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Productivity Commission

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OR By mail:

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<http://www.pc.gov.au/projects/inquiry/childcare>

Inquiry into the delivery of quality and affordable early childhood education and care services

In 2013 The Australia Institute released *Trouble with childcare*, which analysed the level of difficulties reported by families regarding the affordability of; access to; and quality of early childhood education and care services. The paper includes data and a number of findings relevant to the *Inquiry into the delivery of quality and affordable early childhood education and care services*. A summary of these findings (below) and the attached paper comprise the Australia Institute's submission.

The price of childcare services continues to provide a financial difficulty for many households. Reported difficulties finding quality childcare services generally improved over the decade analysed. In 2010 more than twice as many households reported difficulties with the cost of childcare compared with finding quality services.

Analysis found that reported difficulties finding good quality childcare services increased from 2001 to 2003 before falling each year to 2006 before rising again in 2007. In 2010 15 per cent of households reported difficulties finding quality childcare services. It needs to be noted that the data relates to finding good quality childcare services rather than an assessment of satisfaction with the quality of current services. The trend in reported difficulties from 2001 to 2010 was similar to reported difficulties finding a childcare place.

In contrast, while reported difficulties with the affordability of childcare services also increased from 2001 to 2003 they remained high, reaching above 40 per cent in 2005 and 2008. In 2010 35 per cent of households reported cost difficulties.

The ongoing issue of affordability can be attributed to government policies stuck on a subsidy model rather than targeting funding for services where the biggest benefit could be achieved.

Commonwealth, State and Territory governments have agreed to address quality standards within childcare services through the National Quality Framework (NQF). Accreditation commenced on 1 January 2012 and will be phased in over eight years. It has been argued that the requirements of the NQF, such as staff-to-child ratios and staff qualifications, will result in price rises for childcare services. Considering the phase-in period, this increase should not be immediate, but may contribute to further cost pressures on childcare services in the medium term. Childcare funding policies will have to take this potential cost pressure into account.

Please refer to attached document.