



## Single Mother Families Australia Proposal: The case for increasing and reforming family payments for children, 30/01/26<sup>1</sup>

Increasing and reforming Family Tax Benefit will better meet the current and future needs of low and middle income Australian families, especially given increasing cost of living pressures. This Government has made positive investments in children and families in Early Years Education with inadequate family payments remaining as a significant gap that needs addressing.<sup>2</sup>

### 1. Social security should be safe and provide certainty - why we can no longer accept the linking of Family Tax Benefit A to Child Support.

- **Remove the ability of the child support scheme to be weaponised against mothers and children.** The child support scheme interacts with Family Tax Benefit A through the Maintenance Income Test. The [Women's Economic Equality Taskforce 2023 report](#) and Single Mother Families Australia have recommended abolishing the Maintenance Income Test to remove the ability of former partners to create FTB A debts for the principal carer of their children. Swinburne University's research<sup>3</sup> has exposed this form of financial abuse and it has been accepted by the Commonwealth Ombudsman,<sup>4</sup> the Inspector General of Taxation<sup>5</sup> and the [2024 Parliamentary Inquiry into Financial Abuse](#). The Federal Government has acknowledged that the child support scheme is being weaponised against women and children and it is the first system (of all departments and agencies) now being audited.<sup>6</sup>
- Primary carers of children eligible for FTB A are required to apply for a child support assessment and if they do not, automatically have their FTB A cut by 70% (unless they are successful in obtaining an exemption).<sup>7</sup> Other important reforms are urgently required, including ensuring all monies owed to children are paid (more than \$1.9B is owed to just half of the children covered by the scheme; the money owed to the remaining ~500,000 children - is unknown).<sup>8</sup>
- Removing the link between FTB A and child support would also increase income for Australia's poorest families. Currently ~300,000 families (43% of all single parents receiving FTB A) collectively lose ~\$810M per annum in family payments due to child support income, even in cases when it has not been received.<sup>9</sup> The Maintenance Income Test is far harsher than the test applied to income from other sources. Child support reduces family benefit by 50 cents in the dollar above a modest free area (only ~\$50 a week if the single parent has two children). Income from anything other than child support (i.e. wages, salaries, or investments) is only reduced when it exceeds \$1,280 a week and then by 20 cents. The rule that links child support and family payments contradicts the priorities of this Government to eliminate violence against women and children, including economic abuse; to enhance women's economic security and to value unpaid care, as articulated in its 2024 [Working for Women Strategy](#).

## 2. Our Family Tax Benefit is now targeted to low income families, so an increase will benefit those most in need of support.

Approximately two thirds of FTB A families with a joint or single taxable income of less than \$66,732 in 2024-25 will receive the maximum rate of payment.<sup>10</sup> In 2025-26, expenditure on Family Tax Benefit (A and B) is expected to total \$18B<sup>11</sup>.

*Appendix A provides details of eligibility and rates of payment.*

An increase in Family Tax Benefit A would assist:

- Approximately **1.23 million low and middle-income Australian families supporting ~ 2.4 million children**<sup>12</sup> who receive at least part payment of FTB A. This is 42% of all children aged 0-15.<sup>13</sup>
- More than **1 million mothers** (who make up an estimated 84% of all recipients).<sup>14</sup>
- **Nearly 700,000 single parent families** (57% of all recipient families). The [2024 HILDA Report](#) found single parent families have the highest rates of housing stress (22% compared to 6.9% for couples with dependent children). Appendix B shows a single parent with 1 or 2 children had a gap of more than \$583 per fortnight in September 2025 when median rent and median assistance were paid. HILDA 2024 also found single parent families face the highest rates of poverty, material deprivation and financial stress. (See also [The declining wellbeing of sole parents in Australia in the 21st century](#), published by the Life Course Centre, September 2025). [Respect, Reform and Recovery](#), Swinburne University's survey of 2,600 single parents released in August 2025 found almost four out of five single mothers (78%) spent 'a lot' or 'almost all' of their time worrying about, planning for, or ensuring their family's financial wellbeing. For the 40% of mothers caring for children with additional needs, this figure rose to more than 80%. One respondent said: "*I need more money. The financial stress feels untenable.*"
- **More than 640,000 families receiving most of their income from employment and supporting nearly 1.3 million children.** Nearly one in five of these families (125,000) also receive Commonwealth Rent Assistance.
- **Nearly 600,000 families receiving most of their income from income support payments** (Parenting Payment Single, Carer Payment, JobSeeker, Disability Support Pension etc) and **supporting over 1 million children.**
- More than **110,000 Indigenous** families.

Note: while the total number of families is 1.235 million, the above breakdown by family type is not mutually exclusive.

*(Appendix B provides further details of recipients).*

### 3. Why increase Family Tax Benefits, in particular FTB A?

Family Payments have long been the centerpiece of Federal Government assistance for families with the cost of raising children. Over the past 25 years, the value of family payments has eroded, and access has been much more tightly restricted to generate Budget savings.

More than 950,00 children in Australia are living in poverty in 2025. Nearly one quarter of a million of them (236,350) have been plunged into poverty in just the last four years - a 33% increase from 2021 to 2025. This trend confirms the risk that 1 million children will be living in poverty in 2026.<sup>15</sup>

Growing up in poverty is simply bad for children, it diminishes their physical and mental health, reduces their readiness for school and attainment in school, and the effects can last well into adulthood. More than 1 in 3 (37%) children in single parent families are living in poverty and the rate for couple families is still too high at 1 in 8.<sup>16</sup>

In order to lift recipients out of severe poverty, the 2025 Bank West Economics Centre report recommends increasing social security and family payments; indexing these payments to Average Weekly Earnings; increasing support to single parent households; and lifting Commonwealth Rent Assistance by 30%.

- The [Centre for Community Child Health](#) confirms that an increase in direct financial support for families with children is an effective means to reduce poverty and derive significant other benefits. They state: *“increased household income benefits children directly through better food, stable housing, and healthcare (the ‘investment’ model), and indirectly through improved parent mental health and capacity (the ‘family stress’ model). If early disadvantage including poverty is redressed, half of child health and developmental problems in middle childhood can be reduced.”*<sup>17</sup>
- A substantive family package was part of the social wage negotiated with ACOSS and the ACTU ahead of the 1988 election, following Prime Minister Hawke’s promise that by 1990, no child will be living in poverty. The reforms increased Family Allowance to reflect the cost of children and linked future increases to wage growth (set as a percentage of couple pension rates). It also introduced a new Family Allowance Supplement for both families receiving income support benefits and families in low paid work. This was an important aspect of the package to reduce labour force participation disincentives for low income parents, particularly mothers<sup>18</sup>. The package also introduced Commonwealth Rent Assistance for families and others on low incomes, acknowledging their need for additional financial support. The family package is estimated to have reduced child poverty by 30%,<sup>19</sup> with further improvements resulting from the introduction of the Child Support Scheme in 1988.
- Until 1987, the main family payment for children (then known as Family Allowance and previously as Child Endowment), was near universal. Tightening the income test has meant a lower proportion of children receive the payment. In 2003-04 just over 8 in 10 children were eligible; by 2013-14, it had reduced to 65% (without an accompanying increase in both or one parent working full time). In 2022-23 it had further reduced to 4 in 10 (42%).<sup>20</sup> The government now states the intent of the policy is for *low income* families to receive most of the assistance.<sup>21</sup>
- The savings from the tightening of the income test has not been redirected to real increases in payments for those low and middle income families who remain eligible. Rather, the adequacy of Family Tax Benefit A has been eroded by removing the link to wage growth and freezing indexation, while the cost of living (especially housing in recent years) has increased substantially for families and all Australians.

**4. The immediate delinking of Family Tax Benefit A and an increase in Family Tax Benefit A payments should accompany broader reform to reduce complexity and improve support for families who face the highest poverty rates.**

- **Reduce complexity.** Eligibility for Family Benefits depends on highly detailed rules about the number and age of children, the fraction of care held by each parent (especially in separated families), levels of adjusted income, types of payments including whether annual or fortnightly, and interactions with income tax, the Medicare levy, child support payments and other social security payments. Eligibility and rates of payment are also contradictory and contribute to the complexity of the scheme. Family Tax Benefit A is paid *per child* and at a higher rate as children age (between 13-19 years); Family Tax Benefit B is paid *per family* and at a higher rate for children under 5 years of age. See *Appendix A* and [Services Australia, Family Tax Benefit](#). The compliance for this complex family payments program leads to a significant risk of underpayment or overpayment, with 1 in 5 recipients incurring a debt in 2020–21.<sup>22</sup> Reform to reduce complexity for families, would also reduce the cost of administration within Services Australia.
- **Reform Family Tax Benefit B to improve equity.** This payment provides additional support to couple families with a primary earner and the second parent who has no or very little earnings from employment. This creates a disincentive for the second parent to increase their participation in paid employment.<sup>23</sup> Single parent families are also eligible for FTB B, however it replaced a previous payment called ‘Guardian Allowance’, which aimed to compensate sole parent families for the higher costs of raising a child alone, so that they could attain a similar living standard to couples with children on income support. Given the extremely high poverty rates experienced by single parent families, an argument could be made that eligibility should only be available to single parent families (currently 70% of all FTB B recipients). One option which would also reduce complexity for families and administrators would be to abolish FTB B and instead provide a single parent supplement to FTB A.

## Appendix A: Payment Rates and Income Test for Family Tax Benefit Payments

(Note all data sourced from [Services Australia, Family Tax Benefit](#), accessed 1/9/25. The author has summarised this for brevity, further details are available at that site.)

The maximum rate for FTB Part A depends on the age of the child:

The maximum rate *per child* per fortnight is:

- \$227.36 for a child 0 to 12 years
- \$295.82 for a child 13 to 15 years
- \$295.82 for a [child 16 to 19 years who meets the study requirements](#).

Income tests for FTB Part A:

The maximum rate of FTB Part A may be payable if the family's [adjusted taxable income](#) (not from child support) is \$66,722 or less. FTB Part A is reduced by 20 cents for each dollar of income over \$66,722 until it reaches \$118,771. The rate of FTB Part A is reduced by 30 cents for each dollar of income over \$118,771. This applies until the payment is nil. If the income is from child support, a [Maintenance Income Test](#) is applied. That reduces FTB A by 50 cents for each dollar that exceeds \$2,672 per annum (assuming 2 children).

The maximum rate for FTB Part B depends on the age of the youngest child.

The maximum rate *per family* each fortnight is:

- \$193.34 when the youngest child is 0 to 4 years of age
- \$134.96 when the youngest child is 5 to 18 years of age.

FTB Part B is payable up until the end of the calendar year when the youngest child turns 18. If this child is between 16 and 18, they must be in secondary school full-time.

Income tests for FTB Part B

Single parent families: The maximum rate of FTB Part B is payable if the annual [adjusted taxable income](#) is \$120,007 or less. FTB Part B is paid until the end of the calendar year the youngest child turns 18. If this child is between 16 and 18, they must be in secondary school full-time.

Partnered parent or partnered carer families are eligible for FTB Part B if the youngest child is younger than 13. There is a two part income test to determine the amount of FTB Part B paid to these families. The primary earner is the parent or non parent carer with the higher income. The secondary earner is the parent or non parent carer with the lower, or no income. A family is not eligible for FTB B if the primary earner earns more than \$120,007. If they earn less, Services Australia works out how much FTB B the family can receive using the secondary earner's income.

*Note both FTB A and B provide a Supplement which may be paid at the end of the financial year. See [Services Australia, Family Tax Benefit](#) for details.*

Unlike other payments to meet the costs of children, the [Single Income Family Supplement](#) (which is being phased out) of \$300 per annum is *only paid* to families with income between \$68,000 and \$150,000. Expenditure totals \$3.6M during this financial year.<sup>24</sup>

**Appendix B: Detail on Family Tax Benefit recipients, [DSS Demographics](#), September 2025**

**a) Families where income support is *not their* main source of income and families where income support payment *is their* main source of income**

<b>Total FTB A, September 2025</b>	<b><i>Recipients</i></b>	<b><i>Children</i></b>
<b>Income support is <i>not</i> main source of income</b>	<b>640,735</b>	<b>1,200,870</b>
<b>Income support is main source of income</b>	<b>594,330</b>	<b>1,159,560</b>
– Parenting Payment Single	312,365	622,450
– Carer Payment	84,800	179,775
– JobSeeker Payment	77,730	134,920
– Disability Support Pension	60,195	102,375
– Parenting Payment Partnered	34,615	81,200
– Age Pension	11,313	16,190
– Austudy	2,325	4,275
– Youth Allowance	1,130	1,310
– Special Benefit	565	985
– ABSTUDY Living Allowance	100	205
<b>Other</b>	<b>9,195</b>	<b>15,875</b>
<b>Total Family Tax Benefit</b>	<b>1,235,060</b>	<b>2,360,430</b>

**b) By marital status**

	<b>Partnered</b>	<b>Not Partnered</b>	<b>Total</b>	<b>Not Partnered as % of total</b>
<b>Family Tax Benefit A</b>	528,515	<b>699,255</b>	<b>1,227,770</b>	<b>57%</b>
<b>Family Tax Benefit B</b>	285,340	<b>677,915</b>	<b>963,250</b>	<b>70%</b>

**c) By Indigeneity**

	<b>Indigenous</b>	<b>Total</b>	<b>Indigenous as % of total</b>
<b>Family Tax Benefit A</b>	<b>110,115</b>	1,227,770	<b>10%</b>

**d) By Commonwealth Rent Assistance (CRA)**

There were ~410,00 CRA recipients with children in September 2025. This represented 29% of the 1.4 million receiving the payment. The table below shows that recipients with children received 80-90% of the maximum rate of payment due to the high rents they were paying.

<b>Recipients with children</b>	<b>Number of recipients</b>	<b>% eligible for max rate of CRA</b>
<b>Single parent, 1 or 2 children</b>	221,490	80.4
<b>Single parent, 3 or more children</b>	54,070	86.4
<b>Couple, 1 or 2 children</b>	85,505	88.2
<b>Couple, 3 or more children</b>	46,325	89.6
<b>Total with children</b>	<b>407,390</b>	-

There was no real increase in CRA from 2000 to 2023 and despite welcome, modest, increases in the past two Budgets, the table below illustrates the significant gap between what is paid in rent fortnightly and what is received in CRA .

<b>September 2025</b>	<b>Median rent paid per fortnight</b>	<b>Median CRA received per fortnight</b>	<b>Median gap per fortnight</b>
<b>Single parent, 1 or 2 children</b>	\$800	\$217	\$583
<b>Single parent, 3 or more children</b>	\$900	\$255	\$645
<b>Couple, 1 or 2 children</b>	\$1000	\$242	\$758
<b>Couple, 3 or more children</b>	\$1040	\$274	\$766

See [DSS Demographics](#) September 2025 for more detail on how recipient households and maximum rates are defined.

## End Notes

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- <sup>1</sup> Contact the author, Toni Wren, SMFA Principal Adviser at [Toni@smfa.com.au](mailto:Toni@smfa.com.au) or 0405 705 442.
- <sup>2</sup> See [Child Care Subsidy - Services Australia](#).
- <sup>3</sup> [Respect, Reform and Recovery](#), Swinburne University's survey of 2,600 single parents published in August 2025. See also [Opening the Black Box of Child Support: Shining a Light on How Financial Abuse Is Perpetrated](#), Swinburne University of Technology, October 2024; [Financial abuse: the weaponisation of child support in Australia](#), 2023 and [Debts and Disappointments](#), 2019.
- <sup>4</sup> Commonwealth Ombudsman, [Weaponising Child-Support-when the system fails families](#), June 2025.
- <sup>5</sup> Inspector General of Taxation and Tax Ombudsman, [Identification and management of financial abuse within the tax system, April 2025](#).
- <sup>6</sup> [Prime Ministerial Media Release](#), 6/9/24 and [Minister for Women, Future Women Budget Dinner 2025](#), 26/3/25.
- <sup>7</sup> See [SMFA Brief Family Payments and Child Support](#), 20/8/25.
- <sup>8</sup> Commonwealth Ombudsman, [Weaponising Child-Support-when the system fails families](#), June 2025.
- <sup>9</sup> See [SMFA Brief Family Payments and Child Support](#), 20/8/25.
- <sup>10</sup> The [Department of Social Services](#) has a performance target for 68% of the payment to support low-income families. This is defined as those who have income equal to, or lower than, the lower FTB A income free area. AT 1/7/25 that amount is \$66,732 per annum.
- <sup>11</sup> [2025-26 Social Services Portfolio Budget Statement](#): \$13.9B in FTB A and \$4B in FTB B billion in 2025-26.
- <sup>12</sup> All data from [DSS Demographics](#) September 2025 unless stated otherwise.
- <sup>13</sup> [DSS Incoming Brief](#), July 2025. Most recipients of FTB A support children aged 15 years or less, however it is extended to children aged 16-19 if they are full-time students.
- <sup>14</sup> Stewart, M, Porter, E, Bowman, D & Millane, E 2023, [Growing pains: Family Tax Benefit issues and options for reform](#), Brotherhood of St. Laurence, Fitzroy, Vic. They cite DSS requested data: men made up 16% of total FTB A claimants in 2020–21.
- <sup>15</sup> [Child Poverty in Australia 2025: The current and future impacts of rising rates of financial deprivation on child wellbeing](#), Bankwest Curtin Economics Centre, November 2025.
- <sup>16</sup> [Child Poverty in Australia 2025: The current and future impacts of rising rates of financial deprivation on child wellbeing](#), Bankwest Curtin Economics Centre, November 2025.
- <sup>17</sup> The [Centre for Community Child Health](#) submission to the [Senate Inquiry into the Nature and Extent of Poverty](#).
- <sup>18</sup> Peter Whiteford and Bettina Cass: [Social Inclusion and the Struggle against Child Poverty: Lessons from Australian Experience](#), 2009.
- <sup>19</sup> Peter Whiteford and Bettina Cass: [Social Inclusion and the Struggle against Child Poverty: Lessons from Australian Experience](#), 2009.
- <sup>20</sup> [DSS Incoming Brief](#), July 2025.
- <sup>21</sup> The [Department of Social Services 2023-24 Annual Report](#).
- <sup>22</sup> [Growing Pains](#).
- <sup>23</sup> [Growing Pains](#) comprehensively sets out this interaction and its impact.
- <sup>24</sup> The [Single Income Family Supplement](#) is an annual payment of up to \$300 paid to families with a single income between \$68,000 and \$150,000 (note, income is determined on taxable income only, not adjusted taxable income or an income estimate. The program ceased in 2017 but eligible families at that time continue to receive it. It is difficult to find information on the program, including the number of families who receive it. The [2025-26 Social Services Portfolio Budget Statement](#) states expenditure will total \$3.6 million in this financial year, meaning approximately 12,000 families continue to receive it.