

# 'Big-box' daycare coming to Canada [CA] <sup>[1]</sup>

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## AVAILABILITY

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## FULL TEXT:

The largest daycare corporation in the world & often criticized for cutting care to raise profits & is bringing its controversial form of big-box privatized child care to Canada.

Nicknamed "Fast Eddy," Australian-based entrepreneur Edmund Groves, who holds Canadian citizenship, is behind a move to purchase daycares in Ontario, Alberta and B.C.

Form letters, written by Texas businessmen fronting the Canadian expansion, have been arriving in the mailboxes of dozens of private daycare operators asking if they want to be evaluated with a view to selling.

It's all part of a rapid global expansion by Groves' ABC Learning Centres, which last year added about 1,000 U.S. centres to its empire.

"We represent a large financial/child care group purchasing child care centres across Ontario," the letter reads. "Are you ready to see what your business is worth in today's market? The process is simple and all information is confidential ... If the centre meets our criteria we will make you an offer."

Groves, a former milkman, has seen his company grow from a single centre in 1988 to a \$2.2 billion (all figures in Canadian dollars) kiddie care kingdom operating 2,400 daycares on three continents. The 41-year-old Groves has a penchant for alligator skin boots, owns a professional basketball team called the Brisbane Bullets and has been known to arrive at work by helicopter, according to press reports.

The Ontario day care market is a big target. There are 4,400 licensed daycares, with about one-quarter of them for-profit centres. The letters from the Texans say only for-profit daycares are of interest.

Groves' meteoric rise has drawn criticism from numerous corners.

The Sydney Morning Herald published a story about Groves with the headline: "Cradle Snatcher." Last year, Labour MP Michael Danby attacked Groves in federal parliament, saying the daycare king has become rich by "milking government (child care) subsidies."

In a 2006 report by the Australian Institute, a respected Australian think-tank, researchers said poor food quality and cost-cutting have compromised quality even as ABC has amassed a fortune from public child care subsidies given to parents.

The report was based on a survey of employees at daycares across Australia. The report singled out ABC, saying that despite an estimated \$172 million in government subsidies, the daycare giant fell short in most areas of quality care when compared to community based, non-profit centres.

The report said the chain did not always serve nutritious food (one staffer interviewed called the food "atrocious"); did not always provide enough quality toys and equipment (toys often have to be purchased from an ABC-owned company); and hired only the minimum number of staff required by law. It notes daycare teachers "are required to do all the cleaning themselves as well as care for the children."

The Star tried to interview Groves for this story but a spokesman declined. However, Groves recently told Forbes Asia that criticism of him was unfounded. His corporate website says ABC has "made high quality early childhood education programs available to all families. It's our love for all children that has ensured our tireless commitment to providing them with the best possible start."

Daycare leaders in Ontario are worried that Groves' approach will harm an already beleaguered daycare system. A recent Star investigation showed lax Ontario government regulation; a shortage of public money for child care spaces; and a growing illegal daycare industry.

Ontario's Ministry of Children and Youth Services isn't rolling out the red carpet for big corporate daycare.

"We're not in favour of commercialized, big box child care," said ministry spokesperson Tricia Edgar.

"We don't have a mechanism outlawing them. But no capital grants will be provided to for-profit centres. We favour accessible, affordable, quality child care."

Groves' approach has its supporters in Ontario. The Association of Day Care Operators of Ontario sees nothing wrong with more commercial daycare. "Competition leads to excellence," says CEO Kathy Graham, whose group represents 600 centres, mostly for-profit. "It raises the bar ... Parents are very happy with a mixture of choices."

On the other side of the debate, experts say ABC could lead to the "Wal-Martization" of daycare in Canada, cause more for-profit centres to be opened at the expense of non-profits, and may kill any hope for a publicly funded non-profit system.

"This puts us in another realm " says Martha Friendly, a child care researcher in Toronto. "I don't believe anyone here has ever thought of child care as a huge, money-making corporate system that removes it from the community and parent level."

Andrea Calver, spokesperson for the Ontario Coalition For Better Child Care, agrees.

"If more and more subsidies are controlled by a large, for-profit global company, it's going to be harder to reach our goal of a national program where there's a spot for every child," Calver said.

Groves, a Canadian expatriate, is one of Australia's richest people & wealthier than Hollywood star Nicole Kidman & with a personal fortune of nearly \$259 million.

The ABC chain generated operating profits of more than \$70 million last year alone, up 149.9 per cent over the previous year.

In a few short years ABC has become one of the biggest child care providers in the U.S. and the U.K. in addition to Australia and New Zealand. Between 2004 and 2006, his centres have grown from about 23,000 child care spots to more than 112,000.

Canadian expansion plans are moving quickly, and quietly. Over the past four months, 123 Busy Beavers Learning Centres Inc., based in Oakville, have registered in Ontario, Alberta and B.C. The Canadian firm is a partner of 123 Global, an Australian firm that describes itself as ABC's "growth engine."

Letters asking daycare operators if they want to sell went out in September to centres in Toronto, Thunder Bay, Ottawa, Orillia and Sudbury.

The approach comes from Adroit Investments, a U.S. mergers and acquisitions firm contracted by 123 Busy Beavers. Leslie Wulf, the Texas-based Adroit manager who signed the letters, referred the Star's questions to 123 Busy Beavers executive Graeme Wilkie in Oakville. Wilkie did not respond to a request for an interview.

- reprinted from the Toronto Star

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