

Childcare pricing plan lags behind real fees ^[1]

Author: Ireland, Judith

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EXCERPTS

Three out of four childcare centres in Sydney are charging well above the Productivity Commission's proposed "benchmark" fees, new analysis reveals, as the federal government prepares to overhaul its \$7 billion-a-year childcare policy.

In a report released last month, the Productivity Commission recommended that childcare funding be set by a benchmark based on the median of childcare prices around the country but the government has rejected the suggestion, arguing it was not the fairest way to fund the sector.

The Productivity Commission suggested that for a child under three in long day care, the benchmark would be \$7.40 an hour and for a child between three and five it would be \$7.20. Families who earned \$60,000 and under would get 85 per cent of the benchmark, while those who earned \$250,000 or more would get 20 per cent back from the government.

The advocacy group The Parenthood released analysis, based on data from the MyChild website, that shows three-quarters of Sydney childcare centres charge well above the proposed figure, with centres in the CBD charging an average of \$13.80 an hour for the three to five-year-old age group.

Under the current system, parents can qualify for a 50 per cent rebate up to \$7500 a year, which is not means-tested. There is also an additional means-tested per hour payment.

But the Productivity Commission's suggestion has been widely rejected by childcare groups, who argue it would inevitably leave thousands of families worse off.

Social Services Minister Scott Morrison has now said there are "serious weaknesses" in the Productivity Commission's approach but has told Fairfax Media that the government is still looking at the concept of benchmarking childcare funding, noting "there are better and fairer ways that benchmark pricing can be achieved".

Government officials have been consulting with childcare services around the country, with the Coalition understood to have moved "well away" from the median benchmark price. But it faces a tough task in trying to minimise the number of losers within its new families package while containing the dent to the social services budget.

Mr Morrison said he had already "cleared some hurdles" within the government, getting the OK to consult on different reform options. But he will not yet release those publicly, and those who have been consulted in the sector have been asked to sign confidentiality agreements.

The Social Services Minister said the new childcare policy will be announced in the coming weeks, ahead of the budget on May 12.

Long day care centres in the CBD charge an average of \$138 a day for a three to five-year-olds, while those in the eastern suburbs charge \$112, the northern beaches \$96 and inner west \$95. Overall, the average cost of childcare in metropolitan Sydney is \$88.70 a day, the Parenthood Analysis shows.

"The government has a responsibility to rein in unjustifiably high childcare fees, but a set benchmark figure does run the risk of leaving thousands of families worse off, depending on where they live and the centre they access," executive director Jo Briskey said.

Region: Australia and New Zealand ^[3]

Tags: affordability ^[4]

funding ^[5]

accessibility ^[6]

[1] <https://childcarecanada.org/documents/child-care-news/15/04/childcare-pricing-plan-lags-behind-real-fees> [2]
<https://www.smh.com.au/politics/federal/childcare-pricing-plan-lags-behind-real-fees-20150328-1m9sj4.html> [3]
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