

Senate Committee: Education and Employment

**QUESTION ON NOTICE
Supplementary Budget Estimates 2015 - 2016**

Outcome: Early Childhood and Child Care

Department of Education and Training Question No. SQ15-000923

Senator Lines, Sue provided in writing

Proposed new activity test

Question

In relation to the proposed new activity test:

- a. What reporting requirements will exist under the new system? - will families continue to self-report to Centrelink?
- b. Will families have to call through to the Centrelink Families and Parents line to report their activity? Or will they call another line?
- c. Will the additional tiers of the activity test increase the number of times an average family will need to report to Centrelink?
- d. How many more calls to Centrelink will be required each year?
- e. What happens in the case of families who have variable hours, such as those working casually, where they might easily go up and down between levels of activity? How will they work out their eligibility?
- f. Will parents be required to report hours before or after child care is used?
- g. If parents report hours of activity that do not meet the activity test in a given fortnight, will it be possible for them to incur a child care debt to the Commonwealth?
- h. If a parent has a casual shift cancelled, or cannot attend because they are sick, and as a consequence they do not meet the activity test in a given fortnight will it be possible for them to keep their child care place without incurring a child care debt or having to pay the full cost of care for the time they did not meet the activity test in that fortnight?
- i. Parents transitioning to work after having a child or wanting to move from part-time to full-time work need to have child care in place before they can be available for work. Given the extra tiers on the activity test, and new rules that mean some families will be ineligible for any assistance at all, will this be a deterrent for families increasing hours or returning to work?
- j. Will parents on maternity leave be deemed to meet the child care activity test for older children? If yes - for how many weeks or months will parents remain eligible for child care while on maternity leave?

Answer

- a. Under the *Jobs for Families* Child Care Package, families will self-report their income and activity to the Department of Human Services (DHS).
- b. The new Information and Communication Technology (ICT) system will include smart technology (such as apps) to allow families to self-report their income and activity.
- c. The extent to which families will need to report changes of circumstances will depend on individual family circumstances. The activity test has three broad steps and families would report changes in circumstances if their hours of recognised activity would cause them to move to another step of the activity test.

- d. It is not possible to estimate the number of calls as the extent to which families need to report changes of circumstances will depend on individual family circumstances. The inclusion of smart technology (including apps) in the new ICT system will also reduce the need for families to call DHS.
- e. Families working variable hours will be able to estimate their fortnightly average number of working hours over a three month period.
- f. Family entitlement will be determined prior to child care use. If a family's circumstances change, the family should report the change to the DHS as soon as practicable.
- g. Yes. Debts may be incurred if use exceeds entitlement. Families working variable hours will be able to estimate their fortnightly average number of working hours over a three month period.
- h. The activity test has three broad steps and is based on fortnightly activity to make it easier for families with variable work hours to estimate their entitlement to subsidised child care over a three month period.
- i. No. The activity test requirements reduce disincentives for parents to increase their workforce participation. The activity test has a low entry requirement to assist those returning to work in a graduated manner.
- j. Parents on paid and unpaid parental leave who are returning to work would be considered to be employed and meet the activity test.