

The Costs of Caring: A Study of Appropriate Foster Care Payments for Stable and Adequate Out of Home Care in Australia

Executive Summary

Since the mid-eighties there has been growing disquiet among a number of major foster care organisations in relation to certain aspects of fostering. One aspect of concern is the low level of standard subsidy¹ paid by States to foster carers to meet the costs of children in care. In addition there is concern that unless payments to carers are increased there will be great difficulty not only in recruiting and maintaining carers in fostering but in expanding the available number of carers.

The Child and Family Welfare Association of Australia (CAFWAA), the Australian Foster Care Association (AFCA) and the Association of Childrens Welfare Agencies (ACWA) commissioned the Social Policy Research Centre (SPRC) at the University of New South Wales (UNSW) to examine the adequacy and effectiveness of foster care allowances in Australia. Funding for the project was received from the Ian Potter Foundation, a number of non-government agencies, the SPRC, and the Department of Families, Queensland. Foster carers and foster care associations provided in-kind support. The aim of the study was to contribute to an assessment of the adequacy of current subsidy payments in meeting the costs of children in care. The broad research objective was to establish a set of budgets to cover costs for children of specific ages and sex in home-based care. The rationale underlining this objective was to provide better information on the direct costs associated with fostering.

All States² in Australia administer similar programs for children in foster care with placements managed either by the statutory authority or by non-government agencies (Cashmore and McGregor, 1996). Data from the Australian Institute of Health and Welfare (AIHW) for the year 2000 (30 June), indicated that the numbers of children and young people placed in out of home care services in Australia was 16 923. Most children were in foster care (7 870); relative/kinship care (6 051) or other home based arrangements (153)³(AIHW, 2001).

Indigenous children are significantly over-represented in the child welfare system and more specifically in out-of-home care. The rate of Indigenous children aged 0-17 years in out-of-home care (1999-2000) at 18.3 per 1000, is significantly higher than for non-Indigenous children at 3.6 per thousand (AIHW, 2001).

1 A standard subsidy is defined as the regular fortnightly payment of foster care allowance to cover the basic costs of children in out-of-home care.

2 For ease of discussion 'States' refers to both States and Territories.

3 Numbers do not total 15 169 as South Australia with 1 095 children in out of home care was unable to break down the number of children in the various categories of home-based care (AIHW, 2001: 40)

The Research Project

The research design consisted of two stages.

Stage I involved a field based study encompassing the collection and analysis of data received from 120 Directors of child welfare agencies (government/non-government and Indigenous/non-Indigenous) and Presidents of six Foster Care Associations.

Stage II comprised three components:

- The development of a set of budgets estimating the costs of children of specific ages and sex *not* in care.
- Twenty-six focus groups with carers (Indigenous and non-Indigenous) covering all States and Territories. In total 159 carers commented on the composition of the preliminary budgets and suggested areas of improvement. Carers provided guidance on aspects of the basic estimates of the costs of children to reflect costs specific to fostering.
- Customisation of budgets and development of estimates of the costs of foster care.

The main topics covered in Stage 1 included:

- the number and type of programs provided by the agency including the ages of children for whom care was provided;
- the numbers of children and carers in programs;
- difficulties for carers in meeting costs of children with a standard subsidy;
- the regularity of adjustment to a standard subsidy and the impact of the GST on carers' costs;
- the frequency of requiring additional services; difficulty arranging additional services; and difficulty obtaining reimbursement for costs of additional services;
- agency perspective on a range of factors connected to reimbursing and supporting carers;
- reimbursement for kinship care;
- factors leading to carers leaving fostering, including the role of reimbursement; and
- other issues and concerns in relation to costs.

Summary of Issues from Stage I

The findings from the survey confirmed that the low levels of standard subsidy, paid by States to foster carers, were not meeting the costs of children in care. The concerns of carers as reported by agencies and associations in meeting the needs of children in their care ranged across the wide spectrum of foster care systems. The main issues included:

- inadequacy of the standard subsidy to meet basic costs of care;
- difficulties for carers in accessing, arranging and obtaining reimbursement for additional services;
- common occurrence of 'top-ups' to the standard subsidy by agencies to assist carers with meeting costs meant to be covered by the standard subsidy. Lengthy delays and debates with departmental workers in relation to obtaining reimbursement for these and other costs;
- high levels of stress experienced by both carers and agencies in attempting to meet the needs of children, exacerbated by inconsistent departmental policy, in relation to the reimbursement of costs to carers;

- carer reliance on public health services to meet the needs of children in care resulted in long delays (e.g. 6-12 months) in obtaining specialist services with some services being unavailable;
- no regular annual adjustment to the standard subsidy to reflect the costs of living;
- high turnover of people caring for children with substantial numbers of carers coming in and also leaving fostering over a 12 month period;
- lack of acknowledgement, respect and support for carers from many workers;
- nature of foster care being not only arduous but also at times hazardous for both carers and their families;
- the importance of allowances and reimbursement of expenses for the maintenance of foster care placements;
- for carers in rural and regional areas there was an intensification of issues and concerns relating to accessing and arranging additional services and in meeting costs associated with transporting children either day to day, or in relation to access/contact visits with children's birth families; and
- inequities of subsidies and reimbursement for kinship carers.

Stage II

Based on estimates of the costs of children originally developed by the Budget Standards Unit (BSU) at the SPRC (Saunders et. al., 1998) a set of preliminary budgets covering each component area - housing, energy, food, clothing and footwear, household goods and services (HGS), health, transport, leisure and personal care - for children in various age groups, *not* in care, were prepared for the focus groups. Carers commented on the costs, suggested areas of improvement; provided information on the nature and types of costs specific to fostering and recommended increases to a number of estimated costs.

Summary of Issues from Stage II

The emphatic response from the majority of carers to the preliminary estimates of the costs of children (*not* in care) was that estimates in most component areas were not adequate to meet the needs of children in care. Carers highlighted areas in the budgets where costs specific to fostering were not reflected. Some issues in relation to costs cannot be addressed through budget standards methodology and these are discussed in the Conclusion and Recommendations. The areas of costs specific to fostering noted by carers in each component area are listed here.

Housing

- One of the most significant costs was for general 'wear and tear' and damage to household goods including furniture, furnishings, carpets, fittings, electrical equipment and white goods. Carer's content insurance was not a viable option for damage caused by foster children for a number of reasons (Sections 4.17; 7.2).
- Housing includes the costs for water. Water usage was higher than usual due to additional laundering (higher incidence of bed-wetting children of all ages and those not toilet trained), bathing and showering (Sections 4.17; 7.2).

Energy

- The more frequent usage of water resulted in additional costs for energy for laundry purposes (running washing machines/dryers); for pumps required to heat water and run pool filters; or for rural carers to pump water from water tanks or bores into houses.

- Forgetting or neglecting to turn electrical appliances and lights off was commonplace among foster children. Lights were more frequently required to be left on all night. For younger foster children and during school holiday periods air-conditioning was used in excess of a carer's own demand. Similarly, additional energy was required for heating spaces where children were engaged in home activities. The purchase of oil (or firewood) to heat homes came at a high cost for rural carers. The heating of hot water for showering and laundry purposes increased energy costs above a carer's normal use.
- Older children's use of multiple appliances – televisions, videos, play stations, computer games, Internet, radios and CDs – also increased the costs of energy for carers (Sections 4.18; 7.3).

Food

- The estimates for food were closer to many carers' actual costs. However, numerous carers also reported common patterns of over-eating or excessive consumption of drinks, as well as stealing, hoarding or hiding food.
- Obsessive and abnormal eating behaviours led to higher consumption of some foods and higher wastage with others. Carers of younger children (infants and toddlers) mentioned the need to build up under-weight or 'failure to thrive' children and encourage the consumption of more appropriate foods to correct former dietary deficiencies.
- The provision of additional food and drink at times when foster children and birth families came together for contact and/or access visits was an additional cost to carers (Sections 4.20; 7.4).

Clothing and Footwear

- The costs of clothing and footwear was one of the most problematic areas for carers. Children coming into care often had nothing in the way of clothing and footwear or had minimal wardrobes of poor quality and cleanliness.
- Clothing and footwear is completely individual and a quantity of quite costly items, particularly footwear, was required from 'day one' of a placement.
- Two approaches were suggested in addressing these costs. One was to increase the initial clothing allowance allocated to carers at placement (an initial clothing grant is the practice in many States) and secondly, an inclusion for clothing/footwear in the standard subsidy payment (Sections 3.9 and 7.5).

Household Goods and Services (HGS)

- Many additional costs due to wear and tear and damage to numerous household items including furniture, fittings, appliances, linen/towels, and soft furnishings were noted including excessive wear on beds and bedding, (including frequent replacement of mattresses).
- Several approaches were taken to reflect 'wear and tear' and damage. The lifetimes of some items regularly used by or needed by children were reduced. The allocation for the cleaning of carpets and soft furnishings was increased.
- Some additional items were added to this budget: mattress and pillow protectors; extra sheet sets, doonas and doona cover sets and cotton blankets. Extra quantities of washing powders, laundry soap, bleach and disinfectant were also allocated.
- The amount allocated for repairs and maintenance of household appliances and costs for phone and postage usage were also increased (Sections 4.21; 7.6).

Health

- Four issues in relation to meeting costs of health were of particular concern to carers (Sections 4.2; 7.7). These were crucial issues, not easily addressed through budget standards methodology and are referred to in the Conclusion and Recommendations.
- One issue was the lack of information provided to carers about a child's medical background (including immunisation history) and the lack of either a Medicare or Health Care Card⁴ in a child's name when children were placed.
- The second issue was in relation to the substantial costs of over-the-counter medications, due to the number of minor complaints children had when they came into care.
- The third health issue related to the need to access urgently required specialist services for children through the public health system. Long waiting lists of 6-12 months for specialist services was not an unusual scenario.
- The fourth issue of concern was the inability for some carers to include foster children in their private health cover.

Transport

- Carers reported that the costs of transporting foster children were considerably higher than the BSU estimates (Section 4.23; 7.8).
- Transport costs were very specific to the geographical location of carers and for rural and regional carers costs were higher than for carers in metropolitan areas.
- Most carers appeared to use their car on a daily basis. Most carers stated that without a car they would not be able to continue fostering.
- A more appropriate model for calculating costs was developed to more closely reflect the lives of carer families.
- Due to the varied nature (distances travelled, number of trips, etc.) of 'access and contact' visits by carers to children's birth families it was not possible to allocate average costs to carers in this area.
- Estimating costs to carers who have purchased a larger vehicle to transport foster children was also difficult. The issues of costs attached to access and contact visits and larger vehicles are in the Conclusion and Recommendations.

Leisure

- A wide range of leisure activities and goods for children of all ages were included in the leisure budget.
- The original BSU leisure budgets contained no allocation for pocket money or the purchase of gifts. Both items were considered by carers to be of importance for the well-being of foster children (Section 4.24).
- The approach adopted here was to allocate amounts based on the child's age commencing when a child turns six years of age (Section 7.9).
- Most carers stated they received no extra financial assistance to cover gifts for children at Christmas or for their birthdays.

4 An important amendment to Commonwealth legislation in 2001 (from 1 July) is that eligibility for a HCC for all children in foster and kinship care is available to all carers regardless of their income level (FACS, 2001).

- The UK practice (by some authorities) of paying carers an additional amount equal to one week's subsidy payment at Christmas and at a child's birthday for purchasing gifts and providing the child with a birthday party was adopted here (Section 7.9).
- Additional amounts were included to cover the extra costs of small gifts and cards for birth family members and for extra film (and developing) for photos for birth families and life storybooks (Section 7.9).

Personal Care

- Some carers found the BSU estimates of costs for personal care for children similar to their costs (Section 4.25).
- Carers of younger children had higher costs for pre-schoolers due to the use of disposables to accommodate wetting and soiling beyond the age when children are usually toilet-trained. Pull-ups (disposable nappies) were included for pre-schoolers.
- Reflecting carer's comments on waste and overuse of toiletries by children of all ages additional quantities of shared items (e.g. soap, toothpaste, shampoo, conditioner, talcum powder) were included in this budget (see Section 7.10).

Summary of Costs

- Factoring in the costs specific to fostering was organised in two stages. The first stage showed how the extra costs of fostering were incorporated into the BSU estimates of the weekly costs of children *not* in care.
- The second stage indicated the impact on fostering costs when the additional allowances for initial clothing grants and for gifts were included. Figures were calculated to identify the overall percentage increase between the BSU estimates of the costs of children *not* in care and fostering costs (Section 7.11).
- Table 41 from the Report (Section 7.13) presents an overview of standard subsidy payments for all States and Territories compared to the estimated basic everyday costs specific to fostering determined by this study. All costs are for December 2000.
- The figures (\$175 per week) in the Table for NSW appear to indicate that carers in this State are reimbursed at a much higher rate than carers in other States. In one sense, this seemingly high weekly amount of \$175 is deceptive. The NSW subsidy, unlike any other State subsidy, also includes the coverage of some additional services i.e. health, education and childcare (up to \$1 000 per annum for each – claimable on a quarterly basis) previously covered by the payment of 'additional allowances' or 'one-off grants' known in NSW as 'contingencies'. In 2000 all other States continued to pay carers for additional services either on a mandatory or discretionary basis (see Bray, 2001, pp 61:66).
- Direct comparison between subsidy payment rates paid by the States and the estimates of the costs of children in care determined in this study in Table 41 are not valid. In the case of NSW where carers are expected to meet the costs of childcare (up to \$1 000 per year), no child care costs are included in this study's estimates. In addition, the estimates for health and education costs in the estimates are based on the public health system, Medicare and public education systems and take no account of either additional health costs or additional educational costs that carers in NSW are expected to meet (up to \$1 000 per year).

- For subsidy payments paid by other States the reader is cautioned to read the Notes to Tables 18 to 25 (Section 6) to gain an understanding of what subsidy payments are expected to cover and what other reimbursements are made to carers by way of add-on loadings to the standard subsidy to cover basic costs. Depending on the particular circumstances of a child in care each State and Territory may offer additional reimbursement for extra expenditure. For the most part these are discretionary payments and are not guaranteed.
- Even with the caveats mentioned above it does appear that few States were reimbursing carers by way of standard subsidy payments at a level that would meet the basic, everyday costs associated with fostering. A significant increase in the levels of subsidy payments for all children would be required if the issue of adequacy of payments was to be addressed and carers were to receive amounts closer to the 'real' costs of fostering.

Table 41: The Estimated Costs of Children in Foster Care and the Standard Subsidy Levels for all States by Age of the Child: 2000 (\$ per week)^(a)

Age	TAS	WA	NT	SA	VIC	ACT	QLD	NSW	Estimated Costs of Children in Care
0-1	70	79	97	85	85	92	76	175	157
2	70	79	97	85	77	92	93	175	-
3	70	79	97	85	77	92	93	175	156
4	70	79	97	85	77	92	93	175	-
5	70	79	101	91	77	105	93	175	-
6	70	79	101	91	77	105	114	175	168
7	71	79	101	91	77	105	114	175	-
8	71	79	120	98	93	123	114	175	-
9	71	79	120	98	93	123	114	175	-
10	72	79	120	98	93	123	114	175	197
11	72	79	120	98	112	123	138	175	-
12	83	79	136	118	112	141	138	175	-
13	83	118	136	118	157	141	138	175	-
14	90	118	136	118	157	141	138	175	242/248 ^(b)
15	90	118	163	145	157	171	138	175	-
16	90	118	163	145	157	171	129	175	-
17	90	118	163	145	157	171	129	175	-

Notes: The figures in this Table for both the standard subsidy payments and estimates of the costs of fostering are indicative only. Reimbursements for carers provided by governments vary on a State-by-State basis and the reader is advised to consider the figures in this Table in light of the discussion in Sections 6 and 7.

a) All dollar amounts rounded.

b) Amount of \$242 applies to a boy aged 14. Amount of \$248 applies to a girl aged 14.

Source: For all States' subsidy amounts, see Bray, 2001:34.

Conclusion and Recommendations

The study used three sources of information to examine the issue of adequacy of subsidy payments: surveys with agencies and foster care associations; focus groups with carers; and estimates of the costs of children developed by the BSU at the SPRC

for children *not* in care. The study attempted to demonstrate the potential of budget standards methodology to measure the adequacy of payments to carers in all States by factoring into the BSU estimated costs of children an assessment of the costs associated with fostering for children in different age groups. Recommendations for practice and future policy direction arising from the study are presented.

The 1997 BSU estimates of the costs of children were updated to December 2000 and costs specific to fostering were factored in for children of various ages: a one-year-old child, three-, six- and 14-year old girls and 10- and 14-year old boys. The estimates of the costs of foster children indicated that children in care are on average 52 per cent higher than the costs of children *not* in care (Table 39).

The findings from the survey with agencies, the analysis of the focus group discussions and the comparison of the BSU estimates of the costs of children, with costs specific to fostering factored in, confirmed that the level of standard subsidies, paid by a number of States were substantially below the costs required to meet basic, everyday needs of children in care. Based on data for the year 2000, the figures in Table 41 indicated that the level of the standard subsidy paid by most States was well below the estimated costs of children in care, as determined in this study.

The study also found that depending on the type of care order (Section 6.5) applying to children most States addressed the issue of providing the majority of carers with an initial clothing allowance when children were placed in care. However no State, except Tasmania⁵, appeared to address the issue of the costs of birthday and Christmas gifts for children in care in an adequate or consistent way. Suggestions for how these two important additional payments might be addressed are discussed in Section 7.5.

Recommendations

- 1 *That consideration be given by the Commonwealth and the States for a national framework for payments that would address issues of adequacy and equity for all foster carers across Australia and better reflect the real costs of caring.*
- 2 *That all States review their level of standard subsidy (including higher payments for specified categories of need) paid to carers and increase levels to reflect the direct costs of fostering. The review process should include consultation with NGO agencies and carer associations.*
- 3 *That all States cover a similar set of budget items in the standard subsidy to meet the extra costs to a family of a child in care.*
- 4 *That regardless of the type of care order a child is under, all carers to be paid the same rate of weekly subsidy.*
- 5 *That the issue of additional allowances, (Section 7.5 and 7.9) i.e. 'one-off' payments for initial clothing and footwear, and an allowance for gifts (for children's birthdays/Christmas) be reviewed to ensure that costs are adequately met in a consistent and systematic way.*

5 Tasmania provides carers of children under guardianship orders with \$30 annually, as a Christmas Allowance, to be used towards the costs of Christmas presents (Bray, 2001: 51)

6 *That the additional allowances for initial clothing and footwear requirements and for gifts should be mandatory payments for all children in medium to long-term care.*

Age Related Payments

Most States, except NSW, use age-related payment systems to reflect increased costs, as children grow older. In general, the level of subsidies paid by States increase for older age groups. This corresponds with the findings in the study (Table 39), which indicate that the estimated costs of foster children, with the exception of a one-year-old, rise as their age increases. A finding from the survey with agencies (Table 14) was that 'a standard subsidy should be age-related'. Most agencies (79 per cent) agreed with the statement.

Recommendation

7 *That States maintain age-related payment schedules for standard subsidy payments. That age-related payments more closely reflect the real costs of fostering for children in particular age groups, in particular, younger children.*

Consumer Price Index (CPI)

The findings in Tables 18 to 25 indicated that there has been no uniform approach by the States to adjust the level of standard subsidy to reflect changes in the cost of living. Some States were reported as using their State's CPI to adjust payments; some stated it was an annual increase, others said the CPI was used from 'time to time' (or 'irregularly') to adjust payment levels (Bray, 2001).

Between 1996-97 and 1997-98 there was *no* increase in the level of subsidy paid to carers in Tasmania, Northern Territory, South Australia, Victoria, Queensland or New South Wales. Between 1997 and 2000 all States had increased their rates of payment (Bray, 1997; Bray and Foti, 1999; Bray, 2001). The variations in increases across States however were inconsistent and were not the same for all age groups. In a number of States the adjustments made did not appear to reflect the overall CPI increase of around 10 per cent (March 1997 to December 2000) calculated for the BSU estimates.⁶ Unless the States reflect CPI changes relevant to their State, the levels of subsidies will fail to cover carer costs. If payments do not reflect the rate of inflation then over time carers will be progressively out of pocket or children's needs will not be met.

Recommendation

8 *That all States systematically update the level of weekly subsidy paid to carers to correspond with regular changes in the CPI.*

Accessing Services for Children

The issue of accessing various health (including dental, mental and disability services) and other therapeutic services to meet the special needs of foster children and young people requires urgent attention. Of all specialist services, counselling was the service that appeared to be needed most by children in care and also the service

6 March 1997 and December 2000 (Sydney Index) were the CPI quarterly periods used by the BSU to update the initial estimated costs of children.

most difficult for carers to arrange (Section 2.14). It is not surprising that many children placed with foster carers have a pressing need in relation to counselling (and other specialist services). This need occurs, as result of negative experiences and/or abuse or neglect prior to being placed. In addition most children have also been removed from their birth family (or have experienced a placement breakdown), which is an additional trauma.

Numerous studies on the value of early intervention by way of providing services for abused, neglected or disadvantaged children and young people have been shown to be of enormous benefit to children and young people. Providing high quality specialist services at the early stages of a problem (i.e. psychological, educational, medical, etc.) has long-term gains, both for children and the community more generally and provides cost savings in the longer term (National Crime Authority, 1999; McCain and Mustard, 1999; Perry and Marcellus, 1997; Weikart, 1982). The importance of using specialist consultants in counselling for abused and neglected children has been highlighted in work by Lieberman (Lieberman, 1999).

In relation to early intervention for abused and/or neglected children, the provision of children's services (child care) is also important for pre-school aged children (Fisher, McHugh and Thomson, 2000). Children gain socially and developmentally from attending a children's service. Children's services are used by parents (including foster parents) for a number of reasons, such as their own work, training or leisure needs and because parents want children to be involved in activities, which stimulate and assist their development (Brennan, 1983).

Research indicates that due to abuse and neglect, children may develop maladaptive behaviours (Perry and Marcellus, 1997). For foster parents, child care can offer respite from the day-to-day care of children, allowing well trained and provisional staff to address children's needs and support foster parent in their caring role. In addition, longitudinal studies indicate that children do better if they have experienced good quality children's services before starting school (Cooper and Sutton, 1998; McCain and Mustard, 1999).

Recommendations

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| 9 | <i>That unless a placement is of a temporary nature, i.e. children are aware they will be returning to their birth family in a relatively short period of time, all children and young people in care should be offered specialist counselling to assist them to recover from the impact of any family violence, abuse or neglect they may have previously experienced and to assist them to adjust to their changed circumstances. The offer of counselling should not be at the discretion of a worker but be viewed as the right of the child or young person in care. All costs for specialist counselling to be met by the department.</i> |
| 10 | <i>That in the case of carers of pre-school aged children, good quality child care on a regular basis, should be made available and paid for by the department at no cost to the carer.</i> |

Reimbursement for Carers

Obtaining reimbursement for all types of specialist services, including counselling and child care, was found in both the survey findings and from the discussion with carers to be at times a frustrating and difficult process to negotiate. These reimbursements, known as one-off grants or contingency payments, are paid under

special circumstances in a non-recurrent way (e.g. medical expenses), are named differently in every State, and appear to serve a number of different purposes.⁷ In South Australia, for example, the wide ranging nature of contingency payments include: Establishment Grants; Incidental Expenses; Brokerage Funds; and discretionary payments for out of the ordinary high costing expenses associated with interstate travel, orthodontic and medical treatment and property damage (Bray, 2001: 51).

In addition contingency payments may be mandatory or discretionary, or be part of an approved (formal) case plan. In most States, once amounts exceed a certain amount approval for payment is required at managerial or area level. What is also apparent is that in some States, the local Area or District has an allocated budget with reimbursements subject to ceiling and threshold payment levels (Bray, 2001: 49-56).

Discussion with carers indicates that reimbursements for additional costs in some States appeared to be made as a matter of course and in others they were made at the discretion of a worker. Carers reported that there appeared to be little consistency in how decisions were made in relation to discretionary payments. Some carers were not aware of entitlements that other carers in their State were receiving for similar expenses incurred for foster children. At times, when a department did not meet a carer's claim for additional expenses, agencies had little choice but to reimburse carers out of agency funds. In addition, even when claims were approved, it was not unusual for carers to wait many months to receive reimbursement.

Recommendation

11 That all carers be provided with policy documentation in relation to the discretionary and mandatory payments (and amounts) for the children in their care. That all States consider a review of their administrative procedures to ensure that carers (and/or services) are reimbursed within a reasonable period of time (within 14 days) after carers/services have lodged a claim. That 'ceiling and threshold payment levels' be removed from reimbursement systems to ensure equity for all carers and adequacy to meet children's costs for specialist services.

Respite for Carers

The lack of respite care services for carers, noted by many agencies in the survey, accentuated the problems faced by carers. The surveys with agencies and associations showed that in many States there was a reduction in the level of subsidy paid to carers when the child went to another carer to allow the major carer 'weekend respite' or when the child returned for short periodic visits to their birth family.

In one State a minimum of 21 days per year respite was permitted for 'narrowly specified' reasons and during this period a dual allowance was paid for the child. For the majority of carers, however, it appeared that when respite was provided, the subsidy was reduced by the 'daily' rate,⁸ for each day the child was not with the major carer. For most carers regular respite from their caring role was often one of the most difficult areas to organise and access either through their agency or the department

7 Readers are referred to the Bray Report which provides extensive comparative tables on the way both mandatory and discretionary payments are made and expenses reimbursed for each State and Territory (Bray, 2001: 60-66)

8 The 'daily rate' is calculated by dividing the weekly rate of standard subsidy by seven to obtain a daily rate.

(see also Bray, 2001: 107). The provision of respite for carers is undoubtedly essential, and while it involves financial costs to governments, it could be a major factor in retaining carers in fostering and also preventing placement breakdown.

Recommendation

12 *That all States place a high priority on funding access to suitable respite care on a regular basis for all carers. That on the grounds of equity, no carers should be penalised by any reduction in their subsidy payments for either weekend respite or when the child is on short periodic visits to their birth family.*

Related Costs Relevant to Fostering

There were some related matters where using a budget standards approach could not accommodate some costs incurred by carers. The nature and impact of these costs were of concern to many carers and are discussed below.

Insurance

Obtaining appropriate reimbursement for damage to their homes and contents by foster children was a problematic area for most carers. Damage to a carer's car or to a neighbour's property was also of concern to some carers. Many carers with Contents Insurance were not able to utilise their cover where damage was caused by foster children without incurring some type of penalty or outright refusal by insurers for reimbursement of claims.

Recommendation

13 *That agencies and departments who administer foster care systems find a prompt and appropriate policy response to the significant problem of insurance coverage for carers. That all States ensure that carers have **full** indemnity against all damage caused by foster children to either their property or the property of others.*

Health

There were several areas of concern in relation to health: payments for over-the-counter medications; coverage of foster children by private health funds; and the availability of Medicare cards for foster children

Over-the-counter medications were expensive for carers as many children in care appeared to experience numerous minor complaints (e.g. head lice, scabies, school sores) requiring regular treatment. In a number of States, the policy of reimbursing only for amounts that were over \$20, left many carers considerably out of pocket.

Recommendation

14 *That on the grounds of equity the costs for all over-the-counter medications purchased for children in care be reimbursed regardless of the amounts.*

Some carers who were members of a health fund found that not all private health insurers 'allowed' foster children to be included under a carer's policy. This action by private health funds prevented some carers from using private specialist services for children in care. Private specialist services were seen by some carers as an option, for children with pressing health issues, when the public hospital system had long waiting times for such services of between six to 12 months.

Recommendations

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| 15 | <i>That the appropriate Commonwealth and State Departments explore the feasibility of legislative changes to enable carers to include foster children in long-term care in a carer's private health fund.</i> |
| 16 | <i>That where it is deemed appropriate and necessary to meet the pressing health needs of children, private health insurance in a child's name should be provided by the agency/department and the costs of premiums paid by the department.</i> |

The lack of a Medicare card for children in care causes considerable inconvenience and costs to carers. This issue is pressing as carers stated that **more** stringent criteria apply (as of January 2002) for accessing Pharmaceutical Benefits Scheme medications apply. Pharmacists will have to sight a Medicare card or be provided with the child's Medicare number in order for foster carers to obtain a prescription at the reduced rate. Unless carers have a Medicare card (or know the number) for the child, or the child's name is on their card, they may be severely disadvantaged.

Recommendation

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| 17 | <i>That a temporary Departmental (or Agency) Medicare card be issued by workers to all carers when a child is placed or until other arrangements for a card in the child's (or carer's) own name can be made.</i> |
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The paucity of information provided to carers in relation to the medical history of children coming into care, including, for example, records of immunisation, drug and alcohol use and other details about chronic conditions (e.g. asthma) is unacceptable. Carers and their family are put at risk when the medical and psychological background of children coming into care is unknown.

Recommendation

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| 18 | <i>That as part of the assessment process, where medical details or background of children coming into care are unknown, they are seen by a general practitioner and any relevant health or medical information relayed to the carer as soon as practical.</i> |
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Transport/Travel for Access and Contact

Two aspects of costs associated with transport require action by governments. One is in relation to access visits and the other to the purchase and use by carers of larger vehicles.

Taking children in care to birth families for contact and access visits, when judged by workers as appropriate, appears to be becoming more commonplace for carers in all types of placement situations. Reimbursement for transport costs was either difficult to arrange or the rate paid by the agency/department was at such a low rate it was insufficient to cover carer costs. Carers should not be treated less than others (i.e. employed public servants) when using their private car for work purposes.

Some carers spoke of using weekends and/or holidays to take children for access visits to birth families who lived some distance away or who had moved since the child was placed. Costs in relation to accommodation (hotel/motel) required on these

visits were often borne by carers. Others carers had little resort but to camp or caravan to reduce the costs of accommodation on these visits.

All departmental workers are entitled to claim for the costs of travel in relation to their work and would do so if they were responsible for access and contact visits. The situation of carers in this situation is no different.

Recommendations

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| 19 | <i>That all cost of travel using a carer's personal car should be reimbursed by the department/agency at the rate used to reimburse workers in the public sector in the particular State where the travel takes place.</i> |
| 20 | <i>That the cost incurred by carers for overnight stops (accommodation/food) on access visits be fully reimbursed. Carers should be able to choose to either have their costs reimbursed by tendering receipts or take the per diem rate paid to public servants in the particular State where travel takes place.</i> |

Use of Larger Vehicles

The issue of assisting carers with costs of purchasing larger vehicles (six to 10 seaters) required to transport foster children needs to be addressed. There does not appear to be clear policy guidelines in a number of States in relation to this matter. In addition, carers noted that the costs associated with running larger vehicles (registration, insurance, tyres, service, petrol) are significantly higher than for smaller sedans.

Recommendations

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| 21 | <i>That all carers should be entitled to receive financial assistance with the purchase of a larger vehicle, if due to their caring role, (caring for sibling groups or with several children in care) they are required to purchase a larger vehicle.</i> |
| 22 | <i>That all carers using larger vehicles should be able to apply for a loading on their subsidy payment to cover the increased costs of transport.</i> |

Remote/Regional Allowances

A supplement should be paid to carers in remote and rural areas for additional costs associated with distance (i.e. travel, STD phone costs, additional wear and tear on vehicles, etc.). Accessing specialist services (medical, dental, therapeutic, etc) was doubly difficult in many country and regional areas due to the lack of government and private provision. For many carers obtaining respite was also more difficult due to geographical isolation.

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| 23 | <i>That carers in remote and regional areas receive a loading on the standard subsidy payment to assist with extra costs attributable to distance.</i> |
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Indigenous Carers

There were a number of issues in relation to Indigenous carers, which impacted on their ability to care. Indigenous people had the highest number of children requiring out-of-home care. When fostering, carer families appeared to have more children placed in their care, to be struggling financially and to have less material resources than non-Indigenous carers.

Given their circumstances, it is incongruous that the policy in some States regulates that where Indigenous carers are kinship carers they receive less financial assistance than other carers in the community as well as lower levels of support essential to their caring role. Of equal concern is that Indigenous carers are not given the same training and access to services as other carers. These last two issues are also of equal importance to non-Indigenous kinship carers.

Recommendations

- 24 *That all (Indigenous and non-Indigenous) kinship carers receive the same level of standard subsidies paid to other carers.*
- 25 *That all (Indigenous and non-Indigenous) kinship carers receive the same level of support and access to services for children in care as other carers.*
- 26 *That training and support groups be made available for all (Indigenous and non-Indigenous) kinship carers.*

Other Issues Raised by Carers

Many other issues were raised by carers in the course of the study, which go beyond the scope of this project, particularly in relation to levels of support, training, information and assessment of carers. Other concerns related to the role of workers and agencies in providing support and assistance to foster carers. The report notes (Section 4.15) that the discussion in the focus groups was wide ranging and many carers saw the groups as an opportunity to expand on a host of related topics. Many areas concerned the policy and practice of government departments in relation to permanent placements, guardianship, adoption, case planning and case conferencing (or the lack of).

Older carers with young children (some with disabilities) were worried about what would happen to their foster children when they were no longer able to care for them. Some carers spoke of the continuing stigma (and racism) experienced by children in their care, this appeared more noticeable in rural groups. Allegations of abuse against carers and issues of disciplining foster children were also raised in a number of groups. This topic expanded into discussion on the negative impact of fostering on foster carer's birth children, grandchildren and friends. Many carers regretted that they had fewer opportunities to spend with family and friends and others spoke of family and friends not wanting contact due to the behaviour of foster children or the fear of what they might do (see also Section 3.17).

For some carers dealings with Centrelink was problematic. Carers stated that some Centrelink workers were not aware that receipt of reimbursement for fostering was *not* income to be assessed or means tested when carers were attempting to access Commonwealth payments (FTB) for children in care (see also Bray, 2001: 104-5). Small numbers of carers spoke of the 'injustice' of losing the additional subsidy payment (approved due to the nature of care required when the child came into care) after they had put in considerable time, skills and financial resources to 'stabilise' a child's behaviour.

Further Research

Four areas, which came to light in the study, deserve further attention by researchers and governments: the NSW *Foster Care 2000 Reforms*; kinship care; children in care with disabilities; and the indirect costs of caring.

Foster Care 2000 Reforms

NSW is the only State that has moved from an age-related payment system to a flat rate subsidy payment incorporating the coverage of some items previously covered by contingency payments. To date little is known in relation as to how the *Foster Care 2000 Reforms* have been perceived by carers and whether carers are managing to meet costs more satisfactorily under the new system. For carers with children with special needs provision was made to pay higher allowances (*Care+1* and *Care+2*). Whether these two categories, that replaced 12 others, are meeting their objective of recognizing the demands of children and young people with special needs is also unknown. A timely evaluation of all aspects of the changed reimbursement system would be of benefit to policy makers, researchers and carers.

Kinship Care

All Australian States have legislation or policy which encourages the placement of children with a child's extended family before the child is placed with an unrelated carer. In NSW, there are varying opinions on policy developments in relation to kinship care but currently little is known about the benefits/disadvantages of such care in the Australian context (Developing Practice, 2001; Dixon, 2001; Sultmann and Testro, 2001). In some States it appears the amount of reimbursement, training, support and other services offered to kinship carers, both Indigenous and non-Indigenous, differs from that provided to other carers. In light of these issues studies in the area of kinship care are essential to ascertain whether kinship (or relative) care promotes successful outcomes for children in care and whether carers are being equitable treated, *vis-a-vis*, other carers.

Children with Disabilities in Care

The issue of Indigenous children with disabilities also appeared to be higher than for non-Indigenous children. The question about how many children in care have disabilities and the circumstances in which out-of-home care becomes an unavoidable option for such children should be of interest to researchers and of concern to policy makers.

Indirect Costs of Care

Discussions in the course of the focus groups carers indicated there were a number of indirect costs, which arose due to their fostering role. The research revealed a number of 'hidden' costs for carers, which were rarely discussed or measured in the literature on direct costs. These include the indirect or opportunity costs which impact on carers and their families (Oldfield, 1997; Mitchell and Cooke; 1988; Cass, Keens and Wyndham; 1983). The work involved in caring for foster children is not only extensive and demanding in its nature but also means that the main carers, usually women, generally have less time to spend with family and friends or to pursue labour market or leisure activities. The effect of forgone earnings (and occupational superannuation) from paid employment for women caring for children has been shown to be substantial (Chapman, Dunlop and Gray; 2001; Begg and Chapman, 1988; Mitchell and Cooke, 1988; Joshi, 1987).

The premise of governments and many in the wider community, including some foster carers, is that carers are motivated by an altruistic notion of caring for vulnerable children in their homes and therefore do not expect to be compensated for

what they do, beyond the reimbursement of costs for the children in their care (Smith and Smith, 1990). Opportunities in Australia and in other western countries for married women (the core of foster carers) to participate in paid work have grown substantially over the last three decades (van Acker, 1999; Mitchell, 1998). Now that women have the option of unskilled paid work with regulated hours, pay and conditions in numerous service industries, both government and non-government agencies are experiencing increasing difficulty in attracting suitable and appropriate carers willing to foster on a 24-hour, seven day a week basis, with little respite and minimum reimbursement. A recent inquiry into out-of-home care in NSW also found there was a lack of social recognition of foster carers' contribution and a perception that the role of foster carers was undervalued (CSC, 2000a). These findings were echoed by carers in this research who were also concerned about the lack of dignity, respect and support they received from some departmental officers and professionals in the field.

There is mounting evidence in Australia (Sultmann and Testro; 2001; CSC, 2000b) and elsewhere (Berridge, 1997) that foster carers need to have increased skills, knowledge and resources (emotional and physical) to nurture and care for difficult children with challenging and complex needs. There is also increasing recognition that for difficult and demanding children, carers should receive a scale of payment linked to their level of skills and experience (House of Commons, 1998). In NSW, new forms of foster care are emerging. The use of carers, specially recruited for children with extremely high or complex support needs and in receipt of higher allowances is on the increase (CSC, 2000b).

The conclusion to be drawn from this research indicates that it is time to consider whether all foster carers (including relative and kinship carers) might be entitled to more than simple reimbursement for the direct costs of children. Such a significant change in payment systems would, of course have a major impact on government funding of foster care services. It is also not a straightforward issue as there is evidence in the literature (Smith and Smith, 1990; Baldock, 1983) that carers have mixed feelings about payments for caring work and the 'professionalisation' of foster care.

Implications from this Study

All carers are entitled to be paid, at least, an amount sufficient to cover the day-to-day direct costs of fostering, rather than a contribution or part payment towards costs. This is because no one who volunteers their time, energy and effort to care for children and who incurs a number of indirect costs (both financial and non-financial), which are rarely ever referred to let alone addressed, should be expected to pay children's basic financial costs. It would be difficult to conceive of any other voluntary position in society which involves the responsibility and care for children seven days a week, 24 hours a day in a carer's home with no relief or respite.

There are moral and legal reasons why governments should reimburse carers at socially acceptable and approved standards of living for the children they place in care. Regardless of the type of order a child is under, while in care their costs are the same. Meeting basic everyday needs is a constant factor that deserves an equitable approach to all carers. It is hoped that the findings from this report will assist policy development in setting appropriate levels of standard subsidy and assist in recruiting and retaining foster carers.