

Appendix A:

Submissions and comments

We have consulted with the Department of Families, Fairness and Housing, and we considered its views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to the Department of Families, Fairness and Housing and asked for its submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the relevant agency head.

We also provided a copy of the report to the Department of Treasury and Finance and the Department of Premier and Cabinet for their information.

Responses received

Agency	Page
Department of Families, Fairness and Housing	A-2



Department of Families, Fairness and Housing

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CSEC-260400269

Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31/35 Collins Street
MELBOURNE VIC 3000

Dear Auditor-General

Thank you for your letter dated 28 April 2026, providing the *Proposed Parliamentary report: Out-of-home care services*. I welcome the opportunity to provide the Department of Families, Fairness and Housing's (the department) response to the recommendations.

The department is committed to providing the best outcomes for families, carers and the vulnerable children and young people in their care. We recognise that children and young people in care face unique challenges, and providing safe and nurturing environments, along with tailored support is essential to their wellbeing and ability to heal from their trauma.

The department continues to prioritise the delivery of significant reform initiatives to improve the quality of care and supports available to children, young people and their carers. These reforms are part of the department's broader vision to building a therapeutic care system that is safe, empowering and responsive to the individual needs of children and young people.

Relevant to the matters considered in the audit, I note that the *2026-27 Victorian State Budget* provides investment of:

- Almost \$15 million over four years to deliver cost of living relief to foster carers, kinship carers, and permanent carers looking after vulnerable children and young people. This investment will provide for indexation of care allowance rates of 3.5% in 2026-27, in line with the projected Consumer Price Index change in 2026-27.
- Over \$126 million to begin a phased modernisation of digital systems, including designing the future case management system for child protection cases to strengthen core child protection case-management functions.

The department has reviewed the report and accepts the findings and recommendations in full or in principle. An action plan for how the department intends to address the recommendations has been developed and is enclosed. I note that the implementation of most proposed recommendations is budget and resource dependent, and therefore subject to future Government decision-making.

In relation to recommendation 1, as the audit report highlights, the department has previously undertaken significant work in relation to the equity and efficacy of the care allowance for foster, kinship and permanent carers. Several other reviews have also been undertaken or are in progress relating to the care allowance, including the national review of carer supports currently being undertaken as part of the *Safe and Supported: First Action Plan 2023-2026* and the 2022 VAGO audit report into kinship care. These reviews and previous work already consider the issues referenced in this recommendation. As such, the department will continue to draw on these reviews and previous work to support future Government consideration of and decisions in relation to care allowance payment rates.

The acceptance of the findings and recommendations reflects the department's continued commitment to driving better outcomes for children and young people in care and to better support carers who play a critical role in caring for some of the most vulnerable children and young people in Victoria.

Yours sincerely



Peta McCammon PSM
Secretary

8/5/2026

Department of Families, Fairness and Housing action plan to address recommendations from *Out-of-home Care Services*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	<p>Strengthen home-based care capacity by improving foster carer recruitment and retention, including reviewing if existing care allowance levels for foster and kinship carers provide an adequate contribution to the day-to-day costs of caring for children, and support carer attraction and retention.</p>	<p> <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input checked="" type="checkbox"/> In principle </p>	<p>The department accepts this recommendation in principle and the underlying intent to strengthen foster care recruitment and retention by improving the contribution to the day-to-day costs of caring for children.</p> <p>As the audit report highlights, the department has previously undertaken significant work in relation to the equity and efficacy of the care allowance for foster, kinship and permanent carers. Several other relevant reviews have been undertaken or are in progress relating to the care allowance, including the national review of carer supports currently being undertaken as part of the <i>Safe and Supported: First Action Plan 2023-2026</i> and the 2022 VAGO audit report into kinship care. These reviews and previous work already consider the issues referenced in this recommendation.</p> <p>Any increases to care allowance payment rates would require additional budget investment. The department will continue to draw on these reviews and previous work to support future Government consideration of and decisions in relation to the care allowance payment rates for Victorian carers.</p> <p>The department notes that the 2026-27 State Budget provides cost of living relief for foster, kinship and permanent carers, by indexing care allowance in 2026-27 by 3.5%, to align with the currently projected growth in the Consumer Price Index.</p>	<p>Timing and delivery is subject to future Government decision-making.</p> <p>The department will continue to support Government consideration of and decisions in relation to the care allowance payment rates for Victorian carers as part of the annual budget process.</p>
2	<p>2.1 Monitor the status of all accredited foster carers in out-of-home care including those who are active, on leave or awaiting placement.</p> <p>2.2. Use this information to strengthen workforce planning, inform targeted recruitment and retention strategies,</p>	<p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle </p>	<p>The department will: Recommendation 2.1</p> <ul style="list-style-type: none"> work in partnership with foster care service providers and peak bodies, to scope available data sources and linkage opportunities relating to foster carers, including those who are active, on leave or awaiting placement. 	<p>June 2028</p>

<p>and better anticipate future placement demand</p>		<ul style="list-style-type: none"> scope system enhancements opportunities or the development of a system to capture and monitor the status of all accredited foster carers. <p>Recommendation 2.2</p> <ul style="list-style-type: none"> work in partnership with our foster care service providers and peak bodies, to utilise this data and information to develop targeted initiatives and strategies to support the attraction, recruitment and retention of foster carers. <p>The department advises where significant enhancements or new data platforms are necessary, additional budget investment will be required. Further, the timeframe may also need to be adjusted.</p>	
<p>3</p> <p>Ensure there is sufficient and appropriate placement capacity across the out-of-home care system to meet the assessed needs of children in care in accordance with the best interest principles set out in the <i>Children, Youth and Families Act 2005</i>.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle</p>	<p>The department will:</p> <ul style="list-style-type: none"> continue to advocate for additional budget to enable the care system to have sufficient placement capacity and mix of placement options for the varying needs and complexities of children and young who require care. in line with <i>Wungurill Gagapduir Aboriginal Children and Families Agreement</i>, continue the design and development of Aboriginal delivered kinship, foster and residential care models to support Aboriginal children and young people to be placed in culturally safe placements where their cultural needs are met. <p>The department advises additional placement capacity and improved mix of placement options will require additional budget investment. Further, the timeframe may also need to be adjusted.</p>	<p>Timing and delivery is subject to future Government decision-making.</p> <p>The department will continue to support Government consideration of and decisions in relation to care services system capacity as part of the annual budget process.</p>
<p>4</p> <p>Improve data quality and system functionality to address longstanding data limitations, ensuring accurate, accessible and complete information is available to support safe and timely placement decision making.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle</p>	<p>The department will continue to scope and deliver system enhancements that improve functionality and data quality through established governance processes.</p> <p>The department advises that the 2026-27 State Budget provides funding to deliver the first stage of a modern, fit-for-purpose Information and Communications Technology</p>	<p>The first stage of the Communities and Families Information Technology Transformation Project, as funded through the 2026-27 Budget, is due for</p>

5	<p>Strengthen out-of-home care demand forecasting and assurance by:</p> <p>5.1 improving geographic demand forecasting to support area-specific service planning and investment decisions</p> <p>5.2 ensuring key forecasting data and documentation is appropriately retained to support ongoing assessment of forecast performance and decision-making</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle</p>	<p>The department will: Recommendation 5.1</p> <ul style="list-style-type: none"> Produce forecasts at greater levels of geographic granularity to better support service planning and investment decisions. <p>Recommendation 5.2</p> <ul style="list-style-type: none"> Maintain current management controls that ensure best practice record management of key forecasting data and documentation into the future. 	<p>completion by 30 June 2029. Timing and delivery of future stages of the project is subject to future Government decision-making. The department will continue to support Government consideration of and decisions in relation to this issue as part of the annual budget process.</p> <p>June 2027</p>
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