

‘Outrageous’: NSW families to pay more for childcare with licence fees hiked to cover safety costs

<https://www.dailytelegraph.com.au/education/regions/new-south-wales/outrageous-nsw-families-to-pay-more-for-childcare-with-licence-fees-hiked-to-cover-safety-costs/news-story/29551d1142c7c839dc3c5f1f0dc1f1fa>

Every NSW parent with young kids in care is staring down the barrel of another hike in childcare costs, as the NSW government hits providers with a 10-fold increase in licence fees.

[Eilidh Sproul-Mellis](#)

[@Eilidh_Mellis](#)

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Drummoyne Preschool director Helen Millar is furious about the licence fee increases Picture: Tim Hunter.

Every NSW parent with young children in care is staring down the barrel of another hike in childcare costs, after the state government heralded its intention to slug providers with a 10-fold increase in licence fees.

Childcare operators in the for-profit and not-for-profit sectors have erupted in anger after discovering in a communique, distributed quietly on Friday by the federal government, that the annual licence fee they must pay to maintain their service approval, will soon increase multiple times over.

Large childcare providers will face a 10-fold fee rise, five-fold increase for small providers, and three-fold for not-for-profits, to “reflect increases in the volume, risk and complexity of regulatory activities”.

Small childcare centres with fewer than 25 places would see their licence fee rise from \$319 per year to \$1,595 per year on average, based on modelling undertaken by the NSW Childcare Alliance.

Annual licence fee hike

Services less than 25 places - from \$319 to \$1,595

Services with 25-80 places - \$482 to \$2,410

Service with 81-100 places - from \$641 to \$3,205

Services with more than 100 places - \$802 to \$4,010

* Annual licence fees in NSW, for small-to-medium sized taxpaying providers

Source: Based on ACECQA data, modelled by the Australian Childcare Alliance NSW

Medium-sized businesses with between 81 and 100 places would pay \$3,205 per year, up from \$641, while those with over 100 places would pay \$4010, up from \$802.

Education Minister Prue Car agreed, along with her Victorian counterpart, to the massive rises during the education ministers’ meeting “to reflect increases in the volume, risk and complexity of regulatory activities”, according to the communique.

Other jurisdictions have pursued a smaller increase of 10 per cent plus indexation.



Director of the non-profit Drummoyne Preschool Helen Millar said the centre would have no choice but to increase childcare fees. Picture: Tim Hunter

The NSW government is setting up a new independent regulatory authority called the NSW Early Learning Commission, with the NSW Department of Education currently responsible for enforcing the national regulations.

The Daily Telegraph has spoken to multiple providers who have indicated that they would have little choice but to pass on the licencing cost to parents, in the form of higher fees.

NSW Childcare Alliance CEO Chiang Lim said the proposed increases are “outrageous” and described the licence cost as “blatantly gouging” the service providers.

“This could be the point that services say ... this had made it materially impossible to run the business,” he said.



Australian Childcare Alliance NSW CEO, Chiang Lim. Picture: Supplied

Opposition spokeswoman for early education Felicity Wilson said the Education Minister has “questions to answer” about the cash-grab, including on what basis the figures were arrived at.

“The reality of this unexplained and disproportionate fee increase will be felt by families who will bear the costs,” she said.

“If NSW needs to invest more in early education, then it should be funded through the Budget, not through hidden fees and charges passed on to parents.”



Shadow minister for early education and care, Felicity Wilson. Picture: Supplied

Drummoyne Preschool is among a dwindling number of not-for-profit community-run services in Sydney, and “frustrated” centre director Helen Millar said the growing financial pressures mean the service would be forced to pass on the licence fee rise to families.

“Community-based preschools are already under fire, and this is just one more nail in the coffin,” she said.

“We need to keep children safe, and reforms are 100 per cent needed, but listen to the people who are actually working with children. Nobody in government talks to us.”

Education Minister Prue Car defended the new “cost recovery” licence fees as “negligible when compared to the revenue generated by for-profit businesses”.

“For too long the sector has been charged token service fees, and it is appropriate that businesses contribute to the regulation of the sector to ensure safety and quality is upheld,” she said.

“I encourage any parents who experience attempts by large for-profit providers to unreasonably hike fees in response to these changes to report it to the Department of Education.”