

# Child care shouldn't be for profit <sup>[1]</sup>

**Author:** Friendly, Martha & Prentice, Susan

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## EXCERPTS

Last week, the owner of a private, for-profit child-care centre (Private not a dirty word in child care, Nov. 28) argued the Manitoba government should subsidize private (for-profit) child care, making several misrepresentations to support this view. We disagree and want to set the record straight by offering three good reasons why child care shouldn't be a for-profit business: quality, efficiency and ethics.

For-profit child care has been a much-debated policy issue since the 1970s. Canada's first big-box chain emerged in Winnipeg in the 1960s but Mini-Skool Ltd. was soon bought out by Alabama-based Kinder-Care, the giant chain that inspired one pundit to dub profit-making child-care chains "Kentucky fried children."

For-profit child care diminished in Canada through the 1980s and 1990s, so its resurgence following the Harper government's 2006 cancellation of the Liberal's proposed national child-care program is troubling. As improvements in access and affordability slowed in most provinces, profit-seeking operations sought to fill Canada's unmet child-care demand, accounting for 30 per cent of spaces by 2012. Manitoba has been one of the few provinces whose child-care policy favours non-profit provision; consequently, its for-profit sector is quite small -- about five per cent.

The first good reason child care shouldn't be a private business is that profit-seeking has a negative effect on quality and access. For-profit child care tends to be poorer quality -- a fact repeatedly documented in Canadian, Quebec, New Zealand, U.K., U.S. and Australian research. Research shows ownership is one key factor determining higher or lower quality through its links to wages, working conditions, early-childhood education training, staff turnover and morale, staff harshness and sensitivity, staff-to-child ratios and group size.

There's a complex relationship between parent fees and quality. In the present market-based system, poor ratios and low staff educational requirements can lower fees, while larger profit margins can increase them. Since there's a public interest in ensuring child-care quality is high and parent fees are affordable, policy solutions must include public funding, capped parent fees and efficient use of funds.

A second good argument against commercial child care is that it isn't efficient to spend public child-care dollars to increase private profits and grow privately held assets such as property. It's easy to challenge the statement that "a private centre costs taxpayers nothing beyond the cost of pushing paper across the province's desks" because it's demonstrably not true.

Australia provides a cautionary illustration of how for-profit child care can soak up public funds. Policy changes in the 1990s equalized funding, making both for-profit and not-for-profit centres eligible for government dollars. The ABC Learning conglomerate, which began as a single centre, flourished under these conditions and grew into a chain dominating Australian child care. When the near-monopoly collapsed in 2008, the government was on the hook for \$22 million in addition to the massive public funds ABC had already absorbed. Analysts note that while the government was convinced that publicly funding the private business would "save government money" and provide "choice to parents," the way funds were spent instead produced dubious quality, poor access for low-income and special-needs children, skyrocketing parent fees and active lobbying against quality improvements.

Fortunately, Manitoba hasn't followed Australia's route. Much of Manitoba's child-care funding is restricted to non-profit centres. Base funding direct to programs is restricted to non-profits, although for-profits are eligible for fee subsidies if they abide by provincial maximum-surcharge limits.

While it's easy to understand why private child-care owners would wish their businesses could be more subsidized by taxpayers, Manitoba is doing the right and smart thing by restricting most public funding to non-profit child care.

The third good reason child care shouldn't be for-profit is an ethical one. Like health care and education, child care is a public good, not a market commodity. Manitoba built a public education system over a century ago because education is good for children, families, society, and the economy. For the same reason, Manitobans need public child care. Around the world, the best child-care systems are found in countries that see child care as a public good and treat it as a children's right.

Canada is still a laggard that treats child care as a commodity. Under the guise of creating a level playing field, commercial operators attempt to maximize private profits by claiming a bigger share of public funding. However, Canadians can see through the false promise that publicly funding private child-care businesses will increase parent choice. The good news is there is growing awareness that universal child care is a public good and a human right, and that public and political discourse is finally tackling this important issue.

**Region:** Canada <sup>[3]</sup>

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

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