

5th August 2003

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| House of Representatives Standing Committee on Family and Community Affairs |
| Submission No: <u>503</u> |
| Date Received: <u>8-8-03</u> |
| Secretary: |

Committee Secretary
Standing Committee on Family and Community Affairs
Child Custody Arrangements Inquiry
Department of the House of Representatives
Parliament House
CANBERRA ACT 2600



Dear Sir/Madam

Re: Child Support Formula

I am a payer of child support and am responsible for 2 children from my previous marriage. I am now re-married and have further responsibilities in maintaining my 'new' family. Subsequently, I have had numerous dealings with the Child Support Agency (CSA), am familiar with the legislation and well aware of the inequities in the system faced by the payer. The following is a brief outline of my concerns:-

1. Calculation of child support payments on the annual gross income figure is unfair, particularly when in reality, this is not what you earn in the hand. Child support payments should be calculated on the more realistic net amount of income earned. For example, in my circumstances, for every dollar I earn after reaching the level where I pay the full marginal rate, I pay 48.5% tax (including the Medicare Levy), then I pay 27% in child support for 2 children, leaving 24.5% to support my new family, which comprises of 2 adults and 1 child.
2. The 'Child Support Percentage' (in my case 27%) should be reviewed to reflect a more fair and equitable outcome.
3. The capping on the Child Support Formula Assessment Income should be lowered. Under the current circumstances, it is extremely difficult for a father to re-establish himself in a new family. The more overtime worked, the greater the amount is to be paid in child support. It is a no win situation for the

'new' family, creating a great degree of stress and anxiety for all concerned. Representatives from the CSA will argue that lodging a form for a 'Change to the Child Support Assessment in Special Circumstances' under reason 10 – 'Additional Income for Resident Children' may result in a possible reduction in child support income by up to 30%. However, if you investigate further, the CSA also has the right to investigate the 'total' household income including the contributions of the respective 'new' partner and utilise this information in making an assessment. If the CSA has the right to investigate 'total' household income from the payer's perspective, then they should also investigate the payee's new partner and their financial situation and ability to support children.

4. When a 'Change of Assessment' has to be lodged with the CSA, the requirement that accompanying documents be served on the other party, should be removed. It is of no business to the other party to be fully informed of the payer's personal details, for example, your asset and debt details, especially when in most circumstances ex-partners are not in an amicable relationship.
5. Where an informal verbal agreement between parties, regarding child support payments has been dissolved, it is unfair that the CSA, on behalf of the payee request 3 months arrears, particularly where there was no existing agreement with the CSA for collection of child support, in the first place.
6. If the payer inadvertently makes an overpayment to the payee, there is no avenue for claiming a refund of the overpaid amount. All government departments and for that matter, private organisations, will refund an overpaid amount once proof of payment has been provided. What gives the CSA the right to deny an overpayment to the payer? However, on the other hand, if a payer defaults on a payment the CSA is quick to charge a penalty fee.
7. Compulsory DNA testing to verify parentage should be introduced as part of the legislation. Evidence suggests that up to 40% of children are not fathered by the 'natural' father. If you're responsible for payment of child support then

you should be assured with 100% certainty that the children, in fact, belong to you.

8. A suggestion that legislation be introduced to assure a percentage of child support payments, are in fact invested for the benefit of children, rather than in the upkeep of the payee.

In summary, the present Child Support Legislation greatly disadvantages the payer, which in many circumstances, is the father. Furthermore, it greatly contributes to creating a negative family environment for the 'new' household, where there are limited opportunities to improve your lifestyle, despite your best efforts. It appears that the more you work, the more your previous family, and in particular your ex-wife will benefit. Under the current system there is no incentive for the payee to seek employment, and why would you, when in my circumstance my ex-wife has the capacity to receive \$2000 per month in child support payments, plus welfare benefits whilst *'sunning herself on the deckchair'*. On the other hand, both myself and wife work full time, have dropped the baby at the carers by 6.30am and are prepared to work for an honest income. In recognition of these efforts the government has denied us family benefits, maternity allowance, immunisation allowance, family tax benefits and any other allowance you care to mention!

We live in hope, that this Standing Committee will acknowledge the plight of paying fathers and the struggle experienced by 'newly' established families. Hopefully you will recognise the many financial and personal hardships suffered by 'new' families through the implementation of Child Support Legislation. We look forward to a system that is fair, equitable and just to all parties concerned and one that is not narrowly focused on the well being of children from past relationships to the detriment of children and families from present relationships.

One important point in closing, is that the existence of this committee should have been more widely publicised. For example, an effective method of reaching interested parties would have been to include a leaflet in any child support correspondence. This method of communication would have ensured that affected parties all had an equal opportunity to voice their opinions.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'Frank Giraldi', with a long, sweeping flourish extending to the right.

Frank Giraldi
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Towradgi NSW 2518

