

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

2017 - 2018

**Division/Agency:** Social Policy Division

**Question No:** 284

**Topic:** Workforce Participation – Child Care

**Reference:** Written

**Senator:** Ketter, Chris

**Question:**

1. Which area of the APS is responsible for modelling the workforce participation impacts of government policy?
2. Does Treasury have the capacity to analyse the workforce participation impact of changes to government spending on child care?
3. What method does Treasury use to conduct this analysis?
4. Has Treasury conducted analysis of the workforce participation impact of the government's child care package at any point during the policy development process or since the announcement of the jobs for families package?
  - a) If yes – what was the impact?
  - b) If no – why was it considered unnecessary to analyse the workforce participation impact of a measure described in Budget Paper 2 as 'Families Package – child care – Workforce Participation Stream'?
5. A media release from the former Minister for Social Services, Scott Morrison, from 10 May 2015 stated:

*Quantitative Research undertaken for the Department of Social Services to investigate potential impacts on workforce participation found that 24% of families with children under twelve, both in work and out of work, indicated they would be encouraged to work more as a result of these measures.*

*Based on 2011 Census data, this would translate to around 240,000 families being encouraged to increase their involvement in paid employment. The total number of families encouraged to work would also include almost 38,000 jobless families, where no-one is in work.*

  - a) Was this “workforce participation impact” figure endorsed by the Treasury?
  - b) Would a figure produced in this way be endorsed by the Treasury as a statement of the workforce participation impact of a policy?
  - c) Given that the Productivity Commission's proposed model – which was similar to the Government's model but had a stricter activity test – had an estimated workforce participation impact of only 16,400 additional FTE, is the Government's 240,000 figure a plausible estimate of the increase in workforce participation as a result of the child care package?
6. Has Treasury produced updated analysis of the workforce participation impact of the amended child care model as passed by the Senate? Will Treasury produce this analysis?
7. Will the outcome of this analysis be released to the public?

**Answer:**

1. Portfolio Ministers are responsible for providing information on the potential impacts of policy proposals they bring forward for consideration.
- 2.-3. Treasury has the capacity to assess the workforce participation implications of a range of policies, including child care. The method of analysis would depend on the specific details of the policy proposal.
4. No, the Department of Education and Training has responsibility for child care policy.
- 5.a-b) Treasury does not have responsibility for approving estimates of workforce participation.
5. c) Questions regarding child care policy, including workforce participation, should be directed to the responsible department, which is the Department of Education and Training.
- 6.-7. Treasury has not estimated the workforce participation impact of Jobs for Families Child Care Package.