Inquiry into **Intensive Therapeutic Care**

We pursue fairness for the people of NSW

Ombudsman
New South Wales

Acknowledgement of Country

The NSW Ombudsman acknowledge the Gadigal people of the Eora nation, who are the traditional custodians of the land on which the NSW Ombudsman's office is located. We also respectfully acknowledge the traditional custodians of the land and waters across NSW, their cultural and spiritual customs and practices, and celebrate the diversity of First Nations people throughout NSW. We pay respect to all First Nations' Elders past, present and emerging, and to the children of today who are the Elders of the future.

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New South Wales

17 December 2025

The Hon Ben Franklin MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon Greg Piper MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Mr President and Mr Speaker

Pursuant to section 31 of the *Ombudsman Act 1974,* I present a report titled *Inquiry into Intensive Therapeutic Care*.

I draw your attention to the provisions of section 31AA of the *Ombudsman Act 1974* in relation to the tabling of this report. I request that you make the report public forthwith.

Yours sincerely

Paul Miller
NSW Ombudsman

Contents

Executive Summary

The Department of Communities and Justice (**DCJ**) introduced the Intensive Therapeutic Care (**ITC**) program in 2018-19 as a new model of residential care for children in statutory out-of-home care (**OOHC**) to replace the former model of residential care (**legacy residential care**).

We commenced this Inquiry because there is no public information on the performance of the ITC program and the outcomes achieved for children, and the program has not previously been evaluated.

What is the ITC program?

The ITC program is for children over 12 years with high and complex needs where family-based placements are not possible or available to them and/or they require specialised and intensive supports. DCJ does not provide ITC services directly but funds non-government organisations (**NGOs**) to provide ITC services. DCJ requires ITC providers to incorporate the 10 Essential Elements of Therapeutic Care in their daily service delivery to ensure a consistent approach to therapeutic care across ITC services.

The ITC program comprises a suite of service types offering different levels of intensity of therapeutic care in different house arrangements. This Inquiry examined ITC operations by conducting a 'deep-dive' review of a selected number of Intensive Therapeutic Care Homes (**ITCH**), because this ITC service type had the largest cohort of children in ITC.

ITC homes generally accommodate either 2 or 4 children and must also have space to accommodate care workers.

Purpose of the Inquiry

The Inquiry's central purpose was to assess whether ITC is operating as intended and meeting the objectives of:

- providing children with stable care arrangements and consistent specialised support where needed
- providing a safe environment for children with high and complex needs
- helping children to recover from the most severe forms of trauma, neglect, abuse or adversity by providing them with the necessary therapeutic support
- assisting some children to make a successful transition to a permanency outcome or less intensive placement type.

In the absence of outcomes information about the ITC program and the children in ITC, the Inquiry sought to answer whether the program is achieving its objectives using proxy indicators, unpublished data and a range of qualitative information from agencies and providers.

The Inquiry does not comment on the performance of individual providers but rather reflects consolidated data and themes. The Inquiry also did not seek to assess the outcomes for individual children but acknowledges receipt of information from some providers that they are achieving successful outcomes for some children in their care. This information has not been included in this report because it has not been collected on a consistent basis to enable aggregation at a program level.

We also acknowledge both the demanding and rewarding nature of providing daily care to children in ITC who each have unique needs, wishes, goals and experiences, and their rights as children in OOHC to quality care and support that addresses their needs.

Inquiry's overall conclusions

The Inquiry concluded that the ITC program is not operating as intended. A range of longstanding systemic and ITC program related challenges are impacting on the effectiveness, efficiency and quality of services for children. These unresolved issues undermine the long-term ability of the ITC program to meet the needs of children. These include housing insecurity, workforce shortages, and a lack of placement options to enable children to remain connected to family and community. The ITC program is not effectively responding to these challenges.

Based on the evidence obtained, DCJ cannot demonstrate that the ITC program is meeting its objectives to:

- provide stability for children with high and complex needs in ITC
- assure the safety of children in ITC
- ensure children are accessing therapeutic care
- step-down children or shorten their time in care by securing their permanency.

Fundamental changes in program design and operation are required for the ITC system to respond effectively to children's changing needs and to give their voices prominence in all decisions that affect their care experience and life beyond care.

As the lead child protection and OOHC agency, DCJ's role extends beyond funding and commissioning ITC services. It also has a responsibility to actively assist agencies to address systemic barriers that hinder their capacity to deliver therapeutic care to children. Some providers have adapted their service delivery or commenced initiatives in an attempt to respond to service gaps, particularly in the areas of health and education. However, not all providers have the capacity to make these changes or evaluate the efficacy of their initiatives, and many of these systemic barriers cannot be resolved by individual providers in isolation. DCJ could and should do more in this area.

Key findings

Are ITC placements stable?

Many children come into ITC having experienced placement disruptions and instability, which impacts their recovery from trauma and undermines therapeutic outcomes. Children in the houses selected for the 'deep-dive' review in this Inquiry had experienced on average 7 previous placements prior to 30 June 2024, with some experiencing up to 26 previous placements.

Matching and placing children in ITC is hampered by ITC providers often receiving insufficient, outdated or incorrect information from DCJ. The tool DCJ uses to determine care and funding levels for children placed in ITC is not fit-for-purpose and is under review.

DCJ's referral processes for children to NGOs for a placement in ITC are inefficient – in 2023-24, 77% of referrals to providers were declined, each referral was broadcast 3 times on average, and only just over half (57%) of referred children, secured a placement.

The pressure to reduce vacancies and find placements for more children can undermine effective placement matching and client mix in ITC. The current measurement of vacancy is not linked to providers achieving quality outcomes and stability for children.

There is currently no mechanism to oversee and review DCJ's determination of type of placement for a child in ITC nor is there an independent advocate to ensure children's voices and placement preferences are considered.

DCJ tracks the number of placement changes and length of stay of children in ITC as the only measures of stability but not children's experiences of stability and continuity of relationships.

Persistent workforce shortages, housing market constraints and prejudicial community views can exacerbate instability in ITC leading to significant disruptions to relationships, schooling and support for children. For example, in 2023-24, 21% of the selected houses had address changes.

Are children in ITC safe?

Institutional group care settings involve many variables and potential risks for children, and research has found that children in residential care are more likely to experience harm than children in other settings.

Current safeguard mechanisms intended to respond to risks to children in residential care do not always trigger timely intervention:

- The majority of children reported at risk of significant harm (**ROSH**) in ITC do not receive a risk assessment as required in the Safety in Care Mandate – in 2023-24, 65% of children in ITCH were subject to at least 1 ROSH report, but only 37% of the children reported received a completed assessment.
- The *Joint Protocol to Reduce the Criminalisation of Children in Residential Care* is not implemented consistently and does not appear to be reducing the criminalisation of children in ITC.

There is no minimum standard of care and no clarity about how oversight mechanisms apply to children who leave their ITC placement for 4 weeks or more (determined to be 'not in placement') and who are at high risk of homelessness and exploitation.

Poor compatibility of residents remains a key risk to the safety of children and staff and has significant resource implications for providers. For example, some children in ITC houses have Apprehended Domestic Violence Orders (**ADVOs**) against each other or restrictive bail conditions.

Do children in ITC access and engage in therapeutic support?

DCJ does not routinely monitor the implementation of the 10 Essential Elements of Therapeutic Care and outcomes achieved for children across ITC.

A high percentage of children lack the required health, cultural and education plans to support their progress. At 30 June 2024, of the children in the selected houses:

- 59% had Education Plans and 13% were confirmed to be attending an educational setting.
- 42% of the Aboriginal and Torres Strait Islander children either had approved Cultural Plans or a plan in progress.
- 57% were on the Health Pathway and 71% had a Health Plan.

The ITC system in NSW continues to face significant challenges in delivering on its therapeutic care objectives:

- The required specialised services are not available where and when needed.
- Multi-agency agreements and collaborative protocols (across health, education, police, youth justice) do not consistently deliver coordinated or timely support services for children in ITC.

- Many children are placed long distances from familial and community support networks due to local placement scarcity.
- High turnover of staff, and lack of sufficiently qualified staff—particularly in regional or remote areas—undermine continuity of care and the implementation of therapeutic approaches.

Are children in ITC stepping down into less intensive placements?

ITC is explicitly intended to be a temporary measure focused on securing permanency and promoting step-downs through its service continuum.

However, most children are unlikely to step-down from ITC, many stay longer than intended, and few exit to permanency.

In 2023-24, only 5% of children in all ITCH stepped down, with a slightly higher proportion (14%) stepping down in the selected houses reviewed as part of the Inquiry. Only 2 children in all ITCH exited to permanency – restoration to family.

Many children return to ITC after stepping down.

In the 6 years since 2018-19, consistently half of the children who stepped down from ITCH re-entered ITC, High-Cost Emergency Arrangements (**HCEA**), or re-entered care to less intensive placement types, indicating a cycle of instability. Of those children who returned, 21% had 2 or more re-entries.

Data shows persistent and increasing use of ITC. Between March 2024 and March 2025, the number of children in residential care increased by 10%. Factors contributing to this increase include the number of children entering ITC from HCEAs, the low rate of step-downs, prolonged stays in ITC and ongoing high demand for ITC.

The evidence provided to the Inquiry raises significant questions about both the sufficiency of the current stepping down options and the suitability of stepping down as a goal.

Systemic issues affecting ITC delivery

The ITC program continues to face other significant systemic challenges impacting on its ability to deliver safe, stable, quality therapeutic care to children. Information to the Inquiry showed:

- The provision of services and supports to children can be delayed due to inconsistent practices between DCJ districts, outdated key guidance and inefficient administrative systems for approving children's plans.
- Children's participation in daily decisions and future planning in ITC homes is variable and hampered by disruptions to relationships necessary for therapeutic care.
- There are challenges in finding suitable placements for children to allow them to remain connected to family, Culture and community.

Summary of recommendations

The Inquiry started after DCJ announced major reviews into OOHC, including a system review into OOHC and an Independent Pricing and Regulatory Tribunal (**IPART**) review of costs and pricing in OOHC. Both reviews have since resulted in public reports.

DCJ has announced it will release a detailed OOHC Strategy by the end of 2025 and fully implement it by mid-2027 to coincide with the commencement of the new OOHC commissioning process. The following recommendations have been developed with awareness of that reform process as well as DCJ's advice

that an evaluation of ITC will be conducted, to be completed by June 2027. It is unknown, at this stage whether the term 'ITC' will continue to be used in the future reforms. For this reason, our recommendations relating to any future system refer to 'therapeutic residential OOHC' and our recommendations relating to the current system refer to 'ITC'.

We acknowledge the importance of all key stakeholders being involved in the design for future reform of ITC and therapeutic residential OOHC, including agencies, providers, children, families and people with lived experience of residential care.

1. DCJ should consult and work with providers, children, families and others with lived experience (as appropriate) in implementing the recommendations from the Ombudsman's Inquiry into Intensive Therapeutic Care.
2. As part of its reform of therapeutic residential OOHC, in addition to DCJ's tracking of the number and type of placement changes, DCJ should:
    a. establish stability measures for children in therapeutic residential OOHC that track the number and type of movements of children within a placement, and other changes that impact on children's experiences of stability
    b. publicly report annually on these measures
    c. establish mechanisms to monitor and respond to trends and patterns in stability.

    These measures should be developed in advance of the next round of commissioning of OOHC services in July 2027.
3. DCJ should redesign the ITC broadcast system to:
    a. target placement referrals to relevant ITC providers
    b. establish minimum information standards for placement referrals that align with Practice Requirement 7 of the OCG Code of Practice – providing safe and suitable care environments
    c. allow sufficient time for thorough assessment by ITC providers of child-centred risk mitigation.

    The redesign should be finalised by December 2026.
4. DCJ should establish an internal panel with independent representation to provide quality assurance about placement decisions for children in ITC. The panel's responsibilities should include:
    a. assessing how placement decisions have considered and responded to children's views and input
    b. reviewing the outcomes of placement decisions in ITC (initial or subsequent changes to placements) to identify changes to improve the stability and safety of placement.

    This panel should be established by December 2026.
5. The Statewide Steering Committee of the *Joint Protocol to Reduce the Criminalisation of Children in Residential Care* should be accountable to an appropriate oversight mechanism, such as the planned Secretaries OOHC 'forum' in response to Recommendation 1 of the OOHC Systems Review. This should include reporting by the Statewide Steering Committee on any implementation plans, evaluation strategies, reviews and reforms (including the development of a minimum dataset and training strategy).

    These reporting and oversight arrangements should be established by December 2026.

6. DCJ should review and identify reforms to the policy and practice standards of care for children 'not in placement' – to provide for these children's safety, welfare and well-being when away from placement.

   This review should be completed by December 2026.

7. In addition to other monitoring of educational outcomes achieved by Recommendation 12 of the OOHC Systems Review, DCJ and partners should also report on compliance with section 21B of the *Education Act 1990* relating to compulsory school-age and participation for children in residential care to an appropriate oversight mechanism, such as the planned Secretaries OOHC 'forum'.

8. As part of its reform of therapeutic residential OOHC, and following DCJ's evaluation of ITC, DCJ should develop revised goals for therapeutic residential OOHC that focus on the best interests of children in ITC.

   These goals should be developed in advance of the next round of commissioning of OOHC services in July 2027.

9. As part of DCJ's pending evaluation of ITC, DCJ should ensure the evaluation includes:

   a. examining the sufficiency of current pathways out of ITC to respond to the diverse needs and goals of children
   b. examining evidence for the effectiveness of initiatives developed by ITC providers in response to systemic challenges
   c. assessing the potential program-wide implementation of initiatives found to be effective
   d. identifying solutions to inconsistent and inefficient practices, data systems and processes across DCJ.

   DCJ has advised the ITC evaluation is due to be completed by June 2027.

10. As part of developing a new OOHC outcomes framework, DCJ should:

    a. review the information DCJ and ITC providers currently collect on ITC operations, services and outcomes for children to identify any performance information gaps
    b. develop an agreed set of therapeutic residential OOHC performance measures
    c. set an agreed timeline, not exceeding 12 months, to implement and report on these measures at a program level.

    These measures should be developed in advance of the next round of commissioning of OOHC services in July 2027.

11. As part of its reform of therapeutic residential OOHC, DCJ should develop a model of advocacy for children that includes advocacy by significant people in a child's life, and advocacy for children who do not have significant people to advocate for them.

    This model should be developed by December 2026.

12. DCJ with partner agencies, or through the planned Secretaries OOHC 'forum', should agree on processes to streamline access for children to key services needed for their therapeutic care, including providing pathways to prioritise children as needed.

    These processes should be established in advance of the next round of commissioning of OOHC services in July 2027.

This report does not include recommendations about DCJ's response to children in ITC reported at ROSH given the NSW Ombudsman is separately conducting an investigation under the *Ombudsman Act 1974* into DCJ's response to children reported at ROSH. An investigation report is expected to be published in early 2026.

1. Introduction

In July 2024, the NSW Ombudsman announced this inquiry into ITC under section 11(1)(e) of the *Community Services (Complaints, Review and Monitoring) Act 1993* (**CS CRAMA**).[1] We started this Inquiry because the ITC program has expanded significantly in the 7 years since it started, but there is no public information on its overall performance, or the outcomes achieved for children.

The report assesses available information about the ITC system as at September 2025.

1.1 Intensive Therapeutic Care Model

DCJ introduced ITC in 2018-19 as a new model of residential care for children in statutory out-of-home care (**OOHC**) to replace the former model of residential care (**legacy residential care**) to 'more effectively and holistically address the needs of children and young people and improve their outcomes across safety, permanency and wellbeing domains'.[2]

According to DCJ, the ITC program:

- provides residential care placements for children over 12 years of age with high and complex needs '…who are either unable to be supported in foster care or require specialised and intensive supports to maintain stability in their care arrangements'[3]
- is 'designed to be flexible enough to respond to the needs of children and young people with the most complex support needs'.[4]

DCJ does not provide ITC services directly[5] but funds NGOs to provide ITC services.[6] As at September 2025, 15 NGOs were providing ITC services across NSW. A provider must be accredited by the Office of the Children's Guardian (**OCG**)[7] to deliver residential OOHC services. DCJ determines the type of placement to be arranged for a child in accordance with principles in the *Children and Young Persons (Care and Protection) Act 1998* (**Care Act**)[8] and refers children to designated agencies (an accredited provider is referred to as a 'designated agency') to make arrangements to provide this type of placement.[9]

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1 NSW Ombudsman, *Protecting Children at Risk: an assessment of whether the Department of Communities and Justice is meeting its core responsibilities*. (July 2024) <https://www.ombo.nsw.gov.au/reports/report-to-parliament/protecting-children-at-risk-an-assessment-of-whether-the-department-of-communities-and-justice-is-meeting-its-core-responsibilities>.

2 Family and Community Services (now DCJ), *Permanency Support Program – Program Description* (Program 2017), Appendix 5: Service Overview-Intensive Therapeutic Care <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/residential-care-placements/ITC-RFT-Volume-5-Appendix-5-Service-Overview-ITC.pdf>

3 'Residential care placements', DCJ (Web Page, 10 September 2025) <https://dcj.nsw.gov.au/service-providers/oohc-and-permanency-support-services/intensive-therapeutic-care-intermin-care-model.html>

4 DCJ, 'Fact sheet explaining ITC service system and types' (Factsheet, June 2019) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/itc-icm-and-sil/ITC-Fact-sheet-explaining-ITC-service-system-and-types.pdf>

5 DCJ recently commenced providing residential care *not* in the ITC program through the Waratah Care Cottages, which use a similar model for medium or low needs children and are focused on young sibling groups.

6 DCJ retains functions of parental responsibility but funds NGO designated agencies to provide authorised care. Authorised carers (under s 137 of the Care Act) includes principal officers of designated agencies who are authorised to exercise daily care responsibility as outlined in s 157 of the Care Act.

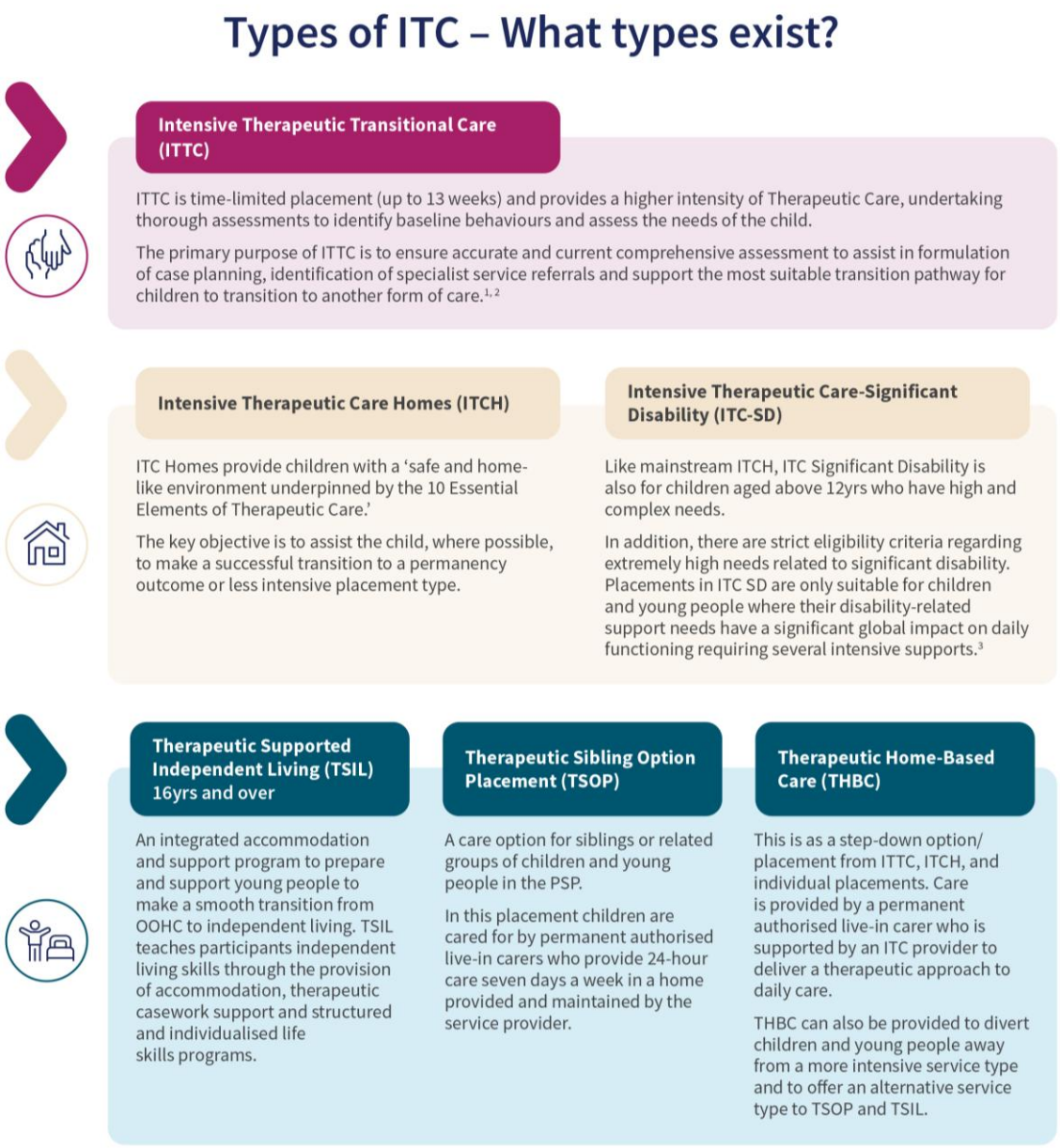
7 The OCG must determine a provider has met the NSW Child Safe Standards for Permanent Care. 'Accreditation Framework', *Office of the Children's Guardian* (Web Page 26 November 2025,) <https://ocg.nsw.gov.au/statutory-out-home-care-and-adoption/about-statutory-out-home-care-and-adoption/accreditation>. From 1 October 2025, the Child Safe standards and associated Code of Practice will replace the NSW Permanent Care Standards as the accreditation criteria for designated agencies providing OOHC and adoption services.

8 Sections 10A (Permanent placement principles) and 13 (Aboriginal and Torres Strait Islander Child and Young Person Placement Principles) of the Care Act.

9 Section 138 of the Care Act provides that either a Designated Agency or the Children's Guardian may make arrangements for the provision of statutory or supported out-of-home care. There are a number of designated agencies that sit outside DCJ.

The ITC program comprises a suite of service types offering different levels of intensity of therapeutic care in different house arrangements. Figure 1 below provides an overview of each ITC service type.

Figure 1: Types of Intensive Therapeutic Care[10]



Note 1: See also Department of Communities and Justice, *Information Sheet for Caseworkers and Agencies with Case Responsibility* (Fact Sheet) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/itc-icm-and-sil/ITTC-Operations-Information-Sheet.pdf>.

Note 2: An ITC provider has advised us that ITTC homes are being closed. This has also been reported in the media: 'The Minister for Families and Communities, Kate Washington, said the closure of ITTC units was part of a broader range of reforms…DCJ is working closely with impacted providers to plan for the closure by March 2026'.[11]

Note 3: See Department of Communities and Justice, *ITC Significant Disability* (Factsheet, May 2019) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/itc-icm-and-sil/ITC-Significant-Disability-Factsheet.pdf>.

[10] Source: NSW Ombudsman based on information from DCJ.

[11] Gabriel Fowler, 'Hunter intensive therapeutic care homes closing down by 2026', *Newcastle Herald*, (online, 29 October 2025) <https://www.newcastleherald.com.au/story/9099105/hunter-intensive-therapeutic-care-homes-closing-down-by-2026>.

Intensive Therapeutic Care Homes (**ITCH**) have the largest cohort of children in ITC (56% or 390 of 700 children at 30 June 2024). In the financial year 2023-24, 278 individual children entered ITCH according to DCJ's data.

DCJ intends each ITC Home to be a safe physical environment that is 'home-like' where children have their own personalised spaces as well as shared recreational spaces. They must also have somewhere staff can stay and observe without intruding.[12]

Children in ITC Homes generally live in either 4-bedroom or 2-bedroom house configurations.

DCJ has recently allowed 2-bedroom houses to be used for individualised placements when children are unable to be placed with other children, though for a limited time only (6 months maximum).[13]

Appendix A provides an overview of DCJ's staffing requirements for Intensive Therapeutic Homes for each bed configuration.

1.2 ITC program founded on 10 Essential Elements of Therapeutic Care

The *NSW OOHC Therapeutic Care Framework* was collaboratively developed by DCJ (then Department of Family and Community Services), the Association of Children's Welfare Agencies (**ACWA**) and the OOHC sector to 'guide the delivery of best practice Therapeutic Care' and provides that therapeutic care:

> …is achieved through the provision of a care environment where responses to the child or young person are consistent and predictable. The individual programming for each child or young person is developed with clinical input and is evidence-informed, culturally respectful and responsive; and provides positive, safe, reparative and healing relationships and experiences to address the complexities of trauma, attachment and developmental needs.[14]

DCJ requires ITC providers to incorporate the 10 Essential Elements of Therapeutic Care (**the Elements**) in their daily service delivery to ensure a consistent approach to therapeutic care across ITC services. The Elements align with the *NSW OOHC Therapeutic Care Framework.*

Figure 2 shows an overview of the Elements.

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[12] DCJ, 'Permanency Support Program – Service requirements' < https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf>. See Section 7 for ITC home related requirements. These should be read in conjunction with the Department of Communities and Justice, *Permanency Support Program — Program Level Agreement* (Agreement, December 2023) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/Permanency_Support_Program_PLA_updated_for_website_Dec23_.pdf>.

[13] DCJ, 'DCJ rules and process guidance for Intensive Therapeutic Care (ITC) Homes and ITC Significant Disability Homes', (Resource) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/oohc-resources/2_FINAL__Rules_and_process_guidance_for_Intensive_Therapeutic_ITC_Homes_and_ITC_Significant_Disability_Homes_for_service_providers.pdf> (August 2023).

[14] Department of Communities and Justice and ACWA, *NSW Therapeutic Care Framework*, (Framework, March 2017), p 2 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/itc-icm-and-sil/3859_FTOOHC-Detailed_WEB_R2.pdf>.

Figure 2: Overview of the Elements[15]

Below is a brief description of each element (see Appendix B for further details about each element).

1. Therapeutic specialist

A therapeutic specialist is a clinical expert who leads therapeutic practice, provides clinical advice, mentors staff and aims to support positive outcomes for children in ITC through referrals and collaboration with internal and external services to ensure evidence-based interventions for children.

2. Engagement, participation and inclusion

Engagement, participation and inclusion is intended to ensure children have a voice in their care journey and decisions that affect them. This includes children being actively involved in planning, placements, daily life, building identity, relationships and life skills while being supported to understand their rights and future options.

3. Client mix

Client mix is the process of matching children to therapeutic settings by assessing their needs, strengths, and compatibility with existing residents. Providers are responsible for considering new referrals to ensure homes remain safe, supportive and appropriate.

4. Care team meetings

Care team meetings, led by the therapeutic specialist, bring together professionals, carers and families to review case plans, monitor progress and respond to changes in a child's circumstances. They aim to ensure supports remain effective, incidents and risks are addressed, and strategies are developed to meet the child or young person's needs and goals.

5. Physical environment

The physical environment element is intended to create a safe, nurturing and home-like space that fosters the feeling of stability, belonging and security. It should be welcoming, well-maintained and supportive, providing personal space, privacy and opportunities for both relationships and independence.

6. Reflective practices

Reflective practice involves staff and carers examining their actions and responses to better understand and support children within a therapeutic framework. Regular meetings led by the therapeutic specialist, aim to share insights, build skills and ensure provision of consistent, effective care that promotes positive change.

[15] Source: Department of Communities and Justice, *Permanency Support Program — Program Description* (Program, 2017) Appendix 5 — Intensive Therapeutic Care, <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/residential-care-placements/ITC-RFT-Volume-5-Appendix-5-Service-Overview-ITC.pdf>.

7. Exit planning and post exit support

Exit planning and post exit support aims to prepare children and young people to leave ITC by ensuring they have the right plans, supports and connections for a smooth transition. It should include developing Leaving Care Plans, arranging aftercare and strengthening family and community relationships to support safe adjustment into independent living.

8. Qualified, trained and consistent staff

Qualified, trained and consistent ITC staff should have relevant skills, experience and training in therapeutic care and cultural competency to provide safe and effective support. Appropriate qualifications, ongoing assessment, stable rostering and proper staff-to-child ratios are also required, to create reliable and therapeutic environments for children.

9. Organisational commitment

Organisational commitment in ITC requires embedding therapeutic care into an organisation's philosophy, policies and practices so all staff work within a consistent, evidence-informed framework. This element aims to support staff wellbeing, strengthen partnerships and ensure children receive safe, stable and therapeutic care.

10. Governance and reporting

Governance and reporting systems are intended to ensure service providers meet statutory, contractual and DCJ requirements through strong oversight and accountability. Strong governance structures should support consistent practices within the sector, continuous improvement, strong partnerships and regular measurement of outcomes for children.

1.3 Rights of children in OOHC

Children in OOHC, including those in ITC, must be able to exercise their rights and have choices in accordance with the *Charter of Rights for Children and Young People in Care* and OOHC Standards.[16]

In practice, this means children should have meaningful input into decisions made about/for them including where they are placed, the running of the house (for example, meal choices, shopping, chores and comfortable shared spaces) and their access to or contact with technology, family, community, peers, recreational and sporting activities.

Charter of Rights for Children in Out-of-Home Care

- You have the right to have contact with your family and community.
- You have the right to be told why you are in care and to keep a record of your time in care.
- You have the right to ask for any information that is being kept about you, to read your file and to add any information to your file.
- You have the right to be treated fairly.
- You have the right to be treated with respect.
- You have the right to feel safe and not be abused.
- You have the right to complain.
- You have the right to services that promote your health and wellbeing.
- You have the right to ask for extra help with your education.

…

[16] See 'Your rights as a child or young person in care' Department of Communities and Justice (Web Page, 4 November 2025), <https://dcj.nsw.gov.au/service-providers/oohc-and-permanency-support-services/permanency-support-program-oohc/psp-and-oohc-resources/your-rights-as-child-or-young-person-in-care.html> See also *Children and Young Persons (Care and Protection) Act 1998:* ss 8–14, 20, 91, 145, 162, 166 and 168, *Children and Young Persons (Care and Protection) Regulation 2012*: cls 14, 34, 42.

…

- If you have to go to court, you have the right to be helped and supported.
- You have the right to do things that you enjoy.
- You have a right to your own beliefs and way of life.
- You have the right to make choices about everyday matters.
- You have the right to say what you are thinking and feeling.
- You have the right to take part in making important decisions affecting your life.
- Before leaving care, you have the right to be involved in planning the kind of support and assistance you may need after leaving care.

1.4 Other relevant reviews and reforms

DCJ's Health Check of ITC (2020)

In 2020, DCJ commissioned a 'health' check of ITC to assess the fidelity of the implementation of the Elements.[17] It highlighted issues with:

- placement matching complexity and placement instability
- the lack of outcomes data
- workforce skill and retention
- lack of a therapeutic environment
- the displacement of Aboriginal children from their families and country.[18]

The Health Check recommended that DCJ:

- provides support to service providers to manage business processes and embed child-centric culture including introducing a simple mechanism for measuring outcomes of young people in ITC while the Quality Assurance Framework (**QAF**) was under development
- develops guidelines for appropriate placement mix and referral acceptance
- develops further guidelines for embedding a therapeutic model and innovative practice.[19]

System Review into Out-of-home Care (2024), OOHC Reform Plan (2024) and Independent Pricing and Regulatory Tribunal (IPART) Review (2025)

In May 2024 the NSW Government announced the commencement of a system review into OOHC and an IPART review of OOHC costs and pricing. DCJ has since released the final report on the system review into OOHC,[20] and its OOHC Reform Plan, *Transforming the OOHC System in NSW*.[21] DCJ's detailed OOHC Strategy is due by the end of 2025 with full implementation by mid-2027.[22]

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17 NSW Ombudsman meeting with DCJ about ITC on 19 March 2024.

18 DCJ response to NSW Ombudsman information request in May 2024 – Social Outcomes Lab, *ITC Reform Health Check* (Report, July 2020). The report is not publicly available.

19 DCJ response to NSW Ombudsman information request in May 2024 – Social Outcomes Lab, *ITC Reform Health Check* (Report, July 2020) conducted by Social Outcomes Lab. The report is not publicly available.

20 DCJ, *System Review into Out-of-home Care* (Report, October 2024) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/about-permanency-support-program-and-overview-childstory-and-oohc-resources/System-review-into-out-of-home-care-Final-report-to-the-NSW-Government.pdf>.

21 DCJ, *Reform Plan: Transforming the Out-of-home Care System in NSW* (Plan, February 2025) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/oohc-resources/OOHC-Reform-Plan.pdf>.

22 DCJ, *Reform Plan: Transforming the Out-of-home Care System in NSW* (Plan, February 2025) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/oohc-resources/OOHC-Reform-Plan.pdf>.

DCJ advised that it is 'developing a specific Residential OOHC Strategy (the Strategy) to cascade from and align with the broader OOHC Strategy'.[23]

The final IPART review report was submitted to the Premier and the Minister for Families and Communities on 19 September 2025 and was released on 22 October 2025 after the draft Inquiry report was provided to agencies for feedback.[24]

Ministerial roundtable with children in residential care facilitated by CREATE (2024)

In July 2024, CREATE facilitated a roundtable with the Minister for Families and Communities for children in residential care to share their experience and workshop 'tangible solutions that could create real change in the residential care system right now'.[25] They recommended 3 'solutions':

- introducing a mentor support role for young people living in residential care — a consistent person they can rely on to help them navigate residential care and life beyond care. For the group of children at the roundtable, it was more important that mentors have lived experience and skills in supporting children's social and emotional wellbeing than qualifications and that they could access this support without caseworker or DCJ referral or coordination.
- introducing a visitor sign-in process that is shared with and approved by young people living in the residential care home
- implementing a stronger, dedicated complaints system for residential care.

The Minister committed to immediate action to implement reforms to the visitor sign-in process as recommended by the roundtable. The Minister also commented that the mentor role and residential care specific complaints team would be considered as part of broader plans to reform the child protection system in NSW.[26]

Changes to OCG Accreditation standards

From 1 October 2025, NSW OOHC agencies and adoption services will be assessed against a new Code of Practice under the *Children's Guardian Regulation 2022*. This replaces the Child Safe Standards for Permanent Care as the assessment and monitoring criteria for agency accreditation. At the time we obtained information from the OCG for this Inquiry, the Code of Practice had not yet commenced.

[23] DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 14 November 2025.

[24] IPART, *Out-of-home Care Costs and Pricing — Final Report* (Report, September 2025) <https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/Final-Report-Out-of-home-care-costs-and-pricing-September-2025.PDF>.

[25] CREATE, *Ministerial Roundtable in NSW: Residential Care*, (Report, July 2024) <https://create.org.au/wp-content/uploads/2024/08/NSW-Roundtable-report-v2.pdf>.

[26] CREATE, *Ministerial Roundtable in NSW: Residential Care* (Report, July 2024) <https://create.org.au/wp-content/uploads/2024/08/NSW-Roundtable-report-v2.pdf>.

1.5 Determining children's eligibility for ITC

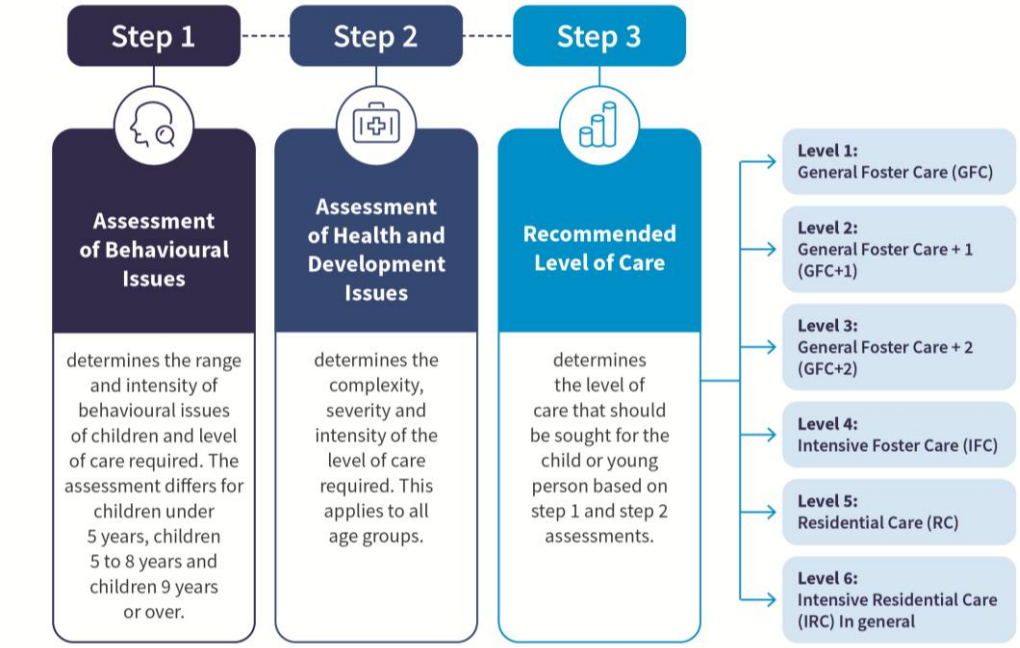
Children in ITC are in the care of the Minister[27] and:

- are usually 12 years of age or over
- have been assessed as having high and complex needs (as outlined below, the children have received a DCJ Child Assessment Tool (**CAT**) score of 5 or 6), and
- were unable to be placed in a family-based placement (foster care, relative/kinship care) either because of their high needs or lack of available carers.

The CAT score assists DCJ to determine the *level of care* to be provided to a child based on assessment of the child's behavioural, health and development issues as depicted in Figure 3 below.

DCJ recently advised that this figure 'outlines a very outdated CAT methodology no longer used by DCJ'[28] but did not provide us with the updated methodology that it uses to derive the outcomes of the CAT score and the child's needs assessment.

Figure 3: The Child Assessment Tool[29]



Note: Director level approval is required to override a CAT Level 6 (Intensive Residential Care).

Data from DCJ in April 2025 shows 700 children were living in an ITC placement as at 30 June 2024. Of these children:

- Aboriginal children comprised 39% (272) and 61% (428) were non-Aboriginal
- those living in ITCHs comprised 56% (390).

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[27] Children are generally subject to interim or final orders made by the Children's Court, allocating parental responsibility to the Minister (section 79 of the Care Act).

[28] DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 21 November 2025.

[29] Figure 3 is based on Department of Family and Community Services. *Child Assessment Tool User Manual* (Manual, March 2014) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/oohc-resources/-permanency-case-management-policy/placement/CAT-child_assessment_tool_user_manual.pdf>.

Table 1 shows the number and proportion of children by ITC service type and Aboriginal status as at 30 June 2024.

Table 1: Number and proportion of children in ITC by type of ITC service and Aboriginal status as at 30 June 2024[30]

ITC service type	ITCH	ITC-SD	ITTC	THBC	TSIL	TSOP	Total
Aboriginal	160	39	6	13	54	0	**272**
Aboriginal (%)	41%	27%	50%	39%	46%	0%	**39%**
Non-Aboriginal	230	104	6	20	64	4	**428**
Non-Aboriginal (%)	59%	73%	50%	61%	54%	100%	**61%**
Total	**390**	**143**	**12**	**33**	**118**	**4**	**700**
Total (%)[31]	**56%**	**20%**	**2%**	**5%**	**17%**	**1%**	**100%**

DCJ's Hunter district had the largest proportion of the 700 children living in ITC, 27% (191), followed by Western district 11% (79) and Western Sydney district, also 11% (78).[32]

DCJ also told us that at 30 June 2024, 179 children were eligible and waiting for an ITC placement.

1.6 Finding ITC placements for eligible children

After eligibility has been determined based on a child's CAT score, the child's age and the absence of preferred home-based placement options[33] for them, DCJ districts send a referral to the Central Access Unit (**CAU**). The CAU confirms the child's eligibility and suitability for 1 or more ITC service types.

To find a placement in ITC, the CAU broadcasts *limited* information about the child to 1 or more ITC providers to assist them to decide whether to accept or decline the placement referral request. The CAU provides more *detailed* information to agencies that express an interest in accepting the referral request. DCJ requires ITC providers to properly match the child to an available place and with other children in the house in line with the Elements.[34]

DCJ is responsible for approving and authorising the placement of a child in ITC in accordance with the principles of the Care Act that emphasise the importance of connections, long-term stability, safety and nurturing environments for children in OOHC.[35]

The placement of a child in ITC therefore involves a series of complex processes and decisions involving DCJ districts, the CAU and ITC providers, to ensure a child's needs can be met.

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30 NSW Ombudsman based on DCJ data

31 Note – due to rounding, figures add up to 101%.

32 DCJ response to NSW Ombudsman information request. DCJ has 16 districts organised into 7 clusters see 'Districts and Statewide Services Contacts', *Department of Communities and Justice* (Web Page, 22 May 2025) <https://dcj.nsw.gov.au/contact-us/dss.html> Hunter district covers Cessnock, Dungog, Lake Macquarie, Maitland, Newcastle, Port Stephens and Singleton LGAs. Western Sydney district covers Auburn, Baulkham Hills Shire, Blacktown, Holroyd and Parramatta LGAs. Western NSW district covers Bathurst Regional, Blayney, Bogan, Bourke, Brewarrina, Cabonne, Cobar, Coonamble, Cowra, Dubbo, Forbes, Gilgandra, Lachlan, Mid-Western Regional, Narromine, Oberon, Orange, Parkes, Walgett, Warren, Warrumbungle Shire, Weddin and Wellington LGAs.

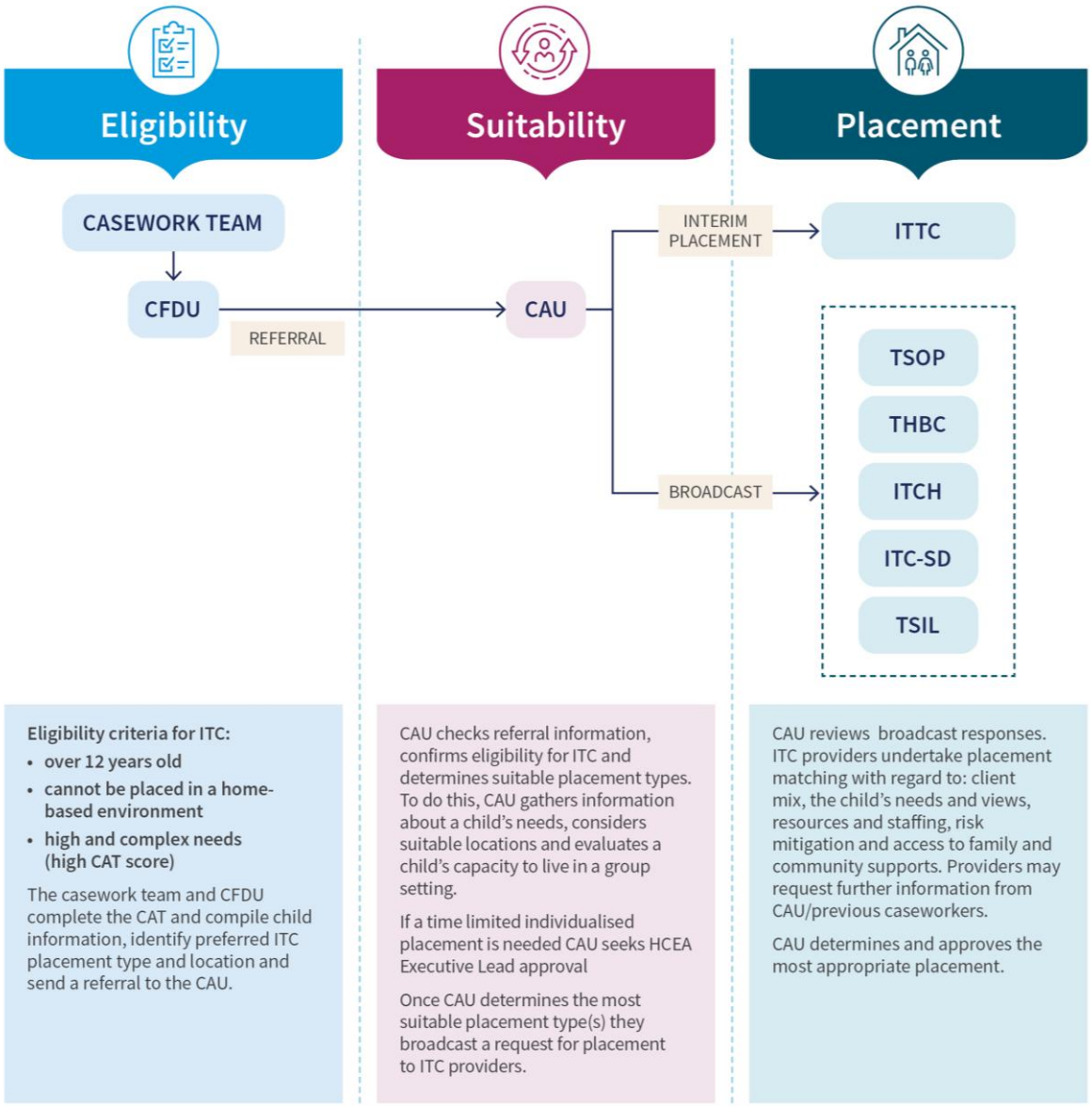
33 DCJ currently uses the following guidance as part of these considerations: Department of Communities and Justice, *Permanency and Placement Priorities* (Guidance) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/ACA-STEP-IPA/permanency-and-placement-hierarchy.pdf>.

34 Centre for Excellence in Therapeutic Care, *Client Mix and Client Matching in Therapeutic Care* (Guidance, 2022) <https://www.cetc.org.au/wp-content/uploads/2022/07/client-mix-match-practice-guide.pdf> Placement matching is also a DCJ contractual requirement and part of OCG accreditation standards.

35 Section 8(a1) of the Care Act.

See Figure 4 below for an overview of the stages and key decisions made for children at each stage — eligibility, suitability and placement.[36]

Figure 4: Overview of placement of a child in ITC[37]



Note: The Child and Family District Unit (CFDU) acts as the key interface between PSP provider practitioners and the DCJ. Both the CAU and HCEAT (High-Cost Emergency Arrangement Team) are statewide services that sit within the HCEASU (High-Cost Emergency Arrangement Strategy Unit).

[36] DCJ response to clarifying questions dated 8 August 2025. Note DCJ said 'Operationally, we use the term "referral" for a request for ITC placement from a District to the CAU. The placement referral request from the CAU to a service provider, operationally is termed a broadcast.'

[37] NSW Ombudsman based on information from DCJ.

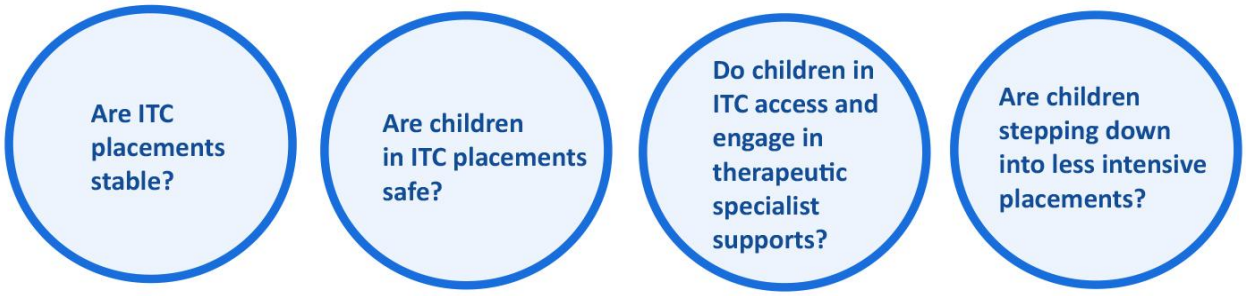
2. Inquiry purpose and approach

2.1 Inquiry's purpose and 4 critical questions

The Inquiry's central purpose is to assess whether **ITC** is operating as intended and meeting its objectives to:

- provide children with stable care arrangements and consistent specialised support where needed
- provide a safe environment for children with high and complex needs
- help children to recover from the most severe forms of trauma, neglect, abuse or adversity by offering them the necessary therapeutic support[38]
- assist children, 'where possible, to make a successful transition to a permanency outcome or less intensive placement type…'.[39]

Therefore, this Inquiry seeks to answer the following questions:



2.2 Process for the Inquiry

DCJ, ITC providers, the OCG and the Official Community Visitor's (**OCV**) Scheme provided information to answer these questions. Appendix C describes the role of these and other agencies relevant to children in ITC.

The Inquiry sought information and data in relation to both the ITC system and particular ITC houses.

This inquiry examined ITC operations by conducting a 'deep-dive' review of a selected number of Intensive Therapeutic Care Homes (**ITCH**), because this ITC service type had the largest cohort of children in ITC.

From the 11 ITC providers operating at July 2024, we selected 8 that had been operating in ITC for at least 2 years prior to that date, and 47 of the ITC houses those 8 providers operated across DCJ's districts. The 8 ITC providers had 92% of all ITCH funded places and the 47 selected houses accounted for 26% of all houses in ITCH. Appendix D provides an overview of the Inquiry methodology for the selection of the houses.

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[38] 'Residential Care Placements', *Department of Communities and Justice* (Web Page, 10 September 2025) <https://dcj.nsw.gov.au/service-providers/oohc-and-permanency-support-services/intensive-therapeutic-care-intermin-care-model.html>.

[39] Department of Communities and Justice, *Intensive Therapeutic Care — Fact Sheet Explaining ITC Service System and Types* (Fact Sheet, June 2019) 3, <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/itc-icm-and-sil/ITC-Fact-sheet-explaining-ITC-service-system-and-types.pdf>.

In relation to the 47 homes, we sought information from the relevant ITC providers for each home and from DCJ. Figures 5 and 6 depict the type of information we received. Given the variation in how information was provided by ITC providers, we selected 2 case studies to illustrate typical mix and dynamics within the household and some key aspects of children's experiences. We also sought information from the OCG and the OCV about the selected houses and ITC providers.

Figure 5: Type of information received – house 1

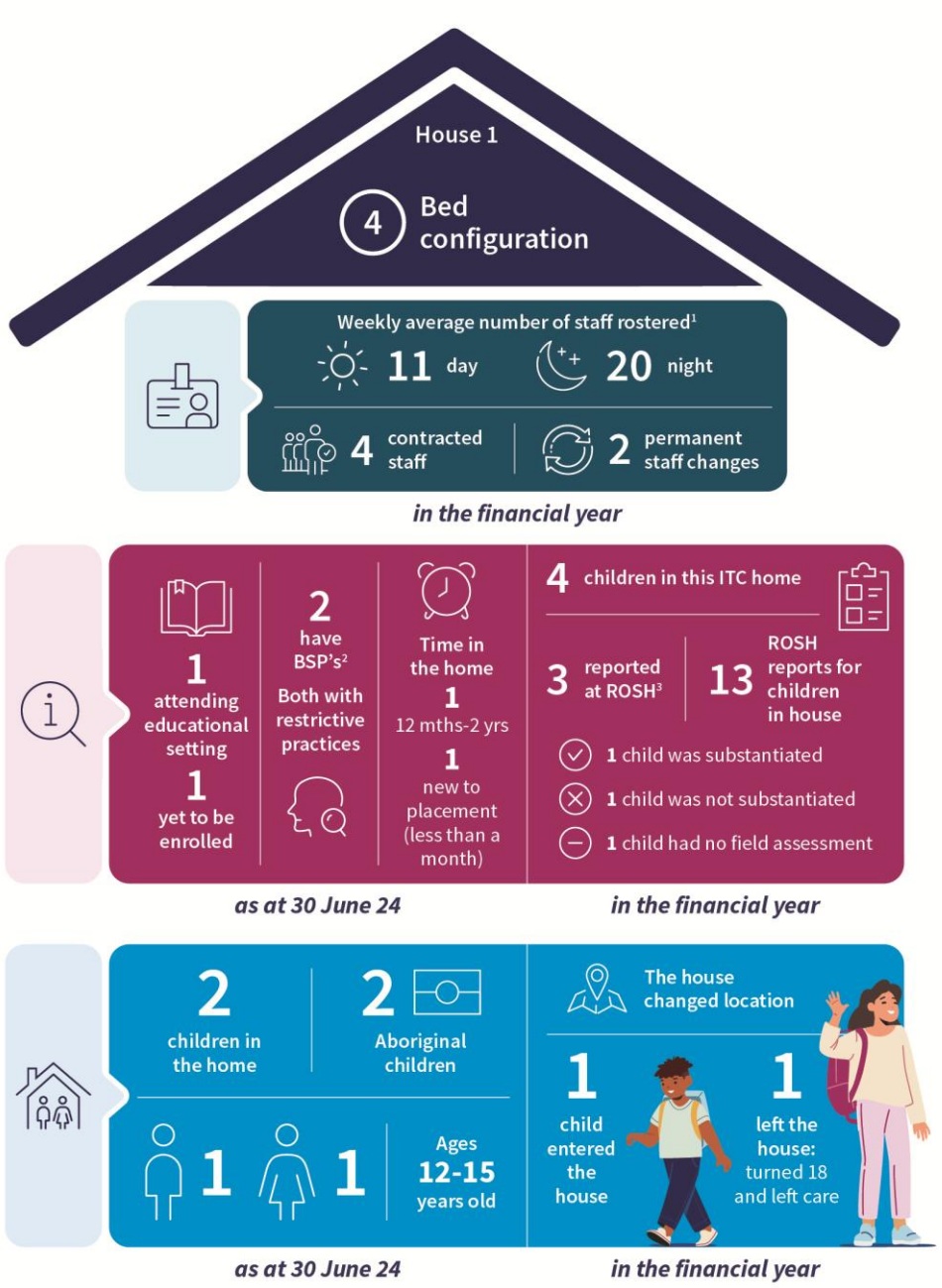
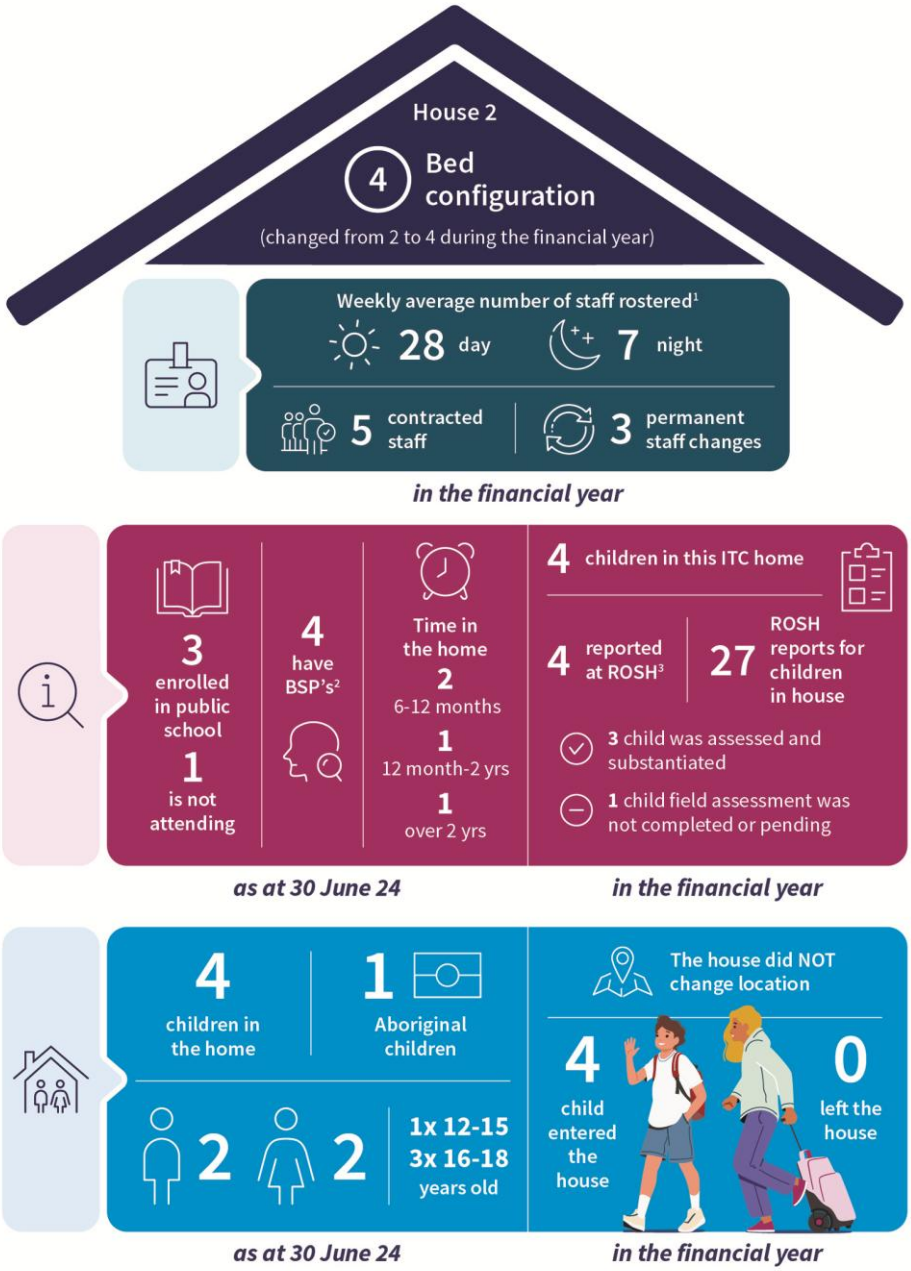


Figure 6: Type of information received – house 2



Note 1: Weekly average number of staff — refer to Appendix A for staffing requirement for 2- or 4-bedroom configuration.

Note 2: Behavior Support Plan (BSP)— refer to Chapter 5.

Note 3: Risk of significant harm (ROSH) — refer to Chapter 4.

Data from OCVs show that of the 945 visits to residential OOHC services in 2023-24,[40] 85 (9%) visits were to 24 of the selected ITC houses. The number of visits per house ranged from 1 to 7.

Data from the OCG for the selected ITC providers, showed that 7 of the 8 agencies were subject to compliance checks, monitoring or full accreditation reviews and all maintained their accreditation. Of the 7 providers, 5 had areas for improvement relating to OOHC standards.

[40] Official Community Visitors, *Annual Report 2023–2024* (Report, 2024) <https://ageingdisabilitycommission.nsw.gov.au/documents/reports-and-submissions/adc-annual-reports/OCV-Annual-Report_2023-2024_-_final.pdf>. OCVs visited 72% of all visitable residential OOHC services that year.

We also issued a consultation paper in April 2025 and received 10 written and verbal submissions from a range of stakeholders, including DCJ and ITC providers.

DCJ has introduced many changes to ITC since it started, including to business rules governing the program, contracts and funding, and to the number of providers and funded ITC places: see Appendix E for a timeline of the key changes. This inquiry focuses on the more recent operations and results of the ITC program.

We sought information from DCJ during this Inquiry about implications for the ITC program from the current OOHC reforms and have taken account of these developments as noted in various parts of this report.[41]

We provided a draft copy of this report to OCG, the OCV Scheme, DCJ and the 8 selected ITC providers for feedback on 17 October 2025, and received responses from the OCG, the OCV Scheme, DCJ, ACWA on behalf of the 8 selected providers, and 2 of the selected providers separately, which have been reflected in the report.

The Inquiry received a diverse range of views and information which have been reflected, where possible, in the report. While some providers gave us information about successful outcomes achieved for individual children, we did not include information about outcomes for children in this report. This is because it was not collected by all agencies and where it was collected, it was not collected on a consistent basis.

The Inquiry does not comment on the performance of individual providers but rather reflects consolidated data and themes about the operation of the ITC program. Given IPART's recent review of costs and pricing in OOHC, including ITC, the Inquiry also does not comment on current funding arrangements in ITC.[42] The report does not include information from the IPART review because IPART's report was not publicly available prior to the draft report being provided to agencies for comment.

It is unknown, at this stage whether the term 'ITC' will continue to be used in the future reforms and for this reason our recommendations relating to any future system refer to 'therapeutic residential OOHC' and our recommendations relating to the current system refer to 'ITC'.

We acknowledge the importance of all key stakeholders being involved in the design for future reform of ITC and therapeutic residential OOHC, including agencies, providers, children, families and people with lived experience of residential care.

Recommendation

1. DCJ should consult and work with providers, children, families and others with lived experience (as appropriate) in implementing the recommendations from the Ombudsman's Inquiry into Intensive Therapeutic Care.

[41] For example, sections 4.2.2, 5.1 and 7.1.

[42] IPART, *Draft Report — Out-of-home Care Costs and Pricing* (Report, March 2025) 201 <https://www.ipart.nsw.gov.au/documents/draft-report/draft-report-out-home-care-costs-and-pricing-march-2025>.

2.3 Children in the selected houses

Data from the ITC providers shows that as at 30 June 2024, 102 children were living in the 47 selected houses. Of these children:

- 42 (41%) were Aboriginal and 60 (59%) were non-Aboriginal
- 48 (47%) were aged 12—15 years and 54 (53%) were aged 16—18 years
- 46 children identified as male, 46 identified as female, 5 identified as non-binary/transgender and no information was provided for the remaining 5 children.

The ITC providers told us that in 2023-24, 118 children entered the selected houses. The majority (77%, 91 of 118) of them came from ITC, HCEAs[43] or family-based care (including foster, kinship, guardianship).

According to ITC providers, as at 30 June 2024, 38% (39 of 102) of children were living in 2-bedroom houses and 62% (63 of 102) in 4-bedroom houses.

[43] HCEAs are used when permanency options and preferred placements are not immediately available. Until April 2024, there were 4 types of HCEAs: interim care model (ICM), short term emergency placement (STEP), individual placement arrangement (IPA) and alternative care arrangements (ACA). See 'Glossary', *Department of Communities and Justice* (Web Page, 3 July 2024) <https://dcj.nsw.gov.au/about-us/families-and-communities-statistics/glossary.html>.

3. Are ITC placements stable?

Key findings and conclusions

A stable, safe, and home-like environment is essential for the wellbeing, healing, and development of children in ITC. This is especially important as many children come into ITC having experienced placement disruptions and instability that impacts their recovery from trauma and undermines therapeutic outcomes. Children in the selected houses had experienced on average 7 previous placements prior to 30 June 2024, with some experiencing up to 26 previous placements.

Matching children to suitable placements is hampered by ITC providers receiving insufficient, outdated, or incorrect information at the referral stage.

DCJ uses the CAT to determine care and funding levels. DCJ knows the CAT is not fit-for-purpose and is planning to review it, but in the interim will continue to use it.

The system for broadcasting and referring children to NGOs to find a placement in ITC is inefficient. In 2023-24, 77% of referrals to providers were declined, each referral was broadcast 3 times on average, and only (57%) of children referred were able to secure a placement.

As at 30 June 2024, 179 children were waiting for an ITC placement.

DCJ currently collects insufficient information about providers' reasons for declining referrals to improve its targeting of referrals so an increased number are accepted.

There are pressures to maximise occupancy and find placements for more children in ITC. However, the Care Act recognises that the safety, welfare and wellbeing of children should be paramount in all decisions and actions for them.[44] At 30 June 2024, the vacancy rate across all ITCH was 21.6%. International research has shown pressure to reduce vacancy rates can undermine effective matching and negatively impact client mix where vacancy measures are not linked to placement quality and stability.

Providers highlighted longstanding systemic issues that affect stability, safety and continuity of therapeutic relationships, including:

- shortages of skilled staff, aggravated by sector-wide competition, high turnover, and burnout
- access to suitable, long-term housing hampered by market constraints, landlord preferences, regulations, or complaints which result in houses being relocated away from services and social support. In 2023-24, 21% of the selected houses had address changes and 15% had configuration changes.

There is no mechanism to oversee and review DCJ's determination of the type of placement for a child in ITC nor is there an advocate specifically for children in ITC to:

- ensure they have a voice and can exercise their rights in decisions about them
- promote their agency, autonomy and self-advocacy
- support those that may not have family or others to advocate for them.

[44] Section 9(1) of the Care Act.

Key findings and conclusions (continued)

NSW also lacks a systemic approach for collecting comprehensive information about children's experiences while in care (such as disruptions to relationships, schooling and support) to identify and address instability or its causes, including within the ITC context. The current monitoring of stability focuses only on placement changes and the length of stay. Children's rights and voices are not central to the measurement and consideration of stability in ITC.

The ITC system faces significant challenges in delivering on its promise of stability for children with high and complex needs. It is characterised by a systemic pattern of instability that, for some children, starts with placement decisions hampered by insufficient, outdated or incorrect referral information and other inefficiencies in the placement and assessment process. Stability is also impacted by persistent workforce shortages and housing market constraints. The ITC program is not effectively responding to these challenges.

3.1 Stability is critical for children in ITC

Children in ITC with high and complex needs have usually experienced separation from family. Their experiences of grief, loss, abuse and trauma impact on their sense of safety and their ability to self-regulate, trust and cope with change and uncertainty. The provision of therapeutic care for these children is highly dependent on them having a safe, stable and predictable home-like environment in which they can form meaningful relationships and to help them heal, recover and prepare them for the future.[45]

As a young person stated in the Ministerial roundtable discussed at Section 1.4:

> There is a big spectrum of problems for all of us, but it all comes back to instability and our solutions come back to mitigating this instability. [46]

Australian research has shown each placement change in OOHC reduces the likelihood of children reaching typical developmental milestones for their age.[47]

Data from DCJ shows that for the 107[48] children living in the selected houses at 30 June 2024, most had experienced high levels of instability prior to entering ITC:

- On average, children had 7 previous placements within OOHC, including within ITC (ranging from 1 to 26 previous placements).
- Of the children, 79% (85 of 107) had an average of 2 previous placements in HCEAs (ranging from 1 to 10 placements).

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45 Hilary Miller and Kristel Alla, *Understanding the Mental Health and Wellbeing of Children in Out-of-home Care* (Australian Institute of Family Studies, March 2024) Resource produced for Emerging Minds and the National Workforce Centre for Child Mental Health.

46 CREATE, *Ministerial Roundtable in NSW: Residential Care* (Report, July 2024) <https://create.org.au/wp-content/uploads/2024/08/NSW-Roundtable-report-v2.pdf>.

47 Nafisa Asif, Courtney Breen and Robert Wells, Influence of Placement Stability on Developmental Outcomes of Children and Young People in Out-of-home Care: Findings from the Pathways of Care Longitudinal Study', (2024)149 *Child Abuse & Neglect*, 106145 <https://dcj.nsw.gov.au/documents/about-us/facsiar/pocls/pocls-publications/influence-of-placement-stability-on-developmental-outcomes.pdf>. Instability is measured by the number of placements a child experiences per 1,000 days (2.7 years). Developmental areas impacted included socio-emotional, non-verbal and gross and fine motor development.

48 DCJ response to NSW Ombudsman information request – children in selected ITCHs at 30 June 2024 by previous placement type. Note different figures were provided by DCJ (107) and the providers (102) for the number of children in the selected houses. We believe the difference may be because DCJ figures include children 'not in placement' or different timing of the data collection.

- Of the children, 51% (55 of 107) had a previous placement in legacy residential care.[49]
- Of the children, 32% (34 of 107) had experienced at least 1 change of address in ITC (while remaining in the same placement type).

However, there are other factors aside from placement changes that impact on a child's sense of stability in care. These factors were identified by staff and children interviewed in research by Bollinger (2023), particularly, the importance of consistent (staffing) relationships to stability:

> The elements [that contribute to a feeling of stability in residential care] identified by the staff and young people are separate to a singular placement, they are required as well as fewer placement changes. Therefore, in order to create an experience of stability, a young person requires consistent caregivers, few casual staff, a safe environment and, ideally, an ability to have ongoing contact with the staff once they have left care. In order to provide this, the staff need the opportunity to be provided with training and supervision. The organisation's responsibility to facilitate support for the staff providing the day-to-day care cannot be understated, despite it not being an obvious or visible element of stability.[50]

Other critical factors were also identified in research undertaken by McPherson et al (2025)[51] based on interviews with children in therapeutic residential care W. The research explored whether and how children form healthy relationships and connections in therapeutic residential care and identified practices that support the development of these relationships.

The children interviewed said they wanted:

- tailored policies and rules that allow them to maintain relationships and connections
- time and genuine care from staff
- a house that feels like a home — comfort and inclusivity in all spaces (not just their bedroom)
- consistent and caring staff
- increased funding for essentials — hobbies, driving lessons, socialising etc.

The children interviewed in the 'Young People's Lived Experience of Relational Practices in Therapeutic Residential Care in Australia' research (2025)[52] described the factors that adversely impact on their relationships:

- not having time to transition, being moved away from all they know and feeling alone
- sterile and unhomely environments — locked offices in houses perceived as a barrier to trusting relationships
- school issues — a lack of help to support attendance at school or find alternative pathways and, difficulties catching up and facing anxieties when attending after extended absences
- policies and rules that constrain connections to peers, community and family. DCJ takes too long to approve visits and the need for safety planning results in delays seeing family or having them visit. Provision of transport to see friends is contingent on them being 'approved' people

[49] In this data, DCJ includes Interim Care Model (ICM) in the count of residential care. ICM is a temporary fee for service arrangements for children aged 9-14 years of age with low-to-medium needs at risk of entering Alternative Care Arrangements (**ACA**) (since ceased). In their response to NSW Ombudsman information request – previous placement type – DCJ counted ICM in the category 'residential care (incl ICM)' so we have categorised it in this way also.

[50] Jenna Bollinger, 'Stability in Residential Out-of-home Care in Australia: How Can We Understand It? in Samuel Keller et al (eds), *Living on the Edge* (Bristol University Press Digital, 2023) <https://bristoluniversitypressdigital.com/display/book/9781447366317/ch009.xml>.

[51] Lynne McPherson at al, 'Young People's Lived Experience of Relational Practices in Therapeutic Residential Care in Australia', (2025) 170 *Children and Youth Services Review* 108129 <https://www.sciencedirect.com/science/article/pii/S019074092500012X?via%3Dihub>, The 38 children interviewed in 2023 represented 7.2% of the total number of children in therapeutic residential care at June 2023.

[52] Lynne McPherson at al, 'Young People's Lived Experience of Relational Practices in Therapeutic Residential Care in Australia', (2025) 170 *Children and Youth Services Review* 108129 <https://www.sciencedirect.com/science/article/pii/S019074092500012X?via%3Dihub>.

- not being able to maintain connections with staff when they change placement and children grieve these relationships. Rules around pets prevent pet ownership
- staffing – lack of consistency in care team.

3.2 Monitoring of stability is limited and not focused on children's experiences

DCJ monitors the number and type of placement changes and the duration of stay as measures of stability. DCJ does not monitor other factors that impact on a child's sense of stability and ability to exercise their rights in ITC, for example:

- a child may experience instability within the house without a change in placement due to changes in staffing, caseworkers, residents or address and have limited say in such decisions
- the cumulative effect of repeated placement changes or changes in the house/care environment on a child's connections (for example with friends, family, caseworkers, schools, doctors, allied health professionals, recreational activities and community services) and sense of security.

DCJ does not currently collect and analyse sufficient information (for example, the quality of care, child characteristics such as age, behavioural and medical needs, quality of client matching and mixing and characteristics of home environments) that would enable the identification of opportunities to enhance or promote placement stability for children in ITC, but also to identify stages where intervention or support is most effective in mitigating risk of instability.

DCJ has recently established a project team within the HCEA Unit to reduce the number of children in statutory OOHC who are experiencing placement instability.[53] However, its current focus is on children in family-based placements and HCEAs.

Recommendation

2. As part of its reform of therapeutic residential OOHC, in addition to DCJ's tracking of the number and type of placement changes, DCJ should:
    a. establish stability measures for children in therapeutic residential OOHC that track the number and type of movements of children within a placement, and other changes that impact on children's experiences of stability
    b. publicly report annually on these measures
    c. establish mechanisms to monitor and respond to trends and patterns in stability.

    These measures should be developed in advance of the next round of commissioning of OOHC services in July 2027.

[53] Department of Communities and Justice, 'Placement Stability Project — High-Cost Emergency Arrangements (HCEA) Strategy Unit' (Presentation Slides, 2025) <https://dcj.nsw.gov.au/documents/about-us/facsiar/research-seminars/past-seminars/2025/Neroli_and_Cassandra_presentation_slides.pdf>.

3.3 Placement decisions are hampered by poor information sharing and inefficient processes

Placement decisions impact on the long-term success or otherwise of achieving a stable, therapeutic and home-like environment for a child. It is critical to appropriately match children to placements, which includes ensuring the compatibility of all children in the placement. Effective placement decisions require current, comprehensive and reliable information about a child's needs, wishes and previous care experience in line with practice requirement 7 of the OCG Code of Practice that replaced the previous accreditation standards.[54] This information is particularly important in group settings such as ITC, so providers can assess the compatibility of the child with other children in the household and their capacity to meet the various needs of all children to create a therapeutic home-like environment.

Clearly, placement decisions are highly complex and impacted by multiple factors, including the need to respond to the needs of multiple children. However, the Care Act provides that the safety, welfare and wellbeing of children should be paramount in all decisions and actions for them.[55]

In 2020, DCJ's Health Check recommended the development of guidelines for appropriate placement mix and referral acceptance in response to findings that these factors impact on the implementation of therapeutic care and placement instability.

Evidence provided to the Inquiry showed that information given to ITC providers is not always sufficient to ensure effective matching and mix of clients.

Adequacy of information provided to ITC providers

DCJ currently gives ITC providers limited information to help them decide whether to accept a placement referral request (broadcast) within required timeframes (4 hours for immediate placement referrals and 3 business days for other placement referrals).[56] DCJ gives further information to those ITC providers that accept the referral.

ITC providers told us they do not always receive sufficient and/or reliable information for placement matching and this negatively impacts on a child's transition to and stability in ITCH as well as the stability of other children in the household. However, they said that when they *do* receive thorough referral information they have successfully matched children in ITC.

> A provider accepted a referral for a child based on information indicating there were no known substance abuse issues, however the child was under the influence of substances on arrival to the placement and assaulted a worker. The child's history of substance abuse was discovered later to have been missing from referral information … information is found to be incorrect or missing after they accept a child into an ITCH which has implications for client mix, funding, staffing and unnecessary placement changes and disruptions. [Provider]

[54] Clauses 34-25 of the *Children's Guardian Regulation 2022*. See also Office of the Children's Guardian, *Code of Practice Implementation Handbook* (Handbook, March 2025). Standard 13 of the previous NSW Child Safe Standards for Permanent Care related to initial placement decisions and assessment.

[55] Section 9(1) of the Care Act.

[56] Providers are required to respond within 4 hours for Immediate placement referrals and 3 business days of other placement referrals. DCJ may record failures to respond within timeframes as a decline. Immediate placements are expected to commence the same business day and other placements within 7 days of notification of the referral. See Department of Communities and Justice, *Permanency Support Program*, Schedule 1 — Permanency Support Program — Service Requirements, Section 7.6 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf>.

[Provider name] has found that we are at times receiving outdated information or that information is missing from a young person's referral form, contributing to a loss in historical information on the young person. This has negative impacts both on that individual young person and the people who they are placed with as we are not provided with essential information to adequately assess placement matching or staff support levels. [Provider]

ITC providers also told us that placement matching of children with high and complex needs is particularly difficult for 4-bedroom homes – especially when accounting for different ages, cultural backgrounds, distance from family, sex/gender and limited house configuration options. DCJ's rules and process guidance for ITCH provides that 4-bedroom house configurations are the preferred long-term option for children in ITCH.[57]

Matching to a 4-bed ITC Home can be challenging given that all young people who are eligible for ITC have been assessed as having high needs. There is little acknowledgment that when conducting a placement suitability and matching assessment, both the needs of the young person being referred and the needs of the young people already in placement must be considered. A detailed assessment of the vulnerabilities of all children and, the physical environment and the skills, knowledge and their impact on existing residents and the impact of existing residents on the proposed referral must all be considered. [Provider]

Compatibility and matching [is a barrier to effective implementation of ITC] particularly to 4-bedroom models regarding the experience, skill mix, gender of staff; as well as the age, gender, needs, behaviours and/or vulnerabilities of the child or young person referred; as well as the age, gender, needs, behaviours, stability and/or vulnerabilities of the children and young people already in residence. This is overlaid with matching and risk management tools; inputs from therapeutic and case management staff; transfers of residents to other houses for better matching; bed blockages with ultra complex young people all of which, in total, can impact on service delivery and referral acceptance in particular. [Provider]

DCJ's assessment tools for placement decisions

DCJ relies on the CAT as the standard mechanism to specify to the ITC providers the level of care required for a child in terms of supervision and support, staff training and the level of restrictiveness for the placement. The assigned level of care not only determines eligibility for an ITC placement but also the associated funding package for the child.

However, DCJ's guidance says the CAT is not intended to provide a comprehensive assessment of a child's needs:

> The CAT is not a diagnostic tool and does not identify the underlying reason or cause for particular behavioural issues or health and development issues. It does not replace casework and should not take the place of a full assessment of a child or young person's strengths and needs. The CAT is completed based on the information available about the child or young person at the time of placement. The completion of the CAT should not be delayed in order to source additional information about the child or young person.[58]

[57] According to DCJ's rules and process guidance for ITCH, 'children in a 2-bed home need to continue to be supported to move towards a 4 bed home where possible' Department of Communities and Justice, *DCJ Rules and Process Guidance for Intensive Therapeutic Care (ITC) Home and ITC Significant Disability Homes*, (Guidance, August 2023) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/oohc-resources/2_FINAL__Rules_and_process_guidance_for_Intensive_Therapeutic_ITC_Homes_and_ITC_Significant_Disability_Homes_for_service_providers.pdf>.

[58] Department of Communities and Justice, *Child Assessment Tool User Manual* (Manual, March 2014) 5 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/oohc-resources/-permanency-case-management-policy/placement/CAT-child_assessment_tool_user_manual.pdf>.

Various reviews of OOHC,[59] including DCJ's System Review of OOHC (2024) highlighted concerns about the adequacy of the CAT in assessing children's needs and allocating appropriate funding:

> During the review, it was evident that most decisions regarding the model of care a child or young person can access are underpinned by the Child Assessment Tool (CAT). We heard that the CAT can be flexed where needed to move children and young people in and out of residential care (noting it is mostly moving them in) and does not pick up all the aspects of children and young people (such as disability and trauma). We have widely heard that the CAT is ineffective in assessing children's needs and allocating appropriate funding. The Hughes review, supported by financial data we reviewed, found that the CAT lacks flexibility and may not adequately address disability and trauma needs in terms of directing supports that should be in place. Further, CAT scores are primarily only available for NGO case-managed children and young people. A more comprehensive and consistent tool for use by NGOs and DCJ is recommended as a key area for improvement in our workshops and interviews and would facilitate comparative analysis of performance. We therefore support the Hughes review recommendation to 'review the efficacy of the Child Assessment Tool, as a means of determining a child's level of need, and/or develop add-on tools to support more comprehensive assessments.[60]

In April 2025, DCJ advised us that in February 2025 it completed a 3-month pilot of a new tool, the Placement Needs Assessment (**PNA**), in 2 hubs (Newcastle and Gosford) to supplement and improve referral information:

> This initiative aims to expedite the intake-to-broadcast process, ensuring timely responses to meet children's needs, and further ensures Service Providers are basing their decisions on accurate and up-to-date information.[61]

In September 2025, DCJ told us that it will review the use of the CAT and information provided at referral as part of their reforms of OOHC. DCJ also said that it plans to roll out the PNA across the state. In the interim, DCJ will continue to use the CAT and the CAU Suitability Assessment to determine the type of ITC placement suitable for children and to inform ITC providers of the level of care required for a child.[62]

DCJ recently advised that the PNA was 'found to increase the quality and accuracy of referral information'.[63] However, during the Inquiry, we received information from a stakeholder raising concerns about the quality of information during the PNA pilot and the impact on informed placement matching.

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59 NSW Advocate for Children and Young People, *Moving Cage to Cage: Final Report of the Special Inquiry into Children and Young People in Alternative Care Arrangements* (Report, August 2024) 15 <https://www.parliament.nsw.gov.au/tp/files/189024/Final%20Report%20of%20the%20Special%20Inquiry%20into%20Children%20and%20Young%20People%20in%20Alternative%20Care%20Arrangements%20August%202024.pdf>. Centre for Evidence and Implementation, *Evaluation for the Permanency Support Program: Final Report* (Report, April 2023) 121 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/about-permanency-support-program-and-overview-childstory-and-oohc-resources/PSP_Evaluation_-_Final_Report_April_2023.pdf>. Department of Communities and Justice, *Summary Report — Independent Review of Two Children in Out-of-home Care* (Report, June 2023) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/about-permanency-support-program-and-overview-childstory-and-oohc-resources/independent-review-of-two-children-in-oohc-summary-report.pdf>.

60 DCJ, *System Review into Out-of-home Care* (Report, October 2024) 73 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/about-permanency-support-program-and-overview-childstory-and-oohc-resources/System-review-into-out-of-home-care-Final-report-to-the-NSW-Government.pdf>.

61 DCJ response to NSW Ombudsman information request.

62 DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 14 November 2025.

63 DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 14 November 2025.

Adequacy and efficiency of referral processes

There is significant duplication of effort by DCJ and ITC providers in current broadcast and referral processes to secure a placement for a child, yet little is known about why some children may not find a suitable placement.

DCJ's 2024 Internal Audit of vacancies identified 'ongoing issues with the quality, accuracy, and timeliness of information in the referral documentation'.[64] The audit pointed to lack of clear guidance for caseworkers on minimum requirements for referral documentation, haste in completion of referrals due to pressure or changes to caseloads and lack of mechanisms for CAU to provide feedback to providers.

DCJ prepared a Management Action Plan to address 5 key findings from the Internal Audit by December 2025 relating to:

- information quality and referral process inefficiencies
- service provider risk aversion and placement matching challenges
- data quality
- inadequate monitoring of exit pathways
- contract management and accountability.

DCJ has since implemented the PNA pilot, agreed to set target vacancy rates with providers[65] and implemented the Hub model (discussed below). DCJ recently advised that once this ITC Inquiry report is delivered, DCJ will determine whether to proceed with the second stage of the audit, noting the likely overlap between this report and the audit.[66]

ITC providers told us that current inefficiencies in the broadcast and referral processes require them to dedicate significant resources to placement matching to meet contractual timeframes[67] for responding to a referral and manage vacancies.

DCJ told us the CAU broadcast 1,468 requests for an ITC placement for 494 individual children in 2023-24. Only 57% (281 of 494) of these children secured a placement in ITC.[68]

This data on broadcasts and individual children referred for a placement in ITC in 2023-24, shows that:

- on average, each referral for an individual child was broadcast 3 times, with a range of 1 to 20 times
- only 29% (141) of referrals for individual children were broadcast once
- of referrals for individual children, 63% (311) were broadcast 2 to 7 times

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64 DCJ response to NSW Ombudsman information request, response to Question 5. Internal Audit: Managing Vacancies in Intensive Therapeutic Care Phase 1, 20 December 2024.

65 DCJ advised that the work to set target vacancy rates is happening with providers through the DCJ- ITC working group and is 'well progressed'. DCJ feedback on NSW Ombudsman's draft ITC inquiry report, 21 November 2025.

66 DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 14 November 2025.

67 DCJ, *Permanency Support Program*, Schedule 1 — Permanency Support Program — Service Requirements, Section 7.6 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf>.

> (d) Following receipt of a Placement Referral, Service Providers must reply to DCJ confirming Acceptance or Decline within:
>
> i. 4 hours of notification for Immediate Placements referrals
>
> ii. 3 business days of notification for Placement referrals
>
> Failure to confirm Acceptance or Decline within the specified timeframes will be recorded as a Placement Referral Decline
>
> (e) Immediate Placements are expected to commence on the same business day. Other new placements are expected to commence within 7 days of notification of the referral.

68 DCJ response to clarifying questions dated 7 August 2025. 'Each individual *broadcast* outcome is counted separately. For example, a *referral* is received from CFDU [Child and Family District Unit]. CAU sends out a *broadcast* to Provider A, Provider B, and Provider C. Provider A and B declines the broadcast and Provider C accepts. *Broadcast* data would reflect 2 declines and 1 accepted. The *referral* would be counted as accepted.'

- of referrals for individual children, 8% (42) were broadcast 8 or more times.

Data from DCJ also shows a high decline rate for broadcasts:

- 77% (1,127 of 1,468) of broadcasts to *all* ITC were declined and 23% (341 of 1,468)[69] were accepted.
- 76% (685 of 897) of broadcasts for *ITCH* were declined and 24% (212 of 897) were accepted.[70]

In addition to referral acceptance, DCJ monitors the number of declines by reason and the time ITC providers take to respond to broadcasts. DCJ requires ITC providers to give a clear rationale and evidence for declining a placement referral under the 4 categories shown in Table 2 below.[71]

Data from DCJ shows the majority of declines of broadcasts, 78% (879 of 1127), were for reasons that providers were unable to mitigate identified risks to support referral acceptance.[72]

Table 2: Declined broadcasts in the financial year 2023-24, by reason for the broadcast being declined[73]

Reason for decline	Total	Percent of declined broadcasts
Agency has inadequate staffing for the placement	102	9%
Agency recommends alternative placement within their service	15	1%
Agency unable to mitigate identified risks	879	78%
Placement is not in the young person's best interests	131	12%
Total	**1,127**	**100%**

Note: Each individual broadcast outcome is counted separately. For example, a referral is received from the CFDU. The CAU sends out a broadcast to Provider A, Provider B and Provider C. Provider A and B declines the broadcast and Provider C accepts. Broadcast data would reflect 2 declines and 1 accepted. The referral would be counted as accepted.

DCJ's Internal Audit of vacancies[74] (2024) reported that the reasons providers gave for selecting 'inability to mitigate risk' were:

- often associated with a child's behaviour or needs
- lacking sufficient information about the risk mitigation actions they have considered.

Data obtained from the selected ITC providers for the total number of referrals and declines in 2023-24 for all their ITCH properties showed similar results. Of the 1,016 referrals they received, 72% (726) were declined, 17% (177) were accepted and 11% (113) were withdrawn.

69 This includes 37 broadcasts that were accepted but withdrawn by DCJ.

70 This includes 21 broadcasts that were accepted but withdrawn by DCJ.

71 Department of Communities and Justice, *Permanency Support Program*, Schedule 1 — Permanency Support Program — Service Requirements, Section 7.6 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf>.

72 According to DCJ, providers will consider the referral and 'all measures that can be put in place to mitigate risks and support Placement Referral Acceptance', which may include managing weekly activity planners, engaging therapeutic support, house configuration and 'reasonable adjustments' to design, staff configuration, discussions with DCJ and implementing the 10 Essential Elements. See also DCJ, *Permanency Support Program*, Schedule 1 — Permanency Support Program — Service Requirements, Section 7.6.1 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf>.

73 NSW Ombudsman based on data from DCJ.

74 DCJ response to NSW Ombudsman information request, Internal Audit: Managing Vacancies in Intensive Therapeutic Care — Phase 1, 20 December 2024.

ITC providers gave us a breakdown of the reasons for their declines based on *their* referral data (broader than the 4 categories reported to DCJ in Table 2). Our review of this data showed the most frequently cited reasons related to inappropriate client mix (sexualised behaviours, gender mix, bail conditions), no suitable vacancy (out of area, staffing capacity, configuration not suitable) or full capacity.

As it stands, DCJ's broadcast system is not efficient or targeted and does not provide for adequate information collection on whether risk mitigation was possible nor why a vacancy is not suitable for a child.

DCJ recently advised it intends to introduce a standardised referral response template to better capture data on whether risk mitigation was possible or why a vacancy is not suitable for a child. Once piloted (in early 2026), this information is planned to be built into the broadcast system in ChildStory.[75]

The current referral system also does not ensure that every child eligible for an ITC placement will receive a placement soon after their eligibility has been established.

As at 30 June 2024, 179 children eligible for ITC had not yet entered ITC and their referrals remained open, on hold or pending placement.[76]

In the interim, because family, kin and foster arrangements cannot be organised, the only alternative placement options for these children are Short Term Emergency Placements and Individual Placement Agreements which are HCEAs for children over 12 with high needs.

Overall, there are significant inefficiencies in broadcast and referral processes to secure a placement for around half of all children needing a placement. There is a critical need to streamline these processes and better target resources to improve placement decisions. It is also critical to better understand why referrals are not being accepted to support ITC providers to lift their acceptance rates, while ensuring placements best meet the needs of every child.

Recommendation

3. DCJ should redesign the ITC broadcast system to:
    a. target placement referrals to relevant ITC providers
    b. establish minimum information standards for placement referrals that align with Practice Requirement 7 of the OCG Code of Practice – providing safe and suitable care environments
    c. allow sufficient time for thorough assessment by ITC providers of child-centred risk mitigation.

    The redesign should be finalised by December 2026.

Optimising the use of available places in ITC

DCJ recently advised that it is working together with the ITC Working Group of ITC providers to determine an appropriate vacancy target and timeline and the work is 'well-progressed'. DCJ also

[75] DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 14 November 2025.

[76] 'On hold' – referral allocated at CAU with decision made to pause broadcasts for ITC placement options. This is often due to the circumstances of the young person not being in a position to enter an ITC placement during the course of an open referral. On hold considerations are endorsed by the Director of CAU. Referral status is changed to 'open' when the young person's circumstances have changed and they are considered suitable for broadcast.

'Pending placement'- referral has been accepted by an ITC provider but the young person has not yet entered placement. This measure supports CAU data capture as to timeframes from referral acceptance to placement entry.

advised that it compares the vacancy rate across providers of the same service type in its monthly vacancy data.[77]

According to DCJ's Internal audit of vacancies (2024) there were high vacancy rates, particularly in ITCH and ITC-SD. (See Appendix F for information on how DCJ measures vacancies in ITC homes.)

Information from DCJ shows that as at 30 June 2024 the vacancy rate across all ITCH was 21.6% and this rate varied across house configurations and ITC providers:[78]

- The vacancy rate in 4-bedroom ITCHs was almost double that of 2-bedroom ITCHs – 26.1% compared with 13.5%.
- The vacancy rate ranged from 12.1% to 31.9% across ITCH providers.

ACWA on behalf of its member organisations delivering ITC, presented a Solutions Paper to DCJ in late 2023 making suggestions for improving the management of vacancies. A working party (of ACWA members and DCJ) has been established to discuss these suggestions. In mid-2024, in response to agency feedback, DCJ implemented a hub-based governance model that brings providers together in a geographic area to collaboratively manage referrals and vacancies. Feedback to this Inquiry shows that despite these reforms, managing vacancies continues to be a challenge.

Research from the United Kingdom found that vacancy rates are not reliable indicators of either supply or placement quality:

> A key challenge identified from interviewed participants was the perceived pressure they felt from needing to "fill the bed" to satisfying funding requirements. An independent review undertaken in the UK has demonstrated that occupancy rate is not a reliable indicator of supply and quality of placements because it does not capture the complexity of needs that young people bring to the placement and the staffing and expertise required to meet those needs.[79] The change of commissioning practices is therefore needed to reduce the pressures regarding the occupancy rate and give greater consideration to staffing and resources when placing young people with complex and overlapping needs.[80]

Similar concerns were raised by some ITC providers who advised us that:

- They are not receiving referrals for children even though they have vacancies in some areas.
- Delays in approval of contract variations by DCJ for increases or decreases in funded places or bed configurations potentially result in either under or over-reporting of available places for children.
- At times they accept a referral, but the child refuses to enter the placement despite providers' best endeavours.
- Some referral declines resulting in vacancies may have been justified on the basis that they were not optimal for the children referred (for example, location too far from family, no access to specialised services for medical needs).

Data from the OCG also shows that some agencies had restrictions on accepting new referrals as part of their conditions of accreditation. In 2022-23 and 2023-24, 3 of the 8 selected agencies had such restrictions. Such conditions impact on a provider's ability to accept referrals.

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77 DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 21 November 2025.

78 DCJ response to NSW Ombudsman information request – DCJ provided data for existing and new volume. This data excludes new volume vacancy rates.

79 Anders Bach-Mortensen et al, 'Commissioning Secure Children's Home Placements in England' (Report, 2022) *What Works for Children's Social Care*.

80 Kenny Kor, Elizabeth Fernandez and Jo Spangaro, 'Placement Matching of Children and Young People within Out-of-Home Residential Care: A Qualitative Analysis' (2023) *Health & Social Care in the Community* <https://onlinelibrary.wiley.com/doi/10.1155/2023/7431351>.

The current use of vacancy rates to benchmark performance across ITC providers has no clear association with the *quality* of placement decisions that best meet children's needs or the outcomes achieved for them in terms of safety, stability and therapeutic care.

> Some referrals presented required 2:1 staffing or had non association orders in place against other young people who were already in placement. [Provider] was unable to progress with 2:1 staffing requirements in a four bed ITCH placement or placing a young person that has these orders in place against the young people we had already in placement. This meant [Provider] has a slower rate of occupancy in these situations. [Provider]
>
> … there are too many houses with ADVOs against each other [this raises questions whether it is] reasonable for young people to live with one another if they have ADVOs to protect themselves against the person they are living with …This often results in increased assaults and keeping them together facilitates engagement with the justice system resulting in poorer outcomes for the young person …
>
> [Children and young people] are often poorly placed with 'better behaved kids' and sometimes that doesn't go the right way, ie 'the better-behaved kid' often gets pulled down … A missing part in ITC is compatibility. It seems that placement matching is driven by vacancy and not by compatibility. This makes bail conditions difficult when CYP [children and young people] are offending together and reside together in the home. [Stakeholder]

3.4 OCG and Official Community Visitor concerns about placement matching

Both the OCG and OCV highlighted placement matching and compatibility of residents as issues for ITC providers and their broader OOHC practices.[81]

3.4.1 Official Community Visitors (OCV)

OCVs identified compatibility as a recurring systemic issue to focus on in their visits to OOHC residential care services. In 2023-24, 50% of the compatibility issues they identified related to assessment of compatibility not being considered prior to placement or transition of children.[82]

Copies of the OCVs 2022-23 quarterly reports to the OCG showed that initial placement assessment and matching and compatibility of residents impacted on the provision of safe and supportive environments for children.[83]

Issues of matching and compatibility also featured prominently in OCV visit reports about the selected houses, including:

- the movement of staff or children triggered by compatibility issues
- children reporting feeling unsafe or disconnected from staff and residents in their household or from family and community
- matching and compatibility of staff and children in the house (for example, staff not having the right skills or experience and staff not matched in terms of gender and culture).

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[81] Note – Agencies are accredited to provide types of OOHC (for example, statutory, supported, residential care) not specific programs. OCVs cover all types of residential care including HCEAs, legacy and ITC.

[82] Official Community Visitors, Annual Report 2023–2024 (Report, 2024) 38 <https://ageingdisabilitycommission.nsw.gov.au/documents/reports-and-submissions/adc-annual-reports/OCV-Annual-Report_2023-2024_-_final.pdf>.

[83] This data relates to issues identified in visits to all visitable services including HCEAs and other forms of residential care.

[Child] does not like roommate that is going to move in … expressed to me he knows there is a new young person moving into the house tomorrow and he does not want this young person moving in. He also advises his room mate also does not want this young person moving in ... [Excerpt from OCV report]

[Child] expressed he feels happy and safe living alone without roommate. His file notes state he 'thrives on safety and consistency that his team and routine provide. 'Yet roommate who is currently in detention is said to be moving back in home despite both [children] having incidents. [Excerpt from OCV Report]

3.4.2 OCG accreditation

Information obtained from the OCG showed that in the financial years, 2022-23 and 2023-24, 5 providers had areas for improvement which impacted on initial placement decisions, such as the timeliness of initial placement assessments, rationales for placement decisions, consideration of the needs of other children in the placement and the consistency of placement assessment and matching.

In a system that is constantly evolving and changing, continuous improvement to services is necessary and expected. Although we are not aware of whether these issues have since been addressed, they highlight concerns about some practices in relation to placement matching.

3.4.3 Inadequate information sharing between OCVs, the OCG and DCJ

Both the OCVs and the OCG hold critical information which can assist DCJ to detect issues early to guide its monitoring of providers.

DCJ told us that it:

> …engages in proactive information sharing with the OCG to collaboratively monitor the performance and accreditation of Permanency Support Program (PSP) providers. This monitoring is conducted through both structured and unstructured processes. Partnerships, SPC (Strategy, Policy and Commissioning) serve as the primary liaison and facilitator between the OCG accreditation team and contract managers throughout NSW. Quarterly meetings are held between Partnerships and the OCG to review the accreditation status of PSP agencies, collaborate on performance management, and address any emerging issues. There is a formal terms of reference which are in the process of being reviewed. This approach ensures a cohesive and responsive system for maintaining high standards and addressing challenges promptly.[84]

Under previous arrangements, DCJ was only made aware of OCV concerns about individual children in ITC where the concerns meet the threshold for a ROSH report.

The OOHC Systems Review recommended a review of the OCV Scheme and enhancing information sharing between OCVs, the OCG and DCJ:

> While the review team commend the Official Community Visitors scheme and the commitment of those visitors to advocating for young people in residential care, concerns remain regarding unresolved safety, health and wellbeing issues, inadequate accommodation for young people in residential care and the limited and delayed communication with DCJ on critical matters. We recommend a review of the scheme to ensure that observations pertaining to the safety of children and young people, and the quality of services, are expeditiously shared with DCJ and the NSW Office of the Children's Guardian.[85]

[84] DCJ response to NSW Ombudsman information request.

[85] Department of Communities and Justice, *System Review into Out-of-home Care* (Report, October 2024), p 56 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/about-permanency-support-program-and-overview-childstory-and-oohc-resources/System-review-into-out-of-home-care-Final-report-to-the-NSW-Government.pdf>.

Recent amendments to the *Children's Guardian Act 2019* now expressly provide for OCVs to provide information to DCJ, directly. The Ageing and Disability Commission (**ADC**) advised that it is 'liaising with OCG and DCJ to progress the development of information sharing arrangements with the OCV scheme that will support the timely referral by OCVs of critical issues affecting children and young people in residential OOHC, and an appropriate feedback loop'.[86]

In addition to the various information sharing requirements on ITC providers, providers recently told the Inquiry that there is a lack of alignment of current oversight mechanisms – including conflicting goals.

> The various systems can have separate and conflicting goals... [f]or example, OCVs may query why [children and young people] are placed together whereas DCJ is concerned about services declining placement referrals …These perspectives are often in conflict however there is no attempt at alignment between the multiple requirements. [ITC Providers]

3.5 Lack of advocacy for children in placement decisions

The short and long-term stability and wellbeing of a child in ITC is closely linked to finding a suitable placement for them. It is not clear to what extent children's views and rights are given prominence in the current systems and processes for finding the best-fit placement for children in ITC and how their views shape and influence those decisions.

The NSW child protection system, including OOHC, has various panels to oversee decisions for children, including Serious Case Review Panels (for critical incidents and child deaths), Complex Case Panels (for some children with complex needs in OOHC, such as children 'not in placement' or those requiring additional funding), Safeguarding Decisions for Aboriginal Children Panels (predominantly about the safety, removal and placement of Aboriginal children) and various types of carer authorisation panels such as foster care authorisation. There is no specific panel to oversee placement decisions for children in ITC to minimise future placement instability and to ensure placement decisions are made in children's best interests.

Family members, caseworkers and the care team play an important role in advocating for children in ITC. However, this is not a sufficient safety net as not all children have strong relationships with workers or family members. NSW has no established advocate specifically for children in the state's care, particularly those in residential OOHC, to represent their views, including in placement decisions.[87]

In NSW, Legal Aid including its pilot 'Your Voice' service provide legal representation and advocacy for children in OOHC. 'Your Voice' is currently focused on children in HCEAs across NSW and children in ITC in 3 locations: Blacktown, Central Coast and Hunter. [88]

As set out in Appendix C, the OCV Scheme, the OCG and the NSW Ombudsman, provide safeguard, complaint and oversight mechanisms but are not advocacy services for children in care. OCVs work with providers and other complaint-handling bodies to resolve issues identified during visits and refer children to other agencies for ongoing advocacy and support services.[89] The OCV Scheme is also not resourced to visit every residential care service.

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[86] ADC feedback on NSW Ombudsman's draft ITC Inquiry report, 30 October 2025.

[87] The NSW Advocate for Children and Young People advocates for all children in NSW, not specifically for those in OOHC.

[88] 'Your Voice Children's Out of Home Care Advocacy Service', *Legal NSW* (Web Page) <https://www.legalaid.nsw.gov.au/my-problem-is-about/my-family-or-relationship/care-and-protection/your-voice>.

[89] OCVs may: promote the rights of residents, consider matters raised by residents, staff and other people who have a genuine concern for the residents, provide information and support to residents to access advocacy services, help to resolve complaints or matters of concern affecting residents as early and as quickly as possible by referring those matters to the service providers or other appropriate bodies (such as complaint handling and regulatory agencies), inform the Minister, ADC, Children's Guardian, Department of Communities and Justice

Recommendation

4. DCJ should establish an internal panel with independent representation to provide quality assurance about placement decisions for children in ITC. The panel's responsibilities should include:
    a. assessing how placement decisions have considered and responded to children's views and input
    b. reviewing the outcomes of placement decisions in ITC (initial or subsequent changes to placements) to identify opportunities to improve the stability and safety of placement.

    This panel should be established by December 2026.

3.6 Stability in ITC placements impacted by housing and labour market

Once a child enters a placement, ITC providers are required to establish a safe and home-like environment and build the relationships necessary to provide tailored, therapeutic care to them.

There are inherent challenges in providing a stable home-like environment within an institutional setting. However, there are several additional factors that currently impact on the stability of children in ITC.

Securing skilled staff and maintaining staffing stability

ITC providers need to maintain consistent rosters and staff while also meeting DCJ's minimum staffing ratios and qualification requirements (see Appendix G for minimum staff qualifications).

Providers told us they are facing significant challenges in attracting appropriately qualified staff to provide shiftwork in houses and work with children with high needs over the long-term. They also reported high levels of staff turnover due to burnout associated with the demanding and sensitive nature of the work. Most providers are spending considerable time and resources on recruitment, training and support but staff retention remains problematic. Similar workforce challenges were identified in DCJ's Health Check of ITC in 2020.

ITC providers told us that shortage of skilled labour is exacerbated by:

- an increasing demand for ITC services
- safety issues and workplace injuries
- competition for skilled staff from other sectors within OOHC, such as for-profit agencies, DCJ and from outside OOHC (for example aged care, National Disability Scheme) which may offer higher levels of remuneration, security of tenure and improved work conditions.

Some providers have introduced in-house training and skills development programs to reduce their reliance on casual or labour-hire workforce and to meet contractual requirements for minimum qualifications. Some providers have ceased using contracted staff altogether. However, not all agencies have that capability.

(DCJ) and the NDIS Commission about matters affecting residents. See 'Official Community Visitors', *Ageing Disability Commission* (Web Page) <https://ageingdisabilitycommission.nsw.gov.au/official-community-visitors.html>.

The primary challenges to timely and consistent implementation of plans often stem from sector-wide issues such as workforce instability and the increasing complexity of the needs of children entering care. High staff turnover, particularly in regional areas, can result in disruptions to therapeutic continuity and delays in the completion or follow-up of planning actions. [Provider]

[ITC program requirements] prescribes trained and consistent staffing for young people in ITCH models. This has been difficult at times as attracting and retaining Youth Workers can be difficult given the complexities and challenges of the work. There have been added complexities with this when for-profit agencies, who are not held up to the same regulatory standards as accredited agencies, are able to pay staff more money, with lower expectations and responsibilities. [Provider name] found that we had several long-term staff leaving to work for 'for-profit' agencies due to the money that they were able to offer, and lower job requirements as they did not have to work within a therapeutic support structure. [Provider]

There is more movement in case workers than … in care workers, many case workers once they gain their degree end up moving to DCJ as they offer higher pay and less responsibilities. [Provider]

Like many in the Out of Home Care sector, workforce stability has been a significant factor; periods of high staff turnover and sector-wide shortages have at times affected the consistency of relationships, which are critical to a therapeutic approach. In response, we have invested heavily in staff training and support structures to embed the ITCH model more deeply and to build resilience and continuity within our teams. [Provider]

Finding suitably qualified and resilient staff who understand the needs of children and young people in out of home care and can effectively apply therapeutic principles is crucial. High staff turnover leads to continual base-level training … but limits the opportunity for more in-depth and focused training with experienced and consistent staff. Staff turnover due to burnout is a constant challenge for providers. [Provider]

Impact of housing insecurity, changes in house configuration, location and the movement of children

Housing insecurity presents particular difficulties for providers in securing long-term, stable houses where and when they need them. Some providers have entered into long-term leases and partnered with other agencies to avoid housing insecurity and make houses more accessible or fit-for-purpose. However, not all providers have that capability.

As part of its OOHC Reform plan, DCJ announced additional investment in fit-for-purpose housing assets for residential care, including ITC. More recently DCJ announced a $49 million investment[90] to 'deliver up to 44 government owned, purpose-built or upgraded residential care homes that will deliver safe and stable housing for children over 12 years of age with complex needs.' DCJ advised that 'construction/upgrade is due to commence July 2026 and will take up to 18 months to complete'.[91]

Changes in house location. In addition to the restricted housing market, ITC providers told us that they are sometimes compelled to relocate ITC houses due to the reluctance of landlords to accept or renew leases for group homes or to undertake repairs or modifications. In some circumstances, this is following complaints from neighbours or due to prejudices faced by the sector in trying to find suitable properties. Providers say this often results in relocating to areas further away from services such as schools and public transport due to limited suitable properties.

Data for the selected ITCHs, showed that 21% (10 of the 47) of houses changed address during 2023-24.

[90] DCJ, 'Government Cuts the Ribbon on Therapeutic Home for Vulnerable Children' (Media Release, 25 July 2025) <https://dcj.nsw.gov.au/news-and-media/media-releases/2025/government-cuts-the-ribbon-on-therapeutic-home-for-vulnerable-ch.html>.

[91] DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 14 November 2025.

> Poor community support and understanding of the needs of children in Out-of-Home Care (OOHC) can result in house moves prompted by neighbour complaints. This lack of support can disrupt the stability and continuity of care for young people. This can manifest itself in young people having to move to properties that are further away from school, the town centre (impacting their ability to get part time jobs and be able to travel to and from work independently) and away from their peers. [Provider]
>
> [Provider name] hopes that the ongoing reform initiatives address the need for additional government owned housing as the prejudices faced by the sector in trying to find suitable properties is real … [Provider]

Changes to house configuration. DCJ has introduced changes in house configuration over the 7 years since ITC started. Initially the service specifications required ITC providers to have 4-bedroom house configurations, the current specifications require 4 and 2-bedroom configurations. DCJ is now considering adding a 3-bedroom configuration.[92]

Data for the selected ITCH houses showed that 15% (7 of the 47) changed configuration during 2023-24 (for example, from 4 to 2-bedrooms or from 2 to 4-bedrooms). These changes may also be associated with changes in location and lack of available compliant houses.

Changes in configuration may lead to improved long-term stability for children but will, in the short term, impact on a child's sense of stability and disrupt relationships within and outside a household.

Children moving in and out of houses. The composition of houses changes as children enter and leave the home — through stepping-down (see Section 6.1), entering youth justice (see Section 4.2.4), being away from placement (see Section 4.2.5), leaving care (see Section 5.2) or leaving for other reasons.

These movements of children within houses and across houses and providers impact not only on the stability of all children residing in the houses, their relationships and their home-like environment but may also involve changes in staffing (numbers, gender and skill requirements) to meet the needs of the changing client base.

Data for the selected houses suggests significant internal movement within ITC that are not related to step-downs. As at 30 June 2024, around 1 in 4 children in the selected houses had come from a previous placement within ITC.[93]

[92] DCJ, *System Review into Out-of-home Care* (Report, October 2024) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/about-permanency-support-program-and-overview-childstory-and-oohc-resources/System-review-into-out-of-home-care-Final-report-to-the-NSW-Government.pdf>. 'Emerging in greater numbers are three-bedroom arrangements. While these do not feature as part of the formal model, potentially DCJ should accept that matching three young people with high needs is more likely to be achievable than matching four young people with high needs.' p.70.

[93] Information was obtained from ITC providers for 93 of the 102 children. Data was not provided for 10 children.

4. Are children in ITC safe?

Key findings and conclusions

Institutional group care settings involve many variables and potential risks for children, and children in residential care are more likely to experience harm than children in other settings.[94]

NSW has various statutory and administrative requirements for agencies aimed at ensuring children and those that care for them are safe.

However, there is no systemic monitoring of the safety of children in ITC enabling early intervention to prevent harm and/or review the suitability and stability of children's placements in ITC. Current safeguard mechanisms, such as the Safety in Care Mandate, do not trigger timely and proactive intervention, support and protection for these children.

Indicators such as reportable conduct allegations, ROSH reports, incident reviews, youth justice involvement, and the status of children 'not in placement' all highlight continuing safety challenges. The Inquiry found that:

- Not all children reported at ROSH in ITC will receive a risk assessment as required in the Safety in Care Mandate – in 2023-24, 65% of children in ITCH were subject to at least 1 ROSH report, but only 37% of the children reported received a completed assessment.
- The *Joint Protocol to Reduce the Criminalisation of Children in Residential Care* is not implemented consistently and does not appear to be reducing the criminalisation of children in ITC.
- Children in ITC placements who then leave their placement (assessed as 'not in placement') are highly vulnerable to exploitation, homelessness, and harm. These children do not receive the minimum standard of care other children in OOHC receive and have no authorised safe place to return to.

The ITC system faces significant challenges in delivering on its promise of safety for children with high and complex needs. As a result, there is no assurance that it will adequately address risks to children's stability, safety and wellbeing.

4.1 Safety is critical for children in care

Under the United Nation's Convention on the Rights of the Child (Article 20) and the principles of the Care Act, children in out-of-home care are entitled to special protections to prevent further harm.[95] DCJ's Safety in Care Mandate provides that:

> Every child in care is entitled to special protection and assistance from [DCJ] and access to a safe, nurturing, stable and secure environment. This is outlined in the *Child and Young Persons (Care and Protection) Act 1998*. A child in OOHC has a right to be, and feel, safe, happy and loved, just as any other child. DCJ caseworkers play

[94] Tim Moore et al, *Safe and Sound: Exploring the Safety of Young People in Residential Care*, Institute of Child Protection Studies, Australian Catholic University, Melbourne, Royal Commission into Institutional Responses to Child Sexual Abuse, Sydney (Report, 2016).

[95] Section 9(d) of the Care Act.

> a critical role to ensure each child in care experiences a standard of quality care by carrying out holistic assessments about reported experiences of abuse, neglect or other safety issues, in care.[96]

A child's sense of safety is impacted by the stability of their care, living environment and ability to have control over key decisions that affect their lives.[97]

Children in residential care have reported feeling unsafe and were found to be more likely to experience harm than children in other settings.[98] However, recent research indicates that while 'generally young people felt safe' in ITC in NSW this was not true for all children in the study:

- Gender: girls felt less safe than boys.
- Sexual orientation: Young people who were 'gay/lesbian/ bisexual' felt less safe to express culture, sexual orientation and gender compared to young people who were 'straight'.
- House size: When there were more young people living in the house, young people felt less safe to be themselves.
- House moves: When young people had moved to many different houses, they felt less physically safe.[99]

Institutional group care settings involve many variables and potential risks for children and as such they require a proactive, safeguarding approach to ensure their protection. NSW has various statutory and administrative requirements for agencies that are designed to ensure that children and those that care for them are safe. As set out in Appendix C, a number of oversight agencies have specific responsibilities in this respect, including our office.

4.2 Inquiry sought a range of information to assess safety

DCJ does not have any current systematic way to track and report on outcomes for children in ITC, including their safety. Since 2014, DCJ was developing the QAF to collect and report on outcomes for children in OOHC, including their safety, permanency and wellbeing, but the QAF was not implemented across NSW.

DCJ told us they are moving away from the QAF and are designing an overarching agreed outcomes framework for OOHC and piloting a psychological wellbeing measure to be implemented by 2026 (refer to Section 7.1 for further details).[100] The new measures will include the voice of the child and family, casework practice quality assurance processes, and link to complaints handling.[101]

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96 DCJ's Safety in Care Mandate.

97 Lisa Stafford et al, 'Why Having a Voice Is Important to Children Who Are Involved in Family Support Services, *Child Abuse & Neglect*, 104987 <https://www.sciencedirect.com/science/article/pii/S0145213421000600?via%3Dihub>; Samantha Forrester and Philippa Byers, 'Actioning Children's Rights in Out-of-home Care in NSW: A Focus on the Right of Family Connection' (2024) 46(2) *Children Australia* 3031 <https://childrenaustralia.org.au/journal/article/3031/>.

98 Tim Moore et al, *Safe and Sound: Exploring the Safety of Young People in Residential Care*, Institute of Child Protection Studies, Australian Catholic University, Melbourne, Royal Commission into Institutional Responses to Child Sexual Abuse, Sydney (Report, 2016).

99 Lynne McPherson et al, *Feeling Safe and Well in 'Resi Care': The Importance of Being Valued, Respected and Cared About*, Centre for Children and Young People, Southern Cross University, Lismore (Report, July 2025) <https://researchportal.scu.edu.au/esploro/outputs/report/991013296855402368>.

100 DCJ told us the implementation of the wellbeing measure is in response to the Audit Office Oversight of the Child Protection System Report, (Report, June 2024) Recommendation 1. <https://www.audit.nsw.gov.au/sites/default/files/documents/Final%20Report%20-%20Oversight%20of%20the%20Child%20Protection%20System.pdf>.

101 Meeting with DCJ 18 September 2025.

The Inquiry examined a range of indicators of safety for the selected houses such as:

- reportable conduct allegations
- ROSH reports for children
- incident review in accordance with the *Joint Protocol to Reduce the Criminalisation of Children in Residential Care* (**Joint Protocol**)
- youth justice orders and custodial episodes
- arrangements to support children when they are away from their placement in ITC.

We also heard from a range of stakeholders about the importance of understanding and responding to children's own experiences about safety. Most ITC providers also provided us with copies of their surveys of children, feedback from children in their care about safety issues and their response to these concerns.

4.2.1 Office of the Children's Guardian – Reportable Conduct Scheme

Information from the OCG for the selected providers and ITCHs showed that some but not all providers had reportable conduct notifications (allegations of abuse; ill treatment; sexual misconduct; neglect; sexual, physical or emotional assault of children that meet the reportable conduct threshold).[102]

In 2023-24:

- the OCG received 126 reportable conduct notifications[103] relating to residential care workers/staff in the selected houses, accounting for 5% (126 of 2,405) of all the notifications the OCG received in NSW[104]
- of the 126 notifications for the selected providers, 106 were finalised and of these 22 (21%) were sustained and 84 (79%) not sustained.

Any investigation underway has implications for workers and children creating further uncertainty and instability in a household.

DCJ's OOHC Systems Review recommended a review of the Reportable Conduct Scheme.[105]

4.2.2 Reports of ROSH to DCJ Helpline

Under the Care Act (section 27), specified professionals in child-related work (such as organisations delivering OOHC services including ITC) are required to make a report when they have reasonable grounds to suspect a child, under the age of 16 years, is at ROSH. In addition to their mandatory reporting requirements, there are also other obligations on service providers to report to DCJ issues affecting the safety of children in care.[106]

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[102] The *Children's Guardian Act 2019* defines reportable conduct as: a sexual offence; sexual misconduct; ill-treatment of a child; neglect of a child; an assault against a child; an offence under s 43B (failure to protect) or s 316A (failure to report) of the *Crimes Act 1900*; and behaviour that causes significant emotional or psychological harm to a child.

[103] OCG response to NSW Ombudsman information request.

[104] Office of the Children's Guardian, *Annual Report 2023-24* (Report, 2024) 38 <https://ocg.nsw.gov.au/sites/default/files/2024-10/R_OCG_AnnualReport23-24.pdf>.

[105] DCJ, *System Review into Out-of-home Care* (Report, October 2024) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/about-permanency-support-program-and-overview-childstory-and-oohc-resources/System-review-into-out-of-home-care-Final-report-to-the-NSW-Government.pdf>.

[106] Requirements relate to the reporting of critical incidents and where DCJ is required to exercise aspects of parental responsibility.

The Safety in Care Mandate[107] outlines how DCJ and designated agencies should respond to reported concerns for children in care. It requires DCJ to allocate all reports that meet the threshold of suspected ROSH for assessment to a caseworker.[108] For reports that do not meet the ROSH threshold (non-ROSH) the Safety in Care Mandate requires a review of reports and sharing information with designated agencies providing daily care to children and with the OCG (for those involving reportable conduct issues). These reviews are intended to enable DCJ to detect patterns of potential cumulative harm and to alert relevant district staff (for example, contract managers, caseworkers) to issues requiring action or intervention.

Under the Safety in Care Mandate, DCJ staff are required to use the DCJ Alternate Assessment tool when a report is received about a child under the parental responsibility of the Minister or care responsibility of the Secretary which uses:

> ... thresholds that are lower because children in care are under the legal care of the Minister, they have already experienced trauma that makes them more vulnerable to ongoing harm and there are additional requirements in line with the Code of Conduct for Authorised Carers and the Charter of Rights of Child in OOHC. [109]

Data from DCJ on its response to ROSH reports for the 566 unique children in *all* ITCH during 2023-24, showed that 370 (65%) children were reported at ROSH (total of 1,748 ROSH reports).[110] The main reported risks in ITCH were sexual abuse (38%, 667 of 1,748), child at risk due to own behaviour (36%, 621 of 1,748) and physical abuse (11%, 193 of 1,748).

Of the 370 children reported at ROSH:

- 25% (92) had 1 report
- 41% (152) had 2— 4 reports
- 34% (126) had 5 or more reports
- 37% (137) received an assessment – around two-thirds of the children assessed, (63.5% or 87) found to be at ROSH.

Under the Safety in Care Mandate, all 370 children should have been assessed, irrespective of the source, nature and timing of risk or harm,[111] especially given that 75% of these children were reported more than twice.

Data from DCJ on its response to ROSH for the 137 unique children in the selected houses during 2023-24 was very similar to the information provided for all children in ITCH, including in relation to main reported risks. It showed that 94 (69%) had a total of 353 reports. Of the 94 children:

- 33% (31) had 1 report
- 43% (40) had 2— 4 reports
- 24% (23) had 5 or more reports
- 36% (34) received an assessment with around two-thirds of the children assessed (65% or 22) found to be at ROSH.

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[107] DCJ, version dated 24 August 2024.

[108] DCJ's Safety In Care Mandate requires Director Community Services approval of a decision not to allocate a report of ROSH for a child in OOHC. For children in the primary case management of an NGO provider, CFDU manages this approval process.

[109] DCJ's Safety in Care Mandate, August 2024.

[110] DCJ's response to NSW Ombudsman information request.

[111] The focus of the Inquiry was whether the Safety in Care Mandate was implemented as required. Some of the reported risks may have been historical and/or may have occurred in any placement while in care or outside the immediate care environment.

The Safety in Care Mandate is currently under review. DCJ told us that the Safety in Care Mandate will be updated to align with revisions to the child protection policy and with DCJ's complex overlapping obligations relating to ROSH, parental responsibility and reportable conduct.[112]

DCJ recently advised that:

> DCJ is developing policy and guidelines setting out the requirements to respond to safety and quality of care concerns about children in out-of-home care (OOHC) …The policy and guidelines, once approved, will inform changes to the assessment framework used to assess Risk of Significant Harm reports for children in OOHC. The policy statement is anticipated to be finalised in the first half of 2026.[113]

There is no assurance that a child in ITC who is reported at ROSH will receive an assessment. The Safety in Care Mandate does not appear to be working as intended in that even some of the most vulnerable children in OOHC are not being assessed. As a result, DCJ is currently not in a strong position to identify and address individual and systemic risk to these children.

The NSW Ombudsman expects to release a report on its investigation of DCJ's response to ROSH in early 2026.

4.2.3 Joint Protocol to Reduce the Criminalisation of Children in Residential Care (2019)

Children in OOHC are over-represented in the youth criminal justice system and children in residential care are at an even greater risk of being in contact with the criminal justice system. Research has shown this is because the level of surveillance and management of incidents in institutional settings is more likely to result in notifications to police than for children in family-based care:

> The phenomena of children in residential care becoming involved in the criminal justice system is increasingly recognised (Baidawi & Sheehan, 2020b; McFarlane, 2015; Shaw, 2014). Although not all children who enter residential care experience justice system contact, children in these placements face comparatively higher risk of being criminalised, even relative to children in other out-of-home care placement types (Ryan et al., 2008). For instance, one Australian study of 300 crossover children in three youth criminal courts found that 69 percent of those in out-of-home care were currently in residential care, and 83 percent had experienced residential care involvement (Baidawi & Sheehan, 2019a).[114]

The Joint Protocol is another safeguard mechanism for children in residential care. It was developed by the NSW Ombudsman's Office in 2016 in consultation with relevant stakeholders and was updated in 2019 to reflect the rollout of ITC. Signatories to the Joint Protocol are DCJ, NSW Police Force, ACWA and the Child, Family and Community Peak Aboriginal Corporation (**AbSec**).[115]

> The Protocol aims to reduce the frequency of police attendance at residential services in relation to behaviour which could be safely managed within a service and this in turn, should lead to a reduction in or prevention of the number of police records held about a young person relating to minor incidents. Even where police attend

[112] Meeting with DCJ, 18 September 2025.

[113] DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 14 November 2025.

[114] Susan Baidawi and Rubini Ball, 'Multi-system Factors Impacting Youth Justice Involvement of Children in Residential Out-of-home Care' (2023) 28(1) *Child & Family Social Work* 53 <https://onlinelibrary.wiley.com/doi/10.1111/cfs.12940>.

[115] AbSec is NSW's peak organisation dedicated to the welfare of Aboriginal children and families: see <https://absec.org.au/>.

a residential service, there may still be scope for police to determine that no formal action is required and no entry needs to be made against the young person's record on COPS.[116]

The Joint Protocol guides agencies' responses to incidents involving children in residential care to ensure that NSW Police are involved only when risks cannot be de-escalated or managed by care workers. It also provides review mechanisms for incidents and escalation pathways at a local, district and statewide level to resolve disputes and identify systemic issues in the implementation of the Protocol.

The Protocol aims to:

1. reduce the frequency of police involvement in responding to behaviour by young people living in residential and ITC services, which would be better managed solely within the service
2. promote the principle that criminal charges will not be pursued against a young person if there is an alternative and appropriate means of dealing with the matter
3. promote the safety, welfare and wellbeing of young people living in residential and ITC services, by improving relationships, communication and information sharing both at a corporate level and between local police and residential services
4. facilitate a shared commitment by police and residential and ITC services to a collaborative early intervention approach
5. enhance police efforts to divert young people from the criminal justice system by improving the information residential and ITC services provide police about the circumstances of the young person to inform the exercise of their discretion, and
6. ensure that appropriate responses are provided to young people living in residential and ITC services who are victims.[117]

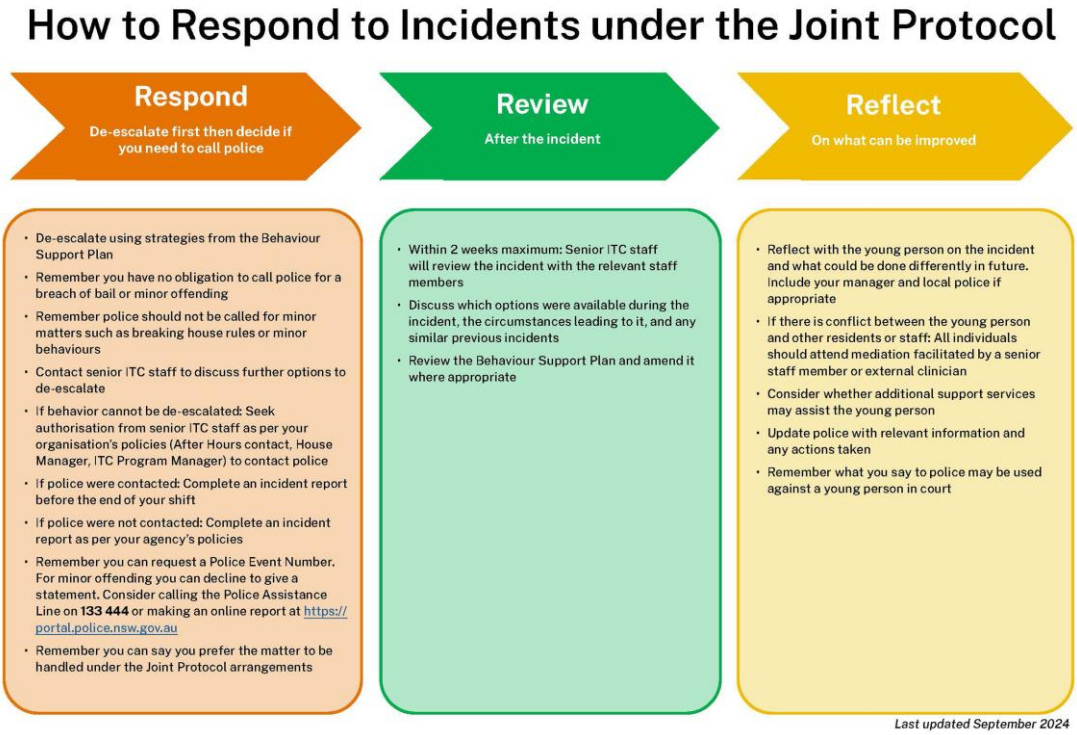
The Joint Protocol Statewide Steering Committee, chaired by DCJ and ACWA, is expected to develop both an implementation plan and an evaluation strategy, to review the Joint Protocol on an annual basis and to conduct a comprehensive review every 3 years.

As shown in Figure 7, the Joint Protocol provides that when care workers contact the Police in relation to incident in a residential care setting, senior ITC provider staff must review the incident within 2 weeks, make the necessary adjustments to a child's Behaviour Support Plan (**BSP**) and update the information provided to Police so they can decide whether diversionary options under the *Young Offenders Act 1997* are appropriate.

[116] NSW Government, *Joint Protocol to Reduce the Contact of Young People in Residential out of Home Care with the Criminal Justice system*, (version 2, July 2019) 31, <https://dcj.nsw.gov.au/documents/children-and-families/NSW-Joint-Protocol-2019.pdf>.

[117] NSW Government, *Joint Protocol to Reduce the Contact of Young People in Residential Out of Home Care with the Criminal Justice System* (version 2, July 2019) 6 <https://dcj.nsw.gov.au/documents/children-and-families/NSW-Joint-Protocol-2019.pdf>.

Figure 7: Joint Protocol response[118]



Agencies are also required to implement the Joint Protocol and maintain appropriate records. However, only 2 of the 8 providers were able to provide us with relevant records about the Joint Protocol.[119]

The OOHC System Review (2024) found:

> … inconsistent application of the Protocol attributed to factors such as limited knowledge…high staff turnover, reliance on unqualified workers and a culture of using police as a default risk-management tool.

The evidence provided to the Inquiry shows that the Joint Protocol is not consistently working as intended to reduce the criminalisation of children in care.

Providers that operate in multiple districts reported significant variation in implementation by location and different Police Area Commands (**PAC**). The experience ranged from a PAC where the Protocol had not yet been implemented, to another where implementation was in the very early stages of initial meetings, to another where processes were fully established. Factors affecting implementation included changes in agency leadership, staff turnover and local resources (for example, whether the PAC had a Police Youth Liaison Officer role in place).

Another provider commented that:

> Not all police are familiar with the Joint Protocol and may have unreasonable expectations, leading to frustration with requests for support. [Provider]

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[118] Source: DCJ, 'How to Respond to Incidents under the Joint Protocol (Cheat Sheet, September 2024) <https://dcj.nsw.gov.au/documents/children-and-families/Cheat_sheet.pdf>.

[119] We asked agencies to provide us with their incident management policy and information on the total number of incident reports for ITCHs and those relating specifically to the Joint Protocol which were: subject to individual review (required within 2 weeks of an incident) and escalated to DCJ (as per the escalation pathways). All agencies provided information on incident management policies and the number and type of incidents reported. However, only 2 agencies provided the requested information in relation to the Joint Protocol. The other agencies told us their data collection systems were not designed to capture or to flag Joint Protocol incidents as distinct from other incidents.

We received submissions that it is common for children to be facing charges for offences that should fall under the Joint Protocol and raising concerns about the impact of Apprehended Violence Orders (AVOs)[120] on the effectiveness of the Protocol:

> The 'Joint Protocol' is supposed to reduce criminalisation and yet this system is actually facilitating more police contact due to forcing [young people] to live together when they have ADVOs [Apprehended Domestic Violence Orders] in place. [Stakeholder]

However, we also received submissions that the Joint Protocol has resulted in improved working relationships with NSW Police in some areas:

> [Provider name] have always had a good working relationship with local police (both currently and prior to the implementation of the Joint Police Protocol) where we meet regularly with police at a local level to discuss any issues or challenges. We also have an active relationship with the Police Youth Liaison Officers…
>
> [Provider name] have an escalation process built into their practice where if children or young people have increasing behaviours they are presented at the Client Escalation panel meeting which involves clinicians, senior leadership and executives where they can make recommendations and triage if there is any requirement to meet with police to discuss. [Provider]
>
> Developing a relationship with crime commanders in the [region] has been challenging at first however the relationship has significantly improved over the period. There has been assumption made by Police that young people residing in ITCH are affecting the local crime statistics significantly. The joint protocol meeting with the support of DCJ and an improvement in communication throughout the command has improved the outcome for young people when engaged with Police. [Provider]

In September 2024 DCJ released new resources to support agencies on how to respond and escalate concerns and published changes to the governance structures for the Joint Protocol in March 2025.[121]

In response to our request about reviews of the Joint Protocol, DCJ provided information about previous *external* reviews of the Joint Protocol[122] and the recent System Review into OOHC (2024).

DCJ also said:

> Since the System Review was published in November 2024, the Joint Protocol Data Pilot Working Group has been established with volunteer ITC Providers in order to develop and pilot test a minimum dataset to enable linkage with NSW Police Force [Terms of Reference was provided]. Furthermore, the draft Joint Protocol Shared Training Strategy [draft in confidence was provided] has been endorsed by the Implementation Committee and Consultation Committee. It will be tabled to the Steering Committee on 30 July 2025 to seek final endorsement.[123]

Initiatives such as these are positive and may address some implementation gaps.

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120 Parts 4 and 5 of the *Crimes (Domestic and Personal Violence) Act 2007*.

121 Association of Children's Welfare Agencies, NSW Police, Department of Communities and Justice and Child, Family and Community Peak Aboriginal Corporation, *Escalation Pathway for the Joint Protocol* (Guidance, September 2024) <https://dcj.nsw.gov.au/documents/children-and-families/Joint_Protocol_Escalation_Pathway.pdf>; Department of Communities and Justice, *Overview of Governance Structure for Joint Protocol* (Guidance, March 2025) <https://dcj.nsw.gov.au/documents/children-and-families/Overview_of_Governance_Structure_for_Joint_Protocol.pdf>.

122 Independent Review of Aboriginal Children and Young People in OOHC in NSW, *Family Is Culture* (Report, October 2019) <https://dcj.nsw.gov.au/documents/children-and-families/family-is-culture/family-is-culture-review-report.pdf> and the Office of the Children's Guardian, *Special Report under Section 139(2) of the Children's Guardian Act 2019: Family Is Culture Review* (Report, March 2022) <https://ocg.nsw.gov.au/sites/default/files/2022-04/R_OOHC_FamilyIsCultureReview.pdf>.

123 DCJ response to NSW Ombudsman information request; email dated 7 August 2025 response to clarifying questions.

Recommendation

5. The Statewide Steering Committee of the *Joint Protocol to reduce the criminalisation of children in residential care* should be accountable to an appropriate oversight mechanism, such as the planned Secretaries OOHC 'forum' in response to Recommendation 1 of the OOHC Systems Review. This should include reporting by the Statewide Steering Committee on any implementation plans, evaluation strategies, reviews and reforms (including the development of a minimum dataset and training strategy).

   These reporting and oversight arrangements should be established by December 2026.

4.2.4 Youth justice supervision and detention

Children in residential care who interact with youth justice services require specialised supervision and support to meet legal reporting requirements and comply with restrictions (such as curfews, bail conditions, restrictions on contact and/or location). Whether youth justice involvement relates to offences while children were in the care of ITC providers or before, such cases may require additional safety measures including:

- changes to rostering (for example, awake night shift), staffing levels and house configuration (for example, if children have to be separated due to bail conditions/AVOs)
- revisiting client matching and mix.

The data from DCJ shows that 8% of children who *entered* ITCH in 2023-24 had a youth justice supervision order at the time of entry.[124]

Table 3: Number and proportion of children entering ITCH in 2023-24 with youth justice supervision orders at entry by Aboriginal status[125]

Justice interaction	Aboriginal	Percent Aboriginal	Non-Aboriginal	Percent Non-Aboriginal	Total	Percent of all children entering ITCH
Had a Youth Supervision Order at entry to ITCH	13	57%	10	43%	**23**	**8%**
Did not have a Youth Supervision Order at entry to ITCH	123	45%	151	55%	**274**	**92%**
Total number of children entering ITCH in 2023-24	**136**	**46%**	**161**	**54%**	**297**	**100%**

Notes:
1. Youth justice supervision orders include the following court orders: Bond with supervision; Bond without conviction with supervision; Juvenile probation order; Pre-reform or Children's Community Service Order; and Suspended sentence with supervision.
2. Each young person is counted only once, even if they have experienced multiple periods in ITCH.

[124] Orders under s 33(7) of the *Children (Criminal Proceedings) Act 1987.*

[125] Source: Linked Data Asset (LinDA), NSW Department of Communities and Justice response to request for information.

However, during the year 2023-24:

- of the children in ITCH, 14% (79 of 565) had a youth justice supervision order and 42% (33 of 79) of these children had 2 or more orders in that period[126]
- of the children in ITCH, 20% (113 of 565) spent time in custody, and 31% (35 of 113) of them had 4 or more receptions in that period
- of the children who spent time in custody, 54% (61) were non-Aboriginal and 46% (52) Aboriginal
- Aboriginal children and young people are significantly over-represented in the criminal justice system – as at March 2025 60.7% of the young people in youth detention in NSW were Aboriginal.[127]

A significant number of children in ITCH had youth justice supervision orders (14%) or spent time in custody (1 in 5). However, the proportion of children with multiple orders or custodial episodes raises questions about whether these children are receiving the necessary support to improve their long-term outcomes while in ITC.

Information from some stakeholders raised concerns about providers' responses to children's concerns about their safety or provision of support or supervision in ITC houses, which impacts on children's interactions with the criminal justice system. These include:

- children feeling their privacy has been breached due to rules and restrictions in houses resulting in escalating behaviours
- proceedings under the *Crimes (Domestic and Personal Violence) Act 2007* being initiated against children in ITC by staff or other residents
- staff not being able to keep children on bail in the ITC home and not knowing their whereabouts
- children preferring to remain in custody rather than return to their ITC placement.

> One of the children in the home invited an individual into the home that bullied another resident (bullying was also happening online). The workers risk planned around this, essentially banning the individual from attending the home however the child still did not feel safe and was worried that despite this person being banned from the home, they could still attend and knew their whereabouts. [Stakeholder]
>
> A … client had a history of sexual assault and said that they did not want male workers at home. The provider responded that this was "not a genuine risk and that all workers had had requisite checks and were on the Residential Care Worker Register." The provider also advised that "they had no staff and that this was all they could provide". The outcome was the child felt unsafe and self-placed. [Stakeholder]

Our review of ITC providers care team and house meeting minutes showed providers dedicate significant resources to managing escalating behaviours and incidents as well as bail conditions (curfews and internet restrictions) and AVOs to support children. For example, a provider set up a home gym for a child with bail restrictions and curfews preventing them from accessing their usual gym. Other providers have travelled interstate and to regional areas to collect children so they are not held on remand overnight.

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[126] Linked Data Asset (LinDA), NSW Department of Communities and Justice. Each young person is counted only once, even if they have experienced multiple periods in ITCH. Young people may be included in multiple selected justice interactions.

[127] NSW Bureau of Crime Statistics and Research, *NSW Closing the Gap Target 11 Quarterly Report — Aboriginal Young People Are Not Overrepresented in the Criminal Justice System* (Report, March 2025) < https://bocsar.nsw.gov.au/documents/publications/aboriginal-or/aor-2025/Closing_the_Gap_Quarterly_Mar_2025.pdf>.

Providers also raised other barriers to effectively supporting children interacting with the criminal justice system.

> Managing criminal activity and risk-taking behaviours impedes on Staff's ability to manage day to day needs of the children and takes time away from other children in the homes. … This is at times associated with the lack of thorough and current assessments in regard to behavioural, psychiatric and psychological issues. The lack of secure facilities for clients to be kept safe while assessments being undertaken also contributes. … The young people often decline assessments or are unco-operative and mostly Government departments and courts do not follow this up well. [Provider]
>
> [Provider] has experienced an unwillingness of some legal organisations to work with [Provider] when our young people are court. This mostly has been when young people have been placed on bail or have curfew orders in place or facing charges for an offence. [Provider] has been left without information about the young person in ITCH when placed on bail or an order has been put in place.
>
> [Provider] has also been prohibited from entering the court for the hearing so the case manager is left out of the information share. Some paperwork that has been withheld includes bail paperwork, information about the bail address, information about additional addresses that are included and additional people added as people that have access to the young person. This impacts on the ITCH house to effectively manage the young person's bail and conditions and risk assess where the young person is going to stay as a new bail address as per the conditions. [Provider]

4.2.5 Safety for children 'not in placement'

ITC providers and other stakeholders told us children 'not in placement' present a particular challenge for them.

When a child is away from their ITC placement for a period of up to 4 weeks they are considered to be 'away from placement' (referred to as 'bed open'). Generally, beyond that period a child is considered to be 'not in placement' if there is no plan for them to return to their placement or another suitable placement. ITC providers, therefore, with approval from DCJ, close a child's authorised primary placement (referred to as 'bed closed') but may retain case management responsibility for the child outside the ITC home.[128] In such events the child does not have an authorised placement[129] to return to and the baseline funding to the ITC provider to support the child reduces significantly, by nearly two-thirds.[130]

ITC providers may carry the case responsibility for these children for up to 12 months to attempt to return them to their placement or locate an alternative suitable placement for them.[131]

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[128] DCJ, *Permanency Support Program (PSP) Away from Placement Policy*, Version 3.1 (Policy, January 2022) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/permanency-case-management-and-other-policies/psp-away-from-placement-policy/PSP-Away-from-Placement-Policy.pdf>

Section 8.2 Not in placement funding

PSP packages

Following commencement of a not in placement period:

- The PSP Case Coordination - Not in Placement package replaces the applicable PSP Baseline package.
- The applicable PSP Case Plan Goal and Child Needs packages continue.

[129] DCJ advised on 21 November 2025 that, 'although the placement the child had been in is closed, the child will be provided an authorised placement at the point of readiness to return'.

[130] Department of Communities and Justice, *PSP Rates Effective from 1 July 2025* (Information Sheet) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/psp-and-residential-care-rates.pdf>.

[131] Approval is only for 6 months initially but can be extended for a further 6 months.

Providers told us while children are 'not in placement':

- they are particularly vulnerable to sexual or criminal exploitation, homelessness, drug abuse, violence and emotional risks
- the provider has no statutory authority to remove children from dangerous situations and is limited to calling emergency services or making reports of ROSH to DCJ
- current funding for children 'not in placement' is inadequate and the casework stretches the providers' resources and diverts them away from the ITC house
- the casework becomes about crisis response rather than providing therapeutic care due to the immediate concerns about children's basic needs
- there is a lack of guidance and clarity about when DCJ must intervene for these children to prevent risk escalation that may endanger a child's life.

Providers also told us that there are additional challenges for children 'not in placement' who leave NSW, as child protection orders held in NSW are not valid in other states.

Stakeholders also raised concerns about providers' responses to children not in placement, including for example children sleeping in cars, not being provided with sufficient money for food and supplies and providers requiring them to return to the placement to collect vouchers.

The focus of casework for a child 'not in placement' who has had their bed closed shifts from providing therapeutic support to managing safety and basic needs.

The OCG's 2022 Safety in Care review[132] reported:

> Placement instability emerged as a key theme in the cases reviewed. Perhaps more concerning than the number of placements some children experienced during their time in care, was that limited casework time and effort that was invested in finding them safe and permanent homes. Internal reviews undertaken by DCJ reflected that when children in these cases choose to self-place in unauthorised placements, DCJ had neglected their responsibility to, at a minimum, check the home and mitigate any present risks through sufficient safety planning. In one case, DCJ noted that casework decision-making around placement options had shifted from what was safe for the child, to what was available for the child, even if it was unsafe. Despite their decision to self-place, these children needed to be viewed as vulnerable, instead of being viewed as problematic and creating their own risk.

The issue of children 'not in placement' was a recurring theme identified throughout this Inquiry by ITC providers, oversight agencies and key stakeholders. There are significant concerns about the appropriateness and adequacy of the current casework, oversight and funding arrangements for children when they are 'not in placement'. In particular, stakeholders raised that the level of support children receive is not commensurate with their level of need and children may be exposed to significant risks when they are not in an authorised placement.

The NSW Ombudsman is currently undertaking a review into the circumstances of children and young people away from their placements and will report publicly on that review in mid-2026.[133]

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[132] OCG, *Review of Safety of Children in Out of Home Care*, *Special Report under Section 139(2) of the Children's Guardian Act 2019* (December 2022) This report was obtained from the OCG for the purposes of this Inquiry and is not publicly available.

[133] NSW Ombudsman. *Group Review: Reviewing the Circumstances of Children Absent from OOHC* (Factsheet, 2025) <https://cmsassets.ombo.nsw.gov.au/assets/Resources/Fact-sheets/Fact-sheet-for-service-providers-NSW-Ombudsman-group-review-children-and-young-people-away-from-placement.pdf>.

Delivery of Service Management to children 'away from placement' – diverts staff away from being in the ITCH [Provider]

Case management delivery to children and young people not in placement and away from placement particularly where they may be at some distance from the house, or the ITCH providers geographic patch comes with considerable risk, issues and costs … [including] efforts that are exerted and diverted to extreme circumstances such as retrieving children and young people involved in child exploitation scenarios. [Provider]

[Agency] consider Case Coordination ['not in placement'] to be less intensive than ITC in terms of resources as there are no youth work staff or placement required, however it can be more intensive due to the safety risk that young people can exposed to whilst ['not in placement']. It can also be intensive if a young person is not in placement at a geographical location far from where the service provider operates which requires time, money and people resources to continue to support the young person and ensure their safety. The intensity of Case Coordination ['not in placement'] support is dependent on the individual young person and the level of risk that they are at whilst away from placement. [Provider]

There does not appear to be a minimum standard of care ensuring the [young person] has appropriate food, hygiene and clothing when out of placement. [Stakeholder]

I had one staff member tell me she sees the young person about once per week and she was drastically losing weight. I asked about providing her food and was told the House Manager doesn't want to provide her food while out of placement because 'if she's hungry enough it will motivate her to come home.' Other houses will provide regular Coles vouchers to a [young person] out of placement. Although some providers make attempts, they appear to be inadequate across the board… [Stakeholder]

[Relating to children 'not in placement'] … There does not appear to be a consistent directive from DCJ on funds spend for groceries … too many young people with grocery budgets below what should be considered acceptable given the current cost of living crisis with no significant increase in budget over the last few years as costs have escalated. [Stakeholder]

There is some anger around resourcing. Children are self-placing or living in cars - leaving them vulnerable in the community and they are not given a lot of support by providers. When questioned, providers advise they don't want to be seen as supporting the unauthorised placement but will provide small amounts (clothes, vouchers, food). Providers have also said 'you can come pick some vouchers up from placement'. [Stakeholder]

Recommendation

6. DCJ should review and identify reforms to the policy and practice standards of care for children 'not in placement' – to provide for these children's safety, welfare and wellbeing when away from placement.

   This review should be completed by December 2026.

5. Do children in ITC access and engage in therapeutic support?

Key findings and conclusions

DCJ does not routinely monitor the implementation of the Elements, which are crucial for effective therapeutic care in ITC settings. There is a lack of reliable data and outcomes measurement in ITC to identify gaps, promote good practices and improve services.

Planning for therapeutic care for children in ITC should be holistic and individualised to address the complex impacts of abuse and neglect. Effective implementation of these plans depends on strong coordination between relevant agencies and access to the required specialised support services.

Educational disadvantage of children in residential care has been a longstanding issue. There continue to be significant barriers to educational engagement for children in ITC, including delays in enrolment, behavioural issues, frequent suspensions, lack of trauma-informed responses from schools and a lack of alternative or flexible educational options.

A significant percentage of children in ITC lack required plans, such as Education Plans and Cultural Plans, to guide the provision of support to them. As at 30 June 2024, of the children in the selected houses:

- 59% had Education Plans and 13% were confirmed to be attending an educational setting.
- 42% of the Aboriginal and Torres Strait Islander children either had approved Cultural Plans or a plan in progress.
- 57% were on the Health Pathway and 71% had a Health Plan.
- 95% of the children aged 15 years and over either had a Leaving Care Plan in place or a plan in progress.
- 77% had a Family Time Plan or their plan was in progress.

The ITC system in NSW continues to face significant challenges in delivering on its therapeutic care objectives:

- The required specialised services are not available where and when needed. Where services are available, access is difficult because there is competition for these services from other sectors.
- Multi-agency agreements and collaborative protocols (across health, education, police and youth justice) do not consistently deliver coordinated or timely services for children in ITC.
- Many children are placed long distances from familial and community support networks due to local placement scarcity. This undermines cultural connection and emotional wellbeing, and can increase risk of absconding or criminal justice involvement.
- High turnover of staff, and lack of sufficiently qualified staff — particularly in regional or remote areas — undermine continuity of care and the implementation of therapeutic approaches.
- Some providers have developed their own responses to some of these issues, but these are not yet matched by comprehensive system-wide solutions or consistent outcomes monitoring.

5.1 Implementation of the 10 Essential Elements is not monitored

All ITC providers are required to implement the Elements. ITC providers have adopted different models of therapeutic care or a combination of models to implement the Elements: refer to Section 1.2 and Appendix B for further details.

Figure 8: Overview of the Elements[134]

Note: CYP = children and young people

The Program Level Agreement (**PLA**) requires providers to fully incorporate and apply the Elements in any ITC service and across the continuum of ITC services.[135] The Elements align with the OCG's NSW Child Safe Standards for Permanent Care, but 'are additional requirements for therapeutic service delivery specific to the [DCJ's] ITC system'.[136] The OCG does not have any role in monitoring implementation of the Elements. As mentioned in Section 1.4, DCJ conducted a Health Check in 2020 focused on the implementation of the Elements and identified several issues impacting on the provision of therapeutic environments for children in ITC and lack of outcomes data.

While DCJ contract managers monitor providers' fulfilment of contractual obligations and performance,[137] DCJ advised us it does not require routine reporting from providers on the Elements, although providers often refer to the Elements in referral declines and in individualised placement applications.[138] However, DCJ is now:

> … considering re-establishing a formal review process to ensure the Elements are actively implemented and maintained across all ITC settings. A revised PSP contract management agenda template has been developed, specifically incorporating a review of the 10 Essentials Elements under a Service Delivery, Compliance and Monitoring. This is being used across several teams and is being expanded.[139]

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134 See DCJ, *Permanency Support Program Appendix 5: Service Overview — Intensive Therapeutic Care (ITC)* (Program) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/residential-care-placements/ITC-RFT-Volume-5-Appendix-5-Service-Overview-ITC.pdf>.

135 DCJ, *Permanency Support Program*, Schedule 1 — Permanency Support Program — Service Requirements, Section 7.3 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf>.

136 DCJ, *Permanency Support Program Appendix 5: Service Overview — Intensive Therapeutic Care (ITC)* (Program) Section 1.2. <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/residential-care-placements/ITC-RFT-Volume-5-Appendix-5-Service-Overview-ITC.pdf>.

137 DCJ presentation 'Revisiting the Ten Elements' provided in response to NSW Ombudsman's information request.

138 DCJ response to NSW Ombudsman information request.

139 DCJ response to NSW Ombudsman's draft ITC Inquiry report, 14 November 2025.

The practice guide for the Elements recommends providers conduct regular self-assessments to ensure good governance and quality therapeutic practice.[140] Most providers advised us that they had not completed self-assessments either because they believed the guide for self-assessment was no longer available and/or because DCJ has not required this evidence.

None of the providers referred to DCJ monitoring implementation of the Elements in their contract meetings. One agency said monitoring used to occur but had ceased because DCJ was satisfied with the provider's implementation and embedding of the Elements.

However, most providers provided evidence of their internal mechanisms to ensure alignment of their practices with the Elements. These included 'deep-dive' file reviews and audits, developing dashboards to track key indicators (such as case plans, cultural plans, child participation and staff supervision), surveying children, consulting with youth reference groups and other quality assurance processes covering key aspects of their therapeutic services.

DCJ also told us that several initiatives are been implemented or are underway to support implementation of the Elements including:

- refresher training to contract managers in November 2024 about ways to incorporate the Elements in contract discussions
- development of an ITC program logic to assist in the evaluation of ITC and to 'support a focus on measuring how the [Elements] are being applied and what outcomes they are achieving on an individual child and system level'
- a planned independent evaluation of ITC (to start in 2026 and due in June 2027)[141] to assess ITC effectiveness, implementation and economic components. DCJ advised that 'it will examine model fidelity, NGO performance, and the impact of therapeutic approaches on wellbeing, placement stability, and transitions to less intensive care. The findings will be used to inform the future design of NSW's residential care program broadly in addition to recommissioning of ITC'.[142]

5.2 Individual plans are critical to provision of therapeutic care

The Permanency Support Program states that:

> The key objective of therapeutic care is to provide a holistic, individualised, team-based approach to address the complex impacts of abuse, neglect, separation from families and significant others, and other forms of severe adversity on Children and Young People in the Permanency Support Program.[143]

Therapeutic care is not about providing a one-size-fits all model. It is about meeting the individual goals and needs of a child covering key aspects of their lives and development. In congregate settings such as ITC, where many people are involved in the care of a child, plans become a means of ensuring a child's needs are understood by all caring for the child and what they need to do to meet them.

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[140] Centre for Excellence in Therapeutic Care, *The 10 Essential Elements of Intensive Therapeutic Care in NSW* (Practice Guide, 2019) <https://www.cetc.org.au/wp-content/uploads/2022/07/10-essential-elements-practice-guide.pdf>: see under 'Outcomes' under Element '10 (p 18): 'Regular self-assessment against this Evidence Guide (at least six monthly).

[141] DCJ presentation to oversight agencies, 'DCJ's Residential OOHC Strategy', 12 September 2025.

[142] DCJ response to NSW Ombudsman's information request.

[143] DCJ, *Permanency Support Program*, Schedule 1 — Permanency Support Program — Service Requirements, Section 7.2 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf>.

Providers are required to develop and review OOHC case plans (health, education, family time, recreation), Leaving Care Plans and Cultural Plans for every child in OOHC.[144] DCJ policy requires these plans to be reviewed at minimum annually, and/or where a child's needs and/or circumstances change (such as following change of placement, change of diagnosis, new reported risks or safety issues). Financial penalties may apply when agencies fail to do so.[145]

For some children, particularly those with high and complex needs, agencies may also be required to develop and implement a Behaviour Support Plan (**BSP**). Providers must have a therapeutic specialist[146] (at least 1 for every 12 children in ITC) to drive therapeutic practice as a key part of the 'care team'.[147] Care teams are responsible for developing, monitoring and reviewing a child's BSPs and other plans.

ITC providers provided information about the status of plans for the children in the selected houses at 30 June 2024 and factors that support, impede, delay or challenge the effective implementation of plans.

We did not examine the quality and implementation of plans for individual children. We also acknowledge that for the '*point in time data*' used in this Inquiry:

- Some children may have only recently arrived in their current ITC placement and planning may still have been in progress for them.
- Some children may have been case managed by DCJ rather than their current ITC provider.[148]

[144] See s 166 of the Care Act, which requires agencies to prepare and implement Leaving Care Plans for those children aged 15 years and above to support their transition to independence at the age of 18 and guide the provision of leaving care assistance through until 25 years of age as required; S 150 of the Care Act which requires agencies to conduct such reviews in accordance with guidelines prepared by the OCG. Office of the Children's Guardian, NSW Child Safe Standards for Permanent Care (Standards, November 2015) Standard 14: Case planning and review <https://ocg.nsw.gov.au/sites/default/files/2022-01/P_SOOHC_ChildSafeStandardsPermanentCare.pdf>: Leaving Care plans only start at age 15 years and Cultural plans are only required for Aboriginal children and children from CALD backgrounds.

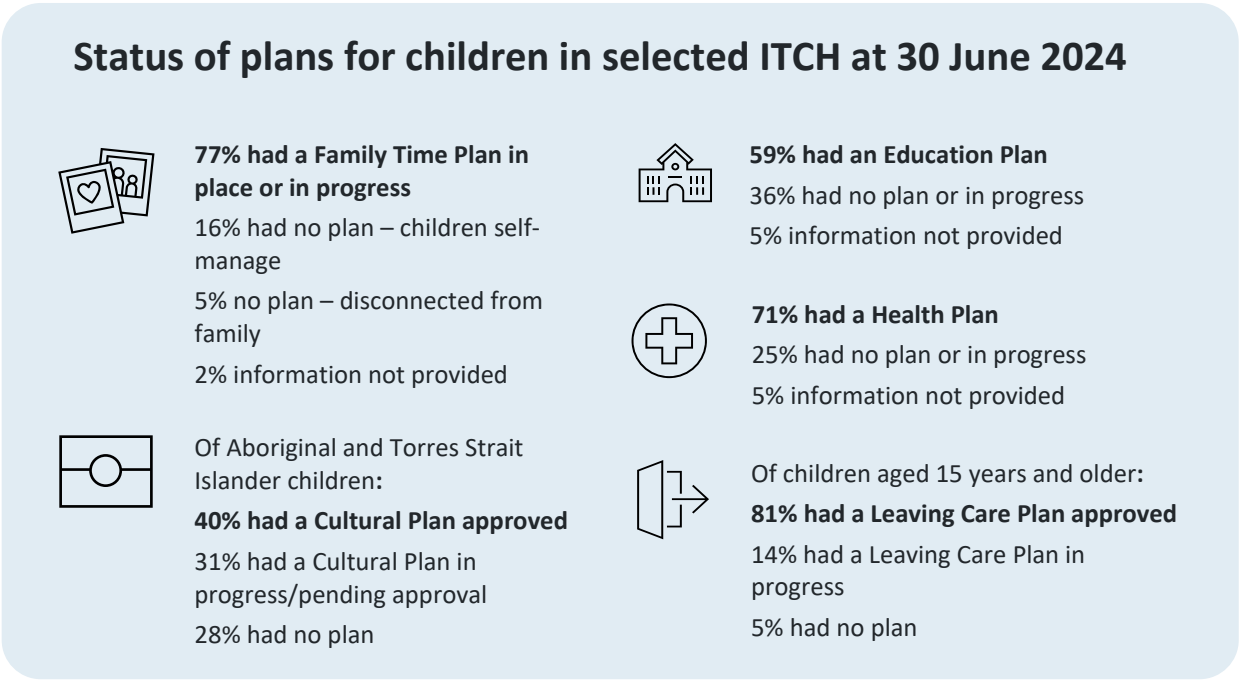
[145] DCJ, *Schedule 2 – Performance and Outcomes Data Reporting*, Appendix A, Table 1 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/Schedule-2-Performance-and-Outcome-Data-reporting.pdf>. Abatements of $2,000 per child, per plan, per failure may apply.

[146] Therapeutic Specialists carry a primary responsibility for developing case plans and, where required, facilitating other targeted plans such as Behaviour Management Plans and Medication Plans. See Department of Communities and Justice, *Permanency Support Program*, Schedule 1 — Permanency Support Program — Service Requirements, Section 7.3.1 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf>.

[147] 'When it comes to helping troubled children and young people no single practitioner, profession or service has all the answers. Where the needs are complex and challenging, a multi-system approach is necessary. Working together to remove or reduce the key risk factors, strengthen the protective factors and take a holistic approach to address the issues related to the young person's wellbeing. This is known as the "care team"' : Centre for Excellence in Therapeutic Care, *The 10 Essential Elements of Intensive Therapeutic Care in NSW* (Practice Guide, 2019) p 13 <https://www.cetc.org.au/wp-content/uploads/2022/07/10-essential-elements-practice-guide.pdf>.

[148] For children case managed by DCJ, planning processes are led by their DCJ caseworker rather than by the ITC provider's caseworkers.

Figure 9: Status of plans for children in selected ITCH at 30 June[149]



Previous reports about education planning and attendance

Previous Ombudsman reports have raised concerns about education planning and attendance for children in OOHC, including:

- In 2016 the NSW Ombudsman[150] raised issues of delays in enrolment, exclusion (suspensions and expulsions), poor attendance and poor educational outcomes for children in legacy residential care.
- In 2024, the *Protecting Children at Risk* report found children in OOHC continued to have lower retention in school, participation and results in NAPLAN, and poor monitoring of education planning for them. The NSW Ombudsman recommended DCJ publicly report on the number of school aged children in OOHC, how many have plans and how often these are reviewed. We received a progress report on this and other recommendations in early December 2025.[151]

The OOHC Systems Review raised similar concerns, noting:

> … secondary school students (65.0 per cent) and those in residential care (57.7 per cent) had the lowest attendance. Attendance rates were similar for students who were Aboriginal (75.1 per cent) and non-Aboriginal (75.1 per cent).[152]

[149] NSW Ombudsman based on data from 8 ITC providers of the selected houses.

[150] NSW Ombudsman, *NSW Ombudsman Inquiry into Behaviour Management in Schools: A Special Report to Parliament under s 31 of the Ombudsman Act 1974* (Report, August 2017) Ch 5 <https://cmsassets.ombo.nsw.gov.au/assets/Reports/NSW-Ombudsman-Inquiry-into-behaviour-management-in-schools.pdf>.

[151] NSW Ombudsman, *Protecting Children at Risk: An Assessment of Whether the Department of Communities and Justice Is Meeting Its Core Responsibilities* (Report, July 2024) p 55 <https://www.ombo.nsw.gov.au/reports/report-to-parliament/protecting-children-at-risk-an-assessment-of-whether-the-department-of-communities-and-justice-is-meeting-its-core-responsibilities>.

[152] DCJ, *System Review into Out-of-home Care* (Report, October 2024) p 96 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/about-permanency-support-program-and-overview-childstory-and-oohc-resources/System-review-into-out-of-home-care-Final-report-to-the-NSW-Government.pdf>. Data received from NSW Department of Education and DCJ from the Corporate Information Warehouse, extract dates are: 12 July 2023, 11 August 2023, 1 January 2023, 13 October 2023, 13 November 2023 and 11 December 2023.

The Review also found teachers and schools were not "equipped" to respond to children in OOHC impacted by trauma:

> Schools must be better equipped to support children and young people affected by trauma, with appropriate trauma training being provided to teachers. That training should not fall to service providers to provide to schools. This obligation rests with the NSW Department of Education to ensure its staff are appropriately trained by accredited services to meet the needs of children attending their schools. Additionally, it is also essential to acknowledge the limits of education staff in managing trauma while ensuring their own wellbeing and the wellbeing of other students. [153]

The Review made a recommendation (Recommendation 12) (to the NSW Government, the Department of Education, DCJ and the National Education Standards Authority (**NESA**)) to improve the educational planning, supports, services and outcomes for all children in OOHC by:

- mandating training of teachers in trauma-informed practice
- ensuring children have plans for their re-integration when they are excluded from school
- offering appropriate alternative school or learning services for children who are not able to attend mainstream schools
- enhancing the OOHC Education pathway and making the Department of Education responsible for overseeing implementation of education plans
- reporting on education outcomes for children in OOHC.[154]

Education planning and attendance

ITC providers told us how many children had an education plan and how many were attending an educational setting in line with their educational plan.

ITC providers provided data for 97 of the 102 children who were in the selected ITCH at 30 June 2024. It showed that of the 102 children, 59% (60) had an education plan, 36% (37) had no plan, and for 5% (5) no information was provided.[155]

The reasons providers gave us for children *not having an education plan* included either the child was disengaged from education, enrolled in education or alternative education settings[156], or the child recently entered the placement and/or entered without a plan.

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[153] Department of Communities and Justice, *System Review into Out-of-home Care* (Report, October 2024) p 98 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/about-permanency-support-program-and-overview-childstory-and-oohc-resources/System-review-into-out-of-home-care-Final-report-to-the-NSW-Government.pdf>.

[154] Department of Communities and Justice, *System Review into Out-of-home Care* (Report, October 2024) Recommendation 12, p 102 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/about-permanency-support-program-and-overview-childstory-and-oohc-resources/System-review-into-out-of-home-care-Final-report-to-the-NSW-Government.pdf>.

[155] We did not ask the reason information was not provided but we know that for some children who are new to the placement, it may be too early for them to have a plan in place especially if they have moved location/providers and other children may have been away from placement at the time. We also did not pursue this issue with agencies that indicated this information was too onerous to provide.

[156] Alternative school settings are for students who are not able to or choose not to attend mainstream schools for health, mental health or behavioural reasons or due to incarceration or remote location. Examples of alternative school settings are distance education schools, hospital schools, youth justice centre schools, intensive learning support schools and/or schools for specific purposes. Enrolment criteria differ but is covered by Department of Education policy and guidance – with the exception of distance education which has separate procedures.

Under the *Education Act 1990* children must attend school in NSW from the age of 6 and until they turn 17 or complete year 10, whichever comes first:

> After Year 10 and until the age of 17, students must be:
> - in school, or registered for home schooling OR
> - in approved education or training OR
> - in full-time, paid employment (average 25 hours/week) OR
> - in a combination of these three.[157]

As noted at Section 2.3, in the selected houses 48 children (47%) were aged 12–15 years, with 54 young people (53%) aged 16–18 years.

As Table 4 shows, as at 30 June 2024, 13% of children were known to be attending an educational setting.

Table 4: Education plans and attendance[158]

Number of children	Count	Percent
Attending school or vocational education	13	13%
Enrolled in school or vocational education but attendance unknown	31	30%
Not attending any educational setting	31	31%
Information not provided	27	26%
Total	**102**	**100%**

The reasons ITC providers gave us for children *not attending school* included:

- delays in new enrolments for children who have changed location as schools arrange necessary supports. For children requiring supported placements in Schools for Specific Purposes (**SSPs**), providers reported delays of up to 2– 3 terms[159]
- school enrolments being restricted, declined or disrupted including frequent suspensions due to behavioural incidents or concerns. Providers told us schools vary in their capacity and willingness to implement trauma-informed responses
- children refusing to attend school despite having a transition or 'return to school' plan
- children experiencing anxiety or mental health concerns associated with schooling environments or change of schools.

ITC providers said these reasons lead to patterns of disruptions and delay and, over time, to extended periods of time where children are not at school.

Many OCV reports for the selected ITCHs raised issues about children not being enrolled in school, not engaged or attending school for reasons ranging from suspensions, substance abuse and trauma related to previous school experience and bullying.

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[157] 'School Leaving Age', *Department of Education* (Web Page, 5 June 2023) <https://education.nsw.gov.au/schooling/parents-and-carers/pathways-after-school/school-leaving-age>.

[158] Created by NSW Ombudsman based on data from 8 ITC providers of the selected houses. Note that agencies did not specify if those children not attending any educational setting were enrolled. See footnote 155 for the reasons information was not provided.

[159] Eligibility criteria differ for SSPs and there is a specific application process involving local support class panel recommendation. See 'Schools for Specific Purposes' *Department of Education* (Web Page, 1 May 2024) <https://education.nsw.gov.au/schooling/parents-and-carers/inclusive-learning-support/primary-school/how-your-child-can-be-supported-in-primary-school/schools-for-specific-purposes--ssps-#How0>.

OCV reports also raised concerns about the limited evidence of proactive work by some providers to re-engage children in schooling or find alternative options for them. However, most providers advised us about initiatives they are introducing to address gaps in educational services for children experiencing disruptions in their schooling, such as:

- opening in-house learning centres and schools for children who are suspended or requiring additional support or tuition
- directly employing education specialists/teachers, tutors and/or mentors for children in ITC who are not attending school or facing learning challenges
- having specialist multi-disciplinary teams to review children's education plans and provide guidance to casework and care workers
- developing and delivering training and/or employment programs to support children's education and employment pathways as they transition out of care (for example, budgeting programs, peer workers).

> Lack of timely access to education placements made more difficult when a supported placement is required. At times this has taken up to 2-3 school terms for the placement at a school to begin … Children usually wait several months before a placement in a school is secured especially when transferring from out of area. Education system goes to panel 1-2 times a school term. Meaning young people needing an [Autism Spectrum Disorder] placement, [supported] placement etc may not receive this placement for a long period. These placements are also very rare and young people may not be accepted until they have gone to panel[160] 2/3 times. [Provider]
>
> Schools may limit young people to part-time attendance or suspend them, interrupting their learning and motivation to engage in education. [Provider]
>
> Young people with challenging behavioural presentations are often restricted from participating in education. Their enrolment may be declined or restricted and they may be subject to frequent suspensions.
>
> Education providers differ greatly in their capacity and/or willingness to operate from a trauma informed perspective. At times education providers invest sparingly in seeking to reengage disconnected students. [Provider]
>
> Young people are suspended or expelled and this then falls back on the community agency. This is not an appropriate response. [Provider]

Children living in congregate settings such as ITC are at increased risk of educational disengagement (only 13% of children in the selected houses were attending school).[161] There is therefore a pressing need to prioritise and tailor support to this cohort of children. Equally important is to monitor and track educational stability for these children to target support and inform placement and funding decisions.

Recommendation

7. In addition to other monitoring of educational outcomes achieved by Recommendation 12 of the OOHC Systems Review, DCJ and partners should also report on compliance with section 21B of the *Education Act 1990* relating to compulsory school-age and participation for children in residential care to an appropriate oversight mechanism, such as the planned Secretaries OOHC 'forum'.

[160] For children with diagnosed disabilities local support class panels consider applications for enrolment in a school for special purposes.

[161] We note there is a difference between the data referred to in the OOHC Systems Review and information we obtained from the selected houses. This may be because we did not receive a response for 26% of children and we did not specify a definition for attendance.

Behaviour support planning

For children in OOHC, the Care Act requires that authorised carers[162] only use behaviour management practices approved by designated agencies – certain practices are prohibited and others, known as restrictive practices, require specific approval.

According to DCJ's Behaviour Support Policy, restrictive practices (also known as restricted practices) involve:

> some form of intervention on the child's freedom in order to protect them or others from harm. When a restrictive practice is used, it should only be employed as part of a formal behaviour intervention as set out in an approved BSP….. Restrictive practices should only be used on a temporary basis along with a broader positive strategy to support behaviour. The principle of using the least intrusive approach possible applies to any behaviour support strategy.[163]

Where behaviour management practices are not effective and/or when a child is prescribed psychotropic medication[164] authorised carers are required to notify their designated agency so that appropriate support and planning can be put in place.[165]

BSPs guide a consistent approach to managing the behaviour of a child by the care team. Providers told us that there are potential flow-on effects on household dynamics, staffing, rostering, recreational and community engagement activities when multiple children in a household have BSPs of varying breadth and complexity.

Data from providers on the children in the selected houses at 30 June 2024 showed that:

- 81% (83 of 102) had a behaviour support plan;
- of these, 78% (65 of 83) had BSPs authorising the use of restrictive practices.

Providers highlighted a number of factors that impact on effective behaviour support in ITCH. These include:

- the availability of appropriately skilled and qualified staff and services to respond and de-escalate children's behaviours in houses
- lack of specialist services and supports, or lengthy waiting times to comprehensively assess children's needs or support BSP implementation (for example, medication needs, National Disability Scheme (**NDIS**) planning and review processes and psychiatric assessments)
- changes in residents and staffing in a household leading to relationship and environmental triggers for behaviours
- overlap and degree of congruence with other stakeholders' interventions such as:
    - having to comply with youth justice orders, bail and apprehended violence orders restrictions (for example, contact location restrictions and curfews) as well as manage potential risks to others in the least intrusive way

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[162] Under s 137 of the Care Act, authorised carer means Principal Officers of designated agencies and those persons authorised as carers by designated agencies, including residential care workers.

[163] DCJ, *Behaviour Support in Out-of-home Care* (Guidelines, 2020) p 34 <https://dcj.nsw.gov.au/documents/covid-19/service-providers/additional-information/Behaviour_Support_OOHC_Guidelines.pdf>.

[164] According to cl 49 of the *Children and Young Persons (Care and Protection) Regulation 2022* (Care Regulation)– *psychotropic drug* means prescribed medication that can affect, by acting on the central nervous system, cognition, perception, thinking, mood, behaviour or level of arousal.

[165] Part 6 Division 4 of the Care Regulation.

- disruptions to schooling when children are sent home or refusing to go to school (for example, suspensions, exclusions, partial attendance and incidents at school resulting in children being sent home).

Health planning

DCJ policy requires that children receive an initial health assessment when they enter statutory OOHC, and a health plan is developed for them that is subject to regular review. These requirements are based on a recognition that children and young people in OOHC often have high and unmet health needs and are more 'disadvantaged and vulnerable' than other children.[166]

To support this, DCJ, non-government OOHC providers and NSW Health are required to collaborate to ensure that the children in their care receive the necessary health services and support, via the OOHC Health Pathway Program (**HPP**). This has been operating since 2010 and is underpinned by a memorandum of understanding (**MOU**) between Ministry of Health and DCJ, which is currently under review by DCJ and the Ministry of Health.[167]

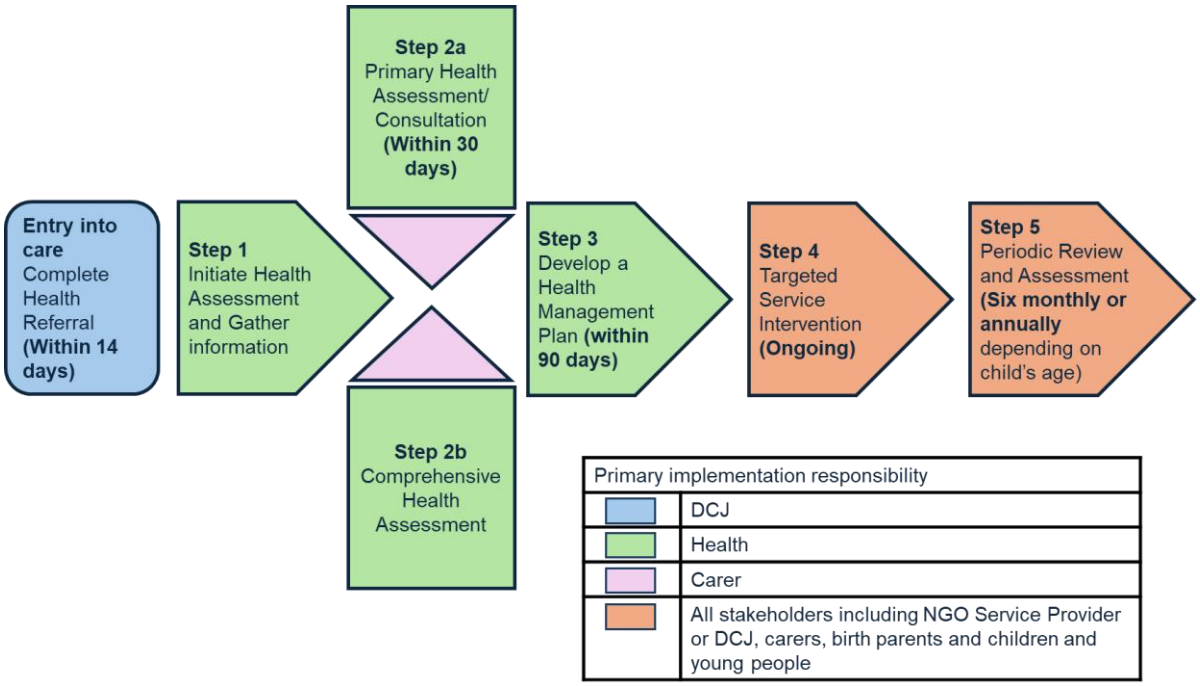
The HPP is supposed to ensure that children's health and medical needs are supported, their medical history is recorded, and their health outcomes improve in accordance with Standard 9 of the NSW Child Safe Standards for Permanent Care.

In our 2024 *Protecting Children at Risk* report, we recommended DCJ and the Ministry of Health review and report to us on their implementation of recommendations from a 2022 evaluation of the HPP and how this is impacting on trends in health planning and outcomes for children in OOHC. Both agencies accepted the recommendation and provided advice in November 2024 and December 2025. DCJ and NSW Health are also developing a joint Mental Health Framework known as 'Mind My Wellbeing' to improve access to mental health supports for children in OOHC.

[166] NSW Health Out of Home Care Health Pathway program - Programs (nsw.gov.au); NSW Child Safe Standards for Permanent Care, Standard 9: Health.

[167] 'OOHC Health Pathway — A Guide for Caseworkers', *Department of Communities and Justice* (Web Page, 24 July 2025) <https://dcj.nsw.gov.au/service-providers/oohc-and-permanency-support-services/oohc-health-pathway/oohc-health-pathway-guide-for-caseworkers.html>.

Figure 10: Overview of OOHC Health Pathway steps[168]



Provider responses indicated that 71% of children in the selected houses had a health plan (whether a NSW Health or other plan), 25% did not have a health plan and for 5% of children information was not provided. Only 57% (58 of 102) of children in the selected ITCHs were on the OOHC Health Pathway as at 30 June 2024.

Providers told us that the limited availability and long waits for specialist services (for example, occupational therapy, mental health, psychiatrists and speech pathology and NDIS) and for surgery and children being away from their placements are some of the issues that directly or indirectly impact on their ability to address the health needs of children.

Most providers gave us information about their initiatives to address these gaps in accessing timely services and to encourage child participation and engagement in health services:

- in-house health checks/clinics and visiting sexual health nurses
- staff capacity building to meet specific health needs, for example, registered nurses, specialist courses on advanced first aid, asthma, diabetes education
- healthy eating, relationship and exercise programs.

Leaving care planning

Under the Care Act, OOHC agencies – both DCJ and NGOs – must in consultation with the child or young person prepare a plan for the child or young person for when they leave statutory OOHC at age 18 years.[169] Planning should commence when a child turns 15 years of age.

[168] Reproduced from 'OOHC Health Pathway — A Guide for Caseworkers', *Department of Communities and Justice* (Web Page, 24 July 2025) <https://dcj.nsw.gov.au/service-providers/oohc-and-permanency-support-services/oohc-health-pathway/oohc-health-pathway-guide-for-caseworkers.html>.

[169] Sections 165A and 166 of the Care Act.

Leaving Care Plans are important to ensure young people who have been in statutory care have the necessary independent living skills and support when leaving care. The plans generally address a range of supports that a young person may need at the time of leaving care and after care[170] including housing, financial, legal, education, employment and therapeutic supports.

As shown in Table 5, 95% (69 of 73) of children aged 15 years and over in the selected houses at 30 June 2024 either had a plan in place or a plan in progress.

Of the 4 children who did not have a Leaving Care Plan: reasons were provided for 2 children (1 had turned 15 shortly before 30 June 2024, 1 had never physically entered placement) and no reason was provided for the remaining 2 children.

Table 5: Leaving Care Plans[171]

Number of children	Count	Percent
Children that had a Leaving Care Plan	59	81%
Children that had a Leaving Care Plan in progress	10	14%
Children that did not have a Leaving Care Plan	4	5%
Total	**73**	**100%**

Submissions from other stakeholders raised concerns that children in ITC are not receiving adequate support to progress to independence, resulting in leaving care without:

- financial management skills which may lead to financial management or guardianship orders being made for them when they leave care.
- NDIS plans and supports despite several years in the care of a provider.

This appeared to be particularly true for children self-placing or away from their authorised placements.

Cultural planning

Aboriginal children in OOHC must have a cultural plan that aligns with the Aboriginal and Torres Strait Islander principles in the Care Act.[172] The plan should support a child's connection to family, community, Culture and Country especially for children who cannot be placed with Aboriginal family, community or carers. For children in the care of non-Aboriginal OOHC providers, their cultural plan should be approved by the Aboriginal community. DCJ policy[173] requires that:

> A cultural plan should:
> - identify the cultural needs of an Aboriginal child or young person
> - outline how the child or young person can experience their culture to maintain their identity and their connection to family, community and Country

[170] Under s165 of the Care Act, eligible care leavers may receive assistance from age 15 through to 25, if it supports their safety, welfare and wellbeing. The support may have been outlined in their After Care Plan before they turn 18 or may be added later via review and amendment of their plan.

[171] NSW Ombudsman based on data from 8 ITC providers of the selected houses.

[172] Sections 11-14 of the Care Act.

[173] 'PSP Permanency Case Management Policy', *Department of Communities and Justice* (Web Page, 27 September 2024) <https://dcj.nsw.gov.au/service-providers/oohc-and-permanency-support-services/permanency-case-management-policy.html> and Child, Family and Community Peak Aboriginal Corporation (AbSec), *Aboriginal Case Management Policy* (Policy, March 2023) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/aboriginal-case-management-policy/ACMP-Rules-and-Practice-Guidance.pdf>.

- help make sure that important cultural and family information is maintained for any child who is too young to contribute to their own plan.

A cultural plan should have all the information that is known about the child or young person's culture. The child's family and close kin must be involved in creating and implementing it.[174]

At 30 June 2024, 41% (42 of 102) of children in the selected houses were Aboriginal and/or Torres Strait Islander and 71% of them had either a cultural plan approved or a plan in progress.

The providers gave us the reasons why 3 of the 12 children had no cultural plan – 2 children refused to make a plan, and 1 child was new to the placement.

Table 6: Cultural plans[175]

Number of Aboriginal children at 30 June 2024	Count	Percent
Approved	17	41%
In progress/pending approval	13	31%
Children with no cultural plan – no reason provided	9	21%
Children with no cultural plan – reason provided (refused to make plan or new to placement)	3	7%
Total number of children	**42**	**100%**

ITC providers told us the factors that impede the effectiveness of their cultural planning, included:

- limited cultural competence of caseworkers
- children being placed away from family, community and/or Country
- lack of information on a child's life story and family
- incorrect or missing information on children's Aboriginal heritage.

Family time planning

Prior to making a final order for a child to remain in the long-term care of the Minister, the Children's Court requires DCJ to provide information on how a child's family relationships and identity will be preserved while in OOHC. The Children's Court may also make contact orders for children prescribing the frequency of contact with family members.

For siblings, wherever co-location is not possible, sibling time and participation in each other's case planning should be prioritised in recognition of the importance of these relationships for children's emotional wellbeing.

DCJ requires ITC providers to develop and review Family Time Plans in collaboration with children and their families to maintain connections in person, or if this is not possible, by other means.

As Table 7 shows, 77% (79 of 102) of the children in the selected houses had a Family Time Plan or their plan was in progress at 30 June 2024.

[174] 'Cultural Planning for Aboriginal Children and Young People', *Department of Communities and Justice* (Web Page, 18 June 2024) <https://dcj.nsw.gov.au/children-and-families/out-of-home-care/parents-with-kids-in-out-of-home-care/partnering-with-your-caseworker/cultural-planning-for-aboriginal-children-and-young-people.html>.

[175] Created by NSW Ombudsman based on data from 8 ITC providers of the selected houses.

Table 7: Family Time Plans[176]

Number of children	Count	Percent
Children that had Family Time Plan	76	74%
Children that did not have a Family Time Plan because they manage their own connection	16	16%
Children without a Family Time Plan – disconnected from family	5	5%
Children that had a Family Time Plan in progress	3	3%
Information not provided[177]	2	2%
Total	**102**	**100%**

We note that most children (16 of 21) who did not have a Family Time Plan, manage their own connection with family. The other 5 children were disconnected from family.

ITC providers told us the factors that impede the effectiveness of Family Time planning include:

- children placed at considerable distance from family members requiring significant planning to coordinate transport and staffing for the child or family members
- the need to conduct risk assessments to allow family to visit the home including obtaining information and approval from DCJ in certain circumstances
- children refusing to engage in planning or to have contact with family members.

DCJ monitors the proportion of children in OOHC with case plans, Leaving Care Plans and Cultural Plans as part of monitoring agencies' compliance. There is no systemic way to ensure that plans, individually and collectively, progress as planned, respond to children's needs and goals and influence decisions and outcomes for children.

[176] Created by NSW Ombudsman based on data from 8 ITC providers of the selected houses.

[177] See footnote 155 for the reasons why information may not have been provided.

6. Are children stepping down into less intensive placements?

Key findings and conclusions

One of the aims of the ITC program is to enable children and young people, where possible, to transition to permanent outcomes or less intensive placement types – a process referred to by DCJ as 'stepping-down'.

ITC is explicitly intended to be a temporary measure focused on securing permanency and promoting step-downs through its service continuum.

The number of children stepping down from ITCH placements has decreased over time: from 48 in 2019–20 to 30 in 2023–24, averaging 43 children stepping down per year. The majority of children stepping down (24 out of 30 in 2023–24) moved to Therapeutic Supported Independent Living (TSIL) and Supported Independent Living (SIL).

In 2023–24, only 5% of all children in ITCH stepped down, with a slightly higher proportion (14%) stepping down in the selected houses. Only 2 exited to permanency – restoration to family. Most exits from ITC are not to less intensive placements but are due to children leaving care on turning 18, self-placement, moving to higher intensity placements, entering youth justice, or transitioning to NDIS care.

Information from DCJ shows some children tend to stay in ITC for prolonged periods owing to high and complex needs and the limited availability of options for stepping-down, such as Therapeutic Home-Based Care (THBC), TSIL, and Therapeutic Sibling Option Placement (TSOP). As of June 2024, less than 5% of children were in THBC, less than 1% in TSOP, and only 17% in TSIL.

In the 6 years since 2018–19, consistently half of the children who stepped down from ITCH re-entered ITC, High-Cost Emergency Arrangements (HCEA), or re-entered care to less intensive placement types, indicating a cycle of instability. Of the children who returned, 21% had two or more re-entries. This suggests that many children in ITC who have stepped down are cycling through the system several times leading to further instability and disruption to their therapeutic care and relationships. This indicates an inherent tension in the ITC model between stepping down and stability.

While the aim of the ITC program was to reduce reliance on residential care by replacing legacy models with therapeutic care, data shows persistent and increasing use of ITC. Between March 2024 and March 2025, the number of children in residential care increased by 10%. Factors contributing to this increase include the number of children entering ITC from HCEAs, the low rate of step-downs, prolonged stays in ITC and ongoing high demand for ITC.

The ITC program has not shortened the time children spend in care, secured permanency for them or to moved them to less intensive placements. In fact, most children are unlikely to step-down from ITC, many stay longer than intended in ITC, many return to ITC after stepping down, and few exit to permanency.

Key findings and conclusions (continued)

The evidence provided to the Inquiry raises significant questions about both the sufficiency of the current stepping down options, but also the suitability of stepping down as a goal. Recent research has shown some children on long-term care orders are unlikely to find suitable alternative permanent placements.[178]

The goal of ITC is to 'assist the child or young person, where possible, to make a successful transition to a permanency outcome or less intensive placement type…'. DCJ refers to this as 'stepping-down'.

> ITC is a temporary measure. It focuses on achieving permanency and stepping down wherever possible through the ITC service continuum.[179]

6.1 Few children in ITC step down

DCJ defines stepping down as the movement of children from higher intensity placements within ITC to less intensive placements within ITC or outside of the ITC program. Table 8 below shows DCJ's breakdown of placements by level of intensity relative to ITCH. (Appendix H describes each of these placement types.)

Table 8: DCJ's breakdown of placement types in ITC and outside of the ITC program by level of intensity relative to ITCH

	Within ITC	Outside of ITC program
Less intensive	Therapeutic Home-Based Care (THBC) Therapeutic Sibling Option Placement (TSOP) Therapeutic Supported Independent Living (TSIL)	Foster care (including Professional Individualised Care and Treatment Foster Care Oregon models) Relative and kinship care Exits to permanency –restoration, adoption or guardianship DCJ residential care (Waratah Care Cottages) Interim Care Model (ICM)
More intensive	Intensive Therapeutic Care-Significant Disability Intensive Therapeutic Transitional Care (ITTC)	Secure Care (Sherwood House) Short Term Emergency Placement (STEP) Individual Placement Arrangement (IPA) Alternate Care Arrangement Emergency Residential Care Special Out of Home Care

[178] Tatiana Corrales et al 'They Just Want People in Their Lives That Will Be There Forever': A Conceptual Model of Permanency for Children and Young People in Therapeutic Residential Care, (2025) 172 *Children and Youth Services Review*, 108211 <https://www.sciencedirect.com/science/article/pii/S0190740925000945?via%3Dihub> and Stephen Segal, 'Home First: Stability and Opportunity in Out-of-Home Care'(2023) 5 (1) *Psych*, 148 <https://www.mdpi.com/2624-8611/5/1/14>.

[179] DCJ, *Intensive Therapeutic Care* (Fact Sheet, June 2019) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/itc-icm-and-sil/ITC-Fact-sheet-explaining-ITC-service-system-and-types.pdf>.

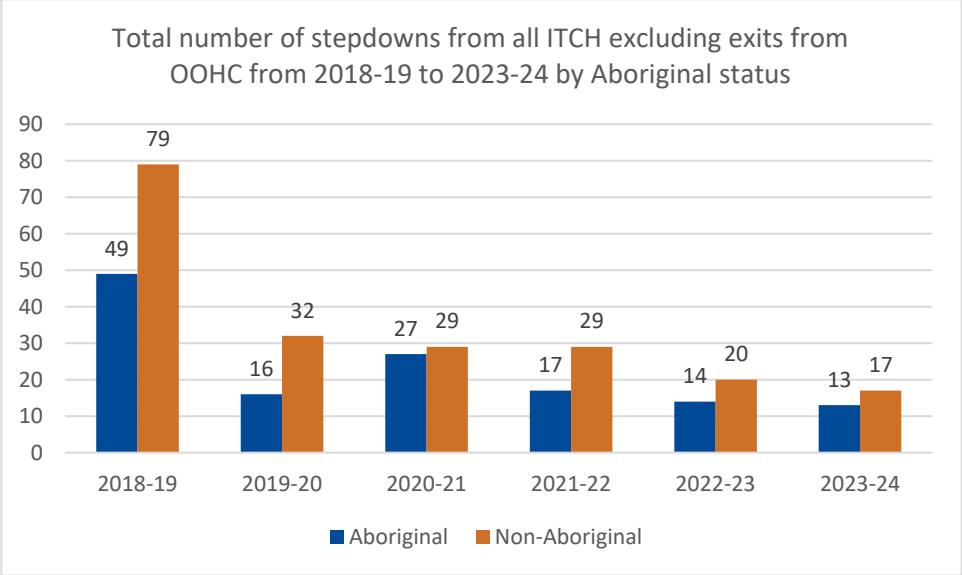
DCJ said:

> Carer-based models, independent living models and residential care models for children with low or medium needs are considered less intensive…
> Models that have more intensive staffing ratios, individualised high-cost emergency arrangements and secure care models are considered more intensive.[180]

Based on this, when a child moves from a 2-bedroom home to a 4-bedroom home because they require a reduced level of care, this is considered to be a step-down.[181]

Since 2019-20, as Figure 11 shows, the number of children who stepped down has declined from 48 children in 2019-20 to 30 children in 2023-24, averaging 43 children stepping down annually.

Figure 11: Step downs from ITCH[182]



Data from DCJ for 2023-24 (see Table 9) shows about 5% of children in all ITCH stepped down and around 14% of children in the selected houses.

Table 9: Number of children stepping down from all ITCH and the selected houses for this Inquiry in 2023-24[183]

Location	Total number of children	Number of children who stepped down	Percent of children who stepped down
All ITCH	566	30	5.3%
Selected houses	137	19 (of the 19 children who stepped down, 8 did so within 2 years.)	13.9%

[180] DCJ response to NSW Ombudsman information request

[181] 2 and 4-bedroom homes are part of the ITCH model and therefore were not included in DCJ's response in Table 8.

[182] NSW Ombudsman based on DCJ data. Note that we have excluded data from 2018–19 from the analysis because we have assessed this is an outlier that reflects the expansion of the program (introduction of TSIL) rather than true step-downs.

[183] NSW Ombudsman based on data from DCJ for all ITCH and from 8 ITC providers of the selected houses.

Of the 30 children who stepped down from ITCH in 2023–24, the majority (24) stepped down to TSIL and SIL.

Other exits from ITCH

Another aim of ITC is to improve pathways to permanency for children with high and complex needs.

In 2023-24, only 2 children in ITCH exited to restoration and none to guardianship or adoption.

In 2023-24, data from DCJ showed 85 children exited ITCH for reasons **other** than to a step-down (for example, left care or moved to a higher intensity placement):

- 38 (45%) self-placed
- 17 (20%) left care due to turning 18 years
- 13 (15%) exited to youth justice
- 11 (13%) to ITTC, ITC-SD (higher intensity)
- 6 (7%) left care to NDIS care.[184]

Data from the providers showed 53[185] children exited for reasons other than a step-down during 2023-24.

Length of stay of children in ITCH

The Inquiry sought to find out how long children in ITCH stayed before stepping down or moving on.

Data DCJ provided for ITCH shows that of the 390 children in ITCH at 30 June 2024:

- 313 (80%) had been in ITCH for under 2 years
- 77 (20%) have been in ITCH for over 2 years.

Data provided by ITC providers showed that for the 102 children in the selected ITCHs as at 30 June 2024:

- 92% had been in ITCH for under 2 years
- 8% had been in ITCH for over 2 years.

DCJ's Internal Audit noted that the high, complex needs of children in ITC 'makes it challenging to address their needs fully within the intended timeframes'[186] and pointed to other factors that contributed to prolonged stays including:

- limited options for stepping down to less intensive placements
- insufficient focus on monitoring transitions and exits during placements
- lack of clarity around responsibilities for exit planning between DCJ and service providers
- delays in identifying independent living options for children aged 15 and 16 years old (who could be transitioned into TSIL).

Currently there are only 3 step-down options available within the ITC continuum. These are THBC, TSIL and TSOP. Data from DCJ shows that as at 30 June 2024, less than 5% of children were in THBC, less than 1% in TSOP and only 17% in TSIL. The limited availability of these 3 step-down options has been flagged

[184] We have not included the full breakdown where the count of children is below 5 to ensure the data does not identify individual children.

[185] ITC providers may have counted on a different basis – providers noted 22 children left care and 10 children moved to other placements.

[186] DCJ Internal Audit, p23. The intended timeframes here relate to the 2-year timeframe set for achieving permanency goals for children in OOHC under the Permanency Support Program (PSP) – of which ITC was a component.

as early as 2020.[187] According to feedback received, these low numbers in THBC and TSOP are because they are carer-based models impacted by sector wide shortages. TSIL placements are not carer-based models but are available to children over 16 years of age with high needs and assessed by CAU as ready to live in supported independent living and can extend beyond the age of 18 years.[188]

ITC providers also told the Inquiry that:

- delays accessing the required therapeutic support and appropriate educational pathways, particularly in rural and regional areas, impact on children's readiness to step-down or progress to independence
- the goal of stepping down may not be appropriate for some children who enter ITC at an older age or who require a longer period of time to recover due to complex trauma and/or disability.

We acknowledge the advice from providers that significant work is required to progress children to independent living.

In February 2021, DCJ revised the THBC contracts 'to address funding barriers to offer additional carers allowance to THBC carers and incentivise additional step-down placements from ITC Homes.'[189]

6.2 Increased reliance on residential care

A goal of ITC was to replace legacy residential care with therapeutic care and, over time, reduce reliance on residential care altogether.

However, DCJ acknowledges the ongoing reliance on residential care:

> It was intended that the demand for residential services within the ITC system for children and young people with high needs would reduce significantly… In practice there continues to be a residual reliance on a range of placements supported outside of ITC for a number of young people due to lack of ITC placement availability or other market issues, including capacity constraints within the foster care service system.[190]

At 30 June 2024, only 11 children remained in legacy residential care and by the end of 2024 DCJ had achieved its goal of replacing legacy residential care.[191] Between 2022-23 and 2023-24, the number of children entering ITCH increased by 85%, with 179 eligible children still awaiting an ITC placement at 30 June 2024.

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187 Association of Children's Welfare Agencies, *Minister's NGO Forum: Alternative Care Arrangements December 2, 2020 Overview and Proposed Actions* (Report, 2 December 2020) 3 <https://www.acwa.asn.au/wp-content/uploads/2021/02/ACA-Forum-Feedback-Report.pdf>.

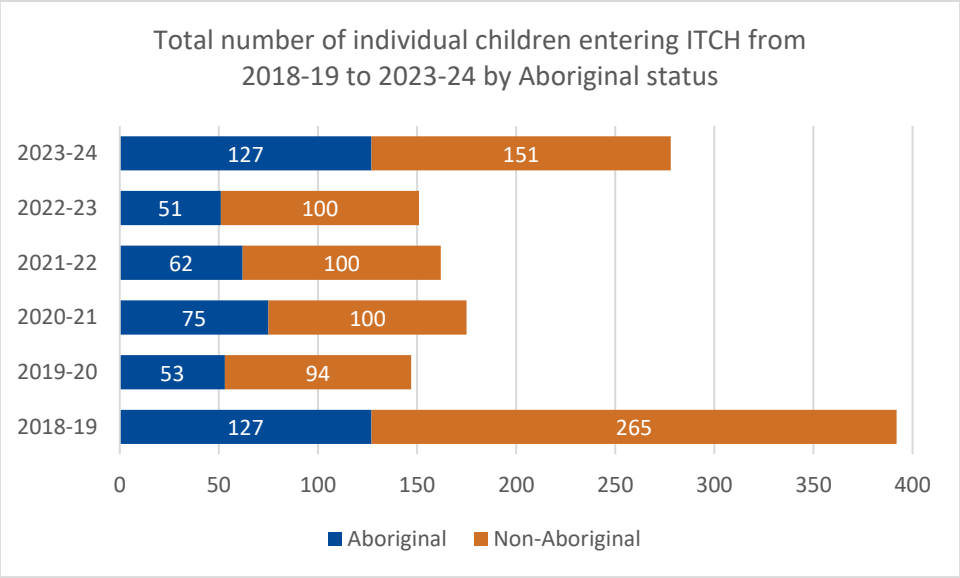
188 Feedback from stakeholders on draft ITC Inquiry report, 14 November 2025. See timeline, Appendix E. In January 2024, DCJ rolled out new standalone baseline packages for young people over 18 years in TSIL requiring ongoing support after leaving ITC or other placements.

189 DCJ response to NSW Ombudsman information request, Market Analysis and recommissioning strategy, November 2021.

190 DCJ response to NSW Ombudsman information request, Market Analysis and Recommissioning Strategy - Intensive Therapeutic Care Recommissioning, November 2021.

191 DCJ response to NSW Ombudsman information request. Also, in response to the NSW Ombudsman's draft ITC Inquiry report, 21 November 2024, DCJ advised that the contracts for legacy residential care ended and the service model ceased at the end of 2024.

Figure 12: Number of children entering ITCH [192]



DCJ's quarterly data shows increasing reliance on ITC and other models of residential care (including HCEAs).[193] There has been a 10% increase in the number of children in residential care between the March quarter 2024 and the March quarter 2025 (from 884 to 974).

Rather than DCJ reducing its reliance on residential care, use of ITC as a residential care model is likely to increase over time due to:

- the need to accommodate an increasing number of children entering from HCEAs – 28% of the children in the selected houses as at 30 June 2024 entered their current ITCH from a type of HCEA[194]
- very few children in ITC stepping down
- many children staying longer than 2 years.

DCJ recently advised:

> Eligible children are referred to ITC providers in the first instance. DCJ only resorts to HCEA when a contracted placement can't be sourced… DCJ's focus on increasing ITC occupancy and the soon to be implemented Immediate Transition Model under the PSP contract are intended to reduce reliance on HCEAs including use of 'for profit' agencies.[195]

[192] NSW Ombudsman based on DCJ data. Note that 2018–19 represented the start of the ITC program and is considered an outlier. In 2023–24, additional ITCH beds came online following the ITC expansion.

[193] DCJ, Quarterly Services for Children and Young People dashboard. In 'Glossary', *Department of Communities and Justice* (Web Page, 3 July 2024) <https://dcj.nsw.gov.au/about-us/families-and-communities-statistics/glossary.html> Residential care is defined as "…a type of out-of-home care (OOHC) provided to a small proportion of children and young people who have challenging behaviours and medium to high support needs… Residential care units are small community-based residences for two to four children or young people, supported by rostered residential care staff." HCEAs are included in all OOHC counts and fall into the Residential Care and Other groupings above. HCEAs are also reported under the detailed placement types that make up these care arrangements: ICM, STEP, IPA and ACAs (now banned).

[194] ITC providers' responses to NSW Ombudsman information request.

[195] DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 21 November 2025.

6.3 Many children re-enter the system after stepping down

Reliance on residential care is likely to increase even further given that half of the children who step-down from ITCH re-enter ITC, HCEA or other placement types.[196]

Data from DCJ shows that between 2018–19 to 2023–24, 54% (185 of 342) of the children who stepped down re-entered another placement:

- 45% of all re-entries were to ITC, 5% to HCEA, 50% to 'Other' less intensive placements (for example, foster care, kinship care)
- 21% re-entered 2 or more times.

This suggests that many children in ITC who have stepped down are cycling through the system several times leading to further instability and disruption to their therapeutic care and relationships.

DCJ recently advised that 'a focus of the ITC evaluation will be to determine whether the objectives of ITC (including the goal of stepping-down) were fit for purpose.'[197]

Recommendation

8. As part of its reform of therapeutic residential OOHC, and following DCJ's evaluation of ITC, DCJ should develop revised goals for therapeutic residential OOHC that focus on the best interests of children in ITC.

   These goals should be developed in advance of the next round of commissioning of OOHC services in July 2027.

[196] HCEAs includes ACA, IPA, STEP, ICM and Special Care. 'Other' includes all other placement types excluding HCEA and ITC (that is, 'other' is less intensive than ITC). DCJ defines re-entries by whether the child or young person re-entered any placement by end of March post-step-down. DCJ ceased the use of ACAs by the end of March 2025.

[197] Meeting with DCJ, 18 September 2025.

7. Systemic issues affecting ITC delivery

Key findings and conclusions

The ITC program continues to face significant systemic challenges impacting on its ability to deliver safe, stable and quality therapeutic care to children. Information to the Inquiry showed:

- The provision of services and supports to children are delayed due to inconsistent practices between DCJ districts, outdated key guidance and inefficient administrative systems for approving children's plans.
- Children's participation in daily decisions and future planning in ITC homes is variable and hampered by disruptions to relationships necessary for therapeutic care. Children in ITC want to have more say and choice in the running of their homes and more support to advocate for themselves in care.
- There are challenges finding suitable placements for children to allow them to remain connected to family, Culture and community.
- There are ongoing difficulties and delays accessing specialised services to support the therapeutic needs of children in ITC.
- Current mechanisms intended to support interagency collaboration, are not working as well as they should.

DCJ does not systemically monitor key outcomes related to safety, stability and therapeutic care for children in the ITC program to ensure expansion and program improvement initiatives are guided by evidence about what works best for children. This also means DCJ lacks the capacity to evaluate initiatives by providers to tackle systemic challenges and potentially scale those demonstrating impact.

DCJ's responsibility extends beyond securing a placement for a child to ensuring the placement delivers on the promise of the ITC program. It also extends beyond monitoring agencies' performance, to actively assisting them to address barriers that may hinder their performance in delivering services for children.

All ITC providers raised increasing costs and financial pressures as key factors that impact on the effective delivery of ITC services. As noted at Section 2.2, the costs and pricing of OOHC services were the focus of the IPART review and as such, not considered in this review.

The Inquiry identified a range of longstanding systemic and ITC program related challenges, that impact on the effectiveness, efficiency and quality of services for children. These unresolved issues undermine the long-term ability of the ITC program to meet the needs of children.

7.1 No systemic monitoring of outcomes for children in ITC

Since the ITC program started in 2018, DCJ has undertaken 2 rounds of commissioning, expanded the capacity of the program and doubled the number of providers, with limited program level evidence that demonstrates improved outcomes for children in ITC. DCJ still does not collect information about the outcomes being achieved for children in ITC to properly monitor performance and guide future expansion and reform.

In tendering for ITC, providers had to demonstrate they had the ability to collect and report against certain QAF indicators relating to safety, permanency and wellbeing outcomes in anticipation of the rollout of the QAF.[198] However, DCJ has not been collecting that information and is now looking at a replacement for the QAF. DCJ recently advised that it is:

> …implementing structured measures to understand the experiences of children in OOHC through the development of quality assurance and outcomes frameworks, focused on safety and psychological wellbeing measures for children involved in the statutory child protection system.
>
> As part of this work, DCJ is committed to developing accountability frameworks that include measurable targets that are informed by Aboriginal perspectives, expectations and aspirations of wellbeing. This will be achieved through consultation and ongoing involvement with Aboriginal peaks, Aboriginal consultants and non-government organisations (NGOs).
>
> This program of work consists of five distinct projects:
>
> 1. Overarching Quality Assurance Framework: aims to develop and implement an overarching framework as one of the controls to drive a comprehensive and consistent quality assurance approach across OOHC and child protection programs.
> 2. Outcomes framework for child protection: aims to include the key outcomes expected for children and young people involved in the child protection system, outlining the high-level impacts, the long-term outcomes that contribute to those impacts, the short-term outcomes that combine to support the longer-term outcomes, and the outputs and activities required.
> 3. Outcomes framework for OOHC: aims to include the key outcomes expected for children and young people involved in OOHC, outlining high-level impacts, long-term outcomes, short-term outcomes, and the outputs and activities required.
> 4. Program reporting for DCJ-delivered psychological services: DCJ currently delivers several quality psychological services to children and young people in OOHC where a range of clinical measures of psychological wellbeing are used. This project aims to uplift program-level reporting on the activity and impact of these programs (See below for program detail).
> 5. Introduction of a psychological wellbeing measure for children in OOHC: Aims to trial a standardised measure of psychological wellbeing for children and young people involved in OOHC. This will occur ahead of the full development and rollout of the outcomes framework for OOHC, as an overall wellbeing measure. It is likely to form an aspect or domain of the framework. This provides an opportunity to learn how an outcomes measure can be implemented into service delivery to inform the service and supports provided to children, families and carers.[199]

Providers collect and report to DCJ on *other* metrics embedded in contracts including referral outcomes, placement changes, child and property profiles and vacancies.

> The PLA [Program Level Agreement] sets out performance and outcomes reporting requirements in Appendix B of Schedule 2, with data recorded in ChildStory, including details on the child or young person's profile, service provider data, property profile, placement changes, whereabouts, and case plans.
> While providers are required to collect minimum client-level data aligned with the Quality Assurance Framework (QAF) domains (as outlined in the Permanency Support Program Appendix 5: Service Overview - Intensive Therapeutic Care (ITC) section 6), this has not been systematically implemented as yet due to ongoing discussions with the sector in relation to administrative burden and integration of systems between

[198] DCJ, *Schedule 2 – Performance and Outcomes Data Reporting*, 13–14 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/Schedule-2-Performance-and-Outcome-Data-reporting.pdf>.

[199] DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 14 November 2025.

> DCJ and providers. Outcomes data reporting (Schedule 2, Clause 4.2) was limited to ITC providers in QAF trial sites. [200]

DCJ acknowledges more needs to be done to improve the measurement of outcomes for children in ITC.

In a recent Parliamentary Committee inquiry, DCJ's Acting Deputy Secretary, System Reform stated

> …I can't forecast what it [future outcomes measurement] will look like in the end, because we're at the beginning of a design process, but I will say one of the lessons from the PSP [Permanency Support Program] implementation, and the evaluation in the end of 2023 made this very clear, was that the implementation wasn't great. The financial planning fell short. The out-of-home care system review also found that. Those two things fell short and the outcomes have not been great. We know that step-down from residential care hasn't been as it was intended in the program. We know that wellbeing is not as it was intended, and we're not measuring it well.[201]

ITC providers have advised that they also wish to engage in any data capture solutions:

> The sector wishes to engage in this and help lead a sensible approach to the complex and difficult data capture issues to measure outcomes for this client group. Any outcome measures must be designed together and must recognise some outcomes are longitudinal. [ITC providers]

As it stands, DCJ's pending evaluation of ITC may face significant limitations in obtaining consistent, reliable and comprehensive information.

Recommendation

9. As part of DCJ's pending evaluation of ITC, DCJ should ensure the evaluation includes:
    a. examining the sufficiency of current pathways out of ITC to respond to the diverse needs and goals of children
    b. examining evidence for the effectiveness of initiatives developed by ITC providers in response to systemic challenges
    c. assessing the potential program-wide implementation of initiatives found to be effective
    d. identifying solutions to inconsistent and inefficient practices, data systems and processes across DCJ.

    DCJ has advised the ITC evaluation is due to be completed by June 2027.

[200] DCJ response to NSW Ombudsman information request.

[201] A/Deputy Secretary Paul O'Reilly at Budget Estimates Portfolio Committee No.5 - Justice and Communities, 19 August 2025.

Recommendation

10. As part of developing a new OOHC outcomes framework, DCJ should:
    a. review the information DCJ and ITC providers currently collect on ITC operations, services and outcomes for children to identify any performance information gaps
    b. develop an agreed set of therapeutic residential OOHC performance measures
    c. set an agreed timeline, not exceeding 12 months, to implement and report on these measures at a program level.

    These measures should be developed in advance of the next round of commissioning of OOHC services in July 2027.

7.2 Lack of streamlined administrative processes

The Inquiry received consistent feedback from providers about challenges relating to administrative systems, processes and guidance, which impact care and support for children. These include:

- inconsistent practices across DCJ districts and teams
- multiple, inconsistent and outdated published sources of information and guidance from DCJ (for example, policy, business rules, program requirement and statistical information) which result in there being no single 'source of truth'
- the administrative burden of the multiple systems and units within DCJ – such as ChildStory, contract managers, referral and vacancy hub meetings, the CAU, Child and Family District Units, caseworkers
- delays in approval of case plans and case plan goals using ChildStory, securing complex needs funding, approval of contract variations and permanency consults (for changes to permanency goals for children).

DCJ has major inconsistencies across districts. Depending upon the region, we deal with different and multiple contract managers, Child & Family District Units (CFDUs) and individuals Community Services Centres (CSC's – Offices) and different Permanency Coordinator (PCs) that each have their own nuances, different forms, different processes and different interpretations. This leads to inconsistencies between districts as to what may be allowed or what expenses may be additionally funded, and inconsistencies in case management practices such as to changing case plan goal or considering restoration or alternative placements for a client in ITCH.

DCJ has multiple sources of published information that is inconsistent and draws from multiple publishing sources (the DCJ website, the old FaCS website, the PSP learning hub or contained within ChildStory). DCJ had undertaken to address these inconsistencies by producing one 'source of truth' - the 'Permanency Case Management Policy' (PCMP) and the 'Aboriginal Case Management Policy' (ACMP) – however DCJ themselves will draw on other published material to contradict what is published in these documents.

Case Plans and Leaving Care Plans need to be uploaded to ChildStory and Leaving Care Plans can only be approved once uploaded to ChildStory. Our casework staff use our own data base [name] and have to upload information (and change placement details) in the DCJ database, ChildStory. This adds to the administrative burden delaying and inhibiting case plans for our clients. [Provider]

Funding limitations, difficulties in negotiating funding for models outside of standard two and four bed ITCH houses, and complexities and constraints in applying for additional funding (Complex Needs Applications - CNAs) negatively impact on the capacity to provide the therapeutic and care requirements of individual young

people. There is an additional administrative burden involved in the applications for CNA's and the associated complexities. [Provider]

Often staff and service providers want to action something for the young person and they cannot as they have to wait for DCJ approval on the issue. This is at the expense of the young person in the absence of DCJ proactivity/efficiency. [Stakeholder]

Plans need to be dynamic and flexible to meet the ever-changing needs of young people in Intensive Therapeutic Care (ITC). However, some review and approval processes [by DCJ] mean that plans take time to be updated to meet the changing needs of the child and young person. [Provider]

7.3 Children's engagement in key decisions in ITC is variable

The rights of children in OOHC to participate in and contribute to decisions relating to their lives are recognised in the Care Act[202] accreditation requirements[203] and the Elements. Most providers have mechanisms in place to capture the views of individual children, and some undertake surveys of children periodically. There is no regular reporting to DCJ on the outcomes of these mechanisms.

Strategies that providers have in place to support children's autonomy and participation include:

- Youth Advisory or reference groups of children in residential care
- periodic surveys of children about their views, safety and wishes or 'Have your say' processes
- processes for engaging children in planning weekly activities such as shopping, meal preparation, chores, outings, visits from family or friends (noting these usually require risk assessments).

However, children's engagement in house meetings varied considerably and for many of the records we reviewed, no children were present.

Providers cited children's refusal to participate in planning, attend appointments or repeated absences from placement as barriers to effective plan implementation:

> Children and young people may not want to engage in the planning process as they find it institutionalising and not a 'normal' experience. [Provider]

Stakeholder submissions also identified the importance of children's voices and relationships with workers in creating a therapeutic environment:

> However, in our view, the therapeutic milieu within a house, the trusting bonds that young people establish with preferred workers, having a say, being respected and heard is the 'therapeutic support' most often accessed by young people. And although formal therapy and the knowledge that comes with training and practice in formal disciplines such as psychology and psychiatry is important, we nonetheless agree with Howard Bath's view that '[h]ealing starts with creating an atmosphere of safety: formal therapy is unlikely to be successful unless this critical element is in place' [204] [Submission]

[202] Sections 10A and12A of the Care Act.

[203] Office of Children's Guardian, *NSW Child Safe Standards for Permanent Care*, Standard 6 superseded by Office of Children's Guardian, *Code of Practice Implementation Handbook*, (Code of Practice, October 2025) Practice requirement 2 <https://ocg.nsw.gov.au/sites/default/files/2025-03/g-soohc_codeimplementation.pdf>.

[204] Howard Bath, 'The Three Pillars of Trauma Wise Care: Healing in the Other 23 Hours' (2015) 6 *Reclaiming Children and Youth*. <https://www.traumebevisst.no/kompetanseutvikling/filer/23_4_Bath3pillars.pdf>.

The Inquiry identified common themes in children's requests, meeting records and through surveys and other mechanisms as above, including to have:

- pets in the home or visiting pets (some houses had visiting dogs)
- greater access to Wi-Fi – noting that many houses turn Wi-Fi access off at a certain time
- more choice and flexibility in the activities they engage in - for example, being able to vary plans more readily than permitted by the current planning and rostering requirements.[205]
- more say and responsibility, for example, access to their own room keys, to not have their rooms searched and to be able to have friends and family visit.

Children's engagement in key decisions in ITC, including placement decisions and planning remains variable and children continue to express the need for dedicated mechanisms such as mentors, advocates and complaints processes to improve their stability, safety and progress in ITC.

Recommendation

11. As part of its reform of therapeutic residential OOHC, DCJ should develop a model of advocacy for children that includes advocacy by significant people in a child's life, and advocacy for children who do not have significant people to advocate for them.

    This model should be developed by December 2026.

7.4 Placement of children away from family and community

Maintaining connection to familiar people and places, including schools, is fundamental to therapeutic care and the principles of the Care Act.[206] Feedback from submissions and providers pointed to difficulties and additional work required when children are placed at a distance from family, community and Culture due to lack of closer placements. A number of responses questioned whether placement decisions are driven by availability, rather than strengthening and prioritising familiar connections for the child. DCJ advised 'wherever possible children are located near their family or support network' and 'one of the drivers for establishing three new ITC hubs through the ITC expansion tender was to keep children closer to family and more Aboriginal children on Country'.[207]

> Best practice informs that we should minimise disruptions for vulnerable young people and that maintaining familial connections has many benefits. Unfortunately, due to a lack of local ITC placements available, many young people requiring this model of care need to move away from their familial community of belonging, which compounds their trauma and disconnection. [Provider]

[205] The records showed that activities and choices may be limited in residential care by the number of staff rostered on and/or restrictions or limitations on residents due to current behaviour support plans or legal requirements (for example location or association restrictions in apprehended domestic violence orders (ADVOs) or contact orders, curfews, restrictions on use of internet).

[206] Section 9(d) of the Care Act:

If a child or young person is temporarily or permanently deprived of his or her family environment, or cannot be allowed to remain in that environment in his or her own best interests, the child or young person is entitled to special protection and assistance from the State, and his or her name, identity, language, cultural and religious ties should, as far as possible, be preserved.

Section 9(f) of the Care Act:

If a child or young person is placed in out-of-home care, the child or young person is entitled to a safe, nurturing, stable and secure environment. Unless it is contrary to his or her best interests, and taking into account the wishes of the child or young person, this will include the retention by the child or young person of relationships with people significant to the child or young person, including birth or adoptive parents, siblings, extended family, peers, family friends and community.

[207] DCJ feedback on NSW Ombudsman draft ITC Inquiry report, 14 November 2025.

Resource intensive when the family do not live in the area, or multiple family members (siblings) live in various locations…Children that are requiring placements are broadcasted outside of area… with no community connection, connection to family and services. [Provider]

When children and young people are placed not in their communities and away from their families, this causes them to be unsettled.

- When the placement of a child with siblings in foster care breaks down and the child is moved to ITC, the child can lose contact and access to their siblings.
- Sometimes the policy compliance has greater focus than the child. [Stakeholder]

… [Service Name] acknowledged the 'Catch 22' – children in ITC require intensive services that are not always available outside metro or regional hubs. Clients who are particularly high needs service users, need to be placed in areas where the supports are located. This results in minimal ability for them to have contact with their family and can lead to absconding significant distances to see their family. This then leads to increased contact with the criminal justice system because they often they are breaching bail while waiting for another placement closer to home. [Stakeholder]

[Young people] have advised … that they would rather stay in custody than be 5 hrs away from their family. Once a child is with a particular agency/provider, they are unwilling to let the child move to another agency, despite irreparable placement breakdown or other evidence it would be better for the child to move. [Stakeholder]

Children also identified concerns about being placed away from family and community in Australian research:[208]

> A young person (aged 12) stated that being placed in a different city or region (their hometown was 5 hours) away makes them feel less safe: "Because this is a new area to me. I don't know this area. I don't really know the people who live here… I don't really feel safe in this area."

This is particularly important for Aboriginal children who are overrepresented in ITC and for whom the Care Act[209] emphasises the need for connection to family, culture and Country including the placement of Aboriginal children with Aboriginal family, kin or Aboriginal carers wherever possible. At 30 June 2024, 39% of children in ITC were Aboriginal (272 of 700), 41% of children in ITCH were Aboriginal (160 of 390) and 41% of those in the selected houses (42 of 102) were Aboriginal. The displacement of Aboriginal children in ITC was raised as an issue in the 2020 Health Check.

A key priority of the NSW government is to increase the number of OOHC placement options delivered by Aboriginal Community Controlled Organisations (**ACCOs**) to meet the 2012 commitment to transfer all Aboriginal children in OOHC to ACCOs.

Children/young people are often not placed on country [Provider]

Until recently there have not been any Aboriginal Community-Controlled Organisations (ACCOs) providing ITC services. Aboriginal young people often need to move off country and away from an ACCO to access an ITCH bed, introducing further disconnection from family, culture and community, and additional grief and loss. [Provider]

In some instances, limited availability of culturally appropriate services has also delayed aspects of cultural planning for Aboriginal and Torres Strait Islander children. [Provider]

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[208] Kenny Kor, Elizabeth Fernandez and Jo Spangaro, 'Placement Matching of Children and Young People within Out-of-Home Residential Care: A Qualitative Analysis' (2023) *Health & Social Care in the Community* 6 <https://onlinelibrary.wiley.com/doi/10.1155/2023/7431351>.

[209] Section 13 of the Care Act requires that if Aboriginal children cannot be placed with Aboriginal family or carers, the Aboriginal placement principles outline requirements to ensure their ongoing connection to Culture, Country and kin.

The NSW Government recently set June 2026 as the target to transfer the case management of Aboriginal children and their carers from NGOs to ACCOs.[210] It also set the priority cohorts for a staged transfer:

> The transition process will occur gradually, starting in areas where Aboriginal OOHC agencies are already established, and for children and young people currently with non-Aboriginal OOHC agencies. There will be priority cohorts for transfers:
>
> Priority Cohort 1: Non-Aboriginal carers of Aboriginal children and young people
> Priority Cohort 2: Aboriginal carers of Aboriginal children
> Priority Cohort 3: Aboriginal children and young people in other placement types
>
> The transfer rate will depend on the Aboriginal OOHC agencies in an area and how many transfers they can sustainably accept. Support and collaboration among both Aboriginal and non-Aboriginal OOHC agencies will be key throughout the process to ensure successful case management transfers. [211]

However, to date the pace of the transition has been slow and predominantly related to foster care.

ACWA's quarterly updates on the transition project indicate that only 123 Aboriginal children and their carers (foster and kinship) were transitioned from non-Aboriginal OOHC providers to ACCOs in 2024 (calendar year), up from 15 in 2023.[212]

In respect of ITC, DCJ's June 2025 data on contracted places in OOHC shows only 1 ACCO operating in ITCH with 8 contracted places.

In August 2024, questions were asked at Budget Estimates about 200 children who had returned from ACCOs to DCJ, effectively meaning more children are returning to DCJ than children are being transitioned.[213]

In response, the Minister for Families and Communities indicated these transitions back to DCJ were at the request of the ACCOs for issues relating to capacity, complexity and relationships.[214]

At the current rate, DCJ is unlikely to meet its June 2026 target to transition all children to ACCOs. DCJ advised that it remains committed to growing ACCO service delivery in ITC and to the transition of Aboriginal children by June 2026.[215]

7.5 Specialised services to support children in ITC are not accessible or available

Various government agencies such as NSW Health, Department of Education, and Youth Justice play a key role in providing services to children, including children in ITC. For the ITC model to help children heal from past abuse, neglect and trauma, ITC providers need to be able to coordinate timely access to specialised services within the community (for example, allied health, disability, youthwork, employment

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[210] Association of Children's Welfare Agencies & DCJ 'Transitioning to an Aboriginal Community Controlled Organisation - Information for Carers' (Factsheet, October 2024) <https://www.acwa.asn.au/wp-content/uploads/2024/10/CarerFAQs-Aboriginal-OOHC-Transition-Oct-2024.pdf>.

[211] 'Transition to Aboriginal Out-of-home Care Agencies', *Department of Communities and Justice* (Web Page, 5 November 2025) <https://dcj.nsw.gov.au/children-and-families/transition-to-aboriginal-out-of-home-care-agencies.html>.

[212] 'Update for the OOHC Transition Community, *Association of Children's Welfare Agencies* (Web Page, 2025) <https://mailchi.mp/acwa.asn.au/acwa-aboriginal-oohc-transition-update-5089305>.

[213] Ms Sue Higginson MLC at Budget Estimates, 19 August 2025, 23.

[214] Minister Washington at Budget Estimates, 19 August 2025, 24.

[215] DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 14 November 2025.

and education, mental health and psychiatry). This is important particularly for assessment and planning for children in ITC.

We received feedback that the required specialist services are not available where and when needed. Where services *are* available, access is difficult because there is competition for these services from other sectors and children in ITC are not prioritised.

While some providers have the capabilities to develop their own responses including in-house services to address gaps, some do not. It is important to identify and monitor these initiatives to

- incentivise, promote and share proven good practices
- ensure equitable access to services for all children in ITC.

In regional areas, it is difficult to find suitably qualified Therapeutic Specialists, impacting the implementation of the 10 Essential Elements, especially reflective practice and Positive Behaviour Support Plans (PBSPs). Additionally, access to allied health services, including Home and Living Assessments, psychological, psychiatric, and paediatric support, is limited. This makes it challenging to obtain necessary written reports for authorising restrictive practices and psychotropic medication. [Provider]

The ITC system is often driven by short term crisis, exacerbated by lack of overall services and specialists, which means that decisions are often focused on short term not planned long term client solutions. [Provider]

Access to needed professional services are limited, long wait times and out of area services are often sought. For example, Occupational Therapist, NDIS Services and other therapeutic services. [Provider]

Another significant barrier is system fragmentation - where external systems (e.g., education, health, NDIS) do not always align with OOHC timelines or therapeutic goals, which can delay referrals, specialist assessments, or support implementation. [Provider]

ITCH providers are strong advocates for [the children and young people] they care for which includes advocacy into health, education and justice systems that are failing to respond to the needs of this cohort adequately [ITC Providers]

Some children are not engaged with any activities or school programs, essentially, they are doing nothing. Often children are not motivated, and staff may not have the skills to support the child to build their engagement in programs. Many children close to leaving care do not have NDIS plans (and applications are not pending) despite many of them being with the same provider for years. This may be due to worker inexperience and challenges with getting the child assessed. This may be resolved with better training. Children cannot navigate the NDIS system for themselves. Involvement with the criminal justice system can preclude providers getting children to healthcare appointments to be assessed for the NDIS. Some children refuse to engage or have too many unattended appointments. Service providers struggle to engage requisite specialists to have them assessed and diagnosed to apply for the support. [Stakeholder]

[Provider name] consistently sees good outcomes for children in the ITC program when there is relationship-based practice, stable staffing… and where there is good interagency and other stakeholder collaboration (e.g. education, health, DCJ, NGO, families). [Provider]

It is not uncommon for children in out of home care to be treated differently to children in the general community when it comes to educational intervention as well as health intervention. [Provider]

7.6 Collaborative mechanisms not supporting children in ITC

We received feedback that showed existing collaborative mechanisms are not always working as intended to support local level collaboration and delivery of services to children. These include memorandums of understanding (MOUs), protocols and agreements between government agencies (for example, Health, Police, Youth Justice, Housing and Education).

> Protracted negotiations with the other services such as Health, Education and Police to get suitable supports and services, or agreed outcomes for children and young people assessed as necessary by the provider either at the point of referral, during placement, or for transition purposes to another placement option or greater independence. This includes implementation of various MOU and Joint Protocols that may not be operating well in practice. [Provider]

The OOHC System Review recommended an overarching governance structure to drive outcomes and accountability in OOHC and enhance multi-agency collaboration:

> Recommendation 1: The current out-of-home care arrangements across all levels are ineffective in driving change and delivering outcomes within a system that has limited accountability for achieving results. The NSW Government should establish a quadripartite agreement (the Council) between secretaries of the relevant statutory departments to drive comprehensive reform in out-of-home care. This agreement must enhance multi-agency collaboration, improve service coordination and shift investment toward early intervention and family preservation, with clear objectives and performance metrics. It should not add another level of governance into the system, but instead review current governance arrangements to streamline decision-making, enhance collaboration and ensure a more coordinated approach. This Council should convene regularly and report to the Minister for Families and Communities, other relevant ministers and the Premier.

DCJ advised that major OOHC reform work underway includes work to progress this recommendation:

> [t]he Secretaries forum… expected to commence meeting in early 2026 and terms of reference are being drafted. The forum is being established to drive improved coordination of cross-agency OOHC service delivery.[216]

As the legal parent for children in ITC and the funder and commissioner of services, DCJ's responsibility extends beyond securing a placement for a child to ensuring the placement delivers on the promise of the ITC program.[217] It also extends beyond monitoring agencies' performance, to actively assisting them to address barriers that may hinder their performance in delivering services for children.

However, other government and non-government agencies and services also play critical roles in ensuring children in ITC receive the support and care they need. Leadership and accountability are key to ensuring successful collaboration.

Recommendation

12. DCJ with partner agencies, or through the planned Secretaries OOHC 'forum', should agree on processes to streamline access for children to key services needed for their therapeutic care, including providing pathways to prioritise children as needed.

    These processes should be established in advance of the next round of commissioning of OOHC services in July 2027.

[216] DCJ feedback on NSW Ombudsman's draft report, 14 November 2025.

[217] The objects of the Care Act include 'recognition that the primary means of providing for the safety, welfare and well-being of children and young persons is by providing them with long-term, safe, nurturing, stable and secure environments through permanent placement in accordance with the permanent placement principles',(s 8(a1)) and (b) 'that all institutions, services and facilities responsible for the care and protection of children and young persons provide an environment for them that is free of violence and exploitation and provide services that foster their health, developmental needs, spirituality, self-respect and dignity'(s 8(b)).

Glossary of terms

Term	Definition
Aboriginal children	We use the term 'Aboriginal children' to refer to First Nations and Aboriginal and Torres Strait Islander children and young people.
AbSec	The NSW Child, Family and Community Peak Aboriginal Corporation known as AbSec is the peak organisation for Aboriginal children and families in NSW.
Alternate Assessment	Alternate Assessment is the assessment framework DCJ uses to assess a report about the care and supervision of a child in OOHC.
Alternative Care Arrangement (**ACA**)	ACAs were a type of High Cost Emergency Arrangements which ceased in early 2024.
Association of Children's Welfare Agencies (**ACWA**)	ACWA is the NSW peak body representing non-government community organisations delivering services to vulnerable children, young people and their families.
Authorised carer	An individual that has been authorised by a NSW designated agency to provide statutory or supported OOHC in NSW.
Behaviour Support Plan (**BSP**)	Behaviour support plans guide a consistent approach to managing the behaviour of a child by the care team and designated agencies must comply with behaviour management guidelines: section 137(2)(g) of the Care Act; Children and Young Persons (Care and Protection) Regulation 2022: Part 6 Division 4 clause 49.
Care Act	*Children and Young Persons (Care and Protection) Act 1998*
Central Access Unit (**CAU**)	The CAU is a DCJ unit which serves as a centralised single point of entry for children needing ITC or other residential care. The CAU receives referrals, assesses suitability for ITC placement types and liaises with providers to find placements for children.
Child	A person under the age of 18 years. Under the Care Act (section 3) a 'child' is under 16 years and a 'young person' is 16 or 17 years old. In this report, references to a 'child' or 'children' include young person/s consistent with the definition in section 4(1) CS CRAMA, unless otherwise stated.
Child Assessment Tool (**CAT**)	Tool used by DCJ to determine the appropriate level of care for children in OOHC ranging from foster care to Intensive residential care, based on assessment of a child's behaviour, health and development.
Child and Family District Unit (**CFDU**)	These DCJ units comprised of DCJ caseworkers and managers operate in each district as the key interface between NGO providers of contracted OOHC services and DCJ. They are the single point of contact for providers for decision making in relation to the Minister's exercise of parental responsibility for children in statutory OOHC and for approval of changes of case plan goal, service packages, placement.
Child Protection Helpline	Operated by DCJ, the Helpline provides a centralised system for receiving reports about children who may be at risk of significant harm.

Term	Definition
ChildStory	DCJ's case management system for child protection and OOHC since 2017, giving authorised users a shared, real-time view of case information.
CREATE Foundation	CREATE Foundation is the national body representing the voices of children with an OOHC experience.
CS CRAMA	*Community Services (Complaints, Reviews and Monitoring) Act 1993* (NSW)
Department of Communities and Justice (**DCJ**)	The lead agency in the NSW Government Communities and Justice portfolio, which aims to create safe, just, inclusive and resilient communities through its services. The Minister for Families and Communities and the DCJ Secretary are entrusted with special roles under the Care Act (see sections 15 and 16). Any reference to DCJ includes a reference to its predecessor agencies.
Department of Education (**DoE**)	The department responsible for the delivery and co-ordination of early childhood, primary school, secondary school, vocational education, adult, migrant and higher education in New South Wales.
Designated agency	An agency that has been accredited by the OCG to provide statutory or supported OOHC services is called a designated agency. Designated agencies have a number of responsibilities, including the assessment and authorisation of foster carers and the assessment of the suitability of their household members.
District	A geographic region used by DCJ for planning, service delivery and local decision-making. Districts are led by 7 Executive District Directors and boundaries are aligned to the 15 Local Health Districts.
High-Cost Emergency Arrangements (**HCEAs**)	High-cost emergency arrangements are temporary placements used when permanency options and other placements are not available. Until April 2024 there were four types of high-cost emergency arrangements: • interim care model (**ICM**) • short term emergency placement (**STEP**) • individual placement arrangement (**IPA**) • alternative care arrangement (**ACA**). DCJ ceased the use of ACA by 1 April 2025. While still considered high-cost emergency arrangements, interim care model and short-term emergency placement are delivered by contracted and accredited out-of-home care providers.
Individual Placement Arrangement (**IPA**)	A type of DCJ High-Cost Emergency Arrangement placement of up to 3 months at a time (subject to DCJ approval to extend) when no other contracted placements are available for a child in care. 1:1 care arrangement provided by OCG accredited providers with at least 50% of care workers from accredited agencies.
Independent Pricing and Regulatory Tribunal (**IPART**)	IPART is the regulatory authority for NSW government services and key markets to ensure effective services and outcomes. IPART can undertake investigations and make reports to Government on issues referred by Government under legislation. IPART recommendations and determinations are not subject to control or direction of NSW Government.

Term	Definition
Interim Care Model (**ICM**)	A type of DCJ High-Cost Emergency Arrangement – short-term group accommodation placement for children in care with low or medium needs aged 9 – 14 years who are at risk of entry into other forms of emergency care. Provided and staffed by accredited OOHC and PSP providers.
Intensive Therapeutic Care (**ITC**)	ITC is a model of residential care for children over 12 years with high and complex needs who are either unable to be supported in foster care or require specialised and intensive supports to maintain stability in their care arrangements. ITC was designed to replace other forms of residential care (**legacy residential care**) in NSW. Accommodation is in a home like environment provided by PSP funded providers. There are several types of ITC – Intensive Therapeutic Transitional Care (**ITTC**), Intensive Therapeutic Care Home (**ITCH**), Intensive Therapeutic Care – Significant Disability (**ITC- SD**).
Legacy residential care	The term legacy residential care refers to forms of residential care in existence in NSW prior to the introduction of Intensive Therapeutic Care in 2018. ITC was intended to replace all other forms of residential care and all children in legacy residential care to transition to ITC.
Mandatory report	A report made by a mandatory reporter who has reasonable grounds to suspect that a child is at ROSH (Care Act, section 27).
Mandatory reporter	A person prescribed in section 27(1) of the Care Act, who has a duty to report if they have reasonable grounds to suspect that a child is at ROSH. This includes any person who, in the course of their professional work or other paid employment, delivers health care, welfare, education, children's services, residential services, or law enforcement, wholly or partly, to children.
Non-Government Organisations (**NGOs**)	Organisations that operate independent of government, on a not-for-profit basis or for-profit basis. NGOs may receive government funding but operate independent of government control.
Office of the Children's Guardian (**OCG**)	The OCG is an independent statutory authority that oversees organisations that provide services to children in NSW. Its powers and functions are defined in the *Children's Guardian Act 2019.*
Official Community Visitors (**OCVs**)	The Official Community Visitor Scheme is part of the NSW Ageing and Disability Commission. OCVs visit residential care homes (which include ITCH) to promote the rights of residents, provide information on access to advocacy services and help to resolve matters of concern or complaints with providers.
Out-of-home care (**OOHC**)	The Care Act provides for 2 types of out-of-home care: (1) statutory out-of-home care (**statutory OOHC**), which requires a Children's Court care order; and (2) supported out-of-home care (**supported OOHC**) which provides either temporary or longer-term support for a range of other care arrangements made, provided or supported by DCJ without the need for a care order. A prerequisite common to both types is generally that a child must first be considered to be 'in need of care and protection' (section 34 of the Care Act).

Term	Definition
OOHC Education Pathway	The OOHC Education Pathway is an agreement between DCJ and the three major education sectors in NSW (Government, Catholic and Independent) on how pre-school and school aged children and young people in statutory OOHC will be supported at school. This pathway is designed to support children and young people regardless who they are case managed by (Funded Service Provider or DCJ) and school they attend (Government or Private).
OOHC Health Pathway Program (**HPP**)	The OOHC Health Pathway is a joint initiative of DCJ and NSW Health aimed at ensuring that every child or young person entering statutory out-of-home care receives timely and appropriate health, assessment, planning, services and ongoing review of their health needs. See: https://dcj.nsw.gov.au/service-providers/oohc-and-permanency-support-services/oohc-health-pathway/oohc-health-pathway-guide-for-caseworkers.html
Program Level Agreement (**PLA**)	Document that forms part of DCJ's contractual regime. The PLA governs the delivery of services by a Service Provider under a Human Services Agreement with DCJ. It outlines the specific terms, responsibilities, expectations and requirements for services.
Permanency Support Program (**PSP**)	DCJ funds OOHC providers to provide tailored placement and support to children in OOHC under the Permanency Support Program. The PSP brings together government and non-government out-of-home care providers to support safety, wellbeing and positive life outcomes for children and young people in the child protection and OOHC systems in NSW. See: https://dcj.nsw.gov.au/service-providers/oohc-and-permanency-support-services/permanency-support-program-oohc/permanency-support-program/what-is-the-permanency-support-program.html
Quality Assurance Framework (**QAF**)	The name DCJ gave to the system they developed and piloted (in 2014) for collecting key information on a child's progress in out of home care. The system was not implemented statewide.
Residential care	Residential care is a group home-based form of OOHC placement for children.
Risk of significant harm (**ROSH**)	The definition of 'at ROSH' is in section 23 of the Care Act. A child or young person is at ROSH if 'current concerns exist for the safety, welfare or well-being of the child or young person because of the presence, to a significant extent, of any one or more of' the circumstances set out in that section. Circumstances include where the child or young person has been, or is at risk of being, physically or sexually abused or ill-treated.
ROSH report	This is a term currently used by DCJ to describe report that have been screened in by the Helpline as a ROSH report. A report is screened in by the Helpline as a ROSH report if the Helpline considers that the report suggests the child may be at ROSH.
Non-ROSH report	This is a term currently used by DCJ to describe reports that have been screened in by the Helpline as not being a ROSH report.

Term	Definition
Safety in Care mandate (**SIC Mandate**)	DCJ policy which applies to the allocation, assessment, review and monitoring of safety issues (ROSH or non-ROSH) for a child under Parental Responsibility of the Minister (**PRM**) or Care Responsibility of the Secretary, including those children case managed by a Non-Government Organisation.
Short Term Emergency Placement (**STEP**)	Form of HCEA for children aged 12-17 years with high and complex needs. STEP is the only contracted OOHC placement alternative to ITC and home-based care for children aged 12-17 years. It is for up to 12 weeks subject to DCJ approval to extend. Care is provided by OCG accredited providers of residential care.
Supported Independent Living (**SIL**)	SIL is a supported accommodation placement for children in care aged 16-17 at entry assessed by DCJ as having ***low or medium*** needs who are exiting another placement to live independently but require further support to successfully transition to independence. Placement is usually for a maximum of 24 months but placement post 18 years is considered by DCJ on an individual basis.
Therapeutic Supported Independent Living (**TSIL**)	TSIL is a supported accommodation placement for children aged 16-17 at entry assessed by DCJ as having ***high*** needs who are exiting another placement to live independently but require further support to successfully transition to independence. Placement is usually for a maximum of 24 months but placement post 18 years is considered by DCJ on an individual basis.
Youth justice supervision orders	Under section 33(7) of the *Children (Criminal Proceedings) Act 1987* the Children's Court may make an order relating to the supervision (by a youth justice or community corrections officer) of a person who has entered into a good behaviour bond or been released on probation.

Appendices

Appendix A Intensive Therapeutic Care Homes (ITCH) house configurations and staffing requirements[218]

Generally, ITC homes are delivered in 4-bedroom or 2-bedroom house configurations.

DCJ's order of preference of home configuration is:

- 4-bedroom with 4 children
- 4-bedroom with 3 children and the 4th bedroom available for placement
- 2-bedroom with 2 children. Children in a 2-bedroom home need to continue to be supported to move towards a 4 bed-home where possible
- 2-bedroom home with 1 child; the second bed must be available for placement referral.

DCJ has recently allowed the use of 2-bedroom houses for individualised placements when children are unable to be placed with other children, for a limited time only (6 month maximum).

The following is an overview of what providers are funded to have in terms of staffing for a 2 bedroom and 4 bedroom home.

[218] The NSW Ombudsman summary is based on: DCJ, *Permanency Support Program (PSP) Packages: Eligibility Rules and Inclusions* (Program, July 2023) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/PSP_Packages_Eligibility_and_Inclusions_FC_ITC.pdf> and Department of Communities and Justice, *DCJ Permanency Support Program (PSP) Packages: Eligibility Rules and Inclusion* <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/PSP_Packages_Eligibility_and_Inclusions_FC_ITC.pdf>.

Overview of DCJ's staffing requirements for ITCHs

	2-bedroom house package inclusions	4-bedroom house package inclusions
Staffing		
House manager	1 per house	1 per house
Staff during the day*	1 staff to 1 child	2 staff
Staff during the night	Flexibility of awake night shift when required based on risk assessment**	Flexibility of awake night shift when required based on risk assessment**
Therapeutic specialist	1 to 12 children	1 to 12 children
Caseworker	1 to 6 children	1 to 6 children
Inclusions		
Case management	Yes	Yes
Staff training	Yes	Yes
Other staff commitments (including overheads)	Yes	Yes
Management/administration overheads	Yes	Yes
Transport	Yes	Yes

Note:

* Day worker hours are from 7am to 9pm. The House Manager should spend the majority of time onsite.

** Each home should have a staff member on a sleep-over shift and another staff member available on call during the night. It is expected that higher risk houses will be staffed by two staff at all times, including an active night (24/7x2). Awake night shift funding is based on assumption of awake night shifts 40% of the time. See DCJ, *Permanency Support Program*, Schedule 1 — Permanency Support Program — Service Requirements, Section 8.2.3 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf>.

Appendix B The 10 Essential Elements of Therapeutic Care[219]

Therapeutic specialist	A therapeutic specialist is a clinical expert who leads therapeutic practice, provides clinical advice, mentors staff and aims to support positive outcomes for children in ITC through referrals and collaboration with internal and external services to ensure evidence-based interventions for children. The therapeutic specialist does not generally work directly with children but drives therapeutic practice and facilitates 'care teams' of necessary specialised services to support case planning for children. They also support client mix assessments and develop strategies to reduce risks in placements.
Engagement participation and inclusion of children and young people	Engagement, participation and inclusion is intended to ensure children have a voice in their care journey and decisions that affect them. This includes children being actively involved in planning, placements, daily life, building identity, relationships and life skills while being supported to understand their rights and future options. Providers should ensure children receive the necessary support to enable them to communicate and to foster their inclusion and participation in decisions that affect them.
Client mix	Client mix is the process of matching children to therapeutic settings by assessing their needs, strengths and compatibility with existing residents. Providers are responsible for considering new referrals to ensure homes remain safe, supportive, and appropriate. Consideration of client mix requires a well-developed process, and participation of key staff who bring knowledge and understanding of the young people involved to develop strategies to manage risk and enable positive placements for all children.
Care team meetings	Care team meetings, led by the therapeutic specialist, bring together professionals, carers and families to review case plans, monitor progress and respond to changes in a child's circumstances. They aim to ensure supports remain effective, incidents and risks are addressed, and strategies are developed to meet the child or young person's needs and goals. Care team meetings are held on a monthly basis, as a minimum, to form and review plans, interventions and progress for children. They should involve mainstream and specialised services according to a child's needs.
Physical environment	The physical environment element is intended to create a safe, nurturing, and home-like space that fosters the feeling of stability, belonging, and security. It should be welcoming, well-maintained, and supportive, providing personal space, privacy, and opportunities for both relationships and independence. ITC homes should be set up so all children have: • input into the layout of the home • their own personalised space

[219] Summary of the 10 Essential Elements prepared by NSW Ombudsman based on: Centre of Excellence in Therapeutic Care (**CETC**), *The 10 Essential Elements of Intensive Therapeutic Care in NSW* (Practice Guide, 2019) <https://www.cetc.org.au/wp-content/uploads/2022/07/10-essential-elements-practice-guide.pdf> , Department of Communities and Justice, Department of Communities and Justice, *Permanency Support Program*, Schedule 1 — Permanency Support Program — Service Requirements, Section 8.2.3 <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf> and Department of Communities and Justice, See Department of Communities and Justice, *Permanency Support Program Appendix 5: Service Overview — Intensive Therapeutic Care (ITC)* (Program) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/residential-care-placements/ITC-RFT-Volume-5-Appendix-5-Service-Overview-ITC.pdf>.

	• at least two indoor shared recreational spaces • privacy but can also be supported and supervised as needed • access to the home, including through adjustments and modifications as needed
Reflective practice	Reflective practice involves staff and carers examining their actions and responses to better understand and support children within a therapeutic framework. Regular meetings led by the therapeutic specialist, aim to share insights, build skills, and ensure provision of consistent and effective care that promotes positive change.
Exit planning and post exit support	Exit planning and post exit support aims to prepare children and young people to leave ITC by ensuring they have the right plans, supports, and connections for a smooth transition. It should include developing leaving care plans, arranging aftercare, and strengthening family and community relationships to support safe adjustment into independent living.
Qualified, trained and consistent staff	Qualified, trained and consistent ITC staff should have relevant skills, experience and training in therapeutic care and cultural competency to provide safe and effective support. Appropriate qualifications, ongoing assessment, stable rostering and proper staff to child ratios are also required, to create reliable and therapeutic environments for children. See Appendix G for minimum qualification requirements and ratios of staffing in ITC.
Organisational commitment	Organisational commitment in ITC requires embedding therapeutic care into an organisation's philosophy, policies and practices so all staff work within a consistent, evidence-informed framework. This element aims to support staff wellbeing, strengthen partnerships and ensure children receive safe, stable and therapeutic care.
Governance and reporting	Governance and reporting systems are intended to ensure service providers meet statutory, contractual and DCJ requirements through strong oversight and accountability. Strong governance structures should support consistent practices within the sector, continuous improvement, strong partnerships, and regular measurement of outcomes for children.

Appendix C Role of agencies in ITC

Service/Actor	Role
Department of Communities and Justice (**DCJ**) <https://dcj.nsw.gov.au>	The Department is a statutory agency with powers granted under the *Children and Young Persons (Care and Protection) Act 1998* (Care Act) to: • respond to child protection reports meeting the risk of significant harm (ROSH) threshold or that are otherwise screened in for assessment • exercise functions of parental responsibility for children in out-of-home care (OOHC) allocated to the Minister • enact statutory duties in relation to all orders made under the Care Act, whether or not they involve the re-allocation of parental responsibility • initiate or consent to adoption or guardianship proceedings.
Office of the Children's Guardian (**OCG**) <https://ocg.nsw.gov.au>	The OCG accredits and monitors the statutory OOHC providers in New South Wales. Up until 1 October 2025, 23 NSW Child Safe Standards for Permanent Care 'set out the minimum requirements agencies providing statutory out-of-home care and adoption services must meet to become accredited.'[220] The OCG may accredit agencies to provide 1 or more type of OOHC, including statutory foster, relative and residential care. The OCG assesses agencies' compliance with the standards and determines whether a standard is met, met with areas for improvement, substantially met, or not met. From 1 October, these standards were replaced with a new Code of Practice under the Children's Guardian Amendment (Code of Practice) Regulation 2024 as the assessment and monitoring criteria for agency accreditation. The OCG does not advocate for individual children. The OCG also administers the: • Reportable Conduct Scheme – all 'relevant entities'[221] including those employing and engaging volunteers or contractors in child-related work must notify the OCG of allegations of abuse, ill treatment, sexual misconduct, neglect, assault (sexual, physical or

[220] 'Accreditation Framework', *Office of the Children's Guardian* (Web Page, 26 November 2025) <https://ocg.nsw.gov.au/statutory-out-home-care-and-adoption/about-statutory-out-home-care-and-adoption/accreditation#section-target-1>.

[221] There are 3 different types of relevant entity: Schedule 1 entities, public authorities and religious bodies under the *Children's Guardian Act 2019.*

Service/Actor	Role
	emotional) of children which may meet the reportable conduct threshold.[222] • Residential Care Workers Register – all residential care workers irrespective of which provider they work for must have probity checks and be registered on the OCG Residential Care Worker register.[223]
NSW Ombudsman <www.ombo.nsw.gov.au>	The NSW Ombudsman is an independent integrity agency that receives and investigates complaints, including in relation to community services that are provided by the non-government sector with funding or authorisation from the NSW Government. This includes NGO providers of out-of-home care. The Ombudsman has functions to monitoring the delivery of community services. This includes: • to review, on application or on the Ombudsman's initiative, the situation of a child or a group of children in care • to monitor and review the delivery of community services, • to inquire into matters affecting service providers and receivers and make recommendations for improvements in the delivery of community services The NSW Ombudsman acts impartially in the public interest and does not advocate for individual children.
Official Community Visitors (NSW Ageing and Disability Commission) <https://ageingdisabilitycommission.nsw.gov.au/official-community-visitors.html>	The Official Community Visitor (**OCV**) scheme is part of the NSW Ageing and Disability Commission. OCVs visit residential care homes (which include ITCH) to promote the rights of residents, provide information on access to advocacy services and help to resolve matters of concern or complaints with providers.[224] The OCV's provide OCG with reports and advice on matters relating to the conduct of the service. [225] The OCV Scheme works with individual service providers to resolve concerns and complaints. It is not designed to directly advocate for children in residential care, but rather to support them in accessing advocacy services.

[222] The *Children's Guardian Act 2019* defines reportable conduct as: a sexual offence; sexual misconduct; ill-treatment of a child; neglect of a child; an assault against a child; an offence under section 43B (failure to protect) or section 316A (failure to report) of the *Crimes Act 1900*; and behaviour that causes significant emotional or psychological harm to a child.

[223] See https://ocg.nsw.gov.au/organisations/statutory-out-home-care-and-adoption/residential-care-worker-register.

[224] The OCV Scheme operates under the Ageing and Disability Commissioner Act 2019 and the Children's Guardian Act 2019 and by way of agreement with the Children's Guardian. OCVs are appointed by the Minister for Families, Communities and Disability Services. OCVs also visit supported residential care services for adults with disabilities and assisted boarding houses. OCVs can also visit children in other 'visitable services' where children are in accommodation services under the full-time care of a service provider, such as HCEAs.

[225] OCV functions available at https://ageingdisabilitycommission.nsw.gov.au/documents/about-us/OCV-Voice-for-People-in-Supported-Accommodation-Booklet.pdf.

Service/Actor	Role
Advocate for Children and Young People <www.acyp.nsw.gov.au>	The Advocate for Children and Young People is an independent statutory office. It makes recommendations to government and non-government agencies on legislation, reports, policies, practices and services affecting children and young people.
Centre for Excellence in Therapeutic Care (**CETC**)	The Centre for Excellence in Therapeutic Care, led by the Australian Childhood Foundation (<https://learn.childhood.org.au/>) and Southern Cross University (<https://www.scu.edu.au/centre-for-children-and-young-people/>), was established as an intermediary organisation to support providers and stakeholders involved in the delivery of ITC to access expert advice, consultancy, learning and development activities and to support knowledge sharing across ITC through initiatives such as Communities of Practice for leadership teams and Therapeutic specialists. DCJ funding for the CETC ceased in July 2021.

Appendix D Methodology for the selection of ITCH houses for the ITC inquiry

Why did we focus on ITCH?

ITCH is the baseline program for ITC and has been operating longer than the other forms of ITC. The largest proportion of contracted placements for children in ITC are in ITCH (around 60%).

How did we select the houses?

We used DCJ's July 2024 quarterly data on 'Service provider contracted care placement and residential care properties addresses'.

The information showed the number of houses each provider oversees, location of the house broken down by district/suburb/address, and the contracted number of beds for each house. We asked DCJ to provide a breakdown of the houses by bed configuration (2 and 4-bedrooms) across locations and providers to assist us in finalising house selection.

We only selected houses managed by the 8 providers which had been operating ITCH for 2 years or more. These providers were: Allambi Care; Anglicare NSW, South NSW, West and ACT; Catholic Care Diocese Broken Bay; Life Without Barriers; Lifestyle Solutions; MacKillop Family Services; Marist 180; and Southern Youth and Family Services.

Newer providers were invited to contribute to the review via the consultation paper.

How did we select the number of houses per district?

The number of houses selected from each district was based on the proportion of ITCH houses in each district. (For example, if there were 50 houses in district X and that comprised 30% of the total statewide ITCH houses then 15 (30%) of our selected houses (our sample) came from that district.)

However, if there was only 1 house in a district, this was automatically selected to ensure geographical coverage.

How did we determine the number of houses selected for each provider?

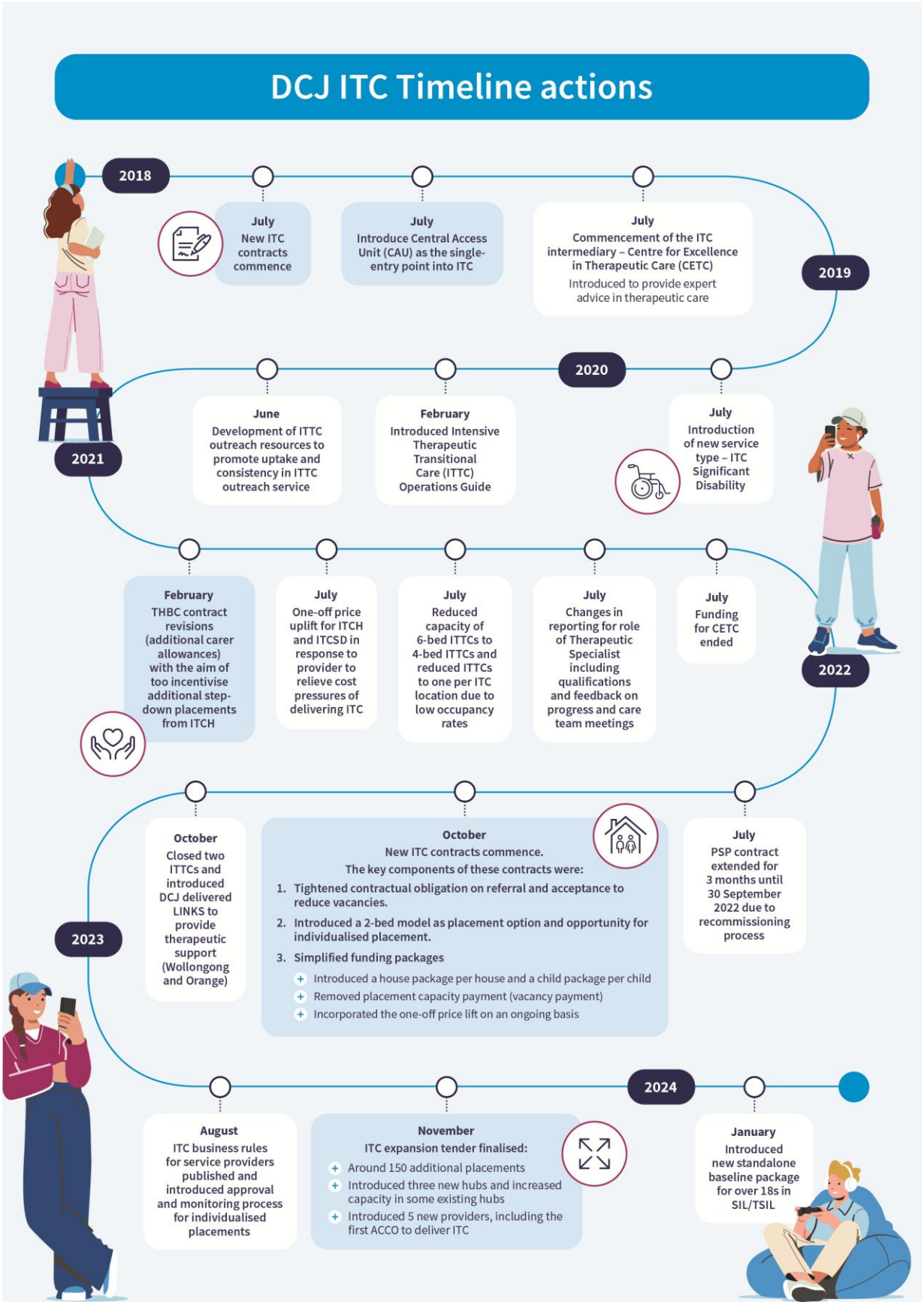
The number of houses selected per provider per district was based on:

- the proportion of ITCH houses managed by each NGO within that district
- ensuring all providers in a district were represented in the selection
- ensuring both 2 or 4-bedroom configuration were represented where applicable.

How were individual houses selected for providers with multiple houses?

Houses were randomly selected.

Appendix E ITC timeline actions[226]



Appendix F How DCJ measures vacancies

How DCJ calculates vacancies[227]

DCJ calculates ITC placement volumes based on the number of 2 and 4-bed homes that a provider has available on a monthly basis. A bed marked as 'available' indicates that it is open for placement, while an 'unavailable' status may be due to non-compliance with the property, or the… CAU has agreed to hold the second bed vacant as a child requires an individualised ITC placement. DCJ approves individualised placements on an 'exceptional' and time limited basis and includes these in the current measure of vacancy rate. DCJ also approves all contract variations.

Vacancy definitions for ITC homes[228]

The ITC funding model introduced on 1 October 2022 changed contract volume to centre on number of ITC homes rather than number of placements as in the previous funding model. This funding model requires a more nuanced articulation of a vacancy than the previous funding model to enable more accurate system reporting and monitoring of current and future capacity. ITC vacancies have been defined below:

- Available vacancy – represents an available bed for referral/placement in an existing ITCH or ITC-SD home
- Unavailable vacancy – held bed for individualised ITC placement. A vacancy that cannot be utilised, because …CAU has determined against set criteria that a child or young person cannot be placed with another child or young person for a time-limited period (see section 5 individualised placements below). Approval is granted in very limited circumstances. This can only be in 2-bed ITCH or ITC-SD home where the second placement/bed becomes an approved held bed.
- Unavailable vacancy - the ITC property is not compliant as it does not have the required number of physical bedrooms (for example, a property is funded as a 4-bed home however there are only 3 physical bedrooms available for placement).

DCJ acknowledges that, on a case-by-case basis, following exhaustive efforts, approval may be granted for a non-compliant home to be provided while active efforts continue to replace that noncompliant home with a compliant home. DCJ will continue to engage with service providers through contract management meetings to discuss active efforts and progress towards ITC home compliance.

226 Summary of timeline created by NSW Ombudsman based on information provided by DCJ.

227 DCJ response to NSW Ombudsman's request for information, March 2025.

228 Excerpt from: DCJ, *DCJ Rules and Process Guidance for Intensive Therapeutic Care (ITC) Homes and ITC Significant Disability Homes* (Guidance, August 2023) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/oohc-resources/2_FINAL__Rules_and_process_guidance_for_Intensive_Therapeutic_ITC_Homes_and_ITC_Significant_Disability_Homes_for_service_providers.pdf>.

Appendix G ITC home minimum qualification requirements for staff in ITC homes[229]

Role	Minimum qualification
Therapeutic specialist	• A tertiary qualification in Psychology, Social Work, Occupational Therapy, Mental Health Nursing or related discipline. • Minimum of five years of experience in a therapeutic care setting or working in a clinical environment with Children and Young People in OOHC. • Current registration with the professional body relevant to their qualification.
Direct care staff (including casual and agency staff)	• Diploma in Community Services or related Diploma • For Aboriginal staff, a qualification is desirable but experience and willingness to participate in training is acceptable. Service Providers may request time-limited flexibility in this qualification, via DCJ and if approved, follow the reporting requirements outlined in Schedule 2. Service Providers must prioritise rostering staff with the minimum qualifications (including when engaging casual and agency staff). Casual and agency staff Service Providers engaging casual and agency staff when required, must continue to focus on stability for children and report to DCJ on proportions of casual/agency staffing at monthly contract meetings.
ITC House managers	• A relevant Bachelor's degree or relevant Diploma working towards a Bachelor's degree is preferred • Diploma in Community Services or related Diploma is acceptable, with experience and understanding of trauma-informed practice and Therapeutic Care. • For Aboriginal staff, a qualification is desirable but experience and willingness to participate in training is acceptable.
Caseworkers	• A relevant Bachelor's degree or relevant Diploma working towards a Bachelor's degree. The preferred minimum qualifications are Bachelor of Social Work, Social Welfare, Bachelor of Psychology, Nursing and Mental Health. • For Aboriginal staff, a qualification is desirable but experience and willingness to participate in training is acceptable.
Multidisciplinary Specialist Teams/Allied specialists (Internal/External)	• A recognised tertiary qualification in the allied health field for which the professional is engaged. • Current registration with the relevant Board in Australia. • For Intensive Therapeutic Care Significant Disability a NDIS Registered Provider is preferred

[229] Excerpt from DCJ, *Permanency Support Program*, Schedule 1 – Permanency Support Program – Service Requirements (Intensive Therapeutic Care – Ten Essential Elements section 7.3.8: Qualified, Trained and Consistent Staff) <https://dcj.nsw.gov.au/documents/service-providers/out-of-home-care-and-permanency-support-program/contracts-funding-and-packages/schedule-1-permanency-support-program-service-requirements.pdf>.

Minimum training required for all staff (including casual/agency staff):

- foundational training in Therapeutic Care preferably prior to commencing direct care work and no later than three months after commencing direct care work
- cultural competency training within the first three months of commencing work within ITC system
- positive behaviour support planning
- foundational training on the Joint Protocol to reduce the contact of young people in residential OOHC with the criminal justice system
- refresher training periodically

Staff should also

- have access to regular supervision and professional development
- attend house meetings and care team meetings.

Note: There are additional requirements for Intensive Therapeutic Care Significant Disability staff (including casual staff) to have specific disability care qualifications and competencies.

Appendix H Placements by intensity relative to ITCH

DCJ provided us with the following table outlining the placements the department considers to be more or less intensive than ITC.

Placement Type	Description (as provided by DCJ)	Intensity compared to ITCH
Relative/kinship care	Arrangements for children and young people to live with relatives and kin. This is the preferred option. Every effort is made to support children to live with extended family – especially where the child already has a relationship and connection.	Less intensive
Foster care (with DCJ or NGO)	Arrangements for children and young people, siblings to live in a family setting with authorised carers from the community who are not family or kin. The carers own children may be living in the home too. • **Emergency or crisis care:** Children and young people are placed in crisis care when there are concerns for their immediate safety. This can occur after-hours and on weekends. Crisis carers may be asked to provide care at very short notice. • **Short-term and medium-term care:** Sometimes children and young people need to stay with someone to support them while their parents or family are working on making changes so their children can be returned to them. These placements may last up to six months. • **Long-term care:** When children and young people can't return to their family, and guardianship or adoption are not options, then arrangements are made for them to permanently live with another family. • **Respite:** From time to time, parents and carers need a break from their caring role. Respite care is for short periods of time such as weekends, once a month or during school holidays.	Less intensive
Treatment Foster Care Oregon (**TFCO**)	Short term placement for around 6 -12 months in a specialised foster carer's family home. TFCO carers provide close supervision and implement a structured, individualised program for each child or young person. In NSW it is available for children aged 7 -17 years of age.	Less intensive
Professional Individualised Care (**PIC**)	The PIC model matches a young person with an authorised carer. This matching is based on the young person's needs and past experiences and the carer's professional skills and background. The young person lives together with the professional carer, but unlike traditional foster care the carer has the professional skill set to	Less intensive

Placement Type	Description (as provided by DCJ)	Intensity compared to ITCH
	respond to high needs behaviour and to meet the needs of young people with a trauma background. The mix of professionally informed support and a homebased setting, provides the young person with a genuine opportunity to develop real relationships and attachments, which is key to the success of the PIC model.	
DCJ Residential Care (Waratah Care Cottages)	Initial pilot of up to 5 new government-delivered residential homes in Greater Western Sydney. The pilot commenced in 2024 to enable children to move from or avoid entry into unsuitable high-cost emergency arrangements (HCEAs). Based on DCJ advice of 21 November 2025, all 5 homes are now in operation. Children in the Waratah Care Cottages are provided with a stable, accredited placement until a relative/kin carer or foster career is found, or restoration back to family is achieved. Children are supported by trauma informed care and therapeutic interventions, delivered in partnership with DCJ casework teams, clinicians, residential care workers and other services. DCJ Residential Care is available for children and young people who have been determined to have low to medium needs.	Less intensive
Interim Care Model (**ICM**)	Short term placement (up to 3 months) for children aged between 9 and 14 years old in OOHC with low and medium needs currently placed in alternative care arrangements (ACA) or at risk of imminent entry into ACA because a suitable kinship or relative, foster care placement or other permanency option is not available.	Less intensive
Supported Independent Living (**SIL**)	The key objective of SIL is to prepare and support young people to successfully transition to independent living by acquiring independent living skills through the provision of accommodation, case management and structured and individualised life skills programs. Available to young people aged 16 years and over who have low to medium care needs. SIL is available for up to 24 months.	Less intensive
Intensive Therapeutic Transitional Care (**ITTC**)	The ITTC Unit performs 2 distinct functions, to: • To provide time limited (up to 13 weeks) direct care supported by a highly skilled multidisciplinary team in home-like and child-centred environment (for children and young people aged 12 years and over with a Child Assessment Tool (**CAT**) score of high); • provide outreach support to children and young people that require increased support and assistance.	More intensive

Placement Type	Description (as provided by DCJ)	Intensity compared to ITCH
ITC-Significant Disability (**SD**)	ITC Significant Disability (ITC SD) is a placement type in the broader ITC service system to better support eligible children with significant disabilities. Children suitable for ITC SD are either unable to be supported in foster care or require specialised or intensive supports to maintain stable care arrangements. ITC SD caters to a very limited cohort of children who have extremely high support needs related to significant, complex and often multiple disabilities. Children suitable for this placement type have disability support needs that significantly impact on the majority of adaptive functioning domains and will require intensive supports to maintain placement stability, above the provisions offered in other ITC service types.	More intensive
Emergency Residential Care (**ERC**)	This is a 6-bedroom emergency placement model based in Sydney. There is only one in NSW and this is operated by Lifestyle Solutions in Western Sydney. Placement duration for up to 6 weeks.	More intensive
Sherwood Program	The Sherwood Program is a specialised secure care model for children whose complex needs are unable to be met within the existing OOHC system. Entry into the Sherwood Program requires a NSW Supreme Court Order.	More intensive
Individual Placement Arrangement (**IPA**)	IPA is a temporary fee-for-service emergency accommodation arrangement based on the individual needs of the child. IPAs should only be used after every effort has been made to place the child in a contracted or DCJ delivered OOHC placement. Agencies providing IPAs must be accredited by the Office of Children's Guardian (OCG) to provide residential care. Financial approval from the HCEA Executive Lead must be sought prior to the IPA commencing.	More intensive
Short Term Emergency Placement (**STEP**)	STEP is an on-demand, 1:1 emergency accommodation and support model for children and young people with high needs that are in or at risk of imminent entry into an Alternative Care Arrangement (ACA) or Individual Placement Arrangement (IPA). This may be because a suitable kinship/relative care, foster care, Intensive Therapeutic Care (ITC) placement or other permanency option is not immediately available. Children and young people eligible for STEP placements: • have high and complex needs • are aged between 12 and 17 years • are in or would otherwise be at imminent risk of entering an ACA or IPA; and	More intensive

Placement Type	Description (as provided by DCJ)	Intensity compared to ITCH
	• have been assessed as suitable by DCJ • are in statutory OOHC or in a Temporary Care Arrangement. STEP placements are available for up to 12 weeks.	
Special OOHC	Special OOHC can only be accessed by a small cohort of DCJ case managed children who meet strict disability and placement criteria.[230]	More intensive
Alternative Care Arrangements (ACA)	An ACA is an emergency and temporary fee-for-service arrangement for a child in, or entering, statutory or supported out-of-home care (OOHC) after every effort has been made to place them with relatives/kin, a foster carer, or contracted OOHC placement (for example, accredited PSP provider). DCJ ceased the use of ACA by 1 April 2025. [231]	More intensive

[230] 'Clause 27 of the *Children and Young Person's (Care and Protection) Regulation 2022* sets out the conditions for Special OOHC. Special OOHC can only be arranged by the Department of Communities and Justice. Special OOHC is used when a child's disability support needs are so high they are unable to be placed with an agency accredited to deliver residential out of home care and they need a specialist disability support provider to meet their placement and care needs.': 'Glossary', *Department of Communities and Justice* (Web Page, 3 July 2024) <https://dcj.nsw.gov.au/about-us/families-and-communities-statistics/glossary.html> .

[231] DCJ feedback on NSW Ombudsman's draft ITC Inquiry report, 14 November 2024.

Inquiry into Intensive Therapeutic Care

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