

# The kid business [AU] <sup>[1]</sup>

Transcript

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## AVAILABILITY

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## EXCERPTS

Once, it seemed so natural, dad went to work, mum stayed home with the kids. Now, it's not that simple. As often as not, both parents have to work, just to pay the mortgage. And with interest rate rises this week, things just got that little bit tougher.

It's tougher still, if you're trying to find someone to look after the kids. There aren't enough places, and decent care's far too expensive. With high demand, high fees and high government subsidies, child care's become a growth industry.

For one man, it's a veritable licence to print money. So, why are we taxpayers helping to build his billion dollar empire?

Transcript

PETER OVERTON: Meet Olivia, she's only five weeks old and she doesn't know it, but she's hot property. Australia's children had become big business &mdash; A sure-fire investment, up there with casinos and mining. Kids are commodities in the brave new world of child care.

TEACHER: Let's have a look, Tenesha. Can you show me what it is?

PETER OVERTON: The Government wants women to be in the work force?

SHANNON COLAK: They do but I don't know how I'm supposed to. I have no option. There is no way I can go back to part-time work now.

PETER OVERTON: Olivia's mum, Shannon, wants to go back to work. She has a university degree and knows there are lots of jobs available to her. She lives just half an hour from the centre of Sydney. But as one of 250,000 Australian women trapped by lack of child care.

SHANNON COLAK: It was difficult when I found out I wasn't even allowed to put my name down. The door was shut before I even got to it, basically. I couldn't even go to the centre and see them. They just said, "No, there's no room and you're never going to get a place here."

PETER OVERTON: The Australian child care system has been described as a shambles. It said 175,000 children like Olivia can't get a place and the cost has risen 62 percent in the last four years. Yet, in the midst of this shambles, some people are making a hell of a lot of money. You must be laughing all the way to the bank?

EDDIE GROVES: If you do it well, you will make some money.

PETER OVERTON: Between \$250-\$350 million. Am I in the ballpark?

EDDIE GROVES: That's what they say.

PETER OVERTON: What does Eddie say?

EDDIE GROVES: It's close.

PETER OVERTON: At just 39, Eddie Groves is the king of corporate child care. From his Brisbane headquarters, he presides over ABC Learning Centres, the biggest publicly listed child care company in the world. This former milkman opened his first centre in 1989 and has turned it into a global empire worth \$2.5 billion. Why did you target child care?

EDDIE GROVES: When you look at milk, milk was a need industry. This was another industry that you could do very well. Where early childhood education was pretty much needed everywhere.

PETER OVERTON: So childhood education was like milk, a necessity, a staple in life?

EDDIE GROVES: It was a necessity. That's where it started from, yeah.

PETER OVERTON: Eddie's stats are staggering. Soon he'll own 1000 child-care centres across the country, almost a quarter of the entire private sector and he keeps acquiring more. The market loves him. His share price is rocketing like a dot com dream. But Eddie says the kids come first.

EDDIE GROVES: That is the number-one focus &mdash; is the child and the family. Always has been, always will be.

PETER OVERTON: So let me get it straight, you're in it for the love of the children, not for the money?

EDDIE GROVES: I'm actually in it &mdash; the number one is the love of the children and to make sure that we provide the right service for the families.

LYNNE WANNAN: They can't be at the centre of his business. His shareholders are at the centre of his business. For him, the children have got to be a product of how he actually generates money to return to shareholders.

PETER OVERTON: How many children are...? Lynne Wannan heads the National Association of Community Based Children Services. She says she got set in to childcare back in 1991 when the Government opened the way for private enterprise.

LYNNE WANNAN: I don't think it's hard to make money out of child care. You have to scrimp on the service that you provide. I think that's easy to do and I think the corporate companies have realised that you can make money and the Government will guarantee the income and you can make a return to shareholders. But you don't do that by putting children first.

PETER OVERTON: One of the most strident criticisms of you is that children are simply the commodity and the shareholders are your number one priority.

EDDIE GROVES: Absolute insult. No-one has ever heard me put the shareholders first, ever.

PETER OVERTON: So, how do you go when you stand in front of the shareholders and say, "Our number one priority is not you, it's the kids."

EDDIE GROVES: That's exactly what they want to hear. Because they know, they're smart enough to understand that if we look after the children and the families, they will be well taken care of. And that's exactly what's taken place.

PETER OVERTON: Eddie Groves and other corporate players have tapped in to a rich seam of tax-payer funding. The Government pays a subsidy to families for child care and that's passed directly to the centre they choose. As much as 44 percent of ABC's revenue is derived from these Government subsidies. It's profit with a Government guarantee. What it doesn't guarantee is they'll bill child-care centres where they're most needed.

LYNNE WANNAN: In inner urban areas now, land is very expensive. You can't really pay a lot of money for land, put up your building and still make money.

PETER OVERTON: ABC is accused of ensuring profit by targeting only so-called 'nappy valley' areas, where land is cheap and young families plentiful.

EDDIE GROVES: Well, I mean that's just incorrect. We always made a guarantee that we would only build where there's need.

PETER OVERTON: Is this just the company spin you're giving me?

EDDIE GROVES: No, absolutely not.

PETER OVERTON: But it sounds like it.

EDDIE GROVES: It might sound like it, but I live and breathe this every day. Eighteen years I've been doing this. I go into the office and spend more hours at this than I have ever done before. This isn't a company spin. This is a guaranteed. This is what we do. And I am personally involved with every one of those decisions.

PETER OVERTON: For such a high-profile player, Eddie Groves is intensely private. He does have kids of his own, but we weren't allowed to meet them, nor his wife who shares the business. And we weren't permitted to film children inside his ABC centres.

MAN: We've probably picked up about another 20 centres in the last few months.

PETER OVERTON: They call him Fast Eddie because it's the way he does business that has earned ABC such a fearsome reputation. When it comes to competition, Eddie plays hard ball. You're a fierce competitor, aren't you?

EDDIE GROVES: Absolutely.

PETER OVERTON: Anyone encroaches on your turf and you're on to them?

EDDIE GROVES: Um, not necessarily but I definitely am a fierce competitor.

PETER OVERTON: You'll protect your turf.

EDDIE GROVES: I will protect.

TARA ROBERTS: It was Eddie attacking us. It was personal. He didn't like us. We were on the turf.

PETER OVERTON: Early last year, Tara Roberts and her friend Nicole Manning were set to fulfil their dream of opening a child-care centre. Unfortunately for them, they chose a site not too far from one of Eddie Groves'.

TARA ROBERTS: If we open, they said, they may have to close their doors because there is no need for child care in this area.

PETER OVERTON: This is coming from ABC Learning, one of the biggest child care companies in Australia?

TARA ROBERTS: That's correct. A 45-place centre like ourselves might affect their financial viability and they may need to close their doors.

PETER OVERTON: Why did you try to shut them down?

EDDIE GROVES: The question that's posed to us all the time is 'are we building in areas of need?' And we go through a rigorous process. All I'm asking is that same standard applies to everybody else. People object against us, we can object against them.

PETER OVERTON: Tara and Nicole won their battle but they spent so much money fighting, they say it will be 15 years before they start to see a profit out of their centre. Those women put their life savings into it, they wanted to have a centre there.

EDDIE GROVES: Peter, I put my life savings into this too. Every single cent. Every single cent that I earned, ever, went into this company. Still does. You know, I'm passionate about it. So therefore I should be able to compete in the same playing field as everybody else.

PETER OVERTON: Yeah, but you're a giant.

EDDIE GROVES: Yeah, but I wasn't.

PETER OVERTON: You have power, you have resources, you have money.

EDDIE GROVES: I jumped through every hurdle that everybody else has jumped through and more. So I guarantee you that I'm in exactly the same position as those two women were, at one stage.

PETER OVERTON: Are you scared of speaking out against Eddie Groves now?

TARA ROBERTS: He is scary in only the fact that he has power and that's the only reason that I'm scared of Eddie Groves, is the power.

PETER OVERTON: He's so powerful, Eddie even took on the Victorian Government. He recently tested Victorian law which makes his company legally liable for the children in his care. Children like little Todd Kenworthy.

EMMA KENWORTHY: Pulled up at the crèche and I could hear a child screaming from the doors as I was coming in. And as soon as he seen me, he was just hysterical.

PETER OVERTON: Todd's mum, Emma, was called to ABC Learning Centre in Bendigo on February 15, last year. Not even two at the time, Todd couldn't say what had happened but his arm was obviously hurting.

EMMA KENWORTHY: So I've gone straight to casualty here at the base hospital and as soon as they've taken a look at it they've said it's broken.

PETER OVERTON: But no-one from ABC can tell Emma what happened.

EMMA KENWORTHY: Nobody will answer any questions. Nobody knows nothing. Nothing at all. He tripped over and hurt his knee. That was it. Scratch on his knee.

PETER OVERTON: That was their story?

EMMA KENWORTHY: That was their story.

PETER OVERTON: Last Wednesday, the Victorian Supreme Court ruled that ABC Learning was criminally liable for the children in its care. Eddie Groves had argued that responsibility for mishaps like Todd's should rest not with the company, but with the staff member.

EDDIE GROVES: The danger with this is, Peter, if someone wants to be vindictive for some reason and just does something intentionally to a child, how can the company be held responsible for that? And that's what they're saying is the case. And I just can't understand that. If someone just wanted to walk out of the centre and leave those children, then they want to hold us responsible. I can't cover that off.

PETER OVERTON: No, but as a company you have a responsibility, no matter what, to those parents. That I am entrusting my child to you &mdash; no matter what happens, if a staff member walks out or whatever, you are responsible. That's how I would feel as a parent.

EDDIE GROVES: And you're right. At the end of the day, we are absolutely responsible. We take incredible measures to make sure we've covered everything off. Our policies and procedures are second to none. But at the end of the day, some things need to make sure that a staff member is responsible as well as the company.

PETER OVERTON: Liability, competition, profitability, you've really got to stop and remind yourselves, don't you, that we're talking about the care of our children here. But in these days of big mortgages and double incomes, is there something that we're forgetting?

ANN MANN: We've rushed ahead in the debate to questions of access and affordability when we should take a few steps back.

PETER OVERTON: Ann Mann has analysed the latest long-term research on very young children in care. It shows that those who spend long periods in care, under the age of three, show signs of the potent stress hormone, called cortisol, in their saliva.

ANN MANN: Normally, when a child is at home, they will have higher cortisol in the morning and it will decline in the afternoon. Showing that they're relaxed, basically, and not stressed. In child care settings, higher numbers of children show higher cortisol in the afternoon, that is, they're feeling stressed.

PETER OVERTON: After a day of child care?

ANN MANN: Yes.

PETER OVERTON: And she says the effects can be long-term. Aggression, depression and anti-social behaviour later in life. Again, it's the corporate child care giants that are causing most concern.

EDDIE GROVES: Those studies, all they do again is put fear into parents. I mean, every parent feels this anxiety with leaving their child. Whether it be child care or whatever it is. But, the reality is, parents have to work. You need dual incomes. Why do we want to, as a society, continue to put fear into parents and families that they're doing something wrong with their child?

PETER OVERTON: Many parents will be watching Tuesday's Federal Budget with an eye on the child care provisions. But Shannon Colak is resigned to being a stay-at-home mum and any thoughts of having a third child have been put on hold.

SHANNON COLAK: I don't think I could find places for three children anyway. And I don't know if we can afford to support a family of three children on one income. So at the moment we're going to stick with two, I think.

PETER OVERTON: So costs, lack of availability &mdash; it's determining the path of your life.

SHANNON COLAK: Unfortunately, it is. And I hate even admitting that. But at this stage it is.

PETER OVERTON: Shannon's story is repeated in suburbs across Australia. It's clear our child care system is far from perfect, but Eddie Groves is sick of coping the blame. You have a bullseye painted on you.

EDDIE GROVES: I do have a bullseye painted on me but I don't understand why.

PETER OVERTON: Do you see it as a personal attack?

EDDIE GROVES: I do, because I know what we talk about every single day. We might have made mistakes along the way &mdash; and that happens &mdash; but we have never once sat down and said, "We're going to do this," or "We're going to do that." Every single time we make a decision it's in the interests of the child and the family.

PETER OVERTON: Does it really rankle you?

EDDIE GROVES: It really upsets me. It probably shouldn't, but it does.

- reprinted from 60 Minutes Australia

**Region:** Australia and New Zealand <sup>[2]</sup>

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