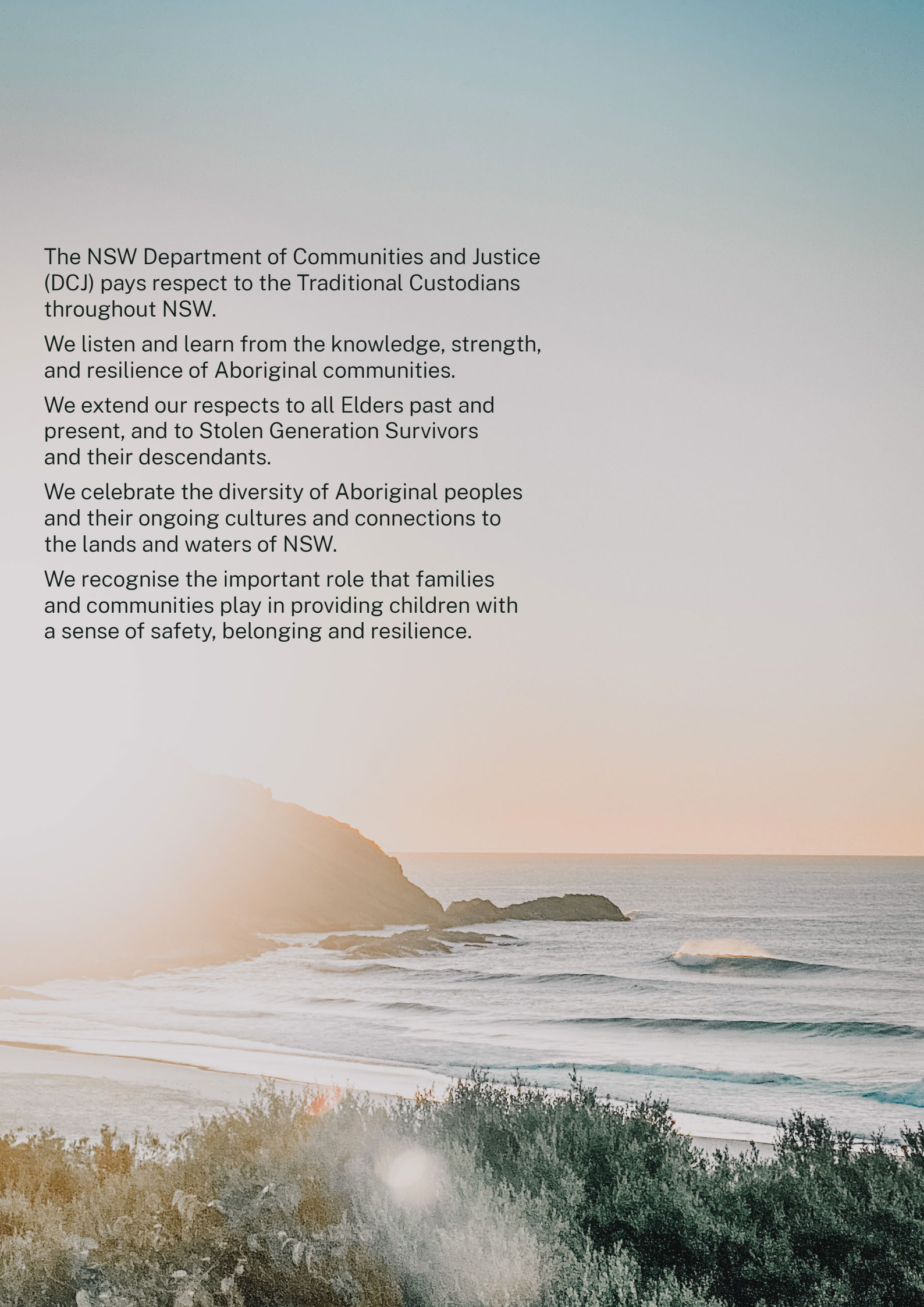


Reform plan: transforming the out-of-home care system in NSW

February 2025





The NSW Department of Communities and Justice (DCJ) pays respect to the Traditional Custodians throughout NSW.

We listen and learn from the knowledge, strength, and resilience of Aboriginal communities.

We extend our respects to all Elders past and present, and to Stolen Generation Survivors and their descendants.

We celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of NSW.

We recognise the important role that families and communities play in providing children with a sense of safety, belonging and resilience.

Minister’s foreword



Since I was appointed Minister for Families and Communities in April 2023, I have been open and honest about the challenges facing the out-of-home care system in NSW.

For many, it has been an uncomfortable conversation and will continue to be so, but for the NSW Government and the children and families we serve, it is a necessary conversation.

As the Government progresses current reforms and designs a new out-of-home care system for our state, I am pleased to share our out-of-home care reform plan — which provides our vision for reform and its sequencing.

Over almost two years, I have met with more than 1,000 caseworkers across the state. I have also heard directly from hundreds of parents, carers, and — importantly — children about their experiences within the child protection system.

There is so much good work happening across NSW that deserves to be celebrated and recognised, including more families accessing early intervention and family preservation services, children being successfully restored to their families, and young people who are safer as a result of the supports and services funded by the people of NSW.

I have also heard heartbreaking stories from children and young people who have slipped through the cracks, placed in hotels and motels with unaccredited staff for months and years on end. As a minister and a mother, I know we must do so much better.

In May 2024, I commissioned a System Review into out-of-home care to examine the performance and sustainability of the current system. The review identified key issues that are impacting outcomes for children and young people, and too often leading to the delivery of poor services at unimaginable and unjustifiable cost to taxpayers.

The System Review was published in December and sets out immediate and long-term recommendations as part of an overarching reform strategy for out-of-home care. The review provides a roadmap for rebuilding system accountability and oversight; improving contractual and financial management; collaborating with and elevating the voices of children, families and carers; and building a stronger workforce.

At its core, the System Review calls on the Department of Communities and Justice (DCJ) to reclaim the role of system steward after a decade of outsourcing responsibility due to previous government policy.

The NSW Government is embracing that challenge and embarking on major reform to the out-of-home care system.

This reform plan sets out the vision to rebuild a world class out-of-home care system that enables children to thrive in supportive, stable environments, with greater transparency and accountability at every level.

I encourage all stakeholders to study the System Review, reflect on our reform plan, and engage in the unique opportunity before us to make a difference.

The Hon. Kate Washington MP
Minister for Families and Communities
Minister for Disability Services

Systemic reform of the out-of-home care system



The out-of-home care system in NSW does not consistently deliver positive outcomes for children and young people and is operating over budget. To address systemic challenges, we are embarking on major reform of the out-of-home care system in NSW.

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.

We do not have 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.



A phased approach to out-of-home care reform means:

stabilising,


rebuilding,

and investing.

A new out-of-home care strategy

With urgent changes already underway, DCJ will develop a detailed out-of-home care strategy by the end of 2025. The strategy will represent the Government's commitment to improving outcomes so that children can thrive in supportive and stable environments with connections to family and community.

This plan sets out our vision for transformation and direction of the strategy.



Our vision is for a world class out-of-home care system that enables children to thrive in supportive, stable environments, and sees recovery and restoration for more children and families.

The system will be anchored in a philosophy of out-of-home care being an intervention of last resort, ensuring that **children remain connected with their family, kin, culture and community**. This ensures less disruption, more connection, and better long-term outcomes.

We will improve efforts to keep families safely together where possible. Our aim is to **support and restore families**, reducing the need for out-of-home care.

Out-of-home care services will be delivered by **best-fit providers** — balancing capability and capacity with the need to build a **strong Aboriginal sector**. DCJ will **rebuild its capacity to deliver out-of-home care services**, to drive improved outcomes and value for money.

We aim to see greater **wellbeing, recovery and healing** for children in out-of-home care and their families through improved prioritisation and integration of health and therapeutic services.

Out-of-home care services and systems will be delivered efficiently and sustainably, with stronger **oversight and accountability**.

Data and evidence will drive decisions, with a new **quality assurance** framework to monitor and evaluate outcomes enabling the system to continually improve.

A world class out-of-home care system

Our vision is for a world class out-of-home care system that enables children to thrive in supportive, stable environments, and sees recovery and restoration for more children and families.

The out-of-home care strategy and the three phases of reform are underpinned by eight key reform directions to achieve this vision:

<div>1</div> <div>Keeping children with family and community</div> <div><div>Increase focus on restoration.</div><div>Increase focus on placement with family and kin.</div><div>Preserve and strengthen children’s connections in out-of-home care.</div></div>	<div>2</div> <div>Strengthening recovery, healing and wellbeing</div> <div><div>Prioritise health, education and other supports for children in out-of-home care.</div><div>Expand therapeutic support models.</div><div>Improve healing support.</div></div>	<div>3</div> <div>Empowering service users</div> <div><div>Create mechanisms to give children, families and carers greater voice to influence system design and improve service outcomes.</div><div>Embed relational approaches into out-of-home care service delivery.</div></div>	<div>4</div> <div>Expanding Aboriginal-delivered services</div> <div><div>More Aboriginal Community-Controlled Organisations (ACCOs) delivering more services for Aboriginal children.</div><div>Drive ACCO out-of-home care transition.</div><div>Partnership to develop Aboriginal-designed and delivered family preservation program.</div></div>	<div>5</div> <div>Recognising carers as key partners</div> <div><div>Improve recruitment and retention of all carers, including authorisation and on-boarding.</div><div>Improve supports for relative and kin carers.</div><div>Develop and expand intensive carer models.</div></div>	<div>6</div> <div>Increasing service quality</div> <div><div>Refine and scale quality outcomes measurement.</div><div>Undertake rigorous program evaluations.</div><div>Develop new home-based models for children with complex needs.</div><div>Design and implement new residential care models.</div></div>	<div>7</div> <div>Improving oversight and accountability</div> <div><div>Strengthen performance measurement and contract management.</div><div>Strengthen complaint-handling functions.</div><div>Clarify system roles and responsibilities across DCJ, non-government organisations (NGOs) and ACCOs.</div></div>	<div>8</div> <div>Delivering value for money</div> <div><div>Introduce a standard out-of-home care pricing structure.</div><div>Out-of-home care program redesign and recommissioning.</div><div>Establish new fit-for-purpose residential housing assets.</div><div>Improve system integration.</div><div>Develop options to streamline and automate practitioner data entry.</div></div>
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Phase 1

Stabilising the system

(we are in this phase now)

We are urgently working towards stabilising the out-of-home care system to improve system performance.

! The initial phase of reform focuses on improving service quality, implementing stronger cost and monitoring controls and establishing government capacity as a provider across all out-of-home care placement types.

A range of stabilising measures are underway to address the most significant issues:

Supporting children to access out-of-home care services that improve outcomes

We are reducing the reliance on high-cost emergency arrangements as they have inadequate service standards, deliver poor outcomes for children and do not represent value for money.

We are banning the use of Alternative Care Arrangements — these high-cost emergency arrangements provided by unaccredited out-of-home care providers will be phased out by March 2025, with an 83 per cent reduction achieved in the past twelve months.

We are improving the provision of information to carers and children, so they are fully aware of their entitlements and can better access government-funded supports.

We are transferring case management responsibilities from NGOs to DCJ where children with low and medium needs have been placed in Alternative Care Arrangements or Individual Placement Arrangements for over six weeks, and do not have a confirmed new placement or exit plan.

We are working with AbSec and key partners to develop an Aboriginal restoration initiative.

We are working to increase Aboriginal out-of-home care transitions from NGOs to ACCOs by establishing district-level targets and improving oversight and monitoring.



Building DCJ capacity and capability

We have put into place a historic pay deal to increase DCJ caseworker salaries as the first step to attract and retain more caseworkers.

We are recruiting more foster carers to provide more stable, carer-based emergency options (we now have around 200 internally recruited emergency foster carers). We are also improving the way we do carer recruitment, assessment and training.

We will insource critical service functions to DCJ, including a proportion of family time supervision and carer placement and permanency assessments, allowing DCJ to regain oversight of essential services and enhance service quality.

We are building more DCJ-run residential care services so we are less reliant on unsustainable high-cost emergency arrangements.

We are progressing a plan to open fit-for-purpose home environments for children and young people with high and complex needs.

Delivering better value for money

Reducing the number of children in inappropriate placements.

Decreasing funded vacancies in NGO residential care services.

Enhancing monitoring and oversight by reviewing current contracts and the use of out-of-home care packages to improve performance, accountability and value for money.

Improving transparency to ensure every dollar invested in the out-of-home care system benefits the children and families we are seeking to support.

Phase 2

Rebuilding system foundations

Transforming the out-of-home care system requires bold, long-term changes to maintain the reforms we have already begun and to create a strong foundation for delivering services into the future.

In phase 2, we will focus on rebuilding the out-of-home care system through a redesign of the out-of-home care program to ensure it delivers what children need to thrive; supported by clear accountability, collaboration and innovation.

At the heart of this transformation is our commitment to delivering an effective, transparent and accountable out-of-home care system.

DCJ must exercise its role as the **steward of the out-of-home care system**. There will be a new accountability framework to guide the actions of DCJ staff and NGOs funded to provide out-of-home care services on behalf of government. Children, their parents, carers, and the NSW public will all be able to hold DCJ and NGOs accountable.

Equally, we are committed to building the ACCO sector to deliver **culturally-responsive Aboriginal-delivered services**.

Rebuilding these foundations will require significant work. We will do this by:

Understanding what needs to change with a system driven by better data.

Identifying where government should deliver out-of-home care services.

Ensuring **children, young people, parents and carers can have greater say** to influence the systems and decisions that shape their lives.

Developing **performance measures and monitoring systems** to drive improved outcomes for children and families.

Creating **more intensive models of care** and ensuring carer payments match what is needed to support children.

Collaborating with Aboriginal stakeholders to deliver an **Aboriginal restoration** initiative that respects the role of families and reflects cultural knowledge and practices.

Designing ways to deliver **improved therapeutic supports** to help children in out-of-home care to heal and thrive.

Developing a solid framework for effectively **recruiting, training, supporting and retaining carers**.

Establishing an **out-of-home care cost and pricing structure**.

This process will take time, but the goal is clear: we will create a system that works for children and families, keeps them living safely with their family wherever possible, keeps them connected to their communities, and supports them to thrive.

Phase 3

Investing for outcomes

The final phase of reform will see government confidently invest into a transformed out-of-home care system that drives healing and recovery and helps more children to be restored to their families.

Investment will be guided by a long-term out-of-home care strategy under which the current out-of-home care program will be redesigned and a new program implemented by mid-2027.



- A new strategy will include:
- A detailed **implementation plan**.
 - Workforce and change management plans** to ensure a structured rollout.
 - Ongoing consultation** with stakeholders across government, Aboriginal communities, service providers, children, families and carers.
 - Concrete steps to **optimising the market** mix of providers, ensuring that DCJ, NGOs and ACCOs are delivering the right services to meet the diverse needs of children, families and carers.
 - Analysis and modelling to inform market mix options, new pricing structures and service models.

Successful system reform will mean we can reinvest resources where we know it will be most impactful. This includes evidence-based programs that support families earlier, preventing children from entering out-of-home care.

End-to-end system child safety reforms



- These out-of-home care reforms are part of a broader program of end-to-end reform across the entire scope of the out-of-home care and child protection systems.**
- To drive holistic reform, there is work underway to examine options across all touch points of the system with children and families:
- Improve the way that Family Preservation services are delivered.
 - Build stronger partnerships across the community.
 - Empower families in decision-making processes.
 - Improve cultural practice so that the rights of Aboriginal children are protected.
 - Redesign and improve our reporting, risk and safety assessment and triaging tools to ensure the right services and interventions are being pursued at the right time.
 - Ensure early intervention funding and programs across government agencies are integrated and accessible.

A broader approach to reform

We know that there is good work happening right across the sector, but the current out-of-home care system is not always providing enough of the right support. What we need is a system that provides the *right* support for families at the *right* time, delivered in the *right* way.

This poses a fundamental shift to the way we approach statutory child protection and out-of-home care. We are just at the beginning of this reform, exploring how to make this shift happen.

We are starting by directly addressing the recommendations of the System Review into out-of-home care and other recent reports and reviews by the Audit Office and the NSW Ombudsman, among others.

Over the coming months, there will be numerous changes that are responsive to the System Review to ensure more effective and accountable care for the vulnerable children and young people we all seek to support.

In parallel, DCJ will establish a long-term, end-to-end systemic reform plan that reshapes statutory child protection, aligning with and enhancing our out-of-home care reforms detailed in this plan.

This reform plan sets us on a new path to deliver a world class system that works for children and families. A system that keeps children living safely with their families, connected to their communities, and supported to thrive.



