

## 12.0 The provision of foster payments in Australia from the carer perspective

This section of the document provides comments on carers' experiences in receiving care provider payments, subsidies and allowances. The comments included have been drawn from carers and carer associations throughout Australia. The inclusion of a comment does not necessarily mean the situation applies throughout Australia, but rather that it is a significant issue for a particular group of carers. The comments are made in good faith as honest feedback and as an attempt to identify issues carers believe need to be addressed and modified in today's care system.

Looking after children is expensive. Looking after foster children is even more expensive. Carers who have monitored their own expenses in caring for and raising children claim that foster children are at least 50% more expensive to raise than their own children.

AFCA believes that:

- carers very strongly believe that children in care are the moral, legal and financial responsibility of the State/ Territory government - NOT the carers;
- carers should be fairly compensated for the challenging role they undertake; and
- subsidies and allowances made to carers should reflect the *real* costs of providing foster care for a child or young person.

Carers want to provide a professional quality standard of care for foster children and young people, and do not generally expect a "professional" salary to do this. Carers do, however, expect and need adequate, full and prompt reimbursement of out-of-pocket expenses. They also require increased payments to cover actual everyday costs of providing care, so that they do not have to meet these out of their own pockets. Payment of subsidies and allowances should also recognise the specialist skills of carers and the skills they are required to use in providing for children from difficult backgrounds, with challenging behaviours or special needs or disabilities.

Carers are prepared to sacrifice their privacy, and give freely of their personal time and effort, 24 hours a day, 7 days a week, to achieve positive outcomes and quality care for the children and young people in their care.

Often carers become long-term parents by default because of delays in the system which have extended placements well beyond the originally agreed limit. They are then caught by their affection for, and obligation to, the children in their care. The decision to take on children long-term in these cases, therefore, was not informed by full knowledge of the financial commitment this entails.

### 12.1 Basis of payments

Many States and Territories have based their payment regimes on Lovering's<sup>1</sup> estimates. Lovering's estimates were regularly updated and published until 1999 by

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<sup>1</sup> Lovering, K. (1984), *Costs of children in Australia*, Institute of Family Studies, Working Paper No. 8, August.

the Australian Institute of Family Studies. Since then three models have been used to determine the costs of children. Two of these<sup>2</sup> used data derived from the Australian Bureau of Statistics Household Expenditure Survey, to identify what is *spent* on children by *choice* to estimate the costs of children. The third model<sup>3</sup>, developed by the Budget Standards Unit (BSU), of the Social Policy Research Centre, UNSW, has identified the goods and services *needed* by a variety of households to establish the costs of children. This last method was used to inform the NSW government in making their most recent carer payment variations.

As at June 2001, a study on the costs of children in care is being finalised using the BSU method. In this study, the standard costs have been unpacked and re-packed specifically for the foster care sector. Extensive testing of the estimates throughout Australia has also been conducted to ensure their validity. Carers are looking forward to the publication of this study so that the discussion on the costs of children in care and carer payments is better informed and concerns can be addressed.

## 12.2 “Payment” terminology

There is a range of terminology used throughout the sector to describe the payment of subsidies, allowances, re-imburements etc. Some of these terms are specific, others are interchangeable.

There are carers experiencing difficulties when foster payments and allowances have been described as ‘pay’ on the statements they have to produce to establish a proof of income, entitlement eligibility or tax status with financial institutions, the Australian Taxation Office or at the time of applying for benefits available through Centrelink and State housing authorities. As payment of subsidies, allowances and re-imburements are usually considered to be tax-free and not to be declared as income, the careful description of direct credits to carers’ bank accounts and on other similar documents would significantly ease the administrative difficulties for these carers.

## 12.3 Uniformity in payments

There is no uniformity across the nation in policy formulation or in the application of policy relating to the provision of payments and allowances. Carers encourage the development of a more realistic and equitable national model to address this concern with, hopefully, a clear drawing together of all the issues. In the interim, carers also encourage a more consistent approach to the determination of the components of the standard allowances.

## 12.4 Payment of “real” costs

Carers recognise that there are various formulae used throughout Australia for determining the payment of allowances for children in care. We note that these formulae are generally based on a “normal” child’s needs. Carers also accept that

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<sup>2</sup> Valenzuela, R. (1999), ‘Costs of children in Australian households: New estimates from the ABS Household Expenditure Survey, *Family Matters*, Winter, Issue No. 52:62:70; and Percival, R. Harding, A. and McDonald, P. (1999) *Estimates of the cost of children in Australian families, 1993-94*, report prepared for the Department of Family and Community Services, National Centre for Social and Economic Modelling, May.

<sup>3</sup> Saunders, P. Chalmers, J. McHugh, M. Murray, C. Bittman, M. and Bradbury, B. (1998), *Development of Indicative Budget Standards for Australia*, Policy Research Paper No. 74, Department of Social Security, Canberra.

there are economies of scale that can be achieved when there is more than one person in the family unit. However, foster children are not 'normal' children with 'normal' children's needs. By virtue of being in care they have additional needs. These needs usually translate into needs for additional services, additional clothing (see 12.19), special equipment and more.

Carers also note that whilst the "basket of goods" figures are often quoted as the basis for determining the carer allowance rates, there are items not included in this approach which carers in various States are expected to absorb within their basic allowance. These include to varying degrees: housing; transport; school fees, transport and uniforms; child care; medical and dental expenses. It is of concern to carers that the number of carers is not keeping up with the demand for placements. One of the major reasons for this is the inadequate, late or non-existent reimbursement of the real costs carers incur. In other words, the standard subsidy is not meeting the basic costs of care.

## **12.5 Access to allowances**

This document provides details of a range of allowances and entitlements available to support a foster placement. Evidence from the 2000 national carers' survey<sup>4</sup> suggests, however, that carers often do not access many of the allowances and entitlements available to them. This is either through lack of knowledge about them, or because of the difficulty in gaining approval to access them. If Departments and agencies actively supported and facilitated carers to access such allowances and entitlements, carer disillusionment with the current systems and carer resignation rates could be significantly reduced. Volunteers in other sectors usually claim reimbursement for such activities as a matter of course. Carers would appreciate the same practices being extended to them.

## **12.6 Carers' administration costs**

Carers regularly incur significant incidental costs associated with placements. These include phone calls, postage and emails; and transport to and from case conferences, care planning meetings, court hearings, access/contact, training, support meetings and consultations. These costs are obviously higher in rural areas (see 12.23). Generally, these costs are ignored or the items are expected to be absorbed within the standard subsidy.

## **12.7 "Normal" children**

Currently standard allowances and subsidies are based on the costs associated with "normal" children. However, the majority of children coming into care are not "normal". These children are in care because they have special needs, often as a result of negative experiences and abuse experienced prior to being removed from their families, or through not having their own family. In reality, children in care have a range of specialist medical, educational, developmental and psychological needs which are in addition to those of the "normal" child. These may have occurred as a consequence of the abuse/ deprivation suffered prior to entry into care or, they may be the result of being taken into care. Some of these problems may not be apparent at the time of placement and may manifest themselves several years later. For example, issues of abandonment and self-identity commonly arise at adolescence for

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<sup>4</sup> Australian Foster Care Forum, July-September 2000, National Carer Survey on support provisions for carers.

children in care. These needs require considerable time, skills and financial resources from carers. Existing payment scales do not acknowledge or compensate for this.

Furthermore, studies have shown that these children are more seriously affected than in the past and carers comment that the children display more 'challenging behaviours' than previously. These children require considerable time, skills and financial resources to overcome their early histories.

In particular, children in care are often in need of extensive and extended counselling compared to their cohorts. Generally speaking, they are also educationally disadvantaged and may need extra tutoring or special programs at school. Social skills may be underdeveloped and inclusion in after-school activities or other sporting/recreational activities is encouraged to assist them to develop their potential.

All the above require financial input, either directly through the payment of fees or charges or indirectly through transport costs, equipment or uniform expenses.

Carers are prepared to facilitate the meeting of these children's needs but do not consider that they should be expected to meet them either in part or in full from their own pockets. Carers have also reported examples of special needs for a child being paid for by the "State" in one placement, but not in a subsequent placement for the same child, even though the needs remain unchanged.

Provision of foster care for sibling groups is recognised as a particular challenge for the sector. There is a limited supply of carers who are willing and able to take on such groups. Many carers are supported when they do take on such placements with special supports, services and facilities being put in place in recognition of the additional demands being placed on the carers. The goodwill of the carers is sorely tested, however, when such supports are then withdrawn without the carers' agreement, while the carers are expected to continue to maintain the placement.

## **12.8 Payment reliability**

Carers generally receive payments on a fortnightly basis. There appear to be few problems with this system for carers with established and settled placements. Delays and short payments do occur, however, with crisis/emergency payments and sometimes with shared care arrangements. Discretionary payments and mutually agreed out-of-pocket expenses reimbursements often take much longer than two weeks to be received and can extend to in excess of six months.

## **12.9 Commonwealth government payments**

In some States and Territories carer payments are reduced or ceased once a child in care receives a Commonwealth payment on a regular basis, particularly those relating to Youth Allowance and Disability Allowances. Carers have reported that whilst this may be a positive step towards a young person becoming independent, it often disadvantages the carers financially. They still have to provide for the care for the young person, do not always receive the board component of the allowance, and lose the "fringe" benefits/entitlements associated with the previous form of payment and which are not available under the new payment method.

Furthermore, some carers have reported significant reductions in the joint net income of carers and the young person in care when such practices occur. Some of these have been the vicinity of \$10 000 per annum, when a Commonwealth payment is received and a State/Territory payment is either reduced or ceased. Such actions have created

tensions within placements or even destabilised them. The need for the young person to negotiate with the carer on issues such as board has created problems.

In some States where State payments cease when a Commonwealth payment is received, despite the fact that the Commonwealth payment is not meant to cover all the items the State payment previously covered. The disadvantages experienced by carers are significantly greater for those carers on lower incomes and pensions than they are for those who are supporting a placement through higher wages and other independent sources of income. Neither group should have to supplement the carer allowance to the extent they do.

## **12.10 Mutual obligation**

Carers provide foster care on a 24-hour a day, 7 day a week, basis for the duration of a placement. If a child attends school, carers are often occupied during the 'child free' part of their day undertaking roles to support the child's placement. These include attending meetings and appointments, assisting at schools, arranging appointments for the child and other activities associated with disturbed or traumatised behaviours. Some carers report they have an agreement with the school to be available to collect the child from school during school hours in case of difficult behaviour. For older children who for some reason are not attending school, there are just as many demands placed on the carers to ensure the safety of the young person, attending therapy, counselling, alternative programs etc.

It is therefore disappointing to see that the Commonwealth government does not recognise a foster carer's contribution to society for mutual obligation purposes. There are numerous examples of cases where carers are placing foster children into occasional day care or making other child care arrangements, often at the carer's own expense, simply so that the carer can perform their additional voluntary work obligations 'outside the home' as is currently required.

## **12.11 Means testing**

Carers do not support the means testing of their own incomes to determine a child's eligibility for a Commonwealth payment. Most children coming into the care system are eligible for Commonwealth entitlements prior to placement, and again on return to their own families. During a placement, either the parent(s), or the State/Territory are the guardians of these children, not the carers. It is therefore inappropriate to apply a means test to the foster child's temporary carers to determine a foster child's continued eligibility for payments. Carers strongly believe that the financial burden for covering the suspended entitlement whilst in care should not be left to the 'volunteer' to pick up. They commend the one State which makes a payment to their carers to compensate for this.

## **12.12 Access to Health Care Cards**

Most children coming into care have been listed on a Health Care Card prior to placement. Before 1 July 2001 this entitlement was not routinely transferred with the child. Carers were then required to re-apply for a HCC and be means tested (see means testing above) to determine if the child should retain their entitlement. The ability to access such an entitlement facilitates significant savings on the costs of medications for the foster child. In some states it also allows the child to access state benefits such as Education Maintenance Allowance, pre-school fee relief and

free Ambulance travel. Carers welcome the recent Commonwealth government initiative to make Health Care Cards available to all foster children in their own name.

### **12.13 Family contact / access**

Carers' report they are often expected to cover the costs associated with family contact and access from their regular allowance, or from their own pockets, despite most States having a policy of covering such costs. These costs can include travel, accommodation, food, spending money for the child during access, and compensation for lost income whilst attending, supervising or transporting a child to contact / access. These costs often vary from one visit to the next and therefore need to be identified and provided for as separate payments, not from the carers' own pockets. Carers also regularly report that they have incurred additional costs when visits fail due to a 'no show' by the birth parent(s), or when visits are cut short without notice. There is a need for a better balance between facilitating contact / access, completing the required paperwork and carers not being out of pocket for such activities.

Carers do not agree with the practice occurring in some agencies/departments of ceasing the payment of their care allowance during contact / access visits which extend over night but are not of a significantly longer duration. Carers still have to meet the ongoing costs associated with maintaining the placement and often providing for the daily child's needs. Carers also have to put in additional effort to facilitate the access by preparing the child (even when the child does not wish to attend), supporting the contact / access whilst it is occurring through phone calls and visits; provision of food, medications, nappies and other special needs; collecting the child early if necessary, and then restabilising the child on its return to the foster home. When such events occur repeatedly, carers develop the belief that they are being used, physically and emotionally. They are also financially penalised for having to put in even more effort on these occasions. Perhaps some form of a "carer retainer" payment could be made on such occasions.

### **12.14 Child support**

Carers have reported instances where workers have pressured the carers to claim child support payments from custodial parents where they have been in receipt of a child support payment from a non-custodial parent. Such impositions on carers are inappropriate and beyond the scope of the carers voluntary role and legal status.

### **12.15 Mileage allowance**

All carer associations have reported that the figures provided earlier in this document do not reflect actual practice at the coal face. Mileage payments, when made, are usually lower.

An equity issue also exists in the payment of mileage allowances to carers as opposed to workers to transport a child to contact / access or appointments. Carers report that they are receiving a nominal or significantly reduced mileage allowance for transporting a child in their own vehicle when compared with paid workers who receive standard public service rates or significantly higher rates than the carers. There are also issues associated with paperwork requirements, and complex and demanding approval processes. Allowances, where pursued, are often not being paid in a timely manner or for the full amount agreed to in a case plan.

## **12.16 Respite Care**

Carers consider they should have access to respite care without having to pay for it themselves. This should be seen as an integral part of supporting the placement and be a part of the case plan. Carers report dissatisfaction with the practice occurring in some agencies/departments/States of ceasing the payment of their care allowance during respite periods. As in the case of short access visits, they still have ongoing costs associated with maintaining the placement, providing for the child's daily needs and replacing shoes and clothing not returned with the child. This is particularly so in short periods of respite of 2-3 days. Respite care is also used at times by carers to repair or restore the home to a "normal" state because they are unable to do this when the child is in the home. The arguments for retaining some form of "carer retainer" payment as suggested above (see 12.13) apply to both access visits and to respite care.

## **12.17 Discretionary payments**

There have been variations reported in the payment of discretionary payments in all parts of Australia and in the processing of discretionary payments. Reasons for variations include, different workers (even within the same office or organisation); different locations within a State or organisation; varying interpretations of policy documents; and timing within the budgetary cycle. Insufficient funds and competing priorities for existing funds, for example school camp vs tutoring or essential orthodontic treatment for another child, are also cited. It is apparent that with budgets facing more and more constraints over time, an increasing number of children's' needs of a discretionary nature are not being met.

## **12.18 CPI increases**

It is very rare for the full CPI increase to be passed on in carers' payments and allowances. The reality is that many carers receive a portion of the increase or no increase at all. An inequity exists here in that workers and residential carers are more likely to receive a greater or full flow on of the increase in their salaries. Also of concern has been the lack of any regular CPI adjustment to subsidies and allowances prior to the introduction of the GST, thus discounting the real value of the GST compensation.

## **12.19 Clothing, foot wear and leisure goods**

Carers regularly report that they have difficulty in meeting the real costs of the child or young person in care. Of particular note is clothing and footwear, particularly when a child comes into a placement with none, fails to return from access or contact with their belongings, or when the child or young person is experiencing rapid growth spurts. Foster children also tend to be harder on clothing and footwear and less respectful of their belongings. The flow on impact of the GST on clothing, leisure activities and goods has also added to the costs burden for carers at a rate higher than was generally compensated for.

## **12.20 Education and school expenses**

Some carers report satisfaction with the payment of costs associated with schooling, but others report difficulties in claiming payments, whether they are mandatory or discretionary. In general, many carers consider there is scope for a more equitable

arrangement to be made to cover the costs of school uniforms (annually or as necessary), tutoring, subject fees and levies, school photos, school sport and extra curricular activities, excursions and trips. The criteria should be the benefit to the child, irrespective of the cost.

Carers do not support the practice encouraged in some agencies/departments of encouraging a child in care to take the “cheapest” study package option available. They support every child selecting the package which will best meet the child’s future needs, regardless of the cost structure.

### **12.21 Medical, specialist, dental, pharmaceutical, counselling, ambulance and hospital**

Carers generally use the free health system whenever possible or on departmental insistence. However, carers nationally have reported major difficulties in accessing public health services due to long waiting lists and geographical difficulties. This has in turn resulted in delays for those requiring treatment. Lack of timely access to some services, such as counselling, is also resulting in placement breakdown when carers are unable to sustain the effort required to assist a child or young person with major unresolved issues.

Many carers with private health insurance are prepared to add foster children in longer term or permanent placement to their health cover. The goodwill of this gesture is lost, however, when carers are unable to recover costs associated with legitimate items not covered by Medicare or health funds, gap expenses, and transport costs to and from appointments. Carers believe that the provision of these payments should be mandatory and not left to carers’ own resources.

Many departments and agencies provide Hepatitis B and other necessary vaccinations free of charge to their carer families. Some, however, expect carers to meet these significant costs themselves. Carers are of the view that their risk of exposure to such diseases is significantly higher because of their carer role. Such costs should, therefore, be met in full by the appropriate agency or government.

### **12.22 Variations between government and/or non-government agencies**

Variations in payments frequently occur between government and/or non-government agencies. Non-government agencies sometimes “top up” allowances and pay additional allowances to meet the real cost of children and young people in care. Non-government agencies often use independent sources of funding to do this. Carers are very grateful for this support from the non-government agencies as the money is being used to benefit the child, but also carers regret the relative disadvantage experienced by the children in the government systems.

### **12.23 Rural and remote location needs**

Rural carers face higher costs both in monetary terms and those associated with ‘lost’ time compared with their metropolitan counterparts. This is due to factors linked to distance and the subsequent costs of travel and communication. Distances travelled for foster care activities such as access, education, specialist services and meetings are greater, as is the cost of fuel. Telephone charges are often higher, with community and STD calls charged on time and distance. Carers often need to contact workers who use mobile phones, as they are often ‘on the road’. Regional Department offices are also

often sited in major towns or regional centres. Furthermore, rural carers pay higher prices for basic items such as food.

Access to, and availability of, specialist health and some educational services is also limited in many rural areas. This, in turn, increases travel expenses to major centres.

## **12.24 Kinship care**

Carers recognise the principle of kinship or relative care is a sound option for a child or young person who is unable to live with its own family. At present many kinship carers receive little or no support from within the formal foster care system. Carer Associations are concerned that the kinship/relative carers are not receiving the same amount of information, training and support as mainstream foster carers in providing care for children and young people who often have special needs and challenging behaviours. Of particular concern is the high number of grandparents on age pensions providing care for demanding and challenging young relatives without support from foster care departments and agencies. This increases the potential for these placements to break down and further damage the younger generation.

## **12.25 Protection and damage to carers' property**

An ongoing concern to carers in most States/Territories relates to the wear and tear and damage caused to their property (home, contents and vehicles) as a direct result of their involvement in foster care. Most children in care have little respect for others property and belongings. This is shown by the number of insurance claims made by carers for damage to belongings, houses and vehicles which are directly attributable to foster children. Insurance companies regularly refuse carers' claims for damage caused by children in care to carer's property as these children have been 'invited into the home' and therefore deemed to be under the control of the policy holder. Where claims have been allowed, carers are then further disadvantaged by a loss of 'no claim bonus'.

## **12.26 Legal protection**

Carers are concerned about their own legal liability. Their status varies from State to State. With the trend to an ever-increasing litigious society, carers are particularly concerned about their legal status, their legal liabilities and indemnification. The potential exists for them to lose everything they have, simply for the sake of performing a 'volunteer' role.

Another issue relates to the harassment of carers by the members and associates of the foster child's family. Carers are being advised by agencies and departments to pursue their own legal recourse in such matters rather than seeking the support of their agency or department to undertake such action on the carer's behalf. The personal pursuit of such action by carers is usually beyond them due to the costs involved and leaves them in a particularly vulnerable position.