FamilyBoost fact sheet

Last year, the Government introduced FamilyBoost to help households with the rising costs of early childhood education (ECE).

Background

FamilyBoost entitled qualifying families to a refund of 25 per cent of early childhood education costs up to a maximum of $75 a week. Payments are made quarterly so the maximum amount a family could receive was $975 a quarter (or $3,900 a year).

The payment reduced for household incomes over $35,000 a quarter (equivalent to $140,000 a year) with the payment cutting off at a household income of $45,000 (equivalent to $180,000 a year).

When the scheme was introduced, Inland Revenue estimated up to 100,000 families could be eligible for a portion of FamilyBoost. This assumed 100 per cent of eligible people would apply and be paid.

The changes

From 1 July this year, qualifying families will be entitled to a refund of 40 per cent of early childhood costs up to a maximum payment of $120 a week. The maximum payment a family can now receive is $1560 a quarter, or $6240 a year.

The abatement rate for families earning more than $35,000 a quarter will reduce from 9.75 per cent to 7 per cent. This means households earning up to $57,286 a quarter (equivalent to $229,144 a year) can now claim some portion of FamilyBoost.

The impact

Inland Revenue estimates that 162,000 families have children enrolled in ECE. Of those families, 106,000 are entitled to receive some FamilyBoost payment if they apply.

To date, 78,000 families have registered for FamilyBoost and 60,000 families have received FamilyBoost payments.

Inland Revenue estimates that 92,000 families could apply over a full year and be paid FamilyBoost under the new proposal. This assumes a 71 per cent uptake.

Families have four years to claim FamilyBoost refunds. The final actual uptake will not be known for some time and will depend on how many families choose to apply for FamilyBoost.

Examples

Example 1

Kaitlyn is a sole parent with a two-year old child. Kaitlyn works part time and earns $40,000 a year ($10,000 per quarter). She applies for the Childcare Subsidy, so Work and Income pay $98 per week towards her daycare costs. She pays the remaining fees of $76 a week.

- Currently she receives $19 a week through FamilyBoost.
- After the changes she will be eligible to receive just over $30 a week and be better off by around $11 a week.

Example 2

Damien and Andy both work and earn $160,000 a year ($40,000 per quarter) between them. The fees for their two year old come to $146 a week.

- Currently they receive $37 a week through FamilyBoost.
- After the changes they will be eligible to receive $58 a week and be better off by $21 a week.

Example 3

Thomas has just returned from parental leave and, together with his partner Maraina, earns $220,000 a year ($55,000 per quarter). ECE fees for their two children are $346 a week.

- Currently they do not quality for FamilyBoost.
- After the changes they will be eligible to receive $12 a week.

Example 4

Jacqui earns $110,000 per year ($27,500 per quarter) and has one child aged 3 in ECE for 40 hours per week. Her child is eligible for the Ministry of Education's 20 Hours ECE policy. She also qualifies for the Childcare Subsidy, so Work and Income pay $145 per week towards her ECE fees. She pays the remaining $105 per week.

- Currently she receives around $26 a week through FamilyBoost.
- After the changes she will be eligible to receive $42 a week and be better off by around $16 a week.