

Cheaper child care

Making child care more affordable for 1.26 million families

The Government is investing \$4.7 billion over 4 years from 2022–23 to make early childhood education and care more affordable for Australian families. The Government's reforms will mean 96 per cent of families with children in care are better off and no family is worse off.

From July 2023, Child Care Subsidy rates will increase up to 90 per cent for eligible families earning less than \$530,000. Families will continue to receive existing higher subsidy rates of up to 95 per cent for any additional children in care aged 5 and under.

The significant cost of early childhood education and care can prevent parents, particularly women, from working as much as they want. It is estimated these reforms will increase the hours worked by women with young children by up to 1.4 million hours per week in 2023–24. This is equivalent to an extra 37,000 full-time workers.

The reforms will also support children's learning and development and their readiness for school.

The Australian Competition and Consumer Commission will examine the impact of these changes on out-of-pocket fees and investigate the drivers of rising early childhood education and care costs. This will complement a comprehensive Productivity Commission review into the early childhood education and care sector to commence in 2023, which will consider a universal 90 per cent subsidy.

Gita and Matt have a combined annual income of \$120,000. Their 2-year-old child attends centre-based day care 3 days a week, costing \$4,700 a year in out-of-pocket early childhood education and care fees. From July 2023, Gita and Matt will receive a Child Care Subsidy of 82 per cent, an increase from the current 71 per cent. This will save them \$1,780 in out-of-pocket fees in 2023–24.

