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Cost benefit analysis of additional supports for care leavers

Home Stretch

Final report

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Deloitte
Access Economics

Contents

1 – Introduction and background

Introduction and background

Deloitte Access Economics was commissioned to undertake a cost-benefit analysis of additional supports for care leavers

Background

Across all states and territories in Australia, extended care is now available to care leavers who have spent time in Out of Home Care (OoHC). The business case for extended care showed benefits across domains of physical and mental health, justice, education, employment and parenthood, estimating a benefit of $1.82 billion for the Commonwealth Government and $0.6 billion for the state and territory governments over 10 years.[1]

However, while care leavers can remain in OoHC until the age of 21, this vulnerable population of young people still face a complex array of barriers relating to their ability to access services. As a result of their experiences early in life, care leavers continue to experience significantly poorer life outcomes than their peers well into adulthood.[2]

For instance, securing stable housing can be difficult to navigate as young people transition to independent living.[3] Without a family to fall back on for accommodation, this leaves care leavers susceptible to instability, with 30% becoming homeless within three years of leaving care.[4] Additionally, the process of adapting to adulthood without a robust support network takes a significant toll on the emotional and mental health of this cohort,[5] with 52% of care leavers presenting to acute public mental health services.[6] These difficulties are further compounded by limited access to educational and career opportunities,[7] which hinder their ability to achieve stability and success in the future. This results in 44% of care leavers leaving OoHC completely disengaged from education and 24% of care leavers becoming involved in the justice system after leaving care.[8]

As such, Home Stretch is advocating for additional supports for care leavers to enable the best possible chance to successfully transition to independence. These supports across the domains of health, education, employment and justice are intended to facilitate a smoother transition into adulthood, building care leavers' independent living skills, resilience and social supports. They also aim to support re-engagement with education and vocational pathways and address health needs early. This notion is further reinforced by other jurisdictions that have implemented similar programs, evidencing improved life outcomes for this cohort. [9]

Purpose and scope of this report

To support advocacy of additional supports for care leavers, Home Stretch has engaged the services of Deloitte Access Economics to conduct a cost benefit analysis (CBA) of options to better package other supports for this population during and after extended care years.

The cost-benefit analysis of options of support for this population has sought to systematically evaluate the anticipated costs and benefits associated with funding additional supports to accompany extended care programs. This CBA has quantified the outcomes of these supports for this population during their extended care years, which has enabled the enhancements of the benefits outlined in the original extended care business case to be articulated.

The research has focused specifically on modelling the costs and benefits associated with prioritised access to services (e.g., mental health, dental, free transport or education) for care leavers in Victoria. A benefit-cost ratio (BCR) has subsequently been determined.

The research has examined the original cost-benefit analysis framework for extended care and built on the existing framework to capture additional benefits as well as those which would enhanced through additional supports for care leavers. This process also draws on relevant research and consultation with Home Stretch.

The remainder of this report is structured as follows:

- methodology – details the frameworks and modelling techniques utilised to derive appropriate results for each respective domain
- results – in summarising the outcomes of the analysis, this section demonstrates the key findings of the report to support Home Stretch's advocacy efforts
- appendix – includes supplementary materials to support the main content illustrated within the report.

2 - Methodology

Methodology

Overview of the CBA modelling approach

Cost-benefit analysis

A CBA considers the economic, environmental and social impacts attributable to an intervention or policy. The CBA only estimates the incremental impact of the in-scope policy change – that is, the costs and benefits attributable to the program relative to a defined base case.

The scope for this CBA is the provision of additional supports for care leavers to assist them in accessing key and essential services. For the purposes of this CBA, it is assumed the intervention is provided to one cohort of care leavers from 2025 onwards. In this instance, the base case assumes that care leavers receive no additional supports during the relevant period over and above what is already available to them.

Where possible, the incremental costs and benefits of the additional supports for care leavers have been monetised. This is not always possible either due to the effects being non-financial or intangible, or there being insufficient data to value those benefits. The CBA framework for monetised benefits is outlined in Table 1 and Table 2 (on page 8). This shows the categories of costs and benefits measured in this CBA and the evaluation method. For benefits that were unable to be monetised, these have been discussed qualitatively throughout the benefits methodology and discussion of results.

The model calculates the relative costs and benefits of the options under consideration against the costs and benefits of a base case.

Distribution of costs and benefits

Although the model considers treatment to a cohort of Victorian care leavers, Australia is the true reference group. In particular, the model captures benefits and costs to Victorian care leavers, the Victorian Government, and the Commonwealth Government. In other words, despite the focus of the intervention on Victorian care leavers, benefits and costs are captured and the state and federal level. The distribution of costs and benefits based on this is outlined in the results section.

Methodology

Overview of the CBA modelling approach

Modelling scenarios

Treatment cohort

While additional supports for care leavers would likely be provided to all care leavers from ages 18-25, this modelling and analysis considers the costs and benefits of providing these services to one cohort of young people in Victoria in 2025 who are either leaving care or entering extended care at the age of 18. The treatment is provided to this cohort for seven years, i.e., from the age of 18 to their 25th birthday. It is assumed there is uniform exit from out of home care from ages 18 to 21, such that by 2028, all Victorian young people in this cohort have left extended care. However, they would continue to receive additional supports until the age of 25.

Identification of services

A number of services were identified and included in an indicative suite of supports for the purposes of this modelling. While in practice a more detailed feasibility analysis may be necessary to identify the appropriate suite of services, these supports were identified on the basis that they are beneficial to the target cohort, in line with comparable practice in other jurisdictions, and also that they could be practically modelled. That is, some additional services which could be beneficial to include in a package of additional supports for care leavers were not directly considered as part of this analysis. The suite of services selected for this analysis demonstrate the likely benefits and return of a package of additional supports for care leavers.

Scenarios

The modelling was conducted over two scenarios, including:

- a 'comprehensive services' scenario, which provides a greater number of key services to care leavers, but incurs a larger a larger cost in immediate service provision.
- a 'basic services' scenario which includes a more limited number of services but incurs less costs in immediate service provision

The modelling scenarios and relevant services are detailed on pages 22-23 in the Appendix.

In reality, early intervention supports for care leavers are highly complex and nuanced. While such supports can prevent future costs and outcomes in the long term, their effectiveness and long-term success is determined by a number of factors, including individual circumstances of care leavers and their preparedness for independent living. Further, many services considered in this CBA are highly interrelated, meaning that a deficiency or ineffective support in one area (such as housing), will likely impact the success of early interventions in other areas (such as employment). This CBA does not consider how different supports across spheres of life (e.g., housing, health, employment) impact each other, or how the benefits of such supports may vary between individual care leavers.

Modelling the benefits and how to read this methodology chapter

Pages 9-14 describe the specific methodology and intervention logic of the benefits modelled in this CBA. For this section, the intervention logic for each support is outlined on the left-hand side of the page, and the modelling approach to quantify the benefit is outlined on the right-hand side of the page in the green box.

Figure 1: Example benefits methodology page

Methodology

CBA framework

Table 1: CBA framework – costs

Category	Cost	Payee
Health	Cost of ambulance coverage	Victorian Government
	Cost of gym membership	Victorian Government
	Cost of dental services	Victorian Government
Education	Cost of higher education	Commonwealth Government
	Cost of grants for expenses associated with education participation	Victorian Government
Employment	Cost of paid internships	Victorian Government
Housing	Cost of rental subsidy	Victorian Government Commonwealth government
Other	Cost of driving lessons	Victorian Government
	Cost of vehicle registration	Victorian Government
	Cost of public transport revenue forfeited by concession prices	Victorian Government
	Cost of mobile phone plan	Victorian Government

Source: Deloitte Access Economics

Table 2: CBA framework – benefits

Category	Benefit	Beneficiary	Related services
Health	Avoided loss of life	Care leavers	Ambulance coverage
	Improved physical and mental wellbeing	Care leavers	Gym membership
	Reduced instances of disease and illness	Care leavers	Dental services
Housing	Reduced instances of homelessness	Victorian Government	Rent assistance
Education and employment	Increased lifetime earnings	Care leavers	Fee waivers for higher education Grants for expenses associated with education participation Paid internships Mobile phone expenses Public transport access Driving lessons and registration
	Avoided unemployment costs	Commonwealth Government	
Justice	Reduced interaction with the justice system	Victorian Government	Fee waivers for higher education Grants for expenses associated with education participation Paid internships

Source: Deloitte Access Economics

Intervention logic and modelling approach

Improved health and wellbeing

Improved health and wellbeing

Care leavers have significant health vulnerabilities because of their experiences before, during and after care. Of those leaving care, over 80 per cent are admitted to or present at hospital within eight years, and more than half have also presented to acute public mental health services,[10] with rates of hospital admissions for care leavers more than twice the rate of other young people.[11]

Providing additional health supports to this cohort would improve the health and wellbeing of care leavers by increasing care leavers' access of health services or other early intervention supports that promote a healthy lifestyle. However, there are complexities in how these benefits are captured.

Ensuring care leavers can access an ambulance when they need one provides early advanced care. Ambulance coverage is likely to provide care leavers with the confidence to call an ambulance, limiting any prolonged decision time they may require to weigh up the cost of calling out an ambulance against their need for one. In the short term, modelled in this CBA, it ensures that care leavers receive care more quickly, reducing their likelihood of death.

An ambulance is also able to better triage the level of care required (e.g., hospital, emergency department or general practitioner). This would reduce unnecessary emergency department presentations given care leavers are 4.5 times more likely to present to the emergency department than other young people.[12] This reduces the burden on the health system. However, though not captured in this CBA, long term, there are also likely to be additional benefits in strengthening care leavers' understanding of the health system and who to approach for treatment, and increased likelihood of early intervention for health issues.

Modelling health and wellbeing benefits

Health and wellbeing benefits were monetised as part of this CBA in relation to ambulance coverage, increased physical activity and dental coverage.

Ambulance coverage

Benefits associated with ambulance coverage were monetised in terms of reduced fatalities against a base case of low uptake in ambulance coverage among the target cohort. Assumptions of annual hospitalisations per care leaver were combined with assumptions of the likelihood of a hospitalisation resulting in death, which varies depending on whether a young person has ambulance coverage or not and therefore is slower to call an ambulance. These assumptions were informed by likelihood of fatality based on ambulance wait times. The outcome associated with a prolonged wait time was used a proxy for the likelihood of fatality due to delayed care that may be experienced by someone that is not attended by an ambulance due to lack of coverage.

Given outcomes are worse for prolonged wait times, the project case observes a lower number of fatalities, which are monetised as a benefit in avoided loss of life using the value of a statistical life.[13]

Benefits were also monetised in terms of the avoided cost of emergency department presentations.* Assumptions of the number of care leavers no longer presenting to the emergency department were made. These assumptions were informed by the rate of discharge by an ambulance without presenting to hospital and the number of ambulance call outs. This outcome was monetised by considering the average cost of each emergency department presentation in Victoria.[14]

*Avoided emergency department presentation benefits were attributed to the avoided costs to government rather than improved health and wellbeing.

Intervention logic and modelling approach

Improved health and wellbeing

Improved health and wellbeing – cont.

The preventative and positive effect of regular physical activity on health and wellbeing has been well documented,[15] resulting in improved heart function, strengthened muscles and bones, and better regulation of weight and blood sugar levels.[16] This reduces the risk of several diseases such as cardiovascular diseases, cancer and diabetes.[17] It can also improve social relationships and self-efficacy and body image, which are psychological predictors of wellbeing.[18]

Holding a gym membership provides access to a location where care leavers can undertake a variety of forms of physical activity, increasing their rate of exercise.[19] However, depending on the person and the lifestyle, this relationship is not always one-to-one, and the impacts of access to a gym can vary across a lifetime. For example, in some people, it may establish lifelong habits, while in others, the impact may taper off overtime once free access is removed, and an active lifestyle is increasingly substituted for sedentary behaviours.

While this CBA focuses on the immediate impacts of physical activity on health of care leavers across seven years, for some individuals, there may also likely be long term benefits in establishing healthy lifestyles and habits, reducing the impacts of obesity, diabetes, depression and anxiety over their lifetime.

Regular dental care ensures that any oral health conditions are monitored frequently and addressed in a timely manner. Frequent monitoring allows for early intervention, reducing the likelihood of poor health outcomes such as periodontitis and tooth loss.[20]

While dental care captured by this CBA reduces the likelihood of periodontitis and associated tooth loss in the short term for the duration of the program, it is likely that free dental coverage will support the establishment of long term positive oral habits for care leavers. This CBA models the persistence of these benefits for an additional two years beyond the life of the program to reflect that some oral habits may be established a short time, protecting from poor outcomes beyond the life of the program. However, in reality, the extent of this habit formation and its duration may vary between care leavers.

Modelling health and wellbeing benefits – cont.

Health and wellbeing benefits were monetised as part of this CBA in relation to ambulance coverage, increased physical activity and dental coverage.

Gym membership

The provision of a gym membership can lead to improved physical and mental health outcomes for young people through increasing their level of physical activity, which has been shown in the literature to reduce prevalence of both physical and mental disease.[21] However, not all care leavers would increase their level of physical activity even with a free gym membership.

This CBA models the benefits of avoided wellbeing loss associated with instances of depression, anxiety and obesity. Assumptions of the likelihood of increased psychical activity due to free gym access are combined with estimates from the literature of the impact of increased physically activity on prevalence of depression, anxiety and obesity to estimate a change in instances relative to the base case. This change in prevalence is then converted to estimated avoided wellbeing loss in monetary terms using disability adjusted life years (DALYs) and the value of a statistical life year (VSLY).

Dental coverage

Free dental coverage results in improved physical health benefits by increasing take up dental care relative to a base case where uptake matches the rate of the general population. Increased up take of dental care in the project case is linked to reduced probability of periodontitis and associated tooth loss, based on assumptions sourced from the literature. The benefit is then monetised in terms of avoided wellbeing loss using DALYs for periodontitis and tooth loss.

Intervention logic and modelling approach

Employment and education

Employment and education

Care leavers can face significant limitations in their employment and education opportunities due to a lack of financial resources, stable housing and support networks. These barriers can lead to lower participation rates in education and insecure, low-paying jobs – hindering their ability to build sustainable careers. Currently, almost 44% of care leavers are no longer studying or in any kind of training.[22]

By providing targeted assistance to enhance education and employment outcomes, care leavers are more able to pursue long-term educational or professional goals, reducing instability and disadvantage.

As outlined in benefits methodology on the right, offering education support for care leavers increases the likelihood of educational engagement, helping to facilitate increased participation in education programs and improve education outcomes.[23] This is because education support increases care leavers' access to required resources (such as laptops) to effectively and meaningfully participate in further study. Education support also reduces the financial burden on them to fund their educational pursuits, which may otherwise require additional time spent working to raise the necessary funds, limiting their ability to engage in the educational pursuit itself.

The benefits of providing education subsidies and grants also persist in the long term.[24] As a result of pursuing further education, care leavers are more likely to remain engaged in their personal and professional growth.[25] This engagement fosters long-term benefits, allowing them to build skills and attain qualifications they may not have otherwise achieved. These long-term benefits achieved from higher education positively correlate to greater earnings over their lifetime beyond OoHC. Although, it should be noted that the model does not consider that some care leavers may not complete their higher education course, in which case said benefits would not be realised to the same extent.

Similarly, paid internships can enhance the employment prospects of care leavers by providing them with valuable work experience, making them more attractive to future employers in the short term. However, the benefits derived from this experience extend over a person's lifetime. Those who gain paid internship experience are more likely to stay in steady employment, earning consistently over a long period of time.[26] Additionally, the confidence and skills developed during these opportunities empower care leavers to take more risks and innovate in their chosen fields. As such, paid internships set a strong foundation for sustained professional and personal growth over a lifetime.

Modelling employment and education benefits

Employment and education benefits were modelled based on increased educational attainment through higher education subsidies and grants, in addition to increased employability through providing paid internships.

Higher education subsidies and grants

Subsiding access to higher education through direct fee waivers and grants to cover student expenses has been shown to increase the likelihood of higher educational attainment for disadvantaged cohorts.

Estimates of this effect from the literature are combined with assumptions of the base rate educational attainment for care leavers to estimate an uplift in higher educational attainment in the project case. From this, the number of care leavers employed and unemployed based on their level of educational attainment is estimated in each year. Their yearly earnings is also dependent on their level of educational attainment and employment status.

Lifetime earnings for the cohort is then modelled based on this and compared across the project case and base case to estimate an uplift in lifetime earnings.

Paid internships

Providing care leavers with paid internships directly impacts their probability of finding employment, particularly in the short-term. To estimate the benefits associated with providing paid internships to care leavers, an uplift in employment probability relative to a base case where care leavers do not have access to paid internships is estimated. This is done by comparing observed employment rates for people who have recently completed an internship relative to the base probability for care leavers. This results in an uplift in employment relative to the base case, and associated increase in earnings as an economic benefit.

To avoid double counting within the model, care leavers who are completing higher education are not eligible for paid internships. However, in practice there would likely be benefit in providing care leavers with both educational support and paid internships.

Intervention logic and modelling approach

Housing

Housing

Care leavers are left considerably vulnerable and face significant challenges relating to establishing stable living arrangements.

Housing assistance provides a safety net to assist these individuals in securing safe and affordable housing. This stability is crucial for fostering independence and reducing the risk of homelessness, which disproportionately affects those exiting OoHC [27]. Nonetheless, the process of capturing these benefits is complex.

The modelling conducted is stylised to illustrate the benefits of reduced rates of homelessness and associated costs to the government derived from housing support. While this does not consider the full extent of support a care leaver may require to access stable housing (for example, they may require assistance securing a rental, rather than just cost coverage), this CBA model also does not represent the full array of benefits. Early access to stable housing is important as it not only limits the risk of homelessness, but also increases the likelihood of employment,[28] and improves physical and mental health[29] – fostering a foundation for long-term success (such as improved engagement within the community). This is because stable housing makes it easier for care leavers to regularly attend work each day without the distractions and instability that come with housing insecurity, while also reducing their levels of stress. Additionally, the benefits of stable housing during the period of transitioning out of care promotes a sense of belonging and security. This is critical for individuals who may have faced instability in their formative years during care.

The benefits of housing support not captured in this CBA therefore strengthen lifetime outcomes for this cohort. Consequently, as stable housing is secured and homelessness becomes less prevalent, this subsequently prevents other costs to the government, including costs attributed to other social welfare programs, and to the health and justice systems.[30]

Modelling housing benefits

Housing benefits modelled are based on reduced instances of homelessness and associated avoided costs to government.

Housing subsidies

Care leavers are observed to have a significantly higher rate of homelessness relative to the broader population.[31] Benefits related to targeted housing supports are therefore modelled based on reduced prevalence of homelessness among care leavers as a result of targeted rental subsidies. Base rates of homelessness are combined with assumptions about the impact of rental subsidies on rates of homelessness to determine each care leavers' rate of homelessness in the project case relative to the base case. This yields an estimate of the number of care leavers which are homelessness in a given year, and the associated costs to government in homelessness services.

The difference in costs between the project case and base case is then taken as the avoided cost to government in homelessness services per year attributable to the program. To remain conservative, benefits are only modelled over the time period for which the subsidy is provided, i.e., seven years.

Intervention logic and modelling approach

Other avoided costs to government

Other avoided costs to government

Providing support to care leavers is likely to reduce their reliance on government services over time, leading to a decrease in government expenditure. This CBA proposes that a package of additional supports for care leavers could help the Commonwealth and Victorian governments avoid costs associated with the justice system and unemployment benefits. However, the complexities surrounding these assumptions introduce uncertainty regarding the extent to which such costs can be avoided.

In theory, enhancing employment outcomes is expected to reduce the likelihood of criminal activity as employed individuals earning an income are less likely to turn to more drastic measures.[32] However, the challenging upbringings faced by many care leavers may still result in instances of crime, even after securing employment. Similarly, while the model assumes a reduction in unemployment payments due to improved employment rates and fewer care leavers meeting the required eligibility criteria, this outcome relies on care leavers securing and maintaining stable employment over time. If long-term employment is not sustained, reliance on unemployment payments may persist, limiting the government's ability to avoid these costs.

Additionally, the model does not fully account for other potential cost savings the government may realise. For instance, providing employment support can reduce financial stress and improve mental health outcomes,[33] potentially easing the burden on health services. Furthermore, care leavers earning an income and receiving contributions to their superannuation could lessen future reliance on government pension payments and other types of welfare supports. However, these are not quantified in the model.

The interdependencies between the benefits outlined in the model are also significant. Improved education and work experience enhance the likelihood of stable employment and the ability to afford appropriate housing. Conversely, early access to housing supports care leavers in maintaining employment.[34] This synergistic effect creates a reinforcing cycle that promotes stability and independence of care leavers. However, the removal of any one support could undermine the positive effects of the others, emphasising the importance of a holistic approach to care leaver support.

Modelling avoided costs to government

Avoided costs to government are also modelled beyond homelessness services and emergency department presentations, including in relation to unemployment payments and avoided costs to the justice system.

Avoided unemployment payments

As outlined on page 11, the model estimates the number of care leavers in the target cohort which are employed in any given year in both the project case and base case, which varies due to the extent of educational and employment supports. This allows the estimation of unemployment (or JobSeeker) payments that would be paid by the Commonwealth Government in each year. The difference in project case relative to the base case over the time period represented the avoided costs to government in unemployment payments.

Avoided costs to the justice system

Benefits in avoided costs to the justice system are also modelled, again leveraging the estimates of employed and unemployed care leavers in each year. Estimates of the likelihood of an unemployed care leaver committing crime are assumed be in line with those observed for care leaver cohorts generally, while employed care leavers are assumed to commit crime at a rate in line with the general population.

Given the differences in employment in the project case relative to the base case, this allows varied estimates of the number of crimes committed in each case. From here, the number of instances of custody are estimated based on the observed number of sentences that are custody and the associated costs to the justice system.

Modelling approach

Methodological considerations

Modelling the costs

The costs that could be incurred by the package of additional supports for care leavers in each scenario are modelled indicatively. For each service included in the scenario, the approximate cost of its per year is estimated. Where there may be multiple options for how the service is provided or who it is provided by, an average price and level of usage is applied where possible. The costs of the service per person are applied to the number of care leavers who would take up and benefit from the package of supports.

Additional modelling considerations

Timeline and persistence of benefits

Given additional supports for care leavers modelled target one cohort of care leavers aged 18 until they 25 (i.e., their 25th birthday), costs are modelled across seven years. For some services, it is expected that costs will only be incurred in some years because the service is a discrete support for a certain timeframe or certain number of uses. The timeline for these costs is adjusted to reflect this design. For some services, benefits will be realised over the seven-year course of the program only. However, some benefits considered in this CBA may persist for longer than the timeframe of the program (e.g., two or three years) as habits are established or the benefit tapers off once access to the support is stopped. Further, some benefits may provide benefit for the entire lifetime of the carer. As such, benefits are treated accordingly, with maximum lifetime benefits modelled over a conservative 40-year period.

Program uptake rates

Some care leavers desire to break away from the State's role as corporate parent as soon as they are eligible to leave care. Therefore, it is expected that not all care leavers would take up the additional supports and realise the modelled benefits. To account for this, a program uptake rate has been assumed when modelling the cohort of care leavers that will generate costs from the program and realise its benefits. In the core set of inputs, this is assumed to be 80% of care leavers. Further, for some services (e.g., gym membership), a second service-specific uptake rate is applied. This recognises that despite access to the supports, care leavers may choose a specific subset of services within the package that they believe are most useful to them in their existing circumstances. These service specific uptake rates are specified in the Appendix.

Data sources and assumptions

A variety of data sources from government bodies and academic literature are leveraged to model the costs and benefits in this CBA. The number of care leavers in the cohort was provided by Home Stretch. The types of data sources are outlined more specifically in the benefits framework on pages 25-26.

A desktop review was undertaken to understand the potential costs associated with each of the indicative supports. The data sources yielded from this process inform the cost per person of specified supports, the likelihood that care leavers will use the specific service or support, and how frequently they will use it.

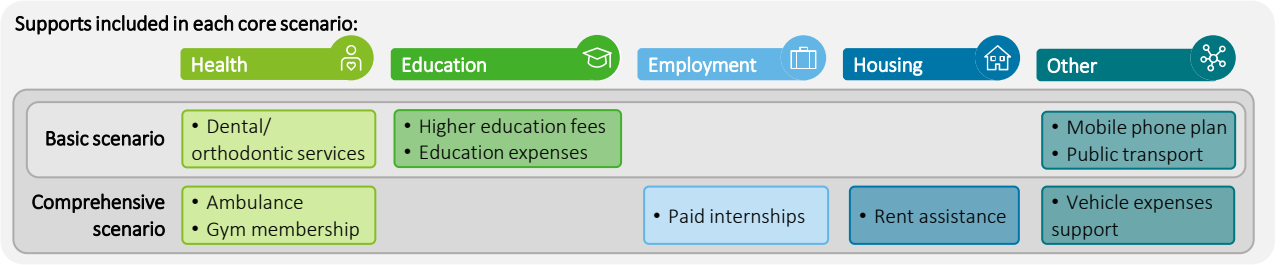
The desktop review was also used to establish the relationship between the provision of the specified supports and the benefits to be modelled under the CBA framework. Data sources were found relating to the current prevalence of certain conditions or outcomes among care leavers in the base case, the expected change in this prevalence once the cohort uses supports under the program, and the monetary value of this change in prevalence. These inputs are expressed as a percentage, Disability-Adjusted Life Years (DALYS) or Years of Life Lost (YLL), or a dollar value.

A full list of data inputs and assumptions used to inform this CBA is outlined in the Appendix on pages 25-35.

3 – Results

Results

Summary of results



Results of the CBA show that:

- The impact of the current cohort of care leavers due to additional supports for the cohort is estimated to be $24.19 million under the comprehensive scenario, generating a $1.78 return for every $1.00 spent to provide additional supports to care leavers.
- For the basic scenario, the impact is estimated to be $15.70 million, generating a $1.91 return for every $1.00 spent to provide additional supports to care leavers.
- Care leavers and the broader society would realise majority (73.49 – 77.48%) of the benefits.

Comprehensive scenario

The comprehensive scenario includes broader supports than the basic scenario, additionally including ambulance coverage, gym membership, rental assistance, paid internships to build work experience and vehicle expenses support. Under the core set of inputs for the comprehensive scenario, total present value (PV) benefits are equivalent to $55.19 million. Comparing total PV benefits to total costs of $31.00 million (PV), **this yields a net present value (NPV) of $24.19 million and a benefit-cost ratio (BCR) of 1.78.** This suggests that additional supports for care leavers, with a comprehensive package, would deliver a net benefit to the Victorian and Australian economies. **For every $1.00 invested in additional supports for care leavers, there would be a $1.78 return.**

Basic scenario

The basic scenario includes a more limited selection of supports for care leavers that would be less costly to implement. Under the core set of inputs for the basic scenario, total present value (PV) benefits are equivalent to $32.92 million. Comparing total PV benefits to total costs of $17.22 million (PV), **this yields a net present value (NPV) of $15.70 million and a benefit-cost ratio (BCR) of 1.91.** This suggests that additional supports for care leavers, with a basic package, would deliver a net benefit to the Victorian and Australian economies, but at a slightly higher return than under the comprehensive package of supports. **For every $1.00 invested in additional supports for care leavers, there would be a $1.91 return.**

Table 3: CBA results, PV 2024 dollar terms

CBA results	Comprehensive scenario	Basic scenario
Benefits (PV, $ million)		
Improved health and wellbeing	13.00	1.57
Education and employment	29.76	22.49
Housing	3.44	0.00
Avoided costs to government	12.44	8.86
Total benefits	**55.19**	**32.92**
Costs (PV, $ million)		
Health	1.98	0.24
Education	14.16	14.16
Housing	7.27	0.00
Employment	1.70	0.00
Other	5.89	2.83
Total cost	**31.00**	**17.22**
NPV ($ million)	**24.19**	**15.70**
BCR	**1.78**	**1.91**

Source: Deloitte Access Economics

Results

Summary of results

Distribution of costs and benefits

The distribution of PV costs and benefits for all three of these groups in the core CBA scenario are outlined in Figure 1 and 2.

Care leavers and the broader society would realise majority of the benefits, ranging between 73.49% and 77.48%. Depending on the selection of supports included in the comprehensive and basic scenarios, the Commonwealth Government would bear between 55.87% and 79.22% of the costs, while the Victorian Government would bear the remaining 20.78% to 44.13% of the costs.

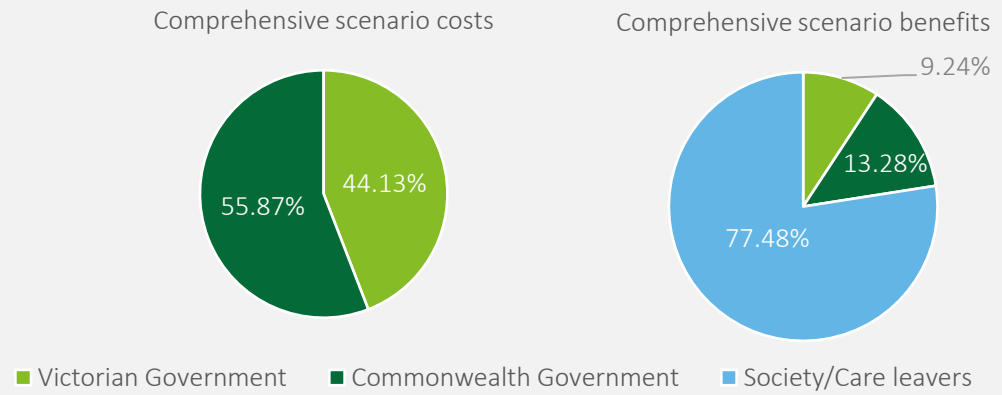
While Victorian care leavers are the target cohort, some of the financial costs and benefits can be attributed to the Victorian Government or the Commonwealth Government. For example, avoided costs to government relating to unemployment benefits would be realised by the Commonwealth Government, which is responsible for JobSeeker payments, while avoided costs to government relating to emergency department presentations would be realised by the Victorian Government as they are primarily responsible for public hospital related expenses. However, given the joint contributions of the Victorian and Commonwealth Government towards homelessness services, avoided costs associated with reduced instances of homelessness would be realised jointly by both governments.

In comparing the costs borne by state and federal governments, the higher proportion of costs attributable to the Commonwealth Government under this CBA are largely driven by higher education supports provided under both scenarios. For the Victorian Government, the higher costs under the comprehensive scenario are largely driven by housing supports.

The relative distribution of benefits realised by both groups reflects the variation in responsibilities across the two levels of government. However, the majority of benefits are realised by care leavers themselves and the broader society.

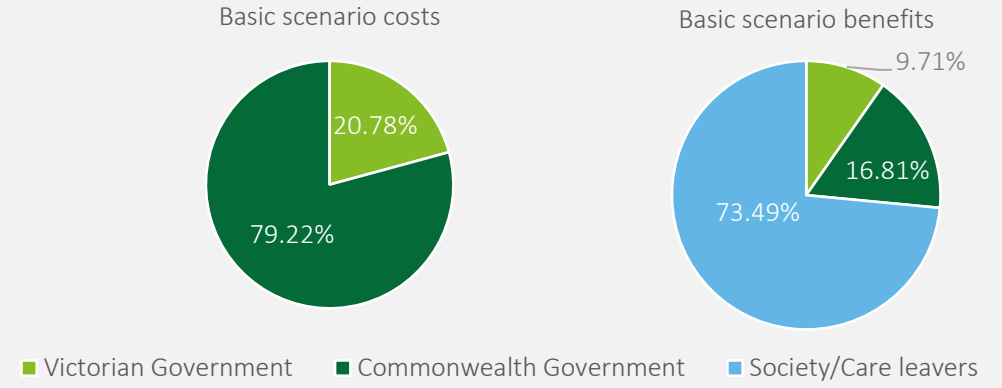
Although this may indicate a relatively high cost burden on government itself, the benefit to society and to individual care leavers is significant and positive.

Figure 1: Distribution of comprehensive scenario costs and benefits, PV 2024 dollar terms



Source: Deloitte Access Economics

Figure 2: Distribution of basic scenario costs and benefits, PV 2024 dollar terms



Source: Deloitte Access Economics

Results

Discussion of results

Types of supports

This CBA suggests that additional supports for care leavers, as indicatively modelled, **would deliver a positive return overall,** in both the basic scenario and the comprehensive scenario.

However, a larger number and broader type of supports provided to care leavers (under the comprehensive scenario) does not necessarily provide a larger benefit for each dollar spent on the program, with this CBA producing a lower BCR under the comprehensive scenario when compared to the basic scenario.

This is likely due to the types of services included under each scenario, with those under the comprehensive scenario incurring larger costs (e.g., housing support, and private vehicle transport supports), generating slightly less benefit for each dollar spent and lowering the overall BCR for the scenario. This demonstrates the importance of the combination of supports selected for care leavers and the need for further detailed feasibility analysis to identify the appropriate suite of services that will deliver the greatest return in sum. **The selected suite of supports in the package is also important given the interrelated nature of the types of service areas that would likely be targeted by the additional supports for care leavers.**

Interrelated outcomes

It is important to note that this CBA models each cost and benefit in isolation. In practice, target areas such as housing, employment, education and health and wellbeing are highly interrelated, with outcomes in one area impacting outcomes in another. As such, supports in these target areas will likely flow through to strengthen further benefits in other areas. For example, stable housing would support a care leavers' ability to maintain employment and attend regular appointments, while also reducing levels of stress and improving mental health and wellbeing. Therefore, the costs and benefits should be considered as a package, highlighting the importance of a coordinated response across policy areas.

Costs of the program

For the costs across seven years of the program, the comprehensive scenario, would require $41,334 over seven years, or $5,905 per year. For the basic scenario, it would equate to $22,960 per person, or $3,280 per year. When compared to other support programs such as the Veterans support system in Australia, which costs $36,355 per person per year on average,[35] the additional supports for care leavers would cost significantly less per person.

While relatively fewer supports are included in package of supports modelled in this CBA, this suggests that **even with relative increases in the scope of supports provided, it would be in within the level of support provided to other vulnerable groups in the community**.

Other benefits not quantified in this CBA

There may also be other intangible benefits that were not quantified through this CBA, which only considers a select group of direct effects of the intervention. For instance, many of the supports would strengthen care leavers' social connectedness and engagement with the community, raising the benefits generated by the additional supports for care leavers. Advancing the health, social and economic position of care leavers through additional supports would also likely build cultural identity and belonging, deepen support networks available to care leavers and establish security and stability, more effectively supporting their transition into independent living and maturity into adulthood.

Cohorts considered

Further, this CBA only considers one cohort of care leavers turning 18 years in 2025. **In reality, additional supports would likely be rolled out to other cohorts of care leavers, even if still only run for seven years from 2025 to 2032.** For example, care leavers aged 20 years would be eligible to receive five years of the program, and those aged 23, two years of the program. This would incur further costs and benefits for these cohorts of care leavers however, it is possible the uptake rates for these older cohorts are more varied than those leaving care or entering extended care at age 18. Combined with potential additive effects over multiple years, the extent of benefits for these other care leaver cohorts may vary to what is reported by this CBA.

Results

Sensitivity analysis

Sensitivity analysis inputs

Sensitivity analysis was undertaken to gauge the feasible range of results given uncertainty surrounding the following inputs:

- discount rate
- uptake rate of the additional supports by care leavers
- persistence of some benefits that may not cease with cessation of the program.

The results from the sensitivity analysis are shown in Table 5 on page 20.

Upper bound of benefits

Across all sensitivities tested, **at its maximum, the comprehensive scenario could deliver $2.02 of return for every $1.00 invested, and for the basic scenario, this could be $2.29 return.** These scenarios would yield $73.69 million and $48.91 million in benefits respectively.

In each sensitivity tested, across both scenarios, the NPV and BCR remained positive.

Discount rate

Benefits continue to outweigh the cost of delivering the program when the discount rate is increased or decreased. The analysis shows that if the discount rate is reduced from 7.0% in the core scenario to 4.0%, or increased to 10%, the BCR remains positive at 2.02 and 1.66 respectively, for the comprehensive scenario.

By decreasing the discount rate, future costs and benefits are relatively more in value, increasing the PV costs and benefits, and BCR. Comparatively, increasing the discount rates generates relatively less in future costs and benefits, lowering the BCR.

Uptake rate

Though the value of costs incurred and benefits realised is sensitive to changes to the uptake rate, the relative benefit per dollar spent (i.e., the BCR) remains unaffected. While PV costs and benefits are smaller with a lower uptake rate of 60%, when compared to the core uptake rate of 80%, the overall BCR does not change.

This CBA model accounts for the uptake rate in estimating the number of care leavers who will use additional supports, both incurring costs and realising benefits. Therefore, both the costs and benefits change by the same proportion when the uptake rate is adjusted.

A similar effect is observed when the uptake rate is increased to 95%, producing a net present value (NPV) of $28.73 million, and an unchanged BCR at 1.78 under the comprehensive scenario. Under the basic scenario, the NPV with a 95% uptake rate is $19.64 million and BCR is 1.91.

Persistence of benefits

When benefits are assumed to persist beyond the program length, the BCR increases. A scenario was considered where the benefits of improved physical and mental wellbeing (associated with gym membership), reduced instances of disease and illness, reduced instances of homelessness and avoided costs of emergency department presentations persisted for an additional three years. In reality, these benefits may slowly taper off overtime once support through the program ceases. In extending these benefits, the BCR increased slightly under the comprehensive scenario, to 1.83, with an NPV of $25.87 million.

Results

Sensitivity analysis

Sensitivity analysis shows that:

- A maximum of $2.02 (comprehensive scenario) to $2.29 (basic scenario) of return could be delivered for every $1.00 invested in additional supports for care leavers.
- Results are sensitive to changes in the discount rate, but benefits continue to outweigh the cost.
- The relative benefit per dollar invested in additional supports is unaffected by the rate of uptake by care leavers but is affected by how long benefits persist beyond the length of the program.

Table 5: Results from sensitivity analysis, PV 2024 dollar terms

Comprehensive scenario			
Discount rate	4.0%	7.0%	10.0%
PV Benefits ($ million)	73.69	55.19	44.22
PV Costs ($ million)	36.52	31.00	26.69
BCR	**2.02**	**1.78**	**1.66**
Uptake rate	60%	80%	95%
PV Benefits ($ million)	41.39	55.19	65.54
PV Costs ($ million)	23.25	31.00	36.81
BCR	**1.78**	**1.78**	**1.78**
Persistence of benefits	Benefits do not persist	Benefits persist for three more years	
PV Benefits ($ million)	55.19	56.87	
PV Costs ($ million)	31.00	31.00	
BCR	**1.78**	**1.83**	

Source: Deloitte Access Economics

Basic scenario			
Discount rate	4.0%	7.0%	10.0%
PV Benefits ($ million)	48.91	32.91	24.08
PV Costs ($ million)	21.32	17.22	14.19
BCR	**2.29**	**1.91**	**1.71**
Uptake rate	60%	80%	95%
PV Benefits ($ million)	24.69	32.91	39.09
PV Costs ($ million)	12.92	17.22	20.45
BCR	**1.91**	**1.91**	**1.91**
Persistence of benefits	Benefits do not persist	Benefits persist for three more years	
PV Benefits ($ million)	32.91	33.39	
PV Costs ($ million)	17.22	17.22	
BCR	**1.91**	**1.94**	

Source: Deloitte Access Economics

4 - Appendix

Scope of this CBA

Additional services considered but not included were apprenticeship placements, assistance in finding a home, the purchase of white goods and furnishings, 1:1 employment support and mentoring, the waiving of council taxes/rates or occupational licenses, and private health insurance coverage.

Reference group: The CBA considers the costs and benefits to **Victoria** and to the **Commonwealth**.

Base case:

- All care leavers in Victoria have the option of extended care to the age of 21.
- No additional program.

Project case:

- All care leavers in Victoria have the option of extended care to the age of 21.
- All care leavers in Victoria can receive a package of discounted services from the ages of 18 to 25.

Key outputs:

- Net present value (**NPV**) of benefits and costs.
- Benefit-cost ratios (**BCRs**) associated with the package of discounted services.
- Benefits accrue over **40 years,** beginning at the start of the discounted service offering.

Package of discounted services could include a combination of:

Health:
- Ambulance cover
- Gym membership
- Dental and orthodontic services

Education:
- Fee waivers for higher education
- Grants for expenses associated with participation in higher education (e.g., resources)

Housing:
- Rent assistance (contribution to bond and rental agreement) for care leavers who meet some narrower eligibility criteria

Employment:
- Paid internships within central government departments and agencies

Other:
- Driving lessons
- Vehicle registration
- Concession public transport access
- Mobile phone plan expenses

- Available to **all care leavers aged 18 to 25 located in Victoria**.
- Mechanism through which the discounted services are distributed (e.g., card) yet to be determined.

Potential sensitivities for testing: Understanding the **key uncertainties** that change the effectiveness of the package.

- The degree of uptake of the discounted services
- The timeframe that benefits persist over
- Discount rate

Key consideration:
Where possible, the analysis will investigate the ***distribution of benefits*** under the discounted services, including by jurisdiction (e.g., Victoria or Commonwealth) and care leaver type (e.g., still in OoHC or not).

Project case scenarios for this CBA

Scenario 1: Comprehensive services

Health:
- Ambulance cover
- Gym membership
- Dental/orthodontic services

Education:
- Fee waivers for higher education
- Grants for expenses associated with participation in higher education (e.g., resources)

Employment:
- Paid internships within central government departments and agencies

Housing:
- Rent assistance (contribution to bond and rental agreement) for care leavers who meet narrower eligibility criteria

Other:
- Mobile phone plan expenses
- Concession public transport access
- Driving lessons and vehicle registration

Scenario 2: Basic services

Health:
- Dental/orthodontic services

Education:
- Fee waivers for higher education
- Grants for expenses associated with participation in higher education (e.g., resources)

Employment:

Housing:

Other:
- Concession public transport access
- Mobile phone plan expenses

Benefit categories

Avoided costs to government | Employment and education | Improved health and wellbeing

Overview of the CBA modelling process

1

Determine baseline and policy scenario
Determine scenario for modelling

Example scenarios

Baseline

Scenario

Build CBA framework
Determine individual cost and benefit items for consideration

Example costs and benefits

Benefit 1

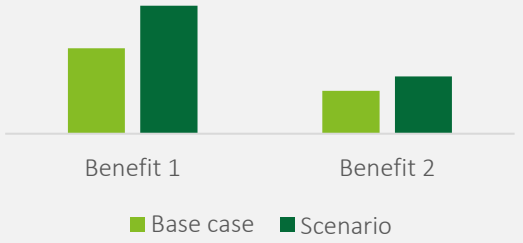
Benefit 2

Cost 1

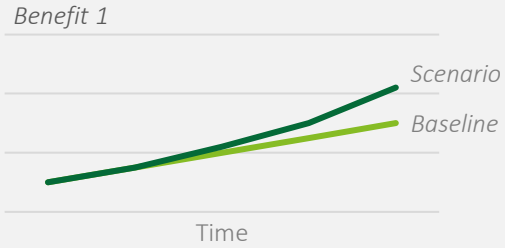
Cost 2

2

Research to parameterise benefits and costs
Drawing on literature review and program data. May be assumptions driven where data is not available



Modelling (central results)
Model each benefit and cost line item over time for *base case* and *policy scenario*



3

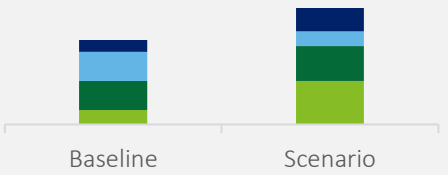
Analysis and reporting
Reporting the benefits and costs (net present value) against each line item by scenario

	Base case	Scenario
Benefit 1		
Benefit 2		
Cost 1		
Cost 2		
Net benefit		

4

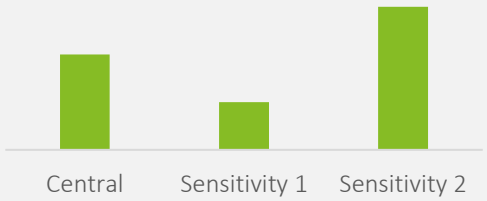
Distributional analysis
Understand the overall distribution of benefits and costs by stakeholder

Net benefit



Sensitivity analysis
Understand how changes to key assumptions (e.g., attribution) could affect results

Net benefit



Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Benefits		
Health		
Base uptake of dental services (without dental insurance)	41.0%	Australian Institute of Health and Welfare – Oral health and dental care in Australia (2024) <https://www.aihw.gov.au/reports/dental-oral-health/oral-health-and-dental-care-in-australia/contents/dental-care>
Project case uptake of dental services (with dental insurance)	72.0%	Australian Institute of Health and Welfare – Oral health and dental care in Australia (2024) <https://www.aihw.gov.au/reports/dental-oral-health/oral-health-and-dental-care-in-australia/contents/dental-care>
Probability of periodontitis without dental services	10.1%	Australian Institute of Health and Welfare – Periodontitis prevalence (2024) <https://www.aihw.gov.au/reports/dental-oral-health/national-oral-health-plan-2015-2024/contents/our-oral-health-a-national-perspective/periodontitis-prevalence>
Probability of periodontitis with dental services	0.0%	Assumption
Probability of tooth loss with periodontitis	41.6%	FDI World Dental Federation – Periodontal disease mismanagement (2018) <https://www.fdiworlddental.org/sites/default/files/2020-11/gphp-2018-white_paper-en.pdf>
Probability of tooth loss without periodontitis	1.0%	FDI World Dental Federation – Periodontal disease mismanagement (2018) https://www.fdiworlddental.org/sites/default/files/2020-11/gphp-2018-white_paper-en.pdf
Probability of cardiovascular disease with periodontitis	20.5%	National Library of Medicine – Pub Med (2007) <https://pubmed.ncbi.nlm.nih.gov/17967586/>
DALYs for periodontitis	0.007	Australian Institute of Health and Wellbeing - Australian Burden of Disease Study: Methods and supplementary material (2018) <https://www.aihw.gov.au/reports/burden-of-disease/abds-methods-supplementary-material-2018/contents/estimating-burden-of-disease-measures/years-lived-with-disability-yld>
DALYS for tooth loss	0.067	Australian Institute of Health and Wellbeing - Australian Burden of Disease Study: Methods and supplementary material (2018) <https://www.aihw.gov.au/reports/burden-of-disease/abds-methods-supplementary-material-2018/contents/estimating-burden-of-disease-measures/years-lived-with-disability-yld>
DALYs for cardiovascular disease	0.072	Australian Institute of Health and Wellbeing - Australian Burden of Disease Study: Methods and supplementary material (2018) <https://www.aihw.gov.au/reports/burden-of-disease/abds-methods-supplementary-material-2018/contents/estimating-burden-of-disease-measures/years-lived-with-disability-yld>

Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Benefits		
Health		
Value of a statistical life year	$243,946	Australian Government – Value of a statistical life (2023) <https://oia.pmc.gov.au/sites/default/files/2023-10/value-of-statistical-life.pdf>
Cost of treatment for cardiovascular disease per year	$859	Cost of illness studies
Project uptake of ambulance coverage	100.0%	Assumption
Base uptake of ambulance coverage	20.0%	Assumption
Rate of hospitalisation for care leavers per 8 years	80%	Commission for Children and Young People (2024) <https://ccyp.vic.gov.au/assets/Uploads/CCYP-Keep-caring-summary.pdf>
Rate of hospitalisation for care leavers per year	18.2%	Commission for Children and Young People (2024) <https://ccyp.vic.gov.au/assets/Uploads/CCYP-Keep-caring-summary.pdf>
Share of hospitalisations that result in death without an ambulance	1.6%	The Medical Journal Of Australia - The influence of ambulance offload time on 30-day risks of death and re-presentation for patients with chest pain (2022) <https://www.mja.com.au/journal/2022/217/5/influence-ambulance-offload-time-30-day-risks-death-and-re-presentation-patients>
Share of hospitalisations that result in death with an ambulance	1.2%	The Medical Journal Of Australia - The influence of ambulance offload time on 30-day risks of death and re-presentation for patients with chest pain (2022) <https://www.mja.com.au/journal/2022/217/5/influence-ambulance-offload-time-30-day-risks-death-and-re-presentation-patients>
Value of a statistical life	$5,605,984	Australian Government – Value of a statistical life (2023) <https://oia.pmc.gov.au/sites/default/files/2023-10/value-of-statistical-life.pdf>
Rate of discharge at scene by ambulance and referral to GP	3.1%	Prehospital Emergency Care - Characteristics and Outcomes of Patients Referred to a General Practitioner by Victorian Paramedics (2024) <https://www.tandfonline.com/doi/pdf/10.1080/10903127.2024.2326601>
Value of a statistical life year	$243,946	Australian Government – Value of a statistical life (2023) <https://oia.pmc.gov.au/sites/default/files/2023-10/value-of-statistical-life.pdf>
Cost of treatment for cardiovascular disease per year	$859	Cost of illness studies
Project uptake of ambulance coverage	100.0%	Assumption

Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Benefits		
Health		
Base uptake of ambulance coverage	20.0%	Assumption
Rate of hospitalisation for care leavers per 8 years	80%	Commission for Children and Young People (2024) <https://ccyp.vic.gov.au/assets/Uploads/CCYP-Keep-caring-summary.pdf>
Rate of hospitalisation for care leavers per year	18.2%	Commission for Children and Young People (2024) <https://ccyp.vic.gov.au/assets/Uploads/CCYP-Keep-caring-summary.pdf>
Share of hospitalisations that result in death without an ambulance	1.6%	The Medical Journal Of Australia - The influence of ambulance offload time on 30-day risks of death and re-presentation for patients with chest pain (2022) <https://www.mja.com.au/journal/2022/217/5/influence-ambulance-offload-time-30-day-risks-death-and-re-presentation-patients>
Share of hospitalisations that result in death with an ambulance	1.2%	The Medical Journal Of Australia - The influence of ambulance offload time on 30-day risks of death and re-presentation for patients with chest pain (2022) <https://www.mja.com.au/journal/2022/217/5/influence-ambulance-offload-time-30-day-risks-death-and-re-presentation-patients>
Value of a statistical life	$5,605,984	Australian Government – Value of a statistical life (2023) <https://oia.pmc.gov.au/sites/default/files/2023-10/value-of-statistical-life.pdf>
Rate of discharge at scene by ambulance and referral to GP	3.1%	Prehospital Emergency Care - Characteristics and Outcomes of Patients Referred to a General Practitioner by Victorian Paramedics (2024) <https://www.tandfonline.com/doi/pdf/10.1080/10903127.2024.2326601>
Rate of discharge at scene by ambulance and no referral	9.0%	Prehospital Emergency Care - Characteristics and Outcomes of Patients Referred to a General Practitioner by Victorian Paramedics (2024) <https://www.tandfonline.com/doi/pdf/10.1080/10903127.2024.2326601>
Rate of subsequent presentation to ED within 48 hours for GP referred patients	5.3%	Prehospital Emergency Care - Characteristics and Outcomes of Patients Referred to a General Practitioner by Victorian Paramedics (2024) <https://www.tandfonline.com/doi/pdf/10.1080/10903127.2024.2326601>
Rate of subsequent presentation to ED within 48 hours for non-referred patients	3.8%	Prehospital Emergency Care - Characteristics and Outcomes of Patients Referred to a General Practitioner by Victorian Paramedics (2024) <https://www.tandfonline.com/doi/pdf/10.1080/10903127.2024.2326601>
Total rate of ambulance call outs that do not result in an ED presentation	11.6%	Calculation

Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Benefits		
Health		
Average cost per ED presentation	$891	National Hospital Cost Data Collection – Public Sector Report (2022) <https://www.ihacpa.gov.au/sites/default/files/2024-05/nhcdc_public_sector_report_2021-22.pdf>
Number of Ambulance Victoria-attended incidents in 2023-24	1,092,818	Ambulance Victoria – Annual Report (2024) <https://www.ambulance.vic.gov.au/wp-content/uploads/2024/11/Ambulance-Victoria-Annual-Report-2023-2024.pdf>
Victorian population 2023	6,959,200	Australian Bureau of Statistics – National, state and territory population (2024) <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release#states-and-territories>
Rate of Vic ambulance call out - general population	15.7%	Calculation
Rate of hospitalisation for general population (aged 12-24) per year	6.7%	Australian Institute of Health and Wellbeing – Health of young people (2024) <https://www.aihw.gov.au/reports/children-youth/health-of-young-people>
Rate of Vic ambulance call out - care leavers	42.7%	Calculation
Increase in % of people engaging in regular moderate physical activity once leisure centres are provided for free	8.0%	National Library of Medicine - Impact of free access to leisure facilities and community outreach on inequalities in physical activity: a quasi-experimental study (2018) <https://pmc.ncbi.nlm.nih.gov/articles/PMC5868528/>
Proportion of uptake for gym membership	39.0%	Australian Government – State of Play Report (2018) <https://www.clearinghouseforsport.gov.au/__data/assets/pdf_file/0009/762093/State_of_Play_Report_-_Fitness_Gym.pdf>
Odds ratio for moderate physical activity and the impact on depression	0.81	ScienceDirect - Physical activity and prevention of mental health complications: An umbrella review (2024) <https://www.sciencedirect.com/science/article/abs/pii/S0149763424001106>
Odds ratio for moderate physical activity and the impact on anxiety disorders	0.71	ScienceDirect - Physical activity and prevention of mental health complications: An umbrella review (2024) <https://www.sciencedirect.com/science/article/abs/pii/S0149763424001106>
Average odds ratio	0.76	Calculation based on odds ratio data
Base rate of anxiety and depressive disorders in care leavers	25.0%	Sage Journals - Examining the Mental Health Care Needs and Outcomes of Young People Transitioning from Out-of-Home Care (OOHC) in Australia (2023) <https://journals.sagepub.com/doi/full/10.1177/23493003231182474>

Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Benefits		
Health		
Revised odds ratio for anxiety and depressive disorders	25.3%	Calculation
Revised probability for anxiety and depressive disorders	20.2%	Calculation
Average DALYS anxiety and depressive disorders for people aged 20-24	0.26	Calculation based on DALYs for anxiety and depressive disorders
Odds ratio for high physical activity and the impact on obesity	0.73	BMC Public Health – Overview of longitudinal studies on the association between PA and the outcome of obesity (2012) <https://bmcpublichealth.biomedcentral.com/articles/10.1186/s12889-020-08715-4/tables/1>
Base rate of obesity in care leavers	18.0%	Australian Social Work – Obesity in children in out-of-home care: a review of the literature (2011) <https://www.aph.gov.au/DocumentStore.ashx?id=398a02cd-5c25-4220-b2ef-b410709913d5&subId=612656>
Revised odds ratio for obesity	16.0%	Calculation
Revised probability for obesity	13.8%	Calculation
Average DALYS anxiety and depressive disorders for people aged 15-24	0.0040	Australian Institute of Health and Welfare – Australian burden of disease study 2018: interactive data on risk factor burden (2018) <Australian Burden of Disease Study 2018: Interactive data on risk factor burden, Overweight (including obesity) - Australian Institute of Health and Welfare>
Housing		
Base prevalence of homelessness for care leavers - 18 years old	39.0%	Cambridge University Press – Measuring the cost of leaving care in Victoria (2016) <https://www.cambridge.org/core/journals/children-australia/article/abs/measuring-the-cost-of-leaving-care-in-victoria/A5AC9AF4D301184EFF0F6FEBF25BFAA2>
Base prevalence of homelessness for care leavers - 21 years old	19.5%	Loughborough University - Evaluation of the Staying Put: 18 Plus Family Placement Programme: Final report (2012) <https://assets.publishing.service.gov.uk/media/5a7b06bbed915d429748c477/DFE-RR191.pdf>
Proportionate impact of assistance on prevalence	63.0%	Australian Institute of Health and Welfare – Housing assistance in Australia 2022 (2022) <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2022/contents/financial-assistance>

Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Benefits		
Housing		
Prevalence of homelessness with rental assistance - 18 years	24.6%	Calculation
Prevalence of homelessness with rental assistance - 21 years	12.3%	Calculation
Cost to government of homelessness services	$23,696	Derived using Zaretzy and Flatau (2015), and AIHW Child Protection Australia 2013-14 (2015)
Proportion of care leavers who meet eligibility criteria for a rental subsidy	50%	Assumption
Employment and education		
Base probability of employment for a care leaver	29.0%	Derived from Raman, Inder & Forbes (2005)
Probability of employment following internship	66.4%	Statistics USA – Internship Statistics U.S. (2023) <https://standout-cv.com/usa/stats-usa/internship-statistics>
Average earnings for employed person	$75,585	Calculation
JobSeeker payment	$20,228	Services Australia (2024) <https://www.servicesaustralia.gov.au/how-much-jobseeker-payment-you-can-get?context=51411>
Base probability of completing higher education - 18 years old	4.5%	Calculation derived using Harvey et al (2015)
Base probability of completing higher education - 21 years old	10.4%	Calculation derived using Harvey et al (2015), and Munro et al (2010)
Increased likelihood of achieving qualification due to supports	8.4%	National Bureau of Economic Research – Marginal Effects Of Merit Aid For Low-Income Students (2020) <https://www.nber.org/system/files/working_papers/w27834/w27834.pdf>
Average earnings with higher education qualification	$87,254	Australia Bureau of Statistics (2023) <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings/latest-release>

Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Benefits		
Employment and education		
Average earnings without higher education qualification	$59,374	Australia Bureau of Statistics (2023) <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings/latest-release>
Probability of employment with qualification	79.0%	Australian Bureau of Statistics (2024) <https://www.abs.gov.au/statistics/people/education/education-and-work-australia/latest-release#key-statistics>
Probability of employment without qualification	58.0%	Australian Bureau of Statistics (2024) <https://www.abs.gov.au/statistics/people/education/education-and-work-australia/latest-release#key-statistics>
Justice		
Probability of committing crime with employment (general population)	0.7%	Monash University – Measuring the cost of leaving care in Victoria (2006) <http://webdoc.sub.gwdg.de/ebook/serien/e/monash_univ/wp18-06.pdf>
Probability of committing crime without employment (care leavers)	37.0%	Monash University – Measuring the cost of leaving care in Victoria (2006) <http://webdoc.sub.gwdg.de/ebook/serien/e/monash_univ/wp18-06.pdf>
Share of sentences that are custody	9.0%	Australian Bureau of Statistics (2024) <https://www.abs.gov.au/statistics/people/crime-and-justice/criminal-courts-australia/latest-release#key-statistics>
Cost of community-based supervision (per day)	$407	Australian Institute of Health and Welfare (2023) <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/jun-2023>
Cost of detention-based supervision (per day)	$5,906	Australian Institute of Health and Welfare (2023) <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/jun-2023>
Length of time spent under supervision (days)	181	Australian Institute of Health and Welfare (2022) <https://www.aihw.gov.au/reports/children-youth/australias-children/contents/justice-safety/children-youth-justice-supervision>
Share of community-based supervision	87.1%	Australian Institute of Health and Welfare – youth justice national minimum dataset (2022) <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/dec-2022>

Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Benefits		
Justice		
Average cost of supervision - young person	$201,796	Calculation based on probability of committing crim and interaction with justice system
Average cost of incarceration - adult	$125,256	Australian Institute of Criminology (2015) <https://www.aic.gov.au/sites/default/files/2020-05/rr_05_240418_2.pdf>
Costs		
Health		
Ambulance Victoria membership (single) cost per year	$53	Ambulance Victoria – Fees terms (2024) <https://www.ambulance.vic.gov.au/membership/fees-terms/>
Proportion of uptake for Ambulance coverage	100.0%	Assumption
Average gym membership cost per month for 18-24 year olds	$55	Canstar – Average gym membership prices in Australia (2024) <https://www.canstarblue.com.au/health-beauty/average-gym-cost/>
Gym membership cost per year	$660	Calculation based on cost per month for 18–24-year-olds
Proportion of uptake for gym membership	47.0%	Australian Government – State of Play Report (2018) <https://www.clearinghouseforsport.gov.au/__data/assets/pdf_file/0009/762093/State_of_Play_Report_-_Fitness_Gym.pdf>
Dental service fee per visit	$32	Dental Health Services Victoria – Fees (2024) <https://www.dhsv.org.au/our-services/information/fees>
Number of dental visits per year	2	Australian Institute of Health and Welfare – Oral health and dental care in Australia (2024) <https://www.aihw.gov.au/reports/dental-oral-health/oral-health-and-dental-care-in-australia/contents/dental-care>
Proportion of adults who visit the dentist within 12 months	48%	Australian Institute of Health and Welfare – Oral health and dental care in Australia (2024) <https://www.aihw.gov.au/reports/dental-oral-health/oral-health-and-dental-care-in-australia/contents/dental-care>

Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Costs		
Education		
Average cost of expenses associated with education participation per year	$1,470	Calculation based the average expenses associated with attending an Australian university
Number of years of education	3	Average undergraduate university degree in Australia
Proportion of uptake of education	50%	Assumption
Average cost of higher education tuition per year	$36,400	Calculation based on the average tuition fee per year per person of an undergraduate degree in Australia
Number of years of education	3	Average undergraduate university degree in Australia
Proportion of uptake of education	50%	Assumption
Average time taken to pay debt	10	ABC News (2023) <https://www.abc.net.au/news/2023-05-24/hecs-debt-repayments-indexation-calculator-june-1/102376464>
Housing		
Average rental bond in Melbourne	$2,280	Jacaranda Finance (2024) <https://www.jacarandafinance.com.au/financial-tips/what-is-a-rental-bond/>
Share of bonds not repaid	9.0%	Victoria State Government – Residential tenancies bond authority annual report (2023) <file:///C:/Users/nabarnes/Downloads/202223%20RTBA%20Annual%20Report%20PDF.pdf>
Average weekly rent in Victoria	$203.89	Victoria State Government – Rental report (2024) <https://www.dffh.vic.gov.au/publications/rental-report>
Rental subsidy per year	$5,491.20	Australian Government – Services Australia (2024) <https://www.servicesaustralia.gov.au/how-much-rent-assistance-you-can-get?context=22206>
Proportion of care leavers meeting eligibility criteria for rental subsidies	40%	Assumption

Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Costs		
Employment		
VPS Grade 1 salary in 2025	$58,412	CPSU Victoria – Proposed VPS Salaries (2024) <https://cpsuvic.org/vps-wage-rate/cssb-2025-05.php>
Number of internship weeks	12	Assumption
Cost of an internship	$13,480	Calculation of VPS Grade 1 salary in 2025 divided into a monthly figure
Proportion of uptake of an internship	25.0%	Assumption
Other		
Hourly cost of driving lessons	$70	DRIVE – How much do driving lessons cost in Australia? (2023) <https://www.drive.com.au/caradvice/how-much-do-driving-lessons-cost-in-australia/>
Number of hours of driving lessons	10	
Proportion of uptake of driving lessons	90.0%	Assumption
Vehicle registration with Vic Roads	$907	VicRoads – Vehicle fees (2024) <https://www.vicroads.vic.gov.au/registration/registration-fees/vehicle-registration-fees>
Proportion of uptake of vehicle registration	70.0%	Assumption
Daily public transport cost forfeited by concession price (50% of full fare)	$5	Public Transport Victoria – Metropolitan fares (2024) <https://www.ptv.vic.gov.au/tickets/fares/metropolitan-fares/>
Number of days per year	182.5	Assumption
Cost of public transport concessions	$159	Public Transport Victoria – Metropolitan fares (2024) <https://www.ptv.vic.gov.au/tickets/fares/metropolitan-fares/>
Proportion of young people travelling to tertiary and tech school using PT	54.4%	Victoria Walks – Walking and transport in Melbourne (2023) <https://www.victoriawalks.org.au/Assets/Files/Walking_in_Melbourne_2023_update.pdf>

Key inputs and assumptions

Inputs, assumptions and data sources

Input / assumptions	Value	Data source
Costs		
Other		
Proportion of young people travelling to work using public transport	13.3%	Victoria Walks – Walking and transport in Melbourne (2023) <https://www.victoriawalks.org.au/Assets/Files/Walking_in_Melbourne_2023_update.pdf>
Proportion of care leavers studying or training (assumption that the use of public transport by all other care leavers is the same as those in work)	66.0%	Commission for Children and Young People – Keep caring summary (2024) <https://ccyp.vic.gov.au/assets/Uploads/CCYP-Keep-caring-summary.pdf>
Proportion of people who use public transport	40.4%	Calculation
Average prepaid mobile phone plan cost per month in Victoria	$25	Canstar – What is the average mobile phone bill per month? (2023) <https://www.canstarblue.com.au/phone/average-mobile-phone-bill>
Mobile phone post per year per person	$300	Calculation based on the average prepaid mobile phone plan per month converted into an annual figure
Proportion of uptake of mobile phone plans	100%	Assumption
Distribution of avoided financial costs		
Homelessness services - Victorian government share of costs	50%	National Agreement on Social Housing and Homelessness (2024) <https://federalfinancialrelations.gov.au/sites/federalfinancialrelations.gov.au/files/2024-06/nashh-vic-bilateral-schedule.pdf>
Unemployment welfare costs - Victorian government share of costs	0%	Australian Government – JobSeeker payment (2024) <https://my.gov.au/en/services/work/recently-unemployed/payments-to-help-if-you-ve-lost-your-job/payments-to-help-job-seekers/jobseeker-payment>
Justice costs - Victorian government share of costs	100%	Assumption

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