

National Foster and Kinship Care Collective

Submission on Carer Payments and Financial Supports

August 2025

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The National Foster and Kinship Care ("The Collective") is comprised of a voluntary group of CEOs from the state and territory foster and kinship care peak and representative organisations for Victoria, New South Wales, Queensland, South Australia, Western Australia, the Northern Territory, and Tasmania.

The Collective's mission is to ensure the rights, needs and well-being of volunteer foster and kinship carers are heard and their rights upheld. It also ensures the recruitment, training, retention and support of carers are provided for the betterment of the Australian community and most importantly, children and young people in the child protection system.

Introduction

Foster and kinship carers ("carers") are the foundation of Australia's out-of-home care system. Carers provide trauma-informed, stable, and culturally responsive care to children and young people in a home based environment for whom the State has accepted parental responsibility. Notwithstanding, carers often face significant financial and emotional strain that is exacerbated by inadequate financial supports and poor system service delivery.

Our submission presents a national perspective by The Collective on the lived experiences of carers in Australia and highlights the urgent need to reform carer payment systems to ensure they are fair, cover the costs of living, and aligned with both legal obligations and the reality of providing care. It will highlight the systemic inequality for financial support for carers and look at the necessary reforms required for Family Tax Benefit A and B.

The second part of our submission addresses the inequity of carers not accumulating superannuation entitlements whilst providing care. Our submission considers the development of a "national superannuation scheme" equivalent, as an investment in the long-term well-being of and retention of carers, particularly those who commit years of unpaid public service to support children and young people under guardianship of the state, thrive and meet their full potential.

This submission aligns with the goals of the *Safe and Supported: The National Framework for Protection Australia's Children 2021-2031* ("The Framework"), a joint initiative of the Commonwealth, State and Territory Governments. The Framework outlines a national commitment to improving outcomes for children and families, with a strong emphasis on strengthening out-of-home care, supporting carers, and preventing placement breakdown.[1] However, these objectives cannot be realised without structurally embedding financial security for carers, including the removal of means testing and introduction of long-term financial protections (e.g. superannuation payments). Carers must be adequately resourced and recognised, as a key pillar of the Australian national child safety system.

[1] Department of Social Services, *Safe and Supported: National Framework for Protecting Australia's Children 2021-2031, 2021*, Australian Government, 2021, p 34.

Systemic Inequality in Financial Support for Carers

Across Australia, carers are expected to provide consistent, trauma-informed, and developmentally appropriate care to children and young people who have often experienced significant trauma, loss, and disconnection. Yet, the financial supports available to carers often fall short when covering the actual costs of care, especially in placements involving children with disability, high needs, or complex behaviours.

Many Australian carers report being forced to draw from personal savings, superannuation, or reduce their employment to meet the daily demands of care. This reduction in economic participation creates long-term financial insecurity, particularly for single-income households or older carers nearing retirement.

As you are aware, carers are not provided with superannuation, paid leave, or guaranteed entitlements. Despite delivering care as a service for the Government, carers are treated as volunteers within a system that increasingly relies on their unpaid labour to meet statutory responsibilities under State/Territory child protection legislation. The Collective deems it unacceptable to continue to overlook this issue, particularly with the rising cost of living and financial demands carers face.

Shifts in Placement Types and Growing reliance on Residential Care

According to national data, family-based care is decreasing while the use of residential care is rising. This shift has both economic and relational consequences for the Government and children in care.

Between 2019-20 and 2023-24, family-based care placements dropped by 6.8%, whilst residential care placements increased by 55.6%.[2] This trend indicates a growing inability to retain and recruit family-based carers resulting in an increased reliance on more expensive, less relational models of care.

	2019-20	2023-24	Proportionate Change (%)
Residential Care (children and young people)	3,032	4,719	**+55.6%**
Family-Based Care (children and young people)	41,801	38,948	**-6.8%**
All children in OOHC *incl. other placements*	45,993	44,692	**-2.8%**
% of Residential Care	6.59%	10.56%	**+60.17%**
% of Family-Based Care	90.89%	87.15%	**-4.11%**

Table 1. Change in Placement Types in OOHC (2019-2024)

The percentage of children in residential care has grown from 6.59% to 10.56%; a 60.17% increase. If this trend continues, Governments will face significantly higher costs, both financially and in the long-term poorer developmental outcomes for children and young people.

The rise in residential care placements is not just a reflection of carer shortages, it comes with a significant financial burden. Residential care is the most expensive form of out-of-home care, often involving high staffing costs, 24-hour supervision, and therapeutic services. As the system

[2] Productivity Commission Report on Government Services, 16 Child protection services data tables (XLSX 686.8KB), 2025.

becomes increasingly dependent on residential models due to carer shortages, Governments are incurring unsustainable costs to compensate for what was once delivered through family-based care.

Financial Cost Comparison

According to the Productivity Commission's 2023-24 data[3], the average cost of a child in residential care ranged from $608,000 to $1.2 million, depending on the jurisdiction and the model of residential care. This confirms a national trend of escalating residential care costs, far exceeding the cost of family-based care.

Care Type	No. of Children	Ave. Cost per child	Total Expenditure
Residential Care	4,719	$ 936,314.75	$4.42 billion
Family-based Care	38,948	$ 63,926.75	$2.49 billion
Total	43,667	-	$6.91 billion

Table 2. Estimated OOHC Expenditure by Care Type (2023-2024) based on the Productivity Commission Report[i]

If all 43,667 children in family-based care were placed in residential care, the projected expenditure would reach $40.88 billion compared to $2.79 billion if placed in family-based care. This represents a potential national saving of over $38.09 billion through investment in family-based models.

Carers are Providing Public Services on Behalf of State

When a child is placed under a long-term guardianship or other care order, the State assumes the parental responsibility (custody and guardianship) for that child under child protection legislation. While case officers, and representatives of the Government have case management roles, the day-to-day emotional, developmental, and physical care of the child is delegated to carers.

Carers are functionally fulfilling the role of the State, providing unpaid labour in service of the Government's guardianship obligations. Yet, they are excluded from workforce entitlements, such as superannuation, despite delivering consistent care over many years.

This structural disconnect must be addressed. Governments cannot continue to rely on a care model that expects unpaid, emotionally intensive work from volunteers, without also investing in their long-term stability and recognition.

When Governments assume parental responsibility under child protection legislation, they are not only taking on legal authority, they are also assuming the full responsibility for a child's care, including the financial cost. This duty does not end when a child is placed in a carer's home. Delegating physical care to volunteer foster and kinship carers must not equate to outsourcing financial responsibility. The cost of providing care and meeting the needs of a child – housing, health, education, development, and emotional – remains a public obligation and exceeds the fortnightly carer allowance.[4] For too long, Governments have relied on carers' unpaid labour and personal savings for out-of-pocket expenses to subsidise this duty.

[3] Productivity Commission Report on Government Services, op. cit.

[4] Carer allowances vary across each jurisdiction, however, caring costs at time exceed the fortnightly caring allowances and additional allowances.

True systemic reform requires financial responsibility that mirrors the legal responsibility the State or Territory has assumed.

Means Testing and Inequity in Financial Support

Current support systems for foster and kinship carers, predominantly those governed by federal eligibility requirements fail to reflect the true cost of caring for children and young people under guardianship. The Family Tax Benefit (e.g. FTB A & B) is a prime example, where the benefit is means tested against the carer's income, rather than the needs of the child or the nature of the placement.

This creates a system where two carers providing similar care for a child of the same age may receive vastly different financial support, not because their caregiving differs, but because their income does.

The income test (means testing) for the Family Tax Benefit applies on a family's adjusted tax income between $65,189 and $115,997, in which the Family Tax Benefit reduces by 20 cents for every dollar that is over $65,189.[5]

For example, the table below provides four different scenarios of carers who have differing incomes but are caring for the 'same 16-year-old young person'.

	Annual Income	Eligibility amount for FTB A	Eligibility amount for FTB B	Additional Fortnightly Support	Additional Yearly Support
Single carer	$62,000 (FT)	$288.82	$131.74	$420.56	$10,934.56
Single carer	$120,000 (FT)	$25.20	$0	$25.20	$655.20
Couple carer	$ 88,000 (FT & casual)	$113.82	$131.74	$245.56	$6,384.56
Couple carer	$160,000 (Both FT)	$0	$0	$0	$0

Table 3: Family Tax Benefit Support Eligibility Example (Services Australia Payment Finder)

This approach penalises working carers and dual-income households, the very demographic that now make up the majority of Australian families.

According to the *Australian Bureau of Statistics*, as of June 2024 stated:[6]

- 73% of couple families with children under 15 years have both parents employed.
- Employment in single-parent families has risen from 67% (2009) to 74% (2024).

Carers are increasingly excluded from support, not because they are financially secure, but because the means testing fails to account for the true cost of raising a child under guardianship of the state.

The Case for a National Superannuation Scheme for Carers

As carers continue to draw from savings, reduce employment, and/or forgo superannuation entirely, the long-term impacts are clear – increased economic instability, housing insecurity, and

[5] Australian Taxation Office, *Super Guarantee* (website) 2025.
[6] Australian Bureau of Statistics, *Labor Force of Families* (website) 2024.

reduced retirement savings are facing carers. This is particularly unjust given that carers are fulfilling the duties of the Government. It is the position of The Collective a superannuation type payment scheme is established.

The equivalent of a national superannuation (or superannuation type) scheme would:

- Recognise carers' public service role,
- Contribute to retention of carers through increasing the sustainability and viability of the role long term,
- Provide future-facing financial protection for those who sacrificed, or reduced, paid work to care.

The proposed model[7] will be eligible to *active carers;* carers who have had a placement in the past 12 months (short, long-term or respite). Respite placements would require a minimum number to be eligible for the superannuation scheme. Calculation of the superannuation scheme would sit at 12% of the Superannuation Guarantee (SG)[8] in line with the ATOs 1 July 2025, of 75% of the median weekly wage ($1,047)[9]. The following superannuation are as follows:

- Estimated weekly superannuation contribution: $125.64,
- Estimated yearly contribution per carer: $6,5333.28.

Carer Type	Households	Estimated Participants	Annual Contributions	Total Investment
Foster Carers	8,325	12,071	6,533.28	78.8 million
Kinship/Relative Carers	15,797	22,906	6,533.28	149.6 million
Total Carers	24,122	34,977	-	228.5 million

Table 4. Estimated Superannuation Contribution and Total Investment

This is a modest investment compared to the $40.88 billion cost of placing all children in residential care, a figure that reflects current 2023-24 per child costs as high as $1.2 million in certain jurisdictions.

The proposed superannuation scheme model is based on the 12% of 75% of the national median weekly earning, as this is both deliberate and justified – reflecting a fairer, more accurate valuation of the opportunity cost and public contribution of carers.

It reflects the realistic earning potential, as many foster and kinship carers are unable to maintain full-time or stable employment due to the demands of care. A minimum wage benchmark does not capture the value of what carers forego; the 75% median wage rate acknowledges the real income loss carers experience when stepping into a government delegated parenting role.

The 75% of the median wage also avoids skewing high-income outliers, as the median wage is a more reliable metric than the average. It avoids being distorted by disproportionately high

[7] Connecting Foster & Kinship Carers SA Inc., Fiona Endacott, Emma Feagan, email,12 May 2025.
[8] Australian Taxation Office, *Super Guarantee* (website) 2025.
[9] Australian Bureau of Statistics, *Employee* Earnings (website) 2024.

incomes. This keeps the base rate grounded in what the typical Australian worker earns, ensuring equity and realism.

Carers are not currently classified as "employees" under the *Superannuation Guarantee (Administration) Act 1992 (Cth)*. However, the Act provides scope for the Commonwealth to amend associated regulations to prescribe additional "classes of workers", including non-traditional or volunteer workers (such as foster and kinship carers) as entitled to superannuation contributions. Alternatively, a similar superannuation type scheme could be established, reflective of the same principles.

This mechanism has already been used in policy reform to extend superannuation to sportspersons.[10] The Collective strongly recommends this extension to foster and kinship carers.

The reform expanded the definition of "employee" under *section 12* of the *Superannuation Guarantee (Administration) Act 1995* (Cth). Similar legislative changes can be used to recognise carers as a prescribed class, further reflecting their labour, service to Government, and the public good they provide.

Carers may not be employed in the traditional sense, but they fulfill Government-assigned duties under legal orders, duties that align more with public service than voluntary child-care.

Foster and kinship carers are the backbone of Australia's out-of-home care system. They volunteer to assist the State or Territory to fulfill its parenting role, and in doing so, they carry the emotional, financial, and physical demands of caregiving, in the absence of wages, superannuation and workplace protections.

This system cannot be sustained on goodwill alone. Carers deserve to be valued, and respected structurally, through financial security, equitable recognition, and national policies that reflect the true cost and nature of caring for children and young people under guardianship.

It is time to realign our national support system with our legal and ethical responsibilities. Ultimately, this benefits children and young people in government care, ensuring they reside and thrive within home based care on an ongoing basis, with access to the supports they deserve.

Our following key recommendations are outlined below:

- **Removal of means testing** for foster and kinship carers to enable equitable access to federal support, such as the Family Tax Benefit A & B, ensuring financial assistance is tied to the child's needs, not carer income.
- **Introduce a federally funded superannuation contribution scheme** for *active carers* under 65, using a current superannuation rate of 75% of median weekly earnings, recognising the long-term economic impact of caregiving.
- **Recognise carers as performing a public service for the Australian Community** on behalf of State or Territory Government to create pathways for carers.

The Collective looks forward to discussing our recommendations in due course. The Collective can be contacted on 0447 422 328 or 0425 294 615.

[10] Australian Taxation Office, *Superannuation Guarantee Ruling SGR 2009/1* (website) 2025.

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[i] The data includes available state and territory information from the Productivity Commission. It excludes Queensland, New South Wales, the Australian Capital Territory, and the Northern Territory residential care and family-based care costs. The average cost of care per child is the average of the data from Victoria, Western Australia, South Australia, and Tasmania.