

An Investment Plan for human services in New South Wales

Understanding demand and outcomes for children and families receiving human services to help improve decision making

February 2023



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Forward

Ministers Maclaren-Jones, Speakman, Taylor, Hazzard and Mitchell

Over the past 6 years the NSW Government has commenced an investment approach for human services to improve outcomes for children and families most in need across New South Wales.

An investment approach identifies groups of people who are likely to have poorer life outcomes and directs whole-of-government funding to deliver coordinated services that can achieve measurable and meaningful improvements to people's lives. It is a sophisticated adaptation of the commissioning model: a collaborative model of service delivery with local accountability and autonomy to do things differently.

Central to this reform has been the creation of world-class data insights to inform investment decisions. The NSW Human Services Dataset brings together an unprecedented amount of data from across NSW and Commonwealth government agencies to better understand what services people receive, the factors that affect people's use of human services and project future service use.

Using these data, the landmark *Forecasting Future Outcomes – Stronger Communities Investment Unit 2018 Insights Report*¹ identified that 7% of children and young people in NSW are expected to experience the poorest outcomes later in life and make up about 50% of the estimated future cost for NSW and Commonwealth services.

The NSW Government is now building on these insights to inform policy changes by further understanding the effectiveness of current programs and services in delivering social and health outcomes and quantifying the likely impact of policy options.

Over the coming years the investment approach will focus on regional collaboration and partnership between NSW and Commonwealth government agencies, non-government organisations, their partners, service providers and communities to design and evaluate evidence-based strategies that best support individual children, young people and families to reach their goals.

Historically, human services for vulnerable people have not always delivered on their intended outcomes. We are optimistic that this regional approach coupled with a strong commitment across both NSW and Commonwealth governments to work together will provide earlier intervention and more coordinated human services to empower people to reach their potential and break the cycle of disadvantage.

¹ Forecasting Future Outcomes – Stronger Communities Investment Unit 2018 Insights Report



Executive Summary

The NSW Government investment approach for human services aims to focus efforts towards children and families most in need with effective and efficient services, using world-class data and evidence.

The investment approach recognises:

- The family is the fundamental source of nurturance for a child. All families are different and can require access to a range of supports and programs for children, parents and carers.
- What happens in the early period of a child's life will have an impact on their entire life – for better or worse. Intervening early with evidence-based approaches works best in the long term.
- A collaborative and joined up cross-agency commitment and investment in the family is critical to improving future outcomes for children and reducing future costs for taxpayers.

With no intervention, the system costs of vulnerable families with certain risk factors will continue to grow, placing further strain on the families, agencies and providers involved.

The plan will be used by NSW and Commonwealth government agencies, non-government organisations, partners, service providers and communities to:

- Optimise and enhance services to be more responsive to family needs
- Foster cross-sector collaboration across the human service system
- Generate better outcomes (return on investment) per tax dollar spent
- Support continuous learning and optimisation through data-driven insights
- Remove barriers to accessing supports for whole of family response to needs
- Enhance provider capability, capacity and experience
- Drive family-centricity, empowerment.

This Investment Plan outlines six key areas for delivering an investment approach for human services in NSW, comprising:

- Regional control and accountability for outcomes
- Central support from agencies and Ministers to empower regions to reform the service system and reorient and tailor services to each family
- World-class whole of government data and data capability
- Building the evidence base of what works
- Investment modelling to understand avoidable costs and return on investment
- Delivering actionable insights to government, its partners and service providers.



The Investment Plan outlines how the investment approach can be applied by government to direct investment in the most effective and efficient way, through:

- Commissioning new services that have proven to deliver better outcomes and cost benefit, when new investment opportunities arise
- Recommissioning existing services, enabling Government to continue what works, change what needs to be improved and reallocate resources to better target those in need
- Collaborative commissioning - District-level commissioning agencies work with services to identify opportunities to improve alignment of services to the Investment Plan.

Implementation will be supported by:

- Strong governance across NSW Government, its partners and service providers
- Local partnerships to deliver more coordinated, joined up services
- Pooled funding to reallocate resources to earlier intervention as benefits are realised
- Ongoing monitoring and evaluation for continuous improvement of the human services system.

What is the investment approach for human services?

An investment approach for human services identifies groups of people in the population who are more likely to have poorer life outcomes and directs whole-of-government funding to deliver more coordinated, evidence-based services that achieve measurable and meaningful improvements to people's lives.

Fundamental to this approach is regional control and accountability for outcomes, enabled by:

- NSW and Commonwealth agencies working together to implement the approach by designing more effective health, education, community and justice services for the 7% of people in NSW who are likely to have the poorest life outcomes
- Service providers being empowered and supported to provide the care that families need, in a joined up way that works for families
- Families empowered to achieve their goals and break the cycle of disadvantage by providing the support they need.

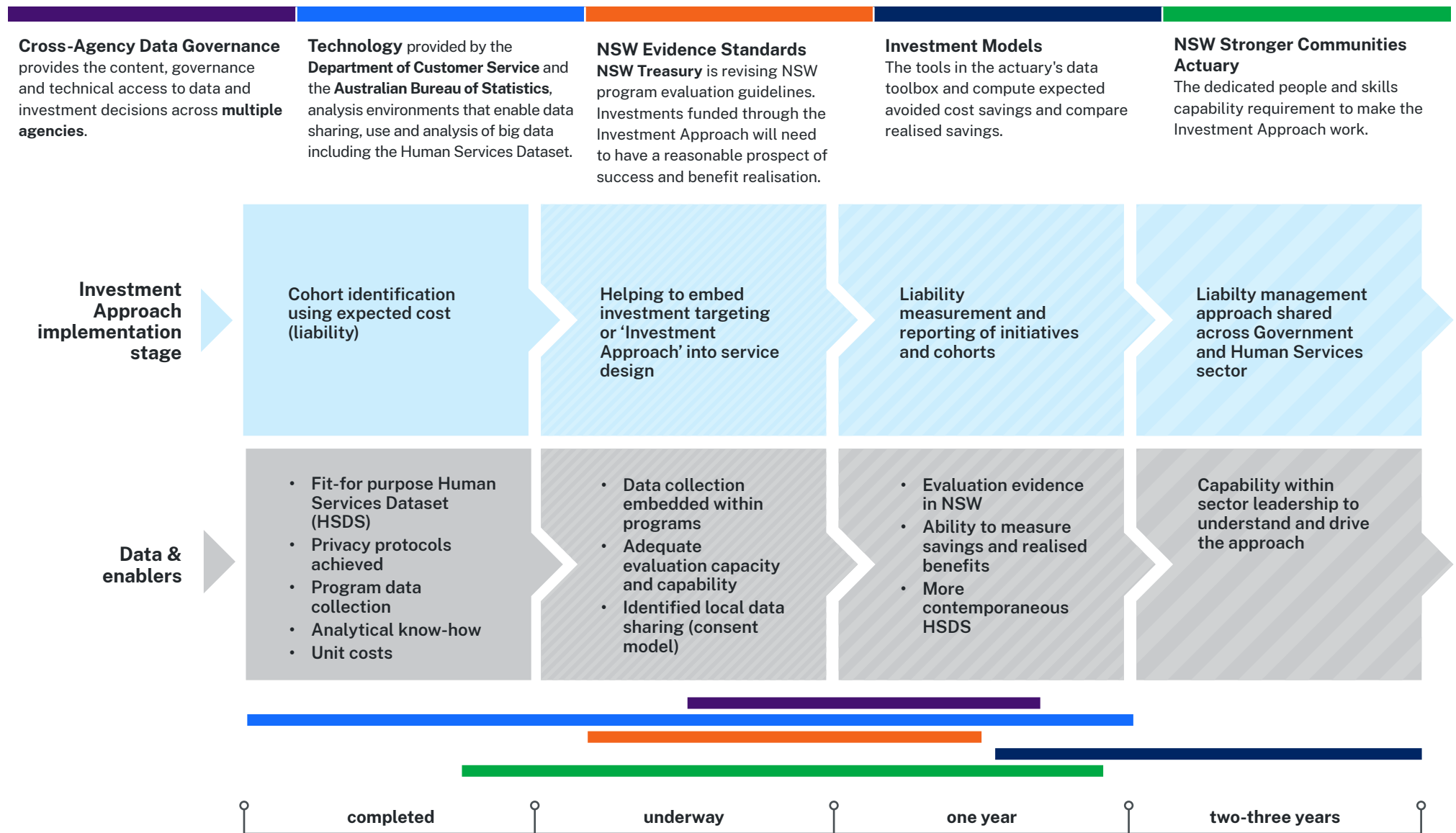
Support from agencies and Ministers is needed to empower regions to reform the service system and reorient and tailor services to each family. The sustainability of the service system to maintain support for as long as required to achieve the desired outcomes for families is also of fundamental importance.

The outcome of the suite of services, and family and provider experience during service provision, are more important than who provides the services.

We are still in the early days of working together to deliver an investment approach for human services. We will continue to build the evidence base on what works to help empower people to reach their potential.



Figure 1: The data and evidence infrastructure to support an investment approach for human services in NSW



The NSW Government is focussed on the following key areas for delivering an investment approach for human services for children and families:

Regional control and accountability for outcomes

Regional agencies need to own the solution, share information, work collaboratively and be jointly accountable for achieving outcomes. Where outcomes have not been achieved, learnings need to inform a continuous improvement process.

Core to the Investment Plan is the acknowledgement that the strengths and needs of local communities are different. Local accountability and a collaborative commissioning model will enable solutions that will work best for communities and achieve the outcomes that are most meaningful for them. Partnership with local Aboriginal communities will be critical. This is a departure from more traditional statewide commissioning approaches and will require more robust local governance.

Central support from agencies and Ministers to empower regions to reform the service system and reorient services

As a cross-agency and locally-designed model, the governance for the investment approach will need to be different to facilitate joint accountability for outcomes and decision making. This is a departure from traditional service models where accountability sat within individual service streams from local delivery through to the responsible Minister.

Governance structures will support implementation of the investment approach from the Ministerial level down to the local bodies making decisions on collaborative commissioning. These governance models will also encompass in-scope Commonwealth-delivered services.

World-class whole of government data and data capability

In 2018, the NSW Human Services Dataset was built bringing together service data from across NSW and Commonwealth government agencies. It allows government to better understand how people move through the human services system, the underlying factors and trends that affect people's movements and project future movements.

The Human Services Dataset is unprecedented in scale in NSW, bringing together 27 years of de-identified data, over seven million records, from over 60 frontline data sets in 11 government agencies. It will be regularly updated to allow for ongoing monitoring, evaluation and investment modelling. This dataset and its future iterations will form the foundation of the modelling and evaluation.

NSW Government is also building its capability in advanced analytics and investment modelling to support a data insights and evidence driven investment approach for human services.



Building the evidence base of what works for people in NSW

An investment approach is based on the principle that good decision-making should be informed by the best available evidence. If evidence is not available, decision-makers should use high quality methods to find out what works.

A key focus of the investment approach is to redirect savings from realised benefits over time towards prevention and earlier intervention across government agencies, partners and service providers. Critical to achieving this is building a high-quality evidence base of programs and services that achieve measurable improved outcomes for people in NSW and quantified cost benefit to government.

NSW government agencies will work together at the regional level to evaluate programs and services against an agreed set of outcomes needed to deliver positive wellbeing and quality of life. These include both mainstream services such as primary, secondary and tertiary health care, early childhood education and school as well as more targeted services such as early intervention family programs, child protection and where needed justice diversion programs.

Where evidence doesn't exist, government is committed to filling gaps in the evidence base by undertaking new trials and evaluations against agreed standards and sharing findings across the human services sector.

We will also look at the combined effect of high quality, timely, evidence-based programs and services, both mainstream and targeted, delivered to groups of people who are likely to have poorer life outcomes and compare life outcomes to similar groups who have not received this level of government service.

Investment modelling to understand avoidable costs and measure return on investment

This is the key enabler to achieving an investment approach. The NSW Government is investing in internal Government actuarial capability so that we can undertake the sophisticated analysis required to compute returns on investment and benefit realisation – i.e. the difference between expected and actual financial returns.

This approach will also enable reporting on improved outcomes over and above savings to government. As programs are designed, program outcomes will be defined and tracked through monitoring and evaluation.

Delivering actionable insights to government, its partners and service providers

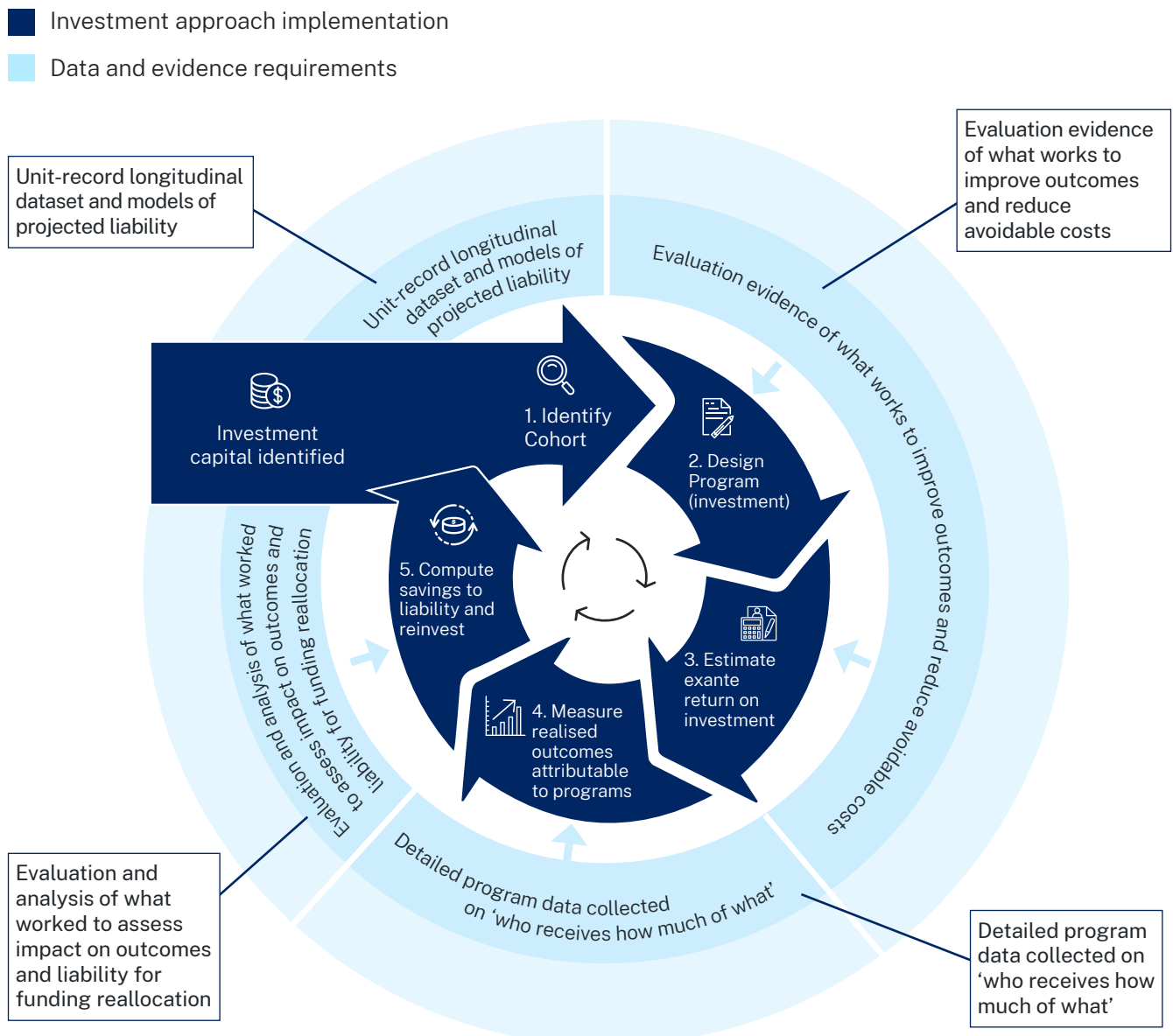
The investment approach is focussed on regional collaboration and partnership between government, non-government organisations and other sector partners to design and evaluate evidence-based strategies that support children and families to reach their goals and improve their outcomes.

The potential of the Human Services Dataset to answer policy-driven research questions is enormous. Analysis of the NSW Human Services Dataset will provide the basis for delivering insights to inform policy, program design and service delivery at Commonwealth, NSW and regional level.

The second Forecasting Future Outcomes Report will be released in early 2023 to provide further actionable insights including a focus on Aboriginal people and people with disability.

The investment approach will expand over time to include more primary (universal), secondary and tertiary services that are the focus of the investment approach. As outlined in the sections below, the implementation of the approach requires more sophisticated governance, data and capabilities. The resulting evidence base will accumulate over time leading to a natural expansion of in-scope services and investments.

Figure 2: The Investment approach for human services in NSW



How will the investment approach be applied?

The implementation of the investment approach will mean that different decisions may be made around the allocation of funding to programs. The impact will be staggered over time. At the individual investment level it will depend on where a program is in its lifecycle and the levers Government has available to redeploy resources where the data and evidence say there is the greatest chance of improving outcomes and reducing future cost.

Opportunities to implement the investment approach include:



1. Commissioning new services, as and when additional investments are made. When allocating new investment, Government looks across the service spectrum to identify where incremental investment could yield the highest returns.

2. Recommissioning existing services, as and when current investments reach the end of their committed funding period. Program evaluation and benefit realisation will identify what is working. This enables Government to continue what works, change what needs to be improved and reallocate resources when required.

3. Collaborative commissioning - District-level commissioning agencies would work with services to identify opportunities to improve alignment of services to the Investment Plan.

The investment approach is similar to evidence-based human services policy development and program design. What distinguishes the investment approach is the integrated whole-of-government approach to program design and the greater sophistication in data and analysis to be able to measure progress and quantify realised benefits. Implementation requires a joined up model with a collaborative approach to implementation.

Many of the programs within the scope of this plan are aligned to existing cross-agency initiatives targeting both vulnerable cohorts and general primary services.

For example, 'Brighter Beginnings' is a whole-of-government initiative that brings together government agencies and front-line professionals to improve outcomes for NSW children and families in the first 2000 days of life, from conception to age five.

The key objectives of Brighter Beginnings are to raise awareness and understanding of the importance of the first 2000 days, increase universal access to education, health, community and government services and provide targeted early interventions to families experiencing vulnerability and disadvantage.

Led by the NSW Minister for Education and Early Learning and the Department of Education, the initiative includes representatives from the Departments of Customer Service, Premier and Cabinet, Health, Communities and Justice, Regional NSW, Multicultural NSW and Aboriginal Affairs. It builds on the Health-led First 2000 days of life framework and has a significant program of work already underway.

The enablers of the investment approach are outlined below:

Strong governance across NSW and Commonwealth governments, its partners and service providers

The 7% of children and young people with the poorest life outcomes receive services from multiple government programs, sometimes in a siloed manner. We expect the highest returns on investment will be from leveraging the collective impact of universal, secondary and targeted services across health, education, community services and justice delivered by both state and commonwealth governments. Historically, tertiary services, e.g. Department of Communities and Justice have been looked at in isolation.

Cross-agency governance has been established from the Ministerial level down to local service delivery to facilitate the approach. These governance arrangements establish the authorising environment and accountability for implementing a cross-portfolio investment approach to the joint design, commissioning and delivery of human services. They include:

- **The Ministers Group** oversees the implementation of the investment approach, sets the direction for evidence-based investment objectives and goals and decides the amount of pooled funds available for investment.²
- **The Secretaries Group** approves the allocation of pooled funds to evidence-based services and programs that are expected to have the greatest impact on improving life outcomes for identified groups of vulnerable children and families.
- **Non-Government and Aboriginal Leader Advisory Groups** draws on broad and diverse experience from across government and the non government, private and philanthropic sectors to provide strategic advice on implementation.
- **Cross-agency executive sponsors** lead the implementation of the investment approach, consider the best available evidence on program effectiveness and make recommendations to the Ministers and Secretaries Groups aimed at better targeting services and supports to meet identified needs.
- **Local investment and decision-making forums** operationalise the investment approach in selected demonstration sites and oversee the design, joint-commissioning and delivery of local services.

² This group comprises the Ministers collectively responsible for child protection, community services, social housing, homelessness, health, mental health, education, justice and domestic violence prevention.

Pooled funding and collaborative commissioning to reallocate resources to earlier intervention as benefits are realised

The NSW and Commonwealth governments' collective investment in human services does not yield the returns it should. The Independent Review of Out-of-Home Care in New South Wales (Tune Review) identified that there are opportunities for reprioritisation within existing government expenditure on vulnerable children, young people and their families.

These decisions must be based on the best available evidence of program effectiveness, service gaps, duplications and opportunities to realign programs with evidence. Reprioritisation could include ceasing a program and redirecting its funding, as well as redesigning or repurposing existing programs. Over time, and as the investment approach is tested and matured, the goal is to redirect funding to what is known to work in supporting vulnerable children and families earlier.

The goals of the investment approach are aligned to other public commitments that target similar groups in the community, like the current Premier's Priorities and Commonwealth reforms in mental health and primary care. As a whole-of-government initiative, the investment approach will need to work alongside these adjacent initiatives and collaborative commissioning models. Investments made under the investment approach will augment, not replace, these programs and funding mechanisms such as activity-based funding arrangements.

Ongoing monitoring and evaluation for continuous improvement of the human services system

At its core the investment approach is data driven. For it to work, Government needs a whole-of-client view to understand in detail who in each cohort of interest is receiving which combination of services, delivered by whom, how much these services cost and whether they achieved the outcomes intended. These data are required to evaluate what leads to better outcomes for clients, returns on investment and, in turn, where reinvestment of savings should occur. Services funded through the investment approach will need to establish data collection systems so that their performance and attributable savings can be measured.



The table below shows how the opportunities and enablers come together for implementation.

Implementation Opportunity

Enabler	1. New investment	2. Recommissioning investments	3. Collaborative commissioning
1. Cross-agency governance	Ministerial Group, Secretaries Group <ul style="list-style-type: none"> • Identifying investments • Gateway processes to facilitate investment and the authorising environment when new opportunities arise • External sector governance group 	Program Governance: Non-Government and Aboriginal Leaders Advisory Group; cross-agency executive sponsors <ul style="list-style-type: none"> • Whole-of-government approach to governance and measurement of individual initiatives • External sector governance groups 	Local investment and decision-making forums <ul style="list-style-type: none"> • Bringing together the silos of government at a local level • Designing and commissioning services that fill identified needs in the local community
2. Data and evaluation	<ul style="list-style-type: none"> • Establishing the evidence baseline and the ‘menu’ of in-scope evidence-based services 	<ul style="list-style-type: none"> • Whether the program or investment worked and for whom • What needs to be changed 	<ul style="list-style-type: none"> • Identification of local needs • Consolidating an evidence base of services that work
3. Investment modelling	<ul style="list-style-type: none"> • Identification of cohorts to target with new investments • Computing the expected return and savings for new investments • Whole-of sector and liability tracking 	<ul style="list-style-type: none"> • Computation of returns for investments; • Measurement of achieved savings as compared to expected savings (benefit realisation) • Determination of savings for reinvestments • Liability impact of program and local-level initiatives to show their contribution to reducing future liability 	

Underpinning this Investment Plan is a detailed work program within Government to identify the services (and combination of services) which are most effective at addressing avoidable service provision.

Family Case Study – Western Sydney KEYS

The KEYS Network assists people and organisations in Western Sydney to work together to improve support for families with children 0-5 years. The KEYS Network has been established to integrate care across systems of health care, social care and education.



Ella is a single mother with three children who are 8 months, 3 and 7. Ella has no family support and is living in social housing in Bidwill. She was referred to KEYS by Wendy, her Housing Client Service Officer.

Wendy had become concerned during a client service visit, when she noticed that Ella's mood was quite flat during the visit. Ella indicated she was embarrassed that the house was so messy, but that she was struggling to keep up with everything she had to do. Ella opened up to Wendy that she felt hopeless, and was also finding it increasingly hard to meet the needs of her children, who appeared unsettled during the visit. In an effort to get some help, Ella stated she had recently attended the local hospital's emergency department as she felt she was not coping. She was advised to follow up with a GP but had not done so yet. Ella felt she needed help in so many aspects of her life but did not know who to talk to or where to turn.

Wendy talked to Ella about KEYS, and how they might be able to assist Wendy to support Ella to connect to the services that could best support her and her family in a co-ordinated way. Wendy informed Ella that she would still have the opportunity to identify the issues that were important for her and her family, and a plan could be put in place that met these needs. Ella agreed to a voluntary referral to KEYS, understanding that this meant staff from KEYS would be able to review her contact with government agencies to better understand her situation and the systems which could support her. Ella was happy for this to occur, as long as her family information was only shared between Wendy and the KEYS team. Wendy was able to reassure Ella that her information would only be shared with others with her consent and that she could withdraw her consent at any time.

Wendy, together with Ella made a referral to KEYS. In the initial review by the KEYS team of the family's interface with government services, it was identified that Ella had left hospital after the birth of each baby, with no medical follow up. There was a very limited history of her or her children with any GP and her seven-year-old son had limited and sporadic school attendance. There were two Risk of Significant Harm reports for the children – one following the birth of her third child by a hospital social worker, and the other regarding domestic violence from her previous partner. There was no evidence of ongoing support services involved.

Wendy agreed to be an advocate and ongoing service provider for Ella and support her to develop her family plan which identified her goals for her family. With Ella's consent, this plan could be shared with other service providers to reduce her need to retell her story and increase opportunities for information sharing between her trusted service providers.

Ella was able to identify that her priorities were to get support and help with her children, to address her own mental health so she could feel better, and obtaining some practical help around the home.

KEYS was able to identify services which would support and empower Ella to meet her goals. KEYS was able to facilitate a cleaning firm to assist Ella. A referral was also made to a GP in her local area so she could establish a consistent ongoing relationship for her whole family. This resulted in developmental assessments for all three children. The two eldest children were noted to have a significant language delay, and would benefit from speech therapy. They were referred to the Community Health Centre for speech therapy. The youngest two children were accepted and

commenced in a local early childhood education setting. With Ella's consent the Early Childhood teacher was provided with information from the speech therapist. Ella also realised the importance of sharing the speech therapy assessment with the school. With the encouragement of Wendy, Ella felt empowered to make an appointment with the classroom teacher herself, this was a positive step which helped build a connection with the school and a plan to support her child.

Ella was also diagnosed with post-natal depression by her GP, who had continued to see her over multiple visits to assess and monitor her mood. Ella reports having built a trusting and positive relationship with her new GP. Ella's GP provided her with a mental health care plan, and Ella has now been able to engage with a psychologist for further evidence-based interventions for her post-natal depression. Ella reports that she feels her mental health has improved, and she is now able to interact appropriately and meet her children's health and social needs. She is also able to see how much progress she has made in meeting the needs of her family, which she had identified in the family plan. This has improved Ella's confidence in herself and her abilities.

Ella's son is now attending school regularly, the younger children are regularly attending the Early Childhood Education Centre and having their developmental needs addressed. It is hoped that over time Ella will continue to develop confidence as she recovers from post-natal depression, and that she and her children will increase their social connections.

By intervening early with Ella and her family, KEYS has been able to facilitate appropriate evidence-based interventions. These interventions have improved school attendance, decreased the likelihood of Ella re-presenting to the hospital emergency department, improved school readiness for the younger children, and allowed Ella to feel more empowered in her life, with new connections and trusting relationships with service providers supporting future interactions if needed.

KEYS supports the service system to work as one connected service, that can work together to meet the holistic needs of families. This will provide opportunities for families to thrive and achieve their potential, in turn reducing avoidable costs to government. These savings can then be redirected to fund KEYS sustainability and other similar evidence-based programs.



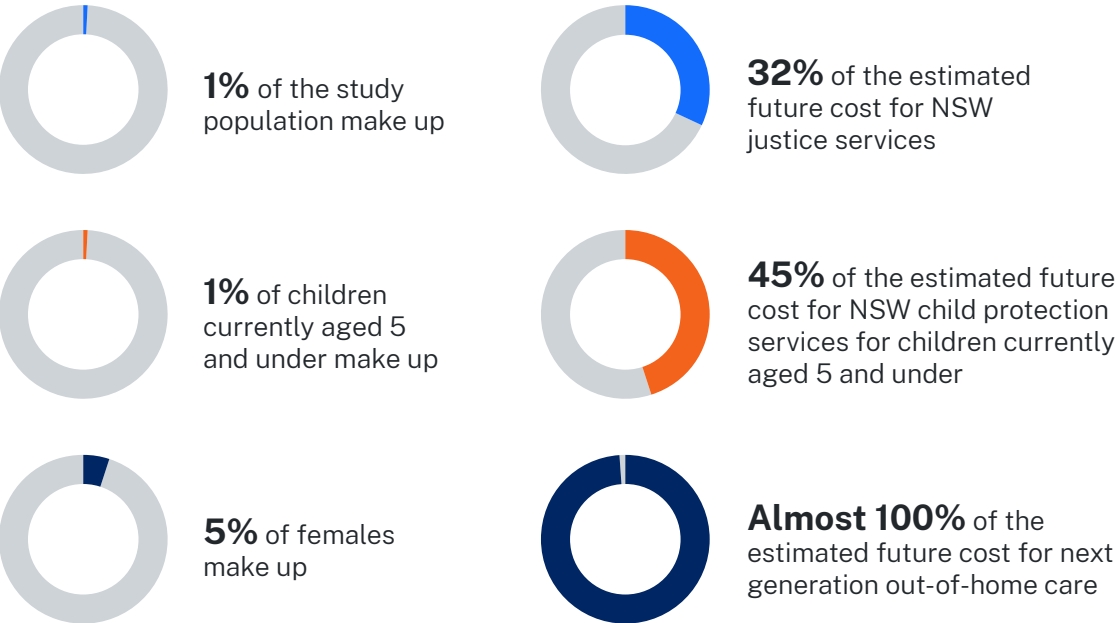
Priority cohorts for investment

The 7% of children and young people who are associated with the estimated 50% of future cost for services, are diverse in their needs, experiences and characteristics. The NSW Government will adopt a cohort-based approach to implementation of the investment approach – allocating targeted investments to address the specific needs of these groups to bend the liability curve. Not only do needs differ by cohorts, so do solutions and the programs that work.

The implementation of the investment approach will focus on six key cohorts detailed overleaf. Modelling has identified these cohorts as associated with the largest portion of addressable in-scope costs. Within each of these cohorts, Aboriginal children and families experience worse outcomes and have disproportionate levels of service use. Successful service implementation through the investment approach will help the NSW Government achieve its *Closing the Gap* targets for Aboriginal children and families.

The figure below shows how the concentration of costs amongst small groups in the community and the gains that can be achieved by intervening early.

Estimated future cost is particularly concentrated in some sectors



Under this Investment Plan the NSW Government will continue to focus on these cohorts as they collectively represent the largest opportunity sets of high avoidable costs and poor outcomes. Although we expect an investment approach to be able to reduce these discrepancies and the avoidable costs to government, it is acknowledged that there will always be a small group of people who will require a strong safety net.

Average cost

Vulnerable group

15.9x	\$2.3M	1,000 individuals with highest service costs	Make up 0.04% of the study population but comprise	1% of total estimated future costs
6.3x	\$902K	Young mothers and their children	Make up 0.7% of the study population but comprise	1.8% of total estimated future costs
2.7x	\$382K	Vulnerable young people transitioning to adulthood	Make up 1.3% of the study population but comprise	3.4% of total estimated future costs
2.4x	\$344K	Vulnerable young adolescents	Make up 3.2% of the study population but comprise	7.5% of total estimated future costs
2.1x	\$300K	Children and young people affected by mental illness	Make up 7.9% of the study population but comprise	17% of total estimated future costs
1.7x	\$250K	Vulnerable young children aged 0-5	Make up 6.9% of the study population but comprise	12% of total estimated future costs

These cohorts are not exhaustive. The inclusion of additional datasets into the Human Services Dataset will improve the ways that cohorts can be defined and services targeted. Underpinning this Investment Plan is a large program of work that will work with local districts and service partners to identify local cohorts of interest and develop bespoke investments for their needs at the different opportunity points described above.



Evidence-based interventions

The identification of cohorts and their avoidable costs to NSW and Commonwealth Governments is the first step of an investment approach. Once a target cohort has been established, evidence is required to determine the best response. The data, evaluation and analytical requirements to make an investment approach work represent a substantial investment for Government.

A strong evidence base to inform all policy design is the most critical component of an investment approach. It will take a number of years for evidence of what works for target cohorts in NSW to accumulate into a comprehensive evidence base. As evidence accumulates, the investments can be recalibrated and expected returns should increase.

Under the Investment Plan, the NSW Government will work towards a public health approach for all human services. This will require a high-quality evidence base for what services, and more importantly, the *combination* of services that work for vulnerable children and families across the spectrum of universal, secondary and tertiary services.

Under the evidence stream of analysis plan, the first stage of implementation will be applying standardised evaluation approaches to tertiary programs. Using new longitudinal datasets like the Human Services Dataset we can ascertain the current effectiveness and return on investment of tertiary program. This will rapidly develop local NSW Evidence and develop benchmarks for the returns on baseline service provision. Tertiary programs are also the most expensive and comprise a large share of the cross-government investment pool and will be analysed first.

This work can, in turn, influence national strategy direction, positively influencing the evidence base to support initiatives such as the National Children's Mental Health and Wellbeing Strategy, National Preventive Health Strategy, and the 10 Year Primary Health Care Plan. By understanding what works best for the most disadvantaged, we will deliver more person-centred, outcomes-focussed services for all.

There is already evidence that some programs such as Functional Family Therapy (FFT) deliver strong financial returns to the NSW Government. The evidence for a number of other tertiary programs is promising but more analysis is still required.

The investment approach will be expanded to secondary services targeting vulnerable families. It will also grow to include new programs and services being trialed in NSW. This comparative evidence will enable the NSW Government to understand for the first time the relative cost-effectiveness of existing support options and provide the vital data and evidence to reconfigure investments and the support mix at the different investment opportunities described above: **expanding some successful programs that already exist, improving others, and, where the evidence shows programs don't work or are subeconomic, redirecting investment to where it can achieve a greater return.**

The NSW Government will work with the Commonwealth to develop a fuller picture of needs and investments. This will be a particular area of focus for the investment approach. There is modelling currently underway which overlays the Commonwealth service usage and needs of target cohorts. This analysis will assist the NSW Government in understanding how future implementation can align to Commonwealth reforms.



