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TITLE: **Has the government been selling out Australia's children?**

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The Federal Government hopes that the growth of private child care providers will solve the runaway demand for new child care places. But combining the profit motive with the provision of quality care for children is proving to be an uneasy fit.

New evidence from Australia Institute research suggests that it is not the profit motive itself which has a decisive impact on the quality of care offered to children, but the methods and ethos of the corporations that have been taking over the sector.

Late in 2005, a nationwide survey conducted by the Institute asked 578 child care staff what they thought about the quality of care provided at their centre of employment. According to staff, community-based centres provide the highest quality of care, closely followed by independent private centres.

Corporate chains - which now own around a quarter of centres in Australia - offer the lowest quality of care on all indicators surveyed, in some cases markedly lower than that provided by community-based centres.

These results are striking precisely because independent private and corporate chain centres have previously been grouped together as the "private-for-profit" sector. Yet, on the basis of staff perceptions of the quality of care provided, these two groups are quite different.

For example, when asked if they feel there is time to develop individual relationships with the children they care for, half of independent private centre staff said there is always time, compared with 25 per cent of corporate chain staff.

This is likely to be at least partly the result of higher staff-to-child ratios in independent private centres: 37 per cent of those staff said their centre employed more staff than legally required, compared with only 14 per cent at corporate chain centres.

Corporate chains often boast of the superiority of their buildings and equipment, yet staff at both community and independent private child care centres are much happier with a variety of equipment for children. The difference in quality of care extends to something as basic as the quantity and type of food provided for children.

Almost three quarters of independent private centre staff say the children are always provided with nutritious food, and enough of it, compared with only about half of corporate chain staff. This suggests that the interests of shareholders are put before those of the children.

In a question that proved to be particularly revealing, staff were asked if they would send their own child, aged under two years, to the centre where they worked or a centre which offered comparable quality of care. The rate of dissatisfaction with the quality of care provided at their own centres was much higher among corporate chain staff: 21 per cent said they would not send their own child to a centre like the one where they work due to quality concerns, compared with only 4 to 5 per cent at community and independent private centres.

So it appears that for-profit status in itself is not the cause of the marked difference in the quality of care offered to children. The results of the new study suggest that cost-cutting across the board is much more characteristic of corporate chains than of independent private centres. This is likely to result from the structures of corporate governance, which legally oblige directors to act in the best interests of the company. These interests are understood in financial terms, and not primarily in terms of the outcomes for children.

The Federal Government policy of promoting private sector child care providers without regard for the difference between independent providers and corporate chains has led to a situation where at present approximately one quarter of all children in long day care are now being cared for by corporate chains.

With evidence now appearing to suggest that the quality of care in these centres is markedly lower than elsewhere, the government will need to act to discourage any further domination of long day care in Australia by the corporate chains until it can be shown that the quality of the care they provide is comparable with the community-based and independent private centres.

Beyond tightening up the centre accreditation processes, as announced recently, the government should consider offering capital grants to new community-based centres. Parents are more likely to enrol their children in higher quality centres, and so this measure should result in children moving from lower quality corporate centres to higher quality community-based ones, without disadvantaging independent private providers. Such action by the government would give corporate chains a strong incentive to raise their standards, as well as hamper any further expansion until they have done so.