

Manager

Financial Services Unit

Financial System Division

The Treasury

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Dear Manager,

Mandatory Comprehensive Credit Reporting: Child-Support Debt and Family Violence

Who we are

The National Council of Single Mothers and their Children Incorporated (NCSMC) is an organisation dedicated to single mothers. The Council has become a platform whereby both the community and the Government can communicate; it has led the way in obtaining a range of beneficial outcomes; has actively sought to reduce systemic prejudice; continually challenges existing norms, and over many years has achieved improved opportunities and outcomes for single mother families. One of our greatest strengths is our expertise and commitment in working with, and for the advancement of women and children affected by poverty, hardship and or domestic violence.

Child-Support Debt

Recommendation 1

The 2015 Parliamentary Inquiry into the Child-Support Program was an extensive inquiry that included a range of themes. Noteworthy, was a matter of ensuring **compliance with child support obligations** as well as **services to families or individuals who have experienced family violence**¹.

The Child Support Scheme was designed to ensure that both parents contribute to the cost of their children. The scheme is worthy of a “partnership approach” as there are approximately 1.3 million parents and 1.1 million children involved in the Scheme.

To this end, “The big four Banks” have a responsibility to lead the way through ensuring that Australians who are seeking credit must not have an outstanding child support debt as registered by the Australian Child Support Agency. It is foreseeable that this practice is not only fiscally responsible, but it also provides an “incentive lever” for the child support debt to be paid.

¹ Australian Government, August 2016, Response to the House of Representatives Standing Committee on Social Policy and Legal Affairs report: *From conflict to cooperation – Inquiry into the Child Support Program*

National Council for Single Mothers and their Children Inc.

Eliminate and respond to violence, hardship and inequality for single mothers and their children

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This action has the potential to benefit Australian children as well as the Government through reduced expenditure. Furthermore, it would position the banks as operating in a socially responsible manner while reducing the credit risk to themselves.

Family Violence: Financial Abuse

Recommendation 2

NCSMC is seeking that the “mandatory comprehensive credit reporting” includes a process that ascertains if a “poor credit rating”, that prohibit accessing credit from a bank, is a product of family violence. In the circumstance of family violence, as legislated by the Australian Government and identified by the [Australian Securities and Investment Commissions](#), NCSMC` s endorses a formalised practice that includes the banks working directly with the consumer affected by family violence. It` s foreseeable that implemented guidelines would result in the victim of family violence accessing a range of banking services and supports, ultimately leading to the timely restoration of a positive credit report.

Conclusion

NCSMC trusts that we have offered insight into two matters (1) child-support debt and (2) family violence and strongly encourage the inclusion of these issues into the “mandatory comprehensive credit reporting” process. This practice has the potential to benefit Australian consumers and their children while responding to a current void in the credit reporting process. We further view this submission as opening the dialogue and would make ourselves available at your request to discuss the two recommendations in further detail.

Warm regards,



Terese Edwards

Chief Executive Officer