

Corporatization of Child Care

There is no place or space for profits in a publicly funded child care system. That's why the Child Care Advocacy Association of Canada insists that increased public funding is used to [expand public or non-profit child care programs](#).

Growing Concerns

In 2005, the child care advocacy community became aware of a growing international trend towards the corporatization of child care, with increased public funding for child care fuelling the growth of corporate child care chains. We invited Lynne Wannan, an Australian expert on community-based child care services, to meet with Canadians and talk about [her country's experience with corporate child care chains](#).

The growth of corporatized child care in Australia worried us, and we renewed our efforts to build a non-profit child care system. We collaborated with partners to obtain a [legal opinion](#) outlining the serious consequences of allowing multinational corporate child care to enter Canada. We reviewed the [overwhelming evidence](#) confirming that non-profit child care better meets the needs of children, women and families. Based on this research and our work in communities, we continued to call for limiting expansion to non-profit child care [in all of our policy recommendations to governments](#).

Corporatized Child Care Comes to Canada

By the fall of 2007, however, it became clear that multinational corporate child care had come to Canada through 123 global. [123 global](#) was previously known as ABC Acquisitions. Self-described as the "growth engine" of the Australian corporate child care giant ABC Developmental Learning Centres Pty Ltd. (ABC Learning), 123 global's key client in Canada is 123 Busy Beavers Learning Centres.



From Coalition of Child Care Advocates of BC public meeting, November 2007

Canada's federal government and many provincial and territorial governments condoned this development through their silence on this issue. In fact, four provinces – BC, Alberta, New Brunswick and Nova Scotia – now provide capital grants to commercial operators.

Across Canada communities have responded with real concern to the corporatization of child care. For example, advocates in Canada's western-most province are clear - BC Child Care is [NOT FOR SALE](#). And the Ontario Coalition for Better Child Care is equally clear - [It's Time for Public Child Care](#). Ontario

advocates called for the Ontario government to stop licensing commercial child care, in order to keep 123 Busy Beavers out of Ontario. As of September 2008, 123 Busy Beavers has only publicly listed centres in Alberta.

Earlier this spring, Code Blue and a range of social justice organizations and universities sponsored a tour with another Australian expert, Professor Deborah Brennan. Professor Brennan [described](#) the circumstances that gave rise to the corporatization of child care in Australia – circumstances which sound eerily familiar to us today. By providing more money directly to parents and stimulating the private sector, the Australian government promised that parents would have more child care choices, lower fees and higher quality—all with reduced public costs! Instead, public costs and parent fees have both grown sharply. There is downward pressure on quality regulations and parents continue to have limited choices.

Questions Raised

Questions about the activities and business dealings of Australia's largest child care corporation, ABC Learning, and its CEO Eddy Groves have been frequently raised in the media. In August 2008, the Australian Broadcasting Corporation televised its report "[Fast Eddy' leaves ABC Learning investors reeling](#)."

BC Child Care -
NOT FOR SALE



Professor Deborah Brennan on her speaking tour during her stop in Ottawa at the Ottawa City Hall. Photos from CUPE

Professor Brennan was interviewed in this report, which also highlighted Canada's child care advocacy community. The report noted that:

Before the new auditors lanced Mr Groves' burgeoning balloon, forcing a sale of assets, ABC was gluttonously gobbling up child care centres from the UK to America. Last year, Mr Jones' 1, 2, 3 Global companies began approaching child care centres across Canada, triggering a wave of protests. ABC Learning denied any involvement, but the Canadians didn't believe them.

Professor Brennan was flown to Canada to talk about ABC Learning in Australia. "It was a very strong activist and early childhood community in Canada that really wanted to ensure that public money is used for the benefit of children, and not for the growth of enormous private and corporate profits," she said.

"Canadians were asking me when I was over there 'How come you have designed a system that's allowed one individual to become the richest person in Australia under 40, and yet you have a system with poor quality standards, where 40 per cent of the staff have no qualifications whatsoever?'"

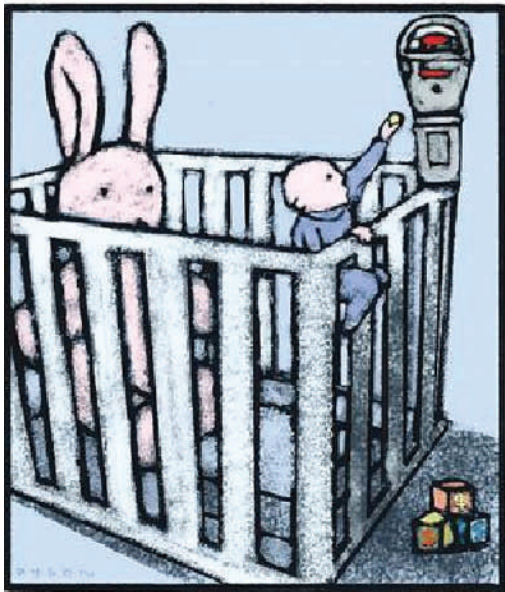
Professor Brennan also stated that "ABC Learning could be one of the most spectacular public policy disasters seen in recent time".

Behind the Spin

Despite the warm, fuzzy words in their promotional materials, corporatized child care operates under a business model that prioritizes and requires profit-making. Behind the spin, it's all about big bucks and "bums on highchairs".

The story of ABC Learning highlights this discrepancy. ABC Learning's web site states:

For over 18 years, ABC Learning Centres has made high quality early childhood education programs available to all families. It's our love for all children that has ensured our tireless commitment to providing them with the best possible start. (downloaded Sep 11 08 from www.childcare.com.au/)



From "The Corporatization of Child Care in Australia: Not as easy as ABC," by Professor Deborah Brennan

However, in its September 6 2008 article "End of a fairytale", the Sydney Morning Herald described ABC Learning as follows:

ABC's simple success story of earnings built on fat Federal Government subsidies and a steady flow of child-care service fees has been blown out of the water... the story went something like this.

ABC cashed in on unprecedented demand for child care as more women re-entered the workforce. The company's competitive edge was an aggressive acquisition strategy that would beat the competition with economies of scale and a brutally simple business school methodology – buy market share and rationalize local markets to boost occupancy. Price sensitivity on the part of customers is offset by government largesse.

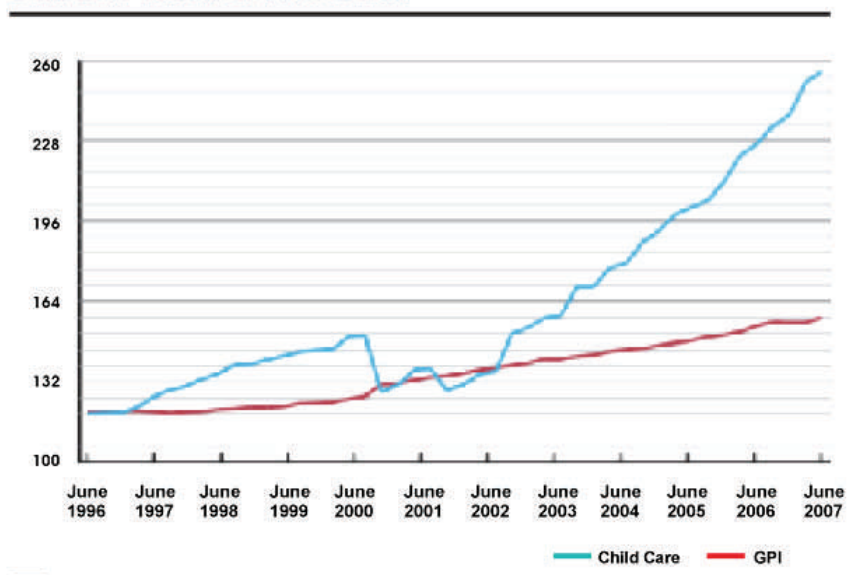
This year, the Government is expected to hand out more than \$2.75 billion in child-care benefits and related tax rebates – ABC will be the largest beneficiary by far...

Not children, not families – in Australia, the largest beneficiary of public funding for child care is a multinational corporate child care chain. The article concluded that:

At its heart, the business is about bums on highchairs. Child care is a business with high fixed costs, so, like a hotel, occupancy is everything.

Clearly, Canada has many [lessons to learn from Australia](#) about ensuring that increasing public funds are actually accountable for improving access to quality, affordable child care services through the expansion of democratically-controlled, non-profit programs. Child care services should be planned by communities and delivered for children and families, not for profits.

Child care cost index 1996 to 2007⁶



Source: Australian Bureau of Statistics, Consumer Price Index Australia, Cat. No. 6401.0, June 2007