

MEDIA RELEASE – 20 JUNE 2018

ACA NSW WELCOMES NSW COALITION GOVERNMENT'S CHANGE TO PAYROLL TAX THRESHOLD AS GOOD FIRST STEP

The NSW Government's Budget announced on 19 June 2018 proposes to raise the payroll tax threshold to one million dollars. It is estimated that this change could potentially help up to 900 childcare services (or 16.7% of all services) across New South Wales, thereby directly helping to improve operational viability and childcare affordability, providing a step towards a level playing field for the sector and for families using private long day early childhood education and care centres.

"The Australian Childcare Alliance NSW welcomes the NSW Government's change to payroll tax threshold as a good first step for NSW early childhood education and care centres," said Mrs Lyn Connolly, President of the Australian Childcare Alliance NSW.

NSW centre-based community and not-for-profit childcare services are not obliged to pay payroll taxes regardless of their childcare fee structures. Yet, privately-owned centre-based childcare services in NSW who offer same educational services, under the same regulation and laws, are obliged to contribute payroll taxes.

"Neither Land Tax nor the Goods and Services Tax is applied to all centre-based childcare as they have been formally considered as educational institutions, and hence their childcare fees do not attract Land Tax or GST. Ideally, the same principle ought to apply to early childhood education and care services' payroll tax obligations," said Mrs Connolly.

ACA NSW has proposed 14 recommendations in its [2018 Briefing Paper to the NSW Government](#) outlining how early childhood education and care can be streamlined and made more affordable for parents while maintaining if not improving quality. One of the 14 ACA NSW recommendations was to increase the payroll tax threshold for early childhood education and care centres to \$2 million per financial year from 2018/2019 onwards. This proposal from ACA NSW is to achieve consistency with similar centre-based community and not-for-profit childcare services, with savings that will most likely be passed onto parents as downward pressures on childcare fees, increases in education resources for children, and/or increases in staff wages and services' abilities to recruit better staff.

"We thank the NSW Coalition Government for this helpful change but are compelled to continue advocating for further consistencies across the sector wherever possible. With the NSW version childcare regulations being the most expensive in the country, every improvement helps childcare affordability," said Mrs Connolly.

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Australian Childcare Alliance New South Wales (www.nsw.childcarealliance.org.au) is the peak body for privately owned early childhood education and care services in NSW, numbering approximately 1,600 long daycare services and supporting over 125,000 families. ACA NSW provides advocacy, policy and regulatory and business support and advice, member services and professional development for members and their staff across the state.

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