MEDIA RELEASE

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New Report Exposes How Australia's Child Support System Enables Financial Abuse, Fuelling Child Poverty

Domestic violence campaigners Rosie Batty and Jess Hill will join Single Mother Families Australia and five women from across Australia in Parliament House on Tuesday 8 October. They are calling for urgent reform to Fix Child Support, as a new research report details how child support is being weaponised against single mothers and their children.

The report, "Opening the Black Box of Child Support: Shining a Light on Financial Abuse," analyses results of a survey of nearly 700 single mothers and was led by Professor Kay Cook from Swinburne University who will present her findings at the event.

Children growing up in single mother families face poverty rates of 33%, more than three times the rate of children growing up in couple families. Yet we know that if child support is paid in full and on time, child poverty can be reduced by 21%.

Opening the Black Box of Child Support: Shining a Light on Financial Abuse reveals:

- A new Child Support Report Card: Survey respondents gave the child support system a
 grade of F in critical areas including exemptions, collections, debt collection, and
 compliance.
- Nearly 4 in 5 single mothers were experiencing some form of violence at the time of separation. Despite this, only 1 in 10 women applied for an exemption from seeking child support on the grounds that it would exacerbate the violence. Many were unaware that failure to apply for child support or seek an exemption would result in the loss of around 70% of their family payments, further deepening the poverty experienced by their children.
- <u>Weaponisation tactics</u>: The report highlights how ex-partners exploit the system through income minimisation, false reporting of care time, deliberate non-payment and scheme exploitation to incur debts for women and children.

Upon releasing the report, lead author and preeminent child support academic **Professor Kay Cook** of Swinburne University said: "Government systems should not harm. When mothers leave violent ex-partners, they are compelled to stay connected to them through the child support system. Our research shows that the system can be used by perpetrators to continue to inflict financial and psychological harm. When women try to do what the system demands - by collecting payments - they face an increased risk of violence. Most women entering the system have left violent relationships. Child support needs to put the needs of victim survivors first."

Terese Edwards, CEO of Single Mother Families Australia said: "The data is clear—the child support system is not only failing, but it is being used as a tool of abuse," said. "With nearly \$2 billion in private transfers going unaccounted for and over \$1.7 billion in child support debt, this is a national crisis that demands urgent attention. We are calling on the government to implement reforms that protect women and children from further financial abuse."

Former Australian of the Year and domestic violence campaigner Rosie Batty said: "Violence relies on coercive behaviour, the use of systems, and threats to establish and maintain control. It's crucial for systems that women interact with actively work against perpetuating this kind of behaviour and focus on eliminating the threat or fear of violence, including economic abuse and financial control. One system that could be readily reformed for women and children is the child support system.

Domestic violence educator and journalist Jess Hill said: "Ever since I started this work a decade ago, I've been haunted by a question victim-survivors so often ask: 'Why is he allowed to do this?' The government knows that perpetrators are weaponising its systems, and that these systems - including child support - are being used to perpetuate coercive control post-separation and to inflict financial harm and deprivation on women and children. The federal government has committed to ending gendered violence within a single generation. It can decide to end the weaponisation and abuse of the child support system today.

Single mothers from across Australia joined the delegation to Parliament House. Perth mother Charisse Hay said "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.

Recommendations:

- Delink family payments from child support by eliminating the Maintenance Income
 Test. The separation of child support from family payments simplifies administrative work
 and system complexity, enhances system safety, and improves the certainty of social
 security.
- Co-design family violence processes within the child support system to recognise the high rates of violence experienced by system users. The positioning of family violence as the norm rather than the exception within the system would ensure that perpetrators are not rewarded through exemptions or non payments and victim survivors are not revictimised.
- Move all child support collections back into the Australian Tax Office. The ATO is best
 positioned to collect child support payments, address the \$1.7 billion child support debt for
 Agency Collect alone, close assessment loopholes, and uphold the expectations of timely
 and paid-in full payment.
- 4. **Make all payment debts owed to and enforced by the Commonwealth**. The principle of the Commonwealth paying women first and pursuing non-compliance second is a superior policy approach and one that would create certainty of payments, reduce administrative burdens and enable the child support system to operate in the best interest of the children.

Note for Editors

Further findings from Swinburne University's *Opening the Black Box of Child Support:*Shining a Light on Financial Abuse:

- Violence does not stop after separation 6 in 10 respondents reported they were experiencing financial abuse at the time they completed the survey, and more than half were subjected to emotional/psychological abuse.
- 45% of all survey respondents had a child support assessment of either \$0, the minimum of \$8 a week, or were not sure what their assessment was. Just over 1 in 2 had an assessment for more than \$8 per week but only a quarter of women experiencing financial abuse received a child support payment of above \$8 a week.
- Nearly 1 in 2 (47%) of women who "chose" Private Collect said they were pressured by their ex-partner so that he didn't have to pay child support.
- 2 in 5 survey respondents had incurred a family payment debt to Services Australia at some point and 1 in 2 of these said the debt was due to a retrospective child support change. The debt they owed to Services Australia, was, on average, just under \$3,500 and these were being automatically deducted from their family payments. These same women were *owed* an average of \$12,000 in child support from their former partners.
- Mothers lose almost half of the value of any child support paid through reductions to their family payment payments, which is unlike any other system worldwide.
- For women in the Private Collect half of the scheme, in a robodebt-like feature, family payments are reduced even if the child support has not been received, as the government assumes 100% of these assessments are received in full and on time.

Additional Child Support Scheme Information:

- 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, however no data is available on the \$2B which should be transferred privately to 500,000 children. We do know there is at least \$1.7B in debt to the remaining 500,000 children.
- Women and children who do not apply for child support and are not granted an exemption from so doing, lose on average 70% of their family payments.
- June 2024 Child Support Program data shows 84% of payees are mothers; 36% of all assessments are for less than \$40 a week, 22% are less than \$10 a week and nearly half (49%) of payers with child support debt *do not* have a payment plan.
- See also Swinburne University's 2023 report <u>Financial abuse: the weaponisation of child support in Australia.</u>
- On September 6, following National Cabinet's meeting to to accelerate action to end gender-based violence in a generation, the Prime Minister announced the Federal Government would "immediately commence an audit of key Commonwealth government systems (child support, social security and tax systems) to identify areas where they are being weaponised by perpetrators of family and domestic violence."

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