

**Childhood  
Services Ireland**  
ibec



# Investing today for their future

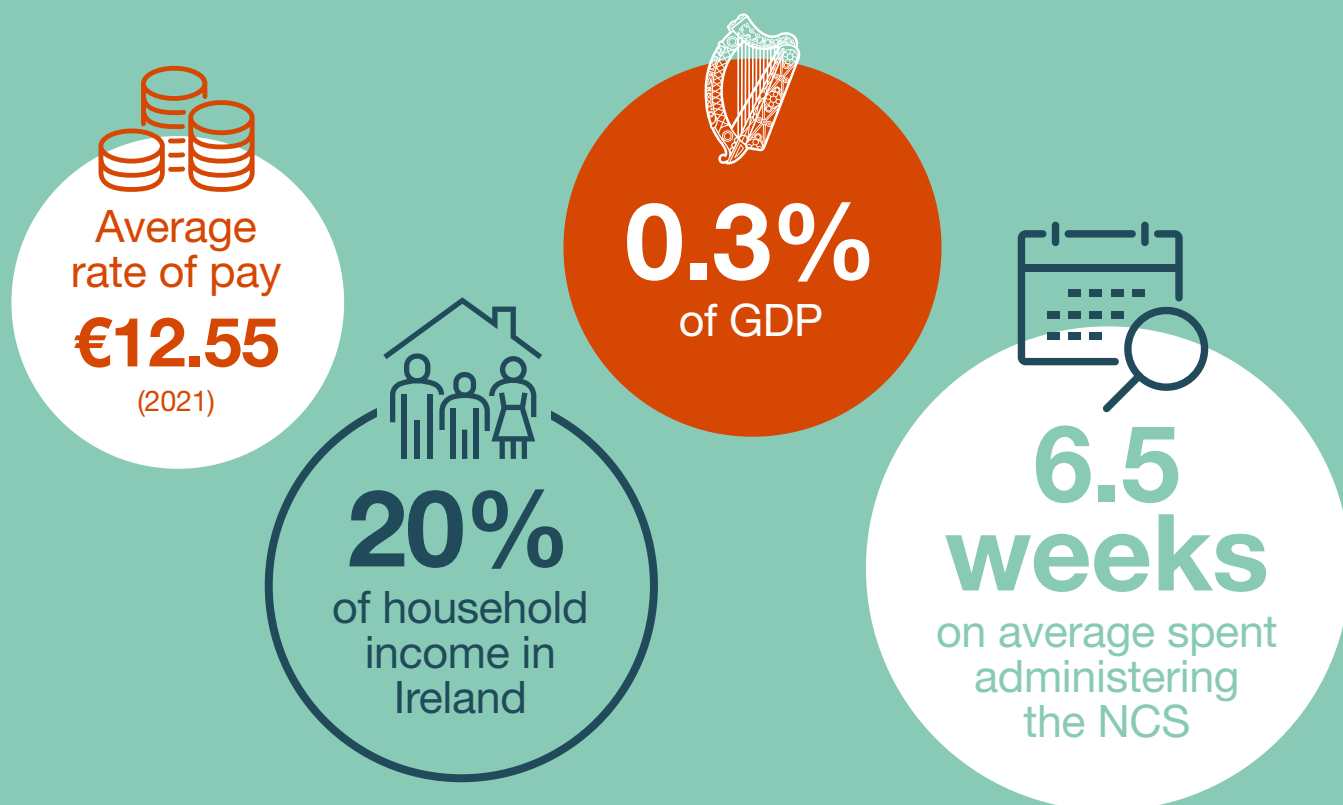
CSI submission to Government for  
consideration in Budget 2022

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# The Early Years sector at a glance

The Early Years sector in Ireland looks after more than 200,000 children in 4,600 childcare services and employs over 26,000 Early Years professionals.



The earliest years in a child's life are the most crucial period of their development. What the pandemic has shown us is not only how important Early Years services are for better learning and social outcomes for children, but also the crucial role Early Years services play for parents, allowing them to balance their working and family lives.

Despite evident strides forward in achieving a sustainable model of childcare, appropriate State investment in the sector is lacking. Current funding of 0.3% of GDP significantly lags behind other developed countries and is negatively impacting the **Affordability**, **Accessibility**, and **Quality** of childcare in Ireland.

**The Government must act immediately to address the grave under investment in the sector and provide better outcomes for Children and their Families, Early Years Providers, and Early Years Practitioners.**

# Underinvestment in the sector

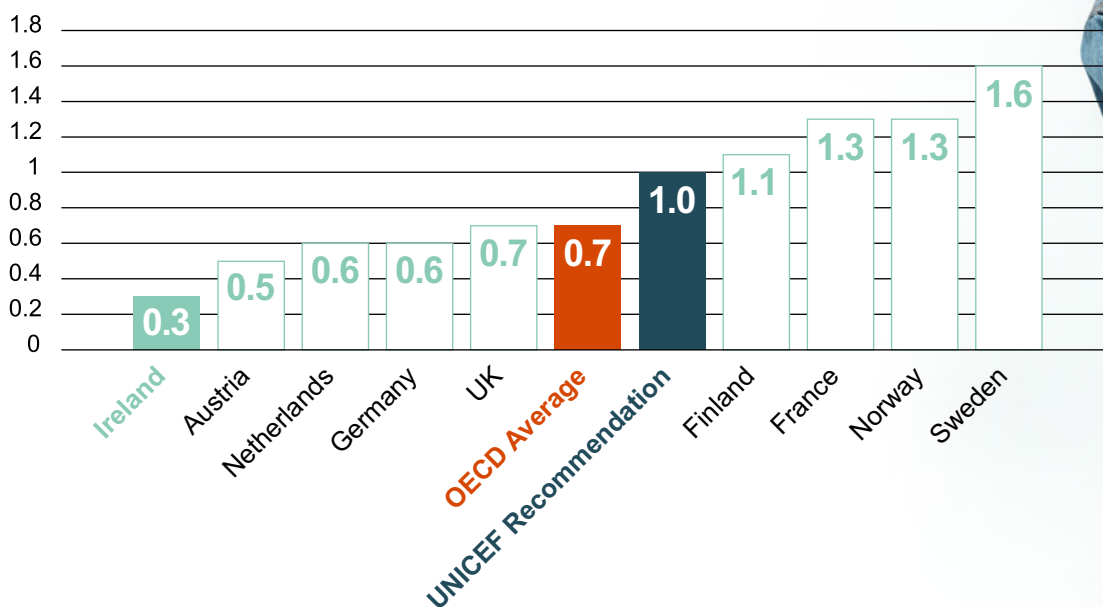
UNICEF has recommended that 1% of GDP is invested in childcare whereas the OECD average expenditure is 0.7%.

Ireland's current public expenditure of 0.3% makes us well and truly bottom of the class. The Government's First Five Strategy of doubling investment to €940 million by 2028 is too little, too late.

This under-investment ultimately affects the outcomes for children and means that:

- Parents have to pay more which causes affordability concerns. Some parents are being squeezed while others can't afford childcare at all.
- Providers suffer sustainability concerns meaning services may close and new services may not open. Current funding does not come close to covering the true cost of operating childcare.
- Staff wages cannot be increased leading to high staff turnover rates which impacts quality. Current funding levels mean that costs of wages are inevitably passed on to parents which is wholly undesirable.

## State funding in childcare as a % of GDP



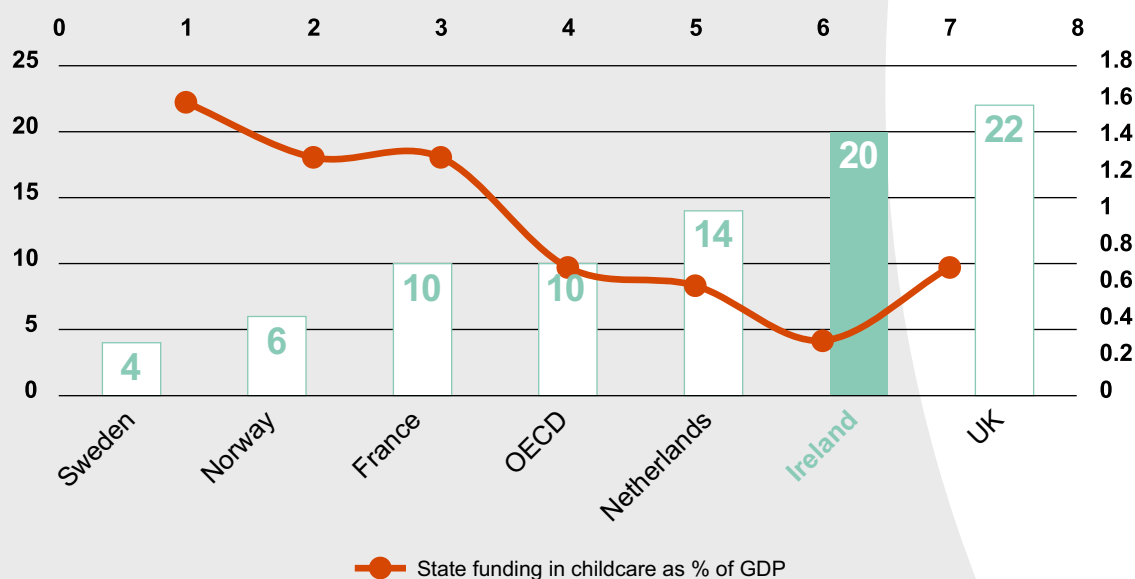
# Addressing affordability for parents

The cost of childcare for parents in Ireland means that childcare is inaccessible for some families.

For others, it means that working parents have no option but to leave their employment to undertake family responsibilities. Women are disproportionately affected by this situation. Childcare should be a service accessible by all children and all families.

The key cause of high costs for parents is the State's under-investment in the Early Years sector. On average, parents pay 20% of household income for childcare. The OECD average cost is only 10% of household income. Similarly, the OECD average State investment is 0.7% of GDP.

## Cost of childcare as a % of household income

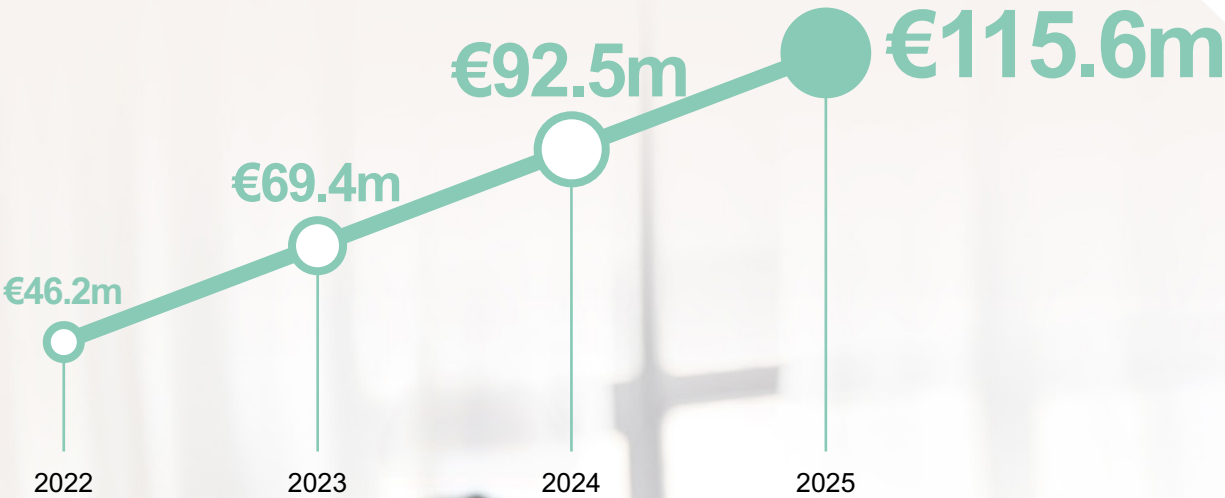


	State investment (as % of GDP)	Cost (as % of household income)
Ireland	0.3%	20%
OECD	0.7%	10%
France	1.3%	10%
Norway	1.3%	6%
Sweden	1.6%	4%



To improve affordability for parents, we are calling on Government to invest an additional €115,000,000 in NCS universal subsidies between 2022 and 2025.

Increased universal NCS subsidies



# Creating a sustainable environment for providers

For years, Early Years Providers have subsidised the cost of childcare due to the significantly low State expenditure in the sector.

This unsustainable situation inevitably leads to the wholly undesirable outcome of parents shouldering some of the cost of childcare. Where the State do not appropriately support the sector, the future for Providers will be precarious.

## Early Childhood Care and Education (ECCE)

The ECCE programme provides childcare at no cost to parents as it is wholly funded by the State. This scheme is of major benefit to society and the children availing of this service. Despite increasing costs to providers in operating childcare provision, State investment in the ECCE programme has not changed since pre-2008 recession. This means that Early Years providers shoulder the cost of the ECCE programme which is wholly unsustainable.

**We are calling on Government to invest an additional €75,000,000 in the ECCE rates between 2022-2025 to accurately reflect the true cost of operating childcare.**

Year	Additional funding for ECCE programme
2022	€18,750,000 ECCE (25% of total increase)
2023	€37,500,000 ECCE (50% of total increase)
2024	€56,250,000 ECCE (75% of total increase)
2025	€75,000,000 ECCE (100% of total increase)

Despite increasing costs in operating childcare, State investment in the ECCE programme has not changed since pre-2008 recession.



### Programme Support Payment

The NCS provides both universal and targeted subsidies to parents. This scheme is a Government funding scheme that is administered by the Early Years Providers for the benefit of the parents. To facilitate this scheme, Early Years Providers spend on average 6.5 weeks per year per service undertaking administrative tasks. Current Government investment only covers 20% of this time meaning that Providers are working in wholly unsustainable circumstances.

**We are calling on Government to invest an additional €47,000,000 in Programme Support Payments for the NCS to reflect the actual time spent administering the scheme.**

Year	Additional funding for programme support payment
2022	€23,500,000 PSP (50% of total increase)
2023	€23,500,000 PSP (50% of total increase)
2024	€35,250,000 PSP (75% of total increase)
2025	€47,000,000 PSP (100% of total increase)



# Valuing Early Years staff with better pay

Achieving quality childcare in Ireland is intrinsic on having quality Early Years staff. Staff wages in the sector are low leading to high turnover rates which can negatively impact quality.

Due to low State investment in the sector, Early Years Providers have difficulty in increasing staff wages due to the wholly undesirable corresponding need to increase parental fees to cover wage increases in the absence of State funding.

The average wage in the sector is currently €12.55 per hour. With the establishment of a Joint Labour Committee, a minimum rate of pay will be set which will create a wage floor for all staff within the sector. We are calling on Government to invest an additional €100,000,000 between 2022-2025 which is to be used to improve staff wages.

**For the 26,294 staff within the sector, an additional €100,000,000 investment in the first instance will ensure wages can increase beyond the Living Wage to better recognise and value Early Years staff.**

Year	Funding towards wages
2022	€75,000,000
2023	€75,000,000
2024	€100,000,000
2025	€100,000,000





# Conclusion

The childcare sector comprises highly dedicated Early Years providers and staff who work tirelessly with the child's best interests at heart. Despite evident shortcomings in the childcare sector at present, there is great potential to make Ireland's childcare system one to be envied.

This takes considerable investment from Government and can only be achieved when the Budget commits to a level of funding that addresses affordability for parents, sustainability for providers, and wages for Early Years professionals that value their crucial role in maintaining the high quality this sector enjoys. These strides forward will ultimately lead to better outcomes for children and their families.

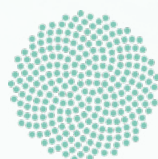
The Government's First Five Strategy of doubling investment to €940 million by 2028 is too little, too late. CSI are calling on Government to provide an additional investment of €337 million by 2025 (€977 million in total) structured over 4 years and use this as a base to make further improvements by 2028 that make Ireland's childcare system a source of pride.

**Significant investment is needed for:**

- **Improvements to NCS universal subsidies.**
- **Improvements to the ECCE rates.**
- **Improved Programme Support Payments.**
- **Wages to value Early Years professionals.**

Waiting lists for childcare should not exist anywhere. As demand for childcare increases across the country with improved universal subsidies, Government should do everything possible to ensure Early Years providers are encouraged to keep apace with this demand. To do so, Early Years providers should be confident that they will be able to earn a living and that their services are sustainable. In addition to increased funding, the waiving of commercial rates and 0% VAT for Early Years providers will also provide much confidence for those services thinking of expanding and for those Early Years professionals considering following their dream of opening their own services.

**Budget 2022 will mark the first step towards better outcomes for Children and their Families, Early Years providers, and Early Years professionals. Government must make childcare a priority to achieve these outcomes.**



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