

More childcare bailouts feared [AU] ^[1]

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Source: The Australian

Format: Article

Publication Date: 16 Jul 2009

AVAILABILITY

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EXCERPTS

Taxpayers may be forced to bail out more failed childcare centres because the federal government has failed to regulate the sector, a Senate inquiry was told yesterday.

KU Children's Services, one of Australia's biggest not-for-profit childcare providers, predicted that some of the 216 failed ABC Learning centres sold to new operators in May would go broke again within 18 months.

"KU believes that it is likely that many of the companies which have been 'successful' in gaining ABC2 centres may have seriously underestimated the actual costs of operating them," KU said in a submission tendered during a closed session of the inquiry's first public hearing, held in Brisbane yesterday.

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Taxpayers have spent \$56million propping up failed ABC childcare centres since the nation's biggest childcare provider collapsed into receivership last November.

Fifty-five centres were closed and 241 centres deemed "unviable" were dumped in a fire sale in May.

ABC receiver McGrathNicol hopes to sell the remaining 710 "viable" centres this year.

But KU has described the 710 centres as an "800-pound gorilla", and criticised the federal government for failing to change the rules to prevent them being sold in one line to a corporation or foreign investor.

"There will still be one huge company dominating the market, with government subsidies being channelled to shareholders/investors, who may not even be in Australia," it said. "Childcare will still be seen as a commodity, to be bought and sold like a hamburger, rather than as an essential community service."

The Queensland government's children's rights watchdog, the Commission for Children and Young People and Child Guardian, also called on the federal government to tighten its control over childcare centres.

"The collapse of ABC Learning was avoidable and it is now time for the government to intervene and play a more direct role in the planning, provision and quality of early childhood education and care in Australia," the commission's policy and research manager, Vicki Hall, told the inquiry yesterday.

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Childcare Queensland president Gwynn Bridge said the absence of planning controls had let developers build a glut of "bright and shiny" centres in some areas.

Labor senator Catryna Bilyk, a former childcare worker, questioned whether governments should be "responsible for everybody who goes out and buys a childcare centre because they think they can make a quick buck".

"People do that in fish and chip shops and lawnmower shops or whatever, so to me it's the same argument," the Senate committee member quipped during the hearing.

Ms Bridge retorted that, "It's a bit different because we have families involved in this one."

- reprinted from the Australian

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