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AIFS

Review of payments for foster, kinship and permanent carers

Final report

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Australia Institute of Family Studies

Estimates of the cost of caring for a child in out-of-home care by Yuvisthi Naidoo and Ciara Smyth, Social Policy Research Centre, UNSW Sydney

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The Australian Institute of Family Studies acknowledges the Traditional Owners of Country throughout Australia and recognises their continuing connection to lands and waters. We pay our respects to Aboriginal and Torres Strait Islander cultures, and to Elders past and present.

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Abbreviations

Term	Description
ACCO	Aboriginal and/or Torres Strait Islander Community Controlled Organisation
ACCS	Additional Child Care Subsidy
ACT	Australian Capital Territory
AIFS	Australian Institute of Family Studies
AIHW	Australian Institute of Health and Welfare
ATSICPP	Aboriginal and Torres Strait Islander Child Placement Principle
CALD	Culturally and linguistically diverse
CtG	Closing the Gap
DCJ	Department of Communities and Justice (NSW)
DSS	Department of Social Services
FTB	Family Tax Benefit
IPART	Independent Pricing and Regulatory Authority
MIHL	Minimum Income for Healthy Living
NDIS	National Disability Insurance Scheme
NSW	New South Wales
PIC	Professionalised Intensive Care
POCLS	Pathways of Care Longitudinal Study
SA	South Australia
SPRC	Social Policy Research Centre
VAGO	Victorian Auditor General's Office
WA	Western Australia

The Carers Review is an independent report commissioned to support the national research and evidence base on foster, kinship and permanent carers in Australia. The findings, views and recommendations expressed in the report do not necessarily reflect the views of the Australian Government, state or territory governments, or other parties. Publication of the report does not indicate agreement with, or commitment to, any particular policy position, recommendation or course of action.

Data and analysis in the report should be understood in the context of the information available at the time the report was finalised, including payment rates, and data accurate as at Quarter 4, 2024.

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The views expressed in this report are those of the authors.

Version history

Version	Date	Description
V1	3/10/25	Draft report
V1.1	31/10/25	Report revised in response to feedback from DSS and Safe and Supported governance partners
V1.2	28/11/25	Report revised in response to feedback from DSS and Safe and Supported governance partners, report copy-edited.
V1.2.1	12/12/25	Referencing error corrected

Executive summary

Introduction and methodology

This report, commissioned under the Safe and Supported First Action Plan 2023–2026, reviews the adequacy, consistency and accessibility of payments and financial supports for foster, kinship and permanent carers across Australia. This is the first of 2 reviews to be undertaken as part of the Carers Review project. The second review will have a focus on Aboriginal and Torres Strait Islander carers.

The review was commissioned in response to longstanding concerns about the adequacy and accessibility of payments and financial supports for carers and how this is impacting the recruitment and retention of carers of children and young people in family-based out-of-home care.

Family based out-of-home care results in better outcomes for children and young people than residential care and is more cost-effective for governments. However, carers of children in out-of-home care report that carer payments and financial supports are inadequate and inaccessible. This risks placing carer households – and children and young people in care – under financial strain and without access to essential services and supports.

The review was conducted by the Australian Institute of Family Studies (AIFS) and included:

- desktop reviews of policy and literature
- national consultations with carers, service providers and government representatives
- budget standards estimates of the costs of caring for children in out-of-home care (out-of-home care).

The findings are based on qualitative and quantitative data collected through workshops, interviews, written submissions and economic analysis.

Key findings

- Carers are eligible for Australian Government payments, and formal (statutory) carers are eligible for payments from state and territory governments.
- Payments and financial supports are seemingly intended to 'contribute to' rather than 'cover' the costs of caring for a child but this review identified consistent views that:
  - current payments are falling significantly short of a meaningful contribution to the cost
  - payments should more fully cover the costs of caring to avoid placing carers in financial hardship.
- This was recognised as particularly important for carers of children with complex or additional needs as well as kinship carers who often have lower incomes and are at greater risk of financial vulnerability, many of whom identify as Aboriginal and Torres Strait Islander and may (like other cohorts) experience intersecting challenges and barriers that affect access to payments and supports. Using a budget standards approach we found that, consistent with previous research, the cost of caring for a child in out-of-home care is greater than caring for a child not in out-of-home care, even when using conservative estimates that exclude out-of-pocket health, dental and child care costs.
- There are significant differences between states and territories in payment rates, eligibility, and processes, resulting in carers in different locations receiving different levels of support for similar roles.
- Payment systems are complex, with inconsistent information and processes across and within jurisdictions. Processes for accessing particular types of payments are often unclear, inconsistent and burdensome for carers.
- Carers report a lack of transparency in how payment decisions are made and may perceive the process to be arbitrary and/or unfair.
- Support for carers (e.g. from a caseworker) can improve access to payments but the high staff turnover and high caseloads among caseworkers limit carers' access to payments.
- Despite being eligible for the same payments as foster carers, kinship carers often receive less financial support due to lack of information, different application or decision-making processes and less support. Cultural attitudes and fear of negative repercussions also deter some kinship carers from seeking support.
- Aboriginal and Torres Strait Islander carers face additional barriers due to systemic racism and distrust of government as a result of the Stolen Generations and current high rates of child removal. This impacts both

formal carers' access to financial support, and informal carers who seek to avoid formalising a placement (and therefore do not have access to financial support).

- Access to payments and financial support is limited for permanent carers. This is due in part to limited post-order support and unclear pathways to seek review or revision of payment levels.
- Informal carers are largely ineligible for state and territory payments, despite performing the same role as formal carers. While they may be eligible for Australian Government payments, they may lack the documentation or support to access these.
- Costs associated with maintaining cultural connection for Aboriginal children are often not covered, even where they are identified in cultural support plans.
- Inadequate and inaccessible payments lead to financial hardship, stress and reduced wellbeing for carers. This results in children not having access to health and therapeutic services, or carers subsidising the cost of care and being out of pocket.
- Financial strain contributes to placement instability and can deter potential carers from entering or remaining in the system, impacting recruitment and retention.

Recommendations

This project has produced 38 recommendations. These are grouped into 3 categories:

- recommendations for multiple governments (i.e. both the Australian Government and state and territory governments, or state and territory governments working together)
- recommendations for state and territory governments
- recommendations for the Australian Government.

This is a summary table only – a description of each recommendation is available in chapter 10.

Recommendations for all levels of government

1.	The Australian Government to work with states and territories to develop nationally agreed guidance and minimum rates to inform consistent processes for carer payments and financial supports across states and territories, and determine a consistent approach to indexation of the care allowance.
2.	The Australian Government to work with state and territory governments to develop a nationally consistent approach to assessing child needs and approving higher rates of the care allowance. This should be informed by a review identifying good practice in assessing child needs.
3.	Australian governments to undertake research and consultation with a goal of developing and implementing a model of financial support for informal carers. This could include exploring the suitability of the Unsupported Child Benefit (New Zealand) for the Australian context.
4.	State and territory governments to evaluate professional and semi-professional models of care and share learnings with other jurisdictions.
5.	Australian Government to consult with states, territories and other key stakeholders to review the Tax Determination (TD 2006/62).

Recommendations for state and territory governments

6.	All states and territories to increase the fortnightly care allowance as soon as possible.
7.	Carers to receive an establishment payment at the commencement of a placement in all states and territories.
8.	Permanent carers to be able to access financial support for discretionary payments, even if not identified at the time the permanent care order was made. This should include unforeseen medical, therapeutic and dental expenses.
9.	Permanent carers to have access to regular (e.g. annual) reviews of the rate of child needs and the care allowance. These could be opt-in but all permanent carers should be made aware of this option.
10.	Provide clear information for permanent carers about their financial responsibilities and entitlements prior to making a permanent care order. This should include information about what provisions for future financial support can be included in the permanent care order and options for review of the care allowance and/or access to discretionary payments (including how these can be accessed post-order).
11.	When a carer of a young person over the age of 18 continues to receive the care allowance, this should include access to the same entitlements as when the child was under 18. This should include discretionary payments and higher rates of the care allowance.
12.	State and territory governments to ensure carers have access to regular reviews of the care allowance rate, with the same criteria and processes used for foster and kinship placements.
13.	Produce clear, up-to-date information for carers about carer payments and financial supports. This should include information about eligibility, how payments can be accessed and what evidence is required.
14.	State and territory governments to review and simplify financial policies and guidelines and provide support for staff to promote consistent decision making. This may include the development of decision-making frameworks that balance the flexibility to meet the needs of individual children with consistent criteria for decisions.
15.	Strengthen case planning processes and include a financial component to the case plan. Where costs are identified and approved as part of the case plan, this should be considered approval for discretionary payments.
16.	Develop alternatives to reimbursement so carers do not need to pay up-front costs and wait for reimbursement.

17.	State and territory child protection departments to consider options for an online portal or app to simplify the payment and reimbursement process for carers and support greater transparency.
18.	State and territory child protection departments/NGOs/ACCOs to provide itemised remittance advice for carers that describes what payments they have received.
19.	State and territory child protection departments/NGOs/ACCOs to provide decision statements for carers that outline the reasons behind a decision.
20.	State and territory governments to monitor and evaluate the provision of brokerage funding or practical supports to understand the impact of these payments for children and carers.
21.	State and territory governments to undertake regular reviews of the care allowance and other carer payments and make the findings of these reviews public.
22.	State and territory governments to monitor and publicly report on the proportion of carers receiving each payment level and/or financial support across placement types.
23.	State and territory governments to ensure that all foster and kinship carers have access to support that is focused on the carer and/or the placement. This should be in addition to the statutory caseworker who case-manages the child in care.
24.	Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children to be able to access carer support from ACCOs.
25.	State and territory governments to engage and appropriately fund ACCOs to identify cultural supports for Aboriginal and Torres Strait Islander children.
26.	Staff involved in approving discretionary payments to receive training and support to improve their cultural responsiveness.
27.	Children in out-of-home care to be prioritised for state and territory government health and therapeutic services.
28.	State and territory governments to cover gap fees and/or essential private dental, therapeutic and specialist health and medical services where public health services are not available or appropriate.

Recommendations for the Australian Government

29.	Produce a checklist or similar simple document for formal and informal carers that outlines their Australian Government entitlements and describes how to access them. This document should be provided to state and territory governments for the child protection workforce and distribution to carers.
30.	Produce clear information about the eligibility of children in out-of-home care for Additional Child Care Subsidy (child wellbeing).
31.	Australian Government to explore and identify options to streamline payment application processes for formal and informal carers.
32.	Australian Government to monitor and review non-parent carers' access to Australian Government financial supports.
33.	Explore options to improve ease of access to ACCS for children in out-of-home care and reduce the administrative burden and risk of debt for family-based carers. This should include identifying options that do not require a child to be linked to a carers' myGov account.
34.	Children in out-of-home care to automatically qualify for the Extended Medicare Safety Net.
35.	Ensure children in out-of-home care are eligible for and can access subsidised dental care through the Child Dental Benefits Schedule.
36.	Continue to provide support through the grandparent, foster and kinship carer advisor line.
37.	Develop a communications strategy to increase awareness of the advisory line among formal and informal carers and caseworkers.
38.	Provide accurate and up-to-date information about the advisor line to state and territory governments to share with caseworkers and formal and informal carers.

1. Introduction

This chapter provides an overview of the project and this report. This includes information about the project, including its aims and objectives, some background information that provides context to the review activities, and an overview of the content of this report.

1.1 About the project

This project is an activity under Action 6 of the Safe and Supported First Action Plan 2023–2026, and this report presents the findings of a review of payments and financial supports for carers.

Safe and Supported: The National Framework for Protecting Australia's Children 2021–2031 (Safe and Supported) is a 10-year strategy to improve the lives of children, young people and families who are experiencing disadvantage or vulnerable to abuse and neglect. Safe and Supported aims to drive change through collective effort across governments and the sectors that impact the safety and wellbeing of children and young people.

Safe and Supported is being delivered through 2 sets of Action Plans (Australian Government Department of Social Services [DSS], 2023):

1. The Safe and Supported: First Action Plan 2023–2026 is committed to driving service access improvements for children and young people in out-of-home care to ensure their lifetime wellbeing outcomes are equivalent to those of their peers.
2. The Safe and Supported: Aboriginal and Torres Strait Islander First Action Plan 2023–2026 is focused on achieving safety and wellbeing outcomes for Aboriginal and Torres Strait Islander children and sets out actions and activities to address the overrepresentation of Aboriginal and Torres Strait Islander children in child protection systems.

The Safe and Supported First Action Plan:

> commits all parties to better coordinate and improve supports for grandparents, foster and kinship carers to better enable them to keep Australia's children and young people safe and supported.

Action 6.a.i of the First Action Plan is to: *Improve coordination of support for carers between Commonwealth and state and territory services, including:*

- *a review of supports available for carers including accessibility of financial support with a view to support recruitment and retention*.

Action 6.a.i. stems, in part, from a key priority action in the 2022 Australian Institute of Family Studies (AIFS) report *Identifying Strategies to Better Support Foster, Kinship and Permanent Carers* (Smart et al., 2022). This report noted significant variation in carer payments and supports and identified a range of barriers to accessing payments that meant that carers — particularly kinship carers — were not always able to access payments for which they were eligible. Some carers also felt that the true costs of caring – especially for children with complex needs – were not always met by carer allowances or supports.

As a result of this study, AIFS recommended a review of how allowances and financial supports are calculated and that options should be explored for increasing the accessibility of available payments.

AIFS were later commissioned by DSS and the Safe and Supported governance partners to undertake a review of payments and financial supports for foster, kinship and permanent carers (the Carers Review)

The Carers Review project consists of 2 reviews:

- Review 1 – undertaken by AIFS (presented in this report)
- Review 2 – to be undertaken by an Aboriginal and Torres Strait Islander provider.

This report is the final deliverable under Review 1 and has a focus on financial payments and supports for all carers of children in out-of-home care, including Aboriginal and Torres Strait Islander carers.

The focus of Review 2 has yet to be determined – however, it will have a focus on Aboriginal and Torres Strait Islander carers and be undertaken by an Aboriginal and Torres Strait Islander research organisation. Review 2 will be reported on separately in 2026.

Safe and Supported governance

A key element of Safe and Supported is a Partnership Agreement between an Aboriginal and Torres Strait Islander Leadership Group (the Leadership Group) and the Australian, state and territory governments. This includes a commitment to shared decision making and co-design in line with Priority Reform 1 of the National Agreement on Closing the Gap.

AIFS were engaged by the DSS to undertake this work under the governance of the DSS, the Leadership Group and the Working Together to Support Children and Families Working Group (Working Group). During 2025, the governance arrangements for Safe and Supported were streamlined. The Working Group has been dissolved and replaced by the Targeted and Responsive Supports Huddle.

Project aims and objectives

The objectives for all review activities under Action 6.a.i were outlined in the Action 6.a Carers Review objectives paper developed by the Safe and Supported governance partners, including the (former) Safe and Supported Working Together to Support Children and Families Working Group. In that paper, the research aims and objectives of Review 1 (this research project) were to:

> provide information to Australian governments that can be used to improve carer supports, in particular the adequacy, consistency and accessibility of payments for foster, kinship (including grandparent)1 and permanent carers.

To address this aim, this review has sought to:

- estimate the direct costs[2] of raising a child in family-based out-of-home care and compare these costs to existing carer payments
- provide recommendations to governments to improve the accessibility of carer payments and financial supports
- provide recommendations to governments to improve the financial wellbeing of foster, kinship and permanent carers providing family-based out-of-home care.

The research questions that are being used to address these objectives are available in Appendix A.

1.2 Context of this review

This review was commissioned in response to longstanding concerns about the adequacy and accessibility of payments and financial supports for carers and how this is impacting the recruitment and retention of carers. Carers of children in out-of-home care report that carer payments and financial supports are inadequate and inaccessible, and this risks placing carer households – and children and young people in care – under financial strain and without access to essential services and supports (EY Sweeny, 2021; Feagan, 2021; Independent Pricing and Regulatory Tribunal [IPART], 2024; Orima Research, 2024; Smart et al., 2022).

Payments and financial support for carers is an ongoing area of concern

Our desktop review indicates that carer payments and financial supports are an ongoing issue of concern in Australia. For example, our review of research and policy literature (reported in detail in the interim report for this project) identified 18 government inquiries and reviews of child protection and out-of-home care published between 2014 and 2024 that made formal recommendations about payments and financial supports for carers.

Recruitment and retention of family-based carers

When a child is not able to live with their family due to safety concerns, family-based care (preferably kinship care) is the preferred option (Department of Communities and Justice [DCJ], July 2025; Productivity Commission, 2025; SNAICC, 2022), with residential care often considered an option of last resort (Anglicare Victoria, 2025; Twyford, 2025).

1 The term 'kinship carers' is used throughout this report. This term is used in line with the Australian Institute of Health and Welfare (AIHW) definitions and includes grandparent carers and other relatives, close family friends or a member of the child's community. Further definitions are in section 3.1. Unless otherwise specified, kinship care is used in this report to refer to 'formal' kinship carers who have been screened and assessed. See discussion of the contested nature of the term 'informal care' in section 3.1 and 3.4.

2 Direct costs refer to costs incurred for goods and services. This does not include indirect and opportunity costs such as reduced wages as a result of reduced hours to allow for caring responsibilities.

There are several reasons for this, most notably that family-based care leads to better outcomes for children (Lau & Hopkins, 2023) and that children and young people in residential care settings are more likely to have poorer psychosocial outcomes and are at greater risk of a range of harms (Benton et al., 2017; Galvin et al., 2022; Queensland Family and Child Commission, 2024; Twyford, 2025).

Residential care is also costly for governments, with the Productivity Commission (2025, Section F) reporting that the annual cost per child in non-residential care ranges from $55,223 to $71,436 compared with costs in residential care ranging from $608,542 to $1.2 million per year.

However, the recruitment and retention of carers and the subsequent loss of family-based placement options for children is a longstanding and growing challenge to family-based care. Concerns about the recruitment and retention of carers have been routinely identified in research and public inquiries over many years (Stevens & Gahan, 2024), and numbers of foster carers are in steady decline (see section 3.1).

Financial strain is understood to be one issue that impacts carer recruitment and retention (Richmond & McArthur, 2017; Smart et al., 2022) and can negatively impact carer wellbeing, particularly for kinship carers (see section 3.1), and have flow on effects for children in care.

Other reform activities

There is considerable review and reform activity underway in the child protection and out-of-home care systems across Australia. Several states and territories are reviewing their child protection and/or out-of-home care systems, are in the process of reform or have recently undertaken reforms. Several of these reforms have increased the role of Aboriginal and Torres Strait Islander Community Controlled Organisations (ACCOs) in service delivery, in line with Closing the Gap Priority Reform 2.

A small number of current state-level reviews and inquiries are underway that are also looking at carer payments and financial supports. These include:

- a review of out-of-home care costs and pricing (NSW). The Independent Pricing and Regulatory Tribunal (IPART) NSW are reviewing the cost of delivering out-of-home care and pricing arrangements with non-government service providers. This includes an examination of the care allowance for foster and kinship carers. IPART released a draft interim report in September 2024, a draft report in March 2025, and a final report was published in late October 2025.[3]
- the Inquiry into Home Care for Children and Young People in South Australia (SA). This review is addressing a range of areas including the long-term economic and social costs of supporting children in out-of-home care and the recruitment and retention of carers. Submissions have been published but findings had not been released at the time of writing.
- a review of out-of-home care in Tasmania. Reform activities are underway in response to a review of carer payments and the recent Commission of Inquiry into the Tasmanian Government's Responses to Child Sexual Abuse (2023). Reform activities are anticipated to include a revision of carer payments and financial supports.
- a Commission of Inquiry into Queensland's child safety system is currently underway, with a final report due 30 November 2026.

AIFS understands that the Victorian Government, Tasmanian Government and South Australian Government have also commissioned research or reviews of the carer payments and/or the care allowance in recent years. However, reports from these reviews were not made available to the research team or were not able to be made public.

1.3 About this report

This report presents the findings of our review of payments and financial supports for foster, kinship and permanent carers. This report draws together findings from our analysis of relevant research and policy literature and a desktop review of carer payments and financial supports, with findings from the national consultations conducted in 2025. This report also includes a chapter summarising the findings from an analysis of the costs of raising a child in family-based out-of-home care.

3 Due to the timing of the publication of the final draft of the IPART report, a detailed review and inclusion of findings in this report was not possible. This report draws on the findings of the draft report published in March 2025.

Report overview

This is an extensive report that explores the adequacy, consistency and accessibility of carer payments and financial supports in Australia. It includes findings on 4 types of carers (informal, kinship, foster and permanent) across 9 jurisdictions, each with their own system of paying carers.

The report is presented in 10 chapters:

1. Introduction
2. Methodology
3. Family-based carers in Australia
4. Estimated costs of raising a child in out-of-home care
5. Carer payments and financial supports in Australia
6. The adequacy of carer payments and financial supports
7. The accessibility of carer payments and financial supports
8. The accessibility of Australian Government payments
9. Impacts and inequities
10. Summary and recommendations.

An important part of this review was identifying actions that governments could take to improve the adequacy, consistency and accessibility of carer payments and financial supports. Working with consultation participants – particularly carers and out-of-home care service providers – to identify solutions to the challenges they identified with carer payments and financial supports was an important part of our consultation activities.

Chapters 6–8 each include a summary of these suggested actions from our research and consultation activities. We have included a more detailed overview of these in the appendices.

The scope of this review was substantial and we were unable to address every issue in detail. To enable an oversight of the topics addressed in this report, we have outlined the various payments and financial supports, payment-related issues and carer population groups covered in this report in Table 1.

Table 1: Coverage of payments, carer types and payment-related issues in this report

Issue	Report coverage	Location
Payment types		
State and territory government Care allowance	Eligibility and consistency Adequacy Accessibility Recommendations Participant suggestions for improvement	Chapter 5 Chapter 4 Chapter 7 Chapter 10 Appendix B
State and territory government Discretionary payments Higher needs loadings	Eligibility and consistency Accessibility Consistency (inequity) Recommendations Participant suggestions for improvement	Chapter 5 Chapter 7 Chapter 10 Chapter 10 Appendix B
Australian Government payments	Eligibility Accessibility Recommendations Participant suggestions for improvement	Chapter 5, Appendix B Chapter 9 Chapter 10 Appendix B
Payment-related issues		
Superannuation	Adequacy Potential approaches to estimating lost superannuation	Chapter 6 Appendix G
Taxation	Australian Government Taxation Determination Recommendations	Chapter 5 Chapter 10
Professional care models	Description of professional and semi-professional care models and considerations for implementation Participant suggestions for improvement	Chapter 6 Appendix C

Issue	Report coverage	Location
Population groups or cohorts of carers		
Carers of children over 18	Eligibility and consistency Recommendations	Chapter 5 Chapter 10
Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children	Consultation participant data Data about Aboriginal and Torres Strait Islander carers in Australia and financial issues Accessibility of payments Recommendations Participant suggestions for improvement	Chapter 2 Chapter 3 Chapter 7 Chapter 10 Appendix C
Carers in regional and remote areas	Consultation participant data Discussion of issues impacting this carer group Accessibility (limited findings)	Chapter 2 Chapter 4 Chapter 7
Informal carers	Issues impacting informal carers Eligibility and consistency Accessibility – Australian Government payments Case study of New Zealand's Unsupported Child Benefit Recommendations Participant suggestions for improvement	Chapter 3 Chapter 5 Chapter 8 Appendix E Chapter 10 Appendix C

2. Methodology

2.1 Project method overview

This research project was designed to work in a phased way, with evidence reviews informing later consultation activities and budget standards estimates. This ensured that work undertaken in this review built on existing evidence and limited consultation fatigue among potential research participants.

The findings in this report were informed through 3 data collection and analysis phases.

1. a review of research and policy literature
2. consultation activities including:
    a. written responses to discussion questions, from governments, non-government organisations and subject matter experts (described as submissions)
    b. group discussions with foster, kinship and permanent carers on the costs of caring (to inform budget standards estimates)
    c. consultation workshops with out-of-home care service providers and carer peak bodies on the accessibility of carer payments
    d. consultation workshops with foster, kinship and permanent carers on the accessibility of carer payments
    e. a written request for information from state and territory governments
    f. confidential interviews with state and territory government representatives
3. budget standards estimates of the cost of raising a child in family-based out-of-home care (undertaken by the Social Policy Research Centre).

Each of these review phases is discussed below.

2.2 Review of research and policy literature

AIFS undertook 2 rapid scoping reviews to identify and synthesise existing knowledge and perspectives about payments and financial supports available to foster, kinship and permanent carers.

The 2 reviews included:

1. a desktop review and analysis of research and policy literature on foster, kinship and permanent carer payments and financial supports

2. a desktop review of research and policy literature on the barriers and enablers of the accessibility of financial supports for foster, kinship and permanent carers.

A detailed methodology and findings from these reviews were outlined in the project interim report. Key findings have been summarised in this report.

2.3 Consultation activities

The consultation activities collected qualitative data about the adequacy, consistency and accessibility of carer payments and the costs of caring for a child in out-of-home care. This included collecting lived experience data from carers as well as data from other key stakeholders including government and non-government agencies and out-of-home care professionals. The consultation activities were designed to build on the information identified in the desktop review.

The focus of consultation activities was exploring – in depth – carers' and other key stakeholders' experiences and views with regards to carer payments and financial supports. As is standard in qualitative research, the consultation activities were not intended to provide a representative overview of the experiences of carers and views of out-of-home care stakeholders in Australia. Rather, the consultations sought to identify a range of perspectives and to workshop strategies to improve carers' access to payments and financial supports.

Approval to undertake these consultations was obtained through AIFS' research ethics processes, including ethical clearance from AIFS Human Research Ethics Committee (HREC) to conduct workshops with carers. AIFS also obtained research approval from the Queensland Department of Families, Seniors, Disability Services and Child Safety to conduct consultations with carers and government staff in Queensland.

Consultation activities comprised multiple qualitative data collection methods with several participant groups. Each consultation activity is discussed in more detail in the subsections below.

Workshops and interviews were recorded, transcribed and de-identified. All data were descriptively and thematically analysed to identify emerging themes and data relevant to the research questions. NVivo and Microsoft Excel were used to support analysis. The themes and sub-themes outlined in this report reflect consistent findings across data sources and/or key points relevant to the research question/s.

Written responses to discussion questions from government, organisations and experts

A broad range of key government and non-government organisations, including Aboriginal Community Controlled Organisations (ACCOs), Children's Commissioners and Guardians, out-of-home care service providers, subject matter experts and academics with expertise in out-of-home care were invited to complete a written submission. A joint submission process was conducted across the 3 Safe and Supported projects being delivered by AIFS, including the foster, kinship and permanent carer payments review.[4] As all projects had a focus on out-of-home care and were seeking submissions from the same stakeholders, a joint process was undertaken to streamline administrative processes for submitting organisations and reduce consultation fatigue.

A list of organisations and agencies was developed by AIFS and SNAICC, with input from members of the Working Group and the National Standards Refresh Project Governance Body. On the advice of SNAICC, ACCO peak bodies were contacted in each state and territory and offered a range of options to contribute a submission on behalf of their members or to share an invitation to participate with ACCOs in their jurisdiction.

Of the 205 invitations sent by AIFS, 41 written submissions were received for this project. Written submissions were received via email and through an online portal. Participants were provided with discussion prompts and asked a series of questions about the adequacy, consistency and accessibility of carer payments and financial supports. Participants also answered required questions about their organisation, including consent for it to be identified in this report.

Out of 41 submissions, 31 organisations agreed to be identified, and the remaining 10 nominated to remain anonymous. Table 2 outlines the organisations and individuals who provided written submissions as they agreed to be identified in the report, alongside the jurisdiction they represent.

4 AIFS are also undertaking a Review of the Transition to Independent Living Allowance, and, in partnership with SNAICC, a project to inform a Refresh of the National Out-of-Home Care Standards.

Table 2 Written submission respondent information

Organisation	Jurisdiction
Adopt Change	National, NSW
Anglicare Australia	National
Australian Association of Social Workers (AASW)	National
Child and Family Wellbeing Association of Australia (CAFWAA)	National
Families Australia and the National Coalition on Child Safety and Wellbeing (National Coalition)	National
Kinship Alliance Australia	National
SNAICC – National Voice for Our Children	National
Barnardos Australia	ACT/NSW
Carers ACT	ACT
MacKillop Family Services	ACT, NSW, NT, Vic, WA
Our Booris, Our Way Implementation Oversight Committee	ACT
Anglicare Sydney	NSW
Association of Children's Welfare Agencies	NSW
Anonymous (Out-of-home care service provider NSW)	NSW
NSW Department of Communities and Justice	NSW
TeACH Western Sydney University	NSW, Qld, Vic
National Foster and Kinship Care Collective	NSW, NT, Qld, SA, Tas, Vic, WA
Anonymous (Organisation NT)	NT
Anonymous (Carer NT)	NT
Anonymous (Out-of-home care service provider Qld)	Qld
Anonymous (Other Qld)	Qld
Department of Families, Seniors, Disability Services and Child Safety	Qld
PeakCare	Qld
Queensland Aboriginal and Torres Strait Islander Child Protection Peak	Qld
Queensland Family and Child Commission	Qld
Queensland Foster and Kinship Care	Qld
Anonymous (ACCO Qld)	Qld
Anonymous (Out-of-home care service provider SA)	SA
Child and Family Focus SA	SA
Connecting Foster & Kinship Carers SA	SA
Glenhaven Family Care	Tas
Anonymous (Out-of-home care service provider Vic)	Vic
Anonymous 1 (Out-of-home care service provider Vic)	Vic
Anonymous 2 (Out-of-home care service provider Vic)	Vic
Foster Care Association of Victoria	Vic
Quantum Support Services	Vic
Uniting Vic.Tas	Vic
Victorian Aboriginal Child and Community Agency	Vic
Victorian Aboriginal Children and Young People's Alliance	Vic
Wanslea	WA
Yorganop	WA

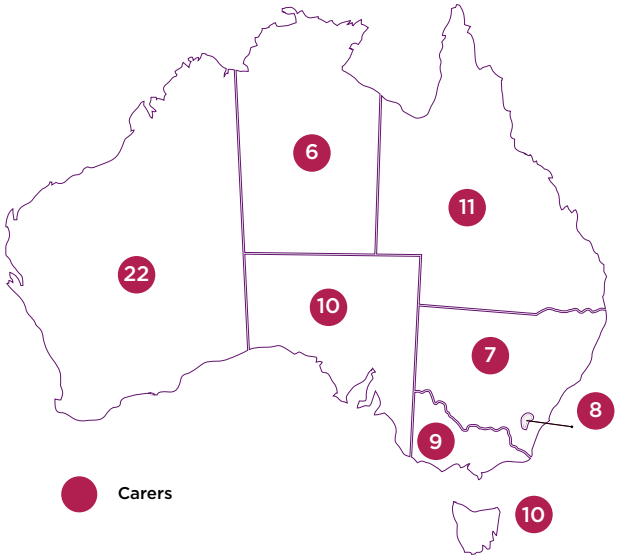
Consultation with foster, kinship and permanent carers

Workshops with foster, kinship and permanent carers explored carers' views and experiences regarding the cost of caring for a child in out-of-home care or the accessibility of payments and financial supports for carers.

A total of 12 workshops were conducted with foster, kinship and permanent carers:

- 3 online workshops with foster, kinship and permanent carers on the cost of caring for a child in out-of-home care to inform the budget standards estimates.
- 9 workshops with foster, authorised kinship and permanent carers on the accessibility of carer payments including:
  - 8 online workshops (one in each state and territory)
  - 1 in-person workshop with Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children conducted by the Noongar Family Safety and Wellbeing Council (NFSWC), in partnership with SNAICC and Yila Consulting.

Figure 1: Carer workshop participant numbers by jurisdiction



The online workshops took place via Microsoft Teams and lasted 90 minutes. Online workshops were selected to make it easier for carers to attend within their caring and work commitments, and to support participation from carers in regional or remote areas. Participants without a stable internet connection were given the option to dial in via telephone.

The in-person workshop for Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children was held in Perth, Western Australia (WA).

All workshop participants received a gift voucher in appreciation of their time.

Sample and recruitment

We used a combination of opportunistic and purposive sampling strategies to recruit carers. State and territory government members of the (then) Working Together Working Group provided AIFS with contacts for out-of-home care services and carer peak bodies in each state or territory. The AIFS research team then worked with these organisations to advertise the study to carers. Carers were invited to complete an expression of interest form or contact the research team to indicate their interest in taking part in a workshop.

We aimed to recruit carers from each state or territory and with a range of experiences. In particular, we aimed to build a sample that included a combination of foster, kinship and permanent carers, as well as Aboriginal and Torres Strait Islander carers and carers from urban, regional, rural and remote locations. Carers who expressed interest were safety and eligibility screened via a phone call and invited to attend a workshop if they met the eligibility criteria and the workshop was not at capacity.

Due to large numbers of carers from some states and territories expressing interest in the workshops, not all carers who expressed interest were able to be screened and invited to a workshop. However, the volume of

interest from carers varied across Australia. In states and territories with fewer expressions of interest, follow-up phone calls were made to key contacts to re-advertise the study.

Informal carers were eligible to participate in the workshops on the costs of caring only. This is because informal carers are not eligible for the majority of carer payments that were discussed in the workshops on the accessibility of payments. The AIFS research team made targeted attempts to recruit informal carers through peak body and advocacy organisations (e.g. grandparent carer organisations) – however, no informal carers attended the workshops.

Recruitment for the in-person workshop run by the NFSWC was open to Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children. The NFSWC promoted the workshop with ACCOs in the Perth region and through their own channels and networks. Carers were able to express their interest in the workshop via an online form, and participants were screened via phone call and invited to attend the workshop if they met the eligibility criteria and the workshop was not at capacity.

Participant numbers varied across jurisdictions and workshop types, with states and territories with smaller populations generally having smaller numbers of attendees. Workshops had between 4 and 13 participants. A total of 100 out-of-home care carers participated across 12 workshops.

Tables 3–8 outline the number of participants included across the different workshop types, jurisdictions and carer types, characteristics and caring experiences.

Table 3: Carer workshops: participants by workshop type

Workshop types	*n* = participants
Online workshops on the cost of caring for a child (3 workshops)	23
Online workshops on the accessibility of carer payments (8 workshops)	64
In-person workshop on the accessibility of carer payments (1 workshop)	13
Total participants in all consultations[a]	**100**
Total individual carers	**83**

Note: [a] This total includes the number of carers in attendance at each workshop. However, several carers (*n* = 17) attended both a workshop on the cost of caring for a child and a workshop on the accessibility of carer payments and are therefore counted twice in this figure.

Table 4: Carer workshops: participants by jurisdiction

Jurisdiction	ACT	NSW	NT	Qld	SA	Tas	Vic	WA	Total
n = participants	8	7	6	11	10	10	9	22[a]	**83**

Note: [a] The number of carers from WA is significantly higher than other jurisdictions because the in-person workshop run by NFSWC only included carers based in WA.

Table 5: Carer workshops: participants by carer type[a]

Carer type	Foster carers	Kinship carers	Permanent carers
n = participants	53	27	15

Note: a The combined total of carer types adds up to more than the total number of individual carers (*n* = 83) because some carers were involved in more than one placement type (e.g. carers who were both foster and permanent carers).

Table 6: Carer workshops: carer characteristics and caring experience

Carer characteristic	*n* = participants
Identified as Aboriginal or Torres Strait Islander	11
Speaks a language other than English at home[b]	8
Experience caring for an Aboriginal or Torres Strait Islander child[a]	55
Experience caring for a child with disability[a, b]	57

Carer characteristic	*n* = participants
Experience caring for a child from a culturally and linguistically diverse background[a, b]	20

Notes: [a] Either current or within the last 2 years. [b] This information was not collected from carers who participated in the in-person workshop run by NFSWC (*n* = 13)

Table 7: Carer workshops: participants by postcode region[a]

	Major cities	Inner regional	Outer regional	Remote or very remote
n = participants	33	22	15	0

Note: a This information was not collected from carers who participated in the in-person workshop run by NFSWC (*n* = 13).

Table 8: Carer workshops: participants by income level and carer type[a][b]

	$0–$18,200	$18,201–$45,000	$45,001–$135,000	$135,001–$190,000	$190,001 and over
Foster carer	1	8	21	4	6
Relative/Kinship carer	0	2	15	2	4

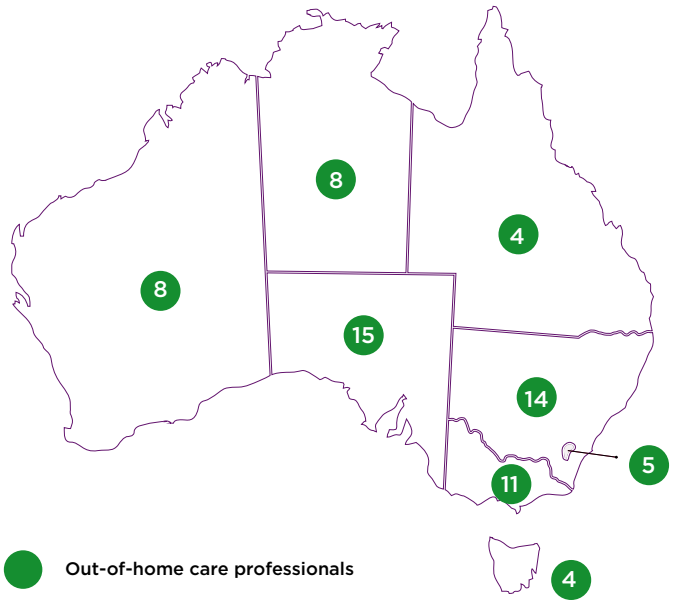
Notes: [a] This information was not collected from carers who participated in the in-person workshop run by NFSWC (*n* = 13) and several participants who were asked did not provide a response as they were unsure or preferred not to say. [b] Permanent carers are not included in this table due to low participant numbers in this carer type.

Consultation with out-of-home-care service providers and carer peak body representatives

AIFS held a workshop in each state and territory (*n* = 8 workshops) with out-of-home care service providers and representatives from carer peak bodies. In this report, we refer to this group as out-of-home care professionals. The workshops used facilitated discussions to explore out-of-home care professionals' views and experiences regarding the accessibility of payments and financial supports for carers.

Workshops with out-of-home care professionals were conducted online and followed the same format as the online workshops with carers.

Figure 2: Out-of-home care professionals workshop participant numbers by jurisdiction



Sample and recruitment

Researchers used a purposive sampling strategy where key contacts working within out-of-home care service provider and carer peak body organisations were identified by members of the (then) Working Together Working Group and government representatives in the relevant state or territory.

Key contacts at each identified organisation were sent an invitation and asked to complete an expression of interest form or nominate other staff members within their organisation to complete the form. Participants who expressed interest were invited to attend a workshop if they met the eligibility criteria and the workshop was not at capacity. Follow-up phone calls to encourage participation were made to key organisations (such as ACCOs) and in states and territories that had fewer expressions of interest.

Workshops had between 4 and 15 participants in each consultation. A total of 69 out-of-home care professionals participated across the 8 workshops, with representatives from 51 organisations (NGOs, ACCOs and peak bodies). Attendee numbers varied across jurisdictions, with states and territories that had smaller populations and fewer out-of-home care organisations generally having fewer attendees. Tables 9–11 outline the number of participants in each state and territory, organisation type and location.

Table 9: Out-of-home care professional workshops: participants by jurisdiction

Jurisdiction[a]	ACT	NSW	NT	Qld	SA	Tas	Vic	WA	Total
n = participants	5	14	8	4	15	4	11	8	**69**

Note: [a] One jurisdiction represents one workshop.

Table 10: Out-of-home care professional workshops: participants by organisation type

Organisation type	ACCO	Out-of-home-care service provider	Peak body or advocacy	Total
n = participants	5	35	11	**51**

Table 11: Out-of-home care professional workshops: participants by organisation delivery regiona

Location[a]	Major cities	Regional areas	Remote or very remote areas
n = participants	39	36	14

Note: a Postcode data were not collected from out-of-home care professionals. Participants selected the location their organisation delivered services in. The combined total adds up to more than the total number of organisations included in the consultations (*n* = 51) because some organisations delivered services in more than one location (e.g. in regional, remote and very remote areas).

Consultation with state and territory governments

A written request for information was provided to the child protection department of each state and territory government. The request for information was tailored to each jurisdiction and was informed by the findings of the review of the research and policy literature. Each request asked a series of questions about the payments and payment processes specific to the state or territory, as well as the history of the payments and any potential upcoming work around carer payments.

All state and territory governments responded to the request for information. Once a written response to the request for information was provided, state and territory governments were asked to nominate between 1 and 3 representatives to participate in a confidential interview. The interviews aimed to build on the information provided in the response to the request for information with a focus on the payments and payment processes for foster, kinship and permanent/guardian carers.

The interviews took place online via Microsoft Teams or face-to-face. Interviews lasted for 50–120 minutes. A minimum of 1 representative of each state and territory government attended an interview, with a total of 20 government representatives participating overall.

Consultation with the Australian Government

AIFS requested an interview with a representative of the Services Australia Grandparent, Foster and Kinship Carer Advisor Line but this was not granted. AIFS then submitted a written request for information to Services Australia, which responded to this request. The request for information asked a series of questions about the barriers experienced by non-parent carers when seeking to access particular Australian Government payments and supports, as well as the key queries from carers who contact the Grandparent, Foster and Kinship Carer Adviser line. AIFS also sought and received information from the Department of Education about carers' eligibility for Child Care Subsidy.

Additional consultation with subject matter experts

We conducted a small number of additional consultation activities with subject matter experts. This included 2 interviews with individuals with expertise in specific areas of the out-of-home care system. One expert academic (Dr Meredith Kiraly) with detailed knowledge about kinship carers requested an interview. In addition, AIFS invited Jamie Crosby from Families Australia to attend an interview to discuss the National Foster Care Sustainability project. AIFS also consulted with SNAICC on the draft recommendations for Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children.

Each interview was conducted via Microsoft Teams or telephone for 60 minutes. The interviews included questions about the accessibility of carer payments and/or potential solutions or improvements to improve the adequacy, consistency and accessibility of carer payments and financial supports.

Terminology used in this report

When presenting findings from this review we have specified where findings were informed by one of the above consultation activities. Where findings were consistent across multiple consultation activities we have used the following descriptions:

- 'Across all participant groups' and 'across all consultation groups' describes information that was consistently heard from carers, out-of-home care professionals and government staff and was in written submissions from organisations.
- Due to the small number of additional consultation activities, these are not included in the above grouping, and we refer to these specifically.
- Information from the requests for information are referred to specifically as 'request for information' or 'in information received from …'
- 'Research and consultation activities' refers to information from both the desktop review and consultation activities.

2.4 Budget standards estimates of the costs of raising a child in out-of-home care

AIFS commissioned the Social Policy Research Centre (SPRC) to undertake a budget standards estimates on the costs associated with raising a child in out-of-home care. SPRC adopted a budget standards method to estimate the costs of caring. Details of the methodology used and the findings are in chapter 4 of this report.

2.5 Strengths and limitations

This research study has a number of strengths. The phased nature of data collection allowed the research team to build on the existing evidence base.

The consultation activities undertaken for this study engaged key stakeholders across all Australian states and territories, with particularly strong interest and engagement from carers. All carers were screened via phone call prior to their involvement in the study.

In line with a trauma-informed approach to research, this enabled the AIFS research team to discuss the study with carers, including providing an overview of the topics that would be discussed in the workshop. This enabled each carer to make an informed decision about their participation in the study and gave the research team a

chance to identify any carers for whom participation in the study may cause distress. This is a key consideration in a group workshop.

As outlined above, the expression of interest and screening process also supported AIFS to invite a diverse range of carers to workshops.

The written submission process enabled the views of a range of key out-of-home care organisations and stakeholders to be included in the project. Similarly, each state and territory child protection department participated in both the request for information and the interview process, ensuring the findings of this study are informed by the unique context and child protection system of each state and territory.

Participants across all consultation groups were highly engaged in the consultations and provided thoughtful contributions and valuable ideas.

AIFS sought to engage Aboriginal and Torres Strait Islander carers – and promote culturally safe research – by partnering with an ACCO to deliver an in-person workshop specifically for Aboriginal and Torres Strait Islander carers. Aboriginal and Torres Strait Islander carers were slightly overrepresented in this review – research literature identified that 12% of carers are Aboriginal and/or Torres Strait Islander and 13% of our study participants identified as Aboriginal and/or Torres Strait Islander.

Many of the findings from our consultation activities are consistent with those identified in our review of the research and policy literature. The consistency of findings across different sources and methods suggests that the core findings of this review are reliable and reflect established patterns in existing research.

The are also some limitations that must be considered when interpreting the findings of this study. Some jurisdictions had fewer participants in the carer and out-of-home care professional consultations. This was often due to carers' or out-of-home care professionals' availability; some participants who were registered for the workshops were unable to attend on the day due to last-minute caring or work responsibilities.

Some stakeholder groups were either underrepresented (e.g. kinship carers relative to foster carers) and/or had relatively few participants in the consultations. The latter included permanent carers and staff from ACCOs. Despite attempted targeted recruitment through relevant groups, no informal carers attended any of the 3 cost of caring workshops for which they were eligible. This meant that the views of these participant groups may not be as well-represented as those of other carer types. This is typical of research of this kind and there are a number of potential reasons for this:

- Kinship carers and permanent carers tend to be less engaged with out-of-home care and advocacy groups, making them harder to reach. This is even more true of informal carers, who are rarely engaged in out-of-home care services and less likely to be engaged in advocacy or support networks.
- Overall, there are fewer ACCOs delivering out-of-home care services (although the number of ACCOs involved in out-of-home care is increasing with recent reforms in several jurisdictions). The resourcing constraints in the ACCO sector are well known (Productivity Commission, 2024), which may have affected staff capacity to participate in consultations.

Overall, this research study has had broad national reach and participation, enabling a national view of the adequacy, consistency and accessibility of payments and financial supports for foster, kinship and permanent carers.

Although – as is appropriate for a national project of this scale – a detailed analysis of each jurisdiction's out-of-home care funding and service provision landscape was not feasible, having a national focus enabled analysis of a range of different approaches to carer payments and financial supports. This allowed for learnings from policy and practice across Australia to inform the findings and recommendations.

3. Family-based carers in Australia

This chapter presents information on family-based carers in Australia, including overall information from key data sources such as the Australian Institute of Health and Welfare (AIHW) and relevant research literature describing the types and numbers of carers in Australia and carer financial circumstances. This chapter then presents information about different groups of carers that can experience particular barriers to accessing payments and financial supports or are at greater risk of being negatively impacted by the inadequacy and/or inaccessibility of payments and financial supports.

There are 8 sections in this chapter:

- defining carers
- out-of-home care placements and carers in Australia
- formal kinship carers
- informal carers
- permanent carers
- Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children
- culturally and linguistically diverse carers
- carers living in regional and remote areas.

3.1 Defining carers

Although eligibility, payment access and rates vary across jurisdictions, there are generally 6 types of carers eligible to receive carer payments.

1. Foster carers
2. Kinship carers
3. Permanent/guardian carers
4. Adoptive parents
5. Respite carers
6. Informal (often grandparent) carers.

This project, and this report, focuses on the payments and supports available for foster, formal kinship and permanent carers, while also including – where relevant and where information is available – some information on the payments and supports available to other types of carers, including informal carers. In this report, we have used the term 'carers' to refer to those providing family-based care for a child in out-of-home care. Most commonly, we have used the term 'carers' to refer to foster, formal kinship and permanent/guardian carers.

Table 12 draws on the definitions of the AIHW (2021, 2024) and Smart and colleagues (2022) to outline some of the terms used for carers providing out-of-home care for children. It is important to note that the AIHW definition of out-of-home care (and, subsequently, the AIHW data on out-of-home care) excludes third-party parental orders, pre-adoptive placements and adoption.

Table 12: Carer terms and descriptions

Term	Description
Foster carer	A carer who has been authorised by the state or territory and for whom reimbursement is available. Foster carers are not usually previously known to the child.
Kinship carer	A carer who is a non-parent relative, family friend or a member of the child's community. For Aboriginal and Torres Strait Islander children, a kinship carer may be a member of their community or language group. Unless otherwise specified, the term kinship carer is used in this report to refer to authorised kinship carers who have undergone a screening and approval process and are eligible to receive reimbursement from the state or territory. Some kinship carers have not gone through this screening and approval process, and they are referred to in this report as 'informal carers'. Kinship carers are also referred to as relative carers, family carers or grandparent carers.

Term	Description
Permanent carer	A carer who cares for a child under a long-term guardianship or third-party parental order. These are usually long-term placements where the permanent carer is allocated parental responsibility until the child turns 18. The carer may have previously been a foster or kinship carer. Permanent carers are also referred to as guardian carers or guardianship carers.
Informal carer*	A carer who has not gone through a screening, approval or authorisation process and there is no case management or involvement from the child protection department. Informal carers are most often kinship (and usually grandparent) carers (see above definition of kinship carers).

Note: These definitions draw from AIHW (2021, 2024) and from Smart et al. (2022).

*We note that many informal carers prefer the term 'carer', 'kinship carer' or 'grandparent carer' to the term 'informal carer'. Although there are a range of reasons for this – in part, this is due to the term 'informal' downplaying the significance of unpaid caring work (Cruz et al., 2023). However, the term 'informal carer' is commonly used in out-of-home care in Australia to distinguish between kinship carers looking after a child after a formal care order and those where no such order exists.

Hence, in the absence of a commonly accepted alternative term, we use the term 'informal carer' in this report to avoid confusion. Although both formal and informal kinship carers experience difficulties accessing payments and financial supports, there are significant differences in the payments that informal and formal carers can access, and some different and additional barriers associated with the nature of informal care placements.

We recognise the important caring role that informal kinship carers undertake, often with fewer resources. See further discussion in section 3.4.

3.2 Out-of-home care placements and carers in Australia

Children who are unable to live with their families because of child safety concerns are commonly placed in out-of-home care. Each state and territory in Australia has its own child protection legislation and system and the AIHW publish annual data on child protection. All data in this section refer to formal care placements only. There is no routine national data collection on informal care placements.

At 30 June 2024, 44,900 children were in out-of-home care (AIHW, 2025). Aboriginal and Torres Strait Islander children made up a disproportionate rate of these children (57 per 1,000 children in care were Aboriginal and Torres Strait Islander children, compared to 4.7 per 1,000 for non-Indigenous children). The majority of children in out-of-home care (88%) were placed with a foster carer or kinship carer (AIHW, 2025). This type of care is collectively known as family-based care. This category can also include permanent care or guardianship arrangements, although these are not always considered to be a form of out-of-home care.

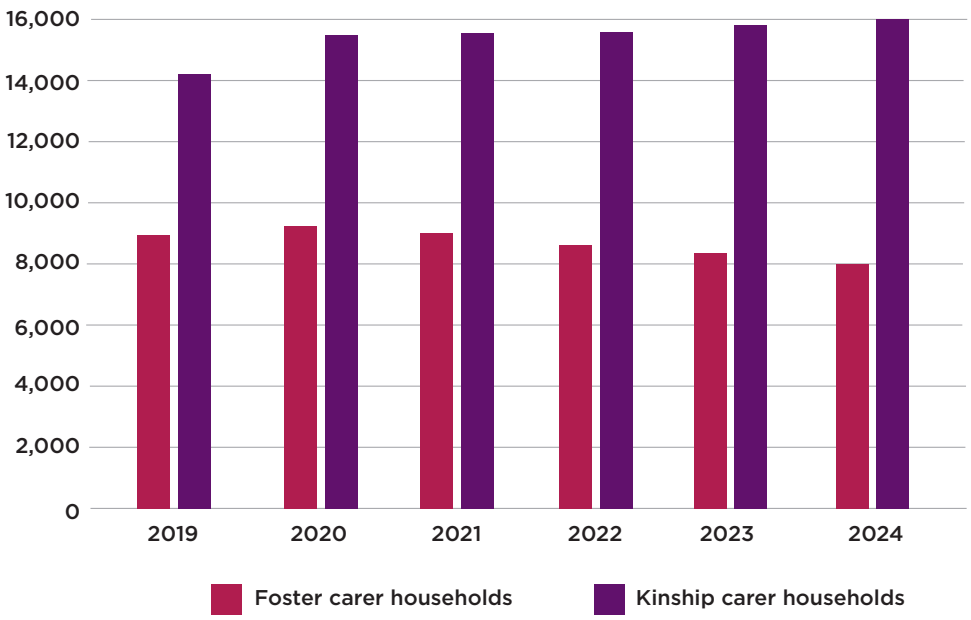
Kinship carers are the largest and fastest growing group of carers in Australia. Kinship care is the preferred out-of-home care option in all states and territories and better aligns with the Aboriginal and Torres Strait Islander Child Placement Principle (ATSICPP) (SNAICC, 2022).

The costs of providing out-of-home care have increased over time. In the 2023–24 financial year, governments in Australia spent $6.4 billion on out-of-home care and supported child protection placements. This represented a 7.8% increase from the previous year (Productivity Commission, 2025). The AIHW (2024) note that spending on child protection and out-of-home care (both overall and per child) continues to increase.

Number of foster and kinship carers in Australia

Recent child protection data indicate that, at 30 June 2024, there were 24,200 carer households with at least one placement. The majority of these were kinship carer households (16,000), with a smaller number of foster carer households (8,000) (AIHW, 2025). Over time, the number of foster carer households has been decreasing while the number of kinship carer households has been increasing. Figure 2 shows the change in foster and kinship carer households from 2019 to 2024.

Figure 3: Foster and kinship carer households at 30 June, 2019–24



Source: Data from AIHW (2020, 2021, 2022, 2023, 2024, 2025)

Carer financial circumstances

Many carers have low incomes and may be at risk of financial strain. A nationally representative study of carers found that when compared with Australian households overall, carers were more likely to be considered low income and were more likely to be living in public housing (Qu et al., 2018). This was particularly true for kinship carers (see below), although many foster carers reported low incomes – 16% of foster carers had an annual gross household income of less than $30,000 and 26.5% had an income of between $30,000 and $59,000 annually.

These findings are supported by data from the NSW Pathways of Care Longitudinal Study (POCLS), which found that, in 2018, 15.8% of carers had a household income of less than $40,000 annually, and 30.9% of carers had an income between $40,000 and $79,999 (Ryder et al., 2022). A significant proportion of primary carers in Wave 4 of POCLS in 2018 reported that they were not in paid employment (60.4%) and around one-third (32.2%) reported they would have trouble raising $2,000 in a week in the case of an emergency.

The financial strain associated with caring for a child in out-of-home care is a key concern of carers. Financial concerns are frequently raised in carer surveys (EY Sweeny, 2021) and submissions (IPART, 2024).

Carer recruitment and retention

Carers typically take on a caring role for altruistic reasons. However, policy and socio-economic factors are influencing the demand for carers as well as carers' capacity to financially sustain a care placement.

Written submission respondents and research literature often highlighted that carers' primary motivations for engaging in foster or kinship care are diverse and include the type of care provided, carer cultural background, personal circumstances and altruistic or child-focused motivations (Smart et al., 2022; Wilkinson & Wright, 2019). Although financial reasons are not a primary motivation for carers, financial stability and support are an important part of being able to provide quality care and meet children's needs. They can therefore influence carers' decisions to start or continue a caring role (Centre for Excellence in Child and Family Welfare, 2024; McHugh, 2011; McHugh & valentine, 2010; Richmond & McArthur, 2017; Wilkinson & Wright, 2019).

Socio-economic changes, particularly increases to the cost of living and more challenging personal financial situations, mean that households that may formerly have considered fostering now feel they do not have the resources to become carers. Some out-of-home care organisations in the written submissions shared that carers are withdrawing due to the combined pressures of inadequate payments, inflation and the rising cost of living.

Housing affordability has been cited as a key barrier to caring and means some prospective or previous carers no longer meet the requirements around safe and stable housing or having a spare bedroom (IPART, 2024). Written submission respondents and government staff discussed how these broader socio-economic shifts have also seen the profile of carers change.

Where carer households used to have one carer in full time employment while another stays at home, most now require 2 incomes to be financially stable. Taking on a care role can cause significant financial disadvantage, especially when carers need to reduce work hours to care for children with additional or complex needs. Contributions to the costs of caring from the carer payments are not enough to balance out the financial barriers to becoming a carer for many households.

> In our modern society of 2 worker households, we have had some carers who've needed to make the call of, 'We can't sustain a household off one income and the reimbursement. I need to go back and actually work full-time, so therefore I cannot meet this child's needs.' And so they've relinquished care because of that. (Government staff)

The Foster Care Association of Victoria said that financial barriers to caring can also lead to broader inequity in the family-based out-of-home care system, where carers who have less economic privilege are not able to participate:

> When the financial burden becomes a barrier to participation, the care system risks becoming inequitable, favouring those with greater economic privilege and excluding capable, diverse carers who could otherwise provide safe and loving homes. This may particularly be an issue for Aboriginal carers who are generally on lower incomes than non-Aboriginal carers. (FCAV, written submission)

Policy changes are also affecting the demand for carers. In particular, state and territory governments have committed to making 'active efforts' to implement the ATSICPP (DSS, 2022). This has created significant demand for Aboriginal and Torres Strait Islander kinship carers. However, recruitment of Aboriginal and Torres Strait Islander carers can be complicated by several barriers, including barriers to formalising a care placement (see section 4.3). Some of the challenges faced by Aboriginal and Torres Strait Islander carers are discussed further in section 3.6.

Written submission respondents reported that the cost-of-living challenges and inadequate carer payments can also affect the types of placements carers are able to take on. Carers who want to continue or enter caring but are concerned about financial impact may only commit to short-term or respite placements or may not be able to take on additional placements or multiple children. Mackillop identified in their submission that these transitions may represent a 'hidden loss', where carers are still part of the out-of-home care system but are unable to provide long-term care.

Other factors reported in the research and written submissions that can influence carers' decisions to continue caring include:

- not feeling respected or valued by staff – inadequate payments that are viewed as unfair can also contribute to carers not feeling valued
- a lack of support for carers to navigate the payment system (see section 7.7)
- administrative and accessibility issues with the carer payments system, including delayed payments (IPART, 2024; McHugh & valentine, 2010) (see chapter 7).

Multiple written submissions discussed that carers often learn about caring through word of mouth from other carers. Prospective carers may decide not to engage in caring because existing carers report negative experiences regarding inadequate financial supports, complexities in the payments process and a lack of other administrative support (among other non-financial challenges).

3.3 Formal kinship carers

Kinship care is the most common form of out-of-home care and numbers of kinship care placements continue to grow, despite overall numbers of carers declining (AIHW, 2025).

Data suggest that kinship carers are likely to be in low-income households and experience financial hardships. In 2017–18 AIFS conducted the only nationally representative study of carers. The Working Together to Care for Kids study (Qu et al., 2018) found that kinship carers had relatively low household incomes – 27.7% of kinship carers had an income of less than $30,000 annually, and an additional 37.8% of kinship carers had an income between $30,000 and $59,000 annually.

Further, 15.1% of kinship carers were in public housing. Although, overall, carers had lower incomes when compared with Australian households, kinship carers had lower incomes than foster carers.

Aboriginal and Torres Strait Islander children and carers are more likely to be in kinship care placements. In 2023–24, 54.6% of Aboriginal and Torres Strait Islander children in OOHC were placed with relatives or kin (AIHW,

2024). Of those children in kinship placements, 32.2% of Aboriginal or Torres Strait Islander children live with Aboriginal or Torres Strait Islander relatives or kin, and 22.4% live with non-Indigenous relatives of kin (AIHW, 2024). The AIHW does not include data on the number of non-Indigenous children in kinship care.

Financial support for kinship carers

Foster and kinship carers are eligible for the same payments and financial supports in every state and territory in Australia (see chapter 5). However, data from across consultation activities show that kinship carers often receive lower levels of payments and financial supports and have greater difficulty accessing payments compared to foster carers.

This finding is consistent with previous research (Commission for Children and Young People, 2015; Kiraly, 2018; Parliament of Australia, 2014; Richmond & McArthur, 2017; Royal Commission into Institutional Responses to Child Sexual Abuse [Royal Commission], 2017; Smart et al., 2022; Stevens & Gahan, 2024).

Future chapters of this report discuss the barriers and enablers to accessing payments and financial supports, and how these can be experienced more acutely by kinship carers. However, there are some aspects of kinship care that can inform and contextualise information in subsequent chapters about the adequacy and accessibility of payments and financial supports.

How kinship carers enter the out-of-home care system and kinship carers' beliefs, motivations and experiences

Kinship carers often become carers suddenly, with no formal training or preparation prior to taking on a placement (Smart et al., 2022). This can immediately create financial strain for carers. For example, a written submission from an out-of-home care service provider noted that kinship carers can experience significant and unexpected initial outlays when children are suddenly placed in the care of family members. This can affect a carer's financial stability and capacity to meet a child's needs when they have not had time to financially prepare for their arrival.

In contrast to foster carers who often carefully consider their decision to become a carer and undertake training and carer education prior to commencing a placement, kinship carers commence caring with limited knowledge of their financial entitlements and how to apply for payments (Smart et al., 2022).

Kinship carers often take on a caring role out of love, familial responsibility and a desire to keep a child with family (Smart et al., 2022). Kinship carers' attitudes and values surrounding caring for family members may also affect their willingness to seek financial support, as caring for family members is often seen as an obligation or duty that does not require payment or reimbursement.

Previous research has suggested that kinship carers can be hesitant to ask for financial support (Fernandes et al., 2021; Parliament of Australia, 2014). In addition to these attitudes and values about caring for family, kinship carers have reported fears about experiencing negative repercussions if they request financial support (Australian Human Rights Commission [AHRC], 2021; Doley et al., 2015).

This is often due to concerns that they may be seen as unable to provide adequate care and then children may be placed in non-familial child protection placements (i.e. foster or residential care). This was described as a particular issue for grandparent carers who grew up with strong social rules about money and feelings of shame when asking for help (Fernandes et al., 2021; Parliament of Australia, 2014).

Many kinship carers are also Aboriginal and Torres Strait Islander carers, who may avoid engaging with the child protection system due to practices of child removal and experiences of racism (see below).

Furthermore, kinship carers may not be in contact with other carers or other carer support networks (such as those facilitated by carer peak body organisations). Connecting with other carers is a key way that carers learn about the financial (and other) supports available to them. In contrast to foster carers who are often well-connected though formal and informal networks, out-of-home care professionals and government staff we consulted with noted that support networks (both peer networks and formal groups) are less established for kinship carers. This limits their opportunities for learning about and understanding the carer payment and financial support systems through informal channels such as Facebook groups, morning teas and other networking events.

Future chapters in this report describe how these characteristics intersect with the adequacy of and accessibility of payments and financial supports and result in inconsistent and inequitable financial support for kinship carers, with the potential for flow-on impacts for children and young people in kinship placements.

3.4 Informal carers

Most informal carers are kinship carers – however, there is no national data available on the number of informal carers or their circumstances. Although informal carers provide the same care to children as formal carers – as several submissions received for this review noted – there is no national system of payment for informal carers and informal carers are not eligible for the same state and territory payments and financial support as are authorised kinship carers and foster carers.

This can lead to more children entering the out-of-home care system. Data from our consultations, particularly submissions from organisations and interviews with government staff, suggest that, to access financial supports, informal kinship carers may pursue formal court orders and appoint the state as the child's formal guardian.

This process was described by the Child and Family Wellbeing Association Australia (CAFWAA) as 'inadvertently punishing family-led decision-making and unintentionally forcing more intrusive orders on families.' Several government staff noted that children entering the child protection system was not a desirable outcome but that informal carers had limited alternative options to seek financial support.

However, many informal carers do not seek to formalise care arrangements and therefore remain ineligible for the majority of state and territory based carer payments. There are several reasons for not seeking to formalise a care arrangement. These include:

- a desire to maintain privacy and avoid contact with authorities or because of fears of negative repercussions. A written submission from Our Booris, Our Way highlighted that informal Aboriginal and Torres Strait Islander kinship carers often fear that seeking formal supports will result in child removal.
- fear of negative repercussions from other family members if carers try to seek formal care arrangements and access financial supports. For example, in research literature, some carers were concerned about conflict with biological parents if their access to supports resulted in a reduction of parental payments. This could lead some parents to try to reclaim children and potentially result in children returning to unsafe living situations (Blundell et al., 2024; Fernandes et al., 2021; McHugh & valentine, 2010; Parliament of Australia, 2014).
- limited access to administrative and legal supports to help carers navigate the child protection system and/or to formalise care arrangements (AHRC, 2021; Blundell et al., 2024; Parliament of Australia, 2014). This was consistently reported across our consultation activities.
- limited support or encouragement to formalise kinship care arrangements (and therefore gain access to financial and other supports) (Aboriginal Medical Services Alliance NT [AMSANT], 2018; Department of Communities Tasmania, 2021). For example, an AMSANT report from the Northern Territory stated that some Aboriginal and Torres Strait Islander kinship carers had been encouraged by government staff to opt for informal 'family way'[5] care arrangements to minimise legal and administrative complexity (AMSANT, 2018, p. 24).
- a perceived lack of cultural safety for Aboriginal and Torres Strait Islander informal carers. A written submission from SNAICC noted that Aboriginal and Torres Strait Islander informal kinship carers may not formalise a care arrangement due to restrictive assessment criteria and culturally unsafe practices in carer assessments.

As outlined in section 3.1, we also note that the term 'informal carer' is contested, as is the distinction between 'formal' and 'informal' care among Aboriginal and Torres Strait Islander communities. Although both formal and informal carers provide care for children, this distinction in policy disadvantages informal carers who have not been through the process to formalise a placement (due to the barriers outlined above). The distinction between formal and informal care and the barriers to formalising kinship placements is of particular concern for the recruitment of kinship carers and state and territory governments' ability to fulfill their commitments to the ATSICPP.

Although informal carers are eligible to receive some Australian Government payments and benefits, research suggests that they may lack the necessary documentation or authorisations to be recognised as primary carers or guardians (Blundell et al., 2024). This can limit their access to these financial supports (see further discussion in section 8.2).

5 'Family way' is a colloquial term used in the NT to refer to informal relative kinship care arrangements (Royal Commission, 2017).

3.5 Third-party parental responsibility orders and permanent carers

Care and protection orders refer to the legal arrangements that grant child protection departments, parents and other nominated carers the responsibility for a child's welfare. In third-party parental responsibility orders, a nominated individual is approved by the courts to have legal responsibility for the child and day-to-day responsibility for their care. The minister or executive no longer has guardianship of children on these orders and they are therefore not included in the national definition of out-of-home care.

The exclusion of these children in the definition of out-of-home care is contested. SNAICC have described how this care renders these children invisible in the system, and that excluding these children undermines transparency and accountability, particularly for Aboriginal and Torres Strait Islander children for whom permanent care placements with non-Indigenous carers may limit cultural connection (SNAICC, 2024).

Due to differences in state and territory legislation, the different types of third-party parental responsibility orders (i.e. 'permanent care') and limitations in the data reported by the AIHW, it is difficult to determine the number of permanent carers in Australia.

The most recent data from the AIHW indicate that, at 30 June 2024, there were 11,119 children on third-party orders in Australia. The number of children on third-party orders has slightly increased from a rate of 1.6 children per 1,000 in 2019 to 1.9 children per 1,000 in 2024 (AIHW, 2025).

There are a disproportionate number of Aboriginal and Torres Strait Islander children and young people on these orders (*n* = 3,220), and the number has been increasing at a higher rate compared to non-Indigenous children (from 7.6 children per 1,000 in 2019 to 9.2 per 1,000 in 2024) (AIHW, 2025).

Financial support for permanent carers

All states and territories provide some form of funding to permanent carers, and permanent carers are eligible for a range of Australian Government supports. However, there are some differences in eligibility for payments and financial supports for permanent carers when compared to foster and kinship carers. This is largely to do – as a few government staff in our interviews pointed out – with the transfer of parental responsibility (and, therefore, a degree of financial responsibility) to these carers.

In our interviews with government staff, we heard a range of views about the degree of financial responsibility that states and territories have for the costs associated with permanent care placements. Some government staff thought that permanent carers should not be eligible for financial support as they had taken on parental responsibility, while others thought that the state or territory should continue to have a role in providing ongoing financial support.

> … there's a debate about that now … what is our role with those carers? (Government staff member)

Subsequent chapters of this report outline the inconsistencies in eligibility and accessibility of payments and financial supports for permanent carers.

3.6 Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children

The dispossession of Aboriginal and Torres Strait Islander land during the colonisation of Australia, ongoing oppressive practices and the forced removal of children during the Stolen Generations have resulted in intergenerational trauma transmitted across generations of Aboriginal and Torres Strait Islander peoples (Darwin et al., 2023). This trauma manifests in a range of ways but can result in poorer mental health and can lead to further traumatising events such as family violence and substance use. It can also contribute to economic disadvantage (Darwin et al., 2023; Menzies, 2019).

The legacy of these experiences and practices is directly linked to the overrepresentation of Aboriginal and Torres Strait Islander children in out-of-home care (see section 3.2). The desire to keep children with kin and out of the out-of-home care system is a key driver in Aboriginal and Torres Strait Islander peoples taking on a role as a carer.

Aboriginal and Torres Strait Islander people are much more likely than the general population to be carers and even more likely to be kinship carers. Data from the only nationally representative survey of foster and kinship

carers (the Working Together to Care for Kids survey) reported that 12% of carers were Aboriginal or Torres Strait Islander, whereas Aboriginal and Torres Strait Islander people made up 3% of the national population at that time (Qu et al., 2018).

Furthermore, kinship carers were more likely to be from an Aboriginal or Torres Strait Islander background than foster carers (16% of kinship carers, compared to 8% of foster carers) (Qu et al., 2018). There is no reported national data on carer characteristics, so the current number of Aboriginal and Torres Strait Islander carers is not known.

Aboriginal and Torres Strait Islander children are overrepresented in out-of-home care (see section 3.2). To maintain cultural connection for Aboriginal and Torres Strait Islander children and young people, and in accordance with the placement hierarchy in the ATSICPP and recent commitment from governments to implement the ATSICCP to the standard of active efforts, there is an obligation to place Aboriginal and Torres Strait Islander children with kin or, if this is not possible, an Aboriginal and Torres Strait Islander carer, preferably from the child's community. This creates considerable demand for Aboriginal and Torres Strait Islander carers.

Previous research has found that, for Aboriginal and Torres Strait Islander carers, caring for kin is consistent with cultural practice and law and they are motivated to take on a caring role for a range of reasons, including cultural obligations and a desire to avoid further Stolen Generations (Smart et al., 2022).

However, this review has identified a number of factors that can intersect to increase the costs of caring for Aboriginal and Torres Strait Islander carers and reduce their access to payments and financial supports. This can place these households under significant financial pressure. This is particularly significant as Aboriginal and Torres Strait Islander carers may commence caring with less financial resources.

Kinship carers and Aboriginal and Torres Strait Islander carers (noting that these groups often overlap) are both more likely to live in low-income households, and carers from Aboriginal and Torres Strait Islander households are reported to experience higher levels of financial strain than non-Aboriginal carers (Delfabbro, 2018; Qu et al., 2018; Smart et al., 2022).

For example, a 2015 report using the Pathways of Care Longitudinal Study data reported that households in NSW with an Aboriginal carer (especially a kinship carer) reported lower incomes than other Australian carers. For foster care households with an Aboriginal carer, 46% reported annual incomes under $60,000, compared to 35% for other Australian foster care households (Qu et al., 2018). For kinship care households with an Aboriginal carer, this figure was 68%, compared to 55% for other Australian kinship care households.

Aboriginal and Torres Strait Islander carers can have less access to payments and supports due to the type of care placement. Aboriginal and Torres Strait Islander carers commonly care for children in:

- **informal care arrangements** that are not officially recognised in the child protection system, leaving carers ineligible for most state and territory government carer payments (see section 3.4 above)
- **formal kinship care placements**, which often result in more limited access to payments and financial supports than foster care placements (see section 3.3 and chapters 7 and 8).

Research literature (AHRC, 2021; Doley et al., 2015; Our Booris, Our Way Steering Committee, 2019) and consultations across all groups highlighted that Aboriginal and Torres Strait Islander carers are more likely to avoid contact with the child protection system. This is a result of the ongoing impacts of colonisation, systemic racism and practices of child removal that remain a significant factor in shaping community fear and overall mistrust in government (Our Booris, Our Way Steering Committee, 2019). But less contact with the child protection system reduces access to financial supports.

Not formalising a care arrangement means that carers are not eligible for the majority of payments provided by states and territories. There are many reasons for not formalising a care arrangement (see section 3.4) – however, some Aboriginal and Torres Strait Islander carers can avoid formalising care arrangements because of the fear of child removal and a distrust of government (Our Booris, Our Way Steering Committee, 2019).

This was echoed by several out-of-home care providers in our workshops. We also heard that assessment practices can be biased against Aboriginal and Torres Strait Islander carers and continue discriminatory practices of child removal.

> Among many informal kinship carers, there is a genuine fear that seeking financial assistance will result in children being taken and placed in the system. In our community, we have witnessed several biased assessments where Aboriginal and Torres Strait Islander carers were deemed unsuitable to care for their kin due to their financial circumstances and the children ended up in residential care. Such assessments

> shed light upon deeply entrenched biases in the Child Protection System and, for our people, reinforce the negative impacts of seeking supports. (Our Booris, Our Way, written submission)

Subsequent chapters of this report discuss Aboriginal and Torres Strait Islander carers' access to payments and financial supports.

3.7 Culturally and linguistically diverse carers

Carers from culturally and linguistically diverse (CALD) backgrounds may experience additional barriers when seeking to access payments and financial supports. This can be due to a range of reasons, including the carers' attitudes and expectations about financial support, the lack of culturally appropriate support from caseworkers, carers' eligibility for Australian Government payments, and accessibility barriers within the system (IPART, 2025).

Carers from CALD backgrounds may have different attitudes and expectations around requesting financial supports, including, as outlined in a submission from an anonymous out-of-home care service provider, their 'experience, culture, history, settlement, practices, and/or belief systems'. Multiple written submissions and out-of-home care professionals highlighted that some CALD kinship carers are less likely to request financial supports and advocate for themselves because they have expectations about providing care to family without support or experience fear towards government authorities and people in positions of power. These fears can be exacerbated by concerns about immigration and visa status for themselves or their relatives.

Out-of-home care professionals and written submissions discussed that CALD carers frequently do not receive culturally appropriate support from case managers. Many staff do not have the necessary skills or knowledge to provide culturally appropriate support and this can impact the relationship and communication between caseworkers and carers, meaning carers and children may not be able to access supports.

> It was also quite culturally complex for them to be talking about their financial, their Centrelink status and all of that kind of stuff with the agency as well, and that was a barrier. It took months and months because they would say it was all under control because they just didn't want to talk about it because it's just not what was done [in their culture]. There wasn't a cultural lens put over that conversation and it became so complex, and it was detrimental to the youngest child who couldn't go to daycare because he couldn't get enrolled. (Out-of-home care professional, Qld)

Organisations providing submissions outlined that information about payments is often only available in English, which means CALD carers without sufficient English literacy may experience significant barriers to understanding what payments are available and applying for payments and may have difficulties communicating with their caseworker. Out-of-home care professionals reported that this can be especially difficult for CALD kinship carers who take on placements suddenly and may have limited knowledge of the out-of-home care system.

Child and Family Focus South Australia highlighted that CALD kinship carers who are refugees or recent migrants can experience significant delays in accessing financial supports due to waiting long periods of time for security assessments required as part of the carer authorisation process.

3.8 Carers in rural and remote areas

Carers located in rural and remote areas often experience additional barriers to accessing payments and financial supports, which can compound already limited access to more general services and amenities. Consultations with out-of-home care professionals and government staff as well as written submission respondents highlighted that these carers can be significantly disadvantaged by a lack of available services (such as specialist medical or mental health services), limited internet and phone access and a lack of in-person case management support. In addition, prices for basic goods and services in remote areas are significantly higher than in other regions (AMSANT, 2018).

This can result in carers experiencing difficulties accessing payments as well as necessary specialist medical and therapeutic supports to meet a child's needs. In areas where services are limited, carers may not be able to use the financial support provided to them due to long wait times or because the services simply do not exist. Carers in these areas also have difficulty accessing child care and respite services.

3.9 Carers of children with complex or additional needs

The evidence indicates that there are high numbers of children in out-of-home care with disability and/or complex or additional needs. The AIHW Child Protection Report (2024a) reports that 21.3% of children in out-of-home care in 2023 were identified as having disability.[6] This is significantly higher than the proportion of children and young people with disability in the Australian population, where only 7.6% of all children aged 0–14 years had disability (AIHW, 2024b). However, the exact prevalence of disability in out-of-home care is unknown due to gaps in the data and inconsistent definitions. There are jurisdictional differences in how disability is defined and classified, and data on disability status were not available for all children in out-of-home care.

There are also no published AIHW data that include the number of Aboriginal and Torres Strait Islander young people in out-of-home care with disability. However, available population-level data indicate that Aboriginal and Torres Strait Islander children (both in and out of care) are more likely to have disability than children in the general Australian population.

Data from the Australian Bureau of Statistics (ABS) 2022 Survey of Disability, Ageing and Carers suggest that 18.8% of Aboriginal and Torres Strait Islander children aged 0–14 had disability (ABS, 2025) compared to 9.1% of all children aged 0–14 (ABS, 2022). Aboriginal and Torres Strait Islander children with disability in out-of-home care may experience intersecting disadvantage arising from the combined effects of systemic, social and cultural factors including racism and ableism.

The rate of children in out-of-home care with additional and complex needs would be expected to be higher than the rate of children with disability, as disability is more narrowly defined. Although there is no agreed definition of 'complex or additional needs' (and indeed, this term is not consistently used in out-of-home care across states and territories), we use the term in this report to be inclusive of needs associated with disability and medical conditions, as well as higher behavioural needs associated with trauma, mental health and developmental delay.

There is also no information available about the characteristics of carers of children with complex or additional needs, and whether they differ from the general population of carers. However, it is commonly identified that caring for children with complex or additional needs places a greater financial burden on carers (Arney et al., 2022; IPART, 2024; Smart et al., 2022).

4. Estimated costs of raising a child in out-of-home care

Authored by Yuvisthi Naidoo and Ciara Smyth

This chapter includes a summary of the findings from the budget standards approach to estimating the costs of raising a child in out-of-home care undertaken by the Social Policy Research Centre (SPRC), UNSW Sydney. This is a short summary of findings only – the full report is available as a supplementary report: Budget Standard Estimates of the Cost of Raising a Child in Family-Based Out-of-Home Care.

4.1 Introduction

AIFS commissioned the SPRC to provide estimates of the direct costs of raising a child in out-of-home care. It is broadly accepted that it costs more to raise a child in out-of-home care than it does to raise a child not in out-of-home care (Davis & Padley, 2013; DePanfilis et al., 2007; McHugh, 2002; Yang et al., 2024). Studies have reported that costs are greater for children in out-of-home care across typical household expenditure categories, including health, personal care, food and household goods and services.

However, estimating **how much** more it costs to raise a child in out-of-home care is complicated. The few studies that have quantified the additional costs of raising a child in out-of-home care use different methodologies, follow different assumptions and make different budget adjustments. In other words, there is no accepted standard for estimating the costs of out-of-home care.

6 There are jurisdictional differences in how disability is defined and classified, and data on disability status was not available for all children in out-of-home care.

4.2 Budget standards approach

This study uses a budget standards approach to estimate the costs of raising a child in out-of-home care. A budget standard indicates how much income is needed for a particular family in a particular place at a particular time to achieve a particular standard of living. Budgets are developed for specific household types, taking account of the number of adults and children, their age, gender and employment characteristics, and are tied to a specific location at a specific time.

Budget standards methods have a long history in Australia (Smyth & Naidoo, 2024) and have informed the majority of published estimates of the costs of raising children since 2002 (IPART, 2024). These estimates include all children, not only children in out-of-home care. A budget standards approach has recently been used to inform the Fair Work Commission's annual wage review (Bedford et al., 2023), to support the work of the Economic Inclusion Advisory Committee (Naidoo et al., 2024a, 2024b) and to assess the adequacy of income support payments (Saunders, 2018). Recent budget standards estimates for low-paid families found that budget estimates were lower than predicted expenditures, 'pointing to the more frugal nature of these budgets' (Bedford et al., 2023, p. 47).

A budget standards approach has been used to estimate the costs of raising a child in out-of-home care, both in Australia by McHugh (2002) and in the United Kingdom by Davis and Padley (2013). Both studies adjusted household budgets for families with children not in care to account for the additional costs of foster care. McHugh's adjustments have been adopted in US research to establish foster care 'minimum adequate rates for children' (Ahn et al., 2018; DePanfilis et al., 2007). A similar deductive approach was used in the 2024 Child Support Budgets (Naidoo et al., 2024b), which compared families without children to families with children at the same living standards to estimate child-related costs for the purpose of updating the Child Support Scheme.

4.3 Methodology

Developing budget standards is complex and time intensive as it requires the detailed itemisation of a basket of goods and services in each budget area (e.g. food, clothing and footwear). This process involves a series of assumptions about how people behave (shopping patterns, usage habits) and the choices people make (brands, quality levels, priorities). The scope, quality, quantity and lifetimes of items included in the basket reflect a particular standard of living and each of these factors can be adjusted to the circumstances of different households.

Since 2016,[7] Australian budget standards have been based on the Minimum Income for Healthy Living (MIHL) standards developed in the UK public health literature. They are designed to reflect the minimal expenditure required for people in different family types to meet basic needs while achieving a healthy standard of living across all life domains (Saunders & Bedford, 2017). The MIHL approach frames minimum standards around healthy outcomes, lifestyle and social participation rather than focusing on bare survival. They are frugal budgets without luxuries or wastage. For example, these budgets assume that families purchase 'home brand' grocery items, purchase clothing from Kmart and are single car households.

For this study, the direct costs of children in out-of-home care are estimated as the additional amount families with **children in** out-of-home care need to spend, beyond what comparable families with **children not in** out-of-home care require to achieve the same standard of living. This approach very closely follows McHugh's (2002) Australian study, which modified the *1998 Indicative Budgets* (Saunders et al., 1998) – the first set of budgets developed in Australia.

To account for the costs of raising a child in out-of-home care, adjustments were made to the baseline budgets by modifying item lifetimes or quantities, adding items, increasing budget area totals by percentages or dollar amounts, or introducing new budget items such as gifts. McHugh's analysis showed that these adjustments resulted in children in out-of-home care costing 35% more than children not in out-of-home care. When additional allowances for initial clothing grants and gifts were incorporated in a second stage analysis, this increased additional costs for children in out-of-home care to 52% compared to children not in out-of-home care (McHugh, 2002, Table 39).

Following the same broad approach as McHugh (2002), this study uses the 2024 Low-Paid and Unemployed Budgets (Naidoo et al., 2024a) as the baseline set of costs of raising a child not in out-of-home care across

7 For a comprehensive review of current national and international literature on budget standards, see Smyth & Naidoo (2024). For the development of Australian budget standards research, and recent methodological extensions since 2022, see Naidoo et al. (2024b).

10 different family types. These baseline budgets cover 8 core budget areas: food, personal care, clothing and footwear, recreation, household goods and services, health, transport and education, and 2 additional budget areas: housing and a discretionary budget.

These budgets are developed for specific household types because it is not possible to develop a single household budget, representative of all Australian families. This is because household's income needs vary by family size, ages, gender, employment status, location and many other factors.

Key characteristics of the baseline budgets:

- They are based on the Minimum Income for Healthy Living (MIHL) standard, which reflects the minimal amount required for people in different family types to meet basic needs while achieving a healthy standard of living across all life domains.
- Budgets are estimated for a range of low-paid and unemployed households that vary by family composition (single person, couple only, couple with children, single parent), labour force status (full-time, part-time, not in the labour force, unemployed) and for adults of different ages and gender (female aged 35, male aged 40) and children of different ages and gender (girl aged 8 and boy aged 11).
- When there is 1 child in the household, they are an 8-year-old girl and when there are 2 children in the household, they are an 8-year-old girl and an 11-year-old boy. It is not possible to separately estimate the costs for the 11-year-old boy in households with 2 children because budgets are developed for whole families rather than individual children.
- While some costs are child-specific (e.g. food), many expenses, such as housing and transport, are shared household costs. This means that larger families achieve economies of scale compared to smaller households.
- Budget standard estimates are based on Quarter 4, 2024 prices and use standardised prices applicable to urban (Sydney-based and national) locations.

These baseline budgets were adjusted for 10 family types to account for the additional costs of raising a child in out-of-home care. The adjustments were based on studies identified through an evidence review (conducted by SPRC) and group discussions with family-based carers (conducted by AIFS).

A key principle of budget standards worth noting is that they focus on **needs** rather than wants and represent 'a level that it is socially unacceptable for **any** individual to live below' (Bradshaw et al., 2008, p. 4). The baseline costs for the 2024 Low-Paid and Unemployed Budgets reflect the minimal amount needed to meet basic needs for a healthy life. Hence, the costs presented below should be taken as a conservative approach to estimating the costs of raising children whether in out-of-home care or not.

With respect to raising a child in out-of-home care, some budget areas exclude items that existing carer payments or subsidies are intended to cover or this report recommends should be covered outside of the fortnightly care allowance. For example, the costs of dental care in the health budget and child care in the education budget are not accounted for in the budget standards estimates.

While carers' ability to access the payments they are eligible for varies considerably between individuals and jurisdictions (Strawa & Smart, 2025), the budget standards assume that carers can access these payments. Carers' ability to access the payments they are eligible for is examined in detail in other chapters of this report (see chapter 7 in particular).

4.4 Findings

The direct costs of children in out-of-home care are estimated as the additional amounts families need to spend beyond what comparable families with children not in out-of-home care require, to achieve the same MIHL standard of living. To estimate these direct costs individual-based child-specific expenses (e.g. food, clothing and footwear, education) are combined with each child's per capita share of household costs to determine a total cost estimate for each individual child. The following tables examine 2 scenarios: an 8-year-old girl as an only child and an 8-year-old girl and 11-year-old boy in households with 2 children.

Costs are calculated for children in single carer and couple carer households that differ by labour force status. As mentioned previously, child costs are significantly higher in single carer households as many household expenses (e.g. housing, utilities) are shared among fewer family members.

The cost of raising a child in out-of-home care

The estimates indicate that it is generally more expensive to raise a child in out-of-home care compared to a child not in out-of-home care. Overall, the total additional cost of raising a child in out-of-home care in single carer households ranges between 7% for single carers working full-time and 12% for unemployed single carer households above the direct costs of a child not in out-of-home care, even when excluding specialist medical, therapeutic, dental and childcare expenses (see Table 7 in the supplementary report: Budget Standard Estimates of the Cost of Raising a Child in Family-Based Out-of-Home Care for comparison of the costs of children in out-of-home care to children not in out-of-home care).

Table 13 presents total budget estimates for the direct costs of raising an 8-year-old girl and of raising an 8-year-old girl with an 11-year-old boy in out-of-home care in single carer households. For families with 1 child, the child budget is $84 a week lower (or 10% less) if the single carer is unemployed ($766 compared to $850). This proportional difference remains consistent across family size, with unemployed single carers spending, on average, approximately 10% less per child regardless of whether there are 1 or 2 children in the household. For families with 2 children, the direct cost for an 8-year-old girl is $664 and $693 for an 11-year-old boy for working single carers, compared to costs of $599 and $624 respectively for an unemployed single carer.

Table 13: Budget standards estimates for children in out-of-home care in single carer households ($pw)

	Full-time (1 child)	Unemployed (1 child)	Full-time (2 children)		Unemployed (2 children)	
	Girl (8)	Girl (8)	Girl (8)	Boy (11)	Girl (8)	Boy (11)
Core						
Food	$45	$43	$45	$64	$43	$61
Personal Care	$11	$11	$11	$10	$11	$10
Clothing & Footwear	$11	$11	$11	$12	$11	$12
Recreation	$49	$28	$42	$43	$27	$26
Household Goods & Services	$119	$105	$86	$86	$77	$77
Health	$5	$5	$5	$5	$5	$5
Transport	$88	$86	$60	$60	$58	$58
Education	$40	$33	$40	$48	$33	$40
Housing						
Purchasing	$410	$410	$307	$307	$307	$307
Discretionary	$73	$35	$58	$58	$29	$29
Totals						
Core	$368	$321	$299	$328	$263	$289
Core + purchasing	$778	$731	$606	$634	$570	$596
Core + purchasing + discretionary	$850	$766	$664	$693	$599	$624

Table 14 presents total budget estimates for the direct costs of raising an 8-year-old girl and of raising an 8-year-old girl with an 11-year-old boy in out-of-home care in couple carer households. The direct costs per child in couple carer households show significant variation based on employment status and family size. Overall, the total additional cost of raising a child in out-of-home care in couple carer households varied between 12% and 18% above the direct costs of a child not in out-of-home care, even when excluding specialist medical, therapeutic, dental and child care expenses.

For families with 1 child, the child budget for unemployed households is a difference of $100 a week, or 14% less ($590 compared to $690). In households with 2 children, working couples spend between $589 and $618 depending on the age and gender of each child, compared to $508 and $533 for unemployed couples (approximately 14%–16% lower). In working couple carer households, the addition of a second child reduces per-child costs by an average of $86 per week ($690 to $589–$618) and by $70 per week for unemployed couple households ($590 to $508–$533).

Table 14: Budget standards estimates for children in out-of-home care in couple carer households ($pw)

	Single earner (1 child)	Dual earner (1 child)	Un-employed (1 child)	Single earner (2 children)		Dual earner (2 children)		Unemployed (2 children)	
	Girl (8)	Girl (8)	Girl (8)	Girl (8)	Boy (11)	Girl (8)	Boy (11)	Girl (8)	Boy (11)
Core									
Food	$45	$45	$43	$45	$64	$45	$64	$43	$61
Personal Care	$11	$11	$11	$11	$10	$11	$10	$11	$10
Clothing & Footwear	$11	$11	$11	$11	$12	$11	$12	$11	$12
Recreation	$42	$42	$27	$38	$39	$38	$39	$26	$26
Household Goods & Services	$92	$92	$82	$73	$73	$73	$73	$65	$65
Health	$5	$5	$5	$5	$5	$5	$5	$5	$5
Transport	$91	$91	$79	$69	$69	$69	$69	$59	$59
Education	$40	$40	$33	$40	$48	$40	$48	$33	$40
Housing									
Purchasing	$273	$273	$273	$230	$230	$230	$230	$230	$230
Discretionary	$80	$80	$28	$68	$68	$68	$68	$25	$25
Totals									
Core	$336	$337	$289	$291	$320	$292	$321	$253	$278
Core + purchasing	$609	$610	$562	$521	$550	$522	$551	$483	$508
Core + purchasing + discretionary	$690	$690	$590	$589	$618	$589	$618	$508	$533

The cost of raising a child compared with the state and territory care allowance

Comparisons of budget standard estimates with weekly care allowance rates indicate that the care allowance is significantly lower than the costs of raising a child in out-of-home care in all jurisdictions, ranging from $231 in Victoria to $359 in the ACT, with the national average at $292.

Table 15 compares the budget standard estimates for an 8-year-old girl in out-of-home care with Quarter 4, 2024 weekly care allowances provided to foster and kinship carers across Australia. Quarter 4 2024 allowance rates are used because the baseline budgets are based on Quarter 4 2024 prices.

For a single carer working full-time with one child, the allowance represents 34% on average of the costs of raising an 8-year-old girl in OOHC (ranging from 27% in Victoria to 42% in the ACT). For an unemployed single carer with one child, the allowance represents 38% on average of the costs of raising an 8-year-old girl in OOHC (ranging from 30% in Victoria to 47% in the ACT).

In single and dual earner couple households with one child, the care allowance represents 42% on average of the costs of raising an 8-year-old girl in out-of-home care (ranging from 33% in Victoria to 52% in the ACT). For unemployed couple households with one child, the care allowance represents 49% on average of the costs of raising an 8-year-old girl in out-of-home care (ranging from 39% in Victoria to 61% in the ACT).

Table 15: Care allowance rates compared to budgets for a girl, age 8, in out-of-home care

	ACT	NSW	NT	QLD	SA	Tas	Vic	WA	Nat Average
Carer allowance (2024) (based on per child)									
Child (age 8)	$359	$238	$284	$330	$271	$276	$231	$256	$292
Cost of raising a girl (aged 8) in OOHC by family type									
Single carer working full time (FT)	$850	$850	$850	$850	$850	$850	$850	$850	$850
Single carer unemployed (UE)	$766	$766	$766	$766	$766	$766	$766	$766	$766
Single earner couple (FT, NILF)	$690	$690	$690	$690	$690	$690	$690	$690	$690
Dual earner couple (FT, PT)	$690	$690	$690	$690	$690	$690	$690	$690	$690
Unemployed couple (UE)	$590	$590	$590	$590	$590	$590	$590	$590	$590
Carer allowance as a % of the cost to raise a girl (age 8) in OOHC									
Single carer working full time (FT)	42%	39%	33%	39%	32%	32%	27%	30%	34%
Single carer unemployed (UE)	47%	43%	37%	43%	35%	36%	30%	33%	38%
Single earner couple (FT, NILF)	52%	48%	41%	48%	39%	40%	33%	37%	42%
Dual earner couple (FT, PT)	52%	48%	41%	48%	39%	40%	33%	37%	42%
Unemployed couple (UE)	61%	56%	48%	56%	46%	47%	39%	43%	49%

Note: FT: Full-time; PT: Part-time; NILF: Not in the labour force; UE: Unemployed. Cost includes the 8 core budgets, housing budget and discretionary budget. Care allowance rates are taken from Table 2 in Strawa and Smart (2025). Care allowance rates are the base rates and do not include higher rates of the care allowance for children with additional or complex needs. This table uses care allowance rates from Q4 2024 to provide a direct comparison with the prices used in the budgets. Care allowance rates have been increased in all jurisdictions. Chapter 5 presents care allowance rates current in September 2025. These figures do not include other carer payments paid by states and territories, and do not include Australian Government payments such as Family Tax Benefit.

Discussion

It is broadly accepted that it costs more to raise a child in out-of-home care compared to raising a child who is not in out-of-home care. But estimating **how much** more it costs to raise a child in out-of-home care is complicated.

A few studies have set out to quantify the additional costs of raising a child in out-of-home care and the results of these studies highlight significant variation in the additional costs in percentage terms. Estimates range from 52% more (McHugh, 2002); 36% more in lone parent households and 40% more in couple households (Davis et al., 2013); and 42% more (Yang et al., 2024). The variation can be explained by the fact that all adopted different methodologies including different cost items (e.g. McHugh included dental but our estimates exclude dental) and some were opaque at best in how they reached certain decisions about the adjustments they made.

Our estimates show that the cost of raising a child in out-of-home care ranges from 12% to 18% more compared with couple carer households with children not in out-of-home care when costs associated with specialist medical, dental, childcare expenses and expenses associated with family contact are excluded. For single carer households, the additional costs range from 7% for single carers working full-time to 12% for unemployed single carer households above the direct costs of a child not in out-of-home care.

These costs, as outlined above, reflect the minimal amount needed to meet basic needs for a healthy life, across all life domains. They are frugal budgets without luxuries or wastage. Hence the costs presented in this report should be taken as a conservative approach to estimating the costs of raising a child not in out-of-home care.

In the supplementary report: Budget Standards Estimates of the Cost of Raising a Child in Family-Based Out-of-Home Care, we have aimed to be transparent about our approach, its limitations and the adjustments made to different areas of expenditure to account for the additional costs of raising a child in out-of-home care.

4.5 Informing the care allowance rate: The care allowance and Family Tax Benefit

This section combines the estimate of the cost of caring developed by SPRC with the maximum Family Tax Benefit (FTB) rates. This section is authored by AIFS.

The SPRC estimates above show that state and territory government payments covered between 27% and 61% of the cost of raising a child using comparable Q4 2024 data. For some low- and middle-income families, this shortfall can partly be offset by receipt of FTB, and FTB should be considered when using these estimates to inform the care allowance rates. Table 16 shows the coverage of the cost of caring when considering the maximum rate of FTB with the care allowance in each state and territory.

However, even when a family does receive the maximum FTB a significant shortfall remains. How much of that shortfall FTB can cover depends on the location and the circumstances of the carer. For a single carer living in Victoria and employed full-time, the combined care allowance and FTB would only cover 48% of their costs (according to this calculation). In contrast, an unemployed couple living in the ACT could potentially have 91% of costs covered by the combined carer allowance and FTB.

In general, unemployed couples who receive both carer allowance and FTB have the highest proportion of the costs of caring for a child covered. This reflects their potentially higher need but commonly still leaves a significant shortfall. For low-income families, even a relatively small gap between the support they receive and the costs of caring for a child may lead to financial stress.

Moreover, many carers are not eligible for FTB A and/or B or, where they are, do not receive the maximum rate. This leaves an even greater shortfall between the amount of financial support they receive and the costs they incur as a carer.

Table 16: Cost of raising a child with care allowance and Family Tax Benefit (FTB)

	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
Care allowance and FTB								
Care allowance	$359	$328	$284	$330	$271	$276	$231	$256
FTB A + B (maximum)	$177	$177	$177	$177	$177	$177	$177	$177
FTB + care allowance	$536	$505	$461	$507	$448	$453	$408	$433
Cost of raising a child								
Single carer working full-time	$850	$850	$850	$850	$850	$850	$850	$850
Single carer unemployed	$766	$766	$766	$766	$766	$766	$766	$766
Single earner couple	$690	$690	$690	$690	$690	$690	$690	$690
Dual earner couple	$690	$690	$690	$690	$690	$690	$690	$690
Unemployed couple	$590	$590	$590	$590	$590	$590	$590	$590
Cost of raising a child covered by care allowance + FTB (%)								
Single carer working full-time	63%	59%	54%	60%	53%	53%	48%	51%
Single carer unemployed	70%	66%	60%	66%	58%	59%	53%	57%
Single earner couple	78%	73%	67%	73%	65%	66%	59%	63%
Dual earner couple	78%	73%	67%	73%	65%	66%	59%	63%
Unemployed couple	91%	86%	78%	86%	76%	77%	69%	73%
Weekly shortfall (-$)								
Single carer working full-time	-$314	-$345	-$389	-$343	-$402	-$397	-$442	-$417
Single carer unemployed	-$230	-$261	-$305	-$259	-$318	-$313	-$358	-$333
Single earner couple	-$154	-$185	-$229	-$183	-$242	-$237	-$282	-$257
Dual earner couple	-$154	-$185	-$229	-$183	-$242	-$237	-$282	-$257
Unemployed couple	-$54	-$85	-$129	-$83	-$142	-$137	-$182	-$157

Notes: This table uses Q4 2024 rates of the care allowance and FTB (Services Australia, 2024a) so that rates are comparable with estimates of the costs of raising a child.

5. Carer payments and financial supports in Australia

This chapter presents information on the payments and financial supports for foster, informal and formal kinship carers and permanent carers across Australia. The information in this section is based on AIFS' desktop review of publicly available information about carer payments, information provided by state and territory governments via the request for information process and interviews with government staff.

5.1 Overview of payments

Foster and formal kinship carers are eligible to receive payments in every Australian jurisdiction. The Australian Government and all state and territory governments each have their own legislation, policies and practices that govern the payments and financial supports available to carers.

Each state and territory have a range of carer payments and financial supports, each with their own terminology and variations. For the purposes of providing a national overview of payments, we have categorised state and territory government payments for foster and kinship carers into 3 groups. These are:

- the base payment or care allowance paid directly to carers. This is referred to in this report as a 'care allowance'. This can be paid at a higher rate to carers of children with complex or additional needs in most jurisdictions. We call these higher rates a 'higher needs loading'.
- discretionary or supplementary payments, requiring approval and often paid via reimbursement. These are referred to in this report as 'discretionary payments'.
- 'additional payments', usually paid automatically to carers to cover miscellaneous costs such as education costs or placement establishment expenses.

Each of these are discussed in more detail below.

These payments are not considered income, meaning they are not taxed and do not affect carers' eligibility for income-tested payments for carers of children under the age of 16[8] (see further discussion in section 5.8). All carers may also be eligible for Australian Government payments and subsidies (see section 5.7).

Our review observed some significant differences between state and territory governments in the types and amounts of payments and financial supports available to foster, kinship and permanent carers. There are differences in the care allowance rates and variations in policy and practice across jurisdictions. This means that carers performing the same role for children with similar needs will receive different levels of financial support depending on which state or territory they live in.

Another key difference between individual states and territories is the disbursement of payments. The way the out-of-home care system is funded varies between jurisdictions, and a detailed exploration of each state and territory system was not part of the scope of this review. However, we observed differences in regard to who has responsibility for carer payments. In some states and territories, government has sole responsibility for making funding decisions (e.g. SA) and disbursing payments, and in other states and territories (e.g. NSW), non-government service providers can determine higher rates of the care allowance (above a standard baseline) and are responsible for discretionary payments to carers.

5.2 The care allowance

This section discusses the care allowance paid to foster, kinship and permanent carers in each state and territory.

Purpose

The care allowance is a fortnightly payment for the basic costs of caring for a child. Although the details of what is covered under the care allowance vary between jurisdictions, the care allowance typically contributes to the costs of food, housing, utilities, recreation, standard medical costs and personal care items.

8 A carers income support payment may be affected by receipt of the care allowance if the child in their care is eligible for Youth Allowance.

We found that the terminology and stated purpose of the care allowance is somewhat unclear. Publicly available information (e.g. carer handbooks and government websites) suggests that, in most jurisdictions (e.g. ACT, NSW, NT, Qld, SA, Vic), the care allowance is intended to 'contribute to' (or help to cover) the day-to-day costs of raising a child.

However, publicly available information from Tasmania and WA suggests that the care allowance is intended to 'cover' the day-to-day costs of raising a child (Department of Communities (WA), 2022; Tasmanian Government, 2017). States and territories did not consistently provide this information in response to our request for information – however, WA indicated that – in contrast to the advice in their handbook (Department of Communities (WA), 2022, p. 35) –the care allowance is intended to contribute to the costs (Tasmania did not respond to this in their response to the request for information). As outlined in chapter 4, the care allowance falls significantly short of covering the costs of raising a child in out-of-home care.

Eligibility

Foster and formal kinship carers in all Australian states and territories are eligible for the care allowance, and permanent carers in most states and territories are eligible for the care allowance. The base rate of the care allowance is the same for all carers in a jurisdiction regardless of placement type.

It was more difficult to determine the eligibility of permanent carers for the care allowance in the ACT and WA and eligibility may depend on the court order.

Based on publicly available information and information received through the request for information process, it appears that permanent carers in WA will receive a care allowance if the court order granting permanent care provides for it – however, it was not clear if this applies to all permanent carers.

Payment rates

In every state and territory, the payment amount is subject to the child's age, with payments increasing as children get older, up to the age of 17 years. Table 17 shows the amount received per week, by child age, to age 17. The allowance is supplemented for carers living in remote areas in some states and territories.

The amounts in Table 17 are based on the formal entitlement of carers to the care allowance and do not include other discretionary payments or supplements. In some states and territories (e.g. NSW), non-government carer organisations may pay carers above the standard carer allowance to attract and retain carers (IPART, 2024).

Table 17: Weekly care allowance rates for foster and kinship carers in Australia ($)

Child age	ACT	NSW	NT	Qld	SA	Tas	Vic	WA
0–1	$319.77	$290.50	$265.65	$311.50	$255.90	$248.50	$228.82	$ 224.11
2	$319.77	$290.50	$265.65	$311.50	$255.90	$248.50	$228.82	$ 224.11
3	$319.77	$290.50	$265.65	$311.50	$255.90	$248.50	$228.82	$ 224.11
4	$319.77	$290.50	$265.65	$311.50	$255.90	$248.50	$228.82	$ 224.11
5	$358.57	$328.00	$265.65	$311.50	$278.00	$284.00	$228.82	$ 224.11
6	$358.57	$328.00	$284.29	$335.65	$278.00	$284.00	$228.82	$ 224.11
7	$358.57	$328.00	$284.29	$335.65	$278.00	$284.00	$228.82	$ 263.89
8	$358.57	$328.00	$284.29	$355.65	$278.00	$284.00	$236.79	$ 263.89
9	$358.57	$328.00	$284.29	$355.65	$278.00	$284.00	$236.79	$ 263.89
10	$358.57	$328.00	$334.75	$355.65	$278.00	$284.00	$236.79	$ 263.89
11	$358.57	$328.00	$334.75	$364.84	$278.00	$284.00	$262.26	$ 263.89
12	$358.57	$328.00	$334.75	$364.84	$278.00	$328.50	$262.26	$ 263.89
13	$358.57	$328.00	$334.75	$364.84	$376.40	$328.50	$336.54	$ 303.67
14	$481.67	$440.00	$414.46	$364.84	$376.40	$328.50	$336.54	$ 303.67
15	$481.67	$440.00	$414.46	$364.84	$376.40	$328.50	$336.54	$ 303.67
16	$481.67	$293.00	$414.46	$364.84	$436.10	$328.50	$336.54	$ 303.67
17	$481.67	$293.00	$414.46	$364.84	$436.10	$328.50	$336.54	$ 303.67

Note: While all jurisdictions now continue paying carers when young people are living at home from the age of 18, not all jurisdictions consider this a continuation of the carer allowance so these payments have not been included in this table. These figures were correct at September 2025.

Sources: Department for Child Protection, 2025a; Department of Communities and Justice, 2025; Department of Communities (WA), n.d.; Department of Families, Fairness and Housing, 2025; Department of Territory Families, Housing and Communities, 2025; Queensland Government, 2025; Tasmanian Government, 2017 (note payment rates updated July 2025)

How the rate of the care allowance is set and adjusted

The review found limited public information describing how states and territories determine rates of pay for foster and kinship carers, and some states and territories did not provide this information in response to our request for information.

The NSW response to the request for information suggests that the payment rate in NSW is based on research. NSW originally established their payment rates based on McHugh's (2002) research that used a budget standards approach to estimate the costs of caring for a child in out-of-home care. In June 2025, the NSW Government announced a 20% increase to the foster care rate (Minister for Families and Communities, 2025), following publication of a draft report on out-of-home care costs and pricing by the Independent Pricing and Regulatory Tribunal of NSW (IPART, 2025) that drew on estimates of the cost of raising a child in out-of-home care.

In responses to the request for information, most states and territories (ACT, NSW, NT, Qld, WA) reported that the care allowance was updated annually based on the Consumer Price Index (CPI). Tasmania noted that the carer allowance was increased annually to reflect cost-of-living changes but did not provide further information.

Two states (SA, Vic) reported that the care allowance was increased annually based on the advice of their Department of Treasury and Finance. In recent years, these increases appeared to be lower than those based on the CPI (e.g. 2% in Vic for 2023–24 and 2.5% for 2024–25, usually 2.5% in SA). Analysis provided by the Foster Care Association of Victoria suggests that the real value of the care allowance in Victoria is declining over time.

In their review of carer payments in NSW, IPART (2024) found that applying annual indexation to carer payments over an extended period of time is likely to result in the care allowance no longer reflecting the costs of raising a child in out-of-home care. They advised that the care allowance required review due to social and economic changes to what constitutes minimum standards of living.

Recent estimates of the cost of raising a child in out-of-home care (Yang et al., 2024), including the estimate undertaken by the Social Policy Research Centre for this review (see chapter 4), indicate that the care allowance falls significantly short of covering (or making a substantial contribution to) the costs of raising a child in out-of-home care. See further discussion of the adequacy of payments and financial supports in chapter 6.

5.3 Discretionary payments

This section discusses the discretionary payments available to foster and kinship carers in each state and territory.

Purpose

Discretionary payments are typically designed to contribute to the costs of caring for a child outside of the day-to-day costs covered by the care allowance. Although the types of costs covered by discretionary payments vary between jurisdictions, they are typically used to cover expenses such as specialist medical care, therapeutic supports, child care gap payments and costs associated with maintaining family contact.

Eligibility

In every state and territory, foster and kinship carers are eligible for discretionary payments. Permanent carers are not eligible for discretionary payments in most states, and with a few exceptions (NSW, Vic), the process for permanent carers to seek and receive authorisation for a discretionary payment was unclear. Discretionary payments are a significant source of inconsistency in payments between carers due to the (in)accessibility of these payments (see chapter 7).

Information and decision-making processes

There is a significant lack of clarity – and publicly available information – about what costs will be covered by a discretionary payment and how decisions about approval are made. Discretionary payments typically require preapproval from a caseworker and are usually paid in arrears.[9]

Information for carers rarely includes clear information about discretionary payments. Carer handbooks generally provide some information about the types of expenses that may be subsidised through discretionary payments. However, much of this information is conditional, noting that costs for certain goods or services 'may' be covered via discretionary payments.

South Australia is the only jurisdiction to provide detailed information about discretionary payments (Department for Child Protection, 2025b). However, this has been critiqued, noting that the use of conditional language was vague and could lead to inconsistencies (Feagan, 2021).

A preliminary finding of a recent review of carer payments and supports in NSW identified a need for clearer guidance for carers about which costs are covered by the carer allowance and which by supplementary payments (IPART, 2024, p. 108).

Information about permanent carers' eligibility for – or processes to access – discretionary payments was even less clear than information for foster and kinship carers in most states and territories. Information provided in the request for information suggests that permanent carers can access discretionary payments if these are included as part of the permanent care order.

However, consultation with carers and government staff suggests that, in most states and territories, planning for these future costs is not routinely or comprehensively undertaken as part of the permanent care planning process, and the processes for reviewing the rate of the care allowance or seeking discretionary payments is often not well-established or well-known by carers.

Victoria and New South Wales have more clearly defined processes for some payments. Victoria has a dedicated peak body for permanent carers (Permanent Care and Adoptive Families) who are funded by government to provide discretionary payments to permanent carers. We were not able to collect data about the accessibility of this process for permanent carers in Victoria.

In NSW, if a permanent carer (guardian) is receiving a higher needs loading allowance, then this is reviewed annually. The carer must provide evidence for the need so the allowance can either be continued, reduced or increased. We were not able to collect information on how carers in NSW on the base rate seek reviews of the rate of the care allowance or how accessible this process is.

5.4 Additional payments

Most states and territories provide additional payments to foster and kinship carers for certain events or circumstances. These vary widely but include establishment payments when a child enters care for the first time, education or school attendance payments and additional payments for gifts, clothing or activities. These payments are typically one-offs for establishment payments and annually or term-based for education payments.

Permanent carers appear to be able to access additional payments (e.g. school attendance, education and medical payment) in Victoria (Department of Families, Fairness and Housing [DFFH], 2025). Limited information was available for other jurisdictions.

Establishment payments are a relatively common form of additional payments. These are typically intended to cover purchases needed to set up a placement for a child and are available in 5 states and territories. Table 18 outlines the amount of an establishment payment in each state and territory where this is available.

Establishment payments are typically available to foster and kinship carers in long-term placements, although in SA the payment is available to all carers except specialist foster carers and respite carers, and Queensland provides a start-up allowance for carers of children in placement for longer than 5 nights. Other jurisdictions, such as WA and NSW, cover establishment costs through discretionary payments (Department of Communities (WA), n.d.; Department of Communities and Justice, n.d.).

9 Our review indicates that reimbursement of carer expenses is the most common model. However, Western Australia has a mixed model that includes reimbursement but prioritises invoices direct to government or providing carers with a prepaid card. Some other jurisdictions appear to have alternative options for carers who are unable to pay in advance and await reimbursement. However, limited information was available on the circumstances under which this could be an option.

Table 18: Jurisdictions that provide establishment payments to carers and their amounts (for children entering a new placement)

	NT	Qld[a]	SA[b]	Tas	Vic[c]
Establishment payment amount	$200	$806.12	0–4 years: $120 5–12 years: $157 13–15 years: $186 16–18 years: $236	$70	$945

Notes: [a] Queensland provides an establishment allowance for the first time a child or young person enters care or when a child returns to care after an unsuccessful reunification and their original Child Protection Order has expired ($671.82). In addition, a start-up allowance is provided for a placement longer than 5 nights to establish appropriate accommodation and resources ($134.82). The figure in the table combines both allowances. [b] South Australia provides a 'Placement Start Up Payment' that is scaled based on the age of the child as at 1 July 2025. [c] Victoria provides a 'New placement loading' that is paid to carers fortnightly ($72.71 per fortnight) for the first 6 months of a placement. Only carers receiving a Level One care allowance are eligible for this loading.

Sources: Department of Child Protection, 2025a; Department of Communities and Justice, n.d.; Department of Families, Fairness and Housing, 2025b Department of Territory Families, Housing and Communities, 2024; Queensland Government, 2025; Tasmanian Government, 2017)

5.5 Financial support for carers of children with complex and additional needs

Payments to carers of children with complex and additional needs are treated differently in different jurisdictions. All jurisdictions except the ACT have higher rates of the fortnightly care allowance for carers of children with more intensive or complex needs (higher needs loadings), noting that in WA only carers supported by the Department of Communities are eligible for Special Needs Loading.

These are available in incremental increases. The number of higher payment levels varies significantly. For example, NSW has 2 additional payment categories above the base carer allowance, Victoria has 4 and SA has 12.

Table 19 shows the annual base care allowance (including additional payments) for a 10-year-old child with no additional needs and the maximum care allowance (i.e. the highest rate paid) for a child who has been assessed as having complex needs. There is considerable difference between the maximum rates, in particular, with the carer of a child assessed at the highest level of need in Tasmania receiving around $19,282 more each year than a carer in NSW.

Table 19: Annual carer allowance (foster and kinship carer) base rates and maximum rates, including additional payments for a 10-year-old child a entering out-of-home care for the first time

	ACT [b]	NSW	NT	Qld	SA	Tas	Vic	WA[c]
Base rate	$18,645	$17,102	$17,989	$19.759	$16,541	$14,768	$13,669	$15,013
Maximum rate	$18,645	$32,744	$46,328	$41,894	$43,326	$52,026	$49,563	$43,212

Notes: This figure includes the carer allowance (base rate or maximum rate for children with higher/complex needs) and additional payments (e.g. education allowance, establishment allowance). These figures do not include FTB as this varies depending on family income. Maximum rates do not include regional loadings. These rates were correct at September 2025. [a] 10–14 years is the most common age range for children in out-of-home care (AIHW, 2025). [b] The ACT does not have higher needs loadings. [c] The higher needs loading included in the WA maximum rate is only for eligible carers supported by the Department of Communities (WA). Carers supported by NGOs or ACCOs may not have access to this rate.
Sources: Department of Communities and Justice, 2025; Department of Communities (WA), n.d.; Department of Families, Fairness and Housing, 2025b Department of Territory Families, Housing and Communities, 2025; Queensland Government, 2025; Tasmanian Government, 2017

Higher needs loadings

The processes for determining whether a carer is eligible for a higher needs loading is a key source of inconsistency in carer payments. That is, we consistently heard that payment at a higher level based on the needs of the child was not able to be accessed equally by all carers. In particular, kinship carers have less access to higher needs loadings than foster carers in several jurisdictions, including Victoria and the Northern Territory (Victorian Auditor-General's Office (VAGO), 2022) (see section 6.2 and chapter 7).

As part of our desktop review, we noted that recommendations from previous reports and government inquiries had identified issues with higher needs loadings (e.g. Arney et al., 2022; VAGO, 2022; Victorian Ombudsman,

2017) and so we sought information on the assessment tools and processes for higher needs loadings across all states and territories.

However, we received limited information from most of the states and territories and were not able to clearly determine the process through which higher needs loadings are approved for all states and territories. This appears to be due – at least in part –to poorly defined or understood processes in some states and territories. This has resulted in processes varying within some states and territories, particularly in jurisdictions such as NSW and Victoria, where there are different processes for children in the care of ACCOs and NGOs.[10]

Most assessments for a higher needs loading appear to be based around a child's behaviour and/or disability or additional needs. However, we identified a lack of clarity – certainly in practice if not always in policy – around:

- **what constitutes 'higher needs'**. Some jurisdictions provide loadings for higher needs due to disability, some assess behavioural needs only and some jurisdictions include medical needs. One state/territory includes provision for costs associated with a child's high performance (e.g. music or sport).
- **how need is assessed**. Most states and territories (although not all) use an assessment tool – however, the tools themselves, how rigorous the tools are, as well as how they are used (including the skills and capability of the worker undertaking the assessment) vary widely. Even where tools have been developed using a relatively rigorous process, we heard that these are not fit for purpose, are not sufficiently age or culturally specific and are applied inconsistently by caseworkers.
- **how a needs assessment informs payment**. A rating determined by the tools often does not translate directly into a higher needs loading. Several states or territories require an application to be made following assessment using the tool. The application process often draws on multiple other forms of evidence. These applications are typically completed by caseworkers – however, some carers reported completing these themselves.
- **whether an assessment and/or application process takes into consideration placement and carer needs or is wholly child focused**. For example, we heard from out-of-home care professionals and government staff that higher needs processes are sometimes used to support carers who would otherwise experience severe financial strain (even where children do not have complex or high needs) or that higher needs loadings are used to retain carers who would otherwise exit caring.
- **the evidence that is required**. Some carers and out-of-home care professionals reported having to provide detailed, itemised budgets, quotes for services they anticipated using, assessment or test results, or reports from general practitioners, paediatricians and/or allied health professionals. Other consultation participants, including government staff, reported requiring minimal or no evidence other than a conversation with a caseworker.
- **the costs that a higher needs loading is expected to cover**. Carers and out-of-home care professionals reported unclear and inconsistent practice about what costs were expected to be covered by a higher needs loading, and what discretionary spending would be approved in addition to a higher needs loading.
- **whether carer time is accounted for in a consideration of higher needs**. Despite the Tax Determination (see section 5.7) stating that carers are to be reimbursed for the direct costs of caring only (i.e. not carer time), several states and territories appear to take carer time into consideration when making an assessment for a higher needs loading.
- **permanent carers' access to higher needs loadings**. NSW appears to be the only jurisdiction that has an annual review of payment levels for permanent carers – however, we were not able to determine whether these were happening in practice or how often carers received an increase in care allowance as a result of these reviews. Other states and territories noted that payment levels can be reviewed but these were more commonly available without a consistent process. For example, carers can access a review 'on request' (SA) or 'in exceptional circumstances' (Vic). Consultation with government staff indicated that in many states and territories there is no agreed or consistent pathway through which these payment reviews could take place.

As a result of these issues, access to higher needs loadings is a significant area of inequity for carers and the children in their care (see further discussion in chapter 7 and section 9.4).

10 For example, in NSW, higher needs loadings for carers supported by an NGO are assessed using the Child Assessment Tool to determine package funding levels for the NGO. This is a different process to that used to assess child needs for carers supported by DCJ. There are also different processes in Victoria. For example, carers of children in kinship placements supported by the government are required to submit an application to receive a higher rate of the care allowance whereas carers of children in the care of NGOs are not (see 'planning and assessment processes for kinship carers on p. 86), and ACCOs determine care allowance levels where they have the legislative authority to delivery child protection fundings under section 18 of the Child, Youth and Families Act.

5.6 Financial support for carers of young people 18 years and over

All states and territories in Australia provide financial support to carers of young people 18 years and over (usually up to 21 years). Our review identified 2 types of payments for carers of children 18 years and over:

- the extension of an existing care allowance after a young person turns 18
- payments for carers of young people while the young person continues education and training.

The types and amounts of financial support provided to carers varied widely, as did eligibility across care types and the availability (or not) of additional loadings for children with complex and/or additional needs (see Table 20).

As with other payment types, it was not always possible to locate clear and up-to-date information about payment rates and eligibility. From the available information, it appears that carers of young people 18 years and over are not eligible for discretionary payments in any state or territory. See section 6.2 for discussion of the adequacy of payments for carers of young people 18 years and over.

Extended carer allowances

In all Australian states and territories, financial support to carers of young people over 18 years includes a payment similar to the existing care allowance. However, payments often have different eligibility requirements and rates from the standard care allowances.

In most states and territories, carers are eligible for an extended care allowance after the young person turns 18 if key criteria are met. These criteria vary across jurisdictions but commonly include:

- the young person and carer consent to the young person remaining in foster, kinship or permanent care
- the young person continues to reside with the carer
- the young person was in out-of-home care before turning 18.

Some states may require assessments to determine if it is in the young persons 'best interests' to remain living with a carer (Department for Child Protection, 2025b) or if the young person's wellbeing would be 'jeopardised' if the care allowance ceased after they turned 18 (Community Services, ACT Government, 2024).

Payments are usually made to the carer until a young person turns 21 or leaves the carer's home (whichever comes first). Some states and territories have additional criteria that may cause payments to cease, although precise information on these criteria was not always publicly available or easily located.

Payments that extend existing care allowances (or act as a similar payment) are provided at a base rate and – although information was not consistently available – it appears that carers are most often not eligible for higher needs loadings, even if the carer was receiving a higher needs loading before the child turned 18. New South Wales, Tasmania and Western Australia all provide a base rate and then reduce the payments annually until a young person turns 21 (see Table 20).

Western Australia stipulates that the payments are different to the standard carer allowances and young people living with a carer should make increasing financial contributions to their carers as the payments decrease (Department of Communities, n.d.).

In jurisdictions with available information, discretionary payments for carers are not available after a young person turns 18.

Table 20: Extended carer allowances (or similar payments) for carers of young people over 18 years

State or territory	Payment or program name	Young person age	Amount paid fortnightly	Eligible carer type/s
ACT	Extended Continuum of Care Subsidy	18–21 years	$612.28	Approved kinship and foster carers
NSW	Staying on Allowance	18–20 years	18 years: $586 19 years: $431 20 years: $269	Available to both foster and kinship carers
NSW	Post Care Education Financial Support	18–24 years	Standard care: $586 Care+1: $1,023 Care+2: $1,447	Approved foster, kinship and guardian carers when the young person is studying full-time to complete Year 12 or equivalent studies
NT	There was insufficient public information to determine the payments available to carers of children over 18 years in the NT.	N/A	N/A	Unclear
Qld	Fortnightly Caring Allowance	18–21 years	$729.68	All approved carers, including long-term guardians and permanent guardians
SA	Stability in Family-based Care Program (SFBC)	18–21 years	$872.20	All approved carers, including carers of young people under guardianship and long-term guardianship orders
SA	Over 18 Education Initiative (O18EI)	18–25 years	$872.20	Approved foster and kinship carers when the young person is in full-time secondary or tertiary education
SA	Education grant	18–25 years	$288 per term	Approved foster and kinship carers when the young person is in full-time secondary or tertiary education Carers cannot receive both the Over 18 Education Initiative and the Education grant.
Tas[a]	Extended Carer Payments	18–21 years	18 years: $638 19 years: $482 20 years: $241	Foster carers, formal kinship carers or third-party guardians
Vic	Home Stretch via home-based care (HBC)	18–21 years	$673.09	Foster, kinship or permanent care households
Vic	18 years and School Attending Allowance	18–21 years	Level 1: $673.09 Level 2: $852.21 Level 3: $1120.09 Level 4: $1211.02 Level 5: $1864.09	Carers of young people who are enrolled in full-time or part-time secondary education when they turned 18
WA	Staying on Subsidy	18–21 years	Year 1: $450 Year 2: $337.50 Year 3: $225	Family (i.e. kinship) and foster carers

Note: a Tasmanian payment rates as of 2024. Payment rates for 2025 had not been received nor were publicly available at the time of writing.

5.7 Australian Government payments and supports

While most payments and financial supports are paid or funded by state and territory governments, there are some Australian Government payments and financial supports that are potentially available to family-based carers (albeit most are not specifically targeted at family-based carers), although many are means-tested so not all carers would be eligible. The care allowance and other discretionary payments made to carers at the state and territory level are not considered income and do not affect eligibility or the rate of Australian Government payments that a carer may receive.

In contrast to state- and territory-based payments, Australian Government payments are more commonly available to informal carers. This is because they are designed for all eligible families rather than targeted specifically to carers of children in out-of-home care. A brief overview of payments and financial supports most relevant to family-based carers is provided below. A full list of Australian Government supports is available in Appendix B.

Family Tax Benefit

Family Tax Benefit (FTB) is a two-part payment that helps with the cost of raising children. FTB is not limited to formal (statutory) carers and so is available to informal carers who care for a child at least 35% of the time. All FTB payments and supplements are means tested and subject to a range of eligibility criteria.

- FTB Part A is paid per child and the amount paid is based on the family's circumstances.
- FTB Part A Supplement is only paid to families with a combined adjustable taxable income of $80,000 or less. This is paid after the end of the financial year and requires carers to submit a tax return or advise they are not required to lodge a tax return.
- FTB Part B is paid per family and gives extra help to single parents, grandparent and great-grandparent carers and some couple families with one main income.
- FTB Part B Supplement is an annual payment for families who were eligible for FTB Part B within the financial year and is paid after the end of the financial year.

Rates of FTB vary based on a family's income and circumstances.

Child Care Subsidy

- Child care funding was reformed in 2018. Under the new Child Care Package, parents and carers (including foster, formal kinship and grandparent carers) may be eligible for 100 hours of subsidised care each fortnight through Additional Child Care Subsidy (ACCS). ACCS has 2 categories relevant to carers:
- Additional Child Care Subsidy (grandparent)
- Additional Child Care Subsidy (child wellbeing).

ACCS (grandparent) is available to grandparents receiving an income support payment who care for their grandchildren at least 65% of the time and make day-to-day decisions about the child's care, welfare and development (Services Australia, 2022b). A child care service can apply for the child wellbeing subsidy on behalf of the carer of a child who is in formal foster or kinship care or on a long-term protection order (Services Australia, 2022a).

ACCS child wellbeing is available to carers of children who have been identified as at risk of abuse or neglect. Carers with children in formal foster care, formal kinship care or on a long-term protection order are eligible for ACCS, and children in other types of care arrangements, including informal care, may be eligible for ACCS if there is sufficient evidence that the child is at risk.

An application for ACCS (child wellbeing) must be made by the child care provider. They can apply for 52 weeks of additional subsidised child care if a child is in formal foster or kinship care or on a long-term protection order, or up to 13 weeks (following an initial 6-week certificate process) if a child is identified as 'at risk', including children in informal care (Services Australia, 2022a). These applications require evidence to support them. This can include information from a child safety department, a copy of a court order or third-party evidence from an appropriate organisation or professional.

For carers of children in formal care arrangements, the evidence is most commonly a letter from the relevant state or territory government agency stating that the child is in out-of-home care. If a child moves placement, each carer needs to make a new application and provide up-to-date third-party evidence that the child remains at risk or in the relevant care arrangement (Department of Education, 2025a, 2025b). When Additional Child Care

Subsidy (child wellbeing) period ends (i.e. 13 weeks for informal carers, 52 weeks for formal carers), the child care provider must reapply for the additional subsidy or the carer may incur increased out-of-pocket expenses or a debt if their eligibility has not been updated.

Foster Child Health Care Card

The Foster Child Health Care Card is a concession card available to all formal and informal family-based carers (not just foster carers) that enables them to access cheaper medicines for the child in their care and some other concessions (these vary in each state and territory) (Services Australia, 2022c). This card is not means tested. The card does not travel with a child in care, and each carer must make a new claim for a card if the child's placement changes.

Parenting payments and JobSeeker payment

Australian Government income support payments may be available to foster, kinship and permanent carers if they meet the eligibility criteria. This includes the Parenting Payments (single or partnered) available to carers with parenting responsibilities for a young child. Carers may be eligible if they meet the residence rules and asset and income tests and are considered to be the principal carer[11] of a child (DSS, 2025; Services Australia, 2023).

The JobSeeker Payment is available to individuals aged between 22 and 67 years (Age Pension age) and are looking for work or are sick or injured and cannot work for a short period of time (Services Australia, 2022a). If carers also meet the residence rules and income and asset tests, they may be eligible to receive JobSeeker payments.

Additionally, foster and kinship carers who are eligible for exemptions from mutual obligation requirements due to their caring responsibilities (i.e. exemptions from tasks and activities that need to be completed to receive certain payments) can receive higher rates of payments (Services Australia, 2024c, 2024d).

5.8 The Australian Tax Office Tax Determination

The Australian Tax Office's Taxation Determination (TD 2006/62) states that payments received by 'volunteer' foster carers (i.e. those not employed by an agency) to help meet the costs of providing care for children are not assessable income. This means the care allowance does not need to be reported for taxation purposes or as part of income and asset tests for other Australian Government benefits or payments (such as Family Tax Benefit or pension) unless a child is eligible for Youth Allowance.[12]

The Tax Determination also specifies that payments covered by the determination are not payments for carers' time. This presents a challenge for state and territory governments, as they are not able to introduce carer payments that compensate carers for their time without these being subject to income tax. This is a particular challenge for carers of children with complex or additional needs. Several government staff reported being constrained by the Tax Determination:

> we actually need a cost of living, some support for carers in this instance without them being seen as employees. Because the biggest struggle that we have is with our legislation and with our tax determination. (Government staff member)

There is further discussion around the Tax Determination and payments for carers of children with additional needs in the following chapter.

11 A principal carer of a child has the 'most amount of responsibility' for a child's day-to-day care, welfare and development (Services Australia, 2023).

12 If a carer is receiving an income support payment (e.g. JobSeeker) and a child is 16 years or above and is eligible for Youth Allowance, the care allowance is taken into consideration when determining the eligibility or rate of the income support payment.

6. The adequacy of carer payments and financial supports

This section draws on findings from the research and policy literature and consultations with out-of-home care professionals, carers and government staff to discuss perceptions around the adequacy of payments to family-based carers.

We identified a range of views about what an adequate payment for foster, kinship and permanent carers should be. There was no agreed definition for adequate payment or financial support for foster, kinship or permanent carers. The term itself is **inherently relative** – that is, the concept of adequacy implies that a payment is sufficient to achieve a specified outcome.

As outlined in chapter 5, the care allowance is intended to 'contribute to' the costs of raising a child in out-of-home care but it is clear from the analysis in chapter 4 that rates of the care allowance fall significantly short of covering costs. This was echoed by carers, out-of-home care professionals and organisations that made a submission, who described how carer payments and financial supports fall significantly short of making a meaningful contribution to the costs of raising a child, particularly in relation to the rising cost of living.

The following sections of this chapter discuss:

- views on covering the 'full costs' of caring
- views on the adequacy of carer payments
- suggestions for improving the adequacy of carer payments
- professional and semi-professional models of care.

6.1 Views on covering the 'full costs' of caring

As outlined in chapter 5, the care allowance is seemingly intended to **contribute** to the day-to-day costs of caring for a child rather than to **cover** them. However, both carers and out-of-home care professionals strongly expressed a view that this approach unreasonably disadvantages carers. It was widely agreed across the consultations that carer payments and financial supports should cover the full costs of caring for a child or young person in out-of-home care.

However, it was contested what the 'full costs of caring' are. For example, some out-of-home care professionals, carers and government staff noted that children in out-of-home care needed financial support that enables them to 'thrive', 'heal', and 'recover' rather than just 'survive', and many out-of-home care professionals and carers had a clear view that it was the responsibility of governments, not carers, to cover these costs.

Some participants across all consultation groups felt that covering all expenses, rather than just contributing to them, acknowledges the vital service provided by carers on behalf of the state. Several submissions from organisations pointed out that in any other role, volunteers would not be expected to absorb costs and be financially disadvantaged as well as donate their time and energy.

> Financial support must be regarded as an absolute right for carers. They should not be financially disadvantaged by volunteering their homes and lives to care for the most vulnerable children in our society. Attitudes and mindsets need to change. Carers should not be placed in the position of having to ask for financial support. (Queensland Foster and Kinship Care, written submission)

However, there were a small number of consultation participants who, while acknowledging that the current carer allowance is inadequate and needs to increase, thought that the 'full costs of caring' should be considered more frugally. This included a few government staff and one submission respondent who felt that carers should remain responsible for any costs that fall outside of basic expenses associated with everyday care, such as extracurricular activities, holidays and private medical appointments.

There was also a minority view, expressed by a very small number of government staff and one submission respondent, that providing higher value payments could risk attracting individuals motivated by financial gain rather than altruistic reasons for caring for these children.

6.2 Views on the adequacy of carer payments

Participants across all consultation groups felt that current payments and financial supports were insufficient, even if considered as a contribution to the costs of caring for a child. This was considered true for all carers (foster, kinship and permanent) and all children regardless of their age and stage of development.

These participants suggested that inadequate payments placed a financial burden on carers who are expected to subsidise the costs of care themselves when existing supports fail to meet day-to-day expenses.

Consultation participants identified several areas that were contributing to inadequate payments and financial strain on carers.

- There are expenses associated with caring for children who have experienced trauma, abuse and neglect.[13] Several out-of-home care professionals, carers and submissions respondents felt that significant time and resources were required to meet the higher needs of children in out-of-home care and that current payments were not sufficient to address these higher costs.
- Increases in the cost of living means that payments are covering less and less of the basic goods and services associated with caring for a child, even where payments have increased over time. Some out-of-home care professionals, carers, submissions respondents and government interviewees suggested that this was increasingly shifting the financial responsibility of caring for children, and the additional expenses associated with healing from trauma, from governments onto the carers themselves. We heard that financial shortfalls are becoming more acute as the cost of living continues to rise.
- Australian Government payments were seen as inadequate. Several carers and submission respondents felt that relying on Medicare and other Australian Government payments to help cover the costs of caring was unreasonable. These participants pointed out that Australian Government payments are typically small, means-tested and often only intended to subsidise a portion of costs associated with, for example, attending a medical or specialist appointment or child care costs, meaning that carers are often out-of-pocket, even if they receive these subsidies.
- Several carers raised the inadequacy of financial support at the start of a placement as an additional strain on personal finances. Carers in the cost of caring workshops told us that children often arrive at a placement with limited clothing and few personal items. Carers identified that it was common to have higher food and personal care costs at the start of a placement as the carer established a child's tastes and preferences, particularly where children were coming from situations of neglect and were unfamiliar with many food and personal care items. Establishment costs also included compliance costs (e.g. smoke alarms) as well as larger and more expensive costs such as home modifications or car upgrades to accommodate additional children.

Importantly, carers, in particular, felt that inadequate payments were considered indicators of a general lack of respect for the significant experience, skills, time and emotional and physical labour that carers bring to their roles, especially where children with additional or complex needs are concerned.

Adequacy of payments for carers of children with additional or complex needs

The costs associated with caring for children with higher or complex needs was highlighted as an area particularly in need of reform. All states and territories provide higher needs loadings and/or discretionary payments where children require increased medical, therapeutic, health, educational and specialised supports. However, out-of-home care professionals and carers consistently reported that these financial supports were inadequate and among the least accessible.

Our review highlighted that many carers are unaware of their eligibility for these payments or how to access them. Even when carers were aware of these payments, some carers reported that the difficulty of applying for discretionary and higher needs loading payments was a deterrent in itself. When carers are unable to readily access these payments, carers either pay out-of-pocket for medical, therapeutic and other supports or children are not able to access them.

13 A wide range of additional expenses were identified as being required due to trauma, abuse and neglect. This included both therapeutic and allied health supports as well as carer time and resources associated with meeting children's behavioural needs as a result of trauma. For children who have experienced neglect, in particular, there may be additional material needs (e.g. food, personal care items) associated with certain behaviours (e.g. hoarding food) that incur additional costs.

Past reviews align with these findings. Arney and colleagues (2022), among others (IPART, 2024; Smart et al., 2022), identified that children in out-of-home care commonly have higher and more complex needs than children in the general population, meaning there are greater costs for the provision of care, and carers of these children experience a particularly significant financial burden.

The interaction between the out-of-home care system and the National Disability Insurance Scheme (NDIS) was also identified in our consultations.

The National Disability Insurance Scheme

The National Disability Insurance Scheme (NDIS) plays a crucial role in supporting children with disabilities and complex needs. However, we heard that carers providing out-of-home care for children with disability face challenges seeking support through the NDIS, and there is a lack of clarity and consistent practice about the intersection of the NDIS and higher needs loadings.

Carers reported significant challenges accessing the NDIS (reported in chapter 8) – however, most notably, they described upfront costs associated with assessments and delays in being able to access the NDIS as causing financial strain.

Some carers also reported that the NDIS supports did not cover all the disability-related costs or necessary services and supports, requiring them to cover these.

Carers and some government staff members identified the interaction between higher needs loadings and NDIS support as a potentially challenging area for carers. There appeared to be inconsistent understanding and practice about what should be covered by NDIS and what remaining needs could then be covered under a higher needs loading, with one carer reporting they had been accused of 'double dipping'. There was also a recognition from these participants that it commonly takes some time for NDIS support to be received, and that carers of children with high needs will require support via a higher needs loading in the meantime. It was unclear whether carers were consistently able to access higher needs loading while they were waiting for NDIS support.

While the NDIS is acknowledged to be a crucial system of support for children with disabilities or complex needs in out-of-home care, carers identified a need to address the time, administrative and financial burdens associated with navigating and accessing the system.

Adequacy of payments for kinship carers

Participants across all participant groups agreed that payments and financial supports for kinship carers are particularly inadequate. This is due to kinship carers receiving lower value payments and financial supports as well as kinship carers having lower incomes and being at greater risk of financial strain.

Previous research has shown that kinship carers in Victoria are more likely to be on a lower level of the care allowance than foster carers (VAGO, 2022). We also found this in our consultations. One government staff member in a confidential interview noted that kinship carers typically receive lower payments than foster carers in their jurisdiction.

> We consistently see that the average rate paid to kinship carers is lower than foster carers, and the [higher needs loading] is definitely a part of that because the [base rate] is the same. (Government staff member)

Analysis of data provided by the Northern Territory in their response to the request for information showed that kinship carers are more likely to be on the lowest payment rate and less likely to receive the highest payment rate compared to foster carers. Across the Northern Territory, 40% of all foster carers receive a level 1 payment compared to 61% of kinship carers, and 16% of foster carers receive the highest payment rate (level 4) compared to7% of kinship carers.

More broadly, participants across all stakeholder groups observed that kinship carers frequently receive less financial support than foster carers despite providing similar levels of care to children. This was considered particularly significant as kinship carers are often already on low incomes (see section 3.3) and take on caring responsibilities at points in which they are less equipped to do so (e.g. retirement), meaning they – and the children in their care – are placed at greater risk of financial strain by receipt of inadequate payments. See

chapter 7 for further discussion of kinship carers' access to payments and section 9.4 for discussion of the inequities in payments for kinship carers.

Adequacy of payments for carers of Aboriginal and Torres Strait Islander children

Carers of Aboriginal and Torres Strait Islander children (both Aboriginal and Torres Strait Islander carers and non-Indigenous carers) can incur additional costs when caring for Aboriginal and Torres Strait Islander children, and these are not always covered by payments and financial supports.

Although – in theory – discretionary payments should cover the costs of cultural connection for Aboriginal and Torres Strait Islander children, we heard that these costs were not always adequately covered – particularly travel costs. Consultation participants, particularly out-of-home care professionals, carers and submissions respondents, noted that travel is a necessary component of cultural connection for many Aboriginal and Torres Strait Islander children, including costs for travel to:

- maintain connection to family and Country
- facilitate family contact visits
- attend funerals and other Sorry Business
- participate in cultural activities and events.

We note that the IPART draft report (2025) found that ongoing cultural programs for Aboriginal children in New South Wales cost $990 per year, in addition to the costs for connection to Country (IPART, 2025).

Adequacy of payments for carers in regional, rural and remote areas

We heard throughout the review that carers in regional, rural and remote areas experience additional costs associated with their location. This was typically understood to be a result of needing to travel long distances to access services for children.

Limited service availability in regional, rural and remote areas means carers incur additional expenses and spend more time travelling to metropolitan areas to access the supports a child needs. Commuting to access services often involves additional costs for fuel, food and accommodation, which were not consistently or adequately covered.

In some jurisdictions, out-of-home care professionals reported providing higher needs loadings to support carers who incurred additional travel expenses, even where a child was not assessed as having higher needs. In other jurisdictions, where carers received a loading on the care allowance for living in a rural and remote region, some out-of-home care professionals reported that the loading did not fully cover additional costs for travelling long distances.

Adequacy of payments for carers of young people aged over 18

The adequacy of financial supports was identified as a challenge for both carers of young people aged over 18 and young people themselves. Although there have been recent changes in all states and territories to provide financial support to carers of children over 18, carers in our workshops reported that allowances and funding arrangements ceased completely or decreased rapidly once a young person reaches the age of 18.

Payments for carers of children over 18 are often designed with the intention that the young person will contribute to household costs (e.g. payments in NSW, Tas, and WA decrease with the age of the young person) but carers viewed this as unrealistic. They described how most young people over 18 require similar levels of support as they did before they turned 18. In addition, the nature and extent of these extended care supports vary significantly between jurisdictions (Grage-Moore et al., 2025).

Carers and submission respondents reported that reductions in support created financial stress and identified that many young people in out-of-home care may not be ready to leave care. In particular, they noted that young people are unlikely to have the financial capital necessary to facilitate a transition to independence at 18–21 years of age.

This added financial stress is magnified for carers of young people aged over 18 with complex needs or disabilities. Carers noted that the young person's disabilities or complex needs continue when the young person reaches 18 – however, higher needs loadings often dropped off and some carers reported challenges seeking discretionary funding for medical expenses after a young person reached 18.

6.3 Suggestions to improve the adequacy of carer payments provided by consultation participants

Participants across all participant groups were invited to share their suggestions for actions that governments, NGOs and other agencies can take to improve carer payments and financial supports. We received a number of suggestions, particularly from written submission respondents, about how governments can improve the adequacy of carer payments and financial supports. These suggestions often focused on:

- increasing carer payment amounts including the care allowance and establishment payments, and specific suggestions to ensure carers receive reimbursement for dental costs
- providing greater financial supports, including extending financial supports for informal kinship carers, removing means testing from Australian Government payments and providing additional allowances to cover therapeutic care costs for all children in out-of-home care to heal from trauma
- increasing payments for, or facilitating priority access to, services for carers of children with complex and additional needs
- providing compensation for the indirect costs of caring, including reductions in paid work and superannuation
- reviewing the tax-free thresholds for carers.

More detail on the suggestions we received relating to each of the areas outlined above are included in Appendix C.

6.4 Professional and semi-professional models of care

Professional care models are often identified as a strategy to improve carer recruitment and retention, or as a possible approach to addressing challenges associated with the adequacy of carer payments and financial supports, particularly for children with complex or additional needs. Research and government inquiries have consistently suggested that a professional model of foster care, or elements of a professional model, should be considered in Australia as a way of improving carer payments and financial supports and increasing carer recruitment (Association of Children's Welfare Agencies [ACWA] & Lumenia, 2024; Audit Office of New South Wales, 2024; Commission for Children and Young People, 2015, 2019; Royal Commission and Board of Inquiry into the Protection and Detention of Children in the Northern Territory [Royal Commission NT], 2017; IPART, 2024; McHugh & Pell, 2013; Select Committee on Statutory Child Protection and Care in South Australia, 2015).

Professional care is not always clearly defined – for example, some professional care models in Australia and internationally employ qualified staff and pay a salary, while others provide therapeutic training and support to volunteer foster or kinship carers. In the sections below, we draw on research and policy literature and consultation activities to discuss:

- professional models of care that employ qualified staff (or pay them a higher allowance) and include manualised or formalised processes
- semi-professional models of care that pay volunteer carers a higher rate of the care allowance and/or provide additional support.

Professional care models

Professional models of care are often defined as an approach where qualified professional carers who have particular skills or experience (e.g. in psychology or education) are paid a higher allowance or a salary to provide care to children who have complex or additional needs (IPART, 2024). These carers may be qualified professionals who are recruited and employed as carers or existing foster or kinship carers who have relevant qualifications or experience in caring for children with complex needs and/or who are trained to deliver professional care models.

Examples of these models delivered in Australia include the Treatment Foster Care Oregon (TFCO), Therapeutic Home-Based Care (THBC) and Professional Individual Care (PIC).

There is still a limited body of evidence about the outcomes of these models of care but emerging insights from international examples suggest these approaches may offer some positive outcomes for children in some circumstances (Centre for Evidence and Implementation, 2024; Foundations, What Works Centre for Children & Families, 2024; Schraner, 2016).

Responses to AIFS' request for information suggest that few professional models of care are currently being implemented at scale in Australia. The reasons for this are unclear.

Although a few evaluations have shown some positive outcomes for children and young people supported through professional care models in some Australian states (e.g. NSW, Qld and Vic) (ACWA & Lumenia, 2024), there has been limited evaluation of professional models in Australia (Audit Office of New South Wales, 2024). None of these evaluations reported findings for Aboriginal and Torres Strait Islander children or carers as a specific cohort.

Moreover, most of the evidence about professionalisation in Australia relates to elements of professionalism within the existing carer payment models in each state and territory, rather than specific evidence about payment models. Most calls for a professional care model in Australia refer to providing fees or remuneration to foster carers who are specially qualified, to provide care to children with high or complex needs – these carers would not replace voluntary models of foster and kinship care but complement and exist alongside the current system (Audit Office of New South Wales, 2024; Inder & Gor, 2014; Royal Commission NT, 2017).

Some research suggests that developing a professional model of foster care may support the recruitment of more carers as these payment models can lead to professionals with relevant qualifications viewing caring as a viable option, where they may not have before (Inder & Gor, 2014; Royal Commission NT, 2017;). The payments may also provide incentives for existing carers to undergo professional development and training (Inder & Gor, 2014).

However, there have also been some concerns raised about how professional models of care would impact volunteer models of care, see considerations below.

Semi-professional models

Interviews with some government staff suggest there is growing interest in a semi-professional approach to foster care. This approach seeks to bridge the gap between voluntary foster and kinship care placements and residential care by providing a higher care allowance and additional support for carers of children with very high or complex needs. Staff from several state and territory governments noted that there was limited scope within the current carer payment structures to support carers of children with very high needs, and that these children often ended up in residential care.

Offering semi-professional care within existing family-based care models was understood by some government staff to lead to better outcomes for children, as well as significant cost savings to governments in comparison with residential placements.

> I did a cost comparison … and so over a 3, 4 months period it represented [a] $1.5 million dollar saving. (Government staff member)

Despite significant interest in these models, to our knowledge, the South Australian model of specialist family-based care is the only semi-professional models routinely offered in any state or territory. Specialist family-based care provides carers of children with complex and extreme needs with increased levels of support. Rates of payment for these carers were not provided in South Australia's request for information.

Through the workshops and interviews we also heard of carers with individual agreements that entitled them to high rates of the care allowance and/or regular high value discretionary payments in recognition of the very high needs of children in their care – however, these were individual agreements rather than established models. It was not possible to establish whether carers with these individual agreements were receiving a higher allowance to compensate for their time.

This appears to be, at least in part, due to state and territory governments seeking to work within the limits of the Taxation Determination (TD 2006/62) for volunteer foster carers. Several government staff members described challenges operating within the limits of the Tax Determination and noted this restricted their ability to pay volunteer carers a higher care allowance, making implementation of semi-professional models difficult.

Considerations for implementing a professional or semi-professional model

We heard many suggestions and calls for professional or semi-professional models of care in both the literature and our consultations that included suggestions to pay carers for their time, and an option to provide higher levels of payment for carers of children with complex needs (discussed in more detail in Appendix C). However, our review of the literature also identified a range of considerations associated with these models.

The literature identified a range of possibilities and risks associated with the introduction of professional models of care in Australia. Several considerations are highlighted to address potential barriers and complexities (Child Protection Systems Royal Commission, 2016; Royal Commission NT, 2017). These include:

- considering the design of a professional model of care that attracts carers with experience and qualifications while ensuring motivations for caring are driven by altruism rather than salary (ACIL Allen Consulting, 2013)
- the need to determine the skills or qualifications and/or specific professional experience that would be required to become a professional carer (ACIL Allen Consulting, 2013; Royal Commission NT, 2017)
- approaches to the engagement of professional carers and whether they would be paid as contractors or employees (Commission for Children and Young People, 2015).
- the interaction and distinction between professional carers and volunteer foster and kinship carers, especially volunteer carers already caring for children with complex needs (Child Protection Systems Royal Commission, 2016). For voluntary carers, especially those already caring for children with complex needs, an increase to existing allowances and reimbursements was recommended to reduce the gap between volunteer carers and professional carers and prevent dissatisfaction or impacts to recruitment and retention (Inder & Gor, 2014).
- the unintended consequences for recruitment and retention of carers. Rather than recruiting new carers, it has been suggested that the introduction of a professional model may unintentionally shift or professionalise voluntary carers and result in a reduction in the overall pool of carers (Child Protection Systems Royal Commission, 2016).

Overall, there is a lack of rigorous research examining professional and semi-professional care models or evaluating the effectiveness of specific models in Australia. Additional research is needed to understand how to address the above considerations and assess:

- whether a professional model would be effective on a wider scale
- the application and suitability of these models to kinship carers, who may prefer access to additional supports rather than the professionalisation of care arrangements
- the application and suitability of these models to Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children
- the implementation of these models alongside existing models of payment to carers.

7. The accessibility of carer payments and financial supports

The accessibility of payments was a key focus of this review. Workshops with carers and out-of-home care professionals focused on the accessibility and (in)consistency of payments and financial supports. Carers identified accessibility issues with both Australian and state and territory government payments, although some payments at state and territory level were found to be more difficult to access. The barriers to accessing carer payments were multiple and complex and often overlapped to create significant difficulties for carers.

The purpose and content of each section in this chapter are:

- Section 7.1 defines what the accessibility of carer payments means in this review.
- Section 7.2 briefly outlines the payments carers reported the greatest accessibility issues with.
- Sections 7.3 to 7.7 provide descriptions of the key barriers to accessing payments identified during consultation activities.
- Section 7.8 discusses the impact of these barriers on carers and how they interact with the carer payments system.
- Section 7.9 outlines the key suggestions for improving the accessibility issues identified by consultation participants.

7.1 Accessibility in the context of carer payments

We consistently heard throughout consultation with all participant groups that although carers may be eligible for certain payments and financial supports, these can be difficult to access in practice. This aligns with a body of research and policy literature that shows carers can experience multiple, overlapping barriers to accessing

financial supports (Arney et al., 2022; Child Protection Systems Royal Commission, 2016; Commission for Children and Young People, 2019; Feagan, 2021; Foster Care Angels, 2019; IPART, 2024; Kiraly, 2020; McHugh, 2011; McHugh & valentine, 2010; Parliament of Australia, 2014; Smart et al., 2022; Victorian Ombudsman, 2017).

Before we discuss the barriers that carers experience when seeking to access payments, it is important to define accessibility in the context of carer payments. For payments and financial supports to be accessible to carers, this requires that:

- Carers are provided with accurate, easy-to-understand information about payments and financial supports and how to access them.
- When carers are eligible for payments, they can request and receive them without significant effort or difficulty.
- Foster, kinship and permanent carers and carers from all population groups can request and receive payments with the same level of ease.
- Payment applications are approved in a consistent manner based on children's needs (i.e. decisions are made in a reliable and transparent way – this does not mean blanket approvals for all carers).

Although we discuss 'carer payments and financial supports', these payments are to provide support for children. When payments are not accessible, carers either must either self-educate and self-advocate to access payments, pay out of pocket for children to access supports that should be covered by the payments or risk missing out on financial supports, with the flow-on impact that children miss out on support.

When payments are less accessible for certain types of carers or population groups this creates inequity, meaning that access to payments is dependent on the placement type, placement location or carer characteristics rather than the child's needs. Section 7.8 and chapter 9 discuss the impacts of barriers to accessibility in more detail.

Section 7.2 outlines the accessibility of state and territory carer payments.

Carers also experience difficulties accessing payments and financial supports available from the Australian Government. There are some differences in the types of accessibility barriers that carers experience when seeking to access these payments, and some differences in the consequences for carers and children if these payments are not received in a timely way. For this reason, Australian Government payments are discussed separately in chapter 8.

7.2 Accessibility of state and territory government payments

This review identified that not all state and territory government carer payments are equally accessible – some payments are relatively easy to access, while carers face a number of barriers to accessing others. As outlined in chapter 5, there are 3 types of state and territory government payments for carers:

- **Care allowance, including higher needs loadings**: there were few problems accessing the base care allowance because it is autogenerated. However, consultation participants reported considerable challenges when trying to access higher rates of the care allowance to support children with complex or additional needs (higher needs loadings).
- **Discretionary payments**: Carers reported significant challenges associated with the accessibility of discretionary payments. Specifically, accessing discretionary funding for health, therapeutic and mental health needs was consistently identified as a challenge and a source of enormous frustration for carers.
- **Additional payments**: Additional payments vary across states and territories, and these were not frequently discussed in detail in our consultation workshops. These are typically autogenerated so do not incur the same accessibility issues as other payments. Although short-term and respite care placements were not in scope for this review, we heard from some carers that these payments are often only accessible in longer term placements, even when short-term placements extend to several months' duration.

Overall, this review found that carers experience significant barriers to accessing discretionary and higher needs loading payments. These payments are not automated and often rely on carers asking for support, which further exacerbates inequity for carers who do not know these payments exist or do not have sufficient contact with or support from a caseworker to enable them to access the payments.

Sections 7.3 to 7.7 outline the key barriers to accessing carer payments and financial support identified during this review. Section 7.8 discusses the impacts of these barriers, including inequitable access, in more detail.

Barriers to the accessibility of carer payments

We heard from participants across all groups that carers experience a number of barriers to accessing carer payments and financial supports. Carers and out-of-home care professionals shared many different, often intersecting, barriers and described how they affected carers' access to payments. Each of the barriers listed below represents a consistent theme in our consultations and an area presenting significant difficulties for carers' access to payments:

Workforce capacity and capability, including staff attitudes and biases

Carer support

Access to information about carer payments and processes

Complex administration and decision-making processes

Each of these areas are discussed in more detail in the sections below. It is important to note that although we have framed these areas as barriers, when carers are supported in these areas, these factors can become enablers and improve carers' access to financial supports. However, in our consultations, these areas were most frequently described as barriers to accessing payments.

As outlined in section 7.2, these barriers were typically discussed in relation to carers' access to discretionary payments and higher loadings of the care allowance. Carers also discussed some of these barriers in relation to accessing Australian Government payments (examined in chapter 8).

These barriers reduce the accessibility of carer payments, which can result in carers missing out on payments and experiencing financial instability and children not having access to much needed supports. This review also found that these barriers affect specific groups of carers more acutely or in different ways (see section 7.8).

In particular, we heard in consultation with all participant groups that kinship carers often experience more limited access to discretionary and higher needs loading payments compared to foster carers, despite being eligible for the same payments. See chapter 9 for further discussion of kinship carers.

7.3 Workforce capacity and capability

Across every consultation activity – and consistent with previous research (e.g. Arney et al., 2022; Smart et al., 2022) – one of the most frequently identified issues that contribute to the inaccessibility of payments and financial supports for carers was challenges with the child protection and out-of-home care workforce. Commonly identified workforce issues that impact payment accessibility include:

- staff shortages and vacant positions (noted as a particular issue for some states and territories, and more broadly across regional and remote areas)
- high staff turnover and frequent changes in staff
- staff capacity and high workload
- inexperienced staff
- variable knowledge and administrative practices among staff, resulting in inconsistent application of policies.

When carer support staff are overburdened due to staff shortages and high workloads, they may not respond to requests in a timely manner or have time to explain information and processes to carers.

> We need to acknowledge the context of high staff turnover affecting all policy and practice. Many of the [carer payment] issues being raised could be addressed by having a stable and skilled workforce with low enough caseloads that they could take the time to invest in building relationships and responding to the needs of children and carers. Further, many of the 'solutions' will fail or be limited if the workforce continues to turnover and rely on inexperienced graduates … (Out-of-home care professional, SA)

We heard from government staff that when departmental staff had multiple statutory responsibilities, they often needed to prioritise investigations of child abuse and neglect or removals of children from their birth parents. This resulted in children case managed by government statutory workers often receiving less support and follow-up, which limited their access to payments.

> That core responsibility when we're looking at DCP, the responsibility is to the child. And that's their focus sometimes, to the exclusion of everything else. And so holding kinship care within DCP sort of leaves kinship carers as an afterthought or being held secondary. (Out-of-home care professional, SA)

Carers and out-of-home care professionals often described how high staff turnover can result in inconsistent access to financial supports – for example, a change of caseworker could lead to a carer no longer being reimbursed for an ongoing expense, even if the child's needs remained unchanged.

Individual staff capability and capacity also affects carers' access to payments, and this becomes more visible as a result of staff turnover. Some out-of-home care professionals and carers told us that individual staff have varying administration practices, which affects carers' access to payments. Some staff provide responsive supports and quick reimbursements, whereas others do not appear to follow consistent processes or provide timely approvals.

> Some people are very, very efficient and have got a consistent process for requesting funds, having quotes in place, receiving funds, being reimbursed within a matter of 5 working days and then other [regions], not regarding the Who Pays for What document, having to take 9 months to get a laptop approved and in place and sitting on my credit card for 12 months, accruing interest while I'm sorting out something which should've been a 2-second email and a 5-day turnaround. (Carer, SA)

We also heard that less experienced staff did not have detailed knowledge about payments and payment processes, which increases the risk that carers will not be informed of their entitlements or have to 'educate their caseworkers'. Carers valued more experienced caseworkers, also noting (as did out-of-home care professionals and government staff) that more experienced staff produced applications for payments and higher needs loadings that were more likely to get approved.

Staff shortages and high staff turnover in the child protection and out-of-home care sector are well-known issues (Russ et al., 2022). These broader issues intersect and influence individual staff capacity and capability, resulting in inconsistent or poorer access to payments for carers because access to many payments requires caseworker support, endorsement and approval.

Staff attitudes and biases

We heard – across consultation with all participant groups – that the attitudes, values and biases of individual staff and organisational cultures, including racism and discrimination, can affect staff decisions to approve payments and/or how they provide support to carers.

Although out-of-home care professionals require flexibility and discretion in order to meet the needs of children in care, carers' access to payments can be affected when staff make decisions about providing discretionary payments based on their personal values or beliefs about what is necessary, rather than using consistent guidelines or decision-making frameworks.

For example, a government interviewee described how a carer's access to financial support for a laptop varied based on individual staff members' views about whether a laptop should be considered an essential education expense for a child. This finding is consistent with existing research and inquiries that indicated inconsistent decision making appeared to be the result of individual staff attitudes and practices (Arney et al., 2022; Commission for Children and Young People, 2019).

Staff views about carers' motivations and capabilities can also affect how they provide support and payments to carers. Carers and out-of-home care professionals consistently described encountering staff who viewed carers as 'in it for the money' or who did not trust carers to make decisions about paying for supports to meet children's needs. Carers said this made them feel stigmatised and judged and out-of-home care professionals provided examples where staff reprimanded carers and rejected payment applications because carers purchased goods or services for children without departmental approval, even when the expense would usually be covered by discretionary payments:

> It's almost if the carer dares go down and buys something without getting department permission and then makes a reimbursement request after the fact and said, 'Oh, I went out and bought glasses,' … the response is almost this, 'Well, you didn't get approval, so because you didn't get approval, we're not

> reimbursing that.' It's just like, 'You naughty child, you weren't given permission to do that.' Again, that's a value base, that's the power dynamic in that relationship that exists. (Out-of-home care professional, Qld)

Carers told us that these feelings of stigma, perceptions of being mistrusted and negative responses from staff can influence their willingness to ask for support or continue caring.

These staff attitudes can also create different cultures of approval within department regions or organisations that are more conservative with approvals or encourage a culture of scrutiny that makes it more difficult for carers to access payments (e.g. by requesting significant evidence such as quotes or itemised budgets from carers when not strictly required in policy guidelines). Staff perceptions of 'how much' carers and children are entitled too can also lead to delays in approvals or refusals of payments when staff perceive carers are asking for 'too much'.

Carers, out-of-home care professionals and written submission respondents also discussed how staff practices and approvals can be influenced by cultural assumptions and systemic biases. This was described as disproportionately impacting carers from low-income households and Aboriginal and Torres Strait Islander communities.

This included assumptions that carers who experience financial hardship are unable to properly care for children, resulting in these carers avoiding contact with staff and avoiding asking for financial support for fear of receiving a negative report from caseworkers or even child removal. Section 7.8 explores the experiences of Aboriginal and Torres Strait Islander carers in more detail.

During consultations, kinship carers, in particular, expressed that staff attitudes could be a significant barrier to accessing payments. Some kinship carers reported being advised by case managers to request support from family members instead of requesting reimbursements or higher needs loadings. Other kinship carers spoke about feeling 'blackmailed' by department staff who advised that if they requested financial support, children may be removed and placed in non-family care.

These examples highlight that carers' access to payments can be dependent on who a carer is and how they act or who is approving their request, rather than the actual needs of the child.

Examples of promising practice with Aboriginal and Torres Strait Islander carers

Some out-of-home care professionals, government staff and carers described existing practices that were improving access to payments and financial supports for Aboriginal and Torres Strait Islander carers. These included:

- engaging ACCOs to support Aboriginal and Torres Strait Islander carers
- providing **flexible brokerage** funding directly to ACCOs to act quickly and enable staff to support carers, children and families with culturally appropriate responses
- offering **enabling carer support** that is proactive, flexible and responsive to the specific needs of individual carers and the children in their care.

Government staff in some jurisdictions and out-of-home care professionals working in ACCOs reported that when ACCOs were funded to provide case management support and flexible brokerage, they saw an increase in requests (and approvals) for financial support from Aboriginal and Torres Strait Islander carers. They attributed this to ACCOs being able to provide support to carers in a culturally safe way and to ACCOs negotiating with government for discretionary payments for these carers and children.

A few out-of-home care professionals and government staff described an enabling approach to financial payments for Aboriginal and Torres Strait Islander carers. This included staff being proactive about providing payments rather than waiting for carers to request support.

> That means whenever there is Sorry Business, whenever there is stressful moments for any of our, not just our Aboriginal and Torres Strait Islander kinship carers, but for any of our carers, we don't say, 'Would you like some help?' We just arrive with vouchers saying, 'Which bill can you give me to pay?' (Out-of-home care professional, Qld)

Some of these consultation participants also identified challenges. ACCOs are often more recently engaged to deliver out-of-home care services and only support a relatively small number of Aboriginal

and Torres Strait Islander carers. In addition, there was a sense from a few out-of-home care professionals that ACCOs were less familiar with the out-of-home care sector and thus not yet as effective as more established NGOs in negotiating with government child protection departments for discretionary payments to meet the needs of carers and children.

A submission from DCJ (NSW) noted that carers in NSW supported by smaller services, including ACCOs, may be disadvantaged, as larger organisations will have a greater pool of funding to draw on and may be able to provide higher allowances or more discretionary payments – therefore, providing more financial support than smaller organisations.

7.4 Carer support

We heard consistently – across all consultation groups – that having professional support (i.e. from a caseworker or carer support worker[14]) improves carers' access to payments and financial supports. Carers being supported improves their access to discretionary and higher needs loadings. This is because these payments often involve an application and process and are subject to assessment and approval – that is, individual discretion and interpretation. Carer support enables access to these payments because these staff support carers to:

- identify child needs that may benefit from additional support
- understand what children and carers are entitled to
- identify and gather the evidence required for approval of payments
- complete an application (particularly for higher needs loadings)
- follow up on payment requests and reimbursements and negotiate with a government department for approval if needed.

Although some carers have the knowledge, skills and time to undertake these processes without support, many carers do not, and having an experienced worker support carers' payment applications means they are more likely to be successful. For example, we heard from government staff that applications for higher needs loadings are more likely to be approved when prepared by carer support staff rather than carers themselves.

The quality of the relationship between a carer and carer support staff can also affect carers' access to payments. When carers have a strong relationship with a carer support worker, the staff member may be more likely to approve or advocate for a carer to access payments. This may be because they have greater motivation to support a carer they feel connected to or they have a better understanding of the child's needs.

> [if the caseworker has] really built a relationship with the carer and understood what supports the carer needs … there's some leniency when it comes to additional costs and additional expenses. (Out-of-home care professional, NSW)

This creates inequitable access to carer payments, as carers who have access to or stronger relationships with carer support staff are likely to have greater access discretionary and higher needs loading payments. This also creates a feeling of unfairness among carers, particularly when they compare their access to payments with other carers.

Our consultation activities, consistent with previous research, identified that NGOs, ACCOs and peak bodies help carers access financial support (Department of Territory Families, Housing and Communities & Tangentyere Council, 2019; Kiraly, 2020). These organisations often provide crucial navigation and advocacy support for carers, from assembling evidence for discretionary payments and higher needs loadings to escalating or challenging decisions. Legal and advocacy bodies can also support carers to access payments but carers typically turn to them after difficulties have already been encountered.

Post-order support for permanent carers

The availability of support for permanent carers after they receive a permanent care order (post-order support) can enable or limit their access to financial supports. Our consultations with carers suggest that most jurisdictions have limited or no post-order support for permanent carers or that carers do not know how to access this support.

14 The term 'carer support worker' is used as an inclusive term to refer to a staff member that may provide support to a carer. This could refer to the child's statutory caseworker but may also include a staff member from an NGO or placement support team within a government child protection department who are providing dedicated carer support (see section over page).

We heard that, with the exception of permanent carers in the ACT and some carers in NSW, nearly all permanent carers are supported and paid by the relevant government department rather than NGOs.[15] As is consistent with the transfer of parental responsibility from the state to the carer, permanent carers typically do not have a contact point with the out-of-home care system. Although this aligns with many carers' preferences for less contact with the broader out-of-home care system, this can make it more difficult to access payments.

A few carers reported easier access to support and payments after they became permanent carers (compared to their previous experiences as foster or kinship carers) – this was generally a result of stable relationships with post-order support staff. This was not the norm, however, and we commonly heard from carers, out-of-home care professionals and government staff that in the absence of post-order support, most carers did not know who to contact for assistance with payments after the permanent care order had been finalised.

Limited post-order support could also make it more challenging to access Australian Government payments. For example, some carers reported more difficulty accessing the necessary paperwork from state and territory departments to prove their eligibility to receive Family Tax Benefit than when they were a foster carer.

Dedicated carer support staff

Throughout consultations, carers emphasised the value of carer-focused support, where staff have specialist knowledge about carer payments, advocate for carer needs and coordinate with a child's case manager. Models of dedicated carer support vary – however, this is typically a worker whose role is to support the carer or placement, in addition to the child's caseworker. Several government staff across multiple states and territories described the importance of providing carer support from staff that were not responsible for case managing the child. These interviewees outlined how carer support staff have a better understanding and more experience with the carer payment system and have greater capacity (than staff who also case manage children) to advocate for the needs of the carer.

> If you're a carer and you've got a carer support worker, they're the conduit between the child's caseworker and the manager and the [regional office]. They work for [government] but their primary role is listening to carers. It is advocating for them; it is letting them know their rights and responsibilities. They can just be completely focused on the carer experience. When you've got a caseworker, it's the child and the carer and then a thousand other priorities … sometimes caseworkers might have 5 children in out-of-home care on long-term orders or restoration, but they might also be holding 10 children in the child protection space. (Government staff member)

We heard of various models for this support, including carer support contracted out to NGOs and ACCOs or 'placement support' or 'carer support' staff within government. However, although staff from several jurisdictions described the benefits of a model of dedicated carer support, these were either not operational or were very limited in their reach.

Although there are differences across and within states and territories, as a broad rule, the majority of kinship and permanent carers are supported by government child protection departments, where staff have multiple statutory responsibilities, including case managing the child, while the majority of foster carers are supported by NGOs. This means that kinship carers, in particular, are less likely to have support from a dedicated carer support worker and, therefore, experience greater difficulty accessing carer payments.

Self-advocacy to access discretionary payments and higher needs loadings

Where carers have limited or no access to support, self-advocacy is often required to access payments. Carers reported that – although effective – self-advocacy contributes to the administrative burden of caring for a child in out-of-home care, especially when successful advocacy does not necessarily guarantee ongoing support.

15 In Victoria, the care allowance is paid by the Department of Families, Fairness and Housing and discretionary payments are managed by the relevant peak body.

The burden of self-advocacy efforts was described as time-consuming, stressful and exhausting. The carer also risked creating conflict with government or NGO staff and being labelled as problematic or difficult (often called a 'squeaky wheel'), which could result in them being excluded from decision making.

> I find the squeaky wheel does definitely get the grease but you've got to be strong enough to handle the pushback. (Carer, Vic)

Carers felt that this placed limits on the degree to which they could advocate for themselves and the children in their care. Some carers reported that they were threatened, implicitly or explicitly, with re-opening and reviewing placements and the removal of children in their care if they continued to advocate strongly or question their entitlements. This was echoed in submissions to the recent IPART review in NSW (2025).

Not all carers are equally able to self-advocate or have access to advocacy support. Carers who are less experienced, have limited knowledge of the out-of-home care system and their entitlements are less likely to self-advocate. Similarly, carers who seek to avoid contact with the child protection system (including kinship carers and, in particular, Aboriginal and Torres Strait Islander carers) are also less likely to self-advocate. Carers who are supported by an NGO or ACCO or a dedicated carer support worker are more likely to have someone to advocate on their behalf. Carers, out-of-home care professionals and written submission respondents identified that this creates inequities in access to payments and financial supports:

> Approval processes sometimes [rely] to a greater extent on the advocacy skills of individual carers, rather than on the merits of each case. (Anglicare Sydney, NSW)

This finding is consistent with a previous review by the South Australian Royal Commission. They reported that discretionary overrides of guidelines by senior executive staff sometimes resulted in carers who were more persistent or assertive receiving discretionary payments not usually permitted (Child Protection Systems Royal Commission, 2016), undermining consistency and fairness within the carer payment system.

7.5 Access to information about carer payments

A lack of clear and consistent information about carer payments and financial supports limits carers' knowledge of what they are entitled to and their ability to access their entitlements. This was a significant issue for carers across all state and territory consultations and is consistent with findings from existing research and policy literature (Arney et al., 2022; IPART, 2024; McHugh & valentine, 2010; Parliament of Australia, 2014; Smart et al., 2022; valentine et al., 2013; VAGO, 2022; Victorian Ombudsman, 2017).

Our review identified 2 interconnected issues regarding carers' access to information:

- a lack of clear, available, up-to-date and accessible information about carer payments, including what payments are intended to cover, eligibility criteria, processes for applying for payments and the type and amount of evidence required
- a lack of transparent information about how decisions around payment approval are made.

Across our consultation activities and review of the literature, we heard that carers receive limited information (from any source) about their eligibility and how to apply for discretionary payments, higher needs loadings and Australian Government payments. Carers also told us there was a lack of information about the costs that should be covered by the care allowance (and, therefore, what should be covered by discretionary payments).

Where information about carer payments was available, carers and out-of-home care professionals reported that information was often unclear or conditional (e.g. expenses '*may* be' covered) or carers did not have support to understand the information and how it related to their circumstances and needs (carer support is discussed above in section 7.5).

This results in carers spending significant time and energy searching for information about payments and understanding how to access them. Carers can also miss out on payments they are entitled to because they do not know about them or learn about them too late.

> One of the struggles that I had was I didn't get the establishment payment so I was out of pocket – I paid – I had to get beds for them and everything, they were kind of just thrown on my doorstep suddenly and it wasn't until I got involved with [NGO] that they actually said, 'You were supposed to get this establishment thing. You're meant to be reimbursed for the beds and all of that,' and by the time I'd found that out, it had rolled over into the next calendar year so then it was a case of they wouldn't actually reimburse me for them. (Carer, Tas)

IPART (2025) identified that when carers do not have access to consistent information about their entitlements it 'opens carers up to the possibility of exploitation' and 'reduces their bargaining power' (p. 186).

Differences in access to information

Kinship carers

In consultation activities across all states and territories – and consistent with existing research and policy literature – we heard that kinship carers routinely received less information about the availability of, or how to access, higher needs loadings and discretionary payments compared to foster carers (AMSANT, 2018; McHugh & valentine, 2010; valentine et al., 2013; VAGO, 2022; Victorian Ombudsman, 2017).

Consultation participants reported that poor access to information is a concern for all kinship carers as information is often provided in an ad hoc, inconsistent manner and kinship carers are often tasked with seeking out relevant information for themselves or trying to understand information without appropriate support. Training and onboarding for kinship carers was also reported to be minimal compared to foster carers, in part due to the pace at which they can enter the out-of-home care system.

> One thing that as a practitioner I've found is information is there. But has that been understood, communicated well enough to the carers? Have the practitioners got time to sit down with carers, check their understanding around what they are eligible for, what they can ask for? The document is there but what is the level of understanding of the carers? I've found kinship carers have less understanding of a lot of complex issues and complex language written in the [payment information] documents. But then it's up to the practitioners, how they simplify it for the carers to understand it and help them to access the resources. (Out-of-home care professional, SA)

Permanent carers

Information on payments and financial supports for permanent carers is limited. Our review of publicly available information about payments and financial supports revealed a significant lack of published information and resources for permanent carers. In comparison to the resources available for foster and kinship carers, there was an absence of dedicated fact sheets, handbooks or comprehensive resources that could provide clear and direct information outlining what financial support permanent carers may be eligible for and how to access it.

Transparency of decision making

In addition to a lack of information about carer payment availability and accessibility, carers and out-of-home care professionals reported a lack of transparency in decisions about discretionary payments and higher needs loadings. This was consistent with existing research (Arney et al., 2022; Child Protection Systems Royal Commission, 2016; Commission for Children and Young People, 2019; Feagan, 2021; Foster Care Angels, 2019; McLean et al., 2020). Carers reported receiving notifications that a payment had been approved (or not) but no explanation about why or how the decision was made.

There were conflicting data from consultations with out-of-home care professionals and government staff about the reasons for limited transparency around decision making in the carer payment system. Some government and NGO staff reported that there was an overall lack of decision-making guidance and frameworks for carer payments. Other government staff reported that decisions about higher needs loadings are transparent within the department but decision-making processes and explanations were not shared with carers.

> I think it's transparent for the child protection workforce that's trying to make those decisions. I think it would be fair to say it's not transparent for the carer. (Government staff interview)

When decision making is not transparent, payment approvals can appear arbitrary, inconsistent and unfair even if consistent decision-making processes and frameworks are followed because different outcomes arise for carers in different situations and for children's individual needs.

7.6 Complex administration and decision-making processes

Consultations with all participant groups across every state and territory indicated that the carer payments system is administratively complex and has layers of bureaucracy that create inefficiencies and barriers to carers accessing payments. The following areas were frequently discussed during consultations as key issues that affect carers' access to financial supports:

- complex payment application processes, often with burdensome evidence requirements
- multiple layers of approval leading to slow and potentially inconsistent decision making
- unclear and overlapping financial guidelines and inconsistent interpretation of guidelines across departmental regions, NGOs and/or ACCOs.

Each of these issues are explored in more detail in the sections below.

Complex application processes

Carers, out-of-home care professionals and submission respondents consistently reported that the complexity of application processes for discretionary payments and higher needs loadings can have significant impacts on the accessibility of these payments.

Carers and out-of-home care professionals told us the process for applying for these payments is often unclear, inconsistent and onerous, particularly when carers are required to provide extensive documentation and evidence. In Queensland and NSW, in particular, evidence requirements appeared to be inconsistent across regions. We heard that some regions required carers accessing higher needs loadings to provide itemised detailed budgets and receipts to show evidence of 'every dollar' spent in relation to the additional costs, whereas other regions had minimal or no evidence requirements.

> If a service centre manager and the service centre say, 'I'm giving all my carers high support needs allowance. You don't need to apply for it, you just get it.' Yet we've got a carer that is having to put together a spreadsheet every 6 months and provide receipts, which the policy doesn't even say is required, that inequity is quite substantial. (Out-of-home care professional, NSW)

These requirements can place a significant administrative burden on carers and were reported to not always be in line with payment guidelines. This can act as a deterrent to applying for financial support, even where carers are aware of their entitlements.

Multiple layers of approval

We heard from carers, out-of-home care professionals and government staff that a discretionary and higher needs loading may need to be approved by several staff. This makes decision making slow and drives inefficiencies, which can lead to delays in payment and contribute to the administrative work required by carers, child protection departments and/or NGOs. Decisions can also become inconsistent when one staff member approves an expense but a more senior staff member disagrees and rejects the request.

Although large costs will typically require a higher level of approval in all jurisdictions, we identified varying approaches to approving payment requests. In some states and territories, payments can be approved by child safety officers or business support officers, which allows for quick decision making and response times.

In other states and territories, there is no financial delegation at the caseworker or officer level, and any request for spending or reimbursement needs to also be approved by at least 2 senior staff members. Larger or less routine expenses (particularly where these haven't been included as part of case planning processes) may need to go through many layers of decision making – we heard instances of requests needing to be signed off by up to 6 staff members.

These complex approval processes can contribute to extended delays in payments, with out-of-home care professionals reporting delays of anywhere between 6 weeks and 8 months for carers receiving approvals (or rejections) for payments and funding. Delays in approval for discretionary expenses can have negative impacts for children, carers and placement stability.

Carers and out-of-home care professionals also consistently told us that verbal commitments from staff, usually around discretionary payments or higher needs loadings, were often not completed. These commitments were usually made by departmental staff who did not have the authority to approve payments, and the request was later rejected by a more senior staff member, sometimes after a carer had already incurred the expense.

> They'll say, 'Yep, yep. We can support that. This is what the child needs. Absolutely, submit that documentation. This is the funding that you'll get from that.' But then when it gets to the higher level, it's been declined. (Out-of-home care professional, NSW)

When commitments are not documented, this reduces staff accountability as carers are unable to prove that a prior commitment was made. This can result in additional administration for carers who need to follow up on verbal commitments and increases the risk that an 'approved' payment will be declined by another staff member.

Unclear and inconsistent financial guidelines

The policies, guidelines and systems governing carer payments and financial supports are complex. Government stakeholders described how policies, processes and payments have developed over time, often in response to particular issues. In several jurisdictions, this has resulted in guidelines and processes that are fragmented, overlapping and confusing.

Each jurisdiction has its own system – however, consultation with all participant groups indicated that within states and territories, departmental regions and each NGO and ACCO, there will often be different financial guidelines and processes about how to administer and approve discretionary and higher needs loadings. We also heard that even where there is consistent guidance, staff can interpret this differently. This can affect how carers access payments and lead to inconsistent access to payments.

> I think it's about how people apply guidelines, [...] in one [region], they will say – a baby coming in automatically should be a level 3 or level 4 because you're buying formula, nappies, babies are expensive, whereas in the other region, they'll say babies are super easy to look after, they don't come with complex behaviours, therefore it's always a level one. (Out-of-home care professional, Vic)

These inconsistencies in the decision-making practices across department regions and organisations create administrative barriers for carers wanting to access payments. In particular, we heard that carers who cared for multiple children with case managers in different departmental regions struggled to understand and navigate the different, sometimes contradictory, processes and requirements set by each region.

Research and policy literature as well as interviews with government staff indicate that unclear or limited guidance about approving payments and a lack of training for staff to understand existing guidance can act as barriers to distributing payments and may contribute to the same policies being interpreted differently across regions, organisations and teams (Arney et al., 2022; McLean et al., 2020; Victorian Ombudsman, 2017).

A consistent discussion theme across our consultation workshops and interviews was the tension between consistent guidelines and flexibility in decision making to be responsive to child and carer needs. We heard clearly that if a policy becomes overly prescriptive, this risks children's and carers' needs not being met. Participants observed that payment policies and guidance must be clear but should also enable staff to take the individual circumstances of a child and a placement into consideration when making decisions about what will and will not be covered.

Budget availability

We also heard that in addition to the content and interpretation of financial guidelines, budget availability further drives variability of payment approvals. Pooled funding for government department regions and NGOs can result in some organisations or regions exhausting their budget earlier than others. As a result, approval for an expense may vary based on the time of year and budget availability rather than the needs of a child.

Out-of-home care professionals and carers reported that in jurisdictions where NGOs choose how they spend pooled funding, individual NGOs may provide higher rates of payment for the care allowance or approve higher needs loadings and discretionary payments more frequently. This was a consistent theme in consultations with carers and out-of-home care professionals in NSW and aligns with findings of a recent IPART review (2025).

Carers are often aware of these inconsistencies and view them as unfair and confusing. Out-of-home care professionals and government staff also described instances of carers deciding to move a placement to a different NGO in order to receive higher rates of payment.

Payment and client management systems

The payment and client management systems underpinning carer payments play an important role in enabling carer payments – when systems are integrated and transparent, payments are likely to be more accessible and reliable. For example, we heard that where systems have the appropriate functionality and are set up for routine payment (as with the care allowance), this generally runs smoothly.

However, we heard from government interviewees that systems in some jurisdictions had limited functionality that inhibited government from having oversight of discretionary payments provided to carers and children. For example, some states and territories don't have visibility of the value of discretionary spending per child or per placement. Oversight of the payments provided to carers is important to monitor and address inequities in payment approvals.

Differences in policies and practices for kinship carers

Previous research has identified that some jurisdictions have different application and decision-making processes for foster and kinship carer payments (ACWA, 2018). In our review, we identified this in NSW and Victoria, in particular, where NGOs have greater autonomy to manage discretionary payments for foster carers. Our review also identified that payments for kinship carers may be managed by different services or through different departments or teams in some jurisdictions (e.g. the ACT).

We heard, across consultations with all participant groups, that it is common for kinship carers to receive less support than foster carers in many states and territories (see section 6.2). The timing and frequency of case planning and assessment of child need is a key area where there are often differences in practice between foster and kinship carers.

We heard about differences in planning and assessment practices most frequently from carers and out-of-home care professionals in Victoria, where the process to access a higher needs loading for kinship carers was described as significantly more difficult than for foster carers. For example, a submission from Uniting Vic Tas described how kinship carers in Victoria are commonly required to resubmit applications to access higher needs loadings every 12 months, whereas foster carers apply only once.

Written submission respondents and government staff – as well as existing research across multiple jurisdictions – indicated that when kinship carers experience inequitable access to assessment processes, this typically results in the allocation of lower levels of the care allowance even in cases where complex trauma histories are concerned (AMSANT, 2018; Arney et al., 2022; Smart et al., 2022; VAGO, 2022; Victorian Ombudsman, 2017).

Furthermore, in the absence of consistent and proactive carer support, kinship carers are less likely to receive timely assessment of children's needs or it can take significant self-advocacy to access these assessments.

Planning and assessment practices

We heard from carers, out-of-home care professionals and government staff that approval or reimbursement for a discretionary payment is generally faster and easier when an expense has been outlined in a care plan or financial plan. Including expenses in case plans signals to approving staff members that it has already been deemed necessary during initial assessments of children's and the placement's needs. However, carers and out-of-home care professionals told us that planning and assessment processes are often delayed or not comprehensive, and that this can create delays or limit access to payments.

Carers reporting delays of several years in an initial assessment was not uncommon. We also heard that in some states and territories where assessments are undertaken when a child enters care (e.g. NSW), these initial assessments can be inaccurate. This can be particularly challenging for NGOs who receive funding for a child based on this initial assessment.

During consultations, carers frequently reported delays or refusals to reassess children's needs after an initial assessment. Most states and territories have policies to complete annual reviews of children's needs and higher needs loading payments but we heard that these are frequently missed in practice due to staff shortages or oversight.

> We're meant to review our [higher needs loading level] every time we review our care plans. But obviously because of shortage of staff, etc., people have overlooked that. So some [assessments] were done in 2022. And then the kid's needs have changed. They are now [a higher level of need]. We're still paying the carer at [the base rate]. (Government staff member)

Delays in reassessments were reported to be particularly challenging for carers in SA and WA, where the care allowance automatically reduces to the base rate unless annual or biannual reviews are undertaken.

We also heard of instances where support interventions paid under a higher needs loading reduce the child's needs, which are then reassessed at a lower level, meaning the supports that helped the child's needs stabilise are no longer funded. This then causes the child's needs to increase again, and carers are required to pay out of pocket for supports or advocate for a reassessment of the child's needs.

Planning and assessment practices

Kinship carers

As outlined in section 7.5, kinship carers often have less support than foster carers. The timing and frequency of case planning and assessment of child need is a key area where the differences in the levels of support provided to foster and kinship carers is particularly apparent. For example, Uniting Vic Tas emphasised that kinship placements often begin without comprehensive needs assessments, typically resulting in the allocation of lower care levels, even in cases where complex trauma histories are concerned.

We heard in consultation with government staff that kinship carers may experience delays in the development of case plans and assessments of child need. This is consistent with previous reviews and research (AMSANT, 2018; Arney et al., 2022; Smart et al., 2022; VAGO, 2022; Victorian Ombudsman, 2017) and is particularly likely when carers and children were being supported by child safety officers with high priority statutory responsibilities.

This can have significant flow-on effects for payments and financial supports – carers of children whose needs have not been assessed will not be eligible for a higher needs loading, and accessing discretionary funding is likely to be significantly more difficult and time-consuming without a care plan or financial plan that outlines costs.

Permanent carers

Permanent carers and out-of-home care professionals told us that once a permanent care order has been made, it is challenging for a carer to access additional financial support beyond the agreed rate of the care allowance (i.e. higher needs loading). Where future costs (a common example was orthodontics) were outlined in the permanent care order, this was generally an accessible process, and carers could seek this financial support when needed.

With a few exceptions, we heard that when costs were *not* outlined in a permanent care order, accessing a review of children's needs and level of care allowance was difficult and required considerable self-advocacy. Carers, out-of-home care professionals and government staff identified several barriers to costs being included in a permanent care order:

Inadequate planning processes were common. Many permanent carers were not aware that they could seek to include future costs in the care order and were not informed about this by carer support staff. Some government staff noted that limited staff resources hindered comprehensive and timely completion of assessments prior to a care order being made.

We heard from many carers that it is difficult to identify a child's future needs at the time of making a permanent care order, particularly when a child is young and/or has not been in care for long.

Some carers also described that they felt pressure (or were explicitly told) that to receive a permanent care order they needed to demonstrate financial stability, and this prevented them from seeking to include provisions for future financial support in a permanent care order.

We also heard instances where permanent carers had been able to successfully advocate for discretionary payments – most commonly this was for unanticipated medical or therapeutic costs. However, discussions with government staff identified inconsistent processes for these in most jurisdictions, indicating that access to these payments was subject to carer knowledge and self-advocacy skills (and therefore not equitably accessible). Several permanent carers reported that approval for discretionary payments was very challenging to access and strong advocacy was needed.

Victoria is the only state or territory with a dedicated peak body for permanent care, and this organisation receives funding from the government to provide discretionary funding to permanent carers.

7.7 Impacts of the barriers to accessing payments on carers

The barriers outlined in sections 7.4 to 7.8 affect carers' access to payments by making it more difficult for carers to know about, apply for and receive discretionary payments and higher needs loadings, as well as some Australian Government payments. These findings align with existing research that reports that the overall complexity of the child protection and carer payments system, including complex administration processes, are significant barriers to foster and kinship carers accessing financial supports (Arney et al., 2022; Feagan, 2021; McHugh & valentine, 2010; McLean et al., 2020).

Barriers to accessing carer payments do not occur in isolation. They interact with each other (e.g. workforce capacity issues affect carers' access to information when staff lack the time to provide detailed information and explanations to carers) as well as other issues in the broader carer payments system. In particular, the inadequacy of the care allowance means that discretionary payments and higher needs loadings, which are typically more difficult to access, are essential for carers to be able to pay for the health and therapeutic supports children need. Chapter 9 examines how issues around the adequacy and accessibility of carer payments impact carers and children in more detail.

As a result of these combined barriers, we heard that carers had to undertake significant work to access discretionary payments and higher needs loadings. This primarily included efforts to seek out and understand information about their entitlements, complete complex applications, follow up on delayed or unclear decisions and advocate for payments to be approved or child needs reassessed, often without clear guidance or support from government authorities or NGOs. For some carers, this was compounded by the need to navigate multiple services (such as the NDIS for carers of children with disability) or engage with different department regions or NGOs when caring for multiple children.

We heard clearly – from participants across all consultation groups – that this additional work and self-advocacy were time consuming, confusing and overwhelming for carers and ultimately acted as a deterrent to applying for financial support. The administrative complexities and inefficiencies within the system create delays in decisions and payments. These delays also have significant impacts on carers' wellbeing and financial stability. Carers told us they are unable to plan financially how to meet children's needs when they are not able to trust that payments will be approved or made on time.

These barriers also had flow-on effects for children. Carers said they needed to divert energy away from caregiving to undertake the additional work and self-advocacy to access discretionary and higher needs loading payments.

Carers' lived experiences, attitudes and values

These barriers also interact with carers' own lived experiences, values and cultural norms to affect how carers interact with the payments system and whether they decide to seek financial support. We frequently heard in consultation with all stakeholders, and found in our review of research literature, that carers had a fear of negative repercussions from child protection services who may see them as 'unable to cope' and remove the child from their care if they ask for financial support (AHRC, 2021; Doley et al., 2015).

This was a significant concern for Aboriginal and Torres Strait Islander carers (AHRC, 2021; Doley et al., 2015) and is often linked to experiences of systemic racism, the Stolen Generations and ongoing high rates of child removal

from Aboriginal and Torres Strait Islander families. The barriers experienced by Aboriginal and Torres Strait Islander carers are discussed in more detail in the sections below.

- Other examples of how barriers to accessing payments interact with carers' lived experiences and personal values include:
- During consultations, some carers reported fears of being labelled as difficult or a 'squeaky wheel' if they advocate for payments or follow up with staff too often. In instances where carers' requests for financial support had been rejected after multiple requests, they stopped asking for financial support due to fears about damaging their relationship with a caseworker or getting labelled as 'difficult'.
- Kinship carers' (whether formal or informal) lived experiences, attitudes and values can make it less likely that they request or accept financial supports (compared to foster carers). This includes attitudes around caring for family members as a duty and personal feelings of shame or guilt around requesting support for providing care to family (Fernandes et al., 2021; Parliament of Australia, 2014).
- Other personal considerations discussed in research and policy literature that influenced carers' decisions about whether to access financial supports included a desire to maintain privacy and avoid contact with authorities (usually for kinship carers) and concerns about language difficulties for CALD grandparent carers (Parliament of Australia, 2014; Sepulveda et al., 2016).

As with other aspects of access to payment, this disproportionately impacts kinship and Aboriginal and Torres Strait Islander carers, and intersects with and exacerbates existing barriers, particularly workforce issues and limited access to support for carers.

Inequitable access to carer payments

The barriers to the accessibility of carer payments discussed throughout sections 7.4 to 7.8 further entrench inequities within the wider carer payments system. That is, kinship carers and Aboriginal and Torres Strait Islander carers (noting many Aboriginal and Torres Strait Islander carers are kinship carers), who are more likely to commence caring with fewer financial resources and less knowledge about their financial entitlements, then receive more limited support and subsequently experience greater accessibility issues.

The accessibility issues in state and territory carer payment systems are experienced when seeking to access discretionary payments and higher needs loadings. These payments are the way in which therapeutic and specialist health supports and much family contact is funded for children. When access to these payments is predicated on carers knowing about, needing to ask for and often make numerous follow-up queries to access, it means that children may not have access to these supports and may experience more difficulty maintaining contact with family members, or carers are further out of pocket as they cover these costs themselves.

Not all carers have the same knowledge, experiences and access to carer support to help them request these payments. When carers lack the capacity and support to navigate complex systems and payment processes, they may stop making requests for financial support or 'give up' pursuing reimbursement.

Inconsistencies in carer payment processes and approvals also widens equity gaps for carers who have limited knowledge of their entitlements and less access to support. In regions where blanket approvals for higher needs loadings are provided, carers find it easy to access payments, while other carers have to go through multiple approvals and provide lots of evidence to access the same payment. This, again, means that carers who are subject to inconsistent evidence requirements and have less support to navigate complex administrative processes and requirements find it more difficult to access carer payments.

We repeatedly heard during consultations that kinship carers and Aboriginal and Torres Strait Islander carers (who are often kinship carers) are less familiar with navigating the payments system and have minimal carer support. We also heard that CALD carers and carers in regional, rural and remote areas are less likely to have suitable support to access payments. These groups of carers often experience the barriers to accessing payments more acutely. They may also be more negatively impacted if they cannot access payments because they often commence caring with lower incomes or already experience difficulties accessing services.

The experiences of each group of carers are discussed in more detail in the sections below.

Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children

We consistently heard across all consultation groups that Aboriginal and Torres Strait Islander carers (who are often kinship carers) can experience more limited access to payments and financial supports. This is frequently a

result of the limited support available to kinship carers (see section 9.4) and can be exacerbated for Aboriginal and Torres Strait Islander carers who prefer to avoid contact with child protection agencies (as outlined in section 3.6). However, Aboriginal and Torres Strait Islander carers may also experience other barriers when seeking to access payments and financial supports.

Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children can be denied access to payments and financial supports due to racism or a lack of cultural responsiveness from staff and within broader organisational cultures. For example, out-of-home care professionals reported that caseworkers may be less likely to approve expenses associated with cultural connection, which can result in delays and/or denials of requests for this funding. This has also been identified by AbSec (2025), who noted in a submission to the IPART review that ACCOs were often challenged by the DCJ when they sought reimbursement for costs associated with cultural support.

This can result in carers being out of pocket while they wait for approval or reimbursement or self-fund these expenses rather than negotiate with statutory departments. During consultations, Aboriginal and Torres Strait Islander carers also described how the value of their cultural knowledge and connections felt taken for granted.

Carers, out-of-home care professionals and government staff noted that the cost of activities regarded as essential for maintaining connection to families, communities, culture and Country, and in line with the ATSICPP (such as participation in cultural activities and events or attendance at funerals and other Sorry Business), were not always approved. This was especially the case for multiple trips to visit family or Country in the same year, particularly when the cultural significance of certain events and activities was misinterpreted or the requirement for travel was written into a child's care plan but expenses for carers to accompany children were not always authorised.

Carers of Aboriginal children and out-of-home care professionals reported that the expectations placed on carers to maintain cultural connection were high but they did not receive sufficient financial supports. Although some carers reported positive experiences when applying for reimbursements for the costs of return to Country, many others reported significant variation in the funding available and accessibility of funds for specific cultural activities. They noted that this was inconsistent with children's rights to ongoing cultural connection and could deter carers from applying for financial support.

Aboriginal and Torres Strait Islander carers in remote areas were described as experiencing additional intersecting challenges that compounded the existing difficulties accessing payments and financial supports. These are outlined in the section below.

Regional, rural and remote carers

Carers located in regional, rural and remote areas can experience additional barriers to accessing payments when compared to carers in metropolitan areas. Participants across all participant groups consistently identified the following additional barriers for these carers:

- less access to government and/or NGO child protection staff, meaning carers need to wait until staff visit communities to discuss their concerns
- limited IT skills and less access to technology and reliable internet, which creates difficulties accessing online payment and information systems
- limited access to banking facilities. For carers who do not have bank accounts or valid forms of identification, this can result in significant delays receiving payments.
- additional challenges understanding payments and financial supports when English is not a first language or English literacy is low (described as being a particular issue for Aboriginal and Torres Strait Islander carers in remote communities)
- less support to understand the payments that are available or how to access them (often due to a lack of in-person support).

These additional barriers can mean that some carers located in regional or remote areas find the process of understanding and applying for payments so laborious they do not access any financial supports. As mentioned in section 3.8, these carers also reported a limited availability of specialist medical, therapeutic and mental health services – often resulting in higher travel costs or children missing out on services altogether. Furthermore, the cost of goods and services is frequently higher in remote areas and therefore carers are more likely to require access to greater financial support.

A submission from Anglicare Australia reported that NGOs located in rural areas can experience difficulty recruiting staff, and that existing staff often need to travel long distances to conduct home visits (sometimes up to 7 hours). NGOs providing services in these rural and remote areas need to absorb the costs associated with staff time and travel, or reprioritise funding allocated to carer supports to cover the costs. This may result in carers missing out on in-person case management support or organisations having less funds available to support carers and children.

Culturally and linguistically diverse carers

As outlined in section 3.7, CALD carers can experience additional barriers within the carer payment system that make accessing financial supports more difficult. The most significant barrier identified during consultations was that CALD carers receive a lack of culturally appropriate support from carer support workers and children's case managers, including a lack of translation services.

CALD carers' lived experiences and attitudes can also interact with other barriers to accessing carer payments and financial supports. Namely, some carers have cultural norms and attitudes surrounding money that mean they are less likely to access financial supports, especially when financial support requires carers to ask for help, rather than support being proactively provided.

7.8 Suggestions from consultation participants to improve the accessibility of carer payments

Participants from all consultation groups were invited to share their suggestions for actions that governments, NGOs and other agencies could take to improve the accessibility of carer payments and financial supports.

We received a large number of suggestions – often focused on how to improve the accessibility of discretionary and higher needs loading payments (as these were the payments that carers have the most difficulty accessing). The key themes of the suggestions for how to improve the accessibility of carer payments and financial supports included:

- Provide more information to carers about carer payments and financial supports, and ensure it is timely, accurate and accessible.
- Provide consistent decision-making guidance and frameworks for staff about how to review and approve carer payment applications.
- Streamline payment application and approval processes, including processes for assessing children's needs.
- Improve communication between department regions, NGOs, ACCOs and other service systems.
- Provide consistent carer support to all carers.
- Provide more education and training for decision makers and carer support staff about carer payments and financial supports.
- Consider the role of departments, NGOs and ACCOs in providing payments to carers (note that there was no consistent agreement on whether government departments or NGOs should have responsibility for approving and paying carer payments).
- Provide flexible funding and brokerage to carers, NGOs and ACCOs
- Include carers in decision making and build trust within the payments system.

Appendix C includes more detail and examples of the suggestions we received in each of these areas, and where they align with existing research and policy literature findings.

Participants across all consultation groups also shared specific suggestions for how governments, NGOs and other agencies can improve the accessibility of carer payments and financial supports for certain groups of carers. We received several suggestions for how to improve the accessibility of payments for:

- kinship carers
- permanent carers
- Aboriginal and Torres Strait Islander carers, including cultural considerations and examples of promising practice
- CALD carers
- carers located in regional or remote areas.

These suggestions were often similar to the general suggestions for how to improve the accessibility of payment for all carers (listed above) but consultation participants emphasised that they were particularly important for one or more of these groups of carers. Further details are included in Appendix C.

8. The accessibility of Australian Government payments

There are a wide range of Australian Government payments that carers may be eligible for (see section 5.7 and Appendix B). In contrast to the state and territory carer payments discussed in chapter 7, which are specifically for children and carers in out-of-home care, Australian Government payments are typically available to all Australian families depending on their circumstances.

These payments are not restricted to formal carers and so are potentially available to informal carers, depending on their circumstances. Australian Government payments have a range of different purposes, and many payments are designed to support low- and middle-income families and are means tested. This creates some differences in the types of accessibility barriers that carers encounter when seeking to access Australian Government payments. This also means that the consequences of not being able to access Australian Government payments in a timely way are different. Depending on the type of payment or financial support, this can limit access to a necessary service (e.g. child care or health or disability care) and/or place additional financial strain on a family (e.g. not being able to access Family Tax Benefit (FTB) or the Extended Medicare Safety Net).

Carers reported a range of barriers and enablers when seeking to access Australian government payments and financial supports through various processes and systems. This section outlines these issues and includes suggestions for improvement specific to Australian Government payments. This chapter is in 3 sections:

- eligibility for Australian Government payments
- accessibility of Australian Government payments
- suggestions from consultation participants to improve Australian Government payments.

8.1 Eligibility for Australian Government payments

Some consultation participants noted that not all family-based carers were eligible for Australian Government payments. Although – as identified in chapter 5 – informal carers are more likely to be eligible for Australian Government payments, both formal and informal carers experienced eligibility barriers. Carers and government staff identified a small range of eligibility issues that prevented carers from being able to access Australian Government payments. Payments where carers reported eligibility issues were typically those that required the carer to be eligible (e.g. FTB, Child Care Subsidy (CCS)) rather than supports such as Medicare that are linked to a child.

Particular eligibility issues identified included:

- carers' household income making them ineligible for payments (e.g. FTB)
- carers' visa status impacting their access to FTB or CCS. For example, grandparent kinship carers who have come from overseas to care for their grandchildren on a visitor's visa are unable to access FTB and require access to Special Benefit and exemptions to access CCS.
- permanent care orders meaning that carers lose access to Additional Child Care Subsidy (ACCS) child wellbeing.[16]

We also identified several carers and some state and territory government staff reporting incorrect information about eligibility, particularly with regard to ACCS. Overall, we observed considerable confusion about eligibility for Australian Government payments, exacerbated by a lack of knowledge of payments at state and territory level (discussed in section 7.6). Carers also reported receiving incorrect information about eligibility from Services Australia when carers contacted the general Services Australia rather than the Grandparent, Foster and Kinship Carer Advisor line.

16 The Department of Education indicated that carers of children on permanent care orders may be considered eligible for ACCS child wellbeing – however, some permanent carers who participated in the consultations for this project indicated they were no longer able to access ACCS child wellbeing.

Paid Parental Leave

Carers are typically not eligible for government-funded Paid Parental Leave, unless the child was placed in their care for adoption. We heard that this places carers at a significant disadvantage and can affect carer recruitment when they need to take time off work to care for an infant but cannot receive the same supports as other families.

National Disability Insurance Scheme

The NDIS is discussed in more detail in section 6.2 – however, carers observed the assessment and approval process to determine eligibility for the NDIS for children in their care was costly, prolonged and complex. As a result of the challenges or delays, we heard that many carers pay out of pocket for specialist reports required for assessments.

> These delays not only place financial strain on carers but also undermine the wellbeing and development of the children in their care. Improving access to timely and appropriate NDIS support is critical to ensuring that carers are not left carrying the financial and emotional burden of a system that is meant to assist them. (Glenhaven Family Care).

Carers also identified limited support for this process, noting that state and territory government caseworkers did not have expertise in this area.

8.2 Accessibility of Australian Government payments

Carers and other consultation participants reported that carers experience challenges accessing a range of Australian Government payments, including:

- Family Tax Benefit
- Double Orphan Pension
- Foster Child Health Care Card
- Medicare Safety Net
- Child Care Subsidy/Additional Child Care Subsidy
- carer payment and carer allowance.

Although there are some variations in the accessibility barriers specific to each payment, we heard consistent themes during consultation activities that were relevant to accessing all, or most, Australian Government payments. These key themes are presented below:

- awareness and support
- documentation and evidence
- accessibility of forms and processes for carers
- administrative work
- carers accruing debt: Child Care Subsidy
- the Grandparent, Foster and Kinship Carer Advisor Line.

These barriers were often similar to the barriers to accessing state and territory government payments outlined in chapter 7 of this report. However, consultation participants emphasised that these barriers were particularly significant when accessing Australian Government payments or that there were additional considerations that were not relevant to accessing state and territory payments.

Awareness and support

Many carers reported they were not aware of their eligibility for Australian Government payments. This was, in part, due to state- or territory-based caseworkers having limited knowledge of Australian Government payments:

> I would say there are huge access issues in respect to federal government payments because no one really, from a state perspective, has that really clear understanding, no CSO, no agency worker. Navigating Services Australia can be really complex. (Out-of-home care professional, Qld)

Where carers needed support to access Australian Government payments, state-based caseworkers are not able to provide information to Services Australia on their behalf. Instead, out-of-home care professionals reported that

they must either accompany a carer in person or be in their home when making the phone call to Centrelink to be able to access or provide information on a carer's behalf.

Documentation and evidence

Consultation with carers, out-of-home care professionals and government staff, and information provided by Services Australia, indicated that carers experience challenges locating the information and documentation required to access Australian Government payments. This includes having sufficient information about the child and being able to provide:

- the child's proof of birth
- evidence that the child is in the care of the carer
- information about the child's birth parents or previous carers
- the child's immunisation history.

Not having this information can prevent or delay a carer from being able to access a payment or financial support (or in the case of CCS/ACCS, prevent them from being able to access child care). For formal carers, this documentation is provided by the child's caseworker and can require administrative work to request and follow up before they receive it. Carers and out-of-home care professionals reported that it often took time before they received a Medicare card or details for the child in their care, which meant they incurred out-of-pocket costs and could not apply for some Australian Government payments in the interim.

Accessing this documentation can be more challenging for informal carers. We heard from some submission respondents and interviewees that these carers may not have proof that the child is in their care or access to the other necessary documentation. Complex familial relationships and the possibility of the informal carer's claim resulting in a loss of payment for the birth parent can prevent the carer accessing that payment due to fear of causing conflict with the birth parent (see section 3.4).

For Aboriginal and Torres Strait Islander informal kinship carers, these challenges can be exacerbated by racism and a lack of culturally responsive practices.

Accessibility of forms and processes for carers

Carers and out-of-home care professionals reported that Australian Government forms and processes do not have suitable options for foster and kinship carers. Carers reported not knowing what option to select, or options not suiting the circumstances of foster or kinship care, and, overall, they found application processes and eligibility requirements unclear and confusing. This can act as a deterrent to applying, even for carers who understand their entitlements.

> We're both retirees, and I've now – after having sat there for an hour-and-a-half, trying to apply for the Family Tax Benefit A and B online. I went into Centrelink, but I couldn't do it in-person, because you can't get somebody to help – and now I've come home with an appointment being booked. So, this will be 3 attempts to try and get it done, because I tried to do it online and couldn't answer the questions, because they don't fit a foster care scenario. And I hit this all the time … We don't fit the boxes, and it's a frustration. (Carer, ACT)

Carers also reported a lack of understanding and incorrect advice from Services Australia staff about carers' eligibility and processes for applying for Australian Government payments and supports. This included carers being told their care allowance would be factored into other payments or could impact their eligibility for Australian Government payments. Carers described that it felt like 'luck' depending on the staff member that was assigned and if they understood the eligibility of, and processes for, foster and kinship carers to access these supports.

> I had lots of issues with Centrelink and the workers not knowing what I was eligible for. For example, I was told my kids weren't eligible for a health care card because of my income but then I later found out all kids in care are eligible. (Carer, SA)

Administrative work

As with state and territory government payments, the administrative work required by carers to apply for, and continue to access, Australian Government payments was significant. This included the need to apply separately for each Australian Government payment, each with their own application process and documentation requirements, this could disincentivise carers from accessing these payments.

> You access the health care card; you access that but you can't access the Family Tax Benefit and get dental automatically. You have to then go into Medicare and by the time you line up and go in, it's not worth it. (Carer, Tas)

For foster carers who may have different children entering their care, they are required to apply for each payment each time there is a placement change. A failure to update information with each placement change can mean carers are not eligible for a financial support (e.g. Medicare Safety Net or Foster Child Health Care Card) or they can accrue debt (see below). The administrative burden on carers required to access the NDIS was also noted; although NDIS applications were recognised as time consuming in their own right, this was amplified when carers needed to access supports through a range of different systems.

Carers of children with complex or additional needs, who may be navigating health and disability services as well as the child protection system, reported poor communication between these systems, and found it difficult to identify which system should cover a cost:

> [This] can be a maze: for example, some costs might be claimable via NDIS (therapies, equipment), others via the care allowance, others via health subsidies. (TeACH Western Sydney University)

Child Care Subsidy was another particularly challenging area for carers, raised consistently across workshops with carers and out-of-home care professionals. This is due to the documentation required – carers need to collect and provide information to the child care provider, child protection and Services Australia/Centrelink and keep this information up to date.

> We got a letter written by [the department] so we can access the child care rebate, and that's really important but we have to get that every year and then as soon as we put our tax in, because we both work, then the tax department messes it up and then we have to reapply for the ACCS again. So, you've got to stay on top of it. (Carer, Tas)

Carers accruing debt: Child Care Subsidy

Child Care Subsidy (CCS), and particularly Additional Child Care Subsidy (child wellbeing) (ACCS) were identified as beneficial for carers. However, we heard several instances of carers accruing debt for child care services because of administration issues with ACCS.

> Carers are often pursued for child care gap payments and threatened with debt collection, creating unnecessary financial and emotional stress. Carers are not the legal guardians and should not be responsible for child care. (Anonymous peak body)

Debts can arise when carers incorrectly estimate their income, do not maintain their tax return status or a child leaves their care. We heard that carers may not be aware that a debt is accruing. Although these debts may be due to incorrect or missing information, a child care provider is not able to retrospectively request the subsidy for the period when the carer was not eligible. This can have a significant impact on carers' finances and wellbeing – they are required to pay back the debt and may be unable to access other Australian Government payments as a result of the debt.

Grandparent, Foster and Kinship Carer Advisor Line

It was common practice in our consultations with carers for carers to recommend to each other contacting the Grandparent, Foster and Kinship Carer Advisor Line (the advisor line). Carers that had accessed the advisor line spoke positively of the support they had received:

> The grandparents line I found very amazing, the fact that we have our own phone number we can call … I'm really thankful that we've had that. (Carer, Tas)

Although not all carers were aware of it (hence carers recommending it to each other), those that were found the specialised knowledge of carer circumstances and how this affected their access and eligibility to Australian Government payments highly valuable. This addressed a previous issue (discussed above) of carers receiving inconsistent and inaccurate advice about Australian Government payments from the central Centrelink phone number or from state and territory government staff who are unfamiliar with Australian Government payments.

A few carers noted that since the expansion of the Grandparent, Foster and Kinship Carer Advisor Line, the level of expertise across staff appears to have been diluted. When the phone line was initially established, these carers felt the individuals on the advisor line had deep knowledge about Australian Government payments for carers. However, as staff numbers have increased, these carers suggested that level of expertise appears to be less consistent.

8.3 Suggestions from consultation participants to improve Australian Government payments

We received several suggestions during consultation activities with all participant groups about how government agencies can improve the accessibility and adequacy of Australian Government payments for carers. These suggestions focused on the following key themes:

- Provide more information and support to carers to increase their awareness of Australian Government payments.
- Review application processes to reduce the administrative burden on carers applying for payments, usually related to CCS/ACCS.
- Expand eligibility to Australian Government payments for carers, included removing means and asset testing and removing the Medicare Safety Net threshold for children in out-of-home care.
- Improve access to financial support for informal kinship carers, including reviewing the Double Orphan Pension eligibility requirements and amount and developing other forms of payment not yet available (such as the Unsupported Child's Benefit currently provided in New Zealand – see a case study of this payment in Appendix E).

Appendix C includes more detail and examples of the suggestions we received in each of these areas.

9. Impacts and inequities

This chapter outlines the impacts of the inadequacy and inaccessibility of payments and financial supports on carers, children and the broader out-of-home care system and describes how these impacts are inequitably (inconsistently) experienced by some groups of carers.

Throughout this report we have outlined the adequacy and accessibility issues with carer payments and financial supports and described the impacts of these on carers and the children in their care. However, given the potential gravity of these impacts and the flow-on impacts for carers, children and the broader out-of-home care system, we considered it necessary to draw these findings together.

This chapter includes discussion of the:

- impacts of inadequate and inaccessible payments on carers
- impacts of inadequate and inaccessible payments on children
- system impacts: the recruitment and retention of carers
- inequities for kinship and permanent carers.

9.1 The impacts of inadequate and inaccessible payments on carers

This review found that carer payments and financial supports are broadly perceived to be inadequate, and the care allowance falls significantly short of covering – or making a substantial contribution to – the costs of caring. Many carers experience difficulties accessing payments and financial supports provided by both states and territories and the Australian Government. The inadequacy and inaccessibility of payments and financial supports have a range of impacts for carers.

This section outlines these impacts, including on:

- finances and financial stability
- carers' wellbeing
- carers' sense of value and recognition.

Impacts on finances and financial stability

Caring can impact a carer's financial position. Inadequate and/or inaccessible payments and financial supports can limit carers' immediate and longer-term financial stability and result in a financial burden for carers. This was

a consistent finding across all areas of this review, including existing research evidence (Arney et al., 2022; Centre for Excellence in Child and Family Welfare, 2024; Commission for Children and Young People, 2015; EY Sweeny, 2021; Feagan, 2021; IPART, 2024; Kiraly, 2020; Royal Commission NT, 2017; Smart et al., 2022).

Participants across all consultation groups reported that the financial stability of carer households can be affected in multiple ways by taking on a caring role. Some carers reported that these impacts can result in them having difficulty covering basic living expenses for both themselves and the children in their care. This can lead to financial strain, particularly for carers who are not financially secure. As outlined in chapter 3, many carers come from lower-income households, particularly kinship carers (Qu et al., 2018).

Through our research and consultation activities, we identified 3 particular areas where caring for a child in out-of-home care impacted carers' household finances:

- out-of-pocket expenses
- employment and superannuation
- access to loans.

Out-of-pocket expenses

We heard that carers are frequently left out-of-pocket as a result of caring for a child in out-of-home care. This could be temporary, as carers wait for reimbursement from a discretionary expense, or ongoing, when carers subsidise gaps between payments and actual costs with their own personal funds and savings.

This was particularly notable where carers reported long wait times in the public system for health and therapeutic services and (in particular) developmental assessments and supports. This often prompted carers to use private health services to access support, with subsequent out-of-pocket costs, and we heard many examples of this across the workshops and submissions. Many carers covered these expenses to ensure the children in their care had access to necessary services and activities and did not miss out on necessary health, therapeutic or disability support or important enrichment opportunities.

Employment and superannuation

We consistently heard, from participants across all stakeholder groups, that full-time employment was often incompatible with caring responsibilities due to the level of support children in out-of-home care required (see also chapter 6). Typically, balancing caring responsibilities was associated with a reduction in working hours, changes to work patterns and the exhaustion of leave entitlements. In some cases, carers left or lost paid employment opportunities.

This has both immediate and long-term consequences for carers in terms of financial security. Consistent with the literature, data from consultation activities indicated that decreases in paid employment resulted in reduced income and leave allowances and decreased superannuation at retirement, as well as costs to career progression, promotion and leadership opportunities (Arney et al., 2022; IPART, 2024) (see further discussion of superannuation in chapter 6).

These impacts were felt most keenly by carers of children with complex or additional needs (see further discussion in section 6.2) and female carers. The majority of carers, including kinship carers, identify as female and female carers are more likely than male carers to be unemployed, have lower levels of education and fall into the lowest household income bracket (Qu et al., 2018). This also reflects broader trends across Australia with regard to women spending significantly more time undertaking unpaid care work than men. This time spent in unpaid care work can negatively affect a person's quality of, or time in, employment and subsequently the amount of superannuation they can accrue (Workplace Gender Equality Agency, 2016).

Access to loans

Carer payments are not considered income and are not subject to tax (see section 5.8). However, some government interviewees and out-of-home care professionals identified that the tax-free status of carer payments can affect carers' borrowing and loan capacity. Financial institutions do not include carer payments in their assessment of a household's financial position for the purposes of a loan. This can have flow-on effects for carers' housing stability and buying capacity for major purchases such as vehicles and homes.

Impacts on carers' wellbeing

The evidence collected in this review suggests that carers' mental health and wellbeing can be significantly negatively impacted by issues surrounding carer payments. Out-of-home care professionals and carers reported that financial strain contributes to increased stress, fatigue and other mental health concerns when carers are unable to meet their own needs and the needs of children in their care due to inadequate or inaccessible payments.

The administrative burden involved in accessing these payments and financial supports can also contribute to carers' mental ill-health. Some carers reported that complex administrative systems, extensive paperwork and repeated requests for documentation to meet unclear eligibility criteria both contributed to stress and to being time poor, as well as having the potential to exacerbate fears of financial instability that contribute to carers' anxiety, stress and risk of burnout.

Impacts on carers' sense of value and recognition

Participants across all consultation groups observed that carers feel undervalued and not trusted to inform decisions about the needs or expenses for the child in their care. This finding is consistent with research over several decades (Randle et al., 2018; Smart et al., 2022; Thompson et al., 2016). Carers told us they are often not included as a partner in case planning and needs assessments, and that this can result in important information about children's needs being absent from decision making, with the potential for higher needs loadings or discretionary payments being less likely to be approved. The lack of trust surrounding approvals for these payments was seen as incongruent with the responsibility and trust placed in the carer to care for a child.

> I think the biggest thing that's lacking across the board, is the lack of respect … we've said to the … carer … that we trust them to care for children. But we don't trust them when it comes to them actually asking for things that every other adult pays for, for their children, whether they're in care or not in care. (Out-of-home care professional, SA)

Carers feeling valued, trusted and recognised is often linked to carer recruitment and retention (see section 9.3 below).

9.2 The impacts of inadequate and inaccessible payments on children

This section presents findings from the literature and consultation activities that outline how the adequacy and accessibility of carer payments can affect children in out-of-home care. We identified impacts in the following areas:

- children's health, development and support to heal from trauma
- children's participation in activities
- cultural connection for Aboriginal and Torres Strait Islander children
- relationship and placement instability.

Children's health, development and support to heal from trauma

Out-of-home care professionals and carers described a range of intersecting barriers that reduced children's access to services. This is particularly significant as this limits access to services that could address health and developmental concerns and support children to heal from trauma. The barriers often included a combination of long wait times or otherwise inaccessible public health and therapeutic services and challenges getting payments that could fund access to these services outside the public health system (particularly therapeutic supports).

Consultation participants across all groups reported significant wait times for health, therapeutic, developmental and disability services and assessments through the public health system or NDIS. Waiting lists were described as being several years long, despite children (and their carers) having an urgent need for support.

Carers and out-of-home care professionals also reported inconsistent and slow access to approval for discretionary payments. This can have significant effects on their ability to cover expenses outside of the routine day-to-day costs of care, such as specialist medical care or other therapeutic supports to aid recovery from trauma (IPART, 2024).

As a result, children may not be able to access the services they need and this was described as potentially causing detrimental impacts on children's health, development, wellbeing and potential to heal from trauma.

This was particularly noted in regard to early intervention – poor access to necessary services meant that early intervention was not possible (often leading to more significant issues) – and could limit access to support under the NDIS.

Children's participation in activities

Engagement in a range of extracurricular activities and play is important for children's development and wellbeing (Willoughby et al., 2024). However, participants across all consultation groups reported that the expense of extracurricular and recreational activities combined with inadequate payments, increases in the cost of living and limited access to discretionary funding can result in children missing out on these activities, with flow-on negative impacts for their development and wellbeing.

Cultural connection for Aboriginal and Torres Strait Islander children

Nurturing cultural connection is of key importance for identity and healing for Aboriginal and Torres Strait Islander children in out-of-home care (Garvey et al., 2024). Some carers of Aboriginal and Torres Strait Islander children reported that they were inadequately supported to meet Aboriginal and Torres Strait Islander children's cultural needs due to limited funding and a lack of cultural training and support for both non-Indigenous carers of Aboriginal and Torres Strait Islander children and organisational staff. ACCOs have also reported significant and inappropriate scrutiny of cultural support costs (AbSec, 2025).

Many Aboriginal and Torres Strait Islander carers are caring for Aboriginal and Torres Strait Islander children in both kinship and foster care placements. Although these carers, particularly kinship carers, are well-placed to support children to build and maintain connections to culture, accessing the financial support to do this can be difficult because of the accessibility barriers outlined in previous sections of this report (section 3.6 and chapter 7). Limited access to financial support can have flow-on impacts for these carers and the children in their care, including less access to cultural connection.

Correspondingly, carers and out-of-home care professionals suggested that a lack of cultural responsiveness and limited training and support for agency and departmental staff to recognise cultural significance and approve funding for certain activities and events represents a significant risk to the cultural connection, wellbeing and identity formation of these children and young people (see also section 7.8).

Relationships and placement instability

The importance of placement stability for children's wellbeing is well-known (Richmond & McArthur, 2017, p. 17). Inadequate and inaccessible carer payments can impact placement stability, with the potential for significant negative impacts on children. This can be through financial strain, leading to carers having to stop caring (see recruitment and retention below) or through poor access to the services and supports that could stabilise a placement.

The potential for financial strain to negatively impact placement stability was identified in several submissions to our review. However, we also heard, particularly from government staff, that unmet health and therapeutic needs can compound existing experiences of trauma and relationship volatility and contribute to placement breakdown.

Financial pressures can also impact permanency, with some carers noting that they would not move from foster or kinship care, even when they would otherwise like to, because of the reductions in financial support.

9.3 System-level impacts and interactions: carer recruitment and retention

The recruitment and retention of foster and kinship carers is a key issue within all out-of-home care systems across Australia. There is a widely acknowledged shortage of family-based carers to meet the overall demand for placements (Centre for Excellence in Child and Family Welfare, 2024). This includes a shortage of Aboriginal and Torres Strait Islander carers, as reflected in the substantial numbers of Aboriginal and Torres Strait Islander children placed in care arrangements that are not aligned with the ATSICPP (SNAICC, 2022).

The overall number of carers is declining, driven by a decline in foster carer households over several years, despite increases in the number of kinship carer households (AIHW, 2025). Written submission respondents and out-of-home care professionals indicated that the reduction in foster carers is the result of a lack of new carers as well as more carers exiting the system.

This has flow-on impacts for carers, children and the broader system. Consistent with the research literature (Richmond & McArthur, 2017), written submission respondents highlighted that when there are fewer family-based out-of-home care placements available, children are more likely to enter residential care or be assigned a placement that does not match their needs. This also impacts children's ability to stay connected with their siblings and other family members as they may be placed further away. Ineffective placement matching also results in less stable placements and can negatively impact carer retention (Smart et al., 2022).

9.4 Inequities in kinship and permanent care placements

All carers are impacted by the adequacy of carer payments and financial supports, and all carers experience barriers accessing payments and financial supports. However, these barriers and impacts are not experienced equally, and some carers encounter different or additional barriers that exacerbate existing problems with adequacy and accessibility.

We have discussed the issues impacting different population groups of carers (e.g. Aboriginal and Torres Strait Islander carers and carers living in regional and remote areas) throughout this report and the issues relating to informal carers in previous chapters. In this section, we address the inconsistency of access to payments and financial supports across carer types. That is, the more limited access to payments for kinship carers and permanent carers.

Kinship carers

Kinship care is generally preferred over foster care, as this enables a child to stay connected to their family. For Aboriginal and Torres Strait Islander children placed with Aboriginal and Torres Strait Islander family members, it also allows them to stay connected to their culture. It is well-known that kinship carers are typically older (most often grandparents) and on lower incomes; this is clear from the data presented in chapter 3 and many organisations drew attention to this in their submissions to this review.

However, although they are **eligible** for the same payments and financial supports as foster carers in all states and territories, kinship carers are likely to **receive less** financial support. This is a key inconsistency in carer payments and financial supports in Australia.

This is due to kinship carers having more limited access to discretionary payments and receiving higher rates of the care allowance less often. As we have shown throughout chapter 7, there are a number of factors contributing to this, including more limited access to information, different procedures and less access to support to access payments. This represents a significant inequity in the out-of-home care system.

Although the care allowance is insufficient for all carers, kinship carers, in particular, have less access to payments and financial supports. This increases the risk that children in kinship care placements may be going without essential items and kinship carers (who are likely to commence caring with fewer financial resources) may experience financial hardship.

We note here also the significant overlap between Aboriginal and Torres Strait Islander carers and kinship carers. That is, many Aboriginal and Torres Strait Islander carers are kinship carers, and they experience the same barriers as non-Indigenous kinship carers, as well as the additional barriers associated with being an Aboriginal and Torres Strait Islander carer (see section 7.8). If they are caring for an Aboriginal and Torres Strait Islander child, this may be compounded by the additional costs required to maintain cultural connection.

As we outlined in chapter 4, kinship care is the preferred placement type for children that are removed from their birth parents and there is consistent evidence to suggest that kinship care placements result in better outcomes for children across a range of indicators (Lau & Hopkins, 2023). Kinship carers are motivated to become carers due to love for the child, feelings of familial responsibility and a desire to keep the child with family and out of the out-of-home care system (Smart et al., 2022).

In contrast to the retention of foster carers, which is defined as carers staying in the out-of-home care system and caring for multiple children over time, retention of kinship carers generally means that a carer remains caring for a child until the child returns to their birth parents or grows up and ages out of care (Qu et al., 2018).

We observe that these factors create a strong incentive for carers to stay caring until the child no longer needs their care and may create less incentive for governments to support carers to stay within the system beyond their current placement. A number of kinship carers in our study felt they were taken for granted and their love for the child and sense of familial duty was exploited.

Payments that are less accessible to kinship carers creates inconsistency and inequality in the carer payment system. This has the potential for significant negative impacts on children and carers in kinship care placements, as these carers are likely to commence caring with less resources.

Permanent carers

Although permanency is often sought for non-Indigenous children in out-of-home care though a permanent care order,[17] permanent carers have more limited eligibility for payments and financial supports than foster and kinship carers. We heard from carers and government staff that this can disincentivise carers to pursue permanent care orders.

Our desktop review of carer payments indicated that permanent carers' eligibility for payments has been expanded in most states and territories in recent years. However, permanent carers remain eligible for less financial support than foster and kinship carers. This is in part due to their parental responsibility, which includes (although this is contested – see section 3.5) a greater degree of financial responsibility.

However, we found that access to financial support for permanent carers is hindered by limited assessment processes, carers' lack of knowledge of payments and how to access them, inconsistent processes within governments and a lack of post-order support. This creates inequity in the carer payment system, meaning that the permanent carers that are most able to access payments are those that are better informed and more likely to self-advocate.

Carers that find the out-of-home care system more challenging to navigate or want to avoid engagement with the system are less likely to seek financial support following a permanent care order. This can result in these carers and the children in these placements being more likely to experience the negative impacts described in the earlier sections of this chapter.

10. Summary and recommendations

This final chapter of the report presents a summary and recommendations.

- Section 10.1 provides a short summary and discussion of the context and findings of the review.
- Section 10.2 outlines recommendations for multiple governments.
- Section 10.3 outlines recommendations for state and territory governments.
- Section 10.4 outlines recommendations for the Australian Government.

10.1 Summary and discussion

Family-based out-of-home care is broadly accepted as the best option for children who have been removed from their birth parents (NSW DCJ, 2025; Productivity Commission, 2025; SNAICC, 2022). However, the number of family-based carers, particularly foster carers, is declining (AIHW, 2025) and recruitment of Aboriginal and Torres Strait Islander carers is required for governments to fulfill their obligations under the ATSICPP.

The recruitment and retention of carers is a high priority for governments and the broader out-of-home care sector (ACWA & Lumenia, 2024; DSS, 2021a, 2021b). There are a range of factors that influence the recruitment and retention of carers, and the financial costs of caring are an important factor. This is increasingly important for carers (or potential carers) who are considering a caring role, given recent increases in cost-of-living pressures.

A longstanding and consistent theme in much research and consultation with carers – including this project – is that carers do not feel valued or trusted, and that they are excluded from decisions about the child they are caring for (Randle et al., 2018; Smart et al., 2022; Thompson et al., 2016). This is one of several reasons (including financial strain) that contribute to carers leaving the system (IPART, 2025; Smart et al., 2022). Carers in this study told us that the inadequate care allowance and the inaccessibility of carer payments contributed to them feeling undervalued.

17 There are ongoing concerns about the use of permanent care and third-party parental responsibility orders for Aboriginal and Torres Strait Islander children, in large part due to the risk of children not having sufficient connection to cultural relationships and culture (SNAICC, 2024).

The care allowance is consistently considered inadequate for all carers. The carer payment system is also producing inequitable outcomes, especially for kinship carers. Of particular concern is that the payments most inequitably accessed are the discretionary payments and higher rates of the care allowance for carers of children with complex or additional needs (higher needs loadings). These payments typically pay for health, therapeutic and family contact costs. That is, services that support children to heal from trauma, access essential health care and stay connected to their siblings and other family members. These are essential services and supports that all children in care should have access to (DSS, 2011).

The issues and recommendations identified in this report are also relevant to governments' commitments to improving outcomes under Closing the Gap (CtG). Most specifically, CtG Outcome 14 (social and emotional wellbeing) but also more generally to outcomes relating to children's ability to thrive (Outcome 4) and children's learning potential (Outcome 5) as these are affected by carers' ability to support children in their care.

Many of the issues we have identified in this review are associated with resource constraints in the out-of-home care system. The adequacy, consistency and accessibility of payments for carers are shaped by the available resources in the system, and many of the issues identified in this review would be addressed or ameliorated through greater investment in out-of-home care. This is not a new finding – analysis of the findings of 61 government inquiries and reviews identified inadequate investment as a persistent systems-level barrier to better outcomes for young people involved with child protection (Stevens & Gahan, 2024).

Out-of-home care is an expensive area for governments (Productivity Commission, 2025) and many of the recommendations made in the section below will require further investment. We also note, as many of our consultation participants observed, the high financial costs and poorer outcomes for children in residential care placements. Recent research indicates that family-based out-of-home care presents significant cost savings for governments (Cube Group, 2022; Productivity Commission, 2025).

Several out-of-home care service providers and carer and ACCO peak bodies who provided submissions for this project reported that failures to adequately invest in family-based out-of-home care is placing further strain on carers and the out-of-home care system and will result in more children being placed in expensive residential care placements if family-based care placements are not available.

10.2 Overview of recommendations

This project has reviewed the adequacy, consistency and accessibility of payments and financial supports for foster, kinship and permanent carers across Australia. As outlined in section 1.2, this was a complex undertaking and has produced a wide range of findings across multiple areas.

The following sections of the report set out recommendations for Australian governments to improve the adequacy, consistency and accessibility of payments and financial supports for foster, kinship and permanent carers. Although there are many recommendations, these can be broadly summarised in 2 key areas:

1. providing greater financial support for carers
2. providing more information and support for carers.

When considering these recommendations, there are a number of factors to take into account:

- Many of the factors that influence the adequacy, consistency and accessibility of carer payments and financial supports are interconnected. For this reason, many of the recommendations will be less meaningful or effective if implemented in isolation.
- Many of the recommendations will require a dedicated policy response for implementation in the unique out-of-home care system of each state and territory.
- These findings and recommendations draw on the full range of our research – desktop review, consultations and analysis. This includes, where relevant, suggestions for improvement made by consultation participants. However, there were many small and large suggestions made as part of our consultations and not all suggestions made by participants are included as recommendations.
- Some issues require further consideration, and we have recommended that further research or review be undertaken. This is particularly the case where the broad nature of this research project did not enable us to explore an issue or cohort in depth or where there was not sufficient evidence to recommend a particular course of action.
- Unless specified, recommendations refer to formal (statutory carers) only.

These recommendations are not prioritised. That is, they are not presented in order of their importance or in the order they should be implemented. We have presented the recommendations in 3 sections depending on which level (or levels) of government they are directed at. In saying this, there are some recommendations that should be considered more urgently than others. In particular, recommendation 6 (increase the care allowance) should be implemented as soon as possible, given the significant shortfall between the costs of raising a child in out-of-home care and the fortnightly care allowance and the risk of financial hardship this represents for carers and children.

10.3 Recommendations for multiple governments

This section of the report outlines recommendations relevant to the Australian and state and territory governments, and/or involve governments working together.

Greater national consistency of payments and processes

Recommendation 1: The Australian Government to work with states and territories to develop nationally agreed guidance and minimum rates to inform consistent processes for carer payments and financial supports across states and territories and determine a consistent approach to indexation of the care allowance.

This review found significant inconsistencies in payments and financial supports across Australia. This creates inequity for carers and children. In addition to recommending all states and territories increase the care allowance to a minimum standard (see recommendation 6), we recommend the development of a national framework or national guidance that outlines consistent processes around:

- a minimum rate for the care allowance
- the financial costs the care allowance are expected to cover (e.g. food, utilities)
- the financial costs not covered or contributed to by the care allowance but that can be covered via other forms of payment or support, or discretionary payments with appropriate approvals (e.g. family contact costs, child care gap fees, medical and therapeutic costs)
- additional non-discretionary payments, and the value and purpose of these (e.g. an establishment payment)
- the process, range (i.e. number of levels) and value of higher needs loadings for carers of children with additional or complex needs (see recommendation 2 on higher needs)
- the payments and financial supports available to carers of children aged 18 years and above.

This work should be led by the Australian Government with the involvement of the state and territory senior officials responsible for child and family services and Aboriginal and Torres Strait Islander people (in line with Closing the Gap Priority Reform 1). We acknowledge the significant challenges in reaching agreement on and implementing these changes. However, national consistency on payment processes would help ensure that children and carers receive support based on the age and needs of the child, regardless of where they live. This would be further supported if combined with a national minimum standard for carer payments and implementation of other strategies to improve consistency.

This recommendation will take time to implement. Implementation of this recommendation should not act as a barrier to states and territories increasing the fortnightly care allowance and other recommendations outlined in this report.

Review and revise higher needs loading processes

Recommendation 2: The Australian Government to work with state and territory governments to develop a nationally consistent approach to assessing child needs and approving higher rates of the care allowance. This should be informed by a review identifying good practice in assessing child needs.

This review identified significant challenges with the assessment and approvals processes for carers to access a higher rate of the care allowance for a child with complex or additional needs. These processes rarely use rigorous or validated assessment tools, likely involve application processes that can be overly bureaucratic and require the collection of significant evidence (or alternately, are lacking in process). They are also inconsistently implemented in practice.

Inequitable access to these payments is a key source of the difference in payments between foster and kinship carers. As with discretionary payments, a higher needs loading often enables access to essential health, allied

health and therapeutic supports, so ensuring equitable access to these payments based on child needs will ensure that children in care are able to access the services and supports they need.

We recommend that a review is undertaken to identify good practice in child needs assessments in out-of-home care and to develop a nationally consistent but flexible approach to determining approvals of a higher rate of the care allowance.

We note that WA and the ACT do not currently have higher needs loadings and use a discretionary payment model to support these carers and children. Although we did not explore the WA or ACT models in detail, we note that there are similar accessibility issues with discretionary payments.

Informal carers

Recommendation 3: Australian governments to undertake research and consultation with a goal of developing and implementing a model of financial support for informal carers. This could include exploring the suitability of the Unsupported Child Benefit (New Zealand) for the Australian context.

Informal carers undertake the same caring responsibilities as formal carers and therefore also have a need for financial support. We heard clearly from some consultation participants that the limited financial support available to informal carers is inequitable, and that alternative options are required to prevent children in informal care arrangements entering the child protection system. We note that the Unsupported Child Benefit in New Zealand provides a model of financial support that could be adopted by the Australian Government (see the case study in Appendix E).

However, further consideration would need to be given as to whether this model could be adopted in Australia, including how family meetings or family group conferencing would be undertaken and the roles and responsibilities of the Australian and state and territory governments in this type of model. We note that informal care is an issue that significantly impacts Aboriginal and Torres Strait Islander communities and ACCOs and suggest that ACCOs should be meaningfully engaged in the consultation and design of support for informal carers.

We note that there is additional review work yet to commence under Review 2 for this project that will have a specific focus on Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children, and that this work may make additional recommendations about informal carers. However, this should not delay implementation of this recommendation.

Professional and semi-professional models of care

Recommendation 4: State and territory governments to evaluate professional and semi-professional models of care and share learnings with other jurisdictions.

Recommendation 5: Australian Government to consult with states, territories and other key stakeholders to review the Tax Determination (TD 2006/62).

Many carers told us they are reducing their work hours so that they can care for children. This is particularly pronounced for carers of children with complex and additional needs. We heard from state and territory governments that they are seeking to develop semi-professional models of care that can provide a higher care allowance and additional supports for carers of children with complex and additional needs, and that this is necessary to keep children in family-based out-of-home care rather than residential care.

Semi-professional care models may address an emerging gap for children and young people with complex needs requiring therapeutic support that offers more flexibility than residential out-of-home care placements. However, there is very limited rigorous research on this approach and existing research has identified a range of considerations associated with implementing professional or semi-professional models.

Monitoring and evaluation of these approaches are required to understand the impact and potential unintended consequences of expanding professional models of care, or its components, in the Australian context. Our review identified that several jurisdictions are separately exploring these models of care, and we urge greater collaboration to reduce duplication and enable learnings to be shared. Monitoring and evaluation should consider the accessibility of these models of caring for different carer cohorts, including kinship and Aboriginal and Torres Strait Islander carers.

We also note that states and territories are proceeding cautiously in this area due to the Tax Determination (TD 2006/62). This specifies that volunteer carers receive payments to contribute to the direct costs of caring and

are not paid for their time, and it appears to be a barrier for governments seeking to introduce semi-professional models of care. As such, we recommend a review of the Tax Determination to identify how barriers to semi-professional models of care could be removed.

10.4 Recommendations for state and territory governments

This section outlines recommendations to be undertaken specifically by state and territory governments. This includes recommendations to:

- improve payments and financial supports for carers
- address barriers to the accessibility of payment for some groups of carers
- ensure access to essential supports for children in care and reduce financial strain for carers.

Recommendations to improve payments and financial supports for carers

The recommendations in this section are designed to improve carer payments and the financial supports for carers.

Increase the amount of the fortnightly care allowance

Recommendation 6: All states and territories to increase the fortnightly care allowance as soon as possible.

We recommend an immediate increase to the care allowance in all states and territories to limit households being placed at risk of financial strain as a result of caring for a child. This is particularly important for kinship carers who tend to be older and less financially stable. As outlined in recommendation 1, a consistent national rate should be agreed. However, we recognise that national agreement may take some time, and many carer households may be currently experiencing financial strain.

Until a nationally consistent rate is agreed, the weekly shortfalls presented in Table 16 can be used as a guide for state and territory governments to determine an immediate increase.

The estimates in chapter 4 are conservative and estimate 'no frills' household budgets excluding non-bulk-billed health, dental and child care costs. Even using these conservative estimates, there is a significant shortfall between the care allowance and the cost of raising a child. We note that the care allowance is most commonly framed as a contribution towards the cost of raising a child in out-of-home care – however, we suggest that the minimum costs outlined in Table 16 should be covered in full to not risk placing carers and children at risk of financial strain.

In addition, and to ensure children are able to access necessary services and supports without the risk of placing carers in financial hardship, costs for specialist health, medical and therapeutic services need to be considered separately (see recommendations 27 and 28 – access to health and therapeutic care)

Establishment payments

Recommendation 7: Carers to receive an establishment payment at the commencement of a placement in all states and territories.

In consultations with carers about the costs of caring, we consistently heard that the costs of caring are higher at the commencement of a placement.

Some states provide a payment to carers at the commencement of a placement. However, not all states and territories have an establishment payment, and there is significant variation in the amount. An establishment payment would enable carers to purchase essential items and offset the higher expenses they incur at the start of a placement.

The amount of this payment should enable the purchasing of essential clothing, footwear and personal items, enable a carer and child to purchase items to make a placement feel homely (e.g. small toys or a poster for a child's bedroom), as well as provide additional funding for higher costs for food or personal hygiene items while a carer and a child establish a child's preferences.

We note that IPART's (2025) draft recommendation suggests a payment amount of $1,500. The amount of the establishment payment should be consistent across states and territories (see recommendation 1 – national consistency).

Payments for permanent carers

Recommendation 8: Permanent carers to be able to access financial support for discretionary payments, even if not identified at the time the permanent care order was made. This should include unforeseen medical, therapeutic and dental expenses.

Recommendation 9: Permanent carers to have access to regular (e.g. annual) reviews of the rate of child needs and the care allowance. These could be opt-in but all permanent carers should be made aware of this option.

Recommendation 10: Provide clear information for permanent carers about their financial responsibilities and entitlements prior to making a permanent care order. This should include information about what provisions for future financial support can be included in the permanent care order, and options for review of the care allowance and/or access to discretionary payments (including how these can be accessed post-order).

Permanent carers do not have access to the same financial supports as foster and kinship carers. Although we identified a range of views about the degree of financial responsibility governments should have for children under permanent care orders, we also identified a lack of clear and transparent information for permanent carers about their financial responsibilities and entitlements, inconsistent practices within governments around discretionary payments for permanent carers, limited post-care support (and often very limited access to reviews of the care allowance rate), and inconsistent planning practices at the time permanent care orders were being made.

This can create inequitable access to financial support for permanent carers, where the carers who are more knowledgeable about the system and more able to self-advocate have greater access to financial supports.

This suite of recommendations seeks to address these issues through providing more information to carers and establishing consistent processes and pathways through which they can access support. We note that many permanent carers may not want ongoing post-order support – however, these entitlements and avenues through which to access post-order support should be well publicised, including on state and territory government websites.

We note that some states and territories have different types of long-term care orders. Due to the national reach of this project and broad range of issues covered, we were not able to explore these in detail and so do not know whether carers of children under these orders have greater access to financial support.

Payments for carers of young people over 18 years

Recommendation 11: When a carer of a young person over the age of 18 continues to receive the care allowance, this should include access to the same entitlements as when the child was under 18. This should include discretionary payments and higher rates of the care allowance.

We recommend that the care allowance is not reduced when a young person turns 18 years of age and that carers continue to have access to higher needs loadings and discretionary payments, particularly where these enable access to specialist medical and therapeutic supports. This should be part of a nationally consistent approach (see recommendation 1).

There has been significant recent policy change for young people over the age of 18 and their carers, including extended care policies that provide access to the care allowance when children remain living with a carer beyond their eighteenth birthday. However, our research indicates that the care allowance routinely decreases to the base rate (where a carer had been receiving a higher needs loading) and/or that a lower base rate is provided. We heard that for carers of young people with additional and complex needs over the age of 18, this can place significant financial strain on these carers or result in young people losing access to specialist health and therapeutic services.

Leaving care is a period when young people can experience significant vulnerability (Grage-Moore et al., 2025; Muir & Carroll, 2019). Continuing financial support to carers (beyond the minimum rate of the care allowance)

may help with the retention of carers and also provide greater stability and permanency for care leavers, reducing barriers for carers seeking to maintain support for young people at this time of heightened vulnerability.

Ensuring access to higher needs loadings

Recommendation 12: State and territory governments to ensure carers have access to regular reviews of the care allowance rate, with the same criteria and processes used for foster and kinship placements.

Noting that it may take some time before changes in response to the review of higher needs loading processes (recommendation 2) can be implemented, we recommend that all states and territories ensure that all carers (foster, kinship and permanent) have access to regular reviews of the rate of the care allowance. To partially address inequities between foster and kinship carers, assessment and application processes should be consistent across foster and kinship placement types.

Provide clear information about carer payments and financial supports

Recommendation 13: Produce clear, up-to-date information for carers about carer payments and financial supports. This should include information about eligibility, how payments can be accessed and what evidence is required.

Many carers are not aware of the payments they are eligible for. Although payment information is available online and in carer handbooks, this is not always up to date or sufficiently detailed. Providing clear information to carers about their entitlements was one of the most common suggestions that carers made to improve their access to payments.

Information for carers should be easy to read, available in hard copy and digital formats and provide sufficiently detailed information. Where necessary, this may need to be translated into community languages. Carers expressed a clear desire for information about payments that includes:

- eligibility
- what payments will and will not cover
- how to access a payment
- the evidence required to access a payment
- how decisions are made and what criteria are used to make a decision.

Carers should also receive information about Australian Government payments they may be eligible for, and be provided with information about the Grandparent, Foster and Kinship Carer Advisor Line.

This recommendation is not intended to place the onus on carers to research payments and financial supports. Carers should be supported to discuss and understand their entitlements. Carers also noted that information can get lost in the early days of a placement – particularly for kinship carers who have commenced caring with little planning – and suggested that caseworkers have follow-up conversations with carers in the early months of a placement to ensure carers are aware of their entitlements. This recommendation should be read in conjunction with recommendation 23 (carers have access to support).

Revise financial policies and guidelines and improve processes for discretionary payments

Recommendation 14: State and territory governments review and simplify financial policies and guidelines and provide support for staff to promote consistent decision making. This may include the development of decision-making frameworks that balance the flexibility to meet the needs of individual children with consistent criteria for decisions.

Discretionary payments are a key source of variation in carer payments. Even where children have similar needs, access to these payments is contingent on a carers' knowledge of the system, availability of support from a caseworker or NGO, and/or the carers' ability to self-advocate or access advocacy support. As discretionary payments are commonly the means for paying for health, therapeutic and wellbeing services for children in care, this means that inequitable or inconsistent access to payments results in children having inequitable access to these supports.

This is a particularly challenging area due to the wide range of individual needs and unique circumstances of children and carers. While there is a need to develop clearer guidance for staff and carers, enabling consistent decision making while retaining the flexibility to meet the needs of individual children is a significant challenge and will continue to remain a tension. Providing support for staff through clearer polices and guidance, staff training and regular reviews of decisions will support greater consistency within agencies.

Several consultation participants promoted the use of decision-making frameworks – however, these appear to be largely informal. Formalising decision-making frameworks would be expected to promote more consistent and equitable decision making and allow for flexibility to meet individual needs. We encourage states and territories to share examples of good practice in this area.

Recommendation 15: Strengthen case planning processes and include a financial component to the case plan. Where costs are identified and approved as part of the case plan, this should be considered approval for discretionary payments.

We heard clearly that where an expense was approved in a child's case plan, this could expedite approval processes – conversely, where it had not been identified in a child's case plan, approval for an expense could be delayed.

We recommend that, wherever possible, expenses typically covered by discretionary payments should be outlined in a child's case plan and, once the case plan is endorsed, this should be considered approval for this expenditure. This should include costs associated with cultural connection, so if a child has a cultural plan that is separate to a case plan, costs should also be approved through the cultural planning process.

Although not all expenses are able to be identified in a case plan, the ability to automatically approve costs that have been identified would expedite the process for carers and caseworkers. We note that directly paying costs based on preapproval in a case plan aligns with draft recommendations (7 and 9) made by IPART (2025).[18]

For implementation of this recommendation to be effective, planning processes would need to be strengthened, and there would need to be options for approval of unforeseen expenses outside of the case planning process.

Recommendation 16: Develop alternatives to reimbursement so carers do not need to pay up-front costs and wait for reimbursement

Carers are frequently out of pocket while they wait for reimbursement, and the need to apply for and follow up reimbursements creates administrative work for carers (and caseworkers). We recommend the more frequent use of alternative options to the reimbursement model. This could include child protection departments being invoiced directly for expenses and accounts (e.g. counselling services or pharmacy accounts) or providing prepaid debit cards to carers for specific expenses.

These options should be the most common approach to discretionary payments, with carer reimbursement used as a last resort. This model is more common in WA, so their learnings may be able to be shared with other jurisdictions.

Improve the transparency of payment processes and decisions

Recommendation 17: State and territory child protection departments to consider options for an online portal or app to simplify the payment and reimbursement process for carers and support greater transparency.

Several carers and other consultation participants recommended an app or digital platform where they could track approvals and reimbursements (as well as other non-financial functions). We note there may be learnings that could be shared from the Carer Connect app in Queensland. An online portal or app could include the f

18 Note that IPART's draft report (2025) also recommended these costs be paid by DCJ rather than NGOs or ACCOs. We are referring to the preapproval element of this only, and do not have a view on how NGOs are involved in discretionary payments.

unctionality for itemised remittance advice and decision statements – however, options for carers who do not have access to technology would need to be considered.

Recommendation 18: State and territory child protection departments/NGOs/ACCOs to provide itemised remittance advice for carers that describes what payments they have received.

Recommendation 19: State and territory child protection departments/NGOs/ACCOs to provide decision statements for carers that outline the reasons behind payment decisions.

A lack of transparency about payments, decisions and payment processes was a common theme for carers and other stakeholders in our research and consultation. Carers described not being aware of whether a reimbursement had been approved, not being informed why a decision had been made and not knowing what expenses they were being reimbursed for.

Providing decision statements each time a payment was approved or declined would improve transparency for carers and support their understanding of the carer payment system. Decision statements should be provided for discretionary payments as well as higher needs loadings. Where this creates additional work for NGOs and ACCOs, these organisations should be funded appropriately.

Brokerage funding and practical supports

Recommendation 20: State and territory governments to monitor and evaluate the provision of brokerage funding or practical supports to understand the impact of these payments for children and carers.

Several states and territories are providing flexible 'brokerage' funding and/or practical supports to carers,[19] and there is considerable interest in this approach. We heard that having small amounts of brokerage funding held by NGOs and ACCOs enables these organisations to respond to emerging needs that, in turn, can enable or stabilise placements. We did not identify any monitoring or evaluation in place to explore the outcomes associated with these initiatives, and we would recommend these be monitored and evaluated – in collaboration with the agencies involved – to explore the outcomes for children and carers and whether they are cost-effective.

As with other similar recommendations, learnings should be shared across jurisdictions. Safe and Supported and/or the Children and Families Secretaries could be suitable forums for sharing learnings across jurisdictions.

Review and evaluate carer payments and financial supports

Recommendation 21: State and territory governments undertake regular reviews of the care allowance and other carer payments and make the findings of these reviews public.

Recommendation 22: State and territory governments monitor and publicly report on the proportion of carers receiving each payment level and/or financial support across placement types.

We observed a startling absence of monitoring, evaluation and review activities. This included very few reviews of the rate of the care allowance and/or other payments for carers and children in out-of-home care in any state or territory. Where reviews had been undertaken recently (e.g. NSW), this was often the first review in well over a decade.

We also noted that many state and territory governments do not appear to have oversight of carer payments and financial supports at a placement level; nor do they monitor or report on payments received by carers and children. Given the significant inequities in payment access between foster and kinship carers, we recommend that governments monitor and publicly report on the financial supports being provided to carers, including the proportion of foster, kinship and permanent carers receiving each level of the care allowance. Public reporting will increase transparency and accountability; noting that transparency and accountability were frequently identified as issues with the carer payment system.

We note that several governments have commissioned reviews of the care allowance or carer payment system that have not been made public. We recommend that all monitoring, review and evaluation reports are made public to promote greater accountability and transparency.

19 These forms of funding are typically small amounts of funding that are either provided to agencies working with carers or directly to carers themselves to be spent flexibly. No departmental approval needs to be sought for the goods or services this funding covers. Practical support for a carer household could include, for example, a cleaner, gardener or meal delivery.

Recommendations to address barriers to accessing payments and financial supports

The recommendations in this section are designed to address barriers to the accessibility of payments and financial supports to improve equity for different groups of carers.

Dedicated support for carers

Recommendation 23: State and territory governments to ensure that all foster and kinship carers have access to support that is focused on the carer and/or the placement. This should be in addition to the statutory caseworker who case manages the child in care.

Having support improves access to payments and financial supports. This is particularly true when carers have a dedicated worker who provides carer or placement support. Many carers who do not have dedicated support (most often kinship carers) receive more limited support from the statutory child protection worker who is responsible for the child. However, the child, rather than the carer or the placement, is the focus of their attention.

Furthermore, these workers generally have high caseloads, and we consistently heard that their statutory responsibilities mean that carers and children in relatively stable out-of-home care placements can be deprioritised. The range of responsibilities of these workers also means they do not have the same breadth and depth of knowledge about payments and financial supports as dedicated carer support workers, and they have less time to process payment approvals and reimbursements.

Having carer support that is separate to the child's statutory caseworker would ensure carers have dedicated support to provide them with information about payments and eligibility as well as support to access these payments, including – for example, support to identify relevant services and supports for children and access discretionary and higher needs loadings to cover these expenses.

We note that this model of support was generally well-received by kinship carers in Victoria and increased carers' access to financial supports (see the case study in Appendix F). Carer support workers should be part of the care team that works with a child and the carer. This support would be most effective where workers take a relational and enabling approach to supporting carers, where financial support is proactively offered and the provision of financial support is normalised as part of a care arrangement.

This support could be provided by government or non-government organisations. However, see recommendation 24 regarding Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children.

Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children

Recommendation 24: Aboriginal and Torres Strait Islander carers and carers of Aboriginal and Torres Strait Islander children are able to access carer support from ACCOs.

This review identified a range of barriers that Aboriginal and Torres Strait Islander carers experience in accessing payments and financial supports. This is due to a range of intersecting factors but fear and distrust of the child protection system as a result of racism and child removal practices is a significant barrier that cannot be fully addressed by government-delivered services.

Although ACCOs delivering out-of-home care services is a relatively new approach in some states and territories, we heard that where ACCOs are involved in supporting Aboriginal and Torres Strait Islander carers, this appears to be improving access to payments and financial supports for these carers. This could be through ACCOs administering payments to carers or ACCOs providing support to carers to access government-administered payments, noting that accessing support from an ACCO should be optional for Aboriginal and Torres Strait Islander carers. State and territory governments must adequately fund ACCOs to provide this support to carers.

Recommendation 25: State and territory governments to engage and appropriately fund ACCOs to identify cultural supports for Aboriginal and Torres Strait Islander children.

Recommendation 26: Staff involved in approving discretionary payments receive training and support to improve their cultural responsiveness.

Nurturing cultural connection is of key importance for identity and healing for Aboriginal and Torres Strait Islander children in out-of-home care (Garvey et al., 2024). We heard that carers of Aboriginal and Torres Strait Islander children experience challenges in accessing financial support for costs associated with cultural connection. Some carers, particularly Aboriginal and Torres Strait Islander carers, observed that this was often due to a lack of cultural responsiveness among staff who are responsible for approving costs, and ACCOs have reported government departments questioning the legitimacy of cultural support activities (AbSec, 2025).

We recommend that ACCOs are involved in identifying necessary cultural supports for Aboriginal and Torres Strait Islander children. Once these supports have been identified and approved by an ACCO, these costs should be considered approved, and carers automatically reimbursed for this expenditure (see recommendation 15 about case planning). Alternatively, these costs could be covered directly by government (see recommendation 16 – avenues other than reimbursement).

However, cultural plans (or the cultural components of case plans) are not always comprehensive (Commission for Children and Young People, 2016). Costs associated with unforeseen events (e.g. Sorry Business) will need to be approved through existing avenues for discretionary funding (see recommendation 14 – clear guidance for staff). To ensure that costs for unforeseen cultural connection activities are appropriately supported, we recommend all staff involved in approving these costs receive training and support to improve cultural responsiveness. This will typically include staff in management roles as well as business support and administrative staff where relevant.

Recommendations to ensure access to essential supports for children in care and reduce the financial burden on carers

The recommendations in this section are designed to ensure more equitable access to essential health, therapeutic and child care supports and services for children in care and reduce the financial burden on carers associated with accessing these services.

Priority access to health and therapeutic care for children in out-of-home care

Recommendation 27: Children in out-of-home care to be prioritised for state and territory government health and therapeutic services.

It is essential to the health, wellbeing and development of children and young people that they have access to necessary health care. Early assessments and interventions for learning and developmental needs allow young people the access they need to appropriate support. Early assessments, such as autism and ADHD assessments, are essential to supporting better long-term developmental and wellbeing outcomes for young people (Wise et al., 2006).

Children in out-of-home care have poorer health than children not in out-of-home care, and most have experienced trauma, which may require therapeutic support (Organisation for Economic Cooperation and Development [OECD], 2022; Taylor et al., 2024). The challenges of accessing health, mental health and therapeutic supports are consistently reported by carers and other stakeholders in this and other research projects (Anglicare Victoria, 2025; McLean et al., 2020; Smart et al., 2022).

Delayed access to health and therapeutic services can be harmful to children in care and can have a significant negative impact on carers and contribute to placement instability. Children and young people are often on waiting lists for long periods of time or carers seek access to these supports in the private system, meaning they are out of pocket or need to seek approval via discretionary payments (with the subsequent access issues). Accessing health and therapeutic supports for children is a key source of financial strain for carers.

Providing priority access to health and therapeutic services would enable more timely health care for children. This should include priority access to public dental (see also recommendation 35) and health services, including allied health, mental health and diagnostic assessments as well as therapeutic services such as counselling and behavioural supports. This could be included in a nationally consistent approach.

Carers are not out of pocket for essential dental, therapeutic, specialist medical and child care expenses

Recommendation 28: State and territory governments to cover gap fees and/or essential private dental, therapeutic and specialist health and medical services where public health services are not available or appropriate.

As outlined above, access to health and therapeutic services is a key challenge for carers and a source of financial strain. Other recommendations (dental benefits scheme, priority access, Medicare levy surcharge) seek to provide more accessible, affordable and timely access to public health services for children in out-of-home care.

However, we note that public health services are not always available or appropriate. In these instances, and where a particular need has been identified by an appropriately qualified professional, the cost of accessing this service in the private system should be fully covered by state and territory governments. This includes covering child care gap fees not covered by ACCS.

We note that many states and territories currently may cover some or all of these costs through discretionary payments. However, there are significant accessibility barriers with discretionary payments. Implementation of this recommendation should expand access to these payments to support meeting children's needs in a timely and appropriate manner.

10.5 Recommendations for the Australian Government

This section outlines recommendations specifically for the Australian Government.

Provide clear information about Australian Government entitlements

Recommendation 29: Produce a checklist or similar simple document for formal and informal carers that outlines their Australian Government entitlements and describes how to access them. This document should be provided to state and territory governments for the child protection workforce and distribution to carers.

Recommendation 30: Produce clear information about the eligibility of children in out-of-home care for Additional Child Care Subsidy (child wellbeing).

Many carers were not aware of their eligibility for Australian Government payments or had been caring for children for several years before they became aware of their eligibility. Many state and territory child protection staff do not have a comprehensive knowledge of Australian Government payments and carers' eligibility for these, so are not able to advise carers about these payments.

Many carers expressed a desire for clearer information. A simple checklist-style document should be developed and shared with state and territory governments to: (a) share with child protection and carer support staff; and (b) share with carers. This document should include information about relevant Australian Government payments as well as the Grandparent, Foster and Kinship Carer Advisor Line. This document should be simple, clear and easy to read and available online and in hard copy formats.

The Australian Government should produce clear information about ACCS for children in out-of-home care and provide this to state and territory governments. In our desktop review of carer payments, we found it difficult to determine whether children in out-of-home care were eligible for ACCS due to unclear information on Australian Government websites. We also observed conflicting, incorrect and outdated information about CCS/ACCS on state and territory government websites.

Expand access, monitor and simplify application processes for Australian Government payments

Recommendation 31: Australian Government to explore and identify options to streamline payment application processes for formal and informal carers.

Carers frequently identified the administrative burden placed on them to access payments at both state, territory and Australian Government levels. This is particularly noticeable with Australian Government payments; carers are often required to apply for multiple separate payments, each requiring their own documentation and application. This includes, for example, applications for CCS, Medicare Safety Net and the Foster Child Health Care Card.

We recommend exploring and identifying options to automate eligibility for particular payments for carers or to provide a single portal or gateway. This will require collaboration across Australian Government departments and areas (e.g. the Department of Education and Services Australia), and this work should be coordinated by the Department of Social Services.

Recommendation 32: Australian Government to monitor and review non-parent carers' access to Australian Government financial supports.

Carers reported a range of barriers accessing Australian Government payments. In line with actions to simplify access to payments, the Australian Government should monitor and review non-parent carers' access to Australian Government financial supports. This should include gathering information on carers' access to payments by placement type (e.g. foster, grandparent, and kinship carer households) and monitoring changes to improve access to payments.

As with other review activities, the findings of reviews should be published to support transparency and accountability.

Recommendation 33: Explore options to improve ease of access to ACCS for children in out-of-home care and reduce the administrative burden and risk of debt for family-based carers. This should include identifying options that do not require a child to be linked to a carers' myGov account.

Carers welcomed Additional Child Care Subsidy (child wellbeing) and the improved access to child care services this provides. However, the administrative process to access this is challenging for carers. Carers are required to have a myGov account, link the child to their own Centrelink account and meet the eligibility criteria. This can exclude CALD carers who do not meet citizenship or permanent residency requirements.

We also heard that the requirement for carers to apply for CCS frequently causes delays in being able to access child care and can result in debts where information is not kept up to date.

Applying for CCS and ACCS and keeping information up to date contributes to the administrative burden for carers. Many carers, out-of-home care professionals and government staff identified CCS/ACCS as an area for improvement, including suggestions that CCS should not be linked to a carer for children in out-of-home care. We recommend that options are explored to reduce this administrative burden on carers, make receipt of CCS/ACCS more accessible, and eliminate the risk that carers receive a debt associated with CCS.

Recommendation 34: Children in out-of-home care automatically qualify for the Extended Medicare Safety Net.

Children in out-of-home care have poorer health compared to children not in out-of-home care, and accessing and paying for health and medical services can place considerable financial strain on carers. We have made a number of recommendations for both Australian Government and state and territory governments to improve access to services (particularly public health) and reduce the financial burden associated with accessing health and medical services.

Having children in care automatically qualify for the Extended Medicare Safety Net is one of a suite of supports to ease the financial burden of health costs on carers. We recommend that this is extended to children in informal care placements.

This is in line with other Australian Government supports (such as ACCS) that do not require a carer to have been approved through a statutory system. Consideration would need to be given to how eligibility would

be determined and what evidence would be required from carers, noting that overly stringent evidence requirements can limit accessibility.

Recommendation 35: Ensure children in out-of-home care are eligible for and can access subsidised dental care through the Child Dental Benefits Schedule.

Dental costs have been identified as a significant financial pressure on carers. Some states have priority access to public dental care for children in out-of-home care but we heard reports of significant waiting lists for routine care and/or a lack of accessible locations.

Many carers have difficulties accessing affordable dental treatment. In line with our other recommendations aimed at reducing the financial burden of health and dental care for carers of children in out-of-home care, we recommend expanding access to subsidised dental for children through expanded eligibility[20] or through specific provisions for children in out-of-home care in the Child Dental Benefits Schedule (via changes to the *Dental Benefits Act 2008*). This would both improve access to dental care for children in out-of-home care and reduce the financial strain on carers associated with accessing dental care for children.

We recommend that this is extended to children in informal care placements. This is in line with other Australian Government supports (such as ACCS) that do not require a carer to have been approved through a statutory system. Consideration would need to be given to how eligibility would be determined and what evidence would be required from carers, noting that overly stringent evidence requirements can limit accessibility.

We note that Recommendation 17 of the *Report on the Fifth Review of the Dental Benefits Action 2008* (Department of Health, Disability and Ageing, 2023) recommended that the Department of Health and Aged Care (as known at the time) work with relevant stakeholders to remove access barriers for children in foster and kinship care.

The estimates of the cost of raising a child in out-of-home care undertaken by SPRC in this report exclude dental care, with the understanding that dental costs should be subsidised by governments. Additional costs outside of this scheme will need to be covered by state and territory governments (see recommendation 28).

Continue to provide support through the Grandparent, Foster and Kinship Carer Advisor Line

Recommendation 36: Continue to provide support through the Grandparent, Foster and Kinship Carer Advisor Line.

Recommendation 37: Develop a communications strategy to increase awareness of the advisor line among formal and informal carers and caseworkers.

Recommendation 38: Provide accurate and up-to-date information about the advisor line to state and territory governments to share with caseworkers and formal and informal carers.

Carers and other consultation participants highlighted the value of receiving support from staff on the advisor line who are familiar with out-of-home care and can provide accurate information about the eligibility and processes for carers to access Australian Government payments. Support through the advisor line should continue to be available to carers. The advisor line should be reviewed at regular intervals (e.g. every 2–3 years) to ensure it is accessible and useful to carers.

However, in our consultations not all carers knew about the advisor line, and several carers reported receiving incorrect advice about their eligibility for Australian Government payments through the general Centrelink support line.

Improving awareness of this dedicated phone line among carers and state and territory caseworkers (both government and NGO/ACCO staff) would ensure that more carers benefit from this support and improve carers' access to Australian Government payments and financial supports.

20 Currently, a carer of a child can access funding for basic dental services through the Child Dental Benefits Schedule (CDBS) when all of the following applies: (1) the child is eligible for Medicare, (2) the child is 0–17 years of age, and (3) the child or parent/carer receives an eligible payment (e.g. Family Tax Benefit, Parenting Payment or Youth Allowance) at least once in a calendar year (Services Australia, 2024b).

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Appendix A: Research questions

Research question	Data source/s
What actions might Australian governments take to increase financial sustainability for foster, kinship, grandparent and permanent carers, with a view to supporting recruitment and retention of carers? • What actions can be taken to address the adequacy, consistency and accessibility of carer payments and financial supports in Australia?	Desktop review, consultations, budget standards estimates
What are the estimated direct annual costs to foster, kinship and permanent carers of raising a child in family-based out-of-home care in Australia? How does this vary across jurisdictions, locations and carer types? • What methods or approaches could be used to calculate the costs of raising a child in family-based out-of-home care in Australia, and what are the considerations for each method? • How adequately do existing payments and financial supports for foster, kinship and permanent carers address the direct costs of caring?	Budget standards estimates, consultation, desktop review
What are the financial barriers to providing adequate care for children that foster, kinship and permanent carers (or potential carers) experience when providing family-based out-of-home care in Australia? • What payments and financial supports are available to carers in Australia? • How do these vary across jurisdictions and carer types? • How do carer payments and financial supports interact with other financial supports or payments (e.g. health insurance, taxation)	Desktop review, consultation
What factors enable or hinder foster, kinship and permanent carers from accessing payments and financial supports in Australia? How do these vary across jurisdictions, locations and/or carer types? • What factors enable or hinder governments and/or carer support organisations from providing carer payments and financial supports? How do these vary across jurisdictions, locations and/or carer types? • What models or practices could be leveraged to promote greater accessibility of payments?	Desktop review, consultation

Appendix B: Australian Government payments

This appendix includes a list of payments and financial supports provided by the Australian Government. Some of these payments are for children and young people, and some are for carers. Not all carers will be eligible for these payments and supports.

This list was provided to AIFS by the DSS on 7 August 2024. Some changes to wording were made based on feedback received from the DSS on 31 January 2025.

Table B1: Australian Government payments and financial supports

Payment	Description
ABSTUDY	ABSTUDY is a group of payments for Aboriginal or Torres Strait Islander students or apprentices.
ACCS (grandparent)	Additional assistance provided to grandparents who are eligible for Child Care Subsidy, receiving an income support payment, are responsible for the day-to-day decisions about the child's care and have 65% or more care of the child.
ACCS (temporary financial hardship)	Provides support to families who are experiencing significant financial stress due to circumstances beyond their control.
ACCS (transitions to work)	Helps families with the cost of early childhood education and care while they are transitioning to work from income support by engaging in work, study or training activities.
Additional Child Care Subsidy (child wellbeing)	Provides assistance with the cost of child care for families who care for a child at risk of serious abuse or neglect.
Assistance for Isolated Children	A group of payments for parents and carers of children who can't go to a local state school. This could be because of geographical isolation, disability or special needs.
Carer Adjustment Payment	A one-off payment to support families in financial hardship after a catastrophic event affecting a child younger than 7. The amount available is up to $10,000 for each child in a catastrophic event.
Carer Allowance	A supplementary payment for individuals who care for someone who needs daily support (not including out-of-home care). Carer allowance as at 7 August 2024 is $153.50 fortnightly, with indexation changes made annually on 1 January.
Carer Payment	Carer Payment is an income support payment available to individuals who, because of the constant care they provide to a child or adult with a disability or severe medical condition, are unable to support themselves through paid employment. Eligibility for Carer Payment depends on assessment of care provided and income and asset tests. The amount of Carer Payment received depends on an individual's personal circumstances, including any income they or their partner gets from employment. The maximum fortnightly rate as at 7 August 2024 is $1,020.60, with indexation changes made in March and September every year.
Carer Supplement	An annual $600 payment made to carers who receive Carer Payment or Carer Allowance.
Child Care Subsidy	Assistance based on family income, the child's hourly rate cap, hours of activity and number of children in carer's care. The subsidy is paid per fortnight.
Child Dental Benefits Scheme	Provides access to benefits for basic dental services for children.
Child Disability Assistance Payment	An annual payment if an individual receives Carer Allowance when looking after a child with disability or medical condition. The annual payment is up to $1,000.
Child Support Payments from Birth Parents	Assistance from the birth parent/parents of the child in an individual's care. States and territories have different guidelines to calculate the amount of child support.
Continence Aids Payment Scheme	Provides a payment to help with some of the costs of continence products. The payment is $676.50.
Disability Support Pension	A child in an individual's care may be eligible for the Disability Support Pension if they are 16 years or older, and are assessed as having a permanent and diagnosed disability or medical condition that stops them from working for at least 15 hours per week at or above the relevant minimum wage.

Payment	Description
Double Orphan Pension	A regular payment for carers who care for a child whose parents are unable to care for the child in certain circumstances or if they have died.
Education Entry Payment	A once-a-year payment made when you start to study if you receive certain income support from the Australian Government.
Essential Medical Equipment Payment	A yearly payment to help with energy costs to run essential medical equipment or heating or cooling used for medical needs.
Family Tax Benefit	Is an income-tested payment that helps families with the cost of raising a child.
Medicare Card	Assists with some health expenses, such as free doctor visits at health clinics.
Medicare Safety Net	Helps with the costs of out-of-hospital medical services that attract a Medicare benefit.
Mobility Allowance	A young person may be eligible for the Mobility Allowance, if they: are 16 years of age or older, are unable to use public transport without a lot of help, provide a medical report from a doctor confirming they cannot use public transport without help, and travel to and from home for paid work, voluntary work, study or training, or to look for work.
Mutual Obligation Requirements Exemption	Assistance for any job seeker who has an inability to work for 8 hours or more per week due to a medical condition.
Newborn Upfront Payment and Newborn Supplement	A lump sum and an increase to Family Tax Benefit Part A payment if the family care for a baby or child that has recently come into their care.
Paid Parental Leave	A payment to help families taking time off work to care for a newborn or newly adopted child.
Parenting Payment	The main income support payment for a child's main carer. The payment rate depends on various factors of the carer's circumstance. Such as: Single – $949.30 (includes Parenting Payment and a pension supplement of $27.20) Partnered – $631.20 Partnered, separated due to illness, respite care or prison – $745.20
Pensioner Education Supplement	A regular extra payment to assist with study costs if the individual receives certain payments from the Australian Government.
Pharmaceutical Benefits Scheme (Safety Net)	Can reduce the cost of prescription medicines once the threshold has been reached.
Pharmaceutical Allowance	A regular extra payment to help with medicine costs if an individual gets certain payments from the Australian Government.
Remote Area Allowance	A regular extra payment if an individual lives in a remote area and gets an income support payment from the Australian Government.
Supported Care Type Allowance	A fortnightly payment paid to eligible relative and kinship carers for children in their care. The supported care allowance may only be paid if an assessment by Community Services determines a child or young person to be 'in need of care and protection'.
Telephone Allowance	A quarterly payment to assist with phone and internet costs if an individual receives certain payments from the Australian Government.
The National Disability Insurance Scheme	The NDIS provides funding to eligible people with disability to gain more time with family and friends, greater independence, access to new skills, jobs or volunteering in their community, and an improved quality of life.
Transition to Independent Living Allowance	This is a $1,500 one-off payment for young people leaving care. It can go towards items that support independence, from a fridge, sofa or laptop to help with paying rent.
Youth Allowance	Financial assistance for ages 24 or younger and a student or Australian Apprentice, or 21 or younger and looking for work.

Appendix C: Suggestions for improvement provided by consultation participants

Participants across all consultation groups were invited to share their suggestions for actions that governments, NGOs and other agencies can take to improve carer payments and financial supports.

We received a large number of suggestions around how to improve the adequacy and accessibility of carer payments provided by state and territory governments. These suggestions also included specific ideas about how to improve access to these payments for certain groups of carers such as kinship, permanent and Aboriginal and Torres Strait Islander carers. We also received several suggestions for how government can improve the adequacy and accessibility of Australian government payments for carers.

These suggestions, along with our review of the research and policy literature and analysis of other data from consultation activities, were used to inform our recommendations outlined in chapter 10 of this report. As they are only one source of evidence, and the suggestions were wide ranging and sometimes contradictory, the suggestions outlined in this appendix do not necessarily map directly to our recommendations.

To ensure the input from consultation participants is shared for transparency, the suggestions we received throughout consultation activities have been grouped in key themes and are discussed in detail in the sections below.

Suggestions to improve the adequacy of carer payments

We received a number of suggestions, most frequently from written submission respondents, about actions that governments could take to improve the adequacy of carer payments and financial supports. These suggestions have been grouped in the following key themes, and each one is discussed in more detail in the sections below:

- Increasing payments for carers and providing greater financial supports
- Compensating carers for the indirect costs of caring including reductions in paid work and superannuation
- Providing higher tax-free thresholds for carers
- Increasing payments or enabling access to services for carers of children with complex and additional needs.

Increasing payments for carers and providing greater financial supports

The need to increase payments and financial support for carers was a strong and consistent suggestion across all research and consultation activities. These suggestions included:

Carer payments and financial supports should cover the 'actual costs' of caring: There were many suggestions from out-of-home care professionals and carers in the written submissions and workshops as well as some government staff that payments should cover the full costs associated with caring for a child in out-of-home care.

Recognising that children in out-of-home care have been impacted by trauma: 'Full and reasonable' costs should account for the reality that children in care are frequently recovering from trauma due to abuse and neglect. Several submissions identified the need for all children in out-of-home care to have access to counselling or similar supports, and that these should not be limited to children assessed as having complex or additional needs. For example, Anonymous 1 (Out-of-home care service provider, Vic) recommended a 'therapeutic allowance' to better address children's trauma recovery and wellbeing.

Improving access to parental leave: There were a small number of suggestions from submission respondents and out-of-home care professionals to expand access to Parental Leave Pay for carers.

> Provision of a fixed period of parental leave over the course of their caring journey (say 16 weeks) would be an invaluable support to short-term foster carers, which would enable them to take paid leave at the commencement of a short-term care placement. It would also positively impact those who are taking newborns into their care. (Anglicare Sydney)

Expanding access to parental leave through modification of the National Employment Standards is the focus of a current national campaign led by Families Australia. This campaign is seeking to change the National Employment Standards to enable carers to access up to 16 weeks of paid leave to establish a new placement (Families Australia, n.d.).

Financial supports for carers should not be means tested: Several carers and other consultation participants felt that carers should not be means tested for Australian Government payments.

Indexing the care allowance: Many carers and organisational submissions, as well as previous research (e.g. Centre for Excellence in Child and Family Welfare, 2024) recommended annual increases to the care allowance to reflect cost-of-living changes (noting that although some states and territories index the care allowance, this is not uniform).

Increasing the value of establishment payments: Several carers described higher costs at the commencement of a placement, and some carers and government staff noted that all carers should receive an adequate establishment payment (noting that some, but not all, jurisdictions provide an establishment payment, and the value of this payment varies significantly). A draft recommendation from IPART (2025) was that all carers should receive a $1,500 establishment payment. Establishment payments were recommended in one written submission.

Improve access to subsidised dental care for children: Carers described the high costs of dental care and poor access to subsidised care. There have been recommendations in literature (Centre for Excellence in Child and Family Welfare, 2024) and previous government reviews (Department of Health, Disability and Ageing, 2023) to improve access to subsidised dental care. A draft recommendation from IPART (2025) suggested that carers are reimbursed for all dental costs.

Provide greater financial support for Aboriginal and Torres Strait Islander carers: Out-of-home care professionals and existing research and policy literature recognised that additional financial supports should be provided to Aboriginal and Torres Strait Islander carers as they may have less financial resources (and/or care for larger sibling groups) than non-Indigenous carers (Department of Territory Families, Housing and Communities & Tangentyere Council, 2019, p. 103).

Provide greater financial support for carers in rural or remote areas: Out-of-home care professionals, government staff and written submission respondents suggested providing higher rates of the care allowance or additional payments to carers in rural and remote areas. Written submissions highlighted how essential it is for these loadings cover travel expenses when carers need to go to metropolitan areas to access services, including flights, meals and child care for other family members.

Provide greater financial support to informal kinship carers: There were several suggestions from an expert academic (Dr Meredith Kiraly), written submissions and some out-of-home care professionals who noted that informal carers are performing the same role as formal carers, and that supporting them would prevent children entering the child protection system.

> Internationally, there is a call to say that payments should not be on the basis of your status in terms of your legal status. It should be on the basis of need. (Dr Meredith Kiraly)

These findings align with previous government inquiries and research that included key findings about the need for financial supports for informal kinship carers (AHRC, 2021; Royal Commission NT, 2017; Department of Communities Tasmania, 2021; IPART, 2025; McHugh & valentine, 2010) and have raised concerns about the continued use and promotion of informal care arrangements by government staff (AMSANT, 2018; Department of Communities Tasmania, 2021; Royal Commission, 2017). Some submission respondents identified the New Zealand Unsupported Child's Benefit as an approach that could be adopted in Australia. See a case study of this benefit in Appendix E.

Extending financial support to carers of young people up to the age of 25 and extending higher needs loading to carers of young people over 18: Written submissions and out-of-home care professionals in several states and territories recommended extending financial support for carers of young people to the age of 25. They noted that this is critical to help young people in care transition smoothly to independence while reducing risks of homelessness, unemployment and involvement with tertiary systems. Some carers suggested extending higher needs loading to carers of young people over the age of 18.

Other suggestions to reduce the financial burden of caring included:

- **Guidance on lending practices for carers**: One government staff member suggested that the banking industry could develop guidance on lending practices for foster and kinship carers, and another government staff member suggested the Australian Government could offer no interest loans to carers.
- **Extending parental leave:** Several written submissions and previous research has suggested extending parental leave to carers when children enter a new placement (Permanent Care and Adoptive Families (PCAF), 2015; Smart et al., 2022).

Compensating carers for reductions in paid work and superannuation

Payments for carers to include compensation for the indirect costs of caring, including reductions in paid work and superannuation: Many carers and submissions from organisations identified impacts on carers' working hours and expressed concerns about reduced superannuation balances at retirement. For example, some consultation participants suggested that, rather than reimbursing carers for expenses only, funding should be separated to directly cover both:

- children's needs in out-of-home care
- support for carers' roles and the impacts of caring on their professional lives.

There was strong support – particularly from carers – for a payment model that recognises the loss of income due to their caring role. This aligns with a suggestion from the literature to provide small fees to foster carers to act as income alongside carer allowances (McHugh & Pell, 2013).

Superannuation was raised by several carers in the workshops, and we note this is an issue of interest to Safe and Supported governance partners and a topic of advocacy in the broader carer space (Creelman, 2020).

Although calculating the frequency and amount of carers' reduced income and superannuation due to caring was not in scope for this project, we consulted on suitable methods to do so. As such, we suggest that estimating the impact on a superannuation balance as a result of caring would be a way to consider a stylised individual. A simple example of this approach is included at Appendix E. To estimate losses in superannuation for carers, more information about carers would be required, including income levels, age, hours reduced due to caring and the duration of periods of care.

Higher tax-free thresholds for carers

Several submission respondents and government staff and some carers recommended higher tax-free thresholds for carers. It was often not clear whether these recommendations referred to increasing the tax-free threshold of carers overall, or whether this was referring to the Tax Determination (see section 5.8). However, one government staff member highlighted the carer payment system in England as good practice (see below and Appendix D).

Foster care national minimum allowance (England)

Although there are variations across municipalities, carers in England receive a weekly allowance to cover the costs of caring for a child, and some carers also receive a payment for their time, skills and experience (UK Government, 2025c). Foster carers are considered self-employed for tax purposes – however, they receive a tax exemption that effectively results in payments for foster caring (the allowance, fees and reimbursed expenses) being exempted from tax (UK Government, 2025d). Foster carers do not have a statutory right to time off work to care for foster children (UK Government, 2025b). See a case study of this approach in Appendix D.

Increasing payments or enabling access to services for carers of children with complex and additional needs

There was strong and consistent support for increasing payments and improving access to additional financial supports for carers of children with complex and additional needs across all research and consultation activities. Out-of-home care professionals, government staff and carers all suggested this was necessary to recognise and respond to both:

- the time and effort required to care for children with complex and additional needs
- the high costs of accessing necessary health and therapeutic supports.

Priority access to health and therapeutic support: There was strong support from participants in our consultation activities for priority access to the public health system for children in out-of-home care to help meet the higher health and trauma-related needs of children in out-of-home care. In workshops and, particularly, written submissions from organisations, participants suggested that priority access should include:

- health assessments
- therapeutic supports
- assessments for NDIS supports.

Interviews with government staff identified that some states and territories have health assessments for children entering care (consistent with the National Out-of-Home Care Standards) – however, it was not uncommon for children to be assessed as needing specialist supports but waiting long periods to access these through the public system.

Fully subsidised health care for children in out-of-home care: There were several suggestions for free health and therapeutic support services for children in out-of-home care. This recommendation has also been reflected in recent research (Centre for Excellence in Child and Family Welfare, 2024). Suggestions for achieving this include:

- increasing the scope of the Foster Child Health Card
- introducing a 'gold card' that entitles children to access no-cost health services.

A previous inquiry has also recommended paying the costs of private health insurance, and any related gaps in payment, for children and young people in care (Arney et al., 2022).

Suggestions for implementing a professional or semi-professional model

We heard many suggestions and calls for professional or semi-professional models of care in both the literature and our consultations. These suggestions should be examined alongside the considerations associated with these models outlined in section 6.4 of this report.

The concept of 'professional care' is rarely defined clearly. However, the need for an option to provide higher levels of payment for carers of children with complex needs was identified in some written submissions to this review, and data from the workshops and written submissions showed there is strong support for a model that remunerates carers in 'recognition of the time, skill and opportunity cost involved' (TeACH Western Sydney University), consistent with reported impacts to carers' employment and superannuation.

> Supplementary payments for carers in these [professional/semi-professional care] roles are not a luxury; they are a prerequisite for sustaining placements and delivering high-quality care based on the planned placement outcome for a child. (Barnardos submission)

Suggestions from the literature included the development of a model that provides higher rates of payment to carers with more qualifications, skills, experience or undertaking more complex caring roles (Audit Office of New South Wales, 2024; Inder & Gor, 2014; Royal Commission, 2017). Similarly, the 2015 Victorian Commission for Children and Young People recommended a professional foster care model as an 'adjunct' to voluntary foster care (Commission for Children and Young People, 2015).

Under this approach, a two-tier model is suggested that establishes a second tier of professional foster carers to care for 'a priority group of children and young people who would ordinarily be placed in residential care' alongside the existing voluntary foster care model (Commission for Children and Young People, 2015, p. 112; Royal Commission NT, 2017).

In contrast, other suggestions included undertaking a long-term review of the foster and kinship carer system, the current payment structures, accreditation and training (Royal Commission NT, 2017). These reports suggested an expansion on the existing enhanced models of foster care, with higher levels of support and payment to carers of children with complex needs, rather than investing in a full professionalised model (Child Protection Systems Royal Commission, 2016).

Suggestions to improve the accessibility of carer payments

We received a large number of suggestions about how to improve the accessibility of carer payments and financial supports. These were most frequently discussed in consultation activities with carers, out-of-home care professionals and government staff and often focused on how to improve the accessibility of discretionary and higher needs loading payments (as these were the payments that carers have the most difficulty accessing).

These suggestions have been grouped in the following key themes and each one is discussed in more detail in the sections below:

- Provide more information about payments and ensure it is timely, accurate and accessible.
- Provide consistent decision-making guidance and frameworks for staff.

- Streamline payment application and approval processes.
- Improve communication between department regions, NGOs, ACCOs and other service systems.
- Provide consistent carer support to all carers.
- Provide more education and training for decision makers and carer support staff.
- Consider the role of departments, NGOs and ACCOs in providing payments to carers.
- Provide flexible funding and brokerage to carers, NGOs and ACCOs.
- Include carers in decision making and build trust within the payments system.

We have also considered where some relevant suggestions included in existing research and policy literature align with suggestions from consultation participants.

Provide more information about payments and ensure it is timely, accurate and accessible

The most common suggestion we received across this review from all participant groups in all states and territories was to provide clear and accurate information to carers about carer payments in multiple and accessible formats. This was usually discussed in relation to needing clearer information about higher needs loading and discretionary payments. Suggestions from carers, out-of-home care professionals and submission respondents largely focused on creating a publicly available document that uses clear, concise and accessible language. These participants thought this document should include:

- the payments carers are entitled to, including the intent of each payment
- what each payment covers
- how each payment can be accessed/applied for
- expenses that are *not* covered by payments
- decision-making and approval processes
- the department and carers' roles, rights and responsibilities.

All participant groups also consistently emphasised the importance of supporting carers to understand the information provided and providing information in accessible formats, using systems that are easy to navigate and access (noting that some population groups may require different approaches for information to be accessible). There was a large number of suggestions for how this could be done – the key suggestions across participant groups focused on providing:

- information in a range of formats, including online, printed materials, audio and video
- information in multiple languages that is accessible for carers with low literacy skills
- clearly defined financial agreements for carers at the start of a placement, including the specific payment amounts they will receive and processes for disbursement
- onboarding checklists for carers, as well as a simple checklist for new staff (among other onboarding and training) to understand the payments carers are eligible for and how they can support them to access them
- itemised receipts or remittance invoices that clearly breakdown the payments carers received and what they were for (e.g. separating carer allowances and reimbursements, and providing separate information for each child in their care)
- a single source or location for information, so carers do not have to navigate multiple websites and systems without guidance. Government staff and carers suggested the development of a carer app (discussed in the section below as a way to streamline application processes).

In addition to providing information about payments and application processes, suggestions from all consultation participants included providing more information about how and why payment approvals were (or were not) made. An example of promising practice provided by an out-of-home care professional was that their organisation provided 'decision-making statements' to the carer to outline why payments had been approved or not and how carers could access a review:

> … when there is a decision made either way, yes or no, there needs to be a written 'decision making statement', back to the carer, saying, 'This is what was considered, and this was the answer, and this is why, or why not.' So that there aren't any misconceptions about how a decision was made. And then, 'Here's a review process for you,' as well. (Out-of-home care professional, ACT)

Provide consistent decision-making guidance and frameworks for staff

Consultation with all stakeholders and research literature included recommendations to provide a consistent set of financial guidelines for carer payments and financial supports across government regions, NGOs and ACCOs in each state or territory to address inconsistencies in processes and approvals and restore carers' trust in decision making.

These were particularly important for discretionary payments and higher needs loadings (including needs assessments), especially for kinship carers (Arney et al., 2022; VAGO, 2022; Victorian Ombudsman, 2017). This may include providing more guidance on the implementation of existing processes rather than developing new ones (McLean et al., 2020).

Out-of-home care professionals and government staff, as well as a few carers, acknowledged tensions between providing consistent and transparent payment guidelines and retaining flexibility to make case-by-case decisions that can respond to individual child needs. However, decisions about payments and needs assessments should be clearly documented and explained, regardless of whether they use fixed policy guidelines or more flexible decision-making frameworks.

Several government staff and out-of-home care professionals suggested the development of a decision-making matrix or framework that enables decision makers to use consistent criteria to identify what is needed for the child and the placement. This was understood to promote consistent decision making (as opposed to consistent outcomes) while allowing for flexibility to respond to differences in child and carer need. This was described as particularly useful for discretionary spending and higher value purchases.

> Develop and implement a clear reimbursement matrix to ensure consistency, transparency and rationale in decisions related to carer reimbursements. (Out-of-home care professional)

Some government staff told us they were already using decision-making frameworks to support consistency in approvals – however, it appears these were rarely formalised or implemented across whole departments. One government staff member outlined some aspects of their decision-making framework for larger purchases for carers:

> … when we get big requests for big financial contributions to households, we have a look at: is there another means that this could get purchased or paid for? Does this household have the capacity to manage this itself, without the reliance or support from government? … Is there another way that this could get paid … Would this need exist regardless of the children in care being in the home? (Government staff member)

Streamline payment application and approval processes

Another common theme across our consultations with all participant groups was the need to streamline application, approval and communication processes around carer payments and financial supports, including information sharing across organisations and different service systems.

This aligns with existing research evidence that implementing simple payment application processes could reduce the administrative burden for carers and make financial support more accessible (Arney et al., 2022; Parliament of Australia, 2014). Key suggestions from consultations for how this can be done included:

- Carers, government staff and out-of-home care professionals suggested reducing the number of approvals needed for discretionary payments to support more consistent decision making and reduce delays in payments.
- Several carers and government staff suggested using an app or an online portal to expedite approvals, reduce the administrative burden on carers and enable carers to track the process of approval or reimbursement. This is supported by a recommendation from a South Australian government inquiry to develop an 'interactive foster and kinship care portal' where carers could submit requests for reimbursements and complete administration related to their care arrangements (e.g. appointments, assessments and training) (Arney et al., 2022).
- Written submissions (Carers ACT, Barnardos NSW) and government staff recommended providing more preapproved expenditure to expedite approvals and improve consistency for discretionary payments. Some participants noted that this could be done through planning and financial agreement processes that include preapproved expenses. This is consistent with draft recommendations 7 and 9 from IPART (2025) that suggested that medical, dental, wellbeing and family contact costs be outlined in a child's case plan, and that inclusion in the case plan be considered preapproval.

- A significant number of participants across all consultation groups proposed creating options for expenses to be paid directly to carers to avoid carers being out-of-pocket while waiting for reimbursement. Suggestions included having therapeutic supports billed directly to the government; the use of prepaid cards; carers having an account that is paid by government (e.g. at a local pharmacy); or having an NGO or ACCO pay the bill and wait for reimbursement from the government.

We note that this practice is more common in WA, and carers spoke positively about these options where they were available. As above, we note that IPART's draft report (2025) also identified a need for options for direct payment for carers that could not afford to pay up-front costs and wait for reimbursement.

Developing consistent and transparent assessment processes

Carers, out-of-home care professionals and a number of written submissions stressed the importance of developing a consistent and transparent process around assessing children's needs so that access to higher needs loadings and discretionary payments is timely and straightforward. Consistent and transparent needs assessment practices have also been highlighted in the research literature as essential for the provision of adequate and accessible financial support (Arney et al., 2022).

Specific suggestions from our consultations for *how* to streamline assessment processes included:

- A written submission from Barnardos Australia and research evidence suggested that there should be a national approach or guidance for assessing the level of carer allowance needed and a specified time frame for assessing children's needs (Smart et al., 2022).
- Carers and out-of-home care professionals suggested that assessments should be conducted regularly without the need for carers to request them. Annual case planning meetings were flagged as an important points of review and information sharing. However, they noted that it was also important to be able to flexibly respond to children's needs as they change throughout the year.
- Some out-of-home care professionals and written submissions suggested that there should be more automatic processing of higher needs loadings, especially for children with diagnosed complex needs or disabilities.

Carers, out-of-home care professional and government staff also spoke about the need to review the methods and tools used in assessments of children's needs to improve accuracy and consistency both across and within states and territories. This aligns with existing research evidence that recommended reviewing decision-making processes for carer allowance levels to ensure that the needs of children are accurately assessed (VAGO, 2022; Victorian Ombudsman, 2017).

Specific suggestions from our consultations for **how** to more accurately and consistently assess children's needs were mixed. There were tensions between suggestions from out-of-home care professionals and carers to more meaningfully include carers in assessments as they provide day-to-day care and other out-of-home care professionals who suggested that assessments should focus less on being carer-led (and more on child needs) to ensure that needs assessments are informed by the child's needs rather than the advocacy skills of carers.

Some government staff acknowledged the tension between assessing children's needs using a validated tool and being able to flexibly respond to different children's needs and situations as they arise.

Improve communication between regions, organisations and service systems

Carers, out-of-home care professionals and research literature highlighted that improving communication between regions, organisations and service systems can reduce administrative burden for carers and improve the consistency of decision making.

Several carers called for improved integration and communication between systems, including state/territory and Australian Government systems. Key suggestions included:

- Information from the NDIS should be shared with state and territory governments to inform higher needs loadings.
- Information from state/territory governments about a child being in care should be shared with the Australian Government.
- When a child is removed from their birth parents, Centrelink should be notified so that it is not a carer applying for a payment that triggers a reduction in the birth parent's payment.
- Information about a child being in care should be shared with a school, so they do not ask for voluntary payments.

- These suggestions were supported by research literature that indicates collaborating and information sharing between jurisdictions and organisations can support the provision of consistent and reliable information about payments to carers. This literature also suggested the need for communication across states and territories to develop nationally consistent guidelines about carer payments (Commission for Children and Young People, 2016; Department of Communities (WA), 2021; Fernandes et al., 2021; Parliament of Australia, 2014).
- A few out-of-home care professionals and Dr Meredith Kiraly suggested regular (e.g. quarterly) moderation meetings where decision makers from department regions and/or NGOs could get together to discuss recent payment decisions. This was understood to build more consistent practice across organisations and individual decision makers.

Provide more carer support

We heard from carers, out-of-home care professionals and government staff, as well as some written submissions, that carer support was a key enabler for carers to be able to access discretionary, additional and higher needs loading payments, and that not having consistent support from staff was a barrier to accessing payments. Many carers described positive experiences where staff (particularly from NGOs) supported them to access payments.

This aligns with existing research that found providing consistent advice and 'genuine assistance' to understand and apply for payments can reduce the administrative burden for carers and is likely to improve the accessibility of financial supports for both foster and kinship carers (Arney et al., 2022, p. 180; Foster Care Angels, 2019; McLean et al., 2020; Smart et al., 2022). Previous research has also suggested the development of national minimum standards or national guidance for carer support (Smart et al., 2022).

A key suggestion from government staff and out-of-home care professionals across several jurisdictions was the need for dedicated carer support staff:

- Carers said they would like to receive formal and sustained carer-focused support to help them understand and apply for payments, particularly at the start of a placement and for kinship care arrangements.
- Government staff said this could be actioned by creating teams within government who could provide this support, whereas out-of-home care professionals were more likely to recommend that kinship care be outsourced to NGOs or ACCOs.
- Carers also noted the importance of ensuring staff in departments, NGOs and ACCOs have capacity to provide information about payments and support carers to access them.

Several government staff and out-of-home care professionals suggested using a relational approach where carer support staff are proactive about offering financial support and normalise financial support as part of a care arrangement. We heard several examples where this proactive approach was enabling access to payments:

> You observe and you say, 'Why are the kids all sleeping – let me get you a bed. What's happening here? Let me buy that.' Or, 'It's okay, you've got all the grannies this weekend, I'm going to give you another 50 bucks so you can go and get some party food for them', or whatever. But it's about that communication … they won't come forward and say, 'I'm actually really struggling; I can't pay my bills this week. Could you help me out?' (Government staff member)

These approaches were seen as valuable for all carers but particularly for kinship and Aboriginal and Torres Strait Islander carers (see section 7.10).

Provide more education and training for decision makers and carer support staff

Carers, out-of-home care professionals and government staff, as well as a few submission respondents, made suggestions to provide more education and training for carer support staff around payments and processes, including training in assessing children's needs to inform higher needs loadings. Carers expressed that additional training for staff could improve the consistency of decision making and caseworkers' ability to support carers.

Key suggestions for how to improve education and training included:

- Out-of-home care professionals discussed increasing education for staff to build their understanding about the purpose of payments and carers' roles, which could help to reduce staff assumptions about carers being 'in it for the money' or requesting 'too much' financial support.

- Government staff and carers suggested there was a need for more staff training on how to conduct assessments of child needs, and how to build relationships with families to develop an understanding of child needs.
- One government staff member suggested that training could include structured feedback processes about financial decisions.
- Suggestions to provide consistent decision-making frameworks to staff (outlined above) included providing more guidance to staff on how to implement existing processes.

Consider the role of departments, NGOs and ACCOs in providing payments to carers

Although a detailed review of each state and territory's out-of-home care funding system was not in scope for this project, we noted a range of contradictory views about whether NGOs and ACCOs should have responsibility for approving and paying the care allowance and discretionary payments to carers, or whether payments should be the responsibility of government.

Some carers, out-of-home care professionals and government staff across several states and territories suggested that providing payments centrally through a government department or single team could increase payment consistency and reduce delays associated with 'double handling' (as NGOs then needed to be paid by governments). A centralised office could review payments, make decisions about approvals and process payments (and use decision-making frameworks consistently).

> … have a centralised approval area that approves the payments, the reimbursements, so you can put to one side the inconsistencies of office, be it metro, regional. You've actually got a central pocket of money that can then be divvied up. (Out-of-home care professional, SA)

A recent review of the carer payment system in NSW (IPART, 2024) highlighted that a lack of government oversight may mean inconsistencies across how NGOs provide financial supports to carers are not visible to government agencies and go unaddressed. Without proper oversight and monitoring mechanisms in place, IPART noted that departments cannot tell if disbursement processes are followed consistently or if they are providing the financial support that carers need.

Conversely, some consultation participants noted the importance of NGOs in improving access to payments and financial supports and felt that in jurisdictions where NGOs already have responsibility for making carer payments, this should be retained. Key reasons for this included:

- Several out-of-home care professionals felt that government was more likely to have delayed decision making or reimbursement.[21] Out-of-home care professionals described that some NGOs provide payments to carers immediately on approval, regardless of whether the organisation had received payment from the department yet to ensure carers were not out of pocket while waiting for reimbursement.
- Some out-of-home care professionals felt that a lack of autonomy around financial decisions placed limits around their ability to effectively support carers. In particular, out-of-home care professionals working in ACCOs, who noted that despite reforms to increase the number of ACCOs providing out-of-home care services, their autonomy and ability to effectively support carers was restricted where governments retained responsibility for financial spending and approvals.

Overall, there was no clear preference within our research and consultation activities. We note that states and territories continue to shift between models of government responsibility for carer payments and NGOs and ACCOs having responsibility for making decisions about carer payments. Changes in models are often in response to recommendations made by government inquiries and royal commissions. These inquiries and commissions have also recommended different approaches to the role of NGOs in providing financial supports. Although a detailed analysis of government-funding models was not in scope for this report, it is evident that there is no clear model of best practice in this area.

Provide flexible funding and brokerage to carers, NGOs and ACCOs

Consultations with carers, out-of-home care professionals and government staff showed agreement about the benefits of providing some level of flexible funding and brokerage to carers, NGOs and ACCOs. This was framed as a way to implement simple and responsive processes when carers need to access financial support urgently.

21 This issue was particularly topical in NSW where there is a large number of NGOs with responsibility for paying carers and with the IPART draft recommendation (2024) that payments become the sole responsibility of DCJ.

This aligns with previous research that suggested that providing more flexible funding for kinship carers, in addition to general or basic allowances, may enable them to better meet carer and child needs and respond to complex situations (Fernandes et al., 2021; Richmond & McArthur, 2017).

In discussions with government staff, we identified 2 types of flexible funding:

- small amounts of 'brokerage' funding for NGOs and ACCOs to support carers
- funding provided directly to carers or provided in the form of 'practical support' (e.g. cleaning or meal delivery).

A few government staff noted that NGOs had greater flexibility than government and could approve spending quickly to support a placement. Whereas government staff in one jurisdiction reported that they had consulted carers about distributing brokerage funds to NGOs and carers had expressed a preference for funding to be paid directly to them, rather than being administered by NGOs.

Include carers in decision making and build trust within the payments system

The need to value carers and embed respect within the carer payment system was a repeated theme in written submissions and consultations with carers and out-of-home care professionals. Carers and out-of-home care professionals often spoke about the need to embed trust within the carer payments system, including staff interactions, assessment and decision-making processes, so carers feel valued and can be empowered to access payments and make financial decisions in response to children's needs.

Anonymous (Out-of-home care service provider, SA) highlighted the importance of supporting carers to feel valued and heard and including them as part of a child's care team to ensure carers have a positive experience and promote caring to other potential carers to improve carer recruitment and retention.

Other key suggestions for improvement included:

- Both carers and out-of-home care professionals identified a need for carers to be more consistently and meaningfully included in decision making – for example, as part of case planning meetings.
- Several government staff also identified the need to include carers in decision making, using a more relational approach to working with carers, and a need for a 'culture shift' towards understanding and promoting the rights of carers.
- Carers often proposed the development of a consistent assessment tool (for informing case planning and accessing higher needs loading payments) that includes carers as part of the process. This could support carers to feel like their knowledge is valued and they are a respected part of the care team (although, as mentioned above, there were some mixed views from out-of-home care professionals about the extent to which assessment processes should rely on carers' input).

Other suggestions that can support carers to feel valued and trusted included recommendations already outlined around increasing carer payments and removing complex layers of approval.

Suggestions to improve the accessibility of carer payments for specific carer groups

Participants across all consultation groups also shared specific suggestions for how governments, NGOs and other agencies could improve the accessibility of carer payments and financial supports for certain groups of carers.

We received several suggestions for how to improve the accessibility of payments for:

- kinship carers
- permanent carers
- Aboriginal and Torres Strait Islander carers
- culturally and linguistically diverse carers
- carers located in regional or remote areas.

These suggestions were often similar to general suggestions for how to improve the accessibility of payment for all carers but consultation participants emphasised that they were particularly important for one or more of these groups of carers. The sections below outline where consultation participants and existing research

literature identified additional suggestions for how to improve the accessibility of carer payments for each of these population groups.

Suggestions to improve the accessibility of payments for kinship carers

The suggestions for improvement outlined in section 7.9 are relevant for improving the accessibility of payments for kinship carers. A range of consultation participants highlighted that the following areas for improvement were particularly important for kinship carers:

- Provide consistent decision-making guidance and frameworks for staff to ensure financial policies, procedures and supports for kinship carers are consistent and equitable.
- Streamline payment application and approval processes to simplify the processes for kinship carers to access financial supports.
- Provide more dedicated carer support to carers – particularly ensuring the support provided to kinship cares is equal to foster carers.

The suggestions about increasing dedicated carer support for kinship carers are reinforced by existing research in Australia that reported support from dedicated Kinship Engagement Workers had improved the accessibility of funding and supports for kinship carers in Victoria who had access to the service (Commission for Children and Young People, 2019). A case study outlining the success of this model is included in Appendix F.

In addition, research and policy literature frequently identified the need to monitor kinship placement assessment processes, in particular, to ensure assessments of carer and child needs are consistent, accurate and timely (AMSANT, 2018; Arney et al., 2022; Smart et al., 2022; VAGO, 2022; Victorian Ombudsman, 2017).

Suggestions to improve the accessibility of payments for permanent carers

Many of the suggestions to improve the accessibility of carer payments outlined in section 7.9 are relevant for permanent carers. In particular, carers, out-of-home care professionals and an anonymous written submission respondent suggested access to clear information about their eligibility for financial support and providing carer support were especially important for permanent carers.

A consistent recommendation from carers, out-of-home care professionals and a few government staff was that all permanent carers should be able to access reviews of their carer payments and reassessments of children's need:

> That's probably the fundamental thing for me is to make sure those carers have a right of return around the payment rate, like all other carers do. That if the needs of the child change, that they can come back and have their situation reassessed and reconsidered so the ongoing payment is reflective of need. (Government staff member)

Government staff noted the importance of improving assessment processes prior to a permanent care order being made, and that there should be avenues for permanent carers who were in crisis to contact the department for support outside of annual review processes.

Recommendations from research and policy literature suggested that children on permanent care orders should have access to the same financial and practical support as children on protection orders in cases where the government remains involved through the provision of post-legal support via adoption and permanent care teams (Commission for Children and Young People, 2017). Multiple government reports suggested providing permanent carers with quick access to flexible funding for additional supports identified during carer assessments (Commission for Children and Young People, 2016, 2019; Royal Commission, 2017).

Suggestions to improve the accessibility of payments for Aboriginal and Torres Strait Islander carers

Consultation participants and research and policy literature included several suggestions to specifically improve the accessibility of payments for Aboriginal and Torres Strait Islander carers. A number of the suggestions overlap with those outlined in section 7.9 but participants included additional cultural considerations for Aboriginal and Torres Strait Islander carers.

Existing research has identified a need for dedicated, culturally safe and appropriate support for Aboriginal and Torres Strait Islander carers (recognising they are often kinship carers) to access supports (Department

of Territory Families, Housing and Communities & Tangentyere Council, 2019; Smart et al., 2022). Consultation participants, and other sources of research and policy literature, made several suggestions about improving culturally appropriate support:

- Carers suggested providing additional training to carer support staff about how to communicate with and proactively offer financial support to Aboriginal and Torres Strait Islander carers.
- Information about payments should be provided in local languages and accessible formats (see additional considerations for remote carers below). Processes, materials and supports should become the responsibility of specific ACCOs, such as the Aboriginal and Torres Strait Islander Child Care Association, rather than government (Our Booris, Our Way Steering Committee, 2019, p. 84).
- One written submission from TeACH Western Sydney University proposed supporting communities to improve IT literacy and provide tailored access to technological platforms that address language, cultural obligations and historical distrust.

Streamlining payment application and approval processes is also important for Aboriginal and Torres Strait Islander carers. A report from Our Booris, Our Way discussed the need for 'simple, accessible and equitable' processes for Aboriginal and Torres Strait Islander kinship carers to access financial and other supports, including dispute processes and opportunities to re-evaluate carer circumstances (Our Booris, Our Way Steering Committee, 2019).

Carers and government staff mentioned providing flexible brokerage to ACCOs as particularly important for Aboriginal and Torres Strait Islander carers (Our Booris, Our Way Steering Committee, 2019).

Overlaying all these suggestions for improvement was the observation in existing literature that more work is needed with communities to 'repair and build confidence' in child protection practices (Our Booris, Our Way Steering Committee, 2019).

Suggestions to improve the accessibility of payments for culturally and linguistically diverse carers

In line with suggestions outlined in section 7.9, written submission respondents suggested providing additional financial and case management supports for CALD carers (and carers of children from CALD backgrounds). This included:

- providing additional financial support for carers of children from CALD backgrounds
- ensuring information is available in carers' languages
- providing tailored support to help understand and navigate the out-of-home care system
- simplifying payment application processes
- harnessing local community networks to help share information with carers about their rights and entitlements.

Suggestions to improve the accessibility of payments for rural and remote carers

In line with suggestions outlined in section 7.9, out-of-home care professionals and written submission respondents identified the need for additional carer support for carers in rural and remote areas. Specific suggestions included providing dedicated carer support through NGOs and more frequent visits from departmental staff in remote communities. A written submission from Anglicare Australia recommended that funding for NGOs should also reflect the additional costs associated with providing services in 'thin markets', such as travel expenses for staff.

Suggestions to improve Australian Government payments and subsidies

We received several suggestions during consultation activities with all participant groups about actions that government can take to improve the accessibility and adequacy of Australian Government payments for carers.

These suggestions have been grouped in the following key themes, and each one is discussed in more detail in the sections below:

- Increasing carers' awareness of Australian Government payments
- Reducing the administrative burden on carers
- Expanding eligibility to payments for carers
- Improving access to financial supports for informal kinship carers.

Increasing carers' awareness of Australian Government payments

A common suggestion from many carers was providing information and support to increase awareness of and access to Australian Government payments. Carers noted that they should receive information – tailored to different care arrangements – about what payments are available and how to access them. Multiple carers suggested providing an 'information pack' at the start of placements:

> I was going to say the same thing … about giving carers a Centrelink information package. (Carer, ACT)

Carers also suggested that referrals to Services Australia and Centrelink should be provided automatically by state and territory governments when a child enters family-based out-of-home care. They suggested more training for staff working in the Australian Government payments system about the circumstances and entitlements of carers.

Reducing the administrative burden on carers

A consistent suggestion from participants across all consultation groups and previous research (Centre for Excellence in Child and Family Welfare, 2024) was improving access to child care. Many participants felt that carers should not need to apply for CCS/ACCS, and that the CCS/ACCS should not be linked to the carer's myGov account. One government staff member and several carers also suggested removing the requirement to qualify for CCS before being able to access ACCS.

Another suggestion from a few carers was to have greater automation of Australian Government payments for carers. For example, they suggested including a single document that carers could provide once to Services Australia that triggers automatic access to all relevant Australian Government payments.

Expanding eligibility to payments for carers

There were a number of suggestions, most commonly from carers, about expanding eligibility to Australian Government payments. These included:

- **Removing means and asset testing**: Many consultation participants, particularly carers, and submission respondents suggested removing means testing or otherwise improving access to Australian Government payments, including FTB A and B and the Child Dental Benefits Scheme.
- **Medicare Safety Net threshold**: A few carers and government staff identified that children in care should automatically qualify for the Extended Medicare Safety Net.

> All children in care, as far as I'm concerned, should start at the maximum [Medicare] threshold. So if you take your child to the psychiatrist, instead of getting $200.00 back from your $900.00, you're going to get $800.00 back. (Carer, NSW)

Improve access to financial supports for informal kinship carers

There were few specific suggestions about how financial support should be provided to informal carers. However, some participants identified that the Australian Government could provide payments to informal kinship carers without them needing to enter the state and territory child protection systems. Specific suggestions included:

- The Unsupported Child's Benefit, a payment for informal carers in New Zealand, was identified in some consultations as an example of good practice in providing financial support for non-statutory carers. A case study of this payment is available in Appendix E.
- Review the Double Orphan Pension, including eligibility requirements (for both the payment itself and higher rates of payments), amounts and the name to better align with the needs of children without parental support who are in informal kinship care.
- Improve access to the Australian Government Parenting Payment for informal kinship carers.

Other suggestions included making it easier for informal kinship carers to access formal authorisation to become eligible for state and territory supports. For example, issuing a temporary statutory declaration that carers could fill in and have signed by someone who knows their family, and then have it authorised officially.

Appendix D: Case study of kinship and foster care payments in England

Overview

Foster carers

All foster carers receive the National Minimum Allowance (the Allowance) for foster care. This is a weekly payment intended to cover the costs associated with fostering a child (UK Government, 2025c). Depending on the local authority or fostering service, some carers will also receive a fee payment for their time, skills and experience (UK Government, 2025c). The Allowance for fostering is set and administered at the local level by the local authority. It differs by location with variations in the payment rate dependent on where the carer resides, the age of the child and the fostering service (Foster & Mackley, 2025; UK Government, 2025a).

The recommended rate for the Allowance is set by national governments (refer to Table D1). Payment at the recommended minimum is not a statutory requirement – therefore, there is some variance in the rate local authorities pay carers (Foster & Mackley, 2025; The Fostering Network, 2025a; UK Government, 2025a). Depending on the local authority or fostering service, the carer may also receive fee payments associated with their specialisation, skills and experience and may also be entitled to other local council benefits (The Fostering Network, 2025b).

To be eligible to become a foster carer, an individual must have the right to work in the United Kingdom (UK), be able to take care of a child, be at least 18 years of age (though most services require an individual to be 21 years of age) and pass a fostering assessment conducted by the relevant local authority or service (UK Government, 2025b). On commencement of foster care arrangements, carers receive relevant payments. Carers may also be entitled to other social security benefits – however, access to these benefits will depend on individual entitlements (UK Government, 2025a).

Kinship carers

There is currently no allowance to support kinship care arrangements. Many kinship carers become 'foster carers' in order to access financial supports (MacAlister, 2022, p. 10). In the UK, the majority of kinship arrangements are informal with no involvement from children's services, the family court or any requirement to notify local authorities (Foster & Mackley, 2025, p. 8). Access to financial support for kinship carers is based on the legal status of the arrangement, informal arrangements are not eligible for financial assistance (Foster & Mackley, 2025, p. 29).

There are a range of social security benefits that a kinship carer may be entitled to including: Child Benefit, Universal Credit and Guardian's Allowance – however, access to these benefits will depend on the individual nature of the arrangement and individual entitlements (Foster & Mackley, 2025, pp. 19–25).

In October 2024, the UK government announced the Kinship Allowance Pilot, to be trialled by 10 local authorities (Foster & Mackley, 2025, p. 46). The pilot will enable access to the National Minimum Allowance for kinship carers with legal care orders (UK Department of Education, 2025).

Payment rates

Foster carers

Foster carers are considered self-employed for tax purposes and are entitled to 'qualifying care relief', which provides tax exemptions of up to £19,690 per household and tax relief calculated on a weekly basis for each week a child is fostered in a tax year of between £415–£495 per child based on their age (as at April 2025, UK Government, 2025d). Effectively, payments for foster caring (the allowance, fees and reimbursed expenses) are exempted from tax (UK Government, 2025d). Foster carers do not have a statutory right to time off work to care for foster children (UK Government, 2025b).

The payment is made weekly (refer to Table D1), directly to the carer by the relevant fostering service or local authority. This payment is not means-tested, the income and assets of the caregiver do not affect the payment (UK Government, 2025a). Foster carers may also be able apply for expenses to cover certain activities, depending on the local authority or fostering service (UK Government, 2025a).

Kinship carers

The Kinship Allowance Pilot (UK Department of Education, 2025) will enable access to the National Minimum Weekly Allowance (at Table D1) for kinship carers that meet the eligibility requirements during the trial period.

Table D1: National Minimum Weekly Allowance, England (as at April 2025, all amounts reported in £GBP)

Age	London	South East	Rest of England
0–2	£198.00	£189.00	£170.00
3–4	£201.00	£196.00	£176.00
5–10	£225.00	£216.00	£194.00
11–15	£257.00	£247.00	£220.00
16–17	£299.00	£288.00	£258.00

Source: UK Government, 2025a

Promotion

Due to the structure of the system and administration of payments by the responsible local authority, foster carers do not need to apply to access the Allowance. Once approved as a foster carer and on commencement of a care arrangement, relevant payments are made. If a kinship carer is registered as a foster carer with the local authority, they will also receive relevant payment/s on commencement of the arrangement.

Program evaluation

The Fostering Network monitors compliance with the recommended Allowance and leads advocacy efforts to raise the rate to – at least – the recommended minimum (Foster & Mackley, 2025; The Fostering Network, 2025a). In 2024, The Fostering Network reported large inconsistencies in the rates of payments between local authorities across England and in comparison to the National Minimum Allowance (The Fostering Network, 2024a).

The Fostering Network also undertakes regular surveys of foster carers and relevant sector stakeholders. In 2024, it reported that only around one-third (36%) of respondents in England consider the allowance, and any expenses able to be claimed, adequate to cover the cost of caring for a foster child (The Fostering Network, 2024b, p. 36)

For kinship carers, access to financial supports is limited. Of all kinship care households, more than two-thirds (67%) face deprivation across one or more dimensions (UK House of Commons Education Committee, 2025, p. 37; UK Office for National Statistics, 2023). Pending the evaluation of the Pilot, a roll-out of an allowance for all kinship carers may address these barriers.

Appendix E: Case study: New Zealand Unsupported Child's Benefit

The Unsupported Child's Benefit, a payment for informal carers in New Zealand, was identified in some consultations as an example of good practice in providing financial support for non-statutory carers. This section outlines a case study of this payment.

Overview

The Unsupported Child's Benefit is an income support payment to assist informal carers in New Zealand.

To be eligible, both the child or young person and their carer must normally reside in New Zealand. The child is eligible if they are under 18 years of age, financially dependent and unable to be cared for by their parents. The carer is eligible if they are over the age of 18 and the primary carer for the child or young person, a New Zealand citizen or permanent resident, and not the child or young person's natural, adoptive or step- parent (Work and Income NZ, 2025f).

A family meeting or family group conference is held to independently assess the change in caregiver arrangements and understand the nature of the family breakdown (Work and Income NZ, 2025f). Family group conferences are commonly conducted by Oranga Tamariki, and there may be further assessments conducted by the Ministry of Social Development (MSD). Final eligibility is determined by a Work and Income NZ or MSD caseworker (Oranga Tamariki, 2025; Work and Income NZ, 2025f).

Payment rates

The payment is non-taxable and paid directly to the carer each week through normal social security processes. This payment is not means-tested. That is, the income and assets of the caregiver do not affect the payment.

Recipients are paid a once-off Establishment Grant to assist in the purchase of, for example, bedding (Work and Income NZ, 2025b). The benefit consists of the primary weekly payment and supplementary weekly clothing allowance and annual holiday allowance and birthday allowance (twice annual). An overview of the payment rates is at Table E1. Applications can be made for additional benefits, if required.

Table E1: Unsupported Child Benefit payment rates (as at April 2025, all amounts reported in $NZD)

	Once-off	Ongoing			By application	
Age	**Establishment Grant**	**Primary benefit**	**Clothing allowance**	**Holiday allowance / Birthday allowance**	**Annual school and year start-up allowance**	**Extraordinary care fund**
0–4 years	$350.00	$292.44	$25.59	$146.22	$400.00	$100.00–$2,000.00
5–9 years		$294.47	$29.02	$147.24	$450.00	
10–13 years		$317.30	$35.84	$158.65	$500.00	
14+ years		$340.01	$43.00	$170.01	$550.00	

Sources: Work and Income NZ, 2025a, 2025b, 2025c, 2025d, 2025e

Accessibility of the payment

In 2023, a review was conducted of financial assistance for caregivers receiving relevant benefits, including the Unsupported Child's Benefit (Oranga Tamariki, 2023). Several barriers were identified – in particular, 61% of respondents cited a need for better information, clarity and transparency around entitlements (Oranga Tamariki, 2023, p. 11). Respondents also identified ongoing issues with navigating the system, quality of information, accessing relevant benefits and payment insufficiency (Oranga Tamariki, 2023).

These findings are consistent with earlier research that explored challenges associated with access to this support (Gordon, 2017). Respondents reported a range of barriers to accessing entitlements and challenges navigating the system, compounded by difficulties engaging with Work and Income NZ (Gordon, 2017). Many respondents reported requiring significant advocacy from community groups (e.g. Grandparents Raising Grandchildren) to access benefits (Gordon, 2017). There was additionally limited public awareness of the existence of this entitlement (Gordon, 2017). This suggests there remains unaddressed issues with navigating the system of support for people accessing these payments and caring for children.

Program evaluation

In 2023, around 19,000 children and 13,000 carers were in receipt of the Unsupported Children's Benefit (see Table E2). An analysis of administrative data for carers and children covered by the Unsupported Child's Benefit (UCB) was conducted for the Oranga Tamariki (Yang et al., 2024). It reported that:

- 75% of children entering care arrangements identified as Māori, or Māori and Pacific (Yang et al., 2024, p. 10).
- The average age of children in these arrangements was 11 years old (Yang et al., 2024, p. 10).
- More than 60% of caregivers for children were family relatives, with grandparents making up the greatest proportion (44%) and other relatives – for example aunt, uncle or other family – comprising 18% (Yang et al., 2024, p. 10).
- More than 50% of caregivers identified as Māori or of Māori and Pacific origins and nearly 90% of primary caregivers were female (Yang et al., 2024, pp. 14–15).

Table E2: Number of children and caregivers supported by UCB in 2023

People supported by UCB	2023
Children	19,497
Carers	12,915

Source: Ministry of Social Development, 2023

Taua'i and Yang (2024) conducted a survey of caregivers that found:

- Nearly 50% of respondents reported that the UCB was not sufficient to cover the costs of caring for the child (Taua'i & Yang, 2024, pp. 19–20).
- More than 50% of caregivers (54%) reported using their own money to supplement the UCB and provide care for the child (Taua'i & Yang, 2024, p. 22).
- Broadly, respondents noted a need for increased awareness of availability and eligibility for benefits (Taua'i & Yang, 2024, p. 47).

Appendix F: Case study: Victoria's model of kinship care (2018)

Victoria implemented a new model of kinship care in 2018 as part of a broader reform to their out-of-home care system. The model is reported to improve the accessibility of payments for the kinship carers who were part of the program (noting it is not available to all kinship carers). The kinship care model provides additional financial supports to carers and new avenues to access financial supports.

The model funds NGOs and ACCOs to provide up to 12 months of support for new kinship placements as well as providing financial brokerage support to kinship carers to help pay for one-off costs and financial assistance for placement establishment costs. It provides financial brokerage funds to non-government service providers (including ACCOs) to distribute directly to carers at their discretion, including to address matters that impact placement stability and meeting children's needs. The model also introduced coordination support from a workforce of kinship engagement teams and an Aboriginal Kinship Finding Program (VAGO, 2022).

An audit by VAGO in 2022 indicated that the kinship care model increased the available financial supports to kinship carers in Victoria. However, the model required further improvements because not all placements were referred to the program in a timely way (or at all), and kinship carers still reported experiencing barriers to accessing financial supports (2022).

Furthermore, the Commission for Children and Young People (2019) expressed concerns that due to the growing number of kinship carers, the model would not be able to meet the increased demand for supports. Feedback from kinship carers during the audit also highlighted that the model was working well in non-government organisations but further improvement was required by government-delivered services (VAGO, 2022).

Appendix G: Calculating a reduced superannuation balance

One option to estimating the superannuation forgone as a result of reduced hours of work for caring would be to consider a stylised individual. This could be aggregated to estimate the impact on the superannuation balance of carers as a group – however, further information would be needed to inform a more detailed estimate. For example:

- the average wage of carers
- the average working hours reduced to accommodate caring
- the number of years spent caring
- the number of carers in the paid workforce.7

Table G1 presents a highly stylised and simplified approach to estimating the change in an individual's superannuation balance if employment was reduced from full-time to 0.5 FTE, with an annual income of $60,000.

Table G1: Stylised superannuation estimates for a full-time and part-time individual

	Individual's super earnings (working full time, highly stylised)	Individual's super earning if working 0.5 FTE
Annual salary	$60,000	$30,000
Superannuation rate	11%	11%
Annual return rate (super)	6%	6%
Years	20	20
Contribution frequency	Annually	Annually
Annual super contribution	$6600	$3300
Future value of super	**$242,784.9**	**$121,392.5**
Super lost from caring	**0**	**$121,392.5**
Assumptions	Contributions are made once per year. No breaks in employment. Returns are compounded annually. Salary and contribution rate are constant. No fees, taxes or salary increases are considered.	Taking on a caring role means the employee needs to reduce their working hrs to 0.5 FTE for a 20-year period. Everything else stays the same.