

COST BREAKDOWNS ACROSS THE EARLY CHILDHOOD EDUCATION AND CARE SECTOR

Summary:

Wages are the largest single cost item for ECEC providers, averaging around 58% of fee revenue across the sector. The wages share tends to be higher for not for profit providers because:

- Wage rates tend to be higher in NFP providers;
- Many NFP providers run above ratio staffing in centres and fund addition inclusion initiatives;
- Private providers tend to have higher finance costs as over 90% of new centres are developed by the private sector. Private equity acquisitions of providers are often debt funded, and reflected by loan repayment and finance costs;
- Smaller not for profits tend to have lower property costs as many of their centres are owned by State or Local Government. Private providers and larger not for profits (including Goodstart) face full commercial rent terms on their centres.

	IBIS sector average ¹ FY21	IBIS sector average ¹ FY22	Goodstart FY21 ²	3 largest private providers ³ FY21	3 largest NFP providers ⁴ CY21
Employee expenses	56.5	58.1	67.6	59.5	78.2
Centre purchases	7.3	7.3	4.6	6.1	7.0
Property, rent & depreciation expenses	12.1	12.1	17.4	15.2	10.6
Other costs	17.0	17.0	10.1	4.3	6.9
Finance costs	n.a.	n.a.	5.2	9.7	1.4
Profit/surplus	6.0	4.5	2.0	5.2	-1.0

NOTES:

1. From IBISWorld Industry Report Q8710 Child Care Services In Australia February 2022

2. From Goodstart Annual Report 2020-21

3. Weighted averages based on latest publicly published annual financial statements by the three largest private providers (G8 Education, Affinity Education and Guardian Childcare and Education)

4. Weighted averages based on latest publicly published annual financial statements by the three largest not for profit providers (KU Childrens Services, The Creche & Kindergarten Association Ltd. (C&K) and SDN Childrens Services)