

CHILDCARE COSTS FACT SHEET

UNDERSTANDING CHILDCARE COSTS IN VICTORIA

Right now, **childcare fees are crippling family budgets**. According to research from the Grattan Institute, full-time net **childcare costs nearly 20% of the household income** for the typical Australian family – higher than the average of around 10% for OECD nations.¹

It's difficult to calculate the average costs of childcare for Victorian families, since it depends on how much the centre charges, the hours of care and the rate of childcare subsidy a family receives.

Centre-based childcare is the most common type of childcare for Victorian families, at centres that are either run by community and local government or by private operators. Fees vary from centre to centre with the most recent Child Care in Australia report stating that Victorian families pay on average \$11.05 per hour for centre-based day care. This means that the cost of long day care – providing childcare for an entire workday – at a childcare centre is **usually between \$110-\$130 per day**.

Government support for childcare comes from the Commonwealth, with working families receiving the Childcare Subsidy to support them with childcare costs. The subsidy amount is determined by household income:

Household income	Childcare Subsidy
\$0 - \$70,015	85%
\$70,015 - \$175,015	85% - 50%
	The subsidy is reduced by 1% for every \$3,000 of household income
\$175,015 - \$254,305	50%
\$254,305 - \$344,305	50% - 20%
	The subsidy is reduced by 1% for every \$3,000 of household income
\$344,305 - \$354,305	20%

The Albanese Federal Government is introducing better childcare subsidies for families that taper off less drastically as household income increases. In concert with those changes, and to help address the

current shortage of available childcare places, **the Andrews Labor Government will establish 50 integrated childcare centres** to deliver childcare, kinder and *Pre-Prep*.

The centres will be **government run** and charge lower fees than many private providers.

But because the childcare subsidy reduces and other family tax benefits decrease as household income increases, the system means **families are effectively penalized for working and earning more**.

FREE KINDER

We know the cost of living is going up and it's putting pressure on family budgets. That's why from January 2023, we'll be providing free kinder for all three and four-year-old children. This will provide immediate relief to family budgets – saving families up to \$2,500 per year per child.

The Labor Government is already delivering Three-Year-Old Kinder. The staggered rollout began in regional Victoria and is expanding to 15 hours of funded kindergarten across the state. It has been accompanied by an investment of \$1.6 billion over a decade to create capacity, making sure we have the infrastructure and workforce we need.

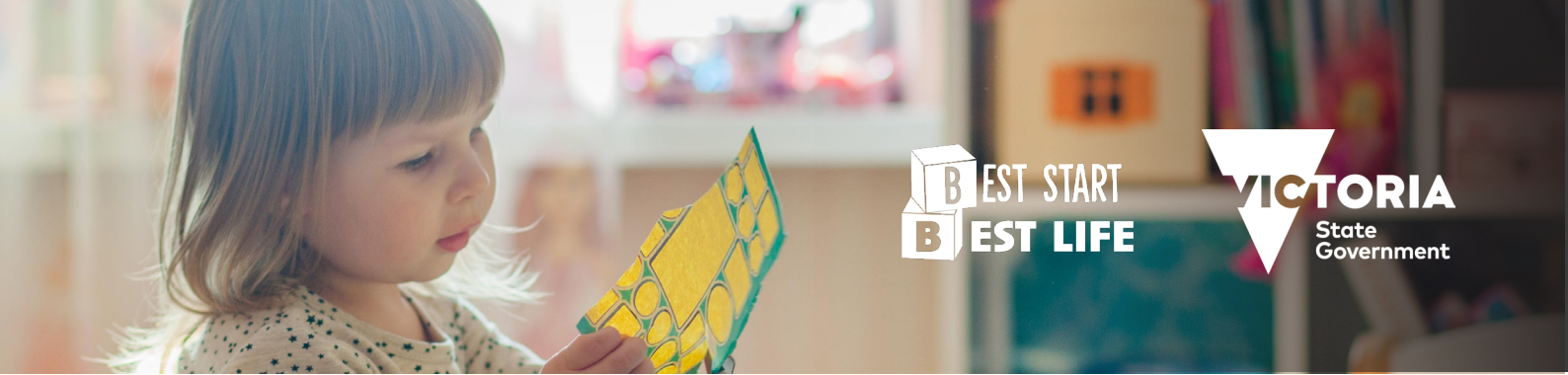
We have made the investments to deliver Three-Year-Old Kinder – now we'll make all kinder free to save family budgets and improve educational outcomes.

PRE-PREP

From next year, the Andrews Labor Government is delivering 15 hours of free Four-Year-Old Kinder to provide relief to family budgets. But from 2025 we will begin the transition from Four-Year-Old Kinder to Pre-Prep, delivering a 30-hour a week program of play-based learning.

This will save families more on childcare fees – and ensure every Victorian child gets the very best start in life.

¹<https://grattan.edu.au/wp-content/uploads/2020/08/Cheaper-Childcare-Grattan-Institute-Report.pdf>



THREE-YEAR-OLD KINDER FACT SHEET

In 2018, the Andrews Labor Government **promised to deliver an extra year of kinder for Victorian kids**, with a \$5 billion investment over a decade to **provide universal access to 15 hours of Three-Year-Old Kinder** to get kids ready for school and save families money on childcare fees.

Three-Year-Old Kinder is now a reality, with universal access to at least five hours of government funded kinder already available for Victorian families, **scaling up to a full 15-hour program by 2029**.

The rollout of Three-Year-Old Kinder began in regional Victoria – now it's progressing across the state. The full 15 hour Three-Year-Old Kinder began in 21 local government areas in 2020 and **last year 74 per cent of all eligible children were enrolled**.

It's now being rolled out across the remaining 58 local government areas. 2,800 services are funded to deliver Three-Year-Old Kinder across all 79 local government areas – by 2029, they'll be providing **15 hours a week of government-funded kinder** as the program scales up.

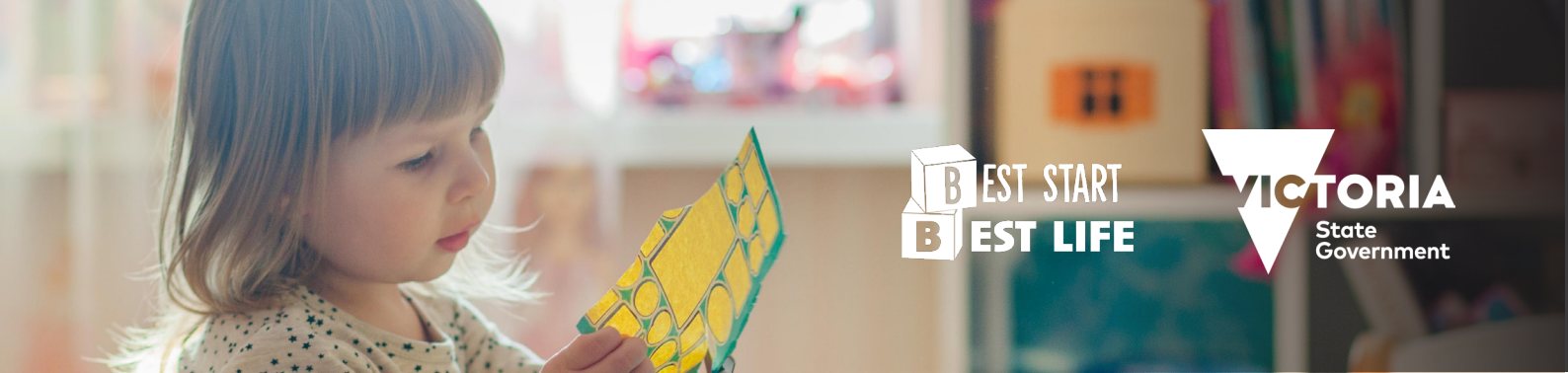
We're still **building the infrastructure needed** for this shakeup of our early education system, with **\$1.68 billion being invested over a decade** to create capacity for Three-Year-Old Kinder. Getting ready for Three-Year-Old Kinder is creating around **5,000 construction jobs** as we deliver the facilities families will need.

But it's not just about infrastructure – this massive change to early childhood education requires a **boost to the workforce** too. By 2029, every three-year-old will have access to 15 hours a week of kinder – we need to make sure we have enough early childhood educators to teach them.

Three-Year-Old Kinder will **create around 4,000 jobs for teachers and 2,000 jobs for educators**. We're investing **\$243 million to support, train and recruit the workforce** Three-Year-Old Kinder will need. We've set up scholarships to attract new early childhood teachers, with more than 2,800 awarded since 2018. And we've included the Certificate III and Diploma in Early Childhood Education and Care as a Free TAFE course.

All this work has already been set in motion – but, **we're taking it further**. From 2023, the Andrews Labor Government will make **Three-Year-Old Kinder free**. We're also introducing big changes to **Four-Year-Old Kinder** – in addition to making the existing program free from next year, we will begin to transition from 15 hours of funded learning to a **30-hour-a-week Pre-Prep program over the next 10 years**, completely free for Victorian families.

Starting from January 2023, Free Kinder will **save Victorian families up to \$2,500 per child each year on top of current government subsidies**, reducing childcare costs for families and making a big difference to the household budget.



ECONOMIC BENEFITS FACT SHEET

The expanded *Best Start, Best Life* initiative will provide **relief to family budgets** – but there are broader economic benefits too. Access to and the cost of childcare is a big barrier to women working and the hours they can afford to take on.

While more dads are staying at home with the kids than ever before, in **most households it's still mum who does the lion's share of childcare**. Because the childcare subsidy and family tax benefits go down as wages go up¹, many families sit around the kitchen table to do the maths on returning to work or picking up an extra shift and find it doesn't add up.

One of the main reasons parents can't do paid work is the cost of childcare – in the majority of cases, this is **preventing women from working**. The latest ABS data indicates there were 28,800 people in Victoria who want to work but don't because of childcare requirements – 26,600 of whom are women². Staying home to care for children is a valid choice, but it should be **a choice that's made on what works for an individual family** rather than one that's forced by the limits of the childcare system.

Increasing access to affordable childcare will allow **more women to work as much as they want to** – not how much as they can afford to. According to the *Back of the Pack*³ report commissioned by parent advocacy group The Parenthood, once a woman in Australia has a child, her participation in the workforce drops below that of mothers in other countries and she never catches up.

When men and women are young, their levels of participation in the workforce are similar, but there's **a dramatic gap once women have children** – women aged 25-54 with children are less likely to work than women who don't have children. Having children has no impact, or a positive impact on workforce participation for men⁴.

This contributes to the **gender pay gap** and means **women are disadvantaged in retirement** because they have missed out on superannuation contribution. On average, women retire with only \$290,000 in super compared to

men, who retire with \$360,000⁵. Taking time out of the paid workforce for childcare is a big contributor to this superannuation gender gap.

The *Back of the Pack* report suggests **if Australia could lift the participation of women in the workforce to the same level as men**, it would increase GDP by 8.7% – or **\$353 billion by 2050**.

According to the *Australian Institute of Family Studies* "more than 40% of mothers work part-time, compared to only 4–5% of fathers".

The system works against women – we need it to work for them.

That's why the Andrews Labor Government will expand the *Best Start, Best Life* program, delivering free Three-Year-Old Kinder and Four-Year-Old Kinder from next year. To help address the current shortage of available childcare places, the Labor Government will **establish 50 integrated childcare centres** to deliver childcare, kinder and *Pre-Prep*.

The centres will be **government run** and charge lower fees than many private providers.

Where possible, the centres will be co-located with schools to avoid the double-drop off and alongside hospitals, TAFEs and major employers to create convenient access for working parents.

Not every parent works Monday to Friday, nine to five. **Where there is demand, centres will operate extended hours and on weekends to support families employed in shift work**.

These centres will make it easier and more affordable for families to access childcare – and easier for women to return to work when and however much they want to.

¹ <https://theconversation.com/if-governments-were-really-concerned-about-tax-and-the-cost-of-living-they-would-cut-the-cost-of-childcare-182669>

² <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/potential-workers/latest-release#data-download>

³ https://www.theparenthood.org.au/back_of_the_pack

⁴ <https://womensworkforceparticipation.pmc.gov.au/action-area-child-care.html>

⁵ <https://www.australiansuper.com/-/media/australian-super/files/tools-and-advice/forms-and-fact-sheets/superannuation/guides/women-and-super.pdf>



CHILDHOOD DEVELOPMENT FACT SHEET

Early childhood education is vital to a child's development. Babies are born ready to learn and 90% of their brain development occurs in the first five years of life¹. A child's brain is able to form more than a million neural connections every second when activated.²

Early childhood teachers, educators and support staff do an amazing job, but the current **early childhood education system is fragmented and inconsistent.**

It's estimated **one in five children in Australia start school developmentally vulnerable**³ but access to kindergarten can reduce those vulnerabilities⁴. Through play-based learning, children develop their vocabulary, reasoning and early numeracy skills – getting them ready for school.

For a long time, 15 hours has generally been accepted in Australia as the “minimum dose” for an effective kindergarten program. However, we know that other high-performing early childhood systems – such as in Norway, France, China and New Zealand – are offering between 20 and 30 hours per week. Studies have also indicated that increasing the dose above 15 hours can have additional benefits, particularly for low-income and vulnerable groups.

That's why the Andrews Labor Government will expand Four-Year-Old Kinder to a new Pre-Prep year to ensure kids get the best start and are ready for learning and life.

Currently, Victorian families have access to **15 hours of funded four-year-old kindergarten** per week. Pre-Prep will deliver **30 hours of play-based learning** for four-year-olds each week, ensuring Victorian kids get the best start in life. **Pre-Prep is already common in many private school settings**, introducing kids to the school setting with age-appropriate learning through play.

This is a **life changing reform to early childhood education in our state** – it won't happen overnight. That's why we will make Three-Year-Old-Kinder and Four-Year-Old Kinder free from 2023, **providing cost of living relief to families**, while we will start the work to rollout Pre-Prep across the state over the next 10 years.

We will deliver a consistent, play-based, developmentally appropriate curriculum to give four-year-old Victorians the best start in life.

¹ <https://www.startingblocks.gov.au/other-resources/factsheets/brain-development-in-children/>

² <https://developingchild.harvard.edu/science/key-concepts/brain-architecture/#:~:text=Brains%20are%20built%20over%20time%2C%20from%20the%20bottom%20up.&text=In%20the%20first%20few%20years,circuits%20to%20become%20more%20efficient.>

³ <https://www.aedc.gov.au/early-childhood/findings-from-the-aedc>

⁴ <https://www.aihw.gov.au/reports/children-youth/australias-children/contents/education/transition-primary-school>



CHILDCARE DESERTS FACT SHEET

SUPPORT FOR VICTORIAN FAMILIES LIVING IN 'CHILDCARE DESERTS'

Apart from the crippling cost of childcare, a big challenge for working families is finding a childcare place close to home. It's common to hear of women waitlisting their children for childcare as soon as they find out they're pregnant or as soon as they've given birth.

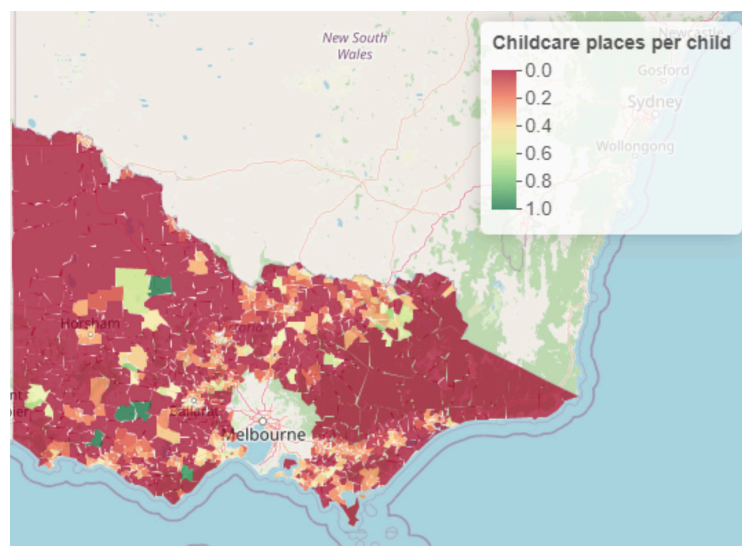
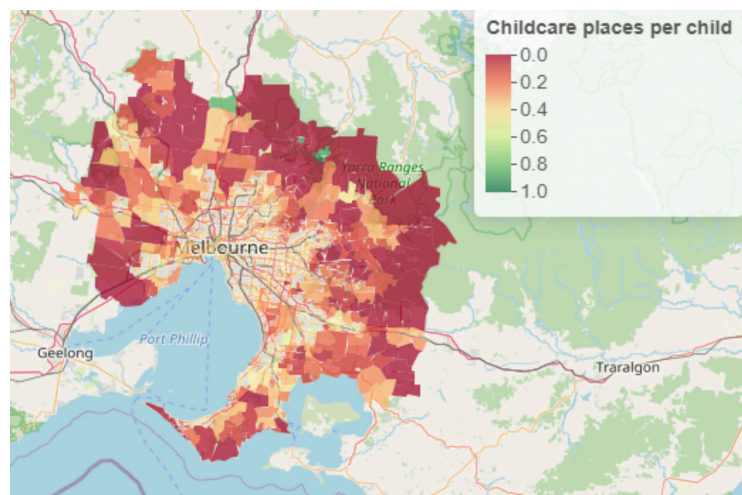
Childcare deserts are areas where there are more than three children for every available place at a childcare centre – making it difficult or impossible for families to access care without travelling outside of their suburb or relying on ad-hoc family arrangements.

Analysis from education and health policy think tank The Mitchell Institute¹ suggests that childcare deserts often mean our most disadvantaged communities have the least access to childcare.

That's why the Andrews Labor Government will **establish 50 new integrated centres in areas with the greatest unmet demand** to deliver childcare, kinder and *Pre-Prep*. The centres will be **government run** and charge lower fees than many private providers.

Childcare deserts occur where private operators, local councils and community providers can't provide enough places to service an area. That's why the government will step in to **ensure better and more affordable access for families**.

The exact location of the 50 centres is still to be determined – first, **we'll work to understand the childcare needs** of Victorian communities including access to and demand for childcare, including whether the centres need to operate on **extended hours to support shift-working families**.



Childcare deserts in metropolitan Melbourne and regional Victoria.
Source: Victoria University

¹<https://www.vu.edu.au/mitchell-institute/early-learning/childcare-deserts-oases-how-accessible-is-childcare-in-australia>