

# Factsheet One:

## An overview of the reforms

The Australian Government is creating a new Child Support System to meet the best interests of children, better balance the interests of parents and reflect today's community. The new Child Support Scheme also takes into account the costs of raising children.

These changes build on the Government's reform of the family law system to encourage shared parenting, reduce conflict and make sure Child Support is paid in full and on time. They complement the commitment of nearly \$400 million over four years to establish a network of Family Relationship Centres and related services in the community.

In changing the Scheme, the Government has accepted the report of the Ministerial Taskforce on Child Support, chaired by Professor Patrick Parkinson. This review was in response to the House of Representatives Committee on Family and Community Affairs report on child custody arrangements in the event of family separation (*Every Picture Tells a Story*, December 2003).

The Taskforce found that the Scheme needed to be updated to reflect the substantial changes in our society since the Scheme was established in 1988. It highlighted the need for a much greater emphasis on shared parental responsibility and a growing recognition of the importance of both parents remaining actively involved in their children's lives after separation.

### Key elements of the reforms

Under the new Scheme:

- child support payments will be calculated based on the actual costs of raising children;
- the combined income of both parents will be used to calculate child support payments, treating both parents' income in the same way;
- both parents' contributions to the cost of their children through care and contact will be recognised; and
- children of first and second families will be treated more equally.

These changes are significant and require extensive changes to the law. The new Scheme is being introduced in three stages over a two-year period. The three stages are outlined on the following pages.

## July 2006

From July 2006, the Australian Government:

- increased the minimum payment so child support payments keep pace with inflation;
- strengthened the Child Support Agency's (CSA) capacity to ensure parents pay their child support payments in full and on time;
- recognised non-resident parents on Newstart and related payments (Newstart Mature Age, Sickness Allowance and Youth Allowance) who have contact with their children by paying them a higher rate of payment;
- reduced the maximum amount of child support payable by higher income earners to ensure these payments are better aligned with the actual costs of children;
- introduced fairer arrangements for assessing the capacity of parents to earn income;
- enabled parents who pay child support to spend a greater proportion of their payments directly on their children; and
- helped separating parents agree on arrangements for their children, including child support, by providing access to Family Relationship Centres, the Family Relationship Advice Line and other expanded services.

The Government has also invested more resources to improve the service delivery of the CSA. These changes include the wider availability of intensive assistance to parents with difficult or complex circumstances, better training and improved quality control. For example, the introduction of telephone call recording means individual CSA staff are accountable for information and advice they provide to parents.

## January 2007

From January 2007, the Australian Government:

- introduced independent reviews of all CSA decisions by the Social Security Appeals Tribunal to improve their accountability and transparency;
- broadened the powers of the courts to ensure that child support obligations are met; and strengthened the relationship between the courts and the Child Support Scheme, making the process easier and more responsive to parents' needs; and
- allowed separating parents more time to work out parenting arrangements before their Family Tax Benefit is affected.



## July 2008

From July 2008, the Australian Government will:

- introduce a new child support formula that changes the way child support payments are calculated, ensures more balanced assessments, encourages shared parenting and recognises the costs of contact;
- ensure a minimum payment is made for each child support case;
- treat more equally income from second jobs and overtime that assists with re-establishment after separation;
- ensure fairer treatment of parents with dependent step-children when calculating their child support liability;
- simplify the 'change of assessment' rules for altering the amount of child support that is payable;
- improve the arrangements for parents who wish to make agreements for ongoing child support or lump sum payments;
- make the child support rules easier for parents who are trying to get back together;
- align the income definitions used to calculate child support and Family Tax Benefit, to ensure more consistent treatment of certain tax-free amounts, foreign income and fringe benefits;
- change the way Family Tax Benefit is calculated for people who share care; and
- change the way maintenance affects the amount of Family Tax Benefit paid.

Detailed information will be available to parents before any changes take place. When the changes happen, the CSA and the Family Assistance Office will provide information and support to help parents understand their new child support obligations.

**Please note: this factsheet is for general guidance. It should not be treated as a complete or authoritative legal statement.**

**For more information on the child support reforms, visit [www.australia.gov.au/csa](http://www.australia.gov.au/csa)**

**If you'd like to read more information on the Taskforce and how the reforms came into being, visit the website of the Australian Government Department of Families, Community Services and Indigenous Affairs - [www.facsia.gov.au](http://www.facsia.gov.au)**

