

# Child care subsidy activity test: Undermining child development and parental participation <sup>[1]</sup>

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## AVAILABILITY

Access online <sup>[2]</sup>

Access full report [PDF] <sup>[3]</sup>

## Overview

The Government's \$5.4 billion reform package will reduce the cost of care for 96 per cent of families, but the continued imposition of the activity test undermines the broader reform objectives of lifting access for children and workforce participation of parents.

The current activity test for the Child Care Subsidy limits access to subsidised child care and is contributing to at least 126,000 children from the poorest households missing out on critical early childhood education and care. As a result, these children are more likely to start school behind their peers, with many never catching up.

The activity test aims to encourage participation in the workforce, but does the opposite by creating significant uncertainty for parents in casual employment due to the ongoing risk that they will fail to meet the test and generate overpayment debts.

**Related link:** Calls to scrap subsidised childcare test <sup>[4]</sup>

**Region:** Australia and New Zealand <sup>[5]</sup>

**Tags:** child care <sup>[6]</sup>

workforce participation <sup>[7]</sup>

subsidies <sup>[8]</sup>

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**Source URL (modified on 7 Sep 2022):** <https://childcarecanada.org/documents/research-policy-practice/22/09/child-care-subsidy-activity-test-undermining-child>

## Links

[1] <https://childcarecanada.org/documents/research-policy-practice/22/09/child-care-subsidy-activity-test-undermining-child> <sup>[2]</sup>

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