



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

BILLS

**Family Assistance Legislation Amendment
(Child Care Financial Viability) Bill 2011**

SPEECH

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BY AUTHORITY OF THE SENATE

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Questioner
Speaker Urquhart, Sen Anne

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Senator URQUHART (Tasmania) (13:03): I rise to support the Family Assistance Legislation Amendment (Child Care Financial Viability) Bill 2011. The overnight collapse of ABC Learning in 2008 was not just a business failure but, because of the industry's close reliance on government subsidies, a failure of public policy. The previous government strongly encouraged private sector childcare provision but did not back that up with rigorous regulation to see policy outcomes achieved. Instead, they promulgated a hands-off attitude with the old adage of 'let the market decide' and allowed the sector to consolidate. Big players emerged, such as ABC Learning, which relied on government subsidies for almost half of its revenue. When a sector is as subsidised as the provision of childcare services, appropriate checks and balances are required to ensure that a provider is financially viable—to protect taxpayers' dollars and ensure that families have appropriate childcare services available to them. The previous government allowed taxpayers' money to be used to subsidise a company that was more focused on acquiring childcare centres than running them.

When ABC Learning collapsed the Labor government acted swiftly, finding \$58 million to assist the sector to enable 90 per cent of the children to continue to go to childcare centres. This bill will seek to ensure intervention like this is not required again by strengthening the provisions of the A New Tax System (Family Assistance) (Administration) Act 1999 that relate to the financial viability of large long day care centre operators—those who operate 25 or more centres—who apply for or receive child care benefit. This will make financial viability a specific prerequisite for the large operators to gain approval to operate, and continue to operate, long day care centres.

The bill allows the Department of Education, Employment and Workplace Relations to collect financial information from large operators and those with a significant connection to the operator so that the secretary can determine the financial viability of services. It also proposes to empower the secretary to instigate an independent audit if there are concerns arising from financial information provided. These two measures are intended to help achieve ongoing stability in the childcare industry in light of the experience gained from the collapse of ABC Learning Centres over the past few years, where it was demonstrated there can be a significant level of business risk

associated with the operation of large long day care centres.

The bill will affect the six largest operators of long day child care as the government recognises that it is these largest operators that have the greatest capacity to disrupt the childcare market if they fail financially, affecting childcare provision for families and the employment of those working in the industry. But the government also recognises the importance of ensuring that smaller providers are not burdened with overregulation but are provided with some certainty in their industry. I understand that there is a provision for the secretary to amend the definition of a large operator.

The potential for early detection of problems and then the application of competent professionals to find a solution is a proactive measure that the Gillard Labor government is implementing. An independent audit of a particular provider will now be able to be commissioned where there are concerns about its ongoing financial viability. The audit will allow a range of issues to be investigated in greater depth and will draw on appropriate expertise to assess the outlook for a provider and develop strategies to minimise the financial issues or manage them in such a way as to protect continuity of care for families utilising the service. It is the protection of continuity of care that is at the forefront of this government's mind. This is strong, effective regulation that seeks to protect Australians from a repeat of the disastrous collapse of ABC Learning Centres when approximately 16,000 childcare workers, who had committed their lives to nurturing Australia's youngest residents through their formative years, did not know if they still had a job to go to. Almost 100,000 families across the nation were left wondering what they were going to do the next morning and who would actually care for their children. Their lives were interrupted. Their ability to go to work, study or catch up on life's many other tasks was cast aside by the bursting of yet another bubble that was too big to fail.

Many Australians' way of life depends on the provision of long day care centres. Without adequate day care provisions, this country will grind to a halt. It was the decisive action of the Labor government that meant that 90 per cent of those centres could continue to operate for Australian families today. Through making

financial viability an obligation on the shoulders of large long day care centre operators, this Labor government seeks to ensure that a collapse of the magnitude of ABC Learning is never again felt by Australians. I urge all senators to support this bill.