

Changes to the child Support Scheme announced recently by the Federal Government (DSS 1997) have several main planks.

First, all non-resident parents, even those on very low incomes, on unemployment benefits and the like, have been deemed liable to contribute at a minimum rate of \$5 per week.

Second, some loopholes created by manipulating taxable income in order to minimise child support payments have been closed.

Third, the liability of non-resident parents for the financial support of children has been reduced in cases where there are second family responsibilities, and where the resident parent earns more than \$29,598.

Fourth, parents are encouraged, and even required, to move off the scheme where collection appears reliable.

The debate

Aspects of the child support debate which captured the media headlines centred on what was considered to be the unfair demands for financial support from non-resident parents.

The changes in the formula for assessing child support liability just announced have shifted the fulcrum so that more financial onus now falls on resident parents. Most of the reported comment has been to the effect that this is too little change and that unfair hardship continues to weigh on non-resident parents. Media reports indicated that the Government Backbench Committee on Child Support advocated much more sweeping changes which would shift the financial responsibility even further towards the resident parent.

The grievances aired before the Joint Select Committee

Changes in Child Support

on Certain Aspects of the Family Law Act (1994) largely concerned administrative inefficiencies and the perceived unfairness of the formula for assessing child support obligations. (An account of this Committee's report is to be found in Liz Alexander's article in *Family Matters*, No.42, 1995.)

The Committee listed 163 matters for attention. The then Labor Government responded to many of the administrative matters raised, while the thorny issue of the formula for assessing obligations remained for the Coalition Government to address.

Members of Parliament – of all political parties – report that their offices are barraged with complaints about the Child Support Scheme, and the Commonwealth Ombudsman ranks child support issues among the top complaints. Grievances about the formula come overwhelmingly, and not surprisingly, from (mainly male) parents liable to pay child support. The announced changes reflect the pattern of representations to the Committee, and shift the burden away from the non-resident parent.

Interpreting complaints

Inquiries by committees such as the Joint Select Committee on Certain Aspects of the Family Law Act are limited in that they do not sample random experience and opinion, and are thus unable to determine what proportion of the population is represented in the views they hear.

Such inquiries are inundated with complaints; people who are satisfied, or at least accepting of the previous situation, are not motivated



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to complain. As well as the disproportion in representation, there are significant omissions which limit the scope of the enquiry (for example, in the case of child support, little was heard from children).

No policy is perfect, but change should be an improvement on what went before. Comparisons with the system which prevailed before the introduction of the Child Support Scheme are thus important in making a judgement about its current operation.

However, few complainants about the scheme could make such a personal comparison. The scheme was not retrospective and thus current clients of the Child Support Scheme had no comparable experience of conditions which applied before its introduction. Progress made from one system to another could only be assessed by research and evaluation – which rarely grab headlines.

Pre-scheme situation

The Child Support Scheme was introduced in 1989–90 when payment of child maintenance was essentially voluntary. The system of private ordering through the Court was clearly ineffective given the fact that two-thirds of non-resident parents paid no regular child maintenance. It was nonetheless asserted at the time that the Court system was fair because, by deciding matters on an individual basis, it 'fine-tuned' obligations to the circumstances of both parents. This ideal was largely

unrealised since most parents who did pay some child maintenance, rich and poor alike, paid \$20 per week per child (Harrison 1986).

Other complaints about the private ordering of child maintenance were that parents bartered access (contact) and maintenance; that acrimonious disputes took place in front of the children at the point of contact; and that children were messengers in parental disputes about money.

The announced changes which encourage, and even require, parents to move off the scheme, should be introduced cautiously. Although based on a sound principle of self-regulation by parents, the changes will need to be sensitive to the lingering conflicts between some parents and the effects of these on the wellbeing of children.

The situation pre-scheme challenged a number of principles of social justice. The first of these is that all parents have a responsibility to support their children to the extent they can. A second principle is that where parents genuinely cannot provide adequately, the state has a responsibility to assist those in need. Taxes, including those collected from families who are supporting their own children, are redistributed to needy families through social security.

Public assent to the provision of a safety net for such families is conditional, and the costs are high. It is worth recalling that the scheme was

introduced at a time when social security costs were seen as prohibitively expensive and public approval for sole-parent pensions was strained. The flagrant inequity between parents living with their children (and paying for them) and those living apart (and not contributing to children's support) clearly threatened the state-private compact for the support of children.

Measuring up

The two major pre-scheme failings (no payment in two-thirds of cases, and unfair rates of payment) provide an important backdrop to assessing how things stand now.

Three-way comparisons are required to assess the fairness and equity of the current system of child support. What is fair distribution of responsibility between the state and parents? What is fair between parents living with their children and those living apart? And what is a fair distribution of the costs of children between the separated parents themselves?

Research by the Australian Institute of Family Studies (Harrison 1986; AIFS 1997) has shown that since the Child Support Scheme was introduced the rate of payment has doubled from one-third to two-thirds in divorced populations with dependent children. The voices of resident parents who under the scheme receive regular, adequate child support were significantly absent from the debate about changes to the scheme. The children in the joint care of the two-thirds of parents complying were also silent. Given that the Child Support Scheme has at least doubled compliance it has increased the likelihood that the public will give continued assent to the safety net so necessary for children whose parents live apart.

Another aspect of increased compliance is that parents who now pay and receive child support are doing what the Australian public thinks parents should do. A 1995 national survey conducted by the Australian Institute of Family Studies (Funder and Smyth 1996) found that Australians think that both parents should share responsibility for children's financial support, whether they are married, separated or divorced or have never lived together. A very similar view is held by both resident and non-resident parents in the survey who separated since the introduction of the Child Support Scheme.

Children first

Two of the changes announced by the Federal Government extend the Child Support Scheme to include parents outside the mainstream – a positive move.

First, the obligation for child support from low income earners and social security recipients at a flat rate of \$5 per week endorses the parenting role of all parents, even in hard times. This move affirms the role of non-resident parents in the lives of their children, without being punitive. Poverty should not exclude parents and their children from the mainstream.

A second set of initiatives that closes loopholes in income assessment used by higher earners to evade their responsibilities ensures that children receive a fair share of parental income regardless of its source. Again, such a move builds confidence that the scheme is inclusive, and that equity exists between parents who are separated and those who live together.

However, consideration of the proposed adjustments between first and second family responsibilities should be based on a systematic review of family changes post-

separation. A second family may mean more or less disposable income, increased or decreased responsibility for dependents. Thus fairness for all children concerned is an essential standard. Families are fragile, and second families more so. Making assumptions about how income is shared in households and how responsibility for children is assigned must be made very cautiously.

Thus, no decisions should be taken about further changes to the principles of the scheme without careful examination of how families re-form and function after separation. Quite a lot of the information required for sound evaluation of the coverage, fairness and equity of the scheme is already available in work by the Department of Social Security, the Child Support Agency, the Australian Institute of Family Studies, and the Social Policy Research Centre. Careful collation and analysis would repay the effort many times over.

In the United Kingdom Australia is seen as leading common law countries with its Child Support Scheme. Where other schemes have gone wrong has been by not following the Australian model. For example, in the United Kingdom, every dollar paid by non-resident parents is recouped by government; liable parents have no sense of contributing to their children's wellbeing, and children are no better off.

To dismantle the Child Support Scheme in a piecemeal way is to jeopardise its integrity. Yet if policy in this area is made by listening mainly to 'squeaky wheels' (who call for the reallocation of the responsibility for the costs of children) rather than to advocates for children's needs, then the scheme may fail and the wagon carrying the children will come to grief.

This is because the key question left unanswered by the changes to the Child Support Scheme is this: Who will pick up the short-fall for children in first families when child support payments are reduced? Many of these children are at risk of poverty, and the principle of a public-private compact for the support of children will be at risk.

Child support is children's business; it is also the responsibility of parents and of the government which on our behalf ensures the adequacy of material support for children in our society. Together they have the privilege of promoting Australians for the future.

If we fail, then children learn from us that people in need of support have no call on them; that luck favours the selfish; that *solidarité* is not part of being Australian. We can expect worse, not better, care and responsibility for our grandchildren.

References

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