

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. SQ17-000874

Senator Collins, Jacinta provided in writing

Child Care system - reporting requirements

Question

Parents will be self-reporting their activity under the new system. In relation to this, are you able to qualify some of the specifics:

- a) When exactly will parents be required to report? At the beginning of a fortnight or at the end of the fortnight?
- b) What options will they have for doing this? Phone? Paper? Online? App?
- c) What evidence will families need to supply? Pay slips? Rosters? How will it work practically?
- d) Will Centrelink handle the reporting?
- e) Given the more complex activity test with lower thresholds, will a larger number of families need to report their activity? How many more?
- f) Have extra resources been provided to Centrelink? What will the customer service standard be for waiting on hold?
- g) What will the consequences be if they do not report in a fortnight? Will they be assumed to have not met the activity test?
- h) What will the process be if someone makes a mistake and over-reports? Will they have to pay subsidy back if they were not eligible for it? Will they get a debt – and if so, how will the debt be recovered and by who?
- i) Does the department – or an agent like Centrelink on behalf of the Department use debt collectors? If so, are they used to recover child care payments and will they be used under the new system?
- j) Will computerised data-matching be used for compliance and checking activities?
- k) What if someone gets less work hours than they anticipated, or they get a casual shift? Will they have to pay the full price for a session of care? Many child care centres require notice for changing hours – how will this be taken into account? Will there be an exemptions to the activity test for a parent who gets the flu or has a shift cancelled by their boss? Or will they be forced to pay the full cost of care for that fortnight? If parents can't afford this risk, is there a risk it will discourage them from working?

Answer

- a) Parents will be required to self-report their activity when they first register for the Child Care Subsidy (CCS) and, as the activity test consists of three broad steps, families will only need to report changes in their activity where the change causes them to move to another step of the activity test.
- b) Families will be able to self-report their activity to the Department of Human Services (DHS) online, over the phone or in person. The online capability will enable families to interact with DHS using smart technology which will both simplify this process and reduce the need for families to report over the phone or in person.

- c) Generally, families will only be required to provide evidence of their activity if subject to a random spot check. It is estimated that spot check requirements would take families around 15 minutes to complete, and would require providing evidence of their activity, such as documentation from their employer, training institution or volunteer organisation. If evidence is requested, the recipient can upload this via DHS' Document Lodgement Service, provide in person or via post.
- d) Families will report their activity to DHS.
- e) The current child care subsidies are very complex and difficult for families to understand. In relation to the current activity tests families are subject to separate activity tests for the Child Care Benefit (CCB) and Child Care Rebate (CCR). Families are currently required to report their activity when they first claim and update this when their activity level changes such that their entitlement to CCB or CCR would change. There is a single activity test under the CCS and as per current arrangements families will report their activity when they first claim and update this when their activity level changes such that their entitlement to CCS change. As the CCS activity test consists of three broad steps, families will only need to report changes in their activity where the change causes them to move to another step of the activity test.
- f) Yes, DHS received resources to cover the additional customer service requirements. DHS' telephony standards are reportable directly to Government and are set by the Portfolio Budget Statement Key Performance Indicators which are reviewed each year.
- g) Families will not be required to report fortnightly. As per question a), parents will be required to self-report their activity when the first register for CCS and when a change in their activity causes them to move to another step of the activity test.
- h) If a parent does not provide the DHS with their correct hours of activity for the purposes of calculating their CCS fortnightly entitlement, under family assistance law they may incur a debt and any debt will be recoverable. To help families avoid a debt resulting from an incorrect income estimate or activity hours, 10 per cent of their fortnightly CCS entitlement will be withheld, replacing current Child Care Rebate withholding provisions. At end of financial year reconciliation, an individual's actual CCS entitlement for the financial year will be calculated and they will be paid any outstanding subsidy or a debt due to overpayment will be raised against them.
- i) In relation to child care payment debts incurred by child care services, the Department of Education and Training undertakes debt recovery action while the service remains a Child Care Benefit (CCB) approved service. For services that are closed or have had their CCB approval suspended or cancelled, the Service Delivery Office (SDO) within the Department of Finance undertakes debt recovery action on behalf of the department under shared service arrangements. The SDO is responsible for engaging a Debt Collection agency to recover debts.

CCS debt management and recovery procedures are currently under development; however it is anticipated that the department and the SDO will continue to perform their respective child care provider debt recovery roles under new child care system.

Where an individual has been overpaid for reasons such as a delay in notifying DHS of a change in their circumstances, the overpayment can be recovered from future periodic entitlement amounts until repaid. Where an individual is no longer eligible for CCS any outstanding overpayment amount will be raised as a debt.

Only after other debt recovery options have been exhausted, a CCS debt may be referred to an External Collection Agent where the person is not receiving a fortnightly social welfare payment and not repaying their debt under a payment arrangement to DHS, which is consistent with the current debt recovery processes.

For both former and current recipients, recovery can be paused where the person requests a review of their debt within DHS. DHS can also defer recovery where a person is in financial hardship.

- j) Yes, this already occurs in the current system. As stated in the *Jobs for Families* Child Care Package Regulation Impact Statement, the new IT system will provide improved compliance, reporting and monitoring capabilities.
- k) The activity test has three broad steps and families will only need to report changes in their activity where it causes them to move to another step of the activity test. If an individual's activity change causes them to move into a different activity test step, this change will be applied from the beginning of the next CCS fortnight.

Families with casual or irregular work will be able to estimate their hours of activity over a three month period to support their workforce participation and to ensure their children receive continuity of care.

As per current arrangements for the Child Care Benefit/Child Care Rebate, families will continue to self-declare their activity. Families will be asked to make reasonable endeavours to provide an accurate estimate of their activity in advance, and will not be penalised for not anticipating events beyond their control.