

## Media release

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### Cost of childcare still the big issue for families

More than one in three families experience difficulties affording childcare despite increased government assistance over the past decade, a new study by The Australia Institute has found.

While the government's two recent announcements have sought to address availability of childcare through more flexible hours and quality through better wages for childcare workers, the Institute's analysis confirms that affordability is the most pressing issue for Australian families.

*Trouble with childcare: Affordability, availability and quality* highlights a game of 'catch up' between government and service providers with families caught in the middle.

"Each time the government has taken steps to reduce the proportion of household income spent on childcare services, the increased assistance has quickly been absorbed through the charging of higher service fees," said report author Mr David Baker.

"Despite the cost of childcare being an election issue in 2004 and 2007 and subsequent increases in government assistance, a greater proportion of families were reporting cost difficulties by 2010.

"While both the major political parties might be tempted to use this year's election to throw more money at this issue, it is clear that a different approach is needed," said Mr Baker.

"This could involve redirecting current funding for the rebate to managed funding of childcare places and centres. Despite two announcements, the government is yet to address the issue of equitable access to childcare," concluded Mr Baker.

ACOSS has previously argued that childcare costs for low income families should be five per cent of disposable household income. The Australia Institute's analysis found that households reporting cost difficulties in 2010 were on average paying 9.6 per cent.

The paper proposes three possible policy options to address affordability:

1. Extend means testing to the Child Care Rebate (CCR) or combine the CCR and Child Care Benefit (CCB).
2. Redirect current funding for the CCR to managed funding of childcare places and centres in areas of highest need to maximise service affordability.
3. Adjust means testing to achieve a progressive scale of the proportion of household disposable income spent on childcare costs.

Notes for editors:

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- The Australia Institute's paper used data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey to analyse affordability, availability and quality of childcare in Australia between 2001 and 2010.
- The analysis relates to families using formal childcare for a child under the age of five.