

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: SQ15-000502**

Topic: Activity Test

Hansard page: Written

Senator Hanson-Young, Sarah asked:

How do the reforms support child care centres operating in areas with high unemployment? For example in the Cairns-Atherton region the Indigenous unemployment rate sits at about 29% (ABS, 2011). For services in this region, and in other regions with low employment levels, this will mean that many children whose families don't meet the activity test will be limited to only 12 hours per week of participation in an early education and care program. We have evidence from BBF services that this would mean that the majority of their children, who now attend 4-5 days per week, would only be able to attend for 12 hours per week (this is not even 2 full days). This has two significant impacts:

- For the service: the drop in utilisation rates will mean drop in the service budget and inability to meet service expenses.
- For children and families: the children who most need early childhood programs will miss out. The evidence is clear that children from disadvantaged families gain significant advantages from accessing early childhood programs. This is why the Government has such strong national policy on access to quality early childhood service supports?

How do the reforms support child care centres operating in areas with high unemployment? And how is this policy beneficial to the children who most need early education support? Has there been any assessment of the impact of this policy on children from disadvantaged communities?

Answer:

The Child Care Assistance Package is providing an additional \$3.5 billion over the forward estimates. Services operating in areas of high unemployment will be supported through the Child Care Subsidy and the Child Care Safety Net, the latter being targeted to the most vulnerable families and services needing viability support by providing an additional \$327 million over the forward estimates.

Under the Child Care Safety Net, families on incomes less than around \$65,000 in 2017-18 who do not meet the activity test will have 85 per cent of the actual fee covered up to the fee cap for up to 24 hours of subsidised child care per fortnight.

Over the next two years, services currently funded through the Budget Based Funded (BBF) Programme will be supported to transition to new funding arrangements that best support the needs of the communities in which they operate. It is anticipated that those BBF services delivering child care will move to child based funding and many will also be eligible for grants through the Child Care Safety Net.