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## Legislation to Cut Childcare Funding for Non-Compliant Centres Proposed

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New laws introduced by the Australian Labor Party (ALP) government aim to strip childcare centres of federal funding if they repeatedly fail to meet safety standards, following high-profile abuse allegations. This article examines the proposed legislation, its implications for the childcare sector, and concerns about the ALP's broader fiscal and regulatory

approach, emphasising the need for robust enforcement and accountability.

On 22 July 2025, Education Minister Jason Clare introduced legislation in the House of Representatives to withhold Child Care Subsidy (CCS) funding from childcare centres persistently breaching safety standards, as monitored by the Australian Children’s Education and Care Quality Authority (ACECQA). The move follows serious allegations of abuse within the sector, prompting public outrage and calls for reform. Clare stated that the laws target “repeat offenders,” aiming to encourage compliance without forcing centre closures. He acknowledged that current penalties—\$9,000 for individuals and \$45,000 for providers—may be insufficient. The legislation also grants regulators powers for unannounced spot checks to improve oversight, addressing previous gaps that required warrants or police presence.

Critics argue that the ALP’s response is overdue, with recommendations from the 2017 Royal Commission into Institutional Responses to Child Sexual Abuse remaining only partially implemented. The for-profit sector, which operates approximately 70 per cent of long day care centres, has been criticised for prioritising cost-cutting over safety, with around 10 per cent of centres rated as “working towards” the National Quality Standard (NQS) in recent years. Carolyn Smith from the United Workers Union welcomed the proposed funding cuts but cautioned against simplistic solutions, advocating for better staffing and training. In rural areas such as Guyra, New South Wales, where childcare providers face ongoing workforce shortages, there are concerns that strict funding cuts could lead to centre closures without addressing underlying staffing issues.

The ALP's \$15 billion childcare subsidy budget, expected to increase by 2026-27, highlights the importance of directing taxpayer funds to support high-quality providers rather than profit-driven operators. With public spending at historically high levels, critics question the government's ability to balance expansion of access with adequate accountability measures. The legislation will require support from the Coalition or crossbench to pass and must focus on ensuring child safety while providing practical support to compliant centres to restore trust in a sector under strain.