



Summary – 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. The Report provides our draft decisions, draft recommendations and supporting analysis for feedback from stakeholders. We also have summary papers for carers and for Aboriginal community-controlled organisations (ACCOs) which focus on areas specific to them.

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 everyone who has 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 pricing approach 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 Chapters 12 and 13



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 the Department of Communities and Justice (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



Increased transparency and visibility

- 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



Funding to be more cost-reflective for Aboriginal^b children in care

- We propose that upfront funding of Aboriginal cultural planning be increased from \$4,320 to \$6,700. We propose that ongoing annual funding of Aboriginal cultural supports be increased from \$510 to \$4,380 per child per year, with additional funding for connection to family and Country based on actual costs.
- We are proposing that the ACCO-specific funding be raised from around \$1,800 to \$6,820 per child per year to account for ACCOs' additional functions.
- 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 Chapters 7, 11 and 12.

Chapter 1 in the report shows a full list of our draft decisions and recommendations.

^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 paper in recognition of Aboriginal peoples as the Traditional Owners of NSW.

1.1 Why we have proposed these changes

Consistent with other recent reviews, we found limited visibility over what services children are receiving while at the same time, there is significant compliance and administrative burden both on non-government providers and within DCJ.

We believe that the measures we have proposed would improve the performance and long-term sustainability of the system because they would better target funding to the areas where it is needed, reduce administrative costs and help deliver goals to close the gap for Aboriginal children, who are substantially overrepresented in care.

We consider that our draft recommendations should not result in significant changes to the level of funding required overall and note that initial cost increases, including increasing the care allowance, in part reflect changes in costs that have occurred over time that have not been adequately funded. However, any short-term increase in expenditure on out-of-home care as a result of our draft recommendations should be offset over time by changes that help retain and build the pool of carers, improving placement stability and lowering reliance on expensive emergency arrangements.

1.2 How the proposed prices compare to current funding levels

The complex nature of the system means that we are not yet in a position to provide an estimate of the impact of our draft recommendation on total funding. We understand there will need to be consideration of the available resources and implementation challenges, and are interested to hear feedback on this leading up to our Final Report.



Chapters 13 to 16 of the Draft Report set out a number of case studies that show how our proposed prices compare with the current level of funding for non-government providers under the PSP.

Across the board we have proposed shaping the price to increase funding when children first come into care. This leads to a higher cost in the first year of care. The ongoing prices vary according to child need to a greater extent than is provided for in the current funding packages, with higher needs children receiving greater funding than they do currently and lower needs children in long-term care receiving less. We are also proposing an ongoing increase in funding for ACCOs for cultural supports.

Proposed prices for residential care and independent living are slightly higher than the funding under the PSP. For emergency placements our proposed prices are slightly higher for Interim Care Model and also higher for Short Term Emergency Placement. For the latter, this larger difference may be because prices have not been escalated in the 3 years since the model was introduced.

We found that the efficient cost of delivering home-based care is very similar whether that care is delivered by a non-government provider that is not an ACCO or with DCJ, even after accounting for the costs associated with secondary casework and contract management.

2 We want to hear from you

While we have proposed a number of changes, we have not yet made any final decisions. We are seeking feedback on the measures proposed in this report and will take that feedback into account before finalising our review later this year.

We have received some very valuable information from stakeholders 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.

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**

Attending an online workshop (dates to be advised).

