

Childcare funding needs major overhaul, say researchers ^[1]

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EXCERPTS

Complex childcare subsidies worth billions should be streamlined and a long-term plan developed to give preschoolers universal access to high-quality childcare, a leading childcare expert says.

Professor Deborah Brennan, from the University of NSW's Social Policy Research Centre, has called for the federal government's two big childcare subsidies - the Child Care Benefit and Child Care Rebate - to be rolled into one "early learning subsidy" that covers up to half of the "reasonable" hourly costs of childcare. She also wants a medium-term plan devised to provide "universal, high-quality, low-fee" childcare for all families.

A submission by Professor Brennan, and researcher Elizabeth Adamson, to a Productivity Commission inquiry says Australia's complicated childcare funding regime "could be structured to achieve more equitable outcomes and value for money".

The early learning subsidy they propose would cover between 35 per cent and 50 per cent of the reasonable cost of childcare. Children from low-income families would receive a full subsidy. Under the scheme, those using childcare priced at \$70 to \$100 per day would be better off, or no worse off. However, those using high-cost childcare - \$150 per day or more - for one or two days a week would be worse off. Professor Brennan and Ms Adamson say the average price for long-day care before subsidies is about \$70 a day and very few families pay \$150 a day, or more. Subsidies would be paid directly to childcare providers in return for keeping fees at a reasonable level. This would "improve the simplicity and transparency of funding for parents and providers alike," the submission says.

Professor Brennan and Ms Adamson also propose a 10-year plan for the introduction of a universal, low-fee childcare system. This would bring childcare more into line with the entitlement to school. Research by the Economist Intelligence Unit found children in 29 countries had a legal right to preschool education but there was no such legislation in Australia.

Professor Brennan and Ms Adamson suggest the universal system could start with children the year before school and progressively extend down the age range. "This option is the most likely to deliver a firm platform for women's labour force participation, quality services for children and affordable provision," the submission says.

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- reprinted from the Sydney Morning Herald

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