

Carer allowances

QFCC INSIGHTS PAPER



Children and young people living in foster, kinship or residential care are some of the most vulnerable children and young people in Queensland. When children and young people are not able to live safely with their parents it is the responsibility of the Department of Child Safety, Seniors and Disability Services (Child Safety) to ensure they have appropriate care arrangements. There are several kinds of care arrangements:

- Family-based care:
 - Kinship care (when a child or young person lives with a carer where a family relationship exists) or,
 - Foster care (when a child or young person lives with a carer with no family relationship).
- Residential care:
 - Children or young people live in an accommodation and support service which is provided by non-government agencies and funded by Child Safety. Children and young people are provided with daily care and support from a rostered residential care worker.

Carers play a critical role in looking after the day-to-day needs of children and providing them with the love, care, support and guidance that they need. Carers receive an allowance for the children in their care to meet their care and support needs. As of June 2023:

- there were 6,068 foster and kinship carer families in Queensland;¹ and
- there were 11,593 children and young people living in kinship care, foster care or residential care in Queensland;
- 9,408 of these children and young people were living in foster or kinship care (family-based care);
- 53 per cent of Queensland carers who completed the foster and kinship care survey reported they were not satisfied with the carer allowance;
- the majority of foster and kinship carers that completed the QFCC 2023 Community Survey reported their family finds it hard to pay for day-to-day expenses such as food and bills;

On average, over \$400,000 is spent annually per child living in residential care - much higher than the average cost per child living in family-based care which is just over \$30,000 annually.

This insights paper outlines the current carer allowance rates across Australia and the increase in cost-of-living expenses for Queensland families to consider whether Queensland carer allowances can meet the needs of the children and young people they care for.



Carer allowance and increasing cost of living

Queensland

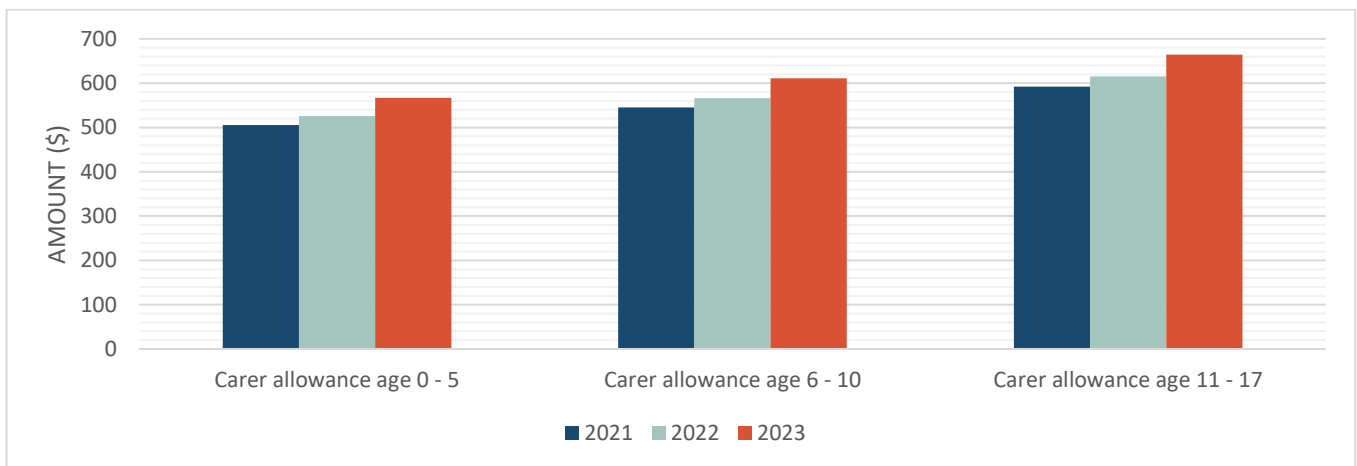
The carer allowance in Queensland is a three-tiered payment structure, allowing carers to receive higher payments based on the complexity of needs of the children they care for. In Queensland, a loading is also added for carers living in regional or remote areas where the cost-of-living is higher. The allowance is based on age range, increasing with the age of the child.

| State/Territory | Age Range | Amount (per fortnight) |
|-------------------|---------------|------------------------|
| QLD ⁱⁱ | 0 – 5 years | \$567.14 |
| | 6 – 10 years | \$611.10 |
| | 11 – 17 years | \$664.16 |

The day-to-day costs the allowance intends to cover include:

- reasonable clothing and footwear, including one school outfitting per year;
- personal care items;
- general schooling and education expenses, including lunches and travel;
- costs for consulting with a GP (excluding Child Health Passport assessments);
- all prescribed and non-prescribed pharmaceuticals;
- general travel costs, including fuel costs up to 250km per week (excluding for approved family contact);
- leisure and recreational activities, toys, pocket money, entertainment, hobbies and holiday expenses;
- safety equipment such as car seats, bike helmets;
- energy and utility costs (pro rata); and
- household goods for the child.

In January 2023, the base carer allowance in Queensland for each age bracket increased by 7.91 per cent.ⁱⁱⁱ This increase occurs each year in line with the consumer price index (CPI).¹ Queensland is the only jurisdiction that increases payments in January, rather than at the start of the new financial year in July.^{iv}



¹ The Consumer Price Index measures household inflation and includes statistics about price change for categories of household expenditure.



The 2023 carer allowance increase is in line with the CPI inflation change for 2022 (annual CPI inflation change of 7.9 per cent as of September 2022).^v As of September 2023, the annual CPI inflation change was 5.2 per cent,^{vi} and the carer allowance increase in January 2024 will reflect this.

Despite the annual increase in carer allowance, a survey conducted by Queensland Foster and Kinship Care (QFKC) in 2022 found that of the 770 carers surveyed, 53 per cent were not satisfied with the rate of carer allowance.

The proportion of carers dissatisfied with the rate of carer allowance has increased each year since 2014, where only 16 per cent of carers surveyed were dissatisfied. Further, 66 per cent of carers surveyed said they believe that the annual CPI increase to the carer allowance is not enough to keep up with the actual cost of caring for a child or young person.^{vii}

Other states and territories

All states and territories base their payments on age range, with allowances in most jurisdictions increasing with the age of the child or young person. These age ranges vary across states/territories, making direct comparison difficult. New South Wales and Tasmania, like Queensland, have a three-tiered payment structure.

| State/Territory | Amount (per fortnight) | Age Range |
|---------------------|------------------------|---------------|
| NSW ^{viii} | 564.00 | 0 – 4 years |
| | 636.00 | 5 – 13 years |
| | 854.00 | 14 – 15 years |
| | 568.00 | 16 – 17 years |
| VIC ^x | 435.59 | 0 – 7 years |
| | 450.76 | 8 – 10 years |
| | 499.25 | 11 – 12 years |
| | 640.65 | 13 – 17 years |
| TAS | N/A | N/A |
| | N/A | N/A |
| | N/A | N/A |

| State/Territory | Amount (per fortnight) | Age Range |
|--------------------|------------------------|---------------|
| WA ^{ix} | 830.20 | 16 – 17 years |
| | 435.17 | 0 – 6 years |
| | 512.41 | 7 – 12 years |
| | 589.64 | 13 – 17 years |
| NT ^{xi} | 239.95 | 0 – 5 years |
| | 256.79 | 6 – 9 years |
| | 302.37 | 10 – 13 years |
| | 374.37 | 14 – 17 years |
| ACT ^{xii} | 620.92 | 0 – 4 years |
| | 696.26 | 5 – 14 years |
| | 935.28 | 15 – 17 years |

Cost of living

Information suggests that the annual increase of carer allowance in line with CPI is not enough to meet the needs of children in family-based care, particularly when Queensland families are struggling more broadly with the costs of living. Housing affordability across Queensland is decreasing, with rents increasing at a rate that far exceeds increases in wages, family support payments or the foster care allowance. In June 2018, the median weekly rent for a 3-bedroom house in Queensland was \$350. In June 2023 it was \$500, which represents an increase of 42.9%. When it comes to applying for a mortgage, children in foster care are considered as dependents, however, the carer allowance is not eligible to be included as income. Increases in rent and challenges for mortgage applications should be resolved to remove barriers for potential carers. Recent comparisons of capital cities across Australia found that Brisbane has the third highest cost of living, behind only Sydney and Canberra.^{xiii}



Additionally, as young people in care get older, the cost to adequately support them increases, particularly because they have often experienced complex trauma. The Australian Child Maltreatment Study found that Australians who experience maltreatment are substantially more likely to have:

- mental health disorders;
- health risk behaviours; and
- higher health service utilisation.

While health-based services and specialist supports are generally covered, the costs of recreational and leisure activities and programs to support ongoing positive household dynamics and structures for the young person must be met within the carer allowance. These informal supports are critical to creating stable and positive care environments but are likely to stop when families are experiencing difficulty meeting day-to-day expenses.

The QFCC Community Survey 2023 asked Queensland respondents with parent or carer responsibilities about challenges they have paying for these expenses. More than six out of 10 agreed their family finds it hard to pay these expenses. The rates of parents and carers experiencing difficulty were highest in North Queensland and Far North Queensland and lowest in the Brisbane/Moreton Bay region. The majority (70%) of foster and kinship carers who participated in the Community Survey 2023 agreed with this overall sentiment (however the sample size is too small when broken down across regions to include in the below table).

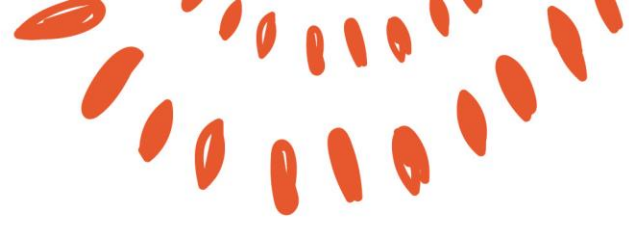
| | QLD | Brisbane/ Moreton Bay | South East | South West | Sunshine Coast/ Central | North Qld | Far North Qld |
|--|-------|--------------------------|---------------|---------------|-------------------------------|-----------|---------------|
| Number of respondents | 1,378 | 333 | 205 | 223 | 255 | 205 | 157 |
| Our family finds it hard to pay for day-to-day expenses such as food and bills | 61.0% | 53.0% | 60.0% | 61.0% | 64.0% | 68.0% | 66.0% |

Source: QFCC Community Survey 2023: Percentage of parents/carers reporting difficulties in paying for day-to-day expenses.

Increasing use and costs of residential care

As the number of children and young people living in care arrangements in Queensland has increased, so too has the number of children and young people living in residential care. The table below notes that in 2022–23, 15.21 per cent of children or young people in a care arrangement were placed in a residential care service, which has steadily increased since 2018–19 when it was 9.85 per cent.

| | 2018–19 | 2019–20 | 2020–21 | 2021–22 | 2022–23 |
|---|--------------|---------------|---------------|---------------|---------------|
| Children and young people in residential care | 951 | 1,136 | 1,374 | 1,582 | 1,763 |
| All children and young people in care | 9,647 | 10,527 | 11,065 | 11,323 | 11,593 |
| Percentage in residential care | 9.85% | 10.79% | 12.41% | 13.97% | 15.21% |



According to the Productivity Commission Report on Government Services (ROGS), Queensland had the highest number of children and young people placed in residential care in Australia in 2021–22 (noting that as of 30 June 2023 there are 1,763 young people in Queensland residential care).

| State | NSW | QLD | VIC | WA | SA | TAS | ACT | NT | AUS |
|--------------------|-----|-------|-----|-----|-----|-----|-----|----|-------|
| Number of children | 706 | 1,582 | 488 | 204 | 710 | 64 | 45 | 69 | 3,868 |

The average annual cost for a child or young person in residential care is approximately 13.77 times higher than for a child in family-based care.²

- The total average cost per year, per child for a child or young person in family-based care is **\$30,660**.
- The total average cost per year, per child for a child or young person in residential care is **\$420,548**.^{xiv}

Recent forecasting completed by the QFCC estimates the number of children and young people in residential care will increase to 2,766 by 2028. Based on the current average cost per year per child or young person in residential care, a year of care for this number of young people would cost over a billion dollars.³

Although children and young people living in residential care may have higher needs than those in family-based care resulting in greater costs, the significant difference in annual cost raises the question about whether there is an opportunity for reinvestment in the family-based care system to address the gaps raised by carers and strengthen the capacity of the family-based care system. Changing the investment away from residential care will not only benefit the day-to-day care of young people, but also potentially improve the attraction and retention of foster carers and free up resources for greater investment in kinship care.

Conclusion

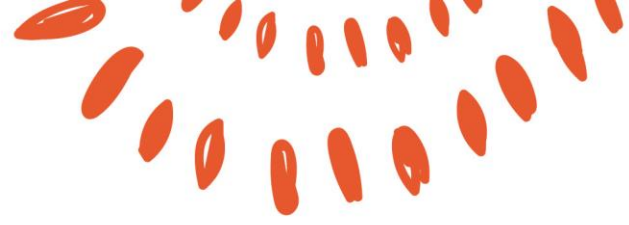
Increasing financial incentives for foster and kinship carers will:

- improve the quality of care provided to children;
- reduce financial pressures in the family-based care system;
- reduce placement turnover and placement instability for children;
- retain more foster carers in the system;
- support more children to remain with kin;
- reduce the number of children entering residential care; and
- reduce placement breakdown.

In July 2023, the Queensland Government announced a review of Queensland’s residential care system and includes a commitment to “increase financial supports to kin and carers by streamlining care allowances and piloting flexible brokerage support packages”. This is a welcome announcement, and the QFCC supports a radical reinvestment to support home-based carers to achieve the above outcomes.

² The annual cost for a child or young person in residential care includes the cost of staff, and the annual cost for a child or young person in family-based care includes funding provided to foster and kinship care services that support carer households.

³ \$1,163,235,768.



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- ⁱⁱⁱ Queensland Government (2022), *Carer Allowances*, <https://www.qld.gov.au/community/caring-child/foster-kinship-care/information-for-carers/money-matters/carers-allowances>.
- ^{iv} Foster Care Allowance of Victoria (2023), *Carer Allowance Analysis by Jurisdiction*, <https://www.fcav.org.au/news/carers-allowance-analysis-by-jurisdiction>.
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- ^{xii} Australian Capital Territory Government (2023), *2023-24 Subsidies And Financial Support Guide*, https://www.communityservices.act.gov.au/data/assets/pdf_file/0003/1340598/CYPS-2023-24-Subsidies-and-Financial-Support-Guide.pdf.
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- ^{xiv} Queensland Parliament (2023), *Question on Notice No. 784*, <https://documents.parliament.qld.gov.au/tableoffice/questionsanswers/2023/784-2023.pdf>.