



Patrick Parkinson
Professor of Law
Head of School

173 – 175 Phillip Street
Sydney NSW 2000
DX 983, Sydney
Tel: + 61 2 9351 0218
Facsimile: + 61 2 9351 0200
Email: patrickp@law.usyd.edu.au

The Secretary,
Senate Community Affairs Committee
Parliament House
Canberra ACT 2600

9th October 2006

Dear Secretary,

Re: Child Support Legislation Amendment (Reform of the Child Support Scheme – New Formula and Other Measures) Bill 2006

Thankyou very much for the invitation to give evidence to the Committee last week.

There was one issue which came up in the evidence given by someone else that I thought I should clarify. The issue is the proportion of child support payees and payers who will be better or worse off respectively as a result of the proposed change in the formula.

Almost no-one's current assessment will remain the same under the new formula. I have been quoted as saying that about 60% of assessments will go down, and this figure was repeated in evidence received by the Committee. I have not been correctly quoted by the media on this.

In the press conference to launch the report in June last year, I was asked to give such an estimate. I replied to the effect that it was hard to estimate, but that I thought between 55% and 60% of assessments would be lower. The press then reported that as 60%.

It is indeed hard to give a reliable estimate. The reason is that we do not have data on the patterns of contact for those paying child support unless the level of contact reaches either the 30% or 40% threshold (when it becomes relevant under the existing child support legislation). It is possible to get some further data from the patterns of FTB-splitting, but this data also gives an incomplete picture.

My best guess is that the majority of assessments will go down. My estimate of 55% is probably much closer to the mark than 60%. It is nonetheless, just a very general estimate.

It is understandable that advocacy groups should focus on the transition effects from the old scheme to the new. Inevitably, any change to the child support formula means there are ‘winners and losers’. In many cases, and particularly those where only modest levels of child support are payable now, the change in formula will lead to only modest changes one way or the other.

One High Court judge famously said of constitutional interpretation that: “It is not, in my opinion, better that the court should be persistently wrong than that it should be ultimately right.” This is quite applicable also to child support policy. When money is concerned, the transition from one arrangement or entitlement to another may be troubling and difficult, but the alternative is to be consistently wrong – to maintain a policy that cannot be defended because changing it is too hard. I hope our work has yielded levels of child support that are ‘ultimately right’ and that with better enforcement, the right amounts will be transferred – for the benefit of all children whose parents do not live together.

Yours sincerely,

Patrick Parkinson
Professor of Law