

31 May 2018

**ASX Limited  
Market Announcement**

**Think Childcare Limited (ASX Code: TNK)**

## 99.4% of our families receiving CCB will save under CCS

From the 2<sup>nd</sup> of the July the Child Care Benefit (CCBenefit) and the Child Care Rebate (CCRebate) will be replaced with a single payment, the Child Care Subsidy (CCSubsidy).



Combined family income <sup>^</sup>	Subsidy % rate
<b>Max fee \$11.77 per hour for up to 50 hours per week</b>	
Up to \$66,958 <sup>^</sup>	85%
Over \$66,958 to under \$171,958	Gradually reducing to 50%
\$171,958 to under \$251,248	50%
\$251,248 to under \$341,248	Gradually reducing to 20%
\$341,248 to under \$351,248	20%
\$351,248 or more	0%

*Calculated as: (Session rate {max \$11.77} x Subsidy % rate) x session hours per day = CCSubsidy*

### EXAMPLE

Fee: \$120/12 hour day (HD) = \$10 per session hour (SH)

On the maximum subsidy of 85% x \$10 (SH) = \$8.50 CCSubsidy per hour

12 HD x \$8.50 = \$102 CCSubsidy per day

Day fee \$120 – CCSubsidy \$102 per day = Cost to family for a day of \$18



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## Child Care Subsidy Overview

- Payments must now be paid directly to the Child Care Centre, increasing cashflow to operators.
- CCSubsidy is uncapped below a family income of \$186,958. The cap above this income level is \$10,190 per child per year, a 35% increase on the previous \$7,500 per child per year.
- Previous maximum CCBenefit/CCRebate was \$18,940, the new maximum CCSubsidy is now \$26,000 per child per year.
- CCBenefit ceased at a family income of \$157,000, families above this income received \$7,500 CCRebate They will now receive \$16,525 CCSubsidy per child per year at this income level.
- Families earning up to \$323,000 will be better off under the CCSubsidy.

## How the Child Care Subsidy affects THINK's families

Using our families CCBenefit percentage, we were able to back solve the income of 72.5% of all our families. Of these families, we estimate that 99.4% are better off under the CCSubsidy payment.

Represented in the table below is the quantum of savings per child per week.

Per week better off	\$5	\$10	\$15	\$20	\$25	\$50	\$100	\$150
% of families*	4%	19.24%	23.32%	16.40%	8.82%	19.78%	8.03%	0.06%
100% of families	[Bar chart showing 100% of families are better off by at least \$5]							
95% of families	[Bar chart showing 95% of families are better off by at least \$10]							
76% of families	[Bar chart showing 76% of families are better off by at least \$15]							
53% of families	[Bar chart showing 53% of families are better off by at least \$20]							
36% of families	[Bar chart showing 36% of families are better off by at least \$25]							
28% of families	[Bar chart showing 28% of families are better off by at least \$50]							

\*of families we were able to back solve their income based on their CCB percentage

For families not receiving CCBenefit we are not able to calculate their income, however, given the suburban location of most of our centres, we expect the majority of these families will have family incomes below \$323,000 and therefore will also be better off under the CCSubsidy.

## How the Child Care Subsidy will affect THINK's occupancy

Overnight, on the 30<sup>th</sup> of June 2018 we are going from childcare being the most expensive for some considerable time to childcare being the cheapest it has ever been in Australia.

It will take some time for people to adjust to their new position and consider if this means they can study more, work more or simply maintain their status quo. If they decide to work more, some will be immediately able to increase days and others will take time to either change roles or for their workplace to be able to provide extra days.

Given the multitude of variables in calculating the impact on families and the centre based variables of supply and competitor pricing, we are not able to predict the impact on our occupancy. We believe that the subsidy is a positive for the sector with a predicted 11%+ increase in funding to the sector.

## How THINK is communicating to families the CCSubsidy impact

We have developed a data set that estimates the impact of the CCSubsidy for every family in our care. We have commenced emailing all families informing them of how they will be personally affected by the change to the CCSubsidy. We are inviting them, based on their savings, to elect to take up extra days via a simple electronic form, allowing them to start to consider their circumstance before the rest of the market.

## How THINK is promoting to the greater market

### Letter box drop

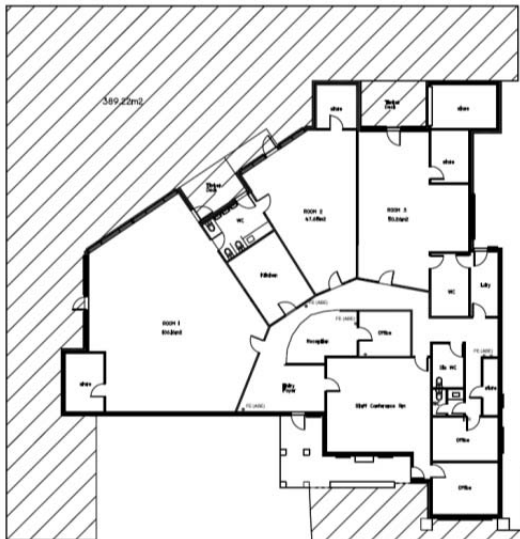
We have commenced letterbox dropping 5,836,000 DL flyers, reaching 729,000 households around THINK's and our managed centres. Positioning our centres as the experts in the CCSubsidy.

### Digital media

We have deployed a digital strategy across social media, complementary websites and search engines to promote our child care offerings. We have also engaged with third party websites, whom have large databases of our core customers, and will be communicating direct to their databases.

## How we are changing the look of our centres

From this



To this



**From this**



**To this**



## **Our continued focus on the quality of care**

Since October 2017 we have established a HR team and Educational Development team in order to deliver the highest possible care. The annual investment into the head count, training and technology will be in the order of \$1.6mil. This allows us to deliver training across our 2,000 Educators in hours rather than months and ensures that the care we deliver is best in market.

**END RELEASE**

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