



**The Hon Jenny Macklin MP
Minister for Families, Housing, Community Services
and Indigenous Affairs**

Parliament House
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Mrs Julia Irwin MP
Chair
Standing Committee on Petitions
Parliament House
CANBERRA ACT 2600

Dear Mrs Irwin MP *Julia*

Thank you for your letter of 11 June 2009 about a petition relating to the Child Support Scheme (the Scheme).

The petition raises concerns that the new Child Support Scheme does not appropriately take into account the costs incurred by parents who have care of children over the school holidays and on special occasions. The petition states that it is unfair not to recognise the costs of care that parents are meeting directly during these periods.

I would like to assure the petitioners that the Government does not intend the Scheme to impose an unfair or unreasonable burden on parents. The Government recognises the importance of a child having ongoing contact with both parents. It is important that the Scheme does not operate to limit or prevent contact between a parent and a child.

The petitioners are correct that the current child support formula does not recognise the costs of contact for a parent where that contact is less than 14 per cent of the overall nights in a year. The reason that the formula operates in this way is to reflect the fact that the parent with the majority of care for a child incurs the majority of costs for that child. These costs include items such as infrastructure costs, including accommodation and household goods as well as costs for personal items, education and health care. These essential costs make up the majority of the costs of raising a child.

Care of less than 51 nights per year is equal to less than one night of care per week. I acknowledged that a parent who is providing care at this level will need to provide accommodation, food and entertainment for their child during the period of care. However, the costs that the parent will incur as a result of care of less than 14 per cent will include fewer costs associated with infrastructure, such as the expense of maintaining larger accommodation. Care of less than 14 per cent will also incur much less cost associated with education expenses and personal items like clothes and toys.

For that reason, it is regarded as appropriate that care of less than 14 per cent is not formally recognised in the child support formula. I acknowledge that it may be difficult for a non-resident parent to meet the costs of having some contact with their child as well as paying ongoing child support, but ultimately it is also important to ensure that the parent with the majority of care is receiving appropriate financial support from the non-resident parent.

There are a number of options available to parents with care of less than 14 per cent to have some of the costs that they are incurring recognised in a child support assessment. Parents who feel that the child support formula does not fully reflect their circumstances may be able to apply to the Child Support Agency for a change of assessment. A Senior Case Officer will consider the circumstances of both parents and make a decision. One reason to apply for a change of assessment is if costs of contact exceed 5 per cent of a parent's child support income amount. A change of assessment for this reason may be suitable for those parents whose children live in different towns or interstate.

There is also a facility within the Scheme for parents to agree that particular payments should be credited as child support. These are known as non-agency payments. A non-agency payment is a child support payment made directly to the resident parent or third party for the benefit of the child or children. Parents may seek agreement with the other parent to have such payments considered as a non-agency payment for child support purposes.

A paying parent can also make certain payments that may be credited as child support payments without the agreement of the resident parent. These are called Prescribed Non-Agency Payments and may be credited at a rate of 30 per cent of the amount payable each month after the remaining 70 per cent of child support is paid in full, and can include child care costs, school fees and essential dental and medical fees. This arrangement improves the balance between resident parents having enough money available and the wishes of non-resident parents having a say about how child support payments are spent.

For further information about these options, I encourage the petitioners to contact the Child Support Agency on 13 1272 for the cost of a local call.

Thank you again for writing.

Yours sincerely

JENNY MACKLIN MP