

# Flat-fee childcare to spearhead PM's second-term agenda <sup>[1]</sup>

**Author:** Coorey, Philip

**Source:** Financial Review

**Format:** Article

**Publication Date:** 15 Oct 2024

## AVAILABILITY

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

## Excerpt

The Albanese government is working on plans to phase in a flat daily fee for childcare to avoid overwhelming the system with a flood of new enrolments, as it seeks a breakout issue to help it secure a second term in office.

In a direct repudiation of the Productivity Commission's recent recommendation to top up the \$12.7 billion a year in subsidies by another \$4.7 billion, the government is instead pursuing the more expensive flat-fee option as part of its pitch to deliver universal childcare.

Such an option, which would include removing the requirement to look for work or do some training, would likely precipitate a stampede in demand. To ensure there are adequate childcare staff and facilities, the government, through the Education Department and Treasury, is examining a phased-in approach to the plan.

A source familiar with the deliberations said flat-fee options of \$10 and \$20 were being considered, as was the mechanism for moving from the current subsidy system to flat fees while maintaining capacity.

In its final report released last month, the Productivity Commission said an option of a flat daily fee of \$10, regardless of family income, would cost another \$8.3 billion a year and create 7300 more full-time jobs. Its preferred option of increasing subsidies would have a "negligible" impact on job creation, it said.

Flailing in the polls and with the next election due by May at the latest, the government is looking for a circuit breaker. Anthony Albanese went to the last election flagging universal childcare as a legacy goal, and at last week's caucus meeting the prime minister told MPs and senators it would be front and centre of what he described as "a big second-term agenda".

Mr Albanese reiterated this while campaigning in Queensland on Monday.

"We'll have more to say about childcare, about our second-term agenda, but that is something for the future," he said, as he was being pressed on Labor's poor polling and how it intended to avoid being reduced to a minority government.

The government is prepared to spend big on childcare despite the budget forecast to be back in deficit for the next decade.

As part of its capacity-building efforts, the government will spend \$3.6 billion over two years, starting on December 1, to boost the wages of childcare workers by 15 per cent. The Coalition agreed last week to support the requisite legislation after the government included a sunset clause to ensure the pay rises did not continue.

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