Unsafe and non-compliant: Profits above safety in Australia's early learning sector [1]

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Excerpted from introduction

Australia is a wealthy country, and we should have a world-class early childhood education and care (ECEC) sector. Instead, Australia's early learning sector is in crisis. Educators are underpaid, over-worked and our best and brightest are leaving in droves. Parents are fed up, paying some of the highest out-of-pocket costs in the OECD. The sector is also increasingly dominated by for-profit providers which make up half of ECEC services in Australia and over two-thirds of long day care (LDC) centres.

Traditionally, private ownership in the sector was characterised by family and small to medium sized businesses. Increasingly however, large financial interests are being lured to the sector by strong growth prospects underpinned by generous government subsidies. Some Australians may be surprised to learn that the early learning centre in their suburb is controlled by Swiss bankers or an American private equity giant and even more dismayed to learn that these providers are seriously dropping the ball on quality and compliance. This leaves other taxpayers wondering why for-profit early learning providers exist at all, parents concerned for their children's safety, and educators increasingly worried about their ability to deliver the highest quality early learning to children in their care.

This report focuses a spotlight on these worrying trends. The first part analyses new and unique data published by industry regulators to reveal that the for-profit sector performs worse on quality and is plagued by non-compliance. Non-compliance in ECEC covers a broad range of breaches that ultimately jeopardise the learning and safety of our children. This report finds that this non-compliance is much more prevalent among for-profit providers than any other management type. Analysis of both public and Freedom of Information (FOI)-sourced data on non-compliance indicates children are less safe in for-profit centres, which are sanctioned far more often. At a time when concerns for the safety of children in ECEC settings are ever present for families and educators due to the COVID-19 crisis, this report shows that for-profits have a history of poorer safety and lower quality. In fact, from just over 12,000 enforcement actions taken nationally against ECEC providers since 2015, an overwhelming 74% involved for-profit centres.

The second part of this report analyses quality ratings in the sector using data from the national register maintained by the Australian Children's Education and Care Quality Authority (ACECQA). Combined with corporate research on which centres belong to which companies, this analysis demonstrates clearly that for-profits are the worst-performing management type when it comes to ensuring quality education and care for Australian children. For-profit providers have the highest number of centres that don't meet the national standard, with more than one in six, or over 1200 centres failing to meet the National Quality Standard (NQS). As for-profits operate most of Australia's early learning centres this is particularly alarming. During a pandemic it is even more alarming that for-profits fall behind by 8% compared to the rest of the sector when it comes to quality area rating 2 in the NQS - children's health and safety.

In long day care (LDC), where for-profit providers dominate and make their most lucrative earnings, the quality ratings are also worse than the rest of the sector. For-profit LDC centres are twice as likely to be rated as not meeting the national quality standards than not-for-profit centres. They are also more likely not to meet the NQS than any other management type. By any reasonable standard, these results are alarming.

Our analysis also provides new insights into the performance of the three biggest for-profit LDC providers in the country: G8, Affinity and Busy Bees. The poorer quality ratings of these three players epitomise the crisis in the sector and gives new insight into a profit above people – in this case children – way of operating. This does not belong in any education setting. G8 is listed on the Australian stock exchange and pays dividends to shareholders. Affinity was just traded between private equity funds for $650 million dollars and Busy Bees, a global early learning empire run by a Canadian pension fund, acquired Think Childcare, another Australian listed provider in June. When profits, shareholder dividends, bloated executive salaries and cost-cutting to impress the next private equity buyer are the priority, quality and safe world-class early learning are not.

Moreover, nearly all growth in the sector is to be found among for-profit providers: in the financial year 2020-21 the number of for-profit services grew by 4 per cent. By comparison, the number of private not-for-profit services remained stagnant while the number of government-provided services declined. It is therefore vital that for-profit providers shift gears on their approach to safety and quality, instead of continuing to fall behind. With Australia unlikely to be free from COVID-19 any time soon, it is urgent that for-profit providers are held accountable around safety standards. Without immediate attention to safety and quality among for-profit providers, ECEC will continue to be one of the most precarious settings in which to learn and work during the pandemic. The current system of putting profits first has failed; we need to build a new system that puts children and educators back at its centre.

The report also includes a smaller section on the dangers of working in the sector from an educator's perspective. Australian statistics show early childhood educators face the greatest risk of injury in the education sector and a higher risk than workers in some blue-collar industries. According to researchers from Charles Sturt University, rates of claims for the top three most serious physical injuries for ECEC educators and teachers are as high as for those working in construction. Educators deserve to feel safe at work. They already deal with health risks such as exposure to infectious diseases, and physical injuries such as being struck, bitten or having objects thrown at them. The workforce crisis, and COVID-19, which has intensified the problem of understaffing, have further undermined safety in ECEC, and are putting children and educators in danger.

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