

Committee Secretary
Senate Community Affairs Committee
Parliament House
Canberra
ACT 2600
community.affairs.sen@aph.gov.au

Dear Mr Humphrey

**Families, Housing, Community Services and Indigenous Affairs and
Other Legislation Amendment (Further 2008 Budget and Other
Measures) Bill 2008**

The following is a submission by the LFAA in relation to consideration by the Senate Committee of the provisions of the above Bill relating to Child Support.

The provisions in the Bill cover Percentage of care, Publication of reasons for decisions of the SSAT, Departure from assessments, Termination events, Reducing rate of child support under minimum annual rate assessments, Overseas liabilities, and Crediting prescribed payments.

An opportunity exists to comment not only on the largely machinery measures in the Bill, but also on broader policy aspects of the final state of the new Child Support Scheme that has now emerged in legislation.

Four key areas of concern about the new Child Support Scheme (CSS) which the LFAA has been highlighting now for a couple of years and which have not yet been satisfactorily resolved are as follows.

The three-year rule for re-establishment after separation

The suggestion developed by the Child Support Ministerial Task Force was that second jobs and overtime not previously worked by “non-custodial parents” should be free of imposition of child support, so as to enable these parents to put forward the extra effort to re-establish themselves. As a concession to persons who might think that such an arrangement would be too generous to non-custodial parents, the Task Force reduced the proposed arrangement from an indefinite period to a term of five years.

The Government then, for reasons not disclosed, resolved to further reduce the benefit of the arrangement from five years to three years.

A further decision was then taken by the Government to further reduce the benefit of the arrangement by adding the constraint that a non-custodial parent benefiting from the arrangement should not be able to achieve a reduction in his or her “child support” income of more than 30%.

The above three constraints combined have largely removed the motivation of many non-custodial parents to act so as to benefit themselves and their children under the new rules. This is not in accordance with the intentions of the Task Force, and

appears to have been primarily the result of internal advice from Departments which was not subject to broader scrutiny.

The LFAA notes that this is the second time in recent years that governments have resolved to introduce a “re-establishment provision” and then subsequently watered down the implementation to the point where the provision in question has become relatively ineffective.

Withdrawal of FBT payments from parents with less than 35% of care

The withdrawal of FBT payments under the new Child Support Scheme from parents with less than 35% of care has had a major impact on some old-age pensioners who have children under the age of 18. The effect of this is to require some parents to support up to three or four people for several days a week on an income which is barely enough to support one person.

There are implications from the FBT/child support arrangements for the recent package of measures announced by the Government to help insulate Australia from the current world financial melt-down. A typical comment from those affected is: “Thanks again to the Australian Government for forgetting about single fathers and their new families... The fathers and their new families” (except in the case of blended families) “don’t get family allowances for children from a previous marriage as the mother of the children gets the payment, therefore no \$1,000 per child, the mother gets the entire amount. The fathers and their new families have to pay enormous amounts of child support to the mother of the children. I feel that we are the most disadvantaged of all Australian families. We are the ones who are actually out there earning the money for the Government to give away. We work long hours to be able to survive the child support we have to pay. What advantages do single fathers who have started new families receive? Nothing as usual”.

Non-introduction of new measures which would be effective in relation to denial of access

Failure to date to introduce measures through legislation which could effectively impact on denial of access of non-custodial parents to their children means that the new Child Support Scheme and the present stance of policy cannot yet be fairly described - as it is in Government publicity - as being “in the best interests of the children”.

Incorrect assessments

Many complaints have been received from paying parents stating that incorrect assessments have been made by the CSA on the advice of the payee parent. The CSA in many cases do not attempt to first obtain first-hand information from the paying parent before sending them the new assessment. This places much stress on the payer.

There are a number of points in the Explanatory Memorandum to the Bill which the Department has been asked to explain. When this explanation has been provided, the LFAA may be making further comments, e.g., in relation to the measurement of

percentage of care and the distinction between New Zealand “administrative arrangements” and other foreign arrangements.

Yours sincerely

Barry Williams

B C Williams BEM
President
LFAA Inc.

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Jim Carter

J B Carter
Policy Adviser
LFAA Inc.