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11<sup>th</sup> June 2014

Committee Secretary  
Senate Education and Employment Committees  
PO Box 6100  
Parliament House  
Canberra ACT 2600

**Re: Submission to the Inquiry into the Family Assistance Legislation Amendment  
(Child Care Measures) Bill 2014**

Dear Committee Secretary,

The Child Care Rebate indexation has been frozen at \$7,500 cap since 2011. It has been now proposed that it continue to be frozen until 30<sup>th</sup> June 2017. In addition, the Government proposes to maintain the Child Care Benefit income thresholds at the amount applicable as at 30 June 2014, for three income years to 30 June 2017.

According to the Senate Estimates in parliament last week which delegates of our committee attended, there has been an average increase of 7% in childcare fees annually since 2007. This means that each year more families will reach the threshold, leaving them with unexpected increased fees for a portion of the year. Many families are unprepared for this sudden jump in fees as the complexity of the childcare system confuses many families.

This measure will impact middle to high income families where parents are in full-time work and therefore have higher child care costs over the year. Families with above average child care fees and high child care usage will also be impacted. This fee stress is already felt by thousands of parents who are already hitting the cap and then being forced to pay increased fees or reduce their working hours. Impact is also felt on educators who may lose income due to decrease in benefits payable.

Child Care costs impact hugely on women in their ability to work. In a survey completed by Mission Australia this year, if subsidies were reduced, 37 per cent of the parents surveyed would reduce their working hours, and 23 per cent would stop working altogether.



NICA believes that with the cost of childcare increasing at 7% annually, continuing to freeze the Child Care Rebate is the equivalent of reducing support to these families and discourages women from participating fully in the workforce.

We are pleased to see that the Government has confirmed that 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.

Yours sincerely,

Sophie McGinley  
Vice President  
National In Home Childcare Association (NICA)