

Calls to scrap subsidised childcare test^[1]

Author: Johnston, Poppy

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EXCERPTS

An early learning advocacy group wants to scrap what is known as the "activity test" so that more low-income families can access affordable childcare.

The test, used to determine how much government-subsidised childcare families are eligible for, prevents at least 126,000 children from poorer households accessing subsidised childcare, new research shows.

Families need to provide the number of hours of they work, study or volunteer to calculate the amount of subsidised childcare they receive.

The fewer the hours of activity, the less subsidised childcare households can access.

The activity test aims to boost workforce participation but research has found it has the opposite effect as casually employed parents worry they will be hit with debts for overpayment if they fail to meet the test.

Thrive By Five director Jay Weatherill said the test was a major barrier to accessing early learning and childcare.

"This week's jobs and skills summit has the potential to change the early learning sector by removing the activity test," he said.

A report by Impact Economics found vulnerable family groups were more likely to be affected by the test.

For example, single parents were three times more likely to be limited to one day of subsidised childcare per week compared to families earning more than \$200,000 a year.

Aboriginal and Torres Strait Islander families were more than five times more likely to be restricted to one day of subsidised childcare compared to higher-income households.

"Removing the activity test will reduce the complexity of the system and the risk of overpayments, removing barriers faced by low-income casual employees seeking to increase their hours of work," Impact Economics economist Angela Jackson said.

"The Albanese government has the opportunity to take a step towards universal childcare by removing the unfair and inefficient activity test," Dr Jackson said.

The Secretariat of National Aboriginal and Islander Child Care said the test should be abolished.

"Removing the childcare activity test, which unfairly impacts Aboriginal and Torres Strait Islander families, is critical if we are to have the same opportunities to participate economically and ensure universal access means what it says - a fair system that benefits everyone," SNAICC CEO Catherine Liddle said.

Region: Australia and New Zealand^[3]

Tags: child care^[4]

subsidy^[5]

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