



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

**Reference: Child Support Legislation Amendment Bill (No. 2) 2000**

WEDNESDAY, 4 OCTOBER 2000

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE**  
**COMMUNITY AFFAIRS LEGISLATION COMMITTEE**

**Wednesday, 4 October 2000**

**Members:** Senator Knowles (*Chair*), Senator Allison (*Deputy Chair*), Senators Brandis, Denman, Evans and Tchen

**Participating members:** Senators Abetz, Bartlett, Brown, Calvert, Chapman, Coonan, Crane, Crowley, Eggleston, Faulkner, Ferguson, Ferris, Forshaw, Gibbs, Gibson, Harradine, Lees, Lightfoot, McGauran, Payne, Schacht, Stott Despoja, Tierney, Watson and Woodley

**Senators in attendance:** Senators Bartlett, Brandis, Evans, Denman, Knowles, Denman

**Terms of reference for the inquiry:**

Child Support Legislation Amendment Bill (No.2) 2000.

**Committee met at 3.33 p.m.**

**FARRAR, Mr Denis, Member, Family Law Section Executive, Law Council of Australia**

**CHAIR**—The committee is taking evidence on the [Child Support Legislation Amendment Bill \(No. 2\) 2000](#). I welcome Mr Denis Farrar, representing the Law Council of Australia. Witnesses are reminded that the evidence they give is protected by parliamentary privilege. However, I remind witnesses that the giving of false or misleading evidence may constitute a contempt of the Senate. I also advise witnesses that, as the Senate is currently sitting, some senators may come and go and that is not a reflection of any disrespect regarding the evidence that you are giving. It will all be taken down by Hansard. Senator Evans and I have been given leave of the Senate to stay for the duration, so you have us whereas, at times, you may not have some of our colleagues who are participating. The committee has your submission before us, Mr Farrar. Do you wish to make any alterations to that submission?

**Mr Farrar**—No.

**CHAIR**—I invite you to make a short opening statement, at the conclusion of which I will invite senators to ask you questions.

**Mr Farrar**—The Law Council of Australia has considered the amendment bill and in our submission we set out seven areas where substantive change to the child support legislation is proposed to be enacted. Dealing with those in the order in our submission, I will start initially with the lower child support percentages for children where contact is between 10 per cent and 30 per cent. In our submission—this is a theme that we pick up in relation to all the amendments—the Law Council is concerned that the proposed amendments do not seem to have evolved from a systematic review of the operation of the legislation. As far as can be ascertained, there seems to be little evidence to indicate that these amendments are necessitated by injustices created by the current formula and regime set out in the Child Support (Assessment) Act.

The concern is that the formula that has operated since 1989 evolved after considerable debate and inquiry. It has been in force over that period as a consequence of what evolved as the appropriate manner of calculating levels of support. The legal profession, and I understand the community at large, was somewhat taken by surprise by the announcement of these amendments in the last budget, which—so far as we were able to ascertain and certainly from

our perspective—were not preceded by any consultation or analysis as to the desirability of the changes that are now sought to be enacted. As our submission says, we are concerned that there has not been broad consultation with relevant and interested groups and that, therefore, the amendments do not necessarily represent an improvement on the system that has operated to date.

We make the point in our submission that there are consequences as a result of lowering child support percentages for parents with whom children have contact for less than the 30 per cent level that may not have been considered in the proposal. We are concerned that there will be a concomitant expansion in disputation concerning contact because, if you like, there are now magic percentage numbers—if one can achieve them—that have a financial benefit in terms of the percentage of nights of contact. That is likely to introduce into contact disputation a financial component that we see as being not necessarily related to the best interests of children. We believe that tying so closely the level of contact with the level of financial support payable creates the potential for disputes between parents about the amount of contact that are related not to what is in the best interests of the children involved but more to finances.

We make the comment in our submission that it complicates the calculations quite substantially. Furthermore, contact for contact's sake may be disruptive and may not necessarily be valuable contact—as distinct from simply time spent with parents—with no ostensible benefit to children. There is also the concern that contact that occurs when parents leave children with extended family members would seem to enable parents to avail themselves of reduced child support percentages when they might not be bearing the expense associated with any increased contact.

In relation to the lowering of the cap, the present formula places a ceiling on incomes that is currently slightly over \$102,000 per annum, we believe. The proposed amendments will reduce that to somewhere in the high seventies—we think about \$78,000 or \$79,000. Once again, we are not aware of any empirical evidence that is being relied upon to justify this. The consequences for the recipients of child support will be, in some cases, very significant. Such a reduction will essentially mean, for a woman, say, with three children, that automatically she could lose somewhere between \$7,000 and \$8,000 in child support—that is in non-taxed income. People who have hitherto made financial arrangements on an assumption about what the level of support for their children will be will suddenly, with the stroke of a legislative pen, find their income very substantially reduced and with no recourse at all, or most likely no recourse at all. In our submission, we make the comment that this could lead to an increase in litigation by custodial parents in the form of spousal maintenance applications to try and recoup the loss of income that they have sustained. Once again, we are concerned that the consequences of the enactment have not been thought through.

The amendments propose a new ground for departure. These are circumstances in which the figure created by an assessment using the formula can be varied, either initially by a review officer or ultimately by a judge of a court, if special circumstances are found to exist, as set out in section 117 of the Child Support (Assessment) Act. The new ground for departure is if there is additional income which has been derived for the purposes of supporting a new family. We consider this to be quite a significant departure from the whole thrust and theme of the child support legislation. Section 3 of the act states:

... the duty of a parent to maintain a child:

- (a) is not of lower priority than the duty of the parent to maintain any other child or another person.

Section 4(2), which talks about the objects of the act, states:

... objects of this Act include ensuring:

- (a) that the level of financial support to be provided by parents for their children is determined according to their capacity to provide financial support and, in particular, that parents with a like capacity to provide financial support for their children should provide like amounts of financial support.

Section 4(2)(d) further states:

- (d) that children share in changes in the standard of living of both their parents, whether or not they are living with both or either of them.

We find it difficult to comprehend that it is consistent with those stated objects in the legislation when a payer can escape having income taken into account for the calculation of child support for children of a previous marriage, or previous relationship, because that income is ostensibly earned to support a subsequent family. It does seem to us that that is elevating that subsequent family in a way that the stated objects of the legislation say is not the case and, further, that it is not consistent with the notion of children sharing equitably and equally in the change in the circumstances of their parents.

In our submission, we refer to two other matters. One is departure prohibition orders. As we read it, the proposal in section 72D(1) is that the Registrar of Child Support can, in circumstances where there are arrears of child support, prohibit a payer from leaving the country. The scheme of the child support legislation is that the collection of what is termed a registered child support liability creates a debt owed by the payer to the Commonwealth of Australia. The reality is that, in any dispute about whether that debt validly exists, it usually boils down to whether the assessment should be retrospectively varied so that arrears which might have ostensibly accumulated have in fact not accumulated because there is an order made which varies the amount back to a prior date. Such orders are fairly commonplace and the Commonwealth of Australia plays no part in those proceedings, albeit the Commonwealth of Australia is supposedly the creditor. The situation is quite commonplace that child support debts are subsequently found not to be of the amounts recorded at the Child Support Agency. The potential under these proposals is that people can be prevented from leaving the country, with possible financial and other consequential losses, because of debts which are ultimately found not to exist. Again, we are not aware of any evidence that would indicate that such powers are necessary in the Registrar of Child Support. The registrar seems to be able to act unilaterally and, *ex post facto*, a payer can become aware of it. One can easily imagine the embarrassment and inconvenience that could be sustained by such an embargo on leaving the country. In our submission, we talk in some detail about that. I take it that the committee has those submissions.

It is proposed that, during the review process, any accompanying documents will not be made available to the other party in the process. We find this curious and somewhat inimical to what is essentially a legal dispute between people. The notion that a tribunal can make a decision based on paperwork which is only available to the tribunal and not to the other party in the dispute is, we believe, a curious one—one that we do not support. We think that the transparency and the possibility of review of that process should require that every item of evidence which is available to a review officer in making his or her decision about a review application should be available to the other party in the dispute. Again, we are not aware of what has led up to these proposals, but we believe that to determine somebody's rights based on material which they are not allowed to know about is not a fair and reasonable one.

Finally, there is the change in the definition of eligible carer. Our submissions in that regard speak about the concerns we have. Determining whether there has been extreme family breakdown or risk to the physical or mental wellbeing of a child from violence or sexual abuse in the home of a parent or legal guardian is, we believe, going to place considerable stress on the Registrar of Child Support in adjudicating. We think that this is not the appropriate role for the registrar and for that reason we do not support the amendments proposed. We can understand that there are valid policy reasons why it should be possible for an eligible carer to be somebody other than the legal custodian or guardian under the legislation and thereby be able to make application for child support. We have made a suggestion that, to take the discretion and the onus of making decisions about the words that I mentioned earlier away from the registrar, the definition of an eligible carer should be 'a person who has an order for residence pursuant to the Family Law Act or otherwise an entitlement to custody of a child pursuant to orders of a state court'. We would submit that that is likely to overcome the difficulty which is sought to be redressed.

They are the submissions that the Law Council wishes to make. We have taken into account and are aware of the submissions which we understand you have received from the National Network of Women's Legal Services, who have provided submissions to us. By and large, we endorse those submissions. We understand that they were not able to obtain an audience before this committee. To be frank, that is something our Law Council feels was unfortunate because, whilst we do represent lawyers in Australia—our members act for as many payers as payees—we try to be balanced and even-handed in the suggestions and submissions we make. But I think that there are people out there who see it at the coalface to a greater extent—indeed, as is reflected in the submissions of the women's legal services—and have a perspective on the difficulties that their clientele are sustaining and may sustain from these amendments. Their perspective is worthy of consideration by the committee.

**CHAIR**—Thank you, Mr Farrar. I do not wish any potential witness to take offence at the fact that we have to restrict the number of witnesses appearing before the committee. There are many people who would prefer to come and see us in person. Unfortunately, time just does not permit that. That is why we have the system of providing submissions to the committee, where the committee can give them due consideration. So there is no offence intended, and I hope no offence is taken by the fact that unfortunately, due to time constraints, we have to restrict the number of witnesses. Your submission states on page 4 that this bill has not been founded on any particular research or study. I am fascinated as to why you make that statement, given that the bill has been founded on considerable research and study. Have you seen the department's submission, for example?

**Mr Farrar**—No, I have not seen the department's submission.

**CHAIR**—It is available. Even in that, it states seven different sources of research, including a very long and detailed inquiry undertaken by the Joint Select Committee on Certain Family Law Issues and the Child Support Consultative Group. Those organisations undertook extensive consultation with community groups and organisations. That is not to say that other groups and organisations have not been considered as well. Why did you make the statement that no research has been done, when it appears that it is quite the contrary?

**Mr Farrar**—When we talk about research, we need to go back to the mid-eighties and the establishment of the formula that was done after a considerable body of research—by the Institute of Family Studies, the committees of the parliament and other organisations—in relation to, firstly, the whole concept of there being a formula, but also the components of that formula and the level at which it would be pitched. When we talk about lack of research, we

are really addressing the fact that we do not understand the amendments to evolve from determinations—as to it being appropriate to reduce levels of support to children because of either lack of needs or lack of capacity to pay—which have been conducted by organisations like the Institute of Family Studies, an organisation in this country that has expertise in that area. In relation to the studies of the committees of the parliament, I acknowledge that I was unaware of that particular submission, but my understanding is that those studies would not focus on the statistical areas and the areas that the Institute of Family Studies focuses on.

**CHAIR**—The research does focus on precisely that.

**Mr Farrar**—Needs studies?

**CHAIR**—Yes. There is much research. I would encourage you to access the research on which this has been based. I can see people in the background shaking their heads, but the fact of the matter is that I have had so many people—payers, for example—come to my electorate office over my nearly 16 years in this place who have said, ‘I continue to support and have access with my children, but I keep having to pay more. With the more access I have, there is no reduction in the amount I have to pay.’ They consider that to be very unfair. Equally, they consider it to be unfair when they take another job for a subsequent family and that is taken into account for the previous family. Therefore, I ask you: do you have any particular evidence that the current thresholds in the child support formula of 30 per cent and 40 per cent provide incentives for dispute? You tend to focus on this creating disputation between the parties.

**Mr Farrar**—With respect, I think they are separate questions. You asked me about the justification for the observation that there are no surveys, and I will deal with that first. The costs of maintaining children in Australia have been the subject of extensive analysis and survey by the Institute of Family Studies for a number of years. Indeed, they put out a quarterly survey called the Lovering scale, which you may be familiar with, and there is also an analogous scale called the Lee survey. Those surveys have evolved what is said to be by the compilers of the surveys the cost of children in Australia.

When we talk about lack of background justification for the amendments we are asking if these amendments are based on demonstrated oversupply of child support from people of certain incomes, because we do not read the surveys I have referred to as indicating that there is an oversupply of child support, that payees are receiving more than they need to support children. I do not for one moment argue with the fact that there are many payers out there who would feel that they are paying more than they can afford and that they are paying regardless of the amount of contact they have with the children. But to simply give them a percentage reduction because of an extra fortnight—or whatever the percentage of increase in contact is—is a somewhat, in our view, simplistic way of looking at it. The cost of keeping—

**CHAIR**—We are running short of time. Can I come back to my question about the evidence you have on the current thresholds creating conflict. I am seeing conflict all over the place, and I am wondering what your position is, given that you have stated it quite clearly in your submission.

**Mr Farrar**—At the moment, as you are aware, the formula provides some relief for parents who have contact for more than 30 per cent of the nights. The reasons behind that are easy to grasp, and it has been with us since the commencement of the legislation. The reduction in child support for people who have as little as 10 per cent or 11 per cent contact, in our view, is hard to justify. The notion that contact should be tied to child support or that child support should be reduced if contact increases is already recognised in the legislation for

those above 30 per cent. We think to introduce it below 30 per cent without any reasoned justification is to confuse the two issues.

**CHAIR**—Are you saying that there aren't costs associated with parents having a level of custody with their children other than just the occasional overnight visit? That person is required to provide a bedroom, clothing, toys and so forth, and I find it amazing that people are saying that that should not be compensated in some way, given that there have been 63 studies dealing with non-resident fathers and children's wellbeing.

**Mr Farrar**—Clearly, there is a cost, and we say it is already taken into account in the formula as it currently stands. The notion that there should be a reduction below the relevant percentage that applies, depending on the number of children, is already factored in.

**Senator CHRIS EVANS**—I would like to explore, Mr Farrar, that issue of the philosophical concern about the linking of contact to the payment. You make the point in your submission that it is very different to the approach in the Family Law Act. I just wonder if you could tease that out for me: why do you think that is such an important difference and why are you concerned? You concede, for instance, that it is recognised in the current formula—the 40 per cent level—and the government argues that this is an extension of that sort of principle. But you make the argument that there is a difference in this sort of approach, linking contact and the payment to what is done in the Family Law Act. I would like you to take me through that a bit.

**Mr Farrar**—Historically, the two have not been linked in the sense that people who pay maintenance—now called child support—have never been buying the right to see their children by doing so. Although many people had that perspective, the courts, historically, have always rejected that one buys the right to the other. Likewise, people who do not pay child support, for whatever reason, have never been precluded from having contact with their children because of that fact. The allying of the two concepts, we think, is breaking that historical separateness in the way that the law deals with what it considers to be separate issues.

**Senator CHRIS EVANS**—Why is that of concern?

**Mr Farrar**—Because the notion of contact and what form and frequency that should take is, initially, a matter for the parents. Ultimately, if they cannot agree, it is a matter for the courts to determine based on the best interests of the child. To introduce into that process the notion of some financial reward in the sense of reduced outlays for the expansion of contact seems to us to get away from what has always been the focus of contact or access disputes—that is, the best interests of the child.

**Senator CHRIS EVANS**—The government tends to concentrate on the argument that, for the non-custodial parent, the financial arrangements now will provide some sort of incentive for them to have more care. But, I suppose, the opposite of that is that it provides a financial incentive for the custodial parent to restrict the amount of contact with a non-custodial parent if one accepts the assumption that the financial arrangement will act as a driver for behaviour.

**Mr Farrar**—Yes. We are not saying that there is a blameless side and a blameworthy side in all of this. These are human relationship dynamics that are complex. But the reality is, and I say it to you from my 25 years of legal practice, that if somebody is faced with a penalty—and that is the way payees will view this—of a loss of income, it would be too much to expect that that will not be something that motivates them in considering their attitude to his request for greater time with the children. It is just defying logic to expect that that will not be a consideration and, likewise, the other way around.

**Senator CHRIS EVANS**—The other point you were discussing with Senator Knowles, which does not get a lot of focus in the explanation of the bill, is that the reality is that the effect of the changes is to reduce the amount of child support being paid to the custodial parent. You express concern in your submission about the impact of that on the children.

**Mr Farrar**—Yes.

**Senator CHRIS EVANS**—I think that is where the question of modelling comes in. I will take that up with the department later because certainly the references they provide in their submission do not seem to address any of those sorts of concerns about child poverty or any of those things.

**Mr Farrar**—There are the two aspects. The shaving of one or two per cent off child support payments, depending on whether contact is between 10 and 20 per cent or 20 and 30 per cent, is one aspect, and it is a concerning aspect. Even more dramatic is going to be the reduction in income for people whose spouses are above \$78,000 a year or even above \$100,000 a year at the moment—that is child support income amounts. Those people are going to have a very dramatic drop in income, as I said earlier. I do not know what analysis has been done of that impact. I do not know, for example, whether any analysis has been done as to how many people are in receipt of child support from payers whose child support incomes are in excess of what is going to be the new cap. All of those people are going to have a loss in income.

**Senator CHRIS EVANS**—I think we can get the figures on how many are affected. The debates tend to be focused a bit on the fact that these are high income earners, they are paying the top level of child support—therefore a lot of children or families are receiving a lot less support than that—and so the argument then flows that they are getting more than they require. You are saying the original rate was struck with a view to a proper analysis of what was required and that to move that threshold down would require some justification that the current amounts were excessive. Is that right?

**Mr Farrar**—Yes, that is certainly the thrust of our submission in general.

**Senator CHRIS EVANS**—You talk about the potential for increased disputation. What is the capacity of the Family Court and the courts to deal with extra disputation?

**Mr Farrar**—Senators would be aware of various surveys into the Family Court in recent times, including the Law Reform Commission report on managing justice which has a substantial chapter in relation to the Family Court and has had considerable publicity. The delays in the Family Court in this country are quite endemic. They are of great concern to the legal profession and, I hasten to say, to the court itself. The court is taking steps and attempting to implement changes to their processes, as we understand it, which will assist them in reducing delays. Delays are clearly the greatest problem in the family law litigation area. We cannot but see that these amendments are going to lead to an expansion of litigation which, one suspects, is probably going to be conducted by people representing themselves because, to be blunt, it is difficult to justify the expense that might be involved in engaging lawyers in much of this type of contact dispute—about whether it is three nights a fortnight or four nights a fortnight. It is hard to know in advance what expansion in caseload that is going to mean but we think it is going to be significant.

**Senator CHRIS EVANS**—In terms of the income earned for the benefit of resident children, you express your concerns about that sort of second job provision. You do not share the department's confidence in the Child Support Agency to case manage that and effectively ensure it is not manipulated?

**Mr Farrar**—It is a review ground, so with case management it will be up to the review officer to determine whether the criteria are meant; or if that review officer makes a decision that one party does not like, they have rights of appeal or rights to take it further, ultimately to a court. What we are concerned about is that all of the other grounds for departure have as their theme that the assessment creates an unfair outcome because of the special circumstances relating to this case. This new ground departs from that: it departs from the objects in the legislation, which I have outlined; and it carries with it the notion that why somebody earned an income should have some bearing on who gets the benefit of that income—a notion which is not only inconsistent with the principles in sections 3 and 4 of the legislation but which we would have thought is not a fair and just way to deal with the topic of appropriate levels of support for children. Historically, the focus has always been parents contributing to meet the needs of their children. This seems to introduce some concept that fairness denotes, to put it bluntly, fathers being able to keep income that they earned because they wanted to have something for their current family that their past family could not get their hands on. That notion or principle does not seem to us to be consistent with the whole principles behind the child support legislation.

**Senator CHRIS EVANS**—On the question of supporting documents, you raise concerns about the administrative change of assessment process which you say already suffers from a number of features which diminish its fairness, the quality of decisions and the status the decisions carry. What are your concerns with the assessment process? What would a better assessment process look like?

**Mr Farrar**—Are we talking about the review of the assessment process?

**Senator CHRIS EVANS**—Yes.

**Mr Farrar**—I refer senators to a decision of Justice Kaye in a case called Kness, which is a Family Court decision from this year reported in family law cases 98-103. His Honour said that the processes built into legislation are: an assessment and then a review application, consideration of the application hearing both sides, an objection process after that and then ultimately an application to court. The notion behind the formularisation of child support was to introduce consistency and simplicity in outcome reaching for people in preference to the old system of going to court.

It seems hard to reconcile those aims with the process that is in place at the moment. The legal profession takes the view that the objection process in relation to reviews is unnecessary, unwieldy and unworkable. People are not litigating these matters because they are exhausted by the processes, not because they do not have legitimate cases. We are concerned about the complexity of the process; we are concerned that, whilst it is fine and we accept that lawyers are not part of that process, the notion that decisions are made based on documents that are not made available to people is not consistent with the objective of obtaining fair outcomes. For example, if people do not know what is in a tax return, a balance sheet, a set of financial statements or a bank account statement, they cannot make submissions about it; they cannot draw the attention of the review officer to things that they might otherwise highlight. We do not understand the rationale behind keeping that information confidential.

**Senator CHRIS EVANS**—Thank you.

**CHAIR**—Thank you very much, Mr Farrar, for giving the Senate your time; it is greatly appreciated. I call the next witness representing Partners of Paying Parents.

[4.15 p.m.]

**CALDWELL, Mrs Karen, State Representative, Partners of Paying Parents, Australian Capital Territory**

**CHAIR**—Welcome. You may have heard my comments before reminding witnesses that your evidence to the committee is protected by parliamentary privilege. However, the giving of false or misleading evidence may constitute a contempt of the Senate. We have your submission before us. Do you wish to make any alterations to your submission?

**Mrs Caldwell**—No, I do not.

**CHAIR**—I invite you to make some brief comments at the conclusion of which we shall ask you some questions.

**Mrs Caldwell**—Thank you for the opportunity; I appreciate it. As a brief overview, the child support legislation has effectively failed partners of paying parents. Clearly there is enough anecdotal evidence of real cases on both sides to state that this scheme is not working as it should and that more is required to get it right than just tinkering with the present formula.

Whilst it has been argued that such a sensitive community issue will never see all of those involved happy with the scheme, there are such large shortcomings in the present formula—even with the passing of the present bill and the changes which are being reviewed today—that it is time for it to be overhauled entirely to include current economic modelling that will fairly provide for equity provisions between first and second family requirements.

Under the present scheme and formula, we have the extremes of groups it affects who are suffering each day. No doubt, today you will hear of the single parent families, the payees, who are suffering financial distress and, in some cases, poverty, whilst I can definitely tell you that, at the other end of the spectrum, payers—and, where applicable, their second families—are also suffering financial distress and, in some cases, are suffering from poverty, too. This is particularly the case where payers are raising second families and the second families are attempting to survive on one income. Then there is a group of payers who have abrogated their financial responsibilities to their first family children as a result of penalising effects of the child support formula. In no way do Partners of Paying Parents negate the responsibility of the payer to their first family children.

All of these outcomes must lead to the question of why. Whilst the government has taken on a large administrative responsibility to ensure a mechanism for payment—at great expense to the taxpayer—the expectation that paying parents can support two families, particularly when they are living on just one income as they are raising their family, is unrealistic, unjust and financially devastating for second families. The government must provide equity and fairness in this situation by setting realistic payments for payers and then provide higher levels of support to sole parents as necessary. Partners of Paying Parents has a number of cases where the outcome of the formula is so highly discriminatory that the value of second family children is only 10 per cent of that of the first family children. That is based on outcomes of the formula.

Let me say that the combined effects of the Family Court and the child support legislation have a much broader social effect than just affecting support payments. When men—I say that because 92 per cent of payers are men—are forced to carry the matrimonial debt, are alienated from their own home, are relegated to no more than a special uncle, are seeing their children once a fortnight and for half the holidays—which is the standard contact order—and must

contend with the penalising effects of the child support legislation, many suffer high levels of anxiety, feel helpless, slip into depression and, unfortunately, a number of them commit suicide. The rate of suicide for men is four times that of women in the age group of 20 to 39. It is clear that the government has abrogated its responsibilities in this area of social reform by allowing society to point to fathers as the cause for emotional and financial distress when what is expected of the fathers is causing them and their second families to be forced into financial crisis.

It is essential to develop a method of payment based on mutual obligation and the cost of children, not just on the capacity to pay. Such a scheme would much better allow paying fathers to meet their family commitments and obligations for both their first and second families. Whilst some of the proposed changes in the bill are a move in the right direction—and we give them the merit that is required—the bandaid approach is usually not the best one. Much more fundamental changes are required to relieve the present penalising effects on second families and to include equity provisions between first and second families. It is really time for the formula to be overhauled and to be based on realistic economic modelling and the shared basic cost of raising a child.

**CHAIR**—I would like to clarify something. At the end of the day, are you in favour of the current system or the bill as proposed? I know that you have put various recommendations in your submission.

**Mrs Caldwell**—Partners of Paying Parents is not in favour of the current system. We feel that it is actually what is causing the penalising effects on second families. Although there is merit in the bill, we have made recommendations, as you have stated.

**CHAIR**—If the recommendations were not to be taken up, would you be in favour of the legislation as it is?

**Mrs Caldwell**—No. If the recommendations that we put in our submission were not to be taken up—as I think we stated in the submission—the bill and the changes proposed do have some merit and would actually give some sort of benefit to second families. But we are saying that that is just tinkering around the edges and it is not going far enough.

**CHAIR**—I am trying to get to the sharp end here. I know you have made recommendations but we will put those aside for the moment and just presume that they may not be successful. Given that they are not successful, you have a choice of the current system or the proposed legislation.

**Mrs Caldwell**—We would choose the proposed legislation.

**CHAIR**—Thank you. I would have to say that I was somewhat confused reading your submission. I note what you have put in here and that you have also said that you think the proposed bill has some merit. As I probably said to the previous witness, I think the most common complaint that I have had in my office in this whole area has been from people like you, saying that the demand on us is extraordinarily high, particularly when we have contact for the child and need to maintain some infrastructure for the child or children. That is why I was a little bit confused when I read through your submission and you expressed concern by saying:

It would seem naive and shows little foresight ... regarding a common outcome of marriage/relationship breakdown where Residential Parents often use the children for financial leverage. This is a very real issue.

I do not think anyone would deny that and that is going to go on for time immemorial. The recommendations you make are actually to increase the reduction of payment beyond that which is in the bill. How do you then say that that would not further increase this potential for financial leverage?

**Mrs Caldwell**—If I could refer to the submission, we were actually recommending further reduction of the formula as part of an overhaul to the formula but it is not to be linked to contact—so that it was not contact equals reduction. The formula itself is actually penalising on second families, so we are basically proposing that the percentages need the reduction.

**CHAIR**—Be that as it may, what we have to do is look at reality as well, and that is why I come back to this point of financial leverage. Don't you see a potential for custodial—I know that is not the word we should be using these days—parents saying, 'Sorry, pal. You're going to reduce the payments even further. You're going to see the children even less,' regardless of whether it is government or the individual who does that?

**Mrs Caldwell**—If I understand you correctly, we are proposing to reduce the percentages of the formula so that the second families can survive. The reduction is not based on the amount of contact.

**CHAIR**—No. I realise that. What I am saying is—

**Mrs Caldwell**—Yes. Unfortunately, we do have cases that come to us, and one in particular comes to mind: four days after the changes were proposed in budget 2000, the residential parent stated to the non-residential parent that, if they even thought about attempting to reduce the amount of child support that they pay, then the residential parent would leave the area and force contact to be reduced.

**CHAIR**—That is what worries me.

**Mrs Caldwell**—I know what you are saying.

**CHAIR**—I see it from both sides. Believe me, I see enough of it face to face to see both sides of it. I think people who are the payees are really suffering in many cases. That is why I want to now focus on the additional income side of it as to your organisation's position on that, because there are many people who do specifically go out and get a second or third job to support that second family. They get very cross because that then is included in the amount that has to be paid over. I seek your view on that as well.

**Mrs Caldwell**—I understand with the proposed bill that a percentage of a second income would be allowed to the second family. That is how we understand it.

**CHAIR**—It would be excluded if they can demonstrate that it is—

**Mrs Caldwell**—It would be excluded from the assessment if it is demonstrated under review process. I know that we have made reference to some difficulties and problems that come through quite clearly in many cases to us—problems within the review process itself—but with regard to the extra income yes, we would agree that, as we have stated, it would be very helpful for the second family. However, what we have stated at the outset is the fact that the government—who I know is attempting to help second families and we appreciate that—acknowledges that the payer, under the current formula and the current system, is paying out so much that they are incapable of supporting their second family on that one income. So there is a requirement for them to actually gain further employment.

In many cases that come to us, that payer and their second family do not have the opportunity—whether it be because of physical or emotional difficulties—to actually go out

and gain further employment. That has been a problem that has been raised with us over and over again. Even though there might be a provision made that could be beneficial, that payer's second family is put at a disadvantage. That payer, because of the further employment requirement for the survival for their second family, would not have the extra contact with their family and there would be a difference in the family dynamics. The pressure put on second family relationships is quite incredibly high.

**Senator CHRIS EVANS**—Mrs Caldwell, I want to explore this question of the contact being linked to payment. I explored it with the Law Council and it is one of the key changes in this bill that, quite honestly, I have some concerns about. We had this debate, belatedly, during the taxation debate on the family tax benefit—by that stage it was all a bit too late and the whole thing was rolling on through, but we had some concern about it then. I suppose what Senator Knowles is reflecting is that the government expected paying partners to be a bit more supportive of that. You express quite real concerns about the problem of linking the two. Why do you think linking the contact and the payment is going to be such a problem?

**Mrs Caldwell**—The reason we have expressed concern with linking contact with reduction in percentages of the payments for child support is that we have had a number of cases come to us where there have been threats that, if payments were to be reduced under the proposed bill, then contact would be restricted from the residential parent. Without wanting to sound inflammatory, they are, unfortunately, the cases that have come through to us. We have expressed concern regarding linking the two purely because of the real cases that have come to our attention.

**Senator CHRIS EVANS**—Do you think it would be better to maintain the current system in the Family Law Act where the two are treated as separate issues, and that the amount of payment should not be linked to the amount of contact?

**Mrs Caldwell**—We do not support linking the two payments together. However, the fact that the percentage would be reduced we support as being beneficial to the second families. So it is a catch-22, isn't it?

**Senator CHRIS EVANS**—If I can summarise it, you argue that the actual formula ought to be reduced because you think that would take pressure off the second family.

**Mrs Caldwell**—Yes.

**Senator CHRIS EVANS**—But you think the way the government proposes to do that is not the appropriate method, that the linking of it with contact is not the way to proceed. Is that right?

**Mrs Caldwell**—Yes. We think that would be more inflammatory between the parties, the payer and the payee, unfortunately.

**Senator CHRIS EVANS**—You think the actual linking of the contact to the payment will add to the tension and add another dimension to the conflict that already exists?

**Mrs Caldwell**—Yes, we do, unfortunately. Even though we can appreciate the angle that the government is coming from and the reason they want to provide some benefit to the second families, it is our experience, even since budget 2000 came out with these proposed issues and the proposal in the bill, that these are concerns and they have been raised with us.

**Senator CHRIS EVANS**—You also seem to have some reservations about the lowering of the cap. Is your concern just that the measure is not really directed at those most in need?

**Mrs Caldwell**—That is correct.

**Senator CHRIS EVANS**—What about the lowering of the cap—do you think the argument has been made for that?

**Mrs Caldwell**—We do. We definitely consider that there should be a lowering of the cap. With the CSA latest stats the average income of a payer is around \$28,000. In the ABS statistics, and I think I have it in the submission, the average income is around \$34,000. So it is quite conceivable that the lowering of the cap by the amount proposed in the bill will not benefit the majority of payers and obviously their second families.

**Senator CHRIS EVANS**—All right. You also express concerns about the departure order provisions. I think, from reading your submission, you have much the same view as the Law Council had about the procedural fairness of those. There are two aspects. One is about the departing—

**Mrs Caldwell**—Prohibition.

**Senator CHRIS EVANS**—Yes, the prohibition. What is your concern there?

**Mrs Caldwell**—We do appreciate that it has been raised within the bill that the payer would have a right to appeal regarding special circumstances. Our only concern would be that, if the payer was employed in a particular job that caused him—and I say him because most are males—to go overseas for his employment purposes, if it could be misconstrued by either the other party and put forward like that, he could lose his employment if he was ordered not to leave the country. In that case that would not be of benefit to the children of the first or second family.

**Senator CHRIS EVANS**—Okay. Thanks. The question of the second income for payer for the second family is a bit like the contact proposal. I suspect the government expect you to be much more supportive of the measure. Your submission is a fairly critical analysis of that. I suppose your basic argument is that it almost implies that people are going to have to take two jobs if they want to support the second family. Is that it?

**Mrs Caldwell**—You are correct, Senator. It does imply that there is a requirement for the payer to take a second income, a second job, if they were to support a second family, especially when families are young and the new partner perhaps cannot re-enter employment while the children are very young.

Secondly, I suppose we were rather critical of the review process that it would come under. The second income would come in under the review process of the CSA. We have many cases come to us regarding the inequities and discrimination within the review process. There is little faith from the payers and the second families that have contributed that the review process would be fair because of the lack of rules of evidence used.

**Senator CHRIS EVANS**—What do you say in the alternative then? Do you have to have what you consider, fairer assessment of the needs of the second family and adjust the formula based on that?

**Mrs Caldwell**—Are you asking me as an overall statement?

**Senator CHRIS EVANS**—Yes.

**Mrs Caldwell**—As an overall statement, we would see that the second families are not uncommon now in social circles. Divorce rates are relatively high and the second family divorce rates are not particularly much better. In fact, they are worse.

**Senator CHRIS EVANS**—That does not give people much confidence to try again.

**Mrs Caldwell**—No. Sorry, ABS stats are unfortunate aren't they? But we do support that there does need to be a serious look at an overhaul to the whole formula and that the supporting of second family and all children of the paying parent should be treated equally.

In my case, my husband has four children—or nearly four—two of whom are mine and two of whom are from a previous relationship. Unfortunately, the two children from the first family are valued in the outcome of the formula—we are talking outcomes, because that is what we really affects the family—as much higher than the children from the second family. We have many cases that come to us where second family children are valued at a much lower level than first family children. It is unfortunate to actually have to state that, but I think the legislation that was brought in in 1989 for the child support scheme is outdated and does not look at society today and the structure of families.

**Senator CHRIS EVANS**—How would you say that we could better value the children of the second family? Putting aside the amendments for the moment but in a broader context, how could we better provide for the children of the second family when making some adjustments to the formula?

**Mrs Caldwell**—We would support that economic modelling be made regarding the cost of raising children. I know the Lovering study, the Townsend study, the Henderson poverty index and various other studies have been done along the way, but some serious economic modelling needs to be looked at to determine what it costs to raise children. The payer and the payee should be mutually financially responsible for their children, that basic cost should be split fifty-fifty between the payee and the payer. We say that because, financially, it is unreasonable and unrealistic for the payer to be supporting two families on one income.

**Senator CHRIS EVANS**—That does not necessarily mean there is enough income left over to support the second family, does it?

**Mrs Caldwell**—What if the children were considered to be equal—if I am correct in saying that we step aside from the formula for a moment—and the formula was based on the basic costs of raising children? As it stands currently, the children of a second family are valued at a set amount within the formula without regard to the income of the payer—depending on the age of the child—whereas the children of the first family actually become a percentage. I am not discounting that there are cases where payers hide their income so that the payee does not receive—and we do not support that at all—but in most cases that come to us the outcome of the formula is that the first family children receive a higher amount in value than the second family children. I think there needs to be some fundamental, grassroots look at the value of children. All children should be considered equal, and under the current scheme they are not.

**CHAIR**—Thank you very much for your time today.

[4.39 p.m.]

**McINNES, Ms Elspeth Margaret, Co-Executive Officer, National Council of Single Mothers and their Children**

**SWINBOURNE, Ms Kathleen, President, Sole Parents Union**

**CHAIR**—Welcome. Witnesses are of course reminded that the giving of evidence is protected by parliamentary privilege but the giving of false or misleading evidence may constitute a contempt of the Senate. The committee has before it your submissions. Do you wish to make any alterations to those submissions?

**Ms McInnes**—Yes, I do. I would like to add to that a pamphlet—which I will leave for the committee—describing our organisation. It is a national organisation which represents single mothers and their children and is to the benefit of all sole parent families. That is our constituency—carer parents who are raising children alone.

A second item that I would like to add to our submission is a paper—I have provided a copy to the secretary—by Georgina Parker from the Children and the Law 1999 seminar papers, *The Family Law Reform Act 1995: has it made a difference?* That paper is provided in support of some of the arguments we put forward about the impact on children that this legislation would have and which would build on some adverse impacts that we are currently observing in the family law arena.

Another item that I add, and which I have provided a copy of, is page 28 of the June edition of the Lone Fathers Association newsletter, which mentions me and my organisation in derogatory terms. I provide that to give an example of the kinds of conduct against our organisation that we have seen from that association. It is an example of the kind of adversarial politics that this kind of measure whips up.

**CHAIR**—Ms Swinbourne, do you have any changes to your submission?

**Ms Swinbourne**—We have no changes but there are a few things we would like to add when speaking to the submission.

**CHAIR**—That is fine. I encourage you both to make some brief comments and we will ask you some questions.

**Ms McInnes**—In speaking to our submission, I would like to pick up something that came up in questions to Denis Farrar earlier about research. We have also argued that there are not good research grounds in support of the changes, particularly with respect to the formula reductions for between 10 and 30 per cent. He made reference to 63 articles, and I presume that is from the Amato and Gilbraith article which looks at non-resident fathers and their children after divorce. I would make a note that, in their conclusion that contact has always been official, the articles and the overview do not specifically deal with the issue of violence against children. There is no evidence that children benefit from contact with parents who are violent and yet this measure seems to assume that in all instances there will be benefit. It does not seem to take account of the specific concerns about emotional aspects of separation and the impact of poverty on carer households—particularly the impact of poverty on the children.

**Ms Swinbourne**—We also have concerns with any research upon which this might be based. One of the research articles that has been raised is *The behaviour and expenditure of non-resident parents during contact visits* by Murray Woods and Associates, which says of its own study that their sample of 252 child support cases was selected on the basis of income and it is not possible to guarantee that the sample is representative of all child support payers.

We would like to refer back, first of all, to the rationale of the Child Support Scheme when it was introduced in 1988, which, according to the Child Support Agency, was ‘to ensure that parents share in the cost of supporting their children according to their capacity’. But there seems to be an assumption inherent in the current changes that sole parents are sitting back and getting wealthy on a combination of social security and child support or that, at the very least, they are spending all of their child support on themselves rather than on their children. I must stress that there is no evidence to back this up. On the contrary, research shows—in particular, the divorce transitional project, which is the most recent—that sole parents are the group most likely to live in poverty.

Prior to the introduction of the Child Support Scheme in 1988 it was costly, time consuming and often a futile process to obtain a child support order through the Family Court. Very few people bothered to do this and of those only around one-third actually received any of the support that was ordered. The Child Support Scheme changed all this. Not only did it become easier to obtain an order; it also became easier to collect the money. It has been a long, hard road but we are at the stage where it is now an automatic assumption that, if a relationship breaks down, both parents will maintain a financial responsibility towards their children. No ifs, no buts, you just do it.

The assumption that you pay child support according to your capacity is based on a belief that your children have a right to benefit from what your income can provide and that you have a responsibility to provide this to them. Unfortunately, with these changes, that seems to be no longer the case. It seems that children these days are going to be considered along much the same lines as the family pet: you have a responsibility to provide them with a minimum standard of living but that is all—no extras, regardless of your income. But actually some people do treat their dogs better than that.

We, and I am sure you, have heard many times about how paying child support impoverishes non-custodial parents. How? After paying half of their income in tax and one-third in child support, they have nothing left for themselves. There are a couple of points about that I would like to make. Firstly, it is not true. Nobody pays half of their income in tax, not even those in the highest income bracket. ATO statistics show that the average amount of tax paid by those in the highest tax bracket is 33 to 35 per cent—not the 50 per cent claimed by some of the fathers’ groups. With the recent tax changes, that amount is going to be even less.

Secondly, only those with three or more children have a one-third or more child support assessment. One-half of all sole parents have only one child; another one-third have only two. The vast majority of paying parents have an assessment of 18 or 27 per cent. Thirdly, that is their child support assessment income, not their entire income. There is currently an exempt amount of just over \$10,000 before child support starts being assessed. As the median child support assessed income is around only \$18,000, this means that most payers are being assessed on less than half of their income. For those with second families, that amount is even less. Second families are currently taken into consideration in the child support assessment.

The Sole Parents Union is concerned that there is no logical, rational or proven basis for these changes. We know that there has been heavy lobbying by some of the fathers groups who seem to have an irrational fear and hatred of the Family Law Court and the Child Support Agency. Indeed, one of the representatives from one of their groups was bragging in the press immediately after these proposals were announced that their shopping list had been fulfilled.

Children of sole parent families have as much right to enjoy the benefits of their parents' income as children from all families. These changes deny that and treat these children as second-class or second-rate citizens, entitled to a bare minimum. According to NATSEM research, the Child Support Scheme has been extremely effective in lifting many children, particularly those from sole parent families, out of poverty. Unfortunately, the last few years have seen more children move below the poverty line, and we are very concerned that these changes are actually going to exacerbate that trend.

**Ms McInnes**—Further to that, I would like to add that one justification relied on in reducing sole parent income is that the FTB A and B were increased in the package surrounding the introduction of A New Tax System. The claims that this has been a flat increase to sole parents are always made without reference to the introduction of share care provisions and their impact on sole parent income households. That impact is severe. At the end of our submission, we have provided several scenarios. There is no question that, under this legislation, in all cases, carers who are responsible for children will lose. Given that we have the research over and over again that shows that sole parent households are at the highest risk of poverty, there is no provision in this set of measures in this bill to offset the losses in income through FTB A and B under share care provisions, and then the follow-up with the plan to reduce the moneys paid to carer households under the sharing of the formula in child support.

This seems to be a cumulative desire to remove money from the poorest households with children in Australia and there is nothing in this legislation that reverses that trend. Those increases mean, as our calculations show, and they have not been disputed by the department—indeed the six scenarios in appendix 1 were provided by departmental people—that carer parents are going to be losing. There is no dispute that this group of parents is the poorest group of parents in Australia, yet we are going to take money away from the support of their children through these measures. There does not seem to be any recognition of poverty for children in Australia. We seem to be gearing our responses around high income earners. There is a contradiction, or anomaly, in what kind of goals are trying to be achieved in this legislation that are not readily comprehensible. They are certainly universally and unilaterally—in income terms—to the detriment of carer parents and their children.

**Senator CHRIS EVANS**—Perhaps I could start with that question about the effect of poverty. It is one of my major concerns with the proposition because the bill is always explained in terms of who will benefit, but there is no explanation in terms of who loses. Are you aware of any work that has been done by the department, or others, on who will lose, how much they will lose, and their capacity to absorb those losses?

**Ms McInnes**—No. Senator Newman has promised to report to the parliament on the effects of the distribution of shared FTB A and B and the impact of those payments. However, it is going to be very difficult to provide an assessment because Centrelink is not actually implementing that universally. It is very difficult to make sure that the payments are being made according to that legislation—and our evidence is they are not—so any assessment will, in itself, be clouded by that long lead time in actually implementing the sharing of FTB A and B.

**Senator CHRIS EVANS**—I do not want to get diverted, but what do you mean by Centrelink's inability to implement that change?

**Ms McInnes**—When single parents come to us and ask, 'What should I do, there's the FTB A and B provisions that we share contact now every second weekend and half the school

holidays' we send them to Centrelink. They go down and speak to someone at Centrelink or at the Families Assistance Office about what they should do and they are told to go away again, that there will be no adjustment made. This is extremely puzzling because we do not understand why, when the legislation is there, it is not being implemented. Our big concern is that those particular payee parents can be subject to a subsequent claim at the end of the tax year by the payer parent for that FTB share, which would then be calculated as a debt against them, or they could be prosecuted for fraud. My point in bringing this up is that it will be very hard to get a realistic assessment of the impact of the shared care changes as they stand already; but we have certainly been promised that. We have had no other concrete information provided to us as to the impact on carer households generated by the family and community services department.

**Ms Swinbourne**—We also are not aware of any research, and that is probably because there has not been any; if there had, people would be declaring that they have looked at it. But there seems to be an assumption that what non-custodial parents gain from this is going to be spent on their children. Even where there is substantial shared care—and I must reiterate that 10 per cent, 37 nights a year, is not, under any circumstances, substantial care of children—it does not necessarily mean that there is shared responsibility. The day-to-day financial responsibility for children generally falls on one household. There are a number of reasons for this, probably predominantly because it is easier for one person to keep track of what needs to be spent: when the school fees need to be paid; when the children need new uniforms; what is going on at school, school excursions et cetera. So it is more often than not one household that pays the majority of the costs of children. Taking the money from one household and giving it to another is not going to mean that that money is still spent on children. On the contrary, it is going to mean that it is likely that it is not, particularly for very high income earners who stand to gain \$150 a week from these measures if they have two children. There is no way in the world that they are going to spend \$150 a week on their children if they see them 37 nights a year. Children are going to be the ones that lose.

**Senator CHRIS EVANS**—What are your views about linking the money and the care? What is philosophically wrong with that? The minister has talked about providing incentives for joint parenting.

**Ms Swinbourne**—I think it is not just philosophically but morally wrong to try and buy time with your children, and this says, 'If you spend more time with your children, you do not have to pay over as much in child support.' So you are buying their time. I think that is morally and philosophically the wrong attitude to take. It is a sad indictment that fathers are perceived to need a financial incentive to see their children.

**Senator CHRIS EVANS**—But playing devil's advocate: haven't we got the 40 per cent level in the legislation already?

**Ms Swinbourne**—A 40 per cent level is a substantial care responsibility. The change in the formula acknowledges that, if you have your children nearly half the time, you provide a lot more for them. You are not just providing them with the occasional meal. Obviously, you would have to have them during the week, when you are taking responsibility for getting them to school. If you are doing school runs, you are likely to get notes home about school excursions, so you are possibly going to be for paying those. You would have to provide more in your household because, if they are spending more time there, you are not going to want to send them backwards and forwards with a suitcase for one person to do all the washing and provide all the clothes. You would need to have separate rooms for them and possibly a computer and other things at home.

So your financial responsibility to your children for the non-elastic expenditure, rather than the luxury expenditure, is substantially higher, and the change in the formula at 30 per cent or 40 per cent recognises that. At 10 per cent, the expenditure that you are likely to make on your children is not replacement expenditure; it is additional expenditure. It is luxury expenditure on takeaways, going out to McDonald's, your trips to the zoo and having a good time with your children. One of our concerns here is that this is trying to turn fathers into Disney dads rather than responsible parents.

**Ms McInnes**—I would back that up and say that introducing a principle of contact for cash is flying in the face of 25 years of family law in this country. To play devil's advocate, it is saying that fathers who see their children are more likely to pay child support. I would make the point, on the research, that what has been observed is a correlation between seeing your children and paying child support; not a causal relationship. It has been misrepresented as a causal relationship that can work either way—that is, if you pay child support then you are more likely to take contact; if you take contact then you are more likely to pay child support. Those causal relationships have not been established in the research.

What we have is a correlation, and a correlation says if you have A then you also have B—that is, fathers who care about their children and see them are also more likely to express that care by paying to support them. Fathers who do not see their children and do not wish to see their children are often quite resistant to the notion of also having to support them. To say, therefore, that we will pay them to see their children and then they will want to pay to support their children is tortuous logic, and it does not refer to the research. It misrepresents the research by turning a correlation into a causal relationship.

Further to that, we already have an increase in disputes. The paper I have provided by Georgina Parker points clearly to increased disputes around contact and residence issues. We are adding money into this equation now in a way we never have before, in an environment where there is reduced access to legal aid. I make the point in the submission that any person that seeks an order for contact will receive one, but there is no necessity that they actually exercise that contact order. Given that, under this legislation, we are going to base these changes according to the paperwork provided rather than the actuality of care, we are going to run the risk where people are providing day-to-day full care and yet being penalised, in income terms, as if the person was having them.

If the person does actually take the children from contact and leaves them with their own long-suffering mother to look after and care for day in, day out until they take them back—just as long as they get the money for them—where does that leave the children? Are they better off? Has contact in fact occurred? Do people feel better?

We have also seen research emerging that it is violent people with allegations of harm and abuse against them who are more likely to pursue contact, more likely to be involved in protracted litigious disputes and more likely to be using litigation as a way of harassing the family. Once again, you are adding money into this equation, and it is increasingly likely that you are going to increase the level of dispute.

I think reference was made previously to the huge waiting lists in the Family Court. There might be some relief from having a federal magistracy; nevertheless, the fact is we are introducing a whole new dimension of resident parents having to pay the other parent to see their child. Again, there is the question: if anyone is going to assist non-resident parents in meeting the costs of contact with their children, should it be poor carer households on income support? We are not paid income support to pick up more costs for children that non-resident

fathers are displacing to us. There are no compensatory measures in this bill to compensate for the lost income of sole parents.

**Senator CHRIS EVANS**—In your submission you say:

The first justification given by the Explanatory Memorandum ignores the fact that the costs of contact faced by the non-resident parent were taken into account in the setting of the child support formula.

Can you explain that for me?

**Ms McInnes**—My understanding is that, when the formula was set in the lead-up to the introduction of the legislation, the Child Support Consultative Advisory Group availed itself of a large amount of research—Denis Farrar also referred to this—in determining what the costs of children were relative to income and what typical contact regimes were. The people who set the formula did not presume that fathers would not see their children. They presumed that there would be a regular regime of contact and that contact works out —

**Ms Swinbourne**—Along the lines of an 80-20 split.

**Senator CHRIS EVANS**—Are you saying that they based it on a particular assumption?

**Ms McInnes**—Absolutely.

**Senator CHRIS EVANS**—What was that assumption?

**Ms McInnes**—Of 22 per cent contact. That is nominally a ‘normal’ order for contact in the Family Court: every second weekend and half the school holidays, which amounts to 22 per cent contact. When the formula was set, the people who were organising that did not presume that fathers would not see their children. They presumed there would be contact, that contact would cost money and that these people needed to be allowed to retain enough income within the formula constraints to exercise that contact. Further to the costs of contact being an argument to change the formula, it is ironic that, if you are on income support—that is, you are a father who is unemployed—you will receive absolutely no relief from these measures. You will receive no benefit in helping you to afford contact with your children, and that in itself tends to show that this measure is not designed to address poverty as a barrier to contact with children.

**Senator CHRIS EVANS**—Could you explain to me the tables at the back of your submission? I had a quick look at them and, like most pages of tables, my eyes glazed over after a while and I was not sure that I had got the message. There is clearly a disagreement with the department, I think, about one scenario in one of the submissions—

**Ms Swinbourne**—It is scenario 1a. Scenarios 1 to 6 have been provided by the Child Support Agency.

**Senator CHRIS EVANS**—Do you generally accept those?

**Ms Swinbourne**—We accept that they are accurate—to a degree. We have added scenario 1a because we have a problem with—

**Ms McInnes**—Scenario 1.

**Ms Swinbourne**—all of them with the family assistance which, in every scenario, is split according to access and custody arrangements. According to the Department of Family and Community Services, only about 11,000 separated parents actually split their family assistance payment.

**Ms McInnes**—And this is out of 860,000 or something non-resident fathers.

**Ms Swinbourne**—Yes. Therefore, a far more likely scenario to scenario 1 is scenario 1a where Karen, the custodial parent, is actually receiving all the family assistance payment—family tax benefit—but will now be forced to split that. So scenario 1a shows that custodial families and their children are not being advantaged to the degree that is publicly stated by the government.

**Senator CHRIS EVANS**—So you are saying that the government is overstating the advantage to non-custodial parents?

**Ms Swinbourne**—The government is vastly overstating the advantage by touting the increases in the family tax payments. What they are not telling anybody is that family tax payment now has to be split. There is no provision under the legislation for those payments to be made to one parent, regardless of the wishes of those parents.

**Ms McInnes**—That is quite unfair if you compare that situation to low income couple households, because the children in those households get 100 per cent of the family tax benefit available to them. But if you are living in a sole parent household and you are reliant on benefit, and the other parent has some contact with the child, then you are not eligible to receive the whole amount of family tax benefit any longer. So we have already got a split treatment of partnered and single parent families in respect of FTB.

The point that Kathleen is making is that Robert and Karen's income shows from 1 June 2000 that family assistance is distributed, but it normally would not have been.

**Ms Swinbourne**—It would not have been under most circumstances.

**Ms McInnes**—And that means it reduces. The impact of that is that the benefit shown to the carer versus the non-carer parent is actually greater, as Kathleen's scenario 1a table shows.

**Senator CHRIS EVANS**—So you are saying, effectively, that the—

**Ms McInnes**—The \$1,664 in the June 2000 column would normally be Karen's income as well.

**Ms Swinbourne**—Which is shown under our scenario 1a.

**Senator CHRIS EVANS**—So you are saying the effect of that is that the benefit to the non-custodial parent is exaggerated and a loss to the custodial parent is underestimated. Is that right?

**Ms McInnes**—Yes, the loss to the custodial parent is underestimated.

**Ms Swinbourne**—Actually, the benefit to the non-custodial is underestimated because, according to scenario 1, from June to July 2000, Robert—the non-custodial parent—receives a benefit of \$300 from the family assistance payment. Under the far more likely scenario, which is ours, he is already receiving a \$1,963 increase, not a \$300 increase. So he is receiving that benefit, he is receiving the benefit of having a reduction in his tax and he is receiving the benefit of having a reduction in his child support. This money, apart from the tax cut, is coming from the custodial family—the one that is likely to be incurring the costs of the children.

**Ms McInnes**—Another point to make with these tables is that rent assistance is included in every case, and in every case the carer parent gets the rent assistance income and the payer parent does not. That, of course, would not reflect the situation of people living in public housing, and it would not reflect the situation of people living in private housing; that is, not all sole parents receive rent assistance. It is not credible or realistic to claim that that is their income. It is not income; rent assistance could not be considered income in the normal sense

of the word. It is always, or usually, less than the market rent and it is not received as an automatic entitlement of payment for eligibility of parenting payment single. So the scenarios, in fact, again overstate the payments to the carer parent.

**Senator CHRIS EVANS**—If we put aside the changes that have already been passed by the parliament and just look at the child support changes that we are doing now—I mean, it suits people to throw in these other things but effectively we are dealing with the child support changes—this is a zero sum gain, isn't it? What goes to one partner now comes off the other partner. Is that right?

**Ms Swinbourne**—Yes.

**Ms McInnes**—Directly only in the limiting of the payer's income cap. There is a percentage relationship that occurs in the lowering of the percentage formula that affects income differently. The only dollar for dollar reduction is the reduction in the payer's cap income, but because the reduction in the formula applies to a percentage of income it cannot be taken as a straight dollar for dollar exchange. I think appendix 2 provides more clearly the differences between being a sole parent with two—

**Senator CHRIS EVANS**—This is appendix 2 of the National Council of Single Mothers and their Children submission?

**Ms McInnes**—Yes. It shows what happens to a sole parent with two children six and 12. In the first scenario she has no earned wages and receives no child support and it tracks her income from before July 2000 to after 1 July 2000 and presuming that there was some 22 per cent contact. That just shows the family tax benefit impact. In case study two they are presuming that there is some child support paid. And again you track across the net loss and it shows that she loses altogether \$112 per fortnight. In the third scenario the custodial parent also earns some income. So we have got a range of scenarios which show what would happen if she receives no child support, what happens if she receives some child support, and what happens if she also works and receives some child support. All scenarios presume 22 per cent contact. So we have varied nothing except her waged income status and her child support receipt status. If you read across you see that the impact amounts to \$112.41 in the latest case.

Case study two and case study three illustrate another really interesting point, that it does not matter how much the contact parent earns, she still loses the same amount. That is, earning does not help her at all. So we have got disincentives to work built in in terms of the kinds of impost on income arising from the lowering of the cap on payees' disregard and the lowering of the income cap on payers' income. These scenarios do not show the impact of the lowering of the payers' disregard. That is more properly illustrated by scenario six in the previous appendix. If you go back to that you will see we have a very high income earner and then the cap is applied so that the income of Kim, who is the carer parent, goes down by some \$3,000, roughly, as a result of the cap on payer's income.

**Senator CHRIS EVANS**—But your key point is that in all the scenarios the department concedes that the amount of child support paid to the caring parent is reduced?

**Ms Swinbourne**—In every case.

**Ms McInnes**—Yes.

**Ms Swinbourne**—Wherever anybody pays child support, in every case, except for the \$260 minimum, child support is going to be reduced. Can I also say that you cannot take these changes on their own. They are part of a raft of changes to child support and tax which affect families. When taken altogether, the custodial families are the ones who are continually

losing. There have been changes to the child support scheme which mean that child support has already been reduced. This is going to reduce it further, particularly seeing there is absolutely no research basis for these changes, that they are seemingly in response to heavy lobbying by the fathers' groups that they cannot afford child support. Tax changes are relieving that for them. The changes to the family tax payment are relieving that for them. They do not need a further reduction in child support which is only going to impoverish custodial families.

**Senator CHRIS EVANS**—Thank you.

**Senator TCHEN**—I must confess that I know very little about this family support area because I have not had much contact with people with this sort of grievance. I have had relatively more contact with the fathers' group. I accept for the time being your calculation that in all cases the custodial parent's income, the payee's income, will reduce. Basically, that is your argument why the legislation is unfair. That assumes that at the moment the system is fair, because I get representations to say the current system is not fair.

**Ms McInnes**—You get representations from people who say it is not fair?

**Senator TCHEN**—Yes. Your argument presupposes that the current system is fair, therefore any possible reduction of support to the custodial parent would be unfair.

**Ms Swinbourne**—Our argument presupposes that the current system is fairer than the proposed changes.

**Ms McInnes**—I would endorse that by saying that our argument is that the current system has been more effective in lifting children out of poverty than the regime which existed prior to that. We have had a 50 per cent increase in children of separation receiving some child support from the other parent under the Child Support Scheme as it stands. But still, the ABS data shows that 40 per cent of sole parent households receive child support; 60 per cent do not. So, we could not say that the current scheme is exactly fair in being applied equally to the support of all families after separation. It is not. We have still got a 60 per cent gap in that support but we are reducing it in the wrong direction against the evidence of poverty in the Australian population. I would draw the analogy, for instance, with calls for the death penalty. There might be a reaction in a community which says, 'We want to bring back draconian principles.' That does not necessarily mean that that perception is correct. The perception of unfairness is really widespread because it is being promulgated. However, that does not necessarily mean that it is true; it means that it has been effectively promulgated.

**Senator TCHEN**—I appreciate that. I am just highlighting the fact that we have not yet heard the presentation from people who might support this legislation.

**Ms McInnes**—I thought you had.

**Senator TCHEN**—No, not yet. I would like to clarify some of the issues your submission seems to be based on. One of the points you have made in your submission—which was also included in Mr Farrar's submission—is that this proposal is not based on any research.

**Ms McInnes**—Correct.

**Senator TCHEN**—I will come back to that point later. But one of the things that you said earlier is that there is no dispute that single parent families are the poorest.

**Ms McInnes**—No, there is not.

**Ms Swinbourne**—Nobody disputes that one.

**Senator TCHEN**—Do you have statistics to prove that?

**Ms McInnes**—Weston and Smyth, in the latest issue of *Family Matters*—it is published, if you would like to look at it—referred to 1997 data, taken from a large, random sample of separated families, and it backed up prior research from 1993 and 1995 from the Australian Institute of Family Studies that sole parent families were at the highest risk of poverty of all families with children, including re-partnered families.

**Ms Swinbourne**—Also, I should point out that female-headed sole parent families are at a higher risk than male-headed sole parent families. This is the Divorce Transitions Project—as has been pointed out by the Australian Institute of Family Studies; the Centre for Independent Studies also found the same thing. There is international data which shows the same thing internationally. There is no dispute from any of the parties that it is sole parent families who are more likely to live in poverty, particularly female-headed sole parent families. There is also research coming out of Australia, New Zealand and Canada, and also the US and the UK, that actually being in paid work does not alleviate the poverty, either.

**Ms McInnes**—For women.

**Ms Swinbourne**—Particularly for women. But NATSEM and other research has shown that child support does.

**Ms McInnes**—The research is from an article called ‘Financial Living Standards after Divorce’, by Ruth Weston and Bruce Smyth, in *Family Matters*. No. 55. On page 12 there is a reference to the Australian Divorce Transitions Project random national telephone survey of 650 divorced Australians, conducted in late 1997 by the Australian Institute of Family Studies. The research is there—it is there in the ABS statistics; it is there in the *Family Matters* statistics. Yet we persist in taking money away from those households at higher risk of poverty.

**Ms Swinbourne**—I think it is there in Centrelink data, as well.

**Senator TCHEN**—Yes, but this study and all this research is based on correlations of data.

**Ms McInnes**—No.

**Senator TCHEN**—In your comments earlier you scorned certain research which the department quoted about a correlation between willingness to provide child support and contact.

**Ms McInnes**—Yes.

**Senator TCHEN**—You said that it proved only a correlation and was not causal. The statistics you just gave are not causal either because it is very hard to get causal evidence.

**Ms McInnes**—Yes. We cannot say that being a sole parent makes you poor. What we can say is that, if you are a sole parent with dependent children, you are at the highest risk of being poor.

**Senator TCHEN**—I know that.

**Ms McInnes**—That is not a correlation; that is a statement of fact. I was making a causal relationship point: if A, then B.

**CHAIR**—Can you let Senator Tchen finish his question?

**Ms McInnes**—Certainly.

**Senator TCHEN**—The department does not claim in its written evidence—which we will come to later—a causal relationship but a correlation. They claim research that demonstrates correlation and you criticised them for that. However, you are now basing your claim on a correlation study.

**Ms McInnes**—I would dispute that understanding of what I said. I will go back. I criticised the department's research. They might have stated that it is only a correlation—I have not had the opportunity of being provided with their submission, however I have seen their claims before.

**Senator TCHEN**—All the submissions are available on the web site.

**Ms McInnes**—Are they available now?

**Senator TCHEN**—I think so, yes.

**Ms McInnes**—Okay, I will certainly make a point of looking them up. As you say, a correlation is only that. But if you bring in, as the department is, measures that seek to establish a causal relationship—if they pay less, they are more likely to see their children—you are saying that a financial incentive is a causal relationship. They are saying, 'If we give you some money, will you do this?'—that is a cause-and-effect kind of relationship. To look at a population and observe that it has a certain income status is not a correlation—I suppose it is, but it is not establishing in any sense a policy measure based on a causal relationship—whereas the department is attempting to take that correlation and turn it into a causal relationship in this policy.

**Senator TCHEN**—All right. Let us not argue the point; it is about semantics now. I would like to check something else with you. The department quotes a number of relevant research reports on which they have based their proposals, one of which establishes that contact with non-resident parents leads to a higher likelihood of payment of child support.

**Ms McInnes**—That is a causal relationship, yes.

**Senator TCHEN**—They claim that Australian research by R. Weston concludes the same thing. Would that R. Weston be the Ruth Weston that you talked about?

**Ms McInnes**—It would be the same R. Weston, but I have not had the benefit of seeing that particular reference. I have not seen any research—and I have read research about this—that says that if parents are paid more they will then see their children.

**Senator TCHEN**—No, it says it is more likely.

**Ms McInnes**—That is right. But that conclusion has not been established in any research. The research has established that parents who see their children are most likely to pay.

**Senator TCHEN**—More likely.

**Ms McInnes**—Yes, more likely than those who do not pay. Research into the behaviour of non-resident fathers has found that correlation consistently in Australia and elsewhere: if you see your children, you might like them more and perhaps be willing and prepared to support them a little; but if you do not see your children, you are less likely to feel any kind of obligation to pay.

**Senator TCHEN**—Should we, as a society, do something to encourage that behaviour?

**Ms Swinbourne**—We could also look at this correlation, as Elspeth has pointed out, in the exact opposite direction: that if you pay for your children you are more likely to see them, so therefore shouldn't we be forcing fathers to pay more money on the grounds that we want

them to see their children? As we have said a number of times, this is a correlation. It is not a course one way to get the other outcome. It could equally as well be a course this way to get this outcome. I think it is extremely dangerous to link custody and access with financial support. It is buying time with your children.

**CHAIR**—It is already linked.

**Ms Swinbourne**—It should not be linked to any further degree.

**Senator TCHEN**—I think that we have to find the balance, don't we?

**CHAIR**—Yes.

**Ms Swinbourne**—Yes.

**Ms McInnes**—Let us hope that it does not impoverish children further.

**Senator TCHEN**—I did have another question about your view on whether the children of the second family have the same value. But I will leave that.

**Ms McInnes**—I would certainly endorse that they have the same value. I was very confused by the person before claiming that they had less money when 18 per cent of the income after disregard is what is actually removed from a paying parent's income. They have the benefit of the disregard. They have the benefit of the further exemptions with respect to any other children that they care for, and then they have 82 per cent of their remaining income with which to provide support to their children. If you compare 18 with 82, you will quickly see that 82 is much bigger. So I do not understand that argument.

**Senator TCHEN**—Ms McInnes, I am only asking for your view. I was not asking for your justification. But I have to say that that is a common theme that I have heard.

**Ms Swinbourne**—It is a very common theme that we hear as well. It is, again, one that we cannot really understand given that the median child support assessed income is \$18,000; the disregarded income for a second family with one child is over \$18,000. I do not see how children of second families are considered of any less worth. These changes are going to mean less money to the first family, which means those children are going to be valued even less than they are now.

**Senator BARTLETT**—I understand the arguments in terms of the reduction in income through child support with shared care, so I will not go into those. There is just one area that I have not heard covered that I would be interested in your views on. It is the proposal about the assessment of income for paying parents undertaking a second job. There seems to be a slight difference in view between your two submissions on that. The Council of Single Mothers and their Children basically says it should be rejected, and the Sole Parents Union recommends that it not be approved until measures are put in place to assure that parents cannot change their work patterns—basically to artificially restructure their package to reduce their liability. That gives the impression that you are more willing to consider the viability of what is being proposed there.

**Ms Swinbourne**—Yes, as you have pointed out, we do have slightly different positions on this one. We are more willing to consider this proposal, but we do have very strong concerns that it will be used purely and simply to reduce child support liability to the first family. If there are measures put in place to ensure that work patterns cannot be changed, that income cannot be written off in any way in order to reduce that liability, then yes, we are quite happy to accept that if somebody has a certain established work pattern of a full-time job, that they have a good paying record for child support, that they do have subsequent children and do

undertake additional work in order to support those subsequent children, as long as it is additional work and additional income then that income can go to their second family. This does actually value the second family more than the first, but we are willing to accept that one. But we do need those measures in place.

**Ms McInnes**—I understand that there have been quite tight administrative arrangements proposed with respect to this measure. However, it is not realistic to expect that the Child Support Agency can dictate the employment terms of every individual who is a payer parent. Establishing a history of practice can easily be changed by, for instance, restructuring and attributing it to other issues apart from your need to support your second family and then making a further claim on those grounds.

We cannot restrict people's employment patterns, or regulate them in a way that says they must maintain the same pattern of employment in order to be treated in a certain way. People will have various changes in their lives and employment, yet sometimes under this measure either it can be deliberately used to restructure or it might deliver a serendipitous windfall in rearrangement of their earning patterns, which they could rightly claim is outside their control and much more dictated by a labour market than by any requirement to avoid child support.

**Senator CHRIS EVANS**—It could have been much easier to put in this measure, say, 30 years ago, with people's work practices.

**Ms Swinbourne**—Yes, we do have concerns that the changing labour market towards more part-time and casual work could be used as a measure to reduce child support. However, something should be put in place to ensure that if you do part-time work and pay child support on that, and then take on a second part-time job, then any child support would be assessed on a full-time equivalent rather than just your first part-time job. We would not see changing your work patterns to accept a second part-time job as an acceptable means of getting additional income to support your second family. The child support assessment should then be increased for the first family based on a full-time equivalent.

**Senator BARTLETT**—In terms of the shared care issue, I realise that it is very early in the piece with the changes that have come in with the family tax payments, but have you got much of a picture of how that is going?

**Ms Swinbourne**—A picture of extreme confusion and chaos. We have had members ring us not knowing what is going on, because we have informed them of these changes. We recommend they go to the Child Support Agency and Centrelink, and they report they have come back from Centrelink, saying, 'They don't know anything about it.'

**CHAIR**—The legislation has not passed, that is why.

**Ms Swinbourne**—The ANTS one has.

**CHAIR**—I am sorry, I missed that question.

**Ms Swinbourne**—Yes, that came into effect on 1 July. What could happen from this, and what seems to be extremely likely, is that at the end of the year there is going to be an awful lot of people with a Centrelink debt, through no fault of their own. There is not only confusion amongst the people who get these payments, there is confusion among the people who are distributing these payments. It is going to be a nightmare.

**Ms McInnes**—And that will serve to confuse the picture very much, when Senator Newman reports on the impact of the FTB A and B shared care changes. Because of the implementation being so uneven and having such a long lead time, the true picture will not be

available immediately. We are at a loss as to how to advise parents to protect themselves against a debt when Centrelink refuses to adjust their payment according to shared care.

**Ms Swinbourne**—One of the most confusing things about this legislation is that 10 per cent is not shared care. There are an awful lot of people out there who do not think they have shared care, because they do not think a 90-10 or an 80-20 split is actually sharing care of those children. The way this has been advertised by Centrelink in all their mail-outs and everything else is as ‘changes to shared care arrangements’. A lot of people look at that and say, ‘It doesn’t affect me,’ and do not even read it.

**Ms McInnes**—They classify themselves as residents in contact using the family law, so there is a lot of terminological confusion and there is a lot of implementation confusion, but we do know what the legislation provides is losses of large amounts of income.

**CHAIR**—But there has been a fair degree of misrepresentation, too, that I have heard.

**Ms McInnes**—By whom?

**CHAIR**—Where people are being told by certain advocates from various positions that 10 per cent care equals a 10 per cent reduction, or 20 per cent care equals a 20 per cent reduction—and that is really very misleading.

**Ms McInnes**—Sorry, with FTB A and B?

**Ms Swinbourne**—It is.

**CHAIR**—No, I am talking about the maximum of this formula of a three per cent reduction in payment.

**Ms Swinbourne**—No, I am sorry, I thought the question was about FTB.

**CHAIR**—No, I am saying that generally, with respect to the whole issue, there has been a lot of misrepresentation about the actual reductions.

**Ms McInnes**—It has certainly been a problem that the level of information to the community has been extremely restricted—for example, the advertising.

**CHAIR**—No, I am not talking about that; I am talking about people getting out there and misrepresenting the reduction in the amounts that are going to be paid. That is a difficulty because I think that is, unfortunately, frightening people.

**Ms McInnes**—I have not seen that material.

**CHAIR**—I am not saying material. I am saying word of mouth is being given to people saying, ‘You must oppose this at all levels because a 20 per cent access to the child will mean a 20 per cent reduction in your payment.’ That is wrong.

**Ms Swinbourne**—But it does mean a 20 per cent reduction in your family tax benefit payment. It is a direct reduction according to the amount of access.

**CHAIR**—I have two very quick questions. Do you consider that a parent having access for every second weekend and half the holidays, a la 22 per cent of the time, should pay the same amount as a parent who does not have any contact with the child at all?

**Ms McInnes**—Yes. The child’s expenses will not reduce whether or not that parent sees the child.

**CHAIR**—Do you not think that someone who has the child for 22 per cent of the time does not have to provide some facilities for that child?

**Ms McInnes**—Of course they have to provide some facilities. That is why they have 82 per cent of their income minus the disregard available to them.

**CHAIR**—The person who does not see the child at all has no cost associated with that.

**Ms McInnes**—But that is their choice.

**CHAIR**—Exactly. That is their choice. I am not denying that. But are you saying to me that that person who has 22 per cent of the child's time should pay the same amount as a person who has the child for no time at all?

**Ms Swinbourne**—The current child support assessed formula is based on that person having a 22 per cent contact. If you think that they should not be paying the same amount as someone who never sees their child, perhaps it is the person who never sees their child who should have their assessment increased, rather than the other one having it decreased. I think that someone who sees their child 22 per cent of the time should be paying the same amount because, as Elspeth said, the costs of that child are not reduced and they are borne in the whole by the custodial family. The money that they pay in child support goes to the children.

**CHAIR**—Do you believe that the income of partners should be taken into account?

**Ms Swinbourne**—For child support?

**Ms McInnes**—No.

**CHAIR**—Why?

**Ms McInnes**—Relationships, as we have already established or we would not be here, are not stable. We cannot assume that income by the other party will be distributed according to the needs of the children and that partner in the household. There is no necessary obligation of that other person to support those children. The obligation rests with the biological parent of that child. No money might flow from the other person resident in the household to the children.

**CHAIR**—Therefore how do you justify a situation when a non-custodial parent and a new wife or husband, say, run a farm together? Their combined income is taken into account for payment for child support on one side while the payee is living in a relationship where there is no account taken of the other person's income.

**Ms Swinbourne**—Your initial question was whether we thought that a partner's income should be taken into account and the answer was a direct no. That is regardless of who that partner is, whether it is the partner of the non-custodial or the custodial. The partner's income should not be taken into account.

**CHAIR**—How do you separate an income if someone for example is running a farm?

**Ms McInnes**—You could develop a formula.

**CHAIR**—Good luck! That is all I can say to that.

**Ms Swinbourne**—Businesses do it constantly. If you have a 50-50 partnership, you have 50-50 income. Child support is to support your children, not somebody else's children. You should not have your child support reduced because maybe your children are advantaged by also having an income from somebody else. That does not reduce your responsibility to your children.

**CHAIR**—I do not wish to cut off debate. I know we are over time and I know Ms McInnes has to catch a plane. I am sorry if we have delayed you. I thank you on behalf of the Senate for giving us your time this afternoon.

[5.40 p.m.]

**CARTER, Mr James, Adviser, Lone Fathers Association Australia Inc.**

**WILLIAMS, Mr Barry, National President, Lone Fathers Association Australia Inc, and Representative, Parents Without Partners Association**

**CHAIR**—I welcome Mr Barry Williams and Mr Jim Carter. I remind witnesses that the evidence you give to the committee is protected by parliamentary privilege. However, any misleading or false evidence may be considered a contempt of the Senate. We have before us your submission from the Lone Fathers Association. Do you wish to make any alterations to that submission?

**Mr Williams**—I wanted to add a late cost of child support to the Australian taxpayer, which was done by Research Investment in Melbourne and was sent to me last night. I have passed it on. It speaks about what it really costs and disputes the figures done by the CSA and the government. This will be sent to the Auditor-General to look at the costed figure.

**CHAIR**—I now invite you to make any comments or clarify any previous evidence prior to senators asking you some questions.

**Mr Williams**—I just want to clear up one matter. The last speaker said that we were a men's group. But what I would like to say is that the Lone Fathers Association has been going for 28 years. We are made up of men and women, grandparents, second wives and, of course, both sides of custodial parents. As a matter of fact, we are fast growing in membership of women joining the association. Nearly 30 per cent are women. The national body has nine policy makers consisting of five women and four men. Three of those women are actually custodial parents of first families.

**Senator CHRIS EVANS**—You might have to change your name, Mr Williams.

**Mr Williams**—I have a name called the Office of the Status of the Family, which will be incorporating these other organisations, if they wish, under that status as a peak body.

**CHAIR**—So you are saying that 30 per cent of the membership of the Lone Fathers Association are women?

**Mr Williams**—About 30 per cent.

**CHAIR**—That is what Senator Evans is saying. I think you might call it the mums and dads association.

**Mr Williams**—We are only about fairness and equality and that is what we want to talk about today.

**CHAIR**—I think the point that Senator Evans is making is that it just gives a false impression to people if your title refers primarily to fathers when, in fact, you are representing a substantial number of mothers as well. That is your decision, not ours.

**Mr Williams**—I want to touch on the continuous escalating rate of suicide. We take in around 22,000 calls per annum through our association Australia-wide. The number of suicides is increasing. People are telling us of the suicides of their sons, their brothers and their ex-husbands, of their not having enough money left to survive on after child support payments and tax. As I stated in my report, we have had one case, and since then we have had another case in Canberra. A man who worked with my son gassed himself—with the child support papers in his car—after telling my son that he could not afford to pay child support because he was already paying too much. The Child Support Agency evidently—according to

them—harassed him. When he died, the following Monday the de facto rang the Child Support Agency and spoke to the case officer. The case officer said, ‘We’re very sorry, but has he got any assets? We still want the amount owing.’ We wanted to clear that up and we will be taking that a lot further, mainly in a big publicity stunt very shortly, because we think that it is time that the government starts to realise that these suicides cannot be allowed to keep happening.

As I was starting to say, just about every third night we get phone calls from parents, mothers, fathers, brothers or sisters. They tell us they believe their sons or brothers deliberately drove off the road into trucks or trees because they could take no more. We are not saying this is all spot on, that all these deaths were caused like that, but if you drive down a road and look at all the crosses appearing at the side of straight roads, you have to ask yourself whether some of this could be true. It is something of a national disgrace. Government statistics show that one man a day dies from family law problems. Our statistics show that up to three men a day are dying from family law problems. We really wanted to touch on that issue, and we will be lobbying the government very hard about that issue.

We wanted to talk about destruction of second families. As you know, just about 50 per cent of marriages in Australia break up—one in every two second marriages break up. I am also a marriage celebrant and I see these things too.

Some years ago when child support was first introduced, I was one of the consultants that helped design the Child Support Scheme under Justice John Fogarty. I advised then that the percentages were far too high and were going to cause these problems, but I got hounded down. They actually wanted to start the percentage at 25 per cent for the first child, not 18 per cent. We were lucky to get it down to 18 per cent.

After that the Labor government commissioned me to do a three-year study, which I did. I travelled to every major town and city in Australia and ran workshops, and 35,000 people turned up in those three years. I reported back to the government of the day, the Labor government, exactly what people were saying. I gave them the tapes; I gave them 28 major submissions, which showed it was totally destroying second families. Second families did not have enough to survive on. The child support minister was then Graham Richardson. When I walked into his office, he asked me what I was doing there. When I told him what I was delivering, he said, ‘I am not the child support minister.’ His secretary had to remind him that he was the child support minister. I was horrified when he turned around and said to me, ‘Thank you for the submissions, but we wanted you to come back and say everything was rosy, that there was no dissent.’ I wrote to Brian Howe about that. Brian Howe was the person who commissioned me to do that study. He thanked me and said it was a very good study and the government would take it up. The Labor government has those submissions and those thoughts from 35,000 people. I would really like this inquiry to be able to obtain those submissions, if it is possible.

I visited the mines in Queensland, especially a mine like Moranbah in North Queensland, and we had a branch up there. The branch folded because people were leaving their jobs. It was no longer feasible for them to work up there because of the high tax rate and the child support rate they were paying. As the bosses of the mines said, they could not keep the employees there. They were better off going on the dole and things like that. I am just touching on these issues.

I heard people say that the custodial parents were always in poverty. It would be fine if someone did an example of a single parent with three children receiving full child support and

the supporting parents benefit and all the other benefits they get. I think if you came to the same calculation as me, you would see that they are in actual fact better off than an intact family of four people. An intact family of four people does not even have that amount of money to live on. So the cost of children has been—when it was first brought in when we were the consultants—built right up. It was false and we knew it was false, but they wanted to build up the most they could get for the children. In some of the confidential information that I had that was given to me at the time, I have since proven that it was falsified by the department at the time.

We believe that everyone must pay child support for their children. Don't get us wrong—we believe that and we believe in the principle of child support, but it has got to be fair. We believe that child support should be calculated on a flat after tax rate and not on a gross wage, because no one gets gross income in the hand.

In 1995 we showed John Howard in a submission that in marginal rates some people were paying up to 95.5 per cent of their total gross wage in child support, tax, what it costs to earn an income and compulsory superannuation. John Howard agreed with us and said we were right. That was in 1995, yet we still see legislators struggling to try to arrive at a proper percentage. We are saying that it should be calculated after tax on a flat rate. If not, and it continues to be calculated on gross wages, the percentages should be lowered so that both people can get on with their lives.

I will give an example. We agree that the custodial parent must have a house, electricity, beds and everything for their children, but the non-custodial parent cannot be pushed out like a stray dog and left: they must have a home too. The Family Law Act says that a child has a right to have contact—as much as they can possibly get—with both parents at all times. So the non-custodial parent also has to have a house, blankets and electricity and, as a result, rates and mortgages. They have the same costs and it is wrong to say that the custodial parent is the one in poverty—in many cases, the non-custodial parent is put into poverty.

**Mr Carter**—The question of the reduction in the cap is an interesting one. I guess our main concern with that is that, if you look at the way the scheme is currently structured, a paying parent may find themselves paying a very high marginal rate when you take into account tax, child support and other costs. That rate applies up to a certain level of income beyond which, under the formula, there is a very drastic reduction—what we call the 'cliff face effect'. Almost in principle, one can see that that would not be a good idea.

The government's current proposal is for the cap to be reduced, which could perhaps be justified, but it would still leave us with the problem of that cliff face effect: payments are at a very high level up to a certain point, but beyond that point they fall very drastically. We see this as a fairly obvious design fault in the scheme, which has been around for 10 years now. It really is about time that something effective was done to deal with that situation. That is a fairly major problem. Most of the government's proposals for changing the legislation seem to us to be heading in the right direction, but that fairly major problem remains.

The other issue that I thought we should mention is the idea of taking into account overtime, a second job or some special effort on the part of the non-custodial parent in a second family and perhaps segregating or sequestering it so that the full amount of child support is not paid to the first family. There is a certain logic to that. But because of the way the thing has been structured, there is a quite serious anomaly between two different types of situations. In one situation, the man in his previous family may have put very considerable effort into perhaps a second job or overtime which would then not be taken into account if he

was doing the same thing in relation to his second family. In another situation, the man might have made that extra effort to assist his second family but did not do the same thing in relation to the first family. The two cases would be treated quite differently and we see that as a fairly major problem.

**Senator CHRIS EVANS**—What is the association's broad view of the linking of child support with contact—do you think it is a desirable development? You understand that, with that 10 to 30 per cent measure, the government is for the first time directly linking contact with the amount of child support. I wondered whether, in a broader philosophical sense, Lone Fathers are supporting that measure.

**Mr Carter**—I think we are. But we get into trouble in these areas, particularly in family law, if we have too narrow a focus. It is very easy to do that, and you have already heard these sorts of arguments from several people. In a case like this you have to take a broader view and decide whether you think that contact between fathers and their children—and, in some cases, mothers and their children—is a good thing, and take steps to encourage that. This could be one feature of a policy which would deal with that situation, but should not be seen just by itself as a single measure.

**Senator CHRIS EVANS**—The difficulty is that that it is the only measure relating to that issue in this bill, so I have to deal with it as a single issue. I am really keen to know whether or not you are supporting it, because I understood you have some concerns about the impact on behaviour by partners in terms of allowing access if there were financial incentives or disincentives linked to that contact.

**Mr Carter**—We do support it, and Barry might like to comment on that. But, where there is a reaction on the part of the custodial parent which is of a vindictive nature, there should be some attention paid to what might be needed to lessen the likelihood of that happening.

**Senator CHRIS EVANS**—How would you suggest that happen?

**Mr Carter**—I have not quite thought it through at this stage. Maybe it could become a question for the Family Court at some stage.

**Senator CHRIS EVANS**—I did not think you were all that keen to get into the Family Court.

**Mr Williams**—I do not see—and anyone I have spoken to does not see—that the government is trading off access for payment. We do not see it that way at all. We believe that the government has taken the right step because it is time someone stepped in and started to say that the non-custodial parent has rights too. For too long, the non-custodial parent has had no rights. They go for access and are given access by the courts, and the access they are given is not worth the paper it is written on because the courts will not and cannot uphold their orders. Even though there is such a thing as a contempt order, the non-custodial parent has to go back to court and keep going back to court at tremendous cost.

**Senator CHRIS EVANS**—None of this changes any of that, though, does it? It does not change your concerns there?

**Mr Williams**—No, but other groups are hinting that the government is doing a trade-off, that they are saying, 'We'll give the father some more money if he has more access.' That is not a trade-off at all. All fathers want access. I think the government is just doing the right thing by saying that the fair thing is to give the fathers some time with their children, because children need both parents to grow up in a viable situation.

**Senator CHRIS EVANS**—Do you have any view as to whether this 10 to 30 per cent band and the actual percentage reductions are appropriate, or what that is based on? Do you have a different view?

**Mr Williams**—We think they are appropriate, but we believe it should not only be extended to those who are lucky enough to see their kids; we believe it should be extended to everybody, especially those people who can show they are fighting in the court to try and have access. Many people are still fighting to see their kids and have been fighting for up to 10 years and still cannot see their kids. If they can prove that they have an interest and want to see their kids, they should have this trade-off too. They are not seeing their kids, but they are still paying their child support.

**Senator CHRIS EVANS**—So you are saying they ought to get a reduction in their child support because they are attempting to see their children or are pursuing legal action?

**Mr Williams**—Yes. How many times do they go to court and the judge will say, ‘Don’t let it happen again,’ but it happens again. Then they just have to continue going back to court until they run out of money and have no more to go back to court.

**Senator CHRIS EVANS**—I thought the argument about the reduction was based on the fact that they had costs of contact?

**Mr Williams**—It is. The government is saying that if you can show now that you are having between 10 and 19 per cent of time and 10 and 29 or 30 per cent of time, you are going to have a reduction. What I am saying is: what about the people who want to have that time but cannot get that time because the custodial parent will not allow them to see their children? They should be able to get that reduction, too.

**Senator CHRIS EVANS**—I thought the justification for the reduction was that that parent was incurring costs of contact. Including the case you highlight, they are not getting contact so they are not incurring any costs.

**Mr Williams**—It is still costing them, whether they are seeing them or not, to try and see their kids. It is a tremendous cost.

**Senator CHRIS EVANS**—You think they ought to get a reduction because of their legal costs?

**Mr Williams**—Yes.

**Mr Carter**—There is no doubt that if this provision is accepted by the parliament there will be some cases where you get negative consequences; that seems to be almost endemic in this whole area of family law. And it is a concern, we do have to worry about it, but that should not necessarily stand in the way of what the government now proposes, given that it has other merits.

**Senator CHRIS EVANS**—That is our job—to weigh up whether or not the negatives outweigh the positives, and to work out the impact of these things. I suspect one of the concerns of all senators is trying to see what the basis for these changes is and what the justification for them is.

**Mr Carter**—I think the problem with the 30 per cent rule was that a lot of people found that they were getting contact allowed for up to 28 or 29 per cent and they felt they were missing out, that it was costing a lot of money, and they were not getting much recognition—in a financial sense—for what they were doing. That always happens with these semi-artificial measures, as you know.

**Senator CHRIS EVANS**—In relation to the issue of additional work to support a new family, in your submission you state that the changes proposed are certainly a movement in the right direction. You then state:

However, it should be appreciated that these changes will also introduce further distortions and anomalies into the system, unless they are further extended. These changes give only partial effect to the suggestions from the LFAA, made prior to the last election.

Would you explain that to me? I do not quite understand what you are saying there.

**Mr Carter**—You could have two families—two sets of families, really—whose circumstances are identical in every respect, except that in one case one man was sufficiently dedicated to his family that he was making a point of taking a second job or working longer hours and so on but the other guy did not do this. They then each remarry and the circumstances remain identical. It is the second guy who now takes up a second job or does more overtime and he will receive a benefit for his second family but the other guy will not get that benefit.

**Senator CHRIS EVANS**—You are saying it is creating an anomaly in the treatment of those—

**Mr Carter**—Yes. Our position was that that anomaly should not exist.

**Senator CHRIS EVANS**—Does that mean you would oppose that provision or have you got some alternative?

**Mr Carter**—I think we are saying that the man in the second family, who is putting in that extra effort doing the overtime, carrying out the extra job, should be treated equally favourably with the other guy; there should be no difference between them.

**Senator CHRIS EVANS**—You are arguing for a system whereby a second job or hours worked over the ordinary should be disregarded for the first family's income purposes—is that it?

**Mr Carter**—That is what the Lone Fathers actually proposed.

**Senator Chris Evans**—So that any second job or overtime payment should not be assessed for child support purposes for the first family?

**Mr Williams**—What we are saying is that child support should be calculated on eight hours a day, five days a week, or whatever time that first job contributes and that should be paid. If they want to go out and work, take another job on at 12 o'clock at night, or on the weekend, that should be free.

**Mr Carter**—The origin of this proposal was that the Lone Fathers and other associations have been saying to governments for years that there is a major problem in the formula in that the percentage rates are simply too high, which leads to very high marginal rates in some cases. Because there seems to be great difficulty in accepting that, and acting on it, people put their minds to other—perhaps second best—alternatives, and this was one which was quite strongly supported by a lot of people. So it was put to the government, and has obviously received some sort of support from the government. But in the process it has been changed into a proposal which results in the sorts of anomalies we have just been talking about, and we think that that is a pity.

**Senator CHRIS EVANS**—As I understand it, the government's proposition does not pick up the overtime type provision. I have had guys come to me making that complaint and saying, 'I do not get any reward or relief if I work regular overtime.' It seems to me that they

would not be picked up by this proposition, if that was part of their normal job. Is that your understanding?

**Mr Williams**—No. If it is part of their normal job, if they are doing overtime now and they continue doing that overtime, that child support will still be calculated on that. What we are saying is that if they go out and get a second job or if for some reason they have to do overtime next year, that should not be calculated for the child support to the first family.

**Senator CHRIS EVANS**—Do you think that is the way the Child Support Agency will interpret this legislation? Is it your understanding that, if this were passed, someone who is not doing regular overtime now but who commences doing regular overtime next year would have that regular overtime included or excluded?

**Mr Carter**—Under the legislation that is now proposed, it would be taken into account, yes.

**Mr Williams**—If they could show that that extra overtime they are doing is to keep their second family, if they need that money to keep their second family.

**Senator CHRIS EVANS**—I will ask the department the same question in a minute.

**Mr Carter**—The distinction that is causing the problem is going back to the previous family situation and saying, ‘Were you doing this extra work then?’ What we are really saying is that that should not be relevant. The point is whether you are doing the extra work now, over and above eight hours a day.

**Senator CHRIS EVANS**—In a day where the standard working week has long disappeared, I suspect that is pretty hard. As I say, this is a provision—whether or not you agree with it—that was more easily applied 30 years ago. With the casualisation of the work force and individual agreements, et cetera, I think it gets harder.

**Mr Williams**—The problem we have now is that they cannot survive. We say to them, ‘Get a night-time job. Do a bit of cleaning or something.’ They say, ‘We can’t, because straight away we are assessed for child support and tax on that too, and it is not worth doing it. We get nothing out of it.’ That is the problem with the situation.

**Mr Carter**—Our argument in all of this is that, if you have very high marginal rates of tax and child support and whatever else there might be, the way to deal with that problem—which is obviously a fundamental one—is to reduce the percentage rates to a level where they no longer operate as a major disincentive. That is what should be done, but there seems to be insuperable political problems in doing it. So we have to think of other ways of getting a similar result.

**Senator CHRIS EVANS**—Mr Carter, you seem to totally discount, therefore, what effect that might have on the children and the custodial parent. I am picking you up there because I want to tease this out with you. You would accept that lowering the percentages lowers the income to that first family. Do you have any concerns at all that that may reduce their standard of living beyond what is reasonable?

**Mr Carter**—I do. I do not think it is the ideal result. I think the ideal result—and some people have talked about this already—is to reduce the percentage rates to a point where they are no longer a massive disincentive. They will always be a disincentive to some extent, but if they are set at a reasonable level, people will usually be reasonable. They will do the work, they will get the money and they will distribute the money.

**Senator CHRIS EVANS**—Yes, but what I am saying is that that analysis does not seem to take into account the cost of the needs of the children and the custodial parent who has to care for them. You seem to have that argument in isolation of that need, which is obviously built into the system. Do you have a view about what the minimum needs to be?

**Mr Carter**—We think that all the children involved should be treated more or less fairly and equally. There is a feeling now that that does not always happen, and we have to search for a measure which produces more fairness than we have currently.

**Senator CHRIS EVANS**—But what do you say about the needs of the children and the custodial parent? What do you say they require to live? Mr Williams, I think you were disputing earlier the analysis about what it costs. I am just interested in what the association's view is of what is the level of assistance required. You talk about reducing the percentage and the impact on the non-custodial parent—and that is fine; I understand where you are coming from with that—but the other side of that proposition is a reduction in income for the custodial parent and the children. I just want to know what your perspective on that is?

**Mr Carter**—What everyone is searching for in their own way is some sort of optimal result where people are not discouraged from working hard and where they are encouraged to contribute fairly to the support of their children. The problem we have now is that the formula has such high percentage rates that it produces this disincentive, and a lot of people out there are working a lot less than they could and should because of it. That is the problem.

**Mr Williams**—We also dispute the studies on the cost of children. I can talk only as the custodial parent of four children whom I had to raise. I had nowhere near that amount of money on which to raise four children and I know other families who do not have anywhere near that amount of money for raising children. When the helicopter disaster happened in Queensland, the government, in its wisdom, stated that the children of those people were worth just over \$50 a week—if I remember correctly. Yet they come out now and say that Australian children cost two hundred and something dollars a week each to keep. It just does not make sense.

**Senator CHRIS EVANS**—Yes.

**Senator TCHEN**—I suppose it depends on who is paying. Can I go back to the question about additional income? If the non-custodial parents claims that he is generating the additional income for his second family, who should carry the onus of proof.

**Mr Carter**—Yes, that is a very difficult question, which I am sure the department is struggling with right now. I am not sure that I can give you a full answer—others will have thought about it more than we have. I think both or any parties involved should be invited to give evidence dealing with that question and I think someone must make a determination as to where the truth lies.

**Senator TCHEN**—Can I interpret from your remarks that you will be happy with whatever the legislation provides, short of going back to the Family Court?

**Mr Williams**—With the legislation coming in?

**Senator TCHEN**—No, I am not sure whether this legislation provides it. However, should that issue become part of the legislation, who do you think should carry the onus of proof?

**Mr Carter**—I guess that it would fall to the person making the claim. I guess the father in the second family would usually claim that he was doing extra work in order to support that

family. I imagine that he would have to demonstrate that, so I guess that is where the onus of proof would lie.

**Senator TCHEN**—I do not have many other questions because you answered most of them when you responded to Senator Evans. However, I am interested in the report that you did 15 years ago. Is that correct?

**Mr Williams**—In 1991 to 1994.

**Senator TCHEN**—Ten years ago. Would you still have a copy of that?

**Mr Williams**—No, I handed them all to the government.

**Senator TCHEN**—I know you said that this committee should seek it out; the problem with public records is that they never lose anything, it is just hard to find.

**Mr Williams**—The tapes were given to them too. Brian Howe asked me to tape the meetings and to state exactly what people had said, so I got the discussions typed from the tapes and the tapes were given in.

**Senator TCHEN**—We will see what we can find if you do not have a copy.

**CHAIR**—I have one quick question. As you will have heard, much of today's evidence was to the effect that non-custodial parents spend 82 per cent of their income on second families. What is the organisation's view of that assessment: only 18 per cent goes to the first family and 82 per cent is kept for the second family?

**Mr Carter**—The 18 per cent refers of course to gross income. People do not have gross income to spend; they have net income to spend. Obviously taxation must be taken into account as well, so the 82 per cent could shrink to perhaps 40 per cent—I do not know what the figure might be. There is then a whole stack of other expenditure that people must incur whether or not they have children. I have not done the calculations, but it is certainly not anything like 82 per cent.

**CHAIR**—Doesn't that then come back to what Mr Williams—and also Mrs Caldwell—said earlier about the demand on the non-custodial parent to provide for their second family, because they do have living expenses? Much of the evidence that has been given to us on the 18 per cent versus the 82 per cent presumes that 18 per cent goes on the children of the first family and 82 per cent then goes on the children of the second family, without any consideration in this 82 per cent to the cost of housing, motor vehicles, clothing, food, tax, Medicare, this, that, all of the other things.

**Mr Williams**—The cost of earning a living.

**CHAIR**—Yes. Is that what you are saying is the cause of extreme distress with many people that leads to that distortion?

**Mr Carter**—The way the formula has been designed and modified in more recent years has been to give fairness to the children of both first and second or even subsequent families, so the attempt has been made. It is made very difficult by the fact that you have got these very high percentage rates. That makes life difficult because you have got a problem with incentives and you have got a problem with the income which is left after that payment has been made.

**CHAIR**—What I am trying to say is that the representation of 82 per cent being left to spend on that second family is really very distorted because it does not take into account all of the things that come out of that 82 per cent.

**Mr Carter**—Yes.

**Mr Williams**—What we showed the Prime Minister using marginal rates was that, when they were paying 32 per cent with three children, a tax rate of 47 per cent at that time, a cost of earning a living of 10 per cent and other components like compulsory superannuation and Medicare, it worked that they were paying out over 95 per cent. John Howard agreed with us, believe it or not—he agreed at the time that it was right.

**Mr Carter**—You can get quite different answers by looking at different income ranges. If you are dealing with quite low incomes, then 18 per cent of gross is a lower percentage of net income. If you are talking about higher incomes, 18 per cent of gross can be quite a large amount because you have to add tax to that. Sometimes you get silly arguments where someone is talking about this income range and I am talking about that range. So the answer to the question really depends on which income range you are talking about.

**CHAIR**—That is right. Thank you, gentlemen, for giving us your time today. We are very appreciative.

[6.18 p.m.]

**ALCHIN, Mr Phil, Director, Policy Development, Family and Children Branch, Department of Family and Community Services**

**BIRD, Ms Sheila, Assistant General Manager, Child Support Agency, Department of Family and Community Services**

**HENRY, Mr Keith, Assistant Secretary, Family and Children Branch, Department of Family and Community Services**

**CHAIR**—Welcome. You will not, of course, be required to answer questions on the advice you may have given in the formulation of policy or to express a personal opinion. The committee has before it your submission. Do you wish to make any alterations to that submission?

**Mr Henry**—No, we are happy with what has been said and wish to make no change.

**CHAIR**—Thank you. If you would like to make any comments about what you have heard this afternoon or about your own submission, we would be pleased to hear them, then we will put questions to you.

**Mr Henry**—Thank you Senator. I will say a few words about the essential budget measures and Sheila Bird will perhaps say a few things about the non-budget measures.

We thank you for this opportunity to address the committee on behalf of the portfolio and Department of Family and Community Services. I would also like to acknowledge the interests and concerns of other people who have spoken today. As we all know and as was evident today, this issue engages the emotions, concerns and great priorities of people in the Australian community. We appreciate that fact.

The package of budget measures which we have put forward seeks to provide a fairer basis for determining assistance to the children of second families and particularly to encourage parents to maintain contact with their children. The measures are designed to improve the scheme in a balanced and targeted way while not changing the scheme's basic parameters. They are consistent with the findings and recommendations of the 1993 Joint Select Committee on Certain Family Law Issues, which examined the operations and effectiveness of the child support scheme, and they build on changes which have already been implemented in response to the JSC's report. So there is a provenance.

Like senators or members of the House of Representatives, we receive voluminous correspondence and consistent representations about these issues. I am sure that this is a major issue among parliamentarians and one which is put before them all the time. It is the same for us. We have a very wide range of research and background information—now added to, very valuably, by the submissions to this inquiry—including hundreds of submissions to the JSC—I must admit that I have read practically all of them: although they are out of date, many of the issues remain relevant—and, as I have said, consistent representations, all of which we take into account. I deal with 2.2 million Australian families and their partners—which is about four million adults—and about four million children. I see a lot of what is going on—as do we in the department—and have great concern for it. We also have great respect for Australian families, intact or separated, trying to get on with their lives and doing the best they can.

We believe the measures are consistent with the objectives of the scheme—this was touched on earlier and will no doubt be touched on again—including the objective that

parents share, according to their capacity, in the costs of supporting their children. We believe these measures allow for a fairer recognition of parenting responsibilities, and we believe—and hope—that people agree with that. In particular, the measures will do more—something has been done, and has been touched on already—to recognise the position of non-resident parents maintaining contact with their children and draw the distinction that we believe should be drawn between the liabilities of those who have no or minimal contact, and those who exercise regular and ongoing contact with their children—very commonly, these are the 14 per cent or about one day a week or every second weekend, or the 28 per cent categories.

There are those who will say that these changes should not go ahead and those who will say that these changes do not go far enough. There was some reference to the government being surprised by the range of views. We are certainly not surprised in putting these changes forward. We understand the perspectives that can be drawn on this, and we are trying to strike a balanced, fair and reasonable set of changes to the scheme. We believe they improve the scheme in a fair and balanced way and that they will result in a fairer scheme, which will be of benefit to parents and their children.

I assume that the committee has had the opportunity to read the department's submission, so I do not want to go into too great a detail about it. I will be happy to answer questions. However, I would like to say a bit more about the shared care measure. As is apparent from this discussion, it is obviously a major and, we believe, significant measure. We believe it is the right direction to take.

Under this measure, a specific and transparent allowance for the costs of caring for a child on between 10 per cent and 30 per cent of the nights of the year will be incorporated into the child support formula. Currently, the formula percentage is reduced by four percentage points—for one child, from 18 per cent to 14 per cent—when a non-resident parent has contact for between 30 per cent and 40 per cent of the nights of the year. So we have a very strong cliff effect: it is either 18 per cent or 14 per cent; there is nothing in between. The measure would extend this reduction, generally reducing the formula percentage by three per cent for contact between 20 per cent and 30 per cent and two per cent for contact between 10 per cent and 20 per cent.

This initiative is intended to encourage parents to maintain contact with their children. We have not seen it—as has been intimated by some other parties to these discussions—as parents buying contact. We think we are aligned here with general support for the family law principles which emphasise the right of parents to know and to be with their children. One of the issues that concerns us in this regard is that contact tends to diminish after separation whereas we would like to see it maintained. Although there is contact early on, it tends to get less over time. We would like to see that contact diminish less or not diminish. Contact should be maintained.

We have extended the reduction by reducing the formula percentage by three per cent for contact between 20 per cent and 30 per cent and by two per cent for contact between 10 per cent and 20 per cent. We want this to encourage parents to maintain contact with their children following separation by making some allowance for the cost that non-resident parents can incur in order to do so. This will improve the ability of non-resident parents to maintain contact with their children and we believe will result in better outcomes for children and increased payment of child support.

Under current arrangements, there is no allowance in the formula for contact on less than 30 per cent of nights of the year. This means that parents with significant care arrangements—

such as every second week and half the school holidays; around the 20 per cent bracket—have the same child support liability as parents who never or rarely have contact with their children. This measure makes a distinction between the liabilities of those parents who have no or minimal contact and those who engage in regular contact with their children. The measure is not a pro-rata adjustment because we have preserved the basic parameters of the scheme at either end, but rather one which will make a targeted improvement while preserving the basic design parameters of the scheme, as I have said.

The measure also brings child support arrangements into line with the provisions of the new family tax benefit whereby parents who have care of their children for at least 10 per cent of the time have that level of contact recognised. Incidentally, such a change was considered by the joint select committee, which noted that the present cliff effect resulting from the relatively high level of access represented by the threshold could be ameliorated by progressively increasing the allowance for access over a range of percentages.

**Ms Bird**—I would like to talk about a few of the non-budget measures. Firstly, I will talk about one that we did not include in our submission because it was not something the committee had asked for; but, having looked at the submissions provided by other people, I think it is appropriate to talk about the changes to the definition of eligible carer. Some of the submissions have expressed concern that the Child Support Agency staff will not be able to determine whether it is appropriate for a child to return home to live with one of their natural parents. We agree with the other people making those submissions. Child Support Agency staff will not in fact be making that decision.

The legislation is modelled on the legislation that Centrelink uses to determine whether a young person is eligible to receive the youth allowance at the independent rate. To make that determination, an assessment is undertaken by a Centrelink social worker to determine whether the child could return home. In the sorts of cases we are talking about where this definition will apply, Centrelink may already have undertaken that assessment. If a social worker has done that, we will rely on their assessment. If they have assessed that it is not appropriate for the child to return home, we will accept that. If Centrelink social workers have not carried out an assessment for that purpose, we will ask Centrelink social workers to undertake such an assessment for the Child Support Agency. So the agency will only be making a decision in those run away from home cases where a Centrelink or other social worker has made that assessment.

One of the other two areas I would like to touch on briefly is the discussion around the departure prohibition orders. A variation of this legislation was recommended by the joint select committee in November 1994, so this is not a new measure by any means—it has been in the public domain for nearly six years. In the government's response to that report in November 1997 it was announced that a measure similar to this would be given effect to. This final version has been finetuned slightly to be a more practical solution. But I would like to emphasise to the committee that it is a measure that will be used sparingly, there are lots of other measures that the agency will use in preference to this particular measure, and before it can be used it will require the approval of very senior officers in the Child Support Agency. One of the earlier submissions talked about a person who has to travel overseas for their employment and who may lose their job if a departure prohibition order is put into place. It is a classic example of where the agency has a much better option: if a parent has not paid their child support and has not come to an arrangement to pay that child support, then we have an administrative measure available whereby we can ask the employer to deduct the child

support from that person's wages. So, in fact, it is not a measure that is likely to be used in those circumstances at all.

The final area I would like to touch on is the change of assessment process in total. Quite a few of the submissions to the committee were extremely critical of the process as it exists, and put the view that, because they felt it did not work properly, there was no point in making any changes to it. I would like to advise the committee that the government announced, in about April or May 1998, that there would be two reviews of that particular process. The first review was completed around July of that year and the second review was completed in about April 1999. Those reviews recommended a range of improvements to the process, many of which have been put into place. The evaluation also determined that, in general, the outcomes of that change of assessment process are sound. That is reinforced by the fact that, of the approximately 530,000 cases where a child support assessment can apply, in only 1,300 cases have the parents gone to court and had the court determine that the decision of the Child Support Agency should be set aside and another decision put in its place. I think that reflects that, although both parents are unlikely to be happy with the decision, the outcomes themselves are sound.

**Senator CHRIS EVANS**—On what basis have you determined that custodial parents and the children they support can live on less? If the proposition advances, it seems clear—please correct me if I am wrong—that custodial parents' income will be reduced and therefore the income used to support children will be reduced in a number of cases. You say this is a fair package. On what basis have you made that assessment?

**Mr Henry**—On the basis that the funding is being adjusted in relation to the person who has the care of the child. We see it not as taking away from the children but making the payment to the person who has the care of the child between 10 per cent and 30 per cent of the time. We had not seen it in terms of taking away from the custodial parent: it is giving to the parent. It is making an adjustment in relation to the parent who has the care of the child.

**Senator CHRIS EVANS**—I know that you do not, and that is what is missing from your explanation: there is nothing about the losers. You explain it by saying, 'We see it as sharing the money based on the care between people'. But is it not a fact—I want to get this clear for the record; I am not trying to be difficult—that the custodial parent will receive less as a result of this measure than they otherwise would receive. Is that right? I just want to get that clear.

**Mr Henry**—Yes, absolutely. No-one has ever denied that that was the case.

**Senator CHRIS EVANS**—We tend to skate over it a bit and I want to make it clear for the record that that is right.

**Mr Henry**—One of the truisms of the child support scheme is that, if you make an adjustment which reduces or increases a liability on one side, it will have an effect on the other side. For many people, that is ameliorated to a considerable extent by the family tax benefit.

**Senator CHRIS EVANS**—They already have that, haven't they?

**Mr Henry**—No. The custodial parents will get increased family tax benefit, which will make up for about 30 per cent or so. Mr Alchin may be able to tell us.

**Mr Alchin**—Yes. In most cases where the liability to the custodial or the resident parent has been reduced in dollar terms 50 per cent of the shortfall will be made up by an increase in the family tax benefit.

**Senator CHRIS EVANS**—By their eligibility increasing?

**Mr Henry**—That is right, because child support actually impacts on the amount of family tax benefit. If you get less child support, you get more family tax benefit.

**Senator CHRIS EVANS**—What is not clear from these tables is the impact of this measure taken alone because all the scenarios include the changes to the tax package. From my point of view, we have passed the tax package and we are now dealing with child support legislation. We have to make a decision as to whether we pass it. The scenarios contain a range of figures that confuses me a little. Are the tax Medicare changes the ANTS package changes?

**Mr Alchin**—To which tables are you referring?

**Senator CHRIS EVANS**—I gather the scenarios that I had were produced originally by the department. Is that right?

**Mr Alchin**—Are you talking about tables that are in submissions or some other table?

**Senator CHRIS EVANS**—It was not attached originally to your submission. The single mothers organisation produced it and I had another clean copy. I thought the original clean copy I had was of scenarios that you had produced at some stage. Is that not right?

**Mr Alchin**—Yes. There may have been some tables that the department provided in a briefing with the opposition.

**Senator CHRIS EVANS**—They refer to Robert and Karen.

**Mr Alchin**—They were not produced by the department.

**Ms Bird**—I think they were—through the Child Support Agency.

**Mr Alchin**—Yes.

**Senator CHRIS EVANS**—Are the Costas and Poppy tables yours?

**Ms Bird**—Yes. They are tables that were produced basically at the request of the National Council for Single Mothers and their Children, the Sole Parents Union and ACOSS shortly after the measures were announced to give an indication of what the effects would be. However, the department has produced more recent tables that set out a wider range of scenarios that are probably more appropriate to use.

**Senator CHRIS EVANS**—Do we have those?

**Ms Bird**—Yes.

**Senator CHRIS EVANS**—Are these the contact measures by payer income levels?

**Ms Bird**—Yes.

**Senator CHRIS EVANS**—When we had the debate about the family tax package, the minister was unable to provide us with information about the shared care—who the losers were, how much they were losing, et cetera. I want to be very clear in this debate that we understand that. I take your point, Mr Henry, but we are taking income support off people if we pass these measures in that form. You say it is redistributed to the non-custodial parent and will be distributed for the care of the children. I think there are a few leaps in that that I am not necessarily sure I am prepared to take. But I accept what you are trying to say. I want to be very clear what the department and CSA are saying to me about the effect of these measures on the income of the custodial parent. Could someone summarise that for me or tell me which table they think is now the accurate one?

**Ms Bird**—The table that you have in front of you which is called ‘Contact measure by payer income levels’, on the first page of that, there are three columns: 30 June 2000, 30 June 2001 and 1 July 2001. To specifically identify the impact of the contact measure, you would look at the column between 30 June 2001 and 1 July 2001. For example, a payee’s income when the payer has an income of \$15,000 reduces from \$15,135 to \$15,045. There are approximately 54,600 payers in that level. The converse of that is there would also be 54,600 payees.

**Senator CHRIS EVANS**—So you are saying that that is the disposable income of the custodial parent?

**Mr Alchin**—Yes. Those are disposable income outcomes for both the payer and the payee.

**Ms Bird**—If you then turn to the next page, that shows under No. 1, looking at the same one, the breakdown of that. It shows that the reduction in child support is from \$813 to \$723 a year.

**CHAIR**—May I just interrupt to advise you that we would like copies of that as well. Senator Evans, I understand, has received them via another briefing.

**Mr Alchin**—We will see that they are provided.

**CHAIR**—We are just flying blind here at the moment with the figures.

**Senator CHRIS EVANS**—Sorry, Madam Chair. I think these came from a briefing we organised—from the department. Since the rest of the committee does not have access to them, I will—

**CHAIR**—No, that is fine. Please proceed.

**Senator CHRIS EVANS**—I just want it to be clear that what I had was the analysis, so I could at least work it out for myself. But that is what you say will happen as a result of that measure—that that measure is seen as the difference between 30 June 2001 and 1 July 2001.

**Ms Bird**—That is right.

**Senator CHRIS EVANS**—And that is the only measure reflected in that difference?

**Mr Alchin**—In these tables, yes.

**Ms Bird**—In these tables, yes. But once you get to the \$70,000 income—

**Mr Alchin**—No, that is still below the count.

**Senator CHRIS EVANS**—So in these tables you have not worked that in as well, or have you?

**Ms Bird**—No, we have not, with those tables.

**Senator CHRIS EVANS**—I go back to my central point—what work have we done? The opposite conclusion from this is that we currently think people are getting too much support if we are going to reduce it. What work have we done to reassure ourselves that the loss of income will not disadvantage the custodial parent and their capacity to care for their children other than Mr Henry’s argument that by giving the money to the other parent that they will somehow use it for their children? What other research or statistical analysis do we have to support this?

**Ms Bird**—I am not sure what you are driving at. These are the outcomes. We have given you the rationale for the changes.

**Senator Chris Evans**—I would have thought, if you were taking a measure to take income off a custodial parent and their children, that you would have done some modelling as to whether you thought that was a reasonable thing or whether they had the capacity to absorb the cut in income.

**Ms Bird**—Yes. That is another reason we have shown the outcome from 30 June through to July 2001. If you go through these tables, in all cases the resident parent is in real terms ahead in terms of disposable income, even with these changes in place.

**Senator CHRIS EVANS**—Real terms ahead of what?

**Mr Alchin**—When you compare a resident parent's disposable income as at 30 June 2000 with their income after tax reform and this measure, you will see that they are ahead in terms of disposable income outcomes.

**Senator CHRIS EVANS**—You can see that through your work in tax reform, not from what you have in these tables.

**Mr Alchin**—We have worked both in. That is why we have given both scenarios.

**Senator CHRIS EVANS**—According to these tables, they are on less disposable income after 1 July.

**Mr Alchin**—They are on less disposable income after 1 July when compared with 30 June 2001, but, if you compare it with 30 June 2000, you will see that they are ahead.

**Senator CHRIS EVANS**—You are saying that what you gave them in tax you are going to take away in child support?

**Mr Henry**—I do not think we would say that at all, Senator. The fact is that, as representatives of the National Council for Single Mothers and their Children and the Sole Parents Union said, the advent of the child support formula has had a major effect on improving the situation of single income, lone parent families. It is a very major effect if you consider it using any measures of research.

From the tables we are looking at, you can see that we are very concerned about overall trends in welfare—the trends in the disposable income of these families. So it is not unreasonable for us to put the recent effects on the disposable incomes of these families, taking into account all the measures that the government has enacted. We find that entirely reasonable. It is not as though we are taking something away with one hand and giving it back with the other. We are very concerned.

**Senator CHRIS EVANS**—I can see that that gives you the best possible picture, but the reality is that we have passed those changes, haven't we? We are debating today only what we do with child support: the change that that measure will make to their incomes.

**Mr Henry**—Sorry, Senator. That may be so. I am not trying to be precious; I fully respect that. I thought one of the questions was what we saw of the disposable income of families in these situations over a period of time. From my perspective—I run family tax benefit as well as having a child support policy responsibility—those things are part of what is being done for families, including sole parents, over time. So it is reasonable to look at the sweep, evidencing concerns that the government has had and the parliament has enacted, in relation to sets of measures over time. For me, it is not just a point in time but a sweep over a period of time, and all those measures ought to be taken into account when looking at the scene.

**Senator CHRIS EVANS**—I have no trouble with that. I am saying that, from a procedural point of view, we are now dealing with the child support measures. It seems to me that you

have conceded that those will reduce the disposable income of the custodial parent—although not by the full amount because of the impact of the tax.

**Mr Henry**—That is right.

**Senator CHRIS EVANS**—I wanted to put that clearly on the record. I will leave that issue there. You discount the concern that the Law Council and others have about linking contact and care—that sort of philosophical discussion. You then argue that the measures will create incentives for non-resident parents to increase contact. Is not the opposite conclusion that resident parents will have an incentive to restrict contact? Does the same logic not drive you to that conclusion as well?

**Ms Bird**—We did some research in the Child Support Agency a couple of years back which showed that something like 90 per cent of all non-resident parents had contact with their children. So we are already talking about a very high proportion of parents who have contact. The scheme at that time gave a person a reduction in child support if they had contact at the level of 30 per cent or higher. Less than five per cent of parents have contact at that level—at between 30 per cent and 50 per cent. It is hard to say that acknowledging that parents have costs when they have contact or when they share the care of their children is a major incentive for parents to push to have additional contact.

The other point is that, as senators, you probably get to see—as do many of the lobby groups—the most difficult cases where one parent or the other is using the children as a weapon or as a financial tool. I think it is also important to consider the vast number of parents who are part of the child support scheme, who pay their child support, receive their child support, have reasonably cooperative relationships with each other and who do not use their children or their child support as a weapon.

**Senator CHRIS EVANS**—I accept that. So are you saying that it provides an incentive for contact?

**Ms Bird**—I think it acknowledges contact rather than provides an incentive per se. The amounts of child support—

**Senator CHRIS EVANS**—If I could take you through that: do you then accept that the original child support percentages were calculated on the basis of there being some contact—we had that discussion with the Sole Parents Union et cetera. You looked a bit concerned about it when you were in the gallery so I thought I would give you the chance to respond now.

**Ms Bird**—The report *Child Support, Formula for Australia*, which was a submission to the government to develop the scheme, talks about acknowledging that parents have normal contact with their children. However, back in the gallery, we were unable to find in the report what they actually considered to be ‘normal contact’.

**Senator CHRIS EVANS**—But you concede that the original percentages were based on an understanding of some sort of ongoing contact?

**Ms Bird**—I do not know whether you could say it was that scientific.

**Senator CHRIS EVANS**—With respect, I do not think anything here has been scientific, Ms Bird. I am asking you the principal question: did that consideration of the original percentages include the assumption that contact would be maintained?

**Mr Alchin**—I might answer that. If you read the report from the consultative group, you will see that the group indicated that, in arriving at the formula percentages for child support,

they considered that parents would have small amounts of contact and that that should be included in the formula. The report states that the group had allowed for that in the formula percentages. However, the group did not specify the actual amount of contact or the value of the adjustment allowed in the formula. When the joint select committee—

**Senator CHRIS EVANS**—Did they discuss an assumption about contact?

**Mr Alchin**—No, they did not discuss an assumption about particular levels of contact.

**Mr Henry**—Not in what we have read—and we have read pretty thoroughly about this question.

**Senator CHRIS EVANS**—Several witnesses raised the figure of 22 per cent and I am trying to see whether you agree with that level.

**Mr Alchin**—In addition, when the joint select committee reviewed the scheme in 1994, they were also unable to determine how the group had taken into account the smaller costs of contact and how they were connotated in the formula.

**Mr Henry**—The joint select committee said it ‘did not understand’—and I think that is a pretty direct quote.

**Senator CHRIS EVANS**—I am just trying to get clear the department’s view: your understanding of the original formulas. You say it did include some assumption about contact but you are not able to quantify it or say whether they quantified it.

**Mr Henry**—No.

**Senator CHRIS EVANS**—Or that they used a particular figure as the basis of their assumptions. Is that a fair comment?

**Mr Henry**—Yes.

**Senator CHRIS EVANS**—As to the changes to the formula for care between 10 per cent and 30 per cent, what work or evidence do you have to support how the costs vary with proportional contact?

**Mr Henry**—The truth is very little. We used the studies, which have been referred to. Very many payers engage in considerable expenditure to maintain contact with their children; I believe that to be the case. But I do not think we have lots of evidence about how directly proportional that is.

But the proportionality of that is I do not think that we have got lots of evidence about how directly proportional that is. What we have said in relation to this scheme is within the design parameters of the scheme, which allows for a four per cent reduction at 30 per cent, we have made some changes between 10 and 30 along broadly similar lines. The reductions are in fact less than pro rata except at exactly around 10 per cent. The reductions are less than a pro rata reduction but that is part of the design parameters of the scheme. If you take a decision to preserve the basic design parameters of the scheme you would in fact have trouble doing it in a directly pro rata way anyway. We could provide a table—I do not know whether it has been provided on that.

**Senator CHRIS EVANS**—We are a bit short of time.

**Mr Henry**—Could I also just add—really our emphasis in this measure is a recognition of the position of non-resident parents who are maintaining significant contact with their children and the aim is that the recognition will encourage them to maintain that contact. We have used the words ‘encourage to maintain’—sorry if I have slipped from grace at any point,

I do not think I have today—but I have tried to use the words ‘encouragement to maintain’ throughout any presentation or publication on this issue.

**Senator CHRIS EVANS**—I accept that, but what I am trying to get at is the evidence that supports that objective, what it is that makes you think that that will encourage them to maintain.

**Mr Henry**—There are a number of studies into the children of separated parents which indicate that contact with a non-resident parent is a benefit to the development of the children.

**Senator CHRIS EVANS**—I accept that, but that is not the question though, is it?

**Mr Henry**—The Australian research by Weston—some of this is in our submission, forgive me Senator—

**Senator CHRIS EVANS**—No, I have read it very carefully and I also pursued the minister about it when we had the debate in the tax package legislation and, to be honest, none of that research supports the proposition that you advance. It says that ‘by providing the financial incentive’—you are building in a financial incentive that it leads to more care. You say ‘encourage them to maintain contact’. Which research leads you to that conclusion?

**Mr Alchin**—There are voluminous amounts of research into the impact and the effects and the correlation between parents maintaining contact and payment of child support liabilities and around perceptions of fairness of child support liabilities. What this measure is intending to do is to increase the fairness or the perceived fairness, and also whilst doing that provide some recognition of the costs that they incur whilst maintaining contact. There is a lot of research around that says the perceived fairness for child support obligations and contact orders influences the likelihood that payers will meet their liabilities—both Australian and international research.

**Senator CHRIS EVANS**—Do you think that by creating a perception that it is more fair more of them are likely to meet their liabilities or are they going to increase their contact?

**Mr Alchin**—There is a correlation between perceptions of fairness of child support liabilities, maintaining contact with their children and payment of child support liabilities.

**Senator CHRIS EVANS**—A correlation?

**Mr Alchin**—Yes.

**Senator CHRIS EVANS**—All right. Regarding the second job overtime provisions, you have heard the evidence of witnesses about concerns on that and how that might be applied. What guidelines will you be using to monitor that? It seems to me you have got a tough enough issue as it is working out income and all the other formulas. I would be surprised if this came out of the CSA—it seems to be biting off another enormous problem.

**Ms Bird**—It is not a straightforward decision. I mean the agency is certainly aware of that. But neither are a lot of the other decisions that the agency has to make in the change of assessment process.

The agency produces a guideline for each of the reasons that a parent can change their child support. The guidelines are distributed very widely within the community, the legal profession, lobby groups, representative groups, for their input before those guidelines are finalised. The agency is aware of the problems with this one and we have done considerable work on the guideline but it is not yet ready for public consultation.

**Senator CHRIS EVANS**—All right. Best of luck.

**CHAIR**—Thank you very much. for your time and your contribution.

**Mr Henry**—Thank you, Senator, thanks for the privilege.

**CHAIR**—I declare the meeting closed.

**Committee adjourned at 7.00 p.m.**