

If they won't listen to the experts, maybe they'll listen to the accountants ^[1]

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EXCERPTS:

There are, in this world, some things that are so intuitive they shouldn't require a commissioned study by a certified accounting firm to "prove".

But, when certified accountants are commissioned and rise to the occasion, perhaps their reports will prevail where common sense, thus far, has not.

One such example is a report released in late October on the viability of commercial child care in this country. Commissioned by the Coalition of Childcare Advocates of British Columbia, it's a report that this province needs to be paying attention to.

Commercial? Doesn't. Work.

The Dragomir Report - Can Child Care Thrive in a Speculative Investment Environment? - cuts to the heart of one of today's most vital policy questions, and an issue I've written about before. Does childcare work - achieve positive results for our children and our society - when operated commercially by the private sector according to free market principles?

The answer - according not just to many experts but now also according to Dragomir's accounting analysis - is a resounding no.

What does this mean for us? Well it means we must, first and foremost, pay heed to the fact we are teetering on the edge of a very dangerous public policy precipice. The fact most of our provincial and federal governments allow commercial childcare to spread unchecked means the dangers highlighted in Dragomir's report are growing steadily in this country. This is an issue that needs to be addressed sooner, rather than later.

In actual fact, as the report demonstrates, even commercial childcare providers don't operate according to free market principles, because they rely on public subsidies - government money - to make their operations viable. Most parents can't afford the outlandish fees charged by commercial providers, so government subsidizes those fees.

And that, according to Dragomir, and according to childcare researchers and advocates across the country - is simply not sustainable. Essentially, it's transferring millions of dollars to private business owners; millions which could be much better spent building a no-fee public system (or a virtually no-fee public system, such as the overwhelmingly popular \$5-a-day childcare system Quebec introduced in the 1990s. Even at its current \$7-a-day level, it's far more accessible than anything in the rest of the country).

The only way to make a profit off childcare, the report explains, is by doing one of two things: cram more children into smaller spaces with less supervision and access to learning activities, or increase fees to parents. The first option hits hard on the children, and results in a more dangerous and reduced learning environment. Not what we want for our children, is it? That's why government regulates childcare so closely - thus preventing the sorts of cost-cutting, profit-making initiatives that might be used at Wal-Mart. The second option - higher fees - hurts parents. But more broadly, it hurts all of us. When fees go up, that means government comes under pressure to boost subsidies and help parents with the fees - and it usually does. So government winds up spending more money - which has to be diverted from other programs, like health care or education or any of a number of other already underfunded programs - not because there's a legitimate need for more money to continue to provide the service, but simply because the private operators want to be able to make a larger profit.

When your childcare regime is reliant on private, commercial, for-profit operators, those operators have one of the most effective proverbial, metaphorical guns held to government's head.

And that should not be acceptable to anyone.

Other risks

There are other dangers as well. When a significant proportion of your provincial childcare system comes under private commercial operator control, those private operations gain significant lobbying power. If they want to reduce staffing costs and increase the potential labour pool of trained childcare staff to draw from, for instance, they might pressure government to reduce the qualifications necessary to work at a childcare facility. They might pressure government to reduce the length of training courses, or the amount of ongoing training and skills childcare staff have to have. These are ways they can reduce the value and cost of the childcare staff they hire and pay for. Yet once again, the ones who pay the real cost - and who wind up hurting as a result - are the children. The lower the qualifications, training and

skills of the staff looking after them, the more disadvantaged - and dangerous - the environment our children will be growing up in.

No matter which way you look at it, private, commercial, for-profit sector childcare provision does not make sense.

This isn't to diss the private operators themselves. Many of them probably got into the business because they sensed a need for good childcare. And they were right - there's a great need. The problem is, government should never have allowed the opening for private sector commercial childcare provision to emerge. So long as government continues to regulate the childcare learning environment - and regulate it they should, otherwise the safety and wellbeing of our children will be in danger - it is virtually impossible for a childcare system to thrive based on commercial private sector market principles (without endangering and negatively affecting the upbringing of our children).

Cautionary tales

One of the key case studies the report looks at is the fate of commercial child care in Australia. In that country, a private childcare company - ABC Learning Inc - managed to buy control of 25% of child care spaces in the country in the early 2000s. Having expanded too rapidly and aggressively, it then proceeded to collapse: threatening to smash a huge hole into the availability of childcare in that country. With more than a quarter of all childcare spaces under threat, the Australian government had to spend millions to prop the company up while it worked out a deal with the non-profit childcare providers for them to take over the failed private sector operation.

The spread of private, commercial childcare in Australia cost taxpayers a fortune, and in more ways than one. Not only did the Australian government wind up on the hook for millions when the company failed, but it had been dishing out millions in subsidies to the company the whole way along. In fact shortly before its collapse, 44% of the company's "profits" came directly from the Australian government! One is tempted to call such an operation not a 'commercial venture', so much as outright theft from the public purse.

Yup, that's right. Private, commercial childcare almost caused the land down under to go under, in a manifestation of literary punditry which would have inspired clever, yet tragic, headlines.

That's the extreme end of the spectrum, of course. Or perhaps not. Already there is one publicly traded commercial childcare company in Canada - Edleun Group - which is expanding in a way eerily similar to the Australian case. In fact, it's the growth of that particular provider which inspired childcare advocates to commission the Dragomir study. But, they point out, the results of the study aren't exclusive to Edleun: the results can be applied to "a commercial child care chain, whether a publicly traded company, as in this analysis, or another form of business ownership."

What is to be done?

In Newfoundland and Labrador, the provincial government currently spends over \$26 million on childcare, much of that going into the pockets of private operators in the form of subsidies.

It's time for that to end, and for the provincial government to take on the urgently needed task of building a provincial, universally accessible, public childcare system. This is, recall, the province which last year ranked very poorly in a report on child care in Canada. As of now, our tax dollars - millions of them - are being funneled from the provincial treasury into the accounts of private commercial operators, running childcare facilities like businesses in a model which a growing array of research - like the Dragomir Report - are indicating is both unsustainable and dangerous. The provincial government ought to buy them out, end the subsidies, and redirect its money into building a viable province-wide public model.

Enough parents are struggling to find and pay for childcare as is. We can't afford to waste yet more time and money on unsustainable commercial models. Let's build a provincial public childcare system.

One we can all be proud of.

One we can all access.

-reprinted from the Independent

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Region: Newfoundland ^[3]

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