

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: SQ15-000461

Topic: Activity Test

Hansard page: Written

Senator Lines, Sue asked:

With reference to the proposed three-step child care activity test:

Taking into account the first round impacts of changes to the child care system:

1 - How many families and children, who currently receive assistance, will not have access to child care assistance at all, as a result of the new activity test? Can the Department break the overall figures of how many families and children down by income (in \$10,000 bands), state and electorate? How many families and children will be impacted:

- i. Earning between \$65,000 and \$100,000
- ii. \$65,000 and \$180,000
- iii. Families earning below \$65,000

2 - How many families and children, who currently receive assistance, will have their access to child care assistance reduced, as a result of the new activity test? Can the Department break the overall figures of how many families and children down by income (in \$10,000 bands), state and electorate? How many families and children will be impacted:

- i. Earning between \$65,000 and \$100,000
- ii. \$65,000 and \$180,000
- iii. Families earning below \$65,000

3 - How many single income families earning over \$65,000 per year will no longer be eligible for the Child Care Subsidy as a result of changes to the activity test? How many children will be impacted in this group? Please provide breakdowns of the impacted children and families by income group (in \$10,000 bands or other available breakdown), state and electorate.

4 - How many families and children currently undertaking less than eight hours activity per fortnight will become ineligible for support under the new activity test? Please provide breakdowns of the impacted children and families by income group (in \$10,000 bands or other available breakdown), state and electorate.

5 - How many families - where parents are currently working between 15 and 48 hours per fortnight will have their access to child care reduced, compared to the current system? How many children will be impacted? Please provide breakdowns of the impacted children and families by income group (in \$10,000 bands or other available breakdown), state and electorate.

6 - How many children and families fall into each of the two steps of the current activity test? Please provide breakdowns of the impacted children and families by income group (in \$10,000 bands or other available breakdown), state and electorate.

7 - How many children and families will fall into each of the three steps in the proposed activity test? Please provide breakdowns of the impacted children and families by income group (in \$10,000 bands or other available breakdown), state and electorate.

8 - How many families will withdraw their children from subsidised care as a result of these changes? How many children will be impacted? Please provide breakdowns of the impacted

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children and families by income group (in \$10,000 bands or other available breakdown), state and electorate.

g. Will the increased activity test lead to the withdrawal of any parents from the workforce? How many? Please provide breakdowns of the impact by income group (in \$10,000 bands or other available breakdown), state and electorate. If no assessment of this impact has been done - why not?

Answer:

1-7. The Department has not modelled the impact of individual elements of the proposed new child care system.

8. The Department has not modelled this behavioural response for families.

9. It is estimated that only a small percentage of families will be adversely impacted by the new Child Care Subsidy. On average, families with annual incomes of between \$65,000 and \$170,000 will be around \$30 a week better off. Those on higher incomes will, on average, continue to receive the same level of support.

The Child Care Subsidy is designed to provide assistance with the cost of child care for parents engaged in work, training or study or other recognised activity. Families who undertake at least four hours of activity per week will be eligible for up to 18 hours of subsidised child care per week. This will assist those returning to work in a graduated manner. Parents who do more than eight hours of activity per week will be eligible for up to 36 hours of subsidised child care per week; and once parents do more than 24 hours per week they will be eligible for up to 50 hours of subsidised care per week.

Some families who do not meet the activity test for the Child Care Subsidy will be assisted through the Child Care Safety Net.