



Australian Foster Care Association

Policy and Position Statement

on

Financial Conditions in Foster Care

2005

For Foster, Relative and
Kinship Care Across Australia

Financial Conditions in Foster Care

Position:

As volunteers, foster carers give much of their time, home and personal resources to the children and young people who come to live with them. Foster carers should not be required to subsidise from their own income or savings, the care of these children and young people. These children and young people are the financial and moral responsibility of the State, and as such should be fully financially supported by the State and Commonwealth governments. This will ensure that children and young people in care have the same opportunities as their peers.

Commentary:

The Australian Foster Care Association (AFCA) membership consists of representatives of the recognised Foster Care Associations of each State and Territory. The above statement represents the position of AFCA as at 1 January 2005. This is not meant to be an exhaustive statement but rather covers the major issues raised by foster carers in relation to the financial conditions of foster carers. The statement has been produced to encourage:

- Quality outcomes for children and young people in care;
- Satisfying partnerships between foster carers, relative carers and workers; and
- Consistency across the nation.

Definition:

Caring for children and young people is expensive, and more so for those who have experienced abuse or neglect in their early life and have additional needs. The financial support for children and young people placed with foster carers is the joint responsibility of the States and the Commonwealth.

Acknowledgements:

1. Foster carers are volunteers and are currently heavily subsidising the care of children and young people across the nation.
2. Foster carers do not receive a salary or regular income from foster care.
3. Foster carers do not wish to be paid in a professional sense for the work they do (except in some specific cases), but cannot sustain the current level of costs associated with being a foster carer.
4. Inequity exists across the nation in regard to reimbursement rates to foster carers.
5. Some foster carers are deemed ineligible for various Commonwealth payments due to income/assets testing, when children or young people in care are deemed to be the dependents of their foster carers rather than of the State.
6. All foster carers should be held accountable in a broad sense (not itemised accounting but rather the range and quality of resources and activities provided) for the monies they receive for the care of the children and young people placed with them.
7. Foster carer reimbursement must continue NOT to be classed as income to maintain tax-exempt status.

Issues:

1. Fostering allowance and clothing allowance need to be paid to foster carers immediately a placement commences, not in retrospect.
2. An upfront placement payment needs to be paid
3. Reimbursement of additional costs to foster carers needs to be timely, adequate, documented, accessible, transparent in process and consistently applied. These need to be kept to a minimum and the majority of payments, once agreed to, should occur on a regular cycle
4. Assessments of the needs of highly challenging children needs to be completed quickly and additional financial costs associated with their care agreed upon.
5. Dual payment of foster carers for the same child or young person needs to occur where the child or young person is placed in planned respite care as part of case management or in respite so that the full-time or usual foster carer can take a break before resuming an on-going caring role.
6. Costs, apart from on-going daily needs, involved in the education of a foster child should be paid (eg: camps, tutoring, text books, equipment, fees, representing school, senior formal etc).
7. Children and young people in care need to have free access to ambulance transport, preschool, kindergarten and childcare based on the child's Health Care Card recipient status.
8. Funds need to be made available for children and young people in care to achieve social and physical development through attendance at such activities as drama, music, ballet, sport, tutoring etc.
9. Family Tax Benefit and Child Care Benefit (or an equivalent payment) should be automatically available for all children and young people in care.

THE COSTS OF CARING – UPDATED TO 1 JULY 2004

A Study in 2000 produced through research a range of costs of caring for foster children in a foster family and produced a table comparing the allowances paid by the States/Territories with the research findings. *The Costs of Caring: a Study of Appropriate Foster Care Payments for Stable and Adequate out of Home Care in Australia* showed that States and Territories allowances were far below the research recommendation. The following tables show that there have been some improvements but that some allowances have changed very little and some not at all in the four years following the Study and **all are still well below the research findings.**

COMPARISON OF 1 JULY 2004 STATE/TERRITORIES WEEKLY STANDARD SUBSIDIES WITH RESEARCH RECOMMENDED SUBSIDY (ADJUSTED FOR CPI FROM 2000 to 2004)

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: 1These figures are indicative only and must be read with regard to the impact of contingency payments 2 Increased rates as at 1 July 2004 with the recommended FC rate increased for CPI similar to Commonwealth indexation processes.

TABLE FOR 1 July 2004

Age	TAS	WA	NT	SA	VIC	ACT	QLD	NSW ²	FCE
0-1	124	90	108	89	113	112	124	175	173
2	124	90	108	89	113	112	130	175	-
3	84	90	108	89	113	112	130	175	172
4	84	90	108	89	113	112	130	175	-
5	84	90	117	96	113	127	130	175	-
6	107	90	117	96	113	127	152	175	185
7	107	113	117	96	113	127	152	175	-
8	107	113	140	103	118	149	152	175	-
9	107	113	140	103	118	149	152	175	-
10	125	113	140	103	118	149	152	175	217
11	125	113	140	103	134	149	184	175	-
12	125	113	158	125	134	171	184	175	-
13	125	136	158	125	180	171	184	175	-
14	165	136	158	125	180	171	184	175	267/273 ¹
15	165	136	190	153	180	207	184	175	-
16	84	136	190	153	180	207	174	175	-
17	84	136	190	153	180	207	174	175	-

Notes: All dollar amounts rounded.
 (1) Amount of \$267 applies to a boy aged 14. Amount of \$273 applies to a girl aged 14.
 (2) NSW subsidy includes many contingencies paid separately in other States/Territories

Table 1 presents an overview of the standard subsidy payments for all States and Territories compared to the estimated basic, everyday costs specific to fostering as determined by this study. In providing the standard subsidy, States and 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 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 additional child related 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 and 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 report found payment to be both arbitrary and slow.**

Table 2 below shows the improved allowances in States/Territories and the real improvement in allowances after adjusting for CPI over the period from the Study in 2000 to 1 July 2004. To get the **real improvement** by States/Territories, the CPI adjustment calculated for the research finding is subtracted from the improved allowances of the States/Territories. This shows that between 2000 and 2004:

- ACT and QLD have improved in all 17 age groups after CPI adjustment
- VIC has increased in 13 age groups after CPI adjustment
- TAS has increased in 12 age groups after CPI adjustment (clothing is now included in allowance so figures have been adjusted for this)
- WA has decreased in 11 age groups after CPI adjustment
- NT has decreased 12 age groups after CPI adjustment
- NSW and SA have decreased in all age 17 groups after CPI adjustment.

The Table shows that the situation has deteriorated significantly in four States/Territories and that where there are real improvements after adjusting for CPI, they are small in comparison to the significant improvements recommended by the Study in 2000.

While money is not the only determinant for retention of foster carers and is only one aspect of support that foster carers request, the picture provided by Table 2 is clear indication that the States/Territories are not doing enough to support and retain foster carers. While Commonwealth benefits do provide some assistance to some foster carers in addition to State/Territory allowances, they are not available to support all children in care. The Commonwealth and States/Territories need to resolve their issues quickly if they are going to continue to use foster care to protect and care for abused and neglected children.

The National Plan includes the financial support for children and young people in care as an area to be addressed. This should be a priority for action in the National Plan for both States/Territories and Commonwealth.

CHANGES IN ALLOWANCES OVER PERIOD 2000 TO 2004 AND REAL CHANGES AFTER CPI ADJUSTMENT

Table 2 shows the increases in allowances made by each State/Territory over the period; the increase in the research findings (FCE) which is the CPI increase for the same period; and the real increase in State/Territory allowances (shown by [+] or [-]) when the CPI increase in the research findings is applied to the comparable State/Territory figures.

Age	TAS	WA	NT	SA	VIC	ACT	QLD	NSW	CPI incr
0-1	32 [+16]	11 [-5]	11 [-5]	4 [-12]	23 [+12]	20 [+4]	31 [+17]	nil [-16]	16
2	32 [+16]	11 [-5]	11 [-5]	4 [-12]	36 [+20]	20 [+4]	30 [+14]	nil [-16]	-
3	1 [-15]	11 [-5]	11 [-5]	4 [-12]	36 [+20]	20 [+4]	30 [+14]	nil [-16]	16
4	1 [-15]	11 [-5]	11 [-5]	4 [-12]	36 [+20]	20 [+4]	30 [+14]	nil [-16]	-
5	1 [-15]	11 [-5]	16 [0]	5 [-11]	36 [+20]	22 [+6]	30 [+14]	nil [-16]	-
6	22 [+5]	11 [-6]	16 [-1]	5 [-12]	36 [+19]	22 [+5]	31 [+14]	nil [-17]	17
7	21 [+4]	34 [+17]	16 [-1]	5 [-12]	36 [+19]	22 [+5]	31 [+14]	nil [-17]	-
8	21 [+4]	34 [+17]	20 [+3]	5 [-12]	25 [+8]	26 [+9]	31 [+14]	nil [-17]	-
9	21 [+4]	34 [+17]	20 [+3]	5 [-12]	25 [+8]	26 [+9]	31 [+14]	nil [-17]	-
10	36 [+16]	34 [+14]	20 [0]	5 [-15]	25 [+5]	26 [+6]	31 [+11]	nil [-20]	20
11	36 [+16]	34 [+14]	20 [0]	5 [-15]	22 [+2]	26 [+6]	39 [+19]	nil [-20]	-
12	25 [+5]	34 [+14]	22 [-2]	7 [-13]	22 [+2]	30 [+10]	39 [+19]	nil [-20]	-
13	25 [+5]	18 [-2]	22 [-2]	7 [-13]	23 [+3]	30 [+10]	39 [+19]	nil [-20]	-
14	55 [+30]	18 [-7]	22 [-3]	7 [-18]	23 [-2]	30 [+5]	39 [+14]	nil [-25]	25
15	55 [+30]	18 [-7]	27 [-2]	8 [-17]	23 [-2]	36 [+11]	39 [+14]	nil [-25]	-
16	- 6 [-31]	18 [-7]	27 [-2]	8 [-17]	23 [-2]	36 [+11]	37 [+12]	nil [-25]	-
17	-6 [-31]	18 [-7]	27 [-2]	8 [-17]	23 [-2]	36 [+11]	37 [+12]	nil [-25]	-

Notes: All dollar amounts rounded.
Tasmania has now included clothing into allowance and so figures have been adjusted to allow this to be reflected in outcomes.

NOTE: States/Territories have discretionary payments for specific purposes and most have an allowance when a child is first placed in care to help with initial starting-up costs. Allowances for respite, disability, medical and behavioural issues also exist.