

Senate Standing Committees on Education and Employment

Family Assistance Legislation Amendment (Cheaper Child Care) Bill 2022

QUESTION ON NOTICE

Date of hearing: 02 November 2022 (The Treasury)

Outcome: Early Childhood and Youth

Department of Education Question No. IQ22-000025

Senator Karen Grogan provided in writing.

The former government's phase 2 for higher Child Care Subsidy

Question

Senator GROGAN: Thank you, Mr Cully. I wonder if you could step us through the former government's phase 2 for higher Child Care Subsidy, how much it would have cost to implement that and how much was banked in savings?

Answer

Phase 2 of the Higher Child Care Subsidy (CCS) for families with multiple children was a policy integrity measure that was due to commence from July 2023.

The expected save in CCS expenditure provided by Phase 2 was approximately \$33.6 million (underlying cash) over the forward estimates, representing the save in CCS expenditure due to the stricter limitation on entitlement to the higher subsidy. This save was factored into the Budget bottom line in the 2021-22 Budget.

Proceeding with Phase 2 would have required an additional \$89 million across the forward estimates in Services Australia implementation costs. This means it would have cost more to implement Phase 2 than it would save.

This change, to remove Phase 2, is reflected in the Family Assistance Legislation Amendment (Cheaper Child Care) Bill 2022.