

ACYP Feedback on the Draft Report: Out-of-home-care Costs and Pricing (March 2025)

1. General Response

As the NSW Advocate for Children and Young People, I welcome the recognition in the draft report of longstanding systemic issues in the out-of-home care (OOHC) system, particularly those affecting Aboriginal children and young people and the unsustainable reliance on high-cost emergency placements. However, while the draft proposes important reforms to pricing and funding mechanisms, the report lacks sufficient focus on the voices, experiences and rights of children and young people—the very people the system exists to serve.

This feedback responds to the draft through the lens of children's rights, voice, and wellbeing, and calls for bolder reform that moves beyond pricing efficiency to embed systemic care that is trauma-informed, culturally safe, and therapeutically robust.

2. Elevating the Voices of Children and Young People

The draft report largely treats children and young people as cost-bearers and data points, rather than as rights holders. This is a critical omission.

Both the *2022 ACYP Voices of Children and Young People in OOHC Report* and the *2024 Special Inquiry into Alternative Care Arrangements* confirm that children and young people in OOHC feel unheard, unsupported, and unsafe in current care arrangements. Many described experiences akin to being “moved around like a doggy in the pound” and expressed deep frustration at not being involved in decisions about their lives.

The report must:

- Embed the voice and participation of children and young people in pricing and service design.
- Fund youth-led oversight mechanisms to ensure lived experience shapes service delivery.
- Require service providers to demonstrate how children's feedback is embedded in practice and pricing assumptions.

Recommendation: Establish youth advisory panels as a condition of provider funding, and mandate child-focused feedback loops across OOHC providers.

Recommendation: Prioritise therapeutic placements as the system norm and embed this approach in costings—not as an optional premium service but as a basic care standard.

3. Support for Aboriginal Children and Community-Controlled Organisations (ACCOs)

The draft report rightly highlights the underfunding of ACCOs and the gap between policy commitments and actual placement transitions. With 43% of children in OOHC being Aboriginal, yet only 6.5% of funding allocated to ACCOs, this is both a breach of cultural safety principles and an economic inefficiency.

The *Family is Culture* review, endorsed by ACYP, and the *Special Inquiry*, both call for full implementation of the Aboriginal and Torres Strait Islander Child Placement Principle. The draft report's proposed pricing reforms must:

- Prioritise capacity-building funding for ACCOs beyond short-term competitive tendering.
- Include cost weightings for cultural support, community connection, and placement on Country as standard care components—not discretionary add-ons.

Recommendation: Endorse funding specifically for ACCO development and transition support, and embed Aboriginal self-determination as a pricing principle.

4. Carer Recruitment, Retention, and Remuneration

The draft's proposal to increase carer payments is strongly supported by ACYP. We note the investment that currently occurs for carers, and need to ensure that the funding meets the need of the children and young people being cared for. We also note the Government has already taken steps to do by increasing the number of hours carers can seek payment for. Consultations with young people consistently reveal that carer turnover is destabilising and linked to burnout and inadequate support.

The report should go further by:

- Mandating trauma-informed and mental health first aid training for all carers and promising government to carry this cost.
- Investing in professional care models to supplement volunteer-based fostering, particularly for children with complex needs.
- Tracking carer experience outcomes through child-centred metrics—not only administrative compliance.

Recommendation: Allocate funding to support carers' psychological wellbeing and peer support networks as a core system cost.

We also note that in consultations with children and young people they have expressed that they do not have access to funds, funds that they are entitled to. Examples we have heard is the inability to access transport and health care.

5. Complaints, Accountability and Oversight Mechanisms

Young people continue to report barriers to making complaints, with many unaware of their rights or fearful of reprisal.

ACYP has called for:

- An **independent, child-friendly complaints body** with power to investigate and enforce standards.
- A **socio-legal advocacy service** to support children and young people in OOHC to have their rights upheld. We commend the work currently being undertaken by the Legal Aid Your Voice service to meet this need.

These features must be costed into the system and monitored through transparent performance metrics.

Recommendation: Include the cost of independent advocacy and oversight in the draft's pricing structure, and make this a requirement for provider accreditation.

To this end we note and support the investment that has been made in the Legal Aid – Your Voice legal platform.

6. Transparency and Data Sharing

The *Special Inquiry* revealed significant failings in data collection and information sharing. The draft report's call for "increased visibility" must translate into concrete reforms:

- Mandated data-sharing MOUs between health, education, DCJ and OOHC providers.
- Publication of disaggregated data on care placements, outcomes and transitions.

Recommendation: Fund an independent audit and data monitoring function to ensure pricing reforms are leading to actual improvements in child outcomes.

Conclusion

The *Draft Report on OOHC Costs and Pricing* presents a long-overdue opportunity to move beyond reactive, crisis-driven care models. However, efficiency must never come at the expense of children's dignity, safety and rights.

The voices of children and young people, particularly those from Aboriginal communities and those who have endured ACA placements, make one thing clear: the system must be designed *with* them, *for* them. Pricing reforms must reflect this moral and statutory obligation.

ACYP urges IPART and the NSW Government to integrate the lived expertise of children and young people as a foundational element of reform, and to ensure that future cost structures are guided not only by financial logic—but by care, compassion, and justice.

Feedback on Draft Recommendations

1. A Simplified Pricing Structure Based on More Accurate Costings

Draft Recommendations Summary:

Move from complex PSP “package” funding to a single per-child, per-year funding amount, adjusted for child need, cultural background, and placement type.

ACYP Position:

Strong support with caveats regarding how simplification must not mask individual needs.

Feedback:

- The shift to simplified pricing must not undermine the ability to tailor support to children’s specific experiences, especially trauma, disability, cultural background, or care history.
- A single price per child risks **erasing complexity**. As children and young people shared in the *2022 Voices of Children and Young People in OOHC Report*, their needs were often ignored when caseworkers were “too busy” or when systems “bundled” support into one-size-fits-all solutions.
- The *Special Inquiry into Alternative Care Arrangements* showed that placement matching failures stem, in part, from systems focused on “slotting” children into available funding envelopes rather than developing the care around the child.

ACYP Recommendation:

Ensure that the simplified pricing structure includes mandatory ‘flex funds’ to accommodate:

- Child-directed support
- Emergency therapeutic needs
- Rapid response to placement breakdowns

2. Increased Financial Support for Carers

Draft Recommendations Summary:

Increase the base care allowance (by \$117–\$266/fortnight depending on age) and provide reimbursements for additional health and family contact costs.

ACYP Position:

Strongly supported, with additional recommendations.

Feedback:

- Carers must not subsidise the care system. The *Voices of Children and Young People in OOHC Report* recorded children’s awareness of carer stress and how that stress degraded relationships and stability.
- The *Special Inquiry* found that carer burnout was a direct contributor to the use of emergency placements, especially ACAs.

- Children and young people overwhelmingly endorsed better support, screening, and training for carers, noting that “anyone can be a carer” and expressing distrust in the vetting process.

ACYP Recommendation:

- **Index care allowances** annually to reflect real cost-of-living increases.
- Make **mental health first aid and trauma-informed care training mandatory** for all carers, with associated costs included in pricing.
- Fund **peer support networks for carers**, especially kinship carers, to reduce isolation and improve retention.

3. Funding for Community, Medical, Therapeutic, and Cultural Needs Based on Actual Costs

Draft Recommendations Summary:

Move away from bundled funding for specialist services to reimbursing costs based on actual therapeutic and medical needs.

ACYP Position:

Strongly supported, but must not lead to delays or administrative burdens.

Feedback:

- Children reported feeling like their needs were “not believed” or “dismissed” when they asked for therapy or supports.
- Anecdotally we hear that children and young people do not have access to funds that they are entitled to, for example, to access transport
- The *Special Inquiry* found children in ACAs often lacked access to basic health care, including mental health support. Reimbursement-based systems must avoid delays that place children at further risk.
- There must be **equity** for Aboriginal children whose cultural and therapeutic needs may not align with Western clinical models.

ACYP Recommendation:

- Ensure that ACCOs and non-government providers are **pre-approved to deliver and claim for culturally-specific supports**.
- Establish a **rapid-response therapeutic fund** to eliminate service delays for critical health or trauma needs.

4. Increased Support for Aboriginal Children and ACCOs

Draft Recommendations Summary:

Adjust pricing for Aboriginal children to account for cultural support, with specific components for casework, cultural connection, and higher ACCO operating costs.

ACYP Position:

Essential and long overdue.

Feedback:

- The *Family is Culture* review (endorsed in the *Special Inquiry*) and the *Voices of Children and Young People in OOHC Report* both revealed that Aboriginal children in non-ACCO placements experienced cultural isolation and disconnection from kin, Country, and identity.
- Funding must be structured to **accelerate the transfer of Aboriginal children to ACCO care**, as called for by both *Family is Culture* and SNAICC.

ACYP Recommendation:

- Introduce **transition funding packages** specifically to support the safe transfer of Aboriginal children from non-ACCOs to ACCOs.
- Support ACCOs to deliver **early intervention and reunification** programs with embedded cultural healing.

5. Improved Oversight and Accountability Through Pricing Reform

Draft Recommendations Summary:

Use cost-based reimbursement and data tracking to improve system accountability and assess service effectiveness.

ACYP Position:

Agreed in principle, but must include children's voices in accountability frameworks.

Feedback:

- Young people shared repeated frustrations that their complaints and insights "go up the ladder" but "don't come back down" with clear outcomes.
- The *Special Inquiry* called for a **dedicated, independent complaints and oversight mechanism** that reports to Parliament, with accessible pathways for children and young people to be heard.

ACYP Recommendation:

- Mandate provider compliance with **independent youth feedback systems**.
- Include the cost of **youth-led auditing and complaints services** in pricing benchmarks.
- Fund a **permanent OOHC Ombudsman** with legislative powers to review outcomes and standards.

6. Funding for Transition and Aftercare Supports

Draft Recommendations Summary:

Transition support is acknowledged, but not costed or structured as a systemic right.

ACYP Position:

Critically underdeveloped. Children in care must be supported beyond the age of 18.

Feedback:

- Young people said exiting care felt “like falling off a cliff” and called for consistent support through age 21 or beyond.
- The *Special Inquiry* explicitly called for investment in transitions from ACAs to stable placements and beyond.

ACYP Recommendation:

- Introduce **per-child post-care support packages** funded to age 21 (at minimum), covering housing, education, mental health, and mentoring.
- Create **specialist transition caseworker roles** with youth-led planning authority.

7. Carer and Workforce Capacity

Draft Recommendations Summary:

Addresses carer shortages through increased payments and training cost recognition.

ACYP Position:

Inadequate unless combined with systemic changes to recruitment, training, and retention.

Feedback:

- Many children in the *Voices of Children and Young People in OOHC Report* questioned the suitability of some carers and called for better screening.
- Professionalisation of parts of the workforce must not erode the importance of **relational care**, especially for Aboriginal children.

ACYP Recommendation:

- Fund a **carer quality and accountability framework**, including:
 - Ongoing professional development
 - Youth-informed performance review mechanisms
 - Tiered carer accreditation