

Senate Committee: Education and Employment

**QUESTION ON NOTICE
Budget Estimates 2017 - 2018**

Outcome: Early Childhood and Child Care

Department of Education and Training Question No. SQ17-000861

Senator Collins, Jacinta provided in writing

Child Care system - impact on families worse off

Question

For those families that lose access under the new system – how will that be handled?

NOTE – please include families in the following circumstances, and any other families that will be worse off in answering these questions:

- Above the maximum income cap
- One parent who does not meet the activity test and the other earning over \$65,000
- Those who will have their access reduced from 24 hours a week to 12 hours a week because of the activity test and safety net.
- Will these children have to stop attending early education from July next year if their parents don't pay the full price?
- How many children and families will be impacted?
- How many children and families currently accessing 24 hours a week will transition to accessing 12 hours a week?

Answer

The Department of Education and Training estimates that around 250,000 families will experience a reduction in the amount of subsidy they receive under the new child care arrangements. Around 30,000 will receive no subsidy. This compares with an estimated 811,000 families that may receive an increase in the amount of subsidy they receive.

The department is working with the Department of Human Services to develop a comprehensive communication strategy to provide families with information about the new child care system, including information on the application of activity test, hourly rate caps, and the \$10,000 annual subsidy limit for those on incomes above \$185,710.

Families can maximise their entitlement by increasing their activity (including paid and unpaid work, looking for work, volunteering or studying) and seeking out services with hourly fee rates below the maximum Child Care Subsidy hourly fee cap.

Families that are not eligible or entitled to Child Care Subsidy will continue to have access to subsidised early education opportunities through universal access to preschool in the year before school.