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

14 March 2025

This paper provides an overview of our Draft Report on out-of-home care costs and pricing for Aboriginal community-controlled organisations (ACCOs). The Report provides our draft decisions, draft recommendations and supporting analysis for feedback from stakeholders. The recommendations in our Report have been informed by feedback from stakeholders, including ACCOs, so far.

We will consider all feedback when working toward providing our Final Report to Government in May. The section at the end of this paper shows how you can have your say.



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

1 Our draft findings and recommendations

In this Draft Report, our key proposed changes to improve the performance and long-term sustainability of the out-of-home care system are:



A simplified price structure based on more accurate costings

- We are proposing a price structure that would simplify administrative processes and increase transparency.
- We have identified some costs that were not previously incorporated.
- Our proposed prices vary depending on the needs of children and include a proposal to fund less predictable expenses based on actuals for essential medical needs and family connection.

For more information see Chapter 12 in the Report



Changes to support carers to continue caring

- We have reviewed the care allowance and have made draft recommendations to increase it by around 30%. That equates to \$117-\$497 extra per fortnight depending on the age of the child.^a
- We also propose greater certainty and consistency for carers in funding for other out-of-pocket expenses and greater standardisation of funding for carers.
- We also recommend that DCJ consider paying the care allowance and reimbursements directly to all carers, to help to increase transparency and consistency of the money that carers receive.

For more information see Chapters 5 and 13 in the Report



Increased transparency and visibility

- We found that there is a lack of visibility in the system not only of the services being delivered, but there is also no assessment of what is effective in achieving the best outcomes for children.
- We are proposing that the costs associated with meeting the medical, therapeutic and wellbeing needs of children in out-of-home care, as well as expenses involved with maintaining birth family contact, be reimbursed by DCJ based on actual costs. This could increase accountability to ensure children are receiving the services they need.

For more information see Chapter 10 in the Report



Higher pricing levels for cultural supports to Aboriginal^b children and ACCO-specific costs

- We are proposing that the ACCO-specific pricing be raised from around \$1,800 to \$6,820 per child per year to account for ACCOs' additional functions and the higher administration and overheads that ACCOs face compared with other non-government providers.
- We propose that upfront pricing of Aboriginal cultural planning be increased from around \$4,320 to \$6,700. We propose that ongoing annual pricing of Aboriginal cultural supports be increased from around \$510 to \$4,380 per child per year, with additional funding for connection to family and Country based on actuals.
- We recommend that ACCOs should be funded for transitions per transition that is initiated, in the form of an upfront payment of \$20,340, rather than receiving a flat annual payment.

For more information see discussion below and Chapters 7, 11 and 12 in the Report

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

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

1.1 Why we have proposed changes to support Aboriginal children in care and the ACCOs who care for them

As part of the 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.¹

Through our engagement to date, we have heard about the various additional costs faced by ACCOs and non-ACCOs in delivering out-of-home care to Aboriginal children.² 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.

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.

As a result, we have adopted the following approach to estimating the costs of caring for Aboriginal children. We have estimated 3 categories of cost differences in our benchmarks:

- Additional casework costs for Aboriginal children in care, including additional time required to meet the Aboriginal Case Management Policy.
- Costs associated with cultural programs, genealogy and family finding, and supports to meet connection to family and Country for Aboriginal children in care.
- Differences in the operating costs faced by ACCOs because 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.³

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.

1.2 We are proposing changes in payment mechanisms for home-based care

We have proposed some changes in payment mechanisms for the delivery of care and are interested in your feedback on these proposals.

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. After comparing the actual costs incurred for children whose case is managed by DCJ, and the Permanency Support Program (PSP) funding allocated for these costs, 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. The inconsistencies in the way children's needs are categorised introduce 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.

To address these issues, we are proposing that the costs associated with meeting the medical, therapeutic and wellbeing needs of children in out-of-home care managed by non-government providers, as well as expenses involved with maintaining birth family contact, such as travel costs, be reimbursed based on actual costs.

We also set out options to improve consistency and transparency of carer payments. We understand that the current price structure gives non-government providers the ability to adjust their carer payments to meet their objectives (but providing at least the standard care allowance). However, the consultation process we have undertaken suggests that this has created a number of problems including perceived unfairness and mistrust.⁴ The 2 options to address this considered in the Report are:

- standardisation of payments and provision of information to carers
- centralising all care allowance payments so that DCJ pays carers directly.^c

We provide an assessment of the advantages and disadvantages of these options in Section 13.3.2 in the Report. For example, we consider centralisation of payments would introduce consistency and reduce administrative burden for non-government providers of coordinating payments. Weighing up the advantages and disadvantages, we recommend DCJ should consider paying the care allowance and reimbursements directly to all carers.



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

^c The direct payment of a care allowance to carers would not mean that DCJ would oversee the day-to-day interactions and support for carers case managed by non-government providers. Support, training and general case management for carers who are with non-government providers would continue to be managed and facilitated by non-government providers.

1.3 How the proposed prices compare to current funding levels

To illustrate how the proposed home-based care costs vary by provider (a non-government provider that is not an ACCO versus an ACCO) and compare to current funding, we have selected a single 'case study' (child aged 5-13 years with low needs). We have presented the impact of whether the child is Aboriginal or non-Aboriginal as well as a variation in case plan goal.

Table 1 Benchmark costs comparison - impact on Aboriginal children and ACCOs (\$2024-25)

Description	Child	Provider	Year 1		Year 2 ^a	
			Current	Proposed	Current	Proposed
Child 5-13, low needs, long term care	Non-Aboriginal	Non-ACCO	\$69,142	\$81,790	\$69,142	\$59,190
	Aboriginal	Non-ACCO	\$73,974	\$93,320	\$69,654	\$64,020
	Aboriginal	ACCO	\$75,774	\$100,140	\$71,454	\$70,840
Child 5-13, low needs, restoration	Non-Aboriginal	Non-ACCO	\$88,498	\$95,790	\$88,498	\$73,190
	Aboriginal	Non-ACCO	\$93,330	\$107,320	\$89,010	\$78,020
	Aboriginal	ACCO	\$95,130	\$114,140	\$90,810	\$84,840

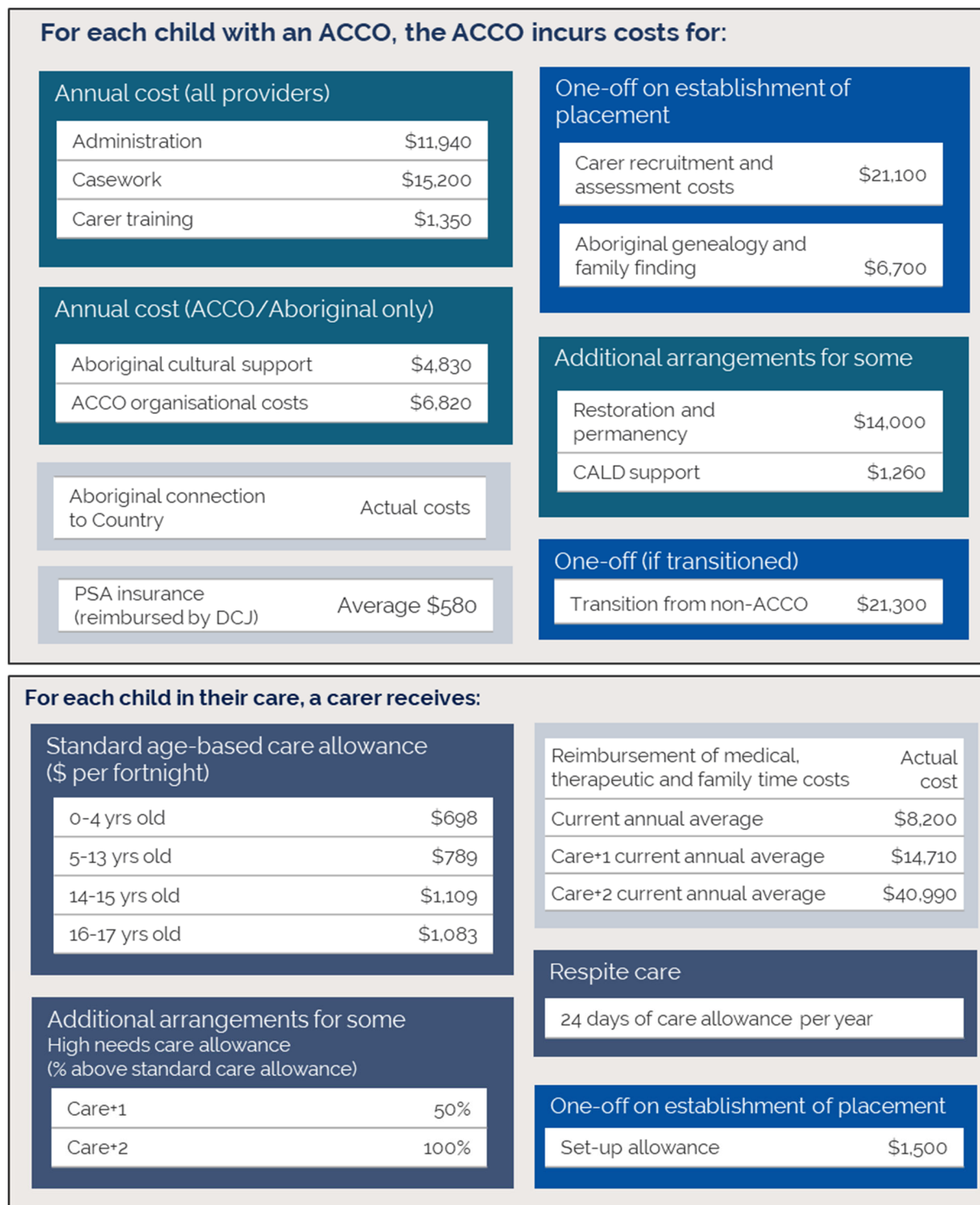
a. Restoration case plan goals have a limited timeframe of 2 years unless the court determines there is reason to amend this timeframe. If a child is not restored to their family within this time period, their case plan goal is reassessed. If the child is moved to a final order of long-term care and pricing levels would change in line with the change in case plan goal.

Across the board we have proposed shaping the price to increase funding when children first come into care, to better account for upfront costs.

The different pricing levels for ACCO-delivered care (compared to non-ACCOs caring for Aboriginal children and non-ACCOs caring for non-Aboriginal children) are due to the pricing components described in the following section. The prices above do not include costs associated with transitions, which is also described in the next section.

1.4 Additional information on specific cost items included

Figure 1 Proposed benchmark placement cost for an Aboriginal child in ACCO-delivered home-based care (\$2024-25)




Note: all figures are annual unless otherwise specified

Table 2 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 costs areas that would facilitate and support access to Country, culture, family and community for Aboriginal children. We note:

- 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.
- Current funding of out-of-home care has a package funding amount to support the development and implementation of Aboriginal children’s cultural plans. We have sought to make recommendations to make funding more cost-reflective, which requires a quantification of costs.
- Transitions are not currently occurring at the rate expected, and it takes more than an adjustment of funding to make them occur. We intend for our recommended funding to reduce the financial disadvantage that ACCOs currently experience due to the uncertainty of transitions.

Table 2 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	\$6,700 one-off	\$4,380 annual per child	\$6,820 annual per child	\$20,340 at initiation of transition
What the cost basis includes	<ul style="list-style-type: none"> • Expert family finding and genealogy 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • The additional costs that ACCOs have compared to non-ACCOs, arising from additional functions such as community leadership and cultural consultation 	<ul style="list-style-type: none"> • 3 months’ worth of casework and admin/overhead costs, as well as carer assessment and training costs
What we have based it on	<ul style="list-style-type: none"> • The average cost per child of Link Up NSW’s Family Link program⁵ 	<ul style="list-style-type: none"> • Additional casework time from a DCJ study, combined with our benchmark casework costs • Information from an ACCO on cultural programs and cultural workers 	<ul style="list-style-type: none"> • The admin/overhead cost difference identified in financial data of non-government providers 	<ul style="list-style-type: none"> • 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 12 of our Draft Report.

2 We want to hear from you

We have received some very valuable information from ACCOs which has helped us in our work so far. We are keen to keep engaging with you and hear your feedback on the questions and draft decisions/recommendations/findings in this Report. We will take on this feedback when developing our Final Report for Government.

We welcome feedback on any aspect of our Report. However, the Draft Report also lists some questions that we are specifically interested in receiving feedback on.

Have your say

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

[Submit feedback »](#)

[Register for our mailing list »](#)

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

Joining an ACCO-specific workshop (date to be confirmed)



¹ NSW Department of Communities and Justice, [Transition to Aboriginal out-of-home care agencies](#), accessed 16 January 2025.

² IPART, [Interim Report on out-of-home care costs and pricing](#), September 2024, pp 43-45.

³ Department of Communities and Justice, [Permanency Support \(Out-of-home care\) Program, 'Appendix 4: Service Overview – Aboriginal Foster Care'](#), p. 8.

⁴ IPART workshops with carers.

⁵ Link Up NSW, [Annual Report 2022-2023](#), February 2024, pp 41, 73.