

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: SQ15-000524

Topic: Benchmark price - family day care overheads

Hansard page: Written

Senator Lines, Sue asked:

In relation to the benchmark price:

1 - Under the proposed Child Care Subsidy what will the 17/18 benchmark price be for long day care, outside school hours care and family day care be in 14/15 and 15/16 terms?

2 - At what percentile of the spread of fees charged does each benchmark sit? Is this with or without manipulation of outliers?

3 - How many families will have to pay a top up amount above the benchmark by service type?

4 - The reason given for the low percentage (5.75% compared to 17.5% for other service types) add-on increment for Family Day Care is 'lower overheads'. How have these 'lower overheads' been determined?

5 - When projecting the mean in the calculation of the family day care benchmark was the following taken into account:

- a. the overheads of co-ordination units; the effect of approximately 80% of services losing CSP funding, which will result in significant fee increases in 2015/2016 for many services;
- b. the provision by family day care of shorter sessions of care than long day care and outside of normal hours care; and
- c. the price effects of regulation?

Answer:

1. The Department has not estimated the fee cap for 2014-15 or 2015-16 as the Child Care Subsidy does not commence until 1 July 2017.
2. With the reforms commencing on 1 July 2017, the Department estimates that the hourly fee caps will be in the range of the 70th to the 87th percentiles. This is after the removal of the highest 5% of fees and taking into account disproportionate expenditure due to fee growth for children attending Family Day Care.
3. It is estimated that in 2017 a small percentage families will be paying fees above the fee cap unless they seek alternative care or the provider amends prices.
4. Family day care services do not have the same overheads as centre based services, and an allowance was made for this in setting the fee caps.
5. All current policy settings were included in the Department's modelling.