



**The Hon Jenny Macklin MP
Minister for Families, Housing, Community Services
and Indigenous Affairs**

*Parliament House
CANBERRA ACT 2600*

*Telephone: (02) 6277 7560
Facsimile: (02) 6273 4122*

MC08-008976

31 JUL 2008

Mr Brett Whiteley MP
Member for Braddon
First Floor, 51 Wilmot Street
BURNIE TAS 7320

Dear Mr Whiteley

Thank you for your letter of 12 March 2008 on behalf of the Foster Carers Association of Tasmania in relation to the Baby Bonus and financial support for carers. I apologise for the lengthy delay in responding.

In your letter you raised concern that the Baby Bonus is paid to parents whose child has been removed from their care.

The *A New Tax System (Family Assistance) Act 1999* (FA Act) contains provisions for eligibility for Baby Bonus. A parent is eligible for the Baby Bonus if they are eligible for Family Tax Benefit (FTB) in respect of the child at any time within the period of 13 weeks starting on the day of the child's birth (excluding non-payment of FTB due to income testing).

In the example you provide where a child is removed from a parent at birth by child protection authorities, the birth mother would not qualify for Baby Bonus as she did not have the legal care of the child in the 13 weeks following the child's birth, therefore did not have an FTB child. A foster carer or other primary carer would be eligible for Baby Bonus if: the child was entrusted to their care for a period expected to be not less than 13 weeks; and the individual meets FTB eligibility criteria. The new carer would also need to lodge a Baby Bonus claim within 26 weeks of the baby's birth.

At the moment there is no automatic provision in the case of a child being removed from the care of a parent for the balance of a Baby Bonus payment to be paid to the child's new carer. Clause 37 of the FA Act allows for apportionment of Baby Bonus in circumstances of a 'change in care' of the child (where a parent or other primary carer no longer has the primary responsibility for the care of a child). However, the requirement for Centrelink to be notified of the change of care by state protection authorities, and for the new carer to make a claim and fulfil eligibility criteria, means that the mother generally receives 100 per cent of the payment, regardless of how long the child has been in her care.

To help ensure the child's needs are the primary consideration, the Baby Bonus will be paid in 13 fortnightly instalments of around \$385 for all eligible births and adoptions after 1 January 2009. Paying the Baby Bonus in fortnightly instalments to all eligible families will help to ensure new parents have the cash they need to pay the bills and support their baby.

When a change of care for a child occurs, payment by instalment will allow Centrelink to pay any remaining Baby Bonus instalments to the new carer. The new carer must meet Baby Bonus eligibility criteria and be expected to have care of the child for a period of 26 weeks.

You also mention information you had received regarding the classification of Foster Care Allowances (FCA) as income for Australian family assistance payments. I can confirm that FCAs paid by State and Territory Governments do not fall within the income test for family assistance payments, as the Australian Taxation Office does not consider remuneration received by people who are volunteer foster carers to be assessable income.

Australian Government Financial Support for Foster Care Families is an excellent reference guide on eligibility for family assistance payments for foster carers, and was prepared by the Australian Foster Care Association (AFCFA) in consultation with Centrelink and the Department of Family and Community Services in September 2004. This paper can be found on AFCFA's website: <http://www.fostercare.org.au/>.

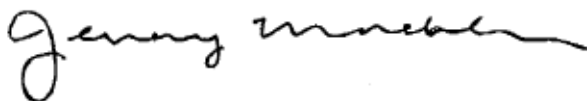
The Government is developing a national framework for protecting Australia's children as part of its commitment to tackle child abuse and neglect. A discussion paper on the framework was released by the Minister on 25 May 2008 and can be found on the Department's website: www.fahcsia.gov.au. It will form the basis of wider consultation in coming months.

All levels of Government can help strengthen families and prevent the circumstances in which child abuse and neglect are most often found. Action will focus on preventing abuse through early intervention and better integration of family services. Best practice will be promoted across jurisdictions and Government and non-government sectors through clearer national reporting and accountability mechanisms.

The Government is strongly committed to helping families balance their caring responsibilities and working lives. It believes that family assistance should be made fairer in the way it assesses the financial resources available to families, and that it should support families with the increased costs of living. The Government will continue to review the range of its programs to improve their effectiveness in meeting these objectives.

Thank you again for writing on behalf of the Foster Carers Association of Tasmania.

Yours sincerely



JENNY MACKLIN MP