
Transition from care: Avoidable costs to governments of alternative pathways of young people exiting the formal child protection care system in Australia

Volume 1: Summary Report

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The Steering Committee, supported by the Department of Family and Community Services and Indigenous Affairs (FaCSIA) on behalf of the Community Services Ministerial Advisory Council (CSMAC), played a key role in paving the way for us to reach the 120 key informants across Australia and in assisting us to document the outcomes in a valid and accessible form. Many other people assisted us to interview and engage the key informants who have provided the data for the study and enabled us to verify and test the findings.

The people who contributed to this study have a deep appreciation of the dilemmas and difficulties of this work and of the costs to governments (and the community) as young people who have been in care make the (often) difficult transition to adulthood. To the many professionals, foster carers, organisations, policy makers, decision makers, and other researchers, who shared with us their experiences, stories, wisdom, practice knowledge, research and information, we thank you for that. We say a special thanks to the young people who contributed for your courage and wisdom.

Definitions

Avoidable cost: The project focused on determining an economic judgment of what are considered, in economic and public policy, to be avoidable (or preventable) costs. This included such service systems as: justice, housing support, mental health, drug and alcohol, crisis health such as accident and emergency, pharmaceuticals, and family support including child protection, income support, and employment support.

Care and protection order (formal care order, formal child protection care order, formal order within the child protection legislative framework): A legal or administrative order which charges the state or territory government department with the protection of a child over and above what is generally considered normal for most children. These orders can take the form of guardianship or custody orders, supervisory orders, interim and temporary orders.¹

Consensus estimates: The process of using professional judgments and knowledge to reach agreement on quantitative information and/or data across or within disciplines and/or stakeholder groups.

Economic costs: The study estimates financial costs to government. These costs include government expenditures for people exiting from care, which may be called direct costs. The total cost also includes income foregone by government because of lower tax revenues. The former category is much larger and is the main focus of this study.

Formal child protection care system (care and protection system, formal care system): The system where state and territory government departments have responsibility for children up to the age of 17 or 18 years (depending on the jurisdiction) as a result of a formal legal order or an administrative/voluntary arrangement issued for protective reasons.

Guardianship or custody orders: Guardianship orders involve the transfer of legal guardianship to an authorised Minister, department or individual. Guardianship orders convey responsibility for the welfare of the child to the guardian. They do not necessarily grant the right to the daily care and control of the child, these are granted under custody orders, which generally refer to care and protection orders that place children in the custody of a third party.²

Mental health: There are a range of definitional issues in the research and policy literature related to mental health and mental illness. For the purpose of this report the authors use the following definitions, some of which are adopted in the National Mental Health Strategy (NMHS):

Mental disorder: A diagnosable illness that significantly interferes with an individual's cognitive, emotional or social abilities.

Mental health problems: Diminished cognitive, emotional or social abilities, but not to the extent that the criteria for a mental disorder are met. A mental health problem or issue is obviously less severe than a mental health disorder.³

1 (AIHW: Child Protection Australia 2004-5)

2 (AIHW: Child Protection Australia 2004-5))

3 References

[1] World Health Organisation (2003) *Investing in Mental Health*

[2] Commonwealth Department of Health and Aged Care (2000). *Promotion, Prevention and Early Intervention for Mental Health—A Monograph, Mental Health and Special Programs Branch*, Commonwealth Department of Health and Aged Care, Canberra.

Mental health issues: A term preferred by mental health consumer organisations to describe the experience of living with a mental health diagnosis, including severe disorders, and irrespective of the diagnosis.⁴

Out-of-home care: The placement of a child who is the subject of a care and protection order in:

home-based care where a carer is reimbursed for expenses for the care of the child, including foster care, community care, relative or kinship care, or other home-based care including private board

facility-based care where care is provided by paid staff

independent living where children are living independently.⁵

Service system: Service systems refer to the eight service areas as the key areas of support accessed by people who had been in the formal child protection care system. The 'service system' includes the full range of services dedicated to addressing a particular issue, for example the justice system includes juvenile and adult justice services based in the community, gaols, police, Courts, diversion programs, Court ordered assessments etc. 'Health services' includes general practitioner services, hospitals, community health centres, Pharmaceutical Benefits Scheme (PBS), ambulance services etc. Services in a system include those provided directly by Australian and State/Territory Governments, services funded by governments and provided through non-government organisations, and government expenditure paid to private providers, e.g. Medicare and the Pharmaceutical Benefits Scheme.

Transition from care: The process of young people moving from the state or territory government based care and protection systems to independent living.

Transition services: Services to support young people leaving care covering both transition planning leading up to discharge from care, and services to support young people after leaving care, such as mentoring, transitional housing, directories to assist young people to link into existing community support services.

⁴ The authors use this term when discussing the experiences of people for the purpose of developing the service system pathways or describing the case studies.

⁵ (AIHW: Child Protection Australia 2004-5)

Abbreviations

A&E:	Accident and Emergency
ABS:	Australian Bureau of Statistics
AIC:	Australian Institute of Criminology
AIHW:	Australian Institute of Health and Welfare
CDEP:	Community Development Employment Program
CP:	Child Protection
CSMAC:	Community Services Ministerial Advisory Council
D&A:	Drug and alcohol
DHHS:	Department of Health and Human Services (Tasmania)
DOCS:	Department of Community Services (NSW)
DSP:	Disability Support Pension
DV:	Domestic Violence
FA:	Family Allowance
FaCSIA:	Family and Community Services and Indigenous Affairs (Australian Government)
FTB	Family Tax Benefit
IFSS:	Intensive Family Support Service
ISP:	Intensive Support Package
JPET:	Job Placement, Employment and Training Program
LT:	Long term
MH:	Mental health
NGO:	Non-government organisation
NYARS:	National Youth Affairs Research Scheme
OCD	Obsessive Compulsive Disorder
OSCAR:	Office of Crime Statistics and Research (South Australia)
PBS:	Pharmaceutical Benefits Scheme
PSP:	Personal Support Program
RA:	Rent Assistance
ROGS:	Report on Government Services
SAAP:	Supported Accommodation Assistance Program
SA CYFS:	South Australian Department of Children, Youth and Family Services
TILA:	Transition to Independent Living Allowance
YTC:	Youth Training Centre

Executive Summary

Executive Summary

The study

Around 1150 young people aged between 16 and 18 years of age left the formal child protection care system in Australia in 2003/2004 and this number has remained relatively stable for the past 2-3 years. This national research study was commissioned by the Community Services Ministerial Advisory Council (CSMAC) Youth Working Group. The purpose was to establish the estimated costs and benefits to governments of the alternate pathways of this age cohort of young people on leaving the formal child protection care orders across Australia. A Steering Committee provided oversight of the project throughout the duration of the study.

Purpose of the study

The key purpose of the study is to inform Ministers (and governments) about the current alternate pathways of young people after they leave formal care, and the comparative cost of these pathways to governments.

The intention of identifying the alternative pathways and their costs is to establish the extent of potential cost savings if a proportion of young people were successfully diverted, through better support at the point of transition, to lower usage service pathways and to pathways, which are economically and socially more productive. The study may encourage governments to give consideration to identifying which services are capable of diverting young people from their otherwise predicted high cost pathway.

Parameters of the study

The Steering Committee identified the government provided and government funded service systems to be included in the study as: alcohol and other drugs; employment support; family support; income support; health; housing support; justice; and mental health services. The study was not an effectiveness study nor did it seek to establish the merit or otherwise of any intervention or service system response.

The study identified five 'typical' alternative pathways that young people might follow after leaving care, reflecting different levels of avoidable (or preventable) use of government services, from low usage to very high usage levels. Analysis of research, and interviews with key informants in all jurisdictions enabled the study team to derive estimates of the usage of each of the eight service systems by this cohort; models and scenarios were developed to estimate costs to government of the cohort as a whole and of the typical individual pathways.

The findings

The costs to governments

The total (gross) estimated cost to government for the cohort of 1150 people who have left the formal child protection care system, across their life course from ages 16 to 60, is just over \$2 billion. This is equivalent to a cost of approximately \$46 million for 1150 persons per annum, and an average cost of \$40,000 per person per annum. Typical pathway costs ranged from \$800 to \$100,000 per person per annum. (Chapter 5 of the Technical Report provides full details of costings.)

The net cost to government (i.e. the difference between the gross costs of this cohort and the estimated costs of a cohort in the general community) is estimated at approximately \$43 million per annum or almost \$1.9 billion over a 44-year life cycle. This is based on the estimated annual cost of government services to 1150 persons in the general community as approximately \$3.3 million.

Individuals who have left the formal care system are also likely to earn less. The total tax foregone for this cohort of 1150 people is estimated at \$2.0 million per annum for the 16-24 age group and approximately \$5.4 million per annum for the 25-60 age group.

Highest estimated costs in the 16 to 24 age group are in family support services (particularly child protection) with a total of approximately \$190 million over nine years. There are also high estimated costs in income support (\$76 million) and housing support (\$67 million). In the 25 to 60 age group, mental health is estimated as the highest cost service system (\$350 million for 1150 persons over 35 years). Estimated costs of income support are also high at almost \$300 million and housing at \$210 million.

Based on individuals' typical patterns of service usage and costs, three broad categories were identified.

Low cost service usage: Usage by this individual is estimated to cost governments, on average approximately \$124,000 over the life course from age 16 up to 60, with an overall average cost per annum of \$2,800.

Moderate cost service usage: Usage by this individual costs governments, on average an estimated \$1million over the life course from age 16 up to 60, with an overall average estimated cost per annum of \$23,000.

High cost service usage: Usage by this individual costs governments, on average approximately \$2.2m over the life course from age 16 up to 60, with an overall estimated average cost per annum of \$50,000.

The alternative pathways

Using a comprehensive qualitative mixed methods approach the study modelled five 'typical' pathways involving levels of service usage of the eight service systems identified above. The methodology took account of gender differences and other factors which influence service usage, and of the possibility that pathways might vary over time dependent on events or interventions which could change a pathway for individuals.

Examination of the key elements of alternative pathways of these young people revealed:

- **Level 1** service usage across every service system was likely to be similar to the wider population in that service usage was low in every service system, except in employment support services which was likely to be slightly higher than the general population.
- **Level 2** service usage was marginally higher with a slight increase in the use of services above that of the wider population, especially in supported accommodation, some family support services, some general health and mental health services, income support, and employment support services.
- **Level 3** service usage saw an increase in the use of community based mental health and drug and alcohol services, increased income support, higher use of supported accommodation, increased health costs, increased use of juvenile and adult justice services, and higher usage of more intensive employment support services.
- **Level 4** service usage saw a significant increase in the severity of the issues and a corresponding increase in service usage with high usage of hospital based, GP, mental health, drug and alcohol, justice, family support, and income support services.

- **Level 5** service usage represents very high and more complex usage of service systems: with either frequent combined use of hospital, mental health crisis services, drug detoxification and income support, and/or frequent or high intensity periods of incarceration and/or long term income support.

Two age groups: Across the age groups of 16 to 24 years and 25 to 60 years of age there was significantly different service system usage for three of the service systems: general health, mental health and employment support, The other five service systems showed reasonably consistent percentages on each pathway throughout the life cycle from 16 to 60 years.

Percentage of low and high usage

The study estimated that around 45% of this age cohort use very low or low cost services across the life course and make a significant contribution to the economy and the community. Conversely, around 55% are in pathways which are higher cost across their life course, such as income support, with these costs increasing over time as an individual's health or life circumstances lead into high or very high cost health, justice and mental health services. Some of the children of the people in this cohort are also likely to be in high cost service usage pathways, such as the child protection service system.

The main cost drivers

The main cost drivers on an annual basis are the quantity of services used, the cost of the services, and the proportion of people who use the services. Over the lifecycle, the length of time spent using a service system is also significant. The report models several scenarios aimed at cost reduction for this cohort. The most conservative scenario showed that if 10% of people on each pathway in each service system were supported to move to the next lower level, eg 10% of people in pathway level 5 moved to pathway level 4 and so on, this provided gross savings estimated at \$128 million for the cohort over 44 years, with the highest savings likely to be in mental health, family support and income support services.

Policy and research implications

The findings of this study indicate that there would be significant economic, and social, benefits if more young people leaving care were better supported in ways which reduced the likelihood of their progression into prolonged use of high cost services. It suggests that any policies directed at reducing the overall costs to government need to be two-pronged:

1. reducing the numbers of people on the most expensive pathways
2. reducing the length of time they spend on these pathways.

This raises the importance of transition services for young people and the role such services might play in supporting people into productive and supportive environments, before their life challenges are profoundly complex and entrenched.

The findings of this study suggest a need to address the following priorities:

- Research on the models, effectiveness and costs of transition from care services in Australia and examination of international studies on transitioning out of care services
- Review of the level of investment in transition from care services by governments in the light of possible longer-term cost savings
- Immediate action in each jurisdiction to build onto existing data matching projects to assist in tracking young people who leave the formal child protection system and enter adult service systems – this may also contribute to more effective interventions and support within the adult service systems

- Improving the evidence and research base on the pathways followed by young people leaving care and of effective interventions, which reduce the economic and social costs to governments and the community and, ultimately, to the young people concerned.

The Summary Report provides more detailed analysis of the findings and the methodology. A Technical Report provides a detailed account of the methodology, of the research and evidence base, and the findings. Both reports provide case studies which tell the personal stories behind this study.

Summary Report

Summary Report

The Issue

Around 1150 young people leave the formal child protection care system each year in Australia between the ages of 15 and 17 years of age (from the 16th to 18th birthday). This figure is based on data provided to and analysed by the Australian Institute of Health and Welfare (AIHW) over the three financial years from 2001/2 to 2003/4. The experience of the transition to adulthood of young people who have been on a formal child protection care order⁶ is now a significant public policy issue across the western world. The issue is significant because there has been strong international anecdotal evidence that this population of young people often experience difficult transitions and may have long term challenges in their lives. Some of these young people require high levels of professional support in the transition; others manage with the support of friends, foster families, extended families and sometimes non-government and/or government services. Many of these young people, on the other hand, go on to live productive lives similar to the general population. This study concerns the avoidable costs to governments of the pathways followed by these young people, post care.

When this study commenced in early 2004 the main study in existence in Australia was the NSW Department of Community Services (DoCS) funded longitudinal research project being undertaken by the Social Policy Research Centre (SPRC)⁷. Since early 2004 there has been a significant increase in small scale studies in Australia, and internationally, of young people leaving care as they transition to adulthood. There is also considerable attention in Australia to establishing data matching projects which track young people out of the juvenile justice system into the adult justice system. Other data matching projects track common clients, using unique identifiers or alpha codes, across the higher cost service systems such as health, mental health and drug and alcohol services. These data matching projects have the potential to provide excellent data in the future. However most of these projects are at very early stages of development and it was too early for this study to access data from them.

The study has used extensive new, qualitative research to supplement the existing research in order to estimate the cost of five typical pathways for young people leaving care. The pathways reflect different levels of use of avoidable government services. Chapter 5 of Volume 2: Technical Report sets out the detailed steps taken to develop estimates of the total costs to government using as an example a cohort of 1150 people who have left the formal child protection care system, across the life course from 16 to 60 years of age. These detailed steps are summarised here.

This study has found that the estimated cost to government of this cohort over the life course from age 16 to 60, is just over \$2 billion (see Table 5.11 in the Technical Report). This is equivalent, per annum, to an estimated cost of approximately \$46 million for a cohort of 1150 persons, and to an average estimated cost of approximately \$40,000 per person per annum. Typical individual pathway costs ranged from \$800 to \$100,000 per person per annum depending on the pathway followed across the life course.

6 A Care and protection order (formal care order, formal child protection care order, formal order within the child protection legislative framework) is a legal or administrative order which involves the state or territory community services department with the protection of a child over and above what is generally considered normal for most children. The orders can take the form of guardianship or custody orders, supervisory orders, interim and temporary orders. (AIHW: Child Protection Australia 2003-4).

7 Cashmore, J. & Paxman, M. (1996), Longitudinal Study of Wards Leaving Care, Social Policy Research Centre, University of New South Wales, commissioned by the NSW Department of Community Services

The Study

The decision to undertake the study

This national research study was commissioned by the Youth Working Group of the Community Services Ministerial Advisory Council (CSMAC) to establish the costs and benefits to governments of the alternate pathways of young people leaving formal child protection care orders across Australia. In considering this issue the CSMAC Youth Working Group identified that the concept of 'pathways' has been found valuable to describe and give form to a number of studies of people's experience, over time, and to undertake economic costing studies.

Most jurisdictions in Australia have recently implemented some form of 'transition from care' services. This recent trend recognises the importance of giving some ongoing support to young people to assist them to make the transition to adulthood after leaving care. The role of transition from care services was a strong driver in the decision to undertake this research which could assist governments to better understand the economic costs of the pathways followed by people, post care, across the life course.

The stages of the study

The study was funded in two stages with the first stage funded in 2003 by CSMAC and the second stage, commencing in mid 2004, by the Supported Accommodation Assistance Program (SAAP) Coordination and Development Committee (CAD) at the request of CSMAC. The study was overseen by a Steering Committee, chaired by the Department of Family and Community Services (FaCS)⁸ with members from all state and territory government child protection or community services departments.

The first stage of the study built a model for:

- articulating and examining five 'typical' alternative pathways followed by people who have left the formal child protection care system
- estimating the economic costs and benefits to government of those typical pathways, across the life course.

The second stage refined and applied the model to develop and estimate the cost of these pathways by undertaking research across every jurisdiction in Australia. One jurisdiction withdrew from the study mid-way through Stage Two. This research included the involvement of a wide range of adult services relevant to the experiences over the life course of those who have left the formal child protection care system. There are many adults using adult services who, when younger, were in the formal child protection care system.

This study is was neither a cost/benefit nor an effectiveness study of the formal child protection care system; it was a study to estimate the costs to governments of estimated actual service usage. It did not attempt to analyse service need, or to examine the reasons behind any of the service trends, as this was outside the scope of the project.

The study was able to:

- access a small amount of very useful administrative data from two justice information data matching projects
- access the emerging body of published research and evidence of transition from care experiences

⁸ Now the Department of Family and Community Services and Indigenous Affairs (FaCSIA)

- draw on the practice wisdom and knowledge of over 120 key informants drawn from the various service systems in which services are provided and/or funded by governments, and other key informants such as policy makers and foster carers.

The personal stories

Behind the data collected for this research are the individual stories and experiences of young people who have left the formal care system and become adults, who live and work, or survive, in communities across Australia. The study included collecting case studies of the typical pathways of young people. The following case studies give examples of the personal stories behind the research⁹.

Paul, now 33, was in the formal child protection care system between the ages of 11 and 17 years, and keeps in touch with a caseworker who worked with him for five years until he left care at 18. Paul rings his previous caseworker two to three times a year as he has been one of the most consistent people in Paul's life since his early teenage years. Paul lives in a small coastal town, is a self-employed contractor, has a partner and a five year-old child, is doing well and has never been on income support. He is very active and plays sport regularly and generally enjoys a full and active life. He travelled extensively for six years after leaving care and worked his way around Australia. He rarely uses services, keeps in touch with his foster parents and birth parents and has no observable mental health or drug and alcohol issues. His previous worker says Paul is determined to provide his child with a better start than he had himself. Paul's worker predicts that Paul will follow this pathway for the rest of his life barring any unforeseen events of the kind which might occur to anyone living in Australia today.

Paul's story is typical of an estimated 45% of young people who leave the child protection care system in Australia, having been on a formal care order, and who require minimal or no support services beyond those provided and required by the general population.

Paul's story is in contrast to the stories of Amy and Sarah.

Sarah, an Indigenous young woman who is now 27, came into formal care at around age 8 and was placed with a non-Indigenous family where she stayed until age 18. Sarah left school with good results and was considered highly employable and talented. However she had drifted into minor crime and into an itinerant lifestyle and frequently spending time on remand in gaols across several states. She renewed contact with her Indigenous family at around 20 years of age and became very angry about her life and with her adopted family. Her extended Indigenous family became very supportive but she continued to offend. She had two children who came to the regular attention of the care and protection system but were never removed. Sarah was placed on an extended bond with a supervision order through adult community corrections at age 23. A teacher who had been her mentor at school made contact with her through a 'fluke' contact and Sarah began to talk about returning to education. Sarah began to address issues in her life with the support of her corrections officer. She returned to education, completed her justice orders, engaged with services and in the words of her adult corrections worker, 'blossomed'. Sarah still has some minor mental health issues, but is doing well with her children and is likely to complete her tertiary training and do well eventually. After almost six years of relatively high

⁹ The names and some details have been changed to protect the privacy of the people behind the stories. However we have tried to maintain the key trends and issues for authenticity.

service usage Sarah is now settled and her use of services is primarily of housing support, with some income support, and occasional health and voluntary family support.

Amy, who is now 23, was placed on a care order and in a long-term foster care placement at around 4 years of age, she became physically violent as an adolescent, covering up her inability to learn. She had a series of constant crises and disappeared when she was 16. She reappeared a few months later, pregnant, and in a violent relationship with her boyfriend. Police were often involved because of the abuse, and there was high drug use and drug selling by Amy. Her child was removed at birth and was placed in foster care on an order, but is now with the birth father and his parents, and is no longer in care. Violence increased between Amy and her new partner, they then separated. She loses her public housing regularly because of violence or rental arrears, and as a result is a frequent user of SAAP services. She also lives on the street from time to time and has been reliant on income support constantly since age 16. Amy gets involved with violent men, sells drugs, and will not use services unless ordered to – this seems unlikely to change. She has started being charged with minor offences and has received bonds to date; the seriousness of her crimes is increasing. Amy appears likely to have further children who may also be removed. Amy's child is likely to re-enter the care system as her current arrangements are fragile and the child's father's family has a long history of crime and abuse. Either suicide or accidental drug death is a possible outcome for Amy, or constant gaol for drug related crimes. Amy is unlikely to ever gain employment.

Sarah's and Amy's stories are typical of an estimated 55% of young people who leave the child protection system except that Amy's risk of suicide may be higher than most of the population group. This group are likely to be high or very high users of services for some years; some, like Sarah, using services for 5 to 10 years post leaving care, and others, like Amy, for many years and often into old age.

The large number of stories collected as part of this study provide considerable insight into both the pathways people follow, and the likely costs to governments of those pathways. The Technical Report contains further case studies to demonstrate the complexity and the patterns of service usage.

The research design explicitly recognised the limitations and assumptions in the methodology; these are outlined in Chapter 5 in the Technical Report; some are discussed in the next sections of this Summary Report. The Steering Committee was of the clear view that the study would provide valid information to inform future policy and research.

The purpose of the study

The key purpose of the study is to inform Ministers and governments about:

- the current alternate pathways young people who have left formal care are believed to follow
- the comparative costs to governments of these pathways, particularly over time.

The findings contribute to the analysis of potential cost savings to governments (and ultimately to community members as tax payers) if a proportion of young people were successfully diverted, through better support, to lower usage service pathways and to pathways which are economically productive. The individual and social benefits would

likewise be very considerable especially for the young people concerned, but these are not measured by this study. Following this project consideration may be given to identifying which services are best able to divert young people from their otherwise high cost pathway.

The study provides a foundation for further research and an important source of advice for data matching projects currently being implemented in many jurisdictions. It will assist in the design and review of new and existing data collections such as SAAP, and other minimum data sets in the relevant service systems.

The key informants also believe that this study can assist each service system examined in this study (and others) to consider how the history and experience of being in the formal child protection care system, as a child and/or young person, might be addressed in service design within adult service systems. This could inform service practices which would assist in supporting people in ways which reduce the use of high cost services across the life course.

The scope of the study

The population sample was those people who have been subject to a formal order within the child protection legislative frameworks across all jurisdictions, post care and who leave care between the ages of 15 and 17 years (all having left care by the time of their 18th birthday). The study did not focus on young people in other forms of care such as disability residential and/or youth justice facilities unless these young people have been subject to a formal child protection care order.

The focus was on the period after leaving formal care. The study did not attempt to consider the effectiveness, in any way, of any of the services identified in the range of services accessed by people post care and over their life course. This was explicitly outside the scope of the research.

The study focused on identifying and making economic judgements about what are considered, in economic and public policy, to be **avoidable** (or preventable) costs. Education costs are an example of costs that were excluded as these are incurred by the general population and are not considered avoidable.

Examples of economic costs of the alternate pathways, agreed with the Steering Committee, include the following government provided and government funded services:

- the justice system including both juvenile justice and adult corrections
- all forms of income support available up to 60 years of age (except Austudy)
- health services such as general practitioner (GP) usage, hospitals, accident and emergency services (A&E), and Pharmaceutical Benefit Scheme (PBS) usage
- housing support services such as accommodation support services, supported housing and Rent Assistance¹⁰
- drug and alcohol services
- mental health services
- family support services including child protection, counselling services and other forms of family support
- employment support services.

¹⁰ Rent Assistance was included in housing support to differentiate the service system usage from other forms of income support.

Service funded and provided in both the government and the non-government sectors are included in each system.

In this study the economic benefits for the alternate pathways include the following

- taxes paid
- other benefits to Australian and state and territory governments arising from participation in productive employment.

Parameters of the study

The parameters agreed with the Steering Committee were that:

- the research was restricted to establishing and quantifying the economic costs and benefits to the Australian and state and territory governments
- the research did not include services funded by other resourcing methods such as philanthropic trusts, or privately funded services such as those available through private health insurance, or by fee for service
- social costs and benefits, including those that do not apply to governments, were not the focus of this research. It was agreed that these could be noted but would not be included in the analysis of costs and benefits
- the study did not examine pathways beyond 60 years of age as this would be complicated by issues related to eligibility for aged care services and other forms of income support such as aged pensions
- the study team was specifically instructed not to develop policy or other recommendations related to resources or service models, but was asked to comment on future research implications.

Methodology

In Stage One the study established a framework for building an understanding of the pathways, using a matrix which profiled five typical alternative pathways which young people might follow after leaving care. In Stage One the study team tested the proposed methodology with extensive input from child protection practitioners in all jurisdictions. In Stage Two the matrix was refined with key informants from other service systems, foster carers, and practitioners in all jurisdictions. Early in Stage Two a very comprehensive analysis of the available research on this topic was undertaken and this was updated at the end of the fieldwork in Stage Two.

During Stage Two the study team drew out the detailed information from practitioners about usage for each of the eight service systems examined using the concepts of **frequency** and **intensity** to determine the service usage level in each of the pathways. The term 'frequency' refers to how often services were used; 'intensity' refers to differing levels of specialised service accessed, for example more intensive service, or longer service use. This approach was then further tested against the research evidence and information provided by each relevant service system.

The resulting final matrix explained the different levels of service system usage in the pathways using the concepts of 'frequency' and 'intensity'. This final matrix, used to both test the pathways with key informants, and then to develop the costings framework, can be found at **Attachment 1**. The matrix was utilised in interviews and focus groups with key informants (including from policy, research and management positions and units) selected from:

- six child protection systems
- one youth and two adult justice systems

- two drug and alcohol service systems
- two mental health service systems
- three foster care agencies
- ten non-government organisations
- three housing support services
- Indigenous workers
- The CREATE Foundation.

Key informants were asked to draw on their practice knowledge and wisdom to:

- provide detailed case studies of people they were aware of who had either left or, in the case of young people, were about to leave the formal child protection care system
- estimate, based on their years of experience, what proportions of young people might follow each pathway across two time periods – 16 to 24 and 25 to 60 years of age.

Simultaneously the research team undertook an extensive search for data on the costs of government provided and/or funded services, and developed a detailed spreadsheet working with the concepts of frequency and intensity of service usage across the pathways. Using this detailed spreadsheet they modelled the costs of the typical pathways and calculated the estimated costs in two timeframes - 16 to 24 years and 25 to 60 years. This step was informed by data collected from the key informant interviews, the case studies and the research evidence.

The study focused on addressing **avoidable** service usage costs to governments. It is also a study of predicted **actual service usage** and not of service need. This was stressed throughout the research phase and has a significant implication for costing in some pathways. For example a reasonable proportion of young people leaving care were believed to have significant mental health issues in their lives in the early years post care, but actual usage of mental health services was estimated as very low in these years due to very limited mental health services available for this population and age group. Other factors influencing usage included resistance by many young people to engaging with some services post care, and poor access due to there being few services in many locations and some systems.

A more detailed understanding of the methodology can be gained in **Appendices 1 - 6** of Volume 2: Technical Report and is further apparent in the next sections in this Summary Report on *The alternative pathways* and *How the service system usage is distributed*.

The findings

The alternative pathways

The study revealed a consistent pattern in the detailed descriptions provided by key informants of the alternate pathways. The study reached data saturation point relatively early in the fieldwork stage with respect to agreement on what the alternative pathways looked like. Detailed evidence of service usage in each service system, in each level, is provided in the Technical Report and a summary table is provided in Table 1 in this Summary Report.

It was widely acknowledged by key informants that individual pathways are rarely linear and that they are likely to fluctuate across and up and down levels and systems. For example it would be unusual for a person to use every service in any pathway at the same level of usage. Some people might be in a high-level usage mental health, income support and

housing support pathway, but have a low usage level in employment support services. Another person might have high level usage in the justice system but low level usage in income support, mental health and drug and alcohol services whilst in gaol. The usage levels might reverse when leaving gaol, at which point income support, drug and alcohol and mental health service usage might increase. Another person might demonstrate high level family service support usage but low level usage in mental health and housing support. However, many key informants (especially experienced practitioners) argued that in their experience, patterns established in the early years post care were often a good predictor of broad pathways over time.

The concept of levels of usage is illustrated in the case studies in the Technical Report.

A summary of the key elements of the alternative pathways revealed that:

- **Level 1 service usage** across every service system was likely to be similar to the wider population in that service usage was low in every service system. The exception to this was employment support services where relatively low usage was still considered higher for this population group than the general public at this level.
- **Level 2 service usage** was marginally higher with a slight increase in the use of services compared with the wider population, especially in supported accommodation, some family support services, some general health and mental health services, income support and employment support services.
- **Level 3 service usage** saw an increase in the use of community based mental health and drug and alcohol services, increased income support, higher use of supported accommodation, increased health costs, minor use of juvenile and adult justice services, and higher usage of more intensive employment support services. This is the pathway where key informants reported that usage was most likely to increase or decrease depending on whether there was a positive intervention or a significant event such as gaining employment, or achievement in education, or, alternatively, new loss or trauma including for example incarceration.
- **Level 4 service usage** saw a significant increase in the severity of the issues people were dealing with and a corresponding increase in service usage in service systems. This level of usage involves high usage of hospital based services such as accident and emergency, very high use of GP services, increased use of high cost government provided mental health and drug and alcohol services, significant use of family support services (especially child protection), regular and long term income support, and early use of employment support services with this usage dropping as other issues manifest in major health issues preventing employment. Service usage becomes more complex in this level as periods of high usage in one system, such as justice, might mean very low usage in others such as income support and other higher cost services such as hospitals and mental health.
- **Level 5 service usage** represents very high usage of service systems although in this pathway the usage levels become even more complex. This level saw either frequent combined use of hospital services, mental health crisis services, drug detoxification and income support, and/or frequent or high intensity periods of incarceration and/or long term income support.

The level of usage also included some significant service usage outliers such as catastrophic events leading to extreme costs, for example substance abuse leading to severe brain injury, organ failure, or extreme levels of complexity requiring intensive support packages (often in excess of \$500,000 pa) for a very small number of people. These were removed in the calculations of average costs to avoid skewing the costs.

A consistent pattern emerged regarding both the description of the broad pathways and estimates of the proportions of young people likely to use services in pathways for the first 5 to 10 years post care.

Establishing robust estimates over the life course was generally more difficult for key informants although many were able to make estimates based on their experiences across service systems or their very long experience in one service system. This step was therefore supplemented by:

- an examination of a random sample of Transition to Independent Living Allowance (TILA) data provided for over 1200 young people since TILA was implemented, and a random detailed case audit of 81 TILA files; a sample of these case audits is provided in the Technical Report
- examination of other key studies including the NSW longitudinal study by the SPRC¹¹, a recent Victorian study of the investment of resources in transition services, and other Australian and UK research discussed in the Technical Report
- extensive key informant interviews with practitioners in adult service systems drawing on their knowledge and practice wisdom from their long professional experience.

The estimates were subsequently cross checked further with professionals in some service systems where estimated usage appeared to the study team to be too high. The final cost estimates calculated were based on levels and duration of service usage derived by averaging across the life course.

How the service system usage is distributed

Drawing on the key informant data, and the available evidence and research, the study estimated the service usage across the five levels. Tables 1 and 2 in this report, summarise the estimated distribution of a cohort of 1150 people in each service system level in two age cohorts, 16 to 24 and 25 to 60 years of age, by percentages and by numbers respectively. These tables demonstrate the complexity of service system usage and how this varies across age groups and across the life course. As shown in the tables below, for three of the service systems, (general health, mental health and employment support), the percentages (and numbers) in each pathway are different for the 16 to 24 age group, compared to the 25 to 60 age group. These age differences in the patterns of service usage for the three service systems are explained and discussed in Chapter 5 of Volume 2: Technical Report. The other five service systems have reasonably consistent percentages (and numbers) on each pathway throughout the life course from 16 to 60 years of age.

Remembering that pathways 1 and 2 represent relatively low levels of service usage, these tables demonstrate for example that:

- around 28% of young people, post care, aged between 16 to 24, rarely use the justice system
- around 80% of young people aged between 16 and 24 years rarely use mental health services
- around 45% of young people aged between 16 and 24 years rarely use employment support services.

On the other hand

¹¹ i.e. the Cashmore and Paxman study mentioned on page 1

- around 45% of young people, post care, aged between 16 and 24 years, are very high users of health services, income support and employment support services and this may continue across the life course
- only around 5% of young people, post care, have very high usage levels (i.e. Level 5) in mental health and the justice system between the ages of 16 and 24 years. This may be in either or both service systems and some may continue this usage across the life course.

Importantly the research also suggests that some of the children of the young people of this cohort are also likely to be in high cost service usage pathways, and third and fourth generations from the same families are reportedly becoming apparent in the child protection service systems.

Table 1: Estimated PERCENTAGE of people in each service system by age group

Levels of service system usage	Drug and alcohol	Justice system	Family services	Income support	Housing support	Health (General)		Mental Health		Employment support	
	16-60	16-60	16-60	16-60	16-60	16-24	25-60	16-24	25-60	16-24	25-60
	%	%	%	%	%	%	%	%	%	%	%
One	25	28	26	15	15	18	15	32	25	25	30
Two	22	28	24	15	30	20	22	38	10	20	22
Three	21	30	15	25	30	20	13	15	25	25	25
Four	17	9	15	25	15	22	25	10	25	15	18
Five	15	5	20	20	10	20	25	5	15	15	5
Totals	100	100	100	100	100	100	100	100	100	100	100

Table 2: Estimated NUMBER of people in each service system by age group and by pathway

Pathway	Drug and alcohol	Justice system	Family services	Income support	Housing support	Health (General)		Mental Health		Employment support	
	16-60	16-60	16-60	16-60	16-60	16-24	25-60	16-24	25-60	16-24	25-60
One	288	322	299	173	173	207	173	368	288	288	345
Two	253	322	276	173	345	230	253	437	115	230	253
Three	242	345	173	288	345	230	150	173	288	288	288
Four	196	104	173	288	173	253	288	115	288	173	207
Five	173	58	230	230	115	230	288	58	173	173	58
Totals	1150	1150	1150	1150	1150	1150	1150	1150	1150	1150	1150

In summary this research suggests that the pathways of a cohort of people who, in one year, have left the formal care system between the ages of 16 to 18 years of age vary, with around 45% of people using very low or low cost services across the life course and making a significant contribution to the economy and the community. Conversely around 55% of

people are in pathways which incur higher costs across their life course, with these costs increasing over time as their health or circumstances lead into high or very high cost health, justice and/or mental health services, with high levels of income support sustained across the life course for some.

Describing the costs across the individual pathways

In this section we provide three examples for hypothetical individuals based on typical patterns of service usage and costs to demonstrate the complexity of the service usage across the pathway levels. These scenarios also suggest how early patterns can be a reasonable predictor of pathways and future levels of service usage.

Low cost service usage: e.g. a person with low-level support needs over the life course

An individual on this pathway might have some difficulty establishing themselves immediately after leaving formal care. They are likely to change housing arrangements for a number of reasons – financial, social and in search of employment options. In the early years, involvement in petty offences might be common with a police diversion program or two, occasional fines or bonds. The legacy of this background is not easy to overcome but on the whole an individual in this scenario manages life with some ongoing low level support throughout the life cycle – e.g. occasional periods of unemployment with income support and employment support to re-establish employment, financial counselling, periods of housing assistance, family support, community group support for alcohol, and ongoing health usage at slightly above average. This person may have children and use low level family support services. Higher costs are around increased levels of income support, housing support and community based services with some low level justice costs. Some individuals on this pathway may reduce their service usage over time to almost no usage and a small number might move into higher level usage in some service systems.

Summary: This individual is estimated to cost governments, on average approximately \$124,000 over the life course from age 16 up to 60, with an overall estimated average cost per annum of \$2,800. The majority of costs might be incurred in the first 5 to 10 years post leaving care and then reduce slowly per annum over the life course, but costs are calculated across the life course.

Moderate cost service usage: e.g. a female with children who has mental health issues

The example illustrated in this scenario involves higher support service usage with unsettled periods in the early years after leaving formal care. These have implications across the life course. Involvement in the justice system is common with fines, diversion programs and several short periods of community corrections over several years. Mental health issues and/or alcohol abuse are frequently interconnected and use of community based mental health and drug and alcohol programs become a feature in this pathway. Housing arrangements are unstable, often due to financial difficulties and/or tensions in shared accommodation with usage periods in refuges, supported accommodation services and private rental with rent assistance, often over several years between the ages of 18 to 30. Young women in this scenario are likely to have become parents early. In this unstable, troubled environment, regular family counselling and parent support might be provided to try to improve parenting skills. There may be short periods of out-of home care for the children across the years, linked to episodes of mental illness and/or drug and alcohol issues. Because of the instability of the early years, there is likely to be higher than average usage of

general health services, supported housing, ongoing support from community mental health services and/or drug and alcohol services, throughout the life course. Employment support is likely to be provided when the children are no longer dependent. In many cases income support is required throughout most of the life course, firstly through parenting payments and later through other forms of income support.

Alternative scenarios at this level of usage might have lower usage of family services, but high usage of drug and alcohol issues, i.e. counselling and periods of detoxification care, and minor crime, resulting in court appearances, periods on remand and several diversion programs.

Summary: This individual is estimated to cost governments, on average approximately \$1.0m over the life course from age 16 up to 60, with an overall estimated average cost per annum of \$23,000.

High cost service usage: A male with drug and alcohol, and justice issues

The life path of a male in this scenario is likely to be dominated by drug and alcohol use from the teenage years on. In their youth (16 to 24 years) they access intensive drug and alcohol counselling and several periods of detox care later in this time span. During this period, they might receive support through a TILA grant, are likely to be constantly on income support, and may access some intensive employment support packages. In many cases, this may not result in any substantive employment opportunities. At the same time this male is very likely to become involved in the justice system, first through petty offences which escalate to more serious crimes with frequent court appearances, periods on remand, and periods in prison totalling around 7 years through the life cycle. For the periods not in prison, service usage includes income support; frequent use of crisis accommodation and long term, supported accommodation. Drug and alcohol abuse may well remain a problem leading to daily methadone maintenance. General health costs are much higher than for the average person with frequent Accident and Emergency attendances and treatments.

In this particular scenario, there might be no calls on mental health or family services. For other individuals using similar high levels of service, there could be high usage of mental health services including regular crisis services, intermittent periods of psychiatric hospitalisation and/or periods in community mental health facilities, and/or high levels of family support/counselling with periods of out-of-home foster care for children involved.

Summary: An individual on this pathway is estimated to cost governments, on average approximately \$2.2m over the life course from age 16 up to 60, with an overall estimated average cost per annum of \$50,000.

For a very small number of people, the service usage may be considered extreme as a result of a catastrophic event such as injury or damage from a suicide attempt, drug overdose, or petrol sniffing for example. For others in this category, abuse in early childhood may have been so severe that no intervention has been able to redress the impact. The costs of maintaining and supporting them in the community require very significant resources. Some of these people are now in what are commonly known as 'high and complex' needs projects across Australia. The costs for this tiny, minority population can range from around \$250,000 per annum to around \$750,000 per annum.

Estimating the costs to governments

The detailed steps taken to develop estimates of the total costs to government of a cohort of 1150 people from ages 16 to 60 are set out in Chapter 5 of Volume 2: Technical Report.

Tables 3 and 4 below provide a summary of the estimated annual costs, per person, for each service system pathway. In order to avoid skewing the average cost of a pathway, these tables exclude 'outlier' costs of services (such as high and complex needs programs) where the costs are extremely high and the total number of people using the services is very small.

Table 3: Average Estimated Annual Cost per Person (\$) Ages 16-24 (Rounded)

Pathway	Housing Support	General Health	Mental Health	Drug & Alcohol	Justice	Family Services	Income Support	Employment Support
One	-	320	-	-	250	800	-	300
Two	1,700	990	350	400	1,500	990	3,250	900
Three	8,700	1,800	1,600	2,400	7,500	4,000	6,900	1,300
Four	11,350	4,000	7,000	6,500	31,600	3,800	9,400	3,360
Five	16,000	9,800	67,000	17,000	83,000	57,000	14,000	4,500

Table 4: Average Annual Cost per Person (\$) Ages 25-60 (2003-04 prices – Rounded)

Pathway Level	Housing Support	General Health	Mental Health	Drug & Alcohol	Justice	Family Services	Income Support	Employment Support
One	0	320	0	0	250	800	0	300
Two	2,000	990	350	350	1,600	990	3,250	900
Three	3,200	1,800	1,600	2,200	7,050	4,000	6,900	1,500
Four	13,400	4,000	6,900	5,750	31,000	38,400	9,400	3,000
Five	16,000	9,850	66,900	18,400	77,000	57,000	14,000	4,500

The estimated average cost per person per annum, for each service system, increases markedly from pathway level 1 to pathway level 5: the estimated cost increases are the greatest between pathway levels 3 and 4, and 4 and 5. The highest average annual costs per person are in pathway level 5 of the justice system (in the order of \$80,000), mental health (about \$70,000), and family services (about \$60,000), with the lowest in employment support (\$4,500)¹².

The estimated gross cost to government, over the life course, of this cohort from age 16 to 60 is just over \$2 billion (see Table 5.11 in the Technical Report). This is equivalent to a cost of approximately \$46 million per 1150 persons per annum and to an average cost of approximately \$40,000 per person per annum.

¹² Tables 3 and 4 do not allow an estimated total cost, horizontally, for each general pathway level. This is because few individuals use the same level of service in every service system. Most individuals leaving formal care may be in one pathway level for one service and in another pathway level for some other service. The methodology took account of this variation.

In the 16 to 24 age group, the estimated costs are highest in family services. These total an estimate of approximately \$190 million for the cohort of 1150 persons over nine years. This is mainly because many young women who have been in the child protection system often have children at a young age, and often before they exit care, and they tend to have larger than average families. These costs are incurred mainly in the child protection system. There are also high costs in income support (\$76 million over nine years) and housing support (\$67 million over nine years) for this age group.

In the 25 to 60 age group, mental health is estimated as the highest cost service system; \$350 million for 1150 persons over 35 years. This reflects the high unit cost of community residential facilities in pathway levels four and five, usage over a long period of time (25 out of 35 years on average), and the high proportion of the cohort using mental health services in this age group compared to the younger age group. Income support costs are also high at almost \$300 million over 35 years because many of this group experience long-term and chronic unemployment. At \$210 million, housing support is also a high cost service system, reflecting mainly the long-term use of public housing and high use of SAAP services.

The net cost to governments

The estimated annual cost of government services to 1150 persons in the *general community* is approximately \$3.3 million. This equates to an estimated \$3,000 per person per annum. In this study the net cost to government is derived by taking the difference between the costs of people in the general community and the cost of those who have left the formal child protection care system. Based on this calculation the average net cost to government of a person who has left the formal child protection care system is approximately \$37,000 per annum, and the net cost of a cohort of 1150 people is approximately \$43 million per annum, or \$2 billion over a 44 year life cycle.

Loss of income tax and GST revenue

Individuals who have left the formal child protection care system are likely to earn less than other individuals. This has an indirect cost to government in loss of income tax and GST revenue. It is estimated that the total tax foregone for a cohort of 1150 people who were in the care and protection system is approximately \$2 million per annum for the 16 to 24 age group and in excess of \$5 million per annum for the 25 to 60 age group. Although there is no precise relationship between pathways followed by individuals and income earned, it is estimated that the tax foregone ranges from \$0 to \$4,000, per annum, for the 16 to 24 age group depending on the pathway level and from \$0 to \$8,000 for the 25 to 60 age group also depending on the pathway level (See Tables 5.16 and 5.17 in Chapter 5 of the Technical Report).

The cost drivers

The main cost drivers on an annual basis are the quantity of services used, the cost of the services, and the proportion of people who use the services. Tables 5.3 and 5.4 in the Technical Report demonstrate that the average annual cost per person of pathway level 5 in the justice system (about \$80,000) is considerably higher than for pathway level 5 in family services (\$57,000). This reflects the fact that a year in prison is more expensive than a year of out-of-home care and child protection services. By contrast, Tables 5.9 and 5.10 show that the total annual cost for the cohort is considerably higher for family services (\$21million) than for persons in the justice system (\$11million). This difference occurs because significantly more people in the cohort use child protection services for their children than use prison services.

Over the lifecycle from 16 to 60, the length of time spent using a service system is also an important cost-driver. Table 5.11 in the Technical Report shows that, for example, while the per annum costs for the justice system are high, the lifecycle costs are relatively lower than

for other services (eg income support) because people spend fewer total years in the justice system compared to the number of years using income support.

Possible cost savings

Three scenarios have been modeled to show the impact of assisting a relatively small proportion of people using services on the highest cost pathways into lower cost pathways:

Scenario 1: If 10% of people in each pathway in each service system (see Table 2 above) were supported to move to the lower cost pathway, i.e. 10% of people in pathway level 5 moved to pathway level 4; 10% of people in pathway 4 moved to pathway level 3, and so on, the gross savings are estimated to be around \$128 million for the cohort over 44 years. Table 5 below shows that the highest estimated total savings over the life cycle would be in the mental health system (\$36m), followed by family services (\$20m) and income support (\$16m).

Table 5: Scenario 1 - Life cycle savings (\$m) (all rounded)

Housing Support	General Health	Mental Health	Drug & Alcohol	Justice	Family Services	Income Support	Employment Support	Total savings
15	12	36	16	13	20	16	1	130

Scenario 2: If the percentages of people in each pathway in each service system (see Table 1) were reduced by 10 percentage points (e.g. 25% becomes 15%) and moved up to the lower cost pathway level, (i.e. from pathway 5 to pathway 4; from pathway 4 to pathway 3, and so on) the gross savings would be \$756 million for the cohort over 44 years. In this scenario the highest total savings would be in the mental health system (\$230m) followed by family services (\$120m) and justice (\$110m), as shown in Table 6 below. It is considered that this scenario is somewhat unrealistic, as it would result in zero people being in pathway level 5 for housing support and justice over the life cycle, thus over-estimating the savings that could be achieved.

Table 6: Scenario 2 – Life cycle savings (\$m all rounded)

Housing Support	General Health	Mental Health	Drug & Alcohol	Justice	Family Services	Income Support	Employment Support	Total savings
80	50	230	90	110	120	70	7	760

Scenario 3: If some people in each of pathways 2 to 5 never got into these pathways (e.g. by use of early intervention strategies) and instead were always in pathway 1, (i.e. reduce the percentages in pathways level 2 to pathway level 5 (as shown in Table 1) by 5 percentage points, and add these to the percentages in pathway level 1, the gross savings would be approximately \$650 million for the cohort over 44 years. As with Scenario 2, the highest total savings would be in the mental health system (\$150 million), followed by the justice system (\$110m), as shown in Table 7 below. There is still considered to be some over-estimation of savings in this scenario, as it would result in zero people being in pathway level 5 of the justice system for the whole life cycle; this is a very unlikely scenario.

Table 7: Scenario 3 – Life cycle savings (\$m - rounded)

Housing Support	General Health	Mental Health	Drug & Alcohol	Justice	Family Services	Income Support	Employ Support	Total savings
90	40	150	68	110	100	85	8	650

Thus the study has concluded that there is likely to be significant potential cost savings if some young people can be diverted from high cost pathways early in the years immediately post care. The study was not intended to draw conclusions about the causes of high service usage, nor to make assessments regarding the effectiveness of any interventions. However the anecdotal evidence collected during the study suggests that there may be predicted events or conditions which assist young people leaving care into more productive life pathways.

Policy implications

The evidence from this study suggests that there would be significant economic and social benefits if more young people were better supported, post care, in ways which reduced the likelihood of their progression into prolonged use of high cost services. It further suggests that any policies directed at reducing the overall costs to government need be based on a two-pronged approach – reducing the numbers of people on the most expensive pathways and reducing the length of time they spend on these pathways. The implications of moving young people into lower level usage pathways is very significant and would represent significant savings to government and as well as increasing the life opportunities for young people.

This raises the importance of transition services for young people and the role such services might play in supporting people into productive and supportive environments. Most of the transition services have only been in place for the past 5 to 10 years; most are as recent as the past 2 to 3 years. However, the qualitative evidence collected in this study suggests that both government and non-government agencies, working with young people, are actively working to intervene early in the lives of young people as they leave the formal child protection care system rather than wait until their life challenges are profoundly complex and entrenched. If the investment made in transition services is to achieve maximum benefits to young people, and reduce the costs to governments, research is important to confirm what outcomes are being achieved and what works.

Research and data implications

This research has identified some implications for both future data collections and commissioned research. There is the potential for effective transition from care services to reduce the proportions of people in high cost service systems. This suggests that giving priority to building the knowledge and evidence base about effectiveness of these services would be both timely and wise. The findings of this study suggest that the following priorities be addressed:

- Immediate attention in each jurisdiction to building on the opportunities offered through existing data matching projects to improve the reliability of evidence and comparable data regarding the pathways into other service systems. In particular there are significant opportunities in the various integrated justice information data strategies being implemented in several jurisdictions.
- Research on the models, effectiveness and costs of transition services in Australia and internationally.

- Review of the level of investment by governments in transition from care services in the light of possible longer-term cost savings which could be made if young people are supported with improved transition from care services.

In addition to these priorities the evidence and research base about the experiences of young people leaving care would be improved by:

- collecting data on prior care status of adults accessing and using services such as mental health, drug and alcohol and housing support and also researching effective interventions in these circumstances
- research on the interventions and factors, including resilience, that affect the progress of young people as they transition to adulthood
- research on the numbers and experiences of second and third generation families in the various child protection systems, and
- Strategies to collect more comparable data across jurisdictions on risk factors for all young people leaving care and entering adulthood.

The data-building model used in this study can be further developed, or elements replicated over time and the findings tested in future research. The study highlighted the relevance of the topic for every service system examined. It also highlighted the overall lack of evidence and research about the experiences and outcomes for a significant number of people when they have left the formal child protection care system. The Technical Report provides an extensive account of the study. It includes a summary of the latest research and evidence, outlines the current child protection policy context across Australia, details the methodology for both developing the pathways and for estimating the costs. It also attempts to humanise this study through eight case studies which are just a sample of the many stories we heard through key informants in the research phase.

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Attachment 1: How the case study methodology evolved

Alternative pathways – progressively developed between January 2004 and June 2005

This matrix was developed over two stages with a first draft fashioned between January and April 2004 and the second in Stage Two between August 2004 and June 2005. This table was used to explain and refine the concepts of frequency and intensity and to develop the detailed case studies in all of the key informant interviews and focus groups. It was widely supported by every key informant group as a useful and valid device and as an accurate reflection, in a conceptual structure, of how workers themselves think of the difference in the levels of usage across the pathways. It was also validated as an accurate reflection of the pathways key informants had observed or were aware of for both young people post care and older people in the various service systems who had a history of being in care when a young person.

Path way Level	Housing support services	Health (General)	Mental Health	Drug and alcohol	Justice system	Family services	Income support	Employment Services/status
1	Goes home, finds own accomm, sharing, or with other significant adult. Some rent assistance	Average use of GPs, occasional hospital use	Nil to minor – might have minor anxiety or depression	Nil to minor use	No issues, occasional fine (eg. speeding)	May use child care, family support, maternal health	Might access TILA, Family Assistance (FA)	Employed or education mostly, may use occasional employment support
2	Private rental, sharing, long term public housing, might use SAAP outreach once, rent assistance	GP usage a little above average, accesses community health programs	Low usage might have minor anxiety or depression, might access funded support group	Minimal use of drug information service, fines, police diversion	Minor fines, warnings, may be single court appearance for minor offence/s	Regular food vouchers for a while, financial counselling, maternal health services	TILA, FTB long term, occasional unemployment, income support.	Occasional unemployment, casual work, employment support service, PSP
3	Long term rental assistance, or public housing, or private boarding, 2-3	GP usage increases over time to maybe monthly, Hospital emergency use	Minor episodes of depression, anxiety, OCD or possible bi-polar or schizophrenia, diagnosed but not	Episodic and regular D&A use, possible detox periods, fines, initial use 16-25 very high	D&A related petty offences, fines, bonds, might have suspended sentence,	CP notifications, Family Day care for respite, Reconnect,	FTB, income support LT,	Occ casual employment, intensive assistance, PSP

Path way Level	Housing support services	Health (General)	Mental Health	Drug and alcohol	Justice system	Family services	Income support	Employment Services/status
	SAAP usage occasions over 2-5 years	x 2-3 times pa	managed, or may be prolonged depression untreated, occasional crisis team service escalating over time		crimes may increase over time	family support services throughout childhood		
4	Ongoing RA, public housing, high SAAP use on and off for many years, Increased risk of chronic homelessness	High A&E use (regular), GP usage high, Bulk billing practice use, high PBS use above threshold	Co-existing MH and D&A use, more severe episodes, occasional hospital admission, mental health worker for long term issues	D&A client, fines, heavy court appearances, D&A spasmodic service use, detox periods or methadone program	Minor or serious D&A related crime, regular offences, YTC in early years, Custodial youth and/or adult sentence, Possible parole periods	My be some violence related to D&A use, use of family services, poss CP notifications, poss foster care	Regular income support	Long term unemployment, breaching, intensive assistance
5	Homelessness or constant public housing moves, or very high SAAP service usage, crisis service use	A&E use very high, high PBS use, hospital use high, GP use very high and constant (including bulk billing)	May have high rate of acute episodes and long hospital stays, or untreated depression, Guardianship order, Psychotic episodes may involve police action	May have very high co-existing mental health issues and D&A use, May have detox episodes, regular D&A contact, justice order to attend programs	May have very high rate of incarceration, may be repeat offences for D&A related crime,	Long term CP involvement if children involved, removal of children, foster care use, intensive family support, Or No usage	Long term DSP or irregular income support or long term unemployment benefit	Never employed, several intensive assistance packages in early years or may have several intensive packages in later years

