

Senate Committee: Education and Employment

**QUESTION ON NOTICE
Additional Estimates 2015 - 2016**

Outcome: Early Childhood and Child Care

Department of Education and Training Question No. SQ16-000164

Senator Lines, Sue provided in writing

Activity test - low income families

Question

In relation to the families earning \$65,710 and under who will be eligible for 12 hours subsidised care per week under the new activity test:

- a. What will happen if a family earns some extra income towards the end of the year that pushes them over the \$65,710 threshold? Will they have to pay back the entire amount of subsidised child care for the year?
- b. Will the \$65,710 assistance cliff act as a deterrent to parents re-entering the workforce? Has any modelling been done to assess the impact of this on parents workforce attachment?

Answer

Under the *Jobs for Families* Child Care Package, the Child Care Safety Net will support families earning \$65,710 or less in 2017-18 who do not meet the Child Care Subsidy activity test, by providing 24 hours per fortnight of subsidised child care. These families will receive a subsidy equal to 85 per cent of the actual fee charged (up to 85 per cent of the hourly fee cap).

- a. To ensure they are not unfairly penalised if they earn more than the lower income threshold (\$65,710 in 2017-18), these families will not retrospectively lose entitlement to the 24 hours of subsidised child care per fortnight for the period when the estimate had been in effect. However, at reconciliation, their rate of Child Care Subsidy will be adjusted in accordance with their actual income for the financial year, as is the current practice.
- b. The \$65,710 income threshold is not intended to deter parents re-entering the workforce. Families need only undertake eight hours of recognised activity per fortnight to meet the activity test and be entitled to a higher number of subsidised hours of care per fortnight.

The Department of Education and Training does not model workforce attachment.