



SMFA Brief: The interaction of Child Support and Family Payments, 20/08/25.

Single Mother Families Australia has long advocated for major reforms to the Child Support Scheme.¹ One of our key recommendations, also endorsed by the Women's Economic Equality Taskforce, is to abolish the link between family payments and child support income known as the Maintenance Income Test. SMFA believes the impact of the link (as explained below), amounts to a form of Robodebt as both family payment 'debts' and reductions are automatically imposed, irrespective of whether the child support was actually received. Our concerns relate to:

a) The ability for the link to be weaponised by vexatious former partners to create FTB A debts for women.

The Swinburne survey of 645 single parents for *Opening the Black Box* found:

- 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.

Some of the women who participated in the 2023 survey (540 participants) for Swinburne University's report [Financial abuse: the weaponisation of child support in Australia](#), 2023 said:

He still has many years of tax not done so I limit using the CS [child support money] in case I get a FTB debt one day. I already have 1 FTB debt because of this exact reason.

Doesn't pay and results in not being able to give children things they need. Non-payment will result in a debt by Centrelink as I'm on disbursement otherwise I won't survive financially.

In addition to this 2024 report, the 2023 Swinburne report noted the 2017 legislative changes making Family Tax Benefit overpayments vigorously pursued (introduced at a similar time to Robodebt and having a similar effect). When payers' incomes are retrospectively recalculated after a late tax return, Private Collect payees must pay back 'overpaid' FTBA. In 2017 this was estimated to **save the Government \$23m over 4 years** in Family Tax Benefit Part A payments. We have no data on the number of debts raised in this manner and the savings to government since 2017.

Both the 2024 and 2023 Swinburne research reports refer to 2013 legislation which changed the method for estimating payer income where no tax return was lodged *in favour of payers*. This was estimated to reduce mothers' Family Tax Benefit Part A by **\$78.7m over four years**. Again, there is no published data on the financial impact since 2018 (yet the policy stands).

¹ See our brief [So Many Ways to Lose](#) provides an overview of our concerns and draws from the 2024 research [Opening the Black Box of Child Support: Shining a Light on How Financial Abuse Is Perpetrated](#), Swinburne University of Technology. See also [Fix Child Support | It's Time To End The Financial Abuse](#)

The use of provisional income (instead of a tax return) continues to grow, with the latest published data reporting 34% of assessments were based on provisional income assessments with a further 6% on estimated income ([Child Support Program Data](#), March 2025). SMFA, the Swinburne reports and the 2024 Parliamentary Inquiry into Financial Abuse have all raised concerns that failure to lodge tax returns is a form of financial abuse and the 2025 Ombudsman's report reiterates this view.

b) The loss of income to the most impoverished families due to the harsh income test and low threshold which applies to the Maintenance Income Test.

So Many Ways to Lose highlights the harshness of the Maintenance Income Test, especially compared to the treatment of income from other sources. It also details that the government saved **\$810 million in 2021-22 alone due to the Maintenance Income Test; \$810m that did not go to 300,000 single parents and their children.**² The [2024 HILDA Report](#) confirms that single parent families and their children have the highest rates of poverty, material deprivation, financial stress and are the most likely demographic living with housing stress.³ According to the [Parliamentary Budget Office](#), more than \$5 billion between 2006-7 and 2018-19 alone was taken from single parent families. This was due to the loss of Parenting Payment Single when their youngest child turned 8 years old but does not include reductions in family payments. The 5 billion will be much higher when calculated to September 2023 when the policy was improved.

While the \$810 million per annum is a staggering amount, we do not know how much of this was deducted erroneously when child support payments were not even received by these families. We also note that while the entitlement method (FTB A is deducted assuming the full assessed amount is paid) is used for all recipients in Private Collect, this method is also the default method for Agency Collect and we believe very few women know that they can request a change to the disbursement method (FTB deducted on what has been paid), meaning there will be many more women having FTB A deducted for payments they have not received. As the Ombudsman report reiterates, child support debt for only half the scheme (Agency Collect) had risen to \$1.9B.

All three of the Swinburne reports confirm the systemic underpayment of child support and detrimental economic impact on women and children. For example the 2019 report [Debts and Disappointments](#) (470 participants) found *"for 28 per cent of these women who collected privately, they received less child support than they expected, with the value of underpayments ranging from \$16 to \$800 for the previous month. In these cases, Family Tax Benefits were reduced for every dollar above the Maintenance Income Free Area."* The 2024 report found women using Private Collect were losing on **average \$600 a month (\$7,200 a year) in family payments because of assumed receipt of child support (even when it had not been received).**

A case study of a women affected:

- *No child support from former partner who used provisional income which underdeclared income to CSA and didn't do tax returns. The client ended up with Family Tax debt (Centrelink debt) of over \$10,000 – her tax refunds were then taken for years to pay it back.*

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² Answer to Question on Notice, February 2025, DSS SQ24-001060.

³ [SMFA Cost of Living Brief 31/03/25](#).