

Time to stop throwing good money after bad: Delivering universal childcare through market reform ^[1]

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Description

Should Australia move towards universal early childhood education and care and if so what is the best model? Is it time to abandon the Child Care Subsidy which has failed to put downward pressure on costs, and implement a flat \$10 day fee model for child care? These are the questions the Government is currently contemplating as it considers two major inquiries from the ACCC and the Productivity Commission on early childhood education and care.

This report makes the case for fundamental market reform. The current market settings are leading to higher fees, rather than driving cost effective and higher quality care. There are large benefits from reforming early childhood education and care and moving to a universal system, but the current system is not working.

Increasing Child Care Subsidies further to deliver a universal system would risk throwing good money after bad, and fail to deliver on the promise of a universal system. The authors conclude that a \$10 per day flat fee model would provide an opportunity for market reform, delivering cost effective and higher quality care.

Related link: Does tax credit funding work for child care?: Lessons from Australia ^[3]

Flat-fee childcare to spearhead PM's second-term agenda ^[4]

Region: Australia and New Zealand ^[5]

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