

Parents cheat 85% of childcare centres: survey ^[1]

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EXCERPTS:

Parents have cheated 85 per cent of childcare centres nationally by "centre hopping" without paying their bills, even though they still claim the 50 per cent federal government childcare subsidy.

A survey of 700 childcare operators by industry website CareforKids found two-thirds of centres used debt collectors to chase parents. One centre reported it was \$600,000 out of pocket.

Childcare centres want parents who do not pay their bills to be blacklisted, and are calling on the federal government to pay the childcare rebate direct to the centres to eliminate potential fraud.

Australian Childcare Alliance president Gwynn Bridge said bad debts were growing as childcare became unaffordable.

"The debts are really increasing," Ms Bridge said. "It seems families aren't coping financially. It's right across Australia."

Childcare fees have risen 7 per cent a year in the past decade, more than double the rate of inflation. Fees are now up to \$170 a day in some Sydney suburbs.

"The cost of childcare has gone up substantially," CareforKids founder Roxanne Elliott said. "Parents are looking to see what they can do, and they're being quite unscrupulous about it."

Australian childcare is among the least affordable in the world, according to the Organisation for Economic Co-operation and Development, with gross fees for a two-year-old in full-time care equal to half the average wage. Only the Netherlands and Ireland are more expensive, while childcare is most affordable in Sweden, accounting for just 5 per cent of the average wage.

The federal government will spend \$6.5 billion on childcare this financial year, including \$2.4 billion on the childcare rebate and \$2.6 billion on childcare benefits.

Assistant Minister for Education Sussan Ley said she was "very sympathetic" to the industry's concerns about bad debts.

"There's no doubt families are doing it tough at the moment, and it doesn't help that childcare fees skyrocketed 50 per cent under Labor, but there's no excuse for parents deliberately ducking their bills," Ms Ley said.

Operators said centre hopping forced services to put up fees for other parents, and was unsettling for the children who were moved from centre to centre. To stamp out the practice, they are calling for a debt register of parents who skip centres without paying their bills.

"Something desperately needs to be done, because in no other industry can you walk away without paying," said one respondent. "It's not fair these people are able to rort the system and get away with it."

But experts said a name-and-shame register would probably contravene privacy laws, and there was too much potential for it to be abused.

The industry wants the government to pay the childcare rebate, which covers the cost of 50 per cent of fees up to \$7500, directly to the services instead of to the parents.

Sixty per cent of parents receive the childcare rebate directly, with the balance opting for the payment to go straight to the services.

"Make it compulsory for the childcare rebate to be assigned to the centre involved, so the parents' debt is legitimately offset by CCR and the temptation for parents to pocket the CCR and leave the debt unpaid is removed," another centre operator said in the survey.

The national convener of Australian Community Children's Services, Prue Warrilow, agreed, saying: "If the government changes nothing else, pay the childcare rebate directly to services, so at least the services get some money."

Another suggestion is for centres to ask enrolling parents for a verification from their previous centre that they have no outstanding debts.

Ms Warrilow blamed poor management by the centres for allowing parents to run up large debts, and said centre-hopping was more likely to hit smaller operators, who did not have the credit control systems of the big chains.

"No parent should be able to get behind on fees," she said. "Most centres invoice in advance. I suspect there might be some poor management practices in there."

Parents whose children attend Bunny Cottage childcare at Bexley must pay their fees by direct debit. Owner Sharon Graham introduced

the direct-debit policy after "many years of bad debts", with some families running up thousands of dollars in unpaid fees.

Ms Graham said outsourcing the collection of fees to EziPay took the pressure off her as centre director.

"Having to be the money collector as well as the educator was a really difficult juggle," she said. "Outsourcing has made a huge difference in the time I spend chasing fees, and it's more transparent for families."

-reprinted from the Sydney Morning Herald

Region: Australia and New Zealand ^[2]

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Links

[1] <https://childcarecanada.org/documents/child-care-news/14/03/parents-cheat-85-childcare-centres-survey> [2]

<https://childcarecanada.org/category/region/australia-and-new-zealand>