



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

House of Representatives Standing Committee on Family and Community Affairs	
Submission No:	1638
Date Received:	23-10-03
Secretary:	

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RE: Submission - Inquiry into child custody arrangements in the event of family separation (whether the existing child support formula works fairly for both parents in relation to their care of, and contact with, their children.)

To Whom It May Concern:

I provide the information herein as a supplement to my original submission to this inquiry (No. 1175).

I have followed with interest the evidence provided to the committee by representatives from the Department of Family and Community Services in Canberra on Monday, 15 September 2003 and Friday, 17 October 2003.

Background

The following excerpts are taken from the Proof Committee Hansard available on the Parliament of Australia Hansard website:

[Monday, 15 September 2003]:

"Mr PRICE—So what you call exempt income is the same for both parents when it is shared residency; is that right?" [FCA 49]

"Ms Bird—That is correct. When they share the care between 40 and 60 per cent the exempt income for both parents is identical." [FCA 50]

[Friday, 17 October 2003]:

"Mr Sullivan—Initially you might. If the first step in a major relationship was to say: 'Understand that when we take this next step, you are responsible and your income will contribute to the care of my children,' you may not see as many relationships formed. Let us go back to the first question. Some people have the notion that 50-50 care sees the end of child support. 50-50 care, when the parents have equal incomes, means that no child-support payments are made. When there is a disparity in incomes, a payment is made by one parent to

the other parent reflecting their capacity to share their means."
[FCA 45]

"Mr Kalisch-I also refer you to page 14 of our supplementary submission, which makes it quite explicit that the formula as it applies to each parent in a 50-50 care arrangement is exactly the same-the exempt income is the same. 50-50 care means that you have a change in the formula arrangements. The formula currently makes an adjustment so that there is no disparity in the exempt income amounts." [FCA 45]

"Ms Bird-The exempt income that is used when parents share the care of their children increases for one parent and reduces for the other, so the exempt income changes to about just over \$14,500 for both parents." [FCA 50]

"Mr CADMAN-Are you saying that one parent with half access is going to have a greater tax-free threshold than a single parent of \$12,300?"

Mr Kalisch-No, it is exactly the same." [FCA 51]

Summary

What I would like to point out to the Committee is that **the exempt income amounts for a 50-50 shared care arrangement are not necessarily identical and in fact may be significantly different.**

In my circumstance I share care (exactly seven days per fortnight) of one child, born in 1990. My exempt income amount is \$15,434.00 and the child's mother's exempt income amount is \$28,146.00. The difference being \$12712.00 which varies the child support liability by \$1525.44 per annum (i.e. 12%). Refer to the attached child support assessment.

I am a single parent with a home mortgage, I am required to pay child support to the child's mother even though I share care and responsibility for the child, even though the mother's income is greater than mine and even though the mother is supported by her current husband.

I trust that this information may be beneficial to the Inquiry.

Reference documents:

Proof Committee Hansard - Canberra, Monday, 15 September 2003;
Proof Committee Hansard - Canberra, Friday, 17 October 2003; &
Copy of child support assessment (2 pages) attached.

(4)

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**ASSESSMENT AND CHILD SUPPORT REGISTER ENTRY
FOR THE PERIOD FROM 1 January 2004 TO 30 November 2004**

Paying Parent: MR [REDACTED]
Payee: MRS [REDACTED]

Annual Rate: \$971.00, payable by MR [REDACTED]
Daily Rate: \$2.65845

Monthly Amount: \$80.92

THE INFORMATION USED TO CALCULATE THE AMOUNT PAYABLE

FOR: MRS [REDACTED]
Annual Rate: \$4,764.00
Child Support Percentage: 12.00%
Child Support Income Amount: \$67,844.00 (02/03 Taxable income plus any supplementary amounts)
Exempted Income Amount: \$28,146.00
Adjusted Income Amount: \$39,698.00
Pensioner or Beneficiary: Yes

RELEVANT DEPENDENT CHILDREN: 2 children younger than 13

CHILDREN WHOSE CARE IS SHARED
BETWEEN BOTH PARENTS:

[REDACTED] born [REDACTED]

FOR: MR [REDACTED]
Annual Rate: \$5,735.00
Child Support Percentage: 12.00%
Child Support Income Amount: \$63,226.00 (02/03 Taxable income plus any supplementary amounts)
Exempted Income Amount: \$15,434.00
Adjusted Income Amount: \$47,792.00

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GENERAL INFORMATION

Because you are both caring for your children, the Child Support Formula:

- treats you as if you are paying child support to each other, and
- calculates an annual rate for each of you.

Child Support is payable to the payee if the payer's annual rate is more than the payee's annual rate.

PAYING PARENT'S EXEMPTED INCOME AMOUNT:

Child Support periods starting between 1 January 2003 and 31 December 2003

If there are no dependent children	\$12315
If there are dependent children	\$20557

EXTRA EXEMPTED INCOME AMOUNT for dependent children:

- under 13	\$2235
- 13 to under 16	\$3119
- 16 to 18	\$4672

as at the date 12 months after the start of the child support period

Maximum possible CHILD SUPPORT INCOME: (Annual equivalent of 2.5 times Average Weekly Earnings)	\$119470
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When ever your child support assessment changes, it may affect any entitlement to Family Tax Benefit Part A. For more information, please contact the Family Assistance Office (FAO) on Ph 136 150.