

CHAPTER 1

Introduction

1.1 The provisions of the Family Assistance Legislation Amendment (Child Care Measures) Bill 2014 (the bill) were referred to the Senate Education and Employment Legislation Committee pursuant to a resolution of the Senate on 15 May 2014.¹

Conduct of the inquiry

1.2 Details of the inquiry were made available on the committee's website. The committee also contacted a number of organisations inviting submissions to the inquiry. Submissions were received from 15 organisations, as detailed in Appendix 1.

Purpose and key provisions of the bill

1.3 The bill seeks to amend the *A New Tax System (Family Assistance) Act 1999* (Cth) (the New Tax Act) to:

- maintain the Child Care Rebate (CCR) limit at \$7500 for three income years starting from 1 July 2014; and
- maintain the Child Care Benefit (CCB) income thresholds at the amounts applicable as at 30 June 2014 for three income years starting on 1 July 2014 and ending on 30 June 2017.²

1.4 The CCB standard hourly rate, the minimum hourly amount and the multiple child loadings related to the CCB will continue to be indexed by the Consumer Price Index (CPI) on 1 July each year. These amounts are not affected by either of these measures.³

Background and context

1.5 Maintaining the Child Care Rebate (CCR) limit at \$7500 per child per financial year was originally a 2013-14 Budget savings measure expected to deliver net savings of \$105.8 million over three years. The required legislative amendments

1 *Journals of the Senate*, 15 May 2014, p. 821. The Senate resolution pertained to all time critical bills introduced between 15 May and 5 June 2014. The bill was introduced into the House of Representatives on 5 June 2014, *Votes and Proceedings*, No. 45, 5 June 2014, p. 541, and as such captured by the Senate resolution.

2 Family Assistance Legislation Amendment (Child Care Measures) Bill 2014, Explanatory Memorandum, p. 2.

3 Family Assistance Legislation Amendment (Child Care Measures) Bill 2014, Explanatory Memorandum, p. 2.

were proposed in the Social Services and Other Legislation Amendment Bill 2013, but the CCR measure was removed from that bill prior to its passage and consequently not introduced during the 43rd Parliament.⁴

1.6 Maintaining the Child Care Benefit (CCB) income thresholds is a 2014-15 Budget savings measure and is one element of the government's broader measures designed to maintain eligibility thresholds for government payments for three years. It is expected to deliver net savings of \$230.4 million over four years.⁵

1.7 On 5 June 2014, the Assistant Minister for Education, the Honourable Sussan Ley MP, introduced the bill into the House of Representatives, and emphasised:

Overall, this government is increasing childcare assistance to \$28.5 billion over the next four years to assist around a million families each year through the childcare benefit and childcare rebate.⁶

Acknowledgements

1.8 The committee thanks those organisations and individuals who made submissions to the inquiry.

4 Family Assistance Legislation Amendment (Child Care Measures) Bill 2014, Explanatory Memorandum, p. 2.

5 Family Assistance Legislation Amendment (Child Care Measures) Bill 2014, Explanatory Memorandum, p. 2.

6 House of Representatives Hansard, 5 June 2014, p. 3.