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Secretary:

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

Dear Sirs/Madam's

Child Support Calculation and Payments

Firstly I would like to say how refreshing it is to know that the Federal Government has had the courage to convene this Committee to look at the inequities in Child Support and Custody issues. These are very important and relevant social issues that unfortunately affect so many Australian families today, myself included.

Like most caring parents I do not have a problem with the concept of providing Child Support for my daughter, and have done so since my separation and divorce four and a half years ago. I have always had a very close and loving relationship with my daughter.

What I do have a problem with is how the level of Child Support is assessed by the Child Support Agency and what is considered by the Child Support Agency as "Support".

I would like to make the following points and suggestions for the Committee's consideration:-

- I believe that the formula for calculating "Child Support" payments is **fundamentally flawed**, as it uses "current annual taxable income" less an "Exempted amount", multiplied by the percentage attributable (in my case 18%) to the number of nights the non-custodial parent has the child per year to come up with the "Child Support Payable" amount. This amount is then paid out of the "After Tax" income of the non-custodial parent. This means that the percentage paid is far greater than the already exorbitant 18% assessment rate !!

A further flaw in this formula is that it fails to allow for is the number of nights "care" that the Child spends with the non-custodial parent .

I believe that a fairer method should calculate the number of "care" nights as a percentage of the year.

This percentage should then be applied to the assessed amount to calculate an amount to be deducted from the annual amount assessed. The current method used by the Child Support Agency fails to take the "care" nights into consideration when the non-custodial parent has "care" of their children effectively meaning that child support is being paid twice because while the child is in the care of the non-custodial parent the child still has to be fed, entertained, clothed and have shelter provided.

It is also not the "paying" parents' responsibility to provide 100% of the child's financial needs (though this seems to be the attitude of the Child Support Agency and the legislation).

Below is an example of how the Child Support calculation would look in the above scenario:-

“Child Support” assessed amount say \$6,600 p.a.
Number of nights in “Non-Custodial” parent care = say 122 nights (or 33% p.a)
The amount of “Child Support” that should be paid to the “Custodial” parent is calculated as \$6,600 less 33% (for nights spent with non-custodial parent) = \$4,400.
(currently the Custodial parent would receive the entire \$6,600 even though they don't have the responsibility for the child for one third of the nights of the year).

I believe that this method is somewhat fairer as the non-custodial parent does not have to pay twice when they have the “care” of the child and the balance of the child support is available to provide for the child's needs during these care nights.

- I also fail to understand why the “Custodial” parent is entitled to a “Disregarded Income Amount” of \$36,213 when as a “Paying” parent I am only entitled to an “Exempted Amount” (as I mentioned above) of \$12,315, which means that the “Custodial” parent can earn up to \$36,213 before any reduction is made to the level of “Child Support” that is assessed to be paid by the “Non- Custodial” parent.
- Where the “Custodial” parent re-marries or enters into a defacto relationship I believe that the “Custodial” parents' income for the calculation of “Child Support” should include a portion of the “new” partners income (say 50%) . **In this way the “Custodial” parent (and new partner's) ability to benefit from “Child Support” payments is reduced and the “Non-Custodial” parent has more control over any money available to be spent on “supporting the child” during “care” nights.**

Afterall when entering into a new relationship the new partner , or defacto is aware of the child in the relationship and **should not be in a position to benefit financially from “child support”** payments received by the Custodial parent. ([REDACTED]

[REDACTED]
). This constantly puts a strain on the relationship with my former wife which in turn affects my daughter. By including “new spouse or defacto” income as household income for the “Custodial parent for the calculation of “child support” payments the ability of the “Custodial relationship” to benefit from child support payments paid by the non-custodial parent is reduced !!!!

Below is an example of how the “Custodial household income ” would be assessed :-

Calculation Example including “Custodial Parent and Spouse/Defacto Income (using the above current “Disregarded” and “Exempted Amounts”).

“Custodial Parent Income “	say \$31,000	
“Custodial Spouse Income” say \$58,000 p.a.	(use 50%) = <u>\$29,000</u>	
Gives a “Household Income”	of \$60,000	
Less “Disregarded Amount” from above	<u>\$36,213</u>	
Gives Child Support Assessable income amount	of <u>\$23,787</u>	(A)
“Non –Custodial Parent Income	say \$47,102	
Less “Exempted amount”	of <u>\$12,315</u>	
Gives “current Child support Assessable amount”	<u>\$34,787</u>	(B)
“New Child support Assessable amount = (B) – (A)	\$34,787	
	<u>\$23,787</u>	
“New Child Support Assessable amount”	<u>\$11,000</u>	(C)

Amount of Child Support payable by Non- Custodial Parent = (C) multiplied by
 The effective Child Support percentage (currently 18%)
 to give the “New Child Support” amount (\$11,000 x 18%) = **\$1,980**

Using this method more of the onus is placed on the “Custodial Parent” to use the “available household income” to Support the Child and gives better financial control to the non-custodial parent on Child support payments being made.

In this scenario the non-custodial parent would keep \$4,620 of the current method’s child support assessment of \$6,600.

- One final point that I would like to bring to the Committee’s attention is the fact that the **Custodial Parent are using the children as a “Source of Income”**. By this I mean that in my case my former wife is preventing me from seeing my daughter for more than 109 night per year so as to keep the Child Support Assessment percentage at 18%. This is despite the fact that there is a Family Court Order in place that stipulates structured contact every other weekend, school holidays and “at any other time as agreed by the parites”. My former wife ensures that instead of my daughter being with me (where my daughter would prefer to be) she is farmed out to all and sundry so as to keep the number of nights below the 109 allowed in the calculation. Otherwise if the number of contact nights exceeds 109 then the percentage drops to 14 %.

I read with interest the Committee’s Terms of Reference that contact is presumed to be 50%. This will go a long way to resolving some of these types of issues, and can only benefit the child.

These are difficult issues and I realize that there are no easy answers, however I trust that the points that I have made above will provide the Committee with some "Food for thought" during it's deliberations.

Yours sincerely,

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