

Senate Standing Committee on Education and Employment - Education

**QUESTIONS ON NOTICE
Supplementary Budget Estimates 2014-2015**

Outcome 1 - Early Childhood Education and Care

Department of Education Question No. ED0687_15

Senator O'Neill provided in writing.

Question

Child Care Benefit (CCB) and the Child Care Rebate (CCR)

In relation to the Child Care Benefit (CCB) and the Child Care Rebate (CCR): - The Department's 2014-15 Portfolio Budget Statement forecast a significant increase in the uptake and expenditure of the CCB and CCR over the forward estimates compared with the 2013-14 Budget and compared the additional budget estimates update published in February. What factors and data has the department based these projected increases on? - Why does the projected cost of the CCB almost double over the forward estimates (PBS p 36) – increasing from \$2.36 billion in 2014-15 to \$3.72 in 2017-18 - an increase of 37 per cent – when the number of recipients does not increase at the same rate? - Why does projected cost of the CCR almost double over the forward estimates (PBS p 36) – increasing from \$2.2 billion in 2014-15 to \$4.3 billion in 2017-18 - an increase of 49 per cent – when the number of recipients does not increase at the same rate? - Do the projections take into account the extension of CCR and CCB to nannies and other types of in-home care that aren't currently covered by the CCR and CCB? If so, by how much is that forecast to increase demand? If not, has the department done any modelling on what impact that would have on demand for CCR and CCB? - The Department of Education's 2013-14 Annual Report shows the actual expenditure on the Child Care Benefit and Child Care Rebate was less than what was estimated in the 2013-14 and 2014-15 Budgets. What factor(s) led to this result? - In light of the lower-than-estimated CCR and CCB expenditure in 2013-14, has or will the Department revise its estimates over the forward estimates? - If so, can the department provide the Committee with revised forecasts on CCB and CCR expenditure and uptake over the forward estimates?

Answer

The increases in the Child Care Benefit (CCB) and Child Care Rebate (CCR) in 2013-14 to 2017-18 are affected by Machinery of Government changes and the formation of the Department of Education. The data presented in the PBS covering estimated actuals for 2013-14 relate to the period from 18 September 2013 to 30 June 2014 and represents about nine twelfths of the financial year and is therefore not directly comparable with data from 2014-15 onwards.

The Department uses a range of data to project expenditure on CCB and CCR including the Consumer Price Index (CPI) and the Wage Price Index, the number of children in care, the hours they use and the fees paid by families.

The projected cost of CCB and CCR can change at a different rate to the growth in the number of children in care as factors such as the fees paid, the number of hours

used, CPI increases, wage increases and changes in family incomes have a direct impact on both the CCB and the CCR estimates.

The estimates for CCB and CCR do not include nannies or other care types not eligible for CCB and CCR.

The Department of Education's 2013-14 Annual Report states that an estimated \$3.0 billion will be spent on CCB and \$2.6 billion on CCR, which is higher than estimated at either the time of the 2014-15 Budget or the 2013-14 Budget.