Safe and Supported: Review of payments for foster, kinship and permanent carers

Out-of-home care | Financial support

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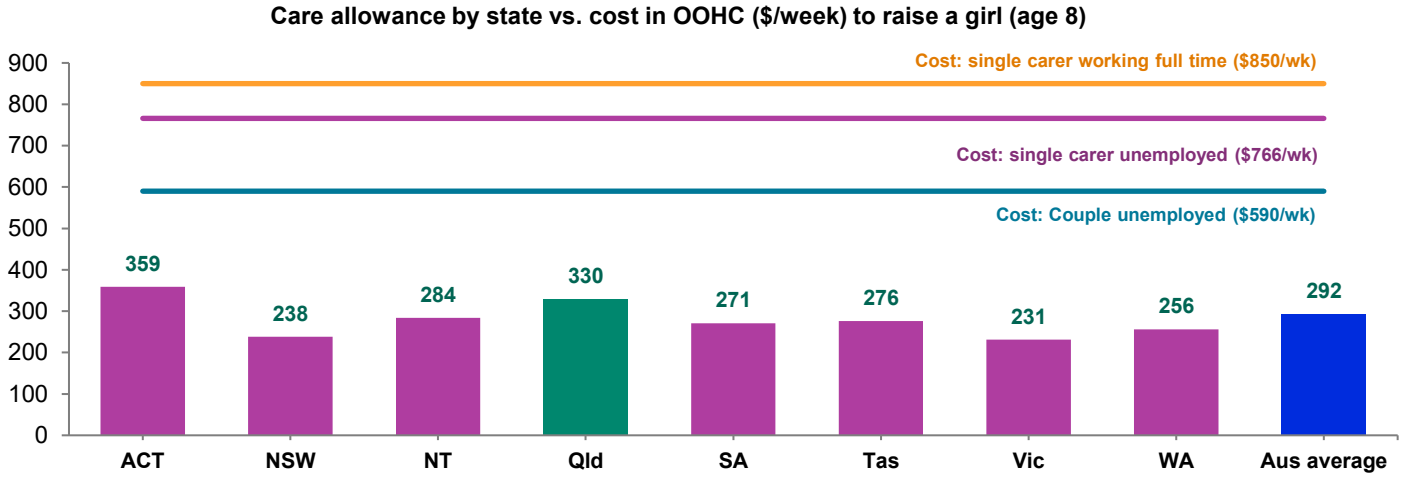
Context: Commissioned under the Safe and Supported First Action Plan 2023–2026, this independent review addresses longstanding national concerns regarding the adequacy, consistency, and accessibility of payments and financial supports for family-based carers. The findings indicate family-based OOHC leads to better outcomes for children and young people than residential care and is more cost-effective for governments.

The annual cost per child in non-residential care ranges from $55,223 to $71,436, compared with $608,542 to $1.2 million per year in residential care. However, the steady decline in foster carer numbers poses a growing challenge to maintaining family-based care placements. To evaluate the financial factors affecting carer recruitment and retention, the Australian Institute of Family Studies conducted a desktop literature review of 41 written submissions, 20 national consultation workshops, and an economic budget standards study with the Social Policy Research Centre.

Key findings:

Care allowance shortfalls:

- Raising a child in OOHC costs seven per cent to 12 per cent more in single-carer households and 12 per cent to 18 per cent more in couple households than raising a child not in care.
- The national average weekly care allowance ($292 per week) covers only 34 per cent of direct costs for a full-time working single carer ($850 per week) with one child and 38 per cent for an unemployed single carer ($766 per week). Even when combining the care allowance with maximum Family Tax Benefit (FTB) payments, low-income households face ongoing weekly shortfalls ranging from $54 (for an unemployed couple in ACT) to $442 (for a single carer working full-time in Victoria) depending on location and family structure.



Systemic inequities affecting kinship carers:

- Kinship care is the largest and fastest-growing placement type in Australia (16,000 households), and it's better aligned with the Aboriginal and Torres Strait Islander Child Placement Principle. However, kinship carers are predominantly older relatives living on lower fixed incomes, with 27.7 per cent earning under $30,000 annually and 15.1 per cent residing in public housing.
- Kinship carers receive lower value payments and financial support than foster carers despite providing similar levels of care to children. Northern Territory data shows that 61 per cent of kinship carers receive Level 1 base rates compared to 40 per cent of foster carers, while only seven per cent receive highest payment rate (Level 4) compared to 16 per cent of foster carers. Fear of negative repercussions, such as child removal or loss of care arrangements, also deters many kinship carers from requesting financial support.

Workforce capacity and administrative accessibility barriers: High caseworker turnover and heavy caseloads create severe administrative delays. Access to discretionary payments and higher needs loadings is hindered by opaque funding criteria, uncoordinated systems, and excessive documentation requirements. Furthermore, permanent care orders frequently terminate statutory support, leaving them without support for unexpected medical or therapeutic expenses.

Summary: The report presents 38 targeted recommendations. Key priorities include immediately increasing fortnightly care allowances, establishing national minimum payment baselines, extending equitable support to kinship and informal carers, and streamlining administration through direct supplier billing and digital portals.