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House of Representatives Standing Committee
on Family and Community Affairs

Submission No: 241

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Secretary:

**INQUIRY INTO CHILD CUSTODY ARRANGEMENTS IN THE EVENT OF
FAMILY SEPARATION.**

Committee Secretary
Standing Committee on Family and Community Affairs
Child Custody Arrangements Inquiry
Department of the House of Representatives
Parliament House
Canberra ACT 2600
Australia

Dear Committee

Given that the best interests of the child are the paramount consideration, the following 2 page submission addresses the stated Terms of Reference, viz,

whether the existing child support formula works fairly for both parents in relation to their care of, and contact with, their children.

In appreciation of your considered response.

Yours sincerely,

Valdamar McEwan

27th July, 2003

Mr Val McEwan
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[REDACTED]

A CHILD SUPPORT REBATE PAYMENT

In the 2000 budget the Treasurer announced that separated parents who had regular contact with their children were to receive a reduction in their Child Support Formula.

The Government had good evidence that there was a high cost when the contact parent had the children on access periods.

Research conducted by Paul Henman and Kyle Mitchell found that the cost of access when having 2 children at 20% of the time cost 40% out of their income. This research raised valid points as had been submitted by contact parents to politicians over many years. The problems will continue to grow unless all politicians make reforms to the Child Support Scheme. Many debates in Parliament have taken place over the years but the sufferers continue to be parents and their children.

The debate on the Child Support Legislation Amendment Bill No.2 (2000) has been withdrawn. The 10-19% and 20-29% care time proposals would have given contact parents 2% and 3% reduction off the formula.

The Labor Party came up with a contact payment proposal which recognised the cost of contact for parents. It was based on a flat rate. However the Government did not amend the bill based on this proposal. As a result both contact parents and children are still denied quality care time for their children.

In these special circumstances, has the Government thought of a **CHILD SUPPORT REBATE PAYMENT**? Alternatively, the number of nights to qualify for child support substantial care provisions could be reduced from the present 110 to say 75? hence subsidising a wider range of contact parents for exercising care of their children.

The **REBATE PAYMENT** could be given in the same percentages as proposed in the Government's Child Support Legislation Amendment Bill No.2 2000. It could be managed by the CSA and be distributed by a tax rebate cheque or by the Family Assistance Office as an **ADDITIONAL FORTNIGHTLY PAYMENT** with the Family Tax Benefit.

Others to benefit could be, people who had accrued child support or Centrelink debts because rebate payments could be directed towards payees for moneys owed

Rebate payments to contact parents would have a direct benefit for children by increasing the capacity for that parent to contribute to such things as extra food, ancillary health care, educational items (i.e. a second computer) and additional sporting activities.

In cases where a resident parent deliberately or inadvertently breaches court orders and access is denied, the **REBATE PAYMENT** can still be paid for the children. All monies could be placed in a trust fund and given to the children when they reach the end of their child support entitlements.

An example of how the rebate could be applied if a court order was breached and benefit needed to be conserved in a trust fund is as follows :-

Taxable income of cs payer = \$30,000 no. of dependant children = 3
Subtract exempted income of \$11740
= \$18 260 x 32% being the cs percentage for 3 c'ren
= \$ 5843 cs payable per year

If a rebate reduction of 3% applied then the child support payable per year would reduce to :-
\$ 5295 Hence a rebate saving would be approximately \$10.50 per week

If this rebate amount needed to be conserved in trust, then the yearly rebate amount could be divided by 3 and distributed proportionately to the children as each child turns 18 and no longer becomes eligible for further child support payments.

The rebate payment would only apply to cs paying parents and would exclude the unemployed on government welfare benefits, as these payers pay the minimum amount of \$5 per week in child support. This rebate **SHOULD NOT AFFECT** the resident (custodial) parent's income. Parliamentary Hansard (2000) notes that the average wage of child support payers was below \$24,000.

In keeping with the principles of the Government's Child Support Legislation Amendment Bill No.2 of 2000, I seek that parliament adopt this measure as to benefit all concerned.

Yours truly,

Valdamar McEwan
27th July,2003