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THE SENATE

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

SPEECH

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BY AUTHORITY OF THE SENATE

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Speaker Collins, Sen Jacinta

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Senator JACINTA COLLINS (Victoria—Parliamentary Secretary for School Education and Workplace Relations) (13:08): I would like to commence by thanking those senators who contributed to this debate. The Family Assistance Legislation Amendment (Child Care Financial Viability) Bill 2011 is important because it will strengthen the stability of the childcare sector. The government and families across Australia know how important this is. The overnight collapse of ABC Learning in 2008 was simply unprecedented. The government's quick and decisive action meant that 90 per cent of these centres could continue to operate for Australian families today. Had that government support not been provided, almost 100,000 Australian families and 16,000 Australian workers may have been left out in the cold, not knowing if their care arrangements would be there for them or if they would have a job to go to the next day. This is the difference between the larger childcare operators and the smaller regional services to which Senator Nash referred—there are significant implications of closures across the board and across Australia.

This bill will enable a more hands-on approach to monitoring the financial viability of the largest long day care operators. The amendments in the bill brought in the powers of the secretary of the department to request detailed financial information about large long day care providers and use this information to assess their financial viability on an ongoing basis. Our focus on large long day care providers in this bill is in recognition of the widespread impact the collapse of such a provider, like ABC Learning, can have on families, children and childcare workers. It is also to deliver greater audit powers to the Australian government where we have serious concerns about a provider's financial health. These measures will act as a potential early warning of financial issues with large providers so that these issues can be managed quickly and effectively.

We are committed to strengthening stability in the childcare industry so that parents can be confident that their care arrangements are there to support them when they need them. Since 2008, this government has introduced a range of new measures to better ensure the financial viability of childcare providers, including tighter application requirements for childcare service approval and requiring operators to give the department 42 days notice of their intention to close. The changes the government are putting forward in this bill are further evidence of our commitment to improving the childcare sector in Australia by ensuring the stability, support and continuity of care.

Let me take a moment to address some of the other issues raised by Senator Nash. Her reflection that this may be a knee-jerk reaction can be easily countered by the work that has occurred in this parliament and, indeed, in the Senate itself since the collapse of ABC Learning. Her colleagues joined me and other senators in unanimous recommendations related to child care in general and also addressing some of these issues around financial viability. This is not a knee-jerk reaction.

She also reflected on her concerns about red tape. I think Senator Urquhart has dealt with that in part. These measures are targeting the larger providers who Senator Nash herself acknowledged often have the appropriate auditing procedures in place so that red tape is not a significant issue. We see these measures as an appropriate balance between the national interest in the provision of childcare services and the concerns of operators that they not have significant red tape imposed upon them.

Senator Nash also raised a concern about what other information might be sought by the secretary. On this point I can be quite clear. The only information that can be required under proposed section 219GA is financial information for the purposes of determining the financial viability of a large operator. Under proposed subsection 219GA(2), financial information can be required from the operator itself or from another prescribed listed organisation. But this is only with respect to financial information about the large operator relevant to its financial viability assessment. So I think the concerns that this could be seen as an information-hunting exercise by the secretary are clearly dealt with in the provisions in the bill which clearly specify that we are referring to financial information relevant to a financial viability assessment.

Let me take a moment also to put these measures in the context of other work that has been occurring in child care. We have had previous discussions where the national agenda for early childhood has been highlighted. Indeed, introducing a national agenda for early childhood was a measure much paraded by the Nationals minister of the time, Larry Anthony. The approach that the Labor government has taken has been to put in place a genuine, substantial, comprehensive, universal national agenda for Australia's early childhood. This was paraded for many years under the Howard government, but was never implemented. Instead, we saw the problems highlighted by Senator Urquhart. I will take a further moment to reflect on some of those. We saw the enormous growth of ABC Learning as a childcare operator. For many years I was the shadow minister for early childhood. Despite many concerns being raised over many years by stakeholders and by the opposition, no genuine attempt to ensure that a balanced market delivering early childhood services was maintained. We saw a very aggressive acquisition policy by ABC Learning, we saw operators from other sectors within childcare complaining about these aggressive strategies, we see concerns about viability and other financial issues still being pursued today, with respect to some of the directors of ABC Learning, and we saw much instability in the sector. These days, we see a sector that is working towards delivering better, uniform and reliable services to Australia's children. Every now and then, you hear concerns about one element or another, but we need to ensure that the difference with respect to early learning, the Labor government's agenda for early childhood and the universal delivery of early childhood services in comparison with what was provided in previous years is understood.

We will not go back to the unhindered growth of one childcare operator at the expense of service delivery across the board. We will not return to an imbalance of private childcare operators compromising the capacity for longstanding community services to continue to provide services to communities. Senator Nash highlighted some of the smaller providers operating in regional Australia: these are the very areas where the demise of ABC Learning created the most significant problems. These are the areas where ABC Learning Centres established in competition with a longstanding local service provider, drove that provider out of business and then failed. These are the areas where families were left wholly and solely dependent on one operator, and that operator was ABC Learning.

Today, with a more active approach to the delivery of children's services, the Commonwealth is making enormous improvements to the delivery of services across the board—not only with respect to the quality and standards being delivered, but also with respect to the scope, number of childcare providers, number of childcare places, accessibility and affordability. All of these issues have been addressed by this Labor government. The measures contained in this bill around maintaining the financial viability of services and monitoring them will ensure that any problems or issues are addressed early, rather than many years after the event. I come across people who are astounded that they continue to hear, in recent months, reports about legal proceedings relating to ABC Learning when it collapsed back in 2008.

Rather than these measures being a knee-jerk reaction, and highlighting again that it was in 2008 that this collapse occurred, they are quite sensible measures that will ensure that we do not allow those problems to develop again. We have learned from ABC Learning the types of indicators that we must be wary of if we see such problems developing again. Indeed, legal proceedings will continue to provide us with some useful insights into what areas should be monitored more carefully.

Of course, there are areas beyond the viability of large, long day care operators that remain a concern in relation to the delivery of child care in Australia. The Labor government has a very active plan for addressing those issues and those concerns. Issues around the number of childcare places and the affordability and quality of child care will continue to be very important matters for this Labor government. I look forward to watching in more detail the quality agenda as it continues to unroll across the various types of child care services and to seeing the improvements in relation to accessing child care that I can reflect upon twofold: the financial burden faced by families in accessing child care has been halved by this Labor government. The affordability for Australian families accessing child care is very different to what it was six or eight years ago. Families now get sufficient support to access childcare places and can have much greater confidence that those childcare places are providing good quality care.

Much of the debate around the quality of child care has not really touched on how working Australians—mums and dads leaving their child in a childcare centre—respond. I was reading a report recently about accessing child care—I think it was over the weekend. There were, if I recall, five points on how to make sure you get that childcare place. I was a little surprised at the lack of advice on assessing the quality of a childcare place. For many years, advice on good quality child care has been prepared for parents and families, this occurred within the

union movement and it occurred within governments at different levels as well, to try and help parents understand the sorts of factors that can be critical in the quality of the child care that they receive. I recall people reflecting on the ABC learning model of child care—sometimes called the accounting model of child care—which was a pretty cynical view that an accountant would invest in child care if it provided, back in those days, 80 places and its staffing was done on that basis. It was a significant challenge to the community service providers who were delivering child care at the time. Those community services have survived, they have become more efficient and they have generally continued to produce quality child care.

By the same token, I should also highlight that this is not an argument between the different sectors providing child care. Private providers of child care have continued and continue to deliver good quality child care. It is not an argument about one source of delivery as opposed to another. What is important is that we all understand the appropriate guidelines to ensure that quality child care is delivered and that that message is passed on to parents as well.

I am pleased to be able to say today that we have worked towards a much better child-carer ratio for the most vulnerable of children in child care. For those children under two who need better care and attention there are now measures in place that will deliver much better quality and ensure a better carer-child ratio. On that note, and noticing that Senator Mason has now been able to join us, I will conclude my discussion, hoping that I have answered the questions from Senator Nash about what information might be required in these measures. I recommend to the Senate that the bill proceed.

Question agreed to.

Bill read a second time.