

**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: SQ15-000466**

**Topic: Calculation of benchmark price**

**Hansard page: Written**

**Senator Lines, Sue asked:**

With reference to the proposed benchmark prices for Long Day Care, Family Day Care and Outside School Hours Care:

1 - How has each of the benchmark prices been determined? Is there a formula for each one? Can you provide them?

2 - What is the rationale for the different approaches taken for Long Day Care, Family Day Care and Outside School Hours Care?

3 - What year's fees did the Department use as the base year for the costed model for the Child Care Subsidy? Was it 2012-13?

4 - In the costed model, what is the assumed child care fee price growth in each year between the base year and 2017-18 when the new subsidy will start? What will the mean price of child care be in each of these years?

5 - What are the proposed benchmark prices in 2014-15 dollars? And in 2013-14 dollars?

6 - Has the removal of the Community Support Programme funding changes for Family Day Care Services which come into effect in July 2015 been factored in to the benchmark? What impact did these changes have on the benchmark price in dollar terms?

**Answer:**

1 – The fee caps were determined as follows:

- The fees for long day care, family day care and out of school hours care in the Department's model were increased from 2013-14 values to 2017-18 using the Department of Finance's agreed growth parameters.
- The top five per cent of fees were removed from each service type.
- The average fee was then calculated for each service type.
- This was then increased by 17.5 per cent for both long day care and outside school hours care, and 5.75 per cent for family day care.

2 – Under the Child Care Subsidy, families will receive a percentage of their actual fee, up to a maximum hourly fee cap for each service type – centre-based long day care, family day care and outside school hours care. There is a different maximum hourly fee cap for each service type because the current average hourly child care fee varies for each service type.

3 – The model uses data from 2013-14, which is then adjusted according to the Department of Finance's agreed parameters to provide an estimate for 2017-18.

4 – Refer to QoN SQ15-000789.

5 – Refer to QoN SQ15-000790.

6 – The changes to the Community Support Programme were not factored into the hourly fee cap as Community Support Programme funding is an operational subsidy paid to services, not a fee subsidy for families.