



# JOINT PRESS RELEASE

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## **JOBS FOR FAMILIES CHILD CARE PACKAGE DELIVERS CHOICE FOR FAMILIES**

The Government's \$3.5 billion *Jobs for Families* child care package will provide greater choice for more than 1.2 million families by delivering a simpler, more affordable, more flexible, and more accessible child care system.

The Government will establish a new and simpler *Child Care Subsidy* from 1 July 2017.

Families using child care in 2017, on family incomes of between \$65,000 and \$170,000 will be around \$30 a week better off. Those on higher incomes will, on average, continue to receive the same level of support.

Families on incomes of less than \$65,000 per year will receive ongoing access to early childhood learning, and can be eligible for additional financial support through the *Child Care Safety Net*.

Our objective is to help parents who want to work or work more.

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.

We know families are faced with costs when parents want to return to the workforce. This package gives families greater choice.

Having two parents in paid employment has become a necessity for most families because of changes that have taken place in our society and economy over many years. All mothers work hard, and many are also in paid employment.

Changing the way we make child care more accessible and affordable is necessary to help families adjust to these changes and set them up for the future.

This means that support for child care is not a welfare payment. It is a payment that makes the cost of child care affordable for families who need to be in work and choose to be.

More affordable access to quality child care puts the opportunity of work within the reach of more families.

The *Productivity Commission Inquiry into Child Care and Early Childhood Learning*, initiated by the Government after the last election, found the current system for delivering support was unnecessarily

complex, inflationary and failed to target support where it would have the biggest impact on supporting families to be in jobs, especially for mothers.

In response, the Government has made a series of announcements that form part of our *Jobs for Families* child care package:

- Establishment of a two year *In Home Care (Nannies) Pilot* to support 10,000 children in families who find it difficult to access mainstream child care services such as shift workers, nurses, police and families in remote and rural areas at a cost of \$246 million.
- A new *Child Care Safety Net*, to support families who are vulnerable and disadvantaged, with \$327 million in additional funding for three new programmes supporting up to 95,000 children and up to 18,000 individual services and centres.
- The Government has also announced \$843 million over two years for preschool programmes across Australia by extending funding to the states and territories under the National Partnership Agreement on Universal Access to Early Childhood Education. This will ensure Australian families can continue to access 15 hours a week of preschool education a year in 2016 and 2017.

We now announce that from 1 July, 2017 the Government will introduce a new and simpler mainstream *Child Care Subsidy* in this year’s Budget through:

- Abolition of the current *Child Care Benefit*, *Child Care Rebate* and *Jobs, Education and Training Child Care Fee Assistance* programmes.
- Introduction of a single means tested *Child Care Subsidy* for all families, subject to a new activity test for up to 100 hours of subsidised care per child per fortnight, paid directly to approved care service providers to make it easier for families.
- For family incomes of up to approximately \$65,000 the *Child Care Subsidy* will be 85% per child of the actual fee or a benchmark price, whichever is lower. This will reduce to 50% for family incomes of approximately \$170,000 and above at the time of implementation.
- Families on incomes under \$185,000 will no longer have a cap on the amount of subsidy they receive.
- A cap of \$10,000 per child at the time of introduction will be established for the total value of subsidies for family incomes of \$185,000 and above.
- Hourly benchmark prices at the time of introduction will be \$11.55 for Long Day Care, \$10.70 for Family Day Care, \$10.10 for Out of School Hours Care and \$7.00 for the In Home Care (Nannies) Pilot commencing in January 2016.
- The benchmark price has been based on the projected mean price at the time of implementation plus 17.5% for Long Day and Out of School Hours Care and 5.75% for Family Day Care, recognising their lower cost of overheads.
- A new activity test will be established as follows:

<b>Activity (per fortnight)</b>	<b># of hours of subsidy (per fortnight)</b>
<b>8-16 hours</b>	Up to 36 hours
<b>17-48 hours</b>	Up to 72 hours
<b>49 hours</b>	Up to 100- hours

- Up to 24 hours per fortnight will also be provided to children from families with incomes less than approximately \$65,000 per year who do not meet the activity test to ensure continued access to early childhood learning. The 24 hours is equivalent to two six hour sessions, which is the same period provided for K-2 public school education. Service providers will have full flexibility and discretion in how these hours of support are delivered.

The package will deliver significant reform, putting downward pressure on child care costs. This package reforms the inflationary system in place under Labor which saw child care fees increase by over 50% between 2007 and 2013.

All child care subsidies and support will remain linked to immunisation requirements which from 1 January will be strengthened under the Government's 'no job, no pay' policy. The only exemption to this policy will be on medical grounds.

The Government will maintain support for the implementation of the *National Quality Framework* (NQF) and will work with the States and Territories, who have carriage of legislation and regulation for the NQF, to ensure we maintain standards and keep a close watch on the impact it has on the cost for families and taxpayers alike.

The quality of child care and early childhood learning today means that where parents can access these services, they can go to work and be confident about their children's care and development.

The new programme will be supported by card based technology to ensure better monitoring of the system, more efficient payment processes and reduced red tape for families and service providers alike. The system will also assist with protecting the new scheme from abuse and rorting.

The July 2017 start date has been chosen to give families and service providers time to adjust to the new model and support seamless introduction of new systems and arrangements.

The pre-implementation phase will also provide opportunity for further consultation on more specific design elements of the scheme as well as bedding down other administrative arrangements, including more streamlined registration arrangements for families.

The additional cost of the new package, including the earlier announced measures for the *In Home Care (Nannies) Pilot* and *Child Care Safety Net*, will be \$3.5 billion over the forward estimates. These additional investments will be funded by the savings measures for Family Tax Benefits announced in last year's Budget.

Quantitative Research undertaken for the Department of Social Services to investigate potential impacts on workforce participation found that 24% of families with children under twelve, 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 240,000 families being encouraged to increase their involvement in paid employment. The total number of families encouraged to work would also include almost 38,000 jobless families, where no-one is in work.

Our *Jobs for Families* child care package is all about changing the kitchen table conversation that families are having about being in a job, getting a job and staying in a job, especially for middle and low income families. We want these families to be able to choose to work, we don't want that choice denied because of complex, inflexible and unaffordable child care arrangements.

The *Jobs for Families* child care package is part of the Government's plan to build a strong, safe and prosperous future for all Australians.

10 May 2015