Child Support Legislation Amendment Act 1998 (Application and Transitional) Regulations 1999 1999 No. 57

EXPLANATORY STATEMENT

Statutory Rules 1999 No. 57

Issued by the Authority of the Minister for Family and Community Services

Child Support Legislation Amendment Act 1998

Child Support Legislation Amendment Act 1998 (Application and Transitional) Regulations 1999

Subsection 4(2) of the Child *Support Legislation Amendment Act 1998* (the Act) provides that the amendments made by Schedules 6 (Starting date of liability) and 19 (Liable parent applications) do not apply to applications for administrative assessment made before the prescribed day.

Section 5 of the Act provides that the Governor-General may make Regulations for the purposes of the Act. Subsection 5(2) of the Act provides that these Regulations may provide for any transitional matters arising out of the amendment of the *Child Support (Assessment) Act 1989.*

The Act provides for the administrative assessment of child support by the Child Support Registrar for eligible children. The amendments made by- the Act to the Child Support (Assessment) Act 1989 mean that child support assessments will, from 1 July 1999, be based on the most recent taxable income available to the Registrar. Under the new system, assessments for the child support period commencing on 1 July 1999 would be based on the parents' taxable income for the year ended 30 June 1999. However, the new provisions mean that any assessments issued prior to 1 July 1999 which cover a period on or after that date should be based on income that the parents have not yet earned.

The purpose of the Regulations is to modify the application of the amending Act so that parts of the new assessment system do not apply to assessments for the period commencing on 1 July 1999. They will allow the Registrar to issue assessments for that period based on the parents' taxable income for the year ended 30 June 1998 uplifted to take account of inflation. The Registrar will then issue a new assessment once the taxable income for the year ended 30 June 1999 is available. Once that second assessment issues, the parents will be covered by the new system. This difficulty relates only to the transitional phase in introducing these amendments.

Regulation 1 -Name of regulations

This simply provides for the name of the new regulations

Regulation 2 - Commencement

The regulations commence on the date of gazettal.

Regulation 3 - Definition

This provides a definition of "Act" as used in the regulations.

Regulation 4 - Application - certain amendments (Act, s4(2))

The regulation states that the prescribed day for the purposes of subsection 4(2) is 1 July 1999.

Regulation 5 - Transitional - certain amendments (Act, s5(2)

1

Subregulation 5(1) provides that the amendments made by items 4 and 34 of the Act do not apply to child support assessments for a period commencing on or before 1 July 1999.

Item 4 amends the definition of "last relevant year of income" so that it means the last year of income that ended before the start of the period. The effect of the regulation is that, for assessments for periods commencing on or before 1 July 1999, the last relevant year of income is the year ended 30 June 1998.

Item 34 repeals section 55 of the *Child Support (Assessment) Act 1989* which applies an inflation factor to the child support income amount. This is repealed because, under the amendments, the Registrar will always use the most recent taxable income available. The effect of the regulation is that the inflation factor will be applied to the taxable income for the year ended 30 June 1998 to provide the income base for assessments for periods commencing on or before 1 July 1999.

Subregulation 5(2) modifies the operation of section 55 of the Child Support (Assessment) Act 1989 in relation to assessments for periods commencing on or before 1 July 1999. It provides that, in making a child support assessment for that period, a person's taxable income is to be multiplied by 1.04 (the inflation factor relevant to that year).