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**Victoria's declining foster care allowances
A comparative analysis**

Never Stand Still

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Victoria's declining foster care allowances

A comparative analysis

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1 VICTORIA'S DECLINING FOSTER CARE ALLOWANCES: A COMPARATIVE ANALYSIS

1. INTRODUCTION

In 2014 Berry Street, Victoria commissioned the Social Policy Research Centre to conduct a research project comparing the estimates of children in statutory foster care (FCEs) to the 2014 levels of standard carer subsidies, in all Australian jurisdictions. In addition information on changes in the levels of FCEs and carer subsidy levels for the period 2007 – 2014 is discussed. The aim of the comparative analysis is to inform ongoing policy and program development in the child welfare area in Victoria.

In 2000, a costs study was undertaken to estimate the cost of caring to foster carers in Australia. Carers ($n = 159$) were asked to consider, how the day-to-day costs of fostered children, differed from the costs of children *not* in care. The foster care estimates (FCEs) considered by carers covered expenses for housing, energy, transport, health, food, clothing and footwear, personal care and leisure for children aged 1, 3, 6, 10 and 14 years (McHugh, 2002).

When the FCEs were determined in 2000, the comparison between the FCEs and the level of carer subsidies for children of similar ages at that time, indicated that in most jurisdictions the level of standard subsidies were substantially below, in many cases around *half* of the FCEs. On an annual basis the FCE have been updated (using the Consumer Price Index [CPI]) and compared to current levels of carer subsidies. One of the recommendation's from the costs study was that statutory kinship/relative carers should receive the same level of allowances as foster carers kinship carers as the children placed in their care had similar needs to fostered children. For foster/kinship carers of children with more complex needs, higher levels of allowances where appropriate, were to be linked to the complexity of children's needs.

Comparing State and Territory levels of basic foster care subsidies to estimates of foster care costs (McHugh, 2002) was, and still is, a difficult task. Inconsistencies between the eight payment regimes apparent in 2000 continue in 2014. Data on carer subsidies over this period indicate that some states/territories provide regular supplementary allowances (e.g. for health, education, clothing and pocket money) in addition to the carer subsidy, while other States include these expenses in their standard subsidy. In general, levels of subsidies between the States/Territories are highly variable, and there is no consistency in how children of different ages are grouped into categories. All jurisdictions have different rates of payments for similar age groupings. In addition, the age-related bracket methodology used does not appear to reflect actual age-related costs, although all jurisdictions provide higher levels of subsidy for older children compared to younger children.

Figures in table 1 are a comparison of carer allowance levels for all jurisdictions at July 2014 against the updated FCEs, based on ages for which the estimates were developed—children aged 1, 3, 6, 10 and 14 years.

Table 1: State subsidy levels X FCE X Age of Child (At July, 2014) (\$ week) ⁽¹⁾⁽²⁾

Child's Age	TAS	WA	NT	SA	VIC	ACT	QLD	NSW	FCE ⁽³⁾
Age 1	190	179	211	155	162	245	226	228	224
Age 3	190	179	211	151	162	245	226	228	223
Age 6	217	187	226	179	162	274	243	257	240
Age 10	217	230	266	179	175	274	243	257	281
Age 14	251	282	329	256	257	274	264	344	346/354 ⁽⁴⁾

Notes: SA, VIC and WA provide carers with regular supplementary payments for education/health/clothing or pocket money; Tasmania provides payments for birthday & Christmas. These payments have been calculated at a weekly rate and are included in the weekly subsidy rate for these States.

1. All dollars rounded.

2. Updated FCE amounts are calculated using ABS Longer Term Time Series, CPI all Groups, Weighted Average of Eight Capital Cities, June 2014

3. FCE=Foster Care Estimates (McHugh, 2002)

4. 14 year-old-boy=\$346, 14-year-old-girl=\$354

Source: State Foster Carer Associations and Departmental informants (various, 2014).

As noted in earlier comparisons of foster carer allowances the variability in weekly subsidy levels between the jurisdictions in 2014, for children in all age categories, is still significant. Based on the figures in Table 1 examples of variations are as follows:

- For an infant (0–1 years) South Australia (SA) and Victoria (VIC) provides a lower weekly amount of \$ 155 and \$ 162 respectively compared to the Australian Capital Territory (ACT) and New South Wales (NSW) at \$245 and \$228 respectively (amounts higher than the FCE at \$224).
- Of all jurisdictions VIC provides the lowest amount of subsidy for carers of children aged six and 10 years, (\$ 162, \$ 175 respectively).
- For older teens (aged 14 year) NSW (\$344) Northern Territory (NT) (\$329) and Western Australia (WA) (\$274) provides levels of allowance that are closest to the weekly rate of the FCE (\$354/346).
- Three jurisdictions provide much lower amounts for carers of a teenage foster child (14 year old): \$251 TAS; \$256 SA; and \$257 VIC.
- Overall in absolute dollar terms, three jurisdictions NSW, QLD, and the ACT provide carers with the higher levels of subsidy for children aged one, three and six years, exceeding the FCE amounts.
- Of the eight jurisdictions VIC and SA currently have the lowest rates for all aged children among all jurisdictions, although TAS provides a slightly lower rate for a 14 year old.

The Foster Care Association of Victoria (FCAV) has repeatedly stated that in relation to caregiver payments it does not consider the present general rate of reimbursement as adequate. Of the 522 issues, raised by carers and workers, financial support issues, was the second highest area of concern (FCAV, CISS Report, 2013).

2. CHANGES IN THE FCES AND SUBSIDY LEVELS (2007–2014)

The impact of the costs study (McHugh, 2002) was evident in 2006 when NSW introduced age-related subsidies for carers (similar to all other jurisdictions at the time) based on the level of FCEs in 2006. Since then all subsidy levels in NSW, using CPI changes, have been updated on an annual basis (NSW, DoCS, 2006). How influential the costs study, released in 2002, has been in other jurisdictions is open to speculation. Increases in some jurisdictions are possibly due to difficulties in recruiting and retaining foster carers, foster carers associations' advocacy and recommendations from a number of wide-ranging inquiries into child protection and child welfare systems which have attempted to ameliorate gaps and inequities (McHugh and valentine, 2011).

In relation to carer allowances what is evident, is that over the period 2007-2014, many jurisdictions have significantly increased their levels of care subsidies. Many appear to be updating their levels based on annual CPI changes. Figures in Tables 2 and 3 indicate the increase in dollars and percentages to subsidy levels and the FCEs between 2007 and 2014.

Figures in Table 2 indicate that since 2007 Vic, in relation to total dollars, has provided their carers with the lowest increase in subsidy levels. In relation to the percentage increase (Table 3) in subsidy levels, many jurisdictions (WA, Vic, QLD, NSW) and the FCEs, closely reflect the increases in CPI over this period.

What is significant from the numbers in in Table 3, for jurisdictions who in 2000, were providing similar or lesser subsidy amounts than VIC, is the remarkable percentage increase, over the period 2007–2014, in some levels of carer subsidies, e.g. in the NT, SA, and the ACT.

Table 2: Absolute dollar increase in levels of foster carer subsidy and FCEs for all jurisdictions from 2007–2014 (\$ week)

AGE	TAS			WA			NT			SA			VIC			ACT			QLD			NSW			FCE		
AGE	2007	2014	\$	2007	2014	\$	2007	2014	\$	2007	2014	\$	2007	2014	\$	2007	2014	\$	2007	2014	\$	2007	2014	\$	2007	2014	\$
1	131	190	59	147	179	32	123	211	88	95	155	60	138	162	24	125	245	120	185	226	41	193	228	35	187	224	37
3	88	190	102	147	179	32	123	211	88	95	151	56	138	162	24	125	245	120	185	226	41	193	228	35	186	223	37
6	112	217	105	147	187	40	133	226	93	104	179	75	138	162	24	141	274	133	200	243	43	216	257	41	200	240	40
10	132	217	85	179	230	51	160	266	106	111	179	68	144	175	31	165	274	109	200	243	43	216	257	41	235	281	46
14	172	251	79	217	282	65	180	329	149	135	256	121	211	257	46	188	274	86	217	264	47	290	344	54	288	346	58

Table 3: Percentage increase in levels of foster carer subsidy and FCEs for all jurisdictions from 2007–2014 (% week)

AGE	TAS			WA			NT			SA			VIC			ACT			QLD			NSW			FCE		
AGE	2007	2014	%	2007	2014	%	2007	2014	%	2007	2014	%	2007	2014	%\$	2007	2014	%	2007	2014	%	2007	2014	%	2007	2014	%
1	131	190	45	147	179	22	123	211	72	95	155	63	138	162	18	125	245	96	185	226	22	193	228	18	187	224	20
3	88	190	116	147	179	22	123	211	72	95	151	59	138	162	17	125	245	96	185	226	22	193	228	18	186	223	20
6	112	217	94	147	187	27	133	226	70	104	179	72	138	162	17	141	274	94	200	243	22	216	257	19	200	240	20
10	132	217	65	179	230	28	160	266	66	111	179	61	144	175	22	165	274	66	200	243	22	216	257	19	235	281	20
14	172	251	46	217	282	30	180	329	83	135	256	90	211	257	22	188	274	46	217	264	22	290	344	19	288	346	20

It is difficult to comprehend how Victoria can continue to place so little value on their carers that they are unwilling to increase the levels of subsidy, so they are more reflective of the costs of children in care. The significant gap between what VIC provides for its foster and kinship carers and the current FCEs may take some time to close. Table 4 indicates the size of the gap for children in various age categories.

Table 4: Amounts of Carer Subsidy (VIC) and FCEs, and difference between subsidy levels and FCEs in 2014 (\$ week)

Child's Age	VIC	FCE ⁽³⁾	Difference
		2014 \$	
Age 1	162	224	62
Age 3	162	223	61
Age 6	162	240	78
Age 10	175	281	106
Age 14	257	346	89

Figures in Table 4 indicate the amount of dollars, in the various age categories, that it would require to adjust the subsidy levels to more closely reflect the costs of children in care. Lower amounts (e.g. \$61–\$78) would be required for younger children (ages, 1, 3, and 6 years). Higher amounts (\$89–\$106) would be required for older children (age 10 and 14 years) often seen as the more difficulty to place.

A more robust carer allowance system in Victoria will not only support carers by providing them with more adequate reimbursement for children's costs and retain carers in the system; it may also result in fewer children being placed in residential care.

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