The ABC of Child Care Politics

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Abstract

The care and education of children below school age is an area of intense public debate and the subject of considerable policy innovation in Western democracies. Child care raises complex philosophical and policy issues ranging from broad questions about the relative responsibilities of state, market and family to technical aspects of policy design such as the interaction of child care subsidies with income support, family payments and taxation. Across the developed world, countries are finding new ways to address the growing need for child care, with market-based solutions looming large in several countries. This paper analyses Commonwealth policy towards long day care in Australia since the early 1990s. It explores the shift towards market-based, for-profit care for children below school age, especially the growth of publicly listed child care corporations. In allowing a single corporation to assume a dominant position in the provision of long day care, Australia has embarked on a vast experiment in the care of children, unparalleled in other countries.

Keywords: Child care, corporatisation, marketisation

The care and education of children below school age is a topic of intense public debate and policy innovation around the world. Child care raises complex philosophical and policy issues, ranging from broad questions about the relative responsibilities of state, market and family to technical aspects of policy design such as the interaction of child care subsidies with income support, family payments and taxation. Countries are finding new ways to address the growing need for child care and to deal with the associated challenges of maintaining quality and affordability (OECD 2001, 2006). A shift towards market-based provision is apparent in many countries. This paper explores the political choices made and the interests served by developments in the funding and provision of long day care[1] for children below school age in Australia under the Howard government. It focuses on three issues: (i) the growth of private, for-profit services; (ii) the adequacy of regulations and standards; and (iii) the cost of care. The paper argues that the growing dominance of a single corporate provider of child care services is unique to Australia and may require a more robust approach to regulation and quality control. There are continuing concerns about quality and affordability and considerable disquiet about the extent to which public subsidies underwrite the profits of corporate child care providers.

Background

Australia has long had a 'mixed economy' in child care services. Philanthropic organizations provided care for the children of working mothers from the late nineteenth century. The Victorian Crèche Association (established in 1905) and the Sydney Day Nursery and Nursery Schools Association (established in 1932 and now known as SDN Children's Services) took the lead in developing non-profit care. Private for-profit services operated in addition, but often in the shadows. Although not a lot is known about the origins of private care, it has been a significant component of overall provision for many decades. A survey of child care undertaken by the Women's Bureau of the Commonwealth Department of Labour and Industry in the late 1960s, showed that there were forty non-profit centres run by philanthropic organizations and 520 services run as private businesses (Women's Bureau 1970). Most of these were not child care centres in today's sense of the term; rather they were home-based childminders registered with State child welfare departments. In introducing the *Child Care Act* in 1972 the Commonwealth government accepted the advice of the Australian Pre-School Association that good quality, developmentally appropriate care (as distinct from custodial child-minding) was best provided in child care centres under the auspices of non-profit organisations. This view was enshrined in the *Child Care Act* which directed Commonwealth funding exclusively to non-profit organizations (Brennan 1998: 67). Recurrent subsidies were paid on the basis of the number of qualified staff required to meet the regulations in each State and Territory, thus establishing a direct link between government subsidies and the payment of award wages. In the mid-1980s, the Labor government replaced subsidies linked to wages and qualifications with *per capita* payments in respect of each licensed place, supplemented by fee assistance to needy families. At this stage, Commonwealth funding was restricted to non-profit providers. A major shift occurred in 1991 when the government extended fee assistance to the users of private, for-profit care. Previously, both Labor and Liberal governments had, at least implicitly, viewed publicly funded, high quality child care as a merit good which benefited the community at large as well as individual children and their families. Child care was seen as an important element in campaigns against poverty, especially child poverty.

> . . . Australian governments do much to improve the prospects of the less advantaged child, by providing free or subsidised schooling, medical attention, and so on. Increasingly, because of community expectations, there is a need to do more to assist the child in the pre-school ages. Funded childcare is an integral part of that increased effort on behalf of children (Anstie et al. 1988, 28).

The decision to extend public subsidies to users of private, for-profit care rather than to expand the supply of non-profit care took place in the context of a broader shift towards the 'marketisation' of human services including health, education, aged care and employment services (Keating 2004: 75). The emergence of a more individualistic, rights-oriented society, concern about the rising costs of services in the face of escalating demand, and pressures to increase the efficiency and effectiveness of government expenditure all contributed to this trend in Australia (Keating 2004: 78-79). In relation to child care, two main arguments were adduced in support of a greater role for the private sector: the need to bring additional capital into the sector to expand and upgrade the supply of services and the claim that withholding fee subsidies from the users of private, for-profit care was discriminatory. The former argument was strongly promoted by Labor's Finance Minister, Peter Walsh, who argued for 'a means-tested voucher system which would ... remove child care from the public sector and send it back to the private sector' (*SMH* 22 September 1987). The Federation of Child Care Associations supported this view and coupled it with the argument that the employment of unionised workers with 'unnecessarily high' qualifications was a factor in the high cost of child care.

Once the decision was made to extend subsidies to users of private, for-profit care, the government placed few constraints on the expansion of such services; any location chosen by private businesses was acceptable. In order to be able to offer Commonwealth child care assistance to parents, a service simply had to be open for a certain number of hours per day and weeks per year, to be licensed by the relevant State or Territory authority and to be registered with the Quality Improvement and Accreditation System. Since non-profit services continued to receive a small operational subsidy that was not available to commercial centres, Labor insisted that planning principles be applied to the non-profit sector. Between 1991 and 1996, the number of places in for-profit care increased from 36,700 to 122,462 or 233 per cent; while the growth in community-based, non-profit services went from 39,567 to 45,601 places, an increase of 15 per cent (Table 1). Commonwealth expenditure on children's services approximately doubled during this period.

In the lead-up to the 1996 election, the Liberal Party made specific commitments to address what it described as 'Labor's child care failure'. The commitments included retaining the operational subsidy for non-profit, community based centres, establishing a national planning framework to guide the development of new services, and extending the accreditation system to family day care, out of school hours care and occasional care. The Liberal Party gave no hint that it intended to eliminate operational subsidies. Indeed, just days before the election, David Kemp, the Shadow Minister for Employment, Training and Family Services, wrote to the Australian Early Childhood Association assuring them of the Coalition's 'continuing support for the community-based long day care sector'. To drive home the point, he elaborated, 'we regard the operational subsidy as one of the key supports of that sector. The Coalition has no plans whatever to change the operational subsidy' (quoted in Senate Community Affairs Committee 1996).

Table 1. Australian Government-supported child care operational places, 1991-2004

	Long day care centres				
	Community-based (a)	Private-for-profit (b)	Family day care (c)	Outside school hours care (d)	Occasional care/ other (e)
1991	39,567	36,700	42,501	44,449	5,059
1992	40,262	53,210	45,454	48,222	5,634
1993	42,777	61,375	47,855	50,340	5,626
1994	43,399	80,374	51,651	59,840	6,228
1995	44,566	99,909	54,041	64,046	6,365
1996	45,601	122,462	60,091	71,846	6,575
1997	46,294	136,571	62,714	78,970	6,564
1998	51,710	142,844	63,725	134,354	6,722
1999	50,589	139,737	64,037	160,955	6,754
2000	50,368	140,547	66,294	179,743	6,492
2001	61,248	132,561	70,840	230,511	4,867
2002	n.a.	n.a.	n.a.	n.a.	n.a.
2003	64,255	147,390	71,123	229,934	4,952
2004	65,260	164,343	74,508	229,603	4,045

(a) From 2001 includes those operated by community groups, religious organisations, charities, local governments, and by or in state government premises.
(b) Employer and other non-profit centres are included until 2000. In 2001, with the introduction of the Child Care Operator System, data from employer and other non-profit centres were recorded according to ownership status to either community or private.
(c) Also includes family day care schemes offering in-home care, and stand-alone in-home services; 2003 includes planned and pooled places as at 5 September 2003.
(d) The large increase between June 1997 and June 1998 is due to the inclusion for the first time of vacation care places previously funded under block grant arrangements and a change to a consistent counting methodology. Includes before and after school care and vacation care; 2003 includes planned and pooled places as at 5 September 2003.
(e) From 1992 to 1997 includes occasional care centres, neighbourhood model services, multifunctional Aboriginal children's services, and multifunctional services. After 1997 excludes neighbourhood model services. For 2004, components of multifunctional children's services are included in the relevant service type categories.
Source: AIHW 2005, derived from Centrelink administrative data.

Despite this express commitment, operational subsidies for community based long day care centres were abolished in the Howard government's first budget. The government also reduced the level of childcare assistance, imposed a means test on the childcare cash rebate and withdrew funding for 5,500 new centre-based places slated for construction over the next few years – places that would have boosted the non-profit sector and strengthened competition with commercial providers (Commonwealth of Australia 1996). These measures paved the way for a radical restructuring of the long day care component of the Australian child care system.

A bonanza for business

In conjunction with the introduction of its new tax system in 2000, the Howard government consolidated several family payments into a new payment (Family Tax Benefit) and introduced a new approach to assisting with child care fees (Cass and Brennan 2003). Child Care Benefit (CCB) provided a higher level of financial support than the system of childcare assistance it replaced; it also raised the income threshold for eligibility and increased the hours of subsidized care available to many families. Up to fifty hours subsidized care became available to working parents through CCB and up to twenty hours for non-working parents (since extended to twenty-four hours per week) (AIHW 2001, 159). Parents could elect to receive CCB either through reduced fees or as a lump sum payment at the end of the financial year. If they chose the reduced fees option (as the vast majority did) the amount of CCB to which they were entitled went directly to the service which, in turn, reduced fees by the amount of CCB entitlement. This system had clear benefits for parents, who were able to receive the benefit of the subsidy at the time they needed it, and it also improved the cash flow position of providers. As one observed: 'The child care business is the best business I've ever seen in my life. The government pays subsidies, the parents pay you two weeks in advance and property prices keep going up' (cited in Kirby 2003).

In 2001, ABC Learning, a child care company owned by Brisbane entrepreneur Eddy Groves, listed on the stock exchange, signaling the emergence of a new phase in the Australian child care industry. Several other companies followed suit. These included Future One, Child Care Centres Australia, Peppercorn and Kids Campus. By floating on the stock exchange companies gained access to significant amounts of capital, enabling them to expand more rapidly and to invest in physical improvements to the services they acquired. ABC adopted a particularly aggressive acquisition strategy, seeking to take over centres run by community-based, non-profit groups as well as those owned by individual owner-operators. Within a few years, in addition to buying up hundreds of individual services, ABC had absorbed most of its corporate rivals, including all those listed above.

Since 2000, government subsidies for child care have underwritten huge profits for some individuals and corporations. ABC shares have grown twenty-fold since the company floated in 2001 (Wisenthal 2006) and after-tax profits have grown from $3.3 million to $81 million in the same period. Average earnings per centre (before interest and tax) are about $180,000 (Wisenthal, 2005). ABC is easily the dominant player in Australian child care, having taken over all its corporate rivals with the exception of CFK, which has just forty centres. ABC plans to own 25 per cent of the Australian market by 2008 (Fraser 2006b). CEO Eddie Groves has plans for further growth, believing he can acquire up to 50 per cent of the market share in metropolitan areas before encountering problems with the Australian Competition and Consumer Council (Fraser 2006a). He plans to double the size of his Australian and New Zealand operations by 2010 as well as overseeing a fourfold increase in his US holdings (Gottliebsen 2006). Groves envisages the market capitalization of ABC rising to around $10 billion so that it will be 'knocking on the door of the ASX top-20' (Gottliebsen 2006). In 2006, Groves was named by *Business Review Weekly* as Australia's richest individual under 40; his personal wealth was estimated at $260 million (Symonds 2006) .

ABC Learning has also become a major player in the international child care market. In November 2005 it acquired the US-based Learning Care group which gave it licensed capacity for more than 69,000 children in the USA. It acquired franchises in Hong Kong, Indonesia and the Philippines as part of the Learning Care takeover and, in 2006, it bought Busy Bees, a UK child care company with an associated business in vouchers. The acquisition of La Petite Academy in 2006 made ABC Learning the second largest provider of child care in the US and the largest listed child care company in the world (ABC Learning 2006).

The shift in Australia away from non-profit, community based services and towards the private sector raises fundamental questions about the direction of policy and appropriate expenditure of public funds (Goodfellow 2005; Press and Woodrow 2005; Sumsion 2006). Critics argue that there is 'an inexorable tension between obligations to shareholders and obligations to children' (Le Marchant quoted in Horin 2003). While advocates of a market orientation in human services have warned of dangers of rent-seeking behaviour on the part of public servants, there are parallel concerns about the relationships between business leaders and politicians. Colin Crouch, Professor of Governance and Public Management at Warwick Business School, has warned that politicians may 'respond primarily to the concerns of a handful of business leaders whose special interests are allowed to be translated into public policy' (quoted in Sumsion 2006). There is no suggestion here that business leaders have inappropriate influence on Australian child care policy, nevertheless, the close links between Liberal politicians and listed child care companies are worthy of note. ABC Learning is chaired by Sally-Anne Atkinson, former Liberal mayor of Brisbane. Child Care Centres Australia (now absorbed by ABC) was developed by Liberal powerbroker Michael Kroger in association with his father-in-law, former Liberal Party leader Andrew Peacock. Future One (also acquired by ABC) was chaired by a former Victorian Liberal minister Vin Heffernan (Horin 2003). A family company belonging to Assistant Treasurer, Peter Dutton, leases a child care centre to ABC Learning (Taylor 2006). In 2005, Larry Anthony, who had served as Minister for Children and Youth Affairs in the Howard government, joined the board of ABC as a non-executive director just months after losing his seat in a federal election. Shortly afterwards, ABC won a contract to manage nineteen Defence Department child care centres around Australia; these had previously been managed by the 110-year old, non-profit organization KU Children's Services. According to Groves, Anthony had nothing to do with negotiating the Defence Department contract (Hills 2006). ABC Learning is one of the major corporate donors to the Queensland Liberal Party (Allen and Ludlow 2006). The company's close relationship with the Coalition parties was further demonstrated in 2006 when the *Sunday Age* revealed it had offered to work with the government to publicise its view 'that the Coalition Government has been the most proactive government' in the funding of services for pre-school age children (Birnbauer 2006).

How successful has Australia's pro-market strategy been in generating new places and making child care available to families who might otherwise have lacked services? A recent report by the OECD suggests that 'many Australian policy makers consider the strategy successful as it brought new investment into a field that had remained under-funded' (OECD 2006: 108). Data from the Australian Institute of Health and Welfare suggest a more cautious assessment. As Table 1 shows, the number of private, for-profit child care places grew by 27,772 or 20 per cent between 1997 and 2004, while community-based, non-profit provision increased by 18,966 places or 43 per cent in the same period. Changes in the method of counting and classifying child care places mean that these figures may not be completely accurate, but the general pattern is clear: the major growth in the number of commercial long day care places occurred under Labor; the big growth in private profits has occurred under the Howard government. The latter period has not been accompanied by particularly strong growth in private provision, rather, there has been a consolidation of the market in the hands of fewer players, accompanied by spectacular profits for some.

Regulation and standards

Issues about quality, standards and regulation of long day care have acquired particular salience with the turn towards for-profit provision. Market theory suggests that when parents are 'empowered' as consumers, providers will compete on the basis of both quality and cost. Parents, as guardians of their children's interests, will choose services that balance these elements in the way that they think most appropriate. But, in order for markets to be effective, competing products need to be available and customers must be able to 'shop around' for products that suit them. In the case of child care, these conditions are rarely met. Most parents have little knowledge about the quality of services and, in any case, shortages of supply mean that families often have to take what they can get. Research has shown that parental assessments of the quality of care are generally higher than those based on objective measures (Mocan, 2001). Shortages of particular kinds of service (such as care for babies in toddlers) as well as general shortages in some geographical areas (notably inner-city suburbs, remote areas and some country towns) make the notion of 'consumer choice' a hollow ideal. Advertising and branding can further cloud parents' assessments. Indeed, according to Canadian economists Cleveland and Krashinsky, commissioned by the OECD to report on funding mechanisms for early childhood education and care, 'for-profit firms have an incentive to provide childcare that seems of high quality but is not. Because parents can be fooled into buying low quality care, low-quality providers will be able to underprice higher-quality producers and drive them out of business' (Cleveland and Krashinsky: 2002, 40). Although services are required to participate in the National Childcare Accreditation System, concerns have been expressed about its efficacy. More than 97 per cent of the long day care centres that have completed the process have been accredited (NCAC 2006).

Cassells et al. used the Household Income and Labour Dynamics of Australia (HILDA) survey to examine households where parents had used or thought about using child care for paid work. Their analysis showed that 18 per cent of such households experienced difficulty in finding good quality care, 22 per cent had difficulty finding a centre of their choice, 18 per cent in finding a centre in the right location and 27 per cent had problems with the cost of care (Cassells et al. 2005, 7). The ABS *Child Care Survey* conducted in 2005 found that parents required additional, formal care for 106,100 children aged 0-4 (9 per cent of children in this age group) (ABS 2006, 8).

The private child care sector is made up of a myriad of providers with diverse philosophies, aspirations and motives. Most owner-operators are experienced professionals, deeply committed to the wellbeing of the children in their care. It would be inaccurate to depict private providers, whether owner-operators or corporations, as unscrupulous profit-seekers, and equally inaccurate to suggest that all non-profit care meets some superior standard. In a recent report on staff perceptions of quality in child care, the Australia Institute made a useful distinction between three types of providers: community-based, non-profit providers (including all centres run by 'community groups, religious organizations, charities, local governments and by or in state government premises'[2]); independent private providers (owner-operated small businesses that usually own a single centre) and corporate chains listed on the stock exchange. Based on a stratified random sample of long day care staff, the Australia Institute found considerable common ground between community-based providers and independent private providers. On many indices of quality, these two categories formed a 'cluster' which separated them from staff in corporate chains. On the critical issue of whether staff have time to form relationships with children, 54 per cent of staff in community-based centres and 49 per cent in independent centres agreed that they did, whereas only 25 per cent of staff in corporate chains held this view (Rush 2006, 30). Eighty per cent of staff in community centres and 75 in independent private centres said there was 'always' enough food for children, compared with 54 per cent in corporate chains (Rush 2006: 36). When asked whether they would be happy to enroll a child of their own in the centre in which they worked, or one of a similar quality, 21 per cent of staff in corporate chains said they would not be happy to do so, because of quality concerns; 4 per cent of staff in community-based and 6 per cent in independent private centres expressed this view (Rush 2006: 50).

Representatives of the for-profit sector have frequently lobbied against attempts to strengthen regulations and improve quality. This has happened in several states over a period of years. In NSW, private providers have twice defeated efforts to raise the required ratio of staff to babies and toddlers. NSW government regulations require just one staff member for every five children – a far lower standard than that which applies in some other states (e.g. Western Australia and Queensland) and well below the ratio recommended by international research. In 2006, a government-appointed task force recommended the phasing in of a 1:4 ratio. The government rejected the taskforce's recommendation, favouring instead a dissenting report submitted by two taskforce members representing the private sector (Horin 2007). This is the second time in recent years that lobby groups representing for-profit providers have opposed efforts to bring the NSW regulations into line with international recommendations. Research conducted by the Social Policy Research Centre at UNSW has shown that private operators are far more likely than community-based services to seek exemptions from state requirements to employ trained teachers (Purcal and Fisher 2004). This research also reports a disturbingly high rate of complaints about *private* services that have such exemptions, but very few against *non-profit* services with exemptions. Of the 57 complaints made to the Department of Community Services against centres that had interim approvals, 52 were against private and five were against non-profit services (Purcal and Fisher 2004: 12). In Queensland, ABC Learning challenged the regulations concerning staffing during lunchtime and during breaks (Horin, 2003).

A final concern is that policies geared towards gender equality and intended to have beneficial effects for mothers and babies – paid maternity leave for example – could be seen as antithetical to the business interests of private child care providers (Summers 2002). The prospectus for the now defunct Child Care Centres Australia, developed by Michael Kroger and Andrew Peacock, named paid maternity leave as one of the commercial 'risks' the business faced. In the midst of an intense public debate about the possible introduction of paid maternity leave, the *Weekend Australian* reported: 'The main area which could affect private childcare companies is the proposal to introduce some form of paid maternity leave, which would affect demand for childcare services as more women stayed at home longer after giving birth' (Fraser, 2002).

The cost of care

Commonwealth government expenditure on child care has grown considerably under the Howard government, rising from just over $1 billion in the last year of the Keating government to $1.8 billion in 2005/06. All types of Commonwealth-supported child care (with the exception of occasional care) have expanded under the Howard government (Table 2). However, the cost of child care to parents remains a sensitive issue. Child care dominated an inquiry into 'Balancing Work and Family' conducted in 2005-2006 by a House of Representatives Committee, with two-thirds of the submissions to the inquiry commenting on affordability and accessibility (Australia HRSCFHS 2006, para. 6.1). Cassells found that 27 per cent of households with children under school age experienced difficulties with the costs of care (2005, 7).

Table 2. Commonwealth expenditure on child care services, 1991-92 to 2005-06

	Childcare Assistance	Childcare Rebate	Child Care Benefit	Other services	JET	Dept running costs	Total (current prices)	Total (constant 2000-01 prices)
1991-92	289	. .	. .	145	. .	14	449	525
1992-93	384	. .	. .	154	. .	16	555	634
1993-94	497	. .	. .	170	. .	23	691	784
1994-95	592	87	. .	181	. .	34	894	1,009
1995-96	657	121	. .	191	10	36	1,014	1,124
1996-97	711	127	. .	206	7	41	1,092	1,187
1997-98	640	123	. .	218	5	40	1,026	1,097
1998-99	677	121	. .	182	10	102	1,091	1,135
Break in series								
1999-00	749	164	. .	195	11	158	1,278	1,320
2000-01	0.2	-14.6	1,037	180	7.3	146	1,356	1,356
2001-02	0.8	0.1	1,316	187	11	131	1,646	1,607
2002-03	. .	. .					1,568	
2003-04	. .	. .					1,600	
2004-05	. .	. .					1,702	
2005-06	. .	. .					1,886	

Source: AIHW 2003, 242; FaCS Annual Reports

The Australian government provides Child Care Benefit (CCB) to reduce the costs that parents face in using approved care[3]. Families can claim up to fifty hours of CCB for approved care if parent(s) are working, looking for work, involved in volunteer work, studying or training, or if they have a disability or are caring a child with a disability. Other families can claim up to twenty-four hours CCB. The amount of CCB depends upon various factors including family income, the ages of children in care and the number of hours of care required. At the extreme, a family with an income below $33,360 may be eligible for up to $144 per week. The CCB tapers down to a minimum rate of about $25 per week for the ten per cent or so of families with combined incomes over $98,000. However, these levels of subsidy are payable only in respect of children below school age who attend the service for fifty hours per week. In 2004, 58% of children in long day care attended for 20 hours or less per week and only 3% of children were in long day care for 50 or more hours per week. The proportion of children from low-income families who attend child care for 50 hours and thus attract the maximum subsidy is likely to be very small – particularly since families must pay the difference between CCB and the actual fee charged by the service.

Childcare Benefit is structured to give the highest dollar value to low income families, but families are required to meet the difference between CCB and the actual fee charged by the service, which, in some instances, can be considerable. Child care fees vary from state to state and between private, for-profit care and community based care but the average fee in private long day care in 2004 was $208, leaving a gap of $82 per week, on average, for families using full-time child care. However, very few families use full-time care. In 2004, in response to sustained pressure and lobbying – including from business interests – the government announced the introduction of a new measure, the Child Care Tax Rebate (CCTR) – designed to assist working parents with their child care costs. The CCTR will provide a rebate of up to $4000 in respect of out-of-pocket child care costs (that is, child care costs minus Childcare Tax Benefit). CCTR was presented as a 30% rebate on out-of-pocket child care costs (that is, child care costs minus Childcare Tax Benefit). It will be available only to those who receive Child Care Benefit for approved care and are working, studying or training with a view to employment. The CCTR seems designed to offset the progressive nature of Child Care Benefit, which delivers the greatest gains to low-income families. Under the CCTR, the greatest benefits will go to those with the highest child care costs, and high child care costs are strongly correlated with high incomes (ABS 2006). Further, since the CCTR is only available to offset tax, low-income families will miss out if their Rebate is worth more than their tax bill. Married couples can transfer any unused portion of the rebate to their partners, but single parents have no such option.

Following the 2004 election, the Treasurer announced that a cap of $4000 would be applied to the CCTR and that parents would not be able to claim it until 2006 which would mean waiting for up to two years to claim the benefit. The CCTR is based on completely different principles to CCB: it is designed to provide the highest benefits to those with high child care costs – and, since high child care costs are strongly correlated with high incomes, it is clear that families on high incomes will benefit the most. Further, the CCTR is *only* available to offset tax, so low-income families will miss out if amount for which they are eligible is greater than their tax bill. Partnered women can transfer any unused portion of the rebate to their partners; single mothers have no such option. The CCTR has been criticised from many quarters. The Australian Council of Social Service has called for it to be scrapped and for the government to build on the CCB by introducing a '30% child care guarantee' – that is, a guaranteed subsidy of 30% of the costs of using approved care.

Conclusion

Australia's approach to the provision and funding of centre-based care for children below school age has been transformed as Commonwealth governments, both Labor and Coalition, have turned to private, for-profit providers as the main engine of growth. The most salient feature of private sector growth in Australia in recent years has been the restructuring of the for-profit sector, with the proportion of owner-operators declining and a single corporate provider, ABC Learning, becoming increasingly dominant. The number of long day care places has increased moderately, but consolidation of the market and concentration of ownership, rather than expansion of provision, have been the hallmarks of this era. As private, including corporate, care has grown as a proportion of overall provision, there have been attempts to weaken, or at least prevent the strengthening of, regulations in several states. Finally, despite the billions of dollars being spent on child care, there remain serious problems with affordability. No other country in the world has allowed a single company to assume such a commanding position in the market: Australia has, in effect, embarked on a vast national experiment.

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Endnotes

[1] Long day care is a centre-based form of child care service that provides all day or part-time care for children of working families and the general community. Private operators, local councils, community organisations, employers or non-profit organisations may run these services.

[2] This follows the classification used in Australian Institute of Health and Welfare (2005).

[3] 'Approved care' refers to services that the Australian Government has approved to receive CCB on behalf of families. These can include long day care, family day care, in-home care, outside school hours care and occasional care services. 'Registered care' is care provided by grandparents, relatives and friends who have registered with the Family Assistance Office. Families can claim the minimum rate of CCB if their child uses 'registered care'.