

Concerns raised about profit-making firms in childcare industry ^[1]

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EXCERPTS

Concerns have been raised about the role of profit-making investors in childcare, in the run-up to nursery becoming largely free for parents, according to the FD.

The paper reports that large-scale investors now own 15% of Dutch childcare businesses, and that some politicians and organisations want to ban profit-making firms.

Currently, the paper reports, 70% of nursery and after-school club costs are paid by employers and the government, through childcare benefits. In the wake of the childcare benefits scandal that brought down the last government, the coalition wants to make 95% of the care free. The BMK association, which represents non-profit businesses in the sector, has claimed that there is speculation in the industry, to the detriment of society.

'Large investors hoover through the sector to buy up smaller childcare organisations in order to sell them later and make a profit,' said Loes Ypma, chair of the BMK. She said that her members report that investors are looking for organisations to buy, claiming they are seen as 'cash cows'.

'The BMK believes that investors and private equity do not belong in a sector like childcare,' said the body in a statement. 'We would not permit such practices in education, so why do we do this in childcare?'

The FD names large investors as Partou, owned by Canadian private equity company Onex and Dutch investor Waterland – which claims to run 8% of the market – the French Babilou Family and Dutch investor Bencis.

Partou told the FD that it had not made any profit from childcare that went to shareholders in recent years, and said that Onex and Waterland had not taken any 'profit' from the organisation. 'Only in the event of a sale would shareholders achieve any return from the sale price,' chief executive Jeanine Lemmens reportedly said.

A spokesperson from GroenLinks told the FD that it was working with left-wing parties on a new law proposal. 'It is bizarre that the government wants to make childcare free, without doing anything about profit distribution,' the spokesperson reportedly said.

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