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National Association Of Community Based Children's Services

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MEDIA RELEASE

GOVERNMENT'S CHILD CARE REBATE WILL REWARD THE RICH

The National Association of Community Based Children's Services (NACBCS) calls on the Australian Government to abandon its election promise of a 30% rebate on out-of-pocket child care expenses.

'This policy is a disaster for fairness and equity for families' Lynne Wannan, Convenor of NACBCS said today.

'Our calculations (attached) show that high income families on \$100,000 a year or more will receive double the tax rebate of families on low incomes of under \$30,000.

'Families earning under \$18,000 a year will receive less support than those earning more, just because they don't pay as much income tax for the rebate to come out of.

'And families who don't pay tax, like student parents and sole parent pensioners will miss out completely. Surely this inequity is an unintended consequence of this policy initiative.

'Child Care Benefit is a progressive system of support for families, offering the highest assistance where it is most needed' Ms Wannan said. 'This proposed 30% rebate undoes all of the good work of CCB.

'Fees will inevitably go up - and the unfairness gets much worse as fees increase.

'If daily child care fees rise to \$83 per day then low income families paying no tax, such as student parents, will pay more for their child care than high income families earning over \$100,000 per year.

'How can the government justify this kind of inequitable use of public funds?'

Not for publication

For further information contact Lynne Wannan, National Convenor ph: 0418 556724
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HOW THE 30% REBATE ON OUT-OF-POCKET CHILD CARE COSTS WILL WORK

The subsidy will be paid as a rebate on income tax paid.

Therefore the amount of assistance a family receives is limited by two factors:

- out of pocket expenses - how much the family paid for child care after the Child Care Benefit (CCB) subsidy
- total income tax paid in the previous year

Out of Pocket Expenses

The same child care fees are charged to all families within a service, regardless of income; the Australian Government then pays a subsidy (CCB) on a sliding scale depending on family income and number of children in care.

Therefore, lower income families pay less out-of-pocket costs of child care.

Highest level of CCB is \$28.10 per 10 hour day for families with one child in approved care and income less than \$33,000 pa

Lowest level of CCB is \$4.71 per 10 hour day for families with one child in approved care and income more than \$94,000 pa

NB: CCB is slightly higher per child if more than one child is in approved care
CCB for children in outside school hours care is 85% of above rates.

Income Tax

Many low income families pay no income tax:

- students
- parents on government income support

These families will not receive any rebate on their out-of-pocket child care expenses

Families earning less than \$18,000 pa pay less income tax than the total of 30% of out-of-pocket child care expenses at a service charging the common fee of \$54 per day (see calculations below); therefore these families will receive a rebate of less than 30% of their out-of-pocket child care expenses.

CHILD CARE FEES \$54 PER DAY

Centre Fee per day	CCB to centre	Parent Daily Fee	Parent annual out-of-pocket expenses	Annual 30% Rebate	Net Cost to Families	Total Gov't assistance
Highest level of income - lowest CCB @ \$4.71 per day						
\$ 54.00	\$ 4.71	\$ 49.29	\$ 12,815.51	\$ 3,844.65	\$8,970.86	\$ 5,069.14
Lowest level of income - highest CCB @ \$28.10 per day						
\$ 54.00	\$28.10	\$ 25.90	\$ 6,734.00	\$ 2,020.20	\$4,713.80	\$ 9,326.20
No income eg studying, income support - highest CCB @ \$28.10 per day						
\$ 54.00	28.10	\$ 25.90	\$ 6,734.00	NIL \$	\$6,734.00	\$ 7,306.00

CHILD CARE FEES \$83 PER DAY

Centre Fee per day	CCB to centre	Parent Daily Fee	Parent annual out- of-pocket expenses	Annual 30% Rebate	Net Cost to Families	Total Gov't assistance
Highest level of income - lowest CCB @ \$4.71 per day						
\$ 83.00	\$ 4.71	\$ 78.29	\$ 20,355	\$ 6,106	\$ 14,248	\$ 7,331
Lowest level of income - highest CCB @ \$28.10 per day						
\$ 83.00	\$28.10	\$ 54.90	\$ 14,274	\$ 4,282	\$ 9,991	\$11,588
No income eg studying, income support - highest CCB @ \$28.10 per day						
\$ 83.00	\$28.10	\$ 54.90	\$ 14,274	NIL \$	\$ 14,274	\$7,306