

**Child Support Schemes:  
Australia and Comparisons**

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**Comments on this Paper**

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## Introduction

This is the third edition of the publication *Child Support Schemes: Australia and Comparisons*. The primary aim of the 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 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 and US child support organisations have commented on the chapters dealing with their child support arrangements, thereby ensuring the greater accuracy of the paper.

This is the first edition of *Child Support Scheme: Australia and Comparisons* which 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, 1998-99

The following table is based on data provided to the Australian Child Support Agency 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 or deleted. 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, there are some broad conclusions that 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 1997-98 the

## Comparative Statistics for Australian and Overseas Child Support Programs (1998-99)<sup>1,2</sup>

Country	Total A\$m. Collected or Transferred	A\$m.		Cost of Collecting \$1	Caseload	Agency Staff Numbers (FTEs)	Cost A\$ per Agency FTE	Arrears A\$	
		Program Collected	for each \$1 Spent						
Australia	1997-98	1,162.9	169.7	6.85	14.6 cents	494,534	2,587	65,597	450.3
	1998-99	1,299.2	180.1	7.21	13.9 cents	535,569	2,663	67,634	455.6
	1999-00	1,386.2	198.2	6.99	14.3 cents	569,710	2,714	75,055	542.6
Canada <sup>3</sup>	1998-99	1,225.6	n/a	n/a	n/a	389,273	1,590	62,830	1,746.6
New Zealand	1997-98	153.2	33.7	4.55	22.0 cents	131,750	509	66,220	224.9
	1998-99	160.2	36.4	4.40	22.7 cents	132,500	475	76,571	259.1
United Kingdom	1998-99	1,686.7	589.3	2.86	35.0 cents	923,960	9,299	63,372	n/a
United States <sup>4</sup>	1996-97	22,673.9	5,815.8	3.90	25.6 cents	19,057,164	52,483	110,987	75,703.8
	1997-98	24,342.9	6,082.4	4.00	25.0 cents	19,419,449	56,212	108,205	n/a

### Notes

1. All currency amounts have been converted to Australian dollars (A\$) using exchange rates current at 6 July 2000, *Australian Financial Review*, 7 July 2000. 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 was not comparable with the costs of other agencies included in the table and were deleted as a consequence.
4. The latest official US data is for 1997-98 and is drawn from *Child Support Enforcement: Twenty-Third Annual Report to Congress*.

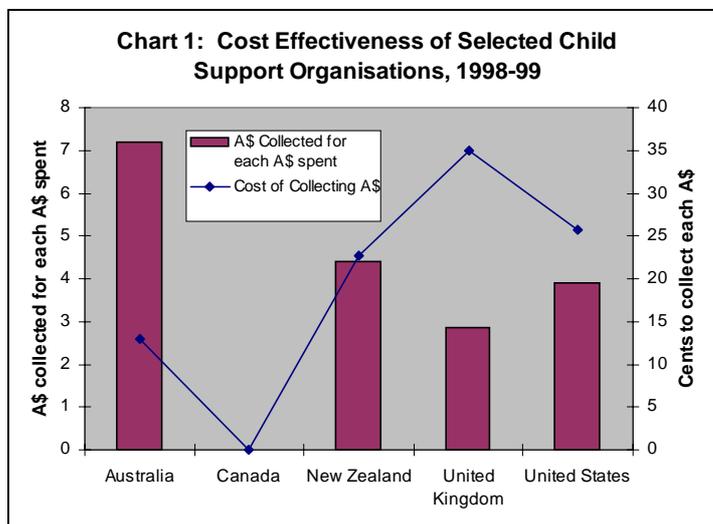
### Sources

1. Australian data - Child Support Agency, June 2000.
2. UK data - *Child Support Agency. Annual report and accounts 1998-99*, July 1999 and the UK CSA.
3. US data - *Child Support Enforcement: Twenty-Third Annual Report to Congress* and OCSE.
4. New Zealand data - New Zealand CSA.

Australian CSA was able to transfer A\$6.85 in maintenance between parents for every dollar spent on administering the Child Support Scheme.<sup>1</sup> By 1998-99 the cost-effectiveness of the CSA had increased to A\$7.21 for every dollar spent on the Scheme. Some of this greater efficiency in 1998-99 stems from the fact that there was an 11.7 per cent increase in collections over 1997-98, while the CSA's program costs increased by 6.1 per cent. Furthermore, staff numbers increased by just 2.9 per cent and there was an 8.3 per cent increase in caseload over the same period. In 1999-2000, however, the Australian CSA's cost-effectiveness measure dropped back to A\$6.79. This was a result of lower growth in child support transfers in the year (up just 6.5 per cent compared to 11.7 per cent the year before) and the introduction of full accrual based accounting, rather than partial accrual accounting as in the previous two years.

Some Canadian data has also been included in this publication for the first time. "Program Costs" data were not included, however, as the Canadian CSA noted that the definition of its "Program Costs" figure was 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. In Canada...all orders come from the courts, as we do not have a system of administratively determining support orders.<sup>2</sup>



In other respects – such as child support transfers, caseload numbers, full-time equivalent (FTE) staff numbers and arrears amounts – the Canadian CSA data was comparable to the Australian data and could be included.

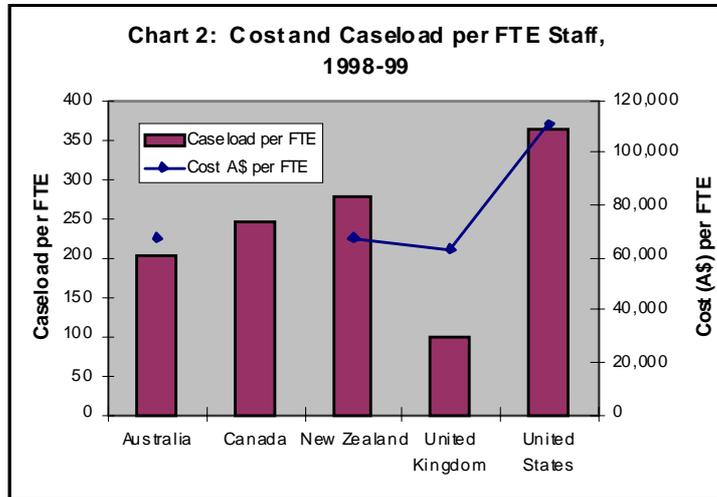
Of the countries surveyed, New Zealand's child support scheme most closely compares to the Australian scheme in terms

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

<sup>1</sup> 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.

<sup>2</sup> E-mail from the Canadian CSA to the Client Research Unit of the Australian CSA, 29 June 2000.

table. In 1997-98 and 1998-99 the New Zealand CSA transferred about \$4.50 for every dollar it spent administering the New Zealand Scheme (see Chart 1). This is 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.



The New Zealand performance data is likely to improve significantly 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 that 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 to continue making their payments.

It is worth noting that in June 1999 the New Zealand CSA caseload was one quarter the size of the Australian CSA’s caseload, yet the New Zealand population was less than a fifth of the Australian population (i.e. 3.55 million compared to 19 million). In other words there were almost 27 members of the New Zealand national population for each case, while in Australia there were just over 35 members of the national population for each child support case. This means that child support is affecting the lives of a larger percentage of the New Zealand community, compared to the Australian community. The NZ CSA faces this task with slightly less than one fifth of the staff that work in the Australian CSA. Chart 2 also shows that NZ CSA staff must on average handle 279 cases, while their counterparts in the Australian CSA handle on average 201 cases.

Child support data for the United Kingdom CSA is also included in the above table and charts. Among the agencies surveyed, the UK CSA is the least effective collector of child maintenance. This result has 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.<sup>3</sup> 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 currently in the midst of implementing a new child support scheme which 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 the non-resident parent, will be entitled to receive up to £10 per week. This, it is hoped, will further enhance the collection performance of the UK CSA.

It will be noted from the UK data that there is, on average, just under 100 cases per FTE. Additionally, there are about 63 members of the UK national population for each child support case managed by the UK CSA. Compared to the New Zealand and Australian figures 27:1 and 35:1 respectively), the UK figure is low, and suggests that the UK CSA is nowhere near as inclusive of the eligible child support population as it might be. Depending upon the success of child support enforcement activities in the years following the introduction of the new UK Child Support Scheme, British authorities could reasonably expect a rapid increase in the UK CSA active caseload. Indeed, if the UK CSA was to reach the Australian CSA's ratio of 1 case for every 35 members of the public, then it would have a caseload of between 1.6 million and 1.7 million.<sup>4</sup>

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 1996-97, although the US Office of Child Support Enforcement (OCSE) has been able to provide some data for subsequent years, as the table shows. By any measure the US child support system is significantly larger than any other child support scheme measured in this study.

In 1996-97, more than A\$22.6 billion in child support was collected. This figure includes both child maintenance transfers and recovery amounts. US child 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 are able to collect about A\$4.00 in child maintenance for each A\$ spent on collecting that maintenance. It is also worth noting that combined the child support agencies in the US employed about 52,500 staff in 1996-97 and that the cost of each FTE staff member was just under A\$111,000. This latter figure is nearly A\$35,000 higher than any other child support agency surveyed. This figure 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, it will be

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<sup>3</sup> See, for example, the UK Green Paper and White Paper on child support.

<sup>4</sup> There is no reason why this could not be the case at some stage given the UK demographic indicators relevant to child support. In the UK lone parents as a percentage of all households with children are 20.9 per cent (Australia 17.8 per cent); marriage rate per thousand in the UK is 5.9 (Australia 6.2); divorce rate in the UK per thousand is 3.1 (Australia 2.7); percentage of births to unmarried women in the UK is 31 per cent (Australia 24 per cent); and teen births per thousand in the UK are at 33 (Australia 22 per thousand).

noted that the 1996-97 arrears figure for the US is about 230 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\$3.34 outstanding at the end of the 1996-97 financial year. This is much higher than the debt or arrears to collections ratios of the other agencies surveyed in the table.

## The Philosophy of Child Support

Child support arrangements, in one form or another, have existed in a number of European nations for decades. For example, the concept has existed in Sweden since the late 1930s, and in Norway since 1956. France, Germany, The Netherlands and the United Kingdom, among other states, also have child support arrangements in place. In 1975 the United States, too, laid the legislative groundwork for its child support system with the *Social Security Act (1975)*.

However, the philosophy and structure of child support varies quite dramatically among these countries. Reflecting this diversity, there has been considerable debate among academics pertaining to the classification of child support systems on the basis of their guiding principles. While this debate may seem rather esoteric and far removed from the coalface of administering a child support system, a broad understanding of the debate is useful because it serves to highlight the differences and similarities of the child support systems in place around the world. In turn, this knowledge is important where agencies embark on benchmarking and cooperative research activities to enhance child support compliance.

## The Anglo-Saxon/Scandinavian Divide Model

Some academics posit that where nations have introduced child support arrangements, they have fundamentally followed one of two broad paths in relation to the way they administer it. Drawing upon studies of comparative welfare state policy, these analysts have contrasted:

...an “Anglo-Saxon” model, adopted by the USA, Australia, Canada and New Zealand ... where the State intervenes to reinforce private family obligations, with a “Scandinavian” model, found in Norway, Sweden, Germany and France, where the State guarantees or advances maintenance in case of default. The Anglo-Saxon model is dependent on effective enforcement, and the financial capacity of the non-resident parent, whereas the Scandinavian model relies on the level of state resources it is able to command.<sup>5</sup>

Despite the appealing simplicity of this model, there are some limitations to it:

...as child support involves not only welfare provision, but systems of family law, this classification may obscure important dimensions of difference. For instance, Norway, Sweden, France and Germany, grouped together in this model, have very different traditions of family law.<sup>6</sup>

<sup>5</sup> Helen Barnes, Patricia Day and Natalie Cronin, *Trial and error: a review of UK child support policy*, Occasional Paper No. 24, Family Policy Studies Centre, November 1998, p. 38. These authors suggest that the most recent exposition of this view is proffered in J. Millar’s chapter “Mothers, workers and wives: comparing policy approaches to supporting lone mothers” in *Good enough mothering? Feminist perspectives on lone motherhood*, edited by B. Silva, Routledge, London, 1996.

<sup>6</sup> Helen Barnes, Patricia Day and Natalie Cronin, *Trial and error*, November 1998, p. 38.

Despite this drawback, the model nonetheless serves to highlight some of the important differences between the “Anglo-Saxon” models (including the Australian Scheme) which emphasise private responsibility, as opposed to the “Scandinavian” model where the state advances child maintenance where the payer parent defaults on his or her payments.

### **The Degree of Parental Responsibility Model**

A second model, originally proposed by Y. Ergas in 1990, differentiated between child support systems solely on the basis of the degree of responsibility ascribed to the individual or the state for the provision child maintenance. Ergas:

...describes a model of maximum public responsibility where public institutions assume responsibility for child care and the participation of women in the labour market. Service delivery operates on a universal basis, rather than being subsidised or selective. The broad outline of policies, and the resources to support them, are provided by central government, but administration takes place at a local level. By contrast, under the model of maximum private responsibility, childcare, family organisation and the employment of women are viewed as private matters. The fundamental aim of public intervention is to provide a safety net in cases of hardship. Central control of policy is reduced, and responsibility is divided between private actors, local government and third sector organisations.<sup>7</sup>

This model, too, has its drawbacks. The authors note that under this approach the child support systems in the US and Germany would be categorised together: the summary of those systems elsewhere in this paper demonstrates that they are in fact very different systems.

Too, it is hard to see where the Australian system fits into this model. On the one hand, while the Australia Child Support Scheme is not a “maximum public responsibility” scheme in the sense that it does not offer universal child support benefits to sole parents, it does provide “the broad outline of policies, and the resources to support them.” At the same time the Australian Scheme also exhibits some of the characteristics of the “maximum private responsibility” model. An increasing focus of the CSA is to assist parents to manage their child support responsibilities: the CSA seeks to provide a safety net function where arrangements fail. Unlike Ergas’s maximum private responsibility model, however, policy responsibility for the Australian Child Support Scheme is centralised in the Department of Family and Community Services of which CSA is a part. Also, unlike some US states, in Australia there is no coalition between private actors, local government and third sector organisations.

### **The Historical Concerns Model**

This model was originally offered by N. Lefaucheur in 1997 and is:

...based not on contemporary principles underlying child support, but on historical concerns about population and morality in each country at different periods. For our purposes, this model is particularly useful in highlighting distinctions between English-speaking countries, which are offered as similar by policy analysts, and appear to have been a focus for those creating the UK child support policy for this reason. Thus Lefaucheur’s model would distinguish between the UK, where policy has historically emphasised the Christian duty of

<sup>7</sup> Helen Barnes, Patricia Day and Natalie Cronin, *Trial and error*, p. 38.

the community to provide support for fatherless children, and the USA, where a continuing emphasis on the establishment of paternity can be traced to “Malthusian” concerns about population control in the past.<sup>8</sup>

Again, this model seems a poor “fit” for the Australian Child Support Scheme which sees the importance of providing support for the children of single parent families but believes that the non-resident parent should have the primary responsibility for that, rather than the community at large.

Of the three models above, the “Anglo-Saxon/Scandinavian Divide Model” seems to provide the most plausible fit for the schemes covered in this publication but even that model is not entirely satisfactory.

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

As already noted, 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.

### **France**

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 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.<sup>9</sup>

<sup>8</sup> Helen Barnes, Patricia Day and Natalie Cronin, *Trial and error*, p. 38.

<sup>9</sup> 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

## Germany

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.”<sup>10</sup>

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 “Dusseldorf 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.<sup>11</sup>

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 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.

<sup>10</sup> Correspondence received by the Australian CSA from the German Ministry of Justice (Bundesministerium der Justiz), Bonn, 24 June 1998.

<sup>11</sup> *Trial and Error*, p. 52.

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.<sup>12</sup> 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).<sup>13</sup>

### The Netherlands

“There are no special benefits for lone parents in the Netherlands, other than those paid as incentives to return to work. Lone parents do not have to be available for work while they have a child under the age of five. Social assistance...is provide by the municipality under the *General Assistance Act*, until recently at the level of 90 per cent of the minimum wage, and is largely financed by central government.”

All non-resident parents in the Netherlands must support their children. Where possible, parents are encouraged to arrive at voluntary arrangements for child support. If an agreement cannot be arranged, a child support liability can be decided upon by the District Court, using the TREMA tables. These tables contain complex formulae for the assessment of maintenance, and take into account the following factors:

- assessable income, which is calculated by deducting amounts for living expenses (based on social assistance rates) from gross income;
- allowance is made for the non-resident parent's costs of setting up a new home and the costs of contact with the children;
- where the non-resident parent has a second family, assessable income is reduced by around 50 per cent, in recognition of the belief that people should be free to form new relationships;
- whether the resident parent has entered into a new relationship, the decision about liability for maintenance between a step-parent and a non-resident parent is based on an assessment of the relationship between the child and the non-resident parent. Deliberations canvass issues such as whose surname the child bears and how frequently contact occurs.<sup>14</sup>

Voluntary payments which are too low may be overturned and replaced with a liability calculated by the National Bureau for the Recovery of Child Maintenance (LBIO), based on the TREMA tables. This may occur where a lone parent claims means-tested benefits. District Court decisions are not altered.

Automatic payments of child support are usually made by the non-resident parent's bank and are usually arranged at the time of the divorce proceedings. There is a Central Registry for all citizens which expedites the tracing of absent fathers given

<sup>12</sup> *Trial and Error*, p. 52.

<sup>13</sup> Correspondence received from the German Ministry of Justice (Bundesministerium der Justiz), Bonn, 24 June 1998.

<sup>14</sup> *Trial and Error*, p. 54.

that as soon as someone appears in the municipal register they also appear on the central system.

The current child support system has only been fully operational in the Netherlands since January 1997 but it is regarded as effective in making resident parents seek maintenance, and the non-resident pay. Compliance under the new arrangements has been described by one source as “good” although no performance data is currently available. The previously mentioned LBIO was created as part of the 1993 child support reforms in the Netherlands, and replaced the 19 local offices of the child welfare office. The LBIO can collect maintenance where payment has been missed at least once in a six-month period, or where parents request it. Non-resident parents are charged 10 per cent of their liability for this collection service - the levy is intended to encourage private arrangements.

There is no minimum child maintenance level. Nor is there a system of advance payments available. Where a resident parent is not in receipt they may apply for means-tested benefits.

## Norway

There are generous social security benefits for sole parents in Norway. They receive additional child benefits (as if they had one extra child), and are given a number of special tax allowances. Approximately two-thirds of sole parents in Norway are in paid employment, with many working part-time. Where sole parents are unable to work because of childcare problems, they are entitled to receive Transitional Benefit. Parents claiming this benefit are required to use the Maintenance Contribution Collection Agency (MCCA). This Transitional Benefit can only be paid for a period of three years, or up to five years if the parent is in full-time education. Maintenance paid above the level of the advance maintenance payment (set at A\$179 per month in 1995) is deducted from Transitional Benefit at the rate of 70 per cent (previously 100 per cent).

From 1956 there were 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 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, set percentages of the non-resident parents' income have been used:

- 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.

The resident parents' income is not taken into account. Where there is a second family the percentages are divided so that a parent with one resident child and one non-resident child is liable for 9 per cent of income for each. Where the child lives equally with both parents, and where the income of the non-resident parent is very low, these percentages are not applied. Maintenance for children aged 18 years and over, and still in education, is also decided on a discretionary basis.

While parents are permitted to make voluntary arrangements for child support – provided the agreed sum is at least as much as the amount of the guaranteed maintenance payment (i.e. A\$179 in 1995) – 90 per cent of parents use the MCCA. The MCCA is an unpopular agency but is widely regarded as effective, with about 80 per cent of advance payments being recovered. This rate is far in excess of the collection rate previously achieved by the old municipal authorities.

In recent months the Norwegian Government has considered a number of changes to the child support scheme, including taking into account the income of both parents, and linking maintenance with contact. While these initiatives were defeated in parliament, the debate is ongoing.<sup>15</sup>

## 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 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 terminology and reporting 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. At the 2000 meeting it was 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.

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<sup>15</sup> *Trial and Error*, pp. 56-57.

## A Change of Approach in the United States

The Office of Child Support Enforcement (OCSE) within the Administration for Children and Families of the Department of Health and Human Services has federal oversight of the CSE Program. The OCSE works with state and local organisations to provide services.

Each of the US states have their own child support organisations in place and they operate with varying degrees of success as the performance data in the following pages suggest. Despite the variability in these US performance data, there is evidence to suggest that child support in the US has gone some way towards improving the financial standing of sole parents and their children. The US Office of Child Support Enforcement points out that prior to the introduction of the US child support legislation, resident parents were in receipt of “historically low” levels of child support:

In 1981, the US Bureau of the Census found that the average amount of support due for all custodial women with orders was US\$2,451. This amount had risen to US\$4,172 in 1997. During this same period of time the incomes of custodial women went from US\$11,659 to US\$23,249. Hence it may be unfair to portray order amounts in relation to a payer’s capacity to pay.<sup>16</sup>

It is not clear whether these are constant dollar figures (i.e. whether the effects of inflation have been calculated out). If they are not constant dollar amounts, much of the increase could be attributable to the effects of inflation.

There is, however, other evidence to corroborate the fact that the percentage of resident parents in poverty is declining. A report prepared by the OCSE, and based primarily on data from the US Bureau of the Census, discovered that poverty rates declined for resident parents between 1993 and 1997:

The proportion of custodial parents and their children living below poverty decreased from 33 to 29 percent between 1993 and 1997. However, the proportion of custodial parent families in poverty in 1997 was still much higher than the proportion of married-couple families with children (7 percent).<sup>17</sup>

However, not everyone agrees that child support has improved the lot of sole parent families in the US. While federal legislation requires each US state to develop and apply mandatory child support guidelines (which are used for the calculation of child support obligations), there are critics who argue that US Child support enforcement has traditionally been focussed upon collection of child support amounts owing, with little regard for a payer’s capacity to pay. A US judge recently argued this point:

The time has come for someone to speak in defense of ‘dead-beat dads’. Divorced or separated parents who do not pay support have been taking a beating from everyone, including the President.

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<sup>16</sup> Comments supplied to the author by the US Office of Child Support Enforcement, October 2000.

<sup>17</sup> *Child Support for Custodial Mothers and Fathers: 1997*, DRAFT Report supplied to the author by the US OCSE.

I have seen some parents who refuse to pay child support even though they have plenty of money to do so ... However, I have seen far more parents who are ordered to pay child support who pay some support but not all they are ordered to pay. Many of these parents are engaged in a financial struggle that they cannot win. These are the working poor.<sup>18</sup>

Elsewhere in the same article Ronald K. Henry noted that:

The United States spends over \$3 billion annually on child support enforcement, yet the government has had no meaningful understanding of how many non-paying obligors are unemployed, disabled, supporting second families, or engaged in civil disobedience because they have been unable to see their children.

The demonization of noncustodial parents is used to justify all manner of inhumane treatment.<sup>19</sup>

Judge Henry's argument is that there has been little attention paid to the capacity of payers to pay child support. Instead, the emphasis was on making "deadbeat dads" pay their liability, whether or not they had the capacity to pay the amount determined. This approach led to the situation where some payers, who were unemployed or could be defined as "working poor", owed tens of thousands of dollars in child support.

In the last year or so a shift has begun to manifest itself in the US debate surrounding child support collection and enforcement, as well in the wider welfare debate. There is now an acknowledgment that many of the "deadbeat" dads are in fact "deadbroke" dads: they frequently do not have the capacity to pay the amounts ordered. Furthermore, the debate now recognises the existence of "fragile families" which one source defines as "families formed as a result of pre-nuptial births to parents who are both disadvantaged and who do not immediately marry or establish legal paternity."<sup>20</sup> With this understanding, resources are now being committed to assist these deadbroke dads in becoming full financial and parenting partners in their own families. A number of programs are now available to assist fragile families through support and other mechanisms for non-custodial fathers. The following programs are not the sum total of family programs being sponsored by the OCSE but they are representative of the type of initiatives being put in place by the OCSE in cooperation with other government departments and non-government organisations.

### ***The Welfare to Work Grant Program***

The Welfare to Work Grant Program is the only federally-funded assistance to non-residential fathers whose children are living in households receiving welfare payments. This program covers a range of activities designed to move individuals into jobs. There is an emphasis on moving these men into jobs that have the potential

<sup>18</sup> Hon. Anne Kass, Presiding Family Judge, New Mexico District Court, cited in Ronald K. Henry, "Child Support at a Crossroads: When the Real World Intrudes Upon Academics and Advocates", *Family Law Quarterly*, Section of Family Law, American Bar Association, Vol. 33 No. 1, Spring 1999, p. 235.

<sup>19</sup> Ronald K. Henry, "Child Support at a Crossroads: When the Real World Intrudes Upon Academics and Advocates", pp. 240-41.

<sup>20</sup> Ronald Mincy and Hillard Pouncy, "There Must be Fifty Ways to Start a Family: Social Policy and the Fragile Families of Low Income, Noncustodial Fathers", in Wade Horn, David Blankenhorn, Mitch Pearlstein and Don Eberley (eds), *The Fatherhood Movement: A Call to Action*, University of California Press, 1997, p. 5.

of increased earnings.<sup>21</sup> The legislation surrounding “welfare to work” designates non-custodial parents as a target population. Men are being targeted because there is now a “growing recognition that low-income fathers are in need of the same kinds of employment and family support services that typically are made available to mothers who are making the transition from welfare to employment. This recognition is founded on the reality that income from both mothers and fathers can help prevent children from living in poverty.”<sup>22</sup>

### ***Partners for Fragile Families***

Another manifestation of the shift in attitudes is the work currently being undertaken by the National Center for Strategic Nonprofit Planning and Community Leadership (NPCL). It has initiated a demonstration project called *Partners for Fragile Families* which combines the resources of the US federal government, child support enforcement agencies and community-based organisations. *Partners for Fragile Families* “is a combined effort to address the underlying problems that keep many young, unskilled fathers, their children, and the children’s mothers, dependent on public assistance.”<sup>23</sup> Working out of ten US cities, the project aims to:

- help never married fathers assume legal, financial and emotional responsibility for their children;
- expand the services provided by community-based fatherhood programs;
- promote the adoption of policies that will encourage the formation of healthy families and foster cooperation among service providers and public agencies; and
- improve not only the placement services workforce development agencies provide to fathers, but, as well, the services intended to help them increase their earnings potential.<sup>24</sup>

### ***The Parents’ Fair Share Program***

The Parents’ Fair Share program is another program with a similar emphasis on the non-custodial parent. This program was “designed to test whether employment assistance helped low-income dads become better able to provide financial support for their children.”<sup>25</sup> Initial results from the Parents’ Fair Share program have been disappointing, with only small increases in the number of fathers who paid child support but Reichert suggested that any increase should be viewed as progress.<sup>26</sup>

<sup>21</sup> Demetra Smith Nightingale and Kathleen Brennan, *Assessing Welfare-to-Work Grant Program Funds: Opportunities for Community-Based Organisations Serving Fathers*, The Urban Institute, Washington, DC, unpublished.

<sup>22</sup> Dana Reichert, Executive Summary, *Broke But Not Deadbeat. Reconnecting Low-Income Fathers and Children*, p. viii.

<sup>23</sup> “Partners for Fragile Families”, National Center for Strategic Nonprofit Planning and Community Leadership, in *Strengthening Fragile Families Initiative*, The Ford Foundation, Summer 1999, p. 13.

<sup>24</sup> *Strengthening Fragile Families Initiative*, The Ford Foundation, Summer 1999, p. 13.

<sup>25</sup> Dana Reichert, Executive Summary, *Broke But Not Deadbeat. Reconnecting Low-Income Fathers and Children*, National Conference of State Legislatures, Department of Health and Human Services, July 1999, p. ix.

<sup>26</sup> Dana Reichert, Executive Summary, p. x.

### ***Lessons for Australia***

The support of US authorities for the Welfare to Work Grant Program, Partners for Fragile Families and the Parents' Fair Share Program, is a recognition that child support issues cannot be viewed in isolation from the complexity of other life issues which beset parents when they separate. Child support compliance is just one more issue for parents to deal with at a time of considerable emotional and financial strain. In combination, the US programs aim to improve the financial circumstances of non-resident parents (mainly fathers) by finding them stable employment or moving them into better paying jobs, and once in employment, helping them to better provide financial support for their children. In essence, these programs are seeking out the root causes of child support non-compliance among young, unskilled fathers. Once the problems faced by these fathers have been addressed, the issue of child support compliance is revisited.

While the Australian Child Support Scheme has never held non-compliant fathers in the same light as the US system did until recent times, there are still some important lessons for Australia to learn from these fatherhood programs. By addressing the wider issues and problems faced by non-resident and resident parents in Australia, there is the possibility that compliance will be improved among Australian non-resident parents too. Indeed, the Australian CSA has demonstrated its interest in the US fatherhood programs in recent months by conducting a CSA seminar on these US initiatives. The seminar was led by a visiting senior US official who is involved in the delivery of those programs in the US.

### **Hong Kong Investigates Child Support**

During the 1998-99 year the Legislative Council Secretariat of Hong Kong made contact with the Australian and a number of other child support agencies. The Research and Library Services Division of the Secretariat was tasked with surveying "the operation and effectiveness of overseas intermediary bodies responsible for the collection and enforcement of maintenance payments." Six countries were initially selected for study, including Australia, New Zealand, Singapore, Taiwan, the United Kingdom and the United States, however it was discovered that neither Singapore nor Taiwan operated child support schemes.<sup>27</sup>

In its consideration of the cost-effectiveness of the child support agencies surveyed, the Hong Kong Research and Library Services Division concluded that:

According to the total collection to operating cost ratio, Australia's child support agency is the most cost-effective while that of the UK is least cost-effective. For Australia's child support agency, more than six dollars were collected for every one dollar spent to operate the system. However, it should be noted that in Australia, the amount of voluntary payment is high, at 54% of total collection. On the contrary, voluntary payment amounted to less than 1% of total collection in the US. If one just counts collection by the agency, the cost-effectiveness ratio of the child support agency in Australia comes down to US\$2.80 collected for each US\$1 spent.<sup>28</sup>

<sup>27</sup> Eva Liu and Sy Yue, *Child Support Agencies in Overseas Countries*, Research and Library Services Division, Legislative Council Secretariat, Hong Kong, 7 December 1998, p. 1.

<sup>28</sup> Eva Liu and Sy Yue, *Child Support Agencies in Overseas Countries*, p. 28.

While the report findings suggest that the Australian CSA is the most cost-effective, it highlights the problems in making close comparisons between the cost-effectiveness figures of the different child support organisations. This, of course, is true: this paper also warns against making close comparisons between the data supplied for each of the agencies surveyed. It is also true that the cost of collection would also be increased if all of the private collect cases were to be transferred to CSA collect arrangements. Indeed, as a rule of thumb, the CSA estimates that the cost of administering CSA collect cases is twice as expensive as private collect cases. However, the Australian CSA continues to include these cases in its performance results as they form a legitimate part of its business.

The Hong Kong paper asserts that if private collect cases were removed, the Australian CSA would collect just \$2.80 for each dollar spent.<sup>29</sup> This figure is incorrect. Approximately one-third of Agency running costs are attributable to maintaining private collect cases. This amount should be subtracted from the CSA's operating costs to arrive at a more accurate cost to collect a dollar figure for just CSA collect cases. If that is done, it is estimated that the dollars collected for each dollar spent increases to approximately \$3.20.<sup>30</sup>

Those issues aside, however, the paper made the following recommendation vis-à-vis the future of a child support scheme in Hong Kong:

The establishment of a maintenance collection agency is a matter which warrants careful consideration. The structure, size, functions and powers of such an agency also need to be carefully considered to avoid the problems encountered by overseas countries.<sup>31</sup>

This statement suggests that there may be a chance for further dialogue with Hong Kong as it further examines the issue of establishing its own child support scheme.

### **Policy Changes to New Zealand's Child Support System**

The New Zealand *Child Support Amendment Act 1999* made a number of changes to child support in that country. Full details of these changes may be found on the New Zealand Inland Revenue Department's *Tax Information Bulletin* for August 1999. A copy of the bulletin is located on the Department's website at <http://www.ird.govt.nz>

The following changes apply from 24 July 1999, being the date following the date of enactment:

- Overseas income for non-resident liable parents may be included in the assessment base. (It is already included for resident liable parents.)
- Prison inmates and hospital patients will be exempted from their child support liability if the period of their stay exceeds 13 weeks. The exemption is subject to an income test.

<sup>29</sup> This figure would be either US\$2.80 or A\$2.80 given that it is the same ratio of dollars collected to dollars spent on administering the Scheme.

<sup>30</sup> In 1996-97 Agency costs were A\$160.58. If this is reduced by a third it becomes A\$107.05 million. Add in FaCS and Attorney-General's Department costs and the total becomes A\$120.25 million. When this total is divided into A\$458.0 million it provides the result of A\$3.80 for every dollar spent. If the collections total and the costs are converted to US\$ the result, of course, is still US\$3.80.

<sup>31</sup> Eva Liu and Sy Yue, *Child Support Agencies in Overseas Countries*, p. 37.

- Liable parents who have estimated their income and failed to file their tax return for that year will be reassessed on the basis of their income for the year on which the assessment would have been based had they not estimated. Liable parents will have 28 days in which to file the outstanding return, otherwise the assessment becomes final. No estimation will be accepted for any other year while the return remains outstanding.

From the 2000-01 child support year, liable parents who estimate their income will not, on “square-up”, be required to pay more than they would have had they not estimated.

From the 2001-02 child support year, assessments for salary and wage earners will be based on the previous year’s income rather than from two years earlier.

### **The United Kingdom Implements its Child Support White Paper**

After a comprehensive process of consultation, in July 1999 the UK Government released its white paper *A New Contract for Welfare: Children’s Rights and Parents’ Responsibilities*. 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:<sup>32</sup>

#### *1. Abolishing the current system for calculating child support*

The current system of assessing child support requires up to one hundred pieces of information and the method of calculating support is so complex that clients have no way of approximating their own liability/entitlement to check the CSA’s assessment.

Under the new system a paying parent will pay a flat percentage of after tax income. This will be 15 per cent if there is 1 child; 20 per cent if there are two children to support; and a maximum of 25 per cent if there are 3 or more children to support.

#### *2. Introducing additional penalties for non-compliance*

Under the new scheme it will be a criminal offence to fail to provide information to the UK CSA, or to misrepresent information to the Agency. The CSA will have access to tax records to ensure it has access to more accurate income information, especially for self-employed paying parents.

The White Paper also looks at other methods of ensuring compliance, including the suspension of driving licences.

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<sup>32</sup> Statement by Alistair Darling, UK Secretary of State for Social Security, obtained from: <http://www.dss.gov.uk/hq/press/1999/july99/childsup.htm>.

### *3. Reorganising the CSA and the way it does business*

By simplifying the assessment formula, the CSA will spend less time undertaking the initial assessment and allocate additional resources to ensure that more maintenance gets paid to more children.

The UK CSA will work more closely with the Benefits Agency and Inland Revenue to ensure better service delivery to clients. Also the CSA will make greater use of the telephone and face-to-face meetings in its dealings with clients. This will expedite client service.

### *4. Helping fight child poverty*

Child support reforms will be linked to other welfare reforms to help children in the poorest families. Also, payee parents will be able to keep up to £10 p.w. of the maintenance paid by the non-resident parent where the payee assisted the CSA to locate the non-resident parent. Maintenance paid for children will be totally ignored when calculating a resident parent's Working Families Tax Credit (WFTC). In other words there will be no reduction to the WFTC.

Implementation of the reforms to UK child support will be staggered to avoid the problems which occurred when the current system was introduced too quickly. The reforms will apply to new cases from late 2001 and to existing cases at a later date.

## **What is Happening in Australian Child Support?**

### ***Implementation of a Minimum Child Support Liability***

In 1994, the Australian Parliament's Joint Select Committee on Certain Family Law Issues recommended that a minimum child support payment of \$260 per annum be introduced. The introduction of this minimum payment was considered to be consistent with the principles of the scheme, namely that parents share in the cost of supporting their children and that parents have a primary duty to maintain their children.

The Committee considered that there may be special circumstances where it would be inequitable to apply the minimum payment, but suggested these instances would be rare and should be dealt with by the Child Support Registrar. The Government responded by introducing a minimum payment of \$260 per annum to take effect from 1 July 1999. There are no exemptions to this minimum liability, except where a parent has no income at all. There are, however, amendments currently before the Parliament which would provide additional exemptions. At the end of May 2000 some 150,000 payers had been assessed as having a minimum child support liability.

The research to evaluate this measure is currently being finalised. It included telephone interviews with approximately 1,250 payers and 750 payees, focus groups with CSA staff, and semi-structured interviews with representatives from the community sector.

The project seeks to:

- Š identify specific payer groups (eg by source of income, ethnicity, current family composition, nature of employment, payment arrangement, geographical location, contact with children);
- Š identify specific payee groups (eg by source of income, ethnicity, current family composition, payment arrangement etc);
- Š assess its positive or negative impacts on different client groups;
- Š investigate the impact on CSA staff (eg workload, morale, support of the scheme);
- Š investigate its impact on the general community and community sector (eg demand for resources and emergency assistance, attitudes and support for the scheme);
- Š determine whether it has had any effect on care arrangements of children, proportion of private collect cases, non-agency payments, or employment seeking activities of clients;
- Š identify where it is working and where it is not; and
- Š identify any problems.

### ***The CSA and the Regional Service Centres Initiative***

In August 1999 the CSA announced its intention to locate staff in twenty regional centres around Australia where there was not already a CSA office. The intention of the Regional Service Centre (RSC) initiative is to provide ready access to CSA information and resources for regional and rural populations. The RSCs are located in Centrelink sites, with the exception of the Darwin centre which will remain in the ATO. The sites include: Ballina, Coffs Harbour, Campbelltown, Dubbo, Wagga Wagga, Gosford, Bendigo, Morwell, Frankston, Cairns, Mackay, Rockhampton, Bundaberg, Maroochydore, Toowoomba, Palm Beach, Port Augusta, Mt. Gambier, Alice Springs, Darwin, Bunbury and Launceston. In his media release announcing the initiative, the Minister for Community Services said that:

The Child Support Agency has been particularly keen to provide clients with increased face-to-face services to help parents establish ongoing support for their children ...

These new outlets build on the existing Child Support Agency network which, until now, have only provided services to parents living in regional Australia with face-to-face opportunities through regular visiting services.<sup>33</sup>

This initiative has its origins in both the JSC report and the ANAO audit report. Recommendations 18 and 19 of the JSC report suggested that the CSA should consider “making advisory staff available on a short-term, permanent or rostered basis in remote locations in community legal aid, the Department of Social Security or other offices.”<sup>34</sup>

This project signals a very different approach in CSA service delivery. The CSA has long recognised the telephone to be the preferred method of communication of the Agency’s one million clients but the RSC project is an acknowledgment that not all clients prefer to liaise with the CSA in this way. Clients in urban centres have the option of face-to-face contact with Agency staff if they wish, whereas until now

<sup>33</sup> Hon. Larry Anthony MP, Minister for Community Services, *Media Release*, “More child support services for Regional Australia”, 31 August 1999.

<sup>34</sup> Recommendations 18 and 19, *Child Support Scheme. An Examination of the Operation and Effectiveness of the Scheme*, pp. 15-16.

clients in regional and rural Australia have had to travel vast distances to obtain the same services. This project provides for a more equitable distribution of CSA resources throughout Australia, resulting in greater access for thousands of CSA clients.

### ***The Australia/New Zealand Agreement***

Prior to 1 July 2000, international child support arrangements were primarily designed to deal solely with court ordered maintenance requiring parents to proceed through the difficult and often costly process of court action.

The Australian and New Zealand Governments entered into an agreement to facilitate the collection of liabilities under administrative assessments of child support from 1 July 2000. This means that both the New Zealand Inland Revenue Child Support (NZ IRD) and the Child Support Agency (CSA) are now able to collect child support liabilities as assessed by the other authority.

The Agreement has put an end to conflicts over jurisdiction. It has provided for the location of parents and the recognition and enforcement of existing liabilities. The bilateral recognition of child support assessments provides parents with greater flexibility to have their changed financial circumstances recognised leading to a greater number of children, of these relationships, benefiting from the appropriate level of financial support

## 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."<sup>35</sup>

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 ATO, the Department of Social Security and the Attorney-General's Department.

In October 1998, however, it was announced the CSA would be removed from the Australian Taxation Office and become part of the new Commonwealth Department of Family and Community Services (FaCS), which also incorporated DSS. As a result of these changes the Scheme partners are now the Department of Family and Community Services, incorporating the CSA, and the Attorney-General's Department.

The Child Support Agency 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 19) around Australia. The CSA also has a presence in 20 Centrelink offices in regional Australia as a result of the Regional Service Centres initiative.<sup>36</sup>

<sup>35</sup> Cabinet Sub-Committee on Maintenance, *Child Support: discussion paper on child maintenance* (1986), p. 14.

<sup>36</sup> "More child support services for Regional Australia", Media Release, Hon. Larry Anthony, Minister for Community Services, 31 August 1999.

The CSA has access to taxation information to enable efficient assessment and collection of child support.

The Commonwealth Department of Family and Community Services (FaCS) has 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 Attorney-General's Department (AGD) has a general responsibility to advise the Government on matters relating to family law. The Department also provides:

- legal advice and representation for the Child Support Agency; and
- 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**

N <sup>o</sup> . 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:

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

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 1999-2000 was \$101,153.

During the course of 1999-2000 the Child Support uplift factor was progressively phased out as liabilities were reassessed using the last year of income rather than income based on the second last year.

A payer's exempt income is an allowance for living expenses and is deducted before the child support percentage is applied. It is 110 per cent of the single rate of social security pension. If the payer has care of other natural or adopted children, the exempt amount is increased to 220 per cent of the partnered pension rate plus an allowance for each child depending on their age (see Table 1.2).

**Table 1.2: Exempt Income Amounts 1999-2000**

	Exempt Income Amount 1999-2000
No natural or adopted children	\$10,219
Partnered rate \$7,542.50	\$17,051
Allowance for child under 13	\$1,958
Allowance for child 13-15	\$2,733
Allowance for child 16-17	\$3,875

Source: Relevant FaCS Pension Rates 1999-2000, *CCH Court Handbook*.

If a payee's child support income amount exceeds their disregarded income amount,<sup>37</sup> 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 AWE.

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.

<sup>37</sup> 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.

### ***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 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 mail through ATO Mailpay sites (automated processing sites for cheques);
- 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. Nearly 49 per cent of all CSA collect monies were collected in this way in 1999-2000; and
- tax refund intercepts (TRIPs). Just over 9 per cent of CSA collect monies were collected in this way in 1999-2000.

CSA collect payments accounted for 43.2 per cent of all child support transfers in 1999-2000.

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 56.8 per cent of all child support is paid via this method.

### ***Costs of Scheme***

In 1999-2000 the total cost of the Child Support Scheme was A\$209.0 million. This total includes the Child Support Agency budget of A\$198.2 million; A\$3.0 million spent by non-CSA FaCS in meeting its responsibilities under the Child Support Scheme, and; A\$7.8 million spent by the Attorney-General's Department to fulfil its responsibilities under the Scheme.

### ***Number of Staff***

As at 30 June 2000 there were a total of 2,680 full-time equivalent (FTE) staff working for the Child Support Agency.

### ***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 following legislation:<sup>38</sup>

- The *Divorce Act* – The Act sets out the manner in which child support should be assessed.
- The *Garnishment, Attachment and Pension Diversion Act 1983* (GAPDA) and the *Family Orders and Agreements Enforcement Assistance Act 1987* (FOAEAA) allows the Canadian government to gain access to funds that it pays to people with child support obligations.<sup>39</sup> FOAEAA also assists the provinces and territories in their enforcement efforts by providing for the tracing of federal databases to locate absent payers and to deny or suspend federal licences and passports for persistent defaulters.

### *Child Support Reforms*

In May 1997, amendments were made to the *Divorce Act*, the *Family Orders and Agreements Enforcement Assistance Act*, and the *Garnishment, Attachment and Pension Diversion Act*.

Amendments to the *Divorce Act* included the introduction of regulations called the Federal Child Support Guidelines. The Guidelines consist of a set of rules and tables for calculating the amount of support that a paying parent should contribute toward his or her children.

Amendments to the *Family Orders and Agreements Enforcement Assistance Act* added Revenue Canada databases to the tracing service and created a new section for denying or suspending federal licences and passports. The amendment to the *Garnishment, Attachment and Pension Diversion Act* removed the requirement to notify the payer his/her wages/pension were in the process of being garnished.

### *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 child support 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 were developed in partnership with the provinces and territories. As of April 2000, twelve out of thirteen

<sup>38</sup> 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.

<sup>39</sup> The provinces and territories have jurisdiction for the administration of justice, including the delivery of court-based and community services as well as the collection and enforcement of child support payments.

Canadian jurisdictions had adopted child support guidelines under their own family law legislation.

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

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.

As part of the Child Support Initiative (1996-2001), the federal government provides funding to the provinces and territories to implement child support reforms. In its 29 February 2000 federal budget, the Canadian Government allocated \$29 million over a two year period to extend the financial assistance its provides to the provinces and territories for child-centred, family law-related initiatives.

### ***Method of Assessment***

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

### ***Formula***

The Guidelines consist of a set of rules and tables for calculating the amount of support that a paying parent should contribute to his or her children. The Guidelines are based on a revised fixed percentage formula based on the paying parent's income. The Guidelines take into account three main factors, namely:

1. Level of income of the support payer;
  2. Number of children; and
  3. Province or territory of residence of the support payer.
- The Guidelines are mandatory – the court must apply the Guidelines when making a child support order. The courts must have regard to the Guidelines when reviewing out of court settlements.
  - In cases where there are special provisions set out in writing that directly or indirectly benefit the child, the court must consider them before setting the child support amount. To ignore them could mean that application of the guideline amount may be inappropriate or unfair.
  - The introduction of the Guidelines in 1997 did not automatically change existing child support arrangements but provided that variation of these orders or arrangements must be under the new Guidelines.

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 these 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 percent 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 a parent exercises a right of access to, or has 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 expenses, however, may arise 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.

### ***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:

- 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.

### ***Costs of Scheme***

The cost to administer the programs supporting the FOAEAA and GAPDA is approximately CDN\$1.4 million which includes salary, operational costs and computer systems support.

### ***Number of Staff***

There are approximately 14 staff members supporting the operations. Contract staff and summer students are hired on occasion. There is a further 6 to 8 employees responsible for system support.

### ***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.

## **Nova Scotia**

### ***Year Established***

The Maintenance Enforcement Program, which is administratively based, was introduced in January of 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 3 areas of the province. The remaining areas have a Family Court (Provincial). 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 credit bureaux;
- 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 through ordinary mail. Direct deposit and pre-authorized withdrawal are expected to be offered soon.

### ***Collections and Costs of the Scheme***

Year	Total A\$m Collected	Program Costs A\$m.	A\$ Collected for each \$ spent	Cost to Collect A\$1	Caseload	Staff Numbers FTEs	Cost A\$ per FTE	Arrears A\$m.
98-99	38.6	n/a	n/a	n/a	16,000	46	n/a	12.6

Source: Canadian CSA.

Notes: All \$ amounts in \$A, calculated at the exchange rate of 6 July 2000. Program Costs have not been included owing to a lack of comparability between the Canadian and other data provided in this publication.

### ***Number of Staff***

The program has 46 staff consisting of the following:

22 Enforcement Officers; 9 Enforcement Assistants; 3 Payment Clerks; 2 Enrolment Clerks; 1 Registration Officer; 1 Financial Co-ordinator; 3 Administrative Support Clerks; 4 Regional Co-ordinators and 1 Director. There are 8 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\$:

- \$75 for issuing a garnishment;
- \$25 for the issuance of an annual statement of account;
- \$35 for a non-sufficient fund cheque;
- \$50 for the issuance of a motor vehicle privilege revocation;
- \$50 for a payer examination;
- and \$45 to discharge a property lien.

Note: With the exception of the CDN\$75 garnishment fee, fees are collected only after all other amounts owing on the account have been collected.

## Prince Edward Island

### *Year Established*

The MEP was created under the *Maintenance Enforcement Act* in 1988. Prior to that enforcement was performed by the Registrar of the Family Division of the Supreme Court of Prince Edward Island, under the Department of Provincial Affairs and Attorney General. Maintenance Enforcement is governed by the *Maintenance Enforcement Act, R.S.P.E.I. 1988*. The latest amendments to the *Act* were in 1997.

### *Agencies Involved in Child Support – their functions*

- The operations of the Prince Edward Island Maintenance Enforcement Program involve intake/withdrawal procedures, tracing/investigation activities, monitoring of case and payment behaviour, payment processing and disbursement, and enforcement activities.
- The MEP has no formal relationship with other government agencies, per se. However, a Liaison Officer, an employee of the Department of Health and Social Services, is housed at the MEP in consideration of the significant number of Support Orders registered by that Department on behalf of social assistance recipients, and then demand for enforcement of those orders.
- The MEP operates out of a single location with offices housed within the Supreme Court of Prince Edward Island, in Charlottetown. The Director of Maintenance Enforcement attends relevant court hearings at courthouses in Charlottetown and Summerside. At present, the program operates with a total complement of four staff (not including the Liaison Officer from the Department of Health and Social Services).

### *Method of Assessment*

Prince Edward Island uses the modified version of the Federal Child Support Guidelines. The modification is in the table amounts where PEI increased the monthly amounts slightly for one and two children.

### *Methods of Collection/Enforcement*

The MEP sees enforcement as falling into two categories: “administrative enforcement” and “judicial enforcement”. Since the Director is empowered with a range of enforcement strategies, it is when all administrative enforcement strategies have failed that the DME relies on judicial enforcement.

### **Administrative Enforcement**

- The Director may issue a payment order to the payer’s employer, and may issue multiple payment orders as necessary (if this has not already been done);
- The Director may meet with a payer to work out a re-payment plan on arrears while placing an onus upon a payer to meet ordered obligations.
- An order may be registered against the land of a payer, and the Director may enforce a support obligation by sale of the property;

- The Director may issue writs to seize bank accounts, vehicles, Registered Retirement Savings Plans and other assets;
- The Director may apply under Part II of the federal Family Orders Agreements and Enforcement Assistance for the interception of federal monies owed to the support payer and under Part III to suspend, revoke or deny a federal licence or passport held by a support payer who is in persistent arrears and may also apply under the *Garnishment Attachment and Pension Diversion Act* to attach the wages and remuneration of Crown employees and contractors.

### **Court Enforcement**

Here it is useful to cite the specific provisions in PEI's *Maintenance Enforcement Act*. This legislation provides that:

"Where a maintenance order that is filed in the Director's office is in default, the Director may prepare a statement of the arrears and the Director may, by notice served on the payer together with the statement of arrears, require the payer to file in the Director's office a financial statement in the form prescribed by the rules of Court and to appear before the Court to explain the default.

The Court may, unless it is satisfied that there are no arrears or that the payer is unable for valid reasons to pay the arrears or to make subsequent payments under the order, order that the payer:

- a) Discharge the arrears by such periodic payments as the court considers just;
- b) Discharge the arrears in full by a specified date;
- c) Comply with the order to the extent of the payer's ability to pay, but an order under this clause does not affect the accruing of arrears;
- d) Provide security in such form as the court directs for the arrears and subsequent payment;
- e) Report periodically to the court, the Director or a person specified in the order;
- f) Provide to the court, the Director, or a person specified in the order particulars of any future change of address or employment as soon as they occur;
- g) Be imprisoned continuously or intermittently for not more than ninety days unless the arrears are sooner paid; or,
- h) Be imprisoned continuously or intermittently for not more than ninety days on default in any payment or requirement ordered.

When the Director issues notices of default an invitation is extended on the summons for the defaulter to meet with the Director to attempt to resolve the matter prior to the court hearing.

### ***Methods of Disbursement/Transfer of Child Support***

The MEP is primarily a "pay-to" system, but also allows payers to "pay-through" the program. The program accepts non-certified post-dated personal cheques, cash, bank drafts, money orders, and certified cheques. Most recently, the MEP has initiated an automatic deposit and withdrawal system.

***Collections and Costs of the Scheme***

Year	Total A\$m Collected	Program Costs A\$m.	A\$ Collected for each \$ spent	Cost to Collect A\$1	Caseload	Staff Numbers FTEs	Cost A\$ per FTE	Arrears A\$m.
98-99	\$4.54	n/a	n/a	n/a	2,500	4	n/a	\$6.36

Source: Canadian CSA.

Notes: All \$ amounts in \$A, calculated at the exchange rate of 6 July 2000. Program Costs have not been included owing to a lack of comparability between the Canadian and other data provided in this publication.

***Number of Staff***

At present, the program operates with a total complement of four staff (not including the Liaison Officer from the Department of Health and Social Services).

- 1 full-time Director of Maintenance Enforcement;
- 1 full-time Senior Enforcement Officer;
- 1 full-time Enforcement Officer; and,
- 1 full-time Bookkeeper who also performs a variety of clerical duties and assists enforcement activities.

Legal representation is provided to the program by in-house counsel through the Department of Provincial Affairs.

## 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, the Ministère du Revenu collects support from the person who must pay and transfers payment to the person who is entitled to it. However, to facilitate the payment of support, the Act provides for an exemption from the system, that is, support payments may be made without the intervention of the Ministère. In these cases, support payers must provide an advance payment to the Ministère of at least one month.

Moreover, at no time can the Ministère du Revenu 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 Ministère du Revenu to modify the amount of support owed. In such circumstances, a new judgement must be obtained.

### *Method of Assessment*

Quebec uses the 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 shares 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. This amount may be modified if access time for the non-custodial parent is greater than 20 per cent. These guidelines are mandatory and include provisions for additional expenses and undue hardship.

### *Methods of Collection/Payment*

For the fiscal year 1998-99, the support payments were collected by deduction at source in 53.6 per cent of cases and by payment order in 43.7 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 law courts (Ministère de la Justice) so that the Ministère du Revenu may then take over the case.
2. Judgement or order filed and documented by the Ministère du Revenu.

3. Preparation of the case by the Ministère du Revenu.
4. Assignment of the file to an enforcement officer who will contact both parties.
5. Establishment of a collection agreement by the Ministère du Revenu.
  - 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 Ministère du Revenu.
7. Issuing of support-payment cheques to the recipient of support by the Ministère du Revenu. Payment to creditors of support by cheque or direct deposit to their bank account is carried out on the 1<sup>st</sup> and 16<sup>th</sup> of each month.

If the support payer does not make the support payments, the Ministère du Revenu 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 Ministère urging the debtor to pay his debt within 10 days after receiving the notice. Before undertaking any collection procedures, the Ministère may enter into a written agreement with the support payer, establishing the terms and conditions of repaying the debt.

Furthermore, the Ministère 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 the Ministère du Revenu is the *Centre de perception fiscale*.

### ***Number of Staff***

A total of 680 full time employees are working for the collection of support payments and are located in Québec City and Montréal.

### ***Collections and Costs of the Scheme***

Year	Total A\$m Collected	Program Costs A\$m.	A\$ Collected for each \$ spent	Cost to Collect A\$1	Caseload	Staff Numbers FTEs	Cost A\$ per FTE	Arrears A\$m.
98-99	\$236.28	n/a	n/a	n/a	76,129	680	n/a	\$255.71

Source: Canadian CSA.

Notes: All \$ amounts in \$A, calculated at the exchange rate of 6 July 2000. Program Costs have not been included owing to a lack of comparability between the Canadian and other data provided in this publication.

### ***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\$70, if a person owes money to the Ministère under the Act and has not paid the amount owed within ten days of receipt of a payment order;
- CDN\$90, 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 Ministère 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.

## Ontario

### *Year Established*

“Support and Custody Orders Enforcement” Branch was established in 1987. It was replaced by the “Family Support Plan” in 1992, which was replaced by the “Family Responsibility Office” in 1997.

### *Agencies Involved in Child Support – their Functions*

Ontario Ministry of the Attorney General – Ministry responsible for enforcement of support orders registered with the Family Responsibility Office.

Ontario Ministry of Community and Social Services provides social assistance benefits to clients including persons who are not receiving child/spousal support. The Ministry, and its municipal delivery agents, provides the financial assistance to replace unpaid support and will recover the unpaid support from the defaulting payer via court proceedings and Family Responsibility Office’s enforcement efforts. The Ministry and its delivery agents also assist in obtaining court orders for support of social assistance recipients.

### *Method of Assessment*

Ontario 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 or undue hardship.

### *Methods of Collection/Payment*

For cases registered with the program, payments are made directly to the Family Responsibility Office. The program encourages electronic methods of payment whenever possible. From the payer, payments can be made via tele-banking or pre-approved payments, or by annual cheque. Deductions from the payer’s income source can be made via the Internet or other electronic file transfers. Other sources of collection include diversion of income tax refunds and employment insurance payments; payer’s inheritance and lottery winnings over CDN\$1000; garnishment of 50 per cent of a payer’s joint bank account balance; and enforcement against assets through writs of seizure and sale.

### *Methods of Disbursement/Transfer of Child Support*

Payment is made electronically through Family Responsibility Office via direct deposit into the support recipient’s bank account in 95 per cent of cases. In other cases, the program sends a cheque for the amount of support collected.

### ***Collections and Costs of the Scheme***

Year	Total A\$m Collected	Program Costs A\$m.	A\$ Collected for each \$ spent	Cost to Collect A\$1	Caseload	Staff Numbers FTEs	Cost A\$ per FTE	Arrears A\$m.
98-99	\$569.92	n/a	n/a	n/a	171,323	370	n/a	\$1,383.39

Source: Canadian CSA.

Notes: All \$ amounts in \$A, calculated at the exchange rate of 6 July 2000. Program Costs have not been included owing to a lack of comparability between the Canadian and other data provided in this publication.

### ***Number of Staff***

In addition to the 370 (full-time equivalent) permanent staff there are approximately 30 unclassified staff (temporary contracts).

### ***Fees Charged for Service***

There are no fees in place at this time. However, court costs can be assessed in favour of the Director where the program is a litigant in a court proceeding. The program levies a CDN\$35 charge for NSF cheques (i.e. cheques returned due to insufficient funds.)

The program has five new fees, which were implemented in April 2000. The fees are CDN\$:

- \$25 for each written case account summary
- \$35 for each post-dated cheque
- \$150 for Confirmation of Identity Letters for real estate transactions
- \$100 for adjustments made as a result of direct payment from payer to recipient
- \$400 for when aggressive enforcement measures is initiated in cases of persistent default.

### ***Functions Undertaken by State and Private Organizations***

For all cases registered, the program undertakes all enforcement measures required to collect support payments and redirect them to support recipients. Private support obligations entered into by the parties can be enforced privately. However, all court ordered support obligations must be enforced by the program, unless both parties opt out. In the past two years a pilot project was initiated involving three private collection agencies to assist with “trace and locate” activities on the hardest to collect cases. A second phase of this pilot is now underway using the private collection agencies to carry out more trace and locate activities on a larger selection of cases. All decisions and work with respect to enforcement action remains with the program.

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, and private sector lawyers are retained on a case-by-case basis to act for the program in jurisdictions across the province.

## 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*

The Family Justice Programs Division, also 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 B.C. 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 provides remedies to separating and divorcing families as well as individuals regarding money and creditor issues.
- 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 primarily a "pay through" system. In most cases the maintenance cheque is made payable to the recipient and mailed to FMEP, which records the payment and sends the cheque on to the recipient.

### ***Collections and Costs of the Scheme***

Year	Total A\$m Collected	Program Costs A\$m.	A\$ Collected for each \$ spent	Cost to Collect A\$1	Caseload	Staff Numbers FTEs	Cost A\$ per FTE	Arrears A\$m.
98-99	\$118.37	n/a	n/a	n/a	35,497	218	n/a	\$39.65

Source: Canadian CSA.

Notes: All \$ amounts in \$A, calculated at the exchange rate of 6 July 2000. Program Costs have not been included owing to a lack of comparability between the Canadian and other data provided in this publication.

### ***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 and is no less than CDN\$25 and no more than CDN\$400 and 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.

## 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 NZ 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 in 1995-96 was NZ\$520. A total of 62 per cent of liable parents were assessed at this minimum level in 1995-96.
- 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 19<sup>th</sup> birthday.
- If the sole parent is in receipt of welfare, the government retains all child support payments made by the non-resident parent. Any amounts paid that are over the assessment amount are sent to the custodial 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.

Child support is calculated using the following three components:

- Step 1: establish the taxable income of the liable person from two years ago and increase by an inflation factor if there has been a significant variation in inflation. The liable parent may provide an estimate of current income if their current year income is 85 per cent or less than the income amount of two years ago.

- Step 2: deduct a living allowance (which is based on the Social Welfare Invalid Benefit rates) from the amount in Step 1.
- Step 3: multiply the resulting figure by one of the following percentage rates based on the number of children.
  - 1 child                      18 per cent
  - 2 children                  24 per cent
  - 3 children                  27 per cent
  - 4 children                  30 per cent

### ***Methods of Collection/Payment***

The CSA enforces all child support orders where the payee receives sole parent social security benefits, or where it has been asked to collect child support for a voluntary agreement. Where the custodial parent is already in receipt of a social security payment the CSA assumes responsibility for recovery of the child support payment from the non-custodial parent.

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***

Any child support amounts disbursed to payees in receipt of Social Security benefits are made to the payee's bank account on the 7th of the month following the payment made by the payer.

If the payee is not a Social Security beneficiary, he or she will receive the first payment about 10 weeks after applying for child support. 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.

### ***Collections and Costs of the Scheme***

Year	Total A\$m Collected	Program Costs A\$m.	A\$ Collected for each \$ spent	Cost to Collect A\$1	Caseload	Staff Numbers FTEs	Cost A\$ per FTE	Arrears A\$m.
98-99	160.2	36.4	4.40	22.7 cents	132,500	475	76,571	259.1

Source: NZ CSA.

Notes: All \$ amounts in \$A, calculated at the exchange rate of 6 July 2000. Program costs include: personnel and operating costs, as well as all overheads.

### ***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 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.

### *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. At present the CSA only handles cases where either parent is on DSS benefits.
- CSA is located within the Department of Social Security (DSS) and is funded from DSS.
- 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*

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.

Child maintenance calculation is complex and is intended to take into account almost every set of financial circumstances.

Child maintenance calculation is formula-based:

- Step 1: work out the **basic maintenance requirements** for the children - depends on number of children and their ages.
- Step 2: both parents work out their **net income**. Net income includes any earnings after tax and national insurance have been paid, and half of any superannuation or pension contributions.
- Step 3: Calculate both parents' basic weekly expenditure (ie. **exempt income**) using the schedule of allowances that are reviewed regularly. Subtract that from

the net income total calculated in Step 2. This amount is called assessable income and child maintenance is paid out of it.

- Step 4: work out how much **child maintenance** is paid out of the remaining income. An absent parent is expected to pay 50 pence per pound of their assessable income (calculated at Step 3) until the basic maintenance requirements of the children (calculated at Step 1) are met.

If the absent parent has assessable income left over after the basic maintenance has been met, they are asked to contribute at the rate of 15p/£1 for one child, 20p/£1 if there are two children and 25p/£1 if there are three or more children.

Other characteristics of UK child support scheme include:

- no absent parent will be required to pay more than 30 per cent of their net income under the current child support formula, or 33 per cent if they have an arrears amount owing.
- minimum amount was £4.80 per week as at February 1997.<sup>40</sup>
- children from other marriages/relationships are not included in the assessment.
- child maintenance is reviewed every 2 years. Maintenance ceases when the child reaches the age of 18 years or their "A" levels if they are still in full-time education.

### ***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.

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<sup>40</sup> A Guide to Child Support Maintenance, Child Support Agency, United Kingdom, February 1997, p. 14.

***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
1998-99	1,686.7	589.3	2.86	35.0 cents	923,960	9,299	n/a

Source: UK CSA, July 2000.

All currency amounts in the table have been converted to Australian dollars using the exchange rate for 6 July 2000. The UK CSA results are not very impressive when compared to the Australian figures but this is the consequence of at least two factors.

- The UK child support assessment formula is extraordinarily complex, making compliance difficult, and diverting staff from the task of enforcement;
- The UK child support scheme is newer than the Australian scheme.

As noted earlier in the paper, the UK is currently addressing many of the formula and administrative shortcomings of that Scheme. Changes announced in the Child Support White Paper in July 1999 should significantly improve the performance of the UK CSA.

***Fees Charged for Service Functions Undertaken by State and Private Organisations***

No fees for CSA services are being charged for the period between 18 April 1995 and 6 April 1997. Fees owed for the period before 18 April 1995 must still be paid. 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 parents is not in receipt of benefits.

## United States

### *Year Established*

US child support activity is governed by the *Social Security Act (1975)*. Arising from the Act are the following programs:

- The Child Support Enforcement (CSE) Program, established in 1975 through the *Social Security Act*;
- The Aid to Families with Dependant Children (AFDC) Program was first established in the 1930s but established in its current format in 1988 by the *Family Support Act (1988)*. AFDC was replaced 1 July 1997 with the Temporary Assistance to Needy Families (TANF); and

### *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 four main services:
  1. locating absent parents;
  2. establishing paternity;
  3. establishing child support obligations;
  4. enforcing child support orders.
- 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 Virginia and Arizona).

### *Methods of Assessment*

US Federal rules establish mandatory eligibility requirements which all states must use in determining a family's eligibility for assistance.

- A family must have a dependant child under age 18,
- The child must be deprived of parental support or care on account of death, incapacity, unemployment or continued absence,
- The child must be a US citizen, or lawfully admitted for permanent residence.

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 (ie. a formula) for assessing child support liabilities. The legislation did not insist that a particular formula be used and as a result there are a number of methods in use among the states. They are:

The **Williams/Colorado Income Shares** method 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 **Garfinkel/Wisconsin Percentage of Income Standard** uses a fixed percentage of non-custodial parents gross income. The percentages are: 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/Delaware Child Support Formula**, 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 and 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 (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 hunting and other licences revoked.

### ***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***

Year	Total A\$m Collected.	Program Costs A\$m.	A\$ Collected for each \$ spent	Cost to Collect A\$1	Caseload.	Staff FTEs	Cost A\$ per FTE	Arrears A\$m.
97-98	\$24,342.9	\$6,082.4	\$4.00	25 cents	19,419,449	56,212	\$108,205	n/a

Source: Data is obtained from *Child Support Enforcement: Twentieth-Third Annual Report to Congress*.

- 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. In some states the private arrangements have been determined to be more cost-effective than public collection measures and in other instances the reverse has been true.

## Arizona

### *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 Williams/Colorado Income Shares Formula. 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 and 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);
- 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;
- Revocation of hunting and other licences.

**Methods of Disbursement/Transfer of Child Support**

Information not yet available.

**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
97-98	\$244.91	\$91.94	2.66	37.6 cents	328,944	967	n/a

Note: Data is obtained from *Child Support Enforcement: Twentieth-Third Annual Report to Congress*.

**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.

## California

### *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 California's Family Support Division (FSD).

### *Agencies Involved in Child Support - their Functions*

- The FSD is located in the District Attorney's office and administers the CSE Program. CSE helps parents to provide financial support and health insurance for their children. FSD branches are located in every county of California.
- FSD uses the courts to establish court-based orders for payment of child support.
- Private law firms are also used to provide legal support for child support applicants.

### *Method of Assessment*

US Federal rules establish mandatory eligibility requirements which all states must use in determining a family's eligibility for assistance.

California's assessment method is based broadly on the Williams/Colorado Income Shares Method:

- Child support orders may be established at the request of either parent;
- If no support order exists at the time that the applying parent makes the request for child support, the FSD will apply to the court for a support order.
- Level of liability is determined based on both parents' income, the amount of time that each parent spends with the child and the financial needs of the child.
- FSD and the court will follow the child support guidelines established by state law in Family Code Section 4055 - provides a standard formula for calculating child support, although the court may change the amount under specific circumstances.
- FSD may also request the court to order non-custodial parents to provide health insurance for their children.
- Review of assessment is not automatic.

### *Methods of Collection/Payment*

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

1. Wage withholding where money is held out of the pay cheque by the employer;
2. Voluntary payments to payee, the court or the collection agency;
3. State Income Tax Refund Intercept which based on the same principle as the Australian CSA's Tax Refund Intercept Procedure (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 (new state legislation);
9. Interception of some forms of disability payments;
10. A judge may order the payment of child support amounts, and if the order is ignored the payer may be held in contempt of court and sent to prison.
11. Reporting to credit bureaus to prevent the liable parent borrowing money.

### ***Methods of Disbursement/Transfer of Child Support***

The FSD collects and disburses child support funds. Collected funds are transmitted electronically to payee-nominated accounts in California. Most funds paid intrastate must be paid within 15 calendar days of collection. Funds collected on behalf of other states/agencies must also be transmitted within 15 calendar days of collection.

### ***Collections and Costs of the Scheme***

Year	Total A\$m Collected	Program Costs A\$m.	A\$ Collected for each A\$ spent.	Cost of Collecting \$A1	Caseload	Staff Numbers FTEs.	Arrears A\$
97-98	\$2,328.38	\$874.43	\$2.66	37.6 cents	2,092,732	8,122	n/a

Source: *Twenty-Third Annual Report to Congress.*

### ***Number of Staff***

Numbers of staff are expressed as full-time equivalents (FTEs). Totals include state and county staff. State staff include personnel in the State Office of Child Support and the Statewide Automated Child Support Branch but do not include administrative staff such as staff involved in data processing, statistical and legal services. It is not clear who employs these people, nor is it certain how much the FTE number would be increased by the inclusion of these people.

### ***Fees Charged for Service***

There is no application fee or charge for child support services in California.

Clients in receipt of TANF funds must assign collected child support to the State. Failure to assign the money will result in the loss of welfare payments under the TANF Program.

### ***Functions Undertaken by State and Private Organisations***

The FSD Provides the following services:

- establishing paternity;
- locating a parent to establish paternity and/or child support and enforcing payment of support;
- establishing, modifying and enforcing a court order to pay child support;
- collecting and distributing child and spousal payments;
- establishing and enforcing medical support (including dental and vision care) and family support orders.

The FSD does not provide assessment for welfare, nor does it legally represent either parent or the children.

Private attorneys and legal clinics can also prepare a child support application but these are more expensive options.

## 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,
- 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 Williams/Colorado Income Shares method. 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 Unit within Shawmut Bank. The Bank 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.

Disbursement of funds occurs in a number of ways, depending upon the status of the payee. Firstly, if the payee has never received TANF, the child support payment is mailed to the parent within 2 or 3 days of the money being received by the BCSE. Secondly, if the payee is an TANF recipient, child support amounts are distributed differently and usually affect the amount of the TANF payment. Where a payee is a TANF recipient, disbursement usually occurs in the second month after the funds were received by the BCSE. Thirdly, if the payee used to receive TANF the payee will receive all child support payments up to the amount of the current support order. Any extra money collected is used to reduce the amount of TANF and child support arrears owed. If that extra amount collected in a month is not sufficient to cover the arrears owed to both the family and the state then the extra amount collected is divided equally between the family and the state.<sup>41</sup>

### ***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
97-98	\$261.92	\$81.19	\$3.23	31 cents	253,977	570	n/a

Source: *Twenty-Third Annual Report to Congress.*

### ***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.

<sup>41</sup> *Child Support: A Guide to Services in Connecticut*, Connecticut Department of Social Services, January 1995, pp. 7-8.

## 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).
- Delaware is a leader in the implementation of child support arrangements in the US. When the *Family Support Act (1988)* was introduced nationally Delaware already had several child support provisions in place.
- 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/Delaware 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 Delaware Child Support Order Modification Project was introduced in 1990 to design cost-effective means of reviewing and modifying child support orders. This was intended to replace the cumbersome and infrequent modification procedures for order modification which existed previously.

### *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.
  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
1997-98	\$71.27	\$27.98	\$2.55	39.2 cents	60,634	184	n/a

Note: All data is obtained from the US publication *Child Support Enforcement Twenty-Third Annual Report to Congress*.

### ***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 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 Assistance (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. By March 1996 Illinois was using ten collection agencies to gather child support arrears amounts. Private agencies are paid 12 cents on every dollar collected.
- 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 a variant of the Williams/Colorado Income Shares method. The applicant determines both the number of people in the family unit, and the family's gross monthly income. Income excludes child support payments, earned income of a child and income received from government benefits such as Social Security and Veterans benefits.

### *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;
12. new hire reporting - for new job starts;

**Methods of Disbursement/Transfer of Child Support**

Information not yet available.

**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
1997-98	\$509.40	\$203.43	\$2.50	40 cents	746,331	1,665	n/a

Note: All data is obtained from the US publication *Child Support Enforcement Twenty-Third Annual Report to Congress*.

**Proportion of Annual Liabilities Collected**

Information not yet available.

**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.

Before June 1984 all child support operations were centralised in one office in Frankfort. By June 1984 ten regional offices were established. In June 1989 a further ten regional offices were opened.

### *Agencies Involved in Child Support - their Function*

Division of Child Support Enforcement (DCSE), located in Cabinet for Families and Children (CFC), has responsibility for the administration of child support enforcement in Kentucky.

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

### *Methods of Assessment*

Kentucky uses the Melson/Delaware Child Support Formula.

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 Division of Child Support Enforcement (DCSE) is based on financial need and/or deprivation of parental support ie. desertion or divorce.

### *Methods of Collection/Payment*

Child support can be collected for payees who are either TANF and 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 for a TANF family must occur within 15 calendar days of the end of the month in which DCSE received the child support payment. Non-TANF families must receive payment within 15 calendar days of the first receipt of the funds by the DCSE.

### ***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
1997-98	\$314.81	\$80.79	\$3.90	25.6 cents	314,518	891	n/a

Note: All data is obtained from the US publication *Child Support Enforcement Twenty-Third Annual Report to Congress*.

### ***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 (ie. from private industry) or child support office staff consider applications for TANF or Medical Assistance (MA) only, and if the application meets the criteria, the application is passed on to the DCSE 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 is located within the Office of Family Support which is itself placed within the Department of Social Services.
- The SES has twelve regional offices and another forty 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***

No information available.

### ***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 Louisiana Automated Support Enforcement System (LASES). Each of the regional offices and the two full-time District Attorneys' offices post the child support payments to LASES five days a

week. Cheques are then cut and mailed to the custodial parents by the LASES system Monday through Friday.

### ***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
1997-98	\$289.37	\$71.82	\$4.03	24.8 cents	332,741	895	n/a

Note: All data is obtained from the US publication *Child Support Enforcement Twenty-Third Annual Report to Congress*.

### ***Fees Charged for Service***

In non-TANF cases the custodial parent is charged a US\$25.00 application fee. Fees charged to the state by the IRS and Louisiana Department of Revenue are usually deducted from the payment sent to the custodial parent.

## 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.
- Currently the CSEA represents the custodial parent but under new legislation the CSEA may be the complainant in a child support proceeding. This will overcome perceived conflicts of interest that CSEA attorneys sometimes have, especially with the non-custodial parent. Both parents will need to obtain private legal representation - for which it would appear they will have to pay.
- Privatisation pilot was to commence in two child support offices by 1 November 1996. At this stage there are no details as to how that pilot is proceeding.

### *Method of Assessment*

Williams/Colorado Income Shares Formula.

### *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 (CSES).
- In 1996 the Centralised Bank Processing System processed 1.4 million cheques.
- Cheques are printed by the Comptroller of the Treasury's Office from the mainframe and requires 2 to 2.5 hours per day for the entire state.
- Central Disbursement Unit monitors: issued cheques; "Automated Clearing House transfers"; reconciliations; and the coordination of all interface activities between the CSEA, Maryland State Treasurer's Office, Comptroller of the Treasury, First Union Bank and local child support offices.

### ***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
1997-98	\$605.86	\$140.65	\$4.31	23.2 cents	320,357	919	n/a

Note: All data is obtained from the US publication *Child Support Enforcement Twenty-Third Annual Report to Congress*.

### ***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 (transferred from Department of Public Welfare in early 1990s).
- 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*

US Federal rules establish mandatory eligibility requirements which all states must use in determining a family's eligibility for assistance. A family must have a dependant child under age 18, who is deprived of parental support or care on account of death, incapacity, unemployment or continued absence. The child must also be a citizen of the US, or lawfully admitted for permanent residence.

The Massachusetts assessment model is not known at this stage.

Health care coverage under "Medicaid" 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;
- criminal prosecution for wilful non-support;

With the exception of the "10 Most Wanted list", "Credit Reporting", "Luxury Car Seizure" and "License Revocation", all of the above options are entirely automated.

### ***Methods of Disbursement /Transfer of Child Support***

After the CSED receives a payment amount it may take at least another 7 days for a cheque to be drawn in favour of the payee and mailed out to them. No further details are currently available.

### ***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
1997-98	\$466.00	\$101.71	\$4.58	21.8 cents	239,446	828	n/a

Note: All data is obtained from the US publication *Child Support Enforcement Twenty-Third Annual Report to Congress*.

### ***Fees Charged for Service***

Information not yet available.

## 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 state supervised and county administered.
- The Office of Child Support and Paternity Programs has a cooperative agreement with the Administrative Office of the Courts for collection and enforcement of child support orders.
- 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*

Not known at this stage.

### *Methods of Collection/Payment*

The Office of Child Support and Paternity Programs and the Administrative Office of the Courts both collect child support amounts.

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*

Information not yet available.

***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
1997-98	\$987.28	\$212.57	\$4.64	21.6 cents	482,752	2,162	n/a

Note: All data is obtained from the US publication *Child Support Enforcement Twenty-Third Annual Report to Congress*.

***Fees Charged for Service***

Information not yet available.

## 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.

Virginia is one of fifteen US states to have full-service privatisation of selected local child support enforcement services. 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 a variation of the Williams Colorado Income Shares Model.
- 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;
- contempt citation where a payer has failed to pay a court ordered liability.

### *Methods of Disbursement /Transfer of Child Support*

No information available.

### *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
1997-98	\$469.76	\$103.64	\$4.53	22.1 cents	414,861	835	n/a

Note: All data is obtained from the US publication *Child Support Enforcement Twenty-Third Annual Report to Congress*.

## 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 Williams/Colorado Income Shares method.

### *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.

### *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
1997-98	\$804.94	\$215.18	\$3.74	26.7 cents	404,163	1,791	n/a

Note: All data is obtained from the US publication *Child Support Enforcement Twenty-Third Annual Report to Congress*.

### *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 Garfinkel/Wisconsin Percentage of Income Standard method.

## *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 (based on the same principle as the Australian CSA's TRIPs process);
- 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
1997-98	\$847.09	\$154.27	\$5.49	18.2 cents	475,363	1,023	n/a

Note: All data is obtained from the US publication *Child Support Enforcement Twenty-Third Annual Report to Congress*.

## *Fees Charged for Service*

Information not yet available.

## Appendix 1: Child Support Comparison Matrix

Characteristics <i>Scheme Philosophy</i>	Australia	Canada	New Zealand	United Kingdom (new) <i>Children's Rights and Parents' Responsibilities</i> – the title of the white paper stresses the new contract.	United States
	<ul style="list-style-type: none"> <li>parents share in the cost of supporting their children according to their capacity;</li> <li>adequate support is available to all children not living with both parents;</li> <li>Commonwealth involvement and expenditure is limited to the minimum necessary for ensuring children's needs are met;</li> <li>work incentives for both parents to participate in the labour force are not impaired; and</li> </ul> <p>the overall arrangements are non-intrusive to personal privacy and are simple, flexible and efficient.</p>	<ul style="list-style-type: none"> <li>Establish a fair standard of support for children ensuring that after separation they continue to benefit from the means of both parents;</li> <li>Reduce conflict and tension between parents by making the calculation of child support more objective;</li> <li>Improve the efficiency of the legal process by giving courts and parents guidance in settling the levels of child support amounts and encouraging settlement; and</li> <li>Ensure consistent treatment of parents and children who are in similar circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>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;</li> <li>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</li> <li>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.</li> </ul>	<p><i>Children's Rights and Parents' Responsibilities</i> – the title of the white paper stresses the new contract.</p> <p>Three principles:</p> <ul style="list-style-type: none"> <li>putting children first;</li> <li>making sure the new system is fair and simple;</li> <li>rebuilding confidence in the child support system.</li> </ul> <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"> <li>Parents support their children according to their capacity to pay.</li> <li>Children receive the support due to them.</li> <li>Minimal government support for sole parent families – the emphasis is on parents meeting their responsibilities but support is available for needy families under TANF and other assistance.</li> </ul>
	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.	Formula-based administrative assessment using a number of different formulae, or through the courts.
	Encourage Private Collect arrangements wherever there are good payment habits. Minimise government Agency intrusion. 45% of parents collect privately.	Parents may opt out of the provincial territorial maintenance enforcement programs if they both consent.	No Private Collect arrangements exist with the NZ CSA.	Encourage private payment arrangements wherever there are good payment habits. Minimise government Agency intrusion.	The US states do not have private collection arrangements like those in place in Australia and the UK.
	"Transfer" scheme where all money collected goes to the payee and the children.	"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.	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).	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.	Where a resident parent is in receipt of Temporary Assistance for Needy Families (TANF), child support amounts collected are repaid to the government. Amounts over and above TANF payments are passed through to the resident parent.

Characteristics	Australia	Canada	New Zealand	United Kingdom (new)	United States
<p><b>Formula</b></p> <p><b>Characteristics</b></p>	<p><b>Child Support Percentages</b></p> <p>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"> <li>• 18% for 1 child;</li> <li>• 27% for 2 children;</li> <li>• 32% for 3 children;</li> <li>• 34% for 4 children; and</li> <li>• 36% for 5 or more children.</li> </ul>	<p><b>Child Support Percentages</b></p> <p>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><b>Child Support Percentages</b></p> <p>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"> <li>• 18% for 1 child;</li> <li>• 24% for 2 children;</li> <li>• 27% for 3 children; and</li> <li>• 30% for 4 or more children.</li> </ul>	<p><b>Child Support Percentages</b></p> <p>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"> <li>• 15% for 1 child;</li> <li>• 20% for 2 children; and</li> <li>• 25% for 3 or more children.</li> </ul>	<p><b>Child Support Percentages</b></p> <p>Of the three formulae in use in the US, only the Garfinkel/Wisconsin formula uses percentages:</p> <ul style="list-style-type: none"> <li>17% - one child;</li> <li>25% - two children;</li> <li>29% - three children</li> <li>31% - four children; and</li> <li>35% - five or more children.</li> </ul>
	<p><b>Non Resident's Income</b></p> <p>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"> <li>• for no relevant dependants - \$10,219;</li> <li>• with relevant dependants - \$19,009.</li> </ul> <p>(Increases when children reach set ages).</p>	<p><b>Non Resident's Income</b></p> <p>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><b>Non Resident's Income</b></p> <p>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"> <li>• single, no children - \$11,372;</li> <li>• married, no children - \$15,538;</li> <li>• one dependent child - \$22,115;</li> <li>• two dependent children - \$24,527;</li> <li>• three dependent children - \$26,938;</li> <li>• four dependent children - \$29,350.</li> </ul>	<p><b>Non Resident's Income</b></p> <p>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><b>Non-Resident's Income</b></p> <p>The Non-Resident Parent's income is treated differently, according to the formula used by the state.</p> <p>Under <b>Williams/Colorado</b> formula income of NRP and RP is combined. There is no set living amount for NRP - it is taken into account in the percentage tables.</p> <p>Under <b>Garfinkel/Wisconsin</b> model the living amount is set for the NRP and the child support percentages are applied to income above the living amount.</p> <p>Under <b>Melson/Delaware</b> model a prescribed support payment is subtracted from each parent's income (ie. NRP and RP).</p>
<p><b>Resident Parent's Income</b></p> <p>Disregarded amount not considered but income exceeding this is considered in the liability. In 1999-2000 the disregarded income amounts was \$31,351.</p>	<p><b>Resident Parent's Income</b></p> <p>Not usually considered in determining the liability.</p>	<p><b>Resident Parent's Income</b></p> <p>Resident Parent's income is not considered.</p>	<p><b>Resident Parent's Income</b></p> <p>Resident Parent's income is not considered.</p>	<p><b>Resident Parent's Income</b></p> <p>Resident Parent's income is ignored.</p>	<p><b>Resident Parent's Income</b></p> <p>Under <b>Williams/Colorado</b> formula income of both parents combined.</p> <p>Under <b>Garfinkel/Wisconsin</b> model RP income is ignored.</p> <p>Under <b>Melson/Delaware</b> model income of both parents considered.</p>

Characteristics	Australia	Canada	New Zealand	United Kingdom (new)	United States
	<p><b>Definition of Income</b> Liability calculated on taxable (gross) income which is defined as earnings before tax with some specific deductions.</p> <ul style="list-style-type: none"> <li>• Overtime earnings are included in taxable income.</li> <li>• Child support capped at 2.5 times AWE - \$101,153.</li> <li>• 25% of liability may be paid as non-agency payments (NAPs).</li> </ul>	<p><b>Definition of Income</b> Liability calculated on taxable (gross) income which is defined as earnings from all sources before tax with some specific deductions.</p>	<p><b>Definition of Income</b> 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 [ie. 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><b>Definition of Income</b> 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><b>Definition of Income</b> Under Williams/Colorado model gross income is used.</p> <p>Under Garfinkel/Wisconsin model net income is used.</p> <p>Under Melson/Delaware model net income is used.</p>
	<p><b>Changes to Assessment</b> 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"> <li>• contact with children where the cost of contact exceeds 5% of the child support liability; and</li> <li>• supporting another person where there is a legal duty eg. supporting a severely disabled child in the second family.</li> </ul>	<p><b>Changes to Assessment</b> May occur as a result of one or more of ten grounds for departure from assessment.</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• supporting another person where there is a legal duty eg. supporting a severely disabled child in 2nd family.</li> </ul>	<p><b>Changes to Assessment</b> May occur as a result of one or more of ten grounds for departure from assessment.</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• supporting another person where there is a legal duty eg. supporting a severely disabled child in 2nd family.</li> </ul>	<p><b>Deductions</b> Include exceptional expenses for:</p> <ul style="list-style-type: none"> <li>• keeping in contact with the children;</li> <li>• supporting a severely disabled child in the second family;</li> <li>• paying-off debts incurred for the child's benefits when the parents were living together; or</li> <li>• paying to maintain the child while the child is away at school (does not include tuition fees).</li> </ul>	<p><b>Deductions</b> No information yet available.</p>
	<p><b>Penalties</b> Set to ATO penalty rates (18%-24% on the amount due and payable).</p> <ul style="list-style-type: none"> <li>• Penalty of a fine or prison for false and misleading information. CSA has wide discretion to remit penalties.</li> </ul>	<p><b>Penalties</b> No information yet available.</p>	<p><b>Penalties</b> Late payment penalties are set at 10% of the payment where that payment has not been received by the 20<sup>th</sup> of the following month. A further 2% incremental penalty on the balance outstanding every month. Very limited discretion to remit penalties.</p>	<p><b>Penalties</b> 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><b>Penalties</b> No information yet available.</p>

Characteristics	Australia	Canada	New Zealand	United Kingdom (new)	United States
	<p><b>Care Arrangements &amp; Liabilities</b> 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><b>Care Arrangements &amp; Liabilities</b> 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><b>Care Arrangements &amp; Liabilities</b> 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><b>Care Arrangements &amp; Liabilities</b> 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 1/7<sup>th</sup> 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 per week with the NRP, the NRP's liability will be nil.</p>	<p><b>Care Arrangements &amp; Liabilities</b> No information yet available.</p>
<p><b>Administrative Characteristics</b></p>	<p><b>Second Families</b> 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><b>Second Families</b> Allowance is made for second families under Step 8 "Undue Hardship" of the Canadian formula.</p>	<p><b>Second Families</b> 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><b>Second Families</b> 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><b>Second Families</b> No information yet available.</p>
	<p><b>Location</b> CSA located in Department of Family and Community Services and has a close working relationship with both Centrelink and ATO. Computer system is part of ATO system. Linked to government's family policy.</p>	<p><b>Location</b> 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><b>Location</b> 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><b>Location</b> 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><b>Location</b> At the federal level child support 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><b>Assessment</b></p> <p>Approximately every twelve 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"> <li>• CSA staff;</li> <li>• courts in some circumstances.</li> </ul>	<p><b>Assessment</b></p> <p>No Information yet available.</p>	<p><b>Assessment</b></p> <p>Automatic annual reassessment of child support. The support order lasts until the child's 19<sup>th</sup> 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"> <li>• CSA staff (administrative review);</li> <li>• courts in some circumstances (departure order).</li> </ul>	<p><b>Assessment</b></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"> <li>• case workers in simple cases; and</li> <li>• tribunal in more complex circumstances.</li> </ul>	<p><b>Assessment</b></p> <p>Varies from state to state and is not just dependent on the formula used.</p>
	<p><b>Average Liability (1997-98)</b></p> <p>Stage 1 (court order) = A\$53.62 Stage 2 (assessment) = A\$93.03</p>	<p><b>Average Liability</b></p> <p>No information yet available.</p>	<p><b>Average Liability (1997-98)</b></p> <p>NZ\$34 pw. NZ CSA pointed out this was lower than the Australian figures because it includes many minimum liabilities (ie. NZ\$520).</p>	<p><b>Average Liability</b></p> <p>Average liability under new scheme estimated to be £30.50 (c. A\$76.00)</p>	<p><b>Average Liability</b></p> <p>No information yet available.</p>
	<p>CSA clients must take action to obtain child support if they are on income support benefits through Centrelink (ie. 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 (ie. 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>Parents in receipt of TANF (social security assistance) must take action to obtain maintenance from the NRP.</p>

Characteristics	Australia	Canada	New Zealand	United Kingdom (new)	United States
	<p><b>Payment Arrangements</b> 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><b>Payment Arrangements</b> 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><b>Payment Arrangements</b> 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><b>Payment Arrangements</b> Parents are free to arrange means of payment between themselves if they are not on income support.</p>	<p><b>Payment Arrangements</b> 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.</p>
	<p><b>Compliance Rate</b> 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><b>Compliance Rate</b> 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><b>Compliance Rate</b> The compliance rate was reported as 83% in 1998.</p>	<p><b>Compliance Rate</b> No information yet available.</p>	<p><b>Compliance rate</b> No information yet available.</p>
	<p><b>Payments are collected by:</b></p> <ul style="list-style-type: none"> <li>• Employer Withholding;</li> <li>• Tax Refund Intercepts Program;</li> <li>• Garnishment of funds from bank accounts and other amounts paid to the payer.</li> <li>• Deductions from social security payments.</li> </ul>	<p><b>Payments are collected by:</b></p> <ul style="list-style-type: none"> <li>• The provincial and territorial maintenance enforcement programs.</li> </ul> <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"> <li>• Interception of federal payments to a parent;</li> <li>• Garnishment of salaries of Crown employees and contractors;</li> <li>• Diversion of pension benefits of public servant's pension or former public servant's pension.</li> </ul>	<p><b>Payments are collected by:</b></p> <ul style="list-style-type: none"> <li>• Automatic Wage Withholding;</li> <li>• Income Tax Refund Interception;</li> <li>• Garnishment of other funds (esp. in bank accounts, trusts and superannuation payouts or debts owing from third parties to the payer.</li> <li>• Deductions from social security payments.</li> </ul>	<p><b>Payments are collected by:</b></p> <ul style="list-style-type: none"> <li>• EW;</li> <li>• direct debit;</li> <li>• deductions from benefits; or</li> <li>• standing order.</li> </ul>	<p><b>Payments are collected by:</b></p> <ul style="list-style-type: none"> <li>• wage withholding;</li> <li>• unemployment intercept;</li> <li>• direct debit from bank (some states);</li> <li>• interception of lottery winnings;</li> <li>• forced sale of property.</li> </ul>
	<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 5 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.</p>

Characteristics	Australia	Canada	New Zealand	United Kingdom (new)	United States
	<p><b>Court orders</b></p> <p>Only apply to cases where a child was born before 1 October 1989 and the parents separated before that date, or where child support is being sought for a child who has turned 18 years. The CSA can register and collect court cases.</p>	<p><b>Court Orders</b></p> <p>Under the Guidelines parents must apply to the courts where:</p> <ul style="list-style-type: none"> <li>• the parents have divorced and a child support order is a part of the divorce; and</li> <li>• where parents wish to change a child support order under the <i>Divorce Act</i>.</li> </ul>	<p><b>Court orders</b></p> <p>Apart from formula assessment, liabilities may also be made by voluntary agreement between the 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><b>Court orders</b></p> <p>Will be possible for parents to have their child support arrangements written down and converted to a court order. Also parents with court orders will be able to apply for CSA collection of liability.</p>	<p><b>Court orders</b></p> <p>Parents may have their child support assessment undertaken by the courts and that liability can then be collected by the relevant child support jurisdiction upon application for that to happen.</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 \$1173 (\$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 \$3519 (\$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><b>1</b> 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><b>2</b> 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><b>3</b> Assumes gross income is taxable income and that no allowable tax rebates or deductions claimed.</p>			
							Private income	\$46,666	\$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 Benefit1</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 Benefit1	\$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 Benefit1	\$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	<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	\$23,461	Payer per year	\$58,652
							Private income		Family Tax Benefit1	\$4,552
									Rent Assistance2	\$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 Benefit1	\$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 Benefit1	\$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	\$7,503	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																										
<b>Canada</b>	\$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...																								
<b>UK Present scheme</b>	\$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.																								
<b>UK CSR</b>	\$3,949	N/A	N/A	\$3,949	N/A																									
<b>USA Wisconsin % of Gross Income</b>	\$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.																								
<b>USA Massachusetts Income Shares Formula</b>	\$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.																								
<b>Australia</b>	\$3,603	N/A	N/A	\$3,603		<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																												
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Available income	\$20,508	\$21,062																												

**Other Issues**

<b>OTHER ISSUES</b>	
<b>Canada</b>	<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	<b>0.8803</b>	0.8610
New Zealand	<b>1.2801</b>	1.2586
United Kingdom	<b>0.3919</b>	0.3848
United States	<b>0.5894</b>	0.5838

Source: *Australian Financial Review*, 7 July 2000.