



## Child Support Briefing Paper, [Single Mother Families Australia](https://www.smfa.com.au), July 2024<sup>1</sup>

Child support, also known as child maintenance, is money paid by a non-resident parent to a resident parent to support children following parental separation. Originally its aim was to ensure, wherever possible, that children enjoy the benefit of a similar proportion of parental income to that which they would have enjoyed if their parents lived together; based on the view that children should not be the economic losers from the separation of parents.<sup>i</sup> In 2021 a Federal Parliamentary Inquiry stated non-compliance with their child support obligations is equivalent to “*stealing from children*.”<sup>ii</sup>

More than 30 years since the original scheme was introduced, children living in single parent families have a poverty rate of 39%, more than 3 times that of couple families (12%).<sup>iii</sup> Growing up in poverty, diminishes children’s lives now and in the future.<sup>iv</sup> Academic research has found poverty in single mother families could be reduced by 21% if child support was paid on time and in full.<sup>v</sup>

### Key facts – who is affected and why it’s important

- Nearly one million Australian children should be receiving financial support through the child support scheme. This is more than 1 in 5 of all children aged under 18 years. In 2022-23, more than \$4 Billion should be transferred to these children.<sup>vi</sup>
- Child support remains highly gendered: women comprise 84% of those due child support and 2 in 3 have children in their care for 86% or more of the year.<sup>vii</sup> In single-parent families in which the primary earner is a woman, the rate of poverty (37%) is twice that in which the main earner is a man (18%)<sup>viii</sup>.
- The low level of assessments contribute to child poverty - 25% are less than \$10 a week and 54 % are less than \$100 a week. When the scheme was introduced more than 35 years ago, it was to respond to the persistently low amounts transferred to children (the going rate was \$25 or \$68 in 2023 dollars) and the failure of governments to hold parents to account to make these transfers.
- Significant number of fathers minimise their income to reduce their liabilities; some also weaponize the scheme as a method to instill or perpetuate financial abuse – withholding support at critical times such as Christmas, Birthdays and when children are due to return to school; or by manipulating the scheme to incur debts for their former partner and by extension, their children.<sup>ix</sup>
- Child support affects family payments for about 500,000 single mothers and their children. The Federal Government takes a share of all child support transferred through its Agency Collect scheme as well as in the 50% of cases where support should be transferred privately. Successive governments have elected to assume 100% of these private collections have been transferred, regardless of whether the child support was received or not, thereby reducing much needed family payments.
- Child support debts are not pursued, and the full extent is unknown as no data is published on approximately half of all liabilities (over \$2B in 2022-23 for private collect). DSS has recently stated \$1.7B is owed for the remaining half of the scheme where assessments are collected by Services Australia and passed to parents with children in their care. This is a conservative figure as it omits key liabilities, including when children have turned 18.

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## Solutions - what do we want?

### 1. Delink Child Support and Family Payment (Family Benefits Part A).

- Child Support received or assumed to be received reduces Family Benefits A at low levels. Currently, the [threshold](#) is \$48 per week for a single parent with two children. When the scheme was introduced in 1988, the threshold for two children was worth \$54 in 2023 dollars.<sup>x</sup> This threshold has not kept pace with inflation, let alone increased in real terms. Income from child support reduces family benefit by 50 cents in the dollar above this threshold and family benefits are reduced, regardless of whether the child support was received or not. For example, a family with two children who should receive \$100 a week would have their family benefit reduced by \$26 a week, even if the child support was never received. For families in the private collect system, all assessments are assumed to have been made.
- The interaction and loss of income is out of step with the commitment from this Government to explore how social security settings can more comprehensively recognise the economic participation of those performing unpaid care.<sup>xi</sup> Since child support was established, there has been increased awareness of the challenges mothers face, including the financial impact of being the primary caregiver. A recent [Treasury Working Paper](#) found that after a child is born, women's earnings typically decrease by about 55% in the first five years, while men's earnings are not affected to the same extent. This earnings gap can persist for [up to 10 years](#) after the first child is born, even for women with only one child, regardless of their education level and whether they were employed before having children. It is not satisfactory that child support, a private cash transfer, reduces public assistance, as women need access to all available support to smooth out the financial challenges associated with the motherhood penalty.
- The interaction between child support and family payments can also be weaponised by vexatious former partners as found in the [Financial abuse: the weaponisation of child support in Australia](#). Women can incur significant government debts due to their forced engagement in the child support system. The system relies upon both parties providing accurate information to calculate family payments. Often there is an underestimation of income from the payer. Once updated, child support and family benefits are adjusted. This usually means the mother will receive a family payment debt (as she has been paid too much), and this debt will be collected. The woman will also receive a newly calculated amount of child support owed to her. This debt is typically not collected as he has already structured his affairs to avoid a payment. Strategies include declaring bankruptcy and moving the money and assets into a third party, family trust or superannuation. The interaction is known and used by ex-partners to inflict debts upon women with care.
- Reform of child support is increasingly being acknowledged as part of the solution to end violence against women, for example in Jess Hill's powerful [Guardian article 26/4/24](#) based on her white paper with Professor Michael Salter [Rethinking Primary Prevention](#). *"There are so many opportunities to introduce accountability and consequences across the systems weaponised by perpetrators, from child support to Centrelink and the family courts. Abusers should be identified by these systems and face consequences, instead of being allowed to carry on with impunity."*

### 2. Compel Annual Taxation Returns and close the loopholes that minimise assessments.

- The objective of reducing child poverty has been eroded and this has created a culture of payment avoidance. Avoidance includes not lodging an annual taxation return. At least 200,000 people, primarily men, who owe child support have failed to submit a tax return for more than two years. Over 16,000 have not filed a tax return for more than 10 years<sup>xii</sup>; the system accepts 'provisional' income amounts, allowing income to be adjusted downward to sit under it at the minimal payment levels

despite contradiction between payment levels and lifestyles. It is tax and child support avoidance. We know that forcing payment for those who owe child support before international travel is allowed is viewed as a policy success. It also shows that payment could be made if the enforcement was treated seriously. A simple fix would require both parties to lodge an annual tax return. Other important reforms are urgently required to ensure father's pay their fair share of child support for their children.<sup>xiii</sup>

## Pathway to Action

### New Work leading up to Economic Abuse Awareness Day 26<sup>th</sup> November 2024

- SMFA will work with Swinburne University to develop a survey of women entitled to child support, which will be to gather further data and statements. This will be used to create a Child Support Scorecard, as well as an impact policy paper. The survey will be open for a month from June to July 2024.
- SMFA will work with Elysia Raphael from [NYX Social](#) to explore online options, such as a sign-on letter or a pledge for action.
- A PR company has offered work with SMFA on a pro bono basis to develop the campaign's tone, name, and personality.

**SMFA has secured a launch event on the 8 October 2024 in Parliament House, hosted by Kylie Tink MP and Senator Larissa Waters. Confirmed speakers are Rosie Batty, Professor Kay Cook and Jess Hill.**

### Campaign Attributes

- A significant body of work has resulted in positive recommendations in key parliamentary committees and a review commissioned by the current Minister for Social Services.
- Work has taken place to gain supporters who can unite and use their networks. This is expected to grow once the campaign is public.
- Women are prepared to talk – the media will request this.
- Relationships and trust were formed between SMFA (Terese Edwards) and Federal parliamentarians over many years, including in the work to change Parenting Payment Single in early 2023.
- SMFA has undertaken significant media work and the past two research papers (led by Swinburne, with exclusive coverage provided by ABC) and joint work with Anti-Poverty Week. The coverage was on TV, print, and radio. See for example The Project, [Preventable Poverty](#), 27/10/23.
- SMFA has the use of social media tiles and videos, including [Dad – your choice hurts me](#), which powerfully conveys, from a child's perspective, the impact of the failure (mostly by Dads) to meet their child support commitments.

### Recent Federal Government Action

The Federal Government [announced](#), as part of the 2023-24 Budget, that it would commit \$5.1 million over five years from 2022-23 to implement key recommendations made by the [2019 Joint Select Committee on Australia's Family Law System](#). This includes:

- re-establishing the [Child Support Stakeholder Consultation Group](#) after it being dormant for nearly 10 years;
- appointing an [Child Support Expert Panel](#) to review various aspects of the system, including on the costs of raising children in Australia.
- review compliance in the child support scheme, with a focus on collection and enforcement;
- review the interaction between the child support scheme and Family Tax Benefit to ensure vulnerable single parent families are financially supported after separation;

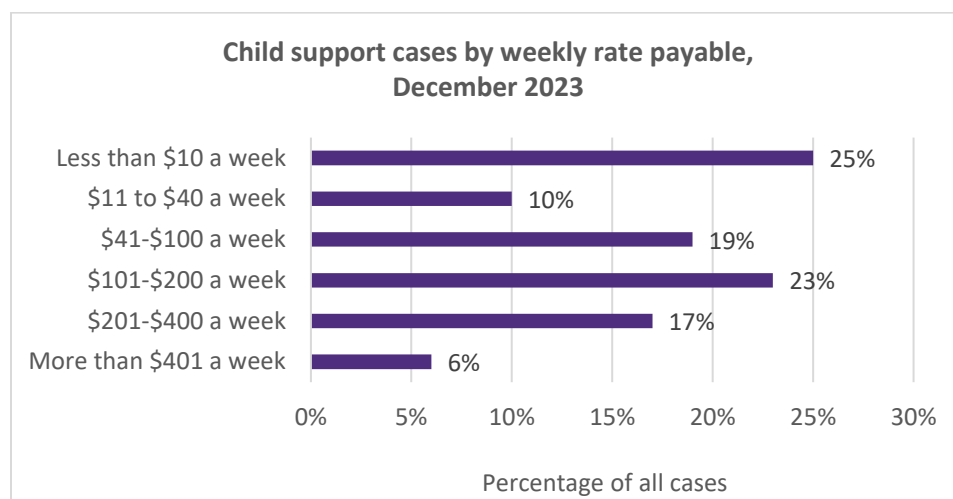
- undertake an evaluation of separated families to understand what can be done to support parents with caring responsibilities where private collection arrangements have broken down.

The Government also passed legislation in June 2023 to improve collection of unpaid child support and make child support assessments more accurate.

### Key Injustices – more detail

The latest data published by the [Department of Social Services](#) in December 2023 and [Services Australia](#) in October 2023 finds:

- **More than 25% of child support is assessed at the minimum rate of less than \$10 a week** (and 54% at less than \$100 a week). Note that this includes families with one child (60%), two children (30%), and for those with three or more children (10%).



Source: [DSS, Child Support Program Information, December 2023](#)

- Analysis of HILDA data finds the average amount of child support has declined from the equivalent of \$151 per week in 2001-03 (based on 2020\$) to \$120 per week in 2020. It also found a decline in the percentage of single parents who received regular child support.<sup>xiv</sup>
- Women must take out a child support agreement with Services Australia. If they don't, Family Payments are reduced to the minimum. Close to 15% have failed to do so, and we don't know why. It could be a choice, concerns re violence, or complicated rules.
- We know that \$1.7 billion is owed to around 500,000 children in the government collect scheme where the government is supposed to collect and pass on. This is an under-estimation of the total debt as it excludes monies owed after children turn 18, debts that have been written off, or where either or both parents live overseas.<sup>xv</sup> Currently, around 80,000 parents in the government collect scheme who are supposed to pay child support have a debt (one in four). Of these, only half have a payment plan in place. The proportion with a plan has dropped from just over 60% in 2019-20 to 51% in 2022-23. The 80,000 doesn't include those whose cases have ended but still have child support debt.<sup>xvi</sup>
- We do not know how much of the \$2.135B in 2022-23 is received by children in a "private" arrangement where the paying parent is supposed to transfer directly to the parent caring for the children, nor the extent of debt from previous years.

- Services Australia says it cannot collect overdue amounts under self-managed child support arrangements; however, it can collect overdue payments at any time for government-collect arrangements and generally only up to three months (or nine months in exceptional circumstances) for private arrangements (more than 50% of all assessments). Penalties for late payments go to the Federal Government, not the children.

## The voices of women

*"I have an enormous Centrelink debt. I separated due to domestic violence. How am I supposed to know the other person's income? I am now paying back a full year of Family Tax Payments because I was not eligible for that money, but completely unaware that I was not eligible. I had given them all the information that I had". Kate, February 2024.*

*"It is a nightmare not knowing when the next payment is coming or how much it will be. He still controls me financially by withholding child support."* Survey response captured in [Debts and Disappointment: Mothers' Experience of the Child Support Scheme](#), 2019.

## Recent Reports and reform recommendations

The [2019 Joint Select Committee on Australia's Family Law System](#) examined child support (and family law) chaired by Kevin Andrews MP and reporting in late 2021 acknowledged that parents' non-compliance with their child support obligations is equivalent to *"stealing from children"*. It called for urgent action to reduce the existing child support debt levels and to promote the ongoing prompt payment of assessed child support. It also called for amendments to the *Family Law Act 1975* (Family Law Act) to recognise the non-payment of child support as a relevant factor when determining the existence of financial abuse.

### [Working for Women: A Strategy for Gender Equality, 7/3/24](#)

*"Make the child support scheme fairer by implementing legislation to improve the timely collection of child support owed to parents – who are overwhelmingly women – and help prevent future debt among low-income parents. The Government is building the evidence base for longer-term improvements, looking at issues like noncompliance as a means of financial abuse, whether the child support formula reflects the current costs of raising children in Australia, and what can be done to support parents where private collect arrangements have broken down."* (Page 17).

**Reports to the Federal Government that support abolition of the Maintenance Income Test (effectively separating the family payments and child support systems):**

### [Economic Inclusion Advisory Committee, 2024 Report, 13/4/24.](#)

*"The Government implement Recommendation 33 from the Committee's 2023 Report, namely, to remove the MIT from the calculation of FTB Part A for child support customers."* (Recommendation 15)

Brotherhood of St Laurence, [Growing Pains](#), December 2023. *"Immediate action is also required including reinstating the indexation of FTB in line with pensions, reviewing shared care arrangements and removing the Maintenance Income Test. These changes would improve the adequacy and reduce the administrative risks of the current system."*

### [Women's Economic Equality Taskforce's final report, 2023](#)

*"Remove the Child Support Maintenance Income Test (MIT) from the Family Tax Benefit Part A (FTBA) calculation to establish certainty of FTBA payments for financially vulnerable families and to prevent child support from being used as a tool of financial abuse."* (Recommendation 6.5)

### [Economic Inclusion Advisory Committee](#) 2023 Report:

*"The Government should remove the Maintenance Income Test (MIT) from the calculation of Family Tax Benefit Part A (FTBA) for child support customers. Affected families should be provided with a similar amount of family benefits as they would have resulted under the MIT. The removal of the MIT would result in more certain FTBA payments for financially vulnerable families, remove the prospect of retrospectively applied FTBA debts, and concurrently close a loophole that allows child support and FTBA to be used as vehicles for enacting financial abuse."* (Recommendation 33 of 2023 report).

Note also Women's Legal Services Australia, [New report reveals how Australia's child support system facilitates economic abuse of women](#), May 2024.

### Endnotes

<sup>i</sup> [In the Best Interests of Children - Reforming the Child Support Scheme - Report of the Ministerial Taskforce on Child Support | Department of Social Services, Australian Government, 2005](#). [Inflation Calculator | RBA](#) used to dollars from 1988 to 2023.

<sup>ii</sup> [2019 Joint Select Committee on Australia's Family Law System](#)

<sup>iii</sup> Davidson, P; Bradbury, B; and Wong, M (2023), [Poverty in Australia 2023: Who is affected?](#) Poverty and Inequality Partnership Report no. 20. Australian Council of Social Service and UNSW Sydney.

<sup>iv</sup> See [Child-Poverty-2023 \(antipovertyweek.org.au\)](#) for a summary of the impact of poverty on children.

<sup>v</sup> Skinner, Christine, Kay Cook, and Sarah Sinclair. 2017. ["The Potential of Child Support to Reduce Lone Mother Poverty: Comparing Population Survey Data in Australia and the UK."](#) Journal of Poverty and Social Justice 25 (1):79-94.

<sup>vi</sup> [DSS, Child Support Program Information, December 2023](#)

<sup>vii</sup> [DSS, Child Support Program Information, December 2023](#)

<sup>viii</sup> Davidson, P., Bradbury, B., Hill, T. and Wong, M. (2020), [Poverty in Australia 2020: Who is affected?](#) ACOSS/UNSW Poverty and Inequality Partnership Report No. 4, Sydney: ACOSS. See also Anti-Poverty Week, [Fast Facts Child and Family Poverty in Australia](#), 2023 and Melbourne Institute, [From Partnered to Single, Financial Security Over a Lifetime](#), 9/6/22 which found on average, men lose 5% of their income while women lose 29% after separation.

<sup>ix</sup> [Financial abuse: the weaponisation of child support in Australia](#), 2023 and [Debts and Disappointment: Mothers' Experience of the Child Support Scheme](#)," 2019.

<sup>x</sup> [RBA inflation calculator](#) used to convert \$ 1988 to 2023.

<sup>xi</sup> [Priority area 2: Unpaid and paid care | Working for Women \(genderequality.gov.au\)](#)

<sup>xii</sup> ATO data provided to Senator Rex Patrick and read at [Community Affairs Legislative Committee, Portfolio Social Security, Services Australia, Estimates 25/3/21](#).

<sup>xiii</sup> See [Dads choice to withhold child support is preventable poverty](#), [Joint Media Release Single Mother Families and Anti-Poverty Week, 26/10/23](#).

<sup>xiv</sup> Professor Roger Wilkins, ["The declining wellbeing of Single Parents in Australia in the 21st century."](#) seminar delivered 10/5/22. His analysis found 40% received regular child support in 2001-03 but this was less than 36% in 2020.

<sup>xv</sup> \$1.69 billion cited in Department of Social Services submission to the [Senate Poverty Inquiry](#), February 2023.

<sup>xvi</sup> [Annual Report 2022-23 - Services Australia](#)