

Australia- Childcare reformed in wake of ABC collapse ^[1]

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EXCERPTS

Until recently, Australia was a country that scored badly on any international measure of childcare. For instance, it came near the bottom on the recent UNICEF Innocenti report card. But in the past year there have been some new developments in policy and practice that have put Australia back on the childcare map.

The new Labour government led by Kevin Rudd has paid much more attention to childcare. And the messy collapse of the corporate giant ABC Learning, which was the biggest operator by far in Australia, has led to a rethink about the role of government and of the private sector in childcare.

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In terms of childcare there has been relatively little consistency. Levels of provision, requirements for trained staff, curricula, regulation and so on were all dealt with at a state level. If a family moved from one state to another, children might have very different experiences.

It is always a balancing act between having regional or local autonomy and having consistent policies, but within Australia, as well as in the view of international agencies, there was a consensus that the balance had got woefully out of hand.

The Rudd government has strengthened the mechanisms for sorting out policy at a national level. The Council of Australian Governments (COAG) has the job of initiating, developing and monitoring the implementation of policy reforms that are of national significance.

In July 2009 COAG agreed to set up a National Early Childhood Development Strategy. The first part of the strategy, the National Quality Agenda for Early Childhood Education and Care, which applies throughout Australia, was agreed in December 2009. This is intended to create new quality standards, including higher staff-to-children ratios and better trained carers and early childhood teachers, with requirements phased in over the next decade. Through a new ratings system, parents will be given better information on the quality of childcare services so that they can make the best decisions for their children.

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ABC Learning ran over 1,000 centres in Australia, as well as having investments in a number of other countries, including the UK (it owned the UK chain Busy Bees). The ABC share of the Australian market was so substantial that the Government could not let the centres themselves go under - too many nurseries faced closure.

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Childcare workers and parents lobbied hard to have the nurseries taken under government control. A Senate committee, set up in the wake of the ABC failure, commented on 'the deficiencies in childcare policy and regulation' that led to the collapse. It recommended that small-scale or individual independent operators and not-for-profit and community-based organisations should provide services, rather than childcare being left entirely to the market.

As a result, the government has overhauled its regulations, but it has not changed its policy as much as many would like. Before demand-side funding (parent childcare subsidies through the tax system) was introduced, the previous system had been to give grants to community organizations providing childcare. The switch to demand-side funding had led to the growth of the private for-profit market and enabled the growth of ABC Learning. Lobbyists wanted a return to the old system of funding community nurseries directly, to prevent any more disasters.

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The Australian government continues to support demand-side funding, but it has intervened in the sale of the remaining ABC assets. Of the 1,000 or so ABC nurseries, about one quarter were deemed unviable by the receivers and sold off at peppercorn prices, mainly to non-profit organisations. The remaining 715 nurseries were put up for sale. In October last year there appeared to be about six bidders, including the Singapore-based company Knowledge Universe (which now owns Busy Bees), whose owner is the ex-junk bond king Michael Milken.

In the end there were only two serious bidders - the private equity company Archer Capital, and a charitable consortium branded as Good Start. The receivers, unsurprisingly, awarded the bid to Good Start.

The charitable consortium involves Mission Australia, the Brotherhood of St Laurence, the Benevolent Society and Social Ventures Australia. It has borrowed money and tapped private philanthropists to help fund its bid. The centres will now be run as community-based,

low-profit centres to help children from disadvantaged backgrounds, although they will also cater for working parents.

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Can we learn any lessons from these turnabouts in Australian policy? First, in a recession, private for-profit nurseries are vulnerable. Second, corporate firms are problematic, particularly if they have taken on childcare as a speculative investment, because it takes time - and government money - to unravel their affairs if they go bankrupt. Third, even when they get into a mess, corporate firms are unlikely to be repentant. As late as November this year, just before the sale, ABC executives were still protesting against new government controls and regulation. 'The love and nurture displayed in ABC nurseries are not founded on government control and regulation,' they bizarrely claimed.

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One of the ideas being bandied about when I was in Australia recently was the notion of 'Fair Trade' nurseries.

Fair Trade goods are now a well-known idea. The Fair Trade movement favours small co-operative producers, who plough the profits back into the business in order to pay a fair wage to the workers rather than have profits extracted for shareholders or owners. Fair Trade businesses offer the workers real ownership in what they are doing. This in turn usually means the goods are produced conscientiously and to a high standard, using local resources. Fair Trade is also synonymous with high quality and community involvement.

Developing a 'Fair Trade' kitemark for nurseries in the UK might be one way of highlighting the importance of paying staff a fair wage and offering them good working conditions, and of getting a better service as a result.

Government subsidies, whether they are demand-led or supplied, would go mainly to Fair Trade nurseries. The lesson from Australia is that it has proved too risky, as well as morally repugnant, to make a profit out of children.

- reprinted from Nursery World

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