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14 April 2025

RE: Submission to the Australian Institute of Family Studies' Foster, Kinship and Permanent Carers Payment Review

ABOUT US

Connecting Foster & Kinship Carers - SA Inc. (CF&KC-SA) is the peak representative advocacy body for all approved foster and kinship carers in South Australia under the *Children and Young People (Safety) Act 2017 (SA)* (herein referred to as family-based carers, or carers).

We thank you for inviting us as experts in foster and kinship care to submit a written response to discussion questions about payments and financial supports for family-based carers.

ABOUT THIS SUBMISSION

This submission responds to following questions:

1. Should payments and financial supports for carers be expected to cover all the costs of raising a child in out of home care or just to contribute to these costs?
2. Should carers receive payments that go beyond the costs of raising a child?
3. How could payments and financial supports for carers be made more equitable - should payments and financial supports take into consideration a carers' financial position or other factors? (e.g. by means testing).
4. What is the impact of inadequate payments and financial supports on carers and the children in their care?
5. What factors influence carers' ability to access payments and financial supports?
6. How do the financial costs associated with caring influence people's decision to become a carer or to stop caring - do you think the current payments and financial supports for carers make a difference?
7. What changes to payments and financial supports would improve carer recruitment and retention - are there changes to financial supports beyond increasing payments that would improve carer recruitment and retention?
8. What could governments (state, territory or the Australian Government) do to improve carer payments and financial supports?

1. Should payments and financial supports for carers be expected to cover all the costs of raising a child in out of home care or just to contribute to these costs?

Children have the right to be safe, to be treated with affection, to be educated, to have medical care and to be protected against cruelty and abuse. Parents have the duty to protect their children's rights until they are old enough to make their own way in the world (NSW Government 2025).

Family law defines the responsibilities that parents, adoptive parents, and those who satisfy presumptions of parentage have in relation to raising their children. These include to protect their child from harm, to provide their child a place to live, provide them with food, safety, supervision, control, medical care, an education, and to financially support them. It is only reasonable for carers to expect our state and territory governments to do the same for the children they are legally responsibility for.

As the peak body for family-based carers in South Australia, we recognise these responsibilities in the context of family law and agree that the state and territories should cover all costs of raising a child under their guardianship/custody. This position, however, is especially based on the fact that when state and territory governments assume legal responsibility for a child, they rely heavily on the goodwill of Australians to provide family homes through kinship or foster placements. This means that unlike parents and privately adoptive parents, the impact of their caregiving labour extends beyond their private sphere. One such example includes the annual aggregate saving their caregiving labour represents by keeping children out of residential care. Last financial year, CF&KC-SA estimates that carers saved South Australians more than 1.9 billion dollars and are therefore providing a service to the community.

The trade-offs carers make (willingly and incidentally) to meet their foster/kinship child's needs should not be considered equivalent to those made by birth and privately adopting parents. It is the position of the peak body that the financial supports for raising a child in family-based care must safeguard carers against any financial hardship that could arise from providing a foster or kinship placement.

2. Should carers receive payments that go beyond the costs of raising a child?

In addition to carer payments, carers should be compensated for the hidden costs accrued that can be attributed to providing family-based care. For example, we propose a superannuation contribution of \$5000 be paid annually to all active foster and kinship carers below retirement age.

Whether reasonable or not, there is a widespread expectation and reality that family-based carers alter, reduce or forego their employment when taking on a placement. The children in their care have often experienced abuse, trauma and neglect, may present with challenging behaviours or higher support needs, for example, children in care can experience increased absences, suspensions and expulsions from school, and in turn, require a greater degree of supervision and nurture compared to their peers. This is to say, the longstanding assumption and practice of foster and kinship carers sacrificing their own employment to maintain placements is realistic and unlikely to change.

When carers reduce their employment to take on a child under the guardianship/custody of their state or territory, they subsequently sacrifice tax-advantaged superannuation income. This has serious implications for their long-term financial and retirement planning and no other party within the child protection system is expected to make such choices. While it is well established that the true cost of maintaining a foster/kinship care placement to carers is unknown, we know that in SA this “true” cost is in fact greater than the gross carer payments our carers are entitled to. As explained in the Arney Report (2022), reimbursements are both low and slow, such that they not only pay out of pocket overall, but experience delays in the reimbursement for expenses. This means that in lieu of reimbursements, carers must keep more of their disposable income at hand to meet the needs of their foster/kinship child, rather than their own financial affairs (e.g. saving, investing, servicing debt). In fact, data from our annual carer survey shows a small proportion of carers used their own superannuation income to supplement the costs of caring for a foster/kinship child.

These challenges surrounding family-based carer compensation fall within the broader context of a net reduction in the number of active carers over time, which has led to the current and urgent need for reform in carer recruitment and retention strategies. Providing family-based care is not a profitable vocation, and numerous studies on carer motivations have thoroughly debunked the idea that any family-based carer is “in it for the money.” However, the burden of providing care shouldn’t be any greater than need be, and improved support for retirement planning via superannuation will help value and retain our family-based carers, as well as ensure that the child protection system is robust, sustainable, and fair.

Although establishing a superannuation or equivalent entitlement to help remedy these issues has previously been discussed, it has never been implemented due to the complexity and multitude of stakeholders required and involved. An annual superannuation contribution to carers provides a cost-effective mechanism for governments to support and sustain carer participation in child protection and alleviates some of the most severe opportunity costs carers incur without resorting to a professionalisation of family-based carers or a fundamental change in the balance of incentives and motivations that underpin this community.

Importantly, superannuation income is one of the most tax-incentivised income streams available to Australians, and a key pillar of retirement planning. Consequently, as carers transition into less or no employment, the superannuation contributions carers forgo to take on placements may yield consequences out of proportion to the reduction in a weekly pay cheque. By providing a superannuation contribution, governments can reassure these carers that their long-term financial prospects are secured, and will alleviate the pressure to leave their caring role in search of greater income or decline more challenging/time-intensive placements they would otherwise be willing to accept.

As the peak body for South Australian carers, we propose a superannuation contribution of \$5000 be paid annually to all active foster and kinship carers below retirement age. For the same reasons outlined above, a superannuation contribution is one of the more cost-effective payment options available to governments. The long-term benefit and in-market growth on contributions means the sum of contributions paid can be much reduced compared to a salaried care placement, and even more so if a child can be maintained in a family-based placement rather than a residential facility.

Bearing in mind the economic environment currently and in recent years, super contributions are also less inflationary.

We further recognise that for as long as foster care has been provided in Australia, concerns, justified or not, have been raised around the potential for perverse incentives arising from too generous a payment scheme (Musgrove & Mitchell, 2018).¹ Superannuation contributions are the opposite of “a get rich quick” scheme, making it unlikely to undermine the ethos that underpins our current and future carers. It would also serve as one of the financial levers available to improve carer recruitment and retention. In fact, superannuation contributions, in effect, incentivise sustained participation in the child protection sector and support carers’ long term financial wellbeing without offering *any* short term benefit that could be “exploited.”

Design considerations for the implementation of a superannuation contribution for foster and kinship carers in SA specifically, are discussed below and referred to as the Active Carer Contribution. First, our research outlines design principles applied. It then describes modelling projections for a range of contribution scenarios, focusing on resultant superannuation balances.

Design principles and who is eligible?

In SA the carer cohort comprises foster and kinship carers varying in employment and socio-economic status, and who are culturally and linguistically diverse, Aboriginal and/or Torres Strait Islander, or non-Aboriginal carers with varying needs. When determining a carer’s eligibility for the Active Carer Contribution, precisely accounting for these factors and the many permutations that arise is likely self-defeating; the excessive administrative burden required (means testing, record keeping etc.) would undermine the cost effectiveness of the approach. More importantly, differentiating eligibility across different types of placements could create perverse incentives affecting the way carers choose to participate in the system. It may also undermine the spirit of this proposal, which aims to provide long-term security in recognition of a carer’s “voluntary” caregiving labour without influencing the core motivations that underpin their participation. Rather, we propose a simple test be applied for all foster and kinship carers: if a carer has provided a long or short-term placement in the previous financial year or has provided a minimum number of days of respite care, they are to be classified as an “Active Carer” and entitled to a superannuation contribution.

How much should be paid?

We propose that the Active Carer Contribution scheme comprise a single rate of \$5000, with the payment made as a lump sum at EOFY, best aligning with the eligibility test outlined earlier. There are a number of reasons to prefer a single payment rate in administering a superannuation entitlement. Firstly, designing a multi-rate scheme to account for differing placement situations adds complexity to administration, and introduces potential perverse incentives, as noted already. Furthermore, given that one aim of a superannuation payment is to address the opportunity costs to carers, a more complex payment scheme is likely to leave carers feeling that the “true” opportunity cost incurred on their individual basis is not properly accounted for. Turning to costs, the expense of administering a single rate scheme is not necessarily greater than a multi-rate scheme where the average cost per

¹ Nell Musgrove and Diedre Michelle *The Slow Evolution of Foster Care in Australia*, Palgrave, 2018, pp.127-53.

carer will likely be similar when the sum contributed is adequate. Crucially, the 17% of children under guardianship in residential care placements in SA in the last FY, incurred 52% of the cost of maintaining SA's child protection system.² Any investment that promotes carer recruitment and retention, and prevents residential care placements, will contribute to reducing aggregate expenditure.

Contribution rates and modeling parameters

In 2023, we conducted research into the modeling of superannuation. The research was based on the 11% super rate at the time and 2023 carer demographic data and carer payment rates. It showed projected growth in super balances per carer under a range of contribution rates, fees, and growth rates to provide an estimate of the likely outcomes depending on the single rate selected for the scheme. In all cases, it was assumed that the contribution is taxed.

The parameters for the model included:

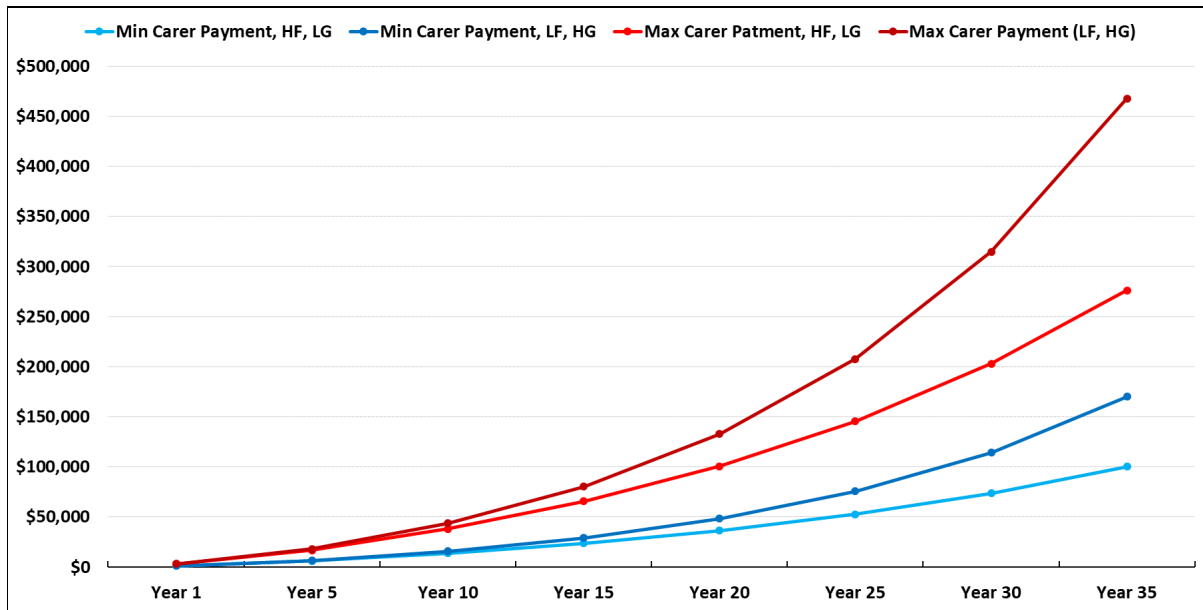
- A total of 8 payment rates: the minimum and maximum SA carer payments paid at 11%_SG, the median and average income paid at 11%_SG, and 4 flat rates: \$2,500, \$5,000, \$7,500, \$10,000.
- Two annual growth rates on balances: 7% and 9%.
- Two fee rates simulating a high and low fee superfund.
- Two indexation rates, nil, and CPI adjusted (assuming an annual inflation rate of 2.5%).

These parameters yield 64 unique scenarios projected over 35 years. All scenarios were tabulated in supporting information, particularly, all figures assumed nil indexation of the contribution. Below are 2 key modelling examples to explain the \$5000 superannuation rate proposed.

Contributions derived from the Basic Subsidy

The best (low fee, high growth) and worst (vice versa) for a super contribution is based on the 2023 annual minimum \$12,667 Basic Subsidy and annual maximum \$21,585 Basic Subsidy per child placement. The results highlighted a number of the issues. Firstly, carer payments are cost of living payments to address the cost of a child and are not intended to reflect the time and effort contributed by carers in maintaining placements. If superannuation contributions are tied to either the higher or lower rate of the Basic Subsidy, carers may feel that they are being underserved in the event that they have a placement where a different payment rate is applied. Additionally, and for the same reasons, it is unclear how the contribution should play out in a household with multiple placements. Finally, the contribution rates of 11% before tax show the amount of superannuation accrued in the first 10-15 years of the scheme is negligible.

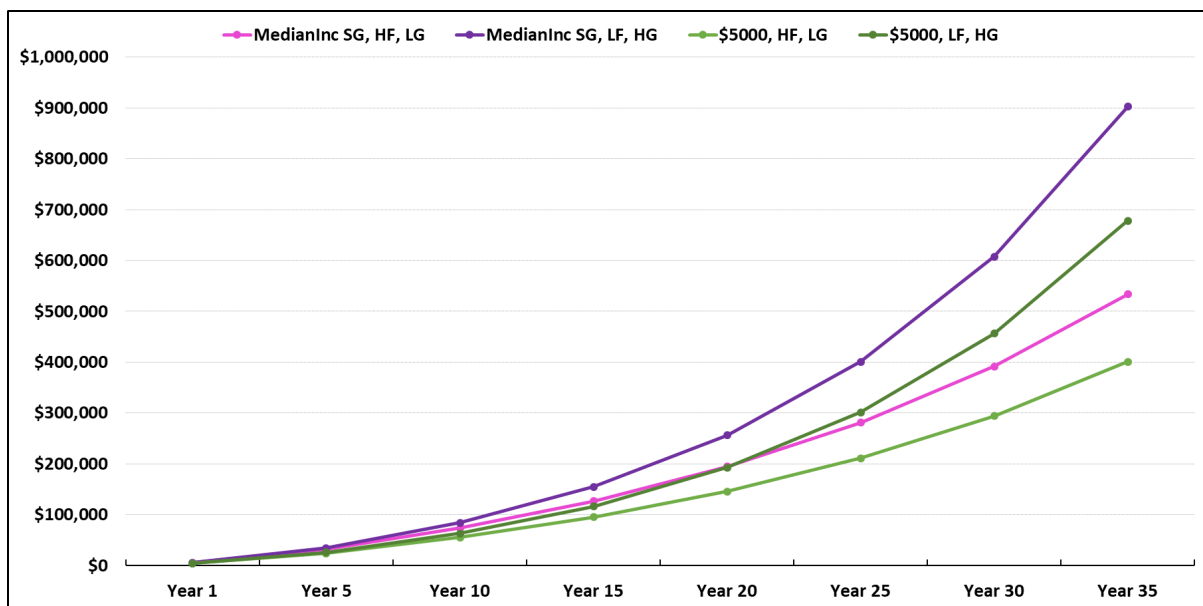
² The Productivity Commission Report on Government Spending (Child Protection) Table 16A.37 2025, Auditor General, *Report 9 of 2024 - Annual Report - Part C - Agency audit reports*, 2024, p.39.



Given that approximately 50% of carers were over 40 years of age, and 55% were 50 or older, the balance accrued in this shorter time would have an insufficient impact on retirement and fail to meet the core policy objective. We estimate that even with figures updated to the current Basic Subsidy rates (up 2.5%), superannuation rate (up 0.5%), and age proportions of the carer cohort, any changes to these results would be minimal.

Contributions derived from the median income

Since the primary objective of the Active Carer Contribution is to secure carers' retirements against reduced employment, one conservative sum may be provided by the median Australian income (ABS, 2023b). In contrast, the average Australian income is considerably higher than the median, skewed by the top percentile of income earners, and is less applicable in the case of carers. Tying the payment rate to the median income may imply a need to frequently evaluate and upgrade the scheme in line with this statistic and may also draw criticism on the grounds that it either over or underestimates the employability or tradeoffs made by a given carer.



The Active Carer Contribution

Consequently, we argue for a minimum annual contribution of \$5000 per active carer. It is evident that at pay rates similar to the median income (that is 9.8% of 75% of the median income according to ABS 2023b), carers would accumulate a significant superannuation balance between the 10th and 25th year of providing care.

Cost to Government

Assuming that carers are entitled to nominate and manage the superfund where the contribution is paid, and because the administrative capacity facilitating the extant range of carer payments is already established, we believe that the administrative cost to delivering the Active Carer Contribution would be negligible. This leaves the cost in terms of annual contributions, or \$5000 multiplied by the number of active carers. Based on the latest data from South Australia's Department for Child Protection in 2023, SA had 5435 carers. With only a small proportion of these carers estimated to be above retirement age, the estimated cost of the scheme, excluding administration and contingencies, would be \$27.2m per annum. In fact, based on last FY's expenditure on residential care placements, if SA diverted 51 children out of residential care into family-based placements, the estimated saving would cover the annual cost of this superannuation scheme.³

Limitations

A number of considerations related to potential costs of superannuation (and therefore final balances) were omitted from this analysis, but may be considered as factors in determining the appropriate pay rate to achieve the desired policy objective:

- Income protection insurance
- Death insurance
- Total Permanent Disability (TPD) insurance

Additionally, complete data on carer demographics may affect estimates of average time under the scheme, and therefore the rate required to achieve the objective and the overall estimated cost of the scheme.

Summary

Right now, carers do not receive enough support either to account for the day-to-day expenses of maintaining a placement or to reduce the risk of insecure retirement arising from their commitment to provide family-based care. These financial stressors add to carer fatigue and may contribute to a carer's decision to leave the child protection sector. The absence of these supports may also undermine the recruitment of new carers. Since the SA system is experiencing a carer deficit (as are other states and territories), and because the cost of residential care is so disproportionate to family-based care, policy to improve carer recruitment and retention is unique in aligning with the best

³ Productivity Commission Report on Government Services, 16 Child protection service data tables (XLSX 686.8 KB), 2025.

interests of taxpayers, carers, and children under guardianship/custody of the state/territory. Carers deserve a dignified retirement, free from financial hardship, especially when imposed by inadequate remuneration. A superannuation contribution to carers provides an efficient measure by which to better support carers and the stability of the system. Crucially, this work identified that the current range of the Basic Subsidies do not provide a sound conceptual basis for determining the value of this contribution, nor do superannuation contributions derived from the Basic Subsidy adequately support its intended beneficiaries. However, an annual payment of \$5000pa derived from 75% of the median income (ABS 2023b) per carer would provide a more robust foundation for retirement on a timescale and is appropriate for the demographic makeup of SA's family-based carers.

3. How could payments and financial supports for carers be made more equitable - should payments and financial supports take into consideration a carers' financial position or other factors? (e.g. by means testing).

Foster and kinship carer payments and financial supports should not consider a carer's financial position in any way. Considering this factor risks producing three key issues:

1. It would penalise those who have savings or a high household income, potentially deterring suitable carer candidates.
2. It could invite perverse incentives from those who lack savings and sufficient income and are motivated by the possibility of making "extra cash."
3. It would require costly administrative processes, adding additional financial strain to Australia's child protection systems.

Furthermore, means testing, the process where an applicant's income and assets are assessed to determine eligibility for government assistance or services and how much the government should contribute toward the cost, is neither suitable. Children in foster and kinship care are under the guardianship/custody of their state or territory and the payments provided are pegged to the child to cover or help cover that child's living costs. Means testing in general should therefore not be applicable to a carer's financial position as they are not the child's legal guardian. In our view, it is misguided to means test a carer for any circumstances related to their foster/kinship child.

4. What is the impact of inadequate payments and financial supports on carers and the children in their care?

Impact on carers

Thankfully, there are an estimated 5.5 thousand carers in South Australia who provide care to the State's children (DCP 2023). However, our 2023-24 annual carer survey results help paint a picture of the significant impact inadequate payments and financial supports can have on these carers. In our survey of 329 South Australian approved family-based carers, we found that:

- 78% had reduced their employment to meet their foster/kinship child's needs.
- Nearly a quarter did not work at all in order to meet these needs.

- 83% of carers incurred out-of-pocket expenses for caregiving costs.
- The most commonly reported household income among carers was between \$18,200 and \$30,000, more than \$60,000 less than the average Australian household income.
- 89% of the surveyed carers were female, highlighting that the primary caregiving roles appear to disproportionately fall on women.⁴

This data indicates that family-based carers are at a greater risk of financial disadvantage directly related to providing foster and kinship placements. Considering Australia's gaps in gender pay and superannuation, the impact appears even more acute for female carers. As mentioned previously, when carer payments and financial supports are inadequate, carers prioritise their disposable income to meet their foster/kinship child's needs over their own financial affairs (e.g., saving, investing, servicing debt, super contributions). With reduced or foregone employment income, these carers struggle to build the superannuation or investments necessary for a secure future. Consequently, they may end up relying on the Age Pension, which could be in stark contrast to other Australians who, bolstered by their superannuation income, could retire up to 12 years earlier and enjoy a more prosperous, dignified retirement.

Impact on children

Financial stability, and a household's economic wellbeing, play a crucial role in children's health, education, and self-esteem, and can significantly affect a child's educational and social opportunities in the short and long term.⁵ Yet, the evidence before us suggests that in addition to children's experiences that led to entering the child protection system, many in family-based care are at risk of experiencing financial disadvantage. While it is well established that family-based care is the preferred placement for out of home care arrangements, care leavers continue to report lower education attainment, unstable housing and employment, and poorer quality relationships than their non-care raised peers. Individuals raised in poverty report similar outcomes.

Many children in care present with higher behavioural and health needs than other children and meeting these needs come at an added cost. In 2002, social researcher, Marilyn McHugh, published a report on the monetary cost of foster caring Australia-wide, noting that children in care have higher needs than other children. Her study analysed existing data collected from 120 directors of child welfare agencies and surveys of 159 foster carers and concluded that children in foster care cost 52% more than non-care raised children. Meeting the needs of these children in the face of inadequate carer payments and financial supports relies on the disposable incomes of carer households. A foster or kinship child in a household where disposable income is sparse, for which this applies to many, is at risk of their needs not being met, and significantly increases their risk of experiencing lower education attainment and unstable housing and employment in the future.

⁴ Connecting Foster & Kinship Carers, Annual Carer Survey, 2023-24.

⁵ Australian Institute of Health and Welfare, *Australia's children* (website) 2022.

5. What factors influence carers' ability to access payments and financial supports? Are there unique factors specific to:

In SA, there are many factors that influence a carer's ability to access payments and financial supports. First, one must be a temporary, approved carer, long term guardian, or assisted adoptive carer under the *Children and Young People Safety Act 2017 SA*. However, the extent of one's access to carer payments is carefully constrained. The *Carer Support Payments Carer Handbook* describes the payment types each carer type is unable to access, entitled to, or eligible for; one's eligibility is determined by the Department's financial agreement with the carer, assessment results for specific circumstances, or policies.

See the table below for an overview of payments accessible to carers.

Overview of payments accessible to carers									
*Legend	Entitled	May be eligible	Not accessible	Not specified					
	Foster	Kinship	Specific Child Only	Long Term Guardian	Respite	Emergency	Temporary	Assisted Adoption Carers	Specialist
Basic Subsidy									
Remote Allowance									
Post 18 Payments									
Respite Rates									
Placement Start-Up									
Education Grant									
Activity Grant									
Special Needs Loading									
Respite Loadings									
Refugee Loadings									
Reimbursements									
Flexible Respite Payments									
Specialist Subsidy									
Specialist Respite Subsidy									

Second, Fiona Arney's *Report of the Independent Inquiry into Foster and Kinship Care* (2022), identified SA's inconsistent processing of reimbursements for incidental expenses as preventing carers from accessing financial support.⁶ The *Carer Reference One - Who pays for what?* (2021) details what child expenses carers are expected to cover and what child expenses the Department may cover.⁷ One way to explain the inconsistent processing of reimbursements is found in Emma Feagan's paper, *The True Cost of Foster and Kinship Caring in South Australia* (2021). Feagan points to specific wording used in the policy, that being "funding that may be available." She argues that the

⁶ Fiona Arney, *Report of the Independent Inquiry into Foster and Kinship Care*, 2022, pp.153-84.

⁷ Department for Child Protection, *Carer Reference One - Who pays for what?*, 2021, 1-15.

Department's use of "may" fosters confusion around whether an expense should be reimbursed when outside the scope of carer allowances, grants, and loadings.⁸ This phenomenon might also explain why 83% of carers were, or considered themselves to be, left out pocket for items that should have been reimbursed.⁹

Moreover, it is our understanding that each DCP office is allocated funds for reimbursable expenses. The office's regional director is responsible for ensuring expenditure and commitments are monitored against the budget, supervisors can pre-approve expenses up to \$500, office managers can pre-approve expenses at more than \$500, and expenses considered *exceptional* must be formally applied for, though no sum is cited to indicate when an expense meets this threshold. It is unknown whether the funding for reimbursements is proportionate to the number of children allocated to each office. Though our carer advocates describe some DCP offices as resistant to approve reimbursements, others as more willing, and examples of similar items being reimbursed in one office but not in another. If not explained by the lack of clarity on expenses that are reimbursable, these circumstances could indicate that the DCP offices receive unequal funding, forcing carers to compete against each other and establishing geographical disadvantages for children in care across the State.

Third, each child in family-based care should be assessed by the Complexity Assessment Tool to identify any special needs. The extent of these needs, if any, are then scored in a special needs loading assessment to determine the loading the carer will receive to cover associated costs. While the Arney Inquiry criticised this process's capacity to reliably measure these needs, and cost effectively, there is also a common administrative factor that prevents carers from accessing the special needs loadings they are entitled to. That being the annual re-assessment of the child's needs being delayed and not being back paid from the date in which the reassessment should have occurred when special needs increase. For detailed information on the CAT process, please see the excerpt taken from the *Carer Support Payments Carer Handbook (2024)* below:

The Complexity Assessment Tool (CAT) is a screening instrument for measuring behavioural and special needs of the child or young person. It can assist with identifying services and supports that may be required to facilitate a successful placement in Out of Home Care.

CAT enables the following assessment options:

- Level 1: Minor or no problems.
- Level 2: Moderate problems.
- Level 3: Significant problems.
- Level 4: Extreme problems.

If the CAT assessment results are a level 2 or higher assessment, a Special Needs Loading (SNL) score sheet should be completed by the allocated case worker. There are currently two SNL categories:

⁸ Emma Feagan, *The True Cost of Foster and Kinship Caring in South Australia*, 2021, pp.14-23.

⁹ Connecting Foster & Kinship Carers SA, *Annual Carer Survey*, 2023-24

- **High Intervention (Special Needs) loading** is paid in support of those children and young people exhibiting extremely challenging behaviours that are not associated with an intellectual or physical disability. The level of capped loading paid will vary according to the particular needs of the child or young person and is subject to a social work assessment and managerial approval.
- **Physical/Intellectual (Special Needs) loading** is paid in support of children and young people with intellectual and/or physical disabilities. The level of capped loading will vary according to the specific needs of the child or young person and is subject to a social work assessment and managerial approval.

Eligibility and how SNL is paid

The allocated case worker will complete the SNL score sheet and attach it to the current CAT Assessment for approval in line with DCP policies and procedures. Approved SNL scores sheets will be processed and the applicable SNL loading will be applied for payment.

SNL loadings will only be paid from the approval date of the current CAT Assessment, providing the assessment is within the last 12 months.

Both the CAT and SNL should be reviewed annually. If there is a change in primary placement or the child or young person's health condition, a review of the CAT prior to the 12 month review date will be required.

The level of capped loading paid will vary according to the particular needs of the child or young person and is subject to assessment.

If the CAT level drops to level 1, the Carer Payments team should be advised immediately to cease loading payments ...

Expenses covered by the SNL

The carer is expected to use the capped loading to pay for the additional costs associated with care of the child or young person that would ordinarily be paid for by DCP through incidental expenses or other internal funding sources.

The DCP case worker in conjunction with the carer and, where possible, the care support worker, must identify the specific areas of expenditure to be covered by the capped loading (e.g. travel, medical or dietary). These expenditure expectations must be agreed with the carer at the time the loading assessment is completed by the DCP case worker.

To enhance consistency, the loading score sheets should be used as a guide to the expectations of carers at each capped loading percentage level.¹⁰

Forth, in SA, we know that some young people in family-based care remain living in the family home after they age out of care on their 18th birthday. Thankfully, SA introduced the Post 18 Payment, allowing carers to receive the Basic Subsidy rate to help cover their costs. However, a carer's

¹⁰ Department for Child Protection, *Carer Payment Carer Support Handbook*, 2024, pp.9-10.

eligibility of this payment requires the young person to be engaged in an education initiative or education program approved by the Department and ends when the young person turns 21. This constraint presents two key issues.

1. Some care leavers with severe disabilities are unable to engage in education but remain in the family home. While they may receive NDIS funding, many carers are devoted to their wellbeing, accruing considerable personal costs when NDIS funding falls short, or expenses are simply not covered. Like other parents of disabled children, these carers are prepared to provide lifelong support, often sacrificing workforce participation to meet their needs. However, in the context of family-based carers providing a service to the community, when alternative living arrangements that would typically be used by conventional parents are unavailable, these carers should be recognised and compensated for accordingly.
2. The Melbourne Institute's Household, Income and Labour Dynamics in Australia (HILDA) Survey tracked the lives of more than 17,000 Australians annually. Over this period, it observed a steady rise in young adults remaining in the family home. The most recent 2021 survey found that, on average, men leave home at 24 and women at 23. Several factors contribute to this trend: young people are entering the workforce later, struggling to secure stable employment, and facing extraordinary cost-of-living pressures particularly in housing and rental markets, and wages are failing to keep pace.¹¹ Many parents can afford to support their adult children by providing shelter and can likely attribute their financial capacity to so by having maintained their workforce participation. Therefore, financially sustaining their children into their early 20s poses fewer economic challenges. In contrast, carers are at greater risk of experiencing financial hardship (from reasons previously explained) and the child protection system cuts off Post-18 Payments on the young person's 21st birthday. This places significant financial strain on carers who continue to support their young person beyond 21 years. In fact, the system currently assumes that despite facing the same economic challenges in a cost-of-living crisis, care leavers, one of Australia's most disadvantaged demographics, can gain the financial capital needed to become independent of their foster/kinship family. That is two years earlier than their non-care raised peers.

Lastly, on a more direct level affecting individual carers, other factors are attributed to the poor administration of policies and procedures by DCP staff. Our advocates who provide direct advocacy to family-based carers have reported examples of temporary, foster, and kinship carers who did not receive payments they were entitled to. These cases were the result of:

- Staff failing to issue payments to temporary and recently approved carers at the time of placement in a timely manner or at all.
- Staff failing to backpay carers with payments carers were entitled to during established unpaid periods.
- Unreasonable delays in issuing reimbursements for pre-approved incidental expenses.
- Unreasonable delays in approving expenses for reimbursements and exceptional funding for larger expenses.

¹¹ Melbourne Institute's Household, Income and Labour Dynamics in Australia, (HILDA) Survey, 2021.

- Staff refusing to reimburse a carer for a child's deliberate damage to a carer's property due to accusing the carer of lying.
- Staff suggesting carers utilise the Flexible Respite Support Payment (a quarterly payment for eligible carers to help access a range of respite-like supports) to cover incidental costs of providing care in lieu of respite-like support.
- Staff suggesting carers pay upfront for medical costs so that the Department can access the Medicare subsidy instead of paying the full fee.
- Carers not having awareness and understanding of what expenses DCP may cover when the expense falls outside the scope of the Basic Subsidy and Special Needs Loading if applicable.
- Removing children from birth families, placing them with kin, but not pursuing guardianship orders, forcing kin into informal care arrangements without financial supports.

6. How do the financial costs associated with caring influence people's decision to become a carer or to stop caring - do you think the current payments and financial supports for carers make a difference?

The Centre for Excellence in Child and Family Welfare (The Centre) represents the voice of individuals dedicated to advancing child and family wellbeing and sets the standards for professional education and practice in child and family services in Australia. In April 2024, The Centre published a report that reviewed foster care recruitment and retention across the nation and abroad. According to the review, adequacy of financial supports was along one of the most cited factors affecting carer retention and being unable to afford to foster a child was the number one challenge Australian agencies faced for foster care recruitment.¹² This submission has already discussed in detail how the consequences of inadequate financial supports affect carer retention, and instead will focus this section on exploring why foster caring might have become an unaffordable path to many who sought to assume the role.

While the sum of carer payments and financial supports may deter prospective carers, it should be viewed within the broader context of Australia's cost-of-living crisis, particularly housing affordability. As mentioned already, Australia faced extraordinary inflation in recent years, and many Australians are still feeling the effects. Between September 2021 and December 2024, Adelaide CPI went up by 18.2% with rent and mortgage costs usually being the greatest single expenditure in the budgets of those who have these. Indeed, the cost of servicing a mortgage went up 155% and the price of renting a 2 bedroomed unit went up 41%.¹³

In 2023, more than 70% of young Australians aged 18 to 34 believed they would never be able to buy a home, with 45% attributing the reason for renting to being priced out of the market.¹⁴ In South Australia, like other jurisdictions, rental prices have reached record highs, while wages have declined in real terms. As a result, rent consumes a growing proportion of income, leaving less for saving and

¹² The Centre for Excellence in Child and family Welfare, *Rapid Review: Foster Care Recruitment and Retention*, 2024, p.17.

¹³ South Australian Council of Social Services, *Cost of Living Update No.10 Inflation, Housing and the Cost of Living "Crisis"*, 2024, pp.1-11.

¹⁴ Resolve Strategic, Survey, 2023.

investing. Despite recent reforms to the *Residential Tenancies Act 1995 (SA)*, there are still no laws that limit rent increases or incentivise long-term leases. If policy continues to tolerate these conditions, Australia risks creating a generation of lifelong renters without the housing security. This is important because the cost of housing *will* shape the status quo of future South Australians, which includes those targeted by foster care recruitment campaigns.

In the context of Australia's economic climate, it is no surprise that not being able to afford to foster is the leading barrier to recruitment. Nonetheless, these financial pressures highlight the urgent need for not only more robust financial supports for carers, but also policy reforms that can successfully address these economic challenges. While inadequate carer payments and financial supports can turn prospective carers away, ensuring that a) wages keep up in real terms and b) housing is affordable and secure in addition to adequate carer remuneration, is an essential step for sustaining family-based carer participation and guaranteeing that our future average Australian desiring to foster can afford to care for a child—and—access a house suitable for the role in the first place.

7. What changes to payments and financial supports would improve carer recruitment and retention - are there changes to financial supports beyond increasing payments that would improve carer recruitment and retention?

This submission has already discussed the following financial levers to support carer recruitment and retention:

- Payments and financial supports that cover the full cost of raising a child in care, ensuring that children's needs are met, and the financial wellbeing of carers is protected to support their participation as carers.
- Superannuation contributions to carers, ensuring the future financial wellbeing of carers is looked after as they reduce or forgo employment to care for children with high needs.

However, this submission has not yet discussed how a centralised carer payment framework could also assist with carer recruitment and retention.

Currently in SA, carer payments are a tax-free contribution to the costs of raising a child, "help[ing] cover the day-to-day, ordinary costs of caring for a child or young person in a [family-based] placement."¹⁵ These are paid to temporary and fully approved emergency, respite, short term, long term, post 18, and specialist carers, and managed by the child's allocated DCP office. More importantly, SA may also have the most complicated carer payment structure of the jurisdictions, comprising 15 types of carer payments. For ease of understanding, we have amalgamated these payments into 5 categories:

1. Carer Allowances - an age group specific contribution toward the daily costs:
 - Basic Subsidy (the base carer payment).
 - Remote Allowance (an additional 10% of the Basic Subsidy received).

¹⁵ Department for Child Protection, *Carer Support Payment Carer Handbook 2024*, pp.1-5.

- Post 18 Payments (the Basic Subsidy for carers of a young person aged 18 to 20 who is in the Family-Based Care Program or Education Initiative until they move out of the family home, receive wages that surpass the Basic Subsidy, or turn 21 years old).
 - Respite Rates (a daily respite rate for approved respite carers).
2. Specialist Carer Payments – payments for approved specialist carers to cover daily costs of children in specialist placements only:
- Specialist Subsidy (for approved specialist foster carers of children with higher needs in lieu of general carer allowances, grants, and loadings).
 - Specialist Respite Subsidy (for specialist carers providing respite to children in specialists placements).
3. Grants - payments automatically paid to carers to cover costs not covered by carer allowances:
- Placement Start-Up Payment (helps cover the initial or immediate costs of a child being placed with a carer).
 - Education Grant (paid once per term to eligible carers).
 - Activity Grant (paid annually to eligible carers to support the child's cultural, recreational and social activities).
4. Loadings - an additional sum to balance a child's extra needs:
- Special Needs Loading (for children with behavioural and special needs measured by the Complexity Assessment Tool that scores needs as a percentage between 25 and 300 percent).
 - Capped Loading Rates (a fixed pay rate according to each age group and used to calculate the special needs loading sum by multiplying special needs loading percentage by the capped loading rate).
 - Respite Loadings (double the nightly respite rate for respite carers with placements lasting less than 7 continuous nights).
 - Refugee Loading (for carers of unaccompanied humanitarian minors in family-based care for the first six months of the placement).
5. Additional Payments - extra payments carers can request:
- Reimbursements (reimbursements for pre-approved expenses not covered by the Basic Subsidy or Special Needs Loading).
 - Flexible Respite Support Payment (a quarterly payment for eligible carers to help access a range of respite-like supports).

As you can see, SA carer payments employ what resembles an 'itemised' structure over an integrated one where, say, the Basic Subsidy includes items covered by the Education Grant and Activity Grant. It is also a decentralised system that relies on DCP office staff to issue carer payments accurately, creating barriers to regulating compliance and increased accounts of inconsistent and discretionary spending as a result. Although all jurisdictions comprise a decentralised system that bears similar

consequences observed here in SA, their payment structures include fewer payment types with greater scope, making the administration of carer payments far less complicated.

If carer payments are to cover the full costs of raising a child, we would need to see the current framework replaced by one that facilitates automatic, centralised approval of qualifying expenses. This model would address all the concerns about low and slow reimbursements and provide greater certainty and consistency to carers and children in family placements. In our view, the key elements to achieving this includes replacing the pre-approval requirement for reimbursements with a complete list of qualifying expenses to which carers can refer, and an online portal to expedite the claim process.

8. What could governments (state, territory or the Australian Government) do to improve carer payments and financial supports?

To ensure the costs of raising a child in family-based care are fully covered by payments and financial supports for carers, governments must clearly identify these costs.

In SA, anyone interested in becoming a carer must be:

- An Australian citizen or permanent resident.
- Demonstrate stable housing.
- Have a spare room suitable for a child in care.

They must also meet several conditions before a placement can be made; these include:

- A house with access to running water and electricity/gas.
- A house in a good state of repair and hygiene.
- Sufficient storage for the child's personal belongings.
- A working electrical safety switch.
- A fire blanket and extinguisher.
- A driver's licence and a registered, roadworthy vehicle.
- Car insurance.
- Contents insurance.
- Access to telecommunications by phone or email.
- Having heavy furniture firmly secured to prevent toppling.
- Sufficient measures in place to prevent physical harm and security risks to children in the home and yard (e.g. barriers around wood fire heaters and swimming pools, fences around farms/rural properties).
- Sufficient measures in place to reduce risk in the event of a fire outside the house.
- Lockable cabinets for medications and other unsafe utensils.
- Lockable doors for unsafe tools and instruments.

While such conditions are not unreasonable, many enquirers will have unmet conditions and bear the costs of meeting these so a placement can be arranged. Carer payments and financial supports should therefore cover the costs of meeting any unmet conditions by way of reimbursement when

identified as the only barrier to a placement. In this instance, the reimbursement would be considered a ‘qualifying reimbursement’ under our proposed revised carer payment structure.

To identify the costs associated with raising a child, particularly a child in care, SA’s *Carer Reference One - Who pays for what* (2021) policy serves as an excellent guide for identifying these costs.¹⁶ As mentioned, it details what child expenses carers are expected to cover and what expenses the Department may cover. According to policy, carers are expected to cover the costs of:

- Housing wear and tear, repairs, maintenance, and damages.
- Water, electricity, and gas.
- Telephone and mobile services.
- Internet services.
- Furniture and appliances.
- Bedding and linen.
- Food.
- Clothing and footwear.
- Personal care products.
- Haircuts.
- Transport to and from routinised activities and appointments.
- Bus and train fares.
- Baby sitting.
- Childcare (the Child Care Subsidy is available to eligible families and the Additional Child Care subsidy is available to eligible carers).
- Childcare bonds/deposits and fees for late pickups, cancellations, photos, excursions, and late booking fees depending on cause.
- Preschool fees.
- Government schools not covered by the School Card.
- Books and stationery.
- School uniforms and footwear.
- Excursions and school photos.
- Social, hobbies, and leisure activities.
- Entertainment, toys, and outings.
- Safety equipment for sports.
- Holidays.
- At least 1 extra-curricular activity per school term.
- Pocket money at DCP’s recommended rate or on par with child’s peers.
- Cultural connection activities.
- Presents for birthdays and Christmas and other cultural holidays or special occasions.
- Presents for child’s peers.
- Basic medical treatments and over the counter medications.
- Private health cover.

¹⁶ Department for Child Protection, *Carer Reference One - Who pays for what*, 2021, pp.1-15.

Lastly, expenses that are not covered by carer allowances, grants, and loadings may be covered by the Department usually by way of preapproved reimbursements and include the costs of:

- Deliberate damages to the property or vehicle made by the child (carers must claim through their insurer first and DCP will pay the gap or the full cost if claim is denied).
- Technology appliances for educational purposes.
- Suitcases or travel bags.
- Ongoing specialist appointments.
- Transport from remote and very remote areas to appointments in Adelaide.
- Cultural connection events.
- Costs associated with family contact.
- Transport to school outside carer's local area.
- Costs in extraordinary situations related to keeping sibling groups together.
- Some childcare fees (waiting/enrolment, admin, photos, gaps, late and cancellations).
- Overnight school camps.
- Contributions to year 12 formal.
- Education tutoring.
- Special education supports when part of the child's education plan.
- Additional school photos for birth parents and extended family members.
- Overseas education exchanges or travel experiences.
- Clothes hire for school activities.
- School uniforms because of changing schools within the year.
- Holiday activities when no respite care placement is available, or attendance addresses specific child need.
- Additional extracurricular and life skills activities.
- Birthday and Christmas presents for the child and to child's birthparents and family members.
- All costs associated with court including transport and appointments.
- The child's birth certificate.
- The child's passport.
- Personal records.
- Private health cover gaps.
- Ongoing medical treatments through a registered provider.
- Repeat prescriptions.
- Prescription medications not covered by PBS.
- Eyeglasses.
- Ambulance cover.
- Professionally recommended medical and allied health services.
- Mental health supports.
- Dental treatment.¹⁷

As each state and territory's carer payments continue to fall short of adequately covering the costs of children in foster/kinship care, carers and their representative bodies are eager to see research

¹⁷ Department for Child Protection, *Carer Reference One - Who pays for what*, 2021, pp.1-15.

institutions and governments determine a cost estimate figure on the true cost of foster and kinship care to carers. As the peak body for family-based carers here in SA, we admit that there are immense complexities and limitations involved to producing such a sum. Even academic research, government initiatives, and surveys with representative sample sizes present vastly different cost estimations of raising any child in contemporary Australia, making these results unsuitable for informing the answer we seek. In fact, the Child Support Taskforce from the Department for Social Services (the Department that commissioned this very review) reviewed the Child Support Scheme and concluded that such a figure does not exist:

There is no ‘fixed cost’ of children. The costs of children vary in accordance with the level of income of the parents. Estimates of the cost of raising children are therefore based upon evidence about patterns of expenditure on children, or the amount of money that is needed to attain a particular standard of living.¹⁸

The Social Service’s Department’s view ties in well with one of our recommendations to SA Parliament’s Economic and Finance Committee’s Inquiry into Home Care for Children and Young People in April 2024:

The DCP and Treasury agree on a target standard of living for all children and young people in out of home care. Carer payments rates then reflect the target and are regularly updated and reviewed to ensure it aligns with the target and is indexed against CPI to remain fit for purpose. Under this model, carers are provided with clear, detailed advice on the intended coverage of the carer payment and any out-of-pocket expenses that remain at the carer’s discretion.

If a suitable cost estimate figure of raising a child in family-based care to carers cannot be produced, establishing a target standing of living for children in family-based care is especially important. This way, standards would be regulated: unmet standards would be examined to determine causes and barriers and tracked for the purposes of identifying areas of improvement to ensure carers are sufficiently resourced to meet the target. The target itself would be regularly reviewed and help justify on record how the State Government sets carer payment rates for the very first time.

Thank you for considering this submission. We hope it provides information that the Australian Governments can use to improve carer supports, in particular the adequacy, consistency and accessibility of payments for foster and kinship carers and alike.

Sincerely,



Fiona Endacott
Chief Executive Officer
Connecting Foster & Kinship Carers – SA



Emma Feagan
Project Officer
Connecting Foster & Kinship Carers – SA

¹⁸ Department of Social Services, Child Support Taskforce Review (website) 2025.

ABOUT OUR ORGANISATION

Your name/your organisation's name

- *Connecting Foster & Kinship Carers – SA Inc.*

My organisation/I can be identified in reports and presentation about this topic?

- *Yes , we would like to be identified as Connecting Foster & Kinship Carers SA, the representative advocacy peak body for foster and kinship carers in South Australia*

What state or territory do you mostly work in?

- *South Australia*

What does your organisation do?

- *Carer peak body*

Are you submitting on behalf of an Aboriginal and Torres Strait Islander Community Controlled Organisation?

- *No*

BEFORE FINAL SUBMISSION

This submission does not include any personal or identifying information in responses to the discussion questions – you must click “yes” to complete this submission.

- *Yes*

AIFS can use the information in this submission in other projects to do with out of home care and carer supports within the next 7 years

- *Yes*

My organisation/I can be contacted for follow up questions about this submission

- *Yes, please provide your contact information:*
 - support@cfc-sa.org.au
 - fiona@cfc-sa.org.au
 - emma@cfc-sa.org.au
 - 1800 732 272

I would like to receive a summary of the report findings. Please note this will be after the conclusion of the project

- *Yes, please provide your email address:*
 - support@cfc-sa.org.au
 - fiona@cfc-sa.org.au