

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Budget Estimates 2012-2013**

Outcome 1 – Early Childhood, Working Age and Indigenous Participation

DEEWR Question No. EW0329_13

Senator Bilyk asked on 30 May 2012, Hansard page 38

Question

Child Care Rebate

Senator BILYK: Are there any projections—and you might need to take this on notice—of how many parents would meet the cap today if the rebate had remained at 30 per cent or \$4,354? Ms Caldwell: I do not believe I have that at the table but I am sure we can provide it to you during this outcome. Senator BILYK: The other part I would also be interested in having some information on is the parents' out-of-pocket expenses if they are paying Australian average long-day care fees under a 30 per cent child care tax rebate, as it was under the previous coalition government, with the reduced cap under the Labor government's 50 per cent child care rebate with the increased cap.

Answer

If the Child Care Rebate was calculated at 50 per cent of out of pocket costs up to the previous annual cap of \$4,354 per child, the total number of families estimated to reach the cap in 2011/12 would be 136,820. This comprises 39,805 families who are expected to receive the maximum amount of \$7,500 for one or more of their children and who would receive \$3,146 less CCR for each affected child, together with a further 97,015 families who are not expected to be affected by the \$7500 cap but whose CCR would cease at \$4,354, a reduction of up to \$3,146 per each affected child.

If the Child Care Rebate was calculated at its former level of 30 per cent of out of pocket costs up to the previous annual cap of \$4,354, the number of families estimated to reach the cap in 2011/12 would be 39,810. This is because families receive less CCR at any given level of out of pocket costs. For example, families who currently receive the average amount of \$2,340 of CCR at 50c in the dollar would instead receive CCR of \$1,404 if a 30 per cent rate applied, an increase of \$936 to the cost of child care to be met by the family.

For a family on income of \$75,000 with one child in long day care, assuming median long day care fees as reported in the 2012 Report on Government Services (RoGs) data and after Child Care Benefit, the costs to families would be as follows:

24 hours of care

	Total CCR Received	Change in family out of pocket cost
Current (50c in dollar up to a max of \$7,500)	1,999	No change
Alternative (50c in dollar up to a max of \$4354)	1,999	No change
Former (30c in the dollar up to a max of \$4354)	1,199	Increase of \$800

50 hours of care

	Total CCR Received	Change in family out of pocket cost
Current (50c in dollar up to a max of \$7,500)	4,468	No change
Alternative (50c in dollar up to a max of \$4354)	4,354	Increase of \$114
Former (30c in the dollar up to a max of \$4354)	2,681	Increase of \$1,787

In 2004, the out-of-pocket costs, after Australian Government subsidies, for a family with one child in long day care and earning \$55,000 a year were 13.2 per cent of their disposable income. In 2011, this proportion had declined to just 7.6 per cent. For families with a gross annual income of \$115,000 the proportion of their disposable income spent on child care declined from 11.4 per cent in 2004 to just 7.7 per cent in 2011.