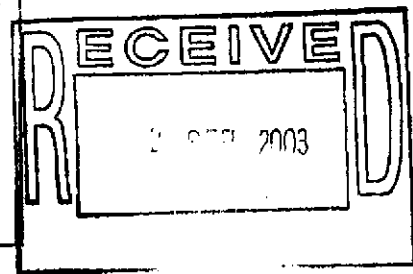


Submission No: 1271

Date Received: 10-9-03

Secretary:



Mr Kerry BARTLETT M.P.
Federal Member for Macquarie

Re Family Law and Child Support Inquiry by the Federal Parliament.

Sir,

I recently noticed that an inquiry has been established re the above and I am aware that you are to play a vital role in this matter. The purpose of this letter is to put to you what I think is wrong with the Child Support Legislation as it currently stands. I do not intend to comment on the Family Law Act in this letter.

I agree that parents when they separate should fully support their children and in principle I agree that appropriate legislation is required to see that children are not disadvantaged by separation.

What is wrong with the current legislation?

Firstly, the income percentages are excessive. 1 Child is 18% of exempt income whereas 5 children are 36%. This is discriminatory. All children should be treated equally. In my case I pay 18% for one child. I have a wife 1 stepchild (mother/father separated pre CSA legislation) and 2 dependant children. As I earn over \$62500 and pay 6% compulsory superannuation, every dollar of over this figure is taxed at 48.5% plus 6% 'super' and 18% child support. This means that 72.5% of that portion of income is taken and leaves 27.5% of that income for my family. How can the parliament claim it is a fair system when in my case 5 of us have 27.5% (ie 5.5% each) and the other dependant is worth 18%.

Secondly, The exempt income amounts discriminate against the 2nd family. Is child support law a law to discourage moving on and having a second family. It would appear so. My first dependant child is worth considerably more in exempt then my second child. How can it be that the first dependant child basically doubles my exempt income but my second 'exempt' child is worth only about 20% of the first in terms of additional exempt income. In real terms in my case I pay \$162.50 per week in child support. If I did not have my 2nd child I would pay \$7.50 more. Is the parliament comfortable with the fact that the child not residing with me is 'worth' \$162.50 as against my resident 2nd child at \$7.50. This is a disgraceful set of affairs.

Thirdly, The assessments do not adequately reflect the real cost of the child. In my case my ex-wife lives a fairly modest lifestyle and would cover my daughters expenses on about \$100.00 per week. We divorced 10 years ago in bitter circumstances. She has had a number of defacto partners since and 1 additional child. She is 'content' for me to support her lifestyle at my family's expense. I think that 10 years down the track that I owe her nothing. On this matter the legislation does not even meet its basic charter. By this I mean the legislative intent is that both parents should contribute to their children. In my case I pay 100% plus. This puts extreme pressure on my relationship with my wife. We cant afford any 'luxuries' because the legislation as it stands does not 'allow' it.

Fourthly, This law was enacted some 15 years ago and there have been some improvement to the 'scheme' such as 'overtime' exemptions for the 2nd family. However most of these matters involve an intrusion into my privacy and to claim the any amounts it means I need to have a review. This again involves my ex-wife knowing my asset base and income situation and allows her to object. I think in my case that the time since separation (ie 10 years) that my income/asset base is none of her business. The CSA does not.

Finally there are other areas that concern me such as the 'negative gearing' discrimination. I imagine that most 'payers' struggle to meet basic requirements and do not have the resources to invest in property. However if the income/outgoings are fully deductible for the qverage taxpayer then why is it the reverse when it comes to child support. It does not seem 'right'.

Remedies?

1. The parliament should give consideration to reducing the percentage amount to say 12% for one

Child and 19% for two and 25% for three with some modest increment thereafter.

2. As a payer with a second family. My view is the legislation should be amended to have the payers children treated equally to the 'supported child'. My example would be to only have 1 exempt income for the payer and the payers children to be 'subject' the assessment. In other words in my current circumstances I have 2 children plus a stepchild residing with me and one child that I pay support for. Would it not be logical to simply divide the children by three (ignoring I suppose the stepchild because in most circumstances he/she would be provided for under another assessment). In this case 3 children using the current formula would work out at 32%. If you divided that by three it would mean that I would pay 10.66% for each child. My children would then be treated as equals and not discriminated against as they currently are. (I raised this issue with Mr Bartlett some time ago at a Child Support forum at Katoomba)

Yours Faithfully,
