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## MEDIA RELEASE

### **The Australian Childcare Alliance welcomes the Productivity Commission's Final Report and calls on government to act swiftly to address immediate concerns, while taking time to consider a longer-term overhaul of the funding system**

The Australian Childcare Alliance (ACA) welcomes some key recommendations from the Productivity Commission's Final Report from its Inquiry into the Early Childhood Education and Care (ECEC) sector, published today, including:

- abolishing the activity test and increasing the rate of the Child Care Subsidy for families on incomes of up to \$80,000 to 100% of the hourly rate cap, and for families with multiple children in ECEC with incomes of up to \$140,000
- further investment in establishing ECEC services in communities experiencing disadvantage as well as in regional and remote communities
- immediate increased funding for the Inclusion Support Program and streamlined requirements of the program to expand its reach, with the ECEC Inclusion Fund to be established 2026
- setting goals for the ECEC workforce, with access to pathways that facilitate career advancement and encourage attraction and retention into the sector.

**ACA Vice President Nesha Hutchinson** said many of the recommendations reflected priorities that ACA has long advocated for, such as removing the activity test, which the report found to be a barrier to access for low-income families and does little to incentivise labour force participation.

"We need a model that ensures the best start in life for all children. This report advises that increasing access and availability cannot come at the expense of quality, and that entirely resonates with ACA's approach," she said.

"We look forward to working with the Government as it reviews the recommendations, alongside the final ACCC report delivered earlier this year. We are examining the report in more detail, including the timeframes and consultation process to develop and implement these recommendations."

Ms Hutchinson said that finding the right solutions to workforce challenges is central to improving early learning (childcare) in Australia – and the allocated recommendations and goals to support the workforce will achieve great gains for the sector, children and families.

"We need a multi-faceted sector which provides early learning and care for the varied needs of Australian families. What one family needs for their children isn't the same as what their neighbours might need – and along the same lines, the services delivered need to reflect those needs in their unique and individual approach," she said.

**Australian Childcare Alliance**

**A:** Level 1, 1535 Dandenong Rd, Oakleigh VIC 3166

**E:** [president@childcarealliance.org.au](mailto:president@childcarealliance.org.au)

**W:** [www.childcarealliance.org.au](http://www.childcarealliance.org.au)





A focus on funding these high-quality services in a way that ensures the viability and sustainability of the sector, balanced with affordable and accessible centres is crucial – and this new funding model will take time to develop.

“The Productivity Commission warned that models such as a low-cost flat fee will come at an excessive cost and won’t deliver the outcomes for children and families - and ultimately won’t achieve the government’s goals. We acknowledge that working through all of the recommendations will take time, to ensure long-term successful outcomes.

“Quality Early Childhood Education and Care needs to be affordable and equitable for all Australian families. Historically, changes to funding have sometimes had unintended consequences so we welcome recommendations for a considered and evidence-based approach which delivers the best outcomes for every dollar spent.”

## ENDS

**Media enquiries:** Anne Wright 0411 035 695 and Rachael Dillon 0437 233 932

### 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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