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**Child &  
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ORGANISATIONS

- Association of  
Childrens Welfare  
Agencies (NSW)
- Child & Family  
Welfare Association of  
South Australia
- Child & Family Welfare  
Association of Tasmania
- Child, Youth &  
Family Agencies  
of the ACT
- Children's Welfare  
Association of  
Victoria
- Children's Youth &  
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Childcare Inquiry  
Productivity Commission  
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**Childcare and Early Childhood Learning – Productivity Commission Submission**

The Child and Family Welfare Agencies Association (CAFWAA) is the national peak for non-government not-for-profit agencies providing services for families and children in the out of home care sector. Its membership is the peak agencies in each state and individual organisations, representing a large majority of the agencies working in this area.

Many CAFWAA member agencies are providers of childcare services, and will make separate submissions based on their particular circumstances. However, a theme all agencies share is the increasing cost of childcare for children in foster care and the inherent inequities that exist in its provision.

Early childhood education is acknowledged as an important contributor to the development of children prior to their entry into formal schooling. Their capacity to master their milestones and develop skills are enhanced by participation in Early Childhood Education and Care (ECEC) services. For children in the out of home care (OHC) sector this is even more important as evidence shows that the development of children in OHC is up to eighteen months behind their peers when entering school and they don't catch up unless they receive intensive additional assistance.

Childcare services are provided by a variety of operators (for profit, not-for-profit) through a range of settings – Centre based, Family Day Care, In Home Care, In Venue Care and Outside School Hours Care. All rely on fees paid by parents with Government subsidies through Child Care Benefit and Childcare Rebate to ameliorate the cost.

## **Out of Home Care**

The number of children in OHC in Australia has doubled over the last decade. In 2012, there were approximately 39,600 children and young people living in OHC placements with the majority (93%) in home-based care i.e. kinship/relative care and foster care. Nearly 55% of this population was under nine years of age. Australia-wide one in three children and young people in OHC are Aboriginal and/or Torres Strait Islanders.

Despite higher levels of expenditure by governments in this area, this group of children will experience significantly poorer educational, health and well-being outcomes over their lifetime than children who are not in the system.

There is no national data as to why children are placed in care, however, state based statistics indicate abuse, neglect and the inability of parents to provide adequate care contribute to the growing numbers of children in care or at risk of entering care.

Across the country kinship/relative care is the dominant form of home-based care, closely followed by foster care. The percentage of children in foster care ranges from nearly 60% in Queensland to just under 40% in Victoria. Australia-wide around 40% of the OHC population is in foster care.

State governments fund foster care based on a unit cost that includes a non-taxed subsidy paid to foster carers that is age related. The amount varies across the jurisdictions and is designed to meet the everyday expenses of the child such as clothing, food, transport and activities. The subsidy is not sufficient, nor is it meant to cover child care costs. The cost of child care is met by the agency with the overall responsibility for the child, but the current benefit and rebate system does not acknowledge or allow for this situation.

## **Foster Carers**

Foster Carers are volunteers who provide a valuable service to the community, and particularly children who are traumatised. They are supported by community sector organisation staff, funded by State Government Child Protection agencies. The days of a stay at home foster carer are gone. In today's society most foster carers are in the workforce, either full or part-time, necessitating the need for foster children to use child care services. This will include before and after school care as well as services for children who are not yet at school.

The child care system assumes the person enrolling the child is responsible for the payment of fees. Child Care Benefit is means tested, based on parents' income. In the case of children in care, it is the foster carers' income that is means tested. This may mean that children in care are charged the full rate, where if they were living with their birth family the Child Care Benefit would apply. In these circumstances the agency is obliged to pick up the full cost of care. Equally, agencies are unable to claim the Child Care Rebate as this is paid to the "parent", and whilst foster carers are encouraged to pay the Rebate to the agency or to the provider, they are under no obligation to do so.

### **Kinship/Relative Carers**

Children who are placed with grandparents in a relative/kinship care placement are entitled to up to twenty five hours per week free childcare. Feedback from grandcarers indicates this is a highly valued service that should be continued.

### **Recommendations:**

- (i) Continue twenty five hours per week access for children in the care of their grandparents
- (ii) Provide twenty five hours per week access for children in foster care in recognition of the additional needs they have
- (iii) Provide full CCB to foster carers, irrespective of income, in recognition of the voluntary work they undertake or alternatively create a program that aligns the benefit to the child so that he/she automatically is recognised for full Child Care Benefit
- (iv) Provide the Child Care Rebate to the agency that has the child in care or to the child care provider. Paying the Rebate to foster carers raises a number of issues for the agency in its relationship with the carer.

The cost of child care is prohibitive within the OHC sector. As a community there is a responsibility to afford every opportunity to ensure children in care receive the best start in life that is possible, and that every effort is made to assist children in care have access to the same services that are available to all Australian children. Correcting this anomaly is one step towards creating equity for a group of children who have missed out.

Yours sincerely

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**Tricia Murray**  
Chair CAFWAA