

**Senate Committee: Education and Employment Legislation**  
**Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Bill 2015**

**Public Hearings**  
**FRIDAY, 4 MARCH 2016**

**QUESTION ON NOTICE: No 15**

Senator Lines, Sue asked in writing

***Remodelling +/- 5%***

**Question**

The NATSEM report released 4th of March that showed 1 in 3 families being worse off under this legislation has one key assumption that differs from the Government's modelling - It assumes that the 'same' category is +/- 2.5%. The Government ran on +/- 5%. For a single mum working four days a week on full CCB, -5% is around \$3.70 a week, which becomes pretty significant on an income of \$800 a week.

Can the Department provide a remodelling of their figures, assuming a +/- 2.5% figure instead of the +/- 5%.

**Answer**

The report released on 4 March 2016 commissioned by Early Childhood Australia (ECA) was undertaken by the ANU Centre for Social Research and Methods (ANU).

There are a number of significant differences between the ANU report and the Department of Education and Training's modelling which will have more of an impact than changing the tolerance.

To better reflect the actual impact of the changes in subsidy, the Department applied a 5 per cent tolerance to the analysis of the impact on families to ensure that any observed differences between the current system and the new Package were meaningful. For example, some families were in the order of 10 cents better off per week – without the 5 per cent tolerance they would be considered to be better off. To be considered impacted a family had to have a difference greater than plus or minus 5 percent of their current subsidy.

Modelling is not a perfect predictor and it is normal practice to use assumptions where required. Different models apply different tolerances depending on what is actually being modelled.

The use of a 5 percent tolerance in this instance for the specific purpose of treating minor variances is not inconsistent with other modelling treatments. The Department of Education and Training has confirmed that other Commonwealth Departments use similar approaches in their modelling.