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MEDIA RELEASE

New report raises serious doubts about \$10-a-day childcare

Potential changes to early learning (childcare) funding could threaten the high-quality care that parents have come to expect, new research has found.

According to a new report, commissioned by ACA, from *dandolopartners*, a move to supply-side funding – as suggested in recent media reports – could risk many centres becoming unviable or force them to only meet rather than exceed quality to survive.

The report examined supply-side funding, where early learning services are funded directly by government, versus demand-side funding, where families receive childcare subsidies.

The report looked at the impact of adopting a funding model similar to aged care in Early Childhood Education and Care (ECEC) and the likelihood of similar repercussions.

If the costs of delivering high quality services aren't considered, centres may be forced to take a minimalist approach to staffing, as services that invest in their workforce and those that choose to have extra staff in rooms above the mandatory ratios are penalised.

Another major issue flagged in the report is that a supply-side funding model would incentivise centres to prioritise children with lower needs, which has happened to residents in aged care.

There are mounting concerns in the ECEC sector about policy changes being promised without adequate planning or consideration of potential consequences.

Australian Childcare Alliance (ACA) President Paul Mondo said parents, government and the sector were aligned in wanting childcare to be available, affordable and high-quality.

“We all want the same thing here but rushing change increases the chance of getting it wrong and causing long-term damage to the ECEC sector that will be difficult to reverse,” he said.

“Universal application of a supply-side funding model would be complex and costly to get right, taking years to implement which is too late for many families struggling under the cost-of-living crisis that is happening now.

“If funding levels are set too low - as they were in the aged care sector – it would become harder to maintain and improve facilities, investment in new centres would dry up and the high-quality extras parents love and expect will disappear.”

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The *dandolopartners* report, which was commissioned by the ACA, analysed the key findings and recommendations put forward by the Australian Competition and Consumer Commission (ACCC) and Productivity Commission (PC).

The ACA backs the PC findings, arguing for a steady, incremental and evidence-based approach to changes.

Mr Mondo said the *dandolopartners* report served as a warning that the proposed flat daily fee for childcare could see the quality of early learning drop.

“Given the considerable risks attached to supply-side funding, which isn’t necessarily the best solution to improving price and affordability, other, less disruptive solutions should be prioritised,” he said.

“It’s time to make changes – but let’s get these changes right, and help to ensure a high-quality, sustainable future for early learning.”

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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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