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Introduction

What is your name?

Name:

[REDACTED]

What is your email address?

Email:

[REDACTED]

Are you responding to this survey as:

Other

What is your organisation?

Organisation:

Do you consent to the ACCC publishing your submission?

Yes, but do not publish my name

Open written submissions

Confidentiality and personal information

Choose File:

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If you wish to provide responses to all or any of the draft findings and recommendations outlined in the September interim report, please move to the next section 'Guided submissions' to provide responses against the relevant findings and or recommendations.

Draft Findings - Costs

1. Labour is the main driver of cost for supplying childcare, accounting for 69% at centre based day care and 77% at outside school hours care. Labour costs have increased significantly for large centre based day care providers over the last 5 years.

Agree

Please provide further comment if relevant:

Staff qualifications and the quality of interactions and relationships between staff and children are critical in providing quality programs and supporting children's learning and development. It should not be a concern that the majority of costs are staffing costs - the issue is that staffing costs are not adequately offset by government funding and are therefore left to be fully funded by parent fees (regardless of whether these fees are subsidised).

2. Land and related costs are the other significant driver of cost for centre based daycare providers.

Agree

Please provide further comment if relevant:

The Commonwealth has established the childcare sector in a competitive marketplace - high land and capital costs are the consequence of these policy decisions. Childcare should not be provided in a competitive market - it is an essential service and the benefits of it are now backed by evidence. The whole sector needs fundamental change.

3. Not-for-profit providers appear to face lower land costs than for profit providers, but these savings are invested into labour.

Unsure / No View

Please provide further comment if relevant:

This sounds like a plausible scenario but generalised statements are risky.

4. Location influences costs of supplying childcare services, although the influence differs depending on the cost category. Overall, costs to supply services to different areas of remoteness and socio-economic advantage do not differ greatly, except for the areas of most remoteness and most socio-economic advantage.

Do Not Agree

Please provide further comment if relevant:

There are workforce shortages in capital cities. If labour costs are the highest cost, how can it not cost more to supply services in areas where there are no staff?

Draft Findings - Competition

5. Parents' and guardians' demand for centre based day care is driven by a complex combination of factors. Parents look to prevailing market prices, however informal measures of quality are key considerations.

Agree

Please provide further comment if relevant:

6. Providers' supply decisions are influenced by expectations of viability, which is heavily influenced by relative socio-economic advantage and geographic location.

Agree

Please provide further comment if relevant:

Because the Commonwealth has established childcare in a competitive market, it is open to abuse by profit-driven suppliers who only invest where they can make money. This is one of the most significant problems with the sector and needs fundamental change. There are real estate agents/property development firms who target overseas investors to invest in childcare centres in Australia because it is such a "wise" capital investment - it is only wise because it is backed by a constant stream of government funding. How is this good for Australian children?

7. Staffing constraints are a barrier to more suppliers entering or expanding their operations in childcare markets.

Agree

Please provide further comment if relevant:

8. The nature of competition reflects the unique demand and supply factors in childcare markets; price plays a less influential role once households have chosen how much childcare to use and providers compete on quality to attract and retain children and families.

Do Not Agree

Please provide further comment if relevant:

Quality comes at a cost and when ASX-listed child care providers need to provide a return to their investors, this is at absolute conflict with the need to provide quality for children.

Draft Findings - Profitability, viability and quality

9. On average, large centre based day care and outside school hours care providers appear to be profitable and financially viable.

Unsure / No View

Please provide further comment if relevant:

What is the definition of "large"? As soon as the regulations change, the size of a service and its viability can instantly be called into question.

10. Occupancy is a key driver of revenue and therefore profits and viability.

Agree

Please provide further comment if relevant:

11. On average, margins are higher:

Agree

Please provide further comment if relevant:

12. The ability to attract and retain staff is a key determinant of quality, which affects the profitability and viability of a service.

Agree

Please provide further comment if relevant:

Draft Findings - Price regulation mechanisms

13. The design of the Child Care Subsidy and existing price regulation mechanism has had a limited effect in placing downward pressure on prices and limiting the burden on taxpayers.

Agree

Please provide further comment if relevant:

Demand-driven funding needs to be overhauled. It hasn't worked so stop tweaking it and make some fundamental changes.

14. Childcare providers are optimising session lengths to match current activity test entitlements to minimise out-of-pocket expenses for parents and guardians and maintain their revenues and profits.

Do Not Agree

Please provide further comment if relevant:

15. The Child Care Subsidy is complex for parents and guardians to understand and it is difficult to estimate out-of-pocket expenses.

Agree

Please provide further comment if relevant:

16. More information is important for parents and guardians, yet the comparator website StartingBlocks.gov.au is not widely used by parents and guardians and can contain outdated information.

Agree

Please provide further comment if relevant:

Draft Findings - International childcare costs and price regulation mechanisms

17. Overseas data indicates childcare in Australia is relatively less affordable for households than in most other OECD countries.

Agree

Please provide further comment if relevant:

18. Many OECD countries are moving toward greater regulation of childcare fees such as low fees or free hours for parents and guardians, supported with supply-side subsidies to cover providers' costs of provision.

Agree

Please provide further comment if relevant:

This needs serious consideration in Australia.

Draft Recommendations - Existing regulatory arrangements

Draft recommendation 1 - The ACCC recommends that the Australian Government reconsider and restate the key objectives and priorities of its childcare policies and supporting measures, including the relevant price regulation mechanism.

Do Not Support

Please provide further comment if relevant:

What's the point of restating objectives and priorities when the existing policies have not achieved their desired outcomes?

Draft recommendation 2 - The ACCC recommends further consideration and consultation on changes to the Child Care Subsidy and existing hourly rate cap mechanism, to simplify their operation and address unintended consequences, including on incentives and outcomes.

Support

Please provide further comment if relevant:

It needs overhauling, not just "consideration".

Draft recommendation 2 (a) - Consideration be given to determining an appropriate base for the rate cap and indexing the cap to more closely reflect the input costs relevant to delivery of childcare services. This could include consideration of labour costs as well as the additional costs associated with providing childcare services in remote areas and to children with disability and/or complex needs

Do Not Support

Please provide further comment if relevant:

The rate cap should be removed. The whole funding system needs to be changed to supply-driven funding. Child care is a universal service, yet it is positioned in a competitive market.

Draft recommendation 2 (b) - Consideration be given to changing the hourly rate cap to align with the relevant pricing practice for the service type. This could include consideration of a daily fee cap for centre based day care. Consideration will need to be given to setting and monitoring minimum requirements to avoid creating incentives for childcare providers to reduce flexibility or quality.

Do Not Support

Please provide further comment if relevant:

The rate cap needs to be removed and the entire funding system overhauled.

Draft recommendation 2 (c) - Consideration be given to removing, relaxing or substantially reconfiguring the current activity test, as it may be acting as a barrier to more vulnerable children (for example, households with low incomes or disadvantaged areas) accessing care and creating a barrier to workforce entry or return for some groups. An alternative would be to consider a specific entitlement, such as a certain number of days of care.

Support

Please provide further comment if relevant:

The activity test needs to be completely removed. Childcare is a universal service and should be treated as such in all Commonwealth policies.

Draft recommendation 2 (d) - Consideration be given to including a stronger price and outcomes monitoring role by government, supported by a credible threat of intervention, to place downward pressure on fees.

Do Not Support

Please provide further comment if relevant:

If the funding model is overhauled, then the risk of constant fee increases that drive up provider profits won't be so much of an issue.

Draft recommendation 3 - The ACCC supports reconsideration of the information gathered for and reported on StartingBlocks.gov.au so that it is better focused on meeting parents and guardians' information needs, and balanced against the costs of collecting and publishing information. This could include:

Support

Please provide further comment if relevant:

Information published should be drawn from other reporting mechanisms that each childcare provider uses so that it is real-time, integrated information. Increasing reporting requirements through an additional reporting mechanism is an unnecessary administrative burden.

Draft recommendation 4 - The ACCC recommends that the governments further consider how the existing regulatory frameworks support and influence the attraction and retention of educators and workforce in the early childhood education and care sector.

Do Not Support

Please provide further comment if relevant:

Workforce issues are related to status, recognition and pay. We know what qualifications we need for quality early childhood programs. Governments need to acknowledge and take action to improve pay and recognition for the professionalisation of the sector. This is currently left up to providers to do on their own.

Draft Recommendations - Broader policy considerations for more significant change

Draft recommendation 5 - The Australian Government should consider maintaining and expanding supply-side support options for Aboriginal Community Controlled Organisations that provide childcare and additional support services for First Nations children, parents and guardians.

Support

Please provide further comment if relevant:

Draft recommendation 6 - A market stewardship role should be considered for both Australian and state and territory governments, in identifying under-served areas and vulnerable cohorts, along with intervention whether through public or private provision. A competitive tender process is one tool that could be used by governments to facilitate delivery in these areas.

Unsure / No View

Please provide further comment if relevant:

Delivering a universal service in a competitive marketplace is one of the most fundamental issues with childcare in Australia. This needs significant change, not just giving governments a market stewardship role that is subject to election cycles and political opinion.

Draft recommendation 7 - The ACCC supports further consideration of supply-side subsidies and direct price controls. Some changes to the policy settings are likely to reduce the impact of the hourly rate cap as an indirect price control, and may warrant a shift to direct price controls supported by operating grants for regulated childcare providers.

Support

Please provide further comment if relevant: