The Treasury
The Hon Dr Daniel Manilo MP Assistant Treasurer and Minister for Financial Services

cc: The Hon Tanya Plibersek MP, Minister for Social Services
cc: The Hon Ged Kearney MP, Assistant Minister for Social Services
cc: The Hon Malarndirri McCarthy MP, Minister for Indigenous Australians
cc: The Hon Mark Bulter MP, Minister for Health and Ageing, Minister for Disability and NDIS

By online submission: PreBudgetSubmissions@treasury.gov.au

Friday 23 January 2026

2026-2027 Federal Pre-Budget Submission:

Call for federal funding and financial changes to ensure every child and young person in out of home care can grow up in a stable, well supported carer-family home, with access to healing.

Dear Dr Manilo,

Thank you for the opportunity to make a pre-budget submission regarding the critical matter of children in care needing healing homes, ahead of the 2026-2027 budget.

Adopt Change works toward every child in care growing up in a safe, nurturing and stable family home, and that all carer families need the appropriate supports for children to heal and thrive. Adopt Change is a national charity that provides supports, resources and events to work towards a Home & Healing for Every Child, known for its national conferences and raising awareness in relation to Carer Family homes – including children, youth and carer parents. We also operate *Carers for Kids NSW*, a state government funded program to provide support, resources, training and events for kinship & foster carers, guardians and adoptive parents across the NSW out-of-home care (OOHC) system.

Adopt Change is also a member of the *National Foster & Kinship Care Collective*, a voluntary group of state and territory foster and kinship care peak and representative bodies across Australia. The purpose of the Collective is to advocate for the rights, needs, and wellbeing of volunteer foster and kinship carers, ensuring they are adequately supported to provide high-quality care for children and young people in home based care.

This submission has been prepared by Adopt Change, also building on years of input from carer families, those with experience of living in care and research on child wellbeing and permanency. While responsibility for child welfare from an out of home care and permanency perspective sits within the respective states and territories, there are elements that federal government can lead, fund and create impact. The health and wellbeing of the 45,000 children and young people, and their carer families, are of core importance nationally, and there are firm links with health and education.

Federal support to ensure children in care can grow up in a carer-family based home instead of an institution, have stability or ideally permanency, and have access to nurture and healing, will transform the landscape of caring for children in Australia. It will also contribute towards a future generation of young people who are able to live full and stable lives toward positive civil, social and economic participation across the whole country.

The core to ensuring every child in the government care system is raised in a family home, is to ensure caring for a child is a viable option. For there to be enough carer-family homes, the roles of carer needs to be well supported in order that they are sustainable. A focus on carer retention will also increase the number of new carer homes. Currenty there is a growing shortfall, impacted by the current carer home experience and cost of living – seeing 10% of children in the care system housed in non-home based care, including with shift workers in residential group settings and hotels.

Specifically our recommendations are as follows:

1. **Therapeutic Supports for Children in Care to Heal**
2. **Investment in a Supported and Sustainable Carer Family Experience**

In detail:

1. **Therapeutic Supports for Children in Care to Heal, via a funded Case Plan for Every Child**

Children and young people in care have experienced, and continue to experience, significant disadvantages. The Australian Institute of Health and Welfare (AIHW), have found that children and young people in care have a greater need for mental health, family, disability, and drug and alcohol services. These results are consistent with other studies that have shown that young people with experience of the care system "come from highly disadvantaged families characterised by poverty, relationship breakdown, substance abuse, violence, disability and mental illness"[1].

Disability costs are significant area for improvement; there is a sizeable gap between what is covered by NDIS and what is not covered. Carers should not be out of pocket for these costs and they should be adequately covered by government. This is especially so for early childhood access which requires specialists reports before access requirements can be met. Those reports can cost thousands of dollars and this cost should be covered by government and not the Carer.

In addition, adequate trauma counselling and support (such as occupational therapy) is a cost that is not covered in NDIS and is something that carers may pay for from their own pockets. Children in care are also likely to need additional medical, dental and wellbeing appointments and it is critical that government funding provide a gold standard of treatment to address these issues. When Medicare limits are reached, the balance cost should not be borne by Carers.

The therapeutic and other needs of the child should be covered, to ensure the placement is stable and sustainable.

<u>A Case Plan for Every Child</u>

Within six to 12 months of a child entering the care system, a Case Plan should be thoroughly prepared, so that the course of a child's experience during care, results in better outcomes than the situation that was deemed unable to provide them with adequate care. It is an obligation to do so, and a Case Plan is an early step to ensure – permanency planning (across the continuum of care: restoration, kinship, guardianship, adoption); family finding; cultural planning; a medical and therapeutic assessment to determine needs and an associated funding package per child, is determined early on. The early attention flows through to the rest of the care decisions, experience and outcome. Funding for:

– adequate per Case Plan funding put in place and tracking for accountability of those entrusted to the implementation
– services for Family Finding, to occur, early
– for concurrent permanency planning, early
– investment in cultural planning
– assessment of a child's needs when entering care and a funding package per child for any therapeutic and medical needs, to follow the child

While much of this falls squarely with the state, there are aspects that can be supported federally. This includes leadership in relation to prioritising permanency for children in care and that appropriate funds are allocated to support physical and mental health along with therapuetic care to heal from trauma.

Adopt Change believes the best homes for all children are safe and stable homes with a child's birth parents, but unfortunately this is not always possible. In the instances where safe and stable homes are not able to be provided by one or both birth parents, Adopt Change strongly supports the provision of permanent placements for all children.

Permanent placements in family homes provide the stability and security necessary for healthy mental, physical and emotional development to take place, in order that children thrive toward independence in young adulthood and beyond. Additionally, permanent placements supported by trauma informed therapies, also allow crucial healing to take place for vulnerable children who have experience abuse or neglect.

Regardless of the type of care determined best for each child along the continuum of care - guardianship/ permanent care orders and/or kinship care from extended family members, foster care or in some cases adoption - there is a very immediate need for Federal financial support to ensure children and young people who cannot live safely at home are well supported to thrive in home-based settings and that they continue to receive good support once they transition out of care. Funding that follows the child.

In addition, beyond simply the benefits of permanency for each child, the *Cost of Late Intervention 2024* Report[2] is clear about the huge financial cost to the economy of late intervention. In fact, Australia now spends 40% more ($22.3 bn) on child protection, youth justice, youth unemployment, homelessness and mental health than it did in 2019 ($15.3 bn), with 43% of this spend directed towards the child protection system. Money better spent in early intervention and trauma supports to minimise the long term negative outcomes.

2. Investment in a Supported and Sustainable Carer Family Experience

In addition to a well supported child or young person, with the costs of needs covered, Carers need to be well supported.

The Australian Bureau of Statistics suggest that over the twelve months to the June 2024 quarter, the Living Cost Indicators rose between 3.7% and 6.2%[3]. Data such as this is common knowledge to most Australians who are feeling the cost-of-living pinch in one way or another. It is critical that indexing of payments occur in a methodical and planned way to ensure that carers are cushioned from standard CPI and cost-of-living increases.

In addition, the 2022 AIHW Final Report also found that 56% of carers were not employed in paid work, 25% were doing part-time work, and only 19% were employed in full-time paid work[4]. This is often because carers need to devote considerable time to care for children in the care system who almost always have additional needs of some type but also have additional administrative needs such as case work meetings and school meetings, as well as medical and therapy appointments.

Volunteers would not typically be expected to volunteer to their own financial detriment. Yet in care there is an expectation, and/or a lack of understanding, that in addition to the emotional support provided by a carer, they will also significantly fund the cost of raising a child and young person.

Carers already contribute by opening their homes and investing emotionally in a child and they should not be financially burdened at a time where their energy should be invested in the well-being of the child.

We are advocating within state and territory jurisdictions for Carer support payments to be an amount that enables the role to be viable. There are a number of levers in jurisdictions for this be improved. With the recent increase in NSW of 20% to the base carer payment, this is reflective of a commitment to change.

There is an opportunity for this to be unified at a federal level, through strong leadership with a call for accountability to commitment to improving the care landscape. There are also federal opportunites to contribute to an improved experience for carer family homes.

Supperannuation

At a national level, I am a member of the *National Foster & Kinship Care Collective.* We will soon be approaching federal Ministers in relation to the need for superannuation for carers who have missed out on superannuation due to their caring role.

Supplementary Funds for Additional Special Circumstances Payments

In addition to the state or territory-based Carer Support Base Payment, there are unplanned items that are not covered by standard reimbursements or support payments. This would apply to services that would benefit their physical, mental health or therapueitc needs, educational needs or special activities. Consideration of a pool of funds for Carers from a federal funding injection to apply for in special circumstances would further assist Carers and the viability of the role. It would also elevate the access a child has to items that may not be possible otherwise.

Removal of Means Testing of Carer Parents for Sustainable Supports

Adopt Change submits that Carers (foster and kinship carers) of children in government care should be exempt from Income/Means Testing for relevant supports – for both the child in care and the Carer. The children and young people in care are the responsibility of the state government. Regardless of which home they reside in, their needs remain the same. Children and young people (including care leavers) who have already experienced disadvantage and typicall abuse and neglect, from which they need an opportunity to recover from. To have less access to supports based on their Carer's income (who is not their legal guardian), is counterproductive.

It also disadvantages Carers who have volunteered their time, with minimal financial supports available, who more often than not, dip into their own pockets to fund the caring role. Many carers also spend part or all of their time caring for the children, precluding them from a full time salary or any income – possibly not part of their plan when taking on a carer role.

Removing means testing for Foster & Kinship Carers would result in a number of additional supports available to carer families – children, youth and their Carers.

Practically, Carers could opt out of supports or payments if they wish: If the Carer had to apply to Centrelink as would be the case for the example of income testing being removed from Family Tax Benefit payments, Carers would have to go through the application process. This would automatically mean that Carers who did not need/want the income support, could decline this option if they wished.

Carers are all in different financial situations and often still need to provide for their biological family. That should not be affected by a personal decision to care for a child via the out of home care system. Carer payments must primarily reflect the needs of the child, not the income of the carer.

Financial stability is not a 'bonus' for carers — it is a prerequisite for sustainable care – for both carers and the system, and ultimately for the children and young people in question.

There ought to be a culture shift to recognise the invaluable volunteer role that Carers in Australia undertake every day and night and to better support them financially for this contribution and to ensure

every child is provided with the care and supports they need. A system that depends on personal sacrifice rather than structured support is not sustainable. This lack of sustainability has been realised with the increased cost of living and housing crisis in Australia in recent years, seeing carers leave the system. While financial matters are not the sole driving factor for carers leaving the system, the impact is undeniable. The Australian out-of-home care sector is at a critical juncture.

Carers are the backbone of the out-of-home care system. Without addressing the financial challenges they face, there is risk of undermining placement stability and child wellbeing. Investment in carer family homes across Australia is an investment in Australia's future.

We appreciate your consideration of these issues, and we look forward to working collaboratively with government to drive forward the changes needed to ensure the best possible outcomes for Australia's children.

Sincerely,

Renée Leigh,

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1 aihw.gov.au – Child Protection. Available at https://www.aihw.gov.au/reports/child-protection/child-protection-australia-2021-22/contents/insights [Accessed 26 Feb 2024].
2 O'Connell, M. 2025, The Cost of Late Intervention 2024, The Front Project, Melbourne.
3 Australian Bureau of Statistics, Selected Living Cost Indexes Australia, June 2024,website, accessed 28 April 2025.
4 Australian Institute of Health and Welfare. (2022). *Australia's health 2022: data insights*. Canberra: AIHW. https://doi.org/10.25816/ggvz-vr80