

Senate Standing Committees on Education and Employment

Family Assistance Legislation Amendment (Cheaper Child Care) Bill 2022

QUESTION ON NOTICE

Date of hearing: 21 October 2022

Outcome: Early Childhood and Youth

Department of Education Question No. IQ22-000020

Senator Mehreen Faruqi on 21 October 2022, Proof Hansard page 61-62

Cost of administering the activity test

Question

Senator FARUQI: But not through—anyway, I will move on. Isn't it true that families often need to have access to child care before they can pursue work opportunities, and not the other way around? Would you agree with that statement?

Mr Reed: There are provisions not in this bill but existing that would provide additional childcare subsidy for people looking for work. There is Transition to Work and additional childcare subsidy provisions that give people access to highly subsidised or fully subsidised child care in some circumstances. There are provisions available for people who are looking for work or transitioning to work.

Senator FARUQI: It's still a very punitive activity test; it really punishes people. There are children, in fact, who don't meet that criteria. A lot of stakeholders have voiced concerns about the compliance requirements of the CCS and the fact that activity test processes are difficult to navigate, especially for families whose working hours are unpredictable. These compliance processes punish recipients and their children as well, who are already disadvantaged. We have heard some evidence today that the cost of the administration of the activity test can be pretty huge. If you don't have it now, is there any chance you could provide us with some numbers on the cost of administering the activity test?

Mr Reed: That might be hard to do. It would be part of administering the entire CCS system, so distilling the activity test component might be hard. We can take that on notice and talk to Services Australia, but I would imagine it's probably difficult to do.

Senator FARUQI: Even if it's a percentage figure—it could be this percentage of the work undertaken. But I understand.

Mr Philp: We will see what we can produce.

Answer

It is not possible to identify a figure or percentage relating solely to Child Care Subsidy (CCS) activity test administration costs.

As part of their initial CCS claim, families provide details on a range of matters relevant to their CCS entitlement, including partner, family income and activity details.

After initial CCS assessment, families can update their CCS details in a number of ways, including phone, online and face to face. This information may be actioned by Services Australia staff who cover a range of payments, not just CCS.