

Labor calls on competition watchdog to stop merger of childcare providers ^[1]

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Source: The Guardian

Format: Article

Publication Date: 3 Jul 2017

AVAILABILITY

<https://www.theguardian.com/australia-news/2017/jul/04/labor-calls-on-competitio...> ^[2]

EXCERPTS

The federal opposition has taken the unusual step of writing to the Australian Competition and Consumer Commission to try to prevent a merger between two outside-school-hours care providers, saying a merger would drive up costs for parents and lead to lower-quality care.

The commission has been reviewing the effect of the proposed merger between Camp Australia and Junior Adventures Group, which both provide before and after school care as well as holiday care at primary schools.

In February, Camp Australia and its 750 services across Australia were bought by the foreign hedge fund Bain Capital in Boston. Bain is now looking to merge with Junior Adventures Group, which operates about 400 sites around Australia. The move would give it control of about one quarter of the outside-school-hours care market nationally.

On Tuesday the opposition's early childhood education spokeswoman, Kate Ellis, called on the prime minister, Malcolm Turnbull, to step in and prevent the buy-up.

"It's a massive worry - services at one in four schools across the country are set to be controlled by a foreign, for-profit hedge fund," Ellis said.

"Analysis shows these kind of for-profit providers lead to higher fees and lower quality. Bain Capital Boston would have a market share not seen since the collapse of ABC Learning. We simply shouldn't be putting our education system, parents and our economy at that kind of risk again."

Once the world's largest provider of early childhood education services, ABC Learning went into liquidation in 2008 after it was unable to pay its debt and its profit and share price fell. Its collapse raised questions about the risks of a monopoly market.

In their letter to the ACCC, Ellis and the opposition's competition spokesman, Andrew Leigh, wrote that small outside-school-hours care providers - particularly not-for-profit and community providers - would not have the capital to compete with the proposed merged entity on upfront and licence fees paid to schools.

"This would be a significant barrier to entry or expansion for smaller providers and will dampen competition on both price and quality," they wrote.

The commission will release its decision on the merger at the end of the month.

-reprinted from The Guardian

Region: Australia and New Zealand ^[3]

Tags: for-profit ^[4]

before and after school ^[5]

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