

PROPERTY INVESTMENT RESEARCH

Leaders in Independent Research

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House of Representatives Standing Committee
on Family and Community Affairs

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Secretary:

House of Representatives
Standing Committee on Family and Community Affairs
Parliament House
CANBERRA ACT 2600



Dear Committee Members,

Submission to the Inquiry Standing Committee on Family and Community Affairs

Regardless of the political and emotional issues surrounding Child Support, in the end result it is the Australian Taxpayer who ultimately funds all Government initiatives.

Our submission is of a financial nature, it is one based on the Child Support Agencies own numbers, which clearly indicates that the Child Support Scheme is a national financial disaster that can not be maintained in its present form. Furthermore, the starting point for any final submission to Government must be financially realistic and viable if it is to be supported by taxpayers/voters over the future years, currently the scheme is unsustainable, especially when the true cost is fully revealed and its impact on every hardworking Australian is fully understood.

The number one driver of unemployment is the Child Support Agency (CSA) based on the last available statistics, they have driven 206,000 able bodied males on to Social Welfare at a cost of around \$200 per week per person in an unsuccessful attempt to collect less than \$30 per week average child support payments, unfortunately the numbers have far wider ramifications than by just simply pointing the bone at the CSA for its fraudulent accounting and its apparent gross mismanagement of the Child Support Scheme.

The PIR Independent Research Group has released preliminary figures on the cost of child support covering the 2000/01 financial year. Estimates based on Government figures contained in the Child Support Agencies (CSA) "Child Support Scheme - facts & figures 2000/01 publication reinforces the view that instead of actually saving taxpayers \$166 million the Child Support Agency has in fact cost Australian Taxpayers a whopping \$1740 million in just one year.

PIR was made aware of this issue some three years ago, but due to the complete lack of transparency and the non cooperative bureaucratic attitude of the Child Support Agency, progress on this vital community interest research project been very difficult indeed. PIR has been forced to report the matter as a 'formal complaint' to the Commonwealth Auditor General and in turn the Mr Bob Charles, Chairman of the Joint Committee of Public Accounts & Audit, whom we believe are currently investigating". Additionally, the Productivity Commission has also been asked to investigate this major national unemployment/productivity problem.

The PIR report (attached) has identified massive unemployment amongst Child Support Payers (91% men), 39% of the total 530,000 are not gamefully employed. When you convert this unemployment into national figures you find that the CSA Clients makes up approximately 76% of all unemployed Australian males aged 20 and over. PIR estimates that since inception of the Child Support Scheme, it has indirectly cost ordinary Australian Taxpayers \$28 billion, which equates to a staggering \$2700 for every hardworking Aussie taxpayer.

Everyone including the CSA is well aware that there is a war of attrition going on between the CSA and Non Custodial Dads, who through the Child Support Act have been impoverished and at the same time denied even the most fundamental rights. The Child Support Agency lacks any real form of transparency and has totally mismanaged the process, therefore attracting the highest complaint levels in Australia. For many reasons including the formulae, Child Support is generally regarded as discriminatory taxation levied upon fathers at grossly excessive rates that they can ill afford. There is no real incentive for them to work when you consider the average dad is forced (by the harshest collection laws ever introduced) to pay about 40% of his take home pay to the CSA." Furthermore, the CSA is accumulating fictitious debts (based on subjective assessment) against most of those who can least service them.

Child Support Agency official 2000/01 figures are the basis of the PIR calculations, key statistics being:

41% or 252,080 of CSA payers did not lodge any tax return.

45% or 261,000 of CSA payers earn less than half of average weekly earnings.

39% or 206,000 of CSA payers earn sufficiently low income to be clearly identified as unemployed

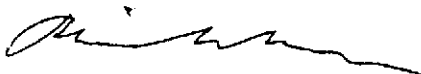
33% or 195,000 with CSA child maintenance debts (\$358 mil) earn between \$0 - \$20,000 per annum.

The CSA has failed to provide 2001/02 figures (due January 2003) to enable updated research and analysis to be carried out. We suspect this was firstly to avoid confronting the Public Accounts and Audits Committee and secondly to deny any means of analysis for the submission of the Working Age Task Force on Welfare Reform.

PIR proposes to resort to freedom of information legislation in order to try to update the 2000/01 estimates, as it appears the CSA may be further manipulating the format for self-preservation purposes. In this regard should the figures be obtained in a form that is compatible with meaningful analysis, we request that in the community interest they be allowable as a supplementary to this PIR submission.

In summary, it is our opinion that the whole aspect of employment disincentives enshrined in the Child Support Scheme for both parents need urgent review. We believe the Standing Committee on Family and Community Affairs would be remiss in carrying out their duties in a responsible manner if they did not urgently review this matter as a priority over all other issues.

The figures obtain from the CSA reveal that the Child Support Scheme comes at horrific 'undisclosed' cost to the Australian Taxpayer and at an estimated indirect cost of \$40 billion over the next decade, the whole scheme simply cannot be maintained in it's present form.



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