

Submission No: **1388**

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Secretary:

To Whom It May Concern

The comments I have provided below is my submission to the Child Custody Arrangements Inquiry. I hope common sense prevails and a more fairer approach is adopted rather than just lip-service and not another exercise in futility and wastage of taxpayers money.

For a start, here are my views:

1. Child Support Payment Calculations

The way this is calculated defies all logic. The calculations are based on gross income, yet the amount is paid from take home pay or net income.

2. Payment Methods

Payments are made monthly directly to the Child Support Agency who in turn makes a separate payment into the custodial parent's bank account. It's nearly as good as cash in hand as it is not classified as income.

3. Contributions Assurances

How does a non-custodial parent know that the money they have contributed to the upbringing of their children is going to be used for that specific purpose? The CSA can provide no assurances or guarantees.

4. Other Contribution Arrangements

Currently there is no real incentives offered by the CSA to non-custodial parents to contribute to their children's upbringing in other ways. The maximum deduction, that is offered is 25%. Where is the incentive for a non-custodial parent to pay so for example school fees if they wanted to pay for private school education.

It is no wonder that non-custodial parents feel they get a raw deal from the Government because of the actions of the Child Support Agency.

So how could it be improved? I believe if it was more fairer and just, you would have a much less problem as the majority of non-custodial parents would be far more willing to contribute.

Here are my suggestions:

A. A Fairer Calculation Method

Base the calculation method on an objective format. For example on a tiered system of amounts determined as yearly averages to raise a child, say based age and set amounts.

Age	Yearly Amount
0 - 3	\$a
3 - 6	\$b
6 - 10	\$c
10 - 12	\$d
12 - 15	\$e
15 - 17	\$f

Figures from the AIFS are **NOT** to be considered as they are exaggerated and flawed.

Amounts should be calculated on objective and realistic figures such as that provided by the Australian Bureau of Statistics or other fairer means.

Once a child reaches 18, they are legally classified as an adult and therefore no longer a child by definition. They could apply for Austudy as an option.

Other factors need to be also considered such as:

- Amount adjusted in accordance with the percentage of contact time, ie. for a 0 –3 year old, the adjusted calculation would be $(\$a \times Y\%) \div 100$.
- Cost of living differences such as state and regional areas need to be considered also in conjunction with this adjusted amount, eg. the cost of living in Sydney and Melbourne is a lot higher than in other regions.
- Number of children to support is another consideration, and could be a set amount for each additional child rather than a percentage.

B. Simpler Payments Arrangements

As for making payments, some indirect method should be considered not unlike a levy, like how the medicare levy is deducted from taxable income. This would then allow non-custodial parents to voluntarily contribute additionally as well, say for private school fees.

Such voluntary payments could then be included as an income tax deduction.

C. Balanced Contributions Distribution

Payments made to the custodial parent by the CSA should be a combination of money, redeemable vouchers, (ie for food, rates, electricity and other household necessities) and other appropriate expenses methods. That way there is some assurance of contribution benefits.

These are my thoughts. I hope they are useful in continuing the debate and thus eventually arriving at a more workable solution to all parties concerned.

Yours sincerely,

Geoff Webster