



# A Review of Foster Carer Allowances: Responding to Recommendation 16.9 of the Special Commission of Inquiry into Child Protection (NSW)

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In the Report of the Special Commission of Inquiry into Child Protection in New South Wales, Recommendation 16.9 states: 'Carer allowances should be reviewed periodically by an independent body and should more closely reflect the actual costs to the carer of providing care, according to the varying categories of need' (Wood, 2008, p. 689). In 2000, estimates of the costs of foster children were developed (the Foster Care Estimates) by an 'independent body', the Social Policy Research Centre (SPRC). Using a budget standards approach, estimates representing the 'basic' subsidy were based on the costs of children not in care and adjusted to more closely reflect the day-to-day cost of fostering children in statutory care. Since 2000, the estimates have been updated annually (using the Consumer Price Index). This article examines the changes to levels of allowances for statutory foster and kinship carers in all Australian jurisdictions over the period 2000–2009. It argues that the use of the internationally recognised budget standards approach to estimate 'actual costs to carers' has been accepted by government and more than meets the requirements of Wood's Recommendation 16.9.

**Keywords:** foster care, carer allowances, cost of children

In Australia, out-of-home care (OOHC) by a foster or kinship carer is a protective statutory intervention for children. All eight jurisdictions have their own legislation, policies and administrative procedures for foster and kinship care programs and placements are managed by a statutory authority, either a government department or a nongovernment organisation (NGO). In all states statutory foster and kinship carers are reimbursed with a similar carer allowance or subsidy to cover the day-to-day costs of care.<sup>1,2</sup> Typical costs expected to be met by carers for the child include shelter, food, clothing, utilities, transport and personal care.

A Special Commission of Inquiry into Child Protection in New South Wales (NSW) was conducted in 2007 due to concerns that the Department of Community Services (now Community Services [CS]) was not safeguarding children and young people from injury and abuse. The inquiry was wide-ranging and attention was paid to all aspects of child protection, including the provision of out-of-home care (OOHC) services. Many of the inquiry's recommendations are currently being implemented by government under wide policy reform called *KeepThem Safe* (KTS). One

of the recommendations (16.9) from the report on the inquiry was that 'carer allowances should be reviewed periodically by an independent body and should more closely reflect the actual costs to the carer of providing care, according to the varying categories of need' (Wood, 2008, p. 689). The focus of the article is on this specific recommendation and the importance of carer remuneration to the viability of foster and kinship care as an option for children who can no longer live with their birth families.<sup>3</sup>

In relation to OOHC matters and foster and kinship carers, the inquiry observed the following points:

- increasing numbers of children and young people in care for longer time periods
- increasingly complex needs at a cost per child that continues to rise
- decreasing pool of foster carers.

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The report also highlighted:

- the need for a greater number and range of different placement options
- where possible, placements to be with relatives and/or with siblings
- placements to be as close as possible to family/kinship support networks
- foster, kinship and relative carers to be supported, including assistance to work with children with challenging behaviours, to improve the stability of placements. (Wood, 2008, iv–vi).

While ‘foster’ and ‘kinship’ carers are referred to in a number of the report’s recommendations (2.5; 12.1; 16.2; 16.12; 20.2; and 21.4), the Special Commission of Inquiry into Child Protection did not specifically address the issue of adequate and appropriate level of allowances to reflect ‘the actual costs to the carer of providing care’ (Recommendation 16.9). In the report, Wood (2008) refers to financial support for carers in NSW, including the provision of a Statutory Care Allowance (for foster carers) and a Supported Care Allowance (for kinship carers), extra financial payments for special expenses and higher levels of care allowances for carers of children with high or complex needs. The impetus for Recommendation 16.9 appears to have emerged from a review of the research literature on issues and concerns around financial support to carers. The report’s findings noted:

- inadequate carer remuneration
- financial drain a disincentive to recruitment/retention of carers
- improved levels of reimbursements improved carer retention
- extensive delays in carers receiving payments or approvals for expenses incurred for the child or young person in their care
- impact of low socioeconomic circumstances on foster and kinship carers; for example:

- Aboriginal carers had higher rates of poverty and disadvantage
- kinship carers were more likely than foster parents to be single older women, to be poorer and less well educated
- reliance of many foster carers on government income support payments and associated benefits (e.g. Health Care Card, rental assistance)
- effective caring by kinship carers affected by economic disadvantage (Wood, 2008, 628–649).

The report also highlighted the increase in the numbers of children coming into care. Since 2000 the number of children in OOHC in Australia has almost doubled from 16,923 in 2000 to 34,069 in 2009 (Australian Institute for Health & Welfare [AIHW], 2002, 2010). In 2009 approximately 94% of children were in home-based care (i.e., foster or kinship), while 6% were placed in family group homes (0.3%), residential care (4.8%), independent living (0.5%) or in another type of placement (0.5%). In Australia 31% (10,512) of all children in OOHC are Indigenous. In all jurisdictions there are higher rates<sup>4</sup> of Indigenous children (45 per 1,000 children in population) in care compared to other children (5 per 1,000 children in population; Productivity Commission, 2010; see Table 1).

Both nationally and internationally the use of kinship care is rising, compared to foster care placements, reflecting, in part, an increasing emphasis in OOHC legislation on using the ‘least intrusive’ option (i.e., relative/kin) when placing a child. Other reasons include difficulties in recruiting and retaining foster carers and the lower overall costs to governments when using kinship care (McHugh et al., 2004; Wood, 2008).

The use of kinship care as an OOHC option is different in each jurisdiction and, in general, there are more Indigenous than non-Indigenous children in kinship care placements. New South Wales has both the highest number of children placed with relatives/kin (56.7%) and the highest percentages

**TABLE 1**

Children in Out-Of-Home Care Placed With Relatives/Kin by Indigenous Status, 30 June, 2009

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Aust
Number of children									
Indigenous	3,303	343	855	693	265	33	46	79	5 617
Non-Indigenous	5,317	1620	1524	494	502	196	181	28	9 862
All children	8,620	1,963	2,379	1187	767	229	227	107	15,479
Percentage of all children by Indigenous status									
Indigenous	66.2	46.7	34.5	57.9	50.9	25.4	46.0	22.1	53.4
Non-Indigenous	52.0	35.6	33.0	33.3	33.6	28.9	45.9	22.6	41.9
All children	56.7	37.2	33.5	44.3	38.0	28.3	46.0	22.2	45.4

Note: TAS = Tasmania, WA = Western Australia, NT = Northern Territory, SA = South Australia, VIC = Victoria, ACT = Australian Capital Territory, QLD = Queensland, NSW = New South Wales.

Source: SCRGSP (Steering Committee for the Review of Government Service Provision) 2011, Report on Government Services 2011, Productivity Commission, Canberra. These data are otherwise unpublished data from the Children in Out-of-Home Care, Australia data collection managed by the Australian Institute of Health and Welfare (AIHW).

of both Indigenous (66.2%) and non-Indigenous children (52%) placed with relative/kin (see Table 1).

The higher use of kinship care for Indigenous children in Australia is a reflection of the emphasis in all jurisdictions on implementing the Aboriginal Child Placement Principle (ACPP). The aim of the ACPP is to ensure Aboriginal children are placed (where possible) with members of the child's extended family or Aboriginal community. It is of interest to note that although NSW has a high number (2,926) of Aboriginal children placed with relatives and kin, only 200 of these placements are with Aboriginal agencies (Wood, 2008).

Compared to children in care there is little data available on numbers of foster and kinship carers in Australia. In their evidence to the inquiry, NSW Department of Community Services (DoCS) (now Community Services) noted that in March, 2008, there were approximately 2,100 active foster carers and 3,225 relative/kinship carers (managed by DoCS) (Wood, 2008). No details were provided on the number of carers with NGO agencies (22% of all placements). In recent years, most states have noted a significant decline in foster carer numbers and/or difficulties in recruiting and retaining carers (Australian Foster Care Association [AFCA], 2001; Allbeury, 2003; Barber, 2001; Crime and Misconduct Commission [CMC], 2004; McHugh et al., 2004; Moller, 2003; NSW DoCS, 2006; Victoria Department of Human Services [VDHS], 2003). While financial support is but one of the many factors involved in attracting and recruiting potential carers and retaining existing carers, it has long been viewed, nationally and internationally, as a critical component in ensuring the viability of foster care as an OOH option (McHugh, 2007). The adequacy of financial support in Australia may become an even more critical factor if the use of kinship care provided by economically disadvantaged carers (Indigenous and non-Indigenous) becomes the dominant OOH option.

### Examining Carer Costs

In the late 1990s, in relation to carer recruitment/retention difficulties, the Child and Family Welfare Association of Australia (CAFWA), the Australian Foster Care Association (AFCA) and a range of other NGO agencies expressed concern at the low level of the standard subsidy provided to carers. At the time there was no knowledge of whether or not the level of carer subsidies reflected the 'real' costs of fostered children. Barnardos, a large NGO provider of foster care services, and AFCA argued that the absence of a national framework of payments to ensure adequacy and equity, and a lack of commitment to regularly update the levels of subsidies to reflect changes in the costs of living, were making an already difficult job unnecessarily frustrating, contributing to carers leaving fostering (McHugh, 2002).

At the time the sector was expressing its concern, the Budget Standards Unit (BSU) at the Social Policy Research Centre (SPRC) was completing a project on developing

indicative budget standards for Australia.<sup>5</sup> From the normative household budgets in the study, the costs of children were estimated at two standards of living: low cost (LC) and modest but adequate (MBA) (Saunders et al., 1998). The MBA living standard represented the amount families would need to live somewhere near the median, or the middle, of all families living in Australia. The LC standard represented around one-half of the median (or middle) living standard (i.e., MBA standard) and was found to be higher than amounts provided by the Commonwealth Department of Family and Community Services (now Families, Housing, Community Services and Indigenous Affairs [FaHCSIA]) for income support payments. The BSU estimates of costs of children were of interest to the NGO sector that supported a costs study to be undertaken in 2000 to estimate the costs of fostered children (McHugh, 2002).

In 2000, as part of the costs study, carers ( $n = 159$ ) in focus groups in all Australian states considered updated LC and MBA BSU estimates to determine how the day-to-day costs of fostered children differed from the costs of children *not* in care. The estimates 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. In viewing the updated and revised BSU estimates, the overwhelming response from carers in all groups was that their actual costs in most budget areas were a good deal higher than the estimates presented to them. Many found the LC estimates laughable, with some carers with younger children (i.e., 2–5-year-olds) of the opinion that they could 'just manage' on 'selected' MBA estimates (i.e., food and clothing and footwear). However, the majority of carers thought that even the estimates at the MBA level were 'way too low'. In agreement with carers, it was the BSU MBA estimates that were used as the base from which to adjust costs in all budget areas to more realistically reflect carer costs. These estimates were defined as the Foster Care Estimates (FCEs) (McHugh, 2002).

### The Foster Care Estimates (FCEs)

The costs study in 2000 found that the weekly FCEs for children in care ranged from \$157 for an infant of 12 months to \$248 for a teenage girl aged 14 years (see Table 2). As indicated by the figures in the table costs increase as children grow older. The study also found that babies are as expensive as preschool-aged children (i.e., a 3-year-old). This is due to their exponential growth during the first 12 months resulting in high clothing replacement. Costs are also exacerbated by initial set-up costs for baby goods (stroller, cot, bath, and so on) and the need for a large range of personal care items, in particular nappies, wipes and lotions. Teenagers are the most expensive to care for due to costs associated with housing (e.g., need for separate bedroom), food, education, clothing and footwear and leisure requirements. The difference between the cost of children in care (FCE) and the BSU MBA estimates (children *not* in care) was found to be around 40% (McHugh, 2002).

**TABLE 2**

Weekly Foster Care Estimates (FCE) for Children by Age and Sex (December 2000) (\$ Per Week)

Age and sex of child	FCE 2000 (\$)
Child: Age 1	156.75
Girl: Age 3	156.30
Girl: Age 6	167.84
Boy: Age 10	196.98
Boy: Age 14	242.26
Girl: Age 14	248.09

Source: McHugh (2002, Table 37).

In the costs study carers suggested that, in addition to the regular fortnightly subsidy payments, specific grants for clothing (on placement) and gifts (birthday and Christmas) for fostered children should be provided as separate mandatory payments for carers. The inclusion of these grants to overall costs resulted in an average percentage increase in costs for fostered children, compared to children *not* in care, from 40 to 51% (McHugh, 2002, p. 100). This finding on the average percentage increase in costs to carers is similar to a UK study's findings (Oldfield, 1997).

The costs study in 2000 found that some states provided kinship carers with less financial assistance than foster carers and recommended that all kinship carers (Indigenous and non-Indigenous) receive the same level of standard foster care subsidy (McHugh, 2002). It is of interest to note that in the period 2002 and 2009 all jurisdictions introduced regulations ensuring statutory kinship carers received the same level of allowances as foster carers.

### Comparing Foster Care Estimates to States' Standard Subsidies

Once determined, the FCEs were compared to the level of carer subsidy rates provided by the states at the time (2000). When the FCEs were determined in 2000, the comparison between the FCEs and the level of carer subsidies for children of similar ages indicated that in most jurisdictions the level of standard subsidies were substantially below, in many cases around half of the FCEs. The finding provided strong support for the contention by the

NGO OOH sector that levels of the standard subsidy provided by states were totally inadequate for meeting the day-to-day cost of children in care. Using the costs for which foster care estimates were determined (i.e., children aged 1, 3, 6, 10 and 14 years) the figures in Table 3 indicate that the highest level of subsidy for children in all age groups was in NSW: a flat rate of \$175 to all carers. The lowest levels were provided by Tasmania (TAS) (range \$70–\$90) and Western Australia (WA) (\$79–118).

The anomalous situation in NSW requires explanation. In July 2000 DoCS (now Community Services [CS]) changed from an age-related payment regime to a flat-rate system of \$175 per week for all children. The relatively higher payment (\$175) was expected to cover day-to-day costs plus costs for a range of services including health, education and travel activities (e.g., medical appointments, tutoring, etc.). After expenditure of \$1000 per annum (for each foster child in each separate area) was paid from the subsidy, a carer could claim for further costs per calendar year. Childcare costs (up to \$80 per week) for preschool foster children were also expected to be covered by the carer subsidy of \$175 (McHugh, 2002).

In 2006, based on the costs study's recommendations, NSW reverted to age-related carer subsidies, increasing levels of allowances for older children and young people, reintroducing contingency payments for additional care costs and removing all ceilings on costs to be met by carers. The new payment regime (*Statutory Care Allowance* [foster carers] and the *Supported Care Allowance* [kinship carers]) was based on the FCEs developed by the BSU and based on changes to the Consumer Price Index (CPI), carer subsidies were to be updated on an annual basis (NSW DoCS, 2006).

Comparing state levels of basic subsidies to the FCEs was, and still is, a difficult task. Inconsistencies between state payment regimes, apparent in 2000, continued in 2009. Data on carer payments in 2000 and 2009 indicate that some states 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, the level of subsidy between the states is highly

**TABLE 3**Standard States' Subsidy Levels & Foster Care Estimates (FCEs) by Age of Child: 2000 (\$ per week)<sup>a</sup>

Age	TAS	WA	NT	SA	VIC	ACT	QLD	NSW	FCEs
0–1	70	79	97	85	85	92	76	175	157
3	70	79	97	85	77	92	93	175	156
6	70	79	101	91	77	105	114	175	168
10	72	79	120	98	93	123	114	175	197
14	90	118	136	118	157	141	138	175	242/248 <sup>b</sup>

Notes:<sup>a</sup>All dollar amounts rounded.<sup>b</sup> Amount of \$242 applies to a 14-year-old boy and \$248 for a similar aged girl

Source: States' subsidy amounts for 2000 (Bray, 2001, p. 34); FCEs 2000 (McHugh, 2002, Table 41).

variable and there is no consistency in how children of different ages are grouped into categories. All jurisdictions have different rates of payments for somewhat similar age groupings. In addition, the age-related bracket methodology used does not appear to reflect actual age-related costs, although all states (except Victoria [VIC] and Queensland [QLD]) provide higher levels of subsidy for older children compared to younger children.<sup>6</sup>

### Changes in the FCEs and States' Subsidy Levels (2000–2009)

To reflect changes in the CPI in the cost of living the FCEs have been adjusted each year since 2000.<sup>7</sup> The updated figures are available through the AFCA and ACWA (Association of Children's Welfare Agencies) websites. Between 2000 (December) and 2009 (December) the cost of living rose by 28 percentage points resulting in increases in all FCE levels (see Table 4).

In the period 2000–2009 there were significant changes in the levels of carer subsidies provided by the states. Several states have not only substantially increased carer subsidy levels, they are also regularly updating subsidy levels based on CPI changes in the cost of living. Changed subsidy levels are compared to the FCEs in Table 5.

As in 2000, the variability in weekly subsidy levels between the states for children in all age groups is still significant in 2009. For example, for an infant (0–1 years), the Northern Territory (NT) and the Australian Capital

Territory (ACT) provide \$132 and \$133 respectively compared to QLD and NSW at \$201 and \$202 respectively (amounts similar to the FCE). For older teens (14 years old) TAS (\$195), NT (\$193) and ACT (\$199) have comparable rates, followed by VIC (\$220), QLD (\$235), South Australia (SA) (\$238) and Western Australia (WA) (\$242) compared to NSW at \$304 (similar to the FCE). Overall in absolute dollar terms, NSW and QLD provide carers with the highest subsidy levels and in three age categories (1-, 3- & 6-year-old) levels in NSW slightly exceed FCEs levels. Figures in Panel A in Table 6 for the period 2000–2009 indicate the absolute amount of increase in dollar amounts in standard subsidies provided to carers and Panel B indicates the percentage difference in the increase. The level of increase in some jurisdictions for children of specific ages is considerable with five jurisdictions (TAS, WA, SA, QLD & NSW — amounts highlighted in bold) increasing amounts for varying age groups by over \$100 a week. In these instances, the adjustments equate to over a 100% increase (Panel B — highlighted percentages in bold), compared to the CPI increase for the period of 28%.

The NT (increases between 36–43%) and the ACT (increases between 41–45%) took a fairly uniform approach in increasing their level of subsidy payments. Increases in levels in the other states were more mixed and variable. Tasmania and WA, which provided the lowest levels of subsidies in 2000, had improved their levels by 2009 to be closer to levels in other states (NT, VIC, SA, and ACT.)

The significant increases in some levels of carer subsidy between 2000 and 2009 in at least four states: WA, QLD, SA and NSW may, in part, be attributed to the findings from the costs study (McHugh, 2002) and government responses to major reports on concerns about child protection, foster carer recruitment, retention and carer reimbursement levels (CMC, 2004 (QLD); Ford Review 2007 (WA); Layton, 2003 (SA).

Strong lobbying by representatives of state foster care associations and AFCA around the time of the release of the costs study may also have contributed to increased levels of carer remuneration for foster and kinship carers

**TABLE 4**

Weekly Foster Care Estimates (FCE) for Children by Age and Sex (December 2000 and 2009) (\$ per week)

Age & sex of child	FCE 2000	FCE 2009
Child, Age 1	157	201
Girl, Age 3	156	200
Girl, Age 6	168	215
Boy, Age 10	197	252
Boy, Age 14	242	310
Girl, Age 14	248	317

Note: All dollars rounded

**TABLE 5**

Weekly Levels of State Subsidies & FCE by Age of Child (December 2009) (\$ per week)<sup>a</sup>

Age of child	TAS	WA	NT	SA	VIC	ACT	QLD	NSW	FCE
Age1	150	162	132	143	143	133	201	202	201
Age 3	105	162	132	143	143	133	201	202	200
Age 6	131	166	143	166	143	150	212	236	215
Age10	153	198	171	166	149	175	212	236	252
Age14	195	242	193	238	220	199	235	304	310/317 <sup>b</sup>

Notes: SA, VIC and WA provide carers with regular mandatory payments for either education/health/clothing or pocket money. These are calculated at a weekly rate and included in the weekly subsidy rate for these states.

<sup>a</sup> All dollars rounded; <sup>b</sup> 14-year-old-boy = \$310, 14-year-old-girl = \$317

Source: State Foster Carer Associations and Departmental informants (Abery, 2009; Gillespie, 2009; Jackson, 2009; Jones, 2009; Parker, 2009; Smith, 2009; O'Connor, 2009; Wilson, 2009)

**TABLE 6**

Increase in Weekly Levels of State Subsidy by Age of Child: 2000 and 2009

Age of child	TAS	WA	NT	SA	VIC	ACT	QLD	NSW	FCE
Panel A									
Absolute \$ amount of increase (2000–2009)									
0–1	80	73	35	58	58	41	<b>125</b>	27	44
3	35	73	35	58	66	41	<b>108</b>	27	44
6	61	77	42	75	66	45	98	61	47
10	81	101	51	68	56	52	98	61	55
14	<b>105</b>	<b>100</b>	57	<b>120</b>	63	58	97	<b>129</b>	69
Panel B									
Percentage increase (2000–2009) (%)									
0–1	114	82	36	68	68	45	<b>164</b>	15	28
3	50	82	36	68	86	45	<b>116</b>	15	28
6	87	87	42	82	86	43	86	35	28
10	<b>113</b>	<b>104</b>	43	69	60	42	86	35	28
14	<b>117</b>	70	42	<b>102</b>	40	41	70	74	28

and, in addition, the decision by many jurisdictions to annually increase carer allowances in line with CPI movements.

## Discussion

In response to Wood's Recommendation 16.9, the purpose of this article is to indicate that research undertaken by an independent research body to estimate the costs to foster carers has led to policy changes in levels of financial support for carers. The article describes how estimates of the costs of children in care, based on budget standards methodology, can reflect a close approximation to carers' actual costs in determining the level of carer subsidy. The budget standards model has a longstanding history and is used in several countries (e.g., Australia, Sweden, Canada, Norway, United Kingdom, China and United States) for various purposes (Bradshaw et al., 2008; Fisher, 2007; McHugh 2002; 2007; Saunders 2006; Saunders et al., 1998, 2004). In the United States, Canada and some European countries budget standards have been used to evaluate 'the adequacy of state benefits, setting child allowances, determining foster care allowances [and] maintenance payments' (Bradshaw, 1987, p. 1). The costs study methodology was adapted for estimating the costs of fostered children in the United States (DePanfilis, Daining, Frick, Farber, & Levinthal, 2007) and to assist the Tasmanian Department of Health and Human Services (Children and Families) in determining subsidy levels for foster carers (McHugh, Saunders, & Chalmers, 2002).

Due to budgetary constraints in the costs study no attempt was made to determine appropriate levels of subsidy 'according to the varying categories of need'. All jurisdictions provide higher levels of allowances for carers of children with special needs, highly challenging behaviours and disabilities. The names given to these higher subsidies vary by jurisdiction and how the levels of allowances are determined is not always clear, though

many states use a 'loading' on the age-related basic subsidy. For example, the ACT uses a loading of 25% for their Special Needs Subsidy (Category 1) increasing the loading up to 150% for Category 5 with a Specialist Foster Care Subsidy, with a 200% loading on the basic subsidy. The situation is similar in the NT where the Special Needs Allowance has four categories: 'low', 'moderate', 'high' and 'very high', and the loading starts at 50% for low, to 200% for very high. It appears that the needs of children requiring a higher level of allowance are in 'excess' of what other children in care require, although mention is made in one explanation (NT) of 'extra duties, tasks or stresses' for carers that appear to be a form of compensation and as such not directly linked to costs related to needs:

Special Needs Allowance rate applies where the child has been assessed as requiring emotional, physical, personal and/or auxiliary care in excess of what is usually required by a child in care. As such, there are demonstrated extra expenses, duties, tasks or stresses associated with the care of the child. (NT Department of Health & Families, 2010, p. 2)

In responding to Recommendation 16.9, in relation to carer subsidies based on varying categories of need, further research will be required to determine how best to estimate the additional cost to carers of children in care with special needs. In light of the requirement in many jurisdictions for a carer (or one carer in a couple) not to participate in paid employment when receiving a higher subsidy level, further research in this area could illuminate what proportion of higher allowances represent children's needs, and what proportion represents compensation/reward for carers' extra duties, tasks or stresses. Schemes combining payments (i.e., fees) for foster carers in addition to payments (i.e., maintenance) to meet children's needs exist in several European countries and the United Kingdom (McHugh, 2007).

In summary the costs study provided the foster care sector and governments with data and information on the

aspects of costs for fostered children that were different from (higher than) the costs of other children. In doing so, it clarified the likely impact that inadequate allowances might have on carer recruitment and retention. The robustness of the budget standards approach used in estimating the costs of children in care is strongly supported by the NSW government to the point that, in relation to 16.9, the government states:

The current carer allowances paid by the NSW Government are the highest of any state or territory in the country. They are based on research published by the Social Policy Research Centre work on the costs of raising a child. Allowances are adjusted annually in line with the Consumer Price Index. The Government will monitor the rates of NSW allowances compared with other states and will conduct a review if NSW rates fall behind those in other states. (ACWA, 2010)

The change by the NSW government in 2006 to return to variable levels of carer subsidies, with higher payments for older children, recognises that children, in general, cost more as they grow older. What is particularly noteworthy over the period (2000–2009) in all states/territories is the significant overall increase in the levels of carer subsidy. As the percentages shown in Table 6 (Panel B) indicate, most states have dramatically increased their levels of subsidy in most age categories. The substantial increase in levels of subsidy, while admirable, indicates the low and inadequate levels of most subsidies provided to carers in 2000. It is clear, given the variability in levels in all jurisdictions, that there is little likelihood at this stage of a national framework of allowances to ensure adequacy and equity for all foster and kinship carers.

## Endnotes

- 1 All states provided carers with a range of higher subsidies for foster children with special needs.
- 2 For ease of discussion 'states' are used to describe Australian states and territories.
- 3 Various Australian jurisdictions use a range of terms and definitions for 'kinship or relative care'. For ease of discussion 'kinship care' is used throughout the article for kinship and relative care.
- 4 Rate per 1000 children aged 0–17 years in population.
- 5 The SPRC is part of the University of New South Wales (UNSW).
- 6 In 2000 VIC provided higher rates for a child (0–1 year) compared to children aged 2–7 years and QLD had lower rates for older children (16–17 years) compared to younger 14–15-year-olds reflecting the likelihood of older teen's eligibility for Commonwealth income support payments.
- 7 The Sydney CPI is used to update FCEs, which are based on Sydney prices. Overall, while there is some variation in CPI between capital cities in the period 2000–2009, the Sydney CPI consistently reflected (within 1–2%) the

weighted average of the eight capital cities in the period (Australian Bureau of Statistics, 2009).

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