

Improving Childcare Assistance for low and middle-income families

We want to make sure eligible families can continue to access income-tested childcare support as their earnings increase.

Wellbeing Budget 2021

We're adjusting income thresholds for Childcare Assistance in line with average wage growth each year.

Government is investing \$13.298 million over four years to improve Childcare Assistance for low to middle-income families.

- The Ministry of Social Development provides income-tested support for childcare for low to middle-income families.
- Childcare Assistance includes the Childcare Subsidy for young children to access early childhood education, and the Out of School Care and Recreation (OSCAR) Subsidy for before and after-school services and holiday programmes for school age children.
- Income thresholds determine the amount of Childcare Assistance a family can get based on how much they earn. The thresholds have been frozen since 2010. As a result, some working families have been unable to get Childcare Assistance as their earnings increased.

From 1 April 2022, income thresholds for Childcare Assistance will be adjusted each year in line with average wage growth.

- Indexing Childcare Assistance to average wage growth will make it more financially attractive for some parents to work, and to remain in work.
- From 1 April 2022, thresholds will be adjusted each year in line with wage growth. Over time more families are expected to become eligible for Childcare Assistance.
- The change does not affect Childcare Assistance subsidy rates. Any changes to the subsidy rates will be considered as part of a broader review of the scheme which will start in June 2021.
- A separate change from 1 July 2021 means the following types of supplementary assistance won't be counted as chargeable income for Childcare Assistance:
 - Accommodation Supplement
 - Temporary Additional Support
 - Special Benefit
 - Disability Allowance
 - Special Disability Allowance
 - Youth Payment and Young Parent Payment incentive payments

This ensures increases in supplementary assistance, including the flow-on effects of main benefit increases, won't affect people's Childcare Assistance eligibility or rates.

Costs (net operating) \$m	2021/22	2022/23	2023/24	2024/25 & Outyears	TOTAL
	1.298	2.099	3.812	6.089	13.298