

Struggling families slugged to subsidise childcare

Australia's leading parent advocacy group The Parenthood will today front a Senate inquiry with modelling conducted by The Australian National University that confirms the government's plans to tie cuts to Family Tax Benefits (FTB) to the funding of childcare reforms will make childcare even harder to afford for many families.

A public hearing will be held today in Melbourne by the senate committee currently reviewing both the government's new childcare legislation and legislation to cut back a range of FTB measures.

The Parenthood will provide the committee with modelling it commissioned revealing the combined financial impact of the government's childcare and family payment changes on a range of 'typical family' types (cameos).

The Parenthood's Executive Director, Jo Briskey said the results confirmed many families who would have enjoyed more affordable childcare under the new reforms, would instead be left hundreds of dollars worse off because of cuts to family payments.

"The Coalition Government has promised Australian families for years now that they would make childcare more affordable for families, instead they intend to take a razor blade to household budgets, making childcare even harder to afford for many families" Ms Briskey said.

"A family on \$70,000 a year, with mum working part time and a child in childcare two days a week at a \$100 a day centre, will be over \$300 worse off a year from when the new childcare subsidy starts in 2018-19.

"The same family at an \$80 a day centre will be over \$1,000 dollars a year worse off.

"By contrast a family on \$200,000 using childcare full time at a \$100 a day centre will be better off by over \$2,000 a year.

"It simply isn't right that those who can least afford it are the ones paying to make life easier for those on higher incomes."

The modelling also reveals the budget hit to those families who will fail to meet the new strict activity test, meaning they'll lose both the childcare subsidy as well as family payments.

"A single income family on \$70,000 a year using childcare two days a week at a \$100 a day centre, will see their family budget slashed by over \$6,000 a year come 2018-19," Ms Briskey said.

"Over \$6,000 represents an almost 10 per cent drop in that family's annual income - how does Mr Turnbull suppose this family can afford this?"

The Parenthood will today highlight to the Committee that with a number of saving measures that have so far been secured in the childcare budget and FTB cuts that have Labor support, the government already has enough money to fully fund their childcare reforms.

“We know they can afford to abandon the harshest FTB cuts saving single parent families significant heartache whilst funding the childcare reform that will ease the growing financial pressure on working families.

“So the question is - why does the government keep delaying their childcare reforms based on a false notion that they can only afford it by slashing Family Tax Benefits?

“Is it that they simply want to keep cutting social welfare, or was their commitment to childcare reform not genuine to begin with?”

“Parents have been waiting too long for promised childcare reform but will today reaffirm that we stand resolute against more affordable childcare being paid for by those who can least afford it”

END

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BACKGROUND

Comparison of proposed Coalition policy of Childcare and Family payments with current policy - Ben Phillips and Cukkoo Joseph, ANU Centre for Social Research and Methods, September 2016

Results

The cameos were calculated for 5 family types:

- 1) Couple family, both working, one child in 2 days of long day care, one in school
- 2) Couple family, both working, one child in 5 days of long day care, one in school
- 3) Couple family, at least one not working, one child in 2 days of long day care (fails activity test), one in school
- 4) Single parent, working, one child in 2 days of long day care, one in school
- 5) Single parent, working, one child in 5 days of long day care, one in school

For each cameo we provide results for income levels between \$40,000 and \$340,000 per year with an interval of \$10,000 per year. Child care prices are set at \$80, \$100, \$120, and \$140 per day where we assume the family uses 11 hours of care for each day. Results are summarised for both 2017-18 and 2018-19.

As the Coalition policy for child care begins in 2018-19 the 2017-18 results are only impacted by the proposed family payment changes.

NEW CHILD CARE SUBSIDY COMBINED WITH FULL CUTS TO FTB

| Days | Family type | Family Income | \$80 | | \$100 | | \$120 | | \$140 | |
|-----------|-------------|---------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | | | 2017/18 | 2018/19 | 2017/18 | 2018/19 | 2017/18 | 2018/19 | 2017/18 | 2018/19 |
| 2,Fail AT | couple | \$40,000 | -\$1,347 | -\$3,406 | -\$1,347 | -\$2,442 | -\$1,347 | -\$1,477 | -\$1,347 | -\$984 |
| 2,Fail AT | couple | \$60,000 | -\$1,347 | -\$2,774 | -\$1,347 | -\$1,809 | -\$1,347 | -\$845 | -\$1,347 | -\$352 |
| 2,Fail AT | couple | \$70,000 | -\$1,347 | -\$6,147 | -\$1,347 | -\$6,147 | -\$1,347 | -\$6,147 | -\$1,347 | -\$6,147 |
| 2,Fail AT | couple | \$100,000 | -\$1,066 | -\$4,254 | -\$1,066 | -\$4,254 | -\$1,066 | -\$4,254 | -\$1,066 | -\$4,254 |
| 2,Fail AT | couple | \$150,000 | \$0 | -\$649 | \$0 | -\$649 | \$0 | -\$649 | \$0 | -\$649 |
| 2,Fail AT | couple | \$180,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2,Fail AT | couple | \$200,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2,Fail AT | couple | \$250,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2,Fail AT | couple | \$340,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | couple | \$40,000 | -\$1,347 | -\$1,533 | -\$1,347 | -\$805 | -\$1,347 | -\$77 | -\$1,347 | -\$213 |
| 2 | couple | \$60,000 | -\$1,347 | -\$1,216 | -\$1,347 | -\$488 | -\$1,347 | \$240 | -\$1,347 | \$104 |
| 2 | couple | \$70,000 | -\$1,347 | -\$1,046 | -\$1,347 | -\$336 | -\$1,347 | \$374 | -\$1,347 | \$229 |
| 2 | couple | \$100,000 | -\$1,066 | -\$690 | -\$1,066 | -\$183 | -\$1,066 | \$324 | -\$1,066 | \$75 |
| 2 | couple | \$150,000 | \$0 | \$351 | \$0 | \$520 | \$0 | \$689 | \$0 | \$267 |
| 2 | couple | \$180,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$508 |
| 2 | couple | \$200,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$508 |
| 2 | couple | \$250,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$508 |
| 2 | couple | \$340,000 | \$0 | -\$2,266 | \$0 | -\$2,833 | \$0 | -\$3,399 | \$0 | -\$4,197 |
| 5 | couple | \$40,000 | -\$1,347 | -\$1,777 | -\$1,347 | -\$359 | -\$1,347 | \$2,956 | -\$1,347 | \$5,010 |
| 5 | couple | \$60,000 | -\$1,347 | -\$1,124 | -\$1,347 | \$294 | -\$1,347 | \$4,262 | -\$1,347 | \$6,316 |
| 5 | couple | \$70,000 | -\$1,347 | -\$787 | -\$1,347 | \$1,040 | -\$1,347 | \$5,018 | -\$1,347 | \$7,051 |
| 5 | couple | \$100,000 | -\$1,066 | -\$690 | -\$1,066 | \$2,176 | -\$1,066 | \$5,692 | -\$1,066 | \$7,490 |
| 5 | couple | \$150,000 | \$0 | \$1,769 | \$0 | \$4,517 | \$0 | \$7,264 | \$0 | \$8,669 |
| 5 | couple | \$180,000 | \$0 | \$1,575 | \$0 | \$3,938 | \$0 | \$6,302 | \$0 | \$7,511 |
| 5 | couple | \$200,000 | \$0 | \$1,575 | \$0 | \$2,370 | \$0 | \$2,370 | \$0 | \$2,370 |
| 5 | couple | \$250,000 | \$0 | \$1,575 | \$0 | \$2,370 | \$0 | \$2,370 | \$0 | \$2,370 |
| 5 | couple | \$340,000 | \$0 | -\$3,575 | \$0 | -\$2,499 | \$0 | -\$1,423 | \$0 | -\$873 |
| 2 | single | \$40,000 | -\$1,347 | -\$1,533 | -\$1,347 | -\$805 | -\$1,347 | -\$77 | -\$1,347 | -\$213 |
| 2 | single | \$60,000 | -\$1,347 | -\$1,216 | -\$1,347 | -\$488 | -\$1,347 | \$240 | -\$1,347 | \$104 |
| 2 | single | \$70,000 | -\$1,347 | -\$1,046 | -\$1,347 | -\$336 | -\$1,347 | \$374 | -\$1,347 | \$229 |
| 2 | single | \$100,000 | -\$1,347 | -\$1,132 | -\$1,347 | -\$625 | -\$1,347 | -\$117 | -\$1,347 | -\$366 |
| 2 | single | \$150,000 | \$0 | \$351 | \$0 | \$520 | \$0 | \$689 | \$0 | \$267 |
| 2 | single | \$180,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$508 |
| 2 | single | \$200,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$508 |
| 2 | single | \$250,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$508 |
| 2 | single | \$340,000 | \$0 | -\$2,266 | \$0 | -\$2,833 | \$0 | -\$3,399 | \$0 | -\$4,197 |
| 5 | single | \$40,000 | -\$1,347 | -\$1,777 | -\$1,347 | -\$359 | -\$1,347 | \$2,956 | -\$1,347 | \$5,010 |
| 5 | single | \$60,000 | -\$1,347 | -\$1,124 | -\$1,347 | \$294 | -\$1,347 | \$4,262 | -\$1,347 | \$6,316 |
| 5 | single | \$70,000 | -\$1,347 | -\$787 | -\$1,347 | \$1,040 | -\$1,347 | \$5,018 | -\$1,347 | \$7,051 |
| 5 | single | \$100,000 | -\$1,347 | -\$1,131 | -\$1,347 | \$1,734 | -\$1,347 | \$5,250 | -\$1,347 | \$7,048 |
| 5 | single | \$150,000 | \$0 | \$1,769 | \$0 | \$4,517 | \$0 | \$7,264 | \$0 | \$8,669 |
| 5 | single | \$180,000 | \$0 | \$1,575 | \$0 | \$3,938 | \$0 | \$6,302 | \$0 | \$7,511 |
| 5 | single | \$200,000 | \$0 | \$1,575 | \$0 | \$2,370 | \$0 | \$2,370 | \$0 | \$2,370 |
| 5 | single | \$250,000 | \$0 | \$1,575 | \$0 | \$2,370 | \$0 | \$2,370 | \$0 | \$2,370 |
| 5 | single | \$340,000 | \$0 | -\$3,575 | \$0 | -\$2,499 | \$0 | -\$1,423 | \$0 | -\$873 |