Largest ever funding but parents are left in limbo

CHILDCARE

€1.5bn injection into sector but no clarity for families or childcare owners on pricing

By **Muiris Ó Cearbhaill**
Political Correspondent

PARENTS and crèche owners must wait to see what cost-cutting measures, if any, await them as no respite was announced yesterday.

Dozens of childcare providers are struggling to maintain their services under the Government's subsidy scheme while more parents are required to pay higher rates.

Almost €1.5billion was allocated to early and childhood education under Budget 2026 yesterday, the largest ever injection of funding in the sector.

While a total of 35,000 new childcare places will be created, there is still no clarity over whether prices for parents are set to fall under the funding to the sector.

'This issue has been blatantly ignored'

This is despite election promises from the Coalition parties that childcare costs would drop to €200 per month by the first budget of the new Government.

It is anticipated that the Budget announcement will be met with bitter disappointment by parents, who were expecting costs to fall.

Social Democrats children's spokesman Aidan Farrelly said it is 'difficult to see' how the promised reduction can be achieved in the lifetime of the Government.

He added: 'Funding should have been provided to start reducing fees, along with measures to begin establishing a public model of childcare.'

However, Children's Minister Norma Foley defended the position yesterday, claiming her brief – which also includes disability services and equality provisions – requires equal investment.

Ms Foley said a review, starting in March 2026, will conduct analysis on the financial performances of childcare providers based on their accounts from this year.

The independent analysis, which will not be completed until September 2026, will then determine whether the current cost cap for parents, of €295 per child per week, needs to be reduced. The highest weekly fee for participating childcare services is capped at €295 for a full-day place (40-50 hours per week).

Childhood Services Ireland and the National Women's Council (NWC) both said the record investment for childcare is not enough to address the issues.

The NWC said it is disappointed by the lack of cost-cutting measures for parents and claimed it 'misses the mark'.

Asked by the Irish Daily Mail yesterday whether she believes parents will also be disappointed, the Fianna Fáil Minister said there are several moving parts to the issue.

Ms Foley said: 'We need three elements to ensure that we can be successful. One is accessibility. Two is changing the cost for parents. Three is you have staff in place.

'In Budget 2026 – the first budget of five [for this Government] – we are beginning that process.'

Ms Foley said she could not make any estimates on what a new cap would potentially be set at, adding that the data would come from end-of-year finances of crèches and providers.

Put to her by the Mail that parents were expecting costs to be immediately addressed and will be disappointed, Ms Foley said: 'That is the system of the Budget, funding begins in September.

'If we were to put all the resources that we have just into reducing fees, I wouldn't have the staff in place nor would I have the places for the children to attend.

'That's the philosophy that we need to understand. We need all three working in tandem.'

The Mail also asked Ms Foley if the NWC's comments meant the Budget was simply not good enough. She said: 'This is the first budget.' The Budget 2026 booklet, handed out at the Dáil yesterday, and in the Department's own statement said a new plan on childcare will address providers' pay in 'the coming weeks'.

Social Democrats' TD Mr Farrelly, said the Budget 'ignores the failings of the Government's core funding model'.

He added: 'It is unforgivable the issue has been so blatantly ignored in this Budget.'

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Defensive: Hildegarde Naughton and, right, Minister for Children Norma Foley last night

KAREN CLINCE
CRECHE OWNER

A LEADING creche operator described the Budget as 'flat and disappointing for childcare'.

Karen Clince is the owner and founder of Tigers Childcare, which has 33 services, 580 staff and serves 3,000 children.

She told the Irish Daily Mail that the childcare sector is in a race to the bottom, 'and the people suffering are children and their families'.

Public Expenditure Minister Jack Chambers announced that Government funding for early years will rise by €125million to €1.5billion next year, increasing the number of children benefiting from the National Childcare Scheme by around 35,000, to 285,000.

However, Ms Clince questioned how the promised places could be created in the middle of what she described as a 'horrendous staffing crisis'.

She said childcare workers were expected to study for four years, 'and then they are paid as if they are shop workers'.

She said: 'They certainly can't buy houses. They can't plan for the future. So unless they are truly passionate about their careers, they leave – and I can't blame them. All I can do is promise to keep fighting for more.'

She said schemes such as Core Funding had the potential to be great but were suffering from chronic underfunding.

For a start, they only covered the wages of care staff on the ground, not holiday cover, support staff in baby rooms, chefs or administrative staff, she said.

'I am running the business on a shoestring,' she said. 'Children need to be cared for by the same colleagues again and again to develop properly. They need those colleagues to really know them, to know their families, to see the cracks if they appear in their little lives and to make sure they don't fall through those cracks. The Government's only focus now should be on pay and conditions.'

Children's Minister Norma Foley said yesterday that the 2026 allocation for Core Funding would support the implementation of the recently announced Employment Regulation Orders (ERO), which will lead to a 10% increase in the minimum rate of pay for educators from October 13. The minister said it was intended to support further pay increases for staff in the sector through ring-fenced funding being made available in 2026 to support a new employment regulation order.

Ms Clince said: 'It's disappointing to see the only increase in this area is an annualisation of the new ERO rates and a promise to ringfence a little more if and when a new ERO comes to pass.'

'Childcare staff are treated like shop workers'

Disappointed: Karen Clince says childcare workers still can't plan for the future

'THAT IS €500 I'M NOW GOING TO HAVE TO PAY'

THIRD-LEVEL fees have been permanently cut by €500 as part of Budget 2026.

In the first long-term reduction to student contribution fees, the cost of going to college will drop to €2,500 from January 1. It replaces a temporary €1,000 reduction, part of previous cost-of-living packages.

It led to Opposition accusations that the Government has hiked fees for families. Social Democrats TD Jen Cummins said families have become accustomed to a €1,000 reduction.

The party's higher education spokeswoman said families had 'a realistic expectation this would be continued' due to the Programme for Government's promise to reduce fees. Ms Cummins added: 'Presenting a €500 cut as a permanent measure will be of little comfort to students who need help now.'

It was well-flagged by Minister for Higher Education James Lawless that fees would increase this year. This came after confirmation there would be no cost-of-living package in the Budget.

The Opposition rounded on the Government yesterday, accusing it of 'betraying' families. Minister for Public Expenditure Jack Chambers was heckled from the Opposition benches after announcing the new measure. Labour TD Ged Nash questioned Mr Chambers' comments on the matter, saying: 'What kind of Orwellian statement did the minister make earlier on trying to claim that this is a cut to fees? It is not.'

Sinn Féin TD Mairéad Farrell said: 'There is nothing in this Budget for working people and families. It ends energy credit supports, increases income taxes in real terms and hikes student fees. This Budget has one of the biggest tax packages in history, giving away lavish tax cuts to the richest.'

The Union of Students in Ireland (USI), a representative body for students union groups at institutions, called in its pre-Budget submission for a 'meaningful reduction' to fees.

Amy Kennedy, 20, said she believes the Budget will impact students negatively and claimed the fee reduction was 'nonsense'. Ms Kennedy said students have become 'accustomed' to the €2,000 rate of recent years, and that it is '€500 that I'm now going to have to pay'.

Ms Kennedy, an English literature student who works in a café to pay her rent, welcomed the increase in the minimum wage by 65c, to €14.15 per hour.

In other measures announced yesterday, the grant rates for commuter and postgraduate students were increased.

The eligibility for a €500 grant to help students pay their fees has also been broadened.

Marginal wins but plenty of losses for those most at risk

by **Robert Whelan**

BUDGET Day always has showmanship. Big numbers, photo ops and bold claims. But for most people, the question is simple: does it help with the rent, the mortgage, the challenges of running a small business or paying for the weekly grocery shop? Yesterday's Budget delivered a few marginal wins – but also plenty of misses.

Let's start where it matters: housing. The extension of the renters' tax credit of €1,000 per person is welcome but is set against rent increases of more than 8% in the last year.

The heavily publicised reduction in VAT for the development of new apartments is designed to make such housing more affordable to build and therefore to buy.

There is no doubt about the need for such housing, from young people taking their first steps out of the family home to elderly couples downsizing.

The Government has gone out on a limb here for developers so I'm happy to adopt a wait-and-see approach, but I won't be waiting too long.

The extension of the Help to Buy scheme offering up to €30,000 to first-time buyers, and the First Home Scheme where the State will contribute up to 30% of the purchase price for first-time buyers, is also welcome – but why is it restricted to newly built homes? It's not as if there's a lack of demand for these around the country. Surely people should be allowed to choose where they live, based on their needs.

Then there is the much-discussed hospitality VAT cut: it's being rolled out across the board, reducing VAT for all food, catering and hairdressing businesses from 13.5% to 9%. That includes a McDonald's franchise and the local village café – that kind of universality is odd.

Big chains have the scale to weather fluctuations and report significant profits year after year; smaller cafés and restaurants might see only marginal benefit – or worse, get swallowed by larger competitors who've been given extra margin to play with.

And this blanket cut isn't cheap: the cost is forecast to be nearly €700million over a 12-month period. There's a tremendous social benefit of a vibrant hospitality industry in Ireland, but I don't see why we can't target the relief at those who need it most.

Where the Budget disappoints most is that there is little here for PAYE workers – the lower-paid get no increase in tax credits and middle earners get caught in the top-rate tax bracket, with the average industrial wage currently sitting above €53,000 per year. Annual wage increases are therefore swallowed up by the cost-of-living increases.

The counter-argument from the Government is that there is an increase in child support payment of €8 per month (under-12s) and €16 per month (over-12s), while the third-level fee contribution is down by €500 and there's an extension of the VAT reduction on energy bills.

There has also been an across-the-board increase in all social welfare payments of €10 per week. All welcome, but this points to the larger issue at hand.

The big philosophical tug-of-war in this Budget for me is universality versus targeting. The Government will spend €117billion next year – an extraordinary amount of money. Yet why, in 2025, have we not yet developed the capacity to deliver help to those who need it rather than to everyone?

WHY does someone already earning €150,000 per year in retirement get the same €10 per week increase in the State pension as a person struggling to keep the heating on?

Why do people earning enough to send their children to a private secondary school get the same €500 relief on third-level fees as a couple who have to borrow from the credit union to help pay for their children's college education?

The argument from the civil service has always been that it would cost more to carry out the targeting exercise than it would save. I'm sorry, but I find that ridiculous, particularly in light of the advances in AI technology.

If the economists are right, and there are tough days ahead for the Irish economy, surely it's worth spending a tiny fraction of the €117billion to make sure that if the tough times do come, we can try to spare those who'll suffer the most at the cost of those who can weather it.

In the meantime, we can allocate the resources we do have to those who need them and not add to the €165billion currently sitting in cash on deposit in this country.

■ *Robert Whelan is managing director of Rockwell Financial*