



## **Parents set to save hundreds on childcare fees - but not until next year**

The Age (Melbourne, Australia) - Online

June 13, 2022 Monday 05:00 AM GMT

Copyright 2022 Fairfax Media Publications Pty. Limited All Rights Reserved

**Length:** 680 words

**Byline:** Katina Curtis

**Highlight:** Labor's childcare policy promises bigger subsidies for more than a million families, but new minister **Anne Aly** says it's unlikely the changes can start earlier than planned.

### **Body**

---

More than a million families are expected to benefit from Labor's proposed multibillion-dollar changes to childcare subsidies, saving about \$1200 on average, but they'll have to wait another year to see that relief.

Early Childhood Education Minister **Anne Aly** says the government will likely have to stick to its timetable of starting in July next year, as advocates say parents need cost-of-living pressures including childcare fees eased as soon as possible.

"It's not just a matter of going right, from tomorrow, the childcare subsidy has increased to 90 per cent for families earning \$80,000 or less. There is a lot more to it," Aly said.

"Obviously, any opportunity to deliver our commitments earlier than expected will be good.

"So we're just playing it by ear at the moment, working towards that and I don't want to pre-empt any kind of changes to that."

Previous overhauls of the subsidy system have required months of implementation time so the government and childcare centres and providers can upgrade their IT systems.

The Parenthood executive director Georgie Dent said early learning was a huge cost pressure on families, especially when combined with high inflation and interest rate rises.

"If it is feasible to bring it forwards, potentially to January, then that would absolutely be worthwhile," she said.

The existing system subsidises between 85 per cent and 20 per cent of fees, depending on a family's income.

The highest subsidies go to families earning below about \$70,000 a year. The rate steps down so families earning between \$175,000 and \$254,300 receive a 50 per cent subsidy and then steps further so those earning between \$344,300 and \$354,300 get a 20 per cent subsidy. Above this income threshold, there is no subsidy.

Changes that started in March increased the subsidy rate for second and subsequent children where families have more than one child under the age of 5 in care, by 30 percentage points, up to a maximum of 95 per cent.

## Parents set to save hundreds on childcare fees - but not until next year

Labor's proposal will lift the subsidy rate for all families, smooth out the taper rate so it doesn't abruptly step down, and gives subsidies to families earning up to \$530,000. It will also keep the higher subsidies for younger siblings.

Aly will task the Productivity Commission before year's end with examining the entire sector, with an aim of a universal subsidy of 90 per cent. She'll also ask the Australian Competition and Consumer Commission to design a price regulation mechanism to make sure higher subsidies don't translate into higher fees.

While the Coalition attacked Labor's plan for paying the fees of wealthy families, those at the top end of the income scale get the lowest subsidies - about 7 per cent for a household income of \$500,000.

An analysis of the proposal by ANU Centre for Social Research and Methods associate professor Ben Phillips finds that while the largest benefits in dollar terms would go to parents in the top 20 per cent of incomes, that is because they get either no subsidy or a lower level under the existing scheme.

Those earning up to \$86,000 will be an average \$358 better off a year.

Out of the almost 1.2 million families using childcare each year, all but about 14,300 would be better off than they are now.

Dent said it was also important the government dealt with [existing workforce shortages](#) before adding extra demand for childcare.

She's been hearing from parents whose childcare centres are having to restrict the number of places on offer or even close rooms because they can't get enough staff.

"The situation with the workforce is a crisis and it's only increasing," she said.

Aly says addressing the workforce shortage has to be a cross-portfolio effort. She doesn't want to take anything off the table, including migration and improving pay and conditions.

But she's confident the transitional approach - with the sliding scale of subsidies first - will allow the sector to meet the increased demand.

**Cut through the noise of federal politics with news, views and expert analysis from Jacqueline Maley. Subscribers can sign up to our weekly Inside Politics newsletter [here](#).**

**Load-Date:** June 12, 2022