

Childcare package so confusing, some parents may give up on childcare: Mission Australia ^[1]

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EXCERPTS

The federal government's flagship childcare reforms are so difficult to understand, some parents may give up and pull their children out of care, a Senate inquiry has heard.

The warning comes as a survey of parents found about 10 per cent would not meet the Coalition's new work test to qualify for childcare subsidies.

The Senate's education committee is currently reviewing the Coalition's childcare reforms, which were introduced to the lower house late last year but have not been put to a vote.

The so-called "jobs for families package", will replace two childcare payments with one and see childcare subsidies vary, based on how much parents earn and how many hours they work.

Under the new "activity test", due to come in from July 2017, parents will need to work or study at least eight hours a fortnight to be eligible for 36 hours of subsidised childcare; more than 16 hours to be eligible for 72 hours of subsidy and more than 48 hours to be eligible for up to 100 hours.

Families earning about \$65,000 will get about 85 per cent of their fees back, up to a government-determined hourly fee cap. This will taper to 50 per cent for families earning about \$170,000.

Parents are currently able to access 24 hours of care a week through a means-tested payment, without having to meet a work or study test. To access an additional non-means tested payment, they need to work or train "at some time" during the week – but there is no minimum number of hours.

Mission Australia has warned that the new system could be too confusing for some parents, particularly those with "fluctuating" hours and incomes.

"Without more information, the system may be unpredictable for families, who may withdraw their children from childcare, rather than risk escalating costs," chief executive Catherine Yeomans said in a submission.

The University of New South Wales' social policy research centre similarly cautioned that the plan to bring in a three-tiered "activity test" would introduce a level of complexity "never seen before in the Australian childcare system".

"[The activity test] is likely to confuse and intimidate parents rather than support workforce participation," Professor Deborah Brennan and Dr Elizabeth Adamson say.

On Friday, advocacy group, The Parenthood released the results of a survey of about 1500 parents, which found that about one in ten would not meet the lowest rung of the activity test.

"This is the first time parents will be faced with the possibility that if at any point they do not meet the new activity test, they will get nothing from the government to help meet their expensive childcare costs," executive director Jo Briskey said.

On Thursday, Education Minister Simon Birmingham said the government had decided to toughen the work requirements because "we want to make sure that the childcare support we have is targeted to those who are most reliant on it to juggle their work and responsibilities".

Senator Birmingham said the \$3.2 billion package will see families earning between \$65,000 and \$170,000 about \$1,500 a year better off in terms of their childcare costs.

On Thursday, the Productivity Commission found childcare costs continue to rise, with the median weekly cost for long-day care

increasing by five per cent from 2014 to 2015. This means 50 hours of care a week now costs about \$400.

-reprinted from Sydney Morning Herald

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