

Wage waste for childcare ^[1]

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EXCERPTS

Official government forecasts prepared by the Department of Education have revealed that childcare fees are on track to skyrocket by 7 per cent a year on average over the next four years.

In dollar terms that means parents currently forking out \$100-a-day could face daily fees of \$129-a-day by 2018.

For parents currently paying \$80 a day, fees are likely to hit the \$100-a-day mark within three years.

It's become an all too predictable news story that daycare prices are on the up and up. But what exactly is being done about it?

There's no question more families are using the service but a predicted cost increase of nearly 30 per cent over four years is a price explosion too big to ignore. And for many, it will be too big to afford.

The price rises also mean it will force more families to hit the rebate cap and receive no further government assistance.

Under current arrangements parents can claim up to \$7,500-a-year in rebates per child.

This equates to securing a 50 per cent rebate for eligible childcare expenditure up to \$15,000-a-year.

There are currently around 74,400 families who are expected to hit the cap and be cut off from further childcare assistance this year. But by 2017, it is estimated that 114,500 families will hit the childcare cap and be forced to pay full fees.

The Federal Government has long campaigned on child care affordability and a key promise out of the productivity commission report was more affordable care.

But all that seems to have happened is the gap between what parents earn for a long day's work and what they hand over in childcare for the privilege is shrinking.

A childcare affordability report recently showed just how little Aussie mums were working for once the cost of care was taken from their wage.

It claimed a low-income mother working part time, who returns to full-time work, gets to keep just \$4.09 an hour from her \$16.37 hourly wage for the extra 20 hours she spends at work each week.

A middle-income woman in the same situation keeps just \$7.83 from her \$30.70 hourly wage for the extra hours.

So it's no big surprise that many parents ask themselves if returning to work is really worth the trouble.

From a financial perspective, it's not an encouraging equation.

The study also showed the costs of childcare had outstripped petrol price rises over the past five years.

Increasing fees means the juggle for families becomes even tougher. Low and middle income families are hit hardest by price rises.

An analysis earlier this year already showed high childcare fees were discouraging parents - typically mums - from working more than three days a week. Not only does this detract from national productivity, it robs many of career advancement and diminishes family income further.

Region: Australia and New Zealand ^[3]

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