ABC Learning Centres
A case study of Australia’s largest child care corporation

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Discussion Paper Number 87
June 2006
ISSN 1322-5421
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Acknowledgments

The authors would like to thank Clive Hamilton and Andrew Macintosh for their direction, assistance and feedback during the preparation of this report.

Valuable comments on a draft of this paper were kindly provided by Dr Joy Goodfellow and Professor Barbara Pocock.

Particular appreciation is due to the child care staff who volunteered to be interviewed.
In late 2005 the Australia Institute carried out an Australia-wide survey of perceptions of child care staff of the quality of care provided at the long day care centres they were employed at. The survey results showed that, according to staff who work at the centres, corporate chain centres provide poorer quality care on all quality aspects surveyed compared to community-based centres. This finding suggests the need for further investigation, since corporate chains have rapidly penetrated long day care provision over the last five years, and now provide approximately 25 per cent of places.

A.B.C. Learning Centres Limited (hereafter referred to as ABC Learning) is by far the largest of the corporate child care chains operating in Australia. In recent years the company has experienced very rapid growth. First established in 1988, and owning only 18 centres in 1997, it now owns more than 800 centres and provides approximately 20 per cent of all long day care places Australia-wide. In the 2004-2005 financial year ABC Learning earned profits of over $50 million. This financial success has been reflected in a share price that increased more than 300 per cent in the 5 years since the company first floated on the Australian Stock Exchange in 2001. In April 2006, ABC Learning’s market capitalisation stood at $2.6 billion.

The Federal Government subsidises child care via the Child Care Benefit, which is paid to parents. Child Care Benefit is a family support payment, but it also functions as an indirect subsidy to child care providers, who are the final destination of this funding. We estimate that in 2005-2006 ABC Learning will receive approximately $206 million as an indirect subsidy from the Federal Government via Child Care Benefit payments to the parents who have children enrolled in ABC Learning centres.

Results from the 2005 survey for ABC Learning centres must be used with some caution due to a relatively small sample size (there were 77 respondents from ABC Learning centres). However, even if only indicative, we believed the following results warranted further investigation. Only 29 per cent of respondents from ABC Learning centres said they always have enough time to develop individual relationships with the children they care for, compared with 54 per cent of community-based centre staff. This may be related to poorer staff-to-child ratios at ABC Learning centres: only 15 per cent of respondents from ABC Learning centres said their centre employs more staff than legally required, compared with 40 per cent of staff at community-based centres. Only 37 per cent of respondents from ABC Learning centres said that a good variety of equipment is provided for children at their centre, compared with 66 per cent of staff at community-based centres.

As for the food provided for children, only 49 per cent of ABC Learning centre respondents said that nutritious food is always provided, compared with 74 per cent of community-based centre staff. Similarly, only 55 per cent of ABC Learning centre respondents said enough food was always provided for children, compared with 80 per cent of staff at community-based centres.

The 2005 survey of child care staff asked respondents to indicate if they would be interested in elaborating on their views about quality of care in a focus group or over the
telephone. Of the respondents from ABC Learning Centres, 35 said that they would. In March 2006 we attempted to contact 30 of these respondents. In most cases, successful contact was made, and in total we conducted detailed telephone interviews with 20 respondents who had been employed in ABC Learning centres during the time of the 2005 survey. On average, interviews lasted half an hour.

The interviews revealed that the quality of care provided at ABC Learning centres varies widely from centre to centre. Some interviewees were happy with the quality of care provided at their centres, but taken as a whole the interviews suggest that there are a number of systemic barriers to the provision of high quality care at ABC Learning centres. It appears that food budgets are low, and qualified cooks poorly paid and difficult to find. Equipment budgets appear to be adequate but a number of staff said that they felt limited by the fact that these budgets must be spent at an ABC Learning-owned toy company that does not provide a wide enough variety for programming which is developed for individual children.

Interviewees told us that some ABC Learning centres have no specialist cleaning staff and that staff at these centres are required to do all the cleaning as well as care for the children. The result of this additional workload is that staff have less time to interact with and care for the children. At other centres, specialist cleaning staff are only employed three days a week, and the other two days the staff must do all the cleaning. Almost all the interviewees agreed that paperwork responsibilities at ABC Learning are very heavy and reduce the amount of time available for staff to interact with children. Many interviewees could see the need for this paperwork, which is required by ABC Learning for both legal protection and for programming purposes, but felt that there was so much of it that staff became less available to care for the children.

Finally, a number of interviewees articulated concerns about how child care staff are treated by ABC Learning. Some interviewees felt that they were expected to present a professional program without being paid or treated as professionals. A number said that they and other staff regularly complete tasks at home. Some said that they were not paid for set up time, clean up time, or for evening staff meetings. One said that since the introduction of the Work Choices legislation, staff had been told that they were no longer permitted even to claim time-in-lieu for these necessary tasks. Others said that they were not supported in professional development. It appears that some staff are employed as ‘permanent part-time’, which means they can work up to 37.5 hours a week, but can also be sent home if child numbers drop. When this happens they receive less pay or have time taken out of their annual leave. Some interviewees pointed out that ABC Learning’s practice of distributing shares to staff only assists those who are employed full-time; the many staff who are employed permanent part-time or on a casual basis are not eligible to receive shares.

The factors affecting the provision of good quality care in ABC Learning centres identified by the interview process confirms the results of the 2005 survey and highlights the need for stronger government regulation in this area. In particular, stronger regulation is desirable on matters such as staff-to-child ratios (a State government responsibility) and quality spot-checks (a Federal Government responsibility). Such stronger regulation would apply to all long day care providers and as such would improve all centres that do not currently deliver high quality care, not
just those ABC Learning centres that are currently underperforming. Given that 2005 survey results showed that community-based centres consistently provide higher quality care than corporate chains, the Federal Government might also consider providing capital funding for the establishment of new community-based centres in order to provide parents with better opportunities to access high quality care and put pressure on the corporate chains to improve the quality of care provided in their centres.

One new concern brought to light by our research is that ABC Learning staff appear to be discouraged from raising any concerns about the operation of ABC Learning centres outside the company itself. Corporate child care chains receive millions of dollars in Federal Government funding via the Child Care Benefit that is paid to the parents of children enrolled at corporate chain centres. The public has a right to know what is going on in these centres – not simply in relation to the effective use of public funds, but in relation to the care provided to a substantial fraction of the nation’s youngest children. This is a politically sensitive area. Given the results of both the 2005 Australia Institute survey, and the interviews reported in this paper, both an ethical and a risk-management perspective suggest that the Federal Government should consider the wisdom of allowing any further expansion of corporate chains in the long day care sector.
1. Background to case study

1.1 Child care in Australia

Children in long day care

Long day care is the most significant type of government-supported and regulated child care in Australia. Over three hundred thousand children below the age of five years attend long day care, and the number of children who attend is increasing each year. The proportion of children attending long day care rises by age group. In 2005, long day care centres provided care for:

- 4.5 per cent of babies aged under one;
- 21 per cent of one year old children;
- almost 30 per cent of two year old children;
- almost 38 per cent of three year old children; and

During the period 1999 to 2005 the proportion of young children attending long day care rose in all of the above age groups, and the total number of children attending rose almost 41 per cent (ABS 2000, p. 12; ABS 2006, p. 14). However, most children do not attend long day care full time. In 2004, only 10 per cent of children who attended long day care were in care for 40 hours a week or more, and 24 per cent were in care for less than 10 hours a week. The remaining 66 per cent attended between 10 and 39 hours per week (FACS 2004, pp. 33, 55).

Providers of long day care

There are three distinct types of long day care provider: community-based, independent private, and corporate chains. The community-based category includes all non-profit centres, which are run by ‘community groups, religious organisations, charities, local governments, and by or in state government premises’ (AIHW 2005, p. 88). The majority of independent private providers are owner-operated small businesses that in most cases do not own more than one centre. They are for-profit but are not listed on the Australian Stock Exchange.

Corporate chains are those child care providers that are listed on the Australian Stock Exchange. A.B.C. Learning Centres Limited (hereafter referred to as ABC Learning) is by far the largest corporate chain operating in Australia (ABC Learning 2006). It now operates approximately 825 long day care centres (Fraser 2006; ABC Learning 2006a),

1 Attendance at preschool instead of long day care is the probable reason for a decline in attendance at long day care from age three to age four.
2 Confirmed in personal correspondence by the national office of Childcare Associations Australia, the national peak body representing private long day care, 22 March 2006.
up from only 18 in 1996, when it was Australia’s largest child care company (Loane 1997, p. 259).\textsuperscript{3} Smaller corporate chains include Hutchison’s Child Care Services, which owns 81 long day care centres (HCCS 2006), and Childs Family Kindergartens, which owns 37 long day care centres (CFK 2006).

The entry of corporate chains into long day care provision in Australia is a recent development: none of the three corporate chains currently operating had listed on the Australian Stock Exchange prior to 2002 (ASIC 2006). Available information suggests that approximately 62,600 long day care places are currently provided by the corporate chains (see Appendix 1). This is approximately 25 per cent of all long day care places in Australia.\textsuperscript{4}

\textit{Regulation and funding of long day care}

State regulations specify minimum requirements that providers must meet to be granted licenses to operate, and a national accreditation system aims to improve the quality of care. The national accreditation system is linked to parents’ eligibility for Child Care Benefit: children must be enrolled at an accredited centre for Child Care Benefit to be paid to their parents. Of the $1.47 billion spent on Child Care Benefit in the 2004/2005 financial year, approximately 70 per cent goes to subsidise children occupying places in long day care centres (FACSIA personal correspondence, 10 May 2006), and therefore functions as a subsidy to long day care providers.

Almost all long day care centres are accredited, but a number of concerns have been raised about the adequacy of the accreditation framework and process to ensure high quality care (Rush 2006). In April 2006, the Federal Minister for Families, Community Services, and Indigenous Affairs made a commitment to introduce spot-checks for the quality of care provided by a centre (Farouque 2006). This will place increased pressure on centres to provide high quality care at all times, but the significance of its effects will depend upon how strongly it is implemented.

1.2 Quality failure in corporate chains

In late 2005, the Australia Institute undertook a national survey of long day care centre staff in order to ascertain the degree to which anecdotes about poor quality care reported in the media reflect the quality of care Australia-wide (Rush 2006).\textsuperscript{5} The survey confirmed that, in the view of child care staff, the quality of care provided around Australia is generally quite high. However, for all the aspects of quality care investigated, results showed that community-based long day care centres offer the highest quality care. Independent private centres offer a quality of care that is usually

\textsuperscript{3}At the start of January 2005 ABC Learning Centres operated 750 centres but in March 2006 the company took over Kids Campus (a smaller corporate chain), giving it an extra 85 currently operating centres, with 21 more ‘in the pipeline’. Due to Australian Competition and Consumer Commission requirements ABC Learning Centres will have to sell about 10 of these newly acquired centres (Fraser 2006). See also KDS (2006).

\textsuperscript{4}Current figures for total long day care places in Australia are not available. The most recent figures are from Centrelink Administrative data as at 27 September 2004, and show 229,603 long day care places available Australia wide (figures provided by the Child Care Branch, Department of Families, Community Services and Indigenous Affairs, 10 March 2006).

\textsuperscript{5}A summary of the survey methodology is given in section 1.4.
similar to the high quality offered by community-based centres. The survey suggested that corporate chains offer the lowest quality of care on all aspects of quality surveyed, and in some cases it is markedly lower than that provided by community-based long day care centres.

For example, 54 per cent of community-based centre staff said that they always had time to develop individual relationships with the children they care for, compared with only 25 per cent of corporate chain staff. This is probably related to the survey finding that community-based centres are more likely to operate with extra staff: 40 per cent of community-based centre staff say that standard staff-to-child ratios at their centre are above legal minimum, compared with only 14 per cent of corporate chain staff. As for the program offered to children, 66 per cent of staff from community-based centres described the variety of activities and equipment provided at their centre as ‘good’, compared with only 34 per cent of corporate chain staff. Even the food provided to children appears to differ according to the ownership of the centre. Amongst community-based centre staff, 75 per cent said nutritious food is always provided at their centre, and 80 per cent said enough food is always provided at their centre. Amongst corporate chain staff, the figures were only 46 per cent and 54 per cent respectively.

The results of the survey are of concern given that the share of long day care centres owned by corporate chains has been rapidly increasing. There are good grounds for believing that the lower quality of care in corporate chain centres is due to the very nature of the corporate enterprise. Managers of corporations are legally obliged to act in the best interests of their shareholders. In a market like child care, where there is limited scope to raise prices without additional government subsidies, corporate chain providers may believe they have little choice but to adopt an orientation where concerns about the children they care for are secondary to those regarding efficiency and cost containment.

1.3 Case study aims

The striking results from the survey of child care workers provided the basis for this report. ABC Learning is by far the largest corporate child care chain in Australia, and we estimate that in the 2005/2006 financial year it will receive approximately $206 million in Federal Government subsidies via the Child Care Benefit (see Appendix 2). If the company does not provide consistently high quality child care, as the results of the survey suggest, then the public has a right to know what is going on. The issue is not simply effective use of public funding, but the care provided to a substantial fraction of Australia’s youngest children. Parents, too, need reliable, independent information so that they can make informed decisions about where to place their children for long day care.

Results from the survey of long day care staff were originally reported simply by provider type (community-based, independent private, and corporate chain) (Rush 2006). However, the survey also asked respondents to identify by name the centre at which they were employed.\(^6\) In section 1.4 we present a subset of results from the

\(^6\) The respondent information section of the questionnaire included a question on corporate ownership (‘If the centre is owned by a corporate child care group, please write which one.’) This enabled us to identify centres that were owned by a corporate chain but had retained their original name after being taken over.
survey in order to compare responses from staff at community-based centres with responses from staff at centres owned by ABC Learning. Then, in section 2, we provide an analysis of the history, growth and operation of ABC Learning. Finally, in section 3, we present a view ‘from the inside’, based on detailed interviews carried out with child care staff from ABC Learning centres around Australia.

1.4 ABC Learning: Quantitative data on quality of care provided

The 2005 survey methodology followed standard research conventions. A questionnaire was designed to investigate various aspects of the quality of care provided in long day care centres. The questionnaire included a range of questions about key aspects of quality care: time available for staff to develop individual relationships with children; whether the centre’s program accommodates children’s individual needs and interests; the quality of the equipment provided for children; the quality and quantity of food provided; the staff turnover at the centre; and the staff-to-child ratios at the centre. Staff were also given an opportunity to comment in their own words in open-ended questions. Questionnaires were sent to a stratified random sample of 482 long day care centres across Australia (approximately 10 per cent of centres Australia wide). Researchers made follow-up telephone calls to centres surveyed in order to answer any questions from child care staff about the questionnaire. Valid responses were received from 217 centres (almost 45 per cent of those surveyed and almost 5 per cent of centres Australia wide).

The 578 valid responses received were tested for sample bias, with the following results. Respondents were highly representative of the total Australian population of long day care workers in terms of geographic distribution (by state). They were adequately representative in terms of centre type (community-based, independent private, or corporate chain) and in terms of qualifications held. However, proportionally respondents had more experience working in long day care centres than did the total population of long day care staff in Australia. That the survey attracted a high proportion of experienced respondents is probably due to the fact that staff who have a long term commitment to child care as a profession are those who are more likely to complete and return a voluntary questionnaire.

There was also potential for the responses we received to be biased due to the possibility that directors of poor quality centres may have failed to pass the questionnaires on to staff, whether for their own reasons, or because they were told not to do so by managers higher up in the corporate structure. For example, during the follow-up telephone calls made to centres after the questionnaires had been mailed out, a staff member at one ABC Learning centre reported to us that staff had been told not to fill out the questionnaires by the ABC Learning state office. At a couple of other ABC Learning centres staff said that they had asked higher levels of management if they could fill in the questionnaires, and at the time we spoke to them, they were still waiting for a response.

The results of an independent sample of questionnaires sent to Children’s Services students at TAFE colleges showed that long day care staff surveyed by this means

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7 For a complete discussion of the survey methodology summarised here, see Rush (2006, pp. 17-28).
assessed their centres as providing slightly lower quality of care than those surveyed by direct mail-out to centre directors. This difference may have resulted from directors of poor quality centres failing to pass the questionnaires onto their staff. If anything, then, survey results may underestimate the quality problems in long day care centres.

In our judgement, the results of the 2005 survey provide a reasonably accurate reflection of staff perceptions of the quality of care provided in long day care centres around Australia. Below we present a subset of the responses received to the 2005 survey. Valid responses were received from 77 staff employed at 30 different ABC Learning centres. A sample size of 77 is slightly below the lower limit of 80 to 100 normally accepted in the social sciences as providing reliable results. Therefore the results for ABC Learning centres reported below must be considered to be indicative only. In contrast, the results for community-based centres, presented for comparison purposes, are based on 229 valid responses from 81 different community-based centres and can be considered to be reliable. To highlight the difference between these two samples, when reporting responses we refer to ‘respondents from ABC Learning centres’ compared with ‘staff from community-based centres’.

Discussion of survey results below is structured by question. The question and the range of valid responses as they appeared on the questionnaire (printed in italics) introduce each sub-section. Note that the total number of respondents changes slightly in each question because of the valid respondents, some did not answer some questions, and where a respondent ticked in between the available options, their response was coded invalid. The number of respondents reported on in each table is shown as a note to each table, with the number of responses from community-based and ABC Learning centres identified in parentheses. Where applicable, we have tested whether the responses for ABC Learning centres differ significantly (at the 95 per cent level) from the responses for community-based centres. Where the difference is significant, it is marked with an asterisk (*). Quotations from respondents are taken from the questionnaire responses and used to illustrate the data. These are identified by centre type and by state in parentheses immediately following the quotation.

At your centre, do you feel there is time to develop individual relationships with the children you care for? Always/Usually/About half the time/Rarely/Never

The results are shown in Table 1.

We would expect that in high quality child care, staff would say that they ‘always’ or ‘usually’ had time to develop individual relationships with the children they cared for. Individual relationships between carers and the children are extremely important, because they promote secure attachment, reduce children’s stress and aid childhood development. Ninety per cent of community-based centre staff said they always or usually had time to develop individual relationships with the children they care for. Only 72 per cent of respondents from ABC Learning centres said the same thing. This may be related to ABC Learning centres appearing less likely than community-based centres to operate with staffing numbers above the legal minimum (see discussion later in this section).
[I would like] more time for staff to spend with individuals, as well as [children with] special needs… (ABC Learning, NSW).

Table 1 Staff have time to develop relationships with individual children, staff perceptions by centre type

<table>
<thead>
<tr>
<th>Centre type</th>
<th>% of respondents</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Always</td>
<td>Usually</td>
<td>About half the time</td>
<td>Rarely</td>
<td>Total</td>
</tr>
<tr>
<td>Community-based</td>
<td>54</td>
<td>36</td>
<td>8</td>
<td>1</td>
<td>99</td>
</tr>
<tr>
<td>ABC Learning</td>
<td>29*</td>
<td>43</td>
<td>25*</td>
<td>3</td>
<td>100</td>
</tr>
</tbody>
</table>

Percentages may not sum to 100 due to rounding.
* Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres.

n = 301 (Community-based 226, ABC Learning 75)

At your centre, does the program accommodate children’s individual needs and interests? Always/Usually/About half the time/Rarely/Never

The results are shown in Table 2.

Table 2 Centre program accommodates children’s individual needs and interests, staff perceptions by centre type

<table>
<thead>
<tr>
<th>Centre type</th>
<th>% of respondents</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Always</td>
<td>Usually</td>
<td>About half the time</td>
<td>Rarely</td>
<td>Total</td>
</tr>
<tr>
<td>Community-based</td>
<td>68</td>
<td>29</td>
<td>2</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td>ABC Learning</td>
<td>60</td>
<td>33</td>
<td>7</td>
<td>1</td>
<td>101</td>
</tr>
</tbody>
</table>

Percentages may not sum to 100 due to rounding.
* Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres.

n = 303 (Community-based 226, ABC Learning 77)

We would expect that in high quality child care, staff would say that the centre program ‘always’ or ‘usually’ accommodate children’s individual needs and interests. It is now widely recognised that high quality programs in early childhood include ‘child-initiative and involvement’ to a significant degree (Bennett 2004, p.11; see also Shonkoff and Phillips 2000, p. 315; NSCDC 2004, p. 1). There was very little difference between responses received from community-based and ABC Learning centres to this question. Amongst community-based centre staff, 97 per cent said their centre program always or
usually accommodated children’s individual needs and interests compared with 94 per cent of respondents from ABC Learning centres.

*At your centre, how would you describe the variety of the equipment for children? Good/adequate/poor*

The results are shown in Table 3.

We would expect that in high quality child care, staff would say that the variety of equipment provided for the children was ‘good’, or at least ‘adequate’. Such variety is important for staff to be able to deliver a varied and balanced program for the children.

ABC Learning claim to offer ‘[e]xtensive play and educational facilities specifically designed with child safety and child development as the priority’ (ABC Learning 2006c). However, only 37 per cent of respondents from ABC Learning centres described the variety of equipment provided at their centre as ‘good’, compared with 66 per cent of respondents from community-based centres.

[T]he grounds are dismal, and outside is such a small area (ABC Learning, Qld).

*Table 3 Centre provides a variety of equipment for children, staff perceptions by centre type*

<table>
<thead>
<tr>
<th>Centre type</th>
<th>% of respondents</th>
<th>Good</th>
<th>Adequate</th>
<th>Poor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community-based</td>
<td></td>
<td>66</td>
<td>29</td>
<td>5</td>
<td>100</td>
</tr>
<tr>
<td>ABC Learning</td>
<td></td>
<td>37*</td>
<td>55*</td>
<td>8</td>
<td>100</td>
</tr>
</tbody>
</table>

Percentages may not sum to 100 due to rounding.
* Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres.

n = 302 (Community-based 226, ABC Learning 76)

*At your centre, are the children provided with nutritious food? Always/usually/about half the time/rarely/never*

The results are shown in Table 4.

At some centres, the children bring food from home, and this option was not available on the questionnaire. However, 43 respondents (almost 17 per cent of valid responses) wrote on the questionnaire ‘parents provide food’ or ‘children bring own lunch’. These responses have been removed from the figures given below, since they do not reflect anything about the quality of the centre. However, we do not know how many respondents answered with respect to the food provided by parents, but failed to write this on the questionnaire. For this reason, the responses to this question must be interpreted with caution.
Only 49 per cent of respondents from ABC Learning centres said their centre always provides nutritious food for children, compared with 74 per cent of community-based centre staff.

Table 4 Centre provides nutritious food for children, staff perceptions by centre type

<table>
<thead>
<tr>
<th>Centre type</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Always</td>
</tr>
<tr>
<td>Community-based</td>
<td>74</td>
</tr>
<tr>
<td>ABC Learning</td>
<td>49*</td>
</tr>
</tbody>
</table>

Percentages may not sum to 100 due to rounding.
* Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres.

n = 260 (Community-based 195, ABC Learning = 65)

At your centre, are the children provided with enough food? Always/usually/about half the time/rarely/never

The results are shown in Table 5.

Table 5 Centre provides enough food for children, staff perceptions by centre type

<table>
<thead>
<tr>
<th>Centre type</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Always</td>
</tr>
<tr>
<td>Community-based</td>
<td>80</td>
</tr>
<tr>
<td>ABC Learning</td>
<td>55*</td>
</tr>
</tbody>
</table>

Percentages may not sum to 100 due to rounding.
* Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres.

n = 259 (Community-based 195, ABC Learning 64)

As for the previous question, at some centres the children bring food from home, and this option was not available on the questionnaire. Again, 43 respondents (almost 17 per cent of valid responses) wrote on the questionnaire ‘parents provide food’ or ‘children bring own lunch’. These responses have been removed from the figures given below, since they do not reflect anything about the quality of the centre. However, we do not know how many respondents answered with respect to the food provided by parents, but failed to write this on the questionnaire. For this reason, the responses to this question must be interpreted with caution.
The responses show a similar pattern to the previous question. Only 55 per cent of respondents from ABC Learning centres said their centre always provided enough food for children, compared with 80 per cent of staff from community-based centres.

Are the staff-to-child ratios at your centre usually ... below legal minimum/at legal minimum/above legal minimum.

The results are shown in Table 6.

According to staff, community-based centres are much more likely to operate with more than the legally required number of staff than are ABC Learning centres. Only 15 per cent of respondents from ABC Learning centres said that their centre operated with more than the legal minimum number of staff, compared with 40 per cent of staff at community-based centres.

Table 6 Standard staff-to-child ratios, staff perceptions by centre type

<table>
<thead>
<tr>
<th>Centre type</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Below legal minimum</td>
</tr>
<tr>
<td>Community-based</td>
<td>4</td>
</tr>
<tr>
<td>ABC Learning</td>
<td>4</td>
</tr>
</tbody>
</table>

Percentages may not sum to 100 due to rounding.

* Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres.

n = 296 (Community-based 222, ABC Learning 74)

At your centre, how often, if ever, do the staff-to-child ratios drop below the legal minimum? Never/Once a month/Once a week/Once a day/More than once a day

The results are shown in Table 7.

Child care staff frequently fall ill as a result of working with young children who are sick (Masterman-Smith et al. 2006, p. 6). When staff respond that their centre either never drops below the legal minimum staff-to-child ratio, or even that it drops below legal minimum once a month or once a week, this suggests either that they usually operate with staff-to-child ratios above the legal minimum (so that even when a staff member is absent due to illness, they remain above or at the legal minimum), or that their centre has a good system for obtaining temporary replacement staff when permanent staff are unable to work.

Amongst community-based centre staff, 77 per cent reported that their centre never drops below the legal minimum number of staff, compared with only 52 per cent of respondents from ABC Learning centres who said the same. This is consistent with standard staff-to-child ratios being more likely to be above legal minimum in the community-based centres (see previous question).
Table 7 Frequency with which staff ratios drop below the legal minimum, staff perceptions by centre type

<table>
<thead>
<tr>
<th>Centre type</th>
<th>Never</th>
<th>Once a month</th>
<th>Once a week</th>
<th>Once a day</th>
<th>More than once a day</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community-based</td>
<td>77</td>
<td>12</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>ABC Learning</td>
<td>52*</td>
<td>20</td>
<td>19*</td>
<td>9</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

Percentages may not sum to 100 due to rounding.
* Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres.
n = 300 (Community-based 225, ABC Learning 75)

If you have or had your own children aged under two, would you be happy to enrol them at the centre where you work or one with comparable quality of care? Why/why not?

The results are shown in Table 8. If a worker would not place their own young child in a centre of comparable quality to the one where they work, and they specify quality concerns as the reason for this, then this raises serious questions about the overall quality of care offered by the centre.

Overall, the responses indicate that the majority of respondents would be happy to enrol their own child aged under two in the centre where they worked, although there was a slight difference between the 80 per cent of community-based staff who said they would be happy, and the 70 per cent of ABC Learning centre respondents who said the same. Many staff described the overall quality of care at their centre in very positive terms.

The staff genuinely care for all the children and families equally. They put the children and their beliefs, likes and interests first (Community-based, NSW).

Great [staff] teamwork, level/even standard of care, mature caring staff (ABC Learning, WA).

The children are well looked after and the staff genuinely care for the children (ABC Learning, Victoria).
Table 8 Responses to ‘If you have or had your own children aged under two, would you be happy to enrol them at the centre where you work or one with comparable quality of care’, by centre type

<table>
<thead>
<tr>
<th>Centre type</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Community-based</td>
<td>80</td>
</tr>
<tr>
<td>ABC Learning</td>
<td>70</td>
</tr>
</tbody>
</table>

Percentages may not sum to 100 due to rounding.
* Percentages marked with an asterisk are significantly different at the 95 per cent level from the figure for community-based centres.

n = 294 (Community-based 218, ABC Learning 76)

However, a minority of staff surveyed said that they would not be happy to enrol their own child aged under two in the centre where they worked, due to quality concerns. Only four per cent of community-based centre staff cited quality concerns as the reason they would not send their own child to the centre they worked at or a centre offering comparable quality of care. Amongst respondents from ABC Learning centres, the proportion dissatisfied with the quality of care provided was much higher: 18 per cent said they would not send their own child to the centre where they worked, or one with comparable quality of care, because they had concerns about the quality of care provided at their centre.

Respondents from ABC Learning centres who would not be happy to send their own child to the centre where they worked because they had quality concerns cited a number of different reasons.

Some referred to what they felt were unacceptably low staff-to-child ratios.

I believe under 2 with these ratios is unfair (ABC Learning, NSW).

Child ratio to staff is too high, children can not achieve the individual and quality care they need (ABC Learning, Qld).

Some felt the many responsibilities of staff meant that children did not receive enough attention.

Not enough time spent with children, staff always cleaning or doing paperwork (ABC Learning, NSW).

The underlying stress of the staff. The sterility of the centre (focus on cleaning and little on children being children) (ABC Learning, NSW).
Others were concerned about the rigidity of the centre routines not allowing for children’s individual needs.

… regimented and rigid programs where the children have to fit in with the centre program style whether it suits their personality or not! (ABC Learning, Qld)

[Centre] does not meet emotional needs, [children must] follow centre’s routine (ABC Learning, NSW).

In March 2006, detailed interviews were carried out with 20 staff from ABC Learning centres in order to investigate further the survey results presented above. Additional information provided by these interviews is reported in section 3.
2. ABC Learning

2.1 History

ABC Learning Centres Limited (‘ABC Learning’) is Australia’s largest corporate child care provider. Founded in Brisbane in 1988, it now operates throughout Australia, New Zealand and the United States. Since being listed on the Australian Stock Exchange in March 2001, ABC Learning has experienced a meteoric rise.

Assessed by turnover and market share, ABC Learning is now the largest corporate child care provider in Australia and the largest listed provider in the world (Haynes 2006). For the financial year ending June 2005, its revenues in Australia and New Zealand totalled almost $300 million and it controls approximately 20 per cent of the Australian child care market (ABC Learning Annual Report 2005). In 2005 ABC Learning entered the US market with the acquisition of Learning Care Group Incorporated which operated 460 centres (Rochfort 2005). ABC Learning is also considering expanding into Canada and Asia. Plans to introduce a comparable government subsidy scheme for child care in Canada make it the more likely destination (Wisenthal 2005). According to its CEO, Edmund Groves, ABC Learning aims to ‘grow even further’ as it seeks to increase its market share in Australia and develop its operations abroad (ABC Learning Annual Report 2005, p. 4).

The principal function of ABC Learning is the operation of its long day care centres. ABC Learning offers child care for children from six weeks up to pre-school age. Many centres also offer before and after school and vacation care. Coupled with its child care services, ABC Learning owns and manages the National Institute of Early Childhood Education which it established in 1995 to provide education and training for its child care staff. ABC Learning is also expanding into other areas. In 2005, it bought the education equipment company Judius Propriety Limited and it has expressed an interest in entering into primary education.  

2.2 Corporate objectives

The history of ABC Learning highlights the corporate transformation that now characterises the child care industry in Australia. The objectives of the company are testament to this. As stated in the ABC Learning annual reports, the board of directors ‘must act in the best interests of the company as a whole’ with their main task being ‘to drive the performance of the Company’ (ABC Learning Annual Report 2004, p. 32). This is expressed in a growth plan underpinned by ongoing acquisitions that seek to continually increase its market share of child care provision. Since the company was publicly listed in 2001, all ABC Learning annual reports emphasise the desire of the board to increase the representation of the ABC Learning brand throughout Australia and New Zealand. For example:

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8 In 2004 ABC Learning created a new company, ABC Education Services Propriety Limited, which aims to establish its first primary school in Queensland. However, at this stage, there is no ABC primary school in operation. See Baker (2004) and Australian Broadcasting Commission (ABC 2005) and Patty (2006).
… strategic investments have been made in associated companies to maintain and expand investment in key business segments (ABC Learning Annual report 2005, p. 30).

The board expects that the above developments will provide a wider market penetration and enable the group’s activities to be expanded by up to 50 per cent. This will in turn lead to substantially increased profitability (ABC Learning Annual Report 2003, p. 21).

Such expansionary intentions are to be expected from a publicly listed corporation.

Alongside the above, ABC Learning presents itself as a corporation that strives to put the children in their care and their families first. Its programs are presented as ones that focus on the individual needs of each child by allowing opportunities for the child to have one-on-one time with their carer (ABC Learning 2006b). Company announcements also claim that the level of care being provided in their child care centres is raising industry standards (ABC Learning Annual Report 2004, p. 9). Consistent with most child care providers, ABC Learning presents each and every action taken by the company in a framework that puts children first. For example, the objective of the sponsorship program is to fund organisations and events that provide support to children up to school age.

The expansionary corporate goals of ABC Learning are being achieved and in many cases surpassed. Indeed the financial success of the company has led to headlines such as ‘when growth is as easy as ABC’ (Potts 2006). It is to these successes that we now turn.

2.3 Growth in centres, child care places and children attending

ABC Learning has experienced remarkable growth since listing on the Australian Stock Exchange in 2001. From a small child care provider, albeit Australia’s largest with 18 centres in 1997, the company has seen rapid growth in terms of number of child care centres, number of child care places, revenues, profits and market capitalisation. In a buoyant Australian stock market, ABC Learning has been a stand-out performer. In this section we canvass the various components of the company’s growth and financial success.

There are almost 4,500 long day care centres in Australia (AIHW 2005, p. 88). Of these, ABC Learning owns and operates 825, or close to 20 per cent. This figure includes centres that it is estimated will be kept by the company after its takeover of Kids Campus in March 2006 (Fraser 2006, p. 23), although final conditions set by the Australian Competition and Consumer Commission for this merger are yet to be made public (ACCC 2006). Since the end of the financial year 2004/05 ABC Learning has experienced close to a 100 per cent growth rate in the number of centres it owns per annum. Figure 1 shows the increase in the number of ABC Learning centres. It also shows the significance of the merger with the Peppercorn Management Group which led to the number of centres under ABC Learning control doubling from 327 to 660 in the financial year ending 2005.
At the end of the financial year 2002, ABC Learning offered almost 8,000 child care places (ABC Learning 2002, p. 1). By November 2005, child care places on offer had jumped to 47,500 (ABC Learning 2005a). This is an increase of almost 500 per cent in less than 5 years. The result of this growth is that it is now estimated that more than 70,000 children are enrolled in ABC Learning child care centres (Hills 2006).

2.4 Revenue and Profits

ABC Learning revenue and profit rates are equally impressive, as shown in Figure 2. Revenues have increased by over 2000 per cent since 2001, rising from $13 million to a high of $293 million for the financial year 2004-05. The greatest leap in revenues occurred in the financial year 2004-05, when they rose by 257 per cent on the previous year. This jump was mainly attributable to the merger with the Peppercorn Management Group and the successful tender to provide all child care for the Department of Defence. In total, for the period 2001-05 ABC Learning accumulated revenue of $452 million.
ABC Learning profits have reflected rising revenues. Between 2001 and 2005 profits for the company grew by an average 100 per cent per year. At the end of the financial year 2004/05 ABC Learning posted record profits of $52.3 million, compared with only $3.3 million in 2001. For the half-year ending 31 December 2005 profits totalled $38.1 million, a rise of 166 per cent from the corresponding half-year ending 31 December 2004 (ABC Learning 2006a).

2.5 Market capitalisation and returns

The growth and financial success of ABC Learning has been manifested in its performance on the Australian Stock Exchange. The company has experienced rapid increases in its share price, market capitalisation and dividend return for shareholders since being floated in March 2001.

Figure 3 shows the rise in the price of ABC Learning shares since 2001. From a starting share price of $2, the price at April 2006 was $8.10, a 300 per cent jump in just 5 years. To put this in perspective, the All Ordinaries rose by 65 per cent in the same period. Clearly ABC Learning stocks have been an excellent performer and most brokers continue to recommend the acquisition of the stock.

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10 See Potts (2006).
The rise in the company’s share price has seen its market capitalisation rise from approximately $8 million in 2001 to $2.6 billion as at April 2006, as shown in Figure 4. In addition in 2002, ABC Learning returned a full-year dividend of 5.6 cents per share. By 2005, this had risen to 11 cents per share. The top 20 shareholders alone received an accumulated full-year dividend in 2005 of almost $21 million.
2.6 Future projections

While most brokers continue to recommend the acquisition of ABC Learning stock, there are some indications that its share price is over-inflated. The recent fall in its return on equity to a modest 11 per cent from 48 per cent in 2002 has led some analysts to argue that ‘the share price is hovering somewhere in the stratosphere’ (Clime Capital 2006, p. 8). Clime Capital believes ABC Learning shares would have to fall by 64 per cent to less than $3 to be attractive (Clime Capital 2006, p. 7). Other analysts have downgraded ABC Learning from a buy rating to neutral (Thomson 2006).

The price of shares is particularly pertinent given that ABC Learning raises capital for acquisitions and investment in centres almost exclusively through share options. In the four years to 2006 the company raised almost $1 billion from shareholders (Clime Capital 2006, p. 8). ABC Learning management argues that high capital investment in centre facilities helps to ensure high occupancy rates in their child care centres (Thomson 2006).

Accordingly, any drop in the share price would have a negative effect on future capital-raising potential. This would stifle further expansion and likely reduce capital expenditure on child care centres. In turn, cost-cutting could become prevalent as the company sought to shore-up its return on equity. In short, any significant fall in the share price may have a negative effect on the quality of child care provided in ABC Learning centres. Nevertheless, in the short run the price of shares is unlikely to fall with the company still reaping the benefits of its extraordinary success to date. However, it remains to be seen if ABC Learning’s expansions abroad can garner the financial rewards experienced in Australia.
3. Interviews with ABC Learning child care staff

3.1 Background

In light of the results of the 2005 survey, which suggested that corporate chain centres provide poorer quality care than the other types of child care providers, we decided to interview a sample of child care staff from ABC Learning centres. In the 2005 survey, respondents were asked to indicate if they would be interested in elaborating on their views over the telephone. Of the 77 respondents from 30 different ABC Learning centres, 35 indicated they would be happy to speak with us. We excluded five of these because they had written very little on their questionnaire, but followed up the other 30. Of these, we were unable to make successful contact with eight (they did not return our telephone calls or emails, or the phone number they had given us was incorrect or disconnected), and a further two agreed to be interviewed but we were unable to interview them during the interview period. We made successful contact and conducted telephone interviews with the other 20 respondents, from 16 different ABC Learning centres, during the period 22-31 March 2006.

On the basis of the responses given by the 20 interviewees on the 2005 questionnaires, five appeared to have a positive opinion of the quality of care provided at their centre, while fifteen appeared to have a negative opinion. Of that fifteen, however, we found that when interviewed, six had some positive comments to make.

The twenty interviewees provided a good cross-section of child care staff at ABC Learning Centres. They varied widely in age, from late teens to late fifties, and their length of experience in child care varied widely, from one to more than twenty years. They were employed at all levels from unqualified assistant, to group leader, to early childhood teacher, to director. Consistent with these different levels of employment, they also held different levels of qualification, from no formal qualifications to studying for postgraduate qualifications. They worked in both metropolitan and regional areas, and they came from the four states with the largest populations, New South Wales, Victoria, Queensland and Western Australia.

It is important to consider the capacity of interviewees to judge the quality of care provided at their centre. Research into the quality of early childhood education and care shows that amongst other things, staff qualifications are a particularly important contributor to the quality of care that is provided, although years of experience also play a role (Fleer 2001, pp. 31-32). Qualifications and years of experience might also be considered to be important contributors to staff capacity to judge what counts as quality care; for example, the National Childcare Accreditation Council requires its validators to have ‘a minimum of a seven year mix of a recognised early childhood qualification (minimum two years full-time study) and recent experience in early childhood service delivery’ (NCAC 2006).

Amongst our interviewees, nine fit this basic criterion for becoming a validator. A further two have more than 15 years experience, but do not have the diploma qualification. The other nine all have a total of less than seven years experience, but seven of these hold or are studying for a child care qualification, and two were
previously teachers in schools and did not include this experience when answering the question about ‘years of experience in child care’.

In comparison to an average group of Australian child care staff, our interviewees are relatively well qualified to judge the quality of care provided in their centre. In 2004, 76 per cent of long day care staff either held a qualification or were studying for one, but staff turnover in the child care industry was exceptionally high – only 25 per cent had been in child care for more than three years (AIHW 2005, p. 417; p. 100). In contrast, amongst our interviewees, 85 per cent either hold or are studying for a qualification, and 60 per cent have been in child care more than three years.

It is important to note the possibility that one or more of the interviewees may have been motivated by a desire to harm ABC Learning, or have exaggerated what they had witnessed in their ABC Learning centre. Insofar as we could judge, this was not the case for any interviewee. All interviewees appeared to care about children, and where they made comments critical of ABC Learning, they seemed to be motivated by a desire to act in children’s best interests.

Interviewees are referred to below using identification numbers from 1 to 20. Of the twenty staff interviewed, four were no longer working at the centre at which they were employed when they completed the questionnaire in 2005, but agreed to be interviewed in relation to their experience at that centre (3, 5, 9, and 14). Two interviewees were still working at the centre they completed the questionnaire for, but were looking elsewhere for work (16 and 19).

Each interview took 20-30 minutes and was structured loosely around a set of questions that were designed to obtain more detailed information about issues that were raised by the national survey carried out in late 2005 (see Appendix 3). Respondents were first asked to comment on the answers they had given to the 2005 questionnaire and then to comment on issues that had been raised by other child care staff. The responses from the interviewees are reported, structured by theme, below. In each case, the responses are varied – some staff members say their centre is operating well, and others say there are problems. As one interviewee put it:

… a big company like ours, it’s all over the place (14).

ABC Learning’s ‘ability to consolidate a highly fragmented industry’ may have enabled economies of scale based on the spreading of compliance and administration costs (AEI 2003, p. 6), but it does not yet appear to have enabled consistently high quality of care for children. Where there are problems, the same problem is usually reported at a number of different centres, suggesting that these problems are to some degree systemic.

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11 In the course of the interviews, a number of other issues were raised. These included one question about the practice of moving staff from centre to centre and another question about large room sizes (that is, caring for more children in a larger room rather than the same number of children in two smaller rooms). Interviewees felt these issues were rarely a problem. Interviewees also confirmed that ABC Learning has no centralised curriculum. Although there is a preferred planning method, the curriculum content is up to the individual staff in the centres.

12 See also SBS Insight (2006).
3.2 **Food**

Some interviewees were quite happy with the food provided by their centre (2, 5, 6, 11, 12). For example, one interviewee said that meals included chicken with baked vegetables, frittata, and curried rice, as well as sandwiches (20). Another described the food at her centre as clean and well-presented, with enough to go around (10). She specified that the staff can make the children a sandwich if they really don’t like the lunch meal: ‘a child doesn’t go hungry’ (10).

Others said that the food budget had been cut when ABC Learning took over their centre. One said that at her centre the children get the same type of food but less of it – the late snack had been cut, and there was no longer toast and fruit for morning tea (19). At another centre, an interviewee reported that the staff protested against the lowering of the food allowance, and it was then raised again (1).

However, at two centres interviewees were really very unhappy with the quality of food provided. In the first case, the interviewee described the food as ‘atrocious’ (7). She reported that at this centre, the budget is $1.43 per child per day for food. She added that this had to cover replacement of cutlery, garbage bags, and so on, and contrasted this amount with the $54.00 per day parents are paying to have their child there.

She also said that ‘What is stated on the menu is quite different to what we’re receiving’ (7). For example, the menu will include mashed vegetables, but quite often they don’t get them. She gave the following as an example of what children actually receive.

<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Morning tea</strong></td>
<td><strong>Morning tea</strong></td>
</tr>
<tr>
<td>Bread with vegemite or butter (4 slices of bread between 8 children – that is, a quarter of a sandwich each)</td>
<td>[Same as Monday – this is the same every day]</td>
</tr>
<tr>
<td>Fruit (3 half pieces between 8 children)</td>
<td></td>
</tr>
<tr>
<td>Milk or water</td>
<td></td>
</tr>
<tr>
<td><strong>Lunch</strong></td>
<td><strong>Lunch</strong></td>
</tr>
<tr>
<td>‘Oodles of Noodles’ (packaged 2 minute noodles with cream, eggs, cheese and chopped up bacon stirred through)</td>
<td>Mince with 2 beans and carrots through it, on pasta</td>
</tr>
<tr>
<td><strong>Afternoon tea</strong></td>
<td><strong>Afternoon tea</strong></td>
</tr>
<tr>
<td>Anzac slice (made on the premises) – 2 pieces per child</td>
<td>Sometimes cooked cake, usually a sweet thing, or cheese and biscuits</td>
</tr>
</tbody>
</table>

In these examples, the absence of fresh fruit and vegetables is immediately apparent.
This interviewee works in the babies’ room, where she can tell what the children have eaten because she changes the nappies afterwards. She said when she has fed them vegetables at afternoon tea time (saying ‘I’ve got it [the mashed vegetables] through throwing a temper tantrum’) they have gobbled it down, so they are obviously hungry (7). She summed up her view of the food provided as follows:

Parents always say their children are starving when they get home and, being a professional, you can’t say ‘that’s because the food is crap’. You have to say, ‘Oh yes, they use up so much energy’ – put the positive spin on it… In comparison with other places where I’ve worked, the food is garbage (7).

In the second case of a centre providing inadequate food, the interviewee described the food at her centre as ‘shocking’ (9).

The lady who was in the kitchen [at the centre] when I was there had no training whatsoever … there were complaints, daily, about the food (9).

The menu also varied very little – the interviewee said the centre had a four-week menu plan but that what the children got was whatever the cook could be bothered cooking at the time. According to the interviewee, when that cook left, ABC Learning employed another untrained person. She commented, ‘Personally, I would have gone, right, now we can do it properly’ (9).

In fact, it appears that a great deal depends on the cook. One interviewee said that her centre was ‘really lucky’ to have a ‘qualified cook’ who ‘knows how to prepare good meals on a budget’ (16). Another said that the cook had told her that she gets around 45 cents per child to cook a meal, and that the cook ‘does the best she can do with the budget’ (18). When queried as to whether this amount of money went a bit further because the centre bought in bulk rather than retail, the interviewee said no, they have to shop at the supermarket each week, because the centre doesn’t have enough room to store food. But she added that the cook ‘does a really good job… they [the children] usually have seconds so it obviously tastes good’ (18).

One interviewee said that it is difficult to find cooks as they only get paid $14-15/hour, it is a big job and they don’t really get time to plan menus (14). She said ‘I think it would be wise to have a set menu’ (14).

In summary, while it is clear that food quality and quantity is not a concern at all centres, it appears that there are some systemic barriers to providing good food for children at ABC Learning centres. The first is the existence of food budgets that appear to be tight at some centres. The comments of interviewees suggesting that the budget at their centre is around $1.43 per child per day, or 45c per meal (which would be $1.35 per child per day for the three meals of morning tea, lunch and afternoon tea) are very similar to a claim made by an anonymous ‘senior ABC child-care worker’ in The Age in April 2005.

When you break it down, our budget works out to under $1.50 a child each day – that covers breakfast, morning tea, lunch, afternoon tea and a late snack …
they never blatantly say ‘Keep costs down’, but it is a strict budget – and that’s the end of it (Farouque 2005, p. 6).

The second systemic problem is the difficulty of finding qualified cooks. Comments made by some interviewees suggest that an excellent cook can do a good job on a tight budget, but another interviewee noted the difficulty of finding qualified cooks. It appears that the pay rate for qualified cooks is so low that many choose not to remain in the industry, somewhat similar to the situation of child care workers themselves.

Either a tight budget or an unqualified or inexperienced cook could be expected to affect the quality of food provided by a child care centre. It is possible that in those centres where interviewees were most unhappy about the food, both applied.

### 3.3 Equipment

Some interviewees were happy with the equipment and toys provided at their centres (1, 4), and a couple noted in particular that since ABC Learning had taken over their centres, the toys and equipment had improved (9, 11). In contrast, another said the toys and equipment remained pretty much the same after her centre was taken over (19). One interviewee said her centre recently received $4,000 to spend on equipment, and commented ‘ABC [Learning] has surprised me’ (15). Another said ‘we just did a massive toy order … we’ve got everything you could want now’ (8).

One interviewee said her centre has just started to get more toys (10), and this may result from the recent introduction, as reported by other interviewees, of a system where every six months, each ABC Learning Centre receives $100 to spend on equipment for each enrolled child (7, 14 and 20).

According to a number of interviewees, however, this $100 grant per child is inadequate because it is tied to Judius, a long-standing early childhood supplier in Australia that is now owned by ABC Learning. One interviewee said that when ABC Learning bought Judius ‘we thought we would have access to all the delights that Judius have to offer… but the range [we have access to] is very limited (for example, only 5 books) … it was really disappointing’ (16). Another said that Judius doesn’t offer a great range, and that their prices are expensive (7). Another said that this grant system could be a ‘bit limited’ because it is ‘only to spend with one particular company’ which doesn’t necessarily provide for ‘emergent curriculum’. Centres need to have ‘a bit more variety’ available (20).13

One interviewee said that, along with the $100 per child every six months for equipment and toys, the centre also receives $75 per month for craft supplies. These also come through an ABC Learning-owned company, and she feels they are ‘totally overpriced’ (7). Another said she wasn’t sure about the budget for equipment, but that she guessed it was ‘pretty scant’. They get paints and so on, but ‘only the basics’. She has bought additional resources such as stickers and paper from her own money.

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13 ‘Emergent curriculum’ is a curriculum built around the interests of individual children. This educational approach requires teaching staff to be highly responsive to the children’s interests, and to develop new educational materials and activities as these interests become evident. A limited supply of different types of equipment will obviously constrain such an approach.
You never get the sense like, yes, [the variety of equipment is] there (6).

This experience was confirmed by another interviewee, who said that whilst she felt the equipment at her centre was ‘pretty well up-to-date’, she supplemented it so the children could have different experiences. She said that she put $1,500 of her own money in last year and $1,000 the year before – and she also said that group leaders always put their own money in. For example, she said, the centre budgeted for $1 per child to make presents for parents at the end of the year, and you can’t do much with that (5).

Other interviewees said that they felt there are not enough toys to provide a varied program at their centre. One said that in her centre, there are enough toys to cater for the young children, but not a lot for the four year olds (3). Another said that there are not enough toys to adequately rotate for the children, and when the children are bored, ‘they start hunting around and climbing and not listening’ (12). This sort of experience was not unique, with another interviewee saying: ‘[I think], we played with this one yesterday… what are we going to put out today?’ (18) When asked how she could tell the children were getting bored, she explained:

They fight between each other, they knock toys on the floor because they can’t be bothered playing with them … [but] when we do get a new toy they’ll sit for hours and play with it … because it’s new (18).

She added that this is also true when a toy has been put away for two weeks, but that her centre does not have enough toys to rotate them properly (18).

In summary, as with the food, it appears that the quality and quantity of equipment vary widely from centre to centre. ABC Learning’s strategy to bring all centres up to a consistent standard by means of a regular grant to centres based on the number of children attending is considered limited by a number of staff, due to the fact that the grant is ‘tied’ to be spent with specific companies. It is important also to note that even where the equipment is good, it is not enough by itself to ensure the provision of quality care. One staff member put this particularly clearly:

One thing I will say, the equipment was really good, ABC just came in, after the takeover, and asked what we wanted … Money-wise, it was fine [for example, the centre got air-conditioning] … [but] it’s no good having all the equipment if you’ve got staff who don’t know what to do with it (9).

### 3.4 Cleaning

Two interviewees said their centre had a cleaner, and they did not go on to discuss cleaning that had to be done by child care staff (4 and 16). Others said their centre had a cleaner a couple of times a week, but that staff still had to do a great deal of cleaning. Interviewees thought this was a problem for two reasons: it limits the amount of time available to staff to spend with children, and it discourages professionals from wanting to work at ABC Learning centres.

For example, one interviewee said that her centre has a cleaner two nights a week, but that staff are rostered on for the rest of the cleaning. They clean toilets, fans,
windowsills and windows, disinfect the toys, and vacuum. She said that additional cleaning duties discouraged professional staff from wanting to work for ABC Learning centres (6). She also said that she felt cleaning was a higher priority in terms of “keeping the parents happy” than interaction with children (6). Another staff member interviewed, who is now working at another centre not owned by ABC Learning, said:

Some of the paperwork and cleaning [at ABC Learning] is very unnecessary…
Where I am now, the priority is children first (3).

One interviewee said that when ABC Learning took over her centre, they ‘took the cleaner off us’, but staff protest got the cleaner reinstated (1). Another interviewee said that when her centre asked for a cleaner, ABC Learning paid for one three nights per week. She said that whilst centres can ask for a cleaner in this way, they won’t get one five nights a week (14). Another staff member whose centre had a cleaner three days a week commented: ‘It is a bit hard at times’ (13).

At some centres, the need for staff to clean up during the day affects the staff-to-child ratios. One interviewee said that her centre has a cook, but she doesn’t do the dishes – child care staff have to wash up after meals (10). This is not so bad at lunchtime, because the children sleep after lunch. However, for morning and afternoon tea, when there are ten children, there should be two staff, but when one goes to wash the dishes, only one is left, ‘and then we get into trouble if [children have] been biting or whatever – we have to fill out an incident report’ (10). Other centres have a ‘floater’ who covers lunches or cleaning: ‘We never leave children under ratio, that’s a priority’ (8).

A number of the child care staff we spoke to had no cleaner at all at their centre (2, 5, 18 and 19). One said that before ABC Learning had taken over, a cleaner came in every second day, but that now staff on the late shift must clean toilets, mop floors, clean and disinfect the nappy area, disinfect toys and vacuum. She describes this as follows:

We try and do it [the cleaning] around them [the children] … I put the baby in the high chair, the three preschoolers on the mat (2).

She pointed out that if staff didn’t have to clean, ‘we’d have more time to interact with the children’ (2). It is important to remember that this cleaning ‘around’ the children happens just before closing time, around 6.30 pm, when the children have already been in care for hours.

As another interviewee put it, at her centre, staff had to clean everything ‘from ceiling to floor’ (5). To be set up for a 6.30 am opening time staff had to be there at 6.00 am, and they were not paid to clean up, set up, or go to evening staff meetings. She felt that with the introduction of the Work Choices legislation, ‘it’s probably going to get harder [for staff]’ (5, similar comments made by 16). She was angry about this: ‘you study for years and you still don’t get treated as a professional’ (5). A similar situation was reported by another interviewee, who said that staff at her centre do not get extra paid time before or after to set up or clean up, but that she chooses to ‘go in earlier to clean… [it] just makes the day a bit easier’ (18). This worker just received a pay rise and is now being paid almost $14 an hour. She added that:
It [needing to clean] does affect [the ratios]... if someone’s got to go and clean it only leaves 2 people there... sometimes children are asleep, which helps but some are only asleep for 20 minutes (18).

In summary, it appears that cleaning tends to be more of a problem for child care staff in those ABC Learning centres where there is no specialised cleaner employed. The fact that child care staff must perform additional cleaning duties reduces the amount of time they can spend interacting with children. In some cases it also means that children are left with fewer than the legal minimum number of staff for short periods of time. It also indirectly affects the standard of care offered to the children, because experienced and qualified child care professionals are less likely to want to work in a centre where they feel their capacity to provide high quality care is impaired by the requirement to perform additional cleaning tasks, particularly when these must be performed in unpaid time if staff time with the children is not to be reduced.

3.5 Paperwork

Almost all the staff we spoke to were concerned about the amount of paperwork they are expected to complete while caring for the children. The paperwork in ABC Learning centres appears to fall into two main categories: paperwork for legal protection, and paperwork for programming purposes. Many staff support the need for both these kinds of paperwork in principle, but in practice felt that they reduced the time available for staff to spend with children.

Paperwork for legal protection

Staff at ABC Learning centres must complete an extensive range of paperwork documenting the activity in the centre. One interviewee described the company as ‘pedantic about being legal’ (10). Paperwork for legal protection includes: accident reports; medication forms; sunscreen checks; opening centre checks; cleaning checks (daily and monthly); lock-up procedures; daily attendance rolls; records of the food eaten by each child for morning tea, lunch, and afternoon tea; records of whether or not each child slept; and records of nappy changes where applicable.

One interviewee told us that staff members have to count the children every time they go in and out of the room, even when a staff member just goes to the toilet (9). When we asked another interviewee about this procedure, she said that the staff member entering or leaving the room signs for the number of children counted, and a permanent staff member co-signs. She said in explanation: ‘You know how that child escaped from an ABC centre?’ (12) (see Dowling 2005).

Another interviewee told us that if a child sustains an injury, there are three forms to fill out (9). She went on to say:

And I say that’s great, like it’s good they are so thorough.

[Interviewer: But you need more staff to cope with it?]
Yep, definitely… [It’s] to cover [the company’s] own butts but [they are] just not thinking about how that would take away from the children… [The company are strict about] anything that’s going to come back on them (9).

Another interviewee said that in the under-two room at the ABC Learning Centre where she previously worked, when children were sleeping, staff had to sign every five minutes – record the time and sign, 160 times on one page (3). But, she pointed out, while staff are doing that paperwork, they are not watching the children. At the centre where she now works (not owned by ABC Learning), they are not doing all the signing – instead they are watching the children constantly. When asked why she thought there was more paperwork at ABC Learning, she said, ‘I think it’s to cover them … so they can’t be sued’ (3).

This interviewee also told us that at her centre, staff had to do sunscreen lists three times a day:

It’s unnecessary … you can see the children are suncreened, they’re all white and shiny … too much formality – the children get lost in it (3).

She went on to add:

[ABC Learning] seem to have lost the plot – too much paperwork and cleaning and not enough [focus on] children (3).

Another interviewee commented:

[The paperwork is] very much about being seen to be in there and prevent accidents (6).

However, some of the paperwork appears to get in the way of effectively protecting children. One interviewee told us that a child attending her centre was clearly being abused: the child was being sworn at by the mother on the way in and hit with the door as entering. This child would then cling on to a staff member’s leg and not let go all day. Her centre just kept saying ‘note it, note it, note it’, but hadn’t got around to reporting it. In the end she reported it to the responsible government agency herself and was ‘dragged through the mill’ for doing so by her centre. ‘It was a moral thing for me, [I thought] I can’t let this go on’. She said the process of the centre reporting it to the responsible government agency appeared to have been held up by company procedures: ‘There is a whole book saying that you can’t do this unless this is done’.

It actually makes me sick, it really does. I got into [child care] for the children … All [those procedures] were more important than that child’s safety (9).

A couple of interviewees said that it was really since ABC Learning took over their centres that staff have had so much paperwork:

[ABC Learning] want to keep all their ends covered, just for legal reasons, and it takes away from the kids a bit I feel (19, similar comment made by 12).
That children received less attention as a result of staff paperwork requirements was a common view:

ABC always cover themselves… they definitely have an overload of paperwork … the time it takes on the floor is incredible (14).

Another interviewee, when asked about paperwork, commented ‘too much, and not enough time’ (20). She said that this was the case at all centres, but added that:

ABC is more so … I can understand why they do it, they want their staff to be doing the right things … if you had the time to do it, great … it comes back to time … every room needs a permanent floater for a few hours (20).

Whilst concern about an overload of paperwork was the dominant view amongst interviewees, a few were not concerned about it. One interviewee, whilst admitting that the paperwork was ‘all about liability and making sure you are covered’, felt that: ‘If you’ve got a good team and they’re diligent about doing it, it is not a problem’ (17).

**Paperwork for programming purposes**

Increasingly demanding documentation requirements are of concern to staff across the child care industry (Fenech et al, forthcoming). However, on the basis of what interviewees said, the programming requirements for staff at ABC Learning centres appear to be heavier than at most other centres, and many staff feel that these requirements actually detract from the experience offered to the children, because fulfilling them leaves staff less time to interact with the children: ‘there’s no time to foster children’s development’ (5). One interviewee said:

… the children are missing out … Some days you just don’t get the time to do art and craft… it just concerns me because you are there to look after the children [when parents ask what we did for art and craft, we say we did not get time] (18).

Another said:

I’m a hands on person – I like to get down on the floor and do things with the children but the paperwork prevents that a bit (15).

Yet another said that paperwork ‘does interfere with long chunks of uninterrupted time’ with children. She says that it is only when she’s doing paperwork that ‘behavioural problems’ develop amongst the children: ‘they know I’m not fully watching’. She works part time and estimates that she spends ‘a good two to two and a half hours across three days of paperwork’ while the children are there, as well as taking some home with her.

It [paperwork] is just getting out of control! (16)

One interviewee pointed out that the relevant government agency in her state requires that two observations be done per week on each child, whereas ABC Learning requires four observations per week on each child. She explained that with 60 children a week,
this means doing four observations on fourteen children each day, which takes a lot of
time (1). Another interviewee explained that observations of children are done on four
developmental areas: physical, language-literacy, cognitive, and social-emotional. Two
observations must be done on each developmental area (so in total, eight observations
per child per week) and then they must be coded using the company code (for example,
music and movement is HP10) (4). Moreover, each observation is ‘holistic’, that is, it
must incorporate the observation itself, interpretation of it, follow-up and evaluation (5).

One interviewee said:

I ended up taking hours and hours of paperwork home because I refused to let
children miss out … But many staff do it in contact time… [Management] keep
saying ‘we’re going to give you an hour [per week]’ but you can’t do it in an
hour, and we would have to stay in the room which doesn’t work because
children keep coming to you asking for things… Do you know any teacher [in
schools] who does this? … I had a high quality program but I paid the price for
it [in terms of time not spent with her husband and family] (5).

As this staff member explained, if doing four developmental observations takes five
minutes per child per week and one staff member is responsible for 47 children (since
many children attend long day care part time), then this works out as 235 minutes per
week, or almost four hours. She added ‘and that’s doing it super-fast … you tell me
anyone who can do that’ (5). Another interviewee said that ABC Learning have just
brought in one hour a week non-contact time for staff, but to do programming the way
the company wants takes more than one hour. She added that the programming is ‘great,
but please give the girls time to do it’ (10).

[Staff] who come in from other companies say that it’s a very complicated way
of programming … everyone is shocked, they say, ‘you’ve gotta be joking’ (10).

A number of staff members pointed out that what is on paper is not necessarily a good
reflection of what happens on the ground:

It really does depend on who the group leader is in each room. I’ve known group
leaders who put their heart and soul into it and then there are others who write in
the boxes but not much happens with the children (3).

We have a huge amount of paperwork … it’s all kind of written down and it all
kind of looks okay, but actually being able to put that into practice – we are just
so pressed for time … the number of times I’ve said [to a child] ‘Look, hang on,
I’ve just got to finish writing this, and then I’ll talk to you’ (6, similar comment
made by 10).

This interviewee added that she refused to take paperwork home with her, ‘because I’m
not paid enough’, and added ‘I know ABC is a bad lot too, but [in] a lot of private
centres it’s a very similar situation’ (6).

The expectation that staff will do unpaid work if they want to provide a quality program
was a sore point with a number of interviewees, who felt they were not being paid a
professional wage but were expected to do a professional job. One interviewee said that over the last two years she has had to do the scrapbooks (which children take home at the end of the year). Children’s work is bordered, decorated, written on and dated. This took her five months of working in the evening after work and during weekends.

I love doing it but it’s just the time … it really is a strain on my marriage (10).

Another child care worker said that she tried not to take work home, but that the one to two hours programming time available to her during work hours were not enough. She estimated that most staff spent at least an hour each weekend doing paperwork (20). At some times of year this blows out dramatically, for example, when putting together the ‘portfolio’ that children take home for parents at Christmas time. This worker reported that staff spent at least three hours at home per child: ‘we wanted to have a good standard’ (20). She added: ‘One girl comes in regularly on the weekend to set up … If you want to run a quality program, you have to put in the extra time’ (20). A number of others also reported taking paperwork home (15 and 16). One interviewee explained why she felt staff should be paid half an hour of preparation time each day the centre is open:

[there is] washing to fold; unloading the dishwasher; checking outside area; setting up the rooms; blinds up; crafts out and paint out (16).

This interviewee added that staff couldn’t really do this once children are there – they would have to take the children from room to room, and couldn’t really watch them while getting equipment out: ‘makes it hard on children and you are not doing your duty of care’ (16).

The injustice of professional expectations of staff who are not being paid professional wages was expressed sharply by one interviewee who said that she felt the job description for child care workers generally is unrealistic, but ‘especially ABC, they’re unrealistic, I’ve worked in a couple of ABC centres’:

[ABC Learning] want monkeys, they want to pay us peanuts, but they want quality … I’m really keen on making child care high quality but not at the expense of the educarers [educators-carers] (5).

However at some centres it appears that staff members do get more than the standard one hour non-contact time a week for programming. One interviewee said that programming is not a problem for her at the moment, even though her assistant does no programming and she is responsible for 20 places (30 different children). She gets time for programming when the centre has a ‘low-number day … so we can spare a staff member to go and do programming’ (8). Another interviewee said that at her centre qualified staff get two hours per week non-contact time to do programming, and some days not many children are in the centre so staff can have non-contact time then (11). And one interviewee felt that programming had become less paperwork after her (previously privately owned) centre was taken over by ABC Learning. Before that she felt the centre was overdoing it for accreditation purposes (17).
In summary, most of the workers we spoke to were concerned about the impact high levels of paperwork, both for legal protection and for program planning purposes, are having on their capacity to interact with the children. Many could see the need for paperwork, but felt that without more staff present, children missed out on interaction with staff as a result of the paperwork. Some workers were very clear about the need for higher staff-to-child ratios when so much paperwork is required: ‘just that extra pair of hands’ could make such a difference (20, similar comment made by 14).

3.6 Treatment of staff

Some interviewees said they felt that ABC Learning treated staff well. One said that when a staff member had trouble with getting to work, she had seen the company offer petrol money in order to keep that staff member (1). This interviewee said that while she ‘was very cranky’ with ABC Learning ten years ago she thought they now ‘did a good job’ (1). Another interviewee said her centre was previously privately owned and she felt that ‘being affiliated with ABC has improved our centre tenfold’ (17). She was thinking of leaving the child care industry just before ABC Learning took over, but now she feels ‘noticed [and] appreciated’ (17).

However, the majority of interviewees raised concerns about the treatment of staff by the company (concerns from 12 interviewees reported below, see also sections 3.4 and 3.5). These are reported below under the sub-themes of: staff sent home when child numbers are low; staff pay and conditions; staff turnover, staff training, and culture of secrecy.

Staff sent home when child numbers are low

The results of the interviews identified an ABC Learning management practice whereby staff are sent home when child numbers are low (this is sometimes known as ‘combining rooms’ when it involves disparate age groups being brought together). The response of workers to this practice varied from centre to centre. Some interviewees did not see it as a problem (1, 4, 13, 18). However, at other centres, if workers are sent home their pay is reduced, or the leave taken can come out of their annual leave. One interviewee described the situation as follows:

If the numbers are low, [management] will turn around to you and say ‘we don’t have enough children’… they combine rooms and send staff home… they pay you for the day but take it off annual leave… they say ‘we ask staff’ but really it’s implied that you [should] go (5).

Another worker did not mind being sent home because she ‘has another wage earner in the house’, but she added that ‘some of the girls, they’re single … and worried about having enough money to pay the grocery bill’ (10). She was critical of this company practice:

[ABC Learning] need a social responsibility toward their workers … I just think it’s mean, when they’re making billions. (10)
Still another specified that for full-time staff, if they get sent home, it uses up their time-in-lieu, but part-time staff have their pay reduced or the leave taken out of their annual leave (20). She said that staff have the choice but admitted that ‘there’s a bit of pressure on directors’ to send staff home when child numbers are low – ‘it always comes down to money’ (20).

In centres where staff are not sent home there are obvious benefits of having staffing above the legal minimum. For example, additional staff members can use the time for paperwork, programming or cleaning, not to mention the benefits of having more time to interact with the children (11, 20). When asked if staff are sent home, one worker replied ‘No, thank goodness’ (19) – instead, staff are allocated to other jobs.

Staff pay and conditions

As noted in section 3.5, a number of interviewees believe that they do a professional job fostering early childhood development without being rewarded with a professional wage (see ‘Paperwork for programming purposes’). When extra responsibilities, such as paperwork for legal protection (section 3.5) as well as heavy cleaning responsibilities in some centres (section 3.4) are added to this, it is not surprising that interviewees made comments such as the following.

The working conditions and pay are disgusting… the responsibilities are huge (5).

For the amount of work we have to do in this industry we are shockingly underpaid (12).

If I hadn’t had a husband with a reasonable job I would not have been able to afford to do the job I love. (15)

It is important to note that while these issues are to some degree common across the child care industry, most interviewees agreed that ABC Learning centres require a heavier load of paperwork for programming purposes and for legal protection (section 3.5). Two interviewees also suggested that ABC Learning has a reputation across the broader child care industry for requiring staff to do major cleaning tasks as well as minor ones (2 and 6).

One interviewee said that the fact that ABC Learning staff who had signed an AWA receive an annual allocation of shares as well as their pay improved the overall remuneration for staff: if a staff member receives 300 shares and they’re worth $8 per share, then this is $2,400 on top of the annual salary (1). She said that the longer staff have been working at ABC Learning, the greater the number of shares they receive (1). Others agreed that the share plan helped, but pointed out that only full-time staff are eligible to receive shares (2 and 14). Many ABC Learning staff are employed on a ‘permanent part-time’ basis, which means that they are able to work up to 37.5 hours per week, but that the company can simply cut their hours and send them home when child numbers drop. This means these staff may be working almost full time, or very part time – a very insecure working arrangement if they have regular financial commitments such as rent or mortgage payments. Likewise, many ABC Learning staff
are employed on a casual basis. These permanent part-time and casual staff, who have the least predictable incomes, are not eligible to receive shares.

A couple of interviewees suggested that the very nature of child care staff means that they are particularly prone to being exploited. One said that child care workers are used to just getting things done, putting up with things and not complaining, but that she felt that ‘we should complain more … constructive complaints, not whingeing’ (10). Another said that people working in early childhood are by nature very patient – they ‘need to have those personal attributes to work with children’ – but that as a result they are ‘being taken for granted’ (16).

Staff turnover

ABC Learning representatives claim that the company has ‘one of the highest staff retention rates of any child-care provider, which seems to indicate that staff are very happy’ (Horin 2006). However, some interviewees commented that staff turnover at their centre was high. One said that staff turnover was so high that her centre often advertised for ‘two people at a time’ (14). Another said ‘When I left I was number 15 in a couple of months [out of 20 staff]’ (3). Still another commented that staff turnover disrupts the team at her centre:

We went through quite a few staff last year (20).

This interviewee added that Early Childhood Teachers in particular tend to gravitate towards preschools and schools where they are better paid and get more holidays (school holidays, rather than just four weeks a year) (20).

Other interviewees commented on the employment of young and inexperienced staff at their ABC Learning centres. Two commented in particular that it could be very stressful for qualified staff working with young or unqualified staff. One said that she found that young staff members who studied for the diploma only to earn more money were difficult to work with ‘because the work ethic’s not there’ (9). Another described working with unqualified people as ‘hell’ (5).

[D]o you think those kiddies are getting what they need [from unqualified staff]? … The government says you can have unqualified staff for a certain amount of time but it’s very stressful for the qualified staff (5).

Two others expressed more general concern about the capacity of young and inexperienced staff to work with very young children.

[T]hey haven’t got the experience … and being a Mum, I’d sort of think twice about putting a baby into a centre where the staff are all [aged] under 20 … they mightn’t have any other experience with babies [even if they do have the diploma] (13, similar comment made by 4).

Staff training

Only two interviewees said that staff members at their centres had received in-service training (in behaviour management and children’s speech development) (17 and 19).
One interviewee said that compared to other centres she has worked at, there is no encouragement for staff to do in-service training (7). Others said that their low wages are compounded by the implied expectation that training would be done in their own time at their expense. One worker who is undertaking a course to become an Early Childhood Teacher was told, ‘you do that on your own time, with your money’ (6). Another worker had done a compulsory workshop with the State government agency responsible for child care in her area, and had to pay for both the course and the child care for her own child during the course.

Just little things like that … when they’re such a big corporation, with such a big pit of money … they don’t treat staff the right way (16).

Two qualified interviewees were very critical of the courses offered by ABC Learning’s training college, the National Institute of Early Childhood Education (NIECE) (ABC Learning 2006d). One described the courses as ‘awful’, saying that no-one came and observed her assistant when the assistant did the Diploma by correspondence (5). This interviewee felt that she was the one who had to take responsibility for the assistant’s training. She also commented that her assistant finished the Diploma offered by NIECE in six months, part-time, where normally this would take four years, part-time. The interviewee felt that this made her own Diploma meaningless (5). She explained:

[ABC Learning are] pushing their own people through … Look at it from ABC Learning’s point of view. They want them to be out there working ASAP … You see group leaders who don’t know what they’re doing – they’re ready to be an assistant but they don’t feel confident to be a group leader (5).

Another interviewee also noted that ‘the supervisors [for NIECE] come in only occasionally’ (9). When asked how she thought the correspondence course would compare with her Diploma, she said:

I really don’t think they would compare at all, I did two and a half years full time … it was a big commitment but it really sorted out who wanted to do it (9).

She added that when she did her Diploma, they had to do a whole range of placements – ‘you saw the whole process, from birth until ready to go to school’ – and the institution she did it at used the good centres for student placements, so students got a sense of what good quality environments were. She felt that the ABC Learning employees who were doing their Diploma by correspondence, all based in their centre of employment, wouldn’t get that diversity of experience: ‘If you haven’t got that quality in the centre you’re in [how can you learn about quality child care?]’ (9).

Another interviewee expressed concern about the fact that trainees, who receive on-the-job training in return for very low wages (for a seventeen year old, $6.12 an hour, according to interviewee 12), were being used to help in the office (4). She pointed out that office work does not prepare staff to work with children (4).
Culture of secrecy

One interviewee told us that ABC Learning staff are strongly discouraged from ‘talking to authorities outside ABC’ (7). The existence of a corporate culture of secrecy was also referred to in four other interviews.

One interviewee said that her ABC Learning centre panics about visits from the state government agency responsible for child care – government is not seen as an organisation that might help (6). She also said that staff are ‘always told not to talk to the media’ (6, similar comment made by 17).

[Interviewer: Why do you think that is?] I think they [ABC Learning] want to be perceived as being excellent, and I suppose, you know, the reality is they’re not … it all comes down to numbers, down to money (6).

Later she added

… there’s such a culture of that big brother thing, it has totally astounded me (6).

Another interviewee, when asked if there was an atmosphere that staff shouldn’t talk to people outside the centre, responded ‘yes, definitely’ (9). Only one interviewee took a different view, saying that the insistence that staff not talk about centre operations outside the centre was meant ‘to protect the children’ by preventing staff from spreading rumours about children and their problems in the wider community (13).

It is clearly appropriate for professionals to refuse to divulge personal details about those they work with. However, this is quite a different issue from staff being discouraged from speaking out about deficiencies in the services provided by the corporation.

3.7 Conclusion

In conclusion, the range of concerns raised by staff about the way they are treated by ABC Learning gives rise to the question: can a company truly value the children it cares for if it does not respect the staff who care for them? One interviewee explained her perception of the situation as follows:

I have tried to analyse why I [feel] my work situation doesn’t work. There is such a strong feeling that it’s built on sand and not rock. It’s taking all the ingredients to make a child care centre without the solid base of children as the core (6).

In other words, if all the legal and accreditation requirements that must be carried out and documented are not stabilised by the provision of support for staff to provide a program that is fundamentally directed towards the benefit of children and their families, there is a limit to the quality of care that can be provided. It is of considerable concern that staff are not consistently supported in undertaking further training, and that high quality training is not consistently provided, particularly given the limitations of accreditation and regulation procedures in human service industries. High quality care
demands staff with a degree of autonomy and professional wisdom, who are respected for their professional knowledge.

According to some respondents, the first step in addressing these concerns should be for the company to listen to its staff. In response to the arrival of the Australia Institute survey in 2005 one interviewee commented:

Everyone wanted to fill one out but we didn’t have enough.

[Interviewer]: We felt staff didn’t get asked very often about what they thought.

No-one’s ever asked – you’re the first [in more than 15 years of working in the child care industry] (5).

This suggests that lack of respect for staff and their opinions is an industry-wide problem, but there is no reason that ABC Learning could not lead the way in addressing the problem in the centres it owns. Another interviewee told us that she felt that ABC Learning staff were not treated as professionals and valued accordingly (6). She said:

I stopped going to staff meetings because it was just the director up there saying ‘you’re not doing this, this, this and this’ … [ABC Learning] is very much a pyramid structure – our only access is the director (6).

However, if staff are to be encouraged to speak up about their concerns, the company must convince them that they will not face retribution. Regarding the Australia Institute survey in 2005, one interviewee said:

A lot of workers wouldn’t fill in the form because they were scared it would come back on them … I do get into trouble because I have opinions at work (2).

This is consistent with the fact, as mentioned in section 1.4, that during the follow-up telephone calls made to centres after the questionnaires had been mailed out, a staff member at one ABC Learning centre reported to us that staff had been told not to fill out the questionnaires by the ABC Learning state office.

Other steps the company could take to improve its treatment of staff include introducing regular in-service training for staff and contributing to training offered elsewhere which is undertaken by staff, ceasing the practice of sending staff home when child numbers are low, and making permanent part-time and casual staff eligible to receive shares pro-rata for the hours worked in any given year. Consistently staffing centres above the legal minimum ratios (in particular to reduce the strain caused by heavy paperwork responsibilities), paying staff above the legal minimum wages, and employing cleaners at all centres would also show staff that the company values their professional work.
4. Conclusions

The information provided by interviews with ABC Learning staff can be neatly summarised by a comment made by one of the interviewees on the 2005 Australia Institute questionnaire: ‘quality care is provided to the best of the staff’s ability with [the] resources and money provided by [the] company’ (ABC Learning, NSW).

At some centres, staff are happy with the quality of care provided. At others, staff articulated a range of concerns. Taken as a whole, the interviews suggest that there are a number of systemic barriers to the provision of high quality care at ABC Learning centres. It appears that food budgets are low, and qualified cooks poorly paid and difficult to find. Equipment budgets appear to be adequate but a number of staff said that they felt limited by the fact that these budgets must be spent at an ABC Learning-owned toy company that does not provide a wide enough variety for programming which is developed for individual children.

Interviewees told us that some ABC Learning centres have no specialist cleaning staff and that at these centres staff are required to do all the cleaning are well as care for the children. At other centres, specialist cleaning staff are only employed three days a week, and the other two days the staff must do all the cleaning. Almost all the interviewees agreed that paperwork responsibilities at ABC Learning are particularly heavy and reduce the amount of time available for staff to interact with children. Many interviewees could see the need for this paperwork, which is required by ABC Learning for both legal protection and for programming purposes, but felt that there was so much of it that staff became less available to care for the children.

Finally, a number of interviewees articulated concerns about how child care staff are treated by ABC Learning. Some interviewees felt that they were expected to present a professional program without being paid or treated as professionals. A number said that they and other staff regularly completed tasks at home. Some said that they were not paid for set up time, clean up time, or for evening staff meetings. One said that since the introduction of the Work Choices legislation, staff had been told that they were no longer permitted even to claim time-in-lieu for these necessary tasks. Others said that they were not supported in professional development. At some centres, it appears that permanent part-time staff (who work up to 37.5 hours a week) are sent home when child numbers drop, and when this happens they receive less pay or have time taken out of their annual leave. Some interviewees pointed out that ABC Learning’s practice of distributing shares to staff only assists those who are employed full-time: the many staff who are employed permanent part-time or on a casual basis are not eligible to receive shares. A number of interviewees confirmed that ABC Learning attempts to prevent staff from speaking publicly about concerns they may have about the operation of ABC Learning centres.

The information provided by interviews with ABC Learning child care staff offers a useful perspective from which to view the financial success of ABC Learning. Two interviewees expressed a general concern about ABC Learning’s rapid growth and the failure of government to effectively regulate it. One said that ABC Learning was ‘taking
over the whole industry’, and added the government should never have let it get to this point (7). The other said:

I’m disappointed the government is letting someone [ABC Learning] take over like that … it wouldn’t happen in any other industry … It’s the future [children are] and [government] have got no idea what is going on (16).

Another interviewee expressed concern about the patchy state-to-state regulations and said she has the impression that ‘ABC have just done what they need to do to cover them [the regulations in each state]’ (6).

Policy implications

The range of barriers to the provision of good quality care in ABC Learning centres identified by the interview process highlights the need for stronger government regulation in this area. In particular, stronger regulation is desirable on matters such as staff-to-child ratios (a State government responsibility) and quality spot-checks (a Federal Government responsibility). Such stronger regulation would apply to all long day care providers and as such would improve all centres that do not currently deliver high quality care, not just those ABC Learning centres that are currently underperforming.

Given that 2005 survey results showed that community-based centres consistently provide higher quality care than corporate chains, the Federal Government might also consider providing capital funding for the establishment of new community-based centres in order to provide parents with better opportunities to access high quality care and put pressure on the corporate chains to improve the quality of care provided in their centres.

Finally, it is a matter for substantial concern that child care staff currently appear to be discouraged from raising any concerns about the operation of ABC Learning centres outside the company itself. Given that millions of dollars of public funding currently support the long day care industry via Child Care Benefit payments to parents, there is surely a case to be made for long day care operators conforming to transparency requirements. However, it is not clear how to regulate against a culture of secrecy in corporate operations.

The existing relationship between the Federal Government and ABC Learning is extremely politically sensitive. What is at issue is not simply the effective use of public funds, but the care provided to a substantial fraction of the nation’s youngest children.

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14 Improvements to legal minimum staff-to-child ratios would address some of the concerns mentioned by interviewees about heavy paperwork and cleaning responsibilities crowding out staff interaction with children.
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Appendix 1 Child care places provided by corporate chains

A US merger investor presentation by ABC Learning dated 16 November 2005 uses the figure of 47,500 child care places owned by the company (ABC Learning 2005a).

Adding to this figure the approximately 6,100 places provided by Kids Campus (KDS 2006a) in 85 centres, the 5,000 places provided by Hutchison’s Child Care Services (HCCS 2006a) in 81 centres, and the 4,000 places provided by Childs Family Kindergartens (CFK 2005) gives approximately 62,600 places provided by corporate chains.

This compares to a total of 229,603 Commonwealth-supported long day care places as at 27 September 2004 (Centrelink Administrative Data, provided as the most recent data available by the Child Care Branch, Department of Families, Community Services and Indigenous Affairs, 10 March 2006).

Note that Kids Campus was taken over by ABC Learning in March 2006. At the time of publication, however, the two had not yet been integrated. On 10 May 2006, the Australian Competition and Consumer Commission (ACCC) Mergers Review Committee approved the merger conditional on divestiture of a number of centres, but the specific details were not yet available at the time of publication (ACCC 2006).
Appendix 2 Estimate of the amount of Federal Government support, via Child Care Benefit (CCB), which will be provided to ABC Learning in the 2005/06 financial year

According to the Department of Families, Community Services and Indigenous Affairs, Child Care Benefit (CCB) expenditure in 2004/2005 was $1.47 billion, and around 70 per cent of this expenditure supported children attending long day care (LDC) services (FACSIA personal correspondence, 10 May 2006).

Assuming the different types of LDC provider (community-based, independent private and corporate chain) receive an amount of CCB via their enrolled children/families which is proportional to the number of places they provide, and assuming that the amount of child care benefit paid out by the government remains approximately the same as 2004/2005, in 2005/2006 ABC Learning, which owns approximately 20 per cent of all LDC places, will receive approximately $206m from CCB. Elsewhere, the figure of $230m has been used (ABC 2006).
Appendix 3 Interview questions

I’m going to ask you a few questions based on the answers you gave on the questionnaire you completed, and then I will ask you some more questions which are based on issues mentioned by other child care workers. Don’t hesitate to ask me if anything I say is unclear or you feel like you haven’t understood the questions.

On your survey you said […] Can you give me an example of what you mean by that?

More general questions

What’s it like working at your centre?

Is ABC a good employer?

I understand that ABC provide a standard curriculum for all their centres around the country. Can you tell me about that – how does it work?

Did you work in other centres before you started work for ABC? Are there any differences between these other centres and your centre now?

Some child care workers say that their centre does not have enough toys so children get bored and develop behaviour problems. Is that your experience?

Some say that resources (toys etc) are shifted from centre to centre for accreditation purposes. Have you ever seen that happen?

What about staff being moved around from centre to centre, interrupting consistency of care for the children?

Some say that large room sizes affect the quality of care that can be provided to the children. Have you found that in your centre?

Some child care workers say that large amounts of paperwork limit the time available to be spent with children. Do you have to do much paperwork?

Do you find that cleaning duties limit the time available to be spent with children?

Some child care workers say that at their centre, the co-ordinator does a ‘head count’ (that is, they count the children) and they will ‘combine rooms’ in order to send some staff home so there are never more staff present than necessary to meet legal minimum staff-to-child ratios. Have you ever seen this happen?

Some child care workers say that at their centre, children are not allowed to have a second helping of food even if they are still hungry. Does that ever happen at your centre?
[For those who experienced an ABC takeover] Some child care workers have felt that the ‘refurbishment’ of their centre after it has been taken over by a large company has had some negative consequences – for example, the garden has been taken out and replaced with rubber matting and plastic grass. Is that your experience?

That is the end of the interview – thank you so much for your time.
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