

MEDIA RELEASE – 30 AUGUST 2018

CENTRE FOR INDEPENDENT STUDIES CONFIRM CHILDCARE UNAFFORDABLE WITHOUT COMPREHENSIVE RETHINK

The Centre for Independent Studies (CIS) has released today its latest [research report](#), “*Why childcare is not affordable*”. This follows its previous publications, “*Regulating for Quality in Childcare: The Evidence Base*” (2014) and “*Early Childhood Intervention: Assessing the Evidence*” (2016).

This latest CIS report highlights what most Australians already fear, that the Australian childcare system is a high-cost and inflexible service, with states and territories using their powers to intentionally exceed nationally agreed standards without adequate offset to their impact on cost.

The President of the Australian Childcare Alliance (ACA) NSW, Mrs Lyn Connolly, said, “We concur with a number of the CIS’ findings and conclusions, particularly with how NSW and other jurisdictions’ lack of consistency with the National Law and National Regulations add to the regulatory cost burdens that ultimately affect children and parents.”

By way of reference and example, due to the then new regulatory framework, the childcare workforce size grew by 54.5% between 2013 and 2016 compared to just 11% in the preceding three years from 2010 to 2013. Perhaps due to unsustainable growth, the Federal Government ([2017](#)) and NSW Government ([2017](#)) both reported labour shortages, thereby causing labour costs to increase and exacerbate childcare fees to the detriment of parents and taxpayers.

Ironically, the Productivity Commission’s 2014 Inquiry Report correctly predicted the regulatory difficulties for childcare providers and out-of-school-hours-care service providers. Such regulations ultimately limit, if not eliminate, the ability of childcare services to control their operating costs, seek effective productivity improvements, and have complete freedom to compete with other services on quality and price.

In an attempt to address the ever-rising unaffordability of childcare for parents, the Commonwealth Government introduced its new Child Care Subsidy (replacing its Child Care Benefits and Child Care Rebates) at an annual cost of \$9.5 billion within four years beginning 2 July 2018.

“Unless governments want parents to shoulder more and more of the cost of service delivery, ACA NSW believes a comprehensive rethink of childcare regulation and policy is necessary in order to solve Australia’s ambition of insisting on a world-class early childhood education standard while pursuing maximum workforce participation,” said Mrs Connolly.

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Australian Childcare Alliance (ACA) NSW (www.nsw.childcarealliance.org.au) is the peak body for privately owned early childhood education and care services in NSW, numbering approximately 1,600 childcare 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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