

STANDING COMMITTEE ON EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS

Inquiry into the provision of Child Care

The financial, social and industry effects of the ABC Learning collapse on the provision of child care.

Social

- The collapse of ABC Learning as well as another child care giant, CFK Childcare, has created a sense of fear for parents as there is now a feeling of uncertainty as to whether their child's care provision is secure. The knock-on effect is one of both emotional and financial trauma for all involved parents.
- The majority of Australian families may no longer have relatives living close by and thus can not rely on a family member assist with the care of their children. They therefore need to rely on child care centres in order to be able to participate in the Australian workforce.
- The Australian workforce is aging and Grandparents are less likely to be able to care for their grandchildren, due to their own work commitments.

Financial

- The lack of security that families are currently experiencing with the collapse of ABC Learning can lead to individual being unable to meet their work commitments or in the worse case not being able to work at all. This adds to the financial and emotional stresses that a large of number of Australian families are already experiencing.

Industry

- ABC Learning scenario was effectively a monopoly due to their size. ABC had the ability to control the supply of child care within an area and thus reduce effect competition from smaller operators which lead to a lack of choice for child care. The current regulation process and lack of accountability that exists within the Australian child care market enabled ABC to expand to more than 1,000 centres in a very short period of time.
- The current child care staff shortage within the industry is unlikely to improve with the current situation as it will deter potential staff from choosing a career in child care.

The role of governments at all levels; and the feasibility of establishing a national authority to oversee the child care industry.

- The Australian Federal Government needs to be proactive and create a National Regulator to oversee the provision of child care in Australia.
- The National Regulator needs to be a body which must be able to operate over and above the jurisdictions of State Governments and Local Councils.
- This Regulator should have the authority to cap the number of centres owned by any one child care operator Australia wide; as well as assess the need for proposed new centres and set fee limits.
- Fee regulation should be established for all child care operators to ensure that the larger operators cannot take advantage of the market. For example, the fee limits would be set based on type of care (LDC, Preschool) and age group. The maximum fee levels should be reviewed and set annually. Operators would have to comply with the fee limits and the Child Care Benefit system could be utilised to monitor the fees charged by operators.
- The National Regulator could also be empowered to enforce the capping of the number of centres allowed within an area. This would be based on both the need for child care in that area, as well as the current occupancy levels of existing centres.

Alternative options and models for the provision of child care.

- As part of child care provision a new centre should not be eligible for establishment before the applicant provides evidence to a National Regulator that there is a reasonable need and lack of supply for child care in the location they are considering.
- The National Regulator should then request that existing operators within a certain radius comment on the new centre submission, and provide current occupancy levels and waitlist demands. This information would demonstrate whether or not there is demand for a new child care centre.
- A formal decision would be provided as to whether the proposed child care centre could be developed. The usual development application and licensing processes would then need to be undertaken.
- The National Regulator should also be able to stipulate the maximum number of centres that can be owned by any one child care operator within Australia.

As a final point a regulated approach within the child care industry is essential for Australia to compete within the global markets. The security of having access to child care affects a family's ability to participate in the workforce which, on a long term scale, may well affect the Australian economy. Also, if high quality well regulated child care is not available for Australian children, Australia will be unable to compete effectively or successfully in the global economy. Left unchecked there is too much at stake to allow for one, or maybe two, child care operators to control the care and development of Australia's future workforce.