

## Senate Community Affairs Legislation Committee

### BUDGET ESTIMATES – 5-6 JUNE 2014 ANSWER TO QUESTION ON NOTICE

#### Department of Human Services

**Topic:** Interaction of Child Support with proposed changes to Newstart

**Question reference number:** HS 182

**Senator:** Cameron

**Type of question:** Written

**Date set by the committee for the return of answer:** 25 July 2014

**Number of pages:** 2

#### **Question:**

- a) Is there is a minimum child support rate for low income parents?
- b) When was it introduced?
- c) What is the amount?
- d) So what will happen if a paying parent has to wait 6 months to receive Newstart?
- e) Will a debt be incurred if there is no income from which to deduct the minimum rate?
- f) What would be the effect on low income families if that minimum child support payment is not received?

#### **Answer:**

- a) Yes.
- b) The minimum annual rate (greater than nil) was introduced by the *Child Support Legislation Amendment Act 1998* and was effective from 1 July 1999.
- c) The minimum annual rate in 2014 is \$399 per child support case.
- d) The paying parent can elect to provide an income estimate to have their assessment based on their expected income for the year or part year.  
The customer's circumstances and income amount will determine the annual rate of child support payable.  
If the customer can demonstrate that their total income for the remaining child support period is less than the minimum annual rate, the assessment can be reduced to nil.
- e) Where a parent has had their assessment reduced to nil because their total income for the remaining child support period is less than the minimum annual rate, no debt will be incurred.  
Where the assessment is for an amount other than Nil, any unpaid amount is a child support debt.

- f) The effect of not receiving child support may vary depending on each family's particular circumstances. However, any unpaid child support (whether at the minimum annual rate or otherwise) remains payable as arrears by the paying parent until such time as it is paid in full.

The minimum child support amount is below the threshold which would affect Family Tax Benefit entitlements. Therefore, if the minimum child support amount is not received, the customer's fortnightly Family Tax Benefit payments would not change. At the end of the financial year child support payments received during that year are balanced, in a similar process to the balancing of income, and a final Family Tax Benefit outcome is determined.