



(Media Release 3 of 3 for this report)

Child Support: Report recommends changes to child support scheme and further detailed review by urgent Task Force

The House of Representatives Family and Community Affairs Committee has made several recommendations regarding the operation of the Commonwealth's Child Support Scheme and Child Support Agency, in a report released today.

The **unanimous** report, which follows an intensive six-month inquiry into child custody arrangements in the event of family separation, devotes a long chapter to issues surrounding child support (chapter six, pages 123–176).

The 10-member committee of Coalition and Labor MPs makes five detailed recommendations for changes and re-evaluations in the child support area.

This includes an urgent Ministerial Task Force re-evaluation of significant elements of the child support scheme, with an examination of elements involved in potentially moving to a 'cost-based' model instead of an 'income-based' model of child support. This Task Force is to report back by 30 June 2004.

In more immediate recommendations, the committee suggests changes to the way child support payments are currently calculated, and the amounts due.

The committee recommends that the Child Support (Assessment) Act be amended:

- to eliminate any direct link between the amount of child support payments and the time children spend with each parent, amend sections 47 to 49 removing the changes to the formula in relation to levels of care of their children ('109 nights') by non-resident parents, and replacing it with a new parenting payment to non-resident parents with above 10% care;
- to amend the way the payer's child support income is determined by halving the formula percentage applying to income earned from overtime and second jobs worked above a set working week of 38 hours. In the event of a person working more than one job, either part time or casual, only the first 38 hours can be combined to achieve the 38 hour limit;
- to increase the minimum child support liability payable under section 66 from \$260 per year to \$520 per year (that is, from \$5 per week to \$10 per week); and
- to reduce the 'cap' on the income of the paying parent on which child support is calculated under section 42 to ensure high income payers are not contributing child support at a rate in excess of cost of children by reducing the cap to twice average weekly earnings for full time employees or changing the base to 2.5 times average weekly earnings for all employees.

The committee also recommends that additional enforcement powers be given to the Child Support Agency to improve their collection of child support.

These include:

- amending CSA garnishee powers so they can be used to collect current child support from non-salary and wage earners;
- compulsory notification to CSA from insurers re settlements;
- collection from realised compulsory preserved superannuation;
- possibility of being able to access joint accounts;
- credit reference agencies – used to obtain information;
- cancellation of drivers/other licences;



HOUSE FAMILY AND COMMUNITY AFFAIRS COMMITTEE

INQUIRY INTO CHILD CUSTODY ARRANGEMENTS

MEDIA RELEASE

Issued: 29 December 2003

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- deeming the transfer of assets; and
- access to extraordinary lump sum payments and receipts which are not normally included in the child support income base, be included when there is an option of using them to satisfy outstanding debt.

In light of apparent communication and information problems, the committee recommends the Child Support Agency, in conjunction with the Commonwealth Ombudsman, review its strategies for communicating with clients, and take steps to ensure clients fully understand their options for meeting their child support obligations.

The committee also recommends that Child Support Agency decisions be subject to external review, by either an arm of the Social Security Appeals Tribunal, the new Families Tribunal, or another appropriate tribunal.

The recommendation for a detailed re-evaluation of the Child Support Scheme (CSS) by a dedicated Ministerial Task Force is aimed at broader child support issues.

The committee suggests the Task Force, which should report by 30 June 2004, should have as its objectives:

- Establishing the costs of raising children in separated households, with regard taken of the costs of having significant and meaningful contact with children, and the costs of parents re-establishing homes for their children and themselves after separation;
- Ensuring the CSS and social security systems work consistently to support and encourage both parents to be involved in parenting, and not act as a disincentive for workforce participation;
- Ensuring the CSS reflects significant developments in the tax system since 1988, including company tax, trusts etc; and
- Ensuring as a matter of principal that 'exempt' and 'disregarded' income are adjusted to bring them closer together, and reflect changing work and parenting patterns.

The Taskforce should be comprised of clients of the Child Support Agency; child support payer and payee representative groups; researchers with expertise in the costs of children (eg the National Centre for Social and Economic Modelling, NATSEM) and the Social Policy Research Centre of the UNSW (SPRC); social policy researchers such as the Australian Institute of Family Studies; and representatives of relevant government departments and agencies.

Elsewhere, the report makes recommendations for a major reshaping of family law processes, and changes to the way grandparents are recognised. These are outlined in separate media releases. They set the framework for the CSS changes.

To arrange media comment from the Chair, please contact:

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For further detail, including copies of the report and background documentation:

contact the Committee Secretariat on (02) 6277 4566 or visit the inquiry website at

www.aph.gov.au/house/committee/fca

Associated documents:

- 1 page media release on grandparents' role
- 3 page media release on 'Radical reshaping of family law system recommended'