

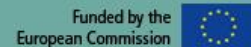


**Australian Government**  
**Department of Human Services**

Recovery of Maintenance in the  
 European Union and Worldwide  
 Heidelberg Conference 5 – 8 March 2013

# Australian Child Support Administrative Assessments

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# Australian Child Support Family Tax Benefit and Social Security Interactions

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Meet Reasonable Maintenance Action test  
(apply for child support)

Decrease in FTB depending on child support  
received by the creditor

Policy alignment  
'percentage of care'

Other Social Security interactions

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**Background**

**Administrative  
Assessments**

**International**

**Perspective**

**Challenges**

**and the new  
Convention**

**Summation**

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# Australian Child Support Scheme

- The former Child Support Agency was established in June 1988 to administer the child support scheme.

Child Support is calculated using an administrative assessment

- Original Child Support assessment commenced 1 October 1989.
- New Child Support Formula as of 1 July 2008.

## The Child Support Scheme

- Operates under two Commonwealth Acts
  - *Child Support (Registration & Collection) Act 1988*
  - *Child Support (Assessment) Act 1989*and is now administered by The Australian Government Department of Human Services.
- The Australian Government Department of Families, Housing, Community Services and Indigenous Affairs is responsible for the legislation and policy of the Child Support Scheme.

# Australian Administrative Assessments

- **The Basic Child Support Formula**

1. Child support income	These three steps relate to <i>income</i>
2. Combined child support income	
3. Income percentage	
4. Care percentage	These three steps relate to <i>care</i>
5. Cost percentage	
6. Child support percentage	
7. Costs of the child	
<b>8. Annual rate of child support to transfer to other parent</b>	

# Example of an Australian administrative assessment – 3 children

	Receiving Parent (Creditor)	Paying Parent (Debtor)
Step 1 child support income	\$11,748	\$31,748
Step 2 combined child support income	\$43,496	
Step 3 income percentage	27.01%	72.99%
Step 4 care percentage	80%	20%
Step 5 cost percentage	76%	24%
Step 6 child support percentage	-48.99%	48.99%
Step 7 costs of the child	\$3,878 (per child)	
Step 8 annual rate of child support	<p>The paying parent is liable to pay child support of \$5,700 (annual rate)</p> <p>(48.99% * \$3,878 = \$1,900 \$1,900 * 3 (children) = \$5,700)</p>	

# Benefits of Australian administrative assessments

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- Easy and quick process for customers
- Replaces the adversarial nature of judicial systems
- Low cost to government (avoid cost of court process)
- Allows modifications to reflect changes in circumstances:
  - change in care
  - change in income
  - update to reflect special circumstances.
- 15 month child support periods



# Benefits of Australian administrative system

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## Social Security Appeals Tribunal

- Administrative appeal process
- Low cost for both government and parents
- Quick and accessible

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# Australia's International Arrangements

- Since July 2000 a court in Australia cannot make child maintenance orders (final or provisional) under the Australian Family Law Act if the parents are eligible for an Australian administrative assessment.
- The Australian Department of Human Services
  - issues administrative assessments in almost all maintenance cases where one party resides abroad in a reciprocating jurisdiction
  - registers international maintenance orders.
- Australia has 97 reciprocating jurisdictions established under a number of international arrangements.

# Example of Strong Reciprocity Australia NZ Bilateral Agreement

## 1. Key Strengths

- Clearly defined jurisdictions
- Centralised operations
- Improved growth in collection rates

## 2. Support for customers

- Free phone calls for customers
- Teleconferencing with customers
- Case managers

## 3. Information/communication

- Easy information exchange
- Electronic information transfer and secure email

## 4. On-going Improvements

- Recently finalised collaborative rewrite of the Service Arrangement and new Schedule of Services

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# Administrative Assessments challenges - recognition and enforcement

Challenges occurring at the time of registration or transmittal includes:

- Locating / contacting the paying parent
- Obtaining accurate income information
- Understanding jurisdictional requirements and processes
- Limited recognition of Australian administrative assessments in judicial jurisdictions resulting in little or no collection.
- Final orders being sought overseas may not match the rate set by the administrative assessment.

# Administrative Assessments challenges - modifications to assessments

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Challenges occurring during the life of the case include:

- Effect of currency fluctuations
- Lack of enforcement in overseas jurisdictions
- Periodic updates to Australian administrative assessments not reflected in overseas jurisdiction.
- Variations, made in Australia, to international court orders not being recognised.

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# DHS consideration: Benefits of ratifying the 2007 Hague Convention

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Ratifying the 2007 Hague Convention is expected to provide the following benefits:

- Acceptance of Australian administrative assessments.
- Establish a system of administrative cooperation between States
  - location
  - financial circumstances.
- Increased recognition of an ‘Administrative Authority’ – parity between judicial and administrative authorities.
- Country Profile leading to timely compliance with obligations.



# Working with You

The Australian Government Department of Human Services is the central authority that administers the Child Support legislation.

The Department currently supports separated parents to manage their child support responsibilities and works closely with many international jurisdictions to provide the required support to its international customers.

We look forward to working in partnership with you to ensure effective international recovery of child support and other forms of family maintenance.