



Early Childhood Australia
A voice for young children

**OUR
VISION:
EVERY
YOUNG
CHILD IS
THRIVING
AND
LEARNING**

MEDIA RELEASE

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Childcare affordability crisis revealed in Report on Government Services

The latest Report on Government Services (RoGS) released today shows a sharp decline in affordability of childcare for low to middle income families, according to analysis by Early Childhood Australia (ECA).

Compared with last year, families earning \$35,000 per year are paying nearly 20% more in out of pocket expenses (as a proportion of their weekly income, after subsidies are factored in), while families on \$135,000 per year or more are paying just 5-7% more. *[see table on following page]*

This confirms anecdotal reports that more families are reaching the \$7,500 annual cap on Child Care Rebate earlier in the financial year and then having to pay higher out of pocket costs. For low and middle income families this has a significant impact on the household budget and is likely to provide a disincentive to working additional hours when they are available.

At the same time, the Commonwealth's contribution per child and overall expenditure has remained at the same level as last year¹, a contributing factor here would be the freeze on indexation to the Child Care Rebate cap that has meant the cap has not increased since 2008.

"This sudden increase in the proportion of weekly income being paid for childcare by poorer families highlights the urgent need for subsidy reform to provide more support to low and middle income families," said ECA CEO Samantha Page.

Commonwealth subsidies have been vital to ensuring quality early childhood education and care, and supporting workforce participation. The progress made in recent years is now in jeopardy. Without urgent reform, the system will fail ordinary working families.

"We are very concerned, that the government's proposal to combine the much awaited *Jobs for Families Childcare Package Bill* with a bill to further cut Family Tax Benefits will undermine the benefits of subsidy reform to lower income working families," said Ms Page.

"The government has already saved more than \$3 billion dollars when the Senate passed a round of cuts to Family Tax Benefits for people earning over \$80,000 per year in the Omnibus Bill in October last year.

"There is no need to make further savings to pay for the subsidy reforms in the *Jobs for Families Childcare Bill*," said Ms Page. "But there is a real risk that the unified bill won't pass the Senate, and families won't get the much promised relief from the increasing financial burden of child care costs."

See RoGS table p2

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¹ ROGS 2017 Table 3A.66

Data table: Out-of-pocket costs of child care for families with one child in 30 hours long day care, as a proportion of weekly disposable income, by gross annual family income. (sources: ROGS 2016, Table 3A.74; ROGS 2017, Table 3A.73)

Percentage of disposable income going to child care costs

	Mar-15	Mar-16	percentage change in 12 months
Gross annual family income			
\$35 000	6.0	7.2	19.8
\$55 000	5.9	6.9	16.7
\$75 000	5.9	6.6	12.6
\$95 000	5.7	6.3	10.5
\$115 000	5.8	6.2	7.5
\$135 000	5.7	6.0	5.5
\$155 000	5.5	5.8	5.8
\$175 000	5.0	5.3	5.3
\$195 000	4.5	4.8	6.7
\$215 000	4.2	4.4	5.3

Early Childhood Australia is the peak advocacy body for children under eight, their families and early childhood professionals

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