

**THE NATIONALS**  
*for Regional Australia*

OUR PLAN FOR  
**ACCESSIBLE  
AND  
AFFORDABLE  
CHILD CARE**

**GETTING  
IT DONE**   
*for Regional Australia*

# Key points

**The Coalition Government is reducing the cost of quality early childhood education and care. We're giving Australian families greater choices around work and care.**

Under the Government's strong economic management, unemployment is down and workforce participation is up, especially for women. Women's workforce participation is near record highs at 62.2 per cent (March 2022) compared to 58.7 per cent when Labor left office.

The Child Care Subsidy reduces the costs of early childhood education and care (ECEC) for Australian families. More support is going to those on low and middle incomes, and for those with higher costs from multiple children in child care at once. From 2022-23 to 2025-26, the Government will invest \$47 billion to support families using the child care system.

Since 2018, our once-in-a-generation reform to child care funding has continued to support Australian families:

- Average hourly out-of-pocket costs for Centre Based Day Care are still 12.5 per cent lower than when we reformed the child care system (\$4.26 an hour in June 2021, down from \$4.87 in June 2018).
- The hourly rate cap mechanism introduced to keep downward pressure on fees is working – with around 85 per cent of services still charging below the hourly rate cap.
- A 2022 independent evaluation of the Child Care Package found the Child Care Subsidy reduced out-of-pocket costs for a majority of families. The biggest savings were to low-income families and families with multiple children.

Our Government has also continued to **guarantee that all four-year-olds are funded for “universal access” to 15 hours of preschool (kindergarten) a week** in the year before full-time school. Our \$2 billion commitment in the 2021-22 Budget was the first ongoing funding commitment to preschool of any Commonwealth Government.

**A re-elected Coalition Government will:**

- Continue to **ensure low out-of-pocket child care costs** for Australian families using Centre Based Day Care, Family Day Care, In-Home Care and Outside School Hours Care.
- Continue to **target support to families who need it most**, including providing the highest subsidy to those who earn the least, the most hours of subsidy to those working the most, and additional support to families with multiple children in child care.
- Continue to fund a **strong child care safety net** for vulnerable and disadvantaged families, currently supporting 41,340 children by covering up to the full cost of full-time child care.
- **Fund a further 20 child care services** in remote settings through the Community Child Care Fund as part of our commitment to Closing the Gap.

- Dedicate \$19.4 million of the Community Child Care Fund to **address service gaps in regional areas.**
- Deliver **greater accountability** on preschool participation and outcomes.

**On Labor's watch, fees skyrocketed by 53 per cent over their six years in government.**

**And now their new, uncosted proposal would subsidise child care for millionaires, and place a huge \$63 billion burden on all Australian taxpayers over the next decade.**

Under Labor, out of pocket child care costs increased, on average, by 3.1 per cent a year. Since the Coalition Government introduced the new child care package in July 2018, out of pocket costs have risen, on average, by just 1.2 per cent a year. The latest CPI data showed no movement in child care costs in the quarter.

**Under the Coalition, 280,000 more children are in child care.**

# Our Plan

## 1. Keep out of pocket costs low for child care

In last year's Budget, the Morrison Government announced extra support for families with more than one child aged five and under in early childhood education and care, because this is where out-of-pocket costs double or treble and create a barrier to work.

Our \$1.7 billion Multiple Child Subsidy is making a massive difference – reducing out of pocket costs by up to \$185 a week for a second or third child in care.

Along with the removal of the annual cap on the Child Care Subsidy, 250,000 families will benefit in 2022-23. Bringing forward this measure to 7 March 2022 has reduced cost of living pressures immediately with the average family \$780 better-off this financial year, and \$2,260 in future years.

Treasury estimates a \$1.5 billion annual boost to the economy from around 40,000 parents working an extra day a week.

Our system targets low and middle income families, and families where the costs add up with a second or third child. In 2022-23 more than 70 per cent of all subsidies paid will go to families with combined incomes of under \$150,000.

### **A re-elected Coalition Government will:**

- invest around \$11 billion in child care during 2022-23.
- continue to cover the cost of up to 85 per cent of child care fees through the Child Care Subsidy and up to 95 per cent of child care fees for a second or subsequent child (aged five and under).
- ensure there is no annual cap on subsidies.
- maintain the Activity Test to ensure the Child Care Subsidy is targeted at supporting families to work, study, train or volunteer.
- continue to ensure the Child Care Safety Net supports vulnerable and disadvantaged families, including by covering up to the full fee for full-time care.
- always back parents' choice when it comes to how to care for and educate their children.

## 2. Maintain transparency to keep child care fees low

The Coalition Government remains committed to fee transparency, so families can make informed choices about early childhood education and care arrangements. Approved child care providers must ensure their fee information can be accessed on [Startingblocks.gov.au](https://Startingblocks.gov.au).

Our Government's hourly cap on child care fees is designed to keep downward pressure on fee growth and it is working, with more than 85 per cent of services charging under the cap in Centre Based Day Care.

The Coalition Government is investing in a Market Strategy to be delivered by September 2022. The strategy will be complemented by a Market Monitoring Framework, providing information to Government aimed at increasing competition and consumer choice.

**A re-elected Coalition Government will:**

- Maintain the hourly fee cap for each service type to keep downward pressure on fees.
- Continue to bolster fee transparency through Startingblocks.gov.au and targeted compliance activity if services are not publishing fees.

### 3. Improve access, affordability and quality for Indigenous Australians

In the nine months to June 2021, Aboriginal and Torres Strait Islander children accessing care rose by 13 per cent (51,750 in June 2021, up from 45,670 in September 2020).

The Government's \$123 million Closing the Gap package to help Indigenous children into early childhood education and care includes expanding Connected Beginnings (a joint health-education initiative to help Aboriginal and Torres Strait Islander children prepare for school) and funding a further 20 high quality Aboriginal and Torres Strait Islander child care services through the Community Child Care Fund (CCCF).

Twenty-seven new Connected Beginnings sites take the total number to 50. By 2025, around 20 per cent of Aboriginal and Torres Strait Islander children from birth to school age will be living in an area with Connected Beginnings.

**A re-elected Coalition Government will:**

- Deliver **27 new Connected Beginnings** sites by 2025, linking Aboriginal and Torres Strait Islander Children from birth to school age with health and early childhood education support.
- Fund a further 20 child care services in **remote and very remote settings** through the Community Child Care Fund.
- Invest almost \$11 million on two programs to expand and trial successful **intensive programs for early years learning** for Aboriginal and Torres Strait Islander and highly disadvantaged children.
- Work with states to meet **ambitious attendance targets** for Indigenous and disadvantaged children in preschool.

### 4. Provide targeted support to areas of need

**Additional Child Care Subsidy (ACCS)** is part of the Child Care Safety Net and is designed to support the most vulnerable children, while supporting parents into work. ACCS applies for children at risk, grandparent carers, families facing financial hardship and parents transitioning to work. These families receive higher subsidies, which can cover the full fee across all service types.

There are now 41,340 children receiving extra support through the ACCS - almost double the 21,730 receiving ACCS in September 2018.

The Morrison Government has refined elements of the ACCS to ensure it can be available quickly for more families in need. Refinements in July 2021 reduced the administrative burden, while maintaining the integrity of the system.

The **Inclusion Support Program** (ISP) continues to support ECEC services to build capability and capacity to include children with additional needs alongside their typically developing peers. Demand has increased significantly, with up to 57,400 children to benefit from the ISP this year, compared to 21,000 in 2018-19. In response, the Morrison Government has increased funding by \$73.9 million this year for the Inclusion Development Fund Subsidy, in addition to the ISP budget of \$133 million a year.

The **Community Child Care Fund** (CCCF) continues to support child care services for a range of unexpected special circumstances, including COVID and floods. The 2022-23 Budget dedicated additional funding through the CCCF to address service gaps in regional areas.

**A re-elected Coalition Government will:**

- Continue to deliver **Inclusion Support Program** funding for children with additional needs, alongside their typically developing peers.
- Dedicate \$19.4 million of the **Community Child Care Fund** to address service gaps in regional areas.
- Provide an additional \$22.4 million over two years in **Special Circumstances Funding** to support child care services impacted by COVID and the recent floods.

## 5. More early childhood educators and teachers

The Government is committed to addressing workforce supply. Our \$2.1 billion JobTrainer investment is providing free or low fee training places, including for child care workers in all states. More than 23,550 JobTrainer enrolments have been in child care qualifications.

Building on the success of the Boosting Apprenticeship Commencements wage subsidy, we have announced a \$2.4 billion Australian Apprenticeships Incentive. The incentive can mean up to \$15,000 (over a three-year qualification) in wage subsidy support for child care workers undertaking a traineeship and their employers, and up to \$5,000 (over two years) directly to the trainee. Under the Australian Apprenticeships Priority List, child care workers can access new traineeships after 1 July 2022 in Certificate III in Early Childhood Education and Care and Diploma of Early Childhood Education and Care.

As a result of our Job-ready Graduates package, which reduced the student contribution for degrees in skills-need areas, the cost of an Early Childhood Teaching qualification is now 42 per cent less than it was in 2020, before the reforms were implemented. And the number of students commencing in an Early Childhood Teacher qualification in 2021 is up 18.7 per cent on 2020 (or an additional 750 commencing graduates).

Since 24 January 2022, the Government has provided greater flexibility to attract and retain staff by supporting gap fee discounts for early child care educators whose own children are in care. This measure allows the service to attract the Child Care Subsidy, while saving their staff member the gap fee. This measure supports early childhood educators who both work in, and utilise, early childhood education and care services.

**A re-elected Coalition Government will:**

- continue to increase the supply of early childhood educators with **JobTrainer** and by supporting trainees and employers through the **Australian Apprenticeships Incentive**.
- Implement the **10-year National Children’s Education and Care Strategy** with state and territory governments.

## 6. Improve participation in preschool

Ongoing funding for preschool – provided for the first time under the Morrison Government – guarantees certainty each year for around 300,000 children in 12,000 services. It ensures all children in the year before full-time school have access to 15 hours a week (600 hours a year) of early childhood education delivered by an Early Childhood Teacher.

Preschool agreements have successfully lifted preschool enrolment, but we know the real benefits accrue through participation. The best available national data indicates only 70 per cent of children are attending preschool for the funded 15 hours a week; only 52 per cent of Indigenous children; and 62 per cent of disadvantaged children.

That’s why the new Preschool Reform Agreement from 2022 to 2025 is performance-based, with funding linked to improved participation and outcomes. We will gather evidence of what works and drives quality in preschool, no matter the setting – a stand-alone preschool or a preschool program within child care.

We recognise that several state governments provide flexible, three-year-old preschool programs. More than 65 per cent of three-year-old children are in approved child care, and during 2021-22 their families received, on average, around \$4,700 a year in Child Care Subsidy to support their participation.

The Australian Early Childhood Development Census is a national triennial progress measure of child development. In 2021, more than 305,000 children were included during their first year of full-time schooling. The Coalition Government is committed to ongoing funding, with the next census in 2024.

**A re-elected Coalition Government will:**

- **Strengthen the ongoing preschool funding arrangements** by working with state and territory governments to implement ambitious attendance targets from 2024 and introduce an outcomes measure in 2025.
- Provide ongoing funding for the **Australian Early Childhood Development Census**, undertaken every three years, with \$29 million over three years for the 2024 Census.

# Our Record

The Coalition Government is providing child care support to families who need it most. We're targeting families who are working, training, studying or volunteering. Additional support is available to families in need, including children with disabilities, vulnerable and disadvantaged families, and families on income support.

## Affordable and targeted child care support

- In July 2018, we replaced a complex system of Child Care Rebate (CCR) and Child Care Benefit (CCB) with one Child Care Subsidy. It was the biggest reform to the child care system in over 40 years and was designed to drive improved workforce participation. Our child care system is targeted and measured, with more support for low and middle income families.
- 1.3 million children access the Child Care Subsidy from around one million families (949,920 families). We have kept out of pocket costs low – the average hourly out of pocket cost for children using Centre Based Day Care is still 12.5 per cent lower than when we reformed the child care system (\$4.26 an hour in June 2021, down from \$4.87 in June 2018).
- Around one-quarter of all families are paying less than \$2 an hour for child care in Centre Based Day Care. Around 90 per cent of families are eligible for a Child Care Subsidy of between 50 and 85 per cent.
- Since 7 March 2022, families have received a higher subsidy for their second and subsequent children aged five and under. Second and subsequent children are now attracting a subsidy 30 per cent higher, with a maximum subsidy of 95 per cent. For example, a child in a family that would ordinarily attract a 50 per cent subsidy will receive that rate for their first child, but will receive an 80 per cent subsidy for their second and subsequent children aged 5 years and under. This is designed to reduce the out of pocket costs for families with multiple children.
- The annual cap of \$10,655 per year per child for families earning over \$190,015 has also been removed from 2021-22 so that no family eligible for Child Care Subsidy will have a cap on their annual subsidies.
- Fee transparency is critical. That's why we've required providers to report their fees and are undertaking compliance activity on those who don't. We have ended waste by closing down dodgy providers and ramping up the compliance work that Labor cut. In doing so, we've saved taxpayers \$3.16 billion since 2014.

## Supporting family choice

- The Coalition Government supports family choice, knowing parents and carers are best placed to decide how to raise, care for and educate their children.



- Our support allows families to access subsidies for the care type that best suits their family – Centre Based Day Care, Family Day Care, In-Home Care and Outside School Hours Care.
- February 2022 Productivity Commission data shows the number of persons not in the labour force because of child care service-related reasons has fallen significantly – down 11 per cent over the last year to 2021. This is the lowest number since the data has been collected.
- To better support parents and carers in their choices, we funded **Startingblocks.gov.au** to put information about early childhood education and care at their fingertips. The one website now informs families about location, vacancies, fees and quality ratings. It also allows families to search and compare services, and estimate their out-of-pocket costs.

## Delivering ongoing preschool funding

- Our Government has invested more than \$3.2 billion through National Partnerships with states and territories to deliver 15 hours a week of high quality preschool in the year before full-time school.
- In the 2021-22 Budget, we delivered something Labor never did – ongoing preschool funding. Funding of \$1,346 per child (indexed annually) is being provided through the first, four-year \$2 billion Preschool Reform Agreement (2022-2025).
- All states and territories have signed onto these reforms to drive greater participation, especially for Indigenous and disadvantaged children.

## Supporting disadvantaged and Indigenous children

- Evidence shows disadvantaged children have the most to gain from early childhood education and care. Our Child Care Safety Net provides additional support for children who need it most. For example, the Additional Child Care Subsidy (ACCS), which can cover the entire out-of-pocket cost of child care, and the Inclusion Support Program (ISP) for children with disability and challenging behaviours.
- There were 41,340 children accessing ACCS in June 2021, almost double the number since the Child Care Subsidy was introduced in July 2018.
- Access to the Child Care Subsidy has also increased for Indigenous children. In the nine months to June 2021, we saw a 13 per cent increase in Aboriginal and Torres Strait Islander children accessing care (51,750 in June 2021 from 45,670 in September 2020).
- The ISP assists services which require extra support to include children with disability and additional needs. In 2021-2022 up to 57,400 children will benefit from the ISP, compared to 21,000 in 2018-19. An additional \$73.9 million is being delivered through the ISP in 2021-22 to meet the increased demand coming out of COVID.

## Supporting services through the Community Child Care Fund

- Since 2018, more than \$331 million has been invested in the Community Child Care Fund (CCCF), supporting 1,200 services.

- When floods hit South East Queensland and New South Wales in early 2022, the Coalition Government acted quickly to announce \$10,000 Flood Support Payments to child care services that were closed for more than seven days. More than 200 services received these payments as immediate support while they assessed the damage.
- The Coalition Government also increased the Special Circumstances funding in the CCCF from \$4 million a year to \$22.4 million this year (2021-22) and \$7.7 million next year (2022-23). This allows child care services at risk of closing due to unviability to apply for special funding as they work to repair flood damage.
- In the 2022-23 Budget, we provided \$19.4 million to support the establishment of 20 new child care centres where there is limited or no child care. Funding of up to \$900,000 per service will be available. This takes our investment to \$432.5 million over the next four years through the CCCF. In 2022-23, CCCF is supporting 824 services of which 403 services are in regional and remote Australia, receiving 65 per cent of CCCF funding.

## Support for child care in the pandemic

- The Special Circumstances Funding is also available to services at risk of closing due to the impacts of COVID, and in particular the Omicron wave in 2022.
- The Coalition Government invested more than \$3.2 billion of pandemic support so that families could continue to access care, and the early childhood education and care workforce remained strong. This included three months of free child care during 2020 (April to July) when the Government moved quickly to prevent sector collapse and keep services open, especially for children of essential workers and vulnerable children.
- The National Cabinet agreed to a National Framework for Managing COVID-19 in Schools and Early Childhood Education and Care to ensure children could safely return to school and child care earlier this year.
- Our Government has continued to work with State and Territory Governments, and the sector, to ensure a safe environment for children. All states mandated vaccines for ECEC workers, and the Coalition Government split the cost of Rapid Antigen Tests for educators.
- During the Omicron wave, we supported families by allowing services to waive gap fees in COVID-related circumstances while still receiving revenue through the Child Care Subsidy and increased allowable absence days. This support remains in place until 30 June 2022 and can be extended if required.
- For child care services, we broadened eligibility for a Special Circumstances Fund for viability support for businesses at risk of closing due to a COVID-related impact, providing up to \$150,000 per service.

# The Risk of Labor

**When Labor was last in office, child care fees skyrocketed by 53 per cent.**

Their plan would **cost the taxpayer an additional \$63 billion** over the next decade and provide taxpayer funded subsidies to benefit the wealthiest families.

- A universal 90 per cent subsidy would see billions of taxpayer dollars going to more than 8,000 wealthy Australian families earning at least \$500,000 - creating a huge and ongoing burden on the taxpayer.
- Over 1,000 wealthy Australian families with millions in annual income would only pay around \$2,600 a year per child for child care - whilst the taxpayer would pay almost \$24,000 a year per child for child care.

**Labor's uncosted proposal would subsidise child care for millionaires, and be a huge burden on all Australian taxpayers.**

Labor has not even committed to maintaining the Activity Test, which under our system requires families to be working, studying, training or volunteering to be eligible for the Child Care Subsidy.

Labor's splurge will inevitably drive up fees at a massive cost to the taxpayer, exacerbate workforce pressures and exclude families from care that need it most.

When in government, Labor established a \$300 million fund to top up wages in child care with a sweetheart union deal. However, an independent review found that **70 per cent of staff wouldn't receive a dollar**. Labor then went to the 2019 election with a confused, uncosted and unfunded wage proposal, with no detail on who would have benefited or how it would have been paid for.

COALITION	LABOR
<p><b>Out of pocket costs</b>            Since we introduced our new child care package in July 2018, out of pocket costs have increased, on average, by 1.2 per cent a year. The latest CPI data showed no movement in child care costs in the quarter.</p>	<p><b>Out of pocket costs</b>            Out of pocket costs increased, on average, by 3.1 per cent a year under Labor.</p>
<p><b>Funding</b>            \$11 billion funding (2022-23)</p>	<p><b>Funding</b>            \$5.3 billion funding (2012-13)</p>
<p><b>Eligibility</b>            Families receive a subsidy based on an income below \$354,305 and subject to an activity test for working, studying, training or volunteering.</p>	<p><b>Eligibility</b>            Families will receive a 90 per cent subsidy regardless of their income. It remains unknown whether Labor will continue the Activity Test.</p>
<p><b>Preschool funding</b>            Ongoing funding for preschool with a \$2 billion agreement to drive reform across 2022-2025.</p>	<p><b>Preschool funding</b>            Labor had no guaranteed funding for preschool when in office.</p>

# Cost

Funding for the Coalition's Plan for Accessible and Affordable Child Care is already provided for within budget estimates.

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 For further details of The Nationals' Plan go to: [www.nationals.org.au](http://www.nationals.org.au)