



Australian Government

Department of Families,
Housing, Community Services
and Indigenous Affairs

Child Support Scheme Reforms

Fact sheet Thirteen: Fixed assessments

One of the principles of the Child Support Scheme is that a parent's financial contribution to their children should be based on their total income. The Child Support Agency (CSA) uses taxable income as the basis of child support assessments. This means that parents who minimise their taxable income pay unrealistically low levels of child support.

Previously, the CSA substituted an income that better represented a parent's capacity to pay through the change of assessment process. However, this was a slow and resource intensive process.

Generally, an accurate indication of a parent's total income is whether or not they are on income support. The independent Ministerial Taskforce that reviewed child support found that around 40 per cent of paying parents assessed to pay the minimum payment were not receiving income support, giving rise to the suspicion that many of these parents were reporting incomes that did not reflect their true capacity to pay. For more information about minimum payments see [Fact sheet Twelve: Minimum payments](#).

A new approach

Under the new Scheme, paying parents who report a low taxable income to CSA (that is, below the maximum level of Parenting Payment-Single which is currently around \$15,000 per year), but do not receive income support, are required to pay a fixed amount per child per week (capped at three children). The amount is indexed annually. For child support periods starting in 2008, the fixed amount is \$21.50.

The CSA can reduce a fixed payment to a minimum payment if the parent can show that they genuinely have a low income. Also, a parent is not required to pay the fixed rate if they have shared care of the child, that is if they care for the child 48 to 52 per cent of the time (176 to 189 nights per year) because in this situation, both parents are making a substantial contribution to the care of the child.

The fixed assessment discourages paying parents from reducing their child support liability by manipulating their taxable income and supports the principle that parents' contribution to their children's financial support should be based on their total income.

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

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