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<1>ABC Learning and Australian early education and care: a retrospective ethical audit of a radical experiment

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<2>Introduction

This chapter unfolds in three parts. It commences with the cautionary narrative of ABC Learning, an Australian childcare corporation that became the world's largest for-profit childcare provider within a few years of its listing on the Australian Stock Exchange. It then revisits findings of an ethical audit (Sumsion, 2006) of ABC Learning's operations from 2001–05 in light of subsequent developments. The chapter concludes with reflections on some of the many questions prompted by the rise and fall of ABC Learning.

Some familiarity with the Australian early childhood education and care (ECEC) context is needed to fully comprehend the enormity of the ABC Learning epic. In brief, as Brennan and Newberry (2010) outline, the Whitlam Labor Government, 1972–75, introduced supply-side funding for not-for-profit long-day care, that is full daycare and education for children aged from 6 weeks to 5 years of age. This initiative positioned childcare provision primarily as a public responsibility and led to a significant expansion of the not-for-profit community-based sector. In 1991, the Hawke–Keating Labor Government, 1983–96, extended government subsidies to private for-profit providers, thus legitimating childcare provision as a profit making undertaking. A market approach became entrenched under the Howard Liberal-National Coalition (Conservative) Government, 1996–2007. Supply-side funding was dismantled when operational subsidies for not-for-profit services were removed in 1997. In 2000, the Child Care Benefit, a demand-side subsidy to parents that flowed directly to the centre attended by their child was introduced. These policy levers increasingly positioned childcare as a private responsibility best provided through market forces. The attractions of a business model underpinned by a secure government-funded revenue stream led to the rapid expansion of for-profit provision and created market conditions conducive to the entry of corporate operators such as ABC Learning (Brennan and Newberry, 2010; Brennan, this volume).

ABC Learning: an epic narrative

The rise and fall of ABC Learning began, uneventfully enough, in 1988 in the Australian state of Queensland when the 22-year-old entrepreneur Eddy Groves and his wife, Le Neve, bought a licence to operate a childcare centre in suburban Brisbane. They expected that

Queensland's rapidly growing population, fuelled in part by an influx of young, two-income families from interstate who had little extended family support, would make childcare a 'recession proof' growth industry (Fraser, 2004). Assisted by increased government subsidies for for-profit childcare operators, they gradually expanded their childcare business. Twelve years later, in 2000, their company, ABC Learning, owned 31 centres in Queensland and Victoria (Wisenthal, 2005).

In 2001, to gain access to significant capital to fund further expansion, ABC Learning was floated on the Australian Stock Exchange. It rapidly became one of the best performing stocks with net profits rising 1,100% in the period from June 2002 to June 2006 (Brennan and Newberry, 2010) and its share price increasing sevenfold from 2002 to 2004 (Alberici, 2004). Its performance attracted admiring commentary in the financial pages of the press and large numbers of shareholders wanting to ride the first wave of corporate investment in childcare.

ABC Learning's rapid growth also generated heated opposition from small, for-profit providers, not-for-profit providers and their advocates, social-democratic-leaning media commentators, and academics – not least because the Child Care Benefit accounted for approximately 50% of ABC Learning's revenue (ABC Radio National, 2004). Moreover, allegations abounded concerning reductions in the employment of qualified staff and in food, equipment and cleaning budgets following its takeover of existing centres, along with anecdotal reports of centres gaining accreditation despite not meeting required standards (Sumsion, 2006). Suspicion and anger was further fuelled by Eddy Groves's widely perceived confrontational style and his status, in 2006, as the wealthiest man in Australia under 40 years of age, according to the *Business Review Weekly's* Young Rich List (*The Age*, 2006). Nevertheless, ABC Learning seemed unstoppable. Less than four years after floating on the stock exchange it owned or operated approximately 20% of Australian long-day care centres. It had also bought a major toy supplier, established a staff training college, and planned to move into out-of-school provision and to establish fee-paying primary schools (Sumsion, 2006).

In November 2005, ABC Learning became the world's largest listed childcare provider following its acquisition of the Learning Care Group, the third largest childcare company in the US, with 460 centres attended by approximately 69,000 children (Rochfort, 2005) and franchises in Indonesia, the Philippines and Hong Kong (Brennan, 2007). Groves immediately announced plans for further US expansion, followed by expansion into the UK, New Zealand and China. Canadian not-for-profit activists mounted an extensive and ultimately successful national campaign to thwart Groves's plans for expansion into Canada (*Canada Newswire*, 2007). By late 2007, ABC Learning owned or operated more than 2,300 centres across at least five countries and was by far Australia's largest childcare provider (Brennan and Newberry, 2010).

In February 2008, on the cusp of the global financial crisis, came the shock announcement that ABC Learning's profit for the first half of the financial year had slumped more than 40% in comparison with the previous year. Within a month, its share price had dropped by more than 65%, triggering a series of margin loan calls on its directors (Carson, 2008a). To meet the margin calls, Le Neve Groves sold all her ABC Learning shares, while Eddy Groves retained only a token shareholding from a portfolio worth AUD295m at its peak in May 2007 (Korporaal and Meade, 2008).

ABC Learning's rapidly deteriorating financial situation led to a sudden forced sale of 60% of the company's US holdings (Carson, 2008b). Its share price continued to plunge. In August 2008, it was suspended from trading. In September 2008, Eddy and Le Neve Groves resigned from their positions at ABC Learning after a series of continued delays to the release of its full-year financial results (Walsh, 2008). In November 2008, ABC Learning went into voluntary receivership and its highly questionable accounting practices that grossly overinflated its value were exposed (Brennan and Newberry, 2010). To keep the remaining centres open until a buyer could be found, the Australian Government poured in AUD56m to cover operating costs. It also announced a Senate Inquiry into the provision of ECEC, including the impact of ABC Learning's collapse (The Senate Education Employment and Workplace Relations References Committee, 2009). Eventually, the centres were sold to a consortium of not-for-profit charities, bringing to an end a radical experiment in corporate childcare provision (Brennan, 2007).

<2>Challenging ABC Learning's ascendancy

ABC Learning's ascendancy exemplified the Howard Government's [1996–2007] market-based ECEC policy agenda outlined earlier in the chapter. Endeavours to challenge the policy wisdom of allowing the unfettered expansion of ABC Learning failed to gain traction, with opposition to its growing market domination apparently ignored by government or dismissed as ideologically driven (Horin, 2008). The difficulties were compounded by the seemingly almost insurmountable challenges of obtaining 'hard' empirical evidence to support growing anecdotal evidence and analytical and philosophical arguments about the dangers posed by ABC Learning's increasing market concentration.

Disaggregated data enabling comparison between not-for-profit centres, privately owned for-profit centres and corporate childcare chains were not publicly available (Sumsion, 2006). Moreover, in effect, ABC Learning was 'off limits' to researchers, despite claims to the contrary by CEO Eddy Groves. Difficulties in obtaining funding for what could seem a politically motivated project, nervousness about ABC Learning's history of initiating legal proceedings against critics and the complexity and lack of transparency of its business structures further hindered research into the nature, effects and implications of ABC Learning's rapid operations, particularly in the first few years of its rapid expansion (Horin, 2008).

<2>An ethical audit

To contribute to efforts to force a policy debate about whether the corporatisation of ECEC, that is a growing concentration of ECEC provision by listed companies with legal responsibilities to maximise shareholder profits, was in the public interest, and employing a framework proposed by Cribb and Ball (2005), I undertook an 'ethical audit' of what was then known about ABC Learning (Sumsion, 2006). The audit covered the period from floating of the company in 2001 through to late 2005 and the beginning of its international expansion. A secondary aim was to identify evidence gaps and to propose a research agenda that could address those gaps. This chapter revisits and extends that earlier audit by drawing on information that has since come to light and on developments in the period from 2006–10.

Central to the notion of an ethical audit is the premise that considerations of the public interest should be viewed through an ethical lens that tries to find a way of balancing often competing interests, perspectives and goals, rather than simply focusing on primarily economic considerations (Cribb and Ball, 2005). Drawing on Cribb and Ball's notion of clusters of goals, obligations and dispositions, taken respectively from theories of consequentialism, deontology and virtue theory (see Cribb and Ball, 2005 for elaboration), the 2006 audit endeavoured to provide a balanced discussion of concerns that had been raised about corporatisation, and particularly ABC Learning. Using ABC Learning as a case study, it focused specifically on the interrelated issues of opportunity costs, market concentration, quality, workforce and 'corporate citizenship'. This chapter picks up those threads.

<2>Through the ethical lens of goals

Theories of consequentialism suggest that goals can be seen as reflections of intent, emanating from weighing up potentially positive and negative consequences of possible courses of action (Cribb and Ball, 2005). Following Cribb and Ball, the 2006 audit was based on assumptions that even if shared goals are desirable, the strategies used to achieve them should be subject to careful scrutiny, including consideration of opportunity costs, that is costs involved in following one particular course of action rather than another. The 2006 audit pointed to what, at face value, seemed congruent goals of the Australian Government and ABC Learning: providing good quality ECEC services and enabling parents a choice of services (Patterson, 2004). A particular focus of the audit was the opportunity costs of hastening the policy shift away from not-for-profit centres with their tradition of contributing to the social fabric of their local communities (Press, 1999), to for-profit, specifically corporate, provision. The effects of market concentration, in terms of long-term financial viability, political influence and homogeneity were a further focus (Sumsion, 2006).

The 2006 audit anticipated two quite different scenarios. The first involved possible effects should ABC Learning's plans for ongoing domestic and international expansion prove successful. For example, what was the likelihood that, if it continued to expand, ABC Learning might outgrow the capacity of government to regulate it (Crouch, 2000), or pursue its vested interests at the expense of broader social and economic interests, for instance, by opposing the introduction of paid parental leave (Brennan, 2007)? Would it intensify its already widely perceived undue political influence (Jokovich, 2005), or through its emphasis on standardisation, homogenise ECEC provision (Press and Woodrow, 2005)? Conversely, the second scenario concerned the potentially far reaching implications should ABC Learning's plans for ongoing domestic and international expansion be thwarted. The risks associated with expansion were considerable. They ranged from the possibility of demographic or other social changes causing a decline in demand for ECEC, increased competitive pressures and/or market saturation, to poor financial decisions, and lack of funding or adequate staff to support further expansion, through to reputational damage, and regulatory change unfavourable to ABC Learning's interests (Wilson HTM, 2003). Ultimately, both scenarios eventuated – unparalleled expansion and market concentration through to mid-2007, followed by complete corporate collapse by late 2008 – resulting in enormous opportunity costs.

ABC Learning reached its Australian peak of 1,084 centres in July 2007 (The Senate Education Employment and Workplace Relations References Committee, 2009), an increase of 64% on the 660 Australian centres held in June 2005 (ABC Learning, 2005) as reported in the earlier audit. Estimates of its market share varied from at least 20% (Australian Government Department of Education Employment and Workplace Relations, nd) to 30% (Groves, 2006, cited by Brennan and Newberry, 2010) to possibly even 50% in Victoria and Queensland (Gittens, 2008). Yet tellingly, increasing market concentration did not translate to a substantial overall growth in the number of childcare places (Brennan, 2007). Moreover, given the aggressively anti-competitive strategies used by ABC Learning to consolidate its market position (Hills, 2006; Press and Woodrow, 2009), there seemed little basis for assertions that the net effect was a greater choice for parents of high quality services.

Nuanced analyses are needed, however, as parents' experiences of the childcare market and the choices available to them vary according to context (Harrison et al, 2011). An important consideration is whether the market is 'thick', offering many services and with consumer capacity to pay a premium for quality, or 'thin', offering a small number of services and with little capacity to pay more for higher quality (Cleveland and Krashinsky, 2009). Nuanced analyses about the effect of ABC Learning's expansion on parents' choice of services are constrained by scant systematic, fine-grained quantitative and qualitative evidence – but the limited evidence available gives little cause for confidence.

Harris (2008), for example, interviewed 20 mothers about their experiences of choosing childcare in Townsville, a large regional town in north Queensland. Congruent with high internal migration to the town, two thirds of the participants had no extended family in

Townsville, leaving them especially reliant on the childcare market. With a population of approximately 154,000, average income levels slightly above the national average, and 66 early childhood centres (Harris, 2008), Townsville could be considered a 'thick' market, theoretically with sufficient services, competition and income levels to enable consumer choice to drive up quality (Cleveland and Krashinsky, 2009). That was not the experience of the participants in Harris's study. They sought centres that were embedded in the community to build their community connections and reduce their social isolation. Yet of the 66 centres, only 12 were not-for-profit and community-based. Of the 44 for-profit centres, almost 70% were owned by corporate chains, primarily ABC Learning. Many participants who had used or approached corporate centres found a 'one size fits all' model that was 'unresponsive to the needs of their regional community' (Harris, 2008, p 48).

Although the findings of Harris's study are not generalisable, Press and Woodrow's (2009) analysis of ABC's market concentration in large regional towns in New South Wales (NSW) highlighted the potential for similar experiences to be replayed many times over. Several much smaller NSW country towns, quintessentially 'thin' markets, lost their only childcare centre after ABC Learning sold the centres to Child Care Providers Pty Ltd, a little-known but closely connected company, prompting allegations that ABC Learning was attempting to 'bury' unprofitable services while deflecting criticism of its operations (Horin, 2007). Although the centres were a vital part of the social and educational infrastructure of these small communities, local organisations were allegedly refused opportunities to discuss taking over their operation (Horin, 2007). Parent and community concerns about ABC Learning's market concentration were also reported in 'thick' metropolitan markets (AAP, 2006).

In the hundreds of documents reviewed for the 2006 ethical audit and for this chapter, other than statements by Groves himself (for example Groves, 2006), there is barely, if any, mention of ABC Learning contributing to local communities beyond providing a childcare service. On the contrary, its business model focused heavily on exclusive global supply agreements (Press and Woodrow, 2009) that did relatively little to support local suppliers. This lost opportunity to strengthen local economies was yet another facet of ABC's poor track record of contributions to strengthening communities, thus constituting further significant opportunity costs.

ABC Learning's subsequent collapse brought further heavy financial and opportunity costs. When forced into receivership by insolvency in November 2008, it provided for over 100,000 children and employed approximately 16,000 staff (Australian Government Department of Education Employment and Workplace Relations, DEEWR, nd). The risks of substantial adverse economic and social impact were therefore considerable. Consequently, as noted previously a package up to AUD56m, in addition to receivership costs, was made available to keep the 400 loss-making ABC Learning centres open until the end of 2008, and subsequently to keep 262 centres still considered unviable by the receivers open until March 2009 (DEEWR, nd). This 'rescue package' was in addition to AUD300m paid to ABC Learning in 2008 alone as taxpayer funded subsidies (Bita and Fraser, 2008). Eddy Groves

argued that ABC Learning's massive investment in physical infrastructure of close to AUD100m up to 2006 (ABC Learning Centres Ltd, 2006) and an undisclosed amount since, had left a substantial legacy. Yet, as not-for-profit advocates argued, government funding poured into ABC Learning could have achieved 'a much better outcome... a high quality community owned service in every community around the nation' (Romeril, 2006).

Proponents of market forces claim that competition generates robustness, and implicitly sustainability, along with consumer choice and quality (Crouch, 2000). This proved not the case with ABC Learning. Its corporate model was clearly not sustainable; nor did it appear to give parents a greater choice. Questions arose, as well, about whether ABC Learning met its obligations to provide good quality services.

<2>Through the ethical lens of obligations

From theories of deontological reasoning, Cribb and Ball (2005) take the notion of obligation as encompassing a sense of one's ethical duty. Obligations, therefore, extend beyond instrumental considerations concerning how to achieve goals to issues of ethical consequences. The Howard Government appeared sanguine about Eddy Groves's assurance that ABC Learning could fulfil its obligations to provide high quality ECEC, while meeting its legal requirements to maximise shareholder benefits (Patterson, 2004). Yet the 2006 audit revealed widespread scepticism about Groves's assurances that quality and profits could be achieved through economies of scale, by spreading costs over a large number of centres, given that the costs of employing staff account for a high percentage of operating costs (IBISWorld, 2003). Allegations concerning cost-cutting measures that inevitably undermine quality – such as severe reductions in the employment of qualified staff and in food and equipment budgets – were widely reported (ABC Radio National, 2004; Alberici, 2004; *Business Review Weekly*, 2003), including under parliamentary privilege (Hills, 2006). Critics contended that ABC Learning might have found ways of circumventing regulatory requirements (Sumsion, 2006).

Similar doubts about ABC Learning's capacity to meet its obligations to provide good quality services were raised by academics and other commentators who pointed to international evidence indicating that, on balance, for-profit centres generally provide lower quality ECEC than their not-for-profit counterparts, and that for-profit chains, on average, provide lower quality than privately owned, for-profit centres (Harrison et al, 2011; Sosinsky, this volume). As Harrison et al (2011) caution, however, Australia's long-standing commitment to means-tested fee support for families using childcare and regulatory frameworks may mean that trends elsewhere are not borne out in Australia.

Only two studies (Rush, 2006; Rush and Downie, 2006) appear to have endeavoured, albeit indirectly, to ascertain the quality of ABC Learning centres. Both were undertaken by an

independent research institute seemingly not bound by constraints typically imposed by university ethics committees, including employer permission to approach staff. The first study (Rush, 2006) involved a stratified random sample of childcare staff from 462 centres (approximately 10% of all centres). Analysable responses were received from 578 staff (slightly less than approximately 1% of childcare centre staff Australia-wide) from 217 centres (approximately 5.5% of all centres). The highest response rate was from not-for-profit centres (66%), followed by private for-profit (43%) and corporate chains (30%).

Survey respondents were asked about time available for staff to develop individual relationships with children, the centre's programme and equipment, the nature and amount of food provided to children, staff turnover and staff-child ratios, as well as open-ended questions to ascertain their perceptions of the quality of the centre at which they worked (Rush, 2006). Staff at corporate centres consistently rated their workplaces lower on these dimensions than did staff from not-for-profit centres. The differences were statistically significantly different, in contrast to the small, non-significant differences between the responses of staff from not-for-profit and privately owned, for-profit centres. The study attracted considerable media attention, especially the finding that 21% of respondents from corporate centres would not send their own child aged under 2 years to a centre of equivalent quality to their workplace because of quality concerns, compared to approximately 5% of respondents from not-for-profit and private for-profit centres, (Rush, 2006). Telephone interviews were subsequently undertaken with 20 survey respondents from ABC Learning centres (Rush and Downie, 2006) to tease out concerns identified by the survey, but these yielded mixed and inconclusive findings.

The respective limitations of these studies, such as reliance on self-reported perceptions, small sample size, no comparison sample, mean that the findings must be interpreted with caution. Nevertheless, they suggest sufficient grounds to warrant more substantive investigations into possible differences in quality between centres of different auspice types, even taking into account the likely unevenness of quality amongst centres of the same auspice type (Cleveland and Krashinsky, 2009). Robust studies that have enabled comparisons of quality in not-for-profit and for-profit centres have been undertaken in several countries, but notably not in Australia (Harrison et al, 2011). As noted previously, nor have existing data collected for regulatory purposes been made publicly available in ways that facilitate comparison between auspice types, including corporate chains.

So far, this chapter has focused on ABC Learning's relatively poor track record of serving the public interest, when considered through the lenses of goals and obligations. The discussion now moves to dispositions, the third lens of Cribb and Ball's (2005) ethical audit framework.

<2>Through the ethical lens of dispositions

Obligations encompass a spectrum from strictly obligatory to high ideals (Beauchamp and Childress, 2001). Dispositions can be thought of as inclinations, or otherwise, to go beyond the strictly obligatory, and to contribute to the 'flourishing' of individuals and society (Cribb and Ball, 2005, p 117). Following Cribb and Ball, it is pertinent to ask what dispositions ABC Learning should have been required to demonstrate, given its high level of taxpayer support. The 2006 audit raised questions about its disposition to provide higher than a minimally acceptable quality of ECEC, and to enhance pay, conditions, status and overall professionalism of the ECEC workforce in excess of minimum legal obligations.

ABC Learning's highest concentrations of centres were in Queensland and Victoria, which had amongst the lowest standards for staff qualifications in Australia. This distribution suggests that ABC Learning preferred to operate primarily in a low pay environment. This impression was reinforced by its attempt to challenge Queensland regulations concerning the maintenance of staff-child ratios during meal breaks (Horin, 2003) and its unsuccessful application for exemption from paying increased wages on the basis of financial hardship (Peacock, 2004) at a time when it reportedly anticipated making an AUD100,000 annual profit from each centre (*The Age*, 2004). Its unprecedented defamation action against the Liquor, Hospitality and Miscellaneous Union (LHMU), Australia's largest childcare union, for attempting to disseminate information to ABC Learning staff concerning their legal entitlements to certain working conditions further fuelled allegations about the company's motives (*Business Review Weekly*, 2003). On the other hand, ABC Learning claimed that it offered staff access to profit sharing arrangements, a benefit that contributed to a supposedly much lower staff turnover (7.5%) than the industry average (ABC Radio National, 2004), estimated to be as high as 40% (CSMAC, 2006). If this figure is correct, and not based solely on its relatively small proportion of permanent staff, ABC Learning's seemingly impressive retention rate suggested a much higher degree of staff satisfaction than claimed by its critics.

ABC Learning's mixed report card in its treatment of its workforce continued through to its collapse. In early 2006, its unsuccessful appeal to the Victoria Supreme Court over an AUD200 fine for a breach of regulations, in an attempt to shift blame from the corporation to individual employees (Faroque, 2006), attracted much derisory press coverage. Perhaps recognising its vulnerability to criticism that it was not meeting its obligations concerning quality, and possibly concerned about the tight labour market, in December 2006, ABC Learning signed a formal national workplace agreement, negotiated by the LHMU to substantially improve pay and conditions (Summers, 2007). Given ABC Learning's history of hostility to unions (Brown, 2009[**please supply ref**]), the 'landmark' agreement would have been inconceivable at the time of the earlier, 2006, audit. As Summers (2007, p 31) noted at the time, '... it will be worth tracking whether this agreement marks a turnaround in conditions – and perceptions. If so, getting into bed with the union might turn out to have been a smart business move.' Ironically, a month before Summers's observation, ABC Learning and the LHMU were 'still at a stand off' about 'how to interpret' the agreement, following protests by ABC Learning staff about underpayment, with the LHMU reportedly accusing ABC Learning of 'outrageous' behaviour (*Mandurah Coastal Times*, 2007, p 5).

The relationship between ABC Learning and the LHMU continued to deteriorate and in October 2008 the LHMU initiated formal action against ABC Learning, alleging that it had breached the national workplace agreement (Press, 2008). It is difficult, therefore, to conclude that ABC Learning demonstrated a disposition to enhance, in any substantial way, the pay, conditions and professional status of the ECEC workforce.

<2>Reflections

The rise and fall of ABC Learning poses many questions concerning market-based ECEC provision. Why, for example, was ABC Learning, as a single corporation, allowed to assume such a dominant position in the Australian ECEC market? Could a similar scenario happen elsewhere? Might ethical audits assist in monitoring market operations and their consequences?

ABC Learning clearly constituted a vast, unprecedented and unsuccessful experiment in Australian ECEC provision (Brennan, 2007, p 13). Traces of damning evidence had emerged by the time of the 2006 audit. Probing questions were asked publicly of ABC Learning and government by ECEC experts from industry and academia for several years (Horin, 2008). A small number of academics eventually managed painstakingly to piece together damning forensic evidence about ABC Learning's legally and ethically dubious operations – see especially Brennan and Newberry (2010), Press (2008), Press and Woodrow (2009). Why, then, did it take ABC Learning's collapse and a parliamentary motion from the Australian Greens to pressure the Rudd government into eventually holding a Senate inquiry (Brennan and Newberry, 2010)? The endemic lack of transparency surrounding ABC Learning suggests that answers to many of the questions arising from the ABC Learning experiment and the full extent of the real and opportunity costs incurred, will probably never be fully known. Explanations for why there was, seemingly, so little political and policy attention to ABC Learning throughout its ascendancy conceivably lie in a combination of factors, including ideological blindness about market operations (Crouch, 2000), inertia arising from a sense of inevitability concerning ABC Learning's increasing market concentration, a reluctance to take political risks associated with disrupting the status quo (Althaus, 2008) and the Australian Public Service's reported weakness in producing 'informed and forward looking advice' (Rudd, 2010, p 3).

Presumably, such factors are not specific to Australia. It is interesting to speculate, therefore, about whether similar events might have happened in other countries in which ABC Learning had established a presence, had its trajectory not been curtailed by the global financial crisis or its ultimately unsustainable business model. Likewise, could an equivalent corporation emerge from mixed market ECEC provision in other national contexts, including those discussed in this volume? Moreover, in positioning parents as ECEC consumers and sources of government-guaranteed income streams, does demand-side funding inevitably invite opportunistic corporate behaviour of the kind that characterised ABC Learning? What checks and balances are needed, in Australia and elsewhere, to safeguard against the

'costly and dysfunctional outcomes' (Brennan and Newberry, 2010, p 5) of the ABC Learning experiment? Collectively, the chapters in this volume generate insights into questions such as these.

A stark lesson from the ABC Learning epic is the need for policy accountability beyond calculating and managing political risk. Cribb and Ball's (2005) ethical audit framework, used in this chapter and in the 2006 audit, is inevitably somewhat reductionist, for endeavouring to tease out goals, obligations and dispositions, and their consequent effects artificially separates complex interrelations, as evident in the case of ABC Learning. Nevertheless, the framework provides a useful analytical tool for closely monitoring market-based ECEC provision. It focuses attention, for example, on the interplay between social, political and economic issues and tensions in ECEC provision and the ethical demands inherent in negotiating them. It also reinforces the importance of building a sound evidence base from which to evaluate the benefits and costs of approaches to ECEC provision. Moreover, it provides a scaffold for considering how one might develop a rich mosaic of evidence types and sources of the kind advocated by Luke (2005). To be effective, the nature and focus of ethical audits would need to be adapted to suit the context, and every effort made to ensure they were used in non-trivialised ways. Within these caveats, the potential of ethical audits to inform policy development, analysis and evaluation appears to warrant further exploration.

<2>A postscript

In 2010, DEEWR commissioned an analysis of gaps in research evidence concerning Australian ECEC, including the effects of market operations. Whether it will make public the report, let alone act on the recommendations – which included the need for transparency and the development of an Australian evidence base (Harrison et al, 2011) – is yet to be seen. More transparency, responsiveness to sector concerns and commitment to a drawing on a rich array of evidence would, indeed, be a welcome outcome of the ABC Learning debacle.

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