

MEDIA RELEASE

For immediate Release

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Rising Costs of Child Care Are Undeniable

The Australian Childcare Alliance (ACA) has responded to a large volume of media activity over the weekend regarding the affordability of child care.

“There’s no question that many Australian families are struggling to cope with the cost of child care.” ACA President Paul Mondo said. “This is a sad reality that the ACA has made clear to the Government during all consultation regarding the upcoming Jobs for Families package. The situation was reflected in the recent HILDA Report¹, which reported a drastic increase in the cost of child care since 2002.”

“It’s no mystery that the roll-out of the National Quality Framework increased costs with increases in qualification requirements, educator to child ratios and additional compliance measures. This issue was compounded by the fact that family child care subsidies have been frozen at the same level for almost nine years, with current CCR Cap at \$7500 per year. “

“For all its positive outcomes, the implementation of the National Quality Framework has been the most significant factor in the affordability crisis impacting families, stemming from the fact that successive governments did not provide an adequate funding framework for families in parallel with the reform agenda.” Mr Mondo said.

ACA has continued to lobby the government to address the immediate financial pressures families are facing.

“There have been suggestions in recent media articles that a tax-deductible model may solve Australia’s child care affordability issues. It is worth noting that tax deduction models offer the greatest benefit to families on high incomes and little benefit to those most disadvantaged. ACA believes many families would be worse off if child care subsidies were replaced by a tax-deductible model, and it is therefore not the panacea for this issue.”

ACA acknowledges that many working families will be better off under the impending changes to child care subsidies and commends the Government’s increased investment in Early Childhood Education and Care.

“Whilst it is expected that the roll-out of the new child care subsidies for families from July next year will help to alleviate the financial pressure on Australian working families, we already know that families who don’t meet the activity test will be worse off.”

For example, if you are a household with one stay at home parent and earn above \$65,710 you will receive no subsidy at all to support access for your children in an early learning environment.

¹ Page 10 of Household Income and Labour Dynamics in Australia Survey: Selected Findings From Waves 1 to 14 - http://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0007/2155507/hilda-statreport-2016.pdf

Australian Childcare Alliance

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“This will be devastating to over 30,000 families who currently receive some level of subsidy support in this circumstance.” Mr Mondo said.

Notwithstanding, it is difficult to predict how families will fare under the Jobs for Families package until each family has determined their level of activity and their level of subsidy entitlements.

“As we stated in our Pre-Budget Submission to Treasury, a reform of such importance should support a minimum level of access of Early Childhood Education and Care for all children regardless of their parents’ work circumstances.”

“We would also urge the Government to ensure the currency of child care subsidy rates. Should there be any uncontrollable increase in operational costs, providing families with consistently affordable quality Early Childhood Education and Care must be a priority. These issues affect more than 800,000 families across the country.”

“Ensuring children across Australia have access to quality and affordable early childhood education and care means they have the best possible start in terms of school readiness and establishing a lifelong love of learning. It also stimulates the economy through increased workforce participation,” Mr Mondo concluded.

“It is clear that ongoing investment in the early childhood education and care sector is vital for long term social and economic gains.”

ACA will continue to engage with the Federal Government with a view to ensuring that all Australian families have access to high quality, affordable Early Childhood Education and Care.

ENDS

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BACKGROUND

As the national peak body in the Australian Early Childhood Education and Care (ECEC) sector, the Australian Childcare Alliance (ACA) represents more than 2,500 members and approximately 360,000 families throughout Australia.

We work on behalf of long day care service owners and operators, predominantly private, to ensure families have an opportunity to access affordable, quality ECEC throughout Australia.

The ACA has existed in various forms for more than 30 years and has extensive experience in the fields of early childhood, education, training and management. Our experience means that we understand the critical role a quality ECEC program plays in the life of families and the importance of a viable long day care sector in preparing children for the best start in life and learning.

The ACA’s national and state bodies work collaboratively with all levels of government, regulatory bodies and other stakeholders to ensure that families are supported into the future with a sustainable, affordable and viable sector, with a focus on the best interests of Australia’s young children.

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