

Sunday 1 October 2023

MEDIA RELEASE

ACCC Interim report outlines issues in early childhood education and care sector that can only be addressed through co-designed policies

The Australian Childcare Alliance (ACA) today acknowledges draft recommendations in the ACCC interim report into its Childcare Inquiry as it highlights the unique nature of the sector and confirms issues ACA has raised.

The interim report outlines some of the core issues flagged by the ACA, including:

- Staffing is a significant issue on quality and viability
- Services are only viable with reasonable levels of occupancy
- Increased competition does not reduce prices in oversupplied markets.

ACA has previously addressed the failings of the activity test in relation to the Child Care Subsidy and called for a daily rate cap instead of the current hourly cap model. The ACCC interim report has included a draft recommendation supporting this, as it concluded the activity test needed to be removed or reconfigured.

ACA President Paul Mondo said the Child Care Subsidy was overly complex and was failing families and Government and impacting lower income families disproportionately.

“The findings reinforce that any policy settings made in isolation are likely to lead to unintended consequences,” he said.

“A focus must be on how we can drive accessibility and affordability for all families, whilst building a strong workforce of highly skilled early childhood educators and teachers. This cannot come at an increased cost to families.”

“We look forward to working with the Government in relation to the ACCC findings and those of the Productivity Commission later this year to ensure that we have a funding system that ensures affordable and accessible early learning for all Australian children, for our workforce to be appropriately remunerated and for services to remain viable.”

The ACCC interim report found that parents usually chose childcare providers based on quality of care over price. The report found that services with higher labour costs had higher quality ratings meaning that any decisions that push down price must be balanced with how those decisions will impact quality.

Mr Mondo also flagged the report has stated wage costs increased by 28 per cent between 2018 and 2022, significantly higher than inflation, and yet during this period fees had only increased by around 4 per cent each year – making it even harder for services to remain financially sustainable.

Last week the ACA welcomed a decision from the Fair Work Commission, made possible under new provisions in the Fair Work Act, for government to join sector employers and unions in tripartite negotiations on pay and conditions for early childhood educators. ACA is the peak body for early learning (childcare) services, which provide care for 850,000 families across Australia. It has consistently advocated for more government support to help attract and retain early learning educators.

“We look forward to working with the Australian Government on implementing these important policies whilst not losing sight of the critical need to provide additional educator attraction & retention initiatives in the months ahead,” Mr Mondo concluded.

ENDS

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About the Australian Childcare Alliance

The Australian Childcare Alliance (ACA) works on behalf of early learning (long day care) service owners and operators to ensure families have an opportunity to access affordable early childhood education and care (ECEC) throughout Australia. We represent over 3,000 early learning service providers across the country.

Our national and state bodies work collaboratively with all levels of government, regulatory authorities and other stakeholders with an evidence-based approach, to ensure that families are supported into the future with a sustainable, affordable and viable ECEC sector.

ACA believes that with the right policy and financial frameworks in place, we could ensure that every child in Australia has access to high quality, affordable and sustainable early learning (childcare) services, and therefore the **best start in life**.

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