



# **Extending Out-of-Home Care – a Queensland Perspective**

Final Report

Home Stretch Campaign

September 2021

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# Executive summary

# Executive summary

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## Background

Young people leaving care experience significantly worse life outcomes than their peers in the general population, and there are insufficient supports available to assist care leavers in making the transition to independent adulthood.

Recently there have been significant policy changes across a number of Australian jurisdictions regarding the age limit for young people in care receiving support. Several States and Territories have increased support for young people in OOHC beyond 18. At the time of writing for this report, all state governments except New South Wales and Queensland have made commitments to extend care to 21 years. While the trial results of these programs are pending, there is international evidence suggesting that extending care to the age of 21 improves outcomes in a number of life domains.

## Methodology

Findings are informed by cost-benefit analysis using a decision tree model. The model has been designed to:

1. quantify the total cost to governments of children leaving care at the age of 18 over 10 years; and
2. estimate the net benefit (accounting for program costs) of offering young people in OOHC extended support to the age of 21.

The model compares two states – one in which the program is offered on a voluntary basis, and one in which the program is not offered (base case) over various uptake scenarios. Additionally, accounting for the newly introduced extended care to 19 years upon application in Queensland, we have assess the results based on this smaller cohort.

Finally, the larger financial impact of failing to support young people in leaving OOHC is presented for both the state and Commonwealth government as a result of the higher level of use of government services. This is presented over a 10 year time period for the three cohorts of care leavers who are 18, 19 or 20 in 2020-21.

The cost per young person is dependent on the model and approach chosen by Queensland, and the return on investment is sensitive to this cost. We have assumed a program cost of \$27,000 per young person based on similar policy initiatives now implemented in other Australian jurisdictions. However, we note this is lower than the Productivity Commission's average cost per child in non-residential care. This is likely to reflect the additional statutory and related responsibilities and costs for children under 18 years of age in OOHC as distinct from those in the 18 to 21-year age group.

## Findings

Analysis of outcomes across nine categories (housing; education and employment; early parenthood; hospitalisation; the non-hospital costs of mental illness and smoking; interaction with the justice system; and alcohol and drug dependency) found that extending OOHC to 21 is expected to have a positive return on investment (benefits exceed costs).

- Including only financial costs, the program has a benefit cost ratio of 3.3, implying a **return of \$3.30 for every \$1 spent** over the 40 year period of analysis.
- Including both financial and wellbeing costs, the program has a benefit cost ratio of 5.9, implying a **return of \$5.90 for every \$1 spent** over the 40 year period of analysis.

# Executive summary

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## Findings contin.

The benefit cost ratio is insensitive to the program uptake rate. However, **net benefit** increases relative to Scenario 1a are as follows:

- 50% uptake, no attrition: net benefits increased by 31%
- 80% initial uptake, with attrition: net benefits increased by 37%

The results for the 18-year-old cohort (extended care to 19<sup>th</sup> birthday in the base case) affirm the cost-effectiveness of extending care to 21 years despite the smaller time-frame for extended care, with slightly smaller financial return but larger return accounting for wellbeing costs:

- Including only financial costs, the program has a benefit cost ratio of 2.7, implying **a return of \$2.70 for every \$1 spent** over the 40 year period of analysis.
- Including both financial and wellbeing costs, the program has a benefit cost ratio of 6.5, implying **a return of \$6.50 for every \$1 spent** over the 40 year period of analysis.

The financial impact of not implementing Home Stretch for the current cohort of care leavers aged 18 to 21 years due to higher usage of government services is estimated to be \$71 million for the Queensland Government and \$337 million for the Commonwealth Government over the next 10 years, resulting in a total cost to government of \$408 million.

Costs to the Queensland Government are primarily attributable to the cost of housing and homelessness services. Hospitalisations, crime and smoking costs collectively account for 40% of total costs.

For the Commonwealth Government, costs due to unemployment and foregone taxes collectively make up almost 70% of total costs due to higher rates of government service use amongst those who leave care at 18.

## Implications

The findings indicate it is a worthwhile investment for the Queensland Government to fund extending care to 21 years of age in Queensland as the overall value of benefit to Queensland clearly exceeds the cost of this investment, and directly accrues to government as well as care leavers. Over time governments will pay less for services to support this cohort relative to the cost of extending care.

# 1.0 Scope and approach

This section provides an overview of the project scope and approach including key assumptions

# 1.0 Scope and approach

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## 1.1 Objectives

The scope of this project is to update the previous analysis of the socioeconomic cost benefit analysis of extending OOHC in New South Wales and Victoria and to present our findings in a report that focuses on the impact of the policy in **Queensland**.

The analysis allows for the estimation of monetary outcomes across the following nine categories:

### Social domains

-  housing
-  education
-  employment
-  early parenthood
-  interaction with the justice system

### Health and Wellbeing domains

-  hospitalisation
-  mental illness (wellbeing)
-  smoking
-  alcohol and drug dependency.

There are also likely to be significant benefits for the community and tackling intergenerational disadvantage. However, these are unable to be accounted for in the modelling.

# 1.0 Scope and approach

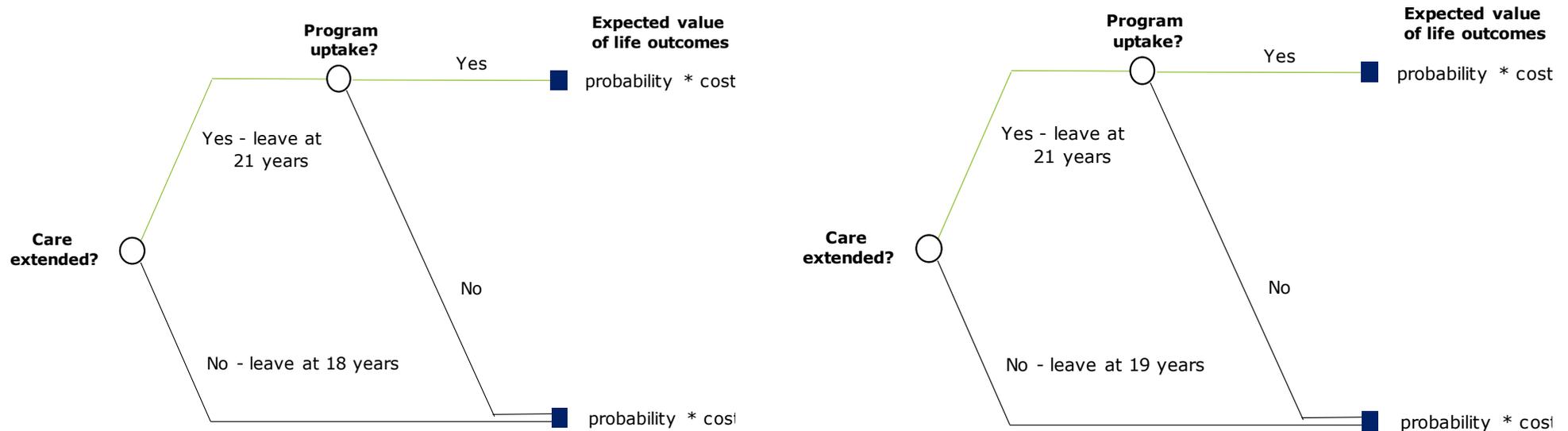
## 1.2 Overview of model

Findings are informed by cost-benefit analysis using a decision tree model. The model has been designed to:

1. quantify the total cost to governments of children leaving care at the age of 18 over 10 years; and
2. estimate the net benefit (accounting for program costs) of offering young people in OOHC extended support to the age of 21.

The model compares two states – one in which the program is offered on a voluntary basis, and one in which the program is not offered and care is ceased at 18 years (for scenarios 1 to 3) or 19 years (scenario 4) . Figure 1.1 depicts a simplified version of the model and the full expanded model is shown in Appendix A.

Figure 1.1: Model overview (left: scenario 1-3, right: scenario 4)



Outcomes differ on the basis of whether an individual participates in the program or does not participate in the program, and are estimated based on evidence from the international experience (primarily in the USA and England).

The probability of experiencing benefits (e.g. a higher wage) or avoiding costs (e.g. reduced justice system costs) is dependent upon program participation.

# 1.0 Scope and approach

## 1.2 Overview of model

### Housing and homelessness example

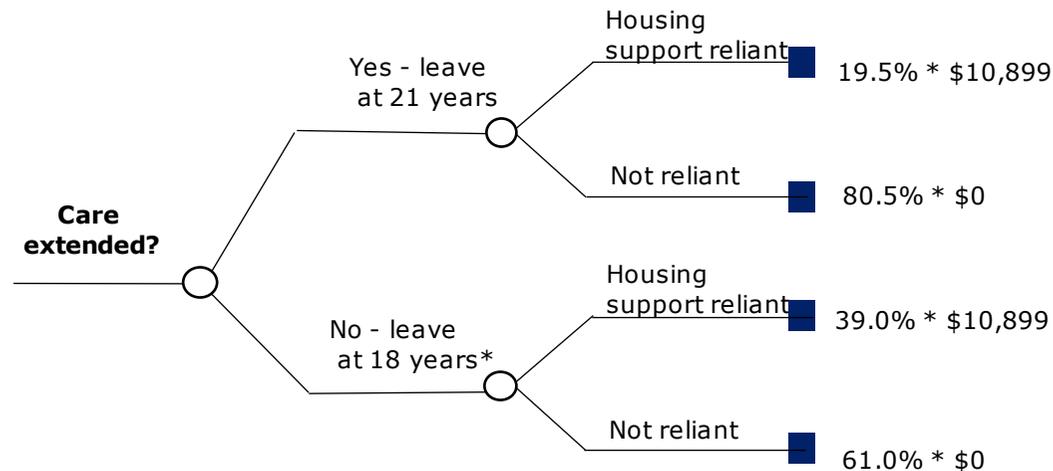
For each of the nine outcomes, we have estimated the probability of the benefits (in Figure 1.2, see not requiring housing support) for a care leaver who leaves OOHC at 18 years of age\* and for a care leaver who leaves OOHC at 21 years of age and the value of the benefit.

Many care leavers who leave at age 18 experience long-term housing instability, including homelessness. This can lead to poor mental health outcomes, unemployment and alcohol and/or drug dependence for young people leaving care. This also has a financial impact on governments.

A study of Victorian care leavers found that the proportion of individuals leaving care at the age of 18 who are reliant on housing support was 39% (Forbes et al., 2006).

Data from the evaluation of the *Staying Put* program in England found that reliance on public housing support for those exiting care at 21 was half that of those exiting at their 18<sup>th</sup> birthday (Munro et al., 2010). On this basis, we assume the proportion of individuals leaving care at 21 years who are reliant on housing support would be 19.5%.

Figure 1.2: Housing and homelessness example



\*Note: Extended care to 19 years is tested in sensitivity analysis (Scenario 4)

# 1.0 Scope and approach

## 1.3 Key assumptions

### Eligible cohort

The eligible population for extended OOHC are young people aged 17 who are discharged from care on their 18th birthday.

To project the number of children in care for 2020-21, we used a straight-line projection of the number of 15- to 17-year-old children in care over the last five years. This was considered reasonable as the number of 15- to 17-year-old children in OOHC in Queensland over the last 5 years has been relatively stable (Figure 1.3).

Using data from the Australian Institute of Health and Welfare, we estimate that there were 404 young people aged 17 years in OOHC in Queensland who will turn 18 in 2020-21. This was estimated to be one-third of the 15- to 17-year-old cohort per previous analyses. The results are presented per care-leaver population and per participant.

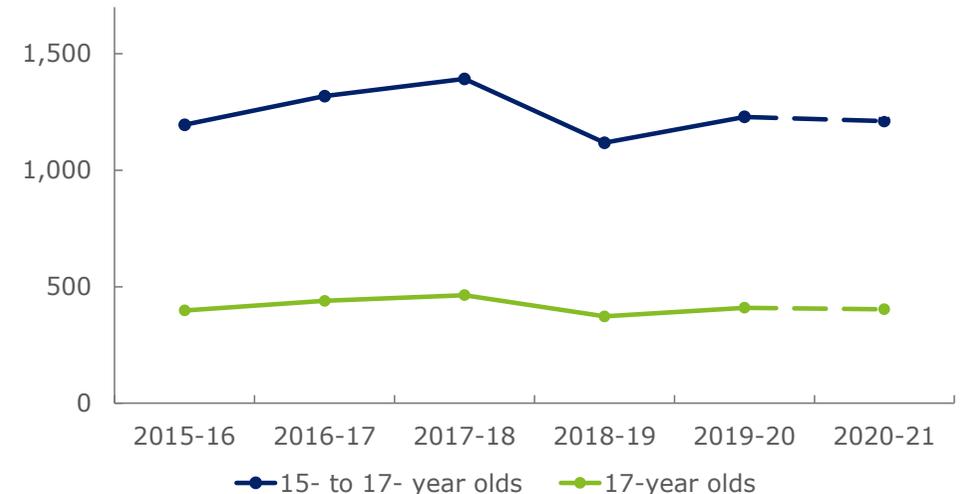
### Program and overall policy cost

The annual cost per young person participating in the program is assumed to be equivalent to allowance (which is either provided directly to the foster or kinship carer or as a stipend for those unable to remain with their carer or who are leaving residential care) and caseworker funding through the Better Futures program (Mendez, 2021).

We have thus estimated that the cost per program participant per annum is \$27,000.<sup>1</sup> The overall policy cost includes the cost of providing extended care to the age of 21, as well as additional costs that arise as a result of the policy, such as increased costs for education. Further breakdowns of costs and underlying assumptions are shown in Appendix B. Annual costs over each domain per care leaver are given in Appendix C.

<sup>1</sup>Note: this estimate is informed by evidence from extended care in Victoria published by Mendez (2021). Previous Deloitte reports used the average cost per child to receive non-residential foster care as a proxy given these costs were unavailable. Using the Productivity Commission's Report on Government Services in 2020-21, the estimated cost per program participant per annum is \$50,308 and the Benefit Cost ratio is 1.8 (financial costs only) and 3.2 (including wellbeing costs).

Figure 1.3: Children in OOHC in Queensland, 2015-16 to 2020-21



Source: Deloitte Access Economics analysis based on AIHW 2017, 2018, 2019 and 2020.  
Note: The dashed line shows the forecast data point.

# 1.0 Scope and approach

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## 1.4 Analysis scenarios and results

### Analysis scenarios

**Scenario 1** presented in this study assumes an uptake rate of **38% of eligible individuals for the cohort of care leavers in 2020-21**, which is derived from the exit rate of care leavers aged 18 to 20 years in the Staying Put program in the UK applied to the proportion of the Australian care-leaver cohort in each year group.

However, uptake rates vary widely in the literature, for example, the uptake rate reported in the Midwest evaluation was 80%. Therefore we test the following scenarios:

- **Scenario 2:** 50% uptake, no attrition
- **Scenario 3:** 80% initial uptake, with year-on-year attrition applied such that 50% participated in two years of the program and only 25% of individuals participated in three years of the program.

Acknowledging that extended care to 19 years for those in foster and kinship placements came into effect in Queensland in February 2019, we have estimated results separately where the benefit of Home Stretch accrues to two cohorts of 19- and 20-year-old children only:

- **Scenario 4:** Extended care to 19 years in the base case. For this cohort of care leavers aged 19 to 20 years, the uptake rate of 28% is derived from the Staying Put program applied to the proportion of the Australian care-leaver cohort in each year group.

Analysis is applied to the adult lifespan (40 years) for all scenarios, except for one sensitivity analysis over 20 years using base uptake rate (38%, Scenario 1b). Finally, the larger financial impact of failing to support young people in OOHC until age 21 as a result of the higher level of use of government services is presented for both the state and Commonwealth government. The cost to governments is calculated over a ten year period for three cohorts of care leavers who are 18, 19 or 20 in 2020-21.

### Results

Results are presented per population cohort and per program participant for each scenario. In addition to the financial costs, poor outcomes for care leavers lead to a significant loss of wellbeing. In particular, the high rates of mental health conditions and substance abuse cause significant pain and suffering to care leavers. This analysis estimates these wellbeing costs of all mental health disorders for each scenario using the burden of disease methodology developed by the World Health Organization and applying the Value of a Statistical Life Year.

Present value is used to estimate the financial worth of a stream of costs or benefits that occur over time, and is expressed in terms of the value of a dollar today (\$2020-21). It is calculated to account for the fact that the value of money that is spent or saved in the future is not equivalent to the value of that same amount if it were realised today, due to factors such as inflation, risk, and positive time preference. To calculate the present value of outcomes, this study employs a nominal discount rate of 5%.

Costs are inflated quarterly using price indexes. Wage are inflated by average weekly ordinary time earnings (AWOTE) growth of 4% per annum in nominal terms (ABS, 2021a), housing costs are inflated by 3.4% per annum based on the national housing group within the CPI, and health costs are inflated by 4.5% based on the health group within the CPI (ABS, 2021b). All other costs are inflated by CPI of 2.5%, in line with the Reserve Bank of Australia's inflation target.

# 2.0 Findings

This section provides a summary of findings per domain.

## 2.0 Findings

### 2.1 Queensland OOHC population trend and demographics

#### Population trends

Official figures show the number of children in OOHC in Queensland has been increasing over the last four years (see Figure 2.1).

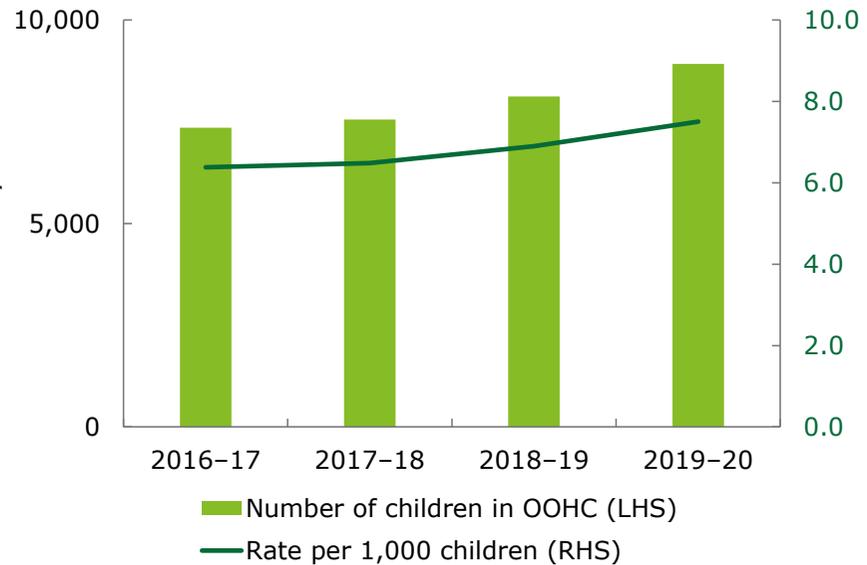
While the rate at which children are in OOHC in Queensland (7.5 per 1,000 children) is slightly lower than the national rate (8.1 per 1,000 children), the yearly growth rate in the OOHC population over this period (3 to 10%) far exceeds population growth for Queensland children aged 0 to 17 years (stable at 1%).

A significant increase in the number of young people coming into care since the COVID pandemic has also been noted by the Director General of the Department of Children, Youth Justice and Multicultural Affairs (Queensland Parliament, 2021). Current trends indicate more children are likely to remain in care upon turning 18 years of age and eligible for extended care to the 21<sup>st</sup> birthday in the short- to medium-term.

#### Demographics

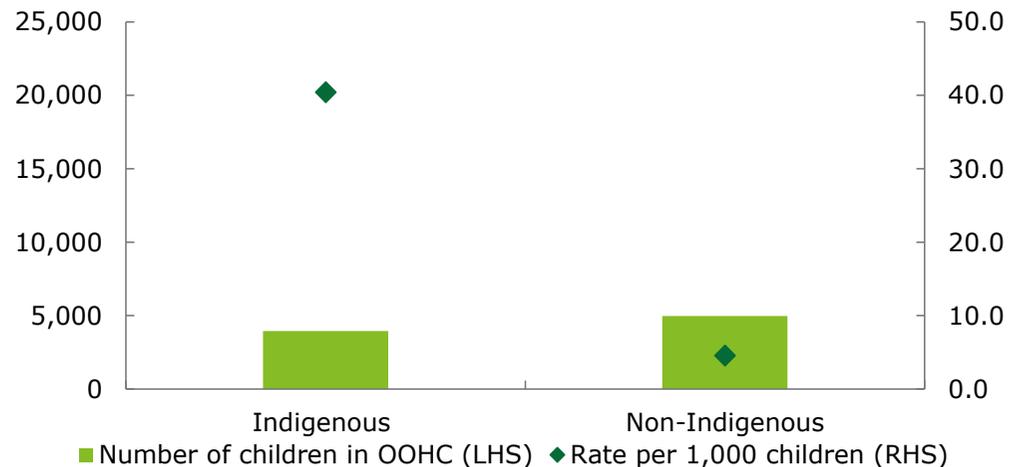
As at 30 June 2020, 44% of children in OOHC were Indigenous, a rate of 40.4 per 1,000 children. This is **almost nine times the rate for non-Indigenous children in Queensland** at 4.5 per 1,000 children (Figure 2.2).

Figure 2.1: Number of children in OOHC in Queensland over the last four years



Source: Deloitte Access Economics analysis based on AIHW 2021

Figure 2.2: Number and proportion of children in OOHC in Queensland by Indigenous status as at 30 June 2020



Source: Deloitte Access Economics analysis based on AIHW 2021

## 2.0 Findings

### 2.2 Socioeconomic cost-benefit analysis – Scenario 1a and 1b

#### Scenario 1a

Including only financial costs, the program has a benefit cost ratio of 3.3, implying **a return of \$3.30 for every \$1 spent** over the 40 year period of analysis.

Including both financial and wellbeing costs, the program has a benefit cost ratio of 5.9, implying **a return of \$5.90 for every \$1 spent** over the 40 year period of analysis.

Table 2.1: Present value (\$AUD, 2020-21) of costs and benefits over 40 years, population and per 18-year-old participating in extended care, uptake rate 38%.

Financial costs only	Population (n = 154)	Per program participant
Cost	\$12.3 million	\$79,737
Benefit	\$40.7 million	\$263,724
<b>Net benefit</b>	<b>\$28.4 million</b>	<b>\$183,986</b>
<b>Benefit Cost Ratio</b>	<b>3.3</b>	
Financial and wellbeing costs	Population (n = 154)	Per program participant
Cost	\$12.3 million	\$79,737
Benefit	\$72.3 million	\$469,072
<b>Net benefit</b>	<b>\$60.0 million</b>	<b>\$389,335</b>
<b>Benefit Cost Ratio</b>	<b>5.9</b>	

Source: Deloitte Access Economics analysis. Note numbers may not sum due to rounding.

#### Scenario 1b

Over a shorter timeframe of **20 years**, the program retains a positive return both when financial costs are considered alone (**a return of \$1.90 for every \$1 spent**) or in conjunction with wellbeing costs (**a return of \$3.50 for every \$1 spent**).

Table 2.2: Present value (\$AUD, 2020-21) of costs and benefits over 20 years, population and per 18-year-old participating in extended care, uptake rate 38%

Financial costs only	Population (n = 154)	Per program participant
Cost	\$12.3 million	\$79,737
Benefit	\$23.7 million	\$153,931
<b>Net benefit</b>	<b>\$11.4 million</b>	<b>\$74,194</b>
<b>Benefit Cost Ratio</b>	<b>1.9</b>	
Financial and wellbeing costs	Population (n = 453)	Per program participant
Cost	\$12.3 million	\$79,737
Benefit	\$43.3 million	\$280,912
<b>Net benefit</b>	<b>\$31.0 million</b>	<b>\$201,174</b>
<b>Benefit Cost Ratio</b>	<b>3.5</b>	

Source: Deloitte Access Economics analysis. Note numbers may not sum due to rounding.

## 2.0 Findings

### 2.2 Socioeconomic cost-benefit analysis – Scenario 2 and Scenario 3

#### Scenario 2

When **uptake is increased to 50%**, assuming no attrition during extended care, both costs and benefits are increased.

**Net benefits have increased by 31%** over the base scenario (Scenario 1a).

However the **return remains constant** at \$3.30 and \$5.90 for every \$1 spent over the 40 year period of analysis, exclusive and inclusive of wellbeing costs, respectively.

Table 2.3: Present value (\$AUD, 2020-21) of costs and benefits over 40 years, population and per 18-year-old participating in extended care, uptake rate 50%

Financial costs only	Population (n = 202)	Per program participant
Cost	\$16.1 million	\$79,737
Benefit	\$53.2 million	\$263,724
<b>Net benefit</b>	<b>\$37.1 million</b>	<b>\$183,986</b>
<b>Benefit Cost Ratio</b>	<b>3.3</b>	
Financial and wellbeing costs	Population (n = 202)	Per program participant
Cost	\$16.1 million	\$79,737
Benefit	\$94.7 million	\$469,072
<b>Net benefit</b>	<b>\$78.6 million</b>	<b>\$389,335</b>
<b>Benefit Cost Ratio</b>	<b>5.9</b>	

Source: Deloitte Access Economics analysis. Note numbers may not sum due to rounding.

#### Scenario 3

Similarly when **uptake is increased to 80% initially**, and attrition is applied such that 50% remain in the following years and 25% in the last year, both costs and benefits are increased with no effect on the overall return.

However the **net benefits have increased by 37%** compared to the base scenario (Scenario 1a).

Table 2.4: Present value (\$AUD, 2020-21) of costs and benefits over 40 years, population, uptake rate variable (80% year 1, 50% in year 2, 25% in year 3)

Financial costs only	Population (n = 210)	Per program participant*
Cost	\$16.8 million	\$79,737
Benefit	\$55.6 million	\$264,343
<b>Net benefit</b>	<b>\$38.8 million</b>	<b>\$184,606</b>
<b>Benefit Cost Ratio</b>	<b>3.3</b>	
Financial and wellbeing costs	Population (n = 210)	Per program participant*
Cost	\$16.8 million	\$79,737
Benefit	\$99.6 million	\$473,499
<b>Net benefit</b>	<b>\$82.8 million</b>	<b>\$393,762</b>
<b>Benefit Cost Ratio</b>	<b>5.9</b>	

Source: Deloitte Access Economics analysis. Note numbers may not sum due to rounding. \*Population variable due to attrition over time - adjusted to equate per participant cost with scenarios 1-2 (52.1%).

## 2.0 Findings

### 2.2 Socioeconomic cost-benefit analysis – Scenario 4

Acknowledging that extended care to 19 years for those in foster and kinship placements came into effect in Queensland in February 2019, we have estimated the results separately for the smaller cohort of 19- and 20-year-old care leavers only.

It is acknowledged that this extended care is not applied universally but granted only upon application by the guardian. This differs from the Home Stretch model of support which is automatically applied for all young people in care without application. There is no data available to estimate the uptake of extended care to age 19. Until June 2020, eligibility was only available for those in education. Due to these barriers to access, only a small number of young people are believed to receive this care.

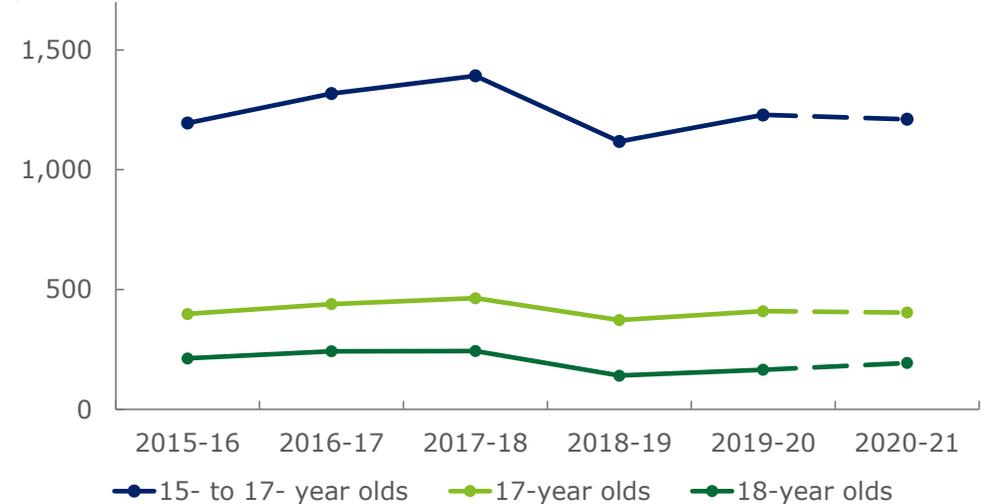
Using the 17-year-old cohort estimated per Figure 1.5, we have estimated the 18-year old cohort remaining in care assuming the proportion of those exiting care on their 18<sup>th</sup> birthday is equivalent to the proportion exiting care within the 15 to 17 year cohort for each year (despite being eligible for ongoing care to their 19<sup>th</sup> birthday by application). This has been assumed due to a lack of data on the uptake of this extended care option in Queensland. We estimate that there were 165 young people aged 18 years in OOHC in Queensland who will turn 19 in 2020-21.

#### Scenario 4

The results reaffirm the cost-effectiveness of extending care to 21 years despite the smaller time-frame for extended care. Results indicate a slightly smaller financial return but larger return accounting for wellbeing costs:

- Including only financial costs, the program has a benefit cost ratio of 2.7, implying a **return of \$2.70 for every \$1 spent** over the 40 year period of analysis.
- Including both financial and wellbeing costs, the program has a benefit cost ratio of 6.5, implying a **return of \$6.50 for every \$1 spent** over the 40 year period of analysis.

Figure 2.3: Children in OOHC in Queensland, 2015-16 to 2020-21



Source: Deloitte Access Economics analysis based on AIHW 2017, 2018, 2019 and 2020. Note: The dashed line shows the forecast data point.

Table 2.5: Present value (\$AUD, 2020-21) of costs and benefits over 40 years, population and per 19-year-old participating in extended care, uptake rate 28%.

Financial costs only	Population (n = 46)	Per program participant
Cost	\$2.5 million	\$54,008
Benefit	\$6.7 million	\$144,825
<b>Net benefit</b>	<b>\$4.2 million</b>	<b>\$90,817</b>
<b>Benefit Cost Ratio</b>	<b>2.7</b>	
Financial and wellbeing costs	Population (n = 46)	Per program participant
Cost	\$2.5 million	\$54,008
Benefit	\$16.2 million	\$350,174
<b>Net benefit</b>	<b>\$13.7 million</b>	<b>\$296,166</b>
<b>Benefit Cost Ratio</b>	<b>6.5</b>	

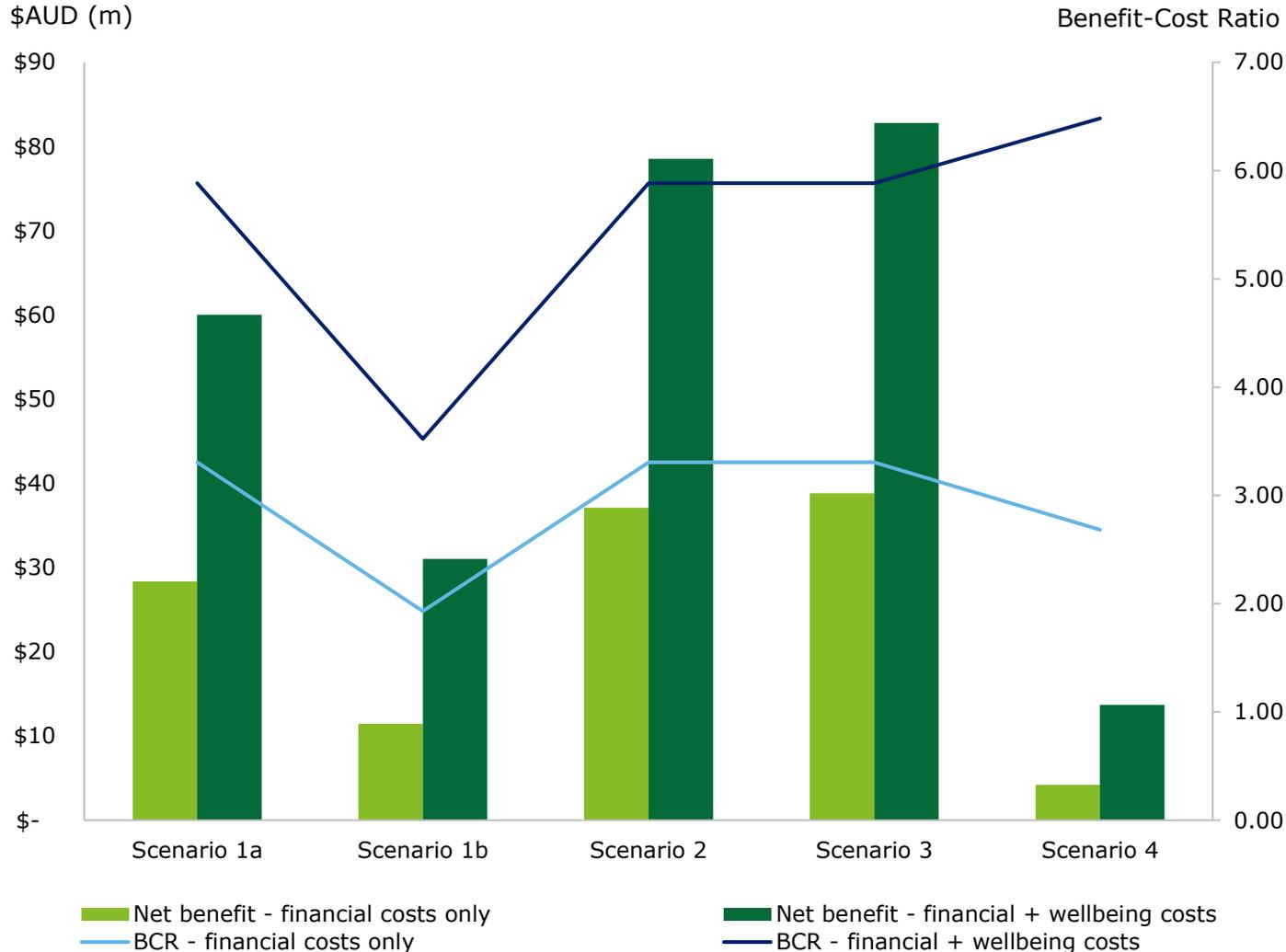
Source: Deloitte Access Economics analysis.

# 2.0 Findings

## 2.3 Socioeconomic cost-benefit analysis – Summary

A summary of results is shown in Figure 2.4 indicating that the greatest benefits are realised for Scenario 3, in which the uptake rate is highest and the program is offered from the 18<sup>th</sup> birthday.

Figure 2.4: Summary of net benefit and benefit cost ratio for all scenarios



Scenario no.	Description
<b>1a</b>	Uptake rate of 38% per the UK-based Staying Put program, for extended care to the 18 <sup>th</sup> birthday in the base case, 40-year time horizon.
<b>1b</b>	Per scenario 1a, applied over a 20-year time horizon.
<b>2</b>	Per scenario 1a, 50% uptake rate applied with no attrition.
<b>3</b>	Per scenario 1a, 80% initial uptake allowing for year-on-year attrition such that 50% participated in two years of the program and only 25% of individuals participated in three years of the program.
<b>4</b>	Uptake rate of 28% accounting for extended care to the 19 <sup>th</sup> birthday in the base case, 40-year time horizon.

Source: Deloitte Access Economics analysis

## 2.0 Findings

### 2.4 Budget impact of not extending care over 10 years

The analysis also looked at the long-term impact on government budgets of failing to support young people in OOHC until age 21, as measured by the higher rates of government service use amongst those who leave care at 18. The financial impact of not implementing Home Stretch for the current cohort of care leavers aged 18 to 21 years due to higher usage of government services is estimated to be \$71 million for the Queensland Government and \$337 million for the Commonwealth Government over the next 10 years, resulting in a total cost to government of \$408 million (see Table 2.6 for full breakdown of costs).

Table 2.6: Present value (\$AUD, 2020-21) of costs attributable to government over 10 years

	Cost to Queensland (\$m)	Cost to Commonwealth (\$m)	Total costs to Governments (\$m)
<b>Costs</b>			
Education	0.2	-	0.2
Housing and homelessness	33.0	19.4	52.3
Hospitalisations	9.8	7.4	17.3
Other mental health	2.2	2.8	5.0
Smoking	8.2	17.3	25.5
Alcohol and Drugs	7.0	4.4	11.4
Crime	10.7	-	10.7
Early pregnancy	-	57.7	57.7
Unemployment	-	143.3	143.3
Forgone taxes	-	84.5	84.5
<b>Total</b>	<b>70.9</b>	<b>336.8</b>	<b>407.8</b>

Source: Deloitte Access Economics analysis based on multiple sources (see Appendix C).

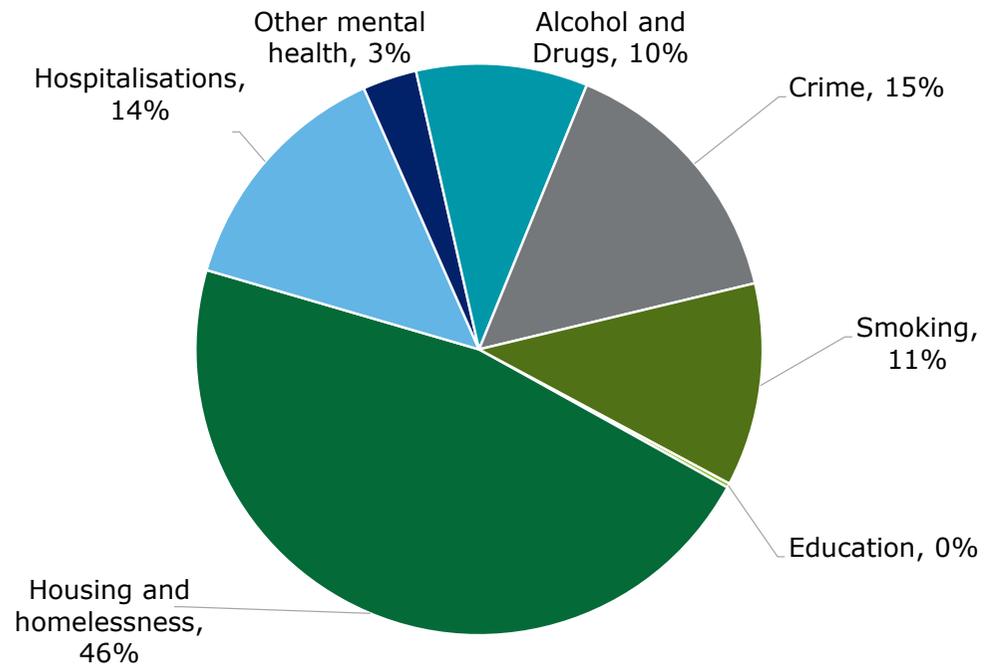
## 2.0 Findings

### 2.4 Budget impact of not extending care over 10 years

Costs to the Queensland Government are primarily attributable to the cost of housing and homelessness services (46%, see Figure 2.5). Hospitalisations, crime and smoking costs collectively account for 40% of total costs.

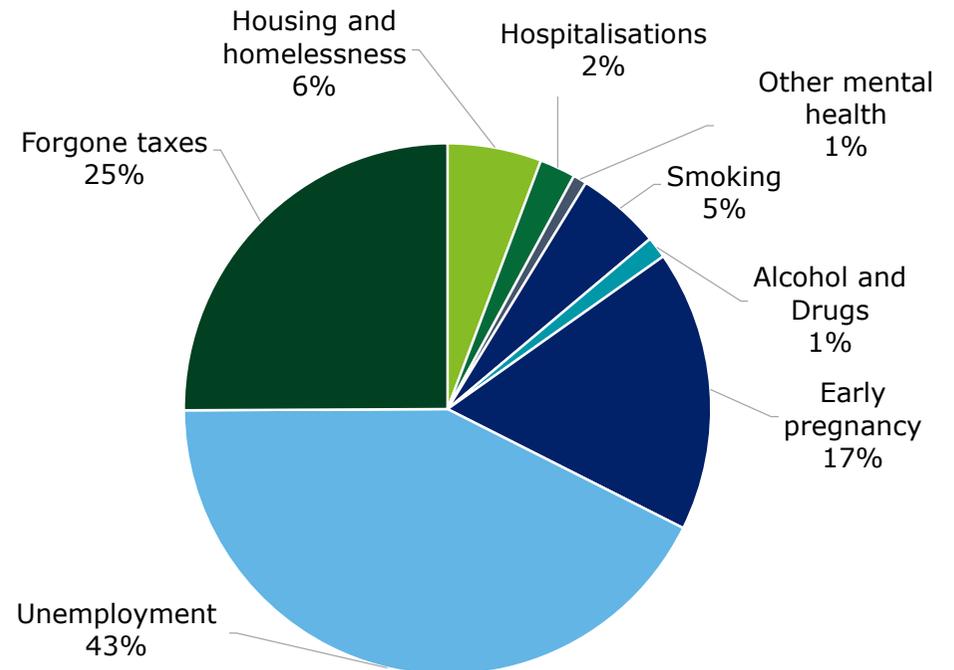
For the Commonwealth Government, costs due to unemployment and foregone taxes collectively make up almost 70% of total costs due to higher rates of government service use amongst those who leave care at 18 (Figure 2.6).

Figure 2.5: Share of total costs to the Queensland Government of life domains



Source: Deloitte Access Economics analysis.

Figure 2.6: Share of total costs to the Commonwealth Government of life domains



Source: Deloitte Access Economics analysis.

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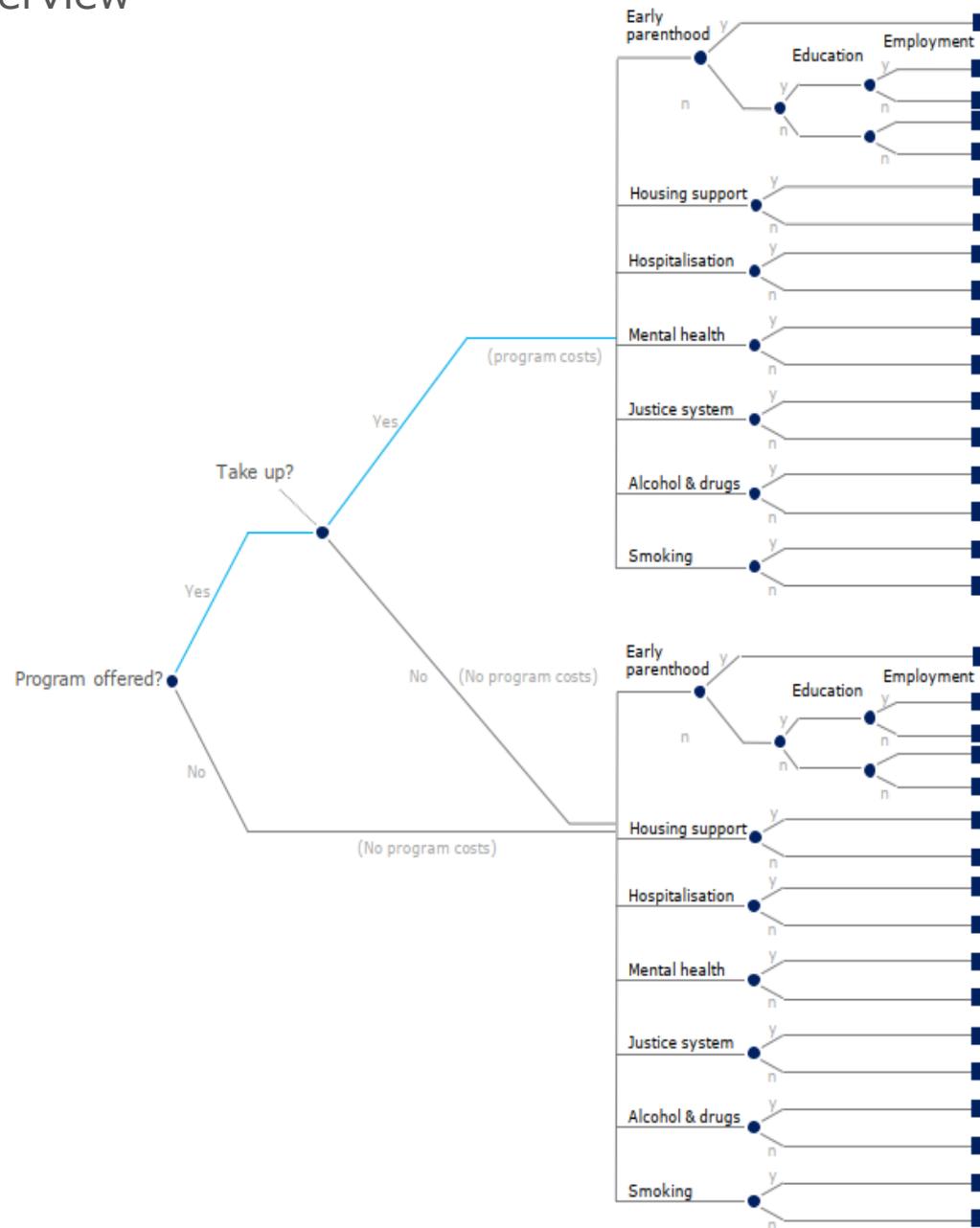
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# Appendix

# Appendix A

## Expanded model overview



# Appendix B

## Variable inputs

<b>Variable</b>	<b>Assumption (Costs are annual and have been inflated to 2020-21 dollars)</b>	<b>Source</b>
<b>Program costs</b>		
Average cost per child in home-based care	\$27,000	Mendez, P. (2021)
<b>Program uptake</b>		
Program uptake rate (Scenario 1)	0.382	Derived using Department for Education (2020), AIHW (2017-2021).
Program uptake rate (Scenario 4)	0.280	Derived using Department for Education (2020), AIHW (2017-2021).
<b>Housing and homelessness support</b>		
Housing support	\$10,899	Derived using State of Queensland Department of Housing and Public Works (2020), and Productivity Commission (2020).
Pr. Housing Support (Age 18)	0.390	Forbes et al. (2006)
Pr. Housing Support (Age 21)	0.195	Derived using Forbes et al. (2006), and Munro et al. (2010)
<b>Employment and Education</b>		
VET qualification; wage	\$59,280	ABS (2020)
No VET qualification; Employed (\$2015)	\$44,200	ABS (2020)
Newstart base rate	\$16,141	Services Australia (2021)
VET course (one year)	\$9,150	National Skills Commission (2021)
Pr. Further education (Age 18, non parent)	0.059	Harvey et al. (2015)
Pr. Further education (Age 21, non parent)	0.147	Derived using Harvey et al. (2015), and Munro et al. (2010)
Pr. Employment (with VET)	0.458	ABS Education and Work (2020)
Pr. Employment (No VET)	0.183	ABS Education and Work (2020)
Average income tax rate (VET)	22%	Deloitte Access Economics
Average income tax rate (No VET)	18%	Deloitte Access Economics

# Appendix B

## Variable inputs

Variable	Assumption (Costs are annual and have been inflated to 2020-21 dollars)	Source
<b>Early parenthood</b>		
Parenting payment	\$22,105	Services Australia (2021)
Newborn supplement	\$1,725	Services Australia (2021)
Newstart (single, dependent children)	\$17,355	Services Australia (2021)
Newstart (base rate)	\$16,141	Services Australia (2021)
Unemployment services	\$1,887	Department of Jobs and Small Business (2021)
FTB A (per child aged 0-12)	\$4,972	Services Australia (2021)
FTB A (per child aged 13-19)	\$6,468	Services Australia (2021)
FTB B (Youngest child under 5)	\$4,226	Services Australia (2021)
FTB B (Youngest child 5-18)	\$2,952	Services Australia (2021)
Pr. Early parenthood (Age 18)	0.166*	Cashmore & Paxman (2007)
Pr. Early parenthood (Age 21)	0.102*	Courtney & Dworsky (2006)
* Probability adjusted for the fact that 48.4% of children in OOHC are female		
<b>Hospitalisation</b>		
Cost of Hospitalisation annually		IHPA Independent Hospital Pricing Authority (2020) National Hospital Care Data Collection 2020-21
	\$4,542	
Pr. Hospitalisation (Age 18)	0.292	Courtney et al. (2006)
Pr. Hospitalisation (Age 21)	0.192	Courtney et al. (2007)
<b>Smoking</b>		
Smoking costs	\$3,450	Derived using Curtin University (2019) Greenhalgh et al. (2021), and ABS (2020)
Pr. Smoking (Age 18)	0.586	Corrales (2015)
Pr. Smoking (Age 21)	0.0248	Narendorf & Millen (2010)
<b>Justice</b>		
Cost to Justice system	\$5,533	Derived using Australian Institute of Criminology (2014) and Courtney et al. (2011)
Pr. Justice (Age 18)	0.210	McDowall (2020).
Pr. Justice (Age 21)	0.104	Washington State Institute for Public Policy (2010)

# Appendix B

## Variable inputs

Variable	Assumption (Costs are annual and have been inflated to 2020-21 dollars)	Source
<b>Alcohol and drug (AoD) dependence</b>		
Cost of AoD dependency	\$5,532	Derived using Chalmers (2016) and Ritter (2015)
Pr. AoD dependency (Age 18)	0.158	Courtney et al. (2007)
Pr. AoD dependency (Age 21)	0.025	Derived using Courtney et al. (2007), and ABS National Health Survey 2014-15 (2015)
Burden of disease		
<b>Other mental health costs</b>		
Other mental health costs	\$704	AIHW (2021)
Pr. Other mental health costs (Age 18)	0.544	Pecora et al. (2005)
Pr. Other mental health costs (Age 21)	0.301	Kessler et al. (2008)
<b>Wellbeing costs of mental health disorders</b>		
Value of a Statistical Life Year (VSLY)	\$222,000	Prime Minister and Cabinet (2019)

# Appendix C

## Key assumptions and avoided costs/benefits over key domains

Measure	Probability if left care at 18 years of age*	Probability if left care at 21 years of age	Annual avoided cost/benefit per person
Housing and homelessness support required	39%	19.5%	Avoided cost: \$10,899
Undertake post-school education	4.7%	11.9%	Higher wage: \$15,080 (before tax)
Employment	33.2%	35.7%	Avoided welfare and services cost: \$12,081
Early parenthood	16.6%	10.2%	Avoided welfare cost: \$33,029
Hospitalisation	29.2%	19.2%	Avoided cost: \$5,542
Mental health illness	54.4%	30.8%	Avoided cost: \$704
Interaction with justice system	16.3%	10.4%	Avoided cost: \$5,533
Alcohol and drug dependence	15.8%	2.5%	Avoided cost: \$5,532
Smoking	56.8%	24.5%	Avoided cost: \$3,450
Wellbeing costs associated with mental illness and substance abuse	54.4%	30.8%	Avoided burden of disease cost: \$33,386

\*Note: Applied to children aged 19 years of age in sensitivity analysis (Scenario 4)

# Limitations of our work

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