



**Quebec's \$10 a day childcare**  
VS  
**New South Wales ECEC subsidies:**  
**How do they compare?**

John Cherry

**Evidence  
& Insights**  
Series | March 2024



## About Goodstart

Goodstart, as a not-for-profit social enterprise, has for 12 years been creating positive social change by giving Australia's children, especially our most vulnerable, the best possible start in life — access to high quality early learning.

Our purpose is to ensure children have the learning, development and wellbeing outcomes they need for school and life. This means we need to make contributions to the sector and community to improve outcomes for all Australia's children, not only the children that attend our services.

**We have set six strategic goals to achieve this vision:**

**Exceptional quality**

**Inclusion for everyone**

**Impact beyond Goodstart**

**Amazing Goodstarter experience**

**Personalised family experience**

**Thriving organisation**

Our strategic goals are underpinned by a strong organisational commitment to Reconciliation and Safety.

## The Evidence and Insights Series

We have developed this series to help us share what we learn in order to have a positive impact for children beyond Goodstart. As the largest provider of Early Childhood Education and Care in the country, with services in every state and territory in a wide variety of communities we are uniquely placed to share evidence and insights about what works best for which children. Our dataset includes information about our 62,000 children, our 654 services and our team of nearly 16,000 Centre Leaders, Teachers and Educators and expert services. We have a strong focus on identifying and supporting children who are more likely to experience disadvantage. We have made significant investments in ensuring the veracity of our data and in building our analytical capability, so we can answer questions about how to improve outcomes within Goodstart and for all Australia's children.

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Goodstart Early Learning acknowledges Aboriginal and Torres Strait Islander people as the traditional custodians of the lands. We pay our respects to elders, past, present and emerging.

**Website:** <https://www.goodstart.org.au>

Suggested Citation: Cherry, J. (2024), Quebec's \$10 a day childcare vs New South Wales ECEC subsidies: Which one is better? Goodstart Early Learning, Brisbane

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# Introduction

Policy discussion over reform of Australia's early childhood education and care (ECEC) system has seen some commentators cite the Canadian province of Quebec's \$10 a day child care as a model for Australia. Since 1997, Quebec has capped the fee that parents pay for child care, initially at \$5 a day now at \$9.10 (AU \$10.28<sup>1</sup>). This is maintained by a complex supply side funding system where the provincial government provides an operational grant to participating providers based on estimated costs of provision, with parents paying the remainder through a fixed contribution.<sup>2</sup> This system, some suggest, is preferable to the Australian demand-based subsidy system where families can claim up to 90% of a provider's fee from the Commonwealth Government's Child Care Subsidy.<sup>3</sup>

This paper compares ECEC outcomes – across the domains of workforce participation, accessibility, quality and affordability – in Quebec and New South Wales. Both jurisdictions have similar populations: Quebec's population is 8.8m (2022 up 7.3% since 2016). NSW's population is 8.2m (2022, up 7.9% since 2016).

While Quebec performs well on affordability and workforce participation, New South Wales performs much better on quality, accessibility (i.e. growth of places), educators wages, and affordability for some targeted low-income families.

**Table 1: Summary of ECEC indicators**

Indicator (2023)	Quebec	New South Wales
Population (2022)	8.8m	8.24m
Workforce participation – women all	61.2%	61.4%
Workforce participation – mothers of children 0-5	85.3%	71.2%
Out of pocket cost average income household – child 0-4	Average OOP all services CA\$17.20 per day (AU\$19.44)	First child: \$29.50 per day Second child: \$10.05 per day
Out of pocket cost low income household – child 0-4		First child: \$13.40 per day Second child: \$6.70 per day
Out of pocket cost average income household – preschool child 4-5	Average OOP fixed fee services: CA\$8.85 per day (AU\$10)	First child: \$15.44 Second child: Free
Out of pocket cost low income household – preschool child 4-5		First child: Free Second child: Free
Growth in centre-based places 2018-2023	13,903 (+6.5%)	44,750 (+23.2%)
% Educators required to be qualified (2023)	50%	100%
Child/educator ratios – birth to 2 years	1-5/1-8	1-4
Child /educator ratios – 2 – 4 years	1-8	1-5/1-10
Child ratios – 4 – 5 years	1-10	1-10
Wage rate – qualified education (\$/hr including superannuation)	\$23.03 - \$32.01 (AU\$26.00 - \$36.16)	Educators \$29.06 - \$35.28 Teachers \$39.31 - \$54.39
Government investment in ECEC (2023)	\$3.3bn (AU \$3.72b)	\$5.7bn

<sup>1</sup> Conversion rate 1.1298 27/1/2024

<sup>2</sup> <https://childcarepolicy.net/cost-controls-and-supply-side-funding-what-does-quebec-do/>

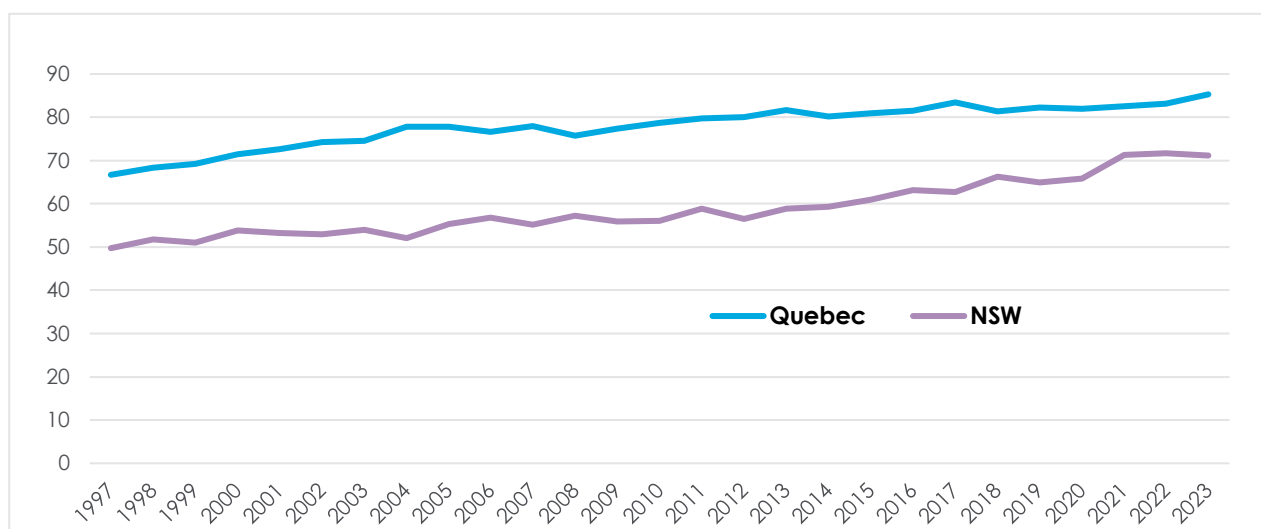
<sup>3</sup> Sydney Morning Herald 2/7/2023 <https://www.smh.com.au/politics/federal/why-australia-should-look-to-quebec-s-5-a-day-daycare-20230702-p5dl3q.html>



# Impact on female workforce participation

Low cost ECEC in Quebec ECEC system has been lauded for increasing female workforce participation,<sup>4</sup> which rose from 48.4% in 1997 to 61.2% by 2023.<sup>5</sup> Female workforce participation in NSW also rose from 51.2% in 1997 to 61.4% in 2023, matching Quebec.<sup>6</sup> But the workforce participation rate for mothers with their youngest child aged 0-5 years has been consistently higher in Quebec – rising from 66.7% in 1997 to 85.3% in 2023, while the rate for NSW mothers rose from 49.7% in 1997 to 71.2% in 2023. Most Quebec mothers work full-time, while most in NSW work part-time. Participation rates spiked in both jurisdictions since COVID.<sup>7</sup>

**Table 2: Workforce participation rate mothers with youngest child aged 0-5<sup>5</sup>**



## Accessibility

The rapid expansion of Quebec's child care system has been criticised for not providing consistent high quality care for children as the sector grew.<sup>8</sup> The highest quality is found in the fixed-fee not-for-profit Centres de la Petite Enfance (CPEs), which provide 35.5% of Quebec's childcare places. A further 41% of places are offered in privately-run child-care centres – almost half of which accept the same regulatory rules as the CPEs and the fixed-fee subsidy. For-profit centres operating outside the fixed-fee system charge full fees (with working families eligible for a tax credit system) and are subject to lower quality requirements. The family day care sector makes up the remaining 23.5% of places, which are eligible for fixed fee subsidies but operate on different quality and ratio requirements (but must be supervised by a CPE).

Fixed fee places are allocated by the Government, as are capital grants for the supply of new places. CPE places doubled to 76,000 in the first decade of the scheme but grew more slowly in recent years, reaching 105,000 by 2023. From 2004, most growth was in the for-profit sector, with non fixed fee places growing from 2,000 in 2004 to 70,000 by 2019.

<sup>4</sup> Fortin, P (2018) "[Quebec's Childcare Program at 20](#)" *Inroads Journal* issue 42, Winter Spring 2018

<sup>5</sup> Statistics Canada (2023) [Labour force characteristics table 12-10-0287-03](#)

<sup>6</sup> ABS Labour Force Australia Table 4

<sup>7</sup> Statistics Canada [Labour force characteristics by family structure table 14-10-0396-01](#); ABS Labour force status of families June 2023 table 9.1, data for June of each year.

<sup>8</sup> Mohamed, R. "[Quebec's Child-Care Program at 25: A Scorecard](#)" 12/1/2022; Fortin, P (2018) *ibid*

Since 2019, the Government has prioritised regulated fixed-fee places, with 19,500 new places spread evenly between NFP and for-profit providers. For-profit places outside of the fixed fee system fell by 5,000 with some converting to regulated fixed-fee places. Fee-capped family day care places have also been falling since 2015. In all, while there was a 13,900 (6.5%) growth in centre-based places in the last five years, after accounting for the decline in family day care Quebec had just 4,768 additional places (+1.6%) than it did in 2018.<sup>9</sup>

**Table 3: Growth in the Quebec ECEC system:<sup>10</sup>**

	Places Sep 2023	Growth since 2018-19
CPEs (Centres de la Petite Enfance) higher quality, fee capped, parent run NFP services	105,473	+9,389
For profit daycare – fee capped	56,831	+9,610
For profit daycare - non-fee capped <sup>11</sup>	65,078	-5,096
Family day care – fee capped	69,940	-9,135
<b>TOTAL centre-based</b>	<b>227,382</b>	<b>+13,903 (+6.5%)</b>
<b>TOTAL including FDC</b>	<b>297,322</b>	<b>+4,768</b>

Across Quebec, there were 37,000 on waitlist for immediate access to a funded place in 2023, with a further 44,647 children who do not require an immediate place also waiting for a place.<sup>12</sup> At the same time, unfilled places often remained in the higher cost, lower quality private centres as parents preferred the higher quality fixed fee CPE centres, with places allocated by a lottery.<sup>13</sup> CPEs are disproportionately located in higher income areas, while families experiencing disadvantage have less access these higher quality places.<sup>14</sup>

In New South Wales in 2023, there were 237,780 centre-based places (LDC and preschools) supporting 318,000 children, with a further 23,690 children in family day care:

**Table 4: Growth in the NSW ECEC system:<sup>15</sup>**

March quarter	Places Sep 2023	Growth since Sep 2018
Long day care centres	201,661	+46,461
Preschools	27,119	-1,711
<b>TOTAL centre-based places</b>	<b>237,780</b>	<b>+44,750 (+23.2%)</b>
Family day care (no. children) <sup>16</sup>	23,690	-24,190

In the last five years, centre-based ECEC places in NSW grew by 44,750 places or 23.2%. Family day care enrolments halved, a direct result of national policies to reduce fraud in the sector. The NSW Government has announced a policy of expanding the preschool sector, committing to build an additional 150 preschools on school sites over the next four years.<sup>17</sup> 76% of LDC places in NSW were operated by private providers, and 24% by NFP and public providers, who

<sup>9</sup> Quebec Government *ibid*

<sup>10</sup> [Quebec Government \(2023\)](#)

<sup>11</sup> [Private daycares charge higher fees and families receive a 75% tax credit](#)

<sup>12</sup> [Montreal Gazette 16/9/2023](#)

<sup>13</sup> Rahim Mohamed 2022 *ibid*

<sup>14</sup> Mathieu, S. (2022) "Four Ideas to Make Quebecs Childcare System a Model for Canada" Policy Options, June citing the Quebec Auditor General in 2020

<sup>15</sup> [Approved places, ACECQA NQS Snapshot Sep 2023 & Sep 2018](#)

<sup>16</sup> [Dept Education quarterly childcare statistics. Family day care providers numbers also halved.](#)

<sup>17</sup> [NSW Premier Media release 18/9/2023](#)

also operated all preschool places.<sup>18</sup> Average attendance at LDC was 33 hours a week, and 15 hours a week at preschools. Some children attended both preschools and LDC services.

Faster growth in supply of ECEC places in NSW has supported a faster increase in participation rates of children in ECEC than in Quebec, albeit from a lower base. Between 2019 and 2023, the ECEC participation rate of children aged 0-5 years in Quebec fell from 78.2% to 75.0% (24,439 fewer children).<sup>19</sup> The participation rate in NSW rose from 55.2% to 59.6% (15,442 more children), peaking at 83.4% for 4 year olds.<sup>20</sup> Over 90% of children in Quebec attend ECEC full time<sup>21</sup>, compared to about 30% in Australia, with another 25% attending 4 days a week<sup>22</sup>.

## Quality

A persistent criticism of the Quebec ECEC system has been that growth in places has not been matched by improved quality of services. <sup>23</sup> A survey in 2005 found just 27% of Quebec ECEC services provided a 'good' standard of quality, including 35% of CPEs and 14% of private centres.<sup>24</sup> Quality standards in the 'high quality' regulated CPE system falls well short of Australian quality standards. Qualification requirements tend to be lower, staff ratios higher and educators generally paid less than they are in Australia.

Standards for educator qualifications and ratios in NSW are regulated by the National Quality Standard (NQS) agreed between all Commonwealth and State Ministers in 2010. This regulates educator qualifications and ratios, practice and provision. The NQS has driven significant improvements in quality, with the percentage of ECEC services in NSW meeting the NQS increasing from 42.3% in 2013 to 90.8% in 2023.<sup>25</sup>

### Qualifications:

Before COVID, Quebec required two thirds of educators in funded services to be qualified. During COVID, this was dropped to one in three educators, before moving to one in two in 2023 and back to two in three in 2024. In 2020, 13% of 'high quality' NFP CPEs and a staggering 73% of private centres did not meet the qualification requirements.<sup>26</sup>

Qualification requirements have since been eased for educators already to help Quebec meet its goal of 37,000 additional places by 2025. A qualified educator can now have either:<sup>27</sup>

- The Diploma of College Studies (DCS) as three-year program; or
- If they are already working:
  - The Attestation of College Studies (ACS) an 18-month course of 50/50 work and study (funded by the employer)<sup>28</sup>. The employee must have 4992 hours of relevant experience (i.e. 2.5 years of full-time work) to qualify; or

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<sup>18</sup> ACECQA NQS Snapshot September 2023

<sup>19</sup> Statistics Canada [table 42-10000-401](#)

<sup>20</sup> Productivity Commission Report on Government Services 2024 tables 3A.8 and 3A.10. Most 5 year old children in NSW are enrolled in kindergarten in schools which is excluded from this data.

<sup>21</sup> Statistics Quebec [Child Care Services Quebec 2021](#)

<sup>22</sup> ACCC Interim Report on ECEC September 2023 p. 176

<sup>23</sup> Rahim, M. 2022 *ibid*

<sup>24</sup> Japel C et al (2005) *Quality Counts: Assessing the Quality of Daycare Services based on the Quebec Longitudinal Study of Child Development*, Institute for Research on Public Policy

<sup>25</sup> ACECQA National Quality Snapshot

<sup>26</sup> Mathieu, S (2022) ["Quebec must continue to focus on CPEs" Policy Options](#), August 25 2023

<sup>27</sup> Quebec Government 2023 [Path to become an early childhood educator](#)

<sup>28</sup> <https://www.travailtudespetiteenfance.ca/en/>

- Recognition of Acquired Competencies (RAC) process for employees with a minimum of three years of experience, who must demonstrate the competencies of an ACS/DCS, or undertake the training to acquire the specific competencies.

New South Wales requires all educators working in ECEC to hold at least a Certificate III qualification, and at least 50% to hold a Diploma qualification or above. LDC services are also required to employ two to five Bachelor qualified teachers dependent on the number of children attending the service.<sup>29</sup> Unqualified staff are generally trainees.

**Table 5: Qualifications of paid contact staff in NSW ECEC services 2021 (%):<sup>30</sup>**

	Long day care	Preschool	Family day care
Bachelor or above	15.3%	31.6%	4.9%
Diploma	40.6%	32.6%	47.3%
Certificate III	35.9%	32.4%	45.6%
Below Certificate III	1.1%	0.5%	0.1%
No qualification <sup>31</sup>	7.2%	2.9%	2.2%

A Certificate III course typically takes 12-18 months to complete, with many educators completing it as trainees.<sup>32</sup> The Certificate III is a pre-requisite for the Diploma course which is a further 18-24 months study.<sup>33</sup> A Bachelor qualification is usually 4 years duration, with Diploma qualified educators receiving 12-24 months credit depending upon the institution.

Acute shortages of early childhood teachers have forced many services in NSW, particularly privately operated services, to request a staffing waiver from the NQS qualifications requirements to continue operating. In September 2023, 19.5% of LDC services and 0.8% of preschool services held a staffing waiver.<sup>34</sup> Many services across Australia capped enrolments in 2023 due to shortages of teachers and educators.<sup>35</sup>

Home-based family day care is a much larger component of the Quebec system – 23% of all places compared to less than 10% in Australia. In Quebec, family day care providers are not required to be qualified but operate under the supervision of a CPE co-ordinator, and complete 45 hours of training on health, safety nutrition and child development. By contrast, all family day care providers in Australia must be Certificate III qualified. Expanding home based family day care is a crucial part of Quebec's plan to rapidly expand places, with \$200m of new funding offered to providers to continue operating and increase places.<sup>36</sup>

## Educator ratios and wages:

Both Quebec and Australia set staffing ratios for educators based on the age of the child. Other than the 3-4 year age group, NSW has more intensive staffing ratios than in Quebec:

<sup>29</sup> [Education and Care Services National Law and Regulations](#)

<sup>30</sup> Dept of Education, National ECEC Workforce Census 2021 table 1.4.2

<sup>31</sup> Typically trainees working towards a Certificate III qualification

<sup>32</sup> TAFE NSW 2023 [Certificate III in Early Childhood Education and Care](#)

<sup>33</sup> TAFE NSW 2023 [Diploma in Early Childhood Education and Care](#)

<sup>34</sup> ACECQA NQS Snapshot September 2023

<sup>35</sup> Australian Childcare Alliance [media release](#) 14/11/2023

<sup>36</sup> <https://www.cbc.ca/news/canada/montreal/quebec-daycare-problems-1.6096763>

**Table 6: Child to educator ratios Quebec & NSW – 2023:**

Age child	Quebec	NSW
Birth to 18 months	1:5	1:4
18 – 24 months	1:8	1:4
24 - 36 months	1:8	1:5
3 – 4 years	1:8	1: 10
4 – 5 years	1:10	1:10

Another indicator of quality is what educators get paid, as higher wages typically means a more stable workforce. The Quebec Government sets wage rates as part of funding rules. Qualified educators in Quebec enjoyed are paid on an 11-point scale from CA\$21.60 an hour on entry to CA\$30.03 after 10 years' service. Unqualified educators are paid CA\$18.52 to \$27.78 on a 14-point scale.<sup>37</sup> Quebec educators are paid 6.78% into their superannuation (which they must match) and receive 2-5 weeks annual leave. Most work a 32-hour week.

Qualified educators in Australia are paid an award minimum of \$26.18 – \$27.94 per hour for a Certificate III qualified educator, \$29.48 and \$31.78 for a Diploma qualified educator/senior educator, and \$35.41 - \$45.57 for a Bachelor qualified teacher<sup>38</sup>. In addition, Australian educators receive 11% in superannuation (rising to 12% by 2025) and 4 weeks annual leave. 47% of educators in LDC working full time.<sup>39</sup>

Table 7 estimates the hourly wage cost for a full centre with optimised ratios (76-78 children). Educator costs are 26% higher in NSW due to higher wages and higher ratios:

**Table 7: Profile of centres staffed to ratio in Quebec & NSW Nov 2023<sup>40</sup>**

Age (months)	Quebec children	Quebec qualified <sup>41*</sup>	Quebec unqualified <sup>41</sup>	NSW children	NSW Teacher <sup>42</sup>	NSW Diploma <sup>42</sup>	NSW Cert III <sup>42</sup>
0-18	10	1	1	8		1	1
18-24	16	1	1	8		1	1
24-36	16	1	1	20	1	1	2
36-48	16	1	1	20	1		1
48-60	20	1	1	20	1		1
<b>Total</b>	<b>78</b>	<b>5</b>	<b>5</b>	<b>76</b>	<b>3</b>	<b>3</b>	<b>6</b>
<i>Children per educator</i>		7.8			6.3		
Wage cost p/hr		5x \$CA30.3	5 x \$CA27.78		3 x \$45.57	2 x \$31.78 1 x \$29.48	6 x \$27.94
<b>Total p/hr</b>	<b>78</b>	<b>CA\$290.40</b>		<b>76</b>	<b>AU\$397.39</b>		
<b>Plus super</b>		<b>CA\$310.09</b>			<b>AU\$441.10</b>		
<b>In \$AUD</b>		<b>\$350.34</b>			<b>\$441.10</b>		

(\*from March 2024 two in three educators must be qualified)

<sup>37</sup> Funding rates for educators for 2023-24 was yet to be announced in January 2024.

<sup>38</sup> The Australian Government is expected to announce a funded wage increase for educators in 2024.

<sup>39</sup> National ECEC Workforce Census 2021 table 1.3.2

<sup>40</sup> Assumes child occupancy to full ratios and educators paid at the maximum wage rate

<sup>41</sup> Rates since March 2022, assumes maximum rate on scale

<sup>42</sup> Award rate since July 2023, assumes maximum rate on scale



# Affordability

Access to ECEC is on average more affordable in Quebec for families accessing a fee-capped place, although the targeted affordability measures in Australia can often deliver lower cost for ECEC for some low income families who face the highest barriers to access.

## In Quebec:<sup>43</sup>

- The family contribution for fee-capped childcare in 2024 is \$9.10 a day (indexed from \$8.85 on January 1, 2024), or around CA\$45.50 a week,<sup>44</sup> (AU\$51.41);
- For non-subsidised places, the Government pays between 68% - 75% of the cost of child care (depending on family income) up to an annual fee cap of \$11,360 per child. <sup>45</sup> In 2021, while fees for fee-capped services were \$189 per month, median fees for unregulated private services ranged from \$868 to \$1194 per month.<sup>46</sup>
- A Federal tax deduction for child care expenses is payable annually on earned income;<sup>47</sup>
- In 2023, the average child care out of pocket cost for a Quebec family was CA\$4,475 (\$17.20 per day), lower than the Canadian average of \$5,671 (\$21.81 per day).<sup>48</sup> Families in 'fixed fee' services paid no more than CA\$8.85 per day in 2023 – the Quebec average is inflated by the high out of pocket costs in the unfunded private child care services;
- Child care costs fell Canada-wide in 2023 under the \$30 billion National Child Care Plan.<sup>49</sup>

## In New South Wales:

Following the 2023 Child Care Subsidy (CCS) reforms, low-income families (household income less than \$80,000, 28% of families) receive a 90% subsidy, tapering down to 0% at \$530,000. There is a higher subsidy rate for second and subsequent children under five or up to 95%. <sup>50</sup>

- **For a family on an average income** (\$140,000 with a CCS rate of 78%)<sup>51</sup>, based on a daily fee of \$134<sup>52</sup>, their daily out of pocket (OOP) cost would be \$29.50.<sup>53</sup>
- **For a low income family** (income <\$80,000 with a CCS rate of 90% - 28% of families), their daily OOP cost would be \$13.40 per day. Fees paid by low income families fees are around \$4 a day lower than the average.<sup>54</sup>

Around 70% of NSW children in LDC services receive subsidies on top of the CCS, with out of pocket costs reduced to less than \$10 a day for around 40% of families.<sup>55</sup> Assuming a child is enrolled three days a week for 50 weeks, the average daily OOP cost would be:

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<sup>43</sup> [https://www.budget.finances.gouv.qc.ca/budget/outils/garde\\_en.asp](https://www.budget.finances.gouv.qc.ca/budget/outils/garde_en.asp)

<sup>44</sup> <https://www.mfa.gouv.qc.ca/en/services-de-garde/programme-contribution-reduite/Pages/index.aspx>

<sup>45</sup> [https://www.budget.finances.gouv.qc.ca/budget/outils/garde\\_en.asp](https://www.budget.finances.gouv.qc.ca/budget/outils/garde_en.asp)

<sup>46</sup> Macdonald, D. & Friendly, M. 2022 Canadian Child care fees 2021, Canadian Centre for Policy Alternatives

<sup>47</sup> <https://www.canadalife.com/blog/starting-a-family/child-care-expenses-costs-deductions.htm>

<sup>48</sup> Statistics Canada 2023 [Survey on Early Learning & Care Arrangements](#).

<sup>49</sup> Statistics Canada *ibid*

<sup>50</sup> Services Australia <https://www.servicesaustralia.gov.au/child-care-subsidy>

<sup>51</sup> Productivity Commission ECEC Inquiry Draft Report Sep 2023 p, 360

<sup>52</sup> ACCC (2023) Final Report p.96 NSW average daily fee September 2023

<sup>53</sup> Child Care Statistics in Australia Q3 September 2023, 33 hours is the equivalent of 3 days of ECEC

<sup>54</sup> ACCC (2023) Inquiry into ECEC Interim Report June p. 82

<sup>55</sup> Of the 330,000 children in ECEC (Sep 2023), OOP were less than \$10 a day for around 122,000 of them, 34,000 in preschools, 38,000 low income with 3-5 yr olds in LDC, 30,000 with 2+ children in ECEC, 9000 low income in FDC, 11,000 ACCS and around 10,000 low income in low fee services.

- **4-year-olds (23% of children)**<sup>56</sup> –after CCS and State preschool subsidy (\$2110 p.a.<sup>57</sup>):
  - Average income family– OOP: =\$15.44
  - Low income family – OOP: = \$0
  - 25,000 children attend free public or community preschools<sup>58</sup>
- **3-year-olds (24% of children)** – after CCS and State preschool subsidy of \$500 p.a.:
  - Average income family – OOP = \$26.17
  - Low income family – OOP = \$10.07
  - 9,000 children attend free public or community preschools.
- **Multiple child families (2+ under 5) (25% of families):** <sup>59</sup>
  - Family with income <\$130,000 (HCCS rate 95%) – OOP: = \$6.70
  - Family with average income of \$140,000 (HCCS rate 92.5%) - OOP: = \$10.05
- **Children experiencing disadvantage** receiving Additional Child Care Subsidy (4% of children) - 100% CCS – pay no out of pocket costs.
- **Children attending family day care** (24,000 children) average daily fee \$97:
  - Low income family – OOP: \$9.70

Average LDC fees vary across NSW, ranging from an average of \$161.81 in eastern Sydney down to \$118.95 in the far west of the State. After the July 2023 CCS changes, low income families in regions compassing 47% of all centres in NSW had average daily out of pocket costs of less than \$13 a day for the first child in ECEC, and less than \$6.50 a day for the second:

**Table 8: Average daily fee and out of pocket cost for low income family for first and second child in ECEC by region – Sep 2023**

Region (SLA4)	Average daily fee \$	Average daily OOP cost first child 90% CCS	Average daily OOP cost second child 95% CCS	No services
Far west & Orana	\$118.95	\$11.90	\$5.85	37
Southern Highlands & Shoalhaven	\$119.53	\$11.95	\$5.87	65
New England & North West	\$120.89	\$12.09	\$6.04	59
Sydney Outer South West	\$122.01	\$12.20	\$6.10	153
Mid north coast	\$122.15	\$12.22	\$6.11	76
Coffs Harbour - Grafton	\$123.84	\$12.38	\$6.19	54
Sydney Outer West & Blue Mtns	\$122.45	\$12.45	\$6.22	158
Riverina	\$124.56	\$12.46	\$6.23	66
Capital Region	\$125.08	\$12.51	\$6.25	75
Richmond - Tweed	\$127.23	\$12.72	\$6.36	69
Sydney South West	\$127.58	\$12.76	\$6.38	217
Hunter Valley	\$128.95	\$12.90	\$6.45	104
Murray	\$129.16	\$12.92	\$6.46	47
Illawarra	\$129.48	\$12.95	\$6.47	148
Sydney Inner South West	\$129.99	\$12.99	\$6.50	314

Source: ACCC Final Report p. 286-287

<sup>56</sup> Report on Govt Services 2023 table 3A.14, % of children aged 0-4 in CCS approved services or preschool

<sup>57</sup> [NSW Government funding rates for long day care services 2024](#)

<sup>58</sup> ABS Preschool in Australia 2022 table 18

<sup>59</sup> Families on incomes <\$130,000 receive a 95% Higher CCS rate, dropping to 80% at an income of \$262,000

# Funding

In 2021 the Quebec Government invested around CA\$2.7 billion to fund the subsidized childcare network. This rose to CA\$3.3 billion (AU\$3.7 billion) in 2023 with co-funding from the Federal Government for the first time under the National Child Care Plan. Federal funding will add \$6 billion over five years<sup>60</sup>. In 2020-21, average funding per place per day was \$44.39 from Government and \$5.69 from parents (\$50.05 per day in average total cost).<sup>61</sup>

In 2021, the Commonwealth and NSW State Government invested \$3.8 billion into ECEC in NSW, rising to \$5.7 billion in 2023-4.<sup>62</sup> This higher level of investment funds the higher quality standards in NSW, and also higher levels of subsidy for targeted equity groups. In June 2021, average funding per LDC attendance was \$65.40 from Government and \$43.70 from parents (\$109.10 per day in average total cost), although low-income families paid on average \$16.40 (15% of \$109.10)<sup>63</sup>. In Australia, most of funding for ECEC comes from the national government, whereas most funding for ECEC in Canada comes from provincial governments.

In July 2023, the CCS rates were increased to a maximum of 90%. The NSW State Government provides an additional \$2110 fee subsidy for children enrolled in LDC preschool programs in the year before school. For a child from a low-income family attending an LDC preschool program three days a week on a fee of up to \$135 a day, LDC would be free over a full year. From 2024, the NSW Government offered a \$500 fee subsidy for three year olds attending preschool programs in LDC services, further reducing out of pocket costs.

Australia's Productivity Commission modelled the introduction of a \$10 a day flat fee and found it would increase CCS costs by \$7.3 billion a year (+57%) and generate only a modest increase in total work hours (+5.5%). It also found that the main beneficiaries would be high income earners, with over half the benefit accruing to the top 20% of income earners.<sup>64</sup> The Commission recommended raising the CCS rate from 90% to 100% for low income families and relaxing the activity test on eligibility, reforms it says would increase total hours worked by 3.4% at an additional cost of \$2.5 billion a year, which would 'target the increase in support to children and families who would benefit most' with the largest benefits relative to cost.

# Conclusion

In considering the future of ECEC in Australia, we can learn from international models, while objectively considering the strengths of the Australian system. Quebec's cheaper childcare has delivered higher workforce participation but with lower quality, poorly paid educators and inadequate supply. The NSW system, while more costly for around 60% of families than Quebec, delivers higher quality and more access in terms of growth. This case study demonstrates Australia has a lot to be proud of with a strong foundation from which a universal quality ECEC system can be built that is accessible and affordable for all.

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<sup>60</sup> [The Globe and Mail 5/8/2021 /](#)

<sup>61</sup> Provincial Govt data cited in Branosky, M. et al (2023) "Visit Report: Child Care Solutions. An international knowledge exchange between Quebec and the States of New York and Pennsylvania" Adirondack Foundation & Early Childhood Funders Alliance of Western Pennsylvania

<sup>62</sup> Calculated Report on Government Services and 2023 Budget Papers

<sup>63</sup> Calculated from Childcare Statistics June Qtr 2021

<sup>64</sup> Productivity Commission ECEC Inquiry Draft Report pp. 400-403



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