



Australian Government

Department of Families,  
Housing, Community Services  
and Indigenous Affairs

# Child Support Scheme Reforms

## Fact sheet One: An overview of the Reforms

A new Child Support System has been developed to meet the best interests of children, better balance the interests of parents, and reflect today's community. The new Scheme also takes into account the costs of raising children.

These changes build on the reform of the family law system to support shared parenting, aim to reduce conflict and make sure Child Support is paid in full and on time. They complement the establishment of a network of Family Relationship Centres and extra funding for existing family relationship services.

An independent Ministerial Taskforce on Child Support found that the Child Support 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.

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).

### Key elements of the Reforms

The new Scheme:

- calculates child support payments based on the costs of raising children
- uses the combined income of both parents to calculate child support payments, treating both parents' incomes in the same way
- recognises both parents' contributions to the cost of their children through care and contact
- treats children of first and second families more equally.

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

## **Stage 1 – July 2006**

From July 2006, the changes included:

- increasing the minimum payment so child support payments keep pace with inflation
- strengthening the Child Support Agency's (CSA) capacity to ensure parents pay their child support payments in full and on time
- recognising 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
- reducing the maximum amount of child support payable by higher income earners to ensure these payments are better aligned with the costs of children (this will be replaced by the new child support formula – see 'Stage 3 – July 2008' below)
- fairer arrangements for assessing the capacity of parents to earn income
- enabling parents who pay child support to spend a greater proportion of their payments directly on their children
- helping 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.

More resources were also invested 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 of CSA staff and improved quality control mechanisms. For example, the introduction of call recording means individual CSA staff are even more accountable for information and advice they provide to parents.

## **Stage 2 – January 2007**

From January 2007, the changes included:

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

### Stage 3 – July 2008

From July 2008, the changes included:

- ▶ the introduction of a new child support formula that changes the way child support payments are calculated, ensuring more balanced assessments, supporting shared parenting and recognising the costs of contact
- ▶ ensuring a minimum payment is made for each child support case
- ▶ in certain circumstances, allowing parents to have extra income earned after separation excluded from their child support assessment to assist with re-establishment after separation
- ▶ allowing parents to apply to have their responsibility for dependent step-children recognised when calculating their child support liability
- ▶ improving the arrangements for parents who wish to make agreements for ongoing child support or lump sum payments
- ▶ making the child support rules easier for parents who are getting back together
- ▶ closer alignment of the income definitions used to calculate child support and Family Tax Benefit to ensure more consistent treatment of certain tax-free pensions and benefits, and tax-exempt foreign income
- ▶ changing the way Family Tax Benefit is calculated for people who share care
- ▶ changing the way child support affects the amount of Family Tax Benefit paid.

The CSA and the Family Assistance Office will provide information and support to help parents understand their new child support obligations.

Please note this fact sheet is for general guidance only. It should not be treated as a complete or authoritative legal statement.

More details about these changes can be found in other fact sheets and on the Child Support Agency website [www.csa.gov.au](http://www.csa.gov.au)

If you would like to read more information on the Taskforce and how the reforms started, visit the website of the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs [www.fahcsia.gov.au](http://www.fahcsia.gov.au)