Submission to the Inquiry into Child Support Legislation Amendment (Reform of the Child Support Scheme - New Formula and Other Measures) Bill 2006

To whom it may concern

Thank you for this opportunity to make comment.

The changes that are to be made are extremely complex and difficult. As such, my comments can only point the committee to a point of analysis.

I would like the committee to consider my scenario and ensure that indeed all children are being treated equally.

I have three children to a previous marriage and one to my second. All three used to live with their mother, whose income is for the purposes of child support nil. I have a good income, but like most Australian's I work hard for it and have a big mortgage. My eldest son has recently decided to live with me.

Under the current system, my child support liability was 34% for 3 children and it dropped to 27% for two (the highest percentage is 17% for the "first" child). So my liability dropped from $1400 per month to $1100 per month. This is primarily because my ex-wife need only provide $5 per week (now $6.20 I think).

The flaw in this system is that it does not take into account what I am paying for the other two (ie the two children that remain get more resources available to them than the one that come to live with me). When all three lived with my ex-wife that got $466 each per month, when one moved to live with me the other two got $550 each per month. While I took on the costs of a "first" child

I suspect the same problem exists with the new system. I believe the system for calculating mixed parenting arrangement only works when both parents are earning something not when one earns nothing for child support purposes.

Under the new formulae, can the committee get an analysis of the resources available to **each** of the children in this type of earning arrangement under the two following scenarios:

1. If all three children live with one parent full time; and
2. If one child lives with the earning parent while two live with the non-earning parent;

The level of income doesn't really matter but say one parent earns $80,000 and the other $0 (it is more the fact that one earns will the other does not). In addition, use the cost of the child to show what each parent pays within their own

household. Remembering that when the child comes to the earning parent, he has the increased costs associated with being the first child.

If the system is equitable, then there will be no difference in the resources available to each child.

I believe that you will find that scenario 2 has the earning parent contributing more in child costs than 1. The fact of the matter is that this translates to less resources being available for the child that decides to move from the non-earning parent to the earning parent, which is inherently discriminatory.

I believe that the better way to deal with mixed share arrangements is to calculate the cost of children based on them all being together (creating a cost of child pool) and dividing the pool by the number of children and then allocating the costs on the basis of care.

- Eg the total costs to be allocated are $1500 per month for three children
- Divide by the three children = $500 per child
- The earning parent looks after 1 child 100% of the time and the other children live with the non-earning parent.
- The earning parent pays the earning parent $1000 per month in child support.

This would mean that all parents share in the diseconomies of scale when a mixed care arrangement exists – not only the earning parent.

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