

Increases to Childcare Subsidies

The pre-budget childcare subsidy announcement increases childcare subsidies by 30% to a maximum of 95% from 1 July 2022. This means that parents who have at least two children aged 5 and under in childcare will receive coverage of up to 95% of their childcare expenses. However, this only applies to second and subsequent children, meaning that parents will not receive this rebate for their first child.

The higher income childcare subsidy cap of \$10,560 will also be lifted under this new announcement, meaning that families with a combined income of above \$189,390 may also be eligible for the 95% rebate. This announcement is designed to allow parents of young children to have the financial freedom of working more days during the week, with a focus on encouraging women back into the workforce after having children.

Essentially, a family with 2 children earning \$110,000 a year will have the subsidy increase from 72% to 95% and would be \$95 better off for 4 days of care. This applies only to the second child. A family with 3 children earning \$80,000 will have the subsidy increase from 82% to 95% for their second and third child and be \$108 better off for 4 days of care.

Benefit for Families with two children in child care four days

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

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

For more information

<https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/making-child-care-more-affordable-and-boosting>

If you require further clarification please call the office 6337 3737

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