

# Linda Mitchell: Put children's education before shareholders <sup>[1]</sup>

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**Source:** New Zealand Herald

**Format:** Article

**Publication Date:** 2 Dec 2014

## AVAILABILITY

Read online <sup>[2]</sup>

## EXCERPTS

Government early childhood education (ECE) funding and parent fees intended for children's education will pay for the dividend yields of 4.69 per cent and \$16.6 million profit forecasted by Evolve Education Group as it buys up early childhood companies Lollipops Educare and Porse.

Government funding includes the 20 Hours ECE intended for children to attend ECE at no or minimal cost. The Evolve Education Group prospectus is quick to point out that 20 Hours ECE "can earn additional revenue" through optional charges.

Termed "an attractive investment opportunity", "childcare" is conceptualised as big business, selling a commodity to parent consumers as they participate in the workforce. Attractive images are used as selling points but the Evolve Education Group Prospectus foregrounds profitability - its first duty as a listed company is to shareholders.

Children and their learning and development needs are largely invisible; families are purchasers of education.

This main interest from a commercial view in making profits for owners or shareholders, positions Evolve Education Group at odds with more community spirited aims to invest fully in the service itself.

And the intention of Evolve Education Group to increase its scale "through selective acquisitions" will undoubtedly see it targeting high-income communities and those low-income communities where government is investing most money, i.e. areas where profits are easier to make.

Profitability is a key selection and acquisition criteria. A recent OECD study of 20 countries has shown that a reliance on privatised provision of early childhood education will almost certainly lead to inequities in provision in poorer communities because commercial providers are reluctant to invest in such communities.

The spectacular example of the rise and fall of the publicly listed Australian corporate childcare company ABC Learning should be a warning to us.

Following rapid expansion ABC became the largest corporate childcare provider in the world. ABC encouraged its staff to hold shares in its business, thus tying them into its corporate values. In this way, the values of business owners may start to overshadow public and democratic values that are embedded in community based ECE services.

The spread of ABC Learning in Australia had the effect of limiting parental choice of service and putting non-ABC centres at financial risk. It swamped ECE provision in some communities as it squeezed out the community based sector. Australian researchers have documented its rise, subsequent fall and suspension from trading, when the Government had to pour in A\$56 million (\$60 million) to cover operating costs while a buyer was found.

Professor Deborah Brennan termed ABC "a vast, unprecedented and unsuccessful experiment in Australian [early childhood education and care] provision". Its outcomes were described as "costly and dysfunctional".

We need to get back to fundamental questions about the values and aims for early childhood education, about who should benefit, and about how it should be provided. Surely not first and foremost as a business opportunity for the benefit of shareholders.

Linda Mitchell is Associate Professor in early childhood education at the University of Waikato.

**Region:** Australia and New Zealand <sup>[3]</sup>

**Tags:** privatization <sup>[4]</sup>

[1] <https://childcarecanada.org/documents/child-care-news/14/12/linda-mitchell-put-childrens-education-shareholders> [2]  
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