

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO
2015-16 Budget Estimates Hearings

Outcome Number: 2.4 Support for Child Care System Question No: SQ15-000451

Topic: Modelling

Hansard page: Written

Senator Lines, Sue asked:

1 - What models have been used to project the costing of the Families Package for the Budget? Have one or more of the following models been used?

d. POEM

e. The Productivity Commission's Micro-simulation model

f. Legislative Outyears Customisable Model of Child Care

g. Treasury's STINMOD

2 - Can the Department provide all the assumptions and parameters used in modelling the cost of the Child Care Subsidy?

3 - Can the Department confirm that the costed model for the Child Care Subsidy only includes first round effects and advise if any modelling of second round effects has been undertaken?

4 - If modelling of second round effects has been undertaken – What second round effects were modelled, and what were the outcomes of that modelling? Can the Department provide it?

Answer:

1. The Department used the Legislative Outyears Customisable Model of Child Care (LOCMOCC).
2. The Department used the following in modelling the cost of the child care subsidy:
 - Fee growth, as agreed with the Department of Finance
 - Child growth, as agreed with the Department of Finance
 - Growth in the number of hours of care used, as agreed with the Department of Finance
 - Change in the Consumer Price Index (CPI) and the Wage Price Index (WPI), as provided by the Treasury.
 - Data from the Household Income and Labour Dynamics in Australia (HILDA) survey,
 - Data sourced from the Australian Bureau of Statistics Survey of Income and Housing.

In undertaking the modelling it is assumed that the characteristics of families using child care in 2017-18 are the same as those that used care in 2013-14.

3. The Department's modelling only includes first round effects.
4. There has been no modelling of second round effects.