



14 June 2024
Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
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Dear Committee,

Financial Services Regulatory Framework on Financial Abuse

We commend the Committee for undertaking this Inquiry and welcome the opportunity to make a submission, noting our focus is to respond to Terms of Reference 5, namely, *"The role of government agencies in preventing and responding to financial abuse."*

It is important to state at the onset that we believe inadequate income support for single mothers and their children and ensuing high rates of poverty is a form of financial abuse. Children living in single parent families have a poverty rate of 39%, more than 3 times that of couple families (12%).ⁱ Lack of money is also a powerful factor in perpetuating violence –around 1 in 5 women return to violent partners because they had no financial support, or nowhere else to go.ⁱⁱ Single Mother Families Australia worked hard for, and strongly welcomed, the introduction of the Escaping Violence Payment and the recent decision to make it a permanent payment from July 2025. The 2023-24 Federal Budget decision to increase the eligibility for Parenting Payment Single (PPS) from the youngest child turning 8 to 14 is also strongly welcomed. However, the Parenting Payment Single remains wholly inadequate to ensure single parents and their children do not live in poverty. In 2019-20, ACOSS/UNSW found 72% of Parenting Payment Single recipients were at risk of living in poverty.ⁱⁱⁱ The payment is important for many First Nations families who make up over 17% of PPS recipients.^{iv} Our recommendation is that Parenting Payment Single be restored to pension rates and income tests. Please see the appendix for more on poverty experienced by single mother families.

Notwithstanding adequacy of payments, the focus of our contribution to this Inquiry relates to the child support program. Terese Edwards, who advocates for the concerns of single mothers regarding child support, is a member of the Child Support Consultation Group and was appointed to the Women Economic Equality Taskforce. Single Mother Families Australia has been actively involved in every child support inquiry since its inception, advocating for the experiences of single mothers and their children and ensuring their voices are heard in the policy-making process.

We are particularly concerned that the child support system is being weaponised by vexatious former partners to inflict harm.^v This Inquiry is timely, noting the domestic violence crisis engulfing our nation. While governments are not the only solution, we need to ensure that policies and government agencies do not enable perpetrators to commence or continue financial abuse.

The Australian Government's recent focus on child support as a critical policy area, led by Minister Rishworth, has been well received. Furthermore, the Government has established two consultative committees and initiated important work concerning the cost of children. While we support these efforts, it is crucial to address the inequitable and harmful policies experienced by women with children, particularly those enacted in 2006-2008. There is an opportunity to immediately stop the use of the child support program to perpetuate post-separation abuse.

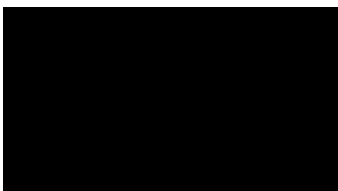
We are optimistic that this Inquiry will result in positive outcomes. In summary our recommendations are:

1. **Separate Child Support payments from Family Tax Benefits:** This will ensure that the scheme can no longer be exploited to create government debts for women and will also ensure a safer financial environment for women entitled to receive child support.
2. **Compel Annual Taxation Returns and close the loopholes that minimise assessments.** To restore credibility in the scheme, both parties should be required to file an annual tax return, and policy settings should be adjusted to cease the acceptance of indefinite provisional income. Penalties for non-compliance should also be introduced.
3. **Establish a Taskforce led by the Australian Tax Office to identify loopholes, recover funds, and recommend policy and legislation adjustments to cease the pattern of abuse, prevent debt and encourage payments.** Taskforce members should collaborate with the current child support consultation forum.

Please find a briefing paper Financial Abuse: The Weaponisation of Child Support in Australia, and our full submission attached to this cover letter.

Warm Regards,

Terese Edwards



Chief Executive Officer

Child support in brief

What it is

- 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.^{vi}
- Three Federal government agencies are involved in delivering the child support scheme: the Department of Social Services, Services Australia and the Australian Tax Office.
- More than 40 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%).^{vii} Growing up in poverty, diminishes children's lives now and in the future.^{viii}
- Academic research has found poverty in single mother families could be reduced by 21% if child support was paid on time and in full.^{ix}

Who it affects

- 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.^x
- 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.^{xi} 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%)^{xii}.

Key deficiencies

- Analysis of HILDA data finds the average amount of child support has declined from the equivalent of \$151 per week in 2001-03 to \$120 per week in 2020 (all amounts converted to 2020 dollars). It also found a decline in the percentage of single parents who received regular child support.^{xiii}
- Low level of assessments contributes to child poverty – at December 2023, 25% were less than \$10 a week and 54 % were 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 weaponise 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.^{xiv}
- In 2021 a Federal Parliamentary Inquiry stated non-compliance with child support obligations is equivalent to “*stealing from children*.”^{xv}
- 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.
- 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.
- 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 or, or where either or both parents live overseas.^{xvi}.

The voices of women and children

"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.

Please Dad, when you are not paying the correct amount of child support to Mum you are not paying to support me...I am hungry, we can't afford all the food we need....Dad you sleep unafraid. I am worried we will live in the car. Children's quotes compiled October 2023.^{xvii}

"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.

Statement from Ms Hay

I am writing to you to express my full support for the inquiry into financial services regulatory frameworks, as well as the immediate actions outlined in the submission from Single Mother Families Australia. In my role as a single mother of two daughters, I have been striving to escape family violence since leaving an abusive marriage in 2011. Over the past 13 years, my children and I have endured chronic financial abuse, among other forms of post-separation violence. Financial abuse is a covert and insidious form of family violence, which causes a ripple effect of harm at a physical, emotional, psychological, and social level. In my professional role as a registered psychologist, I'm aware that I am just one of the thousands of women with children across Australia who are currently facing this issue. Although I consider myself very fortunate to have been able to provide a stable rental for my children thus far, the reality is that we continue to live week to week with no financial security. The struggle is a constant burden.

My personal and professional lived experiences highlight Australia's systemic failure in addressing post separation abuse. With many loopholes to exploit in Australia's Child Support system, my ex-husband has flagrantly inflicted maximum harm over an extended period without conscience or consequence. For my children and I, there has been no protection or escape. In summary of my personal and professional experiences, a pattern of coercive controlling strategies and systemic abuse tactics to minimise child support is clear: vexatious litigation to gain maximum parenting time, the chronic and deliberate non-lodgement of tax returns, and having subsequent children to reduce financial obligations to first-born children. Please note that this list of strategies is not exhaustive.

Given that the purpose of the Child Support Agency is to ensure that children are financially supported post separation, I do not understand why some parents (usually fathers) are permitted the *choice* to decide if and when they will file a tax return. For 13 extremely long years, the Australian Taxation Department and the Child Support Agency have enabled my ex-husband's deliberate and dishonourable *choice* to not file a tax return, which has caused significant and ongoing harm to our children. He is but one of the 200,000 child support customers who have an outstanding tax return of

over two years. He is also one of the 16,000 customers in Australia who has not filed a tax return for over a decade. His outstanding tax returns include: 2011/12, 2012/13, 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, 2022/23. To highlight the stark disparities in the system, my own minor lapse in filing a tax return whilst studying in 2015, resulted in immediate punitive measures, including a robo-debt of \$15,000 and the cessation of Family Tax Benefits.

Australia's current child support system is fundamentally flawed, and is failing to protect vulnerable children from the adverse effects of financial abuse. The deliberate and chronic non-lodgement of tax returns to minimise child support commitments is not the action of a responsible parent and loving father who 'just wants to see his children'. It is highly unlikely that fathers who engage in financial abuse are willing or able to engage in co-operative parenting practices that are focused on the children's developmental, social, emotional, psychological and physical needs. During the past 13 years, I have endured endless 'paper abuse' in the Child Support Agency. I have lost count of the number of Change of Assessments (Reason 8) I have completed without any tangible success. I have lost hope that the Child Support system can achieve the objective for which it exists – to ensure that children are financially supported post separation.

Instead of enabling and protecting perpetrators, our system must prioritise the financial well-being of children. My own children have witnessed the inequity between their financially challenged mother abandoning food trolleys at Woolworths, while their father enjoys a luxurious lifestyle, including extensive overseas travel, an extravagant wedding, and property ownership. Despite not filing a tax return for 10 years, my ex-husband was able to secure a home loan, and has enjoyed the financial benefit of the recent property boom. In contrast, it is unlikely that I will ever be able to afford to own a house or provide my children with any financial security for their future. This inequity is not only unjust but perpetuates a cycle of trauma and disadvantage for future generations.

My children's entire childhood has been spent in inescapable financial hardship, due to the failure of the system to readily identify and adequately respond to patterns of coercive control and systems abuse. There is an urgent need for a holistic and trauma informed approach in case management that involves interagency collaboration as well as training in all systems of the various strategies of coercive control and systemic abuse, to identify and address post separation abuse effectively.

The recommendations put forth by Single Mother Families Australia, particularly those focusing on child support under point 5 of the Terms of Reference, are long overdue and urgently needed. Implementing these recommendations would not only alleviate the suffering of countless children and parents but also prevent further intergenerational trauma and disadvantage. As someone who has experienced firsthand at a personal and professional level the profound impact of financial abuse on children and families, I implore you to take decisive action to address this pressing issue as a matter of urgency.

Our child support system is turning parents against each other. Opinion Piece Juanita McLaren - November 2023. [Link](#)

‘More than a million children of separated parents in the child support system are not getting the support they need, including my three children who entered it when they were 5, 7 and 9’.

Recommendations in detail

1. Separate Child Support and Family Payments (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.^{xviii} 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.
- 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.
- 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.
- Removing the interaction of family payments and child support would both reduce poverty for single parent families and significantly reduce the complexity of the family payment system which leads to a high risk of underpayment or overpayment, with 1 in 5 recipients incurring a debt in 2020–21^{xix}.
- 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.”*
- Knowledge and solutions have been available for some time, as illustrated in the 2019 research. [Debts and Disappointment: How Single Mothers and their Children Experience the Australian Child Support System](#). *The purpose of child support is to keep children from single-parent families out of poverty. That was the intention when it was introduced in Australia 30 years ago. But a combination of bureaucratic complexity, lack of enforcement, and legal loopholes mean that the system is utterly failing at this purpose*

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.^{xx} 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.

3. Establish an ATO lead Taskforce

- The taskforce should actively work to identify loopholes, collect outstanding monies, make recommendations to close such loopholes and explore how child support debt can be treated in government systems and resolved. The powers of Section 72A enable the register to recover child support debt. However, there are limitations and problematic access when monies are (hidden) in the following places: joint bank accounts, company bank accounts and superannuation funds. It is our view that those who avoid payment easily access such options, which far exceeds the government's commitment to closing such loopholes.

Appendix:

Research on poverty and financial hardship experienced by single parents and their children

The Melbourne Institute has been surveying Australians on cost of living since 2020. The latest data from their [Taking the Pulse of the Nation survey](#) conducted in August 2023 and published in November 2023 found on every indicator surveyed, **single parents faced the highest challenges** in terms of putting food on the table and covering housing costs. When paying utility and medical bills are added, single parents again had the biggest challenges. More than 8 in 10 (84%) of single parents aged 25 to 54 years reported challenges paying for food, housing, utility bill and/or health finance challenges.

The latest [HILDA report released in December 2023](#) found that women who are partnered and then become single mothers have a 20% reduction in their income (measured over 3 time periods between 2001 and 2021 and single parenthood is the factor most associated with persistently low income (of all family types; and single parents have the highest poverty rate (after deductions for housing and then adjusted for size and composition of household).

Recent Federal Government announcements related to child support

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.

Recent child support 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

ⁱ 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.

ⁱⁱ Australian Bureau of Statistics (ABS) Personal Safety Survey (2017) cited by Australia’s National Research Organisation for Women’s Safety (ANROWS) in evidence to House of Representatives Standing Committee on Social Policy and Legal Affairs, Inquiry into family, domestic and sexual violence. See APW [Fast Facts, Women, Violence and Poverty](#) for more.

ⁱⁱⁱ 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.

^{iv} [DSS Quarterly Demographics](#), December 2023.

^v [Financial abuse: the weaponisation of child support in Australia.](#)

^{vi} [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.

^{vii} 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.

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- viii See [Child-Poverty-2023 \(antipovertyweek.org.au\)](https://antipovertyweek.org.au) for a summary of the impact of poverty on children.
- ix 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.
- x [DSS, Child Support Program Information, December 2023](#)
- xi [DSS, Child Support Program Information, December 2023](#)
- xii 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.
- xiii 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.
- xiv [Financial abuse: the weaponisation of child support in Australia](#), 2023 and [Debts and Disappointment: Mothers' Experience of the Child Support Scheme](#),"2019.
- xv [2019 Joint Select Committee on Australia's Family Law System](#)
- xvi \$1.69 billion cited in Department of Social Services submission to the [Senate Poverty Inquiry](#), February 2023.
- xvii [Dad your choice hurt me](#) video drawn from children's experiences.
- xviii [RBA inflation calculator](#) used to convert \$ 1988 to 2023.
- xix Brotherhood of St Laurence, [Growing Pains](#), December 2023.
- xx ATO data provided to Senator Rex Patrick and read at [Community Affairs Legislative Committee, Portfolio Social Security, Services Australia, Estimates 25/3/21.](#)