

Senate Committee: Education and Employment

**QUESTION ON NOTICE
Additional Estimates 2015 - 2016**

Outcome: Early Childhood and Child Care

Department of Education and Training Question No. SQ16-000205

Senator Lines, Sue provided in writing

Changes to Child Care Subsidy - impact on workforce participation (SQ15-000989)

Question

With reference to the Government's media release announcing the child care changes on 10 May 2015. The media release states:

"It is estimated the new measures will encourage more than 240,000 families to increase their involvement in paid employment, including almost 38,000 jobless families."

On Thursday, February 4, the Minister told the Senate that the "government's own research... indicates that around 230,000 families will increase their workforce participation as a result of a more affordable, flexible and targeted childcare system."

Also with reference to question on notice SQ15-000989 which says the changes "would translate to around 230,000 families being encouraged to increase their involvement in paid employment".

- a. What has changed from the original figure relating to the increase in employment? Why has it dropped from 240,000 families to 230,000 families?
- b. Does the Department stand by the claims that 240,000 families will increase their involvement in paid employment as a result of this package? And 38,000 jobless families will enter the workforce? Also put pressure on Birmingham – Minister – do you stand by these statistics?
- c. How will these claims be measured?
- d. Over what time period are these outcomes expected?
- e. Is the Department aware of a qualitative survey being used in this way before, to make such significant workforce participation claims without releasing any economic modelling?

Answer

- a. Quantitative research undertaken by ORIMA Research in April 2015 investigated potential impacts of the *Jobs for Families* Child Care Package on workforce participation and found 24 per cent of over 2000 respondents with children under twelve would be encouraged to increase their workforce participation as a result of the proposed Child Care Subsidy changes. Based on 2011 Census data, this translated to around 240,000 families being encouraged to increase their workforce participation.

In November 2015, ORIMA Research undertook further analysis which found there was likely to be little change in the workforce participation impacts in response to lowering the Child Care Subsidy rate for high income families, with 23 per cent of families surveyed with children under twelve, both in and out of work, indicating they would be encouraged to work more as a result of these measures. Using the same method of extrapolation mentioned above, this represents around 230,000 families being encouraged to increase their workforce participation.

- b. Refer previous answer. The Department of Education and Training cannot comment on behalf of the Minister.

- c. Following the implementation of the Package, a formal evaluation will be conducted. The evaluation will identify outcomes that have been achieved over time, including the performance and impact of the main elements of the Package, such as the Child Care Subsidy.
- d. Refer previous answer.
- e. The department cannot comment on other research which may have been undertaken.