

Brisbane, 23 August 2017

Oversupply of Child Care in Queensland

A recent study conducted by Urban Economics and commissioned by Australian Childcare Alliance Queensland (ACA Qld) found that the projected demand of childcare services for the next 20 years will be fulfilled sooner if the current number of proposed/approved/under construction childcare services across Queensland goes ahead in addition to the existing over supply.

Currently, there are 156 proposed, approved and under construction childcare services in Queensland, with an ultimate capacity of approximately 16,600 additional places. Population growth projections for the 0 to 4 age group in Queensland suggest that an additional 33,000 places or more than 420 childcare services would be required between 2016 and 2036. There are currently 117,000 licensed places in Queensland with an average occupancy of 76.3% (based on survey data) that equates to 27,729 available places. The combination of existing available places in addition to the proposed capacity means that Queensland will already be exceeding the 20-year projection by 34%.

Early results from the 2016 ABS Census indicate that the population of children aged 0 to 4 in Queensland has in fact declined since the 2011 Census, suggesting demand may not be as high as estimated.

The report highlighted high levels of fixed costs (predominantly wages). As such, prices are relatively inelastic, and typically do not decrease with increased supply and competition; dispelling the theory that increased supply will simply increase affordability for families.

"There is a minimum rate of occupancy that must be met to ensure the ongoing operation and sustainability of childcare services within a community," said ACA Qld General Manager, Brent Stokes.

Data released by larger operators through annual reports and the Productivity Commission in its 2015 Review explained that increased costs may now place the breakeven, viability figure closer to 80%. A 2016 report by Colliers International estimated that average occupancy rates across Australia were 70%.

Less than 10% of respondents (who are childcare centre owners) reported having a waiting list across all age groups at the time of the survey and less than a third reported having a waiting list for any particular age group.

Over 20% of respondents indicated that they were concerned about the number of new childcare services opening within their area.

The study recommends local and state government level for the planning of childcare services to consider the social, economic, community and planning need for new facilities and the potential impacts that additional development may have on the continuity of services in any given locality and the need to accompany any Development Application with an Economic Impact Assessment report.

ACA Qld is a not-for-profit, member-funded organisation representing over 700 long day care services employing approximately 10,500 educators, who educate and care for around 145,000 children and over 200,000 parents in Queensland. ACA Qld advocates for the interests of children and families and work on behalf of Approved Providers and operators to ensure that families across Queensland have access to quality, affordable and accessible long day care.

Click [here](#) to read the full report.

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Media enquiries: Brent Stokes, General Manager

Mobile: 0424 990 776 | **Phone:** 07 388 2366 | **Email:** gm.qld@childcarealliance.org.au