



AUSTRALIAN FOSTER CARE ASSOCIATION

THE COSTS OF CARING

FOR FOSTER, RELATIVE AND KINSHIP CARE ACROSS AUSTRALIA

JULY 2005

(with final CPI figure for 2004-05)

NATIONAL PROGRESS REPORT 2005

THE COSTS OF CARING

COMPARISON OF BASIC SUBSIDIES

Research in 2000 into the costs of caring for children in foster care produced a table comparing the subsidies paid by the States and Territories with the costs of caring established by the Research. *The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate out of Home Care in Australia*¹ showed that the subsidies paid by States and Territories to carers were far below the research recommendations.

Table 1 below shows that the 2005 subsidy rates are still well below the recommendation contained in the research carried out in 2000. The Table presented in AFCA's 2004 Report showing the lack of progress since 2000 in getting close to the research figure is not repeated for 2005 as the data shows virtually no improvement for 2005 except for the payment of CPI, which is now being applied in most States/Territories, and in Tasmania and W.A. where additional increases have occurred. NSW and SA do not receive CPI and with no increase in 2005, they are now even further behind than last year.

The information in Table 1 below forms the basis, together with Table 2 below on *Additional Subsidies in Foster Care*, for the very unsatisfactory response on the implementation by the States/Territories of the AFCA Position Statement on Financial Conditions for foster care as highlighted in AFCA's *Interim National Progress Report 2005 – AFCA Position Statements*, July 2005.

The National Plan for Foster Children, Young People and their Carers 2004 – 2006 which is currently being developed by the Commonwealth and States/Territories has as two of its objectives: improved research and improved support. It would seem appropriate that the Costs of Caring research from 2000 should be implemented as a sign of commitment to the Plan by using the outcomes of research and improving one critical aspect of support.

The data used for the tables was supplied by AFCA members who obtained it from their State/Territory authority. It is pleasing to note that **all States/Territories are now applying a CPI indexation of the basic subsidy payment except NSW and SA.** This is being done however on an annual basis and not the six-monthly basis used for Commonwealth welfare payments and in general for allowances paid to State/Territory parliamentarians.

Table 1 shows that in 2005 significant increases have occurred in Tasmania and that WA has also increased above the CPI figure. The NT remains behind other States/Territories generally, while NSW and SA are well behind. NSW has had no increase since 2000 and their basic subsidy (which includes many contingency costs that are paid as additional costs by other States/Territories) is now less than even the basic subsidy (which does not include contingency costs paid as additional costs) for some older age levels in several other States/Territories.

In the *Interim National Progress Report 2005 – AFCA Position Statements*, the progress made in respect of the Financial Conditions in Foster Care position was identified as one of the worse results, being classed as unsatisfactory by six States/Territories and satisfactory by only two. The data in the following section on additional subsidies in foster care also reflects the concerns over adequate funding of the care of children and young people in care.

¹ McHugh, M. (2002) *The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Out of Home Care in Australia.* University of New South Wales. Social Policy Research Centre.

**COMPARISON OF STATE/TERRITORIES WEEKLY STANDARD SUBSIDIES
as at 1 July 2005 with the RESEARCH RECOMMENDED SUBSIDY
(adjusted for CPI from 2000 to 2005)**

TABLE 1: The Foster Care Estimates (FCE) compared to the Standard Subsidy Levels for all States/Territories by age of the child (\$ per week)

Notes: 1. These figures are indicative only and must be read having regard to the impact of contingency payments.
2. The data used for the State/Territory tables was supplied by AFCA members who obtained it from their State/Territory authority
3. The FCE has been updated by McHugh et al by applying the Australian Bureau of Statistics annual CPI figure to the recommended FCE rate in accordance with original FCE calculations.

TABLE 1 FOR 1 July 2005

Age	TAS	WA	NT	SA	VIC	ACT	QLD	NSW ²	FCE
0-1	139	99	110	89	116	115	126	175	177
2	139	99	110	89	116	115	133	175	-
3	93	99	110	89	116	115	133	175	176
4	93	99	110	89	116	115	133	175	-
5	118	99	119	96	116	130	133	175	-
6	118	99	119	96	116	130	155	175	189
7	118	124	119	96	116	130	155	175	-
8	118	124	143	103	121	152	155	175	-
9	118	124	143	103	121	152	155	175	-
10	139	124	143	103	121	152	155	175	222
11	139	124	143	103	137	152	188	175	-
12	139	124	161	125	137	174	188	175	-
13	139	150	161	125	185	174	188	175	-
14	182	150	161	125	185	174	188	175	273/280 ¹
15	182	150	194	153	185	211	188	175	-
16	148	150	194	153	185	211	178	175	-
17	148	150	194	153	185	211	178	175	-

Notes: All dollar amounts rounded.
(1) Amount of \$273 applies to a boy aged 14. Amount of \$280 applies to a girl aged 14.
(2) NSW subsidy includes many contingencies which are paid separately in other States/Territories- some may be paid if contingencies limits in subsidy are exceeded.

Table 1 presents an overview of the standard subsidy payments for all States/Territories compared to the estimated basic, everyday costs specific to fostering as determined by *The Costs of Caring* study. In providing the standard subsidy, States/Territories generally expect this to cover basic living costs associated with housing, food, power and gas, transport to and from daily activities, basic recreation, standard ongoing school requirements and the bulk of ongoing clothing. Some States/Territories expect other items to be paid for out of the standard subsidy, for example the NSW standard subsidy is expected to cover health, education and also childcare.

Both current and recommended standard subsidy payments do not cover contingencies/ child related costs/ additional costs that are needed to fully provide for the child or young person. These include things such as medicines, disability aids, school functions and camps, tutoring, ongoing sporting and recreational activities, dental, medical and therapeutic work, etc. Currently, in some circumstances, States/Territories may make these additional payments when a cost is incurred. These are known as contingency payments. **However, it should be noted that most of these are discretionary payments, and *The Costs of Caring* report found payment to be both arbitrary and slow.**

ADDITIONAL SUBSIDIES IN FOSTER CARE

The comparison of basic subsidies across the States/Territories shows variations across them and significant deficiencies against the research findings. **There is no comparable data for the subsidies paid for contingencies/child related costs/additional costs and special circumstances such as disability, behaviour management, and sibling groups and no research figure to use to show if deficiencies also exist here.**

With more children and young people coming into care with a disability, behaviour management issues, or as a sibling group, there is no way of knowing how well the care of these children and young people is funded. These additional needs are placing increasing burdens on carers and where carers are not supported sufficiently by the system, the care of these children and young people and the well being of the carers and their family are both put at risk.

Table 2 below shows that there is a need for more attention to be paid to these care situations to improve the current packages and to ensure that CPI is automatically applied in future.

While contingencies/child related costs/ additional subsidies are paid by all States/Territories, they are not regarded as satisfactory and little improvement has occurred in the past year. There needs to be improvement in this area on the current policy and CPI needs to be applied where relevant.

The following short summary provides a simple picture of issues that are a concern now and will get worse if they are not addressed appropriately. **AFCA plans to obtain more information from States /Territories and to propose research through the National Plan consultations to establish appropriate research based figures similar to the FCE established through research in 2000 and mentioned above.**

TABLE 2: ADDITIONAL SUBSIDIES IN FOSTER CARE

	Contingencies/child related costs/additional subsidies			Packages/additional payments for disability, behaviour, large sibling group		
	Overall situation satisfactory	Approvals improved in the past year	CPI adjusted automatically if relevant	Overall situation satisfactory	Approvals improved in the past year	CPI adjusted automatically
ACT	No	No	No	No	No	No
SA	No	No	No	No	No	No
NSW	No	No	No	No	No	No
TAS	No	No	No	No	No	No
WA	Yes	Yes	Yes	Yes	Yes	Yes
NT	No	Yes	Yes	Yes	Yes	Yes
VIC	No	No	No	No	No	Some
QLD	Yes	Yes	Yes	Yes	Yes	Yes

NOTE: Members of AFCA recognise the ongoing efforts of many dedicated workers who provide the best outcomes they can for children, young people and their carers within the policy and resource constraints placed upon them by Government.

Inquiries relating to this document should be directed to AFCA at AFCA@bigpond.com.