

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. SQ15-000989

Senator Lines, Sue provided in writing.

Changes to Child Care Subsidy - impact on workforce participation

Question

In relation to the Government's announcement that the minimum rate of Child Care Subsidy available to higher income families will decrease from the 50 per cent of the benchmark price announced in the budget, to 20 per cent of the benchmark price.

a. What impact will this have on workforce participation? Including relative to the current system, and the model announced in the Budget?

Answer

ORIMA Research Pty Ltd was contracted in stages by both the Department of Social Services and the Department of Education and Training to provide qualitative and quantitative research to gauge and quantify Australian families' perceptions of, and likely behavioural responses to, a range of possible child care assistance models. The findings were derived from this research and extrapolated to a national level using ABS census data.

Quantitative research undertaken to investigate potential impacts on workforce participation found that around 23 per cent of families with children under 12, both in work and out of work, indicated they would be encouraged to work more as a result of these measures. Based on 2011 Census data, this would translate to around 230,000 families being encouraged to increase their involvement in paid employment.

Findings from this research indicate the impact of decreasing the Child Care Subsidy rate for families earning \$250,000 per annum or more is likely to be minimal.