



## A Budget to get women in the workforce

Whether you're a single woman, working mother or housewife, there's something in the Budget that affects you. We examine the key measures below.



### Key measures

- Restrictions on the government's parental leave pay scheme to stop new mothers 'double dipping'
- A 'Jobs for Families' childcare package, incorporating a new means tested child care subsidy. Designed to support working families and provide affordable access to childcare, it will replace the Child Care Benefit, Child Care Rebate and Jobs, Education and Training Child Care Fee Assistance (JETCCFA)
- Stay-at-home parents may lose access to childcare subsidies under a tough new activity test
- Families with income of around \$65,000 will receive a subsidy of 85 per cent per child, up to an hourly fee cap
- A two-year trial program for nannies
- Additional funding for preschool programs.

Women shared the spotlight with small business in this year's Federal Budget. The centrepieces of the Budget were small business tax cuts and a 'Families package', which included a mammoth investment in childcare.

Women are still the primary carer of children while men spend more time in the workforce, which explains why women generally have smaller superannuation balances.

According to the Association of Superannuation Funds of Australia, in 2011/12 the average female super balance was around \$45,000 while men had about \$83,000. Women were retiring with around \$105,000 compared to men who had almost \$197,000.

An analysis of 2014 ABS data shows that female workforce participation rates had been steadily increasing until the last decade, when it plateaued at around 60 per cent. The Government has seemingly indicated it is cognisant of the increasingly important role women can play in driving economic growth, which may have driven the Coalition's decision to include a massive investment in childcare in their second Budget.

A big impediment to higher female workforce participation is affordable childcare.

At a time when the Australian economy is slowing as it transitions from the mining boom to broader-based growth, Mr Hockey wants to get women working.

### Affordable access to childcare

If passed through Parliament, the Families package contained in the Budget will primarily benefit low to middle-income families while leaving higher income families relatively unscathed.

A simplified means-tested childcare subsidy will be introduced from July 2017 which will see families earning between \$65,000 and \$170,000, around \$30 a week better off - or \$1,500 better off each year. Families earning over \$170,000 may still receive a 50 per cent subsidy.

The new childcare subsidy, which will replace the Child Care Benefit, Child Care Rebate and Jobs, Education and Training Child Care Fee Assistance (JETCCFA), will be paid directly to approved care service providers to dramatically lower the upfront cost of childcare.

Families earning up to \$65,000 a year will receive 85 per cent of childcare fees, up to an hourly fee cap. This is reduced to 50 per cent for families earning \$170,000 or more.

Families earning less than \$185,000 per year will no longer have a cap on the subsidy they receive. If the family's income exceeds \$185,000 a cap of \$10,000 per child per year applies.



## Stay-at-home mums

In a bid to boost workforce participation the Budget introduces tough new work requirements in order for people to qualify for childcare subsidies which may affect stay-at-home mums.

Families earning over \$65,000 per annum with a stay-at-home parent who isn't working, looking for work, training, studying or undertaking any other approved activity (such as volunteering) will lose access to subsidies and will have to meet the full cost of childcare under changes outlined in the Budget. Both parents must be undertaking these activities at least eight hours a fortnight to qualify for subsidies.

## No 'double dipping'

The Budget has also tightened eligibility for the government's parental leave pay scheme.

New mothers who have access to an employer-funded paid maternity leave scheme stand to lose around \$11,500 of taxpayer funded benefits, as part of moves to stop women 'double dipping' if these measures are approved.

New mothers currently can receive the government's 18 weeks' of pay at minimum wage plus participate in their employer's parental leave scheme, if they have one.

However, new measures designed to stop parents from 'double dipping' will see mothers forfeit any government benefits if their employer offers a more generous scheme.

## What's next?

Budget measures must pass through Parliament to be legislated before they apply.

Labour and the Greens have already said they won't support cuts to family tax benefits announced in the 2014 Budget in order to fund the new Families and childcare package.

If you think you might be affected by some changes, you should speak to your financial adviser.