

OHC 05/64114

25 AUG 2005

Dr Peter Boxall  
Secretary  
Department of Employment and Workplace Relations  
GPO Box 9879  
CANBERRA ACT 2601

Dear Dr Boxall

I am writing to you about the Federal Budget 2005/06 - *Welfare to Work* reforms and their potential impact on foster carers. I am advised that policy guidelines are being developed which contain changes to the activity test requirements for the Parenting Payment.

I understand that under existing arrangements the provision of formal foster care may be recognised as an approved activity for receipt of the Parenting Payment. I am seeking your assistance to ensure that any changes to the activity test for Parenting Payment and the new Newstart arrangements for parents with children over 6 years do not inadvertently negatively impact on the capacity to recruit and retain authorised foster and kinship carers in NSW.

As many children and young people in foster and kinship care have special needs, often due to previous abuse or neglect, their carers need to be available to support them to attend school, medical and other appointments and to promote their safety, well-being and security. The requirement to seek part-time employment, or undertake another approved activity, may impact negatively upon carers' ability to support these vulnerable children and young people.

Effective and efficient foster care is the core component of the out-of-home care service system in NSW. Of the 10,337 children in out-of-home care in NSW at 30 June 2004 46.8% were in relative and kin care and 36.2% were in foster care. Demand for foster care services significantly outstrips supply. Even to maintain the current level of foster carers, significant growth in the pool of available carers is needed.

The *Availability of Foster Carers* report commissioned by the NSW Department of Community Services (DoCS) and released in November 2004, found that in 2003 approximately two thirds of primary foster carers in NSW were not in paid employment and many relied on government pensions or allowances as their principle source of income. For single carers, a reduction in payment may mean they will no longer have the capacity, or be prepared to provide foster or kinship care to children and young people who cannot live with their own parents. This could have a catastrophic impact on the out-of-home care service system generally and on children and young people individually.

I would appreciate if your officers could discuss this matter with Ms Megan Mitchell, DoCS' Executive Director, Out-of-Home Care Policy and Review. Ms Mitchell can be contacted on telephone (02) 9716 2585 or e-mail [megan.mitchell@community.nsw.gov.au](mailto:megan.mitchell@community.nsw.gov.au).

Yours sincerely

**SIGNED,  
NEIL SHEPHERD**

Neil Shepherd  
**Director-General**



## NSW DEPARTMENT OF COMMUNITY SERVICES

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Dr Peter Boxall  
Secretary  
Department of Employment and Workplace Relations  
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CANBERRA ACT 2601

Dear Dr Boxall

I am writing further to previous correspondence on 25 August 2005 to you about the Federal Budget 2005/06 – Welfare to Work reforms and their potential impact on foster carers. Further advice on the proposals has come to light and it would be useful to outline these issues and to reiterate the importance of early resolution of the problems arising from the proposals.

As you will be aware, the current proposition is that foster care no longer be recognised as an 'approved activity' for the purposes of the Parenting Payment. Rather, with the changes to be implemented on 1 July 2006, foster carers would be required to seek part time employment under the provisions of the enhanced Newstart Allowance, when the youngest child in their care reaches six years.

I note that the Federal Minister for Employment and Work Place Relations announced on 21 September 2005 that the Commonwealth will allow temporary exemptions for foster carers, distance educators and parents of disabled children or of large families from looking for work. I further understand from advice that has been provided to foster care groups that this is to be based on an assessment of each individual case and as circumstances warrant, depending on the nature and intensity of the demands on the carer.

The main issue of concern is that an individual approach to exemption in relation to foster care is neither practical nor appropriate. The most fundamental practical issue is that foster carers need to be confident that they will be in a position to properly meet the needs of the many different children who likely will come into their care over time. It needs to be recognised that an individual carer will receive many different children, with differing levels of need and for differing periods of time. It will not be a case of undertaking a single point in time assessment of the circumstances of the carer. There will be new assessments of circumstances required whenever a new child comes into the home of a carer, when a child leaves a carer, when the needs of a fostered child change or when the carer's own parental arrangements change. This will be a far more onerous regime of accountability than that imposed on any other parent and the burden will fall at precisely the times when the demands of the children they take into care will be most pressing (ie when a child is entering or leaving care).

There is also the practical question of the administrative burden on both carers and the Centrelink system. Given the dynamic nature of foster care placements, I would expect there to be a substantial additional administrative burden on Centrelink and consequential delays in settling individual arrangements. Some of these practical issues are outlined in more detail in the attachment to this letter.

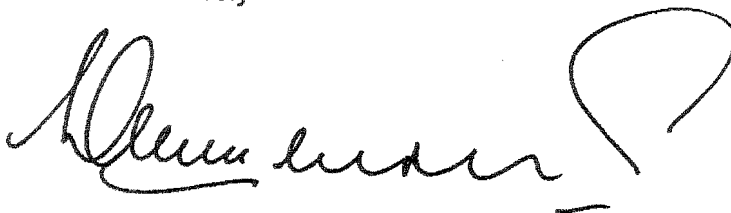
It is worth stressing here that foster carers are in a very different position to other parents. They are often caring for the most difficult child protection cases in addition to dealing with their own children. These carers are providing a fundamental social service without which society would have to return to the problematic institutional solutions of the past. We have a fundamental responsibility to care for our most vulnerable children and foster carers are the mainstay of the service response to that challenge. This proposed policy change will add a significant obstacle to the already significant challenges to recruitment, training and retention of carers for the child protection system.

It would not be too extreme to say that retreat from long-standing arrangements to exempt foster carers from work rules of the nature envisaged in the welfare to work package has the potential to seriously compromise the integrity of the child protection system in every jurisdiction in Australia.

NSW is therefore strongly advocating that the Australian Government consider a system of structured exemption for foster carers. This system would recognise the legitimate concern that a blanket exemption may inadvertently include 'inactive' carers by establishing criteria and systems to identify and verify 'active' carers. This could involve periodic checks with the accredited body that is supporting the carer.

I understand that senior officers of our Departments have scheduled an urgent meeting to discuss the issues and the possible solutions and I welcome this. I would also wish to consider the option of a CEO level meeting should these discussions not result in a mutually agreeable solution.

Yours sincerely



Neil Shepherd  
Director-General

11/10/05

cc: Jeff Harmer - Secretary, Department of Family and Community Services