



RESEARCH - COMMUNITY ISSUES

AUGUST 2002

COST OF CHILD SUPPORT

Following an initial review of the Child Support Scheme - September 2000 based on Child Support - Facts and Figures 1998/1999, we have reviewed and now analysed the statistics and commentary contained in the latest CSA 2000/2001 annual publication and provide an updated report as follows:

KEY STATISTICS 30 JUNE 2001 – utilised for calculation purposes

No. of CSA payers ^{Ref 1}	582,316 (91% male)
No. of children subject to Child Support ^{Ref 2}	1,015,962
Total CSA collection – period 2001/2002 ^{Ref 3}	\$1,400.1 million
Average collection per child per annum ^{Ref 4}	\$1,378.10 (\$26.50 per week)
No. of CSA payers who did not lodge tax returns ^{Ref 5}	252,080 (41% of total)
No. of CSA payers earning half or less average weekly earnings ^{Ref 6} - Payers with Child Support liabilities less than \$1,000 p.a.	261,000 (45% of total)

BASIS OF CALCULATIONS

Based on the above statistics, we have updated our estimate of the cost of Child Support and include some figures that support our underlying assumptions.

No. of CSA payer parents June 2001 ^{Ref 7}	582,316
No. of CSA payers - male gender (91%) ^{Ref 8}	530,000
Estimate no. of CSA male payers not employed ^{Ref 9}	206,700 (39%)
ABS June 2001 = total males 20+ age group unemployed ^{Ref 10}	272,800 (6.1%)
CSA male payers as a % of National unemployment – above ^{Ref 11}	76%

ESTIMATED COST OF CHILD SUPPORT – 2000/2001

Direct cost of child support 2000/2001- welfare payments ^{Ref 12}	\$1740 million
- adjusted for welfare claw back and allowing for 10% CSA unemployment rate	
Agency cost per \$1 collected - CSA collect ^{Ref 13}	\$2.80
Indirect/opportunity cost of Child Support 2000/2001 ^{Ref 14}	\$3,700 million
- includes loss of tax revenue based on employed person earning 10% below AWE	
Cost of child support per Australian taxpayer 2000/2001 ^{Ref 15}	\$350.00 per person
Cost of Child Support since inception ^{Ref 16}	\$28,000 million
Cost of Child Support per taxpayer since inception ^{Ref 17}	\$2,700.00

SPECIAL NOTATION – CO-OPERATION LEVELS

Co-operation from the Child Support Agency in regard to this report was non-existent and the Agency proved most uncooperative. Enquiries relating to non-lodges of tax returns with the Australian Taxation Office were given the run-a-round for several months with no benchmarking statistics provided. Requests to Centrelink also proved most difficult and the unqualified information eventually supplied was meaningless. As a result of this lack of co-operation, **PIR was forced to lodge a formal complaint to the Australian National Audit Office in December 2000, who subsequently conducted an audit of the CSA. The cost of Child Support/Agency is expected to be addressed. in the Auditor General's report to Parliament in September 2002.**

RESEARCH OBSERVATIONS

In the course of this research project, provided by PIR in the community/taxpayer interest, PIR interviewed many individuals and organisations, and provides an independent summary of what has been stated as the key reasons why the Child Support Scheme is not working and so horrifically costly in it's present form:

- ◆ Agreement on the level of appropriate Child Support between parties is virtually non-existent. Less than 5% of all CSA cases have signed long-term Child Support Agreements.
- ◆ "The Child Support Scheme was primarily introduced by women's groups and passed through parliament without any broad community support from fathers, or even many thousands of women whom have since partnered these fathers into second families. It is therefore, not seen by most men as providing necessary support for children, but more as never ending vindictive action by women against former partners".
- ◆ "Single men in particular, have no choice at all as to whether children should or should not be born, but women have the sole choice. Thousands of cases exist where single women have borne children to several different fathers. To add insult to injury the men have no choice as to the level of ever increasing mandatory child support (and continuous scrutiny into their financial affairs) provided to the other party, who has no accountability for both money or access".
- ◆ "Child support payments are not linked to custody, which is granted to 92% of women, nor access rights, which can be denied without reason or without any financial penalty to the payee (custodial parent) if in default".
- ◆ "The act provides for no privacy or any rights for payers, including mandatory disclosure of financial affairs, garnishees, seizure from bank accounts, child support debts that endure bankruptcy, even restricted travel rights are just a few undemocratic examples of the frequently used powers of the CSA".
- ◆ "The review process is primarily utilised by payees (who often train their own children to look for signs of any improved financial circumstances on access visits), it is mandatory and judgemental, it is free to payees and based on 'one' public servant's subject evaluation of income earning capacity and assumed ownership of assets. The appeal process via Family Court (who are seen as biased against men) is expensive and beyond the resources of most payers who can only resort to unemployment as a defensive mechanism".

- ◆ "Most men see Child Support as a woman's revenge tax that effectively tracks them down for life and taxes income at high premiums up to 84.7% for payers with three children on the highest marginal tax rate; whilst on the other side goes totally tax free to the other party regardless of changed marital status, employment up to AWE, or as previously stated regardless of access to their children".
- ◆ "It is common knowledge right across the nation (even Parliamentarians and The Ombudsman, where the CSA is the major source of complaint) that many thousands of men have been forced to resort to unemployment as their only defence against the excessive demands of the CSA. Yet the CSA adamantly denies the problem exists and at the same time refuses point blank to obtain independent research or commission surveys to support their case".
- ◆ "Through the Family Court, most male divorcees have already parted with most assets including the family home, only to then find through the CSS they are left with barely living expenses after payment of ever increasing child support linked to their future earnings capacity".

SUMMARY - SOLUTION

It is PIR's independent view that the only real solution in this democratic equal opportunity nation, is that both parents should jointly share the basic cost of child maintenance. This should be levied at a flat rate for all non custodial parents based on a child index similar to that produced by the Institute of Family Studies and regardless of any financial circumstances, other than excluding liability in times of genuine unemployment or hardship and on the other side custodial parents in full-time care for children under five years of age. Any formulae based on taxable income will be treated as excessive discriminatory taxation and by human nature either resisted or totally avoided accordingly.

Prepared

August 2002

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*NOTE Figures and estimates may not directly correlate with the main source of reference used in this report, namely Child Support Scheme - Facts and Figures 2000/2001. Many statistics stated therein relate to 'cases' and have been adjusted on a pro-rata basis to apply to 'individual' payer calculations.

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