

BUDGET – SENSITIVE

Office of the Minister for Children

Chair, Cabinet Social Wellbeing Committee

REFORMING FINANCIAL ASSISTANCE FOR CAREGIVERS:

PROPOSED RESPONSE TO THE REVIEW OF THE FOSTER CARE ALLOWANCE, ORPHAN'S BENEFIT, UNSUPPORTED CHILD'S BENEFIT AND RELATED PAYMENTS

Proposal

- 1 This paper sets out a proposed response to a 'first principles' review of financial assistance for caregivers. The paper proposes reform to the system of financial assistance for caregivers which includes:
 - setting the strategic direction for the system through a set of objectives and principles for payments to caregivers
 - a work programme to reform the system in order to respond to the findings of the review
 - progressing initial areas of work to start addressing some of the immediate challenges caregivers and the children they care for experience.

Executive summary

- 2 This Government's vision is to make New Zealand the best place in the world to be a child or young person. Around 14,000 caregivers play a vital role in providing the day-to-day care of around 22,000 children in New Zealand whose parents are unable to care for them. The majority of these children are Māori.
- 3 On 6 May 2019, Cabinet agreed that officials undertake a review of financial assistance for caregivers, including the Foster Care Allowance (FCA) and the Higher Foster Care Allowance (HFCA), Unsupported Child's Benefit (UCB), Orphan's Benefit (OB) and related supplementary payments, and invited the Minister for Children to report to the Cabinet Social Wellbeing Committee (SWC) with key policy proposals arising out of the review [SWC-19-MIN-0040; CAB-19-MIN-0023 refer]. This paper responds to that direction.
- 4 The review identified a range of fundamental issues with the payment system. The review included extensive consultation with stakeholders, and the findings have been guided by their voices. At the core of these issues is the complex and fragmented nature of the system, involving different payments, agencies and funding models. The payment system is not equitable and is difficult for caregivers to navigate.
- 5 We need to reform the system to develop a simpler and more unified system that provides the right level of support to caregivers and the children they are caring for, often in the most difficult situations. However, a complete reform of the system will take time. As a first step I am seeking to set a strategic direction for the system of financial assistance and progress some initial changes that will help to move the system in this direction.

- 6 OB and UCB caregivers are largely members of children's family, whānau, hapū, iwi or family group who have stepped up to care for a child without statutory care and protection intervention. They fulfil a vital role in reducing the need for children to enter the State care system. When a child does need to enter State care, FCA caregivers play a key role by supporting that child to have a safe, stable and loving home.
- 7 The way Government supports these caregivers is important for helping to reduce disparities for tamariki Māori and their whānau, and ensuring tamariki Māori are thriving under the protection of whānau, hapū and iwi. Financial assistance for caregivers is a core element of the support needed by caregivers, both inside and outside the State care system, to care for children. It is critical to the changes underway to the early intervention, intensive intervention and care functions of the Oranga Tamariki operating model.
- 8 There is currently no single set of objectives and principles across the different payments and the system of financial assistance for caregivers as a whole.
- 9 I am seeking Cabinet's agreement that:
- the State should provide additional support to caregivers, beyond the support generally available to parents, where they have taken responsibility for providing the day-to-day care of a child due to the child's natural or adoptive parents being unable to care for them
 - the system of financial assistance for caregivers should seek to achieve the following objectives, which in turn contribute to the outcomes in the Government's first Child and Youth Wellbeing Strategy:
 - Tamariki Māori are thriving under the protection of whānau, hapū and iwi.
 - Children are living in safe and stable homes.
 - Children's care, protection and wellbeing needs are met.
 - The need for children to enter State care is reduced.
 - the system of financial assistance for caregivers should be guided by the following principles, recognising that progress towards these must be balanced with the need for fiscal responsibility and other Government priorities:
 - Financial assistance for caregivers should provide for the reasonable costs of caring for the child.
 - Regular, standardised payments should be available to, and accessible by, caregivers who provide the day-to-day care of children whose parents are unable to care for them.
 - There should be no disparity in the standardised payment rate provided to support a child in the State care system, and a child living with a caregiver outside the State care system whose parents are unable to care for them.
 - Additional needs-based financial support should be available to, and accessible by, all caregivers who provide the day-to-day care of children whose parents are unable to care for them.
 - Financial assistance for caregivers should not duplicate other social assistance.

- Financial assistance for caregivers should be accompanied by wider (non-financial) support for caregivers.

- 10 I propose a work programme to respond to the findings of the review. This work will explore a unified and simplified payment model in order to address systemic issues, which would include reviewing the rate of payments caregivers receive, as well as addressing discrete issues that are complex to resolve. Reviewing the rates of payments will involve consideration of the interaction of caregiver payments with wider government financial assistance.
- 11 Reforming the system will take time; however, some initial work could focus on addressing immediate and pressing issues children and their caregivers experience in the current system without constraining the proposed system reform. This work would focus on making first steps toward reducing disparities between OB and UCB caregivers compared to FCA caregivers and improving support for caregivers. This could include, for example:
- An extension of the Birthday and Christmas Allowances to OB and UCB caregivers.
 - An extension to eligibility criteria for OB and UCB to enable caregivers who may be providing care for less than 12 months to access OB and UCB.
 - A change to enable FCA caregivers to continue to receive financial assistance for a set number of days per year while the child they care for is in respite care.

Background

- 12 Around 14,000 caregivers¹ provide day-to-day care for around 22,000 children in New Zealand. They are mostly members of a child's whānau or extended family, who have stepped up to take on the care of a child whose parents are unable to care for them.
- 13 Financial assistance for caregivers primarily consists of the OB and UCB, administered by the Ministry of Social Development (MSD), for children living with caregivers outside the State care system, and the FCA, administered by Oranga Tamariki—Ministry for Children (Oranga Tamariki), for those caring for a child in State care.
- 14 These payments are, depending on the arrangement, governed by the Social Security Act 2018 and the Oranga Tamariki Act 1989. Under the current legislation, the central focus of these payments is on the child. The purpose of the OB and UCB is to “provide financial support for the cost of caring for a child who is not the caregiver's own”, and the caregiver “must use the benefit for the benefit of the child in respect of whom it was granted, including the child's maintenance and education”.² The purpose of the FCA is “to meet the reasonable needs of the child or young person”.³
- 15 There are legislative thresholds which need to be met in order to be eligible for these payments. A child's parents must either be dead, missing, have a long-term serious disablement (for OB); there must have been a breakdown in the child's family, which in practice is independently assessed as part of the application process (for UCB); or be in State care (for FCA).
- 16 The majority of children in State care and in the care of OB and UCB caregivers are Māori, and a significant proportion of the caregivers are also Māori. There are significant levels of

¹ In this paper, ‘caregivers’ refers to both caregivers of children in State care, and caregivers (generally from a child's family, whānau, hapū, iwi or family group) providing care outside of the State care system.

² Sections 45 and 46 of the Social Security Act 2018 for OB and UCB respectively.

³ Section 363(1A) of the Oranga Tamariki Act 1989.

benefit receipt in the caregiver population, particularly for the largely family and whānau caregivers who receive OB and UCB, at 41 percent and 44 percent respectively, and 21 percent of FCA caregivers supported by Oranga Tamariki. At 30 July 2019, 45 percent of caregivers (FCA, OB and UCB) who received a main benefit were receiving New Zealand Superannuation or Veteran's Pension.⁴ More information on the payments caregivers can receive is attached at Appendix A, and key facts and figures on caregivers is attached at Appendix B.

- 17 For many, becoming a caregiver is seen as an obligation, not a choice. While it carries many rewards, being a caregiver can have a profound impact on a caregiver's life; it can affect a caregiver's housing and living situations, their ability to participate in paid work, relationships with other family members, and their own wellbeing. Financial assistance payments are a critical component of the total support needed by those offering care for children whose parents are unable to care for them, often in the most difficult of circumstances.
- 18 On 6 May 2019, Cabinet noted that the financial assistance settings for caregivers have not previously been reviewed as a whole to determine if they are still fit for purpose and agreed that officials undertake a 'first principles' review of financial assistance for caregivers, including the FCA, OB, UCB and related payments. Cabinet invited the Minister for Children to report to SWC by October 2019 with key policy proposals arising out of the review [SWC-19-MIN-0040; CAB-19-MIN0023 refer].
- 19 The Government's vision is to make New Zealand the best place in the world to be a child or young person. In May 2019, the Government confirmed the first set of official targets to break the cycle of child poverty. This review is a supporting action to achieve the outcome set in New Zealand's first Child and Youth Wellbeing Strategy, released in August 2019, that 'Children and young people are loved, safe and nurtured', through the focus area of supporting parents, caregivers, families and whānau. It should also assist with progress towards the outcome 'Children and young people have what they need'.
- 20 Financial assistance for caregivers is a core element of the support needed by caregivers to care for children, and is critical to the changes underway to the Oranga Tamariki operating model. In particular, it contributes to the following functions of the operating model:
 - **Early Intervention and Intensive Intervention:** whānau are better supported to provide safe, stable and loving homes and fewer children need to enter or re-enter State care
 - **Care:** caregivers are better supported to provide safe, stable and loving homes, and more children in State care have their full range of needs met.

The review raised fundamental issues with the system

- 21 The review identified a range of fundamental issues with the system. At the heart of many of the issues is the complex and fragmented nature of the system of financial assistance for caregivers, which involves different payments, agencies and funding models.
- 22 The review involved consultation with caregivers, advocacy groups, care-experienced young people, Oranga Tamariki frontline staff, NGO providers (including Māori and Pacific providers) and the Office of the Children's Commissioner. A subject matter experts group, which included Māori and Pacific members, met to help refine policy proposals. Appendix C provides more information on key points of feedback raised by the group. More information

⁴ Source: MSD, 30 June 2018 – operational data, subject to change.

on the consultation methodology and findings is attached in the summary of engagement findings report.⁵

23 Caregivers highlighted the privilege of building strong bonds with children, seeing positive changes in children and the benefits gained from stable caregiving relationships. They emphasised that their motivation to care was not about money. However, the review, including consultation feedback, identified and confirmed a number of policy issues and problems:

- ***The funding model does not best support the State to meet the care, protection and wellbeing needs of children in State care, and ensure they are living in safe and stable homes:*** Currently, FCA is funded as part of a capped departmental appropriation which means that if demand for payments exceeds expectations, sites will go over Budget, whereas OB and UCB are funded under a demand-driven appropriation. There is also limited transparency over the payment of Higher Foster Care Allowance.
- ***Eligibility settings and processes pose barriers for caregivers:*** There are barriers to short-term caregivers accessing support, and payments stopping during respite periods can deter caregivers from taking breaks.
- ***The rates of payment are insufficient:*** The amount is insufficient to cover the costs of caring; it does not enable caregivers to provide children with the same experiences as other children or meet additional needs, and does not reflect the impact of caregiving on caregivers' lives. Cabinet agreed that the review would comprehensively consider the types and levels of payments [SWC-19-MIN-0040; CAB-19-MIN-0023 refer].
- ***There is no single set of objectives and principles for the system:*** This is because the FCA, OB and UCB were introduced to respond to societal needs at different points in time. Information on the history of the payments is attached at Appendix D.
- ***The crucial role of whānau caregivers outside the State care system in reducing the need for children to enter State care is not well-recognised:*** The way Government supports these caregivers is critical to reducing disparities for Māori and supports us to meet the Crown's Treaty of Waitangi obligations relating to actively protecting tamariki Māori and the right of Māori to exercise rangatiratanga within their whānau, hapū and iwi. Currently, in some cases some of a child's needs may be better met in State care, primarily because the financial support available outside of the statutory system could be inadequate to meet the nature of the assessed needs a child in care is likely to have.
- ***There may be insufficient consideration of any unmet care, protection and wellbeing needs of children in care arrangements supported by OB and UCB:*** OB and UCB are administered by MSD. Information from current application assessments suggests that children entering UCB-supported care may have experienced circumstances in their home lives similar to those of children in State care.⁶ There is not currently a consistent approach or service available to refer a child and their caregiver so they can access support to address unmet care, protection or wellbeing concerns.

⁵ The review has also been informed by the findings of two caregiver surveys initiated prior to the review, one of Oranga Tamariki caregivers and the other with a sample of OB and UCB caregivers.

⁶ Based on information gathered by an independent agency, which is contracted by MSD to provide the Family Breakdown assessment for UCB.

- **The system is difficult to navigate:** Caregivers found it challenging to interact with two separate agencies and wanted a single source of information, payment and support.

Approach to responding to the findings of the review

- 24 We are some way from a system that comprehensively addresses the issues identified through the review. Our progress needs to be balanced with wider Government objectives and the need for fiscal responsibility. To respond to the findings of the review I am proposing the following actions:
- setting a clear strategic direction for the system of financial assistance for caregivers by confirming the objectives and principles for the system
 - reform to the system, to develop a more simple and unified system for caregivers and the children they are caring for
 - progressing initial work to start moving the system in the proposed strategic direction.
- 25 Each of these three areas is discussed in the remainder of this paper.

Setting the strategic direction through a set of objectives and principles for financial assistance for caregivers

- 26 Cabinet agreed that the review consider the fundamental purposes and principles underpinning the FCA, OB and UCB [SWC-19-MIN-0040; CAB-19-MIN0023 refer]. In order to determine the objectives and principles of the system, I am seeking to confirm Government's position on its role in assisting caregivers.
- 27 The existing legislative framework that articulates the respective roles of parents, whānau, hapū, iwi, family groups and the State in providing for the care and upbringing of children and young people provides a guide to this.⁷ This is, however, primarily a moral decision for Government, and judgements must be made about how broadly or narrowly Government conceives this role.
- 28 The State has a role in ensuring children are cared for and have their wellbeing maintained. When a child's parents are unable to care for them, and where this has come to the attention of the State, the State needs to be satisfied that there is suitable alternative care for the child. Without the vital role caregivers fulfil, the State would not be able to carry out this function effectively.
- 29 I have considered the roles and duties of parents, families and the State as set out in the Care of Children Act 2004 (COCA) and the Oranga Tamariki Act 1989, as well as the Treaty of Waitangi. I consider it fair and appropriate that the State should provide additional support to caregivers, beyond the support generally available to parents, where they have taken responsibility for providing the day-to-day care of a child due to the child's natural or adoptive parents being unable to care for them.
- 30 This would include some whāngai arrangements where a member of the child's whānau, hapū or iwi have taken on the care of the child due to the child's parents being unable to care for them. To be eligible for financial assistance in these situations, the current

⁷ This is found in the Oranga Tamariki Act 1989 and the Care of Children Act 2004. The Crown also has obligations under the Treaty of Waitangi, particularly to actively protect tamariki Māori and the right of Māori to exercise rangatiratanga within their whānau, hapū and iwi.

requirements would remain. This would require that a child's parents must either be dead, missing, have a long-term serious disablement (for OB); the child must be assessed as having had a family breakdown (for UCB); or be in State care (for FCA).

- 31 This would not include providing additional support for care arrangements that are made when a child's parents are able to care for them but have chosen to make alternative arrangements for other reasons. Some other whāngai arrangements would fall into this category, as would arrangements made for another family member to care for a child while the child's parent or parents have moved to a different location for employment purposes.
- 32 Ensuring that caregivers, both inside and outside the State care system, receive appropriate support, including financial assistance payments, is critical to the changes underway to the Oranga Tamariki operating model. OB and UCB caregivers are largely members of children's family, whānau, hapū, iwi or family group who have stepped up to care for a child without statutory care and protection intervention. Well-supported caregivers outside the State care system are essential to ensuring that children whose parents are unable to care for them have stable placements, thereby reducing the need for them to enter State care. When a child does need to enter care, the financial assistance system should be designed to best support the child to have a safe and stable home.
- 33 On that basis, I propose the following set of objectives for the caregiver financial assistance system which are intended to contribute to the outcomes set in the Child and Youth Wellbeing Strategy and have been informed by the Oranga Tamariki outcomes framework:
- Tamariki Māori are thriving under the protection of whānau, hapū and iwi.
 - Children are living in safe and stable homes.
 - Children's care, protection and wellbeing needs are met.
 - The need for children to enter State care is reduced.
- 34 I also seek agreement to the following principles for the system of financial assistance for caregivers, which reflect the role of the State in supporting caregivers and will help us to achieve the objectives proposed above.
- **Financial assistance for caregivers should provide for the reasonable costs of caring for the child:** Caregivers should not need to draw heavily from their own financial resources to cover these costs. International evidence indicates that an adequate base payment that covers the costs of caring for a child appears to be a critical factor in providing placement stability, particularly for kin caregivers, although it does not appear to be a principal motivation for most people.⁸
 - **Regular, standardised financial assistance payments should be available to, and accessible by, caregivers who provide the day-to-day care of children whose parents are unable to care for them:** Standardised payments have set rates or a range of set rates; for example, the FCA, OB and UCB. Including costs in a standardised payment reduces access barriers; some population groups, including Māori and Pacific peoples, may be more likely to experience these. A regular payment to assist with routine expenditure is consistent with the expectation that caregivers are responsible for a child's day-to-day care.

⁸ See, for example, Pac, J. (2017). The effect of monthly stipend on the placement instability of youths in out-of-home care. *Children and Youth Services Review*, 72, 111-123. <http://dx.doi.org/10.1016/j.childyouth.2016.10.019>

- ***There should be no disparity in the standardised payment rate provided to support a child in the State care system, and a child living with a caregiver outside the State care system whose parents are unable to care for them:*** Currently, the base payment rates for FCA, OB and UCB are the same; however, FCA caregivers have access to some additional standardised payments that are not available to OB or UCB caregivers.
- ***Additional needs-based financial support should be available to, and accessible by, caregivers who provide the day-to-day care of children whose parents are unable to care for them:*** Some of the costs of meeting the needs of a child are unsuited to being included in a standardised payment. Caregivers should have access to additional assistance to meet these other costs; these could include the costs of meeting the reasonable needs of children with higher needs or disabilities that require particular care; or legal costs.
- ***Financial assistance for caregivers should not duplicate other social assistance:*** Financial assistance for caregivers should not cover the costs of government-funded services available to all children and/or their parents and caregivers free of charge, such as primary and secondary education, and free GP visits. It should also avoid replicating needs-based entitlements, such as assistance through the welfare system, that caregivers and their children are able to access in the same way as parents.
- ***Financial assistance for caregivers should be accompanied by wider (non-financial) support for caregivers:*** As well as financial assistance, caregivers also need access to learning opportunities, respite care, advice and assistance, emotional support, crisis support, and specialist services, to help them meet the child's needs.

35 New Zealand primarily relies on a 'voluntary' model of caregiving for children in State care. Caregivers receive reimbursement for some of the expenses of caring for a child, but these are not provided as a salary or wage. In line with the principles of the Oranga Tamariki Act 1989 that recognise and affirm mana tamaiti (tamariki), whakapapa and whanaungatanga, caregivers of children in State care are comprised primarily of those who have stepped up to care for a child who is part of their family, whānau, hapū, iwi or family group. A professional model that requires particular skills and qualifications would likely create barriers to whānau, hapū, iwi and family groups naturally carrying out whanaungatanga responsibilities.

36 My intention is that our main payment model continues to be based on serving 'voluntary' caregivers. There is, however, a growing need to ensure an appropriate mix of caregivers for those children in State care who have high and complex needs. I intend that Oranga Tamariki undertake further work to explore professional models of payment in certain limited circumstances for children in State care, with a focus on caregivers caring for children with high and complex needs.⁹

⁹ Professional models can range from a fully salaried model, to a combination model whereby base payments are costed on a voluntary model but additional payments are made to caregivers based on their level of skill.

Reforming the system of financial assistance for caregivers

- 37 Addressing the systemic issues is complex and will take time. Reform to the system is needed to develop a simple and more unified payment model. This work would consider:
- replacing the three different base rate payments with a single payment for all caregivers administered by a single agency (either through the welfare, tax, or the care and protection system)¹⁰
 - reviewing the funding model so that it aligns with the objectives sought through the financial assistance system – currently, FCA is funded as part of a capped departmental appropriation, whereas OB and UCB are funded under a demand-driven appropriation
 - designing the caregiver financial assistance system to take account of the needs and interests of Māori, and the importance of Māori being cared for safely within their whānau, hapū or iwi – this is important for reducing disparities for Māori
 - reviewing the rates of payments caregivers receive so that they align with the principles and objectives sought for the system; this includes the base rate of the FCA, OB and UCB
 - addressing the additional financial support needs of caregivers, including assistance to help connect children with whānau, hapū, iwi and family groups, and with their culture, and access to higher rates of payment where there is a special need
 - how best to connect the financial assistance system to wider (non-financial) support that can be easily accessed by caregivers – financial assistance is just one component of the total support caregivers need
 - how best to meet any unmet care, protection or wellbeing needs of children living with caregivers outside the State care system.
- 38 There are also a number of discrete issues that require further consideration, including:
- eligibility for paid parental leave
 - exploring appropriate professional models of caregiving to support highly skilled caregivers for children in State care with high or complex needs
 - the support needs of young people, who have been cared for by OB or UCB caregivers, once they turn 18
 - reviewing one-off payments to caregivers (currently the Establishment Grant and Set Up Payment) provided at the beginning of placements
 - whether eligibility for UCB should be extended to step-parents in some circumstances
 - how the concept of reciprocity between caregivers and the State could be reflected in the payments caregivers receive, including through the concept of koha, which is

¹⁰ This would include considering a modernised name for the payments. While consideration of a single payment is recommended, recognising and taking account of the distinct needs and issues of caregivers outside the State care system and caregivers of children in State care will need to be central to this work.

important in tikanga Māori – caregivers consulted spoke of the love, care and time they provide not being adequately recognised under the current system

- considering whether some payments (eg, pocket money) should be paid directly to children, in support of improving the financial capability of children.

39 I note that reviewing the rates of payments will involve consideration of the interaction of caregiver payments with wider government financial assistance, including for example, the Accommodation Supplement and Best Start payments.

40 More information on the proposed work programme is attached at Appendix E.

41 Subject to Cabinet decisions, I propose to report to SWC by November 2020 with an update on this work programme.

42 The longer-term work programme for welfare overhaul is intended to include reviewing child care supports. I consider that caregivers' access to child care assistance should be considered as part of that review.

Initial work to begin moving the system in the strategic direction

43 While the system reform gets underway, I consider that some initial work could be progressed to address immediate issues and to start transforming the system in line with the strategic direction.

44 Consistent with the proposed objectives and principles for the system, I propose that initial work has a key focus on:

- reducing disparities in the financial assistance received by OB and UCB caregivers compared to FCA caregivers
- improving support for caregivers
- addressing some of the most significant and immediate issues affecting children and their caregivers, raised through consultation with stakeholders.

45 In support of this, changes could be made to the eligibility criteria and rates to address some of the immediate issues caregivers experience without constraining the reform to the system. For example, significant progress would be made by:

- extending the Birthday and Christmas Allowances to OB and UCB caregivers
- extending eligibility for the OB and UCB to short-term caregivers
- enabling FCA caregivers to continue to receive financial assistance for a set number of days while the child is in respite care
- making interim improvements to higher rates of payments, the Higher Foster Care Allowance (HFCA), for children in care to ensure payments are better linked to the child's needs

46 Progress on this initial work will be subject to Budget 2020 processes.

47 s 9(2)(f)(iv)

48 The rationale for these initial proposals is outlined below.

OB and UCB: Extending the Birthday and Christmas Allowances to OB and UCB caregivers

49 Celebrating and enjoying significant events in a child's life is a core part of providing children living with caregivers the same experiences as other children, and contributes to children's overall wellbeing and feeling of inclusion within a family. OB and UCB caregivers currently do not receive the Birthday and Christmas Allowances that are available to FCA caregivers, which contributes to the inequities between the levels of financial assistance provided to these groups of caregivers.

OB and UCB: Extending eligibility to short-term caregivers

50 One of the criteria for accessing OB and UCB under the Social Security Act 2018 (SSA) is that the caregiver must be likely to be the principal caregiver of the child for at least one year from the date of the application for the payment (the '12 month rule'). This does not reflect the reality of many caregiving situations where the expected placement duration may not be known, and is inconsistent with the objectives and principles proposed for the caregiver financial assistance system. Another example is when a parent is sentenced to prison for less than 12 months and an alternative caregiver will be looking after the child for that period. I note that there is no minimum placement duration required for FCA caregivers to receive financial assistance.

51 Short-term caregivers should have access to the financial assistance system to enable them to provide the care that the children they care for need. I believe this is best achieved by removing the 12-month rule to qualify for OB or UCB and associated payments.

52 I note that this proposal is likely to result in an increase in the number of caregivers accessing the OB and UCB. However, I consider that there are appropriate measures in place to ensure that these payments are only provided in cases of genuine need. In particular, the current legislative thresholds will remain which mean that payments can only be made in situations where either the child's parents have died, are missing or has a long-term disability (for OB), or where there has been a breakdown in the child's family (for UCB). For UCB, a family breakdown must be assessed based on evidence. MSD receives independent advice on the outcome of this assessment as part of the application process. This will ensure that payment is only made in circumstances of a genuine family breakdown.

53 As part of the implementation of this proposal, consideration would need to be given to any refinements that may be needed to the assessment process to provide greater assurance that payments are being made appropriately. There would also need to be a suitable approach to monitoring uptake of payments.

FCA: Interim improvements to respite payments

54 Access to respite is important for placement stability. Currently, when respite care is arranged for a child in State care, the FCA payments to the main caregiver are suspended if the child is expected to be away longer than two days. Losing financial assistance while the child is away can create additional financial pressure on caregiving households, and could deter caregivers from taking up respite.

55 To better enable main caregivers to continue to receive financial assistance when a child is in respite care, I consider that the main caregivers should be granted a set number of days of respite per year before their financial assistance is stopped. Sites would have discretion to approve further payments beyond the set allocation, where this is tied to the specific needs of the child and is in order to enable the caregiver to meet those needs, as set out in the child's and caregiver's plan.

FCA: Interim improvements to higher rates of payments for children in care

56 Caregivers of children in State care are sometimes paid HFCA.¹¹ Currently, decisions about whether to pay HFCA, and what amounts should be paid, do not always clearly reflect the needs of the child concerned. Caregivers of children with similar needs could, therefore, be receiving different levels of financial assistance to meet those needs. Oranga Tamariki will change operational policy so that decisions to pay HFCA, and the amount paid, must reflect the costs of meeting specific needs identified in the child's plan, and the support needed by caregivers in order to meet those needs.¹²

Benefits of the proposals

57 The proposals would benefit around 22,000 children cared for by around 14,000 caregivers. The proposals are expected to help enable more whānau, hapū, iwi and family groups to be able to care for children without the need for statutory intervention, and assist with the recruitment and retention of caregivers for children in State care, particularly whānau caregivers. The proposals are expected to assist with placement stability, and help better ensure children's needs are met. This has benefits for the child concerned, including those associated with reduced entry to care; being able to be cared for within their whānau, hapū, iwi or family group; and having safe and stable placements.

58 The way Government supports caregivers is critical for helping to reduce disparities for Māori children and their whānau, and ensuring tamariki Māori are thriving under the protection of whānau, hapū and iwi. The proposals are expected to contribute to this by helping to reduce some of the disparities in financial assistance available to OB and UCB caregivers compared to FCA caregivers. Operational issues relating to access to payments need to be addressed in order to fully realise these benefits. More information on how the proposals are expected to help reduce disparities for Māori is attached at Appendix F.

59 A significant number of OB and UCB caregivers are on annual incomes of \$43,000 or less (around 51 percent and 45 percent respectively).¹³ A significant proportion of caregivers are receiving a main benefit (41 percent of OB caregivers, 44 percent of UCB caregivers, and 21 percent of FCA caregivers).¹⁴ Evidence indicates that increasing the financial resources of low income households has benefits for the children in those households, including reduced care and protection involvement and entry to State care.¹⁵ Policies that increase incomes can

¹¹ Section 363 of the Oranga Tamariki Act 1989 allows the chief executive of Oranga Tamariki, or an iwi social service, a cultural social service, or the director of a child and family support service to make payments at higher rates in cases where there is a special need.

¹² Under regulation 19 of the Oranga Tamariki (National Care Standards and Related Matters) Regulations 2018, the child's plan must set out how each of the assessed needs of the child will be addressed, and the support to be provided to a caregiver to meet the child's needs. Under regulation 62, the chief executive must ensure that caregivers receive support to assist them to meet the needs of the child in their care, which may include financial assistance.

¹³ Colmar Brunton. (2019). *Caregivers raising children with the Orphan's Benefit and the Unsupported Child's Benefit - a survey of caregivers*. Wellington, New Zealand: Oranga Tamariki—Ministry for Children. [publication pending]

¹⁴ Source: the Ministry of Social Development, 30 June 2018, operational data subject to change

¹⁵ Oranga Tamariki. (2019). *Evidence Centre Research Brief: How do welfare and tax settings affect children's involvement with child protective services?*, available at <https://www.orangatamariki.govt.nz/research/latest-research/welfare-and-tax-settings/>

also lead to better developmental and behavioural outcomes for children. This includes improved educational attainment, health and future employment.

Evaluation

- 60 I intend to propose a multi-year programme to evaluate the changes to eligibility settings and rates of payments to assess whether the proposals are implemented as expected and have the impacts anticipated, and to build the evidence base. The evaluation would be conducted with the support of MSD. Consultation with key groups, particularly Māori whānau and caregivers, will ensure that their voices can be heard.

Consultation

- 61 Information on stakeholders consulted as part of this review is set out in the attached summary of engagement findings report.
- 62 This paper was prepared by Oranga Tamariki. The following agencies were consulted: the Ministries of Health, Education, Justice, Social Development and Youth Development; the Ministry of Business, Innovation and Employment; the Ministry of Housing and Urban Development; the Ministry for Pacific Peoples; the Ministry for Women; Te Puni Kōkiri; the Department of Corrections; the New Zealand Police; the Office for Disability Issues; the Accident Compensation Corporation; Inland Revenue; the Joint Venture Family Violence and Sexual Violence; the Office of Māori Crown Relations – Te Arawhiti; the Treasury; the Policy Advisory Group, Child Wellbeing Unit and Child Poverty Unit at the Department of the Prime Minister and Cabinet. The State Services Commission was informed.

Financial implications

- 63 The changes being considered as part of the initial work will have financial implications, excluding changes to the HFCA, which does not require new funding to implement. Financial implications of these changes will be worked through as part of the Budget 2020 process and will include options around scaling and phasing of the proposals.

Legislative implications

- 64 There are no legislative implications to the decisions sought in this paper but implementing some of the proposals being considered as part of the initial work would require legislative change. For example, amendments would be required to the SSA to extend the Birthday and Christmas Allowances to OB and UCB caregivers and extend eligibility for OB and UCB to short-term caregivers. Any adjustment to the base rate of the OB and UCB would require legislative change via Order in Council under sections 452(2)(g) and (h) of the SSA.
- 65 I will progress a bid for the 2020 legislative programme, but subject to Budget decisions legislative changes may need to be advanced more urgently.

Impact analysis

- 66 Impact analysis requirements do not apply to this paper. Any proposals for legislative reform will be accompanied by impact analysis, as required, when submitted to Cabinet.

Human rights

- 67 The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 (BORA) and the Human Rights Act 1993. Any proposals for legislative change will be submitted for BORA vetting at the appropriate time. The proposals for Budget 2020 outlined

in this paper would increase New Zealand's alignment with the United Nations Convention on the Rights of the Child.¹⁶

Gender implications

68 Women are more likely than men to be the primary caregivers of children within the scope of this review. The proposals outlined in this paper are likely to alleviate the financial pressures on women caregivers by increasing the financial resources available to their households. The proposed work programme includes components that may help address gender disparities; these include reviewing the rates of payments, exploring avenues for additional needs-based assistance, which may assist women, who experience additional pressure on their households; considering a koha or recognition payment for caring work; and exploring a professional model of payment for caregivers of some groups of children in State care.

Disability perspective

69 There are deficiencies in the financial assistance for caring for children with high needs; OB and UCB caregivers have limited access through the financial assistance system to payments that cover the costs of caring for a child with higher or more complex needs. Oranga Tamariki met with NGOs and advocacy groups who provide support to caregivers caring for children with high needs, including disabled children. Many caregivers who responded to an online questionnaire were caring for children with high support needs and identified the challenges they faced.

70 Oranga Tamariki will be amending operational policy settings relating to HFCA payments to improve the transparency and consistency of payments. I also propose that further work be undertaken on how caregivers can access additional support beyond what the base payment covers; and to explore professional models of payment in certain limited circumstances for children in State care, with a focus on those caring for children with high and complex needs.

Publicity

71 Any announcements relating to the review, including the appropriate timing for any announcements, will be worked through with Oranga Tamariki and my office. I intend to publicly release the summary of engagement findings report along with a summary of how the review is aiming to address the issues raised by stakeholders.

Proactive release

72 Consistent with section 9(2)(f)(iv) of the Official Information Act 1982, the content in this paper is under active consideration until final decisions relating to the initial work I am proposing are finalised. Proactive release will be reassessed at the appropriate time.

Recommendations

73 The Minister for Children recommends that the Committee:

- 1 **note** that on 6 May 2019, Cabinet:

¹⁶ These include, in particular, Article 3, relating to ensuring children have the protection and care necessary for their wellbeing; Article 20, which relates to the entitlement to special protection and assistance for children who cannot remain in their family environment, and Article 27, which relates to children's rights to a standard of living adequate for their physical, mental, spiritual, moral and social development, and the State's role in providing material assistance and support programmes.

- 1.1. agreed that officials undertake a 'first principles' review of financial assistance for caregivers, including the Foster Care Allowance (FCA) and Higher Foster Care Allowance (HFCA), Orphan's Benefit (OB), Unsupported Child's benefit (UCB) and related payments
- 1.2. invited the Minister for Children to report to SWC by October 2019 with key policy proposals arising out of the review [SWC-19-MIN-0040; CAB-19-MIN0023 refer]
- 2 **note** that the review involved targeted consultation with caregivers, including Māori and Pacific caregivers; NGO providers; advocacy groups; care-experienced young people; and Oranga Tamariki frontline staff
- 3 **note** that the review raised both systemic and discrete policy issues relating to the objectives and principles of the system of financial assistance for caregivers, rates of payment, eligibility and accountability

Strategic direction for the system of financial assistance for caregivers

- 4 **note** that there is no single set of objectives and principles for the system of financial assistance for caregivers
- 5 **agree** that the State should provide support to caregivers, in addition to the general support available to parents, where they have taken responsibility for providing the day-to-day care of a child due to the child's natural or adoptive parents being unable to care for them
- 6 **agree** that the system of financial assistance for caregivers should seek to help achieve the following objectives, that are informed by the Oranga Tamariki outcomes framework, and intended to contribute to achieving the outcomes set in the Child and Youth Wellbeing Strategy:
 - 6.1. tamariki Māori are thriving under the protection of whānau, hapū and iwi
 - 6.2. children are living in safe and stable homes
 - 6.3. children's care, protection and wellbeing needs are met
 - 6.4. the need for children to enter State care is reduced
- 7 **agree** that financial assistance for caregivers be based on the following principles, recognising that progress towards these must be balanced with the need for fiscal responsibility and other Government priorities:
 - 7.1. financial assistance for caregivers should provide for the reasonable costs of caring for the child
 - 7.2. regular, standardised payments should be available to, and accessible by, caregivers who provide the day-to-day care of children whose parents are unable to care for them
 - 7.3. there should be no disparity in the standardised payment rate provided to support a child in the State care system, and a child living with a caregiver outside the State care system whose parents are unable to care for them

- 7.4. additional needs-based financial support should be available to, and accessible by, caregivers who provide the day-to-day care of children whose parents are unable to care for them
- 7.5. financial assistance for caregivers should not duplicate other social assistance
- 7.6. financial assistance for caregivers should be accompanied by wider (non-financial) support for caregivers

Reforming the system of financial assistance for caregivers

- 8 **note** that reform is required to simplify and unify the system, and address discrete and complex policy issues
- 9 **agree** that, as part of a work programme to respond to the findings of the review, officials explore a simplified and unified payment model for all caregiver payments, which considers:
 - 9.1. replacing the three different base rate payments with a single unified payment for all caregivers, administered by a single agency
 - 9.2. reviewing the funding model so that it aligns with the objectives sought through the financial assistance system
 - 9.3. designing the caregiver financial assistance system to take account of the needs and interests of Māori, and the importance of Māori being cared for safely within their whānau, hapū or iwi
 - 9.4. reviewing the base rate payments to align with the objectives and principles sought through the financial assistance system
 - 9.5. addressing the additional financial support needs of caregivers, including assistance to help children connect with whānau, hapū, iwi and family groups, and their culture, and access to higher rates of payment where there is a special need
 - 9.6. how best to connect the financial assistance system to wider (non-financial) support that can be easily accessed by caregivers
 - 9.7. how best to meet any unmet care, protection or wellbeing needs of children living with caregivers outside the State care system
- 10 **agree** that the work programme also consider discrete policy issues identified through the review

Initial work to start transforming the system in line with the strategic direction

- 11 **agree** that initial work be progressed to the caregiver financial assistance system to address immediate issues and to move towards the principles and objectives set out in paragraphs 6 and 7 above, with a key focus on:
 - 11.1. reducing disparities in the financial assistance received by OB and UCB caregivers compared to FCA caregivers
 - 11.2. improving support for caregivers

- 11.3. addressing some of the most significant and immediate issues affecting children and their caregivers, as identified through consultation with stakeholders through the review of financial assistance for caregivers
- 12 **note** that, in support of paragraph 11 above, the Minister for Children intends to submit initiatives for Budget 2020, which could include, for example:
- 12.1. extending the Birthday and Christmas allowances to OB and UCB caregivers, in order to reduce disparities for OB and UCB caregivers and help enable the children they care for to have the same experiences as other children
 - 12.2. enabling caregivers who may provide care for less than 12 months to access OB and UCB
 - 12.3. enabling caregivers of children in State care to continue to receive financial assistance for a set number of days per year while the child they care for is in respite care
- 13 **note** that phasing and scaling options will be provided as part of the Budget 2020 process
- 14 **note** that changes to primary legislation would be required to implement some of these proposals
- 15 **note** that Oranga Tamariki operational policy will be amended to require any decision to pay the Higher Foster Care Allowance, and the amount paid, to reflect the costs of meeting specific needs identified in a child's plan, and the support needed by caregivers to meet those needs

Next steps

- 16 **note** that the Minister for Children intends to publicly release the summary of engagement findings report along with a summary of how the review is aiming to address the issues raised by stakeholders
- 17 **invite** the Minister for Children to report to SWC by November 2020 with an update on the work programme set out in paragraphs 8, 9 and 10.

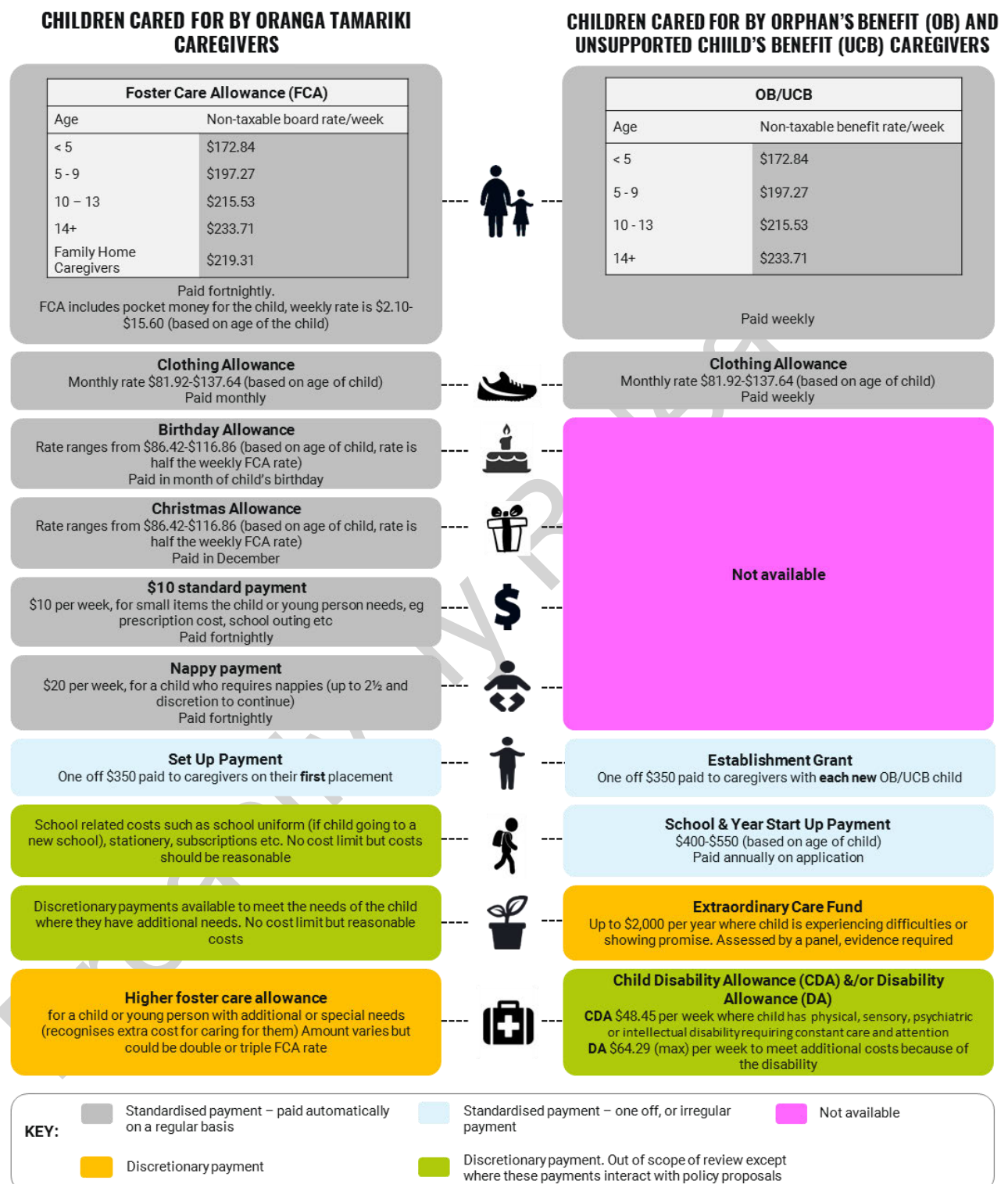
Authorised for lodgement

Hon Tracey Martin

Minister for Children

Appendix A: Information on the payments caregivers receive

- 1 The diagram below sets out the financial assistance currently available to FCA caregivers and OB and UCB caregivers.



- 2 The table below sets out what OB, UCB and FCA are intended to cover, and the number of caregivers and children and young people each payment is made in relation to:

THE PAYMENT IS...	FCA	OB	UCB
GOVERNED BY THE:	Oranga Tamariki Act 1989	Social Security Act 2018	Social Security Act 2018
ADMINISTERED BY:	Oranga Tamariki	Ministry of Social Development	Ministry of Social Development
AVAILABLE TO CAREGIVERS WHO ARE:	caring for a child or young person in State care ¹⁷	looking after a child or young person whose parents have died, are missing, or have a long-term serious disability	looking after a child or young person whose parents are unable to care for them or provide fully for that child or young person's support and where there has been a family breakdown
INTENDED TO:	meet the reasonable needs of a child or young person	assist with the cost of caring for a child who is not the caregiver's own. It must be used to the benefit of the child, including their maintenance and education	assist with the cost of caring for a child who is not the caregiver's own. It must be used to the benefit of the child, including their maintenance and education
PAID TO:	over 2,800 caregivers ¹⁸	around 300 caregivers	around 11,000 caregivers
PAID IN RELATION TO:¹⁹	around 5,000 children and young people. ²⁰	around 400 children and young people	around 17,000 children and young people

- 3 Of the children in State care who are being cared for by caregivers receiving FCA, around 900 will be supported by Higher Foster Care Allowance (HFCA) in any given year.²¹

¹⁷ In the context of this paper "in State care" or "in care" in relation to a child or young person means being subject to an order for custody or sole guardianship or to a care agreement under the Oranga Tamariki Act 1989, in favour of (or naming as the carer) the chief executive of Oranga Tamariki, an iwi social service, a cultural social service, or the director of a child and family support service.

¹⁸ This number represents the number of caregivers approved by Oranga Tamariki, but does not include the number of caregivers that are supported through an approved care provider (ie iwi, social, cultural or child and family support services approved by the chief executive under section 396 of the Oranga Tamariki Act 1989).

¹⁹ FCA data as at December 2018, OB and UCB data as at 28 June 2019.

²⁰ This includes children that are supported through an approved care provider (i.e. iwi, social, cultural or child and family support services approved by the chief executive under section 396 of the Oranga Tamariki Act 1989). It does not include children in return/remain home placements, independent living placements and residential placements who are not living with a caregiver.

²¹ This analysis utilises financial data from CYRAS, the Oranga Tamariki case management system, and is not audited. It is based on all placements over the duration of the year, as opposed to a single point in time. It assumes any payment exceeding the standard (published) rate is paid as a HFCA.

Appendix B: Key facts and figures about caregivers and the children they care for

Ethnicity

- 1 Around 59 percent of children in State care identify as Māori, 6 percent identify as Pacific, and 9 percent as Māori and Pacific.²² Of the children in State care who are supported by HFCA in any given year, 68 percent are Māori or Māori and Pacific, a similar proportion to the overall population of children in State care.
- 2 The proportions of children in the care of OB and UCB caregivers who are Māori and Pacific are similar, with around 57 percent identifying as Māori, 8 percent identifying as Pacific, and a further 9 percent identifying as both Māori and Pacific.²³
- 3 A significant proportion of caregivers are Māori: 40 percent of OB caregivers and 46 percent of UCB caregivers identify as being Māori.²⁴ Around 40 percent of Oranga Tamariki caregivers identify as Māori; this includes those identifying as Māori and Pacific.²⁵ 16 percent of OB caregivers and seven percent of UCB caregivers identify as Pacific, and one percent of OB and UCB caregivers identify as both Māori and Pacific.

Contact with Oranga Tamariki system

- 4 A significant proportion of the children in the OB or UCB group have had experiences with the statutory care and protection system. UCB children tend to have had greater levels of involvement than OB children.
- 5 Around four in five of the children and young people who are living with caregivers receiving UCB have had some level of interaction with Oranga Tamariki, with half of these children having had significant interaction (FGC and/or State care) with the care and protection system.²⁶
- 6 Over half of OB children (57 percent) have had some interaction with Oranga Tamariki in the past, with 11 percent having had significant interaction (FGC and/or State care).²⁷

Income level and benefit receipt

- 7 Around half of OB and UCB caregivers earn less than \$43,000 per year (approximately 45 percent).²⁸ A large proportion of caregivers receiving the OB and UCB are receiving main benefit support through MSD (41 percent and 44 percent respectively), and around 21

²² Note that this statistic is based on the total population of children in the care and protection custody of the chief executive of Oranga Tamariki as at 30 June 2019, which includes children in return/remain home placements, independent living placements and residential placements who are not living with a caregiver.

²³ Source: Stats NZ Integrated Data Infrastructure (IDI), as at 30 June 2018. Due to matching and identification in the IDI, ethnicity was available for the two out of three children in the OB and UCB population. The results are not official statistics, they have been created for research purposes from the IDI managed by Statistics New Zealand. Access to the anonymised data used in this study was provided by Statistics NZ in accordance with security and confidentiality provisions of the Statistics Act 1975. Only people authorised by the Statistics Act 1975 are allowed to see data about a particular person, household, business or organisation and the results in this Excel workbook have been confidentialised to protect these groups from identification. Careful consideration has been given to the privacy, security and confidentiality issues associated with using administrative and survey data in the IDI. Further detail can be found in the Privacy impact assessment for the Integrated Data Infrastructure available from www.stats.govt.nz.

²⁴ Source: MSD, 30 June 2018, operational data – subject to change.

²⁵ Based on operational data as at 30 June 2019.

²⁶ Source: IDI, as at 30 June 2018.

²⁷ Source: IDI, as at 30 June 2018.

²⁸ Source: Pending publication, caregivers receiving the OB and UCB survey results (2019).

percent of caregivers supported by Oranga Tamariki through the FCA.²⁹ This suggests that caregivers may be looking after children as part of low-income households where resources are already stretched.

- 8 The following table outlines, for the caregivers receiving a main benefit, the breakdown of benefit type they are receiving:

	Proportion of caregivers on a main benefit receiving NZ Superannuation or Veteran's Pension	Proportion of caregivers on a main benefit receiving Job Seeker Benefit	Proportion of caregivers on a main benefit receiving Supported Living Payment	Proportion of caregivers on a main benefit receiving Sole Parent Support
OB caregivers	45%	22%	14%	17%
UCB caregivers	36%	26%	21%	15%
FCA caregivers	44%	25%	17%	11%

²⁹ Source: MSD, 30 June 2018, operational data – subject to change. Note that main benefit support includes New Zealand Superannuation or Veterans Pension, Emergency Benefit or the Emergency Maintenance Allowance, Job Seeker benefit, Supported Living Payment and Sole Parent Support, Youth Payment or Young Parent Payment.

Appendix C

Subject Matter Expert Advisory Group – Feedback on Review of Financial Assistance for Caregivers

Purpose of the Subject Matter Expert Advisory Group (the Group)

- 1 The Group provides specialist advice on policy issues and potential proposals for the review of financial assistance for caregivers. The Group members understand the experiences of caregivers who access financial assistance and the issues they face, as a result of their own experiences as caregivers and/or expertise in supporting or advocating for caregivers.

The Group consists of eight members who have experience relating to caregiving

- 2 Members include Māori and Pacific caregivers, whānau and non-whānau caregivers, and demonstrate a range of experience and expertise in caregiving. Advocacy groups and social service providers are also represented (Grandparents Raising Grandchildren, Fostering Kids NZ and Barnardos).

The Group generally supported the proposals to be advanced first that are set out in the Cabinet paper

- 3 The Group:
 - considered the rate of payment for FCA, UCB and OB and agreed they should cover the costs of raising a child. They described these costs as necessary. They gave feedback that the current rate is insufficient, and that the payment rate should be transparent, so that all caregivers know what it is intended to cover
 - provided clarity on what specific costs should be covered, eg, in relation to costs of babies, such as formula and nappies
 - suggested there could be payments to 'recognise' the contribution of caregivers
 - requested that any FCA changes were also made to the UCB and OB, so that financial incentives did not encourage a child to come into care
 - considered that there should be an additional payment towards maintaining whānau connections for tamariki Māori, and that even if a base payment was provided, additional payments may be needed based on a child's needs
 - supported removing the qualifying time period for UCB. Instead, the focus should be on whether there is a family breakdown
 - supported granting FCA caregivers a set number of respite days per year. They supported the proposal to continue the financial assistance available to the caregiver of a child while the child is in respite. This would enable the caregiver to continue to cover costs.
- 4 If Cabinet agrees to the proposed work programme, officials will continue to engage with the Group on the impact of policy proposals and detailed policy settings.

Appendix D

A brief history of the payments caregivers receive

- 1 From the late nineteenth century, children and young people in New Zealand who were unable to live with their parents either due to neglect, destitution or delinquency were sent to industrial schools. The forerunner to the existing FCA was set in the Industrial Schools Act 1882, where children and young people living in industrial schools were able to be boarded with a family in return for a weekly rate or payment to clothe and feed the child and send them to school. The rationale for these arrangements was that being cared for in a family was better for the child than being cared for in an institution. This approach was also considered more cost effective.
- 2 Payments were raised several times during the post war period and payments for pocket money, education and medical expenses, higher rates for children with challenging needs and graduated rates for older children were added. The basis on which the general rate was calculated, however, was never examined. Prior to 2010, rates lagged behind increases in wages and benefits.
- 3 Financial assistance has been provided for orphans since 1912 through the Widows Pension Amendment Act 1912. This initial assistance was very limited. The mother needed to be receiving a Widows' Pension at the time of her death and the child needed to be younger than 14 years of age.
- 4 More comprehensive assistance for orphans came about under the Social Security Act 1938 with the introduction of the OB.³⁰ The OB was available for caregivers of children (who were not living in orphanages) for the child's maintenance, education or welfare.
- 5 From 1938 onwards there were various changes made including, notably, expanding the OB to include situations where the remaining parent was incapacitated. In 1986 eligibility was extended to caregivers where their parent(s) would not or could not care for them. This change allowed some children who had been receiving the FCA to transfer to the OB.
- 6 The UCB was introduced in 1990 following the Māori Perspective Advisory Committee's 1988 recommendation, published in *Puao-Te-Ata-Tu*, that eligibility to the OB provisions be extended so payment can be made to whānau members looking after unsupported children.³¹ The Māori Perspective Advisory Committee outlined that:

We have become aware of difficulties with the payment of social security benefits for children who are, in keeping with Māori custom, in the care of grandparents or other relatives rather than the natural parents. There have also been difficulties with payments for children in cases where whānau members are unwilling or unable to support them. In such cases it has been the practice to take the children into Social Welfare care so that foster care payments can be made. The Committee believes it is inappropriate to place a child in State care merely for financial reasons. We consider that payments of social security benefits should be made sufficiently flexible to accommodate the special nature of Māori "adoptions" within the extended family.³²

³⁰ The underlying principle of the Act was that every citizen had a right to a reasonable standard of living and that it was a community responsibility to ensure that its members were safeguarded against the economic ills from which they could not protect themselves.

³¹ The Māori Perspective Advisory Committee. (1988). *Puao-Te-Ata-Tu: the report of the Ministerial Advisory Committee on a Māori perspective for the Department of Social Welfare*. Wellington, New Zealand.

³² The Māori Perspective Advisory Committee. (1988). *Puao-Te-Ata-Tu: the report of the Ministerial Advisory Committee on a Māori perspective for the Department of Social Welfare*, pp 28-29.

- 7 The introduction of the UCB was designed to improve equity in providing assistance to whānau/kin caring for unsupported children.
- 8 In recent times there have been increases to rates of FCA, OB and UCB:
- In September 2010 FCA rates were required to be increased by the percentage movement in the Consumers Price Index (CPI) from 1 April each year. Rates of OB and UCB had been increased by CPI from 1 April 1988.
 - From 1 April 2009 the rates of OB and UCB were increased to align with rates of FCA. In 2014, further financial assistance was introduced to help align OB and UCB assistance with that provided to FCA caregivers (the Establishment Grant, School and Year Start Up Payment and Extraordinary Care Fund). From 1 July 2018, the Clothing Allowance, which had previously only been available for children in State care, was also made available to children in OB or UCB care.
 - The Family Tax Credit is not available to FCA, OB or UCB caregivers; however, in 2005, 2007 and 2018 the amount of increase of the Family Tax Credit was passed on to rates of FCA, OB and UCB to keep parity with payments available for children and young people who are living with their parents.

Proactively Released

Appendix E

Further details on the proposed work programme to respond to the findings of the review

A work programme is proposed to consider systemic changes to the payment of caregiver financial assistance, and address discrete issues identified through the review:

High-level area	Details of work required
<p>A simple and more unified payment model for all caregiver payments</p>	<p>This work would involve consideration of:</p> <ul style="list-style-type: none"> – replacing the three different base rate payments and relevant supplementary payments, with a single payment for all caregivers. This would involve payments being administered by a single agency, rather than through both MSD and Oranga Tamariki, and would require consideration of whether caregiver payments are most appropriately made through the welfare system, the tax system, or the care and protection system. This would include considering a modernised name for the payments – reviewing the rates of the regular standardised payments caregivers receive so that they align with the objectives and principles for the financial assistance system³³ – reviewing the funding model so that it aligns with the objectives sought through the financial assistance system – currently, FCA is funded as part of a capped departmental appropriation, whereas OB and UCB are funded under a demand-driven appropriation – designing the caregiver financial assistance system to take account of the needs and interests of Māori, and the importance of Māori being cared for safely within their whānau, hapū or iwi – this is important for reducing disparities for Māori – addressing the additional financial support needs of caregivers that are not covered through a standardised base payment. Currently some children who have entered care arrangements without State intervention have fewer avenues for accessing additional financial support. This includes looking at ways to provide additional assistance to children to help them connect with whānau, hapū, iwi and with their culture, and access to higher rates of payment where there is a special need, including for OB and UCB caregivers. – how best to connect the financial assistance system to wider (non-financial) support that can be easily accessed by caregivers – financial assistance is just one component of the total support caregivers need – how best to meet any unmet care, protection or wellbeing needs of children living with caregivers outside the State care system. <p>While consideration of a single payment is recommended, recognising and taking account of the distinct needs and issues of caregivers outside the State care system and caregivers of children in State care will need to be central to this work.</p>
<p>Other discrete areas of policy work</p>	<p>There are also a number of discrete areas of work which would support a more fit-for-purpose system of caregiver financial assistance. These areas include:</p> <ul style="list-style-type: none"> – eligibility for paid parental leave, which is currently only available to caregivers receiving OB and UCB who are the primary caregivers of children under six who have taken permanent responsibility for the care, development and upbringing of children. It is not available for caregivers receiving FCA – exploring appropriate professional models of caregiving, including the model of payment, to support highly skilled caregivers who are caring for children in State care with high or complex needs – considering the support needs of young people who have been cared for by OB and UCB caregivers once they turn 18. Unless these young people are eligible for support under the provisions of the Oranga Tamariki Act 1989, these young people have no eligibility for special assistance or support

³³ This will include considering any interaction of a revised base rate with the Accommodation Supplement and Best Start payment.

- reviewing one-off payments to caregivers (currently the Establishment Grant and Set Up Payment) provided at the beginning of placements to ensure transparency, consistency and equity
- considering whether eligibility for UCB should be extended to step-parents, in some circumstances. Currently, step-parents cannot be granted UCB, even if other criteria for the care arrangements to be eligible for UCB are met; however, step-parents may be granted OB
- how the concept of reciprocity between caregivers and the State could be reflected in the payments caregivers receive, including through the concept of koha, which is important in tikanga Māori – caregivers consulted spoke of the love, care and time they provide not being adequately recognised under the current system
- considering whether some payments (eg, pocket money) should be paid directly to children, in support of improving the financial capability of children. Feedback from consultation with stakeholders included concerns that sometimes pocket money payments were not passed on to the child.

Appendix F

How the proposals are intended to reduce disparities for Māori children and their whānau

- 1 Around 59 percent of children in State care identify as Māori, 6 percent identify as Pacific, and 9 percent as Māori and Pacific.³⁴ The proportions of children in the care of OB and UCB caregivers who are Māori and Pacific are similar, with around 57 percent identifying as Māori, 8 percent identifying as Pacific, and a further 9 percent identifying as both Māori and Pacific.³⁵
- 2 A significant proportion of caregivers are Māori: 40 percent of OB caregivers and 46 percent of UCB caregivers identify as being Māori.³⁶ Around 40 percent of Oranga Tamariki caregivers identify as Māori; this includes those identifying as Māori and Pacific.³⁷ 16 percent of OB caregivers and seven percent of UCB caregivers identify as Pacific, and one percent of OB and UCB caregivers identify as both Māori and Pacific.
- 3 It is therefore important that a financial assistance system for these caregivers is responsive to the needs, circumstances and background of this group. OB and UCB caregivers, who are largely members of children's family, whānau, hapū or iwi who have stepped in to care for a child without the State's intervention, play a crucial role in reducing the need for children to enter State care. The way government supports these care arrangements is therefore critical for helping reduce disparities for Māori children and whānau.
- 4 The proposals set out in this paper are expected to help contribute to the following mana tamaiti objectives that underpin how Oranga Tamariki will ensure all policies, practices and services have regard to mana tamaiti (tamariki), whakapapa and whanaungatanga, in line with section 7AA(2)(b) of the Oranga Tamariki Act 1989, which have been noted by Cabinet:
 - support, strengthen and assist whānau Māori to care for their children and young people to prevent the need for their removal from home into care or a youth justice response
 - if removal from home is necessary, Oranga Tamariki will preference placements for tamariki Māori (including siblings) with members of their whānau, hapū, and iwi ensuring support and assistance is provided to meet their needs
 - support tamariki Māori to establish, maintain or strengthen their sense of belonging through cultural identity and connections to whānau, hapū and iwi.
- 5 The proposals are expected to contribute to these objectives by reducing the disparities in financial assistance available to OB and UCB caregivers (who are largely members of a child's family, whānau, hapū, iwi or family group), compared to FCA caregivers and increasing the levels of financial assistance provided to caregivers.

³⁴ Note that this statistic is based on the total population of children in the care and protection custody of the chief executive of Oranga Tamariki as at 30 June 2019, which includes children in return/remain home placements, independent living placements and residential placements who are not living with a caregiver.

³⁵ Source: Stats NZ Integrated Data Infrastructure (IDI), as at 30 June 2018. Due to matching and identification in the IDI, ethnicity was available for the two out of three children in the OB and UCB population. The results are not official statistics, they have been created for research purposes from the IDI managed by Statistics New Zealand. Access to the anonymised data used in this study was provided by Statistics NZ in accordance with security and confidentiality provisions of the Statistics Act 1975. Only people authorised by the Statistics Act 1975 are allowed to see data about a particular person, household, business or organisation and the results in this Excel workbook have been confidentialised to protect these groups from identification. Careful consideration has been given to the privacy, security and confidentiality issues associated with using administrative and survey data in the IDI. Further detail can be found in the Privacy impact assessment for the Integrated Data Infrastructure available from www.stats.govt.nz.

³⁶ Source: MSD, 30 June 2018, operational data – subject to change.

³⁷ Based on operational data as at 30 June 2019.

- 6 Expanding eligibility and any increase to the base payment would assist by removing some barriers to access, however, there are other issues with access and dealing with different agency processes and requirements that were mentioned by caregivers. For the benefits to be fully realised, operational issues relating to access to payments need to be addressed; such issues may affect some groups disproportionately, in particular Māori and Pacific peoples.
- 7 The proposed work programme is intended to review the rates of payments to align with the principles and objectives sought for the financial assistance system. Payments which better cover the cost of caring could better enable whānau, hapū, iwi to provide for the care of a child whose parents are unable to care for them. In caregiving households experiencing income inadequacy, because of wider financial shortfalls even increasing the payments to fully cover the costs of caring for a child may prove insufficient to meet all the costs of caring for a child. However, increasing the payments will be of particular benefit to low-income households and the children within them.
- 8 The proposed work programme is also intended to consider the additional financial support needs of caregivers; it is expected that widening access to needs-based assistance, particularly for OB and UCB caregivers, will assist in circumstances where the standard payments are insufficient to meet the child's needs.

Proactively Rejected