

Competition watchdog to review spiralling childcare costs ^[1]

Australia's competition watchdog will investigate why childcare costs have soared by 41 per cent over the past eight years.

Author: McLeod, Catie

Source: News.com.au

Format: Article

Publication Date: 21 Sep 2022

AVAILABILITY

Access online ^[2]

EXCERPTS

Australia's competition watchdog will review spiralling prices in the childcare sector which have leapt by 41 per cent over the past eight years.

The Albanese government has ordered the investigation to begin in January and report back by the end of 2023.

Labor has said it will be funded through a \$10.8m commitment in next month's federal budget.

The Australian Competition and Consumer Commission will examine why childcare costs and out-of-pocket expenses are rising so much and recommend ways to ease the financial burden on families.

This is understood to be the first step in Labor's election promise to have the ACCC design a price regulation mechanism to drive down out-of-pocket costs "for good".

Unveiling the details of the probe outside a Brisbane childcare centre, Education Minister Jason Clare flagged the possibility of future legislation based on the outcome of the review.

"We've already got caps on the childcare subsidy, but if the ACCC recommends that there are other things that we can do to put downward pressure on prices, then that's a good thing," he said on Wednesday.

"That's the sort of thing that we would want to implement."

And rising costs aren't the only problem plaguing the sector.

Mr Clare said the nation was faced with a shortfall of about 6500 early childhood educators and that demand for these workers would only increase.

He said Labor was committed to getting childcare workers "a better deal" and rattled off its policies of backing a minimum-wage increase, enshrining gender equity in the Fair Work Act and developing multi-employer bargaining.

Mr Clare will next week introduce to parliament legislation to lift the cap on childcare subsidies, which was one of Labor's key election promises.

The Albanese government plans to lift the maximum subsidy rate to 90 per cent for families for the first child in care and increase subsidies for every family earning less than \$530,000 in household income for one child in care.

Labor has said it will spend about \$5.4bn from July 2023 on implementing the policy, which it hopes will boost women's participation in the workforce.

Mr Clare said on Wednesday the laws would mean a \$1700 reduction in childcare costs for "an average family" on a total income of \$120,000.

"If you've got kids in care, you know, it's expensive, you know the cost has gone up, you know that you need a bit of relief," he said.

Labor has pushed back against calls to bring forward its plan to increase childcare subsidies from July 1, 2023, citing the cost.

Jim Chalmers said cheaper childcare would be the biggest commitment in the October budget.

"Because we understand that the cost of childcare is the decisive element in the decision taken by new parents, especially new mums, on whether or not they can work more and earn more," the Treasurer said on Wednesday.

Labor also took to the federal election the promise of having the Productivity Commission conduct a review of the sector with the aim of implementing a universal 90 per cent subsidy for all families.

Region: Australia and New Zealand ^[3]

Tags: child care ^[4]

costs ^[5]

subsidy ^[6]

Source URL (modified on 27 Sep 2022): <https://childcarecanada.org/documents/child-care-news/22/09/competition-watchdog-review-spiralling-childcare-costs>

Links

[1] <https://childcarecanada.org/documents/child-care-news/22/09/competition-watchdog-review-spiralling-childcare-costs> [2]

<https://www.news.com.au/finance/economy/competition-watchdog-to-review-spiralling-childcare-costs/news-story/95c1c05804f15abf16120403769ef7c6>

[3] <https://childcarecanada.org/category/region/australia-and-new-zealand> [4] <https://childcarecanada.org/category/tags/child-care> [5]

<https://childcarecanada.org/taxonomy/term/8981> [6] <https://childcarecanada.org/category/tags/subsidy>