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Child Support Agency



Child Support Schemes: *Australia and Comparisons* 2006



**Child Support Schemes:
Australia and Comparisons**

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Comments on this Paper

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Introduction

This is the fourth edition of the publication *Child Support Schemes: Australia and Comparisons*. The primary aim of this updated paper is to provide a broad comparison between the Australian Child Support Scheme and other international child support jurisdictions. Broad performance data are also reported in this paper although the reader is cautioned that, despite the best efforts of the child support agencies involved, it is still not possible to draw close comparisons between the data for the different countries.

The Australian Child Support Agency (CSA) gratefully acknowledges the considerable information support provided by the child support jurisdictions surveyed in this paper. In particular, the Australian CSA would like to thank Canada for the contribution of the extensive Canadian section. Also, the New Zealand, UK and US child support organisations have commented on the chapters dealing with their child support arrangements, thereby ensuring the greater accuracy of the paper.

As with the previous edition of *Child Support Schemes: Australia and Comparisons*, this paper provides a matrix summary of each of the five national child support schemes examined in this paper. The aim of the table was to provide the reader with a succinct cross-country comparison on a number of criteria.

Finally, at the end of the paper there are seven 'scenario tables'. These tables provide responses of the Australian, Canadian, New Zealand, United Kingdom and United States child support jurisdictions to a number of different sets of client circumstances or scenarios. The intention was, through the answers, to provide the reader with an understanding of both the child support arrangements and the wider social security arrangements applicable in each country. It was suggested by the leaders of the child support agencies at the 1999 Heads of Agency Meeting that the use of scenarios was the best way to understand the differences in child support and social security arrangements in each of the countries represented.

Comparative Statistics for the Australian and Overseas Child Support Programs, 2001-02 to 2003-04

The following table is based on data provided to the Australian CSA by the child support jurisdictions of Canada, New Zealand, United Kingdom and the United States. An effort has been made to bring some uniformity to the data: each of the agencies surveyed was provided with broad definitions of the Australian data contained in the table and where possible, those agencies sought to provide comparable data. Where comparable data could not be provided, it has either been footnoted. Even so, there are still some differences in the way the performance figures are measured and close comparison of the data is therefore not advisable. Despite these limitations, some broad conclusions may be drawn from the table.

One of the most obvious conclusions that may be drawn from the data is that, based on the performance measures contained in the table, the Australian CSA continues to be a very cost-effective transferor of child support maintenance. During 2001-02 the

Comparative Statistics for Australian and Overseas Child Support Programs (2001-02 to 2003-04)

| Country | End of Financial Year | Collections or Transfers (\$ million) | Program costs (\$ million) | \$ collected for each \$ spent | Cost to collect a \$ | Caseload | Cases per Agency FTE | Cost per case (\$) | Agency Staff Numbers (FTEs) | Cost per Agency FTE (\$) | Debt (\$m) |
|----------------|-----------------------|---------------------------------------|----------------------------|--------------------------------|----------------------|------------|----------------------|--------------------|-----------------------------|--------------------------|------------|
| Australia | 2001-02 | 1,450.60 | 214.00 | 6.78 | 14.7 cents | 657,332 | 253 | 325.56 | 2,594 | 82,498.07 | 758.70 |
| | 2002-03 | 1,944.00 | 233.20 | 8.30 | 12.0 cents | 685,969 | 239 | 339.96 | 2,873 | 81,169.51 | 844.10 |
| | 2003-04 | 2,186.20 | 257.40 | 8.49 | 11.8 cents | 712,680 | 242 | 361.17 | 2,941 | 87,521.25 | 847.60 |
| Canada | 2001-02 | 1,411.73 | 105.75 | 13.35 | 7.5 cents | 445,884 | 259 | 237.17 | 1,724 | 61,333.62 | 2,158.66 |
| | 2002-03 | 1,474.53 | 110.03 | 13.40 | 7.5 cents | 457,681 | 263 | 240.41 | 1,738 | 63,304.37 | 2,241.81 |
| | 2003-04 | 1,555.73 | 115.02 | 13.53 | 7.4 cents | 471,641 | 267 | 243.87 | 1,767 | 65,092.47 | 2,298.60 |
| New Zealand | 2001-02 | 231.06 | 43.25 | 5.34 | 18.7 cents | 204,885 | 428 | 211.09 | 479 | 90,292.28 | 251.26 |
| | 2002-03 | 251.26 | 46.29 | 5.43 | 18.4 cents | 216,386 | 428 | 213.92 | 506 | 91,482.21 | 296.45 |
| | 2003-04 | 271.37 | 51.06 | 5.31 | 18.8 cents | 232,577 | 406 | 219.54 | 573 | 89,109.95 | 339.52 |
| United Kingdom | 2001-02 | 1,861.46 | 702.37 | 2.65 | 37.7 cents | n/a | n/a | n/a | 9,471 | 74,160.07 | 5,569.61 |
| | 2002-03 | 1,910.30 | 711.80 | 2.68 | 37.3 cents | 1,700,000 | 165 | 418.71 | 10,287 | 69,194.13 | 6,523.16 |
| | 2003-04 | 1,880.08 | 781.19 | 2.41 | 41.6 cents | n/a | n/a | n/a | 10,215 | 76,474.79 | 7,111.29 |
| United States | 2001-02 | 26,148.42 | 6,730.68 | 3.88 | 25.7 cents | 16,065,728 | 259 | 418.95 | 61,797 | 108,915.97 | 119,883.13 |
| | 2002-03 | 27,498.25 | 6,769.25 | 4.06 | 24.6 cents | 15,923,353 | 260 | 425.11 | 61,185 | 110,635.78 | 124,399.43 |

Notes

1. All currency amounts have been converted to Australian dollars (A\$) using exchange rates current at 8 April 2005, *Australian Financial Review*, 11 April 2005. For the rates used, please see Appendix 4 at the rear of this paper.
2. In Australia and New Zealand the financial year ends 30 June, in the UK it ends 31 March and in the US it ends 30 September.
3. Canadian Program Costs data is not comparable with the costs of other agencies included in the table and should be used with caution when making comparisons. The Canadian Program Costs do not include child support assessment, infrastructure, policy and research costs that are included in the Australian CSA costs.
4. The latest official US data is for 2002-03.

Sources

1. Australian data – Child Support Agency, June 2004.
2. UK data – the UK CSA.
3. US data – Office of Child Support Enforcement (OCSE).
4. New Zealand data – New Zealand CSA.

Australian CSA was able to transfer A\$6.78 in maintenance between parents for every dollar spent on administering the Child Support Scheme.¹ By 2002-03 the cost effectiveness increased to A\$8.30, and it increased further in 2003-04 to be A\$8.49 for every dollar spent on the Scheme. The increased efficiency between 2001-02 and 2002-03 was principally due to the under-reporting of private collection amounts in previous years. The increase in collections in 2002-03 above natural growth in collections is due to the inclusion of previously uncounted private collect transfers. This inclusion was made possible by the introduction of Cuba, CSA's new IT system, in March 2002.² Charts 1, 2 and 3 also broadly compare the performance of the Australian scheme with those in Canada, New Zealand, the UK and the US, based on data contained in the table.

Canadian 'Program Costs', are also included in this edition, although as the following advice from the Department of Justice Canada confirms its definition of its 'Program Costs' figure is substantially different to the Australian figure:

The figures I have provided you only include those [costs] from the departments where the maintenance enforcement programs are housed, e.g. the Department of Justice, the Attorney-General's Department etc. They do not include parts of the same or other departments such as social services, research or policy units, etc. which may also be involved with the enforcement of support. ... This likely shows how our 'system' varies from one such as yours. All the figures I have provided you include only those efforts towards the enforcement of support orders in Canada, which is the responsibility of the provinces and territories of Canada.³

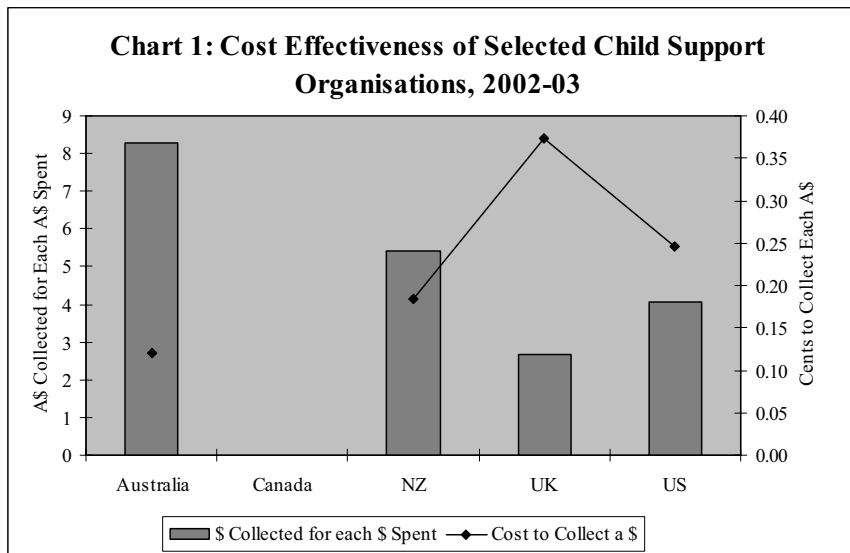
If the program costs in the table only reflected expenditure on enforcement activities, the Australian and other child support agencies results would be considerably different. For example, in 2003-04 the Australian CSA spent approximately 20 per cent of its \$257.4 million budget on the enforcement of child support, which equates to approximately \$51.5 million. This, in turn, would have meant that the Australian CSA transferred almost \$42.50 for each enforcement dollar spent, or it would have cost 2.4 cents to transfer each dollar. There are, of course, a range of other non-enforcement costs that are central to the effective administration of the Australian scheme that are not reflected in these figures.

In other respects – such as child support transfers, caseload numbers, full-time equivalent (FTE) staff numbers and arrears amounts – the Department of Justice Canada data was more comparable to the Australian data and does not need qualification.

¹ The 'Program Costs' for the Australian CSA are for the Agency only, and do not include expenditures made by other areas of the Department of Family and Community Services (FaCS), and the Attorney-General's Department, in managing their child support responsibilities. Non-CSA FaCS and A-G's expenditures to manage their child support administrative responsibilities are relatively small.

² Department of Family and Community Services. *Annual Report 2002-03*, Volume 2, Canberra, 2003, p. 62.

³ E-mail from the Department of Justice Canada to the then Client Research Unit of the Australian CSA, 29 June 2000.



Of the countries surveyed, New Zealand's child support scheme most closely compares to the Australian scheme in terms of its legislative and administrative features. Given this fact, there is also a greater degree of comparability

between the Australian and New Zealand data included in the table. In 2001-02, 2002-03 and 2003-03 the New Zealand CSA transferred between \$5.31 and \$5.43 for every dollar it spent administering the New Zealand Scheme (see the table and Chart 1). Once again, the New Zealand results continue to show a substantial improvement over the results recorded in previous years, although the 'Total Collections/Transfers' and "Program Costs" data provided in earlier editions of this publication are not readily comparable with the data included in this paper.

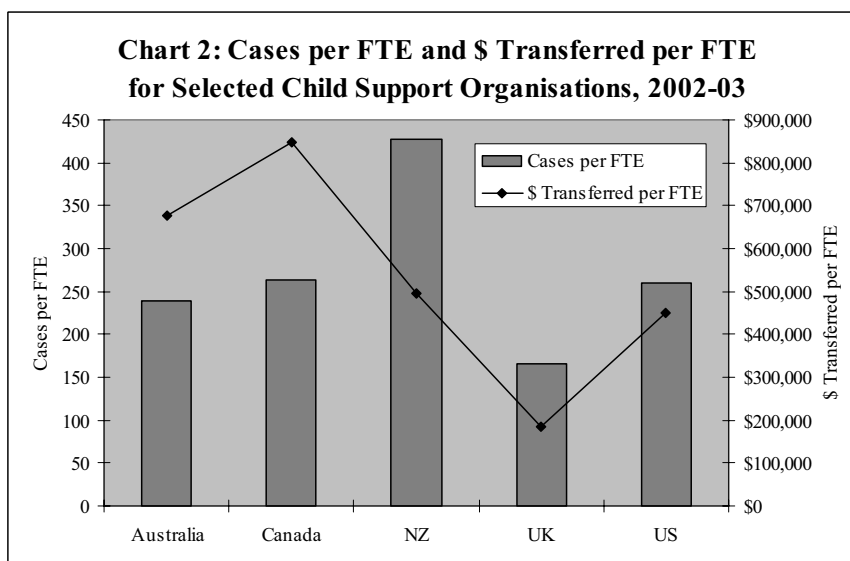
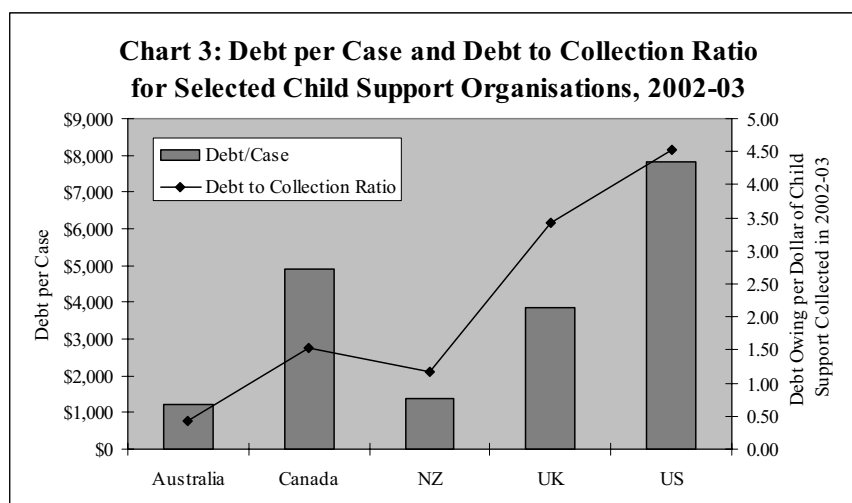


Chart 2 shows that in 2002-03 the New Zealand CSA had the highest number of cases per FTE (428) and, on average, each FTE staff member facilitated the transfer of just under half a million dollars (A\$) in child support

payments. Chart 3 compares debt across all five child support jurisdictions, showing that Australia and New Zealand have comparable levels of debt per case (Australia: A\$1,231; New Zealand A\$1,370). The New Zealand performance data is likely to continue to improve in the next few years as a consequence of changes made to the Scheme between the early to mid-1990s. At the same time, however, there are a number of features of the New Zealand Child Support Scheme that may result in different outcomes from the Australian scheme. The New Zealand scheme is not a 'transfer scheme' where money paid by the non-resident parent is passed through to their children. Given this fact, there is less reason for some paying parents to pay, and less motivation for the resident parent to take action to ensure that the non-resident

parent does meet their child support responsibilities. Secondly, there is less flexibility in the way New Zealand parents can make their child support arrangements. For example, there is no equivalent to the Australian private collection category of child support payment arrangements. New Zealand parents must either have their child support managed through the NZ CSA, or manage their own arrangements privately and completely separate from the NZ CSA. New Zealand parents outside the NZ CSA do not have the same 'safety net' that protects the child support arrangements of Australian resident parents, and ensures non-resident parents continue making their payments.

Child support data for the United Kingdom CSA is also included in the above table and associated charts. Among the agencies surveyed, the UK CSA is the least effective collector of child maintenance. Chart 1 shows that in 2002-03 the UK CSA collected A\$2.68 for each dollar spent. Chart 2 shows that for the same period there were 165 cases for every FTE staff member and they each transferred A\$185,700 in child support. Chart 3 shows in 2002-03 there was A\$3,837 of debt per case, with A\$3.41 in outstanding debt for each \$ of child support collected. These results have been largely attributed by sources within the UK CSA, as well as experts outside that agency, to the complexity of the UK Child Support Scheme.⁴ Furthermore, like the New Zealand scheme, the UK scheme is not a transfer system. There are, therefore, significant disincentives to child support compliance in Great Britain. As noted in the following section, however, the UK is implementing a new child support scheme and computer system which, in combination, should greatly reduce the complexity of assessing and collecting child maintenance there. Furthermore, resident parents in receipt of social security benefits who do assist the UK CSA to collect child support payments from non-resident parents are now entitled to receive up to £10 per week. This, it is hoped, will further enhance the collection performance of the UK CSA.



Finally, this paper also surveys the national child support performance of the United States, recognising that these figures represent the aggregate results of 54 separate state

and territory child support jurisdictions. The latest available US performance data is for 2002-03. By any measure the US child support system is significantly larger than any other child support scheme measured in this study.

In 2002-03, almost A\$27.5 billion in child support was collected in the US. This figure includes both child maintenance transfers and recovery amounts. US child

⁴ See, for example, the UK Green Paper and White Paper on child support.

support is able to transfer maintenance between those parents not in receipt of social security, and recovers maintenance from the non-resident parent where the resident parent is in receipt of social security benefits. Overall, the state-based child support organisations in the US collected between A\$3.90 and A\$4.06 in child maintenance for each A\$ spent on collecting that maintenance in 2002-03 (see Chart 1). It is also worth noting that combined, the child support agencies in the US employed about 61,200 staff in 2002-03 and that the cost of each FTE staff member was just over A\$110,600 and they each occasioned the transfer of just under A\$450,000 in child support in 2002-02 (see Chart 2). The program cost figures can, in large part, be attributed to the fact that the US agencies are state-based and as a consequence there will be a duplication of some functions, which are centralised in other federal agencies such as the Australian, New Zealand and UK systems. Finally, debt in the US scheme stood at just over A\$124 billion in 2002-03, or A\$7,812 per case (Chart 3). In Chart 3 it will be noted that the 2002-03 arrears figure for the US was about 350 per cent greater than the total amount of child support collected/transferred in that year. In other words, for every A\$1.00 collected there was A\$4.52 outstanding at the end of the 2002-03 financial year. This is much higher than the debt or arrears to collections ratios of the other agencies surveyed in the table. It should be noted that the US debt figure is a cumulative figure dating back to the program's inception in 1975. The amount of child support collected over this same period (A\$282 billion) is more than double the reported debt. The US debt figure also includes interest, penalties, and duplicative amounts in interstate cases, for which multiple states may report the same debt. None of these amounts can be disaggregated from the US total.⁵

A Brief Overview of the Approach to Child Support by Other Nations in Europe

A number of European states have operated child support systems in some form or other for many decades. The following pages provide a brief overview of some of the salient features of these schemes.

France⁶

There are two main benefits for lone parents. First, there is the *Allocation Soutien Familial (ASF)*, which is a non-contributory benefit for families where there is no second parent. Secondly, there is the means-tested *Allocation de Parent Isole (API)* which is payable for twelve months, or until the youngest child turns three years old. API is more generous than the general income support benefit, *Revenu Minimum D'Insertion (RMI)*, but when the entitlement to API expires, a lone parent may claim RMI.

In France, the courts set child support liabilities. For divorcing parents the judge will set the amount of child support along with contact arrangements. The judge requires

⁵ Dennis Putze, United States Office of Child Support Enforcement, February 2006.

⁶ There appears to have been no update to child maintenance arrangements in France since the last *Child Support Schemes: Australia and Comparisons* publication went to press in March 2001.

child support agreements to be made when the divorce is by mutual consent and joint petition. Cohabiting couples may also use the courts where they cannot come to an agreement on separation. There are no formal guidelines for calculation of child support in France but the judge usually takes into account the needs of the children and the income of the non-resident parent. Child support levels are generally low, with the average child support amount approximately A\$200 per child per month.

Child support is not paid in about 10 per cent of cases and irregularly paid in another 40 per cent. The resident parent can ask the family benefits office to recover child support on their behalf after two months of non-payment. Payments can be deducted from the salary or bank account of the non-resident parent, or collected by a tax collector or bailiff. There is provision to recover a minimum maintenance amount of A\$153 but this measure is rarely used.⁷

Germany⁸

All non-resident parents in Germany are required to pay child support. The income of resident parents is ignored as they are deemed to have fulfilled their obligations to the children through the provision of care and accommodation.

There is no one agency 'responsible for assessing, collecting, enforcing and disbursement of child maintenance ... Rather, maintenance claims must always be *enforced* by means of court proceedings.'⁹

There are two ways that a child support liability can be determined: through the courts and administratively. Prior to 1998, divorced couples with children were required to have their child support liability determined by the courts using 'support tables.' The most widely used tables are the 'Düsseldorf tables' which calculate a fixed amount based on the monthly net income of the non-resident parent and the age of the child(ren). In 1998, however, married couples were given access to the same administrative procedure for the calculation of child support as that described below for unmarried couples. However, where the non-resident parent has a high income, where maintenance is being sought at more than 1.5 times the minimum rate, or the non-resident parent's income is being disputed, a court-based decision must be made.¹⁰

Unmarried couples have had access to an administrative procedure for the setting of child support liabilities for more than three decades. In 1969 a minimum child support amount was set for ex-nuptial children. The set amounts were only intermittently updated prior to 1998. In that year, however, it was decided the rates should be increased every two years in line with the pension rates. Despite this, the

⁷ All information in this section on French child support arrangements has been obtained from, Helen Barnes, Patricia Day and Natalie Cronin, *Trial and Error: a review of UK child support policy*, Family Policy Studies Centre

⁸ There appears to have been no update to child maintenance arrangements in Germany since the last *Child Support Schemes: Australia and Comparisons* publication went to press in March 2001.

⁹ Correspondence received by the Australian CSA from the German Ministry of Justice (Bundesministerium der Justiz), Bonn, 24 June 1998.

¹⁰ *Trial and Error*, p. 52.

minimum amount is still regarded as providing a very modest living standard. The minimum is determined independently of the non-resident parent's income at three different levels, depending on the age of the child. The minimum rates apply to non-resident parents with income below A\$2,040 per month. As at 1 July 1998 those amounts were:

- A\$296 per month per child aged under 7 years;
- A\$357 per month per child aged 7-12 years; and
- A\$426 per month per child aged 13-18 years.

There are also suggested upper limits to payments, and are based on a non-resident parent having an income of up to A\$6,805 per month:

- A\$566 per month per child aged under 7 years;
- A\$684 per month per child aged 7-12 years;
- A\$811 per month per child aged 13-18 years; and
- A\$924 per month per child over 18 years.

Above these upper limit amounts no guidelines are suggested: it is assumed the parents will negotiate child support.

Recovery of child maintenance in Germany is low, at around 15 per cent and in most areas has been devolved to district and municipal authorities.¹¹ Where no maintenance is paid, the *Maintenance Advance Act 1979 (Unterhaltsvorschussgesetz or UVG)* guarantees the minimum rates of maintenance outlined above to all children where the non-resident parent is not paying maintenance. The *Act* guarantees single parents basic maintenance payments up to the child's twelfth birthday, for a total of up to six years. The Office of Child and Youth Welfare usually administers these payments, with costs shared equally between the Federal Government and each *Lander* (a local district or municipality).¹²

The Netherlands

The Department of Social Affairs and Employment of The Netherlands undertook an inquiry into child maintenance and the economic independence of single parents in 2001. Following on from this, Parliament established an interdepartmental investigation (IBO) into maintenance policy. The IBO reported back in February 2003. Many of the proposals made by the IBO were subsequently incorporated into the *Child Maintenance Legislation Amendment Bill 29480 (No. 2) 2003-04*. The aim of the new child maintenance system is to ensure 'an increase in the financial independence of single parents, and to savings on expenses of the public purse.'¹³

Prior to the introduction of the new child maintenance legislation in 2003-04, the calculation of child maintenance was dependent on the needs of the child as well as on

¹¹ *Trial and Error*, p. 52.

¹² Correspondence received from the German Ministry of Justice (Bundesministerium der Justiz), Bonn, 24 June 1998.

¹³ *Child Maintenance Legislation Amendment Bill 29480 (No. 2) 2003-04*, Explanatory Memorandum, Lower House of the Parliament of The Netherlands, p. 1.

the ability of the parents to pay.¹⁴ The IBO report concluded that then current child support policy saw the transfer of care and education costs to the resident parent. Furthermore, it noted that as a result of ‘bottlenecks’ in the then current child support arrangements, only 43% to 65% of single parents with children under the age of 18 years were receiving child support payments.¹⁵

Under the new arrangements, however, it is intended to make a ‘one-off determination of the level of child maintenance payments’ reflecting the interests of all of the parties involved.¹⁶ The payment will be determined by either the National Bureau for the Recovery of Child Maintenance (LBIO), or the courts at the request of either parent and will be indexed annually. The method of calculation is deemed to be simpler and promotes the Government’s approach to ‘have matters which are not complicated, settled as far as possible by individual citizens themselves, without intervention by the judiciary.’¹⁷ The new child support liability will be dependent on the paying parent’s income and the number of children involved. The amounts have been established as a result of research into the costs of children in The Netherlands. Minimum and maximum income amounts apply – the minimum amount being equivalent to the legal minimum wage, while the maximum is three times the average income.

Norway

Child support arrangements in Norway changed little between 1915 and 2001. The *Children Act 1915* determined that parents should pay according to their capacity and that collecting child support was a public duty. For much of this period, child support rules were different for married couples and parents who had children out of wedlock. The 1915 arrangements were carried forward into the *Children Acts* of 1956 and 1981, although there was an increased emphasis on equality in the treatment of children born in and outside marriage in these later acts.¹⁸ Despite this push for equality, in the *Children Act 1956* there were still two systems of child maintenance: one for married parents and another for unmarried parents. Divorcing parents were dealt with by the courts, whilst unmarried mothers were the responsibility of the local authorities. Uniformity was finally introduced with the *Children Act 1981*, bringing all cases under the jurisdiction of the local authority, although parents could still go to court if they wished. Awards were discretionary and there were no set guidelines.

From 1989, however, standardised guidelines for the payment of child support were introduced. Three factors determined the amount of child support payable: the income of the liable parent; the number of children being provided for; and, any

¹⁴ *Child Maintenance Legislation Amendment Bill 29480 (No. 2) 2003-04*, Explanatory Memorandum, p. 2.

¹⁵ *Child Maintenance Legislation Amendment Bill 29480 (No. 2) 2003-04*, Explanatory Memorandum, Lower House of the Parliament of The Netherlands, p. 9.

¹⁶ *Child Maintenance Legislation Amendment Bill 29480 (No. 2) 2003-04*, Explanatory Memorandum, Lower House of the Parliament of The Netherlands, p.4.

¹⁷ *Child Maintenance Legislation Amendment Bill 29480 (No. 2) 2003-04*, Explanatory Memorandum, Lower House of the Parliament of The Netherlands, p. 9.

¹⁸ Anne Skevik, ‘Big Issues, Little Money: Ambitions and Realities in Child Maintenance Legislation’, a paper prepared for the International Sociological Association’s XV World Congress of Sociology, Brisbane, Australia, 7-13 July 2002, p. 3. At the time of writing, her paper, Anne Skevik was a Research Fellow with Norwegian Social Research, Oslo, Norway.

obligation toward biological children in the payer parent's new family. Maintenance was determined by the following set percentages of the non-resident parents' gross (untaxed) income:

- 11 per cent for one child;
- 18 per cent for two children;
- 24 per cent for three children; and
- 28 per cent for four or more children.

Importantly, under the 1989 legislation parents could not agree to pay no child support as maintenance was deemed to be the right of the child according to the *Children Act 1989*. Furthermore, under the 1989 legislation there was no minimum child support liability and lump-sum payments could not be made in lieu of regular child support payments. Also, the resident parents' income was not taken into account. Where there was a second family the percentages were divided so that a parent with one resident child and one non-resident child was liable for 9 per cent of income for each. Where the child lived equally with both parents, and where the income of the non-resident parent was very low, these percentages were not applied. Maintenance for children aged 18 years and over, and still in education, was decided on a discretionary basis.

Norwegian child support arrangements have been effective over a period of many years. In 2000-01 about 85 per cent of non-resident parents were regularly paying child support. About 69 per cent of non-resident parents had no or a small amount of debt. Of the debt owing at this time, 87 per cent was owed to National Insurance and the remaining 13 per cent was owed to the children directly.¹⁹

In 2001 there was a major revision to child support legislation in Norway. The new formula is considerably more complex than the one it replaced and National Insurance indicated at the time it would need a lot of time to effectively implement the reforms. The new system was expected to be fully implemented by October 2003.

The first step of the 2001 rules are 'actual costs of children' based on the 'standard family budget'. The standard family budget 'estimates the expenditure of a family with a 'reasonable' living standard.'²⁰ Different ages of children are taken into account in the formula.

Step 2: once costs of the children have been determined, the costs are then shared between the parents. The non-resident parent's income is calculated as a proportion of the total income of both parents and then compared to a six-step scale. This stepped income scale avoids the need to recalculate maintenance when there is a minor change in the parents' income.

Step 3: the liability of the non-resident parent is then determined. Fixed estimates are used to calculate the non-resident parent's taxes, housing costs, daily expenses and

¹⁹ Anne Skevik, 'Big Issues, Little Money: Ambitions and Realities in Child Maintenance Legislation', p. 3.

²⁰ Anne Skevik, 'Big Issues, Little Money: Ambitions and Realities in Child Maintenance Legislation', p. 4.

costs of biological children (not step-children). If the liable parent's income is nil or negative after these expenses have been deducted from the income, then the liable parent is assumed not to have the capacity to pay child support.²¹

Finally, the child support liability is adjusted according to the level of contact the non-resident parent has with the children. This reduction in the liability reflects the fact that there are costs associated with exercising contact with the children. Costs of contact are deemed to be affected by the age of the children.

The majority of child maintenance collected is paid directly to the state to repay child maintenance payments forwarded to sole parents by National Insurance.

What is Currently Happening in International Child Support?

This section limits itself to those countries which attend the annual Heads of Agencies Meeting – that is, Australia, Canada, New Zealand the United Kingdom and the United States.

Heads of Agencies Meetings

Heads of child support organisations in Australia, New Zealand, the United Kingdom, the United States and Canada continue to meet annually to discuss child support issues which have arisen or are currently emerging. Another key objective of these meetings is to discuss business practices in each agency, and determine if the experiences of one agency are transferable to other agencies given their different policy and operating contexts (including the very different social security systems in each of these countries).

One of the outcomes of the 1999 meeting was to agree on the need for consistency for the agencies represented at the Heads of Agencies Meeting. The participating agencies have agreed to establish common definitions for numerous indicators including compliance rates, active caseloads and collections. The importance of this initiative is twofold:

- this is the first time that the child support agencies represented at the meeting have agreed to such a specific cooperative activity;
- it allows benchmarking of other initiatives based on more comparable end result information. In other words, if a number of the agencies agree to develop and implement an initiative jointly, the common understanding of indicators will allow for more accurate comparison of the impact of the initiative on business outcomes. The comparison will be possible across all the agencies concerned given that they will no longer be comparing 'oranges and lemons.'

The common definition of indicators will allow for much closer cooperation between agencies in future, and will enable them to increasingly learn from each other. This project is ongoing.

²¹ Anne Skevik, 'Big Issues, Little Money: Ambitions and Realities in Child Maintenance Legislation', p. 4.

At the 2000 meeting it was also agreed to incorporate the child support outcomes for a range of scenarios for each country in this publication: those results are provided at Appendices 2 and 3.

Updating US Child Support

The US Office of Child Support Enforcement Releases its Strategic Plan for 2005-2009

In early 2005 the US Office of Child Support Enforcement (OCSE) released its Strategic Plan for 2005-2009. It was the result of more than ten years of collaboration between child support professionals at all levels of government. The plan signalled significant changes in the approach to child support administration in the US:

Child support is no longer primarily a welfare reimbursement, revenue-producing device for the Federal and State governments; it is a family-first program, intended to ensure families' self-sufficiency by making child support a more reliable source of income.²²

More specifically, the strategic plan notes the following points distinguish the current plan from the previous document:

1. *'Families come first'* – child support should be a reliable source of income for families. It is noted that 90 per cent of the US\$21.2 billion in child support collected in 2002-03 was disbursed to families. For those families currently receiving benefits, 46.1 per cent of collections were distributed to families in 2003, up 8 per cent from 1996.
2. *'Meaningful medical support'* – this is now a 'standalone goal of US child support.'
3. *'Preventing the build-up of child support debt through early intervention rather than traditional debt threshold-based enforcement.'*
4. *'Accountability'* – the OCSE says this plan commits it to measure performance through the use of a dozen new or revised performance indicators.²³

A copy of the report can be found at the following website:

http://www.acf.dhhs.gov/programs/cse/pubs/2004/Strategic_Plan_FY2005-2009.pdf

US Census Bureau Evaluates Support Payments in the United States (Including Child Support)

The US Census Bureau announced in February 2005 reported performance data for a range of support payments administered by the US Department of Health and Human Services (DHHS). The findings draw upon the US Survey of Income and Program Participation. The media release highlighted the following in relation to the findings of the report:

²² *National Child Support Enforcement Strategic Plan, FY 2005-09*, Administration for Children and Families in the US Department of Health and Human Services, 2005, p.3.

²³ *National Child Support Enforcement Strategic Plan, FY 2005-09*, pp. 3-5.

Annual support payments, such as alimony or child support, increased by 18 percent between 1997 and 2002 after adjusting for inflation — from \$34 billion to \$40 billion — according to a report released today by the U.S. Census Bureau. The number of these providers increased by 8 percent, from 7.2 million to 7.8 million. Such payments could be voluntary or mandatory from members of one household to those in another.

According to *Support Providers: 2002*, the average annual amount of financial support was \$5,200, about 10 percent higher than the inflation-adjusted level of support in 1997 (\$4,700).

About 60 percent of support paid (\$24 billion) was exclusively for children under 21 who lived outside the household, averaging \$4,200 for the prior 12 months.

About 2.1 million providers contributed support to people other than minor children, including parents (36 percent), adult children (27 percent), other relatives (23 percent) and spouses or ex-spouses (11 percent).

Other highlights:

- A large majority (84 percent) of child-support providers were men.
- About 6-in-10 child-support payers supported one child, about 3-in-10 made financial payments for two children and 1-in-10 supported three or more children.
- About two-thirds (67 percent) of child-support providers were non-Hispanic whites, about 16 percent were blacks, 2 percent were Asians and Pacific islanders and another 2 percent were American Indians and Alaska natives. About 14 percent were Hispanics (of any race).
- About half of people who provided child support were under 40 years old.²⁴

This information provides an interesting window into the US child support population and offers some point of comparison with Australian child support data reported in *Child Support Scheme Facts and Figures*, published annually by the Australian CSA. This Australian report can be found at the Australian CSA website: www.csa.gov.au

The United Kingdom Parliament Reviews Child Support

The UK Child Support Scheme was established in 1993. From the outset, however, the old scheme had a number of deficiencies which compromised its operation. Not only was the formula complex, making the initial assessment time consuming and allowing for the creation of start-up debts for many paying parents, but there was a lack of transparency in the way the assessment was determined:

The Child Support Agency was set up in 1993. It is widely accepted that the original scheme is complex and difficult for staff to explain and clients to understand. It could take up to 100 pieces of information and up to six months to make an assessment so many non-resident parents immediately find themselves in arrears. The complexity meant that it was easy for parents to delay the process.²⁵

Recognising the limitations of the 1993 legislation, the UK Government released its child support White Paper, *A New Contract for Welfare: Children's Rights and Parents' Responsibilities*, in July 1999. As noted in the last edition of this

²⁴ US Census Bureau Press Release, 'Annual Support Payments Up 18 Percent, to \$40 Billion, Census Bureau Reports', CB05-26, Washington, 26 February 2005. The report can be found at: <http://www.census.gov/prod/2005pubs/p70-99.pdf>

²⁵ 'Background', *Work and Pensions - First Special Report*, House of Commons, 23 March 2005, UK, <http://www.publications.parliament.uk/pa/cm200405/cmselect/cmworpen/477/47704.htm>

publication, the paper flagged numerous changes – many of them profound – to the way the UK scheme operates and the way the UK CSA does business. The UK Secretary of State for Social Security, the Hon. Alistair Darling, noted that the reforms in the white paper centred on four key areas:²⁶

1. *Abolishing the current system for calculating child support;*
2. *Introducing additional penalties for non-compliance;*
3. *Reorganising the CSA and the way it does business; and*
4. *Helping fight child poverty.*

The majority of the reforms were introduced on 3 March 2003. Despite those far-reaching changes to UK Child Support Scheme, in the months following their introduction there was widespread criticism of the lack of improvement in the scheme's performance.

On 14 July 2004 the Work and Pensions Committee released its report into Information Technology (IT) problems facing the UK CSA. That report found that there were a range of IT problems facing the UK CSA:

During the course of our inquiry, we have received evidence on a range of problems relating to the IT programme. For convenience, we have classified them into five groups:

- delay in the planned commencement of the new scheme of calculating child maintenance;
- delay in transferring onto the new arrangements cases already in the system or where child maintenance payments had been determined on the basis of the old scheme;
- the slow pace of processing new cases for calculating child maintenance;
- the problem of cases 'stuck' in the CS2 system that are not being progressed; and
- a defective new telephony system that causes calls to be re-routed around the country.²⁷

While the above report found that many of the CSA's problems were the result of the inability to deliver the new CS2 computer system, the Committee on Work and Pensions said that it had been unhappy with the Government's response to this report. In its 13 October 2004 response to the Work and Pensions Committee, the Government accepted many of the Committee's findings and made a number of recommendations of its own. In relation to the problems facing the CSA, the Government made a number of recommendations, including the salient ones paraphrased below:

- The Secretary of State should make an announcement on the possible date for the migration of cases from the old to the new child support computer system;
- If the new system is not fully operational for new cases by 1 December 2004, then the CSA should publicly announce its contingency plan, including the possible abandonment of the CS2 system if that becomes necessary. Also, if the migration of old cases does not occur by 1 May 2005, then CSA should publicly announce

²⁶ Statement by Alistair Darling, UK Secretary of State for Social Security, obtained from: <http://www.dss.gov.uk/hq/press/1999/july99/childsup.htm>.

²⁷ Third Report, *Department for Work and Pensions Management of Information Technology Projects: Making IT Deliver for DWP Customers*, 14 July 2004. This report is available online at the following link: <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmworpen/311/31102.htm>

its contingency plan, including the possible abandonment of the CS2 system if that becomes necessary;

- The new telephony system should be abandoned in favour of alternative systems that have direct lines to local call centres unless the new telephone system is fully functional by 1 May 2005;
- Department of Work and Pensions should provide a list of change requests and associated dates that it has issued for CS2, with reasons for each request and the impact on the programme in terms of hours of DWP staff time, cost, delay, reliability and functionality;
- A full post-mortem should be undertaken on the CS2 project by DWP as soon as is reasonably possible, irrespective of whether CS2 is implemented or abandoned.²⁸

The Work and Pensions Committee was unhappy with the findings of the Information Technology report, and consequently announced a further investigation into child support matters with the aim of examining ‘the performance of the Child Support Agency, with particular reference to the Agency's compliance and enforcement regime.’²⁹

This inquiry is one that should have been unnecessary. The child support reforms, eventually introduced in March 2003, should have simplified the scheme and should have made the changes to the Child Support Agency's (CSA) computer and business systems straightforward. Our predecessor Committee in the previous Parliament had largely supported this legislation. Expectations from the Department, clients, Members of Parliament and Members of the Committee were uniformly high. Sadly, it became increasingly obvious as successive delays were announced and the queues of dissatisfied CSA clients in Members' surgeries got longer, that the situation, far from improving, was deteriorating. A large part of the problem was laid at the door of the computer system and the Department for Work and Pensions' (DWP) IT supplier, EDS. As part of a wider IT inquiry the Committee examined CSA IT matters via its Sub Committee. That report was published on 22 July 2004 and the Government reply, which the Committee found highly unsatisfactory, was published on 20 Oct 2004. A subsequent debate on the DWP's management of IT projects was held on the floor of the House on 9 December 2004. However, other issues were largely unaffected by the perceived problems with the IT system, including the Agency's apparent inability to obtain compliance with the arrangements made for payment of child support and to enforce compliance rigorously.³⁰

The Select Committee observed that ‘since March 2003 the CSA's performance has been woefully inadequate. On 17 November 2004, the CSA's Chief Executive, Doug Smith, admitted to the Committee that he was ‘seriously disappointed’ in the operation of the new scheme during the first 18 months.’³¹

²⁸ *Second Special Report Government Response to the Committee's Third Report into the DWP's Management of Information Technology Projects*, House of Commons, 13 October 2004. A copy of this report may be found at the following website:

²⁹ <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmworpen/1125/112505.htm>

‘Introduction: An Agency In Crisis’, in Work and Pensions Committee – Second Report, ordered to be printed 19 January 2005, published as House of Commons Paper No. 44.

³⁰ <http://www.publications.parliament.uk/pa/cm200405/cmselect/cmworpen/44/4402.htm>

‘Introduction: An Agency In Crisis’.

³¹ *Second Report of the UK House of Commons Select Committee on Work and Pensions*, 19 January 2005. A copy of the report may be found at the following website: <http://www.publications.parliament.uk/pa/cm200405/cmselect/cmworpen/44/4405.htm>.

More specifically, the Committee raised the following matters in relation to the operation of UK Child Support:

Since March 2003, two schemes – the 'old' pre-reform scheme and the 'new' post-reform scheme – have been running side by side. In addition, some new cases are being dealt with clerically and some old cases are being administered on the new computer system. In addition to ongoing concerns around compliance and enforcement on old scheme cases, there is now widespread disquiet that the new scheme is not working effectively and efficiently. Moreover, many parents on the old scheme are keen to move onto the new scheme and share the benefits that were originally promised in the 1999 Child Support White Paper.

As it became increasingly clear to the Committee that the situation was continuing to deteriorate the Committee decided to undertake an inquiry so that Parliament could be properly and fully informed of the alarming situation.³²

In essence, the Committee was critical of the performance of both the Agency and the Scheme. The problems identified related to IT matters such as the failure to deploy CS2 but also related to work-practices of the Agency itself. It expressed particular concern about child support clients being administered across two schemes, with those in the old scheme being particularly disadvantaged by not having access to the different levels of payment offered in the new scheme.

In turn the UK Government responded to the January 2005 Work and Pensions Committee Report: It announced that was implementing a Business Transformation Programme to address the concerns of the Select Committee on Work and Pensions. The Government announced six strands of the Business Transformation Programme that were intended to respond to the recommendations of the Committee:

The Government welcomes the Committee's report on 'The Performance of the Child Support Agency' and its continued interest in the Agency. The Committee's work has been particularly valuable in helping to shape the plans being developed by the Agency to stabilise its operations and recover from its present difficulties.

The Government recognises that there is much more work needed to bring the Agency's performance to an acceptable level of service for all its clients. This is being progressed urgently through a Business Transformation Programme that takes account of the Committee's recommendations and will address both short term recovery and longer term development. There are a number of strands to the programme:

- Maintaining staffing levels. The Secretary of State for Work and Pensions announced on 26 January that there would be no major reductions in front line staffing until the new computer system is working effectively. This was one of the Committee's central recommendations. The Agency is now recruiting staff to meet current and anticipated needs.
- IT Stabilisation. The next major computer software release is scheduled for May 2005. This will be an important milestone as it will help to resolve system problems as well as provide additional functionality to support migration of cases from the old computer system to the new. This is an important step on the way to conversion. The Agency is continuing to work with EDS to fix residual defects and missing functionality. It will also review its approach to migration and conversion of the existing old scheme caseload, to minimise risks.
- Improving compliance. The Agency has strengthened its emphasis on compliance and there are some early indications that this may have an effect. In February 2005 rates of compliance reached 75 per cent (for cases calculated in September and October 2004).

³²

Second Report of the UK House of Commons Select Committee on Work and Pensions.

The Agency is continuing to study the most effective methods of payment and is implementing deduction from earnings orders more quickly. It will continue to give high priority to compliance and enforcement and ensure rapid action in cases of non-compliance.

- Reducing outstanding debt. The Agency will publish a target in its Business Plan and is working on a new debt strategy to reduce the build up of debt.
- Cutting backlogs. The Agency attaches high priority to reducing backlogs and has set up a new team to review backlogs, analyse their causes and identify effective short and medium term actions. IT stabilisation and improved productivity and performance will make an important contribution.
- Training and guidance for staff. Improvements in training for staff are already having an impact. For example training for staff in finance and compliance have contributed to improved compliance rates. There will be more support for staff and managers, including guidance and training to help them get the best out of the Agency's computer and telephony services.³³

What these reports show is that there are still a number of hurdles facing the UK Child Support Scheme. Two of the main hurdles facing the UK scheme are: the complete conversion to the new child support scheme; and the implementation of the new child support computer system – CS2.

Canadian Review of the 1997 Federal Child Support Guidelines

When the *Guidelines* were introduced effective 1 April 1997, the *Divorce Act* was amended to require the Minister of Justice to undertake a comprehensive review of the provisions and operation of the *Guidelines* and to table a report to Parliament within five years. Accordingly, on 29 April 2002, the Minister tabled in Parliament the Report: *Children Come First: A Report to Parliament Reviewing the Provisions and Operation of the Federal Child Support Guidelines* ('The Report to Parliament'). The Report to Parliament provides a comprehensive review of the provisions and operation of the *Guidelines*, five years after they were implemented. The report is available on Justice Canada's Internet site at:

<http://canada.justice.gc.ca/en/ps/sup/pub/rp/report2002.html>

The overwhelming conclusion that may be drawn from the Report to Parliament is that the *Guidelines* are a solid success and that their objectives have been promoted. Child support amounts are fairer, more predictable and consistent, ensuring that children receive the financial support they need from both their divorcing parents. The *Guidelines* have reduced conflict and tension between parents by making the calculation of child support more objective. This, in turn, has improved the efficiency of the legal process and most parents are setting child support amounts without going to court.

The Report to Parliament recommended several relatively minor changes to some *Guidelines* provisions to improve consistency, predictability and fairness. The recommendations include:

³³ Work and Pensions – First Special Report, *The Child Support Agency: Government Response to the Committee's 2nd Report of Session 2004-05*, ordered to be printed 24 March 2005, HC 477. A copy of this report may be found at the following link:
<http://www.publications.parliament.uk/pa/cm200405/cmselect/cmworpen/477/47704.htm>

- Updating the table amounts to reflect current tax parameters;
- Adding an optional formula for the determination of quantum in shared custody situations;
- Clarifying to the operation of the ‘special expenses’ provision of the guidelines by defining ‘extraordinary’;
- Adding a disclosure requirement relative to children the age of majority or over for whom support is paid; and
- Improving the fairness of the *Comparison of Household Standards of Living Test* by accounting for certain statutory deductions in the calculation of income.

The Department of Justice Canada is working with provinces and territories on updating the child support tables and making some of the improvements to the Guidelines as recommended in the 2002 Report to Parliament.

What is happening in Australian Child Support?

Parliamentary Inquiry into Child Support (2003) and Child Support Taskforce 2004-05

On 26 June 2003 the then Attorney General, the Honourable Daryl Williams MP and the then Minister for Children and Youth Affairs, the Honourable Larry Anthony MP, announced an inquiry to examine the operation of the Australian Child Support Scheme. That inquiry became known as ‘*The Inquiry into Child Custody Arrangements in the Event of Family Separation*’.

The terms of reference for that inquiry were determined to be:

Terms of Reference

Having regard to the Government’s recent response to the Report of the Family Law Pathways Advisory Group, the Committee should inquire into, report on and make recommendations for action:

- (a) given that the best interests of the child are the paramount consideration:
 - (i) what other factors should be taken into account in deciding the respective time each parent should spend with their children post separation, in particular whether there should be a presumption that children will spend equal time with each parent and, if so, in what circumstances such a presumption could be rebutted; and
 - (ii) in what circumstances a court should order that children of separated parents have contact with other persons, including their grandparents.
- (b) whether the existing child support formula works fairly for both parents in relation to their care of, and contact with, their children.
- (c) with the Committee to report to the Parliament by 31 December 2003.³⁴

³⁴ Terms of Reference cited in, *Every Picture Tells a Story*, the Report on the Inquiry into Child Custody Arrangements in the Event of Family Separation, Commonwealth of Australia, December 2003, p. xvii.

The findings and recommendations of the inquiry were released in December 2003, in a report entitled *Every Picture Tells a Story*. There were 29 recommendations made in the report, falling into the following broad categories:

1. **A Rebuttable Presumption (Recommendations 1-6).** These recommendations focussed on a presumption of equal shared parental responsibility to give both parents a meaningful level of involvement in the lives of their children. Circumstances were also identified where clear presumption of shared parental responsibility should not apply.³⁵
2. **Facilitating Shared Parenting (Recommendations 7-10).** The aim of these recommendations was to improve the community's access to services to assist those parents who could not achieve and sustain shared parenting on their own. In particular it was recommended that funding for the Family Relationships Services Program should be increased.³⁶
3. **A New Family Law Process (Recommendations 11-22).** Central recommendations in this section were: the creation of a single entry point into the broader family law system; establishing a national Family Tribunal with the power to resolve disputes about shared parenting responsibility; that where possible; children be involved in the decisions that affect them; immediately after separation there be a six week moratorium in the obligation to pay child support; and the creation of an investigative arm of the Families Tribunal to investigate allegations of violence and child abuse.³⁷
4. **A Child's Contact with Other Persons (Recommendations 23 and 24).** These two recommendations refer to the need to ensure that children also have contact with grandparents and other relatives when parenting plans are being developed.³⁸
5. **Child Support (Recommendations 25-29).** The following recommendations were made:

Recommendation 25

- increase the minimum child support liability payable from \$5 per week (\$260 p.a.) to \$10 per week or \$520 p.a.;
- reduce the cap on the income of the paying parent upon which the child support liability is calculated by reducing the cap to twice average weekly earnings for full-time employees, or changing the base to 2.5 times average weekly earnings for all employees.
- Eliminate any direct link between the amount of child support paid and the time children spend with each parent.
- Improve the range of CSA enforcement powers, including:
 - amending CSA garnishee powers to collect current child support amounts from non-salary and wage earners;
 - insurers notify CSA of settlements;

³⁵ List of Recommendations, *Every Picture Tells a Story*, pp. xxi-xxii.

³⁶ List of Recommendations, *Every Picture Tells a Story*, pp. xxii-xxiii.

³⁷ List of Recommendations, *Every Picture Tells a Story*, pp. xxiii-xxvi.

³⁸ List of Recommendations, *Every Picture Tells a Story*, pp. xxvi-xxvii.

- accessing money held in joint accounts;
- the use of credit reference agencies to obtain client information;
- cancellation of licences (Including driver's licence; and
- deeming the transfer of assets and access to extraordinary lump sum payments.

Recommendations 26 and 27

- The establishment of a Ministerial Taskforce to undertake a detailed re-evaluation of child support.
- Consultation should include CSA clients, payer and payee representative groups, researchers expert in data analysis and social policy, and representatives of relevant government departments and agencies.

Recommendation 28

- The CSA and the Commonwealth Ombudsman review CSA's strategies for communicating with individual clients and the effectiveness of current information flows to clients, and take necessary steps to ensure clients are made fully aware of the options available to them in meeting their child support obligations.

Recommendation 29

- CSA decisions should be subject to external review, done by an arm of the Families Tribunal, the Social Security Appeals Tribunal or another appropriate tribunal.³⁹

The Federal Government accepted the recommendation of the Inquiry to establish a Child Support Taskforce to look at the child support scheme and the CSA in greater detail. Furthermore, the Taskforce was instructed to look at the other recommendations made by the Inquiry, basing its decisions on comprehensive research and wide consultation with people and organisations qualified to make comment on child support issues. The Taskforce report was released in May 2005 and can be found at the following website:

<http://www.facs.gov.au/internet/facsinternet.nsf/family/childsupportreport.htm>

Australian Child Support Agency Has a Portfolio Change

In December 2004 the Australian CSA was moved into the newly-created Commonwealth Department of Human Services (DHS). DHS was established in October 2004 by the Australian Government to improve the development and delivery of government social and health-related services to the Australian community. The DHS website says that "Through the Minister and his new Department, the Government aims to ensure that 'how a service is delivered' is always considered when new policies are developed." Additionally, the website notes the following immediate priorities for the Department:

Immediate priorities for Human Services

The new Department is addressing a number of priorities outlined by the Prime Minister.

³⁹ List of Recommendations, *Every Picture Tells a Story*, pp. xxvii-xxix.

These include:

- advising the Government on the best ways to deliver services and payments
- sponsoring a stronger client-focused approach in government services
- improving the flow of clients from Centrelink to the Job Network
- increasing the speed that injured employees are referred for assessment and rehabilitation support
- supporting services with information technology
- encouraging cross-agency cooperation to increase productivity and reduce operating costs, and
- ensuring better governance, clearer accountability and coordinated implementation of service.⁴⁰

The CSA's move into DHS places it with other Federal Government agencies with responsibility for the delivery of health, welfare and income support services. This continues the Federal Government's view that the CSA is not solely a collection and enforcement agency, but is an integral part of the family law and social services systems.

⁴⁰

The Department of Human Services, Australian Government, December 2005, http://www.humanservices.gov.au/about/immediate_priorities.htm

Child Support Profiles for Selected Countries

Australia

Year Established

The Australian Child Support Scheme was introduced in 1988 to 'strike a fairer balance between public and private forms of support [for children] to alleviate the poverty of sole parent families.'⁴¹

Stage 1 was introduced by the *Child Support (Registration and Collection) Act 1988*. This Act gave the Commissioner of Taxation the responsibility, as Child Support Registrar, for collecting child support payments in respect of court orders and court-registered agreements. This collection is undertaken on application from the parent entitled to receive child support.

Stage 2 was introduced by the *Child Support (Assessment) Act 1989*. This Act established a further responsibility on the Child Support Registrar to administratively assess child support using a formula based on the income of both parents, and therefore their capacity to pay. Stage 2 applies only to parents who separated on or after 1 October 1989, or who have a child born on or after that date.

Agencies Involved in Child Support – their Functions

Until October 1998 the Child Support Scheme was administered by the Child Support Agency in the Australian Taxation Office (ATO), the Department of Social Security (DSS) and the Attorney-General's Department (AGD).

In October 1998 CSA was removed from the ATO and became part of the Commonwealth Department of Family and Community Services (FaCS), which also incorporated DSS. Then, in December 2004, the CSA was moved into the newly-created Department of Human Services (DHS).

The CSA administers the *Child Support (Registration and Collection) Act 1988* and the *Child Support (Assessment) Act 1989* on behalf of the Registrar.

The role of the CSA is to register cases, to assess child support payable (Stage 2 cases only) and collect payments where requested. The CSA also provides an information service for its clients on child support matters. These activities are undertaken in Branch Offices (currently 16) around Australia. The CSA also has a presence in 20 Centrelink offices in regional Australia as a result of the Regional Service Centres initiative.⁴²

Organisationally, CSA now sits as one of six agencies covered by DHS. Those six agencies are: CSA, Centrelink, Health Services Australia, Health Insurance

⁴¹ Cabinet Sub-Committee on Maintenance, *Child Support: discussion paper on child maintenance* (1986), p. 14.

⁴² 'More child support services for Regional Australia', Media Release, Hon. Larry Anthony, Minister for Community Services, 31 August 1999.

Commission, Australian Hearing and Commonwealth Rehabilitation Service (CRS) Australia. DHS has overarching responsibility for the delivery of services by those six agencies. As a part of DHS, the CSA continues to have real-time access to taxation information to enable efficient assessment and collection of child support.

FaCS has retained a general responsibility to advise the government on matters relating to income support and social welfare policy, including child support. In addition to the CSA, there are two further roles in the administration of the Child Support Scheme:

- strategic policy development, analysis and research; and
- ensuring appropriate linkages between income support and child support.

In relation to the latter, Centrelink (the Commonwealth's social security delivery agency) undertakes the following:

- ensuring applicants for more than the minimum rate of Family Allowance take reasonable action to obtain child support; and
- adjusting family allowance payments to individuals in receipt of child support payments.

CSA and Centrelink are working together to enhance service delivery to mutual clients. Centrelink accepts child support applications, and from late December 1998 has transmitted these electronically to the CSA.

The AGD has a general responsibility to advise the Government on matters relating to family law. The Department also provides Legal Aid support to eligible parents under the Child Support Scheme.

Method of Assessment

Administrative assessment of a child support liability only occurs with Stage 2 cases. The Child Support formula is applied to the liable parent's taxable income (which, for CSA purposes, includes rental losses, exempt foreign employment income and employer provided Fringe Benefits):

1. *Less* an allowance for living expenses and for each natural or adopted dependent child living with the liable parent;
2. *Less* half the resident parent's excess income over average weekly earnings.

After making the above deductions, a percentage of the remaining income is paid as support. The percentage varies according to the number of children:

Table 1.1: Child Support Percentages

| Number of Children | 1 | 2 | 3 | 4 | 5 or more |
|---------------------------|----------|----------|----------|----------|------------------|
| Child Support | 18% | 27% | 32% | 34% | 36% |

The basic formula used to assess the annual rate of child support is:

$$\frac{\{ (A - B) - C \} \times D}{2} = E$$

Where:

- A is the child support income amount (taxable income)
- B is the exempted income amount
- C is the amount of payee income above the disregarded income amount
- D is the child support percentage
- E is the amount payable by the payer

Taxable income used in the child support formula is the income shown on the payer's tax return for the last financial year. For child support purposes the maximum taxable income used in the formula in 2004 was \$126,659.

A payer's exempt income is an allowance for living expenses and is deducted before the child support percentage is applied (see Table 1.2).

Table 1.2: Exempt Income Amounts 2004

| | Exempt Income Amount 1.1.2004 to 31.12.2004 |
|--------------------------------|--|
| No natural or adopted children | \$12,950 |
| Partnered rate \$7,542.50 | \$21,622 |
| Allowance for child under 13 | \$2,307 |
| Allowance for child 13-15 | \$3,219 |
| Allowance for child 16-17 | \$4,914 |

Source: Relevant FaCS Pension Rates 2003-04, *CCH Court Handbook*.

If a payee's child support income amount exceeds their disregarded income amount,⁴³ then the liable parent's adjusted income amount is reduced by 50 per cent of the payee's excess income for the period concerned (the annual rate of the child support amount cannot be reduced below 25 per cent of the rate that would have been payable if the payee had less than the disregarded income amount). The payee's disregarded income amount is that part of the payee's income below average weekly earnings of all employees (\$38,168 for the period 1 January 2004 to 31 December 2004).

If either parent's income has decreased by 15 per cent or more since the previous year of income, the assessment can be varied to reflect their current income.

Method of Collection/Payment

There are two broad types of payment arrangements administered by the CSA: CSA collect and private collect. CSA collect refers to payments which are collected by the

⁴³ The 'disregarded income amount' recognises that the carer makes a significant contribution to the care of the children covered by the assessment. See Appendix 2 for more details.

CSA and passed through to the resident parent. CSA collect payments can be collected through a variety of methods including:

- Australia Post offices where payers may pay their child support in person, or by mailing to the CSA;
- Employer Withholding, where a non-resident parent's employer withholds a set amount of wages at the request of the CSA to meet the employee's child support liability. Almost 41.1 per cent of all CSA collect monies were collected in this way in 2003-2004; and
- tax refund intercepts (TRIPs). Almost 7.1 per cent of CSA collect monies were collected in this way in 2003-2004.

CSA collect payments accounted for 36.2 per cent of all child support transfers in 2003-2004.

Private collect refers to the payment of child support directly between the non-resident parent and the resident parent once the level of the liability has been determined by the CSA. If private collect arrangements fail the resident parent is entitled to apply to the CSA to collect the liability on their behalf. About 63.8 per cent of all child support is paid via this method.

Costs of Scheme

In 2003-04 the total cost of the CSA was A\$257.4 million. Additionally, FaCS spent A\$1.5 million in meeting its responsibilities under the Child Support Scheme; and A\$5.5 million was spent by the AGD to fulfil its responsibilities under the Scheme.

Number of Staff

As at 30 June 2004 there was a total of 2,941 full-time equivalent (FTE) staff working for the CSA.

Fees Charged for Service Functions Undertaken by State and Private Organisations

The CSA does not charge a fee for services provided.

Canada

Year Established

The federal role in child support is based on the *Divorce Act*, that addresses eligibility and the *Federal Child Support Guidelines* (*Divorce Act* regulations), that set out the manner in which support is to be determined.⁴⁴

A new child support system was announced in the March 1996 federal budget and came into effect on 1 May 1997. The changes were intended to improve and modernize Canada's child support system and included the following four key features:

- Creation of guidelines to make child support determinations more fair, predictable and consistent;
- New tax rules for child support, introduction of a no-deduction/no-inclusion tax treatment;
- Enforcement procedures were strengthened to help provincial and territorial enforcement agencies ensure that family support obligations are respected; and
- An increase in the Working Income Supplement (since superseded by the new National Child Benefit).

Agencies Involved in Child Support – their Functions

There is no federal agency involved in the assessment of child support. Some provinces and/or territories have family law information centres where parents can receive help in the calculation of their child support amounts. The Federal Government has partially funded the implementation of these centres.

The Department of Justice has complete legislative responsibility for the *Divorce Act* and the *Federal Child Support Guidelines* (the 'Guidelines') which are regulations under that *Act*. The Guidelines were developed in partnership with the provinces and territories, most of which have adopted the same or similar guidelines to apply under provincial family law.

The Department of Justice Canada has legislative and administrative responsibility with regard to the *Family Orders and Agreements Enforcement Assistance Act* (*FOAEAA*) and the *Garnishment, Attachment and Pension Diversion Act* (*GAPDA*).

The provinces and territories have legislative responsibility over their own family law legislation and child support guidelines. They are also responsible for the enforcement of child support through their Maintenance Enforcement Programs.

⁴⁴

The provinces and territories have concurrent constitutional jurisdiction with the Federal Government in family law matters. Federal law applies to divorced or divorcing parties, and provincial law applies to all other parents including parents who never married and married parents who separate but are not seeking a divorce.

Method of Assessment

The *Federal Child Support Guidelines* set out the manner in which child support is to be calculated.

The *Federal Child Support Guidelines* ('the *Guidelines*'), in force since 1 May 1997, are regulations made pursuant to the *Divorce Act* (federal legislation). They apply to married spouses who are divorced or seeking a divorce, whereas provincial and territorial child support laws apply to all other parents.

The *Guidelines* replace the previous, discretionary approach to child support determination. They include a set of rules and tables. The basic amount, found in the tables, is based on three things:

- the payer's income;
- the number of children involved; and
- the province or territory where the payer lives.

In some circumstances, the base amount can be increased or decreased. For example, the amount may be increased if the children have special expenses, such as childcare. The amount could also be adjusted to prevent financial hardship for a parent or the children. This might be fair when, for example, the parent paying the child support is suffering undue hardship —perhaps because that parent is supporting a new family and has a lower standard of living than the parent receiving the child support.

There are eight steps in the application of the Federal Guidelines:

- **Step 1: Do the Federal Guidelines apply to the case?** Federal Guidelines apply to divorce proceedings decided after 30 April 1997. If a parent already pays child support pursuant to an order made under the *Divorce Act* before 1 May 1997, and either parent applies to change the amount, the Guidelines will also apply. The Guidelines don't apply if the parents were never married, or have separated but do not intend to divorce (however, where a province or territory has adopted guidelines, these would apply in such cases);
- **Step 2: Determine the number of children.** The number will include children under the age of majority (18 or 19 depending on the child's province of residence) for whom a spouse stands in the place of a parent (even if they are not his/her children); and a child who is over the age of majority and is still dependant on the parents owing to illness, disability or other cause (often interpreted by courts as reasonable post-secondary education);
- **Step 3: Determine the type of custody arrangement.**
 - Sole custody exists where the child resides primarily with one parent and spends less than 40 per cent of the time with the other parent.
 - Split custody exists where each parent has sole custody of one or more children.
 - Shared custody exists where both parents exercise a right of access to, or have physical custody of, a child for not less than 40 per cent of the time over the course of the year.
- **Step 4: Choose the appropriate federal table.** There are federal child support tables for each province and territory to reflect slight differences in provincial and

territorial tax rates. The province or territory of the paying parent will determine which table will be used. If that information is unknown, the recipient's province of residence will be used;

- **Step 5: Calculate the annual income.** This refers to income from all sources before taxes from all sources. In the majority of cases only the income of the paying parent is necessary;
- **Step 6: Determine the table amount.** Once the 'number of children' and the 'level of income' has been determined, find the relevant monthly amount on the appropriate provincial or territorial child support table;
- **Step 7: Special Expenses.** The amounts in the tables are a starting point. Special or extraordinary expenses, however, may arise where such expenses are reasonable and necessary but are too great to be covered by the table amount. Such expenses may relate to in any case, including items such as child-care, health-related expenses or post-secondary education expenses. The parents can share the expense in proportion to their incomes or use some other method;
- **Step 8: Undue Hardship.** In some cases, the table amount can cause undue hardship to either parent or to the child. In these cases, either parent may seek an increase or decrease in the child support amount. The claiming parent must show that a circumstance, such as a second family or high access costs, is causing undue hardship and must also show that his or her household standard of living is lower than the other parent's household standard of living. The Comparison of Household Standards of Living Test is provided in the Guidelines as an optional test to compare household standards of living.

Since 1997, all provinces and territories except Alberta⁴⁵ have introduced child support guidelines in their provincial child support laws. In all jurisdictions except Quebec (where a different guidelines model applies), provincial and territorial child support guidelines are the same as, or similar to, the *Federal Child Support Guidelines*. Four provinces - Prince Edward Island, New Brunswick, Quebec and Manitoba – have received a designation for their guidelines pursuant to subsection 2(5) of the *Divorce Act*. This means that, in those provinces, provincial child support guidelines had at least one aspect that differed from the Federal guidelines and they were designated to apply to all child support cases in that province, regardless of the marital status of the spouses, provided that both spouses are ordinarily resident in the province.

Method of Collection/Payment

Federal collection and enforcement methods under *FOAEAA* for child support include:

- Tracing/locating address and employer information of missing payers in federal databanks;
- Interception of federal payments to a support payer, e.g. income tax refunds;
- A federal licence denial scheme for payers in persistent and/or large arrears – including passports, and federal marine and aviation licences and certificates.

Federal collection methods under *GAPDA* for child support include:

⁴⁵ Alberta has adopted legislation introducing child support guidelines with the intention of them coming into force in October 2005.

- Garnishment (legally seizing funds to pay debts) of salaries and remuneration of Crown employees and contractors for family support obligations;
- Diversion of pension benefits.

Methods of Disbursement/Transfer of Child Support

Monies intercepted or garnisheed by the federal government are transferred to the provincial or territorial maintenance enforcement program for disbursement to the appropriate recipients.

Fees Charged for Service Functions Undertaken by State and Private Organisations

The garnishment process under the *FOAEAA* has an administrative fee of CDN\$38 per year, which is charged to payers who are subject to a garnishee summons. This fee is only charged after the support obligation is satisfied.

British Columbia

Year Established

The Family Maintenance Enforcement Program (FMEP) began operating in 1988 with proclamation of the *Family Maintenance Enforcement Act*. Services became available province-wide in January of 1999.

Agencies involved in Child Support – their Functions

Maintenance Enforcement and Locate Services (which includes the office of the Director of Maintenance Enforcement) is responsible for the Family Maintenance Enforcement Program, Family Search Program, the Reciprocals Program, the Client Relations Program and the Debtor Assistance Program.

- The Family Maintenance Enforcement Program enrolls, monitors and enforces maintenance orders and registered agreements.
- In cases crossing jurisdictional boundaries the Reciprocals Program has a statutory responsibility to designate courts within the province of British Columbia and transmit documents to reciprocating states for the purposes of confirming, varying and enforcing maintenance orders and agreements.
- Family Search has authority to search for missing individuals to obtain vary and enforce maintenance, custody, access, and guardianship orders.
- The Debtor Assistance Program provided remedies to separating and divorcing families as well as individuals regarding money and creditor issues – this program is being phased out in British Columbia.
- Client Relations provides information and investigates complaints about the programs of Family Justice Programs Division.

Other programs involved in child support

- The courts establish orders and hear applications to change, cancel and enforce maintenance.
- Family Justice Services Division provides information, mediation, parenting education and other court related mediation services in relation to maintenance custody, access and guardianship issues.
- In relation to assigned cases in receipt of social assistance benefits the Family Maintenance Program obtains and varies orders and enrolls final orders in the Program for enforcement.

Method of Assessment

The courts determine the amount of support due using child support guidelines.

Methods of Collection/Payment

- Voluntary payment arrangement
- Notice of Attachment
- Federal interception of funds
- Registration in personal property registry

- Registration against land
- Registration with Credit Bureau
- Driver's Licence Withholding
- Federal Licence Denial
- Enforcement against Corporations
- Default Hearing
- Committal Hearing
- Warrant of Execution
- Payment conferencing

Methods of Disbursement/Transfer of Child Support

The Family Maintenance Enforcement Program is a blend of 'pay through' and 'pay to' systems, with payments distributed to recipients through direct deposit, trust fund cheques or post-dated cheques from the payor's account. Payers can make payment through electronic banking options.

Fees Charged for Service

There are no fees to enrol in the Family Maintenance Enforcement Program but payers who default more than once in a calendar year are charged a default fee. The default fee is equivalent to one month's maintenance or CDN\$400, whichever is less. The fee can only be charged once a year.

Functions Undertaken by State and private Organizations

The Director of Maintenance Enforcement contracts with the private sector for the operation of the Family Maintenance Enforcement Program (FMEP). The FMEP is responsible for calculating, receiving, recording and forwarding payments and taking enforcement action. The Director's authority to demand information and search confidential databases is not delegated to the private sector but remains with the public servants in the Family Search Program. The administrative duties of the Reciprocal Program also remain within the public service.

Nova Scotia

Year Established

The Maintenance Enforcement Program, which is administratively based, was introduced in January 1996. Prior to this, a court-based enforcement program was operated through the Family Courts. The governing legislation is the *Maintenance Enforcement Act*.

Agencies Involved in Child Support – their functions

The Department of Justice (NS) is responsible for the collection of child/spousal support through the Maintenance Enforcement Program. This program is administratively based and is responsible for the enrolment, collection and enforcement of support orders. Support orders issued by the court are automatically enrolled with the Maintenance Enforcement Program, however, there is both an 'opt out' and a withdrawal provision should parties not wish to be enrolled in the program.

Nova Scotia, as of April 1999, has introduced a Unified Family Court and currently this Supreme Court (Family Division) sits in three areas of the province. The remaining areas have a Family Court (Provincial) although expansion of Family Division to replace the Family Courts should take place within the next 18 to 24 months. The courts have the responsibility of setting support orders.

Method of Assessment

Nova Scotia has adopted the Child Support Guideline method of assessment in which the level of income, number of children and the non-custodial parent's place of residence is considered. These guidelines are mandatory and include provisions for special or extraordinary expenses and undue hardship.

Methods of Collection/Payment

The Maintenance Enforcement Program has the following collection powers:

- ability to trace and locate defaulting payers;
- garnishment of income sources including joint bank accounts, rental income, and wages;
- interception of federal funds such as income tax refunds and employment insurance benefits;
- reporting of defaulting payers to the credit bureau;
- collapsing of pensions;
- property liens;
- examinations of payers;
- revocation of motor vehicle privileges;
- seizure and sale of assets; and
- remitting the matter to court for a default hearing

Methods of Disbursement/Transfer of Child Support

Support payments are received by the Maintenance Enforcement Program and forwarded to the maintenance recipient. Direct deposit to the recipient's account is made in about 63 per cent of the cases while the remaining payments are sent by ordinary mail.

Number of Staff

The program has 44 staff consisting of the following:

22 Enforcement Officers; 8 Enforcement Assistants; 3 Payment Clerks; 2 Enrolment Clerks; 1 Registration Officer; 1 Financial Coordinator; 2 Administrative Support Clerks; 4 Regional Coordinators and 1 Director. There are 7 offices located throughout the province. The program is totally automated and offers a 24/7 Info-Line service.

Fees Charged for Services

The program charges the following fees CDN\$:

- \$80 for issuing a garnishment;
- \$27 for the issuance of an annual statement of account;
- \$37.25 for a non-sufficient fund cheque;
- \$53 for the issuance of a motor vehicle privilege revocation;
- \$53 for a payer examination;
- \$48 to discharge a property lien.
- \$213 administrative default fee

Note: With the exception of the CDN\$80 garnishment fee, fees are collected only after all other amounts owing on the account have been collected.

Ontario

Year Established

The 'Support and Custody Orders Enforcement' Branch of the Ministry of the Attorney General was established in 1987.

It was replaced by the 'Family Support Plan' in 1992, which was replaced by the 'Family Responsibility Office' in 1997.

The Family Responsibility Office was transferred to the Ministry of Community and Social Services in April 2001.

Agencies Involved in Child Support – their Functions

The Family Responsibility Office (FRO) is the program responsible for the enforcement of support orders and domestic contracts filed with the Ontario Court.

In Ontario, social assistance benefits may be provided to persons who are not receiving child or spousal support. The Ministry of Community and Social Services and its municipal delivery agents provide the financial assistance to support recipients who are not receiving their court ordered family support payments.

The social assistance delivery agency may have the support arrears under the support order assigned (made payable) to the agency. Any funds collected through FRO's enforcement efforts will then be paid to the social assistance agency. In this way, the agency can offset the costs of social assistance payments through the assignment of the support order.

In addition, the Ministry and its delivery agents assist in obtaining court orders for social assistance recipients to obtain family support.

Method of Assessment

Ontario has adopted the Child Support Guideline method of assessment in which the number of children and the non-custodial parent's place of residence, and annual income are considered. These mandatory guidelines also include provisions to increase support for special or extraordinary expenses or decrease support for undue hardship.

Spousal support orders are not calculated in accordance with the above Guidelines but on the basis of a means-and-needs assessment. Draft advisory guidelines for the determination of spousal support payments were released in 2005 by the federal government for discussion. These draft guidelines are not mandatory.

Methods of Collection/Payment

For most cases registered with the program, payments are made directly to the FRO Office by the employer or other income source of the support payer. The program

encourages electronic methods of payment whenever possible. FRO can provide employers with electronic commerce software to facilitate the transfer of funds.

The support payer can also remit payments via tele-banking or by pre-authorized payments from the payor's bank account, or by post-dated cheques.

If support payments are in default, other methods of collection include diversion of the support payor's income tax refunds and employment insurance benefits; lottery winnings over CDN\$1000; garnishment of bank accounts including 50 per cent of a payor's joint bank account balance; garnishment of other amounts owed to the support payor; for example, an inheritance or rent; and enforcement against assets through writs of seizure and sale.

FRO can also issue notices to suspend a defaulting support payor's driver's licence or to suspend federal licences including passports (through the federal government's *Family Orders and Agreements Enforcement Assistance Act*), and FRO can bring the support payor to court on a Default Hearing. The Default Hearing can result in a Default Order which contains reporting requirements (such as payor notifying the Director's office of changes to address and employment), and incarceration terms if the payor does not comply with the default order.

Methods of Disbursement/Transfer of Child Support

About 85 per cent of support payments received from the support payer are transmitted electronically via direct deposit into the support recipient's bank account. Otherwise, the program sends a cheque for the amount of support collected.

Number of Staff

FRO has 397 staff (full-time equivalents).

Fees Charged for Service

Effective 1 April 2000, the Director began charging administrative fees for certain actions. The current fee schedule is as follows:

- CDN\$25 for a commissioned Director's Statement of Arrears (statement of account).
- CDN\$100 for each adjustment to the Director's payment records as a result of a direct payment of support that did not go through the Director's office.
- CDN\$150 for each 'Confirmation of Identity Letter' requested, commonly arising in respect to real estate transactions.
- CDN\$400.00 enforcement fee charged to defaulting support payors whose failure to meet their support obligations results in one of the following enforcement actions: driver's licence suspension, federal licence denial (including passports), default hearing, registration of the support order against land or notice of garnishment.
- New CDN \$50.00 re-filing fee will be charged to both the support recipient and support payer for orders withdrawn from FRO after 31 July 2005 and subsequently re-filed by either party; for orders withdrawn between 31 October

2004 and 30 July 2005, the fee is payable only by the person re-filing the case with FRO.

The program levies a CDN\$35 charge for NSF cheques (i.e. cheques returned due to insufficient funds). This fee is payable to the Minister of Finance.

In addition, court costs can be assessed in favour of the Director where the program is a litigant in a court proceeding.

Functions Undertaken by State and Private Organizations

For cases registered with the program, FRO undertakes all enforcement measures required to collect support payments and disburse them to support recipients.

Support obligations made in domestic contracts can be enforced privately; however, all court ordered support obligations must be enforced by the program unless the case is withdrawn from FRO.

If the support payer is not in compliance with the support obligation, the support recipient can withdraw the case from FRO without the payer's consent. If the case is in compliance, the payer and recipient must agree to withdraw. By regulation, compliance is defined as: all required payments made regularly in the previous 12 months and the balance is never more than one month's accrual plus CDN\$50.00.

If the support recipient is currently in receipt of social assistance benefits, and the support order is assigned, the social assistance delivery agent must also agree to withdraw from FRO.

The program uses the services of a large national bank to process and disburse support payments.

Process servers are hired on a fee-for-service basis to serve payers and others with court documents. Private sector lawyers are retained on a case-by-case basis to act for the program across the province.

Québec

Year Established

The Québec support-payment collection system was introduced on 16 May 1995 further to the passage of the *Act to Facilitate the Payment of Support*. This Act came into force in part on 1 December 1995, and has been fully in effect since 16 May 1996.

Support-payment collection

The support-payment collection system is a comprehensive program, that is, it applies to all judgements rendered since 1 December 1995, under which support is awarded for the first time. Under this system, Revenu Québec (the Agency) collects support from the person who must pay and transfers payment to the person who is entitled to it. However, the Act does provide for judicial exemption from the collection system, that is, support payments may be made without the intervention of the Agency. In these cases, support payers must provide the Agency with an advance payment equivalent to one month of support. The case however remains registered with the program in case of default of payment.

Moreover, at no time can the Agency intervene concerning the content of the judgement. This remains the sole prerogative of the Court. Thus, if one is paying support and their circumstances change so that the paying parent is no longer able to meet their obligations as stipulated in the judgement, it is not within the power of the Agency to modify the amount of support owed. In such circumstances, a new judgement must be obtained.

Method of Assessment

Quebec uses Child Support Guidelines as a method of assessment but its model differs from that of the other provinces and territories. The model is based on an income sharing method of assessing the amount of child support to be transferred from one spouse to the other. The model uses level of income to determine the proportion of child costs the non-custodial parent should pay. These guidelines are mandatory and include provisions for additional expenses and undue hardship.

Methods of Collection/Payment

For the fiscal year 2004-2005, the support payments were collected by deduction at source in 52 per cent of cases and by payment order in 48 per cent.

Collection of Support

If the support was awarded with the approval of the Court, the steps (at no cost to the creditor) that will be followed are:

1. Entry in the record of support cases by the courts of law (Ministère de la Justice) so that the Agency may then take over the case.
2. Judgement or order filed and documented by the Agency.

3. Preparation of the case by the Agency.
4. Assignment of the file to an enforcement officer who will contact both parties.
5. Establishment of a collection agreement by the Agency.
 - if the debtor of support is a wage-earner or on salary, the enforcement officer sends a deduction notice to the employer so that the latter will deduct support payments directly from the debtor's wages or salary.
 - if the debtor of support is not a wage-earner or on salary, the enforcement officer sends this person a payment order so that he or she will remit the outstanding support payment, arrears and the security to guarantee payments.
6. Receipt of payments by the Agency.
7. Issuing of support-payment cheques to the recipient of support by the Agency. Payment to creditors of support by cheque or direct deposit to their bank account is carried out on the 1st and 16th of each month.

If the support payer does not make the support payments, the Agency notes the default (whether on its own initiative, by means of information received from a third party, or following a complaint lodged by the creditor of support) and undertakes procedures to recover the amounts owed. The first step in recovering delinquent support payments involves issuing a written notice from the Agency urging the debtor to pay his debt within 10 days of receiving the notice. Before undertaking any collection procedures, the Agency may enter into a written agreement with the support payer, establishing the terms and conditions of repaying the debt. The agreement could be subject to the approval of the creditor of support.

Furthermore, the Agency may take judicial measures to foster the payment of support; for example, the seizure of movable or immovable property or the use of a tax refund owed as a means of paying support. The collecting agency for Revenu Québec is known as the *Centre de perception fiscale*.

Number of Staff

For the fiscal year 2004-2005, a total of 688 full time employees were working for the collection of support payments. The offices are located in Québec City and Montréal.

Fees Charged for Service

No fees are charged to the creditor for the collection and payment of support.

However, under the *Act to Facilitate the Payment of Support*, the government may (in some cases, and on the conditions prescribed by regulation) charge fees for the collection of arrears in support payments owed by the debtor or for the collection of any amount payable by another person under the Act.

The following fees are subject to annual indexing and bear interest at the legal rate and are payable even if the support payments are cancelled:

- CDN\$85, if a person owes money to the Agency under the Act and has not paid the amount owed within ten days of receipt of a demand for payment;
- CDN\$110, where a writ of seizure in execution is issued for the first time following a demand for payment; and

- CDN\$35, where a bill of exchange (a cheque, for example) remitted to the Agency is subsequently refused because of insufficient funds by the financial institution upon which it is drawn.

The fees may be collected for each file where a person is in default.

New Zealand

Year Child Support Scheme Established

- From 1981 to 30 June 1992 non-custodial parents paid support via a formula - based assessment under the Liable Parent Contribution Scheme (LPCS).
- The New Zealand *Child Support Bill (1991)* replaced all LPCS cases. After 1 July 1992 New Zealand introduced a child support formula largely based on the Australian system.

Agencies Involved in Child Support - their Functions

- The Child Support Agency administers the *Child Support Act*. The CSA provides assessment, collection and enforcement services for compulsory or voluntary arrangements. The Agency is part of the Inland Revenue Department.
- CSA funding is part of the Revenue vote.
- The Courts may provide Departure Orders where the assessment is unfair. They can also enforce payments.

Methods of Assessment

- The NZ system is based on the premise that liable parents have the first obligation to support their children before a reliance on state-paid benefits.
- Child support recipients receive income support in one of two ways:
 1. receive payments directly from the non-custodial parent without any social welfare assistance;
 2. receive funding from the Department of Social Welfare.
- Sole parents who are not in receipt of the Domestic Purposes Benefit may seek a maintenance order through the courts.
- If the sole parent applies for a social security payment they are excluded from making an application through the courts.
- The minimum annual liability for the 2005-06 child support year was NZ\$707. As at the end of June 2005 47.6% of liable parents were assessed at this minimum level.
- The maximum level of liability is 2.5 times 'average ordinary time weekly wage'.
- There is an automatic annual reassessment of child support. The support order lasts until the child's 19th birthday but ends if they become financially independent, get married or enter into a de facto relationship before this day.
- If the non-resident parent does not receive a benefit, all of the child support goes to the resident parent. If, however, the resident parent does receive a benefit, the child support goes to the government to help pay for that benefit. If the payment the paying parent makes is more than the benefit the resident parent receives, then the excess amount will be paid to the resident parent.
- The NZ Child Support Act is retrospective, cancelling all other administrative and court-based assessments (unlike the Australian legislation).
- Unlike Australia, the NZ assessment may include stepchildren.

A four-step calculation (often called the **child support formula**) is used to work out how much child support a paying parent must pay. The result is the **formula assessment**.

The four steps in the child support formula are:

1. Determine the paying parent's taxable income. The income used for the assessment is dependent on the paying person's income source.
 - If the paying parent has an income solely from salary, wages and/or a benefit the CS assessment is based on the taxable income from their employer's wage records from the previous year.
 - If the paying parent earns other income (for example, rental or self-employed) and/or they file an income tax return, the child support assessment is based on the income from the two years prior to the current year plus an inflation figure.
 - If the paying parent is living outside New Zealand, the child support assessment is based on the paying parent's overseas income plus any income earned in New Zealand.
2. Deduct a living allowance from the income amount (which is based on the Social Welfare Invalid benefit rates) from the amount in Step 1.
3. Multiply the result by a percentage rate based on the number of children that the paying parent is paying for
 - 1 child 18 per cent
 - 2 children 24 per cent
 - 3 children 27 per cent
 - 4 children 30 per cent
4. Divide the final amount into 12 equal monthly amounts, which must be paid by the 20th of each month

Methods of Collection/Payment

The CSA enforces all child support orders where the payee receives sole parent social security benefits. It also enforces voluntary agreements and formula assessments for custodians not in receipt of a benefit.

The CSA is authorised to collect payments through automatic wage withholding, debiting a bank account, or placing a charge on the assets of a self-employed person. It can also institute court-based recovery action

Methods of Disbursement

Resident parents who have entitlement owing directly to them will receive the first payment about 8 weeks after a child support application is received. Disbursement is monthly, being paid on the 7th day of the month after the funds were paid to the CSA. The amount is credited to a bank account nominated by the payee.

Government Outlays on Caring Parents and Children

The primary sole parent benefit is the Domestic Purposes Benefit.

Government Savings as a Result of the Scheme

Not known for 1998-99. Of the NZ\$167.50m in child support payments collected in 1995-96, NZ\$118.37m was paid to the Crown to repay social security payments.

United Kingdom

Year Established

- The *Child Support Act (1991)* and amendments under the Child Support Act (1995) establish the requirement for child support maintenance.
- The UK Child Support Agency (CSA) was established on 5 April 1993.
- In mid-1998 the Government released a Green Paper for the reform of the current UK child support system. The subsequent White Paper was released in July 1999.
- In March 2003 the new UK child support scheme was implemented for new cases.

Agencies Involved in Child Support – their Functions

- The CSA operates the child maintenance scheme, which applies to people living in England, Wales, Scotland and Northern Ireland.
- CSA is located within the Department of Work and Pensions (DWP) and is funded from DWP.
- CSA works with the Benefits Agency to establish close links between Income Support and Child Support processes to establish entitlements and reduce fraudulent claims.
- CSA prepares, and where appropriate presents, appeals to be heard by the Independent Child Support Appeal Tribunal Service.
- Courts can vary child maintenance, revoke orders or deal with top-up maintenance applications. Gaining an assessment through the courts is not possible if the applicant is entitled to a CSA maintenance assessment.

Method of Assessment

The amount of child maintenance under the new UK child support scheme depends on three main factors:

- the non-resident parent's net income and circumstances;
- the number of qualifying children entitled to receive child maintenance;
- the number of children living with the non-resident parent ('relevant other children').

UK CSA generally works out the child support liability using the income (earnings) of the non-resident parent. Payers earning less than £200 pay a reduced amount of child support. Where the liable parent's income is £100 pw or less, a Minimum Liability of £5 pw applies. Where a paying parent earns between £100 and £200 pw they will pay on a sliding scale set out in a table. These lower income levels generally apply to non-resident parents who are in receipt of certain benefits, are assessed using a reduced rate or a flat rate.

Payers earning £200 pw or more pay the 'Basic Rate' of child support. The 'Basic Rate' is a percentage of the non-resident parent's net weekly income, which is weekly income (usually earnings) after tax, National Insurance and contributions to a pension have been taken off. Tax credits and occupational pensions can also count towards weekly income. The majority of UK child support clients pay at the 'Basic Rate'

where the percentages above apply. The percentage of the net weekly income is set out in legislation. The percentages are:

- 15% for 1 qualifying child;
- 20% for 2 qualifying children; and
- 25% for 3 or more qualifying children

Where a non-resident parent has children living with them in their current family, a lower amount of net weekly income is used in working out child maintenance. This is the non-resident parent's net income reduced by:

- 15 per cent if there is one relevant child
- 20 per cent for 2 relevant children
- 25 per cent for three or more relevant children

Either parent may apply for maintenance. In Scotland the affected child may also apply provided they are between the ages of 12 and 19 and a parent has not already applied on their behalf.

If a sole parent or absent partner is in receipt of Income Support, Family Credit, Disability Working Allowance or Income-Based Jobseeker's Allowance, then the caring parent must apply for a child maintenance assessment. This requirement does not mean that the absent parent cannot apply for child support assessment.

Methods of Collection/Payment

Payment and enforcement options include:

- the preferred CSA payment option is for payments to be made directly between the two parties concerned;
- direct debit, transcash (Post Office), or paying through a bank to the CSA's account.
- deduction from earnings order to take payment and arrears from pay (similar to Australian EW). Employer must remit by 19th of the month following the month that the deduction from earnings was made;
- legal action to force self-employed parents to pay;

Methods of Disbursement /Transfer of Child Support

- CSA prefers the absent parent to pay the caring parent directly.
- Where payment is through the CSA, onward payment is through direct credit into a bank or building society account.
- Disbursements are made weekly, monthly or at some other agreed interval.

Fees Charged for Service Functions Undertaken by State and Private Organisations

The reintroduction of fees has been flagged by the White Paper as a possibility at some stage in the future once CSA service levels have been improved. In this case, fees would only apply to cases where the resident parent is not in receipt of benefits.

United States

Year Established

US child support activity is governed by the *Social Security Act*.

- The Child Support Enforcement (CSE) program was established in 1975, and
- The Temporary Assistance to Needy Families (TANF) program was established in 1996 by the Personal Responsibility and Work Opportunity Reconciliation Act. Its predecessor, the Aid to Families with Dependent Children (AFDC) program, was established in the 1930s.

Agencies Involved in Child Support – their Functions

- Office of Child Support Enforcement (OCSE) within Administration for Children and Families of the Department of Health and Human Services has Federal oversight of the CSE Program, working with state and local agencies.
- CSE Program provides five main services:
 1. locating absent parents;
 2. establishing paternity;
 3. establishing child support obligations;
 4. enforcing child support orders; and
 5. collecting and disbursing child support payments.
- Courts can also establish and enforce Child Support orders.
- Private companies are also utilised in the collection of Child Support liabilities in some states (notably Texas, Virginia and Arizona).

Methods of Assessment

- A Child Support Enforcement (CSE) office will establish a child support order only for a dependent child;
- The definition of 'dependent' varies by state. A child is dependent (i.e. eligible to receive child support) if someone has legal custody or guardianship of a child who has not reached the age of majority for child support purposes, as defined by that particular state.

Assessment can occur in two ways: through the courts, or an administrative hearing process.

Federal legislation passed in 1984 required the states to establish numeric guidelines (i.e. a formula) for assessing child support liabilities. The legislation did not insist that a particular formula be used and as a result there are three guidelines in use among the states. They are:

The **Income Shares** guidelines approach has four basic calculation steps:

- Step 1: the income of both parents is combined.
- Step 2: the percentage table is applied to determine the basic support amount for the child.
- Step 3: the support obligation is then divided between the parents in proportion to their incomes, and the non-custodian must pay their share to the carer.

- Step 4: child care and medical expenses are added to the obligation in similar proportions.

The **Percentage of Income** guideline uses a fixed percentage of non-custodian parent's gross or net income, for example, 17 per cent for one child; 25 per cent for two children; 29 per cent for three children; 31 per cent for four children and 35 per cent for five or more children. This method equates most closely with the Australian formula.

The **Melson** guideline uses 3 calculation steps:

- Step 1: a prescribed support allowance is subtracted from each parent's income.
- Step 2: a primary support amount is calculated for each dependant child, which is a minimum amount calculated to maintain the child at a subsistence level. Child care and other expenses are added to the primary amount. The total amount is then apportioned between the parents based on their available net incomes.
- Step 3: a percentage of the remaining income (if any) is allocated as additional child support called the Standard of Living Allowance.

Methods of Collection/Payment

Child support can be collected for payees who are either TANF or Non-TANF sponsored. Where a family is in receipt of TANF, most child support payments collected from the liable parent are repaid to the government. Non-TANF families receive all of the child support money paid.

Methods to collect or enforce collection of child support obligations include:

- income withholding where money is held out of the pay cheque by the employer (which is similar to the Australian employer withholding (EW) collection method);
- voluntary payments to payee, the court or the collection agency;
- tax refund withholding (based on the same principle as the tax refund intercept process of the Australian CSA);
- liens can also be put on properties to prevent its sale/transfer until the owner's child support debt has been met;
- bonds paid to the court and the bond is then paid to the payee if the payer defaults;
- sale of property;
- interception of lottery winnings;
- a judge may order the payment of child support amounts or payer may be sent to prison.
- be reported to credit bureaus to prevent them borrowing money;
- have driver's, professional and recreational licences revoked; and
- Denying passports to persons owing more than \$5,000 in past-due support.

Methods of Disbursement/Transfer of Child Support

Each state CSE agency collects and disburses child support funds depending upon whether the payee is or is not in receipt of TANF payments.

Collections and Costs of the Scheme

- CSE and TANF are operated at the state and local level but costs are shared between Federal and State governments.
- CSE costs are shared between Federal and State governments at the rate of 66 per cent and 34 per cent respectively. TANF funding varies from state to state.

Fees Charged for Service

There are two types of child support collection cases administered by the CSE: non-TANF and TANF:

- Clients not in receipt of TANF grants pay no more than US\$25 for the collection of child support by the state;
- Clients in receipt of TANF must pass collected child support on to the state to repay TANF grants.
- Some states charge for some CSE services such as parent location. Amount varies.

Functions Undertaken by State and Private Organisations

- Child support assessment is conducted by the child support agencies and courts;
- Enforcement and collection of payments is conducted by both public and private organisations, varying from state to state.

Arizona ⁴⁶

Year Established

The Federal *Social Security Act (1975)* gives force of law to the Child Support Enforcement (CSE) Program and the Temporary Assistance for Needy Families (TANF) Program. These programs cover the gamut of Arizona's child support collection, enforcement and disbursement activities.

Agencies Involved in Child Support – their Functions

- The Division of Child Support Enforcement (DCSE) is located within the Arizona Department of Economic Security.
- The DCSE works cooperatively with other state and federal organisations, including the Arizona Motor Registry, the Arizona courts, as well as state and federal taxation departments.
- Arizona, like Virginia, has privatised a number of child support offices to determine the cost-effectiveness of privatising child support collection and enforcement activities.

Method of Assessment

Arizona uses the Income Shares guideline. The shares are based on a pre-determined schedule adopted by the Arizona State Supreme Court, or proportionate shares of adjusted gross income using a pre-determined schedule adopted by the State Supreme Court.

Methods of Collection/Payment

Child support can be collected for payees who are either TANF or Non-TANF sponsored. Where a payee is in receipt of TANF, the state retains any child support collected from the liable parent. Non-TANF families receive all of the child support money received.

Methods to collect or enforce collection of child support obligations include:

- wage withholding where money is withheld from the pay cheque by the employer;
- voluntary payments to payee, the court or the collection agency;
- State Income Tax Refund Intercept;
- Administrative liens can also be put on properties to prevent their sale/transfer until the owner's child support debt has been met (new state legislation);
- Bonds can also be imposed by the courts and the bond is then paid to the payee if the payer defaults;
- Sale of property;
- Interception of lottery winnings;
- Suspension of driver's license (new state legislation);

⁴⁶ States and territories periodically make changes to policies and laws. For this reason the reader should consult the Office of Child Support Enforcement's (OCSE's) Intergovernmental Referral Guide for more detailed information on all 54 of the US states and territories: <http://ocse.acf.hhs.gov/ext/irg/sps/selectastate.cfm>

- A judge may order the payment of child support amounts or else the payer may be held in contempt of court and sent to prison;
- Reporting to credit bureaus to prevent them borrowing money; and
- Revocation of hunting and other licences.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m. | A\$ Collected for each \$ spent | Cost of collecting A\$1 | Caseload | Staff Numbers FTEs. | Arrears A\$m |
|--------------|----------------------|---------------------|---------------------------------|-------------------------|----------|---------------------|--------------|
| 02-03 | \$303.21 | \$76.61 | \$3.96 | 25.3 cents | 258,871 | 913 | \$2,343.2 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at: http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

Fees Charged for Service

There are two types of child support collection cases administered by the CSE: TANF and non-TANF. Clients in receipt of TANF funds must assign child support payments made by the liable parent, to the State. Failure to assign the money results in the loss of welfare payments under the TANF Program.

Those clients which are not in receipt of TANF grants pay no more than US\$25 as an application for services fee for the collection of child support.

State law requires all payers to pay a payment processing fee for income withholding payments.

Connecticut

Year Established

- As with all other US states, Connecticut child support activities are governed by the Federal *Social Security Act (1975)*.
- Connecticut Bureau of Child Support Enforcement (BCSE) was specifically created by Section 17-578 of the Connecticut General Statutes.

Agencies Involved in Child Support – their Functions

BCSE is located within the Department of Social Services. Its responsibilities cover the coordination of all child support services, including:

- taking all applications;
- locating absent parents;
- establishing paternity; and
- establishing support orders and some enforcement activities.

The BCSE is assisted in its work by the Support Enforcement Division (SED) of the Judicial Branch. The SED is responsible for enforcing and changing child support orders and auditing accounts.

The Attorney-General's Office provides legal assistance to the state where a child support case is heard in the courts. BCSE is also assisted by the Department of Labor and the Department of Children and Families in data matching activities.

Method of Assessment

Connecticut uses the Income Shares guideline. Both parents' income is considered in determining the level of child support.

The BCSE can establish a child support agreement by either negotiating an agreement with the parents through an administrative process, or by referring the case to the Office of the Attorney General for establishment by court action.

Methods of Collection/Payment

Collection and payment methods available to the BCSE include:

- federal and State income tax refund withholding – if a parent owes more than US\$150 (TANF case) or US\$500 (if a non-TANF case);
- liens upon real or personal property;
- credit reporting;
- lottery offset;
- wage withholding;
- the interception of a portion of unemployment payments;
- the interception of workers' compensation payments;
- IRS full collection is a last resort option to collect arrears liabilities of more than US\$750;
- contempt citation where a court order has been ignored.

Methods of Disbursement /Transfer of Child Support

Child support collections in Connecticut are processed by the Child Support Processing Centre. The Child Support Processing Centre receives all child support payments and enters them into its computer system. Monthly liability statements are mailed to paying parents, with the exception of payers who have payments deducted from their pay. The Child Support Processing Centre disburses funds to the parent within two days of receipt.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m. | A\$ Collected for each \$1 spent | Cost to Collect A\$1 | Caseload | Staff Numbers FTEs. | Arrears A\$m |
|--------------|-----------------------------|----------------------------|---|-----------------------------|-----------------|----------------------------|---------------------|
| 02-03 | \$288.74 | \$76.97 | \$3.75 | 26.7 cents | 212,823 | 475 | \$1,943.16 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at: http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

Fees Charged for Service Functions Undertaken by State and Private Organisations

Full Social Security Services are free for recipients of TANF, Medicaid and Foster Care Assistance provided that there is an absent parent to be pursued for support. Full services are also available to any individual upon payment of a US\$25 application fee. The application fee is waived where the family's net income is less than the TANF Basic Need Standard.

The location of absent parents service is provided upon payment of US\$10 plus an additional US\$4 if the absent parent's social security number is not known.

There is also a US\$15 fee for each parent's name sent to the Internal Revenue Service (IRS) for tax refund intercept.

A fee of US\$122.50 is charged if the payee requests that the IRS collect arrears support of US\$750 or more. This fee is non-refundable.

Delaware

Year Established

- The Federal *Social Security Act (1975)* gives force of law to the Office of Child Support Enforcement (OCSE). In turn the OCSE monitors and supports the activities of Delaware's Division of Child Support Enforcement (DCSE).
- The DCSE was created in 1985 out of an earlier child support bureau.

Agencies Involved in Child Support – their Functions

- The Delaware Division of Child Support Enforcement (DCSE) operates within the Delaware Department of Health and Social Services.
- The DCSE also works cooperatively with the Delaware Family Court and the Department of Justice, Federal Parent Locator Service, the Delaware Division of Motor Vehicles and the Delaware Department of Labor.
- The DCSE helps custodial parents have Child Support orders established in the Delaware Family Court.
- Court-appointed mediators are also used in some instances to negotiate a mutually-agreed child support amount. This prevents a backlog of cases that must go to court for order establishment.

Method of Assessment

- Delaware uses the Melson guideline, referred to as the Delaware Child Support Formula.
- Either parent may request a child support order.
- The Melson Formula is used to set the level of support unless it is determined that the results would not be in the best interests of the children, or would be inequitable to the parties involved.
- The Court will accept a petition for modification if it has been 2½ years or more since the last order. The order will be modified based on the Delaware Child Support Formula. There will be no modification of an order filed within 2½ years unless the calculation indicates a substantial change in circumstances (a change, upward or downward, of 10 per cent or greater).

Methods of Collection/Payment

- Methods to collect or enforce collection of child support obligations include:
 1. wage withholding (the most common method);
 2. direct payment;
 3. intercept of Federal and State income tax refunds;
 4. intercept of Unemployment Insurance Compensation;
 5. suspension of driver's and recreational license to enforce collection from delinquent payers;
 6. credit reporting; and
 7. lottery offset.

Methods of Disbursement/Transfer of Child Support

The Delaware Automated Child Support Enforcement System (DACSES) records and processes child support payments daily. Cheques for eligible support recipients are generated overnight and are ready to be distributed the next day.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m | A\$ Collected for each \$ spent | Cost of Collecting A\$1 | Caseload | Staff Numbers FTEs | Arrears A\$ million |
|--------------|-----------------------------|---------------------------|--|--------------------------------|-----------------|---------------------------|----------------------------|
| 02-03 | \$79.87 | \$29.74 | \$2.69 | 37.2 cents | 55,198 | 216 | \$295.95 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at: http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

Fees Charged for Service

- DCSE services are available to all persons in the state of Delaware.
- Individuals who file an application and have never been on TANF must pay an up-front application fee of US\$25.00.
- DCSE services are automatically available to individuals on TANF when they apply for the assistance grant. Where the state collects child support amounts on behalf of the TANF recipient, that child support payment goes to the state as reimbursement for welfare costs.

Illinois

Year Established

The Federal *Social Security Act (1975)* gives force of law to the Child Support Enforcement (CSE) Program and the Temporary Assistance to Needy Families (TANF) program. These programs cover the gamut of Illinois' child support collection, enforcement and disbursement activities.

Agencies Involved in Child Support – their Functions

- The Illinois Division of Child Support Enforcement (DCSE) is located in the Illinois Department of Public Aid (IDPA) and provides paternity establishment, enforcement and collection services for the support of child support orders.
- Private collection agencies were first used in the collection of child support in December 1994.
- DCSE uses courts to collect and enforce child support arrears.
- DCSE also works with numerous state and federal organisations to collect and enforce child support liabilities.

Method of Assessment

Illinois uses the percentage of income guideline. The amount of child support depends on the obligor's net income. The percentages are: one child – 20 per cent; two children – 28 per cent; three children – 32 per cent; four children – 40 per cent; 5 children – 45 per cent; and six or more children – 50 per cent.

Methods of Collection/Payment

Methods to collect or enforce collection of child support obligations include:

1. income withholding;
2. unemployment insurance benefits intercept;
3. federal income tax refund offsets;
4. state income tax refunds and other state payments;
5. department of state revenue interception (extra tax on earnings);
6. professional license revocations – refusing to renew professional licenses if child support liability is more than 30 days late;
7. court remedies – judgment liens and asset seizures;
8. reporting to credit bureaus to stop further borrowing;
9. collection agencies;
10. driver's license revocations
11. liens upon real estate and other property to prevent sale; and
12. new hire reporting – for new job starts.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m | A\$ Collected for each \$ spent | Cost of Collecting A\$1 | Caseload | Staff Numbers FTEs | Arrears A\$ million |
|--------------|-----------------------------|---------------------------|--|--------------------------------|-----------------|---------------------------|----------------------------|
| 02-03 | \$611.66 | \$248.98 | \$2.46 | 40.7 cents | 724,383 | 1,537 | \$3,612..00 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at: http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

Fees Charged for Service

For recipients of TANF grants there is an application fee of either US\$0, US\$15 or US\$25 depending upon applicant's income for the family unit. It will be \$0 if the applicant's income is equal to or below the Standard of Need. The fee will be \$15 if the applicant's income is above the Standard of Need but less than or equal to 133 per cent of the Federal Poverty Guidelines. The fee will be \$25 if the applicant's income is above 133 per cent of the Federal Poverty Guidelines. The fee is payable prior to the receipt of Child Support Enforcement Services, and is sent to the Bureau of Fiscal Operations and made payable to IDPA.

The Non-TANF application fee is determined by consulting a chart. The applicant compares their family size and monthly income and determines if the fee is \$0, \$15 or \$25. Size of the family includes all children related by blood or marriage, or who are adopted.

Kentucky

Year Established

The Federal *Social Security Act (1975)* gives force of law to the Child Support Enforcement (CSE) Program, and Kentucky's own child support activities.

Agencies Involved in Child Support – their Function

Division of Child Support Enforcement (DCS), located in Cabinet for Health and Family Services has responsibility for the administration of child support enforcement in Kentucky. There are 19 regional offices and 110 local offices.

DCS works with local law enforcement officials to assist in child support activities. These officials represent the DCS in court when necessary. DCS also work with Department of Social Insurance and Social Welfare.

Methods of Assessment

Kentucky uses the income shares guideline.

The contracting official usually takes action to establish paternity. Once this is done, the support obligation is determined by the Kentucky Support Guideline.

TANF applicants can apply for either full TANF support or Medical Assistance Only. Referral to the DCS is based on financial need and/or deprivation of parental support i.e. desertion or divorce.

Methods of Collection/Payment

Child support can be collected for payees who are either TANF or Non-TANF sponsored. Where a family is in receipt of TANF, the state retains any child support collected from the liable parent. Non-TANF families receive all of the child support money received.

Methods to collect or enforce collection of child support obligations include:

- wage withholding where money is held out of the pay cheque by the employer (same as Australian EW);
- voluntary payments to payee, the court or the collection agency;
- state income tax refund intercept (based on the same principle as our TRIPs process);
- administrative liens can also be put on properties to prevent its sale/transfer until the owner's child support debt has been met (new state legislation);
- bonds paid to the court and the bond is then paid to the payee if the payer defaults;
- sale of property;
- interception of lottery winnings;
- suspension of driver's license (new state legislation);
- a judge may order the payment of child support amounts. If the amounts are not paid the liable parent may be held in contempt of court and sent to prison.

If the payer is seriously in arrears they can be reported to credit bureaus to prevent them borrowing money, or their hunting and other licences may be revoked in order to compel them to meet their obligation.

Methods of Disbursement/Transfer of Child Support

Child support is disbursed electronically to a bank account nominated by the payee, or a money order is sent to the payee's mailing address.

Disbursement of funds must occur within two calendar days of receipt of the funds by the DCS.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m | A\$ Collected for each \$ spent | Cost of Collecting A\$1 | Caseload | Staff Numbers FTEs | Arrears A\$ million |
|--------------|-----------------------------|---------------------------|--|--------------------------------|-----------------|---------------------------|----------------------------|
| 02-03 | \$365.12 | 79.21 | \$4.61 | 21.7 cents | 313,652 | 931 | \$1,771.02 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at:

http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

Fees Charged for Service

There are two types of child support collection cases administered by the DCSE: TANF and non-TANF. Clients in receipt of TANF funds must assign any collected child support to the State. Failure to assign the money results in the loss of welfare payments under the TANF Program. TANF recipients do not pay any fees for the collection/enforcement of child support liabilities.

A fee, based on the applicant's income, is charged non-TANF client as an application for service. The fee ranges from US\$5 to US\$25. The fee is only charged once, even if the client is involved in multiple cases.

Functions Undertaken by State and Private Organisations

Contracted staff (i.e. from private industry) or child support office staff consider applications for TANF or Medical Assistance only, and if the application meets the criteria, the application is passed on to the DCS for processing.

Louisiana

Year Established

- The Federal *Social Security Act (1975)* gives force of law to the Child Support Enforcement (CSE) Program and the Temporary Aid to Needy Families (TANF) Program. These programs cover the gamut of Louisiana's child support collection, enforcement and disbursement activities.
- Louisiana's Support Enforcement Services was established as a result of the *Federal Social Security Act (1975)*.

Agencies Involved in Child Support - their Functions

- The Louisiana Support Enforcement Services (SES) is located within the Office of Family Support which is itself placed within the Department of Social Services.
- The SES has 12 regional offices and another 39 offices located within the office of the District Attorney which provide either full or partial services.
- SES works collaboratively with the Federal IRS and Louisiana Department of Revenue.
- SES interfaces with most of the other state agencies in Louisiana. Louisiana has a Hearing Officer Program which allows the SES agency to bring cases before the courts faster.

Method of Assessment

Louisiana uses the Income Shares guideline.

Methods of Collection/Payment

Methods to collect or enforce collection of child support obligations include:

1. wage withholding where money is held out of the pay cheque by the employer (the same as Australian EW);
2. voluntary payments to payee, the court or the collection agency;
3. state income tax refund intercept (based on the same principle as the Australian TRIPs process);
4. administrative liens can also be put on properties to prevent its sale/transfer until the owner's child support debt has been met (new state legislation);
5. bonds paid to the court and the bond is then paid to the payee if the payer defaults;
6. forced sale of property;
7. interception of lottery winnings;
8. suspension of driver's license;
9. interception of some forms of disability payments;
10. a judge may order the payment of child support amounts or else the payer may be held in contempt of court and sent to prison.

Methods of Disbursement /Transfer of Child Support

Child support funds are collected and distributed via the Centralised Collection Unit. Cheques are cut and mailed to the resident parent the day after the payment has been received.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m | A\$ Collected for each \$ spent | Cost of Collecting A\$1 | Caseload | Staff Numbers FTEs | Arrears A\$m |
|--------------|-----------------------------|---------------------------|--|--------------------------------|-----------------|---------------------------|---------------------|
| 02-03 | \$354.51 | \$74.13 | \$4.78 | 20.9 cents | 272,341 | 883 | \$1,096.44 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at:
http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

Fees Charged for Service

In non-TANF cases the custodial parent is charged a US\$25.00 application fee. Fees charged by the IRS and the Louisiana Department of Revenue for Federal and State tax offset are usually deducted from the payment sent to the resident parent. The court may order the paying parent to pay court costs and reimburse the cost of genetic testing.

Maryland

Year Established

The *Federal Social Security Act (1975)* gives force of law to the Office of Child Support Enforcement (OCSE). In turn the OCSE monitors and supports the activities of Maryland's Child Support Enforcement Administration (CSEA).

Agencies Involved in Child Support – their Functions

- The CSEA is located within the Maryland Department of Human Resources.
- CSEA provides the following services:
 - locating non-custodial parents
 - establishing paternity
 - establishing and enforcing child support orders
 - establishing and enforcing medical support orders
 - collecting and distributing child support payments
 - reviewing and adjusting child support obligations periodically
- The CSEA works in cooperation with numerous federal and state departments and organisations to establish, collect and enforce child support orders. Organisations include Maryland Family Courts, federal and state taxation departments, Maryland Department of the Treasury, Maryland Motor Vehicle Administration, Maryland Department of Labor, Licensing and Regulation.

Method of Assessment

Maryland uses the Income Shares guideline.

Methods of Collection/Payment

Methods to collect or enforce collection of child support obligations include:

- income withholding;
- license suspensions;
- state new hire directory;
- federal tax refund offset program;
- state tax refund intercept program;
- unemployment insurance benefit intercept program;
- reporting to credit bureaus;
- contempt of court actions.

Methods of Disbursement/Transfer of Child Support

- Maryland has centralised cheque processing for the disbursement of child support payments. Payments are managed through the Child Support Enforcement System and are disbursed within two days of receipt.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m | A\$ Collected for each \$ spent | Cost of Collecting A\$1 | Caseload | Staff Numbers FTEs | Arrears A\$ million |
|--------------|-----------------------------|---------------------------|--|--------------------------------|-----------------|---------------------------|----------------------------|
| 02-03 | \$531.40 | \$126.13 | \$4.21 | 23.8 cents | 312,744 | 1,069 | \$1,855.22 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at:
http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

Fees Charged for Service

Child Support services are available to all Maryland parents. Parents not receiving TANF must apply for services and pay a one-time US\$25 fee. Families receiving TANF must cooperate with child support efforts to continue receiving benefits.

Massachusetts

Year Established

- The Federal *Social Security Act (1975)* gives force of law to the Child Support Enforcement (CSE) Program and the Temporary Assistance to Needy Families (TANF) Program. (See US Country briefing for greater detail).
- The *Massachusetts Child Support Enforcement Amendments (1984) Act* gave rise to the Child Support Commission in 1985. The Commission looked at the ways of improving the state's child support enforcement program.

Agencies Involved in Child Support – their Functions

- The Child Support Enforcement Division is located within the Massachusetts Department of Revenue.
- The Department of Revenue processes, enforces and in conjunction with private collection agencies, collects child support amounts.
- CSED also collaborates with state and federal organisations and banks for collection and enforcement activities.

Method of Assessment

Massachusetts uses a percentage of income guideline.

Health care coverage is an integral part of every child support order.

Methods of Collection/Payment

The following is a list of the most successful enforcement/collection remedies – all of which have been implemented since 1992:

- wage levy;
- federal tax refund intercept;
- state tax refund intercept;
- notice of child support lien - amount owed and payable is a lien in favour of the custodial parent or the state of Massachusetts;
- administrative transfer of income assignment – data matching between child support data and new hire and wage information provided by employers;
- reporting new hires – all employers must report newly-hired personnel;
- income withholding increase by 25 per cent for non-custodial parents with child support arrears of more than US\$500 until all arrears are paid;
- bank account matching – to locate absent parents, and to establish, enforce and modify child support orders.
- unemployment compensation matching – withhold unemployment payment amounts to meet child support obligations;
- deductions from workers' compensation – withhold workers' compensation amounts to meet child support obligations;
- lottery matching - withhold child support amounts from lottery winnings of US\$600 or more;
- private collection agencies;
- a 10 Most Wanted List;

- reporting to credit bureaus;
- asset seizure, especially of luxury and income assets;
- license revocation; and
- criminal prosecution for wilful non-support.

Methods of Disbursement /Transfer of Child Support

After the CSED receives a payment amount it takes two days for a cheque to be drawn in favour of the payee and mailed out to them. Parents may also receive their payments through a Child Support Debit Card or through direct deposit.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m | A\$ Collected for each \$ spent | Cost of Collecting A\$1 | Caseload | Staff Numbers FTEs | Arrears A\$m |
|-------|----------------------|--------------------|---------------------------------|-------------------------|----------|--------------------|--------------|
| 02-03 | \$552.00 | \$106.16 | \$5.20 | 19.2 cents | 246,550 | 756 | \$2,430.80 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at: http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

New Jersey

Year Established

The Federal *Social Security Act (1975)* gives force of law to the Office of Child Support Enforcement (OCSE). In turn the OCSE monitors and supports the activities of New Jersey's Office of Child Support and Paternity Programs.

Agencies Involved in Child Support – their Functions

- In New Jersey the Child Support program is located in the Office of Child Support and Paternity Programs, Division of Family Development, Department of Human Services. The Child Support program is state administered and county operated.
- The Office of Child Support and Paternity Programs, county welfare agencies, the Administrative Office of the Courts, the County Family Divisions of the Superior Court and County Probation Division work together to provide support services to families.
- County welfare agencies are responsible for the provision of location services, assisting in the establishment of paternity and obtaining a court order for child support.
- County Family Court Intake Units register petitions and motions filed for non-support and schedule court hearings to establish and enforce child support orders.
- County probation divisions are responsible for the enforcement and collection of child support orders.

Method of Assessment

New Jersey uses the Income Shares guideline. The guidelines take expenses into account, such as child care, medical insurance, and any factor the court deems best for the child.

Methods of Collection/Payment

Child support payments are made through the New Jersey Family Support Payment Centre.

Funds in New Jersey are collected or paid via the following methods:

- income withholding (effective from 1 October 1990);
- Internal Revenue Service Intercept;
- unemployment insurance benefits intercept;
- New Jersey state employees payroll;
- credit reporting: reporting names to credit agencies where a payer is delinquent;
- warrants program: implemented with assistance of county sheriff's department;
- seizure of assets: by using IRS information to determine liquid assets of payer;
- lottery intercepts for windfalls greater than US\$2,500 (effective July 1992);
- intercept of awards from moneys received from civil suits.

Methods of Disbursement /Transfer of Child Support

The New Jersey Child Support website says:

If the custodial parent is on public assistance, the cheque goes to the agency that provides the assistance. However, the custodial parent will receive the first \$50 of each month's current child support payment.

There are certain cases when a judge will determine another way for the non-custodial parent to pay support.⁴⁷

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m | A\$ Collected for each \$ spent | Cost of Collecting A\$1 | Caseload | Staff Numbers FTEs | Arrears A\$m |
|--------------|-----------------------------|---------------------------|--|--------------------------------|-----------------|---------------------------|---------------------|
| 02-03 | \$1,058.33 | \$221.06 | \$4.79 | 20.9 cents | 344,831 | 2,201 | \$2,753.61 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at: http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

⁴⁷

New Jersey Child Support, <http://www.njchildsupport.org/paying.html>.

Virginia

Year Established

The Federal *Social Security Act (1975)* gives force of law to the Office of Child Support Enforcement (OCSE). In turn the OCSE monitors and supports the activities of Virginia's Division of Child Support Enforcement.

Agencies Involved in Child Support - their Functions

The Division of Child Support Enforcement (DCSE) has oversight of child support activities in Virginia. DCSE is located within the state Department of Social Services.

DCSE has cooperative agreements with the Office of the Attorney General and County or City Commonwealth Attorneys; Virginia Employment Commission; Department of Motor Vehicles; Department of Taxation; Department of Medical Assistance Services; Department of Corrections; Department of Health; Electronic Parent Locator Network; Department of Accounts; Virginia Courts and the Department of the Treasury. In May 1994 Lockheed Martin IMS was awarded a contract to open and operate the Hampton and Chesapeake offices for the DCSE.

Method of Assessment

- Virginia uses the Income Shares guideline.
- The DCSE can establish a child support order by either negotiating an agreement through an administrative process or through court-based action.

Methods of Collection/Payment

Methods to collect or enforce collection of child support obligations include:

- IRS full collection for arrears amounts greater than US\$750;
- federal and state income tax refund withholding – if a parent owes more than US\$150 (if a TANF case) or US\$500 (if a non-TANF case);
- liens upon real or personal property;
- credit reporting;
- lottery offset;
- wage withholding;
- unemployment payments;
- workers' compensation payments; and
- contempt citation where a payer has failed to pay a court ordered liability.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m | A\$ Collected for each \$ spent | Cost of Collecting A\$1 | Caseload | Staff Numbers FTEs | Arrears A\$ million |
|-------|----------------------|--------------------|---------------------------------|-------------------------|----------|--------------------|---------------------|
| 02-03 | \$607.00 | \$102.66 | \$5.91 | 16.9 cents | 349,573 | 1,011 | \$2,603.78 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at: http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

Washington State

Year Established

The Federal *Social Security Act (1975)* gives force of law to the Child Support Enforcement (CSE) Program and the Temporary Aid to Needy Families (TANF) Program. These programs cover the gamut of child support collection, enforcement and disbursement activities in Washington State.

Method of Assessment

Washington State uses the Income Shares guideline.

Methods of Collection/Payment

Methods to collect or enforce collection of child support obligations include:

- wage withholding where money is held out of the pay cheque by the employer;
- voluntary payments to payee, the court or the collection agency;
- state income tax refund intercept (based on the same principle as the Australian CSA's TRIPs process);
- administrative liens can also be put on properties to prevent its sale/transfer until the owner's child support debt has been met (new state legislation);
- forced sale of property;
- interception of lottery winnings;
- interception of some forms of disability payments;
- reporting to credit bureaus to prevent them borrowing money.

Methods of Disbursement /Transfer of Child Support

Methods of disbursement/transfer of child support amounts include:

- transfer to the state to repay public assistance funds;
- either cheques or electronic funds transfers are used to transfer child support funds to the payee. Payees can also receive child support funds through a debit card.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m | A\$ Collected for each \$ spent | Cost of Collecting A\$1 | Caseload | Staff Numbers FTEs | Arrears A\$ million |
|-------|----------------------|--------------------|---------------------------------|-------------------------|----------|--------------------|---------------------|
| 02-03 | \$775.56 | \$182.09 | \$4.26 | 23.5 cents | 315,393 | 1,564 | \$2,315.83 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at: http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

Fees Charged for Service

Washington State charges no fees for services.

Wisconsin

Year Established

The Federal *Social Security Act (1975)* gives force of law to the Child Support Enforcement (CSE) Program and the Temporary Aid to Needy Families (TANF) Program. These programs cover the gamut of child support collection, enforcement and disbursement activities in Wisconsin.

The Wisconsin Bureau of Child Support is located in the Economic Support Division of the Department of Workforce Development.

Method of Assessment

Wisconsin uses the Percentage of Income guideline.

Methods of Collection/Payment

Methods to collect or enforce collection of child support obligations include:

- wage withholding where money is held out of the pay cheque by the employer;
- voluntary payments to payee, the court or the collection agency;
- federal and state income tax refund intercept;
- unemployment benefit interception.

Methods of Disbursement /Transfer of Child Support

Methods of disbursement/transfer of child support amounts include:

- transfer to the state to repay public assistance funds;
- either cheques or electronic funds transfers are used to transfer child support funds to the payee.

Collections and Costs of the Scheme

| Year | Total A\$m Collected | Program Costs A\$m | A\$ Collected for each \$ spent | Cost of Collecting A\$1 | Caseload | Staff Numbers FTEs | Arrears A\$ million |
|-------|----------------------|--------------------|---------------------------------|-------------------------|----------|--------------------|---------------------|
| 02-03 | \$750.35 | \$130.58 | \$5.75 | 17.4 cents | 340,963 | 1,051 | \$2,610.42 |

Note: Data is obtained from FY 2003 *Child Support Enforcement Preliminary Data Report*, which is located at:

http://www.acf.dhhs.gov/programs/cse/pubs/2004/reports/preliminary_data/state_boxscores.html

Fees Charged for Service

If a parent is not taking part in ['Wisconsin Works'] programs, and their family does not receive Medicaid, a TANF grant, food stamps, federally financed foster care or federally financed adoption assistance; they must pay a \$20 fee to the child support agency when they apply for services. This is a one-time fee that covers most child support services. The child support agency may waive this application fee if the parent meets court standards for inability to pay.⁴⁸

⁴⁸

Wisconsin Department of Workforce Development website is found at the following address, <http://www.dwd.state.wi.us/bcs/applications.htm>.

Appendix 1: Child Support Comparison Matrix

| | Australia | Canada | New Zealand | United Kingdom (new) | United States |
|--------------------------|--|--|--|---|--|
| Characteristics | | | | | |
| Scheme Philosophy | <ul style="list-style-type: none"> parents share in the cost of supporting their children according to their capacity; adequate support is available to all children not living with both parents; Commonwealth involvement and expenditure is limited to the minimum necessary for ensuring children's needs are met; work incentives for both parents to participate in the labour force are not impaired; and the overall arrangements are non-intrusive to personal privacy and are simple, flexible and efficient. | <ul style="list-style-type: none"> Establish a fair standard of support for children ensuring that after separation they continue to benefit from the means of both parents; Reduce conflict and tension between parents by making the calculation of child support more objective; Improve the efficiency of the legal process by giving courts and parents guidance in setting the levels of child support amounts and encouraging settlement; and Ensure consistent treatment of parents and children who are in similar circumstances. | <ul style="list-style-type: none"> children have the right to support (including financial support) from their parents, and parents have an obligation to provide support according to their capacity to provide, irrespective of whether or not they are living with their children; State has a responsibility to ensure an adequate level of financial support for children and families and if necessary to supplement the financial support that parents can provide; and State has interest in ensuring care-givers of children are not left without income. State also has a role through a fair child support system in ensuring parents meet their obligations to provide financial support, thereby limiting dependency on the State. | <p><i>Children's Rights and Parents' Responsibilities</i> – the title of the white paper stresses the new contract.</p> <p>Three principles:</p> <ol style="list-style-type: none"> putting children first; making sure the new system is fair and simple; rebuilding confidence in the child support system. <p>Child support changes are part of wider <i>welfare</i> reforms, p.vii. This is the response of the British 'welfare state'.</p> | <ul style="list-style-type: none"> Children receive the support due to them. Parents are responsible for the emotional and financial needs of their children. Minimal government support for sole parent families – the emphasis is on parents meeting their responsibilities but support is available for needy families. Child support should be a reliable source of income for families. Parents support their children according to their capacity to pay. |
| | Formula-based administrative assessment. Must be simple, flexible and efficient. | Use of Child Support Guidelines. Tables vary across all provinces and territories. | Formula-based administrative assessment. Must be simple, flexible and efficient. | Formula-based administrative assessment. | Three types of child support guidelines: (1) income shares, (2) percentage of income, and (3) the Melson formula. <ul style="list-style-type: none"> Income shares - Based on the concept that the child should receive the same proportion of parental income that he would have received if the parents lived together . (34 States) Percentage of income – NRP pays a flat percentage of gross or net income in child support. These |

| | | | | |
|--|--|--|--|---|
| | | | | <p>guidelines often include an adjustment for pre-existing support orders, and take into account the number of dependents. (17 States)</p> <ul style="list-style-type: none"> Melson - Comprehensive formula with three principles: (1) parents should keep sufficient income for their basic needs and to encourage continued employment; (2) parents should not retain any excess income until the basic needs of the dependents are met; and (3) when income is sufficient to provide the basic needs of the parents and all dependents, the dependents are entitled to share any additional income so that they can benefit from the NRP's higher standard of living. (3 States) |
| | | | | <p>The US states do not have private collection arrangements like those in place in Australia and the UK.</p> |
| | | | | <p>Where a resident parent is in receipt of Temporary Assistance for Needy Families (TANF), most child support amounts collected are repaid to the government. Amounts over and above TANF payments are passed through to the resident parent.</p> |
| | | | | <p>Encourage private payment arrangements wherever there are good payment habits. Minimise government Agency intrusion.</p> |
| | | | | <p>Most child support payments are paid to the Crown to repay social security payments. Under the new scheme up to £10 pw of child support will pass through to resident parent where they have cooperated in locating the non-resident parent.</p> |
| | | | | <p>No Private Collect arrangements exist with the NZ CSA.</p> |
| | | | | <p>Majority of child support payments are paid to the Crown to repay social security payments (almost 71% of total collections were repaid to the Crown in 1995-96).</p> |
| | | | | <p>Parents may opt out of the provincial territorial maintenance enforcement programs if they both consent.</p> |
| | | | | <p>"Transfer" scheme where all money collected goes to the payee and the children. Where the payee is on social assistance, support payments are used to repay those benefits.</p> |
| | | | | <p>Encourage Private Collect arrangements wherever there are good payment habits. Minimise government Agency intrusion. 45% of parents collect privately.</p> |
| | | | | <p>"Transfer" scheme where all money collected goes to the payee and the children.</p> |

| Characteristics | Australia | Canada | New Zealand | United Kingdom (new) | United States |
|--------------------------------|--|--|---|---|--|
| Formula Characteristics | <p>Child Support Percentages Minimum liability of A\$5 pw for all eligible payers, regardless of income.</p> <p>Child Support %s after exempt income:</p> <ul style="list-style-type: none"> • 18% for 1 child; • 27% for 2 children; • 32% for 3 children; • 34% for 4 children; and • 36% for 5 or more children. | <p>Child Support Percentages No percentages are used. Amounts vary according to the income of the paying parent, the number of children and the province in which paying parent resides.</p> | <p>Child Support Percentages Minimum liability of NZ\$10 pw for all eligible payers, regardless of income.</p> <p>Child Support %s after living allowance has been deducted:</p> <ul style="list-style-type: none"> • 18% for 1 child; • 24% for 2 children; • 27% for 3 children; and • 30% for 4 or more children. | <p>Child Support Percentages Minimum liability of £5 pw for eligible payers earning £100 pw or less.</p> <p>Payers earning between £100 and £200 pw will pay on a sliding scale set out in a table. Payers earning £200 pw or more the following percentages apply to net income:</p> <ul style="list-style-type: none"> • 15% for 1 child; • 20% for 2 children; and • 25% for 3 or more children. | <p>Child Support Percentages To access information on the seventeen States that use a percentage of income guideline, go to the OCSE website: http://www.acf.dhhs.gov/programs/usc/ - see especially "Online Interstate Referral Guide [http://ocse3.acf.dhhs.gov/ext/irg/sp/s/selectstate.cfm] - Support Details"</p> |
| | <p>Non Resident's Income Exempt Income Amount (EIA) = a living amount set aside for the payer. Amounts vary depending upon whether they are living alone, or whether they have children by the new relationship. In 1999-2000, EIA:</p> <ul style="list-style-type: none"> • for no relevant dependants - \$10,219; • with relevant dependants - \$19,009. <p>(Increases when children reach set ages).</p> | <p>Non Resident's Income This is income from all sources before tax. The income of the paying parent is then applied to the relevant provincial table to find the monthly amount which applies to the payer's income.</p> <p>The amount varies between the provinces and territories.</p> | <p>Non Resident's Income A Living Allowance (equivalent to Social Welfare Invalid Benefit rates) is deducted from the Non-Resident Parent's taxable income. Those rates in 1998-99 were:</p> <ul style="list-style-type: none"> • single, no children - \$11,372; • married, no children - \$15,538; • one dependent child - \$22,115; • two dependent children - \$24,527; • three dependent children - \$26,938; • four dependent children - \$29,350. | <p>Non Resident's Income There is no separate living amount which is exempt from the child support percentages. These [child support] rates will leave non-resident parents with sufficient income to meet their other responsibilities', p.10.</p> | <p>Non-Resident's Income The Non-Resident Parent's income is treated differently, according to the guideline used by the state. Most States' guidelines include some form of a 'self support reserve' for the NRP.</p> <p>Under the income shares guideline, the income of NRP and RP is combined. A percentage of that combined income is used to calculate a support obligation. The support obligation is apportioned between the parents on the basis of their incomes. The non-custodial parent's share is the child support award.</p> <p>Under the percentage of income guideline, the support obligation is based on the non-custodial parent's income and the number of children to be supported.</p> <p>Under the Melson guideline, a primary support allowance is subtracted from each parent's net income. (i.e. NRP and RP). A primary support amount is calculated for each dependent child</p> |

| | | | | | |
|--|--|--|--|--|--|
| | | | | | and apportioned between the parents. A percentage of the parents' remaining income is allocated among the children |
| | | | | | Resident Parent's Income Under the income shares guideline, the income of both parents is combined. |
| | | | | | Resident Parent's Income Under the percentage of income guideline, RP income is ignored. |
| | | | | | Resident Parent's Income Resident Parent's income is ignored. |
| | | | | | Resident Parent's Income Resident Parent's income is not considered. |
| | | | | | Resident Parent's Income Not usually considered in determining the liability. |
| | | | | | Resident Parent's Income Disregarded amount not considered but income exceeding this is considered in the liability. In 1999-2000 the disregarded income amounts was \$31,351. |
| | | | | | Resident Parent's Income Under the Melson formula, the income of both parents considered. |

| Characteristics | Australia | Canada | New Zealand | United Kingdom (new) | United States |
|-----------------|--|--|--|---|--|
| | <p>Definition of Income Liability calculated on taxable (gross) income which is defined as earnings before tax with some specific deductions.</p> <ul style="list-style-type: none"> • Overtime earnings are included in taxable income. • Child support capped at 2.5 times AWE - \$101,153. • 25% of liability may be paid as non-agency payments (NAPs). | <p>Definition of Income Liability calculated on taxable (gross) income which is defined as earnings from all sources before tax with some specific deductions.</p> | <p>Definition of Income Liability calculated on taxable (gross) income which is defined as earnings before tax with some specific deductions. Overtime included.</p> <p>Child Support income capped at "twice the yearly equivalent of the relevant weekly earnings amount for the lagged year [i.e. taxable income of two years before the year in which the child support assessment is made]."</p> <p>NZ CSA has no NAPs arrangements.</p> | <p>Definition of Income Liability calculated on net income, defined as 'the amount after tax and National Insurance has been deducted', p.69.</p> <p>Regular overtime earnings will be included but where the earnings are 'truly irregular' they will not be included in the net income for child support, p.69. No child support cap.</p> <p>Some NAP-type payments will be allowed (see last point below).</p> | <p>Definition of Income Under the income shares guideline, gross or net income is used.</p> <p>Under the percentage of income guideline, gross or net income is used.</p> <p>Under the Melson guideline, net income is used.</p> |
| | <p>Changes to Assessment May occur as a result of one or more of nine grounds for departure. Include exceptional expenses for:</p> <ul style="list-style-type: none"> • contact with children where the cost of contact exceeds 5% of the child support liability; and • supporting another person where there is a legal duty eg. supporting a severely disabled child in the second family. | <p>Changes to Assessment May occur as a result of one or more of ten grounds for departure from assessment.</p> <ul style="list-style-type: none"> • High costs to enable the applicant to have access to child(ren) where the cost of contact exceeds 5% of the child support liability; and • supporting another person where there is a legal duty eg. supporting a severely disabled child in 2nd family. | <p>Changes to Assessment May occur as a result of one or more of ten grounds for departure from assessment.</p> <ul style="list-style-type: none"> • High costs to enable the applicant to have access to child(ren) where the cost of contact exceeds 5% of the child support liability; and • supporting another person where there is a legal duty eg. supporting a severely disabled child in 2nd family. | <p>Deductions Include exceptional expenses for:</p> <ul style="list-style-type: none"> • keeping in contact with the children; • supporting a severely disabled child in the second family; • paying-off debts incurred for the child's benefits when the parents were living together; or • paying to maintain the child while the child is away at school (does not include tuition fees). | <p>Deductions Varies by state. See especially Online Interstate Referral Guide [http://ocse3.acf.dhhs.gov/ext/irg/sp/s/selectstate.cfm] – K. Modification and Review/Adjustment</p> |
| | <p>Penalties</p> <ul style="list-style-type: none"> • Set to ATO penalty rates (18%-24% on the amount due and payable). • Penalty of a fine or prison for false and misleading information. CSA has wide discretion to remit penalties. | <p>Penalties No information yet available.</p> | <p>Penalties Late payment penalties are set at 10% of the payment where that payment has not been received by the 20th of the following month. A further 2% incremental penalty on the balance outstanding every month. Very limited discretion to remit penalties.</p> | <p>Penalties Late Payment Penalty (LPP) up to 25% of maintenance due.</p> <p>Penalties of up to £1,000 for false information or for non-cooperation.</p> | <p>Penalties Varies by state. For information on specific states, see especially 'Online Interstate Referral Guide [http://ocse3.acf.dhhs.gov/ext/irg/sp/s/selectstate.cfm] – F. Support Details'.</p> |

| Characteristics | Australia | Canada | New Zealand | United Kingdom (new) | United States |
|---------------------------------------|--|---|--|--|--|
| | <p>Care Arrangements & Liabilities Where each parent has 1 or more children from the relationship living with them, each parent's liability will be calculated and difference only payable. Reduce liability where parents share care between 30-70%.</p> | <p>Care Arrangements & Liabilities Where each parent has 1 or more children from the relationship living with them, each parent's liability will be calculated and difference only payable. Shared custody exists where parents have custody on at least a 60-40 percentage basis.</p> | <p>Care Arrangements & Liabilities Where the paying parent has a child for 40% or more of the nights of the year, shared care is settled and any assessment of liability will recognise that.</p> | <p>Care Arrangements & Liabilities Where both parents each have 1 or more children from the relationship, each parent's liability will be calculated and the difference only will be payable. Reduce the child support liability by 1/7th for each night of the week that the child spends with the NRP. Where the NRP is on benefits and the child spends at least one night pw with the NRP, the NRP's liability will be nil.</p> | <p>Care Arrangements & Liabilities Varies by State</p> |
| | <p>Second Families Payer's exempt income is increased where there is a natural or adopted child. The income for determining family allowance and child care assistance entitlements is reduced by 50% of child support paid. Step child in a second family may be included when calculating the payer's liability to the first family if a court order states they must be included.</p> | <p>Second Families Allowance is made for second families under Step 8 "Undue Hardship" of the Canadian formula.</p> | <p>Second Families Payer's Living Allowance is increased where there is a natural or adopted child. Allowance is made for the second family through an increased Living Allowance where there is 'a causal connection between the duty to provide for others and the significant reduction in the ability to provide financial support.'</p> | <p>Second Families A proportion of NRP's income is deducted for each child in the payer's second family (including step children). The c.s. percentages are then applied to the remaining income for support of children in the first family. The scheme will slightly favour the children of first families.</p> | <p>Second Families Varies by State</p> |
| Administrative Characteristics | <p>Location CSA located in Department of Human Services, policy managed by the Department of Family and Community Services with CSA input, and has a close working relationship with both Centrelink and ATO. CSA computer system resides on ATO mainframe. Linked to government's family policy.</p> | <p>Location There is no federal agency involved in the assessment of child support but the Department of Justice has legislative responsibility for the Divorce Act and the Federal Child Support Guidelines. At the provincial/territorial level, child support location varies (see separate entries in this paper).</p> | <p>Location CSA is located in New Zealand's Inland Revenue. Prior to 1992 child support responsibilities were located in the Department of Social Welfare.</p> | <p>Location CSA located in Dept of Social Security and has a close working relationship with the Benefits Agency. Linked to government's Active Family Policy – 'which integrates all activities that affect the family.'</p> | <p>Location At the federal level the Office of Child Support Enforcement (OCSE) is located in the Department of Health and Human Services. At the state level, child support location varies from state to state. In some states, like Florida, child support is located in taxation portfolio but in others it is located in the social security organisation. In some states, some child support functions are also located in the District Attorney's office.</p> |

| Characteristics | Australia | Canada | New Zealand | United Kingdom (new) | United States |
|-----------------|--|--|--|---|--|
| | <p>Assessment</p> <p>Approximately every 12 months but up to 15 months in some cases. Assessment can be sooner where an estimate is given. The variation in the payer's income must be by 15% or more. Assessments varied by:</p> <ul style="list-style-type: none"> • CSA staff; • courts in some circumstances. | <p>Assessment</p> <p>No information yet available.</p> | <p>Assessment</p> <p>Automatic annual reassessment of child support. The support order lasts until the child's 19th birthday. Assessments can be sooner where an estimate is given. The liable parent's income must be more than 15% lower than the 'lagged income'.</p> <p>Assessments varied by:</p> <ul style="list-style-type: none"> • CSA staff (administrative review); • courts in some circumstances (departure order). | <p>Assessment</p> <p>Every two years but before then if there has been a major change in either parent's circumstances, p.21. Reassess in the interim only where income varies by more than 5%. A 1 month 'dispute period' after the liability has been confirmed in writing to both parents.</p> <p>Assessments varied by:</p> <ul style="list-style-type: none"> • case workers in simple cases; and • tribunal in more complex circumstances. | <p>Assessment</p> <p>Either parent can ask a State to review the child support order every three years or if there is a significant change in circumstances (as defined by the State). Some States review public assistance cases automatically every three years and a few States automatically adjust orders using cost-of-living measures, usually on a two-year cycle. The same authority that established the original child support order conducts the review of the order.</p> |
| | <p>Average Liability (1997-98)</p> <p>Stage 1 (court order) = A\$53.62 Stage 2 (assessment) = A\$93.03</p> | <p>Average Liability</p> <p>No information yet available.</p> | <p>Average Liability (1997-98)</p> <p>NZ\$34 pw. NZ CSA pointed out this was lower than the Australian figures because it includes many minimum liabilities (i.e. NZ\$520).</p> | <p>Average Liability</p> <p>Average liability under new scheme estimated to be £30.50 (c. A\$76.00)</p> | <p>Average Liability</p> <p>Varies by State</p> |
| | <p>CSA clients must take action to obtain child support if they are on income support benefits through Centrelink (i.e. there is a social security and maintenance nexus). Exemptions may be granted for a number of reasons including domestic violence.</p> <p>Family payment is reduced where child support is received (threshold of \$951.60 per annum in 1998-99).</p> | <p>No information yet available.</p> | <p>Resident Parents must ensure that Liable Parents do not minimise their child support liability as the Domestic Purposes Benefit may be withdrawn at short notice, leaving the Resident Parent financially disadvantaged where such minimisation has occurred.</p> | <p>CSA clients must take RMA to obtain child support if they are on income support benefits through DSS (i.e. there is a social security and maintenance nexus). The £10 premium will provide resident parents with a greater incentive to do this.</p> <p>Child support paid to a parent will not affect entitlement to the new Working Families' Tax Credits (WFTC), as it does with the current Family Credit where only the first £15 was ignored. WFTC parents will no longer be obliged to apply for child support.</p> <p>Must be 'good cause' for not pursuing child support eg. risk to resident parent.</p> | <p>A RP on TANF automatically receives child support services from the State child support agency and is required to cooperate with the State in establishing/enforcing a child support order. A RP on TANF assigns the right to child support payments to the State. The payments are used to defray public assistance costs.</p> |

| Characteristics | Australia | Canada | New Zealand | United Kingdom (new) | United States |
|-----------------|--|---|--|---|--|
| | <p>Payment Arrangements All parents free to arrange means of payment between themselves as either private collect or CSA collect. Where they are in receipt of income support the payee must be in receipt of 100% of child support liability or else risk losing part or all income support payment.</p> | <p>Payment Arrangements In most provinces and territories, all support orders from the courts are registered with the maintenance enforcement programs. Parents may opt out if both consent. Payment arrangements are either 'pay through', or 'pay to' the enforcement office. Direct payment also to be made with notification to the enforcement office. If the payee is receiving social assistance benefits, their order must be registered with the local enforcement program.</p> | <p>Payment Arrangements Parents may pay liability to NZ CSA or make private arrangements which totally exclude the CSA. Money paid to the CSA is either paid to the Crown for social security payments already received by the Resident Parents, or is transferred through the CSA in total to the Resident Parent when he/she is not in receipt of benefits.</p> | <p>Payment Arrangements Parents are free to arrange means of payment between themselves if they are not on income support. Where they are in receipt of income support, payments must go to the child support organisation to repay TANF and other benefits. If an individual is receiving child support services from the State child support agency, or a payment is collected via income withholding, the payment must be paid to and disbursed from the State disbursement unit (a central collection unit).</p> | <p>Payment Arrangements Parents are free to make private payment arrangements if they are not in receipt of income support. Where they are in receipt of income support, payments must go to the child support organisation to repay TANF and other benefits. If an individual is receiving child support services from the State child support agency, or a payment is collected via income withholding, the payment must be paid to and disbursed from the State disbursement unit (a central collection unit).</p> |
| | <p>Compliance Rate From the start of the Scheme until October 2000, 86.8% of CSA collect liabilities have been paid. When private collect liabilities are included the compliance rate is 92.8%.</p> | <p>Compliance Rate Statistics Canada is implementing a national survey to collect this information from all maintenance enforcement programs. The first public release of data is scheduled for March 2001.</p> | <p>Compliance Rate The compliance rate was reported as 83% in 1998.</p> | <p>Compliance Rate No information yet available.</p> | <p>Compliance rate Varies by State. See OCSE website for current data on state performance measures: http://www.acf.dhhs.gov/programs/cse/prgrpt.htm</p> |

| Characteristics | Australia | Canada | New Zealand | United Kingdom (new) | United States |
|-----------------|---|---|--|--|--|
| | <p>Payments are collected by:</p> <ul style="list-style-type: none"> Employer Withholding; Tax Refund Intercepts Program; Garnishment of funds from bank accounts and other amounts paid to the payer; and Deductions from social security payments. | <p>Payments are collected by:</p> <ul style="list-style-type: none"> The provincial and territorial maintenance enforcement programs. <p>At the federal level, the following monies collected are directed to the provincial and territorial programs for disbursement:</p> <ul style="list-style-type: none"> Interception of federal payments to a parent; Garnishment of salaries of Crown employees and contractors; Diversion of pension benefits of public servant's pension or former public servant's pension. | <p>Payments are collected by:</p> <ul style="list-style-type: none"> Automatic Wage Withholding; Income Tax Refund Interception; Garnishment of other funds (esp. in bank accounts, trusts and superannuation payouts or debts owing from third parties to the payer. Deductions from social security payments. | <p>Payments are collected by:</p> <ul style="list-style-type: none"> EW; direct debit; deductions from benefits; or standing order. | <p>Payments are collected by:</p> <ul style="list-style-type: none"> wage withholding; unemployment intercept; direct debit from bank (some states); tax refund intercepts; interception of lottery winnings; forced sale of property; Garnishment of funds from bank accounts and other amounts paid to the payer. <p>For a list of specific enforcement measures used by individual states, see especially 'Online Interstate Referral Guide' [http://ocse3.acf.dhhs.gov/extr/irg/sp/s/selectastate.cfm] – J. Support Enforcement.'</p> |
| | <p>Stage 1 and Stage 2 cases operate concurrently. Scheme did not retrospectively cover court cases.</p> | <p>Pre-1 May 1997 cases coexist with orders or agreements made under the new Child Support Guidelines.</p> | <p>The New Zealand Child Support Scheme was retrospective. Old cases determined by the courts could not operate alongside administrative assessments.</p> | <p>Will not have pre-reform cases with cases assessed under the new scheme. Old cases with different liabilities to be phased in over five years to the new child support liability determined under the new scheme.</p> | <p>All cases are covered by the same rules within a given jurisdiction.</p> |
| | <p>No fees for service.</p> | <p>Parents are strongly encouraged to seek the advice of a lawyer when establishing a child support amount. No fees for assessment but fees charged to payer for garnishment of money.</p> | <p>No fees for service.</p> | <p>No fees for CSA service at this stage but when service standards improve clients not on social security benefits will be required to pay.</p> | <p>Fees vary from state to state and depend upon whether the client is in receipt of TANF or not. For specific state information on fees, see especially 'Online Interstate Referral Guide' [http://ocse3.acf.dhhs.gov/extr/irg/sp/s/selectastate.cfm] – F. Support Details'</p> |
| | <p>Court orders Only apply to cases where a child was born before 1 October 1989 and the parents separated before that date, or</p> | <p>Court Orders Under the Guidelines parents must apply to the courts where:</p> <ul style="list-style-type: none"> the parents have divorced and a child | <p>Court orders Apart from formula assessment, liabilities may also be made by voluntary agreement between the</p> | <p>Court orders Will be possible for parents to have their child support arrangements written down and converted to a</p> | <p>Court orders Parents may have their child support assessment undertaken by the courts and that liability can then</p> |

| | | | | | |
|--|---|---|---|---|--|
| | <p>where child support is being sought for a child who has turned 18 years. The CSA can register and collect court cases.</p> | <p>support order is a part of the divorce; and</p> <ul style="list-style-type: none"> where parents wish to change a child support order under the <i>Divorce Act</i>. | <p>parties and court order either in New Zealand or overseas.</p> <p>Application for court order must be made where it was made on or after 1 July 1992. No application is necessary for orders to be registered or confirmed before that time.</p> | <p>court order. Also parents with court orders will be able to apply for CSA collection of liability.</p> | <p>be collected by making an application to the relevant child support jurisdiction.</p> |
|--|---|---|---|---|--|

Appendix 2: Child Support Scenarios

At the 1999 Heads of Agencies Meeting, an agreement was made to develop a number of child support scenarios. These scenarios were to be representative of the different sets of circumstances of child support payers and payees in Australia, Canada, New Zealand, the United Kingdom and the United States. The answers to the scenarios provided by each jurisdiction were intended to demonstrate the similarities and differences between each child support system. The answers also take into account the wider social security context that would apply to the parents in each scenario.

The answers below should be read in conjunction with the information provided in this publication for each child support jurisdiction.

Scenario 1

The parents have four children aged 4, 6, 7 and 10. The mother has custody of all children. The mother earns \$46,922 (\$40,000 Canadian) gross yearly. The father earns \$82,113 (\$70,000 Canadian) gross yearly.

There are gross day care costs of \$1,173 (\$1,000 Canadian) monthly for the youngest child and school uniform expenses of \$500 yearly for the three oldest children, all of which are currently paid by the mother.

Scenario 2

The parents have three children, aged 4, 7 and 8. The mother has custody of the children. Both parents receive social assistance. (Use typical amounts for social assistance income.)

Scenario 3

The parents have two children, aged 15 and 16. The parties share custody (physical and legal) of the children on an equal basis. The mother has gross employment income of \$23,461 (\$20,000 Canadian) yearly. The father's gross income from employment is \$58,652 (\$50,000 Canadian) yearly.

Scenario 4

The parents have two children, aged 10 and 12. The mother has custody of the children. The mother earns \$23,461 (\$20,000 Canadian) gross yearly from employment and has a new spouse who earns \$35,191 (\$30,000 Canadian) gross yearly from employment. The father receives \$58,652 (\$50,000 Canadian) yearly from a source of income that is exempt from tax.

The father has high access costs of \$3,519 (\$3,000 Canadian) yearly. The father is also remarried and has two children, aged 1 and 3 with his new spouse. His new spouse has no income. The father is applying to reduce his child support amount under the 'undue hardship' provision of the Federal Child Support Guidelines. (departure from the basic table amount)

Scenario 5

The parents have three children, aged 3, 6 and 9. The father has custody of the oldest and the mother has custody of the remaining two children. The father earns \$93,844 (\$80,000 Canadian) gross yearly and the mother earns \$70,383 (\$60,000 Canadian) gross yearly.

The oldest child is involved in sporting activities at a cost of \$2,346 (\$2,000 Canadian) yearly.

Scenario 6

The parents have two children aged 8 and 13. The mother has sole custody of both children and earns \$15,250 (\$13,000 Canadian) gross income. The father has \$41,057 (\$35,000 Canadian) gross income.

Scenario 7

The parents have one child, aged 3. The mother has sole custody of the child and receives social assistance. The father visits with the child some weekends and earns \$30,499 (\$26,000 Canadian) gross income.

Appendix 3: Responses to the Comparative Child Support Scenarios Scenario 1 (all currency amounts are Australian dollars A\$)

| COUNTRY | Total Child Support | CHILD SUPPORT COMPONENTS | | | Gov't Transfers to Families | COMMENTS | | | | | |
|---------------------------------|---------------------|--------------------------|-------|----------------------|-----------------------------|--|---------------------------|----------------|-----------|----------------|----------|
| | | Special Expenses Payable | Other | Basic Amount Payable | | | | | | | |
| Canada | \$23,696 | \$3,648 | N/A | \$20,048 | \$8,221 | After tax deductions, benefits and subsidies, the real cost of the \$14,000 spend on Child Care is \$5,148. An equivalent-to-spouse tax deduction is allowed for the first child. | | | | | |
| UK Present scheme | \$14,932 | N/A | N/A | \$14,932 | N/A | There are no provisions for day care costs or school uniform expenses so these amounts have been ignored in the calculation. | | | | | |
| UK CSR | \$12,392 | N/A | N/A | \$12,392 | N/A | | | | | | |
| USA Wisconsin % of Gross Income | \$24,979 | N/A | N/A | \$24,979 | N/A | For four children where one parent has full custody take 31% of Father's gross income of \$81,665 for a total of \$24,979 per year. Note: While this guideline does not explicitly take into consideration the child care expenses or uniform costs, the resulting order is only \$172.64 less than the Massachusetts guideline award amount that does take into consideration the childcare costs (though not the uniform costs). | | | | | |
| USA Massachusetts Income Shares | \$27,015 | N/A | N/A | \$27,015 | N/A | Note that Massachusetts does take into consideration the high annual cost of childcare in its guideline. | | | | | |
| Australia | \$21,767 | N/A | N/A | \$21,767 | 9,004.00 | <p>1 This is the total amount to which resident parent may be entitled. Where the contact parent has care for more than 10 per cent of the nights in the year, FTB is reduced proportionately for the resident parent and contact parent may also have an entitlement.</p> <p>2 Based on full time child care. If child only in care during school hours, CCB would reduce to \$1,515. Please also note that it is unlikely that child care costs would reach the level indicated, unless the mother employed a private nanny, which is pretty rare in Australia. Average full time child care costs in a formal centre are \$172 per week, with the most expensive where a registered carer looks after a number of children in her or his own home – costs substantially less.</p> <p>3 Assumes gross income is taxable income and that no allowable tax rebates or deductions claimed.</p> | | | | | |
| | | | | | | | Private income | Payee per year | \$46,666 | Payer per year | \$81,665 |
| | | | | | | | Family Tax Benefit 1 | \$6,709 | \$0.00 | | |
| | | | | | | | Child Care Benefit 2 | \$2,295 | \$0.00 | | |
| | | | | | | | Child support | \$21,767 | -\$21,767 | | |
| | | | | | | | Tax (inc Medicare levy) 3 | -\$10,926 | -\$26,793 | | |
| | | | | | | | Available income | \$66,766 | \$33,553 | | |

Scenario 2 (all currency amounts are Australian dollars A\$)

| COUNTRY | Total Child Support | CHILD SUPPORT COMPONENTS | | | Gov't Transfers to Families | COMMENTS | | | | | | | | | | | | | | | | | | | | | |
|---------------------------------|---------------------|--------------------------|-------|----------------------|-----------------------------|--|--|----------------|----------------|----------------|----------|---------|---------------------|----------|--------|------------------|---------|---------|---------------|-------|--------|--------------------------|--------|--------|------------------|----------|----------|
| | | Special Expenses Payable | Other | Basic Amount Payable | | | | | | | | | | | | | | | | | | | | | | | |
| Canada | \$0.00 | N/A | N/A | \$0.00 | \$5,872 | Social Assistance clients do not pay Child Support. See below for details on Child Support and other benefits for custodial parents on Social Assistance. | | | | | | | | | | | | | | | | | | | | | |
| UK Present scheme | \$0.00 | N/A | N/A | \$0.00 | N/A | There are various benefits a person could be receiving. For the purpose of this exercise we have assumed that both parents are in receipt of Income Support. In order to qualify for Income Support a person must be unemployed or a lone parent and their income must fall below a prescribed level. Their income will be made up to the prescribed level by payments of Income Support. Under the current scheme a person is not liable to pay maintenance if they are in receipt of Income Support but a deduction can be made from their benefit in respect of a contribution to maintenance. Under the new scheme the proposal is that a person in receipt of Income Support will be liable to pay £5.00 per week in respect of maintenance subject to certain exemptions. | | | | | | | | | | | | | | | | | | | | | |
| UK CSR | \$681 | N/A | N/A | \$681 | N/A | | | | | | | | | | | | | | | | | | | | | | |
| USA Wisconsin % of Gross Income | N/A | N/A | N/A | N/A | N/A | In Wisconsin, families of for can receive at least \$1,073 per month in TANF assistance. The mother would also be eligible to receive medical, housing, and childcare subsidies. While the mother receives assistance she would assign her rights to any current child support collected to the State. If the father were employed, the standard percentage of income child support order in Wisconsin would be 29% of his gross income. Because I am assuming he is unemployed, the child support order would be likely to be set in one of two ways after the judge or agency indicated in writing on the record that the case should be subject to deviation from the guidelines: 1) the obligor's income might be imputed, or 2) the order might be set at some minimum level to be adjusted when the obligor begins earning an income. Under the Temporary Assistance for Needy Families program in the U.S. there are two situations in which a noncustodial parent could also receive public assistance other than SSI or WTW. 1) the NCP could be receiving assistance as the member of another needy family with children. In this case, we assume that two FANF benefits would be sent to each parent, based on two separate computations. 2) Under TANF, States would have the flexibility to consider the NCP a member of the same needy family unit as the custodial parent and children and to give him "assistance" as well. (We don't suspect that this is going on very much, the more likely scenario is that the NCP would be receiving work-related services rather than cash assistance.) In this situation, the State could pay the second parent the differential amount that would be paid by adding another adult to the original unit, but the State would have discretion to pay a different amount. | | | | | | | | | | | | | | | | | | | | | |
| USA Mass'ts Income Shares | \$1,026 | N/A | N/A | \$1,026 | N/A | In Mass., a custodial parent with three minor children living with her could expect to receive at least \$1,113 per month in TANF assistance. The Massachusetts State child support guidelines specify that they are intended to ensure a minimum subsistence level for those non-custodial parents whose income is less than \$214 per week. In those cases, the judge may temporarily order the obligor to make minimum payments of \$85 per month until the obligor is able to pay more. | | | | | | | | | | | | | | | | | | | | | |
| Australia | \$260 | N/A | N/A | \$260 | \$14,530 | <table border="1"> <thead> <tr> <th></th> <th>Payee per year</th> <th>Payer per year</th> </tr> </thead> <tbody> <tr> <td>Private income</td> <td>\$10,059</td> <td>\$8,967</td> </tr> <tr> <td>Family Tax Benefit1</td> <td>\$11,691</td> <td>\$0.00</td> </tr> <tr> <td>Rent Assistance2</td> <td>\$2,839</td> <td>\$2,148</td> </tr> <tr> <td>Child support</td> <td>\$260</td> <td>-\$260</td> </tr> <tr> <td>Tax (inc Medicare levy)3</td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td>Available income</td> <td>\$24,849</td> <td>\$10,855</td> </tr> </tbody> </table> <p>1 This is the total amount to which resident parent may be entitled. Where the contact parent has care for more than 10 per cent of the nights in the year, FTB is divided proportionately between the parents. 2 Available only where renting privately (ie home not owned or being purchased or rented from a State/Territory housing authority). Amount is maximum allowed, but is calculated on the amount of rent actually paid. 3 Assumes gross income is taxable income and that no allowable tax rebates or deductions claimed.</p> | | Payee per year | Payer per year | Private income | \$10,059 | \$8,967 | Family Tax Benefit1 | \$11,691 | \$0.00 | Rent Assistance2 | \$2,839 | \$2,148 | Child support | \$260 | -\$260 | Tax (inc Medicare levy)3 | \$0.00 | \$0.00 | Available income | \$24,849 | \$10,855 |
| | Payee per year | Payer per year | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private income | \$10,059 | \$8,967 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Family Tax Benefit1 | \$11,691 | \$0.00 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent Assistance2 | \$2,839 | \$2,148 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Child support | \$260 | -\$260 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax (inc Medicare levy)3 | \$0.00 | \$0.00 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Available income | \$24,849 | \$10,855 | | | | | | | | | | | | | | | | | | | | | | | | | |

Scenario 3 (all currency amounts are Australian dollars A\$)

| COUNTRY | Total Child Support | CHILD SUPPORT COMPONENTS | | | Gov't Transfers to Families | COMMENTS | | | | | | | | | | | | | | | | | | |
|---|---------------------|--------------------------|-------|----------------------------------|-----------------------------|---|--|----------------|----------------|----------------|----------|----------|----------------------|---------|---------|---------------|---------|----------|--------------------------------------|---------|----------|------------------|----------|----------|
| | | Special Expenses Payable | Other | Basic Amount Payable | | | | | | | | | | | | | | | | | | | | |
| Canada | \$5,586 | N/A | N/A | Father \$9,744 Mother \$4,158 | \$6,748 | Simple Net solution: (father's table amount minus mother's table amount) \$9,744-\$4,158 = \$5,586 The current position on shared custody cases allows for judicial discretion, taking into account the two table amounts as well as the increased costs of the arrangement and the means and needs of each parent and the children. One way of calculating the Child Support amount is the solution used here (simple net of table amounts). Another method, used in courts, augments the net table amounts by up to 50%. The lower income parent applies for the equivalent-to-spouse tax deduction and the benefits from government transfers to families. | | | | | | | | | | | | | | | | | | |
| UK Present scheme | \$7,634 | N/A | N/A | \$7,634 | N/A | In the UK child benefit is payable to all households with a child. In a case where both parties share care equally the Child Support Agency will decide who is eligible to receive maintenance on the basis of who receives Child Benefit. In this case we have assumed that the mother receives Child Benefit. | | | | | | | | | | | | | | | | | | |
| UK CSR | \$2,655 | N/A | N/A | \$2,655 | N/A | | | | | | | | | | | | | | | | | | | |
| USA Wisconsin % of Gross Income | \$2,850 | N/A | N/A | \$2,850 | N/A | 1) For shared custody situations the first step in the Wisconsin formula is to calculate each parent's support using the basic percentage formula, there are two children so take 25% of each parent's income = Mother \$5,755 Father \$14,388 2) Next, determine what percentage of time the children spend with each parent, in this case, it is 50% with each. 3) Multiply the support order by an amount specified for the 50% time, or 33.40% = Mother \$1,899 Father \$4,749 4) Subtract the lesser amount due from the greater amount due, either parent may be the payer. \$4,749 - \$1,899 = \$2,850 that the Dad must pay. Note: Here it is interesting to note that either parent could become the obligor depending upon who earns a greater income. | | | | | | | | | | | | | | | | | | |
| USA Massachusetts Income Shares Formula | N/A | N/A | N/A | N/A | N/A | The Massachusetts guideline specifically states that it does not apply in instances where shared or split physical custody is involved. In these instances, the judge would indicate that such a circumstance constitutes a deviation from the guidelines, and would calculate their own order. | | | | | | | | | | | | | | | | | | |
| Australia | \$6,344 | N/A | N/A | \$6,344 | \$1,745 | <table border="1"> <thead> <tr> <th></th> <th>Payee per year</th> <th>Payer per year</th> </tr> </thead> <tbody> <tr> <td>Private income</td> <td>\$23,461</td> <td>\$58,652</td> </tr> <tr> <td>Family Tax Benefit 1</td> <td>\$1,745</td> <td>\$1,394</td> </tr> <tr> <td>Child support</td> <td>\$6,344</td> <td>-\$6,344</td> </tr> <tr> <td>Tax (inc Medicare levy)³</td> <td>\$3,652</td> <td>\$15,599</td> </tr> <tr> <td>Available income</td> <td>\$27,898</td> <td>\$38,102</td> </tr> </tbody> </table> <p>1 Entitlement is income tested and shared proportionately for parents in respect of the 15 year old child. The 16 year old child would also be entitled to Youth Allowance of \$2,955. 2 Assumes gross income is taxable income and that no allowable tax rebates or deductions claimed.</p> | | Payee per year | Payer per year | Private income | \$23,461 | \$58,652 | Family Tax Benefit 1 | \$1,745 | \$1,394 | Child support | \$6,344 | -\$6,344 | Tax (inc Medicare levy) ³ | \$3,652 | \$15,599 | Available income | \$27,898 | \$38,102 |
| | Payee per year | Payer per year | | | | | | | | | | | | | | | | | | | | | | |
| Private income | \$23,461 | \$58,652 | | | | | | | | | | | | | | | | | | | | | | |
| Family Tax Benefit 1 | \$1,745 | \$1,394 | | | | | | | | | | | | | | | | | | | | | | |
| Child support | \$6,344 | -\$6,344 | | | | | | | | | | | | | | | | | | | | | | |
| Tax (inc Medicare levy) ³ | \$3,652 | \$15,599 | | | | | | | | | | | | | | | | | | | | | | |
| Available income | \$27,898 | \$38,102 | | | | | | | | | | | | | | | | | | | | | | |

Scenario 4 (all currency amounts are Australian dollars A\$)

| COUNTRY | Total Child Support | CHILD SUPPORT COMPONENTS | | | Gov't Transfers to Families | COMMENTS | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------------------|---|----------------------|-----------------------------|--|--|----------------|----------------|----------------|----------|----------|---------------------|---------|---------|------------------|---------|--------|---------------|-------|--------|--------------------------|----------|--------|------------------|----------|----------|
| | | Special Expenses Payable | Other | Basic Amount Payable | | | | | | | | | | | | | | | | | | | | | | | |
| Canada | \$13,174 (before applying any reduction to take into account high access costs) | N/A | Standard of Living Test (Ratios): Father's household = 1.59 Mother's household = 2.55 | \$13,174 | \$6,930 | RESULT: Father succeeds in Undue Hardship claim. Judicial discretion may be exercised to reduce the normal Child Support amount to be paid. | | | | | | | | | | | | | | | | | | | | | |
| UK Present scheme | \$10,979 | N/A | N/A | \$10,979 | N/A | We have not deducted UK tax and National Insurance contributions from the fathers income since it is stated that the income is exempt from tax. Housing costs have therefore been taken as 25% of his gross income. | | | | | | | | | | | | | | | | | | | | | |
| UK CSR | \$9,124 | N/A | N/A | \$9,124 | N/A | The father has qualified for a departure from the assessment due to his high contact costs. | | | | | | | | | | | | | | | | | | | | | |
| USA Wisconsin Percentage of Gross Income | \$14,389 | N/A | N/A | \$14,389 | N/A | Wisconsin calculates the order using the two child percentage figure of 25% without considering the new spouse's income. 25% x \$57,555 = \$14,389 per year or \$1,198 per month. | | | | | | | | | | | | | | | | | | | | | |
| USA Mass. Income Shares | N/A | N/A | N/A | N/A | N/A | Applying the Massachusetts guidelines results in a \$1,371 monthly amount of child support. These guidelines do not address the new spouse of the mother in its calculations, but do allow the decisionmaker to consider both the high visitation costs, and the fact of the father's subsequent family. So, in this case, the decisionmaker might reduce the father's support order slightly. | | | | | | | | | | | | | | | | | | | | | |
| Australia | \$260 | N/A | N/A | \$260 | \$10,363 | <table border="1"> <thead> <tr> <th></th> <th>Payee per year</th> <th>Payer per year</th> </tr> </thead> <tbody> <tr> <td>Private income</td> <td>\$23,461</td> <td>\$58,652</td> </tr> <tr> <td>Family Tax Benefit1</td> <td>\$7,851</td> <td>\$4,552</td> </tr> <tr> <td>Rent Assistance2</td> <td>\$2,512</td> <td>\$0.00</td> </tr> <tr> <td>Child support</td> <td>\$260</td> <td>-\$260</td> </tr> <tr> <td>Tax (inc Medicare levy)3</td> <td>-\$3,652</td> <td>\$0.00</td> </tr> <tr> <td>Available income</td> <td>\$30,431</td> <td>\$62,943</td> </tr> </tbody> </table> <p>1 The amount given is the total amount to which each parent would be entitled for the children residing with them. As the paying parent has care of the child support children for more than 10 per cent of the nights in the year, FTB may be reduced proportionately for the resident parent and the paying parent may also have an entitlement in respect of those children. In addition, the payer's entitlement to FTB is calculated on the basis of a nil taxable income. As some forms of supplementary income may be included, he may not be entitled to the full amount indicated.</p> <p>2 Available only where renting privately (ie home not owned or being purchased or rented from a State/Territory housing authority). Amount is maximum allowed, but is calculated on the amount of rent actually paid.</p> <p>3 Child support is assessed on taxable income (including some supplementary amounts), so that it is likely that the payer would only be assessed for the minimum child support amount. However, the payee in this case may apply for change of assessment for the reason that the payer's taxable income does not reflect his true financial position. If she was successful and child support was calculated on his income of \$58,652, the child support assessment would be increased to \$10,022, and the payee's FTB would be reduced to \$1,949 and she may lose entitlement to Rent Assistance.</p> | | Payee per year | Payer per year | Private income | \$23,461 | \$58,652 | Family Tax Benefit1 | \$7,851 | \$4,552 | Rent Assistance2 | \$2,512 | \$0.00 | Child support | \$260 | -\$260 | Tax (inc Medicare levy)3 | -\$3,652 | \$0.00 | Available income | \$30,431 | \$62,943 |
| | Payee per year | Payer per year | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private income | \$23,461 | \$58,652 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Family Tax Benefit1 | \$7,851 | \$4,552 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent Assistance2 | \$2,512 | \$0.00 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Child support | \$260 | -\$260 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax (inc Medicare levy)3 | -\$3,652 | \$0.00 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Available income | \$30,431 | \$62,943 | | | | | | | | | | | | | | | | | | | | | | | | | |

Scenario 5 (all currency amounts are Australian dollars A\$)

| COUNTRY | Total Child Support | CHILD SUPPORT COMPONENTS | | | Gov't Transfers to Families | COMMENTS | | | | | | | | | | | | | | | | | | |
|--|--|--------------------------|-------|---|-----------------------------|--|--|----------------|----------------|----------------|----------|----------|---------------------------------|---------|---------|---------------|----------|-----------|--------------------------------------|-----------|-----------|------------------|----------|----------|
| | | Special Expenses Payable | Other | Basic Amount Payable | | | | | | | | | | | | | | | | | | | | |
| Canada | \$7,364 (difference between table amounts) – \$994 = \$6,370 | Mother Contributes \$994 | N/A | Table Amounts Father: \$14,378 Mother: \$7,014 | \$1,388 | In split custody arrangements, each household is treated as though a separate sole custody case. For income tax purposes, each parent is a single parent and each will have the benefit of related tax deductions, including the equivalent-to-spouse deduction. | | | | | | | | | | | | | | | | | | |
| UK Present scheme | Father pays \$6,870 Mother pays \$10,167 | N/A | N/A | \$6,870 (part 1 father with 1 QC) \$10,167 (part 2 mother with 2 QCs) | N/A | There are no provisions for costs associated with sporting activities. This figure has therefore been ignored. | | | | | | | | | | | | | | | | | | |
| UK CSR | Father pays \$6,400 Mother pays \$9,532 | N/A | N/A | \$6,400 (part 1 father with 1 QC) \$9,532 (part 2 mother with 2 QCs) | N/A | | | | | | | | | | | | | | | | | | | |
| USA Wisconsin Percentage of Gross Income | \$11,282 | N/A | N/A | \$11,282 | N/A | Wisconsin percentage of income for a "split custody payer" (defined as a payer who has 2 or more children and who has physical placement of one or more but not all of the children). 1) Apply the percentage of income rate for two children for the father, 25% x \$92,087 = \$23,022 2) Apply the percentage of income rate for one child for the mother, 17% x \$69,065 = \$11,740 3) Subtract the smaller child support obligation from the larger to determine the reduced amount of child support owed by the parent with the larger child support obligation. = \$11,282 divided by 12 = \$940 the father must pay the mother per month. | | | | | | | | | | | | | | | | | | |
| USA Massachusetts Income Shares Formula | N/A | N/A | N/A | N/A | N/A | As noted above under scenario #3 the Massachusetts guidelines do not apply in shared custody situations, or when the parties' combined gross incomes exceed \$170,937, or where the gross income of the noncustodial parent exceeds \$128,203. In the latter situation, the court should consider the support award at the \$128,203/\$170,937 level as a minimum presumptive level, and the judge has discretion to award additional amounts of child support. Because both situations apply in this scenario, the judge would have substantial discretion in creating a child support award. | | | | | | | | | | | | | | | | | | |
| Australia | \$11,276 | N/A | N/A | \$11,276 | \$4,552 | <table border="1"> <thead> <tr> <th></th> <th>Payee per year</th> <th>Payer per year</th> </tr> </thead> <tbody> <tr> <td>Private income</td> <td>\$70,383</td> <td>\$93,844</td> </tr> <tr> <td>Family Tax Benefit¹</td> <td>\$4,552</td> <td>\$1,814</td> </tr> <tr> <td>Child support</td> <td>\$11,276</td> <td>-\$11,276</td> </tr> <tr> <td>Tax (inc Medicare levy)³</td> <td>-\$21,162</td> <td>-\$32,422</td> </tr> <tr> <td>Available income</td> <td>\$65,048</td> <td>\$51,958</td> </tr> </tbody> </table> <p>¹ This is the total amount to which resident parent may be entitled. Where the contact parent has care for more than 10 per cent of the nights in the year, FTB is reduced proportionately for the resident parent and contact parent may also have an entitlement. ² The father may apply for a reduction in child support in consideration of the costs of the sporting activities, provided that both parents had agreed that the child participate in those activities. ³ Assumes gross income is taxable income and that no allowable tax rebates or deductions claimed.</p> | | Payee per year | Payer per year | Private income | \$70,383 | \$93,844 | Family Tax Benefit ¹ | \$4,552 | \$1,814 | Child support | \$11,276 | -\$11,276 | Tax (inc Medicare levy) ³ | -\$21,162 | -\$32,422 | Available income | \$65,048 | \$51,958 |
| | Payee per year | Payer per year | | | | | | | | | | | | | | | | | | | | | | |
| Private income | \$70,383 | \$93,844 | | | | | | | | | | | | | | | | | | | | | | |
| Family Tax Benefit ¹ | \$4,552 | \$1,814 | | | | | | | | | | | | | | | | | | | | | | |
| Child support | \$11,276 | -\$11,276 | | | | | | | | | | | | | | | | | | | | | | |
| Tax (inc Medicare levy) ³ | -\$21,162 | -\$32,422 | | | | | | | | | | | | | | | | | | | | | | |
| Available income | \$65,048 | \$51,958 | | | | | | | | | | | | | | | | | | | | | | |

Scenario 6 (all currency amounts are Australian dollars A\$)

| COUNTRY | Total Child Support | CHILD SUPPORT COMPONENTS | | | Gov't Transfers to Families | COMMENTS | | | |
|--|---------------------|--------------------------|-------|----------------------|-----------------------------|--|--------------------------|----------|----------|
| | | Special Expenses Payable | Other | Basic Amount Payable | | | | | |
| Canada | \$7,056 | N/A | N/A | Father pays: \$7,056 | \$7,303 | Mother claims equivalent-to-spouse tax deduction and would be eligible for subsidies for housing, child care, dental care, pharmaceuticals etc. as explained under low-income earners section (below). | | | |
| UK Present scheme | \$9,106 | N/A | N/A | \$9,106 | N/A | No comments. | | | |
| UK CSR | \$5,039 | N/A | N/A | \$5,039 | N/A | | | | |
| USA Wisconsin Percentage of Gross Income | \$10,072 | N/A | N/A | \$10,072 | N/A | Where there are two children and one parent has full custody take 25% of the obligor's gross income 25% x \$40,288 = \$10,072 gross per year or \$839 per month. The custodial parent's low income makes her eligible for at least \$1,073 in TANF. She would also be eligible for food stamps, subsidized childcare, and Medicaid. Because she is receiving public assistance, she would have to assign her child support rights to the State. | | | |
| USA Massachusetts Income Shares Formula | \$533 | N/A | N/A | \$533 | N/A | As noted above, the mother's low income makes her eligible for TANF, food stamps, subsidized childcare, and Medicaid. If she were receiving TANF she would have to assign her rights to child support to the State. In Massachusetts, she would receive at least \$810 in TANF payments per month. The father would be ordered to pay \$44 monthly in child support. | | | |
| Australia | \$8,255 | N/A | N/A | \$8,255 | \$7,739 | <p>1 This is the total amount to which resident parent may be entitled. Where the contact parent has care for more than 10 per cent of the nights in the year, FTB is reduced proportionately for the resident parent and contact parent may also have an entitlement.</p> <p>2 Available only where renting privately (ie home not owned or being purchased or rented from a State/Territory housing authority). Amount is maximum allowed, but is calculated on the amount of rent actually paid.</p> <p>3 Assumes gross income is taxable income and that no allowable tax rebates or deductions claimed.</p> | | | |
| | | | | | | | Private income | \$15,250 | \$41,056 |
| | | | | | | | Family Tax Benefit1 | \$5,227 | \$0.00 |
| | | | | | | | Rent Assistance2 | \$2,512 | \$0.00 |
| | | | | | | | Child support | \$8,255 | -\$8,255 |
| | | | | | | | Tax (inc Medicare levy)3 | -\$1,573 | -\$9,107 |
| | | | | | | | Available income | \$29,670 | \$23,695 |

Scenario 7 (all currency amounts are Australian dollars A\$)

| COUNTRY | Total Child Support | CHILD SUPPORT COMPONENTS | | | Gov't Transfers to Families | COMMENTS | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--------------------------|-------|----------------------|-----------------------------|--|--|----------------|----------------|----------------|--------|----------|----------------|----------|--------|---------------------|---------|--------|------------------|---------|--------|---------------|---------|----------|--------------------------|--------|----------|------------------|----------|----------|
| | | Special Expenses Payable | Other | Table Amount Payable | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Canada | \$3,248 (subject to a claw-back because the mother is on Social Assistance) | N/A | N/A | Father pays: \$3,248 | \$2,145 | Since the mother is on Social Assistance, she will receive only \$117 of the Child Support amount. See below for details on subsidies for housing, training, dental, and pharmaceutical care for which she and the children may qualify as recipients of Social Assistance.. | | | | | | | | | | | | | | | | | | | | | | | | |
| UK Present scheme | \$6,399 | N/A | N/A | \$6,399 | N/A | We do make reductions in liability where the father has care of the child for part of the week but our law requires the father to have shared care for a prescribed number of days/nights before their liability is reduced. We have assumed that, in this scenario, the amount of care they provided is less than the prescribed minimum and therefore we have not made any reduction to the father's liability. | | | | | | | | | | | | | | | | | | | | | | | | |
| UK CSR | \$3,949 | N/A | N/A | \$3,949 | N/A | | | | | | | | | | | | | | | | | | | | | | | | | |
| USA Wisconsin % of Gross Income | \$5,087 (subject to a claw-back because the mother is on Social Assistance) | N/A | N/A | \$5,087 | N/A | In Wisconsin a mother with one child would receive at least \$1,073 in TANF. Because the mother is receiving public assistance she would assign all of her rights to the child support collected on her behalf to the State. The child support order would be 17% of the obligor's gross income $17\% \times \$29,928 = \$5,087$ child support per year or \$424 per month. As long as she continues to receive public assistance, all of the child support collected would go to the State. | | | | | | | | | | | | | | | | | | | | | | | | |
| USA Massachusetts Income Shares Formula | \$533 (subject to a claw-back because the mother is on Social Assistance) | N/A | N/A | \$533 | N/A | For one child in Massachusetts, the mother would receive at least \$655 in TANF payments. The Child support award of \$44 per month would be based upon the father's gross income. It is interesting here to note the great difference between the Wisconsin guideline amount and the Massachusetts amount. This may be explained by the fact that in Massachusetts, unlike Wisconsin, each parent is given a basic standard of living allowance before child support is ordered. | | | | | | | | | | | | | | | | | | | | | | | | |
| Australia | \$3,603 | N/A | N/A | \$3,603 | \$6,846 | <table border="1"> <thead> <tr> <th></th> <th>Payee per year</th> <th>Payer per year</th> </tr> </thead> <tbody> <tr> <td>Private income</td> <td>\$0.00</td> <td>\$30,498</td> </tr> <tr> <td>Income Support</td> <td>\$10,059</td> <td>\$0.00</td> </tr> <tr> <td>Family Tax Benefit1</td> <td>\$4,334</td> <td>\$0.00</td> </tr> <tr> <td>Rent Assistance2</td> <td>\$2,512</td> <td>\$0.00</td> </tr> <tr> <td>Child support</td> <td>\$3,603</td> <td>-\$3,603</td> </tr> <tr> <td>Tax (inc Medicare levy)3</td> <td>\$0.00</td> <td>-\$5,834</td> </tr> <tr> <td>Available income</td> <td>\$20,508</td> <td>\$21,062</td> </tr> </tbody> </table> <p>1 This is the total amount to which resident parent may be entitled. Where the contact parent has care for more than 10 per cent of the nights in the year, FTB is reduced proportionately for the resident parent and contact parent may also have an entitlement. 2 Available only where renting privately (ie home not owned or being purchased or rented from a State/Territory housing authority. Amount is maximum allowed, but is calculated on the amount of rent actually paid. 3 Assumes gross income is taxable income and that no allowable tax rebates or deductions claimed.</p> | | Payee per year | Payer per year | Private income | \$0.00 | \$30,498 | Income Support | \$10,059 | \$0.00 | Family Tax Benefit1 | \$4,334 | \$0.00 | Rent Assistance2 | \$2,512 | \$0.00 | Child support | \$3,603 | -\$3,603 | Tax (inc Medicare levy)3 | \$0.00 | -\$5,834 | Available income | \$20,508 | \$21,062 |
| | Payee per year | Payer per year | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Private income | \$0.00 | \$30,498 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income Support | \$10,059 | \$0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Family Tax Benefit1 | \$4,334 | \$0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rent Assistance2 | \$2,512 | \$0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Child support | \$3,603 | -\$3,603 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax (inc Medicare levy)3 | \$0.00 | -\$5,834 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Available income | \$20,508 | \$21,062 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Other Issues

| OTHER ISSUES | |
|---------------------|--|
| Canada | <p>Note: Dollar values for most scenarios were derived from cases that would have taken place in the province of British Columbia. Federal Child Support amounts vary only slightly across the country depending on provincial taxes. Benefits, subsidies and other social programmes vary across jurisdictions within Canada.</p> <p>Canada's national health care system covers basic medical and hospital needs. The system is universal with no user fees. All but two jurisdictions require no payment of premiums by participants. Additional coverage such as dental and pharmaceutical care may be covered by employers or Social Assistance ministries or purchased privately by individuals. Certain provinces have universal dental care for children. All jurisdictions offer subsidies to low income families with high cost prescription drugs and/or medical equipment.</p> <p>Child care subsidies for low-income parents are variously offered by provinces and territories. Child Support received is usually considered as income when calculating these subsidies.</p> <p>Québec and British Columbia are in the process of implementing Universal Day Care systems with minimal user fees.</p> <p>Housing subsidies for low-income families are administered by various levels of government. Availability of social housing varies across the country. Child Support received is usually considered as income when calculating these subsidies.</p> <p>Social Assistance recipients receive basic amounts for food, shelter, clothing and personal needs. In most provinces, Child Support payments are partially or completely clawed back by Social Assistance ministries. Part of the amounts of the Canadian and provincial Child Tax benefits are also clawed back by these ministries. Social Assistance recipients qualify for subsidised housing (where available) and free healthcare including dental and prescription drug coverage.</p> <p>Social assistance provides help in the acquiring of Child Support orders.</p> <p>Low-income wage earners may qualify for aid in acquiring a Child Support order depending on their income and the jurisdiction in which they live. Some jurisdictions have special "working income supplement" programmes. Child Support received is not usually considered as income when calculating these supplements.</p> |

Appendix 4: Conversion Rates Used in Comparative Summary Table

| Country | Buy Rate | Sell Rate |
|-----------------------|-----------------|------------------|
| Canada | 0.9479 | 0.9219 |
| New Zealand | 1.0889 | 1.0616 |
| United Kingdom | 0.4136 | 0.4035 |
| United States | 0.7701 | 0.7611 |

Source: *Australian Financial Review*, 11 April 2005.

