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**TREASURER**

**SENATOR THE HON MARISE PAYNE**  
**MINISTER FOR FOREIGN AFFAIRS**  
**MINISTER FOR WOMEN**

**THE HON ALAN TUDGE MP**  
**MINISTER FOR EDUCATION AND YOUTH**

**SENATOR THE HON JANE HUME**  
**MINISTER FOR SUPERANNUATION, FINANCIAL SERVICES AND THE DIGITAL ECONOMY**  
**MINISTER FOR WOMEN'S ECONOMIC SECURITY**

**MEDIA RELEASE**

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**Making child care more affordable and boosting workforce participation**

To cut the cost of living for around a quarter of a million families and to help boost workforce participation, the Morrison Government will make an additional \$1.7 billion investment in child care as part of the 2021-22 Budget.

The investment will add up to 300,000 hours of work per week which would allow the equivalent of around 40,000 individuals to work an extra day per week and boost the level of GDP by up to \$1.5 billion per year.

The changes deliberately target low and middle income earners with around half the families set to benefit having a household income under \$130,000.

Importantly it lowers the structural disincentive to take on an additional day or two of work for many families.

For example, under the Government's changes, a single parent on \$65,500 with two children in four days of long day care who chooses to work a fifth day will be \$71 a week better off compared to the current system.

Under the current arrangements the maximum child care subsidy payable is 85 per cent of child care fees. The level of child care subsidy is also tapered so that those families that earn the least receive the most.

These subsidies apply at the same rate per child, no matter how many children a family may have in child care. As a result, for families with more than one child in care this means that their child care costs double when they have a second child.

Additionally, families with combined incomes above \$189,390 face a child care subsidy cap of \$10,560 per child per year. As a result, these families start paying full fees towards the end of the year which reduces their incentive to participate in the workforce.

As part of the 2021-22 Budget, and starting on 1 July 2022 the Government will:

- Increase the child care subsidies available to families with more than one child aged five and under in child care, benefitting around 250,000 families
- Remove the \$10,560 cap on the Child Care Subsidy, benefitting around 18,000 families

For those families with more than one child in child care, the level of subsidy received will increase by 30 percent to a maximum subsidy of 95 per cent of fees paid for their second and subsequent children.

These changes will ensure half of Australian families will receive a 95 per cent subsidy for their second and subsequent children.

Under these changes, a family earning \$110,000 a year will have the subsidy for their second child increase from 72 to 95 per cent, and would be \$95 per week better off for four days of care.

A family with three children on \$80,000 would have the subsidy increase from 82 to 95 per cent for their second and third child and be \$108 per week better off for four days of care.

The Treasurer Josh Frydenberg said the investment builds on the \$10.3 billion the government is already investing in child care this year.

“These changes strengthen our economy and at the same time provide greater choice to parents who want to work an extra day or two a week.”

“This is a targeted and proportionate investment that simultaneously makes child care more affordable, increases workforce participation and boosts the Australian economy by up to \$1.5 billion per year.”

Minister for Education and Youth Alan Tudge said the measures would further ease the cost of child care and encourage workforce participation, particularly for larger families.

“Our child care system provides the most support to those who need it most,” Minister Tudge said.

“These measures will help remove the barriers for parents, particularly mothers, to return to the workforce or to increase their hours, as their family grows.”

The measures build on the Morrison Government’s 2018 Child Care Package which has kept out-of-pocket child care costs low for Australian families.

There are now 280,000 more children using child care than when we came to office

Minister Payne said this significant investment in the Child Care Subsidy would mean there is greater choice for Australian women and men as they balance their family and work responsibilities.

“For women in particular, it opens the door for those choosing to work or to work more, which is critical to their own economic security and a prosperous Australian economy,”

“Increasing the Child Care Subsidy is an important measure that will help reduce the disincentives for women to participate in the workforce to the full extent they choose.”

Minister for Women’s Economic Security Jane Hume said these measures will see more women back in the workforce sooner, helping to further close the pay and participation gaps.

"The measures announced today are specific and targeted; designed to help women who have had a second child return to the workforce so they can continue to progress their own careers and contribute to Australia’s economy.”

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**BENEFIT FOR FAMILIES WITH TWO CHILDREN IN CHILD CARE FOUR DAYS**

Family income	Current out of pocket child care cost per week	Current subsidy	New 2nd child subsidy	Future out of pocket child care cost per week	Total better off per week
\$40,000	\$124.60	85%	95%	\$83.20	<b>\$41.60</b>
\$80,000	\$149.18	82%	95%	\$95.39	<b>\$53.79</b>
\$110,000	\$232.38	72%	95%	\$136.99	<b>\$95.39</b>
\$140,000	\$315.58	62%	92%	\$190.78	<b>\$124.80</b>
\$180,000	\$416.00	50%	80%	\$291.20	<b>\$124.80</b>

*\*Based on: average hourly centre-based day care rate of \$10.40 per hour for a 10-hour session*