

## FamilyBoost childcare tax rebate

Kiwis are doing it tough right now because of Labour's cost-of-living crisis. It is particularly hard for young families to make ends meet when they're facing rising rents and mortgage rates, skyrocketing grocery bills, and paying for childcare.

According to the OECD, childcare costs in New Zealand are among the highest in the developed world. Full-time childcare costs for a child under three can often cost families \$300 or more every week.

To support Kiwi families bearing the brunt of the cost-of-living crisis, National will introduce FamilyBoost – a childcare tax rebate of up to 25 per cent on childcare costs for families earning up to \$180,000 a year.

### How it works

National's FamilyBoost childcare tax rebate is expected to help 130,000 low- and middle-income families keep more of what they earn, with up to \$75 more in their after-tax pay each week.

Families earning up to \$180,000 will receive a 25 per cent rebate on their early childhood education expenses, to a maximum of \$3,900 per year depending on their income.

To ensure this support is targeted to those families who need it most, the maximum weekly rebate will gradually reduce for families earning over \$140,000, with a family earning \$160,000 eligible for a maximum rebate of \$37.50 per week. Families earning more than \$180,000 will not be eligible for a rebate.

This means that a family with a combined household income of \$140,000 or less paying \$300 a week for childcare would receive a tax rebate of \$75, paid directly into their bank account.

Approximately 80 per cent of households with a child under five will be eligible for some support. FamilyBoost will be administered via IRD, with rebates paid directly to parents on a fortnightly basis. Information on childcare expenditure will be provided to IRD directly by eligible childcare providers using existing systems, making the process simple for providers and seamless for parents.

All providers who are eligible for existing childcare subsidies will qualify for FamilyBoost, including early learning centres, kindergartens, kōhanga reo, education and care centres, and licenced home-based care.

FamilyBoost will be available on top of existing support, including 20 hours ECE, MSD childcare subsidies, and recently announced changes to childcare subsidy entitlements.

### How much your household could get

For households with combined income of \$140,000 a year or less:

Weekly childcare costs	Weekly rebate	Annual rebate
\$100	\$25	\$1,300
\$200	\$50	\$2,600
\$300	\$75	\$3,900
\$400	\$75	\$3,900

*The maximum weekly rebate will gradually reduce for families earning over \$140,000. Families earning more than \$180,000 will not be eligible for a rebate.*

## FamilyBoost examples

- Charlotte is a first-year teacher earning \$52,000 and David is a social worker earning \$58,000. As a family, their combined household income is \$110,000 a year. They send their two-year-old to an ECE centre three days a week, which costs them \$240. Under FamilyBoost, they will receive a rebate on their weekly childcare expenses of \$60 (\$3,120 a year), paid directly into their bank account every fortnight.
- Tim is a self-employed photographer, who earns \$60,000 a year, and Mia is a builder earning \$100,000 a year. As a family, they have a combined household income of \$160,000 a year. They send their two children to childcare two days a week each, with a combined cost of \$330. They will receive a rebate on their weekly childcare expenses of \$37.50 (\$1,950 a year), paid directly into their bank account every fortnight.
- Michelle is an accountant and a single mother who earns \$75,000 a year. She sends her three-year-old to ECE five days a week, which costs her \$261.50 after a childcare subsidy of \$88.50 from MSD. She will receive a weekly rebate on her childcare expenses of \$65.38 (\$3,400 a year).
- Matt and Aroha own and operate a small café, earning them \$150,000 a year. Both of their two children are in ECE three days a week, which costs them \$400. They will receive a rebate on their weekly childcare costs of \$56.25 (\$2,925 a year), paid directly into their bank account every fortnight.

## Cost

FamilyBoost will see approximately \$249 million returned in childcare tax rebates to low- and middle-income families with children aged five and under each year.

## Funding

FamilyBoost will be fully funded by reprioritising existing wasteful spending which is not delivering value for New Zealand taxpayers.

Labour promised to cut spending on contractors and consultants. Instead, this spending has exploded. The latest data shows Labour's annual spend has skyrocketed from \$1.2 billion to more than \$1.7 billion.

National will reduce spending on consultants and contractors, saving taxpayers \$400 million a year across a range of government departments and Crown entities.

First, National will direct public sector agencies to end the culture of relying on contractors to do the regular job of a public servant at a massive premium.

Second, National won't enact any more costly restructures or mergers. Labour is obsessed with creating and merging entities while services on the front line fall apart.

Third, National will slash the use of working groups, task forces and reviews when in Government.

Fourth, National will require public sector agencies to report spending on consultants and contractors quarterly, rather than once a year.