



Final Report Summary for ACCOs

Out-of-home care costs and pricing

19 September 2025

IPART has completed its review of out-of-home care costs and pricing and provided a Final Report to the Minister for Families and Communities and the Premier outlining our analysis. This information paper provides an overview of our decisions and recommendations on out-of-home care costs for Aboriginal community-controlled organisations (ACCOs).

Our review considered the following issues:

- the efficient costs for 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.



We received valuable contributions from ACCOs throughout this review.

This input helped inform our advice to the NSW Government.

We would like to thank all stakeholders for their time and effort sharing their expertise and experiences with us.

1 Our decisions and recommendations

We have made several recommendations for DCJ to consider, to improve the performance and long-term sustainability of the out-of-home care system, in the areas of:



Improved data collection and reporting on measures that matter

- to increase understanding of what services children are receiving and how they contribute to their current and future wellbeing
- to help target funding to the areas where it is needed and improve the performance and long-term sustainability of the system

For more information see Chapter 2.



A pricing structure that reflects the costs of service delivery

- that captures the efficient costs of delivering out-of-home care and is able to be tailored to the varying needs of individual children
- where every child in out-of-home care is funded to receive the medical and therapeutic services they need
- that gives DCJ improved visibility of the services that children in out-of-home care receive and provides a clearer link between prices and service levels for contracted services

For more information see Chapters 9, 10 and 11.



Changes to support carers to continue caring

- increasing the standard care allowance by around 20-36% compared with the 2024-25 amount (between \$117-\$292 more per fortnight)^a
- the care allowance should be paid at a consistent rate for all children assessed with the same level of need, and providers should report this transparently to DCJ
- mechanisms to ensure the costs of meeting each child's medical and therapeutic needs, and the costs of facilitating family time, are met and carers are not left out-of-pocket.

For more information see Chapter 3.

^a Carers of young people aged 16-17 currently receive \$586 per fortnight in the care allowance and if eligible, an additional \$231 through the Teenage Education Payment (TEP). Our recommended care allowance for 16-17 year olds reflects the whole day-to-day cost of providing care to young people of this age.



Funding that is more cost-reflective for Aboriginal children in care^b

- increased funding for upfront cultural planning and ongoing cultural supports
- increased funding for Aboriginal Community Controlled Organisations (ACCOs) who deliver out-of-home care for the additional functions they fulfil and the type of care they provide
- changing the way that transitions to ACCOs are funded from a fixed annual payment to a payment for each initiated transition

For more information see Chapters 8, 10 and 11.



Chapter 1 lists our recommendations and Chapter 12 lists our decisions.

1.1 The need for better data

We examined the efficient costs for DCJ and non-government providers (who are contracted by DCJ) for delivering out-of-home care. We used these to develop benchmark costs for the different types of care (home-based, residential, independent living and emergency arrangements). We undertook detailed analysis on the costs of providing out-of-home care placements by both DCJ and non-government providers, including ACCOs. We found differences between the current funding provided to non-government providers and the costs of delivering out-of-home care, including the costs faced by carers.

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. In the absence of this data, our review has used existing practices and current costs as the starting point for analysis. However, we are aware that recent reviews have found that the PSP is not effective or financially sustainable. 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, and 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. We also recommend that the efficient costs of providing out-of-home care are assessed again once this improved data is available.

We have also identified areas where we consider additional guidance or stronger governance is needed.



For more information on our recommendation on data collection see Chapter 2.

^b The term 'Aboriginal' is used in this paper in recognition of Aboriginal peoples as the Traditional Owners of NSW.

1.2 Costs to support Aboriginal children in care and the ACCOs who care for them

NSW Government policy recognises ACCOs are best placed to provide culturally appropriate care for Aboriginal children. Through our engagement to date, we have heard about the various additional costs faced in delivering out-of-home care to Aboriginal children as well as the additional costs faced by ACCOs. Much of what we have heard is reflected in prior reviews and literature. However, there are inherent challenges in obtaining data to quantify and isolate these specific cost components.

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

- 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 additional casework for Aboriginal children is \$2,710 per child per year for a non-government provider
- The cost of an Aboriginal cultural worker who can offer specific cultural expertise is \$2,540 per child per year
- 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 \$6,801 per child per year higher because of the additional functions they undertake and their holistic way of approaching care.
- 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.

Combining these costs gives us an estimate of the costs that providers incur in delivering culturally appropriate care for Aboriginal children in out-of-home care. 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.

1.3 Key changes 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.

In the Draft Report we proposed that DCJ consider centralising the payment of the care allowance and that DCJ should reimburse carers directly for medical, therapeutic and family time expenses. We also proposed that additional funding for connection to family and Country would be based on actual costs. We now recommend that non-government providers continue to receive funding for carers in the first instance.

In addition, we have now included 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.

In addition, some cost estimates differ including:

- Additional costs for cultural workers for Aboriginal children
- Higher casework costs for restoration, additional costs for cultural workers for CALD children and legal support for adoption matters and court work while interim orders are in place
- Costs of additional casework and other support for children in out-of-home care who are not in placement have been included
- Higher costs for carer recruitment and assessment, when the child enters care to better account for additional carers such as respite and emergency and carers who do not currently have a child placed with them
- Additional staff costs (including additional leave and backfill) for care staff in residential and emergency care and higher administrative costs for residential and emergency care providers.

Other changes include:

- 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
- We now 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 included a range for the cost of casework for each placement type
- We have modified our 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. Payments for reassessing and training carers that transition have now been incorporated on a per carer basis.



For a full summary of changes made since our Draft Report, see Chapter 1.

1.4 Additional information on specific cost items included

Table 1 below shows our proposed pricing of aspects of supporting Aboriginal children in out-of-home care. Acknowledging the fundamental importance of connection to family, community, culture and Country for Aboriginal children and the Government's commitment to improve outcomes for Aboriginal children in care, we have sought to identify relevant cost areas that would facilitate and support access to Country, culture, family and community for Aboriginal children.

Table 1 Overview of our proposed payments for creating and implementing Aboriginal cultural plans and for ACCOs

	Upfront cultural planning	Ongoing cultural supports	ACCO organisational loading	Transition payment (to ACCOs)
Amount	\$6,690 one-off	\$6,750 annual per child	\$6,801 annual per child	Between \$8,934-\$9,969 at initiation of transition plus \$6,750 on transition of a carer
What the cost basis includes	Expert family finding and genealogy	- Additional casework compared to non-Aboriginal children - A cultural worker or equivalent cost of procuring Aboriginal cultural expertise - Cultural programs to support connection to culture - Travel for children placed off Country to connect to Country	The additional costs that ACCOs have compared to non-ACCOs, arising from additional functions such as community leadership and cultural consultation	3 months' worth of casework and admin/overhead costs, as well as carer authorisation and training costs on a per carer basis
What we have based it on	The average cost per child of Link Up NSW's Family Link program	- Additional casework time from a DCJ study, combined with our benchmark casework costs - Information from an ACCO on cultural programs and cultural workers	The admin/overhead cost difference identified in financial data of non-government providers	- The reasonable range for casework costs - Feedback from ACCOs on the types of upfront costs incurred - Our benchmark costs components for the items



For more information on pricing levels, see Chapter 11.

1.5 Where to find additional information in the Final Report

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