

# Our childcare system is designed to support fee increases <sup>[1]</sup>

**Author:** Bryant, L.

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## AVAILABILITY

Access online <sup>[2]</sup>

### Excerpts

The Interim report of the Childcare Inquiry being conducted by the Australian Competition and Consumer Commission (ACCC) into childcare costs has just been released.

It found that that childcare fees rose faster than inflation and wage growth during the past four years – with long day care fees rising by around 20 per cent. It found that the cost burden of this is felt mostly by disadvantaged families. Surprise, surprise!

Families and government seem to be puzzled as to how the Commonwealth Government could possibly invest more money into subsidising the cost of childcare without it reducing family out of pocket costs by a commensurate amount.

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The ACCC found that larger providers charge higher fees than medium and small ones and for-profit centre-based day care providers charge higher average fees than not-for-profit provider.

But for some of the firms that make big money out of childcare provision (or wish to do so) it's not actually the anticipation of making more immediate money that made them hike their fees up by as much as \$20 a day at the same time the Government increased family subsidies. It's more about readying their investment for sale. Or increasing their share prices.

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And then there is also the question of how much of the money that families pay for education and care actually goes to the educators that do the educating and caring. Goodstart, our largest not for profit provider spends 73% of their revenue on staff costs. Another large not-for-profit, KU Children's Services spends 81.5% on theirs. Affinity, in comparison spends a tiny 55%. Clearly, it's a bit of a porky (or a big one) to say they had to increase their fees to pay their staff!

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After this year's extraordinarily high CPI increase was revealed G8 announced it would increase their fees for the second time this year after a January increase. The fact that they timed this to align with the CPI uplift (10 July), not the first week of the financial year (3 July) makes one wonder what level of opportunism they are engaging in.

The mixed market system of childcare provision we have developed in Australia allows these sorts of companies and consequently these sorts of fee increases to exist.

The ACCC has reminded providers that they need to be "transparent and honest about the reasons for any price changes". But this does not go far enough.

When you allow people to make profit out of childcare who on earth should be surprised that people attempt to do just this? If the Government is unhappy about this, they have just one choice. Change the system!

**Related link:** [Childcare inquiry 2023 - Interim report](#) <sup>[3]</sup>

**Region:** [Australia and New Zealand](#) <sup>[4]</sup>

**Tags:** [inflation](#) <sup>[5]</sup>

[wages](#) <sup>[6]</sup>

[disadvantaged families](#) <sup>[7]</sup>

[for-profit](#) <sup>[8]</sup>

[subsidies](#) <sup>[9]</sup>

[economics](#) <sup>[10]</sup>

[market](#) <sup>[11]</sup>

## Links

[1] <https://childcarecanada.org/documents/child-care-news/23/07/our-childcare-system-designed-support-fee-increases> [2] <https://womensagenda.com.au/latest/our-childcare-system-is-designed-to-support-fee-increases/> [3] <https://childcarecanada.org/documents/research-policy-practice/23/07/childcare-inquiry-2023-interim-report> [4] <https://childcarecanada.org/category/region/australia-and-new-zealand> [5] <https://childcarecanada.org/taxonomy/term/9324> [6] <https://childcarecanada.org/category/tags/wages> [7] <https://childcarecanada.org/taxonomy/term/9325> [8] <https://childcarecanada.org/category/tags/profit> [9] <https://childcarecanada.org/category/tags/subsidies> [10] <https://childcarecanada.org/category/tags/economics> [11] <https://childcarecanada.org/taxonomy/term/8925>