

A Fair Go Improving Outcomes for Children in Care

The 45,000 Australian children and young people in care deserve a fair go. Led by Families Australia, the National Foster Care Sustainability Group has identified key asks of the Federal Government. Economic analysis by Lumenia demonstrates that these Commonwealth investments will provide significant financial and economic benefits, supporting children and young people in care to thrive.

Over the past five years, Australia has experienced a 64% increase in children entering residential care nationally, while foster care placements have decreased by 19%. Gaps in the current system often leave children without adequate medical, therapeutic, and developmental support, with carers frequently struggling to meet children's needs due to financial constraints. The National Foster Care Sustainability Group proposes three key initiatives to address these critical challenges and ensure children in care receive a fair go through Commonwealth leadership, being:

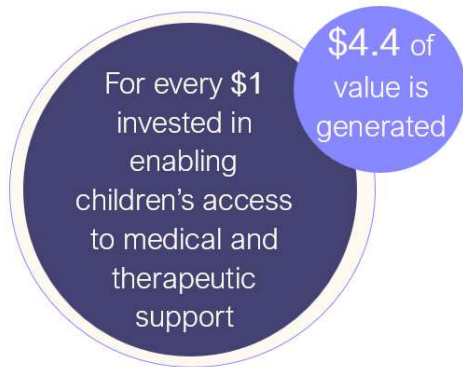
1. Children's access to medical and therapeutic support
2. Reducing financial pressure on carers by clarifying interpretations of carer allowances for tax purposes
3. Equitable leave entitlements for carers.

Total financial and economic benefits (adjusting for shared benefits) of **\$1.2 billion** are anticipated when applied to the current cohort of children in care across multiple domains, including:

- Improved health and wellbeing of children in care
- Enhanced placement stability
- Increased pro-social behaviours and reduced justice interactions
- Increased carer retention
- Increased educational engagement and attainment
- Increased economic participation of care leavers
- Reduced reliance on welfare



A Fair Go Meeting Children's Health Needs



Key Benefits Include:



\$204.8 million in Future Child Health and Wellbeing



\$195.1 million in Increased Pro-Social Behaviour



\$235.3 million in Placement Stability

Background: Children in out-of-home care require medical, therapeutic, and developmental supports to address their trauma and complex needs. Carers frequently struggle to access necessary services, leading to unmet needs for children.

Proposed Reform: The proposal involves establishing a card system, similar to the Veterans' Health Card, which follows the child and enables carers to access a range of medical and therapeutic services at no or low cost. Key components of the card's development include:

- Specifying included medical, developmental, therapeutic and educational supports
- Issuing cards to all eligible children in out-of-home care
- Creating a streamlined system for service access and payment

Drawing on existing schemes that meet the needs of people experiencing vulnerabilities, the proposed reform will enable access to medical and therapeutic supports for children in care, ensuring they receive the services they require to thrive to the age of 21.

Implementation is anticipated to occur over a two-year period.

Costs: The primary costs associated with this initiative are estimated at \$232.4 million over the first two years of operation, including:

- Design and development costs
- Costs of anticipated medical and therapeutic services to be included
- Administration costs

Economic Assessment of Benefits: Based on the average age of current children in care, analysis by Lumenia estimates **\$794.3 million of net economic benefit** could result by the time these children turn 21. These include substantial returns for both the Commonwealth and state governments, as well as long-term societal benefits through improved outcomes for children in care.

The initiative's benefits include improved child health and wellbeing (20% total benefit), increased pro-social child and young person behaviours (19% total benefit), improved placement stability (23% total benefit) and carer retention (14% total benefit).

An estimated 31% of these benefits will accrue to the Commonwealth Government in the form of avoided costs of future service provision.

A Fair Go Through Reducing Financial Pressure on Carers

Background: Insufficient carer allowances impact on the ability of carers to provide for children. Many carers draw on their own financial resources to enable the children in their care to have childhood experiences aligned to their peers, independently paying for a range of expenses such as sport and other recreational activities. There is a current lack of clarity across the sector in the interpretation of tax-free caring allowances, which restricts the ability of jurisdictions and agencies to provide increased allowances to carers that are reflective of the financial supports they require to deliver care.

Proposed Reform: The proposal involves review and provision of clear advice from the Australian Taxation Office (ATO) on allowances for carers. This clarity would encourage providers to offer carers a higher carer allowance in the knowledge that the carer will not incur additional tax burden. Key components of implementation include:

- ATO leadership in review of carer allowances and relevant tax provisions with jurisdictional consultation
- Provision of clarity through formal messaging e.g. release of specific guidance.

The review process would likely occur over two-year period, requiring consultation to support jurisdictional and provider uptake.

Costs: The primary costs associated with this initiative are estimated to be \$108.7 million over the first two years of operation, including:

- **A modest Commonwealth investment of \$1 million** to enable review of current allowances and relevant processes by ATO, clarifying areas of uncertainty in interpretation
- Future costs related to the uptake a payment of increased allowances at a jurisdictional and provider level after said formal guidance is issued

Economic Assessment of Benefits: Based on the average age of current children in care and presuming that there is jurisdictional and organisational uptake of increased allowances to carers, analysis by Lumenia estimates **\$104.5 million of net economic benefit could** result by the time these children turn 21.

These include returns for the Commonwealth government, as well as long-term societal benefits through improved outcomes for children in care.

For every
\$1 invested in
clarifying
interpretations of
carer allowances
for tax purposes

\$2.1
of value is
created

Key Benefits Include:



\$59.9 million in Future
Child Health and Wellbeing



\$47.9 million in Increased
Placement Stability



\$31.7 million in Carer Retention

A Fair Go More Equitable Leave for Carers

Background: Carers often struggle to balance their caring responsibilities with employment, leading to challenges in establishing new placements and maintaining stable care environments. Currently, carers do not have the same rights as other parents in terms of workplace entitlements. This initiative aims to provide carers with equitable leave entitlements, ensuring better support for both carers and children during critical placement periods.

Proposed Reform: The proposal involves changing the National Employment Standards to enable carers to access to up to 16 weeks of paid leave to establish a new placement. Key components include:

- Amending the National Employment Standards to include foster carer leave
- Establishing eligibility criteria for the leave entitlement
- Implementing a system for employers to administer the leave

Implementation would likely occur over a two-year period, requiring coordination between the Fair Work Commission, employers, and relevant government departments.

Costs: The primary costs associated with this initiative are estimated to be \$47.4 million over the first two years of operation, including:

- Leave payments by the Commonwealth government
- Replacement staff and productivity costs for employers
- Establishment and administration costs for the Commonwealth government

Economic Assessment of Benefits: Based on the average age of current children in care, analysis by Lumenia estimates **\$119.3 million of net economic benefit** could result by the time these children turn 21. These include substantial returns for both the Commonwealth and state governments, as well as long-term societal benefits through improved outcomes for children in care.

These avoided costs include a reduction in employee turnover (21% total benefit), improved child health and wellbeing (18% total benefit), increased placement stability (14% total benefit), reduced reliance on welfare (5% total benefit) and carer retention (24% total benefit).

An estimated 26% of these benefits will accrue to the Commonwealth Government in the form of avoided costs of future service provision.

\$3.5 of value is generated

For every \$1 invested in enabling access to parental leave for carers

Key Benefits Include:



\$35.3 million Reduction in Employee Turnover



\$29.6 million in Future Child Health and Wellbeing



\$23.7 million in Placement Stability