories based on our own assumptions around cost drivers for home-based care providers, we found that the fixed component averaged \$565,000 per organisation for smaller organisations, while the average for large providers was \$2.8 million. We found a similar trend for non-government providers who offer both home-based and residential care.

This analysis may suggest that providers with fewer than around 50 children may be at risk of not recovering costs if those costs are funded on a \$ per child basis. However, this was not supported by the overall data, in which smaller providers on average reported lower per child costs than larger providers. Appendix D contains more detail showing how reported costs vary by provider size.

As a result of this analysis, we have estimated costs for each type of placement on a per child basis. This results in higher total costs for organisations with more children and lower total costs for organisations with fewer children, as reflected in the observed data.

For residential care, data could be reported on a per house basis, which would be consistent with the way some of these costs are likely incurred. However, in converting administration costs from a per child to a per house basis we would need to make assumptions regarding the size and occupancy of houses to avoid a systematic over or under-recovery of these costs.

We are aware that there is a practice to allocate a percentage of funding or costs to cover administration and overheads. This approach assumes, that as the placement costs increase, administrative costs also increase. However, there are certain cost components where if increased (for instance care allowances), we would not necessarily see a corresponding increase to administrative costs. Furthermore, there are some placements such as emergency placements that are expensive due to the stand-up nature of the placement, but it is not likely that administrative cost would result in a commensurate increase.

6.3 Analysis of DCJ's administrative costs

We considered the costs incurred by DCJ in delivering out-of-home care placements directly, and the costs of facilitating and administering the PSP. The relative cost of DCJ's delivery can be compared with the combined costs of non-government provider delivery and DCJ's costs of facilitating and administering the PSP to identify the most efficient mode of delivery from an administration and overheads perspective.

6.3.1 Calculating the administrative and overhead cost for DCJ-delivered out-of-home care

We used DCJ's detailed financial statements for 2022-23 to estimate the administrative costs for DCJ-delivered out-of-home care. 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 out-of-home care 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 out-of-home care caseworkers. We consider their method to be reasonable and have used their indirect costs allocated to out-of-home care in our analysis.

The total cost of teams categorised as supporting DCJ-delivered out-of-home care 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.^c We estimate DCJ's efficient administrative cost to deliver home-based care is \$15,360.

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. DCJ's administrative cost of delivering out-of-home care excludes direct service delivery (such as out-of-home care 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.

^c Administrative functions to support DCJ-delivered out-of-home care include reportable conduct and quality assurance; casework specialists and practice quality teams who train and upskill DCJ out-of-home care caseworkers; district management and administration teams; and corporate overheads.

DCJ has flagged that its administrative cost of delivering home-based care is fixed and would fall if the number of children cared for by DCJ were to increase.¹³⁷ We acknowledge that the fixed nature of centralised functions and the size and scale of DCJ means that an additional child in DCJ's out-of-home case management would not necessarily add another \$15,360 to administrative costs. However, there would be a point at which a material increase in children in DCJ out-of-home care would see an increase in administrative costs as existing staff and centralised costs are unable to absorb the additional cost.

Currently, the bulk of DCJ's out-of-home care delivery is home-based care. At this stage, we do not have enough data to estimate an efficient administrative cost for residential care and independent living. As a proxy, we have used the non-government's administrative costs for these placement types as the best available estimate of efficient administrative costs for DCJ, acknowledging comparability and data limitation issues.

6.3.2 DCJ's cost for facilitating and administering the PSP

Table 6.2 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, we found that there were some inconsistencies in the number of children depending on the data source.^d

Table 6.2 DCJ's annual administrative and corporate overhead costs of facilitating and administering PSP per child, \$2024-25

Cost Description	PSP
Direct service delivery	\$1,800
Administrative and Corporate Overheads	\$3,280
Total	\$5,080

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

DCJ's direct service delivery costs of PSP 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 out-of-home care 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 out-of-home care and PSP.

The efficient cost to DCJ to facilitate and administer the PSP is estimated based on the current contracting arrangements. We would expect this to change with changes in these arrangements.

^d 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.

Decision



4. The estimated annual efficient cost of the Department of Communities and Justice facilitating and administering the Permanency Support Program is \$5,080 per child (comprising \$1,800 for direct service delivery and \$3,280 for costs related to the administration of the program).

6.4 Analysis of non-government provider's administrative costs

As discussed above, we estimated an efficient administrative cost for non-government providers by placement and on a per child basis. We relied primarily on non-government providers' financial statements acquitted to DCJ. Where there was insufficient information, we took into account the information returns submitted to IPART by non-government providers where they have apportioned administrative costs across their service types. Appendix D contains more information on the reported costs and the analysis we undertook.

6.4.1 Home-based care

For home-based care we observed differences based on size of the organisation and whether a provider was an ACCO or non-ACCO as shown in Table 6.3. Across both ACCOs and non-ACCOs, we found that larger providers had a higher average administrative cost per child compared with smaller ones.

Table 6.3 Annual administrative costs per child for non-government providers providing foster care only, by provider type, \$2022-23

Provider type	ACCO	Non-ACCO
Small home-based care only	\$16,289	\$8,530
Large home-based care only	\$19,435	\$12,903
All home-based care only	\$17,679	\$11,256

Source: IPART analysis of data provided by non-government providers

The average administrative cost for all home-based care only non-government providers was \$14,650 per child per year. This amount reflects the average cost across both ACCO and non-ACCOs. We found the variance in average administrative costs of \$6,423 per child or an additional 57% in 2022-23. As ACCOs perform additional functions to ensure they provide a culturally safe and responsive out-of-home care service to Aboriginal children, we recognise this increased administrative cost and we suggest a separate administrative cost for ACCOs, which is discussed further in Chapter 9.

As the administrative cost forms a 'building block' in the composition of an efficient home-based care placement cost, we do not propose to distinguish between small and large providers as this will be an onerous payment to implement and is likely not consistent with an efficient cost approach. Based on our assessment of the data across providers, we estimate the efficient administrative cost for home-based care to be \$11,920 (\$2024-25) per child per year. This is slightly lower than the value we proposed in the Draft Report due to updated inflation assumptions.

6.4.2 Residential care

Our analysis in the Draft Report found that the average reported administrative cost for residential care was \$117,049 per child per year during 2022-23. This was significantly higher than the anticipated administrative cost for residential care placements under the PSP. We also found that the range of administrative costs varied from \$25,000 to \$157,000 per child per year. As we were unable to identify the reason for the large spread in reported costs, or the significantly higher reported cost than previously allowed for, we proposed to include an administration and overhead cost of \$50,000 per child. We indicated that we would undertake more analysis before making a final decision.

To understand what could be driving the large spread of average administrative costs, we designed a survey to collect information on residential care program management and support staff. In the survey, we requested information from residential care providers on roles that are necessary to support the day-to-day running of residential care programs. These include rostering of care staff, accommodation management (such as managing leases as well as maintaining properties), accreditation and reportable conduct roles. We heard from ACWA that there is material time spent on administrative activities for residential care such as monitoring placement occupancy and managing applications for additional funding; negotiating and managing leases; completing worker probity checks and maintaining the residential care worker register; and responding to reportable conduct claims.¹³⁸

Our analysis of the survey data illustrated the differences in accounting practices whereby smaller organisations are more likely to record these house management and support staff costs in employee-related expenses while larger organisations record a portion of these in administrative or overhead costs. Secondly, we learned that larger organisations pay a 'corporate recharge', which is a percentage of funding to head office for centralised services, for example rostering or accommodation management. Our analysis found that residential care providers spend \$30,099 per child per year on house management and support staff. We understand that residential care program management and support may look different for each provider, and may depend on the size and structure of the organisation. However, we consider this cost represents a reasonable level of program management and support staffing to ensure compliance and service requirements of residential care services are met.

We have added the residential care program management and support staff cost to a base level administrative cost. We have adopted the average administrative cost per child of \$45,714 that was reported by residential care providers in their financial statements acquitted to DCJ as the base cost. These are all small residential care providers and in our view have captured their house management and support staff to employee-related expenses (and therefore ensuring these costs are not double counted). The sample size in both the survey and acquittals data is small, but we consider it to be the most reliable source currently available. This means our estimated efficient administrative cost for residential care providers is \$75,810 per child per year.

The recommended administrative cost for residential care also factors in the existing vacancy rate at the time because the total cost is divided by the number of children in care rather than total capacity. Therefore, this cost benchmark has been expressed on a cost per child basis which will sufficiently cover administrative expenses, assuming occupancy rates remain at similar levels.

6.4.3 Independent living

The administrative cost for independent living ranged from \$3,000 to \$47,000 per child per year with an average of \$25,029 during 2022-23. Like residential care, we found that the administrative cost for independent living was materially higher than the expected administrative cost assumption under the PSP. Our estimated efficient administrative cost for independent living providers is \$26,560 per child per year.

6.4.4 Emergency arrangements

The administrative costs for emergency arrangements ranged from \$13,000 to \$64,000 per child per year. Given the similarity in service models and cost components between emergency arrangements and residential care placements, we estimate the efficient administrative cost for emergency arrangements to be \$75,810 per child per year.

In our Draft Report we proposed an administrative cost for emergency arrangements for emergency accommodation providers. However, we heard from Uniting that emergency arrangements should also include an administrative cost for the primary provider who maintains case management as they are responsible for subcontracting, recordkeeping and processing invoices, as well as administrative functions related to providing casework.¹³⁹ We consider that the home-based care administrative cost of \$11,920 per child per year is a best estimate of the administrative cost for the primary provider. This means that the estimated efficient administrative cost to the emergency accommodation provider would be \$63,890 per child per year.

6.4.5 Placement only arrangements under interim orders

Placement only arrangements refer to instances where a non-government provider will recruit and assess a suitable carer when a child is on interim orders, and DCJ maintains case management of the child and leads the necessary court work. There is a lack of data to estimate an efficient administrative cost for non-government providers, so we have identified administrative costs that would best represent the expected level of administrative costs under these arrangements.

Our view is that DCJ's administrative cost of delivering out-of-home care of \$15,360 per child per year is an appropriate estimate for administrative costs when DCJ is providing case management to a child on interim orders. For non-government providers responsible for carer recruitment, assessment and training, we consider that DCJ's administrative cost of facilitating the PSP of \$5,080 per child per year to be a reasonable proxy for a non-government provider's administrative cost for placement only arrangements. This includes the roles of CFDUs where it could be considered 'lighter' casework compared to an out-of-home care caseworker, and also includes the expenses related to contract management and district operational staff as well as a portion of corporate overheads that non-government providers would also be expected to incur.

6.5 Physical and sexual abuse insurance

Non-government providers delivering out-of-home care services are required to obtain insurance against claims related to incidents of physical and sexual abuse (PSA) committed by their employees or volunteers against children in their care. In our Draft Report we recommended that the cost of PSA insurance should be met by the NSW Government, due to concerns from providers that the cost of premiums had risen sharply in recent years, due to factors largely out of their control.¹⁴⁰ A significant increase in claims following the Royal Commission into Institutional Responses to Child Sexual Abuse had led to the withdrawal of many commercial insurers from providing PSA cover.¹⁴¹

The Special Liability Insurance Scheme (SLIS) was established in response and commenced on 1 January 2025 and is managed by icare on behalf of the NSW Self Insurance Corporation. It replaces DCJ's Short-Term Indemnity Scheme which provided non-government providers with coverage for PSA claims relating to alleged incidents that first occurred after June 2017.^e

The premium for non-government providers is driven by:

- **Claims history:** physical and sexual abuse claims in the last 5 years related to contracted work on behalf of DCJ. Loadings apply depending on the number of claims and amount of the claim.
- **Retrospective cover:** a retrospective premium may be applied, depending on whether the provider has previously held PSA cover, and if so, how long for and what type of policy (whether it covers 'claims made' or 'claims occurrence'). It will only be charged for and apply back to when the provider's contract with DCJ commenced.
- **Risk management:** the provider's risk management framework, policies, procedures and regular training. The base premium is reduced where there are strong risk management and safeguard protocols which reduce the risk of abuse occurring.

The premium will also depend on the number of children and the placement type. Foster care is rated as the highest risk area, due to the number of historical claims, and one-to-one time with children.

^e There are also other matters relevant to the scope of the indemnity provided by the Short-Term Indemnity Scheme.

As noted above, the factors driving a provider's premium for PSA insurance are not necessarily within their control. For example, while previous insurance coverage may be considered something the provider could control, this is not always the case. In some cases, the previous insurer may have withdrawn from the market, or a provider may have assumed that professional liability insurance covered PSA claims, when this may not be the case.

However, DCJ considers that our draft recommendation may disincentivise providers from adopting best practice risk management processes and create a 'moral hazard'. It could also impact the operation of the market for PSA insurance.¹⁴² We note that our draft recommendation was intended to apply to all providers, not only those who obtain PSA insurance through the SLIS.

We do not consider the risk of moral hazard to be high, as providers are required to have appropriate risk management frameworks and procedures in place as part of their accreditation by the NSW Office of the Children's Guardian (OCG).¹⁴³

Nevertheless, we acknowledge that the pass through of PSA insurance costs to government could have unintended consequences. It would also increase complexity in the system as the cost per child would vary by provider. We have reconsidered our draft recommendation and done additional analysis on the size, variation and drivers of these costs. We now consider that PSA insurance should be treated as an administrative cost, consistent with general insurance, rather than as a separate item funded by government. Our estimates of administrative costs discussed in section 6.4 include the cost of insurance for non-government providers. However, we have not been able to separate the cost of PSA insurance from general insurance.

Data from icare indicates that on average, the premium per child for PSA insurance is \$575 per annum. The median is lower at \$471 per child per annum. This suggests that for many providers the cost is not as material as we had anticipated. However, there is a high degree of variation in premiums between providers, indicating that for some the cost may be prohibitive. For these cases, we consider that DCJ should be open to assisting providers meet the cost of PSA insurance, as long as they have robust risk management processes in line with OCG requirements.

6.6 Inefficiencies resulting from administration in ChildStory

It is critically important that data used to manage the care of children is accurate and there is no unnecessary administrative burden in repeated collection of the same information and duplication of data entry. An information system which is accurate and meets the needs of both DCJ and non-government providers is required. Without it, there is a strong likelihood that the system will not work as intended.

ChildStory is DCJ's information management system for all children and young people in out-of-home care and child protection, which was implemented in 2017. Non-government providers use the ChildStory Partner interface to send and receive information about the children they work with.

As ChildStory has a limited functionality for non-government providers, they typically also have their own internal client management system. We have heard from many providers that ChildStory is not user-friendly, not collaborative and the information it contains is unreliable.¹⁴⁴ A sample of providers that we surveyed said each of their caseworkers spends around an hour per week simply duplicating data between their own systems and ChildStory.¹⁴⁵ Similarly, ACWA submitted a case study of a provider estimating that additional administration in ChildStory creates a cost of around \$1,500 per child per year.¹⁴⁶

The System Review into out-of-home care made similar findings, noting that this fragmented system poses considerable risks for children and carers (as demonstrated in Box 6.1 below).¹⁴⁷ We are also aware that some of our recommendations, for example those relating to reimbursement of actual costs, require robust data systems to mitigate their administrative burden.

Box 6.1 Data management case study (from the System Review into out-of-home care)

Sam receives child protection services from DCJ. These services are not sufficient to assure his safety, so he enters care. This information is stored in ChildStory. Sam is then placed with Provider A for a short-term emergency placement, and the services he received are recorded in their database. That placement ends and another short-term placement is found with Provider B. Information about Sam's time in care with that provider is recorded in their data system. Sam is then moved to another carer, with Provider C. This information is recorded in their database.

Neither DCJ, nor Providers A, B or C, have an integrated digital solution, so the information remains stored in their respective databases. This creates poor visibility for those working with Sam. It means that when Sam is an adult and reviews his government records, it is possible he will not get access to all information and if he does, it will all look different and reflect the disconnected service system Sam experienced.

Source: NSW Government, [System review into out-of-home care](#), October 2024, p 52.

ACWA submitted to us that non-government providers have worked with DCJ on the scope for a Business-to-Business model of information management that would allow for automatic communication between providers' data systems and ChildStory.¹⁴⁸ We understand that work on this project has not significantly progressed in the last year due to technological constraints. We appreciate the resources required to create data infrastructure that streamlines the sharing of data between DCJ and non-government providers, but we also highlight the need for efficient information systems that adopt robust information protection and security mechanisms. A data system that allows easy and accurate sharing of information is key to enhancing accountability across the system and ensuring funding is responsive to children's needs. As submitted by ACWA:

"Ideally, the [IPART] final report will address the improvements that could result from further enhancements to ChildStory and a wider B2B rollout and related costs, given the potential for further investment in the system to bring about longer-term efficiencies. Importantly, a more effective system database will help provide much greater visibility over children in out-of-home care for the Minister and DCJ."¹⁴⁹

The System Review into out-of-home care, which found that the issues stem from "the absence of a digital and data strategy for the out-of-home care program and DCJ policy restrictions that directly impact user experience of the system".¹⁵⁰ The review recommended that DCJ undertakes a review of all relevant information-sharing protocols, practices and legislation to strengthen the sharing of information and enable coordinated service delivery (including considerations of Indigenous Data Sovereignty).¹⁵¹ We note that developing options to streamline and automate practitioner data entry is one of the actions identified in the NSW Government's Reform Plan.¹⁵² We support this as a priority area for action.

Decision



5. The estimated annual efficient administrative costs by placement type are set out in Table 6.4.

Table 6.4 Efficient annual administrative costs by placement type per child, \$2024-25

Placement type	Non-government providers	DCJ
Home-based care	\$11,920	\$15,360
Residential care	\$75,810	\$75,810
Independent living	\$26,500	\$26,500
Emergency arrangements – primary provider of casework ^a	\$11,920	\$15,360
Emergency arrangements – provider of emergency placement	\$63,890	\$63,890
Placement only arrangement ^b	\$5,080	n/a

a. Where an emergency arrangement provider is delivering both casework and accommodation, the administrative cost for non-government providers is estimated to be \$75,810.

b. Under a placement-only arrangement, DCJ would incur the same administrative cost as home-based care.

Chapter 7 »

Care staff and facilities costs

This chapter sets out our estimates of the efficient costs providers would incur in relation to care staff and facilities for residential care and emergency arrangements



Some models of out of home care are provided outside of a family home setting. These care settings include accommodation in a care facility and paid care staff. The types of placements that fall into this category include residential care programs, independent living and some forms of emergency placements.

Providers of these models of care incur costs that relate to the facilities and staffing associated with obtaining, maintaining and running these types of facilities. Residential care homes are staffed to ensure care and supervision are provided for children 24 hours a day, 7 days a week. Staff are also employed to implement therapeutic care plans, provide house management and additional support. Staff may be employed on a casual or permanent basis. Independent living and emergency models of care can incur some of the same types of costs but may differ in respect of staffing intensity or therapeutic programs.

This chapter presents our estimates and underlying assumptions relating to the efficient costs of providing staffing, accommodation/facilities and vehicles for non-home-based care.

7.1 Chapter overview

For our estimate of efficient care staff costs we estimated the annual cost of staffing by role type, shift type and employment type (e.g. permanent or casual). We estimated the full cost of staffing each role with one staff member for the entire year. We used the pay rates of the assumed average *Social, Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award/SCHADS) Social and Community Services (SACS) employee classification level as a base and made allowances for backfilling absences of staff such as leave and training and payment of other allowances.

Depending on the placement requirements of a given program or placement type, each residential care home will require a combination of these shifts. Our method takes into account the implications of requiring multiple staff to cover a year of shifts recognising the maximum number of available hours a care worker may work against the total number of hours required for staffing in an efficient roster or caseload.

We have estimated the efficient costs associated with the procurement and establishment of residential accommodation facilities using a rental model. On this basis we have included some utilities, maintenance and repairs. We have used different methods for estimating each type of cost, such as:

- We estimated the efficient annual cost of securing long-term accommodation using the median residential rental cost for Greater Sydney from the DCJ quarterly rent and sales reports.
- We have considered information returns from providers and desktop analysis of market rates for relevant items to evaluate the reasonableness of the existing placement establishment payment for the initial set up costs for furnishing new residential facilities.
- We have used information returns, industry information and government comparison websites to estimate the efficient costs of maintenance, utilities, insurance and repairs as part of the ongoing costs to be met by the service provider for longer term placements.

We estimated the cost of securing short-term accommodation for some emergency situations using 3rd quartile rental data and ATO short-term accommodation data. The cost of short-term accommodation is higher than the equivalent size and location of long-term accommodation as it includes some maintenance and utilities costs that are incurred separately when renting long-term accommodation and reflect the stand-by nature of these facilities.

Some placement types will require vehicle costs associated for transporting children. We have estimated costs using a \$ per km per child amount where applicable.

7.2 How we considered efficiency for staff and facility costs

Staff, facilities and vehicle costs are all able to be externally validated to some extent. We considered efficiency by reviewing cost information across providers, award obligations and our own analysis on efficient practices. More information on how our analysis compares with our preferred approach is set out below.

Preferred efficient cost analysis	Analysis undertaken and limitations	Potential improvements
Care staff		
To estimate a true efficient cost for care staff we would need to know what the optimal level of staffing is to maximise outcomes for the children they are caring for, in the most cost-effective way.	For our estimate of efficient care staff, we have calculated the annual cost of covering each type of shift for every day of the year for direct care staff, house managers and therapeutic specialists. We used relevant award rates for permanent and casual staff and made assumptions about oncosts such as training and leave, and the cost of backfilling positions, and rates of staff turnover which drive these costs. In building up total costs we have used the current residential care requirements for the number and type of staff required per shift within an efficient roster of caseload.	As for casework, improved information on the services and programs provided and matching with outcomes achieved for children in care would assist in estimating the optimal staff mix (type and experience), and in turn the efficient cost of care staff. Implementation of a quality assurance framework (as discussed in Chapter 3) could provide rich information on the relationship between care staff and outcomes for children.
Residential facilities		
Residential facility costs should be able to be broken down into component parts and the efficient value of each component estimated using market prices. The efficient cost of providing residential facilities in different circumstances will vary because the optimal delivery model (size and type of house, adjustments that need to be made) will vary by the needs of the child, location, availability and condition of facilities.	To estimate the efficient cost of providing residential facilities, we considered each component separately. We have used the median rent (published in the DCJ Quarterly Rent and Sales report) by property size and location to estimate an efficient cost of accommodation. Using rental prices overcomes the variations in financing arrangements for providers who may own their properties. We used short-term accommodation rates and rental rates for different emergency arrangements.	The efficient cost of a number of scenarios can be estimated by building up the cost components as we have done, but greater information on how the type of accommodation impacts on the outcomes for children in residential care is required to more accurately estimate the efficient cost of providing residential facilities in the most cost-effective manner.

Preferred efficient cost analysis	Analysis undertaken and limitations	Potential improvements
	We have made comments on the types of costs that are unsuitable for benchmarking. For other property costs including establishment costs and ongoing utility costs, maintenance and repairs, and vehicle costs, we have used a range of external sources, information returns from non-government providers and assumptions.	

7.3 Staff costs for residential facilities

The delivery of out of home care under residential, independent living and emergency models relies on many types of care staff. For our estimate of efficient care staff costs we estimated the annual cost of staffing each role, by role type, shift type and employment type (e.g. permanent or casual). These staff include:

- **Direct care staff** - responsible for the general supervision and care of children.
- **House managers** - responsible for managing the operations of residential care programs, spend the majority of their time onsite and provide additional supervision and care to children receiving residential care as needed.
- **Therapeutic specialists** - develop therapeutic aspects of case plans for children and young people and provide support to direct care staff and house managers to implement therapeutic care.

Depending on the placement requirements of a given program or placement type, each residential care home will require a combination of these shifts. Our method takes into account the implications of requiring multiple staff to cover a year of shifts recognising the maximum number of available hours a care worker may work against the total number of hours required for staffing in an efficient roster or caseload.

Our analysis of care staff costs is set out below.

7.3.1 Direct care staff

Direct care staff assist children and young people with their day-to-day in-house needs and provide out-of-house support, such as transporting them to school and appointments.

We have estimated the annual cost of filling a particular care worker shift over a full year (based on the number of hours per shift). The annual cost for each type of shift includes payment of salary, oncosts (including leave, workers' compensation, superannuation and training), loadings for weekends and public holidays and the costs of backfilling staff who are absent due to leave or training. We have also calculated the efficient cost of direct care staff during daytime hours, which would be used for programs that are not staffed 24/7.

The following sections outline the assumptions that underlie our cost estimates and present our decisions on costs for care staff.

Base rate of pay and oncosts

Unless otherwise stated, for non-government providers, we used the SCHADS (SACS) full-time and part-time rates of pay to estimate the efficient total cost of direct care staff. Under the SCHADS (SACS) Award, direct care staff can fall within different SAC classification levels and pay points depending upon their skills, experience, qualifications and responsibilities. We have made assumptions about the average level of pay that care staff would receive, based on workforce data (see Box 7.1). Those assumptions include that direct care staff are paid at a SCHADS SACS classification level 3.4 which equates to a yearly salary of \$79,353^a or a base hourly rate of \$40.05. This is consistent with the position taken within the Draft Report, noting that we received some feedback that the rate was too low¹⁵³ and other feedback suggesting it was too high¹⁵⁴. We completed additional analysis on the issue and maintain our draft position (Box 7.1).

Box 7.1 We have retained an assumed average SCHADS SACS classification level 3.4 for costing direct care staff

We received mixed feedback on our assumption that the average salary for direct care staff should be based on the SCHADS SACS classification level 3.4. Some stakeholders consider that it undervalues the specialised and complex work performed by direct care staff and that they typically perform duties more consistent with a higher level.¹⁵⁵ Conversely, DCJ noted in its submission that this rate is applicable to employees with a 4-year degree, which exceeds the minimum PSP service requirements.¹⁵⁶

The applicable SCHADS SACS classification level for an employee depends on an assessment of the relevant characteristics, responsibilities and requirements. Identifying which classification level applies to each care worker is likely to be a complex task. We expect that direct care staff will have varying levels of experience and will be paid at rates that are equivalent to a range of different SCHADS classification levels and pay points.

We consider that our use of the SCHADS SACS classification level 3.4 pay rate is a reasonable estimate of the efficient salary cost for providers. We note that this is supported by:

- information we received from residential care providers earlier within the review, which found that most providers paid their direct care staff at a pay point within SCHADS SACS classification level 3.

^a The average salary assumption means that there will be approximately an equal number of hours delivered above and below the average rate, reflecting the use of a mix of staff levels in delivery of these services.

Box 7.1 We have retained an assumed average SCHADS SACS classification level 3.4 for costing direct care staff

- job advertisements we found for direct care staff across NSW posted between April and May 2025, where the remuneration rate offered for direct care workers ranged from an equivalent of SCHADS SACS classification level 2.2 to 4.1 (with most less than or equal to SCHADS SACS classification level 3.4).

We have heard from some stakeholders that direct care staff are paid at SCHADS SACS classification level 3 due to funding inadequacies, not because it is an appropriate classification of the duties performed by these workers. These stakeholders also suggested that low wages in the sector have contributed to the thin labour market and difficulties with recruiting and retaining direct care staff.

We have adopted a classification level based on our analysis of available workforce data and relevant program requirements, noting the complexities of applying the characteristics, responsibilities and requirements in the classification definitions. Any consideration of the appropriateness of classification structures (including pay rates) is outside of the scope of this review.

In its submission to our Draft Report, Southern Youth and Family Services considered that first aid allowances should be included within our benchmark model for direct care staff.¹⁵⁷ We considered this feedback and the award requirements for payment of this allowance. We consider it reasonable, given the nature of the role, for employers to require care staff to both hold first aid qualifications and provide first aid in their workplace, and that this would entitle them to this allowance. We have therefore included an additional \$19.76 per week allowance for each direct care staff member in our recommendation in this Final Report. This adds \$1,030 per year to the total annual cost of employing a direct care staff member.

We heard from service providers that the rate of staff turnover in residential care services and independent living services can be high. This was an important factor in the decision about the value of some of the associated staffing costs we adopted in the Draft Report (such as the level of training required). Following the Draft Report, we sought further information from residential care providers about the average length of tenure of their direct care staff. Most providers indicated that the average length of tenure is approximately 3 years.¹⁵⁸

We also considered workforce data for the Victorian child protection workforce that found an average tenure across work force practitioners employed by the child protection workforce in that State to be 2.9 years, and lower (1.1-1.5 years) for the less experienced parts of the workforce.¹⁵⁹ Other workforce information published by the Australian Bureau of Statistics also demonstrated that the Health Care and Social Assistance sector (which includes child protection and residential and other youth work staff) had the highest levels of job changes and new starters in the 2024 year.¹⁶⁰ Considering the information available, we have maintained our assumption of an average three year tenure for care staff (noting some staff will stay longer and others shorter).

As a result, we have maintained the related assumptions about training and backfill that 33% of staff require 30 training days with backfill per year.

In response to our Draft Report, we received feedback that backfill allowance should include long service leave due to the incoming portable LSL (long service leave) scheme.

Considering this feedback, we have adjusted our recommendations to include a 1.7% allowance for the liability to be paid to the portable scheme. We have also reduced the available hours per worker by an additional 0.86 weeks per employee per year, to allow for backfill to account for the increased likelihood of staff taking this leave.

Additional oncost components account for staff related costs that are paid by their employer such as training, work health and safety insurance, leave and other allowances. For our final recommendations we have calculated oncosts as 24.2% of the total annual pay rate, including the first aid allowance and additional backfill for long service leave. For a direct care staff employee, we calculate the total efficient average cost of direct care staff (including oncosts) as \$99,858 per annum shown in Table 7.1.

Table 7.1 Average annual salary and oncost assumptions for direct care staff, \$2024-25

Average care work salary and oncost components	Cost
Base salary (SCHADS SACS classification level 3.4 hourly rate = \$40.05/hour)	\$79,353
First aid allowance (\$19.76 per week)	\$1,031
Superannuation (11.5%)	\$9,244
Workers compensation insurance (6.2%)	\$4,944
Training allowance (3.2%)	\$2,572
Leave loading (1.7%)	\$1,349
Long service leave (1.7%)	\$1,367
Total cost of a direct care staff employee per year (with 24.2% oncosts)	\$99,858

Source: IPART analysis.

Shift allowances

We have assumed in our benchmark model that direct care staff are employed as shift workers.^b Depending on the type of shift required, the rate of pay will also differ. Descriptions of each shift type performed by direct care staff is presented below:

- **Day shift:** applies to hours worked between 6am-8pm. Paid at the employee's ordinary rate of pay.
- **Afternoon shift:** applies to hours worked between 8pm-12am. Includes a shift allowance of 12.5% above the base rate of pay.¹⁶¹ Our model combines day/afternoon shift with weighted shift allowances.

^b Shift workers don't have a span of ordinary hours if they work afternoon or night shifts and are paid shift allowances depending on the type of shift that they work.

- **Sleepover shift:** applies to an overnight stay at the facility between the hours of 12am-6am. Employees working on sleepover shifts are not expected to perform their regular duties, but they are required to provide care if needed.¹⁶² Sleepover shifts are paid at a flat rate of \$57.99 per sleepover.¹⁶³
- **On-call shift:** applies to any period during which the employee is required to be available to be recalled to work.¹⁶⁴ An on-call allowance of \$23.67 per day during weekdays or \$46.87 per day during weekends and public holidays, if an employee is not required to work.¹⁶⁵
- **Active night shift:** applies when an employee is expected to perform their regular duties between 12am-6am. Employees working on active night shifts receive a shift allowance of 15% on their base rate of pay.¹⁶⁶
- **Weekend shift:** applies to hours worked over the weekend. Includes a shift allowance of 50% above base rate of pay for hours worked on a Saturday and a shift allowance of 100% for hours worked on a Sunday.¹⁶⁷
- **Public holiday shift:** applies to hours worked between 12 midnight on the night prior to the public holiday and 12 midnight of the public holiday. Includes a shift allowance of 150% above the base rate of pay.¹⁶⁸
- **Overtime shift:** applies to hours worked outside, or in addition to, an employee's ordinary hours of work. Includes a shift allowance of 50% above the base rate of pay for the first 3 hours of overtime worked and a shift allowance of 100% above the base rate of pay for overtime worked thereafter.¹⁶⁹

The hours of care required per child can differ depending on the size of the facility, time of day and the type of facility.

Hourly rates for each of the shift types applied to the average assumed base rate of pay are presented in Table 7.2.

Table 7.2 Shift work hourly rate of pay assumptions for direct care staff, \$2024-25

Shift type	Assumptions	Total (as applied to assumed average)
Day shift	Ordinary rate of pay	\$40.05 / hour
Afternoon shift	Ordinary rate of pay +12.5%	\$45.05 / hour
Sleepover shift	\$57.99 / night	\$57.99 / night
Active night shift	Ordinary rate of pay +15%	\$46.06 / hour
On call shift (weekday)	\$23.67 / day	\$23.67 / day
On call shift (weekend)	\$46.87 / day	\$46.87 / day
Saturday shift	Ordinary rate of pay + 50%	\$60.07 / hour
Sunday shift	Ordinary rate of pay + 100%	\$80.10 / hour
Public holiday shift	Ordinary rate of pay + 150%	\$100.12 / hour

Source: IPART analysis of *Social, Community, Home Care and Disability Services Industry Award 2010*.

We have not explicitly costed overtime shifts within our staffing costs for direct care staff. We have heard from some providers that not including an overtime allowance for direct care staff underprices the real labour costs incurred by residential care providers.¹⁷⁰ Providers are required to pay an overtime allowance (an additional 50-100%) when staff are called back to work, when staff are woken up during a sleepover shift, and when staff rostered for an on call shift are required to work on the premises.¹⁷¹

We consider that our approach of costing each staff member for the full 24 hours for the full year adequately covers the full costs that would be faced by providers. Our analysis suggests that overtime payments are more than offset by the fact that there are times when the full number of care staff members are not required to be at the house (for example, during school hours). At these times, the labour costs faced by providers will be less than we have allowed for. We acknowledge that on occasion, even an efficient residential care roster may require operational flexibility due to the nature of providing residential care services, which can result in unforeseen events at short notice and have taken this into account in our recommended price structure in Chapter 11.

Casual care staff

We have also estimated the costs of engaging direct care staff casually, rather than on a full or part-time basis. Providers may use casual staff to provide extra flexibility in delivering placements at short notice, such as certain types of emergency arrangements.

Where we use the casual rates, we have also assumed casual staff are paid at a SCHADS SACS classification level 3.4 (casual). In Table 7.3 we present the hourly rates for casual direct care staff in accordance with the SCHADS Award. We have assumed that allowances (e.g. on-call shifts and sleepover shifts) are paid at the same rate regardless of whether the employee is casual or not. However, casual staff receive higher base rates of pay because they do not have access to paid leave. As a result, both the base rate of pay and the oncosts associated with casual staff are different. Agencies employing casual staff still incur some oncosts such as superannuation and workers compensation insurance.

Table 7.3 SCHADS SACS casual rates for the purposes of non-government provider's direct care staff costings (\$2024-25)

Shift type	Rate
Day shift	\$50.06 / hour
Afternoon shift	\$55.07 / hour
Sleepover shift	\$57.99 / night
Active night shift	\$56.07 / hour
On call shift (weekday)	\$23.67 / day
On call shift (weekend)	\$46.87 / day
Saturday shift	\$70.08 / hour
Sunday shift	\$90.11 / hour
Public holiday shift	\$110.13 / hour

Source: Australian Government Fair Work Ombudsman, [Pay Guide - Social, Community, Home Care and Disability Services Industry Award](#), October 2024, pp 14, 25.

Number of staff and backfill

In order to provide care 24 hours a day, 7 days a week, 365 days per year a provider will use a number of care staff who each work different shifts and different days of the week. We have built our estimate of the efficient cost of care staff as an annual cost of providing care by type of shift. This takes into account that multiple staff would be employed to cover that shift over the week. It also accounts for the backfill positions that providers will need to cover while staff are on paid or unpaid leave (including annual leave, sick leave) or training (see, Table 7.4).

We have assumed higher turnover, and therefore higher training costs, for casual staff based on what we heard from providers about the high rates of turnover for care staff in emergency arrangements.¹⁷²

Table 7.4 Backfill requirements (hours per year)

	Care worker permanent full time	Care worker casual
Leave	361	0
Training and meetings	146	344

Source: IPART analysis.

Table 7.5 below sets out the estimated number of full-time equivalent (FTE) staff required to cover each type of shift for a year within a residential placement setting. These FTE staffing levels allow for our assumptions and estimates on the number of staff required to cover each type of shift and the amount of leave, training and meeting time that needs to be backfilled by additional staff hours. We have assumed that all absences require additional paid staff for backfill. We have converted these to annual costs for each shift type (Table 7.6). Using these same assumptions we have presented the annual cost of delivering 1 hour of care by direct care staff per day, during a day shift. (Table 7.7). This cost component is used in the benchmarking of care provided within an independent living model of care.

Table 7.5 Number of staff required to cover one shift for a year (full-time equivalent, FTE)

	Permanent staff			Casual staff		
	Excluding backfill	Including backfill	Including backfill and allowances	Excluding backfill	Including backfill	Including backfill and allowances
Day/afternoon shift	2.95	3.96	5.14	2.95	3.57	5.52
Active night shift	1.47	1.98	2.69	1.47	1.78	2.87
Sleepover shift	1.47	1.98	1.98	1.47	1.78	1.78
On-call shift		1.00	1.31		1.00	1.31

Note: Allowances are those set out in Table 7.3.

Source: IPART analysis.

Decision



6. The annual cost of care staff including oncosts and, where applicable, shift loadings, backfill for training and leave are as set out in Table 7.6 and Table 7.7.

Table 7.6 Cost of care workers to cover a single shift over a full year, by shift type, \$2024-25

Average care worker costs	Permanent staff	Casual staff
Day shifts (16 hours average of morning and afternoon rates)	\$513,460	\$543,830
Active night shift (8 hours)	\$268,610	\$282,470
Sleepover shift (8 hours)	\$52,070	\$46,250
On-call shift	\$14,030	\$13,840

Table 7.7 Annual cost of direct care staff providing 1 hour of support during the day, \$2024-25

Staff employment type	Cost
Permanent	\$32,090
Casual	\$33,990

7.3.2 House manager costs

Another role that is used in residential care facilities is a full-time house manager who spends the majority of their time onsite and is responsible for managing the operations of residential care programs as well as providing additional supervision and care to children receiving residential care as needed. We have estimated the cost of a full-time house manager who spends 38 hours per week on the premises during ordinary business hours (within the hours of 6 am–8pm on weekdays).

On average, we consider that the annual house manager salary is paid at a SCHADS SACS classification level 6.3 (\$111,398 per year) for a house manager that is employed by a non-government provider. We have assumed that oncosts are 21.60% of the salary which totals to \$135,440 per annum (see Table 7.8).

Table 7.8 Average annual salary and oncost assumptions for house manager employed by non-government provider, \$2024-25

Average care work salary and oncost components	Cost
Base salary (SCHADS SACS classification level 6.3 hourly rate = \$56.22/hour)	\$111,398
Superannuation (11.5%)	\$12,811
Workers compensation insurance (3.3%)	\$3,721
Training allowance (3.7%)	\$4,122
Leave allowance (1.3%)	\$1,495
Long service leave (1.7%)	\$1,894
Total cost of a house manager per year (with 21.6% oncosts)	\$135,440

Source: IPART analysis.

In our Draft Report, we had not yet considered the costs for DCJ to provide residential care, therefore we had not developed benchmark costs for a house manager employed by DCJ. Since then, we have estimated that a house manager employed by DCJ is paid at the rates provided for by the *Crown Employees (Public Sector – Salaries 2024) Award*^c grade 8 (\$118,296). We have assumed that oncosts are 27.9% of the salary which totals to \$151,351 per annum (see Table 7.9).

Table 7.9 Average annual salary and oncost assumptions for house manager employed by DCJ, \$2024-25

Average care work salary and oncost components	Cost
Base salary (Crown Award grade 8)	\$118,296
Superannuation (11.5%)	\$13,604
Payroll tax (5.5%)	\$6,447
Workers compensation insurance (5.0%)	\$5,915
Training allowance (2.0%)	\$2,366
Leave allowance (1.3%)	\$1,588
Long service leave (2.7%)	\$3,135
Total cost of a house manager per year (with 27.9% oncosts)	\$151,351

Source: IPART analysis.

7.3.3 Therapeutic specialist costs

A therapeutic specialist is a clinical expert who works across residential care programs and independent living with therapeutic support. They may have a tertiary qualification in either psychology, social work, occupational therapy, mental health nursing or another related discipline.¹⁷³ Therapeutic specialists develop the therapeutic aspects of case plans for children and young people in Intensive Therapeutic Care programs (e.g. Intensive Therapeutic Care Homes and Therapeutic Supported Independent Living) and provide support to direct care staff and house managers to implement therapeutic care.¹⁷⁴

We assume that therapeutic specialists have a caseload of 12 children and young people. Therefore, they work across multiple residential and independent living facilities.

We have revised our SCHADS SACS classification level assumption for therapeutic specialists

In our Draft Report we had based the average cost of employing a therapeutic specialist on the SCHADS SACS classification level 7.3. Feedback to our Draft Report clarified that therapeutic specialists do not work directly with children and young people. Rather, they work with the care team to implement a therapeutic model of care across residential care and independent living programs.¹⁷⁵ Previously, we had assumed that therapeutic specialists provided therapy to children and young people in residential care and independent living programs.

^c Which applies in conjunction with the *Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009* (Crown Award).

Accordingly, we have slightly reduced the salary amount received by therapeutic specialists to SCHADS SACS classification level 7.1. However, we have also increased our average benchmark assumptions for medical and therapeutic contingency funding for residential care and independent living with therapeutic support. For further discussion about medical and therapeutic contingency funding see Chapter 8.

We based the cost of employing a therapeutic specialist to be on average paid at a SCHADS SACS classification level 7.1. This is a yearly base salary of \$115,381. We have assumed that oncosts are 21.6% of the salary. For a therapeutic specialist, the average annual salary and oncosts total \$140,283 per annum (see Table 7.10).

Table 7.10 Average annual salary and oncost assumptions for therapeutic specialist employed by a non-government provider, \$2024-25

Average care work salary and oncost components	Cost
Base salary (SCHADS SACS classification level 7.1 hourly rate = \$58.23/hour)	\$115,381
Superannuation (11.5%)	\$13,269
Workers compensation insurance (3.3%)	\$3,854
Training allowance (3.7%)	\$4,269
Leave allowance (1.34%)	\$1,549
Long service leave (1.7%)	\$1,961
Total cost of a therapeutic specialist per year (with 21.6% oncosts)	\$140,283
Total cost of a therapeutic specialist per child	\$11,690

Source: IPART analysis.

In our Draft Report, we had not yet considered the costs for DCJ to provide residential care, therefore we had not developed benchmark costs for a therapeutic specialist employed by DCJ. Since then, we have estimated that a house manager employed by DCJ is paid at Crown Award grade 10 (\$134,504). We have assumed that oncosts are 27.9% of the salary which totals to \$172,088 per annum (see Table 7.11).

Table 7.11 Average annual salary and oncost assumptions for therapeutic specialist employed by DCJ, \$2024-25

Average care work salary and oncost components	Cost
Base salary (Crown Award grade 10)	\$134,504
Superannuation (11.5%)	\$15,468
Payroll tax (5.5%)	\$7,330
Workers compensation insurance (5.0%)	\$6,725
Training allowance (2.0%)	\$2,690
Leave allowance (1.3%)	\$1,806
Long service leave (2.7%)	\$3,564
Total cost of a therapeutic specialist per year (with 27.9% oncosts)	\$172,088
Total cost of a therapeutic specialist per child	\$14,341

Source: IPART analysis.

Decision



7. The annual cost of other house staff including oncosts and, where applicable, shift loadings, backfill for training and leave are set out in Table 7.12.

Table 7.12 Annual cost of salaried workers (including oncosts), \$2024-25

Staff type	Non-government provider	DCJ
House manager	\$135,440	\$151,350
Therapeutic care worker	\$140,280	\$172,090

7.4 Accommodation and facilities costs

We have estimated the cost of procuring residential facilities to provide safe well-maintained accommodation for groups of young people.

Accommodation facilities can be secured in different ways, but we have used median rents to estimate efficient benchmark costs of this component. Median rents are widely tracked and reported for various property types and locations, and are easily converted to an annual or per bedroom benchmarks and represent the opportunity cost associated with fully owned properties.

We used the DCJ Rent and Sales report to source rental cost data.¹⁷⁶ It is a quarterly report showing trends in private market housing prices based on information provided on the rental bond lodgement forms from the Office of Fair Trading. The report specifically excludes data from social housing properties.

Rents vary depending on location or number of bedrooms. A variety of property sizes and configurations are used by providers of residential out-of-home care placements. In our Draft Report, we benchmarked rental costs by number of bedrooms and region (Greater Sydney, Greater Metropolitan Region, and Rest of State). However, we proposed that prices for all services be based on median rents for the Greater Metropolitan Region, as a result of the additional administrative costs that separate rents would create. In response to our Draft Report DCJ agreed that the administrative burden associated with differentiating costs between regions would likely outweigh any benefits of a more cost reflective approach.¹⁷⁷

We have used the median rental costs of the Greater Sydney region for all residential care facilities, except for emergency residential care facilities (as discussed below in section 7.4.1). The median cost of rent in Greater Sydney by number of bedrooms is presented below in Table 7.13. We used rental data from the January-March 2025 period.

Table 7.13 Benchmark annual accommodation (rental) costs based on median rents, \$2024-25

Number of bedrooms	Median rent for Greater Sydney
4+ bedrooms	\$45,886
3 bedrooms	\$41,193

Source: NSW Department of Communities and Justice, [Rent and Sales report issue 151](#), May 2025.

We note that for independent living placements, the cost of rental accommodation per child is the median rent of a multi-bedroom property divided by the number of bedrooms.

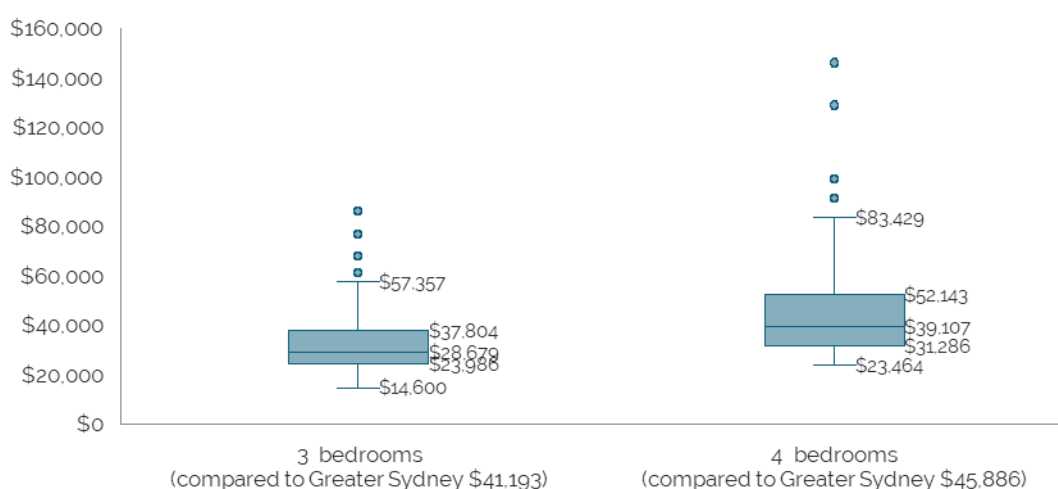
The median rent for Greater Sydney covers the rental costs of most regions in NSW

In response to our Draft Report, we heard that some providers consider the median rent insufficient for their circumstances. In its submission ACWA stated that some providers will be at a loss if we apply the median cost of rent in our benchmark model as some providers service very high-cost rental regions, such as Tweed, Ballina and Byron Bay. Considering this, ACWA recommended that we consider including a funding category for uniquely high-cost regions or allow for additional funding for rental properties in these regions.¹⁷⁸

Our analysis of the DCJ Rent and Sales report data indicates that our benchmark based on Greater Sydney median rental costs should cover rental costs in most NSW regions. Although our benchmark rental costs are appropriate for most local government areas (LGAs) in NSW, we recognise that some have higher rental costs, such as Sydney City, Waverley, Inner West, Northern Beaches, and Byron Shire.

Figure 7.1 below shows the distribution of median annual rental costs for 4+ bedroom and 3-bedroom properties across LGAs in NSW.

Figure 7.1 Distribution of LGA median annual rental costs of 3 and 4+ bedroom properties



Source: NSW Department of Communities and Justice, [Rent and Sales report issue 151](#), May 2025.

Figure 7.1 shows that the median annual rental costs of most 3-bedroom properties in NSW are within our benchmark of \$41,193 for 3-bedroom properties. It indicates that median annual rental cost for 3-bedroom properties in NSW is \$28,679. Similarly, Figure 7.1 demonstrates that the median annual rental costs of many 4+ bedroom properties in NSW are within our benchmark of \$45,886. It indicates that the median annual rental cost for 4+ bedroom properties in NSW is \$39,107.

As shown in Figure 7.1, there are some LGAs with annual rental costs above those set in our benchmarks. We consider that where providers are being asked to deliver out of home care in a higher cost area and lower cost rental properties cannot be secured, it would be more appropriate for providers and DCJ to jointly negotiate acceptable arrangements as part of a contract negotiation. This may involve higher funding to cover rent or an alternative model of provision. A negotiated approach may be necessary where there is a lack of suitable housing or exceptionally high rent in the area that is in proximity to a young person's school, community or birth family.

In our view, the individual nature of these exceptions makes these exceptional cases unsuitable to benchmarking or adjustment factors. These negotiations will allow DCJ to prioritise competing factors in the allocation of appropriate funding.

7.4.1 Accommodation costs for emergency residential care

Our Terms of Reference require the benchmarking of emergency accommodation arrangements which also require the provision of accommodation facilities on a shorter term or interim timeframe.

Due to the short-term nature of the accommodation, we have made different assumptions about the rate at which these accommodation types can be secured. These are generally higher than the median rents used for longer term residential care placements (see Table 7.14).

In some cases, the higher rate also includes a degree of cleaning and maintenance by the accommodation owner (such as short-term rentals).

Table 7.14 Annual accommodation costs of emergency residential care per property, \$2024-25

Type of care	Benchmark method	Cost
Emergency individual arrangement - non-contracted	Short term accommodation benchmark for Greater Sydney (ATO)	\$72,270
Emergency individual arrangement - contracted	Third quartile 2-bedroom long term rental	\$47,971
Emergency group care	Median rent of 4+ bedroom property	\$45,886

Source: Australian Taxation Office, [Benchmark market value tables](#), August 2024; NSW Department of Communities and Justice, [Rent and Sales report issue 151](#), May 2025.

Decision



8. The annual property rental costs for residential care, independent living and emergency arrangements are set out in Table 7.15.

Table 7.15 Annual rental costs per property, \$2024-25

Item	Residential 2 bed	Residential 4 bed	Group emergency	Independent living	Individual emergency (contracted)	Individual emergency (not contracted)
Rent	\$41,190	\$45,890	\$45,890	\$11,470	\$47,970	\$72,270

7.4.2 Facility set up/establishment costs

Residential facilities must be furnished and meet the NSW Child Safe Standards for Permanent Care (child safe standards) as well as any additional requirements set out by DCJ. Minimum requirements are for the provision of a safe, well maintained physical environment, typically described as 'physically and psychologically homelike', with a variety of spaces and facilities.¹⁷⁹ Suitable premises may require some initial modifications, furnishings and set up to ensure suitability and compliance with minimum requirements.

Currently, providers receive a one-off payment of \$15,923.08 known as the Placement Establishment Payment (PEP) to compensate for the costs of furnishing the residential facility. The PEP is paid to providers once for each new residential care facility. The payment is not made again when a provider moves an existing residential care facility to a new property, unless this has been done at the request of DJC.¹⁸⁰ The PEP is not intended to cover the costs of any home modifications that may be necessary to make a facility more robust or secure.¹⁸¹

Our analysis found that the current PEP funding amount is sufficient to furnish a new residential care facility which accommodates 4 children and young people, as well as an overnight staff member. However, we consider that furniture, white goods, and appliances have a limited lifetime and would need to be replaced periodically due to general wear and tear. Therefore, we recommend that this payment be made to residential care providers every 5 years per residential care facility.

We consider that personal effects such as bedding, towels, toiletries, clothing and/or bedroom décor should be purchased for each child or young person entering a residential care placement and remain with the child. Therefore, we recommend that an establishment payment of \$650 per child or young person be made to providers at the commencement of a residential care placement.

We have also heard that providers often need to modify properties to ensure that they are appropriate for residential care services and compliant with the child safe standards. Common home modifications include installing locks, replacing doors, installing screens on windows, and setting up home security systems. We have consulted with residential care providers about the costs of home modifications since publishing our Draft Report. However, we heard that the types of home modifications and their costs vary considerably from property to property. Therefore, we do not consider benchmarks to be suitable for the costs of home modifications for residential care facilities.

Rather, we maintain our draft recommendation that at the commencement or renewal of a contract there could be a reasonable expectation to negotiate funding for additional set up modifications. This allows DCJ to agree to the priorities relating to house establishment and potential trade-offs between higher set up costs for home modifications which may be necessary to ensure that residential care facilities are safe for children and young people, or that are robust enough to reduce the likelihood of damage as well as general wear and tear. Including this as a part of a contract negotiation allows DCJ to ensure delivery of an agreed standard of the house as well as improved risk sharing for future claims of damage.

For independent living placements and contracted individual emergency arrangements, we are recommending that an establishment payment of \$2,620 be paid once at the comment of a placement. This payment should be sufficient to provide an adequately furnished living environment, especially when considering that providers may be able to reuse more costly furnishings and white goods across placements. We do not consider this establishment cost would apply to non-contracted emergency arrangements, as these are typically in more short-term, pre-furnished accommodation.

Our estimate is based on the costs of providing a furnished property by the number of bedrooms or residents. We have considered the following cost categories within this individual establishment payment:

- **Reusable furnishings:** includes furniture which could be reused between at least 2 placements (approx. lifetime of 4 years). For example, white goods, furniture for communal areas, and furniture for bedrooms which could be reused, such as desks or bookshelves.
- **Security and privacy costs:** includes door locks, window locks, and video doorbell.
- **Personal items:** includes furniture and personal items which are not likely be reused between independent living placements. For example, beds, bedding, towels, kitchen utensils, cutlery and crockery.

Decisions



9. The estimated cost of furnishing a residential care or group emergency arrangement home is \$15,920 (\$2024-25). We expect that this cost would be incurred every five years.
10. The estimated cost of purchasing personal items each time a child commences a residential care or group emergency arrangement placement is \$650 (\$2024-25).
11. The estimated cost of furnishing and purchasing personal items for an independent living or contracted individual emergency arrangement facility is \$2,620 (\$2024-25). We expect that this cost would be incurred each time a child commences such a placement.

7.4.3 Ongoing house-related costs

Annual utility costs (water, energy, insurance)

Each residential facility will incur the fixed and variable costs of utilities. In this section we have costed utilities payable by tenants such as contents insurance, variable water component, energy (gas and electricity), presented in Table 7.16. Some utility bills will increase by the number of people within the household, others will be fixed.

Under the rental model assumptions some utilities are excluded (such as building insurance, council or strata rates) because these are not payable by a tenant but are assumed to be covered by rental payments.

Table 7.16 Annual utility costs per property, \$2024-25

Usual occupancy	Water (usage)	Electricity	Gas	Telecommunications (internet & subscriptions)	Insurance
1 person	\$225	\$1,500	\$900	\$1,200	\$458
2 people	\$444	\$2,500	\$1,200	\$1,200	\$458
3 people	\$444	\$2,500	\$1,200	\$1,200	\$458
4-5 people	\$585	\$3,500	\$1,600	\$1,200	\$458

Estimates of annual energy bills from Energy Made Easy using postcode 2000 for small to large person homes, single rate plans
Contents insurance estimate from [Canstar Average insurance costs by state September 2024](#) based on a contents sum insured of \$50,000
Source: Water usage based on Sydney Water factsheet average usage data ([How does my home compare](#) – small property occupancy ranges 230-600L / person / day) at \$2.67 per kL

Maintenance and repairs

Minimum service expectations of the physical environment of the residential facility are for the "provision of a safe, well maintained physical environment". Guidance on meeting the service expectations explains that this includes a well-maintained property, garden, grounds and facilities and damages and repairs to property are prioritised.

Care staff may assist with regular house cleaning, however additional more specialised cleaning, garden and facility maintenance and repair services will also be required to be completed by specialised staff or contractors. Some maintenance will be the responsibility of owners, not covered by tenants under a rental model.

We have heard from providers of residential facilities, that maintenance and repair costs for residential out-of-home care premises can be higher than other home like environments.

Since publishing our Draft Report, we sought further information from providers about the average costs of maintenance and repairs per year for residential care facilities. The data we received contained a considerable range of cost estimates, reflecting the unpredictable and variable nature of these costs. We also reviewed information from specialist homelessness providers, who operate in a similar manner to residential care providers, on the average costs of repairs and maintenance.

Our estimated costs for maintenance are set out in Table 7.17. These estimates are higher than the estimates included in our Draft Report.

Table 7.17 Annual maintenance costs per property, \$2024-25

Property type	Specialised cleaning	Garden maintenance	Pest control
3-5 bedroom	\$1,200	\$800	\$500
1-2 bedroom	\$600	\$300	\$300

Source: IPART assumptions.

ACWA submitted that they found through their ITC working group that 4-5 providers had an annualised property damage cost between \$320,000 to \$360,000 per annum.¹⁸² Additionally, they stated that repair and maintenance costs are largely unfunded and unbudgeted for, with no means for providers to recoup these costs through a standardised or ex gratia process.¹⁸³ Similarly, we heard from DCJ that providers had informed it that property damage costs appear to be underfunded.¹⁸⁴ As repair costs are managed by providers and not reimbursed by DCJ, cost information appears to be collected, reported and managed differently by different providers.

We have retained our allowance for maintenance from the Draft Report based on the information received from specialist homelessness services and allocated an amount of \$6,373 per year for repairs per residential facility. We recognise that providers may incur maintenance and repair costs beyond these benchmark costs. However, we consider that raising benchmark costs across the board is not a suitable way to address large variations in costs, particularly where these costs are able to be influenced by providers to some extent.

We consider that some damage is likely to occur irrespective of providers' practices and have made an allowance for this within the benchmark costs. Where damage above this level occurs, we consider that benchmarks or funding cannot be determined without a clear policy on risk sharing and contract management. If DCJ develops policy to address this issue, it should consider the implications of policy approaches, which types of circumstances necessitate reimbursement, supporting evidence requirements, reimbursements based on actuals, or risk sharing approaches based on an annual cap or a percentage of repair and maintenance costs to be shared between DCJ and providers. We have discussed this further in Chapter 11.

Decision



12. The estimated annual cost of utilities, repairs and maintenance for providing residential care, independent living and emergency accommodation are set out in Table 7.18.

Table 7.18 Annual utilities, maintenance and repair costs per property, \$2024-25

Item	Residential 2 bed	Residential 4 bed	Group emergency	Independent living	Individual emergency (contracted)	Individual emergency (not contracted)
Utilities, maintenance and repairs	\$16,220	\$16,220	\$16,220	\$4,050	\$4,050	\$0

7.5 Vehicle costs

Children receiving out-of-home care within residential placements require transport between the residential facility and appointments, education, family visits, sporting, social and cultural activities. In our Draft Report, we assumed a rate of \$0.88 per km of travel and approximately 11,100km per house (of 4 children and young people) per year. We based this on ATO rates for commercial car use¹⁸⁵ and ABS data for the average annual passenger vehicle usage in NSW¹⁸⁶. We had previously estimated vehicle costs to be \$2,442 per child per year.

In its submission, ACWA suggested that a rate of \$0.99 per km of travel is more appropriate as it aligns with the SCHADS Award, which includes a vehicle allowance of \$0.99 per km of travel.¹⁸⁷ Staff employed under the SCHADS Award are entitled to the vehicle allowance when they are required and authorised to use their personal vehicle for work (i.e. in the course of their duties). It includes travel:

- that involves duties like transporting laundry, food or medication for a client
- between work locations while on active duty, such as travelling between clients.¹⁸⁸

We consider that in some instances, it may be more efficient for staff to use their own personal vehicle when providing residential care services, rather than using a fleet vehicle. Therefore, we have revised our assumptions about vehicle costs to reflect the vehicle allowance rate of \$0.99 per km of travel as prescribed by the SCHADS Award. Based on the revised per km rate we estimate annual vehicle costs associated with residential care to be \$2,747 per child per year.

Decision



13. The estimated annual vehicle costs for residential care, independent living and emergency arrangements are \$2,750 per child per year (\$2024-25).

Chapter 8 »

Supporting Aboriginal cultural connections

This chapter discusses the costs of supporting Aboriginal children to connect to their culture, community, family, and Country



Cultural connection is a critical part of the social and emotional wellbeing of Aboriginal peoples. Aboriginal children have distinct rights to their culture, community and family.¹⁸⁹ Removing Aboriginal children from their family impacts their ability to maintain strong connections to their culture, community and Country.¹⁹⁰ This chapter sets out our analysis of the costs that can be involved in supporting Aboriginal children's cultural connections, additional to the casework described in Chapter 5. The cost of maintaining family connections is described in Chapter 9.

Each Aboriginal child in out-of-home care has unique cultural needs and therefore a one-size-fits-all approach to costing does not capture the diverse experience of Aboriginal Nations and communities in NSW. We have not attempted to define what should be part of a child's cultural plan, as this should be unique to each child and the Department of the Communities and Justice's (DCJ) procedures and guidance to prepare cultural plans do not provide minimum standards or expectations around key aspects of an Aboriginal child's connection.¹⁹¹ Our analysis is informed by Aboriginal-led research, reports and prior analysis, and our engagement with Aboriginal peak bodies and community-controlled organisations.

Our costing approach seeks to identify relevant costs areas that would facilitate and support access to a child's Country, culture, family and community. In this context, we recognise that these categories may not reflect the holistic nature of service provision, particularly with regards to place-based culturally appropriate services that many Aboriginal community-controlled organisations (ACCOS) provide. Further, as cultural connections represent interconnected relations with community, family and Country, these categories may not encompass all elements of an individual child's cultural connections, particularly due to the rich diversity and place-based nature of Aboriginal cultures, communities and histories.¹⁹² These supports are complementary to adherence with the Aboriginal and Torres Strait Islander Child Placement Principle (described further in Appendix A.4.1), to ensure Aboriginal children's connection to their family and community is maintained.

Other cost components, such as casework including additional casework time for Aboriginal children and restoration work (Chapter 5), are important elements of supporting Aboriginal children's cultural connections. As these costs are considered in other chapters, this chapter focuses on costs in addition to casework that further facilitate cultural connections for Aboriginal children.



"Being Aboriginal is the proudest thing in my life, to know that that's my people. It made me so proud to see what we've actually done and how far we've come to this day. It taught me that no matter what, I can still get up and do what I want."

Aboriginal child in out-of-home care¹⁹³

8.1 Chapter overview

In practice, the ways in which out-of-home care providers support the cultural connections of Aboriginal children are highly individualised and often holistic, making it difficult to establish generalisable cost categories. It is also recognised, aligned with DCJ policy and the National Agreement on Closing the Gap, that ACCOs are best placed to support Aboriginal children.¹⁹⁴

To do our costing and pricing exercise, we have broken costs into categories, recognising that they could be overlapping and interconnected.

We estimate:

- The cost of an Aboriginal cultural worker who can offer specific cultural expertise is \$2,540 per child per year
- The upfront cost of genealogy and family finding services when an Aboriginal child first comes into care is \$6,690. This informs the child's cultural plan
- The cost of activities to support an Aboriginal child's connection to culture is \$1,500 per child per year, made up of \$990 for cultural programs and \$510 for associated travel
- ACCOs' organisational costs are typically \$6,800 per child per year higher because of the additional functions they undertake and their holistic way of approaching care.

Some of these cost estimates are based on fewer data points than we would prefer. Where possible, we have used external sources to test the data we received from providers. As discussed in Chapter 2, we recommend that DCJ establish a framework to collect data on the services provided to children prior to, or at the time of, any renegotiation of funding for non-government providers, including ACCOs.

These items are complementary to and do not replace casework support and an Aboriginal child's connection to family.

Combining these costs gives us an estimate of the costs that providers incur in supporting the cultural connections of Aboriginal children in out-of-home care (additional to casework and other costs). We recognise that these costs vary significantly in practice, but defining these costs helps to ensure that the amount of funding available for these activities is more cost reflective than current levels.

Box 8.1 The current Permanency Support Program packages for cultural planning

Under the Permanency Support Program (PSP), all non-government providers caring for Aboriginal children (excluding those in residential care) receive a Cultural Plan (Aboriginal) package, consisting of an establishment payment of \$4,164 and an annual payment of \$494 each subsequent financial year. The Cultural Plan package is meant to provide support for cultural planning for Aboriginal children in addition to baseline packages. The one-off establishment payment is intended to cover designing a comprehensive and holistic cultural care plan and genealogy work to support connection to family, community and culture. The ongoing payment is meant to cover participation in cultural activities such as camps and maintenance of the cultural plan.

The *Children and Young Persons (Care and Protection) Act 1998* requires all Aboriginal children to have a cultural plan. DCJ's Aboriginal Case Management Policy requires case management to provide intensive support for Aboriginal children's connection to culture. Previous reviews and our consultation have found this Cultural Plan package is inadequate to provide comprehensive cultural support. The Audit Office of NSW found that "DCJ does not know whether funding to non-government organisations is sufficient for cultural planning".

Source: NSW Department of Communities and Justice, [Permanency Support Program \(PSP\) Packages: Eligibility Rules and Inclusions](#), July 2023, p 25; Centre for Evidence and Implementation, [Evaluation for the Permanency Support Program: Final Report](#), April 2023, p 29; Feedback from IPART workshop at AbSec Quarterly Forum, May 2024; Audit Office of NSW, [Safeguarding the rights of Aboriginal Children in the child protection system](#), June 2024, p 43.

8.2 Estimates of cost components

While intensive casework makes up a proportion of the additional costs of supporting Aboriginal children in out-of-home care (\$2,710-\$3,370 per child per year depending on case management agency), there are also costs associated with the activities and supports provided to Aboriginal children to support them to connect to their culture. This section outlines the different cost items we have used and how we have established these costings.

Connection to family is highly important to Aboriginal children to ensure their connection to culture. We discuss the costs associated with this further in Chapter 9. The cost items discussed in this chapter are therefore complementary to and do not replace supporting Aboriginal children's connection to family.

8.2.1 Cultural workers

Both ACCOs and non-ACCOs sometimes employ Aboriginal cultural workers^a, who offer additional cultural expertise such as:

- helping to develop and implement cultural plans
- assisting carers to support their child's cultural identity and connections
- facilitating children's access to cultural and community events
- liaising with local community members.

For ACCOs, this is additional to the strong cultural expertise that their frontline staff already have.

We estimate that the cost of a cultural worker is approximately \$2,540 per child per year. Based on the data we received from providers, we concluded that cultural workers are typically paid the same salaries as caseworkers (i.e. \$112,532 including oncosts for a non-government provider, see Chapter 5). We have estimated that a full-time cultural worker supports around 57 children and like a caseworker is supported by a manager and support staff. This is based on information from ACCOs, including feedback that the caseload of 93 that we proposed in our Draft Report was too high.¹⁹⁵

AbSec queried our benchmarking of cultural worker costs as a per-child cost and submitted that ACCOs "face challenges with recruitment and retention of dedicated cultural support workers, where expected to do so on a part time or temporary basis if IPART's recommendations for funding cultural support on a per child basis was implemented".¹⁹⁶ It recommended to "guarantee upfront block funding to ACCOs to support the employment of Aboriginal Cultural Workers and other cultural support infrastructure".¹⁹⁷ We consider this relates to the current Aboriginal Transition Support Payment, which is the annual upfront payment of \$155,625 for ACCOs that can help to provide certainty of funding.¹⁹⁸ Chapter 11 discusses the merits of secure sustainable funding for ACCOs in more detail. We maintain the value of costing cultural workers on a per-child basis, as the size of the ACCO would likely determine the number of cultural support workers that need to be employed.

DCJ advised us that it provides the equivalent cultural expertise and support through Aboriginal caseworkers.¹⁹⁹ We consider that these costs reflect the provision of additional cultural support over and above what is delivered by caseworkers. As a result, we consider that this is an additional cost which should form part of the cost of delivering care to all Aboriginal children. DCJ may wish to consider how effectively this function is able to be delivered by DCJ or non-ACCO providers when determining how to price this function.

We recognise that, as with caseworker caseloads, costing a cultural worker on a per child basis may not reflect variations in placement numbers. We also note that not all providers employ Aboriginal cultural workers. Chapter 11 discusses approaches to pricing the support that Aboriginal cultural workers provide.

^a Different organisations have different names for this type of position. We have used cultural worker as an umbrella term.

8.2.2 Cultural planning and cultural connection activities

Every Aboriginal child has a unique cultural journey. Their cultural needs depend on factors such as their age, family circumstances and the traditions of their mob or community.²⁰⁰ As described in the following sections, we have separated these costs into upfront and ongoing costs.

The cultural needs of Aboriginal children are captured in their cultural plan, which should at a minimum:

- identify the cultural needs of the child
- outline how the child can experience their culture to maintain their identity and their connection to family, community and Country
- help make sure that important cultural and family information is maintained for any child who is too young to contribute to their own plan.²⁰¹

Things that could be in an Aboriginal child's cultural plan include but are not limited to:

- support from an Aboriginal mentor connected to the child's relevant community and cultural authority
- attendance at community gatherings and events
- attendance at cultural camps
- participation in traditional cultural activities
- identified significant local places and sites for the child and ways for the child to visit that site
- plans for the child to have contact with birth family, community and return to Country.

Upfront cultural planning cost

When an Aboriginal child enters care, intensive family finding and genealogy must be done to trace their heritage and cultural ties. Without this information base, it is not possible to develop a practical cultural plan. While some of the family finding will be done by the caseworker, there are additional family mapping services required for Aboriginal children that are performed by specialist researchers that have knowledge of and connection to Aboriginal communities.

We have estimated the cost of family finding and genealogy as \$6,690 based on the costs of Link Up NSW, which has a Family Link program which offers family finding and kinship tracing for Aboriginal children at risk of entering or already in out-of-home care.²⁰² The average cost per child is based on the total program cost in 2022-23 (\$973,000) divided by the number of referrals received for the program (154). The average cost per child in 2022-23 was escalated to 2024-25 using CPI. We note that this program is funded by DCJ.

While we have used Link UP NSW's Family Link program to estimate the costs of family finding and genealogy, it is important to recognise there are other ways of delivering these services. For example, we have heard of ACCOs that employ an in-house genealogist. This is more cost-efficient for larger organisations, whereas most ACCOs are relatively small. ACCOs also have greater access to local community and family knowledge and linkages to support family finding.

There is also an upfront cost in developing a cultural plan which covers the intensive casework including consultation with Aboriginal families and communities. This is a casework cost, covered in Chapter 5.

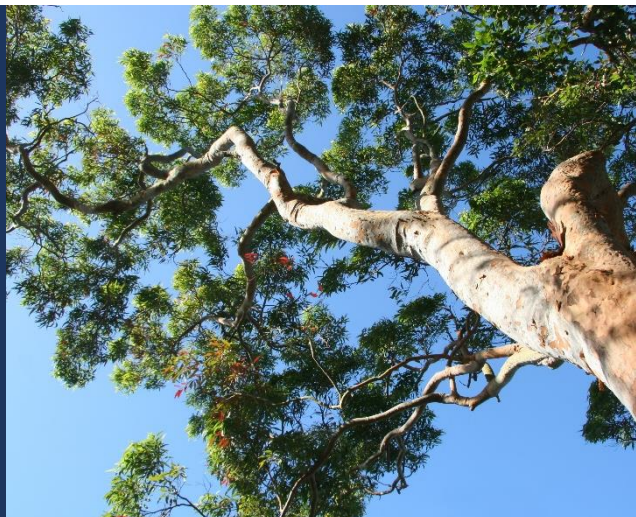
Ongoing cultural connection activity costs

Based on the variability of the cultural supports that Aboriginal children in out-of-home care may require, we consider it would not be accurate to do a bottom-up costing of different 'items' that could go into a child's cultural plan. Instead, we have approached estimating the cost by basing it on actual expenditure. We estimate the cost of activities to support an Aboriginal child's connection to culture is \$1,500, made up of \$990 for cultural programs and \$510 for associated travel.²⁰³ We note that our estimated annual cost of \$990 per child for cultural programs to support children's connection to culture and community is based on data from one ACCO.

To further facilitate cultural connections, Aboriginal children may need to travel to Country. Country refers to culturally defined areas of land, waterways and seas that are connected to a distinct group(s) of Aboriginal peoples.²⁰⁴ Being on Country can support Aboriginal children's maintenance of their wellbeing, identity and cultural connection.²⁰⁵ For Aboriginal people, Country represents a complex and interconnected relationship between land, water, culture, law, story, identity, relation, and kin. Connection to Country is a very important part of Aboriginal identity, being and culture.²⁰⁶ Due to the history of displacement of Aboriginal peoples, many Aboriginal children in out-of-home care live off Country. For example, Abcare (which operates in Northern NSW) estimates that 68% of the children in its care are placed off Country.²⁰⁷

"The connection. Like water, birds, all the wildlife, it's so amazing what this Country's still got. Like it's through our nature, and you belong to it, you're just looking around, and you see where the old fellas would've been."

Stolen Generations survivor²⁰⁸



In our Draft Report, we recommended that the costs of supporting an Aboriginal child to connect to Country be paid on an actual costs basis, as this cost is highly variable. We have heard the frequency and way in which Aboriginal children should connect with their Country is different depending on each child's individual circumstances. Several ACCOs raised concerns around the potential for this to undermine their authority to determine cultural connections. These concerns are summarised by AbSec's submission:

We have reports by ACCOs that they often face challenge by the department for cultural supports provided. As ACCOs, strong in culture and deeply engaged in their communities, it is unacceptable for DCJ to challenge what constitutes appropriate cultural supports for Aboriginal children. While we recognise that there must be some mechanism for managing costs, Aboriginal people should make the decisions about what constitutes appropriate cultural support for Aboriginal children and young people.²⁰⁹

Instead, AbSec recommends "clear, guaranteed and up-front funding for cultural connection activities".²¹⁰ Due to this feedback, we have revisited our analysis and have estimated \$510 as the benchmark cost to facilitate travel to Country. This is based on analysis of data from DCJ contingency payments (for children in DCJ and non-government provider care) that have been categorised as travel to maintain identity and culture and is the average amount over the last 3 years. Based on what we have heard, we consider determining a benchmark cost estimate is more suitable than leaving these costs to be negotiated on a case-by-case basis.

As a point of comparison, the Victorian Government estimated a \$200-\$2,000 cost per child for Aboriginal cultural supports for children in early childhood education and care.²¹¹ We recognise that using current costs may not be completely reflective of the costs of supporting cultural needs, as we have heard that it is currently not always possible to offer the desired cultural support to meet the Aboriginal and Torres Strait Islander Placement Principle due to funding limitations.

Decision



14. The estimated costs of providing additional support for each Aboriginal child to connect to culture, community and Country (excluding additional casework) are set out in Table 8.1.

Table 8.1 Cost of meeting the cultural needs of Aboriginal children in out-of-home care per child, \$2024-25

Cost component	Amount	Nature of cost
Genealogy and family finding	\$6,690	One-off on placement
Cultural worker	\$2,540	Per year, ongoing
Cultural programs	\$990	Per year, ongoing
Travel to facilitate connection to Country	\$510	Per year, ongoing

8.2.3 ACCO organisational costs

ACCOs have additional functions on top of the costs of cultural supports that any type of provider incurs when caring for Aboriginal children. The PSP service requirements state that ACCOs were funded "explicitly to recognise that they work differently and more holistically to provide a full set of services prior to and across the continuum of care to Aboriginal children, young people, their families and communities".²¹² This means that ACCOs have additional organisational costs on top of the costs of supporting Aboriginal children discussed in this chapter so far. Several stakeholders including AbSec, ACWA and the Advocate for Children and Young People acknowledged and supported our estimation of these additional costs in submissions to our Draft Report.²¹³

Identifying the additional costs to ACCOs compared to non-ACCO non-government providers is not straightforward. The nature of ACCOs and the children in their care varies significantly. While variation exists for children and agencies across the sector, ACCOs take a particularly unique and place-based approach to each child's cultural journey depending on factors such as the community they operate in and the child's family history. Also, ACCOs' core elements, related specifically to how they operate from Aboriginal cultural contexts (Aboriginal ways of knowing, being and doing), do not naturally or easily fit specific cost items. For instance, culture is likely embedded across all service and practice areas, and not easily attributed to particular cost items. A description of the types of ACCO-specific costs is provided in Box 8.2.

ACCOs are well-placed to design and deliver culturally safe and effective services. This is in part because ACCOs employ more Aboriginal and Torres Strait Islander people, have greater cultural expertise, skills and knowledges, and have stronger ties to the community.

Australian Government Productivity Commission²¹⁴

Box 8.2 Description of additional costs to ACCOs

We have identified a breadth of evidence that ACCOs have additional functions which translate to additional costs compared to non-ACCO non-government providers, based on DCJ requirements as well as our consultation.²¹⁵ While each ACCO takes a unique and place-based approach, we have identified some generalisable categories of these additional costs that apply. These categories may not relate to the individual circumstance of each ACCO.

Community work and cultural advocacy

ACCOs work closely in their community to provide education and programs. In the current PSP service requirements, this is described as:

- community education, for example attending training around health and wellbeing and training local carers on Aboriginal matters
- community programs and connections such as NAIDOC, Sorry Day, and other community relationship building
- community level family work which is preventative work with families such as providing advice, running skills workshops, counselling services.²¹⁶

Box 8.2 Description of additional costs to ACCOs

ACCOs have reported working closely with families navigating the child protection system, acting as an informal advocate and making them aware of their rights in the system.²¹⁷ Many ACCOs that we consulted reported that this wider community consultation work goes under- or unfunded.²¹⁸

Similarly, ACCOs also often offer as-needed support to community members and families needing help to navigate the child protection system. This is particularly important because of a significant amount of mistrust between Aboriginal families and DCJ, primarily caused by intergenerational trauma.²¹⁹ ACCOs' work with families can sometimes be in the form of 24/7 support, which can create cost burdens as well as impacts on staff welfare.

Cultural consultation

ACCOs have described the policy and practice consultation they provide to DCJ and non-ACCO non-government providers. In its submission to our Consultation Paper, AbSec refers to ACCOs carrying cultural and committee load, for example through providing policy and program advice to DCJ and other government entities.²²⁰ Similarly, ACCOs may provide cultural consultation to non-ACCOs working with Aboriginal families.

Staffing

While it is not a requirement, many ACCOs have a mostly Aboriginal workforce. This is because Aboriginal staff are often members of the local community in which they work, meaning they are closely in touch with the local culture. While having a mostly Aboriginal workforce is valuable for ACCOs, it also creates issues such as:

- having a smaller pool of people to hire, making recruitment more challenging
- Aboriginal support staff being prone to cultural burnout due to demands from community, and exposure to trauma and racism.²²¹

Overall, ACCOs have suggested to us that these issues could lead to staff burnout and higher turnover if not adequately managed.²²² While the ways in which we have seen ACCOs address this differ, there is a range of literature that identifies common themes such as feeling culturally safe, supervision/mentorship, development and adequate recognition.²²³ Addressing these challenges with staff may come at an additional cost compared to non-ACCOs.

Some ACCOs told us that they recruit staff who may not have all the required experience to work as a caseworker straight away and then provide them with mentorship or training to work their way up to a more experienced role.²²⁴

Box 8.2 Description of additional costs to ACCOs

When ACCOs hire non-Aboriginal staff, they may need to invest in additional training and supervision to support these people to deliver culturally safe care.²²⁵

As these costs are difficult to measure, we have estimated them by analysing reported administration and overhead costs for different organisations. Our analysis shows that there are differences in these costs for ACCOs compared to non-ACCOs. We have used this to estimate the additional costs for ACCOs because of their different functions and ways of working. It is recognised that these local, holistic and Aboriginal community-based service approaches are best for Aboriginal children.²²⁶

We reviewed the financial data of ACCOs and foster-care only non-ACCOs and found that on a dollar per child basis, the administrative cost was \$6,801 more for ACCOs as shown in Table 8.2 (this analysis is included in more detail in Appendix E). This does not indicate that ACCOs are less efficient, but we consider it is instead evidence of the additional costs that ACCOs incur.

Table 8.2 Annual administrative costs per child for ACCOs and non-ACCOs, \$2024-25

Provider and placement type	Admin costs
Foster care only ACCOs	\$18,720
Foster care only non-ACCOs	\$11,919
Difference	\$6,801

Source: IPART analysis of data provided by non-government providers.

While the cost types we have described are organisation-wide costs, we consider that, like other administration and overhead costs, they are likely to be proportional to the size of the organisation. We have therefore recommended these ACCO-specific costs be determined on a per child basis. These costs are separate to the general costs of building organisational readiness, including facilitating transitions. Chapter 11 includes a discussion of funding to support the Government's commitment to building the ACCO sector as part of the National Agreement on Closing the Gap.

We consider that per child ACCO-specific costs are unlikely to vary significantly with the type of care delivered by the ACCO, as the additional costs that we have described are not related to the model of care delivered. At this stage we therefore suggest that the additional costs to ACCO providers of residential care models are the same per child as our estimate for ACCOs providing home-based care. However, as the majority of ACCOs in out-of-home care in NSW currently only deliver home-based care, we have not been able to analyse how the costs incurred by ACCOs delivering other types of out-of-home care might differ to determine whether this is the case.

Decision



15. The estimated cost of ACCOs' additional functions, such as community advocacy and cultural consultation is \$6,800 per child per year.

Cost of transitions

As previously discussed, the NSW Government has a project underway to transition all Aboriginal children in out-of-home care to the case management of ACCOs. In our consultation with ACCOs we have heard about the complexities and costs involved such as:

- additional casework due to incomplete case information on the Aboriginal children who transfer
- undertaking carer reassessments
- the financial risks due to uncertainty about when transfers are occurring.^{b227}

The Audit Office of NSW also highlighted the financial disadvantage that ACCOs have experienced by the failure of the transition process, due to upscaling to support transfers that have ultimately not occurred.²²⁸ The current financial burden placed on ACCOs to accommodate the uncertainty of transitions may not align with the Government's Closing the Gap priority of building the Aboriginal community-controlled sector.

We have heard transitions can take over a year to complete, during which both the non-ACCO provider holding case management and the ACCO receiving case management will have additional work to do compared to caring for a child that is not transitioning. For the non-ACCO provider, these are casework costs including:

- more intensive work with the current carer of the child to help them understand why the transition is important, and once carer consent is obtained to prepare them for the transition
- meeting with the ACCO to discuss the transfer process and the child's background
- administration to provide required documents to DCJ.

The ACCO is actively involved in the process but does not receive any child-related funding until the transfer of case management is completed. The ACCO also typically must reauthorise and re-train the carer.²²⁹ This reauthorisation also occurs before the completion of case management transfer and therefore before the ACCO receives funding packages for the child.

We heard from our consultation that there would be 3 months' worth of lead up costs for the ACCO in the form of labour and admin and overheads.²³⁰ This is based on the assumption that it requires 3 months to train up a new caseworker to build up the capacity to take on additional children. Due to the large number of Aboriginal children needing to transition to ACCOs, we have assumed that ACCOs will need to employ additional caseworkers.

^b There is currently an Aboriginal Transition Support Payment of around \$156,000 annually for all ACCO PSP providers. The amount is intended to support both new and established ACCOs, but there is no transparency over how the payment was costed or what services it is supposed to cover. The payment is the same regardless of the size and capacity of the ACCO.

In its submission to our Draft Report, DCJ noted that not every case will require 3 months of caseworker training.²³¹ While this makes sense on a per-child level, our costing of transitions seeks to quantify the overall cost impact on the ACCO. Not every transition will require employment of a new caseworker, but an overall increase in the volume of transitions requires greater casework capability. As a result, we maintain the assumption of 3 months of casework costs for transitions. Conversely, Narang Bir-rong Aboriginal Corporation submitted that the intensity of casework extends beyond the first year of placement and therefore consideration should be given to providing additional financial supports in the second year after transition.²³² We do not have sufficient data to identify whether this is a cost to ACCOs, so this may be something that DCJ and AbSec could monitor as the number of transitions increases over time.

We recommend DCJ provides upfront funding to ACCOs for transitions rather than the current fixed Aboriginal Transition Support Payment, in the form of:

- 3 months of casework and oncosts per child
- 3 months of admin and overheads per child
- carer authorisation and training per carer.

This would add up to an upfront package of between \$8,934 and \$9,969 per child that transitions and \$6,750 for reassessment and training of each carer that transitions. As transitions generally take time to complete, this recognises the cost to the ACCO to build up capacity to care for the child(ren) to be transitioned. This amount has changed since the Draft Report as we have included a range for the number of children per caseworker (caseload), in line with the ranges presented in Chapter 5. We also identified an error in the number of carers we had based our Draft Report estimates on.

Consistent with our revised decision for the costs of carer recruitment and assessment to be funded on a per carer basis (discussed in Chapter 9), we consider that funding for reassessment and training of carers that transition to an ACCO should also be on a per carer basis. We have also included the estimated annual carer training cost to be paid for each carer who transitions. We have modified our decision accordingly.

The costs presented in Table 8.3 are for home-based care, as aligned with Government policy to focus on transitions of Aboriginal children in home-based care. The same framework could be applied to residential care with updated costings.

Table 8.3 Costs to transfer case management of an Aboriginal child to ACCO, \$2024-25

Cost component	Description and assumptions	Upfront amount
Casework	3 months of typical casework cost for an Aboriginal child on a long-term care case plan goal per child	\$4,254-\$5,288
Admin and overheads	3 months of typical admin and overhead costs for an ACCO caring for an Aboriginal child in foster care per child	\$4,680
Total amount per child	Includes 3 months of casework and admin and overheads as above	\$8,934-\$9,969
Carer authorisation and training	Upfront training and authorisation cost per carer	\$6,750
Total per carer		\$6,750

Source: IPART analysis.

Decision



16. The estimated cost to an ACCO of transitioning an Aboriginal child from a non-ACCO to an ACCO provider is between \$8,934 - \$9,969 per child, and \$6,750 per carer.

Chapter 9 »

Other costs of supporting a child in out-of-home care

This chapter sets out our analysis of the costs of other activities or services that are needed to support a child in out-of-home care that are not covered in previous chapters



Beyond the care allowance for home-based care, and the costs associated with casework, administration, staffing and accommodation discussed in the previous chapters, there are a range of other expenses associated with delivering quality care to children in out-of-home care.

These include:

- the day-to-day living costs for children in residential, independent living and emergency arrangements
- costs of meeting children's needs when they are not in placement
- costs of recruiting, assessing and training carers
- estimated average costs for medical and family time expenses.

As discussed in Chapter 4, expenses that vary significantly from child to child are not suitable for incorporating within cost benchmarks. Such expenses include the medical, dental and therapeutic needs of each child, as well as those associated with facilitating family time such as travel, accommodation and meals. We recommend that these costs are funded based on the needs of each child (see Chapter 11 for more information). However, in this chapter we provide an estimate of the average cost of meeting these needs.

9.1 Chapter overview

For children in home-based care, day to day living expenses are covered by the care allowance. For children in non-home-based care settings, we have estimated these costs as a portion of the recommended care allowance. We adjusted the care allowance to remove costs that are funded separately in non-home-based care arrangements, housing and furniture related costs. We recommend an annual amount (\$2024-25) ranging from \$8,760 to \$16,500 based on the age of the child for emergency arrangements and independent living. For residential care, we recommend an annual \$14,980 per child, regardless of age.

Where children have left their placement but remain in out-of-home care under the supervision of a caseworker, a provider no longer incurs costs for (or is funded to provide) the day to day living expenses for that child. However, they may incur additional costs to support that child, such as the provision of everyday necessities such as groceries, transport and mobile phone data. We estimate the efficient cost of this assistance to be \$6,000 per year per child while the child is deemed to be 'out of placement'.

Providers also incur costs to recruit, train and assess foster, relative and kinship carers. The combined cost of recruiting and assessing each new carer household is around \$23,441 (\$2024-25). The annual cost of carer training is around \$1,500 per carer (\$2024-25). On a per child basis this is \$1,800 per year.

As mentioned, the costs associated with medical and therapeutic care for children and the costs of maintaining contact with family vary significantly depending on a child's individual circumstances and cannot be benchmarked or subject to an efficiency review. The current approach to dealing with these costs involves two significantly different systems, depending on whether a child's care is managed by the Department of Communities and Justice (DCJ) or a non-government provider. There are fundamental differences between the two systems that include differences in funding structure and level, methods and categories used to assess children's needs, where the funding is directed and the level of oversight and transparency.

After comparing the two systems, the actual costs incurred for children whose case is managed by DCJ, and the Permanency Support Program (PSP) funding allocated to non-government providers we found that:

- The estimate of costs (and hence, level of funding for providers) in the PSP is likely to be inadequate to cover these types of costs, on average. Though inconsistencies in the way children's needs are categorised introduces complexity and makes comparison across the two systems difficult.
- The costs are likely to vary significantly across different children, which means that actual annual costs may look very different from the average, particularly for smaller providers who would also find it more difficult to absorb fluctuations.
- There is an inconsistency between the flexibility afforded to providers to allocate funding as they see fit and the process for seeking additional funding to meet the needs of a particular child. This creates unnecessary administrative burden for providers and DCJ.
- The approach to funding under the PSP leads to a lack of transparency around where funding is being spent, what services are being accessed by children and to what extent carers are paying for services out of their own pockets.

Our recommendations for meeting the needs of individual children and providing greater consistency and transparency are discussed in Chapter 11.

9.2 Day-to-day living expenses for children in non-home-based care

We consider that in large part, the day-to-day living expenses, such as groceries and clothing, should be the same for all children of a particular age across all placement types. However, the care allowance includes an amount that is intended to support the additional costs of housing (rent and mortgage) and furniture. These costs reflect a portion of household expenses that are separately identified and funded for non-home-based care placements. As a result, we have identified the costs both with and without these expenses included to enable a consistent approach across the different cost benchmarks for each placement type.

To identify the cost of day-to-day expenses for a child in care which do not include a contribution to these household expenses, we removed rent, mortgage and furniture from the original 2006 allowance and then applied an adjusted growth rate provided by the Melbourne Institute using the HILDA data. To achieve this, we first estimated the difference between typical household expenses in the HILDA data both including and not including contributions to housing and furniture costs. By adjusting for inflation, we calculated the median household expenditure on rent, mortgage and furniture in \$2006-07 which we used to adjust the original 2006 care allowance. We then applied a similar methodology that was used to build up the fortnightly estimates of the day-to-day living expenses excluding a contribution to household expenses.

In our Draft Report, we estimated the costs of day-to-day living expenses for children and young people placed in residential care placements for each of the four age brackets used in the care allowance. We have subsequently decided to reduce the number of age brackets in the care allowance given the similarity between the 14-15 and 16-17 values (see Chapter 3). We received feedback in response to the Draft Report that an age-based allowance will cause further administrative burden and complicate the funding reconciliation process. This is because residential care providers cannot predict the duration of a child or young person's placement in residential care.²³³

In their submissions, ACWA and Southern Youth and Family Services recommended that the costs of living expenses for children and young people be calculated by averaging costs across age brackets. Their recommendation suggests a weighting of one 5-13 age bracket payment, two 14-15 age bracket payments and one 16-17 age bracket payment.²³⁴

In response to this feedback, we have calculated a weighted average for living expenses for children and young people in residential care placements using data on residential care placements by age. As result, we have found that the annual cost of day-to-day living expenses for children and young people in residential care (including group emergency arrangements) is \$14,980 per child.

We recommend that this weighted average cost of living expenses applies to residential care (including group emergency arrangements) only and not to children and young people in independent living placements or individual emergency arrangements.

This is because independent living placements are only provided to children within a single age bracket (14-17-year-old). An age-based allowance for these children and young people continues to be accurate without being administratively complex.

For emergency arrangements, children may be of any age, however we understand placement arrangements are bespoke and tailored to the individual child and circumstances. In costing these placements we consider that there is limited gain from averaging across age brackets for the living expense component.

Decision



17. The annual day-to-day living expenses for children in non-home-based care are set out in Table 9.1.

Table 9.1 Annual day-to-day living expenses for children in non-home-based care, \$2024-25

Age bracket	Independent living and individual emergency arrangements	Residential care and group emergency arrangements
0-4	\$8,760	n/a
5-13	\$10,530	\$14,980
14-17	\$16,500	\$14,980

Source: IPART analysis.

9.3 Child-related costs for children not in placement

When a child is not in placement, non-government providers receive the case coordination not in placement package that provides for continued casework as well as additional financial support to ensure the child is safe and their needs are met. The casework component when a child is not in placement is discussed in Chapter 5 and Appendix C.

As mentioned in our Draft Report, we have heard from non-government providers that there are long travel times to conduct risk assessments, often requiring two caseworkers as well as purchase of daily necessities such as mobile phones, clothing, Opal cards and groceries. While we accept that there are costs associated with this situation, there is a lack of reliable data to estimate an efficient cost for other child-related costs when a child is not in placement.

These costs may vary significantly depending on the needs of the child and their location. In the absence of better information, we propose to use the same inclusions under the current case coordination not in placement package, updated to \$2024-25, presented in Table 9.2 below.

Table 9.2 Cost components of case coordination package, \$2024-25

Cost component	\$ per child per year	Inclusions
Activity costs, food and miscellaneous	\$1,535	Assumes \$64 per activity (\$50 inflated to \$2024-25), up to 2 activities per month
Additional transport	\$2,928	Assumes 200km of additional travel per month, \$1.22 per km as per CSS hourly pay rates
Additional brokerage	\$1,535	Assumes \$128 per month (\$100 inflated to \$2024-25)
Total child-related cost components	\$5,997	

Note: The total child-related cost components excludes casework and outreach activity-based youth work support and mentoring.

Source: Information provided by NSW Department of Communities and Justice.

Under the PSP, the case coordination not in placement package provides for outreach activity-based youth work support and mentoring. This may include organising food vouchers, clothes vouchers, travel cards, referrals to homeless shelters or sheltered accommodation, mentoring to support children back into their placement as well as practical advice such as assistance with job applications. Some of these activities would be considered part of the casework activities and therefore we have not included them in our recommended child-related cost.

These child-related costs are in addition to the casework allowance and funded to the provider for the duration of the not in placement event, once a not in placement event has been triggered.^a

Decision



18. The estimated annual child-related costs for children not in placement are \$6,000 per child while a child is out of placement. This provides for transport costs and day-to-day expenses such as food and clothes.

^a Note that there is a grace period where a provider continues to receive the in placement payments until the child has been out of placement for a period of 4 or 8 weeks. We do not propose that this would change.

9.4 Recruiting, assessing and training carers

As noted in Chapter 3, NSW carers are leaving faster than can be replaced and there is an increased effort by the NSW Government to ensure that more carers are recruited and current carers are retained. The availability, up-to-date knowledge and capacity of carers is essential for the out-of-home care system.

The sections below address the cost of carer recruitment and assessment, and training to ensure they are well equipped for looking after the children in care.

9.4.1 Cost of carer recruitment and assessment

Currently, individual providers are required to organise and fund the recruitment and assessment of new carers. Central bodies, such as My Forever Family NSW support the recruitment of carers and will refer potential carers to suitable providers.

The costs associated with carer recruitment and assessment include:

- marketing – advertisements, connecting with carer networks, using other networks (such as faith-based networks, community events)²³⁵
- carer information sessions
- administration and marketing personnel
- preliminary assessments with carers – home visit, interviews with carer and all household members, police checks, citizenship/resident checks
- translation/interpreter services (in cases where the potential carer's language is not English)²³⁶
- formal carer assessments and registration.

We have heard from non-government providers that they often have to rely on innovative and flexible approaches to mitigate the costs of recruiting new carers. Many providers rely heavily on word-of-mouth referrals which have been less successful as we have heard that carers are becoming less inclined to recommend the practice to others.

During this review, we received feedback that larger providers with strong name recognition are able to rely more on word-of-mouth referrals compared to smaller providers.²³⁷ As a result, smaller providers have to spend a higher amount of funding on recruitment to remain competitive in the reducing market for new carers.²³⁸

The cost of recruiting a new carer is also driven by the suitability of applicants for caring. In addition to mandatory checks and assessments in the recruitment process, such as a police check, providers may have additional requirements to be a carer with their organisation.

We have heard that in certain cases, a provider may undertake and fund the recruitment, preliminary assessments and interviews for a potential carer but they may inevitably be deemed unsuccessful late in the process for various reasons, resulting in a provider having to potentially restart the recruitment process. Information from one provider indicated an authorisation success rate of around 40% in financial year 2023-24. Carer recruitment is undertaken constantly throughout the year as new carers are continually required, including for placement changes, changes in carer situation and child(ren)'s needs.²³⁹

Currently, carer oncosts (such as recruitment, assessment, training and authorisation) are listed as inclusions in each child's baseline package for home-based care under the PSP. However, the amount provisioned is not reflective of these costs, and we have heard that this funding does not cover the growing costs associated with recruitment.²⁴⁰

Based on acquittal information from non-government providers, the total annual cost of carer recruitment for a provider averaged \$40,638 for \$2023-24, however the total expenditure ranged as low as approximately \$5,000 for smaller providers and as high as approximately \$113,000 for larger providers.^b This is the total average amount spent by a provider on recruitment and could represent the recruitment of one or multiple carers over the year.

The cost of marketing and other related recruitment costs vary significantly between providers. In an article published in 2014, Probono Australia reported that the estimated cost of foster carer recruitment ranged between \$10,000-25,000 but could be as high as \$30,000, not including all potential oncosts which may be required for recruitment.²⁴¹ It is unclear whether this estimate includes carer assessments or if it is just reflective of recruitment strategies and associated marketing. We have assumed that it does include carer assessments as part of the recruitment cost.

Comparable sectors, such as aged care, have access to external recruitment agencies which charge an estimated \$5,000 per recruitment with an additional \$995 administration fee; however, this includes full-time paid positions.²⁴² A survey of over 1,500 employers found that the cost to hire a full-time employee in any industry cost an estimated \$23,860 per employee in 2021.²⁴³

In Table 9.3 we have compared public sources which estimate recruitment costs for both foster carers and aged care. Where applicable, we have adjusted these figures to reflect \$2024-25.

Part of the recruitment process includes assessing the suitability of potential carers. In a case study provided to us by an Aboriginal community-controlled organisation (ACCO), the estimated cost for assessing a new carer (foster or relative/kinship) was \$5,250.^c This reflected the cost of the assessment (\$3,750) and associated travel, accommodation and food costs (\$1,500). In de-identified case plans provided to us by DCJ, the assessment cost for a relative/kinship carer ranged from between \$4,000-5,000.

As shown in Table 9.3, using these estimates, we consider the cost of carer recruitment to be approximately \$18,190 for each carer although this cost may vary in cases where a provider is referred a carer (without marketing) or has to manage multiple recruitment rounds to find a suitable carer. We consider the cost of carer assessment to cost around \$5,250 per assessment, although we caution that this is based on relatively few data points.

^b Based on acquittal information of 8 non-government providers for \$2023-24.

^c This does not include any marketing costs for recruiting a new carer.

Table 9.3 Cost of recruitment and assessment per carer household, \$2024-25

Cost component	\$ per carer household
Recruitment only	\$18,191
Assessment only	\$5,250
Recruitment and assessment	\$23,441

Source: IPART analysis of case studies provided by an Aboriginal Community Controlled Organisation and Department of Communities and Justice; Deanne Carroll, [The Cost of Foster Care Recruitment](#), Probono Australia, 24 March 2014; and Local Workforce Hire, [Looking for an affordable Aged Care Recruitment Service?](#), accessed 23 January 2025.

We received feedback from the NSW carer recruitment and training program facilitator, Adopt Change (operating as My Forever Family), that the amount proposed in our Draft Report for recruitment and training seems potentially sufficient, though the sector requires a well-funded carer retention strategy.²⁴⁴ However, feedback from ACWA, representing the interests of non-government providers, indicated that some providers incur close to \$28,000 on average per carer (including advertising and promotion costs, assessment and training of prospective carers (who progress) and assessment of carers who don't progress for various reasons part way through the assessment process).²⁴⁵

We considered whether the payment could be spread across the average tenure of carers and converted into an annual amount, however data on the length of carer tenure is anecdotal, and instalment payment would add complexity if a carer transfers between providers, especially as the costs are incurred upfront.

As a result, in our Draft Report, we proposed converting these costs to a per child cost using data on the average number of carers per child reported to us by non-government providers. We did this for consistency with other payments to non-government providers which are on a per child rather than a per carer basis. We made a draft recommendation that these amounts be funded upfront in recognition of the size of the investment providers make recruiting and assessing new carers, and to remove a potential barrier to transferring carers between providers. We understand that many providers run ongoing carer recruitment campaigns to ensure carers are available when a child enters care, and to account for carers leaving the provider, or caring altogether.²⁴⁶

In our Draft Report, we found the median number of children per carer to be 1.1, equating to 0.9 carers per child. However, we heard from providers that this did not account for respite and emergency carers, or carers that may not currently have a child in their care.²⁴⁷

In addition to this feedback from providers, DCJ suggested that up-front funding would work best on a per carer basis.²⁴⁸ As such, to minimise any unintended consequences on placement stability for children, and to adequately reflect the cost of recruiting and assessing new carers, we consider the payment should be made on the basis of any newly authorised carer households.

We note that annual carer reviews undertaken by caseworkers are already accounted for in our proposed caseload estimates.

As discussed in Chapter 8, we have made decisions on the costs to ACCOs of reassessing carers that transition to them, along with other costs incurred by ACCOs in preparing for children transitioning to their case management. We consider that this will help support these transitions in line with NSW Government policy and its commitment for Aboriginal children in out-of-home care to be case managed by ACCOs. We have not made similar decisions for the costs associated with the children and carers who may transition to a non-ACCO non-government provider. However, in circumstances where a carer moves to another non-ACCO non-government provider, payment for reassessment of the carer may be appropriate. If such a payment were to be made by DCJ, an appropriate amount would be \$5,250 in line with our decision on the efficient cost of carer assessment.

Providers who are not recruiting new carers would not receive the proposed upfront payment for carer recruitment and assessment. Depending on how recently carers were recruited, they may not have recouped the costs of previous carer recruitment and assessment. For these providers, it may be necessary for DCJ to consider either grandfathering the existing annual funding arrangements (noting that the amount provisioned for recruitment and assessment in the Permanency Support Program was minimal), or potentially making a one-off payment to providers for all existing carers, with a sliding scale based on how recently the carer was recruited and therefore how much of the cost has been recouped.

Decision



19. The estimated efficient cost of recruiting and assessing carers is \$23,440 per carer household.

9.4.2 Cost of training carers

Carers who are well trained and have access to resources and support are essential for the delivery of quality out-of-home care. Carers volunteer to care for children with different needs and should have access to different types of training and support to ensure they can continue to deliver quality care for their children. When a person is recruited to become a carer, they are required to complete mandatory training to ensure they have the building block skills for caring and can deliver culturally appropriate care.

Some providers may require a carer undergo additional training which may be more closely tailored to the age or needs level of the child in their care. This training may be delivered to the carer when they are recruited, or at any point during their time as a carer. We have heard from carers that they often seek out additional training on specialised or therapeutic care to support them further.²⁴⁹ This additional training is not always funded through their provider and we have heard that some carers have paid out of pocket to attend training sessions or online courses.²⁵⁰

During our review, we heard that there is inconsistency in the training and information carers receive. Kinship carers receive less training than foster carers and find themselves relying on their personal experience as parents and grandparents or having to seek out training opportunities themselves.²⁵¹ We also heard that training post-authorisation is not deemed mandatory and influenced by the agency or motivation level of the carer.²⁵²

In the NSW 2024 carer survey, only 35% of the 418 respondents felt that they had been provided with sufficient information about support, training and resources when commencing care. About 33% felt their initial carer training was adequate preparation for their role as foster carer, whilst for relative/kinship carers this was only 21%. In addition, only 24% of the respondents felt the timing for training allowed them opportunities to attend. A further 18% of respondents felt they were provided with sufficient information about support, training and resources. Similarly, only 18% received regular information about changes to the system.²⁵³

Carer training is also delivered through My Forever Family NSW who offer free training sessions throughout the year for carers. We have heard from some carers that these sessions have been helpful and informative, while others have found there to be a limited number of training programs which focus on children with higher needs or disability.

The average annual amount a non-government provider spent on carer training was \$16,066 for \$2023-24.^d This reflects both recruitment-related and ongoing training for carers, although there was a significant range in reported annual costs (from \$15 to \$60,000). Again, this data reflects overall cost and is likely to include training for multiple carers. Having reviewed the data from providers, including a case study that sets out estimates in more detail, we estimate that the cost to providers of carer training is \$1,500 per carer per year.

We heard from stakeholders about the importance for all carers, including respite, emergency, dual carer households, and carers not currently caring for a child, to receive annual training.²⁵⁴ In response, we reviewed the data from non-government providers and recalculated the ratio of carers to children to include these additional carers. This increased the ratio of carers per child to 1.2 (from 0.9). Based on an annual efficient cost of carer training of \$1,500, this gives an annual per child cost of \$1,800. As this is an annual payment, we consider it simpler to be funded on a per child basis, in contrast to the upfront cost of recruitment and assessment that we suggest be funded on a per carer basis, as discussed above.

Decision



20. The estimated annual efficient cost of carer training is \$1,800 per child.

9.5 Medical and family time cost estimates

The provision of medical and therapeutic services and family time are fundamental to the wellbeing of each child and as a result, the out-of-home care system must ensure that these needs can be met.

^d This estimate is based on the acquittal data of 9 non-government providers.

While the care allowance is expected to cover general medical (i.e. bulk billing GPs covered by Medicare) and pharmaceutical costs including prescription and over the counter medicines, how the costs associated with other medical expenses and maintaining family connections are met depends on whether the child is under DCJ or NGO case managed care. The sections below compare these 2 systems and then provide an estimate of the costs associated with meeting these needs. As noted in Chapter 4 and discussed in more detail in Chapter 11, we consider that these costs are not suitable for benchmarking and that pricing based on a fixed value for these may mean that children are missing out on critical services that are essential to their care.

9.5.1 Current funding arrangements for medical and family time expenses for children case managed by DCJ

For children in DCJ managed care, additional medical, dental and other costs are reimbursed based on actual costs.^e The caseworker develops a financial plan for expected medical expenses as part of case planning. The financial plan outlining the planned expenditure is then approved by the appropriately delegated officer (depending on the amount and type of expenditure) before any financial assistance is paid. Carers with DCJ are required to keep a log to be reimbursed by DCJ, and to access their private health insurance before DCJ reimburses the difference. All costs (except emergencies) must be approved in the child's case plan. Carers are required to complete and submit the logbook form with copies of receipts to DCJ to be reimbursed (within 30 days).²⁵⁵

For family connection, under DCJ policy for children in DCJ care, the caseworker develops cost estimates for maintaining family connections as part of case planning. As with medical and therapy expenses, the financial plan outlining the planned expenditure is then approved by the appropriately delegated officer (depending on the amount and type of expenditure).

These costs are recorded in DCJ's data as contingencies. Table 9.4 shows the average expenditure per child in DCJ Statutory Care, by level of need, for medical costs, professional reports and therapy, family time expenses, supervised transport, and other contingencies for each of the previous 3 years, and the average across the 3 years. The difference between care levels is driven by the significantly higher medical costs for children receiving Care+2. Expenses related to maintaining birth family contact are similar across care levels.

Table 9.4 Average contingency^a funding for children in DCJ Statutory Care, per child, \$2024-25

	2021-22	2022-23	2023-24	Annual average
Standard Care	\$7,435	\$8,081	\$9,039	\$8,185
Care +1	\$10,215	\$16,301	\$17,514	\$14,677
Care +2	\$29,808	\$41,750	\$51,162	\$40,907

a. This is a subset of contingency funding. It includes medical costs, professional reports and therapy, family time expenses, supervised transport, and other contingencies. It excludes expenses for supervised contact.

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

^e These expenses include dental/orthodontic treatment, medical aids, prescription glasses, gap amounts from non-bulk-billing GPs, gap amounts from specialist medical services/ interventions and non-PBS medications prescribed by a GP.

9.5.2 Current funding arrangements medical and family time expenses for children case managed by non-government providers

Currently under the PSP, funding in the baseline package is meant to cover medical and general dental costs. However, the amount of funding allocated for these costs was not specified in the package buildup, and how the funding within each child's package is allocated between children and services is determined by each non-government provider. Separately under the PSP, each child^f is allocated a Child Needs package. These packages provide funding for a range of health and wellbeing services including mentoring and education supports. The Child Assessment Tool is used to determine whether a low, medium or high needs package is required. As shown in Table 9.5 in 2022-23 just over \$50 million was spent on these packages.

Table 9.5 Child Needs Packages – number of children and total cost, \$2022-23

Level of Need	\$ per package	Number of children	Total expenditure
Low	\$5,165	5,629	\$29.1 million
Medium	\$8,110	1,722	\$14.0 million
High	\$12,633	627	\$7.9 million
Total		7,978	\$51.0

Note: We have used 2022-23 data as we only have data on funding packages for 11 months of 2023-24.
Source: IPART analysis of data provided by NSW Department of Communities and Justice.

Funding for the PSP Child Needs packages was developed by EY based on a set number of hours for different therapeutic services which varied by the level of need (low, medium, high). How these were estimated is not transparent and we are not able to assess whether these are appropriate.

It is important to note that the Child Needs packages are not based on the actual needs of individual children, and we have heard that the funding often does not meet the costs of supporting children, particularly for those assessed with high needs. The default setting is low needs and assessment under the Child Assessment Tool is required in order to obtain a higher need package.

We have heard that inappropriate or inaccurate categorising of child needs using the Child Assessment Tool, invariably causes time and administrative delays in responding to children's needs.²⁵⁶ There is also an increased administrative burden for both non-government providers and DCJ associated with reassessment, which in turn lead to delays in the delivery of appropriate services, and/or extra costs being borne by carers or providers.

^f This does not include children in Intensive Therapeutic Care Homes, Intensive Therapeutic Care – Significant Disability, Interim Care and Intensive Therapeutic Transitional Care.

While the packages allow providers to allocate funding between children and across services as required, in practice this creates a high degree of administration and/or leads to children not having their needs met, or carers being required to pay for services out of their own pocket. If funding from one child's package is assigned to another child, and subsequently the first child's needs change and they require additional support, the provider may apply for a complex needs package. We have heard from DCJ and non-government providers that this is a significant pain point in the system because the provider is required to demonstrate that they have exhausted all available funding (including using other children's packages). Furthermore, such requests are becoming less likely to be approved.

Family time is meant to be funded as part of each child's case plan. We note that the original EY costing for family contact only included funding for labour (caseworker, supervisory and ancillary staff). This was estimated based on 2 hours of contact a week for children in foster care, and half of this for relative and kinship carers.²⁵⁷ However, we have heard from carers and providers that they are also funding travel, accommodation, meals etc to ensure children are able to maintain birth family relationships. These costs can vary widely depending on each family's circumstances. The impact being carers are left out-of-pocket, and potentially providers having less to spend on other activities intended to be met from the package funding.

9.5.3 Indicative average cost per child of meeting for these costs

As noted above, we do not support developing benchmarks for these highly variable costs using unit costs and assumptions regarding the number of services that could be required. However, to illustrate the benchmark cost for each out-of-home care placement type we have developed an estimate of the 'average' cost for each level of need and type of placement using data on actual costs for children who are case managed by DCJ. As discussed in Chapter 4 and Chapter 11, we consider funding these variable costs based on the average is also problematic.

For home-based care, we have used the annual average contingency expenditure per child in DCJ statutory care, by level of need, over the previous 3 years. As set out in Table 9.4, in \$2024-25 these are:

- Standard care: \$8,190
- Care +1: \$14,680
- Care +2: \$40,910.⁹

As we do not have comparable figures for other placement types, for the independent living benchmark we have used the average of children rated as Standard Care, that is \$8,200. For the independent living with therapeutic support benchmark, we used the average for children assessed as requiring Care +1, that is \$14,710. Noting that these are for illustrative purposes only, as we recommend these costs be funded based on the actual costs incurred.

⁹ Rounded to nearest \$10.

For children in residential care, we have revised our Draft Report estimate. As noted by DCJ, children and young people in intensive therapeutic care have high and complex needs and the role of the Therapeutic Specialist is not generally intended to work directly with children, rather, to implement the therapeutic model of care across the program and care team.²⁵⁸ We have instead used the average for children assessed as requiring Care +1 in the benchmark for children in residential care, that is \$14,710.

Chapter 10 »

Benchmark costs for placement types

This chapter sets out our benchmark costs to government for different out-of-home care placements with DCJ and non-government organisations

10

Our [Terms of Reference](#) require us to develop benchmark costs for the Department of Communities and Justice (DCJ) and non-government organisations associated with caring for and supporting a child or young person in out-of-home care for varying needs.

We have developed the benchmark costs to government for:

- Home-based care, including emergency foster care
- Residential care
- Independent living
- Other emergency arrangements.

While not a formal placement type, we have also developed benchmark costs for children not in placement, and for placement only arrangements.

Consistent with our decisions on cost items, our benchmark placement costs include a base level of cost that is applicable to each child in care. Variations to this base cost will also apply. These variations depend on the case plan goal of the child, age, their level of need, if they are Aboriginal, or from a culturally and linguistically diverse background (CALD), and if they are in the care of an Aboriginal community-controlled organisation (ACCO). These variations reflect our view of the underlying difference in the cost of providing care to different children. Although we have not estimated the efficient costs associated with medical care and family time, we have included an estimate of the expected cost of these to ensure that the benchmark cost estimate provides an indication of the full cost of providing care for each placement type.

These benchmarks bring together the cost components (discussed in Chapters 3 and 5-9) required to provide out-of-home care for children with varying needs across different placement types. We have presented these benchmarks separately for DCJ and non-government providers as there are different costs for casework, administrative costs and corporate overheads, as discussed in Chapters 5 and 6. The benchmark amounts for the annual cost per child also includes a range for casework costs reflecting the range in caseload, as discussed in Chapter 5.

The benchmarks should not be interpreted as new package prices as they are dependent on service intensity, such as the hours of casework, and future model design. Instead, they represent the estimated cost to government of the different out-of-home care placements.

By incorporating all the cost components transparently, the benchmarks provide DCJ the flexibility to design placements, including what components to deliver or contract out, and for the costs and pricing for different service offerings to be updated. This means that these benchmarks should remain relevant as program requirements change.

This chapter presents consolidated benchmark costs for each placement type, by provider. Appendix E presents more detailed tables with all the building blocks forming the benchmarks for each placement type.

10.1 Home-based care placements

We have developed a benchmark cost to government for home-based care, including emergency foster care, that brings together all of the relevant cost components outlined in the previous chapters. For care that is delivered by non-government providers, we have also included an estimate of the costs that are incurred by DCJ in administering contracts and undertaking secondary casework.

Decision



21. Benchmark costs to government for home-based care placements delivered by non-government providers are set out in Table 10.1.

Table 10.1 Benchmark costs to government for children in home-based care with a non-government provider, \$2024-25

Cost by type	Unit	Amount
Annual cost for each child in placement:		
Home-based care		
• Age 0-4	\$ per child	\$47,430 - \$51,560
• Age 5-13	\$ per child	\$49,950 - \$54,080
• Age 14-17	\$ per child	\$58,840 - \$62,970
Medical expenses and family time	\$ per child	Variable ^a
Additional annual cost if criteria met:		
Each child placed with an ACCO	\$ per child	\$6,800
Each Aboriginal child ^b	\$ per child	\$6,750
Each CALD child	\$ per child	\$1,980
Each child with a current restoration/permanency goal	\$ per child	\$17,120 ^c
Each child categorised with standard care + 1 needs – Age 0-4	\$ per child	\$9,100
Each child categorised with standard care + 1 needs – Age 5-13	\$ per child	\$10,285
Each child categorised with standard care + 1 needs – Age 14-17	\$ per child	\$14,455
Each child categorised with standard care + 2 needs – Age 0-4	\$ per child	\$18,200
Each child categorised with standard care + 2 needs – Age 5-13	\$ per child	\$20,570
Each child categorised with standard care + 2 needs – Age 14-17	\$ per child	\$28,910
Additional one-off costs if criteria met:		
Casework post restoration	\$ per child	\$4,750 - \$6,820
Legal work for adoption matters	\$ per child	\$8,570 (plus filing fee if applicable)
Court related support work whilst a child is on interim orders	\$ per child	\$6,690
Recruitment and assessment of new carers	\$ per carer household	\$23,440
Carer costs incurred for new placement	\$ per child	Up to \$1,500
Initial placement of Aboriginal child	\$ per child	\$6,690
Initiation of transfer of child to ACCO – casework and administration	\$ per child	\$8,930 - \$9,970
Transfer of carer to ACCO – carer assessment and training	\$ per carer household	\$6,750

Cost by type	Unit	Amount
Annual cost to DCJ when care is outsourced to non-government provider:		
Secondary casework and contract administration	\$ per child	\$5,080
a. Estimated cost is: \$8,200 for Standard care, \$14,710 for Care+1 and \$40,990 for Care+2.		
b. This includes \$2,710 for additional casework, \$2,540 for an Aboriginal cultural worker, \$990 for cultural programs and \$510 to travel to Country. It is intended for all Aboriginal children, regardless of the provider they are case managed by.		
c. Permanency goals are typically in place for two years (may be extended with DCJ approval)		

Decision



22. Benchmark costs to government for home-based care placements delivered by the Department of Communities and Justice are set out in Table 10.2.

Table 10.2 Benchmark costs to government for children in home-based care with DCJ, \$2024-25

Cost by type	Unit	Amount
Annual cost for each child in placement:		
Home-based care		
• Age 0-4	\$ per child	\$52,010 - \$56,800
• Age 5-13	\$ per child	\$54,530 - \$59,320
• Age 14-17	\$ per child	\$63,420 - \$68,210
Medical expenses and family time	\$ per child	Variable ^a
Additional annual cost if criteria met:		
Each Aboriginal child ^b	\$ per child	\$7,410
Each CALD child	\$ per child	\$2,230
Each child with a current restoration/permanency goal	\$ per child	\$19,080 ^c
Each child categorised with standard care + 1 needs – Age 0-4	\$ per child	\$9,100
Each child categorised with standard care + 1 needs – Age 5-13	\$ per child	\$10,285
Each child categorised with standard care + 1 needs – Age 14-17	\$ per child	\$14,455
Each child categorised with standard care + 2 needs – Age 0-4	\$ per child	\$18,200
Each child categorised with standard care + 2 needs – Age 5-13	\$ per child	\$20,570
Each child categorised with standard care + 2 needs – Age 14-17	\$ per child	\$28,910
Additional one-off costs if criteria met:		
Casework post restoration	\$ per child	\$5,460 - \$7,860
Legal work for adoption matters	\$ per child	\$13,070 (plus filing fee if applicable)
Recruitment and assessment of new carers	\$ per carer household	\$23,440
Carer costs incurred for new placement	\$ per child	Up to \$1,500
Initial placement of Aboriginal child	\$ per child	\$6,690

a. Estimated cost is: \$8,200 for Standard care, \$14,710 for Care+1 and \$40,990 for Care+2.

b. This includes \$3,370 for additional casework, \$2,540 for an Aboriginal cultural worker, \$990 for cultural programs and \$510 to travel to Country. It is intended for all Aboriginal children who are case managed by DCJ.

c. Permanency goals are typically in place for two years (may be extended with DCJ approval)

10.2 Residential care and group emergency placements

We have developed a benchmark cost for residential care (including group emergency arrangements) which combines all the relevant cost components outlined in previous chapters. Residential care covers a range of care types that are delivered in home-like, supervised or supported group accommodation and are suitable for older children.²⁵⁹

Different programs vary in respect to the intensity of staffing, supervision and therapeutic programs provided, as well as the configuration of the settings (number of bedrooms per facility). Provisions may also be made for providing additional care for children and young people with significant disability. However, these programs are generally comprised of similar components.

We have categorised the main costs of providing residential care into per child and per house costs. These allocations are based on the major driver of each of the costs.

House costs are fixed costs associated with the procurement and operation of a residential care facility. These costs are incurred by residential care providers and are less likely to change when there are short-term vacancies in the house, such as rent, ongoing property costs, and some staffing.

Child costs are more variable and are those related to directly meeting the needs of each child or young person living within a residential care facility. These costs include the day to day living expenses of the child in care (calculated using the recommended care allowance less housing and fit out costs), casework staff and some facility costs such as vehicle transport costs.

We note that some costs can be driven by both, but for simplicity we have allocated each cost component to only one category.

In some cases, such as administration, the limited data around house numbers and configurations meant that the benchmark could only be developed on a per child basis (see Chapter 6 for more information on administration costs).

We received feedback from providers that administration is not as dependent on the number of children in the house as administrative activities such as audits, book keeping, subscriptions or office supplies continue to be incurred regardless of the number of children within a placement.²⁶⁰ We address this feedback in Chapter 11, where we convert some of the per child benchmark costs into a per house benchmark cost.

Similarly, we received information about the role of the therapeutic specialist providing programs and support to house staff. We considered converting this to a per house benchmark, but on balance have kept it as a per child benchmark based on a 1 to 12 caseload.

In theory, any of the benchmark cost components could be expressed as a per child or a per house or between a one off to an ongoing payment. This may be required to meet a future policy objective, new program, shared responsibilities or risks or avoid unintended consequences or splitting costs within the payment structure. Care should be taken in making these conversions to ensure vacancy assumptions and timing of costs incurred are well understood to minimise the risk of inappropriately increasing or decreasing the cost base. IPART can provide additional assistance during implementation if benchmark basis conversions need to be made.

We note that currently children in residential care placements do not receive specialist funding packages. However, we have generally included the same variations for different children/circumstances in our benchmarks for residential care as we have for home-based care, as our analysis suggests that there is variation in costs that should be captured separately.

Group emergency arrangements have somewhat different cost items to residential care. A key structural difference is that the day-to-day care may be delivered by a different provider to the one holding case management.²⁶¹ For simplicity, we have not split out casework costs from other costs, however, the detailed benchmark tables in Appendix E detail these costs to separate providers.

Decision



23. Benchmark costs to government for residential care and group emergency arrangements delivered by non-government providers are set out in Table 10.3.

Table 10.3 Benchmark costs to government for children in residential care and group emergency arrangements with a non-government provider, \$2024-25

Cost by type	Unit	Residential	Group emergency
Annual costs:			
Admin and child related costs	\$ per child	\$127,080 - \$145,180	\$107,850 - \$111,980
House related costs:	\$ per house	Depends on staffing requirements and house composition	Depends on staffing requirements and house composition
• 4 bedrooms, staffed with 2 day, 1 sleepover, 1 active night, 0 on call shifts		\$1,545,150	\$1,545,150
• 4 bedrooms, staffed with 2 day, 1 sleepover, 0.4 active night, 0.6 on call shifts		\$1,392,402	\$1,392,402
• 4 bedrooms, staffed with 2 day, 1 sleepover, 0 active night, 1 on call shifts		\$1,290,570	\$1,290,570
• 2 bedrooms, staffed with 2 day, 1 sleepover, 1 active night, 0 on call shifts		\$1,540,450	-
• 2 bedrooms, staffed with 2 day, 1 sleepover, 0.4 active night, 0.6 on call shifts		\$1,387,702	-
• 2 bedrooms, staffed with 2 day, 1 sleepover, 0 active night, 1 on call shifts		\$1,285,870	-
Medical expenses and family time	\$ per child	Variable	Variable
Additional annual costs if criteria met:			
Each child placed with an ACCO	\$ per child	\$6,800	\$6,800
Each Aboriginal child ^a	\$ per child	\$6,750	\$6,750
Each CALD child	\$ per child	\$1,980	\$1,980
Each child with a current restoration/permanency goal	\$ per child	\$17,120	\$17,120
Additional one-off costs if criteria met:			
Casework post restoration	\$ per child	\$4,750 - \$6,820	\$4,750 - \$6,820
Legal work for adoption matters	\$ per child	\$8,570 (plus filing fee if applicable)	\$8,570 (plus filing fee if applicable)

Cost by type	Unit	Residential	Group emergency
Court related support work whilst a child is on interim orders	\$ per child	\$6,690	\$6,690
Initial placement of child with non-government provider	\$ per child	\$650	\$650
Initial house costs of non-government provider	\$ per house	\$15,920	\$15,920
Initial placement of Aboriginal child	\$ per child	\$6,690	\$6,690
Annual cost to DCJ when care is outsourced to non-government provider:			
Secondary casework and contract administration	\$ per child	\$5,080	\$5,080

a. This includes \$2,710 for additional casework, \$2,540 for an Aboriginal cultural worker, \$990 for cultural programs and \$510 to travel to Country. It is intended for all Aboriginal children, regardless of the provider they are case managed by.

DCJ does not currently deliver a significant number of residential placements. The DCJ delivered benchmarks we developed are based on the same assumptions we have used for non-government providers. Where they differ for the same benchmark component this is due to differences between the different applicable award pay rates and requirements as already discussed in Chapter 4. For all care workers providing residential care within DCJ managed placements, we have used the *Social, Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award/SCHADS) SACS (Social and Community Services) employee classification casual rate. We consider that for models of care not currently provided in large numbers by DCJ, employees may be required to provide care on a smaller scale, on an ad-hoc basis or inconsistently, and a casual rate is more consistent with the nature of small-scale programs. We have made similar assumptions within the independent living and emergency arrangement benchmarks, presented in sections 10.3 and 10.4 below.

Applying the benchmark costs to any program of residential care delivered by DCJ would require a detailed analysis of the program model.^a Due to its significantly different size and nature as a government organisation, it may be able to achieve economies of scale such as increased purchasing power, using staff to manage a greater number of properties in regions across NSW, or able to access different financing arrangements. These differences are likely to be greater for the delivery of non-home-based care.

Decision



24. Benchmark costs to government for residential care and group emergency arrangements delivered by the Department of Communities and Justice are set out in Table 10.4.

^a For example, DCJ may have access to different property types and be able to deliver residential care placements in larger settings, or differing house configurations.

Table 10.4 Benchmark costs to government for residential care and group emergency arrangements with DCJ, \$2024-25

Cost by type	Unit	Residential	Group emergency
Annual costs:			
Admin and child related costs	\$ per child	\$132,040 - \$153,000	\$108,990 - \$113,780
House related costs:	\$ per house	Depends on staffing requirements and house composition	Depends on staffing requirements and house composition
• 4 bedrooms, staffed with 2 day, 1 sleepover, 1 active night, 0 on call shifts		\$1,629,840	\$1,629,840
• 4 bedrooms, staffed with 2 day, 1 sleepover, 0.4 active night, 0.6 on call shifts		\$1,468,662	\$1,468,662
• 4 bedrooms, staffed with 2 day, 1 sleepover, 0 active night, 1 on call shifts		\$1,361,210	\$1,361,210
• 2 bedrooms, staffed with 2 day, 1 sleepover, 1 active night, 0 on call shifts		\$1,625,140	-
• 2 bedrooms, staffed with 2 day, 1 sleepover, 0.4 active night, 0.6 on call shifts		\$1,463,962	-
• 2 bedrooms, staffed with 2 day, 1 sleepover, 0 active night, 1 on call shifts		\$1,356,510	-
Medical expenses and family time	\$ per child	Variable	Variable
Additional annual costs if criteria met:			
Each Aboriginal child ^a	\$ per child	\$7,410	\$7,410
Each CALD child	\$ per child	\$1,980	\$1,980
Each child with a current restoration/permanency goal	\$ per child	\$17,120	\$17,120
Additional one-off costs if criteria met:			
Casework post restoration	\$ per child	\$4,750 - \$6,820	\$4,750 - \$6,820
Legal work for adoption matters	\$ per child	\$13,070 plus filing fee if applicable	\$13,070 plus filing fee if applicable
Initial placement of child with DCJ	\$ per child	\$650	\$650
Initial house costs of DCJ	\$ per house	\$15,920	\$15,920
Initial placement of Aboriginal child	\$ per child	\$6,690	\$6,690

a. This includes \$3,370 for additional casework, \$2,540 for an Aboriginal cultural worker, \$990 for cultural programs and \$510 to travel to Country. It is intended for all Aboriginal children who are case managed by DCJ.

10.3 Independent living placements

We have developed a benchmark cost for independent living placements by combining the relevant cost components outlined in previous chapters. Independent living programs aim to develop skills that support and prepare young people for independence. This is achieved through the provision of furnished rental accommodation, case management, and support services for up to 24 months upon placement. Unlike other care models, young people in independent living placements are expected to contribute a proportion of their income towards their housing and utilities costs.²⁶²

Independent living placements can be delivered in various configurations, ranging from one young person in an independent tenancy to up to 4 young people in a share house tenancy.²⁶³

Our benchmark placement cost is based on young people living in a group of 4 in a share house configuration, as this is the most cost-effective way to deliver independent living services. To determine per child costs for the share house configuration, we divided the total costs of rent, utilities, maintenance and repairs of a 4+bedroom property by 4. We have also used a different house establishment cost for independent living placements more specific to the individual nature of these placements.

We have included an estimate of 1.25 hours of care staff costs per day at the daytime shift rate. These placement types are currently provided largely by non-government providers. We have prepared benchmark costs for DCJ provided independent living care models based on a SCHADS SACS casual pay rate for care workers consistent with the DCJ benchmarks we developed for residential and emergency models of care. These assumptions can be changed by using the detailed costs in Appendix E.

Decision



25. Benchmark costs to government for independent living placements delivered by non-government providers are set out in Table 10.5.

Table 10.5 Benchmark costs to government for children in independent living placements with a non-government provider, \$2024-25

Cost by type	Unit	Independent living	Independent living with therapeutic support
Annual costs:			
Admin and child related costs	\$ per child	\$60,720 - \$64,860	\$76,550 - \$86,200
Staffing and house related costs:	\$ per child	Depends on staff hours required	Depends on staff hours required
• 1.25 hours of day visit		\$55,633	\$55,633
Medical expenses and family time	\$ per child	Variable	Variable
Additional annual costs if criteria met:			
Each child placed with an ACCO	\$ per child	\$6,800	\$6,800
Each Aboriginal child ^a	\$ per child	\$6,750	\$6,750
Each CALD child	\$ per child	\$1,980	\$1,980
Additional one-off costs if criteria met:			
Court related support work whilst a child is on interim orders	\$ per child	\$6,690	\$6,690
Initial placement of child with non-government provider	\$ per child	\$2,620	\$2,620
Initial placement of Aboriginal child	\$ per child	\$6,690	\$6,690
Annual cost to DCJ when care is outsourced to non-government provider:			
Secondary casework and contract administration	\$ per child	\$5,080	\$5,080

a. This includes \$2,710 for additional casework, \$2,540 for an Aboriginal cultural worker, \$990 for cultural programs and \$510 to travel to Country. It is intended for all Aboriginal children, regardless of the provider they are case managed by.

Decision



26. Benchmark costs to government for independent living placements delivered by the Department of Communities and Justice are set out in Table 10.6.

Table 10.6 Benchmark costs to government for children in independent living placements with DCJ, \$2024-25

Cost by type	Unit	Independent living	Independent living with therapeutic support
Annual costs:			
Admin and child related costs	\$ per child	\$62,030 - \$66,820	\$78,510 - \$89,680
Staffing and house related costs:	\$ per child	Depends on staff hours required	Depends on staff hours required
• 125 hours of day visit		\$58,008	\$58,008
Medical expenses and family time	\$ per child	Variable	Variable
Additional annual costs if criteria met:			
Each Aboriginal child ^a	\$ per child	\$7,410	\$7,410
Each CALD child	\$ per child	\$2,230	\$2,230
Additional one-off costs if criteria met:			
Initial placement of child with DCJ	\$ per child	\$2,620	\$2,620
Initial placement of Aboriginal child	\$ per child	\$6,690	\$6,690

a. This includes \$3,370 for additional casework, \$2,540 for an Aboriginal cultural worker, \$990 for cultural programs and \$510 to travel to Country. It is intended for all Aboriginal children who are case managed by DCJ.

10.4 Individual emergency arrangements

Emergency arrangements (sometimes also referred to as high-cost emergency arrangements) are short-term arrangements designed for emergency use. They may be needed when a child first enters out-of-home care, or when a placement breaks down unexpectedly. They are only considered if all other placement options are exhausted and are intended to only be an interim option until a more suitable placement is found (some emergency arrangement types have been suggested to have detrimental impacts on children²⁶⁴).

Emergency placements can occur at any point of a child's time in care, not necessarily only at the start. As these placements are arranged at short notice and are often non-home-based and supported by paid care staff, they can be more costly than other placements. Government policy has been to end some types of emergency arrangements, and reduce the use of others, however some types of emergency arrangements will continue to be required. This is because some children will enter out-of-home care or require a new placement on short notice.

There are currently 4 different models of emergency arrangements used in NSW, as described in Table 10.7. When a child is at risk of needing an emergency arrangement, the service model to be used is chosen based on eligibility, availability and preference. Preference is given to contracted emergency arrangements such as Interim Care Model or Short Term Emergency Placement, followed by Individual Placement Arrangements as a last resort.²⁶⁵

Table 10.7 Current service models for emergency arrangements

Category	Description	Eligibility
Interim Care Model	Short-term group residential care placement	Children ages 9-14 years categorised as low-medium needs
Short Term Emergency Placement	Placement in a home-like setting with 1:1 young person to care worker supervision	Young people aged 12-17 years categorised as having high or complex needs
Individual Placement Arrangement	Fee-for-service placement in a home-like setting with care worker supervision	No eligibility rules, only used if all other placement options have been exhausted

Source: NSW Department of Justice and Communities, [Permanency Support Program: Emergency and Temporary out-of-home care Arrangements](#), accessed 28 January 2025; IPART analysis of data provided by NSW Department of Communities and Justice.

Emergency arrangements may not necessarily be provided by the agency that holds the case management of a given child. A unique aspect of the cost structure of emergency arrangements is therefore that some placement costs are incurred by the provider holding case management, whereas others are incurred by the provider of the emergency arrangement.

Some cost components for individual emergency arrangements vary depending on whether the placement is contracted (like the current Short Term Emergency Placement model) or non-contracted (like the current Individual Placement Arrangement model). The cost components can be combined with certain assumptions to establish an overall benchmark cost for the appropriate type of placement. Appendix E presents a full breakdown of the benchmark cost components for individual emergency arrangements.

Decision



27. Benchmark costs to government for individual emergency arrangements delivered by non-government providers are set out in Table 10.8.

Table 10.8 Benchmark costs to government for children in individual emergency arrangements with a non-government provider, \$2024-25

Cost by type	Unit	Contracted	Non-contracted
Annual cost:			
Emergency arrangement provider – admin and child-related costs	\$ per child		
• Age 0-4		\$75,400	\$75,400
• Age 5-13		\$77,170	\$77,170
• Age 14-17		\$83,140	\$83,140
Emergency arrangement provider – house-related costs	\$ per house	Depends on staffing requirements	Depends on staffing requirements
• 1 bedroom, staffed with 1 day shift, 1 active night shift, 0 sleepover shifts		\$867,950	\$898,570
• 1 bedroom, staffed with 1 day shift, 0.4 active night shift, 0.6 sleepover shifts		\$738,026	\$756,838

Cost by type	Unit	Contracted	Non-contracted
Primary case work provider -admin + casework cost	\$ per child	Depends on previous placement	Depends on previous placement
- Home-based care or entering care - Residential care - Independent living - Independent living with therapeutic support		\$26,230 - \$30,360 \$33,770 - \$51,870 \$26,890 - \$31,030 \$31,030 - \$40,680	\$26,230 - \$30,360 \$33,770 - \$51,870 \$26,890 - \$31,030 \$31,030 - \$40,680
Primary casework provider - medical expenses and family time	\$ per child	Variable	Variable
Additional annual case management cost to primary casework provider if criteria met:			
Each child managed by an ACCO	\$ per child	\$6,800	\$6,800
Each Aboriginal child ^a	\$ per child	\$6,750	\$6,750
Each CALD child	\$ per child	\$1,980	\$1,980
Each child with a current restoration/permanency goal	\$ per child	\$17,120	\$17,120
Additional one-off cost to primary casework provider if criteria met:			
Court related support work whilst a child is on interim orders	\$ per child	\$6,690	\$6,690
Additional one-off cost to emergency arrangement provider:			
Initial placement of child with non-government provider	\$ per child	\$2,620	-
Annual cost to DCJ when care is outsourced to non-government provider:			
Secondary casework and contract administration	\$ per child	\$5,080	\$5,080

a. This includes \$2,710 for additional casework, \$2,540 for an Aboriginal cultural worker, \$990 for cultural programs and \$510 to travel to Country. It is intended for all Aboriginal children, regardless of the provider they are case managed by.

Decision



28. Benchmark costs to government for individual emergency arrangements with the emergency placement delivered by a non-government provider and case management delivered by the Department of Communities and Justice are set out in Table 10.9.

Table 10.9 Benchmark costs to government for children in individual emergency arrangements with a non-government provider, with DCJ providing case management, \$2024-25

Cost by type	Unit	Contracted	Non-contracted
Annual cost:			
Emergency arrangement provider – admin and child-related costs	\$ per child		
- Age 0-4 - Age 5-13 - Age 14-17		\$75,400 \$77,170 \$83,140	\$75,400 \$77,170 \$83,140
Emergency arrangement provider – house-related costs	\$ per house	Depends on staffing requirements	Depends on staffing requirements
		\$867,950	\$898,570

Cost by type	Unit	Contracted	Non-contracted
1 bedroom, staffed with 1 day shift, 1 active night shift, 0 sleepover shifts 1 bedroom, staffed with 1 day shift, 0.4 active night shift, 0.6 sleepover shifts		\$738,026	\$756,838
DCJ - admin + casework cost	\$ per child	Depends on previous placement	Depends on previous placement
- Home-based care or entering care - Residential care - Independent living - Independent living with therapeutic support		\$30,810 - \$35,600 \$39,520 - \$60,480 \$31,640 - \$36,430 \$36,430 - \$47,600	\$30,810 - \$35,600 \$39,520 - \$60,480 \$31,640 - \$36,430 \$36,430 - \$47,600
DCJ - medical expenses and family time	\$ per child	Variable	Variable
Additional annual case management cost to DCJ if criteria met:			
Each Aboriginal child ^a	\$ per child	\$7,410	\$7,410
Each CALD child	\$ per child	\$2,230	\$2,230
Each child with a current restoration/permanency goal	\$ per child	\$19,080	\$19,080
Additional one-off cost to emergency arrangement provider:			
Initial placement of child	\$ per child	\$2,620	-

a. This includes \$3,370 for additional casework, \$2,540 for an Aboriginal cultural worker, \$990 for cultural programs and \$510 to travel to Country. It is intended for all Aboriginal children who are case managed by DCJ.

10.5 Children who are not in placement

We have developed benchmark costs for children not in placement which combines all the relevant cost components outlined in previous chapters. While not a formal placement type, a not in placement event occurs when a child is no longer in their authorised placement (for example, they may have self-placed with parents or other individuals, be in a hospital, have entered custody or is absent without carer permission).²⁶⁶ When a child is not in placement, the costs of providing out-of-home care services differ from their authorised placement.

Under the PSP, the payment for not in placement commences after four or eight weeks depending on placement type and is available for six months with a possible extension for another six months.²⁶⁷ Having reviewed the costs associated with these situations, we consider that this is appropriate and have established benchmark costs for this time.

Table 10.10 and Table 10.11 present the relevant benchmark placement costs for children not in placement delivered by non-government providers and by DCJ on a per child per year basis. More detail on the various building blocks that could be applicable to a child not in placement are included in Appendix E.

Decision



29. Benchmark costs to government for children who are not in placement but remain in the care of a non-government provider are set out in Table 10.10.

Table 10.10 Benchmark costs to government for children case managed by a non-government provider who are not in placement, \$2024-25

Cost by type	Unit	Amount
Annual costs:		
Not in placement	\$ per child	\$37,930 - \$56,030
Medical expenses and family time	\$ per child	Variable
Additional annual costs if criteria met:		
Each child placed with an ACCO	\$ per child	\$6,800
Each Aboriginal child ^a	\$ per child	\$6,750
Each CALD child	\$ per child	\$1,980
Each child with a current restoration/permanency goal	\$ per child	\$12,970
Additional one-off costs if criteria met:		
Legal work for adoption matters	\$ per child	\$8,570 (plus filing fee if applicable)
Court related support work whilst a child is on interim orders	\$ per child	\$6,690
Annual costs to DCJ when care is outsourced to non-government provider:		
Secondary casework and contract administration	\$ per child	\$5,080

a. This includes \$2,710 for additional casework, \$2,540 for an Aboriginal cultural worker, \$990 for cultural programs and \$510 to travel to Country. It is intended for all Aboriginal children, regardless of the provider they are case managed by.

Decision



30. Benchmark costs to government for children who are not in placement but remain the in the care of the Department of Communities and Justice are set out in Table 10.11.

Table 10.11 Benchmark costs to government for children case managed by DCJ who are not in placement, \$2024-25

Cost by type	Unit	Amount
Annual costs:		
Not in placement	\$ per child	\$42,800 - \$63,750
Medical expenses and family time	\$ per child	Variable
Additional annual costs if criteria met:		
Each Aboriginal child ^a	\$ per child	\$7,410
Each CALD child	\$ per child	\$2,230
Each child with a current restoration/permanency goal	\$ per child	\$13,910
Additional one-off costs if criteria met:		
Legal work for adoption matters	\$ per child	\$13,070 (plus filing fee if applicable)

a. This includes \$3,370 for additional casework, \$2,540 for an Aboriginal cultural worker, \$990 for cultural programs and \$510 to travel to Country. It is intended for all Aboriginal children who are case managed by DCJ.

10.6 Placement only arrangements during interim orders

Placement only arrangements refer to instances where a non-government provider will recruit and assess a suitable carer when a child is on an interim order, whilst DCJ maintains case management of the child and leads the necessary legal support court work. DCJ is considering placement only roles for non-government providers in light of Recommendation 10 of the System Review into out-of-home care report, which recommends DCJ retains case management of all matters before final orders are made.²⁶⁸

DCJ has requested we estimate the efficient cost of a placement only arrangement, however, given that options are still being developed, we suggest that DCJ consider the potential cost components set out in Table 10.12. These cost components can be used by DCJ to 'build up' the estimated costs of a placement only arrangement.

Table 10.12 Cost components of non-government providers and DCJ under a placement only arrangement

Responsibility of non-government provider	Responsibility of DCJ
Carer training	Casework
Carer recruitment and assessment	Additional casework costs as required based on the needs of the child (such as restoration and permanency)
Care allowances	Child-related costs (such as medical expenses)
Respite allowances	Administrative costs
Set up costs	
Administrative costs	

In addition, we suggest that DCJ consider the benefits and potential pitfalls of these types of arrangements and whether there is likelihood of overlap in roles. Based on feedback provided from non-government providers, tensions may arise where non-government providers have developed and maintained rapport with carers, however DCJ exercises case management and related financial delegations.²⁶⁹

Chapter 11 »

Pricing structure and level

This chapter discusses appropriate pricing structures and levels for efficient delivery of quality services by contracted providers and a methodology for adjusting prices over time

11

Our Terms of Reference require us to make recommendations on appropriate pricing structures and levels for efficient delivery of quality services by contracted providers and a methodology for adjusting prices paid to non-government providers going forward. This chapter sets out our analysis and recommendations in relation to these.

As discussed in previous chapters, our recommendations are not intended to lock in a particular contracting model. Instead, our recommendations are aimed at addressing specific issues with the current pricing structure for outsourced out-of-home care services. As discussed in Chapter 2, these issues include:

- a lack of clarity of package inclusions resulting in inconsistency in the services children receive and uncertainty for carers who are often left out of pocket
- increased administrative burden without visibility of services delivered or outcomes achieved
- funding packages that are not cost reflective in meeting the needs of the children they are intended for.

The Department of Communities and Justice (DCJ) is responsible for developing a new pricing structure to align with the redesigned out-of-home care program to meet the goals of the NSW Government's reform plan. While this may look different from the pricing structure we are recommending, our recommended structure is designed to be used flexibly, as the cost components are clearly identified.

The Permanency Support Program (PSP) has allowed non-government providers flexibility in using package funding to meet the needs of the children in their care. However, it has led to an increase in administration, data entry and compliance tasks. It has reduced accountability and transparency of the system without improving outcomes for children in care.

As we have found throughout our review, and confirmed by the System Review, there is a lack of transparency and accountability for how funding is spent, and there is a widespread lack of performance metrics to assess what services are most effective in delivering positive outcomes for children.²⁷⁰ This is compounded by the way funding is bundled into packages to provide services that can vary significantly from child to child. As recommended by the System Review, there needs to be visibility in the funding and spending for children and young people in care.²⁷¹

Therefore, in line with Recommendation 1, prior to the implementation of a new pricing structure, it is critical that there is greater transparency and accountability about the services children are receiving, along with effective performance measurement, to enable DCJ to assess the effectiveness of different services and service providers.

11.1 Chapter overview

We recommend that the prices for out-of-home care be structured with reference to the benchmarks set out in Chapter 10. As we have included the cost for each component, DCJ is able to make decisions about which services it contracts out and which it delivers inhouse.

The pricing structure we recommend is one which is structured to mirror the benchmark costs of providing out-of-home care in most cases and that contains sufficient variations in price to ensure that quality care can be provided. This includes additional costs identified in relation to children with a permanency goal and Aboriginal children. We also recommend additional funding for Aboriginal community-controlled organisations (ACCOs) on an ongoing basis and in relation to the transition of children to their care, to reflect the additional costs ACCOs face in providing out-of-home care.

We recommend that costs that vary significantly from child to child be funded based on the specific needs of each child and based on the cost of the services they require. In response to stakeholder feedback, we have revised our draft recommendation that DCJ consider paying care allowance and reimbursements directly to all carers. We recommend instead that DCJ continues to provide this funding to providers, however, it should be standardised to ensure equity for carers and accounted for transparently to ensure that the funding is directed where it is needed.

We recommend a move away from the package model of funding under the PSP to a more cost reflective system based on the needs of individual children. However, we recognise that there is a risk that this will increase complexity in the system. We consider that a balance is necessary to maximise outcomes for children and young people in out-of-home care, and the system itself. While we recommend that the proposed pricing structures for non-government providers incorporate a number of variations to reflect the cost of providing quality care, we have also considered ways of simplifying funding arrangements.

In addition, we have made recommendations for how prices should be adjusted over time, to reflect changes in costs and improvements in data collection and outcomes measurement. We also recommend that the care allowance is comprehensively reviewed every 8-10 years to ensure that it meets the cost of the goods and services required to provide quality care for a child in out-of-home care. Between reviews we recommend it be adjusted annually in line with the All Capitals CPI.

11.2 A pricing structure that reflects the costs of service delivery

We recommend that the price level and structure for contracted providers largely reflects the structure of the benchmark placement cost. Which components of these benchmark placement costs continue to be contracted out is a matter for government. As discussed; by providing cost estimates of the separate elements of providing out-of-home care, our recommendations provide the government with the flexibility to structure the delivery of this care to maximise positive outcomes for children and improve the sustainability of the system.

Most costs within the benchmark for each placement type are incorporated as a per child amount for home-based care, with some costs priced as a one-off upfront cost and others being an annual amount. The exception is the cost of carer recruitment and assessment which we recommend be on a per carer household basis. For other types of care, costs are either expressed as a per child or per house cost.

Some costs were identified that are not able to be neatly categorised into per child or per house costs. For example, we have included staff for non-home-based care in the benchmark as an annual cost per staffed shift (for example, if 2 day-staff are required for a residential care facility, then the staff cost for the day shift would be multiplied by 2) and then allocated the costs. As noted in Chapter 10, these costs could be converted to another basis if required and we consider that some changes to the allocation would be beneficial for pricing purposes. The nature of the contractual arrangements may also impact the appropriate price structure and may require DCJ to depart from the benchmark costs (for example, whether individual emergency arrangements are paid on an ongoing basis and intended to be 'stand-by' capacity or are only paid for when a child is in placement on a 'stand-up' basis). We have discussed some of these issues below, but DCJ may need to consider other factors, depending on each circumstance.

In addition, we recommend that costs which vary significantly, and unpredictably between children should be priced based on each individual child's needs. This is discussed further in Section 11.3 below. Similarly, we found some house related costs such as house establishment or repair also vary significantly depending on circumstance and may need to be considered on a case-by-case basis.

11.2.1 Proposed treatment of residential care staff costs

Residential care staff provide care for groups of children within residential care settings. Program rules may require a minimum staff to child ratio within these group placements. The occupancy and vacancies within these settings do vary, sometimes at short notice, resulting in different staffing requirements to maintain the required staff to child ratios. An appropriate pricing structure must strike the right balance between certainty, simplicity and cost reflectivity.

For example, a price structure that increases the fixed (house related) component of a payment allows providers greater certainty with respect to budget planning, recruitment or other activities that require certainty of funding. It may also improve the cashflow of an agency to ensure residential care providers are funded to continue operating their services during periods where there are vacancies. However as it is not linked to actual child care days delivered, it can be less cost reflective.

Increasing the variable (per child component) better matches funding to services delivered. It also ensures that staffing, which is only required at higher occupancies, is only funded if the provider is reasonably expected to incur those costs. However, if the per child price component is too high providers may have difficulty planning, scheduling staff and managing cashflows.

In our Draft Report we proposed a two-part pricing structure based on a per child payment and a per house payment that used the structure of the benchmark placement cost as a starting point and then shifted some of the staff costs into a per child payment. In response, providers of residential care placements told us that vacancies can be unpredictable and staffing schedules cannot easily be changed to avoid incurring staffing costs in response to vacancies in houses unless staff are employed as casuals.²⁷² Providers also raised concerns about the impact of employing casual staff on the ability of young people to form solid consistent relationships with caregivers, as well as consistency with NSW Government policies to increase secure jobs and funding certainty across the sector.²⁷³

We remain of the view that the price structure for residential care should be different from the benchmark placement cost to better balance the different objectives, including:

- ensuring that minimum staffing ratios and program requirements can be met at both high and low occupancy
- minimising the risk of over or under-payment
- providing an appropriate sharing of the risk of unavoidable vacancies
- providing sufficient certainty and operational flexibility to providers.

The impact of vacancies on staffing costs varies depending on the number of beds in the house and the program requirements. The impact of vacancies is most significant in a 2-bedroom residential placement. For example, under current program requirements, full occupancy (2 children) requires 2 day staff, however at times where there is one child in the home, current PSP rules require only one staff member to be present.²⁷⁴ However, the same principle applies to other types of residential care facilities.

We recommend that DCJ establishes a pricing structure for each program type that converts the proportion of staffing costs that are not needed at low occupancy⁴⁵ into a per child price and adds that to the per child component. To give providers more certainty regarding their funding and additional operational flexibility to withstand temporary vacancies, we also recommend converting half of the administrative cost into a per house cost and adding it to the per house component.

The tables below show how our recommended price structure would be determined for the existing 2-bed and 4-bed models of care.

Table 11.1 Example price level and structure for 4-bed models with 100% active night shift, \$2024-25

Description	Child-related	House-related
Benchmark cost	\$147,790	\$1,545,150
Cost of staffing at high occupancy (4-bed house, staffed with 2-day shifts, 1 awake and 1 asleep shift)		\$1,545,150
Cost of staffing at low occupancy (4-bed house, staffed with 2-day shifts, 1 on call and 1 asleep shift)		\$1,290,570
Portion of house cost not required at lower occupancy removed from per-house cost		-\$254,580

⁴⁵ For example, 50% for a 2-bed or 25% for a 4-bed home (i.e. one child in the house).

Description	Child-related	House-related
Portion of house-related cost not required at lower occupancy added to child-related cost (4 children)	\$63,645	
50% of admin costs removed from child-related costs	-\$37,905	
50% of admin cost added to house-related cost (including adjustment for current occupancy rates) (4 children)		\$121,296
Recommended price	\$173,530	\$1,411,866

Note: Converting from a per child to a per house cost requires an adjustment for current occupancy rates (approximately 80%).

Source: IPART analysis.

Table 11.2 Example price level and structure for 4-bed models with 40% active night shift – residential care, \$2024-25

Description	Child-related	House-related
Benchmark cost	\$147,790	\$1,392,402
Cost of staffing at high occupancy (4-bed house, staffed with 2-day shifts, 1 awake and 1 asleep shift)		\$1,392,402
Cost of staffing at low occupancy (4-bed house, staffed with 2-day shifts, 1 on call and 1 asleep shift)		\$1,290,570
Staff cost not required at low occupancy removed from per-house cost		-\$101,832
Staff cost not required at low occupancy added to child-related cost (4 children)	\$25,458	
50% of admin costs removed from child-related costs	-\$37,905	
50% of admin cost added to house-related cost (including adjustment for current occupancy rates) (4 children)		\$121,296
Recommended price	\$135,343	\$1,411,866

Note: Converting from a per child to a per house cost requires an adjustment for current occupancy rates (approximately 80%).

Source: IPART analysis.

Table 11.3 Example price level and structure for 2-bed models with 40% active night shift – residential care, \$2024-25

Description	Child-related	House-related
Benchmark cost	\$147,790	\$1,387,702
Cost of staffing at high occupancy (2-bed house, staffed with 2-day shifts)		\$1,026,920
Staff cost not required at low occupancy (90% of day shift cost)		-\$924,228
Staff cost not required at lower occupancy added to child-related cost (2 children)	\$462,114	
50% of admin costs removed from child-related costs	-\$37,905	
50% of admin cost added to house-related cost (including adjustment for occupancy) (2 children)		\$60,648
Recommended price	\$571,999	\$524,122

Note: Converting from a per child to a per house cost requires an adjustment for current occupancy rates (approximately 80%).

Source: IPART analysis.

Table 11.4 Example price level and structure for 4-bed models with 40% active night shift – group emergency (\$2024-25)

Description	Child-related	House-related
Benchmark cost	\$124,250	\$1,392,402
Cost of staffing at high occupancy (4 bed house, staffed with 2 day shifts, 1 40% awake/60% on call shift and 1 asleep shift)		\$1,392,402
Cost of staffing at low occupancy (4 bed house, staffed with 2 day shifts, 1 on call and 1 asleep shift at night)		\$1,290,570
Portion of house cost not required with lower occupancy removed from per-house cost		-\$101,832
Portion of house cost not required with lower occupancy added to child-related cost (4 children)	\$25,458	
50% of admin costs removed from child-related costs	-\$37,905	
50% of admin cost added to house-related cost (including adjustment for current occupancy rates, 4 children)		\$121,296
Recommended price - 4 bed 40% active night	\$111,803	\$1,411,866

Note: Converting from a per child to a per house cost requires an adjustment for current occupancy rates (approximately 80%).

Source: IPART analysis.

The adjustments that are required will differ depending on the requirements of the program in question. We are available to assist DCJ and/or providers to understand how to apply this structure in different situations if required.

11.2.2 Balancing the need to capture variations in cost with simplicity in pricing

There are several cost components for which we have estimated costs or loadings that are based on differences in the cost of delivering services to particular children. Our benchmark costs for each placement type list these separately. DCJ may wish to retain these as separate price components, or to incorporate them into averaged estimates to simplify the structure of prices.

An example is the casework and cultural support loadings for CALD and Aboriginal children that we have identified. We have included these as separate loadings because there is evidence that children in these categories require different casework time and cultural work. There is a significant difference in the proportions of these children among different types of non-government providers and as a result, there is potential for a systematic difference in delivery cost across providers.

Pricing these as separate per-child price components (as set out in the benchmark costs in Chapter 10) may add significantly to the complexity of the pricing task and the amount of reconciliation that needs to be done as children move in and out of care. As a result we have considered whether these costs could be combined into a single cost that would apply to all children with a certain type of provider: ACCOs (who specialise in providing services to Aboriginal children), CALD specialists (for whom the majority of their children identify as CALD) and other non-government providers (who have a more even mix of Aboriginal children, CALD children and other children).

Based on the current composition of children with different types of providers, Table 11.5 sets out this combined cost of casework and cultural support for different provider types for home-based care using a caseload of 12, which is in the middle of the reasonable range we identified. The total cost identified in this table reflects the typical composition of children for each type of provider and therefore, could be applied at the same rate to all children for a given provider.

Table 11.5 Simplifying annual casework and cultural support costs for home-based care, \$2024-25

	ACCO	Specialist CALD provider	Other non-government provider
Base casework cost – all children	\$16,030	\$16,030	\$16,030
Casework and cultural support – Aboriginal child	\$6,750	\$6,750	\$6,750
Casework and cultural supports – CALD child	\$1,980	\$1,980	\$1,980
Assumed proportion of children who are Aboriginal	98%	6%	30%
Assumed proportion of children who are CALD	6%	82%	18%
Total cost of casework and cultural supports – all children	\$22,764	\$18,059	\$18,411

Note: The above analysis is based on a caseload of 12, which is in the middle of the reasonable range we identified for home-based care. Children with a restoration or adoption case plan goal, or children on interim orders would continue to receive additional loadings.

Source: IPART analysis.

Overall, there are higher per-child costs for ACCOs, but the costs are not materially higher for CALD specialist providers. Based on this data, if the casework funding is specified for different types of providers rather than based on loadings, we would recommend adopting the same casework cost for all non-ACCO providers.

Using averaged estimates for pricing is simpler to implement but less cost reflective for an individual provider if the composition of children in their care is significantly different from the average.

Separately identifying funding for Aboriginal and CALD casework and cultural support provides transparency around what DCJ is expecting from providers. However, we consider that provided these expectations are set through services agreements, there may be little to gain from adding this complexity into the price structure. The simplified approach may also encourage faster transition of Aboriginal children to ACCOs, particularly for non-ACCO providers with higher proportions of Aboriginal children.

Other options for simplifying prices could be applied through implementation. For example, payments could be determined for each period based on an estimate of the number and composition of children in care with each provider (for example, using a 'census date' approach – such as the first day of each quarter) and not reconciling these payments based on changes that occur through the period. As the prices would not be adjusted for changes that occur in between census dates, this approach may result in an under or over payment for any provider in any given quarter depending on the movement of children during the period.

We consider that DCJ is better placed to consider which options for simplifying the pricing structure are more appropriate. DCJ has access to data that we do not have that would allow it to assess the cost implications of the different options. In addition, changes to the models of care or the way in which services are outsourced in the future may affect this decision.

11.2.3 Risk sharing between DCJ and non-government providers

During our review we have also identified several cost items for which the average or typical cost may not be a good reflection of the actual costs incurred by some providers. Those costs include:

- Capital works for residential facility establishment
- Repair costs for significant damage to houses or care facilities
- Physical and Sexual Abuse Insurance.

We have been provided with evidence that suggests that in some instances, providers have incurred costs that are significantly above the levels that we have included for these items.²⁷⁵ Chapter 6 and Chapter 7 provide more information on this.

For at least some of these costs, provider behaviour is likely to influence their value. Rather than attempting to capture this variation through the price structure and levels that are offered across providers, we consider that these unusual events would be better addressed through DCJ policies, business rules and contractual provisions. These policies should clearly articulate in what circumstances DCJ would fund these expenditures, including a considered view of the sharing of risk between providers and the NSW Government.

11.2.4 Impact of price structure on service providers' flexibility

Providers such as Uniting have told us about the innovative programs they have been able to implement under the current more flexible package funding model and are concerned that a more restrictive pricing model will risk the viability of implementing innovative services and reduces service provision to basic casework.²⁷⁶

While we have not costed individual services being delivered, we have sought and used data from providers in estimating the efficient costs of delivering out-of-home care. The costs of such programs would be captured in our estimates of caseloads, as well as administrative and corporate overheads. Our benchmark costs are not prescriptive about how service providers should deliver services, nor do we propose that DCJ would use them to limit the flexibility of providers to innovative and tailor services to the needs of children and the community in which they operate.

Consistent with proposed system reforms, and as discussed in previous chapters, we consider additional service quality monitoring should be undertaken. A contractual system that monitors and rewards providers for delivering innovative programs and improving outcomes will help improve services for all children.

11.2.5 Pricing for upfront or irregular costs

Most of the costs associated with the provision of out-of-home care are ongoing and we have been able to estimate them on an annual per child or per house basis. For other costs, providing the funding upfront to providers is more transparent and cost reflective than including them as part of ongoing funding.

We have estimated a one-off per carer household cost of recruitment and assessment and recommend that it be payable for any newly authorised carer households. We acknowledge that these costs are incurred by providers on an ongoing basis, as recruitment is not specifically undertaken for each child as they come into care. However, these costs are incurred on a per carer basis and not a per child basis. Incorporating them into an annual payment per child is problematic. Where providers are successful in achieving permanency quickly, they are likely to under recover these costs. This may have unintended consequences.

As noted by DCJ, there may be cases where a child enters emergency or short-term care where it may not be reasonable for the payment to be triggered.²⁷⁷ We anticipate that DCJ will need to develop guidance around when these upfront payments are appropriate.

Other one-off costs include the Aboriginal cultural planning package (Chapter 8) and the placement establishment payment (Chapter 3), which we are recommending be paid upon the child's entry into the provider's care.

Recommendations

9. For home-based care, independent living and individual emergency arrangements, the price level and structure for contracted providers should reflect the benchmark costs set out in Chapter 10, including both an upfront component and an annual per child amount.
10. For residential care and group emergency arrangements, the price level and structure for contracted providers should reflect the benchmark costs set out in Chapter 10, with the following exceptions:
 - a. The cost of staffing that is not required at low occupancy should be incorporated into the price as a per child component.
 - b. Half of the cost of administration and overheads should be incorporated into the price as a per house component.
11. The Department of Communities and Justice should consider options for simplifying the pricing structure for contracted providers, considering the costs and benefits of trading off cost reflectivity and simplicity.

11.3 A pricing structure to more effectively meet the needs of children and families

We consider that greater transparency for how funding is spent would assist in assessing the cost effectiveness of services. It would also provide more clarity and certainty for carers and help ensure that children receive the services they need to thrive.

11.3.1 Medical and family time expenses should be funded based on the needs of each child

The provision of medical and therapeutic services and family time (see Box 11.1) are fundamental to the wellbeing of each child and as a result, the out-of-home care system must ensure that these needs can be met. However, the costs of these items can vary significantly depending on individual children. We recommend that the costs of meeting the actual medical, therapeutic and wellbeing needs of children and the expenses involved with maintaining family contact, such as travel costs be funded, on an as needed basis.

Available data on these costs shows that they vary significantly and are difficult to estimate in advance. While some factors, such as a higher needs categorisation, are correlated with higher costs per child, other factors contributing to high costs are unpredictable. As a result, we have not been able to estimate the costs of meeting these needs with any degree of precision and we consider that these costs are unsuitable for benchmarking. Similarly, we are of the view that it would be difficult to estimate a price component for non-government providers that is both sufficient and reasonable.

The current funding model incorporates a relatively low annual value for these expenses per child and encourages providers to share funding between children before seeking additional funding from DCJ. Funding applications are reviewed on a case-by-case basis by examining the broader finances of the provider in detail to ensure that they have exhausted all options, including funding provided for other children or other purposes, before additional funding is provided. We have heard from DCJ and non-government providers that this is a significant pain point in the system.

We have also heard from carers that in many cases the result of this process is that providers refuse to pay. In this case, carers either pay for essential services out of their own pockets (becoming increasingly dissatisfied with the system as a result) or children miss out on essential elements of care. The current approach has led to a lack of transparency around where funding is being spent, what services are being accessed by children and to what extent carers are paying for services out of their own pockets. This lack of transparency further complicates the process for assessing additional funding requests.

The System Review recommended the establishment of integrated health care coordination teams, where dedicated professionals are responsible for providing comprehensive and priority access to physical, social and health (including mental health) services for children in out-of-home care.²⁷⁸ We support this recommendation. In the meantime, we consider that it is critical that all children in out-of-home care have the funding to ensure they can access the care they require.

Alternatives for pricing these services for out-of-home care providers include:

- Reimburse providers for the cost of services received by each child, within guidelines published by DCJ
- Provide a relatively conservative (low) dollar value of funding per child, with providers able to seek reimbursement for costs for an individual child if they go above this value
- Funding providers based on the average estimated cost, with providers required to 'live within the budget' overall, seeking additional funding only in exceptional circumstances.

We are recommending the first approach (reimbursing providers on actual costs incurred) due to the difficulty associated with estimating a dollar value to include in funding. The second approach is less complex than the current approach and is our next preferred option, noting that if the dollar value chosen is too low this system will operate very similarly to the first option and if it is too high, the NSW Government will overcompensate providers. The first approach is also preferred because it provides much needed data to DCJ on what medical and therapeutic services all children in care are receiving. Subject to the requisite protections for such sensitive information, this data could potentially be compared across children and across providers to ensure that best practice approaches are identified, and that all children are receiving adequate care.

Whatever approach is taken, it is critical that carers are not left out of pocket for essential medical, therapeutic and family time expenses. We have recommended that clear information on what they are entitled to and how it will be paid should be produced by DCJ and providers should be required to ensure that carers are appropriately informed and reimbursed.

Box 11.1 Health care and family time for children in out-of-home care

The *NSW Child Safe Standards for Permanent Care* require the health and development needs of children and young people to be addressed. To comply with these standards, the health and development needs of children in out-of-home care must be monitored and regularly reviewed, at least annually; and identified health, medical, dental, optical, auditory, nutritional, psychological and developmental needs must be addressed as required.²⁷⁹

They also require that children and young people have placements which facilitate the ongoing involvement of their families and communities and support significant attachments. Meeting this standard means that children and young people are able to maintain relationships with family and other significant individuals in accordance with their wishes, where it is safe and appropriate.²⁸⁰

Connection to family requires unique consideration for Aboriginal children. SNAICC notes:

'Family is the cornerstone of Aboriginal and Torres Strait Islander culture, spirituality and identity'.²⁸¹

To maintain connections to their culture, Aboriginal children should be supported to have regular, quality contact with extended Aboriginal family, kin and community.²⁸² This is best facilitated by placement with Aboriginal kin and/or eventual restoration.²⁸³ Where possible, this also includes contact arrangements for the child to connect with their birth parents.²⁸⁴ Aboriginal peoples have been historically displaced, which means that Aboriginal children may need to travel further distances to connect with their family compared to non-Aboriginal children.²⁸⁵

We recommend that funding continues to be directed to providers in the first instance

Our Draft Report proposed that medical and family time expenses be funded on the actual costs of services that are identified and delivered for each child, similar to the policy for DCJ case managed children for whom these expenses are funded as contingencies. We also proposed that carers who paid for medical and family time expenses could seek reimbursement directly from DCJ. In response to this proposal, stakeholders were concerned about DCJ directly reimbursing carers case managed by non-government providers.

Carers and providers generally supported our draft recommendation to fund the actual costs of the medical, dental and therapeutic needs of children.²⁸⁶ In both the non-government provider workshop and ACCO workshop, there was support for a reimbursement system whereby DCJ reimburses providers for medical, therapeutic and family time costs, if implemented transparently with strong governance.²⁸⁷

However, concerns were raised in workshops and submissions about the process for these costs to be reimbursed. Providers were concerned that there would be payment delays, that costs would be challenged by DCJ, and that there would be an increased administrative burden to reconcile expenses.²⁸⁸ Some carers were also concerned about being reimbursed for medical costs if the child has not been able to have necessary assessments or diagnoses.²⁸⁹

Several stakeholders, including AbSec, submitted that the relationship between ACCOs and carers would be undermined if DCJ were to manage the reimbursement of carers,²⁹⁰ The timeliness with which DCJ approved and administered payments could also compromise the relationship between the carer and their provider.²⁹¹

Historically, DCJ has demonstrated a pattern of opposing or unnecessarily questioning the need for individual services, which not only creates delays in access to essential care but also increases the administrative burden on ACCOs. This is particularly problematic given that our carers are not in a financial position to bear these expenses upfront.

Narang Bir-rong Aboriginal Corporation²⁹²

In response to stakeholder feedback, we recommend that funding for these highly variable costs continue to be paid by DCJ to providers, to be passed onto carers, or paid directly by the out-of-home care provider to service providers.

ACWA and Uniting submitted that funding based on actual costs risked increasing administrative burden on both DCJ and non-government providers. They also highlighted the risk of imposing significant out-of-pocket costs and delays in refunds on carers, and a further risk that children in care may not receive essential services in a timely way if their carers are unable to pay upfront.²⁹³ We note that many of these issues are present under the current arrangements.

Providers raised concerns that the reconciliation/invoicing process associated with funding based on actual costs would be onerous.²⁹⁴ While this may initially mean more administration for DCJ and providers, it would reduce some of the reconciliation complexity and complex needs requests associated with the current package funding model.

As discussed in Chapter 6, and raised in the System Review, there is a need for better integration of data infrastructure between DCJ and non-government providers to reduce duplication of data entry. Enabling caseworkers to enter data once potentially removes much of the administrative burden for non-government providers and DCJ in reconciling services and funding information.

Stronger governance is required to ensure children's needs are met and carers and providers are not out-of-pocket

Without clear and effective guidelines, compliance and monitoring, carers will continue to experience inconsistency and uncertainty over which costs their provider will cover, or how long they may be out-of-pocket for. Ideally many medical and allied health services would be able to be covered by the proposed out-of-home care health care card (see Chapter 3) without any upfront out-of-pocket costs for carers and the need for reimbursement. Until then, there needs to be stronger contract management and governance by DCJ to drive greater transparency and consistency in the system.

In addition, safeguards would need to be in place to ensure that costs do not grow rapidly without any regard to the benefits delivered. Removing the requirement for non-government providers to manage costs within package funding could lead to additional services and therapies being added to a child's case plan in the hope that something may be helpful. To avoid costs growing in this way, we recommend DCJ develop guidelines:

- listing the types of services eligible for funding, for example this may require providers to be accredited, such as a GP, dentist, medical specialist or allied health provider
- requiring services to be provided to children when recommended by an accredited medical provider
- specifying which therapeutic or allied health services require GP endorsement or referral
- the expenses that will be covered in regional and remote areas to access medical and therapeutic services (for example, travel costs).

There may also be merit in DCJ developing unit costs for these eligible services. This could assist caseworkers and providers in estimating the funding required to meet each child's needs.

Where timely access to a service is more costly (for example, a choice between waiting months to be seen by the visiting specialist or travelling to Sydney and being seen in a week with associated travel and accommodation cost), GP advice should be considered regarding the urgency of access.

Recommendations



12. The medical, dental and therapeutic costs for children case managed by non-government providers should be included in the child's case plan (where possible). These costs should be funded based on the services provided. Funding for these costs should be paid to the contracted non-government provider who should be required to ensure that carers are not out-of-pocket for these expenses.
13. The costs of maintaining family connections for children case managed by non-government providers should be included in their case plan and funded based on the services provided. Funding for these costs should be paid to the contracted non-government provider who should be required to ensure that carers are not out-of-pocket for these expenses.
14. The Department of Communities and Justice should strengthen the governance arrangements for how the funding for meeting children's medical, dental, and therapeutic needs and maintaining family connections is used, reported and reconciled.

11.3.2 Improving consistency and transparency of the care allowance

The current price structure gives non-government providers the ability to adjust their carer payments to meet their objectives.⁴⁶ It provides non-government providers with the flexibility to increase carer payments to recruit and attract more carers. It also allows them to tailor carer remuneration to the needs or circumstances of the child. However, we have heard that this has created a number of problems.

Perceived unfairness from the inconsistency in the information and financial support carers receive makes them feel undervalued. Inconsistent information opens carers up to the possibility of exploitation when the lack of clarity about their financial and non-financial entitlements reduces their bargaining power. We have heard from carers that this has even resulted in threats of removing their children when they have questioned their rights or entitlements.²⁹⁵ We have also heard that many carers do not trust their caseworkers because they feel like the caseworker acts in the interest of saving money for the provider.²⁹⁶

To address these concerns, we made a draft recommendation that the care allowance should be paid at a consistent rate for all children assessed with the same level of need across both non-government providers and DCJ, and that consistent assessment processes be adopted for determining the level of need for all children in out-of-home care. We also proposed that DCJ consider paying the care allowance directly to carers. The sections below discuss these proposals and how we have modified them in response to feedback from stakeholders.

⁴⁶ Non-government providers must at least provide the standard care allowance to their carers.

The care allowance should be standardised for children assessed as having the same level of need

Standardising the payments across different providers would ensure that carers receive consistent financial support and that the same policies and processes are implemented consistently across the system. It also has the benefit of allowing carers to be smoothly transitioned from one provider to another, which may be of particular benefit in assisting transitions of Aboriginal children to ACCOs.

We have heard that some non-government providers pay a care allowance which is above the standard rate set by DCJ.²⁹⁷ A provider may choose to pay a higher allowance for many reasons, including:

- to incentivise the recruitment of carers
- to cover the higher needs of a child in care
- to support the additional cost of raising a child in care compared to the current care allowance.

While this may currently be benefitting some children/carers, allowing providers the flexibility to determine care allowances has not increased carer numbers, led to better carer retention or improved carer satisfaction across the system. On the contrary, there is evidence that it has led to frustration and confusion around entitlements and a power imbalance between providers and carers.²⁹⁸

In response to our draft recommendation that the care allowance be standardised, ACWA raised the possibility of carers resigning if they start receiving a lower allowance than what they have been receiving.²⁹⁹ As there is no transparency of the care allowance being provided to carers under the current PSP packages, or the extent to which providers are providing higher allowance we are not able to estimate the significance of this issue.

However, we consider that the benefits to carers of having greater certainty regarding the financial implications of becoming a carer, greater clarity around what is and isn't funded and feeling that they are being treated more equitably is likely to outweigh any disadvantages that come from reducing the providers' flexibility to determine the level of funding provided to carers.

In addition, we consider our recommended care allowances for standard care, Care+1 and Care+2 will better meet the day-to-day costs of providing care and reduce the need for non-government providers to pay above the standard care allowance rate.

We recommend the care allowance is paid to providers with additional obligations for them to account for this funding

Our draft recommendation that DCJ consider paying the care allowance directly to carers was aimed at addressing the concerns we heard from carers regarding the lack of transparency about the care allowance they are entitled to receive. We also noted that if the care allowance was standardised across the system, there may be limited benefit in paying providers so that they can then pay carers. A secondary aim was to increase transparency for DCJ to ensure carers are receiving the correct care allowance and potentially reduce the administrative burden on providers.

However, most stakeholders did not support DCJ paying the care allowance directly to carers.

AbSec strongly opposed the proposal for DCJ to pay carers directly and noted that no ACCOs that it engaged with in preparing its submission supported this recommendation. While it recommended that all carers should receive the same allowances across DCJ and non-government providers, it stated that centralisation of payments would undermine the relationship between ACCOs and carers.³⁰⁰ Similarly Narang Bir-rong Aboriginal Corporation suggested a centralised care allowance would undermine Aboriginal self-determination and present unnecessary cultural risks for Aboriginal carers.³⁰¹

ACWA submitted that as non-government providers already have payment systems already in place, there would not be notable savings for them.³⁰²

In our Draft Report workshops providers also raised concerns including that centralisation of payments could complicate the relationship between carers and providers, and with the logistics of paying allowances when the circumstances change, for example in the case of respite carers.³⁰³

In response to these concerns, we recommend that the care allowance continue to be paid to providers, albeit as a specific item of the funding package for each child (varying by age and assessed level of need), instead of as an undefined component in the PSP base plan package as it currently is. It should also include an amount for carer respite (equal to 24 days of the applicable care allowance per annum). Changes in the care allowance in line with the age of the child could be made at quarterly reconciliations.

We also recommend that providers be required to report to DCJ that the care allowance has been passed on to carers.

Recommendations



15. The care allowance should be paid at a consistent rate for all children assessed at the same level of need across both non-government providers and the Department of Communities and Justice.
16. The funding allocated for the care allowance and respite allowance for each child should be clearly identified in the funding provided to contracted non-government providers. Non-government providers should be required to report to the Department of Communities and Justice that the full amount of the allowance has been passed onto carers for each child in their care.

11.4 Proposed pricing structure for out-of-home care for Aboriginal children

This section outlines our proposed approach for pricing out-of-home care for Aboriginal children to meet their cultural needs. We have taken a principles-based approach and recognise that broader funding decisions are a matter for DCJ to determine, with input from Aboriginal organisations, practitioners and communities.

The pricing structure aspects discussed in this section are only those that are specific to Aboriginal children and ACCOs. The pricing levels to meet their basic needs and provide the placement, including the care allowance, administration and overheads, or pricing associated with an Intensive Therapeutic Care Placement, would be the same as for a non-Aboriginal child.

11.4.1 Pricing structure

We recommend that the pricing structure for meeting the needs of Aboriginal children in out-of-home care includes payments to cover the cost items we have identified, including cultural planning and Aboriginal cultural support (connections to culture and Country) and costs that reflect the additional organisation-level functions of ACCOs. More information on these costs is set out in Chapter 8.

While we do not distinguish between Aboriginal children placed with an ACCO or a non-ACCO, we consider it is important for DCJ to work through how a pricing structure can best support the National Agreement on Closing the Gap, DCJ policy commitments and the needs of Aboriginal children.

The NSW Government has recognised that ACCOs are best placed to deliver culturally responsive care to Aboriginal children. However, many Aboriginal children remain in the care of DCJ or other non-ACCO providers. No matter whether a child is placed with an ACCO or a non-ACCO provider, the NSW Child Safe Standards require their care enables connections to culture, community and Country. This includes the ability to effectively plan for their transition to an ACCO. However, we note that as at June 2024, 77% of Aboriginal children had a cultural plan,³⁰⁴ despite cultural plans being required for Aboriginal children by the *Children and Young Persons (Care and Protection) Act 1998*.³⁰⁵ We consider that the annual payments for cultural planning should come with an obligation to have a cultural support plan in place.

Recommendation



17. The pricing structure to meet the needs of Aboriginal children in out-of-home care should include the additional components identified in our cost assessment and set out in Chapter 8 and Chapter 10.

Our estimates of the costs of developing and implementing Aboriginal cultural plans are materially higher than current PSP funding packages. Our research and consultation have shown the importance of delivering culturally safe care to Aboriginal children, and as a result we are recommending a higher pricing level to meet costs associated with developing and implementing cultural plans for Aboriginal children. With this comes a need for visibility of services delivered to ensure that this funding is being directed toward the cultural needs of Aboriginal children in out-of-home care. DCJ also discussed this in its submission to our Draft Report:

To ensure accountability and maximise [the funding structure's] effectiveness, it is essential to implement robust mechanisms that uphold transparency and guarantee the allocated funding is directed toward achieving meaningful and intended outcomes.³⁰⁶

In its submission to our Draft Report, the Aboriginal Legal Service (NSW/ACT) highlighted the finding from the Family is Culture Review that "there is no effective regulator".³⁰⁷ Due to this, the Aboriginal Legal Service (NSW/ACT) submitted:

We reiterate our call for the establishment of a NSW Commissioner for Aboriginal and Torres Strait Islander Children and Young People, whose functions would include having the ability to hear directly from Aboriginal and Torres Strait Islander children and young people experiencing the OOHC system, as well as the power to make recommendations to address systemic issues, including the ways in which public funds are spent on providing for the needs of Aboriginal and Torres Strait Islander children and young people in OOHC.³⁰⁸

We note that other jurisdictions in Australia have commissioners in similar roles.³⁰⁹

The Productivity Commission recommended five actions to "better enable power to be shared" under the National Agreement on Closing the Gap, with one action highlighting that "ACCOs should be seen as essential partners in commissioning services, not simply as passive funding recipients".³¹⁰

We heard from AbSec during our review that the out-of-home funding model should be developed with and for ACCOs, with a preference for new commissioning practices (such as Aboriginal-led Commissioning).³¹¹ This also relates to other funding-related considerations we heard from stakeholders such as contract management and flexible capability development support for ACCOs.³¹² Narang Bir-rong Aboriginal Corporation submitted:

Given our cultural knowledge, lived experience and direct service provision competency, it is essential that ACCOs are empowered to shape [policy] frameworks to ensure that they are culturally safe, responsive and fit for purpose. Without Aboriginal-led policy design, the current systemic inefficiencies and inequities are likely to persist, to the continued detriment of Aboriginal children.³¹³

The monitoring of the delivery of cultural supports to Aboriginal children in out-of-home care could be integrated with existing Aboriginal governance arrangements, which are further described in Box 11.2.

While outside the scope of our review, we acknowledge the importance of these issues in informing how DCJ works towards achieving its commitment under the National Agreement on Closing the Gap to grow the ACCO sector.

Recommendation



18. The Department of Communities and Justice should continue to consult with Aboriginal peak bodies, including AbSec and the Aboriginal Legal Service NSW/ACT, in designing reforms for out-of-home care relating to Aboriginal children and families.

Box 11.2 Current Aboriginal governance arrangements in NSW out-of-home care

The NSW Government is taking the following actions to support its commitments to the National Agreement on Closing the Gap relating to child protection:

- entering into a formal agreement with AbSec and the Aboriginal Legal Service (NSW/ACT) to reduce the unacceptable overrepresentation of Aboriginal children in care
- establishing a Ministerial Aboriginal Partnership Group with the Minister for Families and Communities, Aboriginal stakeholders and communities. This Group is intended to oversee reforms to the system and provide Aboriginal communities greater control of the future of their own children
- setting up a restoration taskforce to support Aboriginal children who can safely go home, to do so. This taskforce will oversee the expansion of restoration-focused work in partnership with Aboriginal community-controlled organisations across NSW
- formalising the leadership of Aboriginal people and communities in decisions concerning Aboriginal children and child protection.

An Aboriginal-led commissioning project pilot is also underway at trial sites in NSW. This project aims to self-empower communities with the ability to make decisions about service design, priorities and funding across the Aboriginal child and family sector. In principle, new partnership approaches such as this project could help to support self-determination, although the outcomes of this project are yet to be determined.

Source: NSW Government, [Landmark partnership with Aboriginal peak bodies to keep children safe](#), 30 May 2025, NSW Government, [NSW Government and Aboriginal communities working to improve safety and wellbeing for children](#), February 2024; AbSec, [Aboriginal-led Commissioning](#), accessed 22 May 2025.

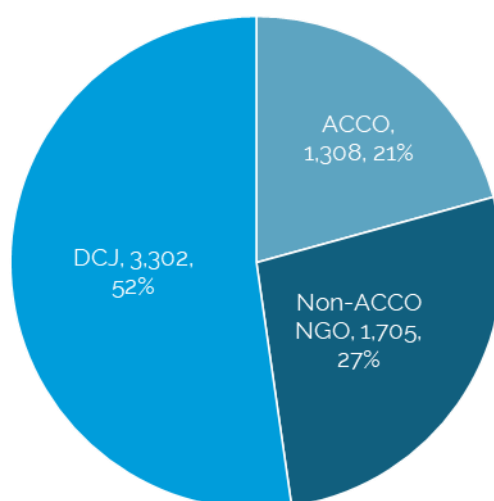
11.4.2 Pricing for transitions

We have estimated the cost to an ACCO of transitioning an Aboriginal child from a non-ACCO at between \$8,934 - \$9,969 per child, and \$6,750 for the reassessment and training of each carer that transitions (see Chapter 8 for more detail). We recommend that this be paid to the ACCO when the transition is first initiated, that is when the ACCO and non-ACCO first start arranging the transition. DCJ suggested we could consider pro-rata payments for transfers that are not able to progress, but where significant work has occurred.³¹⁴ However, we note that the cost mainly reflects activities undertaken by ACCOs in the lead up to the transfer, and as a result, the cost may not be materially reduced if the transition process is halted before a successful transition can be made.

Incentives in transitions

As shown by Figure 11.1 below, as at 30 June 2024 most Aboriginal children in NSW out-of-home care were not case managed by ACCOs. The transition of Aboriginal children to the care of ACCOs is not occurring as quickly as initially anticipated. Originally, the process was intended to occur over a ten-year timeframe from 2012 to 2022. This goal was not met and DCJ has indicated that it now aims to have the majority of Aboriginal children transitioned to ACCOs by June 2026.³¹⁵

Figure 11.1 Case management for Aboriginal children in NSW out-of-home care as at 30 June 2024



Source: IPART visualisation of data from NSW Government, System review into out-of-home care, October 2024, p 16.

The Audit Office of NSW reported in June 2024 that "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".³¹⁶ It also noted that there are no real system drivers for the transition and financial disincentives for non-government providers supporting large Aboriginal caseloads. While there are external factors affecting whether or not the child can successfully transition, we have heard that non-ACCO providers may be hesitant to transition Aboriginal children to ACCOs because it represents a loss of funding and sunk cost of carer recruitment.³¹⁷ AbSec also submitted to us that "the current situation underscores that existing incentives to support and encourage transitions are not working" and recommended binding transition targets for non-ACCO providers with financial consequences for non-compliance.³¹⁸ Similarly, the Advocate for Children and Young People submitted that funding must be structured to accelerate the transfer of Aboriginal children to ACCO care.³¹⁹

The use of contract abatements and/or incentives for non-ACCOs to deliver transitions is a policy matter for DCJ and needs to be considered within the broader system and funding framework. It is important that where they are used, incentives and abatements do not result in unintended consequences. Noting that the system is currently being reformed, we are not proposing a specific incentive structure.

We also note that placing new Aboriginal children that enter care directly with ACCOs rather than transitioning them later offers greater placement stability and is more cost-effective. Increasing the proportion of Aboriginal children directly placed with ACCOs will support Aboriginal children to connect to their culture and save the system costs in the long run.⁴⁷

The need for effective governance is echoed by the recent System Review into out-of-home care, which in its discussion of transitions concluded:

DCJ must co-design and implement an effective Accountability Framework that provides governance, performance, and appropriate oversight. The system inherently needs to be mindful; it is the system settings, policies and fixed rules enforced by government that must value self-determination, voice, and relationships. The notion of stewardship should be strong here and underpin the foundation of policy improvements, to ensure the longevity of success.³²⁰

Additional funding may be needed for ACCOs to support building the sector

Under the PSP all ACCO PSP providers receive an annual Aboriginal Transition Support Payment of around \$156,000.³²¹ This payment is intended to support both new and established ACCOs. There is no transparency over how the payment was costed or what services it is supposed to cover. The payment is the same regardless of the size and capacity of the ACCO.

It is possible that this payment was meant to support ACCOs to build their capacity for taking on additional placements. We consider that a payment for each initiated transition is a better targeted, more cost reflective and more transparent way of meeting this aim. However, we acknowledge that moving to a per transition payment would also reduce the predictability of funding for ACCOs and, in some cases, may not be sufficient.

⁴⁷ We acknowledge that ACCOs may not be able to deliver placements in all circumstances and therefore not all Aboriginal children are currently able to be directly placed with ACCOs.

AbSec submitted to us that:

simple per-child based payments do not adequately reflect what is required for an ACCO to support effective transitions. This is particularly concerning for smaller ACCOs that rely on the \$150,000 to support their organisational readiness, including for transitions.³²²

In addition, the Advocate for Children and Young People submitted that there is a need for funding specifically for ACCO development and that self-determination must be embedded as a pricing principle.³²³

We agree that funding for ACCOs should continue to support them to build capacity, become more financially sustainable and help them address the unique workforce challenges they face. While this type of funding sits outside the scope of our review, we acknowledge that it can play an important role in supporting the ACCO sector and helping to meet commitments to Closing the Gap. Funding for ACCOs should be considered holistically and should prioritise early intervention where possible (see Box 11.3).

Recommendation



19. The Department of Communities and Justice should consider the need for secure sustainable funding for ACCOs, to support the NSW Government's commitments to the National Agreement on Closing the Gap.

Box 11.3 Funding for ACCOs should prioritise early intervention where possible

Aboriginal communities and other reviews have called for DCJ to ensure Government funding reflects policies to prioritise restoration and family preservation, especially to promote Aboriginal families staying or returning together.³²⁴ For example, the Family is Culture report recommended:

'The NSW Government should review funding allocations to ensure that these reflect the NSW Government legislative and policy position to prioritise restoration and family preservation. This funding should prioritise the restoration programs that are successfully delivered by Aboriginal Community Controlled Organisations and funding should be commensurate with the overrepresentation of Aboriginal children in the out-of-home care system.'³²⁵

As noted by the Audit Office of NSW, this recommendation was accepted by the NSW Government, but current DCJ funding structures still do not provide commensurate funding to ACCOs to address the over-representation of Aboriginal children entering and in out-of-home care.³²⁶

Preventing Aboriginal children from entering care protects them, their families and communities from ongoing harm and trauma. It also creates savings within the child protection system³²⁷, as well as savings to the Government in the long term since experiences of removal increase the chances of criminalisation, incarceration, reduced health, poor education outcomes, substance use, homelessness and child protection involvement when removed people become parents.³²⁸

Some of this should be reflected in the ACCO-specific funding that accounts for community advocacy. However, early intervention is also a separate DCJ program that sits outside the scope of our review.

The NSW Government's recent announcement that 40% of total funding for its Family Preservation program will go to ACCOs is a positive step.³²⁹

11.5 Adjusting prices to reflect changing costs over time

Our Terms of Reference require us to recommend a methodology for adjusting prices paid to non-government providers going forward. Currently the funding deed between DCJ and contracted PSP providers allows for an "indexation increase in funds to the service provider from time to time," but does not specify how frequently this indexation should occur or how it is calculated.³³⁰

As discussed in the sections below, it is important that prices are updated to reflect external cost increases to ensure that providers can continue to deliver services that meet quality standards and the needs of children. We are recommending that most costs be adjusted annually in line with the All Capitals CPI. The exceptions to this are the staff cost components that we have based on award rates, rental costs for houses.

11.5.1 Changes in non-government provider labour costs

As discussed in Chapter 6 and Chapter 7, the minimum pay for staff employed by non-government providers is set by the *Social, Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award). This award sets rate of pay for a number of sectors including the social and community services sector (SACS) employees. Caseworkers and casework managers typically fall within this sector. To estimate the efficient costs of non-government provider staff we have used, unless otherwise stated, the SACS full-time and part time rates of pay and made assumptions regarding the optimal team structure, classification levels, and number of staff.

These labour costs represent a very large proportion of total costs; therefore, we consider that any changes to the award pay rates should be reflected in the funding the provider receives. We have recommended that this occur 1 July each year. This is because we consider that these changes should be passed on annually at the same time as other funding adjustments to minimise administrative burden. To the extent that there are any amendments or changes to the award consideration should be given to the consequential effects.

As discussed in Chapter 6, we have calculated oncosts as a proportion of the pay, so these should also be adjusted in line with any changes to the SCHADS SACS pay rates. We also consider that the annual funding increases to non-government providers should be reflective of other applicable contributions such as superannuation and levies such as payroll tax.

11.5.2 Changes in rental costs

As discussed in Chapter 7, we are recommending that the cost of accommodation for children in residential care, independent living and contracted emergency arrangements be estimated using the DCJ Rent and Sales Report.

We consider annual changes in the median rent should be reflected in the funding the provider receives, updated 1 July each year. Although updated quarterly, the annual change in median rent is also reported. As with other cost changes, we consider these changes should be passed on annually at the same time as other funding adjustments to minimise administrative burden.

We note that the cost of housing is included in the CPI basket of goods and services. However, as we have based the cost of accommodation for residential, independent living and contracted emergency arrangement placements on median rentals, we consider this should be adjusted in line with changes in median rentals, and not also adjusted by CPI.

Separately, as the cost of office buildings is covered in our estimates for administration and corporate overheads, changes in these costs would be adjusted by All Capitals CPI as discussed below.

For non-contracted emergency arrangements such as Individual Placement Agreements, we are recommending that the cost of accommodation be based on the Australian Taxation Office's benchmark market value for short-term accommodation in NSW.³³¹ This is updated by financial year.

11.5.3 Administration and overheads

As discussed in Chapter 6, we have estimated the cost of administration and corporate overheads on a per child basis based on providers' financial returns to DCJ and data submitted in response to our information request. We consider these costs should be updated annually in line with the All Capitals CPI.

This includes the cost of staff employed by non-government providers in corporate operations, management and administrative roles. We have not estimated the optimal staffing structure for these roles or built-up costs based on the number of staff and respective award pay rates. Therefore, we are not recommending these staff costs be adjusted in line with (employment) award changes.

11.5.4 Future review of the care allowance

We consider the care allowance should be comprehensively reviewed every 8-10 years to ensure that it meets the cost of the goods and services required to provide quality care for a child in out-of-home care. Changes in prevailing community standards and consumption patterns that occur over time are not adequately captured by inflation adjustments alone. 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.

As discussed in Chapter 3, the cost of caring review undertaken for us by the Melbourne Institute used a top-down approach to identify the costs associated with each child. As mentioned, a bottom-up budget standards approach whereby a standard set of expenditure items is established and then costed, was not possible in our review timeframe. We note that the cost of caring study undertaken in 2002 took around 2 years to complete.⁴⁸ We consider that both approaches are valid, and although Melbourne Institute's top-down approach did not build up the

⁴⁸ We note that the 2002 study was national. However, it involved 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. 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. 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 viii.

basket of goods and services, it did examine how household expenditure on different items has changed over time.

We are not recommending that this comprehensive review be undertaken more frequently than every 8-10 years given the time taken to conduct a budget standards review (if this is the method undertaken). Between reviews we recommend that the care allowance be adjusted annually in line with inflation (discussed below).

Action 6 (Carers) of the *Safe and Supported: First Action Plan 2023-26*, committed to by all Australian governments, is to improve support for carers. This includes assessing carer payments in terms of adequacy, consistency and accessibility.³³² The Australian Institute of Family Studies (AIFS) recently called for submissions in response to discussion questions about payments and financial supports for home-based carers.³³³ The extent to which our recommendations for the care allowance form part of this process is a matter for DCJ and the NSW Government.

11.5.5 Approach to ensuring the care allowance is sufficient between review cycles

As discussed in Chapter 3, the current standard care allowance initially determined in 2006 was based on the findings of a 2002 study. Since then, it has been increased in line with the indexation rate advised by NSW Treasury. As noted, the standard care allowance has grown at a similar rate to the All Capitals and Sydney CPI.

As discussed above, we consider the care allowance should be comprehensively reviewed every 8-10 years to ensure that it reflects changes in community standards and consumption patterns. Between these more comprehensive reviews we recommend that the care allowance be adjusted annually in line with the All Capitals CPI.

The basket of goods and services covered by the CPI reflect a high proportion of household expenditure and broadly aligns with those covered by the care allowance.⁴⁹ Estimating an indexation rate to replicate the items covered by the care allowance would add complexity to the process and is less transparent than using the published All Capitals CPI.

⁴⁹ We note that the CPI includes alcohol and tobacco, and insurance and financial services which are not covered by the care allowance. See Australian Bureau of Statistics, [Consumer Price Index, Australia methodology](#), accessed 22 January 2025.

Recommendations

- 
 20. The prices paid to non-government providers should be adjusted annually (1 July) to reflect changes in:
 - a. minimum rates of pay (under the relevant award)
 - b. median rentals for residential, independent living and contracted emergency care arrangements
 - c. All Capitals CPI for all other costs.
- 21. The care allowance should be comprehensively reviewed every 8-10 years to ensure that it continues to meet the cost of the goods and services that are required to provide quality care for children in out-of-home care.
- 22. Between comprehensive review cycles, the care allowance should be adjusted annually in line with the All Capitals CPI.

11.5.6 The impact of funding and contractual changes should be reviewed

As discussed throughout this report, a number of our estimates of efficient costs are based on current costs and funding arrangements. If implemented, our recommendations would be expected to drive changes in these costs. Changes implemented following the System Review and other recent reviews of out-of-home care in NSW, would also be expected to impact costs.

Therefore, we recommend that the costs and pricing of out-of-home care be reviewed again within 5 years to take account of these changes and improvements in data collection and outcomes measurement. Depending on timing of reviews, this would not necessarily involve the comprehensive review of the care allowance which we are recommending be undertaken every 8-10 years.

Recommendation

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 23. The costs and pricing of out-of-home care in NSW should be reviewed, as soon as practicable, within 5 years of the implementation of the decisions and recommendations in our Final Report, to measure the impact of any reforms on funding and contracting arrangements.

Chapter 12 »

Consolidated list of decisions

12

12.1 List of decisions for the review

Unless otherwise noted, the estimate of the efficient cost is the same for non-government providers and the Department of Communities and Justice. For some items we specify a different estimate of the efficient cost for different providers.

Decisions

1. Respite care arrangements should continue to be agreed in each child's care plan and should be delivered flexibly to suit the needs of the household. 54
2. The estimated reasonable range for annual efficient casework costs by placement type are set out in Table 5.4. 81

and set out below

Annual efficient casework cost per child, \$2024-25

Placement type	Non-government provider	DCJ
Home-based care	\$14,310 - \$18,440	\$15,450 - \$20,240
Residential care	\$21,850 - \$39,950	\$24,160 - \$45,120
Independent living	\$14,970 - \$19,110	\$16,280 - \$21,070
Independent living with therapeutic support	\$19,110 - \$28,760	\$21,070 - \$32,240
Emergency arrangements	Same as previous placement, or same as home-based care if entering care	Same as previous placement, or same as home-based care if entering care
Not in placement ^a	\$18,210 - \$36,310	\$19,640 - \$40,590
Intensive foster care	Not costed	Not costed

3. The estimated additional efficient casework costs based on a child's characteristics, circumstances or case plan goal are set out in Table 5.5. 86

and set out below

Estimated efficient casework loadings per child, \$2024-25

Placement type	Non-government provider	DCJ	Nature of cost
Aboriginal loading	\$2,710	\$3,370	Annual
Restoration and permanency loading – including case plan goal reviews, family time and parenting programs and wrap around support	\$17,120	\$19,080	Annual
Restoration loading for not in placement	\$12,970	\$13,910	Annual
Post-restoration support	\$4,750 - \$6,820	\$5,460 - \$7,860	One-off
Legal work for adoption matters	\$8,570 (plus filing fee if applicable)	\$13,070 (plus filing fee if applicable)	One-off
Court related support work whilst a child is on interim orders	\$6,690	n/a	One-off
Cultural workers and cultural maintenance for children with a CALD background	\$1,980	\$2,230	Annual

4. The estimated annual efficient cost of the Department of Communities and Justice facilitating and administering the Permanency Support Program is \$5,080 per child (comprising \$1,800 for direct service delivery and \$3,280 for costs related to the administration of the program). 97

5. The estimated annual efficient administrative costs by placement type are set out in Table 6.4. 103

and set out below

Efficient annual administrative costs by placement type per child, \$2024-25

Placement type	Non-government providers	DCJ
Home-based care	\$11,920	\$15,360
Residential care	\$75,810	\$75,810
Independent living	\$26,500	\$26,500
Emergency arrangements – primary provider of casework ^a	\$11,920	\$15,360
Emergency arrangements – provider of emergency placement	\$63,890	\$63,890
Placement only arrangement ^b	\$5,080	n/a

6. The annual cost of care staff including oncosts and, where applicable, shift loadings, backfill for training and leave are as set out in Table 7.6 and Table 7.7. 114

and set out below

Cost of care workers to cover a single shift over a full year, by shift type, \$2024-25

Average care worker costs	Permanent staff	Casual staff
Day shifts (16 hours average of morning and afternoon rates)	\$513,460	\$543,830
Active night shift (8 hours)	\$268,610	\$282,470
Sleepover shift (8 hours)	\$52,070	\$46,250
On-call shift	\$14,030	\$13,840

Annual cost of direct care staff providing 1 hour of support during the day, \$2024-25

Staff employment type	Cost
Permanent	\$32,090
Casual	\$33,990

7. The annual cost of other house staff including oncosts and, where applicable, shift loadings, backfill for training and leave are set out in Table 7.12. 117

and set out below

Annual cost of salaried workers (including oncosts), \$2024-25

Staff type	Non-government provider	DCJ
House manager	\$135,440	\$151,350

Staff type	Non-government provider	DCJ
Therapeutic care worker	\$140,280	\$172,090

8. The annual property rental costs for residential care, independent living and emergency arrangements are set out in Table 7.15. 119
and set out below

Annual rental costs per property, \$2024-25

Item	Residential 2 bed	Residential 4 bed	Group emergency	Independent living	Individual emergency (contracted)	Individual emergency (not contracted)
Rent	\$41,190	\$45,890	\$45,890	\$11,470	\$47,970	\$72,270

9. The estimated cost of furnishing a residential care or group emergency arrangement home is \$15,920 (\$2024-25). We expect that this cost would be incurred every five years. 121
10. The estimated cost of purchasing personal items each time a child commences a residential care or group emergency arrangement placement is \$650 (\$2024-25). 121
11. The estimated cost of furnishing and purchasing personal items for an independent living or contracted individual emergency arrangement facility is \$2,620 (\$2024-25). We expect that this cost would be incurred each time a child commences such a placement. 121
12. The estimated annual cost of utilities, repairs and maintenance for providing residential care, independent living and emergency accommodation are set out in Table 7.18. 123
and set out below

Annual utilities, maintenance and repair costs per property, \$2024-25

Item	Residential 2 bed	Residential 4 bed	Group emergency	Independent living	Individual emergency (contracted)	Individual emergency (not contracted)
Utilities, maintenance and repairs	\$16,220	\$16,220	\$16,220	\$4,050	\$4,050	\$0

13. The estimated annual vehicle costs for residential care, independent living and emergency arrangements are \$2,750 per child per year (\$2024-25). 124
14. The estimated costs of providing additional support for each Aboriginal child to connect to culture, community and Country (excluding additional casework) are set out in Table 8.1. 132
and set out below

Cost of meeting the cultural needs of Aboriginal children in out-of-home care per child, \$2024-25

Cost component	Amount	Nature of cost
Genealogy and family finding	\$6,690	One-off on placement
Cultural worker	\$2,540	Per year, ongoing
Cultural programs	\$990	Per year, ongoing
Travel to facilitate connection to Country	\$510	Per year, ongoing

15. The estimated cost of ACCOs' additional functions, such as community advocacy and cultural consultation is \$6,800 per child per year. 135
16. The estimated cost to an ACCO of transitioning an Aboriginal child from a non-ACCO to an ACCO provider is between \$8,934 - \$9,969 per child, and \$6,750 per carer. 138
17. The annual day-to-day living expenses for children in non-home-based care are set out in Table 9.1. 142

and set out below

Annual day-to-day living expenses for children in non-home-based care, \$2024-25

Age bracket	Independent living and individual emergency arrangements	Residential care and group emergency arrangements
0-4	\$8,760	n/a
5-13	\$10,530	\$14,980
14-17	\$16,500	\$14,980

18. The estimated annual child-related costs for children not in placement are \$6,000 per child while a child is out of placement. This provides for transport costs and day-to-day expenses such as food and clothes. 143
19. The estimated efficient cost of recruiting and assessing carers is \$23,440 per carer household. 147
20. The estimated annual efficient cost of carer training is \$1,800 per child. 148

21. Benchmark costs to government for home-based care placements delivered by non-government providers are set out in Table 10.1. 155
- and set out below

Benchmark costs to government for children in home-based care with a non-government provider, \$2024-25

Cost by type	Unit	Amount
Annual cost for each child in placement:		
Home-based care		
• Age 0-4	\$ per child	\$47,430 - \$51,560
• Age 5-13	\$ per child	\$49,950 - \$54,080
• Age 14-17	\$ per child	\$58,840 - \$62,970
Medical expenses and family time	\$ per child	Variable ^a
Additional annual cost if criteria met:		
Each child placed with an ACCO	\$ per child	\$6,800
Each Aboriginal child ^b	\$ per child	\$6,750
Each CALD child	\$ per child	\$1,980
Each child with a current restoration/permanency goal	\$ per child	\$17,120 ^c
Each child categorised with standard care + 1 needs – Age 0-4	\$ per child	\$9,100
Each child categorised with standard care + 1 needs – Age 5-13	\$ per child	\$10,285
Each child categorised with standard care + 1 needs – Age 14-17	\$ per child	\$14,455
Each child categorised with standard care + 2 needs – Age 0-4	\$ per child	\$18,200
Each child categorised with standard care + 2 needs – Age 5-13	\$ per child	\$20,570
Each child categorised with standard care + 2 needs – Age 14-17	\$ per child	\$28,910
Additional one-off costs if criteria met:		
Casework post restoration	\$ per child	\$4,750 - \$6,820
Legal work for adoption matters	\$ per child	\$8,570 (plus filing fee if applicable)
Court related support work whilst a child is on interim orders	\$ per child	\$6,690
Recruitment and assessment of new carers	\$ per carer household	\$23,440
Carer costs incurred for new placement	\$ per child	Up to \$1,500
Initial placement of Aboriginal child	\$ per child	\$6,690
Initiation of transfer of child to ACCO – casework and administration	\$ per child	\$8,930 - \$9,970
Transfer of carer to ACCO – carer assessment and training	\$ per carer household	\$6,750
Annual cost to DCJ when care is outsourced to non-government provider:		
Secondary casework and contract administration	\$ per child	\$5,080

22. Benchmark costs to government for home-based care placements delivered by the Department of Communities and Justice are set out in Table 10.2.

156

and set out below

Benchmark costs to government for children in home-based care with DCJ, \$2024-25

Cost by type	Unit	Amount
Annual cost for each child in placement:		
Home-based care		
• Age 0-4	\$ per child	\$52,010 - \$56,800
• Age 5-13	\$ per child	\$54,530 - \$59,320
• Age 14-17	\$ per child	\$63,420 - \$68,210
Medical expenses and family time	\$ per child	Variable ^a
Additional annual cost if criteria met:		
Each Aboriginal child ^b	\$ per child	\$7,410
Each CALD child	\$ per child	\$2,230
Each child with a current restoration/permanency goal	\$ per child	\$19,080 ^c
Each child categorised with standard care + 1 needs – Age 0-4	\$ per child	\$9,100
Each child categorised with standard care + 1 needs – Age 5-13	\$ per child	\$10,285
Each child categorised with standard care + 1 needs – Age 14-17	\$ per child	\$14,455
Each child categorised with standard care + 2 needs – Age 0-4	\$ per child	\$18,200
Each child categorised with standard care + 2 needs – Age 5-13	\$ per child	\$20,570
Each child categorised with standard care + 2 needs – Age 14-17	\$ per child	\$28,910
Additional one-off costs if criteria met:		
Casework post restoration	\$ per child	\$5,460 - \$7,860
Legal work for adoption matters	\$ per child	\$13,070 (plus filing fee if applicable)
Recruitment and assessment of new carers	\$ per carer household	\$23,440
Carer costs incurred for new placement	\$ per child	Up to \$1,500
Initial placement of Aboriginal child	\$ per child	\$6,690

23. Benchmark costs to government for residential care and group emergency arrangements delivered by non-government providers are set out in Table 10.3. 158
and set out below

Benchmark costs to government for children in residential care and group emergency arrangements with a non-government provider, \$2024-25

Cost by type	Unit	Residential	Group emergency
Annual costs:			
Admin and child related costs	\$ per child	\$127,080 - \$145,180	\$107,850 - \$111,980
House related costs:	\$ per house	Depends on staffing requirements and house composition	Depends on staffing requirements and house composition
• 4 bedrooms, staffed with 2 day, 1 sleepover, 1 active night, 0 on call shifts		\$1,545,150	\$1,545,150
• 4 bedrooms, staffed with 2 day, 1 sleepover, 0.4 active night, 0.6 on call shifts		\$1,392,402	\$1,392,402
• 4 bedrooms, staffed with 2 day, 1 sleepover, 0 active night, 1 on call shifts		\$1,290,570	\$1,290,570
• 2 bedrooms, staffed with 2 day, 1 sleepover, 1 active night, 0 on call shifts		\$1,540,450	-
• 2 bedrooms, staffed with 2 day, 1 sleepover, 0.4 active night, 0.6 on call shifts		\$1,387,702	-
• 2 bedrooms, staffed with 2 day, 1 sleepover, 0 active night, 1 on call shifts		\$1,285,870	-
Medical expenses and family time	\$ per child	Variable	Variable
Additional annual costs if criteria met:			
Each child placed with an ACCO	\$ per child	\$6,800	\$6,800
Each Aboriginal child ^a	\$ per child	\$6,750	\$6,750
Each CALD child	\$ per child	\$1,980	\$1,980
Each child with a current restoration/permanency goal	\$ per child	\$17,120	\$17,120
Additional one-off costs if criteria met:			
Casework post restoration	\$ per child	\$4,750 - \$6,820	\$4,750 - \$6,820
Legal work for adoption matters	\$ per child	\$8,570 (plus filing fee if applicable)	\$8,570 (plus filing fee if applicable)
Court related support work whilst a child is on interim orders	\$ per child	\$6,690	\$6,690
Initial placement of child with non-government provider	\$ per child	\$650	\$650
Initial house costs of non-government provider	\$ per house	\$15,920	\$15,920
Initial placement of Aboriginal child	\$ per child	\$6,690	\$6,690
Annual cost to DCJ when care is outsourced to non-government provider:			
Secondary casework and contract administration	\$ per child	\$5,080	\$5,080

24. Benchmark costs to government for residential care and group emergency arrangements delivered by the Department of Communities and Justice are set out in Table 10.4.

159

and set out below

Benchmark costs to government for residential care and group emergency arrangements with DCJ, \$2024-25

Cost by type	Unit	Residential	Group emergency
Annual costs:			
Admin and child related costs	\$ per child	\$132,040 - \$153,000	\$108,990 - \$113,780
House related costs:	\$ per house	Depends on staffing requirements and house composition	Depends on staffing requirements and house composition
• 4 bedrooms, staffed with 2 day, 1 sleepover, 1 active night, 0 on call shifts		\$1,629,840	\$1,629,840
• 4 bedrooms, staffed with 2 day, 1 sleepover, 0.4 active night, 0.6 on call shifts		\$1,468,662	\$1,468,662
• 4 bedrooms, staffed with 2 day, 1 sleepover, 0 active night, 1 on call shifts		\$1,361,210	\$1,361,210
• 2 bedrooms, staffed with 2 day, 1 sleepover, 1 active night, 0 on call shifts		\$1,625,140	-
• 2 bedrooms, staffed with 2 day, 1 sleepover, 0.4 active night, 0.6 on call shifts		\$1,463,962	-
• 2 bedrooms, staffed with 2 day, 1 sleepover, 0 active night, 1 on call shifts		\$1,356,510	-
Medical expenses and family time	\$ per child	Variable	Variable
Additional annual costs if criteria met:			
Each Aboriginal child ^a	\$ per child	\$7,410	\$7,410
Each CALD child	\$ per child	\$1,980	\$1,980
Each child with a current restoration/permanency goal	\$ per child	\$17,120	\$17,120
Additional one-off costs if criteria met:			
Casework post restoration	\$ per child	\$4,750 - \$6,820	\$4,750 - \$6,820
Legal work for adoption matters	\$ per child	\$13,070 plus filing fee if applicable	\$13,070 plus filing fee if applicable
Initial placement of child with DCJ	\$ per child	\$650	\$650
Initial house costs of DCJ	\$ per house	\$15,920	\$15,920
Initial placement of Aboriginal child	\$ per child	\$6,690	\$6,690

25. Benchmark costs to government for independent living placements delivered by non-government providers are set out in Table 10.5.

161

and set out below

Benchmark costs to government for children in independent living placements with a non-government provider, \$2024-25

Cost by type	Unit	Independent living	Independent living with therapeutic support
Annual costs:			
Admin and child related costs	\$ per child	\$60,720 - \$64,860	\$76,550 - \$86,200
Staffing and house related costs:	\$ per child	Depends on staff hours required	Depends on staff hours required
• 125 hours of day visit		\$55,633	\$55,633
Medical expenses and family time	\$ per child	Variable	Variable
Additional annual costs if criteria met:			
Each child placed with an ACCO	\$ per child	\$6,800	\$6,800
Each Aboriginal child ^a	\$ per child	\$6,750	\$6,750
Each CALD child	\$ per child	\$1,980	\$1,980
Additional one-off costs if criteria met:			
Court related support work whilst a child is on interim orders	\$ per child	\$6,690	\$6,690
Initial placement of child with non-government provider	\$ per child	\$2,620	\$2,620
Initial placement of Aboriginal child	\$ per child	\$6,690	\$6,690
Annual cost to DCJ when care is outsourced to non-government provider:			
Secondary casework and contract administration	\$ per child	\$5,080	\$5,080

26. Benchmark costs to government for independent living placements delivered by the Department of Communities and Justice are set out in Table 10.6.

162

and set out below

Benchmark costs to government for children in independent living placements with DCJ, \$2024-25

Cost by type	Unit	Independent living	Independent living with therapeutic support
Annual costs:			
Admin and child related costs	\$ per child	\$62,030 - \$66,820	\$78,510 - \$89,680
Staffing and house related costs:	\$ per child	Depends on staff hours required	Depends on staff hours required
• 1.25 hours of day visit		\$58,008	\$58,008
Medical expenses and family time	\$ per child	Variable	Variable
Additional annual costs if criteria met:			
Each Aboriginal child ^a	\$ per child	\$7,410	\$7,410
Each CALD child	\$ per child	\$2,230	\$2,230
Additional one-off costs if criteria met:			
Initial placement of child with DCJ	\$ per child	\$2,620	\$2,620
Initial placement of Aboriginal child	\$ per child	\$6,690	\$6,690

27. Benchmark costs to government for individual emergency arrangements delivered by non-government providers are set out in Table 10.8.

163

and set out below

Benchmark costs to government for children in individual emergency arrangements with a non-government provider, \$2024-25

Cost by type	Unit	Contracted	Non-contracted
Annual cost:			
Emergency arrangement provider – admin and child-related costs	\$ per child		
• Age 0-4		\$75,400	\$75,400
• Age 5-13		\$77,170	\$77,170
• Age 14-17		\$83,140	\$83,140
Emergency arrangement provider – house-related costs	\$ per house	Depends on staffing requirements	Depends on staffing requirements
• 1 bedroom, staffed with 1 day shift, 1 active night shift, 0 sleepover shifts		\$867,950	\$898,570
• 1 bedroom, staffed with 1 day shift, 0.4 active night shift, 0.6 sleepover shifts		\$738,026	\$756,838
Primary case work provider -admin + casework cost	\$ per child	Depends on previous placement	Depends on previous placement
• Home-based care or entering care		\$26,230 - \$30,360	\$26,230 - \$30,360
• Residential care		\$33,770 - \$51,870	\$33,770 - \$51,870
• Independent living		\$26,890 - \$31,030	\$26,890 - \$31,030
• Independent living with therapeutic support		\$31,030 - \$40,680	\$31,030 - \$40,680
Primary casework provider - medical expenses and family time	\$ per child	Variable	Variable
Additional annual case management cost to primary casework provider if criteria met:			
Each child managed by an ACCO	\$ per child	\$6,800	\$6,800
Each Aboriginal child ^a	\$ per child	\$6,750	\$6,750
Each CALD child	\$ per child	\$1,980	\$1,980
Each child with a current restoration/permanency goal	\$ per child	\$17,120	\$17,120
Additional one-off cost to primary casework provider if criteria met:			
Court related support work whilst a child is on interim orders	\$ per child	\$6,690	\$6,690
Additional one-off cost to emergency arrangement provider:			
Initial placement of child with non-government provider	\$ per child	\$2,620	-
Annual cost to DCJ when care is outsourced to non-government provider:			
Secondary casework and contract administration	\$ per child	\$5,080	\$5,080

28. Benchmark costs to government for individual emergency arrangements with the emergency placement delivered by a non-government provider and case management delivered by the Department of Communities and Justice are set out in Table 10.9.

164

and set out below

Benchmark costs to government for children in individual emergency arrangements with a non-government provider, with DCJ providing case management, \$2024-25

Cost by type	Unit	Contracted	Non-contracted
Annual cost:			
Emergency arrangement provider – admin and child-related costs	\$ per child		
• Age 0-4		\$75,400	\$75,400
• Age 5-13		\$77,170	\$77,170
• Age 14-17		\$83,140	\$83,140
Emergency arrangement provider – house-related costs	\$ per house	Depends on staffing requirements	Depends on staffing requirements
• 1 bedroom, staffed with 1 day shift, 1 active night shift, 0 sleepover shifts		\$867,950	\$898,570
• 1 bedroom, staffed with 1 day shift, 0.4 active night shift, 0.6 sleepover shifts		\$738,026	\$756,838
DCJ - admin + casework cost	\$ per child	Depends on previous placement	Depends on previous placement
• Home-based care or entering care		\$30,810 - \$35,600	\$30,810 - \$35,600
• Residential care		\$39,520 - \$60,480	\$39,520 - \$60,480
• Independent living		\$31,640 - \$36,430	\$31,640 - \$36,430
• Independent living with therapeutic support		\$36,430 - \$47,600	\$36,430 - \$47,600
DCJ - medical expenses and family time	\$ per child	Variable	Variable
Additional annual case management cost to DCJ if criteria met:			
Each Aboriginal child ^a	\$ per child	\$7,410	\$7,410
Each CALD child	\$ per child	\$2,230	\$2,230
Each child with a current restoration/permanency goal	\$ per child	\$19,080	\$19,080
Additional one-off cost to emergency arrangement provider:			
Initial placement of child	\$ per child	\$2,620	-

29. Benchmark costs to government for children who are not in placement but remain in the care of a non-government provider are set out in Table 10.10.

165

and set out below

Benchmark costs to government for children case managed by a non-government provider who are not in placement, \$2024-25

Cost by type	Unit	Amount
Annual costs:		
Not in placement	\$ per child	\$37,930 - \$56,030
Medical expenses and family time	\$ per child	Variable
Additional annual costs if criteria met:		
Each child placed with an ACCO	\$ per child	\$6,800
Each Aboriginal child ^a	\$ per child	\$6,750
Each CALD child	\$ per child	\$1,980
Each child with a current restoration/permanency goal	\$ per child	\$12,970
Additional one-off costs if criteria met:		
Legal work for adoption matters	\$ per child	\$8,570 (plus filing fee if applicable)
Court related support work whilst a child is on interim orders	\$ per child	\$6,690
Annual costs to DCJ when care is outsourced to non-government provider:		
Secondary casework and contract administration	\$ per child	\$5,080

30. Benchmark costs to government for children who are not in placement but remain the in the care of the Department of Communities and Justice are set out in Table 10.11.

166

and set out below

Benchmark costs to government for children case managed by DCJ who are not in placement, \$2024-25

Cost by type	Unit	Amount
Annual costs:		
Not in placement	\$ per child	\$42,800 - \$63,750
Medical expenses and family time	\$ per child	Variable
Additional annual costs if criteria met:		
Each Aboriginal child ^a	\$ per child	\$7,410
Each CALD child	\$ per child	\$2,230
Each child with a current restoration/permanency goal	\$ per child	\$13,910
Additional one-off costs if criteria met:		
Legal work for adoption matters	\$ per child	\$13,070 (plus filing fee if applicable)

Appendices

Appendix A »

Context



This appendix provides context on the NSW out-of-home care system, including data on children and providers as well as a description of the current Permanency Support Program (PSP) model.

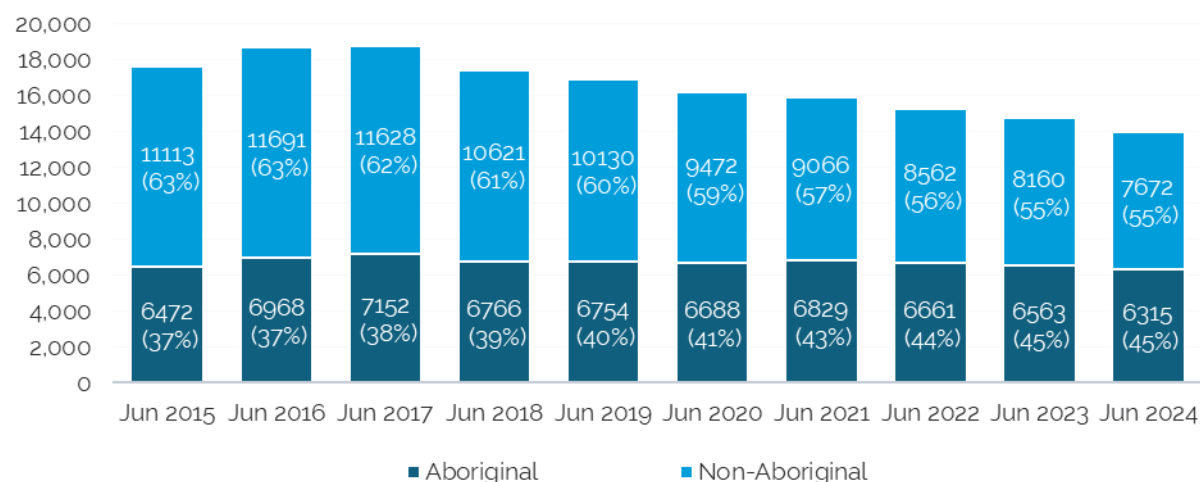
A.1 Children in NSW out-of-home care

In June 2024, there were 13,987 children in out-of-home care in NSW.³³⁴ As shown in Figure A.1, the total number of children in out-of-home care in NSW has been declining steadily since 2017. The NSW Ombudsman found this is largely due to young people ageing out of the out-of-home care system at age 18, rather than a change to the number of entries into care.³³⁵

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 independent living placements. A small number of children are in an emergency arrangement awaiting a placement into foster care or residential care.

Aboriginal children are overrepresented in out-of-home care. While the total number of children in out-of-home care 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 A.1 presents the total number of children in out-of-home care by Aboriginality over time. Aboriginal children in NSW are almost 10 times more likely to be in out-of-home care compared to non-Aboriginal children.³³⁶

Figure A.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 May 2025.

In 2024, around 19% of children in out-of-home care had a reported disability.³³⁷ This compares with just under 8% of all children aged 0-14 years old across Australia.³³⁸ As there is currently no systematic tool to screen for disability at the intake stage of the out-of-home care system, some children with disability in out-of-home care may be undiagnosed.³³⁹

A.2 Providers of NSW out-of-home care

The Department of Communities and Justice (DCJ) is both the commissioning agency responsible for contract management and a delivery agency. DCJ is responsible for the policy settings, program management and system stewardship of the Permanency Support Program (PSP), the program for non-government organisations delivering out-of-home care. DCJ commissions non-government providers including Aboriginal community-controlled organisations (ACCOs) to provide statutory out-of-home care under the PSP for foster and relative and kinship care, as well as residential care and independent living 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 care.

As of October 2024, there are 53 non-government providers of out-of-home care, including 21 ACCOs.³⁴⁰ 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 out-of-home care 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 out-of-home care 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 could provide case management while another provides the day-to-day care of the child.

Different agencies may offer different types of out-of-home care. For example, DCJ has different focus areas of care compared to non-government providers and ACCOs focus on care for Aboriginal children. 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 A.1 Total number of children in different types of out-of-home care by type of service provider^a (2023-24)

	Department of Communities and Justice	ACCOs	Non-ACCO non- government providers
Foster care or relative and Aboriginal kinship care	6,852 (100%)	1,459 (100%)	5,927 (85%)
Supported independent living	0	0	311 (4%)
Other residential care ^b	0	0	708 (100%)
Total	6,852	1,459	6,945

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.

Note: Percentages have been rounded to the nearest number and therefore totals may not sum to 100%.

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 out-of-home care for short periods of time. We have reported the number of children in care across the 2023-24 year up until 29 May 2024, which means that the number of children in the table is more than the number of children in out-of-home care 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 for children that typically have higher needs) 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, whereas others focus on certain areas.

DCJ policy seeks to place Aboriginal children in the care of ACCOs. The role and value of ACCOs in the sector is further discussed in Chapter 8. Self-determination, identity, and culture are central to the rights and best interests of Aboriginal children.³⁴¹ Aboriginal children require specific 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.³⁴²

Currently, the majority of Aboriginal children in out-of-home care are placed with non-ACCO providers. In June 2024, there were approximately 5,007 Aboriginal children case managed by non-ACCOs (including DCJ), compared to 1,308 children case managed by ACCOs.³⁴³

A.3 Current funding arrangements under the Permanency Support Program

The NSW Government has used various models and systems to fund out-of-home care 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 out-of-home care system in NSW.³⁴⁴ The review identified that at the time, the current NSW system was ineffective and unsustainable. It also found the system was not client centred, expenditure was crisis driven and not aligned to an evidence base, and DCJ had minimal influence over drivers of demand and levers for change.³⁴⁵ It called for significant change to out-of-home care 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.

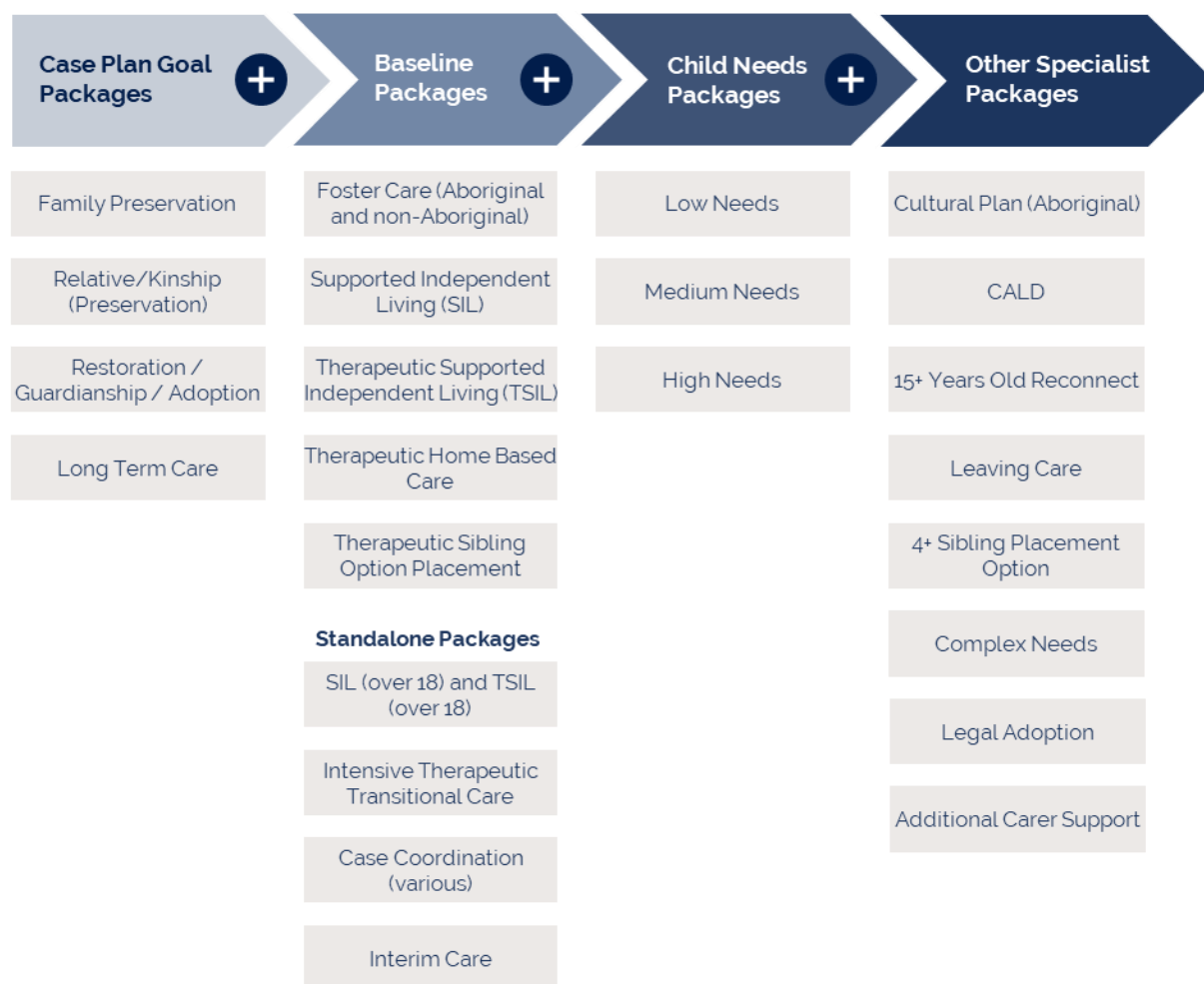
Funding for PSP providers is designed to cover the cost of case management and supports required to care for a child and address their needs.

Figure A.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 out-of-home care.

The PSP structures a child's progression to permanency (i.e. an exit from out-of-home care) 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 A.2 Permanency Support Program package model



Note: Standalone packages are available on a case-by-case basis for up to six months.

Source: NSW 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 A.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 A.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 set by NSW Treasury and passed on to non-government providers by DCJ. This is close to the Consumer Price Index (CPI).

A.4 Aboriginal children in out-of-home care

Aboriginal children have been forcibly removed from their communities and families since the beginning of European occupation of Australia.³⁴⁶ Child removal has had, and continues to have, a significant impact on Aboriginal communities. Aboriginal children continue to be over-represented in out-of-home care, making up almost half of the children in NSW out-of-home care today.³⁴⁷

The NSW Government has a range of policies and programs that influence out-of-home care for Aboriginal children, with the aim of ensuring the best possible outcomes for Aboriginal families and children in NSW.³⁴⁸

Standard 4 of the NSW Child Safe Standards for Permanent Care requires that "Children and young people have access to information and experiences which assist them to develop a positive sense of identity".³⁴⁹ This relates to all aspects of identity, including Aboriginal children's connections to culture, community and family.

A.4.1 Aboriginal placement and case management policies

The 2 key policies adopted by the NSW Government that are specific to Aboriginal children in out-of-home care are:

- **Aboriginal and Torres Strait Islander Child Principle:** A set of principles that intend to keep Aboriginal and Torres Strait Islander children safely connected to their families, communities and cultures. The principle includes 5 core elements; prevention, partnership, placement, participation and connection.³⁵⁰
- **Aboriginal Case Management Policy:** A policy designed for practitioners working with Aboriginal children and families, to achieve safety and wellbeing for vulnerable Aboriginal children by keeping them with or returning them to family and connected to community, culture and Country.³⁵¹

Section 13 of the *Children and Young Persons (Care and Protection) Act 1998* sets out a hierarchy of placement options for Aboriginal children in out-of-home care, with the most preferable option being placement with the child's extended family or kin.³⁵²

A.4.2 Transition of Aboriginal children to ACCO case management

The Government is working to transition all Aboriginal children in the care of non-Aboriginal providers to ACCOs. NSW Government policy recognises ACCOs are best placed to provide culturally appropriate care for Aboriginal children.³⁵³

However, most Aboriginal children remain under the care of either DCJ or non-ACCO providers and current funding structures likely prevent ACCOs from building up the capacity to care for all Aboriginal children in the system.³⁵⁴ In 2022-23, 6.5% of total out-of-home care expenditure went to ACCOs despite 43% of children in the system being Aboriginal.³⁵⁵

The initial timeline for the transition of all Aboriginal children to the case management of ACCOs (the transition) was 10 years between 2012-2022.³⁵⁶ This goal was not achieved, due to a range of barriers. The NSW Government has not set a new target timeframe for the transition to occur. Non-ACCOs case managing Aboriginal children are expected to collaborate with ACCOs in their area to organise case management transfers. Transitions cannot occur without consent from the carer of the child to be transitioned^a, who typically remains caring for the child when they are transferred to the ACCO.

A.4.3 National Agreement on Closing the Gap

The National Agreement on Closing the Gap has an objective to enable Aboriginal and Torres Strait Islander people and governments to work together to overcome the inequality experienced by Aboriginal and Torres Strait Islander people, and achieve life outcomes equal to all Australians.³⁵⁷ This National Agreement, signed in 2020 by all Australian governments and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations, includes 4 priority reforms:

1. strengthen and establish formal partnerships and shared decision-making
2. build the Aboriginal and Torres Strait Islander community-controlled sector
3. transform government organisations so they work better for Aboriginal and Torres Strait Islander people
4. improve and share access to data and information to enable Aboriginal and Torres Strait Islander communities make informed decisions.

The National Agreement also includes a target to reduce the rate of overrepresentation of Aboriginal and Torres Strait Islander children in out-of-home care by 45%.³⁵⁸

A review by the Productivity Commission in 2024 found that overall governments are not adequately delivering on the National Agreement, and its data shows the target to reduce overrepresentation is worsening.³⁵⁹

Aboriginal community control is an act of self-determination that is key to addressing overrepresentation in the sector.³⁶⁰ The National Agreement on Closing the Gap (and therefore its signatories) recognises that Aboriginal community-controlled services lead to better service outcomes for Aboriginal people. When it comes to working with families, ACCOs have been shown to:

- deliver services based on trust and relationships
- take a strengths-based, child-centred and family-led approach to service delivery
- deliver place-based services in line with community need
- embed culture in all elements of their services
- deliver a broad range of services based on community need.³⁶¹

This applies to Aboriginal children in foster or relative/kinship care. Other non-home-based placement types are not in scope for transitions at the time of writing due to limited ACCO capacity to deliver such placements.³⁶²

Appendix B

Care allowance detailed analysis

Further information on the Melbourne Institute's cost of caring study and care allowance analysis

B

This section provides further information on the Melbourne Institute's cost of caring study. This study forms part of the methodological basis used for determining the recommended care allowance in Chapter 3.

B.1 The Melbourne Institute study

The Melbourne Institute tested two different approaches to understand the rate of change in household expenditure. These two approaches have produced different results, but we have considered the benefits and purpose of each approach when determining which one to apply to increase the care allowance. In both approaches, the median household expenditure has been used to reduce the impact of outliers which may be present in the data.

- **Approach 1:** Analysis of household expenditure between 2006-2022 by adjusting all figures to 2022 dollars
- **Approach 2:** Analysis of household expenditure between 2006-2022 using actual dollar amounts (no adjustment for CPI)

Both approaches set control variables to ensure that the results were comparable. A control variable is anything in a study which is kept the same (or controlled) that would otherwise change between different households. For this study the control variables were:

- age of the primary caregiver
- year of the survey
- remoteness of the residence (major cities, regional areas and remote areas)
- socioeconomic status of the household based on their location's Socio-Economic Indexes for Areas (SEIFA) index
- the number of children aged 0 to 4 years
- the number of children aged 5-13 years
- the number of children aged 14-15 years
- the number of children aged 16-17 years
- number of adults in the household.³⁶³

We consider approach 2 to be more suitable to the purpose of our review.

B.1.1 Approach 1: Analysis of household expenditure between 2006-2022 by adjusting all figures to 2022 dollars

In the first approach, household expenditure (between 2006 to 2022) has been adjusted by CPI to show the results in September 2022 dollars to align with the most recent HILDA survey results. Table B.1 shows a summary of the results of the observed household expenditure for approach 1.

Table B.1 Observed fortnightly expenditure in HILDA for a typical two-parent household (\$2022/September)

Observations	2006	2019	2020	2021	2022
No child	1,380	1,674	1,699	1,724	1,750
1 child aged 0-4	1,556	1,845	1,869	1,893	1,918
1 child aged 5-13	1,605	1,939	1,967	1,996	2,026
1 child aged 14-15	1,673	2,072	2,106	2,141	2,176
1 child aged 16-17	1,646	1,997	2,027	2,057	2,088

Source: IPART analysis of Melbourne Institute of Applied Economic & Social Research, [IPART Out-of-Home Care Review: Cost of Caring](#), December 2024, p 21.

The Melbourne Institute then measured the real growth in household expenditure between 2006 and 2022. The real growth rates presented in Table B.2 would then be applied to the \$2022-23 care allowance originally set by DCJ.

Table B.2 Observed real growth rate in HILDA from 2006 to 2022 (%)

Observations	2006	2019	2020	2021	2022
No child	100.00	121.29	123.10	124.94	126.81
1 child aged 0-4	100.00	118.54	120.10	121.68	123.28
1 child aged 5-13	100.00	120.83	122.60	124.40	126.23
1 child aged 14-15	100.00	123.82	125.87	127.96	130.08
1 child aged 16-17	100.00	121.29	123.10	124.94	126.81

Source: IPART analysis of Melbourne Institute of Applied Economic & Social Research, [IPART Out-of-Home Care Review: Cost of Caring](#), December 2024, p 22.

While this approach measures between a 23-30% growth between 2006 and 2022 in household expenditure for households with different aged children, we consider these results may be overstated because of the inflation rate used.

B.1.2 Approach 2: Analysis of household expenditure between 2006-2022 using actual dollar amounts (no adjustment for CPI)

In the second approach, the results of the HILDA survey have not been adjusted for inflation prior to analysis and reflect the expenditure for households in nominal dollars.^a Table B.3 shows a summary of these results.

^a Nominal dollars are dollars which have not been adjusted for inflation. They show the current price or cost of a good or service at a point in time.

Table B.3 Observed fortnightly expenditure in HILDA for a typical two-parent household (\$nominal)

Observations	2006	2019	2020	2021	2022
No child	1,003	1,590	1,647	1,706	1,768
1 child aged 0-4	1,145	1,780	1,841	1,905	1,970
1 child aged 5-13	1,180	1,844	1,909	1,975	2,044
1 child aged 14-15	1,221	1,980	2,055	2,133	2,214
1 child aged 16-17	1,207	1,920	1,990	2,062	2,137

Source: IPART analysis of Melbourne Institute of Applied Economic & Social Research, [IPART Out-of-Home Care Review: Cost of Caring](#), December 2024, p 23.

The Melbourne Institute then measured the actual growth in household expenditure between 2006 and 2022. The HILDA survey is used to understand the changes and trends in household expenditure over time. The HILDA survey already captures the impacts of inflation and expenditure when analysed year-on-year because the cost of goods and services are independently increased based on inflation and expenditure trends. This means that even though this approach does not explicitly adjust for inflation, the results are still reflective of the impact inflation has on household expenditure.

Following approach 2, the nominal growth rates presented in Table B.4 would then be applied to the \$2006-07 care allowance originally set by DCJ.

Table B.4 Observed nominal growth rate in HILDA from 2006 to 2022 (%)

Observations	2006	2019	2020	2021	2022
No child	100.00	158.49	164.21	170.13	176.26
1 child aged 0-4	100.00	155.49	160.86	166.41	172.16
1 child aged 5-13	100.00	156.28	161.74	167.39	173.24
1 child aged 14-15	100.00	162.22	168.38	174.76	181.39
1 child aged 16-17	100.00	159.11	164.89	170.89	177.11

Source: IPART analysis of Melbourne Institute of Applied Economic & Social Research, [IPART Out-of-Home Care Review: Cost of Caring](#), December 2024, p 24.

Approach 2 measured a nominal growth in household expenditure between 2006 to 2022 of 72-81% across different age groups.

B.2 Adjusting the allowance for non-home-based care

To understand the day-to-day costs for a child in out-of-home care without a contribution to household costs, we have used an alternative growth rate observed through the HILDA data which does not include the costs of rent, mortgage or furniture. We then applied this rate to a re-based 2006 care allowance with rent, mortgage and furniture costs removed.

To re-base the 2006 care allowance, we analysed the median household expenditure on the individual cost components in December 2022 and removed the effects of inflation to present these costs in \$2006-07 (Table B.5).

Table B.5 Methodology to re-base the 2006 fortnightly care allowance without rent, mortgage and furniture costs included (\$ nominal)

Age	Median RMF ^a expenditure (\$2022 December)	Median RMF expenditure (\$2006-07)	Original care allowance (\$2006-07)	Re-based care allowance (\$2006-07)
0-4	247	166	374	208
5-13	260	175	420	245
14-15	293	197	564	367
16-17	278	186	564	378

a. Rent, Mortgage and Furniture

Source: IPART analysis of data provided by the Melbourne Institute: Applied Economic and Social Research

B.3 DCJ external respite care rates

Table B.6 below presents the external respite care rates through the Casework Support Scheme that DCJ pays if a suitable respite carer is not available.

Table B.6 Casework Support Scheme rates for external respite care (\$2024-25)

Service Type	Cost per	Standard rate	Saturday rate	Sunday rate	Public holiday rate	SCHADS Award pay level
Daytime respite	Hour	\$89.00	\$108.10	\$137.50	\$170.50	Level 4 – pay point 2
Overnight respite (awake)	Hour	\$91.00	\$108.10	\$137.50	\$170.50	Level 4 – pay point 2
Overnight respite (asleep)	Flat rate	\$205.00	-	-	-	n/a Allowance of \$57.99

Source: Department of Communities and Justice, [Casework Support Scheme \(CSS\) – Price Guide as of 1 July 2024](#), December 2024, accessed 19 February 2025, pp 2-3.

B.4 National Disability Insurance Scheme respite care rates

Table B.7 below presents the National Disability Insurance Scheme (NDIS) daily respite care rates for a 1:1 respite carer.

Table B.7 Daily NDIS respite care rates for 1:1 care (\$2024-25)

Respite care rate	Rate
Standard rate 1:1	\$2,098.80
Saturday rate 1:1	\$2,682.32
Sunday rate 1:1	\$3,396.56
Public holiday rate 1:1	\$4,110.80

Source: National Disability Insurance Scheme, [Pricing Arrangements and Price Limits 2024-25](#), October 2, 2024.

Appendix C

Casework costs

Additional analysis for Chapter 5 on casework costs



C.1 Our approach to estimating casework cost

There are two main approaches that can be used to estimate casework cost from first principles:

- **Activity-based approach** establishes all relevant out-of-home care casework activities and the average time for each activity that's required to support a child in out-of-home care. The average total hours per child per year would then be multiplied by the caseworker hourly cost^a to arrive at a casework cost per child per year.
- **Caseload approach** identifies the optimal number of cases that a caseworker manages at any point in time. The caseworker salary costs per year (as well as the allocated casework manager and support staff) would then be divided through by the caseload (i.e., number of cases per caseworker at any point time) to estimate the casework cost per child per year.

We propose to use the caseload approach for the following reasons:

- **Complexity and variance of out-of-home care casework due to different needs of children** – casework may look different to each child as their needs and the carer's needs vary. This means some casework activities may be relevant for some children and not for others.
- **Lack of casework activity time data for non-government providers** – we do not have any casework activity time data specific to non-government providers. Conducting a time-and-motion study with non-government providers would have been an onerous and lengthy process. Furthermore, if this data were available, it would be challenging to piece each individual task into what an 'average' picture of casework would be for a child in out-of-home care. This is because children would be at different stages of their out-of-home care journey and some tasks may occur more frequently when entering out-of-home care and then taper off as the placement stabilises.
- **Flexibility in case allocation and casework support** – applying a caseload approach supports the idea that a caseworker would be caring for children with a range of needs. It also provides the flexibility for non-government providers to tailor services to meet the needs of children in their care.

For these reasons we have applied the caseload approach as a starting point to estimate a base level of casework. However, we have some data on the additional costs for some children that have been estimated on an hourly basis. We have therefore, used a combination of approaches to determine the annual cost of casework on a per child basis.

C.1.1 Available data and methodology

We have considered the following sources for estimating casework costs:

- literature review of caseloads for different types of care
- the Department of Communities and Justice's (DCJ) internal analyses relating to casework and performance metrics
- caseloads prescribed under the Permanency Support Program (PSP) contracts and other PSP pricing information

^a Generally this would represent a fully-loaded cost so includes an allocation of casework managers and casework support staff costs.

- information returns from non-government providers relating to the caseload, caseload complexity and workforce data
- DCJ workforce data including salaries and team structures
- submissions from various stakeholders on estimates of certain casework activities.

For our caseload analysis, we have relied primarily on the DCJ studies, PSP service requirements, and literature review, as we consider that they are the most robust sources of information.

We have considered the caseload data provided by non-government providers, however, we note that the information is based on small sample sizes and reflects current practice, which is itself influenced by the current funding assumptions. For the data provided on additional casework time for particular categories of children, we note that the additional hours estimated by non-government providers adds up to substantially more than the total number of hours available in many cases. As a result, we have predominately used the non-government providers' information returns to sense check the other caseload data and to identify areas for additional consideration.



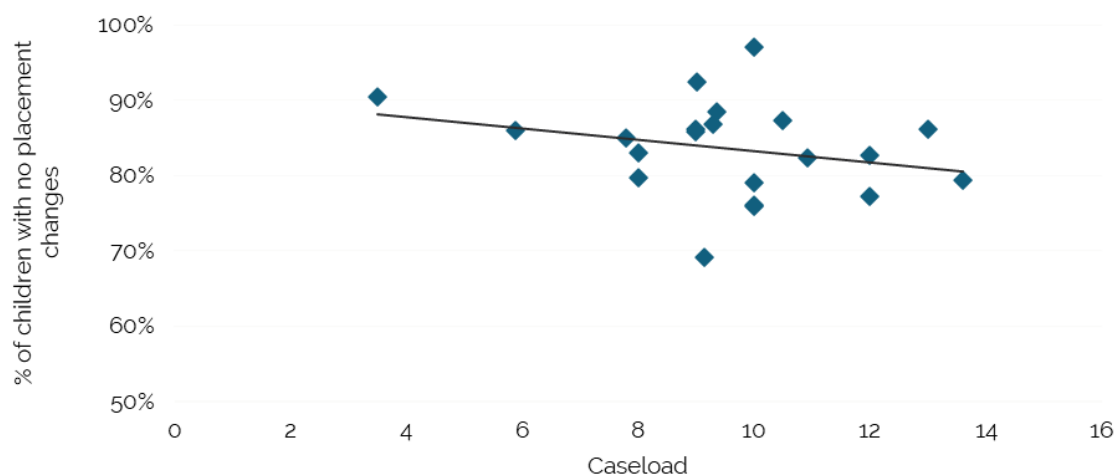
Casework information needs to be carefully considered with other sources of information

Given the difficulty in quantifying additional casework time retrospectively for certain case and child characteristics, we have used the information provided by non-government providers as a sense check against our casework findings.

C.2 Challenges with identifying an optimal caseload

We assessed eight out-of-home care performance metrics over the last three years (2021-22 to 2023-24) for non-government providers and found that there was no identifiable relationship between caseload and out-of-home care performance. For example, Figure C.1 below plots home-based care caseload against the proportion of children with stable placements at a provider level. The analysis shows a fairly flat trend between caseload and proportion of children with no placement changes, indicating that there is not a strong relationship between caseload and placement stability.

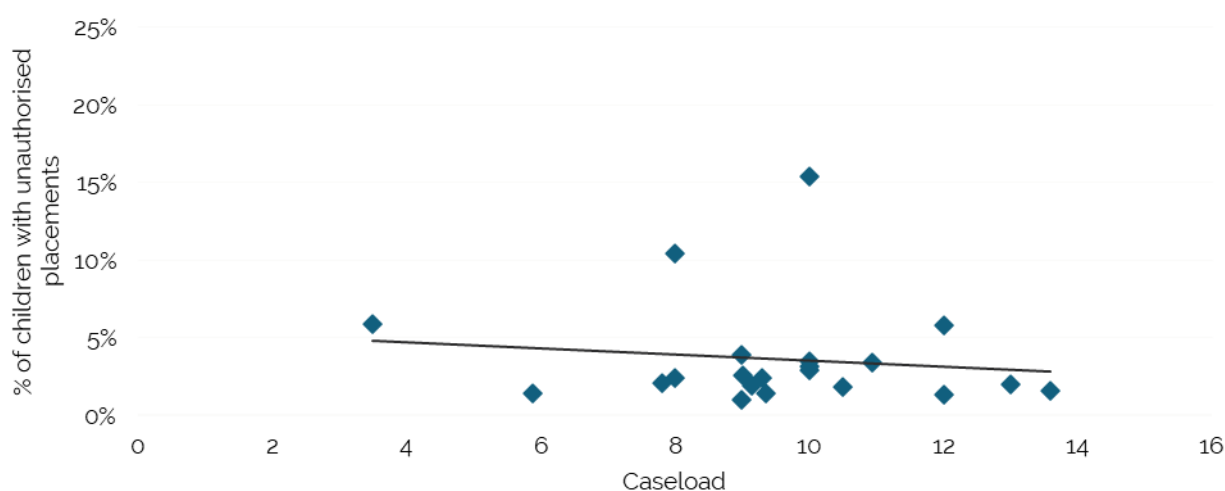
Figure C.1 Placement stability and caseload of non-government providers offering care placements



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

Similarly, we have benchmarked the home-based care caseloads against the proportion of unauthorised placements (children who have absconded or self-placed). Figure C.2 shows there is no evidence that a lower caseload results in a smaller proportion of unauthorised placements.

Figure C.2 Unauthorised placements and caseload of non-government providers offering home-based care placements



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

A DCJ analysis explored relationships between time expended by DCJ out-of-home care caseworkers and KPI measures as a proxy for quality of services.³⁶⁴ Overall, the analysis found that there was no evidence that spending comparatively more time on cases resulted in better KPI measures. We have heard from DCJ that assessing average time spent on cases against a placement stability metric needs to be interpreted with caution as anecdotally caseworkers spend more time with children who are experiencing placement breakdown, as they would need additional support to maintain or find a new placement.

Overall, we have found that it is difficult to assess caseload levels in isolation against measurable short-term outcomes for children in out-of-home care. Furthermore, it illustrates the complexity of identifying an efficient or optimal rate of casework, as more casework is needed to support placement breakdown as well as keeping placements stable.

C.2.1 There are a range of different factors that drive variation in caseload

Research and PSP service requirements show that variations in caseload are driven by key factors including:

Placement type – Typically, the needs and age of a child influence their placement type in out-of-home care, whereby children with low to medium needs are placed in home-based care, while children with relatively higher needs aged 12 years and above are placed in residential care. Currently, the PSP service requirements³⁶⁵ prescribe caseloads for residential care as well as independent living. This suggests that there are expected service standards that non-government providers are funded for. The assumptions underpinning the PSP prices for different placement types provide for an expected caseload which intuitively decreases as a child's level of need increases.

Child or case characteristics – We have heard from DCJ and non-government providers that there are child or case-related factors beyond placement type that have been shown to require additional casework support. These factors have also been identified in research and include:

- interstate cases
- Aboriginal children
- children with a disability
- permanency planning (such as restoration)
- legal support required to support court work
- leaving care.

As there is a correlation between the level of need (based on the assessed category) and placement type, we examined whether there was evidence to show whether the level of need is the primary driver of caseload rather than the placement type. We found that for home-based care placements, the proportion of children with different categories of need does not appear to make a significant difference to the current caseloads of non-government providers.

Agency characteristics – Research has shown that agency characteristics such as location of services and number of casework support staff impact on workload demands.³⁶⁶ We have also learned from submissions that caseworker vacancies and turnover result in caseworkers needing to manage higher caseloads to support children in their care.³⁶⁷

While the Office of the Children's Guardian (OCG) do not recommend specific caseload levels, they have shared their observations on drivers of good casework practice to achieve improved outcomes for children, including placement stability and permanency. These include:

Adequately supporting carers – a meta-analysis found that caregiver satisfaction is negatively correlated with placement changes. Caregivers who were satisfied with the help they received from their caseworker or were satisfied with their caring experience were less likely to experience placement changes.³⁶⁸ The OCG encourages that any recommendations made after an annual carer review be actioned to ensure carer needs are being met. They have also developed [carer support resources](#) with the sector to provide consistency in understanding and actioning the needs of carers around respite, training, and establishing networks.

Robust placement matching – Given the nature of out-of-home care, there is pressure to place a child quickly when they are removed from their family. However simply 'filling a bed' without due diligence could result in placement instability. The OCG suggested sharing of information and risk assessments to understand the needs of the child so that the child can be matched to an appropriate carer for home-based placements or group matching for residential care placements.

A skilled workforce including supervision and support for staff – Ensure out-of-home care caseworkers are sufficiently trained and supported. This could be forums (such as group or individual supervision, panels) to reflect and share innovative practice. The purpose of these forums is to share the risk of casework decision-making with the casework manager and other specialists.

C.3 Caseloads by placement type

We reviewed the caseload information available to us to estimate a caseload for each placement type. We were informed by the PSP service requirements as they outline the expected quality of casework to be provided to children in out-of-home care. We then reviewed literature, PSP pricing assumptions, and non-government providers' information returns. Recognising the uncertainties around the effectiveness of these caseloads, we have decided to adopt a reasonable range rather than a point estimate for each placement type based on some variation around the level supported by the available information.

A summary of our caseload analysis is set out in Table C.1 below.

Table C.1 Summary of caseload analysis

Placement type	Literature review	PSP pricing assumptions and service requirements	Observed actual and target caseload
Home-based care	- The Wood Report (2008) recommended a ratio of 12 children in foster care for every 1 caseworker.³⁶⁹ - The Child Welfare League of America (CWLA) recommends a caseload of 12 to 15 children per foster care caseworker.³⁷⁰ - Council on Accreditation suggests that out-of-home care caseworkers should have no more than a caseload of 10 children.³⁷¹	- The baseline package provided for a caseload of 12 children per caseworker for foster care. - Our analysis showed that the implied caseload assumption for cases with a permanency goal of long-term care is 7 cases per caseworker, while a restoration case plan goal is 4 cases per caseworker. The implied caseload refers to calculating the expected number of cases per caseworker given a specific casework cost or price.	- Average actual caseload reported by non-government providers was 10 children per caseworker and ranged from 4 to 14. - Average target caseload reported by non-government providers was also 10 children per caseworker and ranged from 7 to 14. - DCJ's internal analysis showed the average implied caseload for Statutory Care is 14 cases per caseworker, while our recent consultations with DCJ found an average caseload of 11 for Statutory Care.
Residential Care	Nil	The PSP Service Requirements prescribe a caseload of 6 children per caseworker.³⁷²	Average actual and target caseload reported by non-government providers delivering residential care placements was 6 cases per caseworker
Independent living	Nil	- For supported independent living, a caseload of 12 children per caseworker is assumed in the PSP pricing assumptions. - For therapeutic supported independent living, the PSP service requirements prescribe a caseload of 8 children per caseworker.³⁷³	Non-government providers reported a median caseload of 7.5 cases per caseworker across both therapeutic supported independent living and supported independent living.
Emergency arrangements	Nil	- When a child enters an emergency arrangement, non-government providers who hold case management will receive a not-in-placement case coordination package for continued case management. - The case coordination not in placement package assumes a caseload of 12 children per caseworker.	- Our analysis of non-government providers' reported hours per week for emergency arrangements revealed that on average, the casework hours needed are approximately twice as much compared to a home-based care placement. - We found that non-government providers reported that children in emergency placements require 9 hours per week equivalent to an implied caseload of 3 cases per caseworker.
Not in placement	Nil	When a child self-places or is absent without carer permission, non-government providers will receive the case coordination not in placement package. This package assumes a caseload of 12 children per caseworker.	Similar to emergency arrangements, non-government providers reported that caseworkers spend roughly twice as much time to support children not in placement compared to home-based care placements.

Note: There are some placement types that do not have a prescribed caseload in the PSP service requirements, so these have been sourced from the PSP pricing assumptions (not public).

C.3.1 Literature review

There is a lack of contemporary research on what an effective caseload is for home-based care. In Australia, the Wood Report (2008) recommended a ratio of 12 children in home-based care for every 1 caseworker.³⁷⁴ In addition, the Wood Report presented the results of a case file audit undertaken by the OCG and found the caseloads for non-government providers ranged from 10-12 cases per caseworker compared to 19 cases per DCJ caseworker,³⁷⁵ noting that DCJ caseworkers case manage children under Statutory and Supported Care, while non-government providers case manage only children under Statutory Care.

The Wood Report found that the literature, at the time, supported a caseload of 15 cases per caseworker and that research broadly identifies a caseload range of 12 to 20 standard/low need cases per caseworker or 5 to 8 high need cases per caseworker.

There is limited evidence globally. In the USA, the Child Welfare League of America (CWLA) recommends a caseload of 12 to 15 children per foster care caseworker and the Council on Accreditation suggests that out-of-home care caseworkers should have no more than a caseload of 10 children.³⁷⁶

C.3.2 PSP funding

All non-government providers enter into out-of-home care contracts with DCJ as the commissioning agent. Schedules accompanying the PSP Program Level Agreement contain contractual obligations as well as caseload expectations for residential care and independent living service models. This means that the anticipated caseloads are embedded in the current PSP pricing for residential care and independent living.

Home-based care

For home-based care, the assumptions underpinning the PSP pricing allowed for a caseload of 12 in the baseline package only. As providers would also receive a case plan goal package to support a child's permanency goals, our analysis showed that the implied caseload assumption for cases with a permanency goal of long-term care is 7 cases per caseworker, while a restoration case plan goal is 4 cases per caseworker.

The reason for the large difference in caseload between the baseline package and overall caseload is due to the additional family contact (which is included as additional casework hours in the case plan goal package on top of the caseload of 12 in the baseline package). Under the PSP, it was assumed that children would have 104 hours of family time, equivalent to 2 hours per week.^a Research has shown that family time is beneficial for a child's emotional and psychological wellbeing and their sense of identity. It can also help with increasing the likelihood of restoration.³⁷⁷ The Pathway of Care Longitudinal Study found that most contact with birth parents occurred less than monthly but varied with age and the type of placement.³⁷⁸

^a These PSP assumptions were coupled with casework hourly rates that did not factor in leave, training or admin, and thus underestimated the casework price.

The PSP pricing assumptions have also included case plan goal reviews to occur annually for children with long-term care case plan goals and twice a year for those with restoration, adoption or guardianship at 15 hours per review. This has been included on top of the baseline caseload of 12.

Residential care

For residential care, the PSP service requirements prescribe a caseload of 6 children per caseworker.³⁷⁹ Generally, children placed in residential care are 12 years and over with complex and high needs (assessed as a CAT score of 5 or 6). Non-government providers are required to provide casework in line with the PSP service requirements as well as provide or facilitate access to specialist services to meet the therapeutic needs of children in residential care and integrate these supports in their daily routines. Currently, the PSP pricing for residential care packages (such as Intensive Therapeutic Care Homes or Intensive Therapeutic Care Significant Disability) embeds a caseload of 6 children per caseworker.

Independent living

For independent living, the PSP service requirements stipulate that there is flexibility in the level of casework support and is scaled according to the needs of the young person as they move to independence, as such there is no prescribed level of casework. The PSP pricing for supported independent living (SIL) assumes a caseload of 12 cases per caseworker for SIL, similar to home-based care.

The PSP service requirements for Therapeutic Supported Independent Living (TSIL) and the PSP pricing assumptions accounts for a caseload of 8 young people per caseworker and at minimum, weekly contact in person as they move toward independence. This caseload also assumes the casework needed to facilitate or refer therapeutic care for the young person.

We recognise that there are additional casework tasks for young people in care aged 15 years and over, such as leaving care plans to enable a smooth transition to independence. This additional casework is discussed in section C.5.6 below.

Emergency arrangements

The pricing for contracted emergency arrangements such as Short-Term Emergency Placements (STEP) and Interim Care Model (ICM) do not provide for casework as the primary case responsibility is expected to remain with the provider that has case management responsibility, whether it be non-government providers or DCJ. This is to maintain casework continuity and consistency as emergency arrangements are anticipated to be temporary. When a child enters an emergency arrangement, non-government providers who hold case management will receive a not-in-placement case coordination package for continued case management, or a foster care baseline package when they enter an Individual Placement Arrangement (IPA).

The case coordination not-in-placement package accounts for continued case management assuming a caseload of 12 cases per caseworker. It also provides for outreach support and mentoring, transport costs, as well as food and other day-to-day items that a child may need. While the case management cost reflects the expected support needed for children in home-based care, it will not be sufficient for a child previously in residential care or independent living given the lower caseloads needed for children in these placement types.

Not in placement

When a child is not in placement, they are no longer in their authorised placement and could be self-placed with parents or other individuals, in a hospital, entered custody or absent without carer permission.³⁸⁰ Non-government providers with case management are still required to provide casework for the child when not in placement, ensure the child's safety, and support the child to return to a safe placement.

The non-government provider receives a case coordination not-in-placement package instead of a foster care baseline package or the child package for residential care providers. The case coordination not in placement package assumes a caseload of 12 children per caseworker. Non-government providers will continue to receive a case plan goal package, the child needs package as well as relevant specialist support packages.

C.3.3 Actual and target caseloads in practice

DCJ and non-government providers are required by the OCG to meet the minimum requirements set out in the [NSW Child Safe Standards for Permanent Care](#) in order to be an accredited out-of-home care provider. The Child Safe Standards for Permanent Care provide a framework of what the minimum requirements are to support children in care but do not prescribe the services to be provided, and so we cannot derive an efficient caseload from the standards.

PSP policies such as the [Permanency Case Management Policy – Rules and Practice Guidance](#) set out casework practice roles and responsibilities as well as policy and procedures for non-government providers. Although these policies contain abundant information on casework checklists and processes, they are not prescriptive on how much case management is required.

We collected caseload information from DCJ and non-government providers which is discussed in the following sections, noting that this data is based on small sample sizes and reflects current practice, which is itself influenced by current funding assumptions.

Home-based care

Our analysis of home-based care providers found that the average actual caseload reported was 10 and ranged from 4 to 14, while the average target caseload reported was also 10 and ranged from 7 to 14. We have heard from providers that the target caseload of 10 represents how much time they would expect from caseworkers to be able to provide the necessary quality trauma-informed care as well as focussing on building relationships with the child's support network including foster carer, teachers, and therapeutic specialists.

Optimal caseloads may reduce staff burnout and consequently may lower caseworker turnover.³⁸¹ Non-government provider caseload data shows that there is an increase in caseload as caseworker vacancy rates increase, which is expected as cases would need to be reallocated. However, it is also likely that as caseloads increase and caseworkers are more stretched that would also generate additional turnover. We heard from one provider that caseworkers tend to be motivated by the desire to help and are particularly likely to leave if they feel that they do not have the requisite time and resources they need to be able to make a difference.

DCJ's internal analysis showed the average implied caseload for Statutory Care is 14 cases per caseworker. We have consulted with several DCJ out-of-home care teams who currently have a caseload ranging from 8 to 13 and an average of 11 Statutory Care cases per caseworker. DCJ's caseload of 17 reported in the Interim Report included children in both Statutory and Supported Care. As non-government providers only care for children in Statutory Care, we have used Statutory Care caseloads only in the analysis in this Final Report.

Residential care

For residential care the median target caseload reported by non-government providers delivering residential care placements was 6 cases per caseworker. This is aligned with the PSP service requirements. This caseload assumes that caseworkers would be supporting children in residential care placements only. We would expect the caseload for residential care to be lower than home-based care as the needs of the child would be higher and therefore require additional casework support in meeting the needs of the child.

Independent Living

For living independently placements, non-government providers' reported a median caseload of 7.5. This is across both SIL and TSIL providers.

Emergency arrangements

Our analysis of non-government providers' reported hours per week for emergency arrangements revealed that on average, the casework hours needed are approximately twice as much compared to a 'base' home-based care placement. We found that non-government providers reported that children in emergency placements require 9 hours per week equivalent to an implied caseload of 3 cases per caseworker. We have also heard from non-government providers that the caseload for emergency arrangements is 6 cases per caseworker.

We have heard from emergency arrangement providers that house managers are carrying out some casework tasks that should be the responsibility of either DCJ or the non-government provider such as service referrals or therapeutic support. This occurs particularly in locations where there is less casework capacity within the provider holding primary case responsibility.

Not in placement

Similar to emergency arrangements, we learned from non-government providers that caseworkers spend approximately twice as much time for children not-in-placement compared to a 'base' home-based care placement. On average, we heard from non-government providers that children who have self-placed would typically require 8 hours of casework support per week.

In 2023-24, 3% of children in home-based care placements and 33% of children in residential care or independent living had self-placed. This illustrates that children in residential care or independent living are more likely to abscond compared to home-based care children, yet the current not in placement package only provides for an expected caseload of 12.

As mentioned above, when a child is not-in-placement, a home-based care provider receives a case coordination not in placement package instead of a foster care baseline package. This means a difference of at least \$21,000 per year for a child previously in a home-based care placement. When a child is not in placement and was previously in residential care, the residential care provider will no longer receive the child package and instead receive the case coordination not in placement baseline package, plus the relevant case plan goal and child needs packages instead. This is equivalent to a decrease in placement funding of up to \$64,000 per year for a child previously in residential care.

There is a lack of reliable data on how much additional casework is provided to these children to ensure their safety. As mentioned in our Interim Report, we received feedback from non-government providers that the casework involved in ensuring the child's safety is not sufficiently covered by the case coordination not-in-placement package funding amount. We have heard from non-government providers that this could be due to long travel times (often requiring two caseworkers) to visit the child to meet the child's immediate needs (such as mobile phones, clothing, Opal cards, groceries), conducting a risk assessment with the child and updating their case plan, and actively supporting the child to establish another suitable placement.

In our Draft Report we proposed that the caseload for children not in placement remain the same as per their previous placement. Following release of the Draft Report, we received new information on not in placement events where we analysed how frequent children were not in placement and the average duration of these events. This is presented in Table C.2 below.

Table C.2 Average frequency of not in placement and duration per event, by placement type 2023-24

Description	Home-based care	Residential care	Independent living
Unique count of children not in placement (A)	355	142	20
Total count of events of not in placement (B)	672	683	47
Average number of events per child (C = B / A)	1.9	4.8	2.4
Median days per event	21	9	35

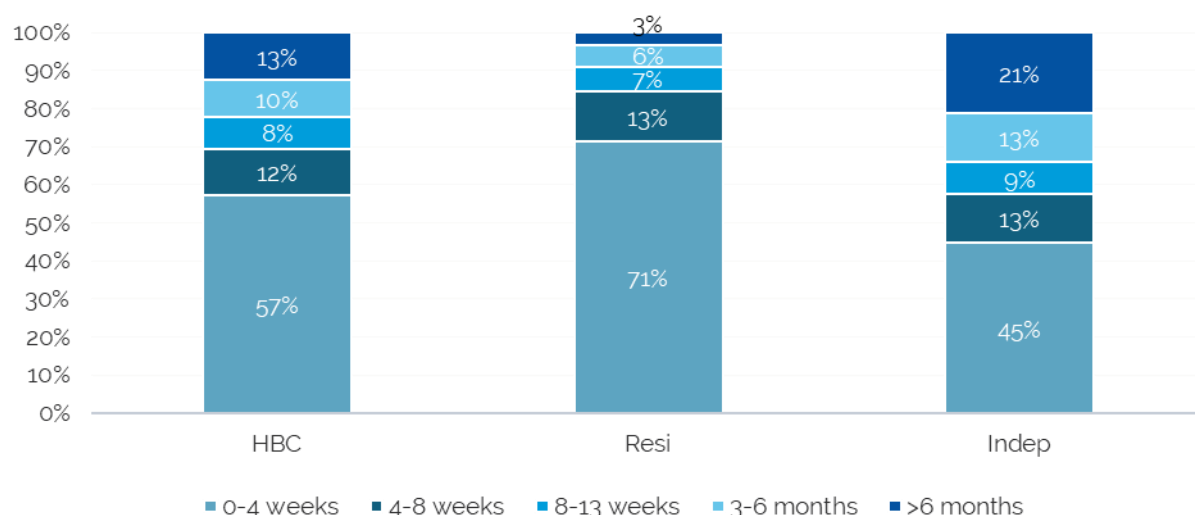
Note: Not in placement events where a child returns to placement and then leaves again within 7 days have been combined to be one event, rather than multiple.

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

Our analysis of 2023-24 shows that when a child is not in placement, it is generally not a one-off event for that child and on average happens twice per year for those children that are in home-based care or five times a year for those children in residential care. The placement changes coupled with the need to ensure the child or young person remains safe means that casework is likely to ramp up during these periods. In addition to conducting continuous risk assessments, there is also a requirement to review the case plan including assistance to return to the placement or transition to another placement, arrange a permanency goal review and also conduct a carer review.

The current away from placement policy states that when a child is away from placement there are no changes to funding, however once the away from placement period ends (eight weeks for home-based care and four weeks for all other placement types), it triggers a change in the baseline package to case coordination not in placement.³⁸² We found that the majority of not in placement events for children in home-based care and residential care fell mostly within the maximum away from placement duration periods as illustrated in Figure C.3 below.

Figure C.3 Distribution of duration of events by placement type, 2023-24



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

C.4 Casework staff salaries and salary oncosts

The salaries payable to caseworkers at DCJ are currently provided for by the *Crown Employees (Public Service Conditions of Employment) Reviewed Award 2009* and the *Crown Employees (Public Sector - Salaries 2024) Award* (collectively the Crown Award).^b

The salaries payable to caseworkers at non-government providers are currently provided for by the *Social, Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award).^c

^b The salaries prescribed in the *Crown Employees (Public Sector - Salaries 2024) Award* apply from the first full pay period on or after 1 July 2024, prior to this the relevant 'salaries award' for DCJ staff was the *Crown Employees (Public Sector - Salaries 2022) Award*.

^c Whilst the award covers different sectors, as the 'social and community services sector' is the broadest and generally most applicable this is what has been applied in our analysis. For the purposes of classification levels we have relied on information provided by stakeholders and where this was limited assumed the midpoint. We also note the application of the *Social, Community and Disability Services Industry Equal Remuneration Order 2012* PR525485. Due to the date of publication of this report, we used the minimum wages and salaries under this award up to and including 30 June 2025.

We have considered the relevant awards and analysed the reported salary rates provided to us by DCJ and non-government providers when determining an efficient casework cost. We have relied on what the prevailing award deems to be a fair rate of pay and employment conditions based on the expected role and responsibilities, noting complexities arising from interpreting the definitions of classification levels and that some non-government providers may have enterprise agreements which provide better conditions. Unless otherwise provided we have relied on the full-time and part time rates of pay in the relevant award. The estimated efficient casework costs factor in labour cost constraints faced by DCJ and non-government providers.

It is not within the scope of the review to consider the appropriateness of classification structures (including pay rates) and conditions of employment as these are set by the relevant awards. To the extent that there is any amendment or change to the awards, consideration will need to be given to the consequential effects.

In Table C.3 below, we have presented the reported salary including salary oncosts. Our analysis found that the median reported salary oncost was 16% but ranged from 10% to 37%. We have calculated an adjusted base salary excluding 16% of salary oncosts. We have also mapped the adjusted base salary to the equivalent SCHADS Social and Community Services employees (SACS) classification levels.

Given the variability of salary oncosts, we suspect that there may be inconsistencies in the composition of salary oncosts for each provider. For this reason, we requested the median SCHADS SACS classification level from non-government providers as we assume this represents the expected characteristics, responsibilities and requirements of each role.

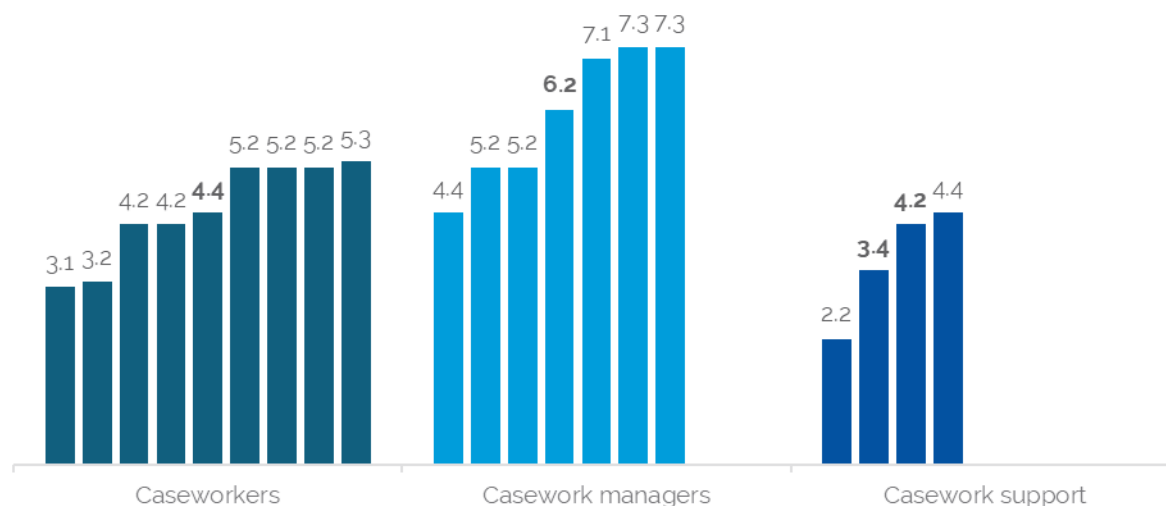
Table C.3 Reported salaries and SCHADS SACS classification level by role, \$2022-23

Role	Reported salary incl oncost	Adjusted base salary (excl oncost)	Equivalent SCHADS level (adj base salary)	Median reported SCHADS level from NGO info request
Caseworker	\$104,805	\$86,316	4.4 – 5.1	4.4
Casework manager	\$126,789	\$114,305	8.1 – 8.2	6.2
Casework support	\$99,143	\$86,981	4.4 – 5.1	3.4 – 4.1

Source: IPART analysis of data provided by non-government providers.

Figure C.4 below illustrates the range of SCHADS SACS classification levels that non-government providers pay their caseworkers, casework managers and casework support staff. We note that some non-government providers reported the SCHADS SACS classification level but not the pay point, therefore we have assumed the midpoint of the respective SCHADS SACS classification level.

Figure C.4 Reported SCHADS SACS classification level for casework staff with non-government providers



Source: IPART analysis of data provided by non-government providers.

DCJ's [casework support scheme price guide](#) sets out the pricing for casework tasks such as supervised family time, supervised transport, respite and mentoring that are outsourced to service providers due to casework resource constraints or lack of available respite carers. Generally, birth family contact is carried out by the caseworker, and the hourly rate in the price guide assumes a SCHADS SACS classification level of 4.2. This provides a benchmark for expected salary rates for an out-of-home care caseworker and is similar to the reported SCHADS SACS classification level by non-government providers of 4.4.

C.4.1 Salary differences by location

We have assessed whether staff in metro areas are paid differently to staff working in regional areas. At a SCHADS SACS classification level, we can see that staff in regional areas are paid higher than staff working in metro areas as shown in Table C.4. However, when we reviewed the total salaries we collected from non-government providers, we found the opposite whereby total salaries were higher in metro locations and lower in regional areas, which could be due to inconsistencies in the composition of salary oncosts. We are aware of the need to be cautious in drawing conclusions from this location analysis due to the small number of observations.

Table C.4 Reported SCHADS SACS classification level of non-government providers' casework staff by regionality

Role	SCHADS SACS classification level NSW	SCHADS SACS classification level Sydney/all of NSW ^d	SCHADS SACS classification grade Greater Metropolitan Region/Rest of NSW
Caseworker	4.4	4.2	4.4 – 5.1
Casework manager	6.2	5.3 – 6.1	7.2
Casework support	3.4 – 4.1	3.4	4.2

Source: IPART analysis of data provided by non-government providers.

For DCJ, we found that regional caseworkers were paid higher compared to caseworkers working in metro areas, while casework support staff were paid higher in metro areas relative to regional staff. This is presented in Table C.5 below.

We are not proposing different salaries for metro and regional areas due to the small number of observations and inconsistencies in what the data is telling us.

Table C.5 Observed DCJ casework staff base salaries excluding salary oncost by regionality, 1 July 2023 – 30 June 2024

Role	NSW	Sydney/all of NSW	Greater Metropolitan Region/Rest of NSW
Caseworker	\$96,237	\$93,295	\$100,011
Casework manager	\$124,258	\$124,258	\$124,258
Casework support	\$83,957	\$86,539	\$81,416

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

C.4.2 Proposed salaries for casework staff

Labour costs are a primary driver of casework cost. Noting the complexities in the definitions of the classification levels and classification structures in the SCHADS Award we carefully reviewed this against the role information provided to us by non-government providers. We also reviewed the DCJ workforce information.

We applied the maximum SACS classification level pay point rather than the mid-pay point classification level in the SCHADS Award to determine the relevant efficient costs for non-government providers, so as to ensure the costs accommodate an experienced workforce and address differences in team structures across non-government providers.^e For DCJ we have applied the observed Crown Award grade, as we have heard that it is representative of the current mix of casework staff and the relevant grades.

^d Sydney/all of NSW refers to non-government providers who operate in Sydney, and also large providers who service both Sydney and other regional areas.

^e There can be large differences between the pay points and the classification rules for pay points are complex.

Table C.6 below sets out the proposed efficient labour costs for DCJ and non-government provider casework staff, excluding salary oncosts. The salary rates between DCJ and non-government providers differ due to the different awards that apply.

Table C.6 Proposed salaries for non-government provider casework staff and SCHADS SACS classification levels and proposed salaries for DCJ excluding salary oncosts, \$2024-25

Role	Proposed base salary for DCJ	Proposed SCHADS SAC classification level non-government providers	Proposed average base salary for non-government providers
Caseworker	\$100,086	4.4	\$91,838
Casework manager	\$129,228	6.3	\$111,398
Casework support	\$87,315	3.4	\$79,353

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

C.4.3 Salary oncosts

Salary oncosts are the additional costs above the annual salary incurred in employing someone to undertake a role. Salary oncosts are calculated as a percentage that is applied to staff base salaries. Our approach involved reviewing the current salary oncosts and proposing efficient salary oncosts. Table C.7 presents observed salary oncosts for DCJ and non-government providers.

Table C.7 Observed salary oncosts for DCJ and benchmark salary oncosts for non-government providers

Salary oncost	DCJ	Non-government providers – home-based care only	Non-government providers – residential care
Superannuation	11%	11%	11%
Payroll tax	6%	n/a	n/a
Annual leave loading	1.35%	1.35%	1.35%
Long service leave	2.65%	– ^a	– ^a
Workers compensation (average)	5%	3.3%	5%
Total	26%	18.3%	20%

a. The portable Long Service Leave Scheme commenced on 1 July 2025 for the community services sector ([Portable long service leave scheme launches for NSW community services sector | NSW Small Business Commissioner](#)). This is expected to apply to non-government providers going forward and has resulted in changes to the Long Service Leave levy on cost used in our model (See Table C.g below)

Source: Information provided to IPART by NSW Department of Communities and Justice, IPART analysis using data collected from non-government providers.

Payroll tax has not been included in the salary oncost for non-government providers. This policy decision was made, noting the exemption from payroll tax for wages paid by religious institutions and generally speaking public benevolent institutions as well as non-profit organisations under section 48(1) of the *Payroll Tax Act 2007* (NSW).

Annual leave loading is determined based on the leave loading percentage applied to the number of annual leave days. We acknowledge that the rate for leave loading is not uniform and varies depending on the award or employment contract. For the purposes of our analysis, we have applied the same annual leave entitlements for DCJ and non-government providers having regard to their respective awards.

For long service leave, we have not applied the same percentage as DCJ to non-government providers given there is no available data on actual long service leave.

C.4.4 Workers compensation for residential care providers

We have heard from residential care providers that the cost of workers compensation insurance has increased and is not sufficiently funded under the PSP. We have observed that workers compensation rates based on icare's workers compensation industry classification vary materially between residential care providers and non-residential care providers. Working in residential care is considered to be higher risk than non-residential care, given the higher risk of physical and mental injury to staff employed in residential care homes, therefore, it is reasonable for workers compensation rates to be higher relative to staff working in organisations providing home-based care. Table C.8 presents the NSW workers compensation industry classification rates for the last three financial years.

Table C.8 icare's NSW Workers compensation industry classification rates for residential care and non-residential care (i.e. home-based care)

Industry	2022-23	2023-24	2024-25
Residential care	4.61%	5.35%	5.91%
<i>Year-on-year change%</i>		<i>16.1%</i>	<i>10.5%</i>
Non-residential care	2.49%	2.89%	3.34%
<i>Year-on-year change %</i>		<i>16.1%</i>	<i>15.6%</i>

Source: icare, [Fact sheet](#), accessed 4 December 2024.

We also assessed the workers compensation insurance rates using non-government provider's financial statements acquitted to DCJ. In 2022-23, home-based care only non-government providers paid 3.3% workers compensation insurance rate while home-based care and residential care non-government providers paid 5%. Across foster and residential care providers, workers compensation ranged from 2% to 8%. We consider that this shows that where a provider offers both foster and residential care placements, they have higher workers compensation rates compared to home-based care only providers. As the financial data from non-government providers vary by expense description and granularity, the wages and salaries used in calculating the workers compensation percentage may include other employment expenses, thereby potentially underestimating the workers compensation rate.

We assume that workers compensation insurance cost is largely driven by the type of business and the size of the organisation amongst other factors. DCJ's workers compensation would cover their staff in out-of-home care as well as child protection services. A potential factor that could contribute to DCJ's higher workers compensation rate is the size of DCJ's operational workforce as well as differences in day-to-day functions between child protection and out-of-home care caseworkers.

We understand that the workers compensation rate of 5.91% is an average across all staff in residential care services who may have different 'risk' profiles in terms of making a workers compensation claim. For example, given that care staff are present in the residential care home 24 hours a day, it is likely they are at greater risk of workers compensation claims compared to caseworkers. As care staff represent a higher proportion of staff relative to caseworkers supporting children in residential care, we have adjusted the residential care workers compensation rate to reflect higher workers compensation insurance expense for care staff.

We propose the workers compensation rate to align with icare's rate, currently at 3.34% for caseworkers across all non-government providers and 6.15% for care staff in residential care. Workers compensation premiums should be regularly reviewed and periodically updated to align with any amendments or changes, and consideration should be given to any consequential effects.

C.4.5 Other employment related expenses

As part of the casework cost, we also need to consider the training, recruitment, travel and other employment support expenses for caseworkers. We have reviewed the financial statements provided by non-government providers and found that home-based care only providers have training, recruitment, travel and other employment oncost of 3.7%, while home-based and residential care providers have a 3.2% oncost.

We propose to use the oncost of 3.7% for other employment related expenses for all caseworkers, as residential care would include care staff, where training and travel may differ from caseworkers.

Table C.9 sets out the proposed salary oncosts for non-government providers and DCJ caseworkers.

Table C.9 Salary oncosts for DCJ and non-government provider caseworkers (%)

Salary oncost	DCJ	Non-government providers – caseworkers	Non-government providers – care staff in residential care
Superannuation	11.5%	11.5%	11.5%
Payroll tax	5.45%	n/a	n/a
Annual leave loading	1.34%	1.34%	1.68%
Long service leave	2.65%	1.7%	1.7%
Workers compensation (average)	5%	3.34%	6.15%
Training, recruitment, travel and other employment support	2.0%	3.7%	3.2%
Total	27.9%	21.6%	24.2%

Source: Information provided to IPART by NSW Department of Communities and Justice, IPART analysis using data collected from non-government providers, icare workers compensation rates.

C.4.6 Casework staff team structures

As part of estimating a casework cost, we needed to consider the roles of casework managers and casework support staff as necessary functions to carry out effective casework. Naturally, team structures vary by organisation due to size and scale as well as service offerings where providers may also provide other social services or provide both foster and residential care.

For DCJ out-of-home care teams, there were generally 6 to 8 caseworkers supervised by 1 casework manager. For a sample of non-government providers, we found that there were 3 caseworkers for every 1 casework manager. The PSP pricing assumes that there were 7 caseworkers per 1 casework manager. As mentioned previously, the OCG identified casework supervision and support as necessary components of good casework practice. Casework managers establish priorities, assist with decision making around casework, and provide guidance through individual and group supervision.

Casework support staff directly assist with the day-to-day work of caseworkers such as case planning and documentation, referrals and appointments and attending home visits as a secondary caseworker. On average, DCJ out-of-home care teams have 1 casework support staff supporting 10 caseworkers. Internal DCJ analysis found that casework support staff supported a similar number of children in out-of-home care as casework managers, suggesting that the ratio of casework support staff to caseworkers would be akin to the number of caseworkers per casework manager. A sample of non-government providers showed a range from 1 to 36 caseworkers to each casework support staff, with a median of 3.5. Similar to the ratio of casework managers to caseworkers described above, the PSP pricing assumed 1 casework support staff for every 7 caseworkers.

A caseworker's workload is influenced by how many support staff they have to assist with some of the administrative tasks such as scheduling appointments or referrals to services or preparing documentation such as home visit notes. A DCJ analysis found that the activities performed by casework support staff varied across teams and notes that their contribution to a number of casework tasks consequently enabled caseworkers to focus on face-to-face activities with children and families.

To recommend an efficient team structure we would need data on outcomes achieved by children in care. However, without this information, we recognise that the number of casework managers and support staff are likely to be influenced by the size of the out-of-home care teams, the number and how dispersed their office locations are and whether the organisation provides one or multiple social services. We recommend that the ratio remain at 1 casework manager for every 7 caseworkers and 1 casework support staff for every 7 caseworkers. This is presented in Table C.10.

Table C.10 Number of caseworkers per supervisory and support staff

Role description	Current – DCJ	Current – non-government providers	PSP pricing	Efficient team structure
Casework manager	6-8	3	7	7
Casework support	10	3.5	7	7

Source: IPART analysis.

Management roles above casework managers and other support staff such as reception or administration officers will be captured in the corporate overheads and administrative costs.

C.5 Casework loading analysis

Some children have higher casework needs than others because of their particular characteristics or circumstances. The caseloads recommended above are considered appropriate for a typical mix of children in care. Children with lower than average and higher than average casework needs are included in the 'typical' mix. However, where providers have a mix of children that is very different from the typical mix, the above caseloads may not reflect the casework they are required to undertake.

This section explores whether there are particular circumstances in which children have an additional casework cost that would not be adequately recognised by adopting the recommended caseloads above. We have analysed the prevalence of certain child or case characteristics to determine whether it is significantly different among providers. Where it is materially different for several non-government providers, this indicates that further consideration of additional payments is warranted.

Box C.1 Measuring additional casework time

The DCJ internal analysis identified factors that increase casework time. This involved a regression analysis to control for confounding variables, as there are different elements that influence casework time. We have described in the sections below which case or child characteristics required additional casework support. We note that the casework time was based on home-based care placements only.

Non-government providers have also reported on the additional casework hours needed for different types of out-of-home care cases. As these are self-reported, we have been cautious to use absolute figures and have analysed the proportional increase relative to the reported base case hours. This is because there might be confounding factors, e.g. a child with a disability may also require leaving care support, and it would be challenging to isolate the impact of one factor only without a rigorous statistical analysis. The information provides for a useful comparison with the findings from the DCJ analysis.

In the sections below we have set out our findings for case and child characteristics where we found both a measurable difference in cost and an argument for separate identification of the cost. Where no loading was recommended, this was primarily due to lack of reliable data on how much additional casework time was needed, or we did not see prevalence or uneven distribution amongst providers. We acknowledge that casework is tailored to suit the needs of the child and family but when we are estimating the costs of casework, we need to be cognisant of balancing the complexity of a pricing structure and the benefits to children in out-of-home care.

C.5.1 Aboriginal children

Supporting the cultural connection of Aboriginal children in out-of-home care requires different and more intensive casework compared to non-Aboriginal children. This is guided by the Aboriginal Case Management Policy. DCJ policy also requires that all Aboriginal children in out-of-home care have a cultural plan (in 2022 around 75% of Aboriginal children had a cultural plan).³⁸³

Generally, the additional casework support for Aboriginal children 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 child's journey.³⁸⁴
- 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 Aboriginal Case Management Policy principle of Aboriginal family-led decision making.³⁸⁵
- Supporting carers (especially non-Aboriginal carers) to develop cultural awareness.

Working with Aboriginal families may require more time to build relationships. A study drawing from the experience of NSW child protection practitioners and stakeholders stated:

The deep mistrust that many Aboriginal families have of child protection services makes it difficult to build trusting and productive relationships between parents and agencies. Aboriginal families know the system well and understand the harm caused by previous and current child protection policies, practices and decision-making. Many families are cautious of case workers, agencies and carers, and child protection services find it difficult to build relationships in the face of this fear.³⁸⁶

DCJ conducted a regression analysis to estimate base case times and loadings from case complexities. The purpose of the analysis was to understand which case characteristics were individually statistically significant predictors of case time. Their analysis found that Aboriginal children in home-based care require 33% (1.6 hours per 4 weeks or 21 hours per year) additional casework time compared to a base case with no complexities. Non-government providers also reported an additional 25% of casework time was needed for Aboriginal children.

We recognise that for Aboriginal children who have just entered care or who have transferred case management to a different non-government provider, the casework would be fairly intensive due to upfront casework requirements such as family finding and cultural planning activities, compared to an Aboriginal child who has been with a provider for some time. The 21 hours per year reflects the yearly average additional time for Aboriginal children at different points in their out-of-home care journey.



Given the prevalence of Aboriginal children in out-of-home care and the high proportion of Aboriginal children cared for by ACCOs, we are of the view that we should separately cost the additional casework required to support Aboriginal children in out-of-home care. Specifically, a casework uplift of 1.6 hours per child per 4 weeks or 21 hours per year should be available to non-government providers for each Aboriginal child in their care. We consider that this is also a cost that would be incurred by DCJ. This also supports the National Agreement on Closing the Gap reforms.

Casework loading	Non-government provider	DCJ
Aboriginal casework loading	\$2,710	\$3,370

C.5.2 Restoration and permanency

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 out-of-home care and conduct regular supervised family time. At the same time, restoration is the preferred permanency outcome for children in out-of-home care.³⁸⁷ Supporting restoration is particularly important for Aboriginal children, as it provides a vital opportunity to ensure connection to family, culture and community.³⁸⁸

We have identified four major cost categories related to restoration and permanency including casework, family time, parenting programs and wrap around support, and case plan goal reviews.

Casework to support restoration

Caseworkers support both the child's parents as well as the child when working towards restoration or a permanency case plan goal. In the case of restoration, this includes the following activities to support parents:

- develop a family action plan (that outlines changes parents need to make and how they will be supported to make those changes)
- monitor, review and support the plan
- conduct weekly home visits to the parents
- undertake court-related work including development of the summary of proposed plan, affidavits, cultural care plans, care plans, rescinding or varying care orders, and attending alternative dispute resolution conferences⁹
- supervise or oversee family time
- complete regular restoration assessments
- identify and refer to services
- identify and work with the family's own support network of family and friends
- conduct home visits once the child is living back with parents.

The PSP pricing assumed an uplift of 63% of casework time for children with either a restoration, guardianship or adoption case plan goal compared to a long-term care case plan goal. Specifically, restoration accounted for an additional 164 hours per year on top of the baseline caseload under the PSP, using a family preservation program as a proxy for restoration casework activities. We are of the view that this may be a generous assumption as there may be overlapping activities that are already captured in the baseline caseloads and this represented total hours per family, rather than per child.

⁹ Court work has been considered in the next section.

DCJ's internal analysis found that children with a restoration or permanency case plan goal including guardianship or adoption required 85% more time compared to children that didn't have a restoration or permanency case plan goal (52.5 hours per year).^h Non-government providers reported that a case with a case plan goal of restoration or guardianship would require double the time relative to a case with no permanency case plan goal.

We received further information from DCJ on current restoration teams as well as data from other jurisdictions. Based on this information, we found that the additional restoration casework amounted to 66 hours per child per year (excluding court work). Given this data is contemporaneous, we propose to apply an additional 66 hours of casework for restoration cases.

We heard from ACWA that the casework required to achieve a restoration or guardianship case plan goal are not equivalent.³⁸⁹ We acknowledge the differences in casework activity, however the data we relied on did not separately identify casework hours for restoration and guardianship. Furthermore, we found that the average additional casework time for guardianship and restoration that was reported by non-government providers was the same.

Family time

For children in out-of-home care, family time provides an opportunity to connect with their birth family. This can take on many forms including face-to-face visits, phone calls, as well as letters or sharing photographs. There is evidence that family time improves a child's socio-emotional wellbeing and their sense of identity, as well as increasing the likelihood of restoration.³⁹⁰

In practice, family time can be supported by caseworkers, casework support staff or outsourced to approved providers of family time. The PSP provides an additional casework cost for family time in the case plan goal amounting to 104 hours per child per year (or 2 hours per week) for both restoration and long-term care. The frequency of family time is not prescriptive and should be based on the child's needs.³⁹¹ Courts may also make orders regarding family time. ACWA have highlighted multiple factors influencing family time needs such as the child's age, location of the child and parent, number of siblings and their care arrangements, and the number of other connections to be maintained.³⁹² The Pathways of Care Longitudinal Study found for a sample of children in out-of-home care that 1 in 2 children had monthly family time visits and 1 in 5 children had weekly visits with family.³⁹³

ACWA provided the estimates of family time for a restoration case, which amount to 120 hours per child per year.³⁹⁴ We also found that family time for DCJ children with a restoration case plan goal on average was 62 hours.ⁱ Given the evidence available to us, we consider that a total of 60 hours of family time for restoration cases is reasonable. However, DCJ should consider the option of funding additional family time for children on a case-by-case basis where it is necessary to do so. We have estimated hourly casework costs that can be used for this purpose.

^h Permanency case plan goals include restoration, guardianship and adoption.

ⁱ We understand that family time can be carried out by caseworkers, casework support, family time workers or outsourced to family time providers. For this analysis, the data available to us related to outsourced family time providers.

Parenting programs and wrap-around support

As part of the restoration and permanency casework, the PSP service requirements state that non-government providers should provide flexible intensive and culturally responsive wrap around support to children and their family, including supporting parents to increase their parenting capacity so that children can return home as quickly as possible.³⁹⁵

The PSP assumptions provided for parenting programs and wrap around support of approximately \$7,500 (\$2024-25) per child, based on assumptions in a family preservation program on a cost per family basis rather than cost per child.

While wrap around support for families should be tailored to their needs, we propose to include a cost component for parenting programs and wrap around support of \$3,180, for example counselling for parents. This cost would be included for non-government providers and DCJ for children in their care that have a restoration case plan goal. Other ad-hoc support such as purchase of white goods and other services would be requested on an as-needed basis.

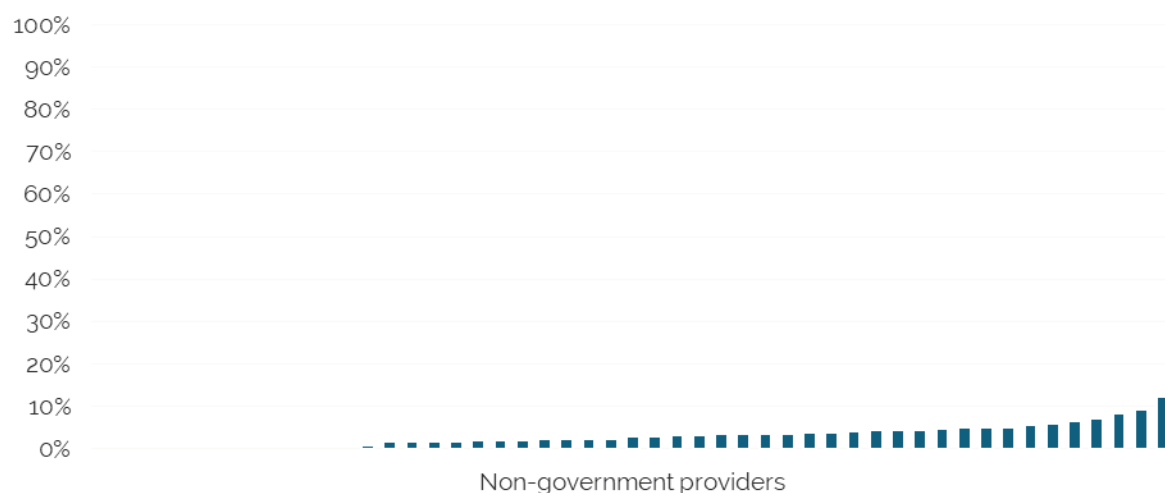
Case plan goal reviews

The PSP Evaluation reviewed a sample of cases and only identified a small number of cases that achieved permanency within two years. The majority of cases appeared close to achieving permanency or had achieved permanency within three years. Similar to current PSP guidelines, where achieving permanency is likely to occur but is past the two-year timeframe, we agree with the practice of offering extensions on a case-by-case basis. The case plan goal review provides an opportunity for non-government providers and DCJ to discuss progress and address potential barriers on achieving permanency goals. We have assumed case plan goal reviews take 18 hours per year for children with a case plan goal of restoration and permanency and 9 hours per year for long-term care.

Summary of additional restoration hours relative to long-term care

Our analysis showed that in 2024, 4% of children in out-of-home care had a restoration case plan goal, 4% had a guardianship case plan goal and 2% had an adoption case plan goal. The proportion of children with a restoration or permanency case plan goal appears to be relatively even across non-government providers, presented in Figure C.6 below.

Figure C.6 Proportion of children with restoration or permanency case plan goal by provider, 30 June 2024



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

While there are only 10% of children with a restoration or permanency case plan goal and the distribution appears to be relatively even across providers, we are of the view that the casework costs associated with restoration and permanency should be separately identified. This allows non-government providers to continue to be resourced appropriately for restoration and other permanency casework activities. This provides an incentive to achieve outcomes aligned with the permanent placement principles of returning children to their families when it is safe to do so.³⁹⁶

Table C.12 below summarises the additional restoration casework hours.

Table C.12 Additional annual restoration casework hours per child compared with children in long-term care

Restoration component	Restoration	Long-term care	Difference
Restoration casework	66	n/a	66
Family time	60	28	32
Case plan goal reviews	18	9	9
Total casework hours	144	37	107

Note: The above casework hours are in addition to the 'base' caseload that applies to all children and exclude any other amounts that may be relevant to the individual child (including legal costs, parenting programs and wrap around support and casework loadings), which are separately costed and identified.

Source: IPART analysis.

For children not in placement and have self-placed with parents, caseworkers generally would assess whether restoration is viable and work towards achieving that goal. We assume, in such circumstances, that family time is no longer needed, as the child has self-placed with their parents.^j The additional hours for restoration applicable to a child not in placement would be 75 hours per child per year.

^j There may be instances where a child has self-placed with one parent and may still require family time with the other parent who may be living elsewhere. In this instance, DCJ may consider funding additional family time support.

To estimate the additional casework cost for children with a restoration or permanency case plan goal, we applied a 'loaded' casework hourly cost to the additional casework hours. The loaded casework hourly cost includes casework salary and oncost as well as an allocation of casework manager and casework support staff costs. We have presented the additional costs for non-government providers and for DCJ in Table C.13. The variation in cost between DCJ and non-government providers is primarily due to differences in salaries and salary oncosts. We note that the restoration loading for not in placement excludes family time hours.

Table C.13 Annual restoration and permanency casework loading per child, \$2024-25

Casework loading	Non-government provider	DCJ
Restoration and permanency loading	\$17,120	\$19,080
Restoration loading for not in placement	\$12,970	\$13,910

Source: IPART analysis.

Post-restoration casework

Research has shown that parents have identified a need for casework support in the transition to restoration as well as the initial stages of restoration.³⁹⁷ We would not expect the casework to be as intensive when the child was in care, rather it would support the family on an as-needed basis to ensure the family is supported during the early months of restoration. Currently, the PSP case-coordination package for post-permanency provides casework for restoration only for a period of 6 months, as DCJ expects the carers who have adopted or been appointed guardians to have demonstrated they can meet the needs of the child with no casework support.^k

The PSP Evaluation found that 66% of children who were restored to their parents received post-permanency support.³⁹⁸ This suggests that not all families were eligible or able to access the ongoing casework support once their child had been restored to family. We have estimated the cost of post-permanency casework with caseloads ranging from 10-14 for all children on an as-needed basis for a period of 6 months as a standalone payment. This caseload range is similar to home-based care as this would represent a tapering of casework support. The proposed costs are presented in Table C.14.

^k Carers who have adopted or are appointed guardians can also request for continued casework support if required but will only be granted this support on a case-by-case basis.

Table C.14 Post-restoration casework cost per child per 6 months, \$2024-25

Casework loading	Non-government provider	DCJ
Caseload of 14 cases per caseworker	\$4,750	\$5,460
Caseload of 12 cases per caseworker	\$5,610	\$6,460
Caseload of 10 cases per caseworker	\$6,820	\$7,860

Source: IPART analysis.

C.5.3 Legal work for adoption matters

Currently under the PSP, the 'legal adoption package' is a one-off payment to support the legal work undertaken by Accredited Adoption Service Providers (AASPs) for children with a case plan goal of adoption and where an adoption application has been filed with the Supreme Court. In 2023-24, there were 31 'legal adoption packages' paid to AASPs. The legal work undertaken during adoption matters includes:

- Reviewing the casework file and preparing the delegate's affidavit
- Preparing requisitions and advice on key issues in a matter, for example, whether the child is part of a sibling group, the child's medical needs, family contact issues
- Reviewing court documents, such as the proposed adoptive parents' affidavits and referee affidavits
- Reviewing the court report and adoption plan
- Incorporating requisitions responses and preparing the exhibit
- Preparing the summons, matter summary and submissions
- Liaising with the court including filing and arrangements for Court hearings
- Reviewing the affidavit of service if required and updating submissions.

If an adoption matter is contested or likely to be contested, the Crown Solicitors Office (CSO) will act on behalf of DCJ or the AASP in respect of the adoption application. Where an AASP is managing a contested adoption, they can refer the matter to the CSO via the Contested Adoption Fund where DCJ pays the CSO for their services. We have heard that CSO's legal fees for contested matters vary depending on the complexity of the case and could range from \$34,000 to \$120,000 per matter. We have been informed that CSO's legal fees are not included in the legal work adoption costings. Rather, the cost estimates provide for the legal work carried out by DCJ and AASPs (for both contested and non-contested matters).

We have learned from DCJ that the time spent on adoption matters by DCJ solicitors or legal officers varies depending on several factors including:

- Whether the matters are contested or not
- Length of time the child has been in care
- Child or case characteristics, for example, whether they are part of a sibling group, high medical needs, reportable conduct investigations, complexities around family time or differing views on the adoption plan.

We have estimated time spent on adoption matters by DCJ legal officers or solicitors to be 82 hours for non-contested matters and 100 for contested matters. We have inferred that approximately 30% of adoption matters are contested matters, resulting in a weighted average of 87 hours across all adoption matters.^l

We have estimated the hourly cost of Grade IV solicitors or legal officers based on the Crown Award. For solicitors or legal officers employed by non-government providers, we used salary rates provided in their information returns as well as current job listings for solicitors or legal officers. The non-labour costs were sourced from DCJ and provides for office rent, phones and laptops, office supplies and travel costs. As there was no data available on these costs for non-government providers, we have assumed the same level of non-labour costs for solicitors or legal officers employed by non-government providers. The estimated solicitor or legal officer hourly rate for DCJ and non-government providers is presented in Table C.15.

Table C.15 Legal officer or solicitor hourly rate calculation, \$2024-25

Description	DCJ	Non-government providers
Solicitor/legal officer base salary per annum	\$141,208	\$103,264
Salary oncost	27.94%	21.58%
Non-labour cost	\$10,709	\$10,709
Solicitor/Legal officer hourly cost	\$150	\$99

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

Table C.16 presents our estimated efficient cost for legal work for adoption matters for DCJ and non-government providers. The main difference in costs between DCJ and non-government providers is primarily because of the differences in salary rates and the salary oncosts. Similar to the PSP, we propose that these efficient costs be made available to AASPs at the start of the adoption process as per current PSP guidelines.

Generally, adoption proceedings filed with the Supreme Court (other than by an individual) incur a \$3,699 filing fee.³⁹⁹ However, there are circumstances where parties are exempt, in which case only the cost of legal support should be considered.

Table C.16 Cost for legal work for adoption matters per child, \$2024-25

Description	Hours per matter	Non-government provider	DCJ
Average legal officer hours per adoption matter	87	\$8,570	\$13,069
Filing fees ^a		\$3,699	\$3,699
Total legal work costs for adoption matters		\$12,269	\$16,768

a. Where parties are exempt from fees the legal support cost comprises the legal officer hours.

Source: IPART analysis

^l We considered an option whereby experienced paralegals could perform essential support under the supervision of legal officers. However, this did not result in noticeable cost efficiencies. Furthermore, we understand that the current DCJ legal team structure has limited paralegal resources to assist with adoption matters.

C.5.4 Supporting court work during interim orders

Case management may be transferred to non-government providers whilst interim orders are in place or after final orders have been made. Where case management is transferred to a non-government provider whilst interim orders are in place, DCJ and non-government providers hold complementary roles.

DCJ's role includes obtaining, collating and filing evidence required by the court, developing the child's care plan (with support from the non-government provider), responding to administrative directions by the court, responding to interim orders that affect care arrangements and making decisions about arrangements for the child to have family time with their parents, siblings and family/kin.

Non-government providers support DCJ in proceedings and we have heard that DCJ relies heavily on this support and input. Court related support work non-government providers provide includes:⁴⁰⁰

- facilitating contact with a child, carers, parents and family/kin
- preparing and providing evidence including assisting with the preparation of affidavits and compiling annexures
- sharing information, for example, carer assessments and reports about the child
- contributing and collaborating in developing care plans
- attending and preparing for court proceedings, as well as attending dispute resolution processes.⁴⁰¹

We have heard from some stakeholders that there has recently been an increase in the expectation placed on providers to assist with court related support work, which is directly impacting caseworkers' time.⁴⁰² The System Review into out-of-home care found that opaqueness in responsibilities while children and young people were on interim orders, and the resulting lack of collaboration and information sharing contributed to lengthy delays in court proceedings.⁴⁰³ In light of this, the report recommended that DCJ should retain case management for all children until final court orders are made.⁴⁰⁴

We have heard from DCJ that the portion of children who are case managed by a non-government provider prior to final orders being made is quite low, with the majority of the children entering care being placed with relatives or kin members and case managed by DCJ. Should DCJ retain case management for all matters until final orders are made, the court related support work costs proposed in this section should be reviewed, as the role of non-government providers would be different.

Currently, aside from the 'restoration case plan goal package', non-government providers are not specifically funded to provide intensive court related support work whilst interim orders are in place. Aboriginal Legal Service and ACWA have responded to IPART's Draft Report, raising concerns that the report did not adequately address the requirements expected of caseworkers involved in court related support work whilst interim orders are in place.⁴⁰⁵ Aboriginal Legal Service explained that non-government providers collate and prepare documents for DCJ to use in its own case preparation, as well as assisting with responding to subpoena requests. ACWA has provided estimates of time spent by non-government provider caseworkers on court related support work, totalling 51.5 hours per child on entry to out-of-home care. Whilst we received court related support work time estimates for non-government providers from DCJ, we considered the data from ACWA to be more reflective of current practice.

Table C.17 presents the estimated efficient court related support work cost for children entering out-of-home care on interim orders with a non-government provider. We would expect that this payment be made upon entry into care and where interim orders are in force, upon placement with a non-government provider. We applied the non-government provider fully-loaded casework cost to estimate the court related support work cost.

Table C.17 Court related support work cost while interim orders are in place, \$2024-25

Description	Non-government provider	DCJ
Court related support work whilst a child is on interim orders	\$6,690	n/a

Source: IPART analysis.

C.5.5 Children with a CALD background

We have heard from stakeholders that children with a CALD background require additional casework time to account for developing cultural support plans, placement matching for children with carers that may have a similar cultural background and supporting relative/kinship carers who may not speak English navigate services or access information. The NSW Child Safe Standards for Permanent Care (Standard 4: Identity) requires children to maintain a meaningful connection with community, culture, language and identity.

Non-government providers reported an additional 50% of caseworker time needed for CALD children relative to a standard home-based care case, however there may be overlapping factors contributing to additional time. DCJ's internal analysis found that a child with a CALD background in out-of-home care required 22% additional casework time compared to non-CALD cases, however when other factors were controlled for, the analysis found that the casework time was no different from other children. Furthermore, the study found at a task level that developing out-of-home care case plans and providing support to carers took longer for CALD children.

Currently, the PSP provides a CALD specialist package of \$1,754 in 2024-25 paid once off when a child enters care to support culturally appropriate recruitment and training, rather than additional casework time.

We have also considered the definition of CALD and whether all children with a CALD background and their carers would require additional casework support. For example, a child may have a CALD background but may not require interpreter services. Another example is where a carer may be from a CALD background but may not need additional casework support around accessing and navigating services compared to a non-CALD carer. A DCJ study found carers reported that a quarter to a third of children with a CALD background did not really identify with their cultural background.⁴⁰⁶ In addition, many children with a CALD background had little exposure to their cultural language, history or cultural and religious practices.

To support caseworkers in preparing an appropriate cultural care plan and case management tailored to children with a CALD background, we considered the role of a cultural support worker. Currently, DCJ's multicultural caseworkers support other caseworkers to be culturally aware, responsive and respectful, build cultural knowledge to assist carers and identify culturally appropriate networks and services for the child and carer.⁴⁰⁷ Our analysis found that on average, a multicultural caseworker would support roughly 89 children, equivalent to 13 hours per child per year.

We received information from Creating Links on estimated time spent on developing cultural care plans (between 10 to 20 hours per child) and annual review of these plans (between 3 to 6 hours).⁴⁰⁸ Settlement Services International queried whether we had considered when a child experienced a placement change and was potentially requiring a new cultural care plan.⁴⁰⁹ We reviewed the data available to us and found that our proposed assumption of 13 hours per child per year is higher than the estimated hours received from Creating Links. Even if we considered developing a cultural care plan every 5 years (as a scenario only) due to placement changes, 13 hours per child per year would be sufficient on average.

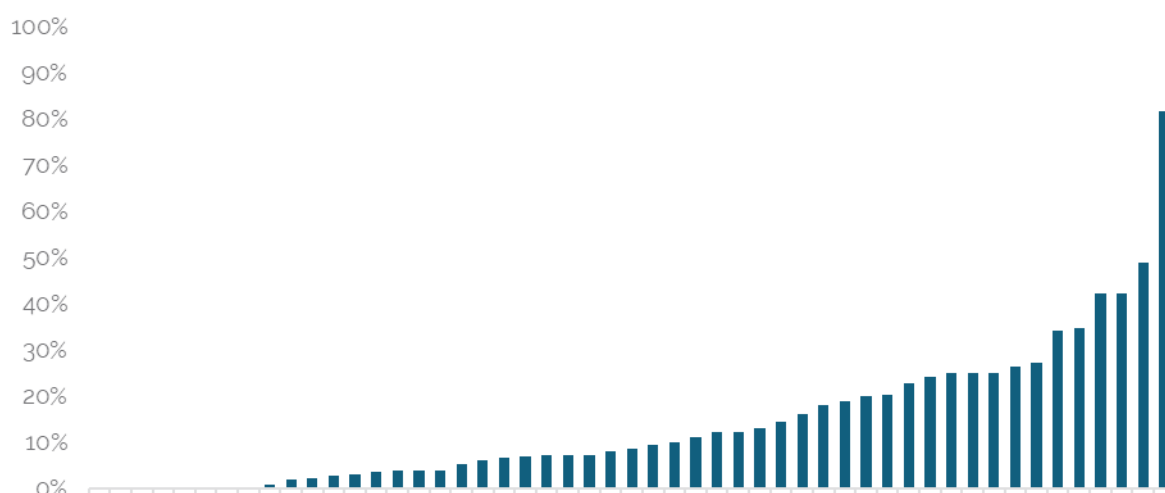
We acknowledge that providers who specialise in the care of children with specific characteristics are likely to need additional resources on an adhoc basis, for example translation services when meeting families, or transport services to take children and their carers to medical appointments. ACWA and Settlement Services International have flagged the need to provide an upfront cultural maintenance payment for children with a CALD background.⁴¹⁰ This will cover expenses related to:

- travel costs to visit family and relatives
- traditional clothing for cultural festivals
- cultural books and materials
- cultural food, events and activities.

ACWA proposed an annual payment of \$500 per child. We have also reviewed similar category of payments for children case managed by DCJ to maintain their identity and culture and found that the average spend was \$184 per child per year in 2023-24. We propose an average of the two amounts of \$350 annual payment per child to support the implementation of cultural care plans.

Our analysis showed that children with a CALD background represent 17% of the total out-of-home care population in 2024. We found that children with a CALD background were relatively evenly distributed across non-government providers, except for one provider who specialises in the care of children with a CALD background. This is presented in Figure C.7 below.

Figure C.7 Proportion of CALD children by provider, 30 June 2024



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

Table C.18 presents the cost of a cultural worker to support caseworkers in providing appropriate casework support for children with a CALD background and should be available to all children with a CALD background on a per child per year basis. We note that in the Draft Report we had applied only a casework salary to estimate the efficient casework cost. However, an allocation of the casework manager and casework support salaries should also be included for consistency and to recognise that multicultural caseworkers also need the supervision and support when providing advice to out-of-home care caseworkers. The estimated efficient cultural worker cost assumes they would support 89 children per year (or 13 hours per child per year), on average. In addition, we propose an efficient cost to support the cultural maintenance and implementation of the cultural care plan of \$350 per child per year.

Table C.18 Annual cost of cultural workers and cultural maintenance for children with a CALD background, \$2024-25

Description	Non-government provider	DCJ
Cultural worker for children with a CALD background	\$1,630	\$1,880
Cultural maintenance and implementation of cultural care plan	\$350	\$350
Total cost of cultural workers and cultural maintenance	\$1,980	\$2,230

Source: IPART analysis.

C.5.6 Young people aged 15 years and over

Currently, the PSP offers a Leaving Care and 15+ Years Old Reconnect package to support young people aged 15 years and older in out-of-home care. The PSP pricing underpinning the Leaving Care package provides for an additional 7.6 casework hours to support developing a leaving care plan as well as brokerage and the cost of a life skills program.

The PSP pricing for the 15+ Reconnect includes an additional 37 casework hours to organise, prepare and attend birth family contact or contact with another significant person to ensure the young person develops and maintains relationships as they prepare to leave care.

To ensure that they receive the necessary assistance, all children aged 15 years and above and who remain in the parental responsibility of the Minister require a leaving care plan. Given that independent living providers are most likely caring for children aged 15 years and over, we propose that the leaving care casework be included in the independent living and independent living with therapeutic support casework cost. For children in home-based care, a caseworker is likely to have a mix of children of different ages, and we would expect that they are included in the base caseload of 12 children per caseworker.

Currently, the PSP provides for additional support for young people aged 15 years and older to reconnect with family and/or significant others where they have had limited connection to family while in out-of-home care. The additional time for reconnecting with family is 37 hours which is on top of our efficient estimate of 28 hours of family time for all children with a long-term care case plan goal. We are of the view that the 28 hours of family time is adequate to support a young person leaving care, particularly if the hours had previously not been used assuming they had limited connection to family while in care. For this reason we have not included an additional cost of reconnecting with family for young people aged 15 years and over.

Table C.19 below presents the casework cost for leaving care based on caseworker costs plus an allocation of management and support staff.

Table C.19 Annual costs per child for leaving care, \$2024-25

Description	Non-government provider	DCJ
Leaving care	\$987	\$1,228

Source: IPART analysis.

We have received feedback on the Draft Report that aftercare for 18-25 year olds has been overlooked.⁴¹¹ We acknowledge that we have not costed aftercare as it is out of scope of the review.

C.5.7 Children located interstate

Interstate cases refer to children who have a NSW care order but are located interstate. Typically, the provider with case management will work towards transferring their case judicially to another state where the child and their family members are located. We have heard that caseworkers supporting children located interstate will still need to conduct home visits as well as other casework requirements to ensure the child's safety and wellbeing. This usually involves lengthy travel periods (for example, from NSW to Queensland or Western Australia). DCJ's internal analysis shows that cases located interstate require an additional 53% of casework time compared to a base case.

Our analysis showed that 2% of children in out-of-home care are located interstate. We have also found that the distribution of children located interstate is relatively even, with the exception of one provider who specialises in caring for children near the NSW and Victorian border. This is presented in Figure C.8 below.

Figure C.8 Proportion of children living interstate by provider, 30 June 2024



Note: The provider with 24% of children in their care living interstate provides care close to the New South Wales border.

Source: IPART analysis, DCJ out-of-home care population data 30 June 2024.

Given the small number of children and low proportions of children located interstate at a provider level, we propose that estimating an additional cost for interstate cases is not warranted.

C.5.8 Disability

Children with a disability 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. We heard from ACWA that additional casework support for children with a disability includes:

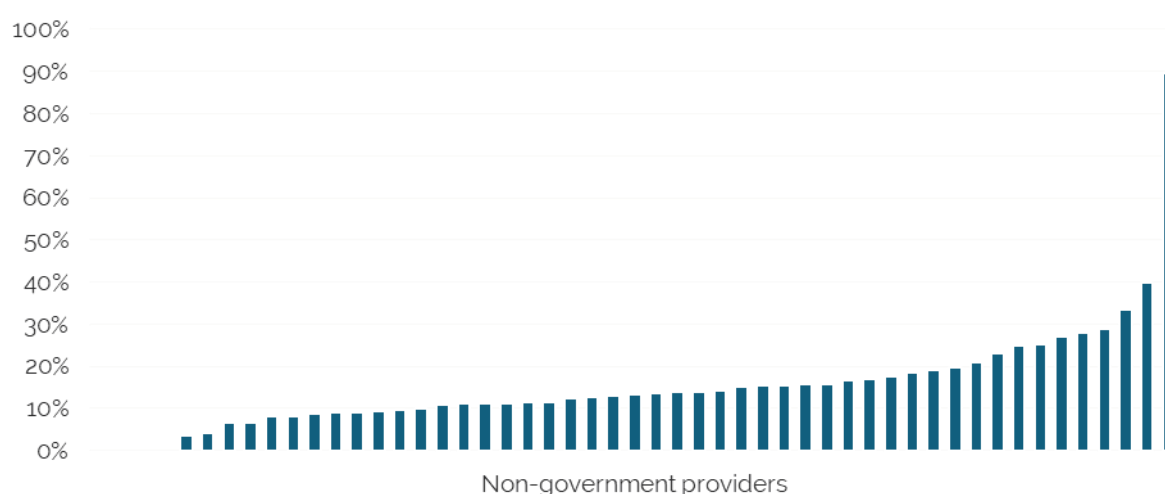
- developing and implementing behaviour support plans
- targeted carer support and training
- additional respite for carers to avoid burnout
- engaging health specialists to complete assessments (such as speech pathology and occupational therapy)
- working with NSW Department of Education staff to support the development of school behaviour support plans
- attending specialist appointments with carers
- approval, implementation and monitoring of regulated restricted practices.⁴¹²

DCJ's internal analysis has found that caseworkers spend an additional 37% more time relative to a base case with no identified complexity factors. Non-government providers have also reported an additional 75% of casework time is needed to care for children with a disability compared to a base case.

Our analysis of 2023-24 data showed that 18% of children in out-of-home care have a disability. The distribution of children with a disability appears to be relatively even across providers, suggesting that there is a mix of children with varying needs requiring different levels of casework support. This is embedded in the home-based care base caseload of 12. There is an exception where one provider has a disproportionately higher number of children with a disability, and they specialise in the delivery of ITC-SD placements. We have seen that providers who care for a relatively higher proportion of children with a disability compared to the average specialise in the delivery of NDIS and disability services or are a residential care provider.

The distribution of children with a disability across providers is presented in Figure C.9 below.

Figure C.9 Proportion of children with a disability by provider 30 June 2024



Source: IPART analysis, DCJ out-of-home care population data 30 June 2024

ACWA and Absec have expressed their concern that children with a disability do not only reside in residential care but also in home-based care. For example, one ACCO cares for 37 Aboriginal children in home-based care where 15 of these children have a disability.⁴¹³ ACWA noted there is a non-ACCO who cares for 105 children in home-based care of which 53 children have a disability.⁴¹⁴ Our review of the data available to us shows that at 30 June 2024, 16% of children in home-based care had a disability and 49% of children in residential care had a disability. Table C.20 below presents the number of children with a disability by placement type.

Table C.20 Number of children with a disability in out-of-home care by placement type, as at 30 June 2024

Placement type	Number of children with a disability	Total number of children	% of children with a disability
Home-based care	2,033	12,881	16%
Independent living	35	202	17%
Residential care	439	904	49%
Total	2,507	13,987	18%

Source: IPART analysis of data from Department of Communities and Justice.

Furthermore, we found that for providers with greater than 25% of children with a disability in their care, they had an equivalent or greater proportion of children in residential care. Although there is a greater number of children in home-based care with a disability, there is a smaller proportion overall of the total home-based care cohort. Additionally, the distribution of children with a disability was relatively even amongst non-government providers and we assume that the proposed caseload for home-based care factors in a case mix of varying levels of need.

Our view is that the providers who care for a higher proportion of children with a disability are typically providing residential care placements. The higher caseload for residential care (6 cases per caseworker) embeds the additional casework support needed for children with a disability. Therefore, our position is that an additional casework cost for children with a disability is not required. We also acknowledge there may be data discrepancies around recording of diagnosed disabilities and recommend that DCJ work with providers to ensure this is up to date and reflects the needs of the child.

C.5.9 Siblings

DCJ's internal analysis found that there are no economies of scale or ability to perform 'bulk' casework specifically for out-of-home care cases. This is because children will require separate care and case plans and may also be in different placements which requires separate coordination. Currently the PSP provides a specialist package for 4+ sibling option that provides for ongoing infrastructure costs to establish placements for 4+ siblings (\$25,099 per annum, FY25\$).

In 2022-23, there were 150 children case managed by non-government providers who received a 4+ sibling option package. On average, most home-based care providers see only 1% of children in their care access the 4+ sibling option package.

As we do not have reliable out-of-home care population data on sibling groups or additional casework time required, we cannot draw conclusions on whether additional casework time is needed for sibling groups.

C.5.10 Regionality

DCJ's internal analysis has shown that casework does not necessarily take longer in regional areas compared to metro locations. The study found that there were several desktop casework activities that took less time in regional areas relative to staff working in metro areas. This could be due to a range of factors, such as consultations and referral type activities that were conducted over the phone rather than in person given the distance in regional locations. At a case level, the analysis found that case time was 29% lower in regional and remote areas. This could be due to practice differences and more use of technology.

Non-government providers have reported that cases in regional areas require an additional 75% casework time compared to a base case.

Given the contradicting evidence for additional casework time required for regional locations, we do not propose to estimate an additional cost based on casework activity time by regionality at this stage.

C.5.11 Intensive foster care

Intensive carer models refer to home-based placements for children requiring more support than a traditional foster or relative/kinship placement. Currently there are several models of this nature. The bespoke nature of intensive carer models means it is difficult to identify an efficient caseload. For this reason we have not estimated an efficient caseload for intensive foster care.

Generally, the caseloads for intensive carer models appear to be based on the expected CAT score and are currently similar to that of residential care, although they vary based on the specific program. Given the small number of children in these placement types and the bespoke nature of these carer models, we have not identified an efficient caseload for intensive carer models.

We have heard from non-government providers and DCJ that there is a gap in the system between home-based care and residential care which was traditionally covered by intensive foster care. Currently this has been addressed through various payments such as the additional carer support package for children case managed by non-government providers or the Individualised Care Allowance for DCJ case-managed children. There was no further information on the additional casework hours underpinning the additional carer support package. The Individualised Care Allowance is determined on a case-by-case basis and reflects the higher costs associated with meeting the day-to-day needs of caring for the child such as transport, housing, health, insurance, etc.

During 2022-23 there were 727 children who required an additional carer package. This represents about 7% of children receiving PSP packages during the year. In 2024 there were 15 children who received Individualised Care Allowances.

Box C.2 Current caseloads for intensive foster care

Therapeutic Home-Based Care

THBC is a service model under the PSP that provides a 'step-down' from residential care models. It is targeted for children aged over 12 years old with high needs (CAT 5 or 6) who can be safely cared for in a home-based environment. These are one-on-one placements (one carer to one child) in the carer's home or a residence maintained by the service provider. Caseworkers supporting children in THBC are expected to have a caseload of 6 cases. In 2023-24, there were 24 children in THBC.

Professional Individualised Care

PIC is a placement type similar to THBC with a professional carer that has the necessary experience and capability to support a high needs child full-time. PIC has a focus on relational-based care. We have heard from PIC that the caseload is approximately 5 cases per caseworker. In 2023-24, there were 29 children in PIC.

Box C.2 Current caseloads for intensive foster care

Treatment Foster Care Oregon

TFCO is a specialised foster carer program with carers who support children full-time. The placement is expected to be for 6-12 months. TFCO carers are supported by the clinical care team including a family therapist, a skills trainer and carers are involved in daily care team meetings to review and adjust the child's individualised treatment plans. There was no information available on caseload. In 2023-24, there were 14 children in TFCO.

Intensive foster care (pre-PSP) and additional carer support package

Intensive foster care was a placement type that was previously offered by non-government providers prior to PSP for children with medium needs (CAT 4). The funding for intensive foster care assumed a caseload of between 7.5 and 8 cases per caseworker.

Source: IPART analysis

C.6 Summary of efficient casework costs

The estimated efficient 'base' caseloads presented above have been adjusted to account for the Aboriginal casework loading. This is because the 'base' caseload factors in the current mix of children, which reflects a proportion of Aboriginal children. Therefore, we have 're-based' the caseload for each placement type to adjust for the additional casework cost for Aboriginal children. This is presented in Table C.21.

Table C.21 Base and adjusted efficient caseloads

Placement type	'Base' efficient caseloads	Adjusted efficient caseloads
Home-based care	12	12.9
Residential care	6	6.3
Independent living	12	13.3
Intensive independent living	8	8.6
Emergency arrangements	Same as previous placement, or 12 if entering care	Same as previous placement, or 12.9 if entering care
Not-in-placement	6	6.3

Source: IPART analysis.

Appendix D »

Administrative costs and corporate overheads

Additional analysis to Chapter 6 on
administration and corporate overhead costs



D.1 Scope for efficiency in administration and corporate overheads

Recently, there have been several reviews on the out-of-home care system that found some aspects of the system contribute to unintended administrative burdens.⁴¹⁵

The System Review into out-of-home care report stated the reporting requirements to the Department of Communities and Justice (DCJ) and regulatory bodies such as the Office of the Children's Guardian (OCG) have been described by some non-government providers as cumbersome, onerous and a 'tick-the-box' compliance exercise.⁴¹⁶ While the reporting requirements focus on complying with the NSW Child Safe Standards for Permanent Care, the service quality aspect is often overlooked. Furthermore, non-government providers have had to supply the same information to DCJ and the OCG resulting in duplicative efforts.⁴¹⁷

We have heard from the Association of Children's Welfare Agencies (ACWA) that non-government providers have experienced increased data administration as there is no single data system for children in out-of-home care and is estimated to cost an extra \$1,500 per child.⁴¹⁸ Non-government providers have their own internal operating systems and are required to also share data with DCJ via ChildStory Partner. This results in data inefficiencies and information gaps.⁴¹⁹

One of the findings in the System Review into out-of-home care was the inconsistencies in decision-making and practices across DCJ districts.⁴²⁰ The report describes a non-government provider who operates across multiple districts having to accommodate different requirements set out by the DCJ districts to deliver the same out-of-home care service. We have also heard from providers that contract management, particularly PSP payments reconciliation, is a lengthy process impacting cashflow. The implementation of DCJ's contract requirements and the contract management process is not transparent, adding to a lack of accountability and unclear performance expectations of non-government providers.⁴²¹

Table D.1 below shows the reported average and range of administrative cost per child per year by placement type for non-government providers.

Table D.1 Non-government providers' reported average administrative cost per child per year by placement type, \$2022-23

Placement type	Reported average admin cost per child per year	Range of admin cost per child per year
Foster care	\$14,650	\$4,400 - \$38,500
Residential care	\$43,171	\$25,000 to \$123,000
Independent living	\$25,029	\$3,000 to \$47,000
Emergency arrangements	\$59,386	\$13,000 to \$64,000

Source: IPART analysis of data provided by non-government providers.

D.2 The avoided cost approach has been applied to allocate shared costs within DCJ

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*⁴²² and *Cost Allocation and Pricing*⁴²³. 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 out-of-home care teams). However executive staff costs would remain fixed if out-of-home care services did not exist and so would not be included in avoidable cost.

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

A challenge with applying the fully distributed cost approach is the treatment of government functions. Given DCJ's role in out-of-home care spans across strategy and policy, commissioning and planning, and provider of out-of-home care, a delineation needs to be made between costs attributable to the provision of out-of-home care 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 overestimate DCJ's out-of-home care 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 out-of-home care 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 out-of-home care 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 Commission⁴²⁴, for costing in-house bids for competitive tendering.⁴²⁵ This is relevant to out-of-home care services as \$1.1 billion (60%) of total out-of-home care budget of \$1.9 billion for \$2022-23 are provided by non-government providers.⁴²⁶ For non-government providers that only provide out-of-home care 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 D.1 outlines how we have defined direct and indirect costs.

Box D.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 oncosts) 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.

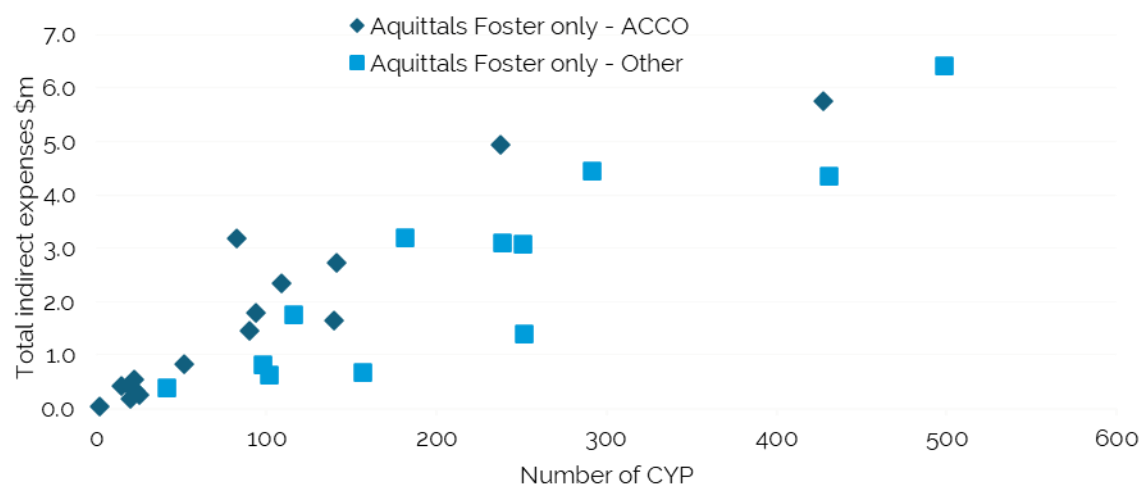
D.3 Organisation size influences the level of administrative costs

There are around 30 providers who deliver only home-based care, making statistical analysis for home-based care simpler than for other types of care.^a Because the nature of each type of care differs significantly, the reported indirect costs for different types of care vary widely and we have had to make more assumptions and apply more judgment to develop estimates for non-home-based care.

Using the acquittals data (for the providers of home-based care only) we reviewed estimates of total indirect expenses for providers by provider size. The scatter plots below show what the acquittals data looks like. From this data, we found that the total costs clearly vary by size of organisation and the data does not appear to support the existence of a minimum or fixed cost (a fixed cost component would suggest that there may be a minimal viable size for providers and would affect how we structured the efficient cost). Figure D.1 shows the reported administrative and overhead costs by provider size.

^a For other types of care there are smaller numbers of providers and those providers tend to do a mix of different types of care (for example, a mix of Supported Independent Living, Residential Care and Emergency arrangements).

Figure D.1 Indirect expenses total - home-based care acquittals by organisation size, \$2022-23 millions



We also reviewed all the acquittals data where it included detailed breakdown of costs by category and DCJ's own data by cost category, and considered whether or not this supported the findings from the acquittals. We found that costs in all categories vary significantly by provider size. Based on this analysis we decided that a \$ per child or % of costs approach would be superior to a min-cost (fixed) and variable structure.

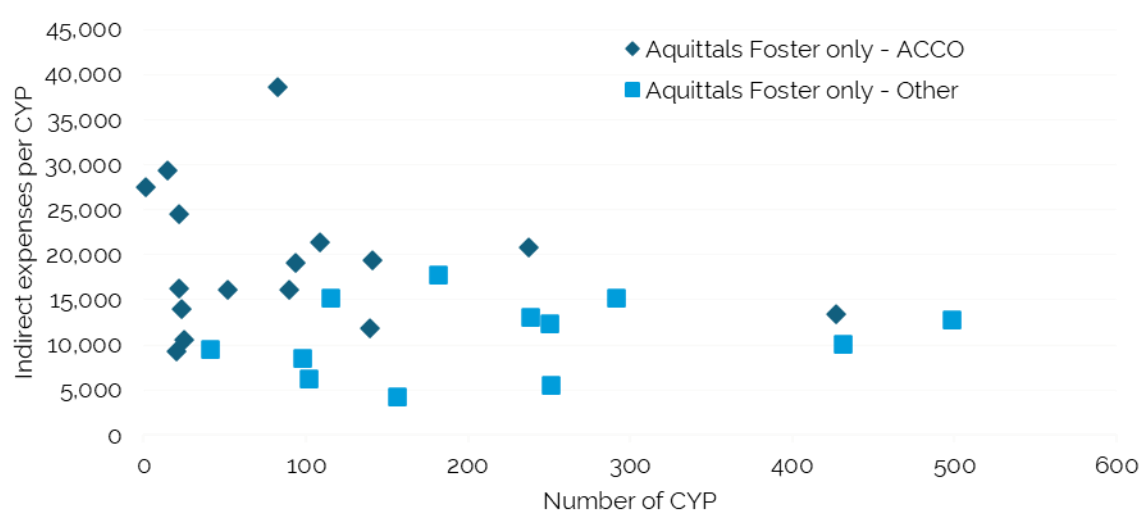
We examined costs per child by provider. The data was not sufficient to allow us to do this by different levels of child need, but we did separately identify ACCOs and non-ACCOs in the analysis. We looked at a range of different organisational attributes in addition to size, including location, but did not find any material differences in these categories. We also reviewed data provided directly to us in information returns from providers. Table D.2 contains a high level summary of the data.

Table D.2 Reported indirect costs for home-based care only (all data), \$2022-23

Type	Number of providers	Q1	Median	Q3	Admin % of total costs (median)
Acquittals data					
- Non-ACCO	12	7,993	11,256	13,644	17%
- ACCO	16	13,876	17,679	22,187	24%
Information returns					
- Non-ACCO	14	8,063	13,432	15,030	17%
- ACCO	5	13,769	31,797	50,622	20%

Figure D.2 below shows a scatter plot of the acquittals data per child by organisation size. For small organisations, particularly ACCOs, we consider that some of the high per child costs shown may reflect costs incurred in advance of anticipated transitions. We also noted where costs were particularly low and consider that some of these estimates may be driven by cost allocation decisions (for example, we are aware that at least one provider has not captured staff costs in their acquittals estimate).

Figure D.2 Indirect expenses per child - home-based care acquittals by organisation size, \$2022-23



We did similar analysis for other types of care noting that we had fewer providers and those providers tended to provide multiple care types.

Examining the nature of the costs included, we consider that most are unlikely to directly vary with the number of children (see Table D.3). For example, an additional 10-20 children in care may not necessarily increase accounting fees or office rent. However, we note that for those 'fixed' costs, most would be expected to increase as the size and scope of the activities undertaken materially increase. We have reviewed actual costs and found that this is the case.

Table D.3 Examples of fixed and variable costs

Fixed expenses	Variable expenses
• Accounting and audit fees	• Computer, telephone, IT expenses
• Advertising and promotion	• Motor vehicles
• Consultancy and contractor expenses ^b	
• Depreciation	
• Office rent and other property outgoings	
• Utilities, rates, taxes	

^b Without further details on what kind of consultancy or contractor expenses these relate to, we assume that majority of consultancy and contractor costs refer to head office consultancy services as subcontracting expenses would be captured in client costs.

We estimated the 'fixed' administrative cost for small and large providers by taking the median actual dollar value of expenses classified as fixed.^c Next, we calculated the variable administrative costs per child by taking the total variable cost and dividing through by the number of children for each type of provider.

Our analysis showed that the costs we considered most likely to be fixed administrative costs actually vary by organisation size and are therefore not purely fixed. Expressed differently, administrative costs are driven by the size of the organisation or the number of children cared for by an organisation. Table D.4 below presents the results of our analysis.

Table D.4 Summary of fixed and variable administrative costs by provider size, 2022-23

Provider size	Fixed administrative cost per organisation	Fixed administrative cost per child	Variable administrative cost per child
Small, home-based care non-government providers	\$565,300	\$16,400	\$2,100
Large, home-based care all non-government providers	\$2,835,300	\$12,300	\$1,300

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

We propose to use a dollar per child approach to set the cost benchmark for administrative costs. Setting the administrative cost at a dollar per child accounts for the size of the organisation and overcomes the challenge of applying a flat percentage rate across all placement types to estimate administrative costs.

D.4 Description of additional costs to ACCOs

We have identified a breadth of evidence that ACCOs have additional functions which translate to additional costs compared to non-ACCO non-government providers, based on DCJ requirements as well as our consultation.⁴²⁷ While each ACCO takes a unique and place-based approach, we have identified some generalisable categories of these additional costs that apply. These categories may not relate to the individual circumstance of each ACCO.

D.4.1 Community work and cultural advocacy

ACCOs work closely in their community to provide education and programs. In the current PSP service requirements, this is described as:

- community education, for example attending training around health and wellbeing and training local carers on Aboriginal matters
- community programs and connections such as NAIDOC, Sorry Day, and other community relationship building

^c Small providers have less than 100 children in their care, and providers caring for 100 or more children are considered large.

- community level family work which is preventative work with families such as providing advice, running skills workshops, counselling services.⁴²⁸

ACCOs have reported working closely with families navigating the child protection system, acting as an informal advocate and making them aware of their rights in the system.⁴²⁹ Many ACCOs that we consulted reported that this wider community consultation work goes under- or unfunded.⁴³⁰

Similarly, ACCOs also often offer as-needed support to community members and families needing help to navigate the child protection system. This is particularly important because of a significant amount of mistrust between Aboriginal families and DCJ, primarily caused by intergenerational trauma.⁴³¹ ACCOs' work with families can sometimes be in the form of 24/7 support, which can create cost burdens as well as impacts on staff welfare.

D.4.2 Cultural consultation

ACCOs have described the policy and practice consultation they provide to DCJ and non-ACCO non-government providers. In its submission to our Consultation Paper, AbSec refers to ACCOs carrying cultural and committee load, for example through providing policy and program advice to DCJ and other government entities.⁴³² Similarly, ACCOs may provide cultural consultation to non-ACCOs working with Aboriginal families.

D.4.3 Staffing

While it is not a requirement, many ACCOs have a mostly Aboriginal workforce. This is because Aboriginal staff are often members of the local community in which they work, meaning they are closely in touch with the local culture. While having a mostly Aboriginal workforce is valuable for ACCOs, it also creates issues such as:

- having a smaller pool of people to hire, making recruitment more challenging
- Aboriginal support staff being prone to cultural burnout due to demands from community, and exposure to trauma and racism.⁴³³

Overall, ACCOs have suggested to us that these issues could lead to staff burnout and higher turnover if not adequately managed.⁴³⁴ While the ways in which we have seen ACCOs address this differ, there is a range of literature that identifies common themes such as feeling culturally safe, supervision/mentorship, development and adequate recognition.⁴³⁵ Addressing these challenges with staff may come at an additional cost compared to non-ACCOs.

Some ACCOs told us that they recruit staff who may not have all the required experience to work as a caseworker straight away, and then provide them with mentorship or training to work their way up to a more experienced role.⁴³⁶

When ACCOs hire non-Aboriginal staff, they may need to invest in additional training and supervision to support these people to deliver culturally safe care.⁴³⁷

D.5 Location did not impact on administrative costs

Anecdotally, location may influence certain administrative and corporate overheads. For example, office rent might be lower in certain regional areas compared to urban or city locations, or motor vehicle expenses may be higher in regional areas. However given the lack of granularity in financial statements, it is challenging to identify which expenses typically vary based on location.

Additionally, we have seen that most ACCOs are classified as non-metro and incur higher administrative costs compared to foster care only non-ACCOs. We have found that it is likely that the characteristic of the agency, rather than the location impacts on the level of administrative and corporate overheads.

D.6 Analysis of administrative costs of residential care providers

Further to our analysis in the Draft Report, we conducted further investigation of the information returns submitted to IPART by non-government providers due to the large variance in reported administrative costs. We examined the allocation of administrative costs by placement type, particularly for large providers who offer more than one type of placement and we found that there is likely to be an over-allocation of administrative expenses to residential care. This is because the average administrative cost for other placement types don't appear to be reasonable. For example, for one provider their reported home-based care administrative costs were \$2,300 per child per year, which is nominal compared to their reported residential care administrative costs of \$113,000 per child per year. As our Draft Analysis used this data source, it artificially inflated the administrative costs for residential care.

Using the data supplied in the information returns, we estimated what the average administrative cost for residential care would be for these large non-government providers, holding constant the administrative cost for home-based care and other placement types. We found that the average administrative cost for residential care ranged from \$73,700 to \$84,900 per child per year. This suggests that our estimated efficient administrative cost for residential care falls within this range.

The administrative cost for residential care factors in the existing vacancy cost at the time. This is because our estimated average residential care administrative cost took the administrative cost and divided through by the number of children in residential care. Therefore, the cost should be applied on a cost per child basis which will sufficiently cover administrative expenses assuming occupancy rates remain at similar levels.

D.7 How do actual administrative costs of non-government providers compare with the funded amount in the PSP?

We examined the observed average administrative costs of non-government providers and compared this with the PSP administrative cost assumptions. As shown in Table D.5 below, we found that typically, the observed administrative costs were higher than the anticipated amount of administrative costs embedded in the PSP funding.

Table D.5 PSP administrative costs pricing assumptions, per child per year, \$2022-23

Placement type	Observed average admin cost	PSP pricing admin cost	PSP pricing admin as a proportion of total placement cost
Home-based care only	\$14,650	\$6,200	8.7%
Residential care	\$43,171	\$35,700 - \$59,700	10%
Independent living	\$25,029	\$9,200 - \$14,400	10%

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

While there's no transparency on the types of overhead costs the PSP pricing assumptions anticipated to cover, it is materially lower than observed expenditure on administration and corporate overheads by non-government providers. We found that the PSP pricing assumption for administrative costs may have provisioned for group overheads only, suggesting it was missing other indirect contract administration costs such as insurance, legal, office rent, etc.

We heard from stakeholders that our proposed administrative costs in our Draft Report would not be adequate to provide quality services that meet accreditation standards.⁴³⁸ Our estimated efficient administrative costs are higher than the current PSP pricing administrative costs, therefore, we are of the view that the administrative costs are sufficient to fund the necessary administrative functions to continue delivering quality out-of-home care services.

Appendix E

Detailed benchmarks

Detailed benchmark cost tables including each cost item that is relevant to each placement type

E

This Appendix provides a summary of each individual cost item relevant to all placement types. This information is designed to assist the Department of Communities and Justice (DCJ) in escalating different cost items over time and in combining different elements for pricing new or amended program requirements.

E.1 Home-based care

Table E.1 Detailed benchmark costs to government for children in home-based care with a non-government provider or DCJ, \$2024-25

Recurring costs	Annual amount	Incurred for
Administration – non-government provider	\$11,920	Each child with an NGO/ACCO
Administration – DCJ	\$15,360	Each child with DCJ
Administration – non-government provider – placement only	\$5,080	Each child with an NGO/ACCO without casework (placement only)
Casework		
One of the following:		
• non-government provider caseload of 14	\$14,310	Each child with an NGO/ACCO
• non-government provider caseload of 12	\$16,030	Each child with an NGO/ACCO
• non-government provider caseload of 10	\$18,440	Each child with an NGO/ACCO
• DCJ caseload of 14	\$15,450	Each child with DCJ
• DCJ caseload of 12	\$17,450	Each child with DCJ
• DCJ caseload of 10	\$20,240	Each child with DCJ
Carer training	\$1,800	Each child
Standard care allowance	Age based:	Each child
One of the following:		
• per age 0-4	\$18,200	
• per age 5-13	\$20,570	
• per age 14-17	\$28,910	
Standard Care + 1 allowance	50% loading on top of standard care allowance	Each child categorised as standard care + 1 needs
Standard Care + 2 allowance	100% loading on top of standard care allowance	Each child categorised as standard care + 2 needs
Respite care	24 days of relevant care allowance	Each child
One of the following:		
• per age 0-4	\$1,200	
• per age 5-13	\$1,350	
• per age 14-17	\$1,900	
Estimated medical expenses and family time:		Each child
One of the following:		
• Standard care	\$8,190	
• Standard care +1	\$14,680	

Recurring costs	Annual amount	Incurred for
• Standard care +2	\$40,910	
ACCO organisation costs	\$6,800	Each child with an ACCO
Secondary casework	\$1,800	Each child with an NGO/ACCO
Contract administration	\$3,280	Each child with an NGO/ACCO
Based on the needs of the child, recurring costs may also include	Annual amount	Incurred for
Additional Aboriginal cultural support – non-government provider	\$6,750	Each Aboriginal child with an NGO/ACCO
Additional Aboriginal cultural support – DCJ	\$7,410	Each Aboriginal child with DCJ
Additional casework for CALD support – non-government provider	\$1,980	Each child with a CALD background with an NGO/ACCO
Additional casework for CALD support – DCJ	\$2,230	Each child with a CALD background with DCJ
Additional casework and other costs for restoration and permanency – non-government provider	\$17,120	Each child with a current permanency goal with an NGO/ACCO ^a
Additional casework and other costs for restoration and permanency – DCJ	\$19,080	Each child with a current permanency goal with DCJ ^a
One-off costs	Per event	Incurred for
Casework post restoration		
One of the following:		
• non-government provider caseload of 14	\$4,750	Each child with an NGO/ACCO on achievement of restoration/permanency
• non-government provider caseload of 12	\$5,610	Each child with an NGO/ACCO on achievement of restoration/permanency
• non-government provider caseload of 10	\$6,820	Each child with an NGO/ACCO on achievement of restoration/permanency
• DCJ caseload of 14	\$5,460	Each child with DCJ on achievement of restoration/permanency
• DCJ caseload of 12	\$6,460	Each child with DCJ on achievement of restoration/permanency
• DCJ caseload of 10	\$7,860	Each child with DCJ on achievement of restoration/permanency
Legal work for adoption matters – non-government provider	\$8,570 (plus filing fee if applicable)	Each child with an NGO/ACCO on commencing the adoption process
Legal work for adoption matters – DCJ	\$13,070 (plus filing fee if applicable)	Each child with DCJ on commencing the adoption process
Court related support work cost whilst a child is on interim orders – non-government provider	\$6,690	Each child with an NGO/ACCO on interim orders
Carer costs incurred for new placement	Up to \$1,500	Each child when carer first takes on care of a child
Aboriginal genealogy and family finding	\$6,690	Each Aboriginal child when they first come into care
Recruitment and assessment of carers	\$23,440	Each newly recruited and assessed carer
Transition cost incurred by ACCOs		
One of the following:		

• Casework and administration – caseload of 14	\$8,930	Each child on initiation of placement transfer to an ACCO
• Casework and administration – caseload of 12	\$9,370	Each child on initiation of placement transfer to an ACCO
• Casework and administration – caseload of 10	\$9,970	Each child on initiation of placement transfer to an ACCO
Carer assessment and training	\$6,750	Per carer household on initiation of a placement transfer to an ACCO

a. Permanency goal typically in place for 2 years (may be extended with DCJ approval)

E.2 Residential care and group emergency arrangements

Table E.2 Detailed benchmark costs to government for children in residential care and group emergency arrangements with a non-government provider or DCJ, \$2024-25

Recurring costs	Annual amount	Incurred for
Administration – non-government provider	\$75,810	Each child with an NGO/ACCO
Administration – DCJ	\$75,810	Each child with DCJ
Casework residential care		
One of the following:		
• non-government provider – caseload of 8	\$21,850	Each child with an NGO/ACCO
• non-government provider – caseload of 6	\$27,880	Each child with an NGO/ACCO
• non-government provider – caseload of 4	\$39,950	Each child with an NGO/ACCO
• DCJ – caseload of 8	\$24,160	Each child with DCJ
• DCJ – caseload of 6	\$31,150	Each child with DCJ
• DCJ – caseload of 4	\$45,120	Each child with DCJ
Casework group emergency arrangements		
One of the following:		
• non-government provider – caseload of 14	\$14,310	Each child with an NGO/ACCO
• non-government provider – caseload of 12	\$16,030	Each child with an NGO/ACCO
• non-government provider – caseload of 10	\$18,440	Each child with an NGO/ACCO
• DCJ – caseload of 14	\$15,450	Each child with DCJ
• DCJ – caseload of 12	\$17,450	Each child with DCJ
• DCJ – caseload of 10	\$20,240	Each child with DCJ
Day-to-day living expenses	\$14,980	Each child
Estimated Medical expenses and family time	\$14,680	Each child
Therapeutic specialist per child – non-government provider	\$11,690	Each child in residential care with an NGO/ACCO
Therapeutic specialist per child – DCJ	\$14,340	Each child in residential care with DCJ
Vehicle cost per child	\$2,750	Each child
ACCO organisation costs	\$6,800	Each child with an ACCO
Secondary casework ^a	\$1,800	Each child with an NGO/ACCO
Contract administration ^a	\$3,280	Each child with an NGO/ACCO
Day shift – permanent employment	\$513,460	Each shift per house
Active night shift – permanent employment	\$268,610	Each shift per house

Recurring costs	Annual amount	Incurred for
Sleepover shift – permanent employment	\$52,070	Each shift per house
On call shift - permanent employment	\$14,030	Each shift per house
Day shift – casual employment	\$543,830	Each shift per house
Active night shift – casual employment	\$282,470	Each shift per house
Sleepover shift – casual employment	\$46,250	Each shift per house
On call shift - casual employment	\$13,840	Each shift per house
Accommodation cost – 2 bed	\$41,190	Each house
Accommodation cost – 4 bed	\$45,890	Each house
House manager - NGO	\$135,440	Each house
House manager - DCJ	\$151,350	Each house
House running costs	\$16,220	Each house
Based on the needs of the child, recurring costs may also include	Annual amount	Incurred for
Additional Aboriginal cultural support – non-government provider	\$6,750	Each Aboriginal child with an NGO/ACCO
Additional Aboriginal cultural support – DCJ	\$7,410	Each Aboriginal child with DCJ
Additional casework for CALD support – non-government provider	\$1,980	Each child with a CALD background with an NGO/ACCO
Additional casework for CALD support – DCJ	\$2,230	Each child with a CALD background with DCJ
Additional casework and other costs for restoration and permanency – non-government provider ^b	\$17,120	Each child with a current permanency goal with an NGO/ACCO
Additional casework and other costs for restoration and permanency – DCJ ^b	\$19,080	Each child with a current permanency goal with DCJ
One-off costs	Per event	Incurred for
Casework post restoration		
One of the following:		
• non-government provider caseload of 14	\$4,750	Each child with an NGO/ACCO on achievement of restoration/permanency
• non-government provider caseload of 12	\$5,610	Each child with an NGO/ACCO on achievement of restoration/permanency
• non-government provider caseload of 10	\$6,820	Each child with an NGO/ACCO on achievement of restoration/permanency
• DCJ caseload of 14	\$5,460	Each child with DCJ on achievement of restoration/permanency
• DCJ caseload of 12	\$6,460	Each child with DCJ on achievement of restoration/permanency
• DCJ caseload of 10	\$7,860	Each child with DCJ on achievement of restoration/permanency
Legal work for adoption matters – non-government provider	\$8,570 (plus filing fee if applicable)	Each child with an NGO/ACCO on commencing the adoption process
Legal work for adoption matters – DCJ	\$13,070 (plus filing fee if applicable)	Each child with DCJ on commencing the adoption process
Court related support work cost whilst a child is on interim orders – non-government provider	\$6,690	Each child with an NGO/ACCO on interim orders
Placement establishment costs	\$650	Each new child

One-off costs	Per event	Incurred for
House establishment costs	\$15,920	Each renewal of a house contract (or approx. every 5 years)
Aboriginal genealogy and family finding	\$6,690	Each Aboriginal child when they first come into care

a. Incurred by DCJ when care is outsourced

b. Permanency goal typically in place for 2 years (may be extended with DCJ approval)

E.3 Independent living

Table E.3 Detailed benchmark costs to government for children in independent living placements with a non-government provider or DCJ, \$2024-25

Recurring costs	Annual amount	Incurred for
Administration – non-government provider	\$26,500	Each child with an NGO/ACCO
Administration – DCJ	\$26,500	Each child with DCJ
Casework – independent living		
One of the following:		
• non-government provider caseload of 14	\$14,970	Each child with an NGO/ACCO
• non-government provider caseload of 12	\$16,690	Each child with an NGO/ACCO
• non-government provider caseload of 10	\$19,110	Each child with an NGO/ACCO
• DCJ caseload of 14	\$16,280	Each child with DCJ
• DCJ caseload of 12	\$18,270	Each child with DCJ
• DCJ caseload of 10	\$21,070	Each child with DCJ
Casework – independent living with therapeutic support		
One of the following:		
• non-government provider caseload of 10	\$19,110	Each child with an NGO/ACCO
• non-government provider caseload of 8	\$22,730	Each child with an NGO/ACCO
• non-government provider caseload of 6	\$28,760	Each child with an NGO/ACCO
• DCJ caseload of 10	\$21,070	Each child with DCJ
• DCJ caseload of 8	\$25,260	Each child with DCJ
• DCJ caseload of 6	\$32,240	Each child with DCJ
Day-to-day living expenses	\$16,500	Each child
Estimated medical expenses and family time (one of the following):		Each child
• Independent Living	\$8,190	
• Independent Living with Therapeutic support	\$14,680	
Therapeutic specialist per child – non-government provider	\$11,690	Each child in independent living with therapeutic support care
Therapeutic specialist per child - DCJ	\$14,340	Each child in independent living with therapeutic support care
Vehicle cost per child	\$2,750	Each child
ACCO organisation costs	\$6,800	Each child with an ACCO
Secondary casework ^a	\$1,800	Each child with an NGO/ACCO
Contract administration ^a	\$3,280	Each child with an NGO/ACCO

Recurring costs	Annual amount	Incurred for
Day shift – 1 hour - permanent employment	\$32,090	Each child
Day shift – 1 hour - casual employment	\$33,990	Each child
Accommodation cost	\$11,470	Each child
House running costs	\$4,050	Each child
Based on the needs of the child, recurring costs may also include	Annual amount	Incurred for
Additional Aboriginal cultural support – non-government provider	\$6,750	Each Aboriginal child with an NGO/ACCO
Additional Aboriginal cultural support – DCJ	\$7,410	Each Aboriginal child with DCJ
Additional casework for CALD support – non-government provider	\$1,980	Each child with a CALD background with an NGO/ACCO
Additional casework for CALD support – DCJ	\$2,230	Each child with a CALD background with DCJ
One-off costs	Per event	Incurred for
Court related support work cost whilst a child is on interim orders – non-government provider	\$6,690	Each child with an NGO/ACCO on interim orders
Placement establishment costs	\$2,620	Each new child
Aboriginal genealogy and family finding	\$6,690	Each Aboriginal child when they first come into care

a. Incurred by DCJ when care is outsourced

E.4 Individual emergency arrangements

Table E.4 Detailed benchmark costs to government for children in individual emergency placements with a non-government provider or DCJ, \$2024-25

Recurring costs – emergency arrangement provider	Annual amount	Incurred for
Administration – non-government provider	\$63,890	Each child
Administration – DCJ	\$63,890	Each child
Day-to-day living expenses	Age based:	Each child
One of the following:		
• per age 0-4	\$8,760	
• per age 5-13	\$10,530	
• per age 14-17	\$16,500	
Estimated medical expenses and family time	\$14,680	Each child
Vehicle cost per child	\$2,750	Each child
Day shift per house – permanent employment	\$513,460	Each house for contracted placement
Active night shift per house – permanent employment	\$268,610	Each house for contracted placement
Sleepover shift per house – permanent employment	\$52,070	Each house for contracted placement
Day shift per house – casual employment	\$543,830	Each child in non-contracted placement
Active night shift per house – casual employment	\$282,470	Each child in non-contracted placement

Recurring costs – emergency arrangement provider	Annual amount	Incurred for
Sleepover shift per house – casual employment	\$46,250	Each child in non-contracted placement
Accommodation cost – rental accommodation	\$47,970	Each house for contracted placement
Accommodation cost – short-term accommodation	\$72,270	Each child in non-contracted placement
House manager - NGO	\$33,860	Each house for contracted placement
House manager - DCJ	\$37,840	Each house for contracted placement
House running costs	\$4,050	Each house for contracted placement
Recurring costs – primary casework provider	Annual amount	Incurred for
Administration – non-government provider	\$11,920	Each child with casework delivered by an NGO/ACCO
Administration – DCJ	\$15,360	Each child with casework delivered by DCJ
Casework based on previous placement type – non-government provider		Each child with casework delivered by an NGO/ACCO
One of the following:		
• Home-based care or entering care – caseload of 14	\$14,310	
• Home-based care or entering care – caseload of 12	\$16,030	
• Home-based care or entering care – caseload of 10	\$18,440	
• Residential care – caseload of 8	\$21,850	
• Residential care – caseload of 6	\$27,880	
• Residential care – caseload of 4	\$39,950	
• Independent living - caseload of 14	\$14,970	
• Independent living - caseload of 12	\$16,690	
• Independent living - caseload of 10	\$19,110	
• Independent living - therapeutic support – caseload of 10	\$19,110	
• Independent living - therapeutic support – caseload of 8	\$22,730	
• Independent living - therapeutic support – caseload of 6	\$28,760	
Casework based on previous placement type – DCJ		Each child with casework delivered by DCJ
One of the following:		
• Home-based care or entering care – caseload of 14	\$15,450	
• Home-based care or entering care – caseload of 12	\$17,450	
• Home-based care or entering care – caseload of 10	\$20,240	
• Residential care – caseload of 8	\$24,160	
• Residential care – caseload of 6	\$31,150	
• Residential care – caseload of 4	\$45,120	
• Independent living - caseload of 14	\$16,280	
• Independent living - caseload of 12	\$18,270	
• Independent living - caseload of 10	\$21,070	
• Independent living - therapeutic support – caseload of 10	\$21,070	

Recurring costs – primary casework provider	Annual amount	Incurred for
• Independent living - therapeutic support – caseload of 8	\$25,260	
• Independent living - therapeutic support – caseload of 6	\$32,240	
Secondary casework ^a	\$1,800	Each child with an NGO/ACCO
Contract administration ^a	\$3,280	Each child with an NGO/ACCO
ACCO organisation costs	\$6,800	Each child in with casework delivered by an ACCO
Based on the needs of the child, recurring costs (primary casework provider) may also include	Annual amount	Incurred for
Additional Aboriginal cultural support – non-government provider	\$6,750	Each Aboriginal child case managed by an NGO/ACCO
Additional Aboriginal cultural support – DCJ	\$7,410	Each Aboriginal child case managed by DCJ
Additional casework for CALD support – non-government provider	\$1,980	Each child with a CALD background with an NGO/ACCO
Additional casework for CALD support – DCJ	\$2,230	Each child with a CALD background with DCJ
Additional casework and other costs for restoration and permanency – non-government provider	\$17,120	Each child with a current permanency goal with an NGO/ACCO
Additional casework and other costs for restoration and permanency – DCJ	\$19,080	Each child with a current permanency goal with DCJ
One-off costs	Per event	Incurred for
Court related support work cost whilst a child is on interim orders – non-government provider	\$6,690	Each child with an NGO/ACCO on interim orders
Placement establishment costs	\$2,620	Each new child in contracted placement

a. Incurred by DCJ when care is outsourced

E.5 Not in placement

Table E.5 Detailed benchmark costs to government for children with a non-government provider or DCJ who are not in placement, \$2024-25

Recurring costs	Annual amount	Incurred for
Administration – non-government provider	\$11,920	Each child with an NGO/ACCO
Administration – DCJ	\$15,360	Each child with DCJ
Casework		
One of the following:		
• non-government provider caseload of 8	\$18,210	Each child with an NGO/ACCO
• non-government provider caseload of 6	\$24,240	Each child with an NGO/ACCO
• non-government provider caseload of 4	\$36,310	Each child with an NGO/ACCO
• DCJ caseload of 8	\$19,640	Each child with DCJ
• DCJ caseload of 6	\$26,620	Each child with DCJ
• DCJ caseload of 4	\$40,590	Each child with DCJ
Carer training	\$1,800	Each child
Not in placement child-related costs	\$6,000	Each child

Recurring costs	Annual amount	Incurred for
Estimated medical expenses and family time		
One of the following:		
• Standard care	\$8,190	Each child
• Standard care +1	\$14,680	Each child
• Standard care +2	\$40,910	Each child
ACCO organisation costs	\$6,800	Each child with an ACCO
Secondary casework ^a	\$1,800	Each child with an NGO/ACCO
Contract administration ^a	\$3,280	Each child with an NGO/ACCO

Based on the needs of the child, recurring costs may also include	Annual amount	Incurred for
Additional Aboriginal cultural support – non-government provider	\$6,750	Each Aboriginal child with an NGO/ACCO
Additional Aboriginal cultural support – DCJ	\$7,410	Each Aboriginal child with DCJ
Additional casework for CALD support – non-government provider	\$1,980	Each child with a CALD background with an NGO/ACCO
Additional casework for CALD support – DCJ	\$2,230	Each child with a CALD background with DCJ
Additional casework and other costs for restoration and permanency (excluding family time) – non-government provider ^b	\$12,970	Each child with a current permanency goal with an NGO/ACCO
Additional casework and other costs for restoration and permanency (excluding family time) – DCJ ^b	\$13,910	Each child with a current permanency goal with DCJ

Based on the needs of the child, one-off costs may also include	One-off	Incurred for
Legal work for adoption matters – non-government provider	\$8,570 (plus filing fee if applicable)	Each child with an NGO/ACCO on commencing the adoption process
Legal work for adoption matters – DCJ	\$13,070 (plus filing fee if applicable)	Each child with DCJ on commencing the adoption process
Court related support work cost whilst a child is on interim orders – non-government provider	\$6,690	Each child with an NGO/ACCO on interim orders

a. Incurred by DCJ when care is outsourced

b. Permanency goal typically in place for 2 years (may be extended with DCJ approval)

Appendix F »

Glossary and acronyms



F

Table F.1 Glossary of terms used in this report

Term	Meaning
Aboriginal community-controlled organisation (ACCO)	An ACCO is defined under Clause 44 of the National Agreement on Closing the Gap , to among other things be controlled by Aboriginal and/or Torres Strait Islander people and not-for-profit. ACCOs are the out-of-home care provider of choice for Aboriginal children.
Aboriginal and Torres Strait Islander Child Placement Principle	A framework to promote culturally safe policy and practice that also helps to reduce the overrepresentation of Aboriginal and Torres Strait Islander children in the child protection system. These principles are embedded in the <i>Children and Young Persons (Care and Protection) Act 1998</i> , referred to there as the Aboriginal and Torres Strait Islander Child and Young Person Placement Principles.
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.
Actuals or actual costs	The amount of money that was paid for a good or service. Funding based on actuals means that the cost is funded based on its actual cost.
Adoption Act	Adoption Act 2000
Alternative Care Arrangement (ACA)	Emergency and temporary fee for service arrangements for children in out-of-home care 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	Children and Young Persons (Care and Protection) Act 1998
Caseload	The number of children that a single caseworker (one full-time equivalent) is caring for at a given time.
Child/children	Section 3 of the <i>Children and Young Persons (Care and Protection) Act 1998</i> 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	Children's Guardian Act 2019
NSW Child Safe Standards for Permanent Care (Care Standards)	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 out-of-home care and adoption service providers in NSW

Term	Meaning
ChildStory	The software used for data reporting on all children in out-of-home care 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 Children's Guardian Act 2019 . 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. There are 16 districts in 7 groups . 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.
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 out-of-home care.
Family is Culture review	The Independent Review of Aboriginal Children and Young People in out-of-home care. This review was aimed at examining the high rates of Aboriginal children and young people in out-of-home care in NSW and the implementation of the Aboriginal and Torres Strait Islander Child Placement Principle in this jurisdiction.
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 out-of-home care 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.
National Agreement on Closing the Gap (the National Agreement)	An agreement between Australian governments and the Coalition of Aboriginal and Torres Strait Islander Peak Organisations with the objective to enable Aboriginal and Torres Strait Islander people and governments to work together to overcome the inequality experienced by Aboriginal and Torres Strait Islander people, and achieve life outcomes equal to all Australians.

Term	Meaning
Non-government provider	A provider of out-of-home care that is not government affiliated. Typically, these are not-for-profit non-government organisations (NGOs) or ACCOs.
Not in placement	When a child is not in placement, they are no longer in their authorised placement and could be self-placed with parents or other individuals, in a hospital, entered custody or absent without carer permission.
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: • accrediting providers of out-of-home care and adoption services, including DCJ • maintaining the NSW Carers Register and the NSW Residential Care Workers Register.
Out-of-home care	The <i>Children and Young Persons (Care and Protection) Act 1998</i> provides for 2 types of out-of-home care: • Statutory out-of-home care (statutory out-of-home care), which generally requires a Children's Court care order. • Supported out-of-home care (supported out-of-home care) which provides either temporary or longer-term support for a range of other care arrangements made, provided or supported by DCJ. 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 is sometimes abbreviated to OOHC.
Out-of-home care Health Pathway Program	NSW Health provides coordinated health assessments for children aged 0 – 17 years in statutory out-of-home care living in NSW who are expected to remain in care for longer than 90 days.
Permanency goal	Every child in statutory out-of-home care is expected to have a permanency goal to either exit out-of-home care 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 out-of-home care through the PSP. Includes ACCOs unless otherwise noted.
Residential care	Residential care is a group home-based form of out-of-home care 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 out-of-home care to their birth family.
Salary	Salary or wages as the context requires.
SNAICC	The national non-government peak body for Aboriginal and Torres Strait Islander children and families, and the sectors that support them. SNAICC stands for Secretariat of National Aboriginal and Islander Child Care.

Term	Meaning
Statutory out-of-home care (Statutory Care)	A care arrangement where the Children's Court has made an order allocating parental responsibility for a child or young person to the Minister for Community Services. 'Statutory out-of-home care' is defined in section 135A of the <i>Children and Young Persons (Care and Protection) Act 1998</i> .
Supported out-of-home care (Supported Care)	A care arrangement where the Secretary has the care responsibility of a child or the Children's court has allocated parental responsibility to a relative or kin. Supported out-of-home care is defined in section 135B of the <i>Children and Young Persons (Care and Protection) Act 1998</i> .
Independent living	Independent living is a type of residential care to prepare and support young people to make a smooth transition from out-of-home care to independent living as an adult. Current independent living programs under the PSP include Supported Independent Living and Therapeutic Supported Independent Living (which incorporates therapeutic care and interventions).

Table F.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

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- ¹ IPART, [Interim Report – Out-of-home care costs and pricing](#), September 2024, pp 9 and 33; NSW Government, [System review into out-of-home care](#), October 2024, pp. 9-10.
 - ² NSW Government, [System review into out-of-home care](#), October 2024, pp 3 and 28.
 - ³ NSW Premier Media Release, [Rebuilding services for young people in out-of-home care](#), 24 June 2025.
 - ⁴ NSW Department of Communities and Justice, [Aboriginal Out of Home Care \(OOHC\) Transition Project Factsheet for PSP Providers](#), accessed 18 February 2025.
 - ⁵ Audit Office of NSW, [Safeguarding the rights of Aboriginal Children in the child protection system](#), June 2024, p 13.
 - ⁶ SNAICC, [Family Matters Report 2024](#), November 2024, p 51.
 - ⁷ United Nations, Declaration on the Rights of Indigenous Peoples, 2007, pp 8-13; *Children and Young Persons (Care and Protection) Act 1998*, s12A.
 - ⁸ NSW Government, [System review into out-of-home care](#), October 2024, p 2.
 - ⁹ NSW Department of Communities and Justice, [Reform plan: transforming the out-of-home care system in NSW](#), February 2025, p 10.
 - ¹⁰ NSW Department of Communities and Justice, [Reform plan: transforming the out-of-home care system in NSW](#), February 2025, p 4.
 - ¹¹ NSW Department of Communities and Justice, [Reform plan: transforming the out-of-home care system in NSW](#), February 2025, p 4.
 - ¹² These are set out in NSW Department of Communities and Justice, [PSP program level agreement](#), accessed 25 June 2025, and NSW Department of Communities and Justice, [Schedule 1 – PSP – Service Requirements](#), accessed 25 June 2025.
 - ¹³ 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.
 - ¹⁴ NSW Government, [System review into out-of-home care](#), October 2024, p 15.
 - ¹⁵ NSW Office of the Children's Guardian, [NSW Child Safe Standards for Permanent Care](#), November 2015, p 2.
 - ¹⁶ NSW Office of the Children's Guardian, [NSW Child Safe Standards for Permanent Care](#), November 2015, p 2.
 - ¹⁷ NSW Department of Communities and Justice, [Permanency Case Management Policy Rules and Practice Guidance – Roles and Responsibilities](#), accessed 5 September 2025.
 - ¹⁸ NSW Department of Communities and Justice, [Permanency Case Management Policy Rules and Practice Guidance – Roles and Responsibilities](#), accessed 25 June 2025.
 - ¹⁹ Evaluation for the Permanency Support Program: Final Report, April 2023, p 28.
 - ²⁰ NSW Government, [System review into out-of-home care](#), October 2024, p 2.
 - ²¹ NSW Department of Communities and Justice, [Reform plan: transforming the out-of-home care system in NSW](#), February 2025, p 10.
 - ²² NSW Department of Communities and Justice, [Reform plan: transforming the out-of-home care system in NSW](#), February 2025, p 4.
 - ²³ NSW Department of Communities and Justice, [Reform plan: transforming the out-of-home care system in NSW](#), February 2025, p 4.
 - ²⁴ NSW Government, [System review into out-of-home care](#), October 2024, pp 3-5.
 - ²⁵ Audit Office of NSW, [Oversight of the child protection system](#), June 2024, p 49.
 - ²⁶ Evaluation for the Permanency Support Program: Final Report, April 2023.
 - ²⁷ NSW Department of Communities and Justice, [Reform plan: transforming the out-of-home care system in NSW](#), February 2025, pp 5, 7.
 - ²⁸ NSW Department of Communities and Justice, [About the Quality Assurance Framework](#), accessed 14 August 2025..
 - ²⁹ NSW Department of Communities and Justice, [Reform plan: transforming the out-of-home care system in NSW](#), February 2025, p 7.
 - ³⁰ NSW Government, [System review into out-of-home care](#), October 2024, p 55.
 - ³¹ NSW Government, [System review into out-of-home care](#), October 2024, pp 2-3.
 - ³² Evaluation for the Permanency Support Program: Final Report, April 2023, p 41.
 - ³³ NSW Government, [For the first time in 20+ years, there are no vulnerable children in unaccredited emergency care](#), 3 April 2025.
 - ³⁴ 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 76 and 83.
 - ³⁵ The University of Melbourne, [HILDA Survey](#), accessed 11 February 2025.

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- ³⁶ Melbourne Institute of Applied Economic & Social Research, [IPART Out-of-Home Care Review: Cost of Caring](#), December 2024, pp 6 and 12.
- ³⁷ Melbourne Institute of Applied Economic & Social Research, [IPART Out-of-Home Care Review: Cost of Caring](#), December 2024, p 14.
- ³⁸ Melbourne Institute of Applied Economic & Social Research, [IPART Out-of-Home Care Review: Cost of Caring](#), December 2024.
- ³⁹ [NSW Department of Communities and Justice submission to IPART Draft Report](#), May 2025, p 2.
- ⁴⁰ Melbourne Institute of Applied Economic & Social Research, [IPART Out-of-Home Care Review: Cost of Caring](#), December 2024, p 12.
- ⁴¹ [IPART, Draft Report workshop with Aboriginal community-controlled organisations](#), 29 April 2025 p 2.
- ⁴² 9News, [NSW foster carers hail new payments](#), accessed 10 June 2025; NSW Department of Communities and Justice, [Teenage Education Payment - Questions and answers](#), accessed 26 June 2025, pp 1-2.
- ⁴³ NSW Government, [Teenage Education Payment Guidelines](#), February 2023, pp 4, 6-8.
- ⁴⁴ Information provided to IPART by NSW Department of Communities and Justice.
- ⁴⁵ NSW Department of Communities and Justice, [DCJ Care allowances indexation adjustment – effective 1 July 2024](#), accessed 26 May 2025.
- ⁴⁶ Information provided to IPART by NSW Department of Communities and Justice.
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