

Canadian mines 'big-box' daycare ^[1]

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EXCERPTS

Meet Eddy Groves.

The 38-year-old Canadian citizen who drives a Ferrari and owns the Brisbane Bullets basketball team is one of Australia's richest people under 40.

He made his fortune in day care.

Groves was spurred on by the Australian government's decision in 1991 to invest heavily in child care and give commercial operators access to public cash. As a result, Australian child care is no longer a folksy field of community-based centres and mom-and-pop operations. It's big business.

Today, more than 70 per cent of centres are owned by commercial interests. And Groves, whose ABC Learning Centres merged with its biggest corporate competitor last fall, is the undisputed king of the hill.

He controls about 20 per cent of Australia's 4,400 child care centres. His private fortune is reportedly worth \$175 million and his publicly traded company is valued at about \$1.2 billion.

Could Eddy Groves be coming to a daycare near you?

"It sounds like a great opportunity," said Groves in an interview from Brisbane yesterday.

"What a great excuse to go back to that beautiful country that I love so much," he added.

Those are terrifying words for Canadian child care experts who have been urging Ottawa to protect this country from so-called "big-box" daycare by restricting funding for new centres and daycare spots to non-profit operators only.

"I don't think Canadians want public money for child care lining the pockets of big corporate child care operators," said Martha Friendly of the University of Toronto Child Care Resource and Research Unit. "But that's a very real risk if we don't get this right from the outset."

In Ontario, less than 20 per cent of centres are run by private companies. About 30 per cent of child care centres in Toronto are commercially operated. The vast majority of them are individually owned.

Groves says only large publicly traded companies like his can access the kind of money needed to provide high-quality child care.

"I don't doubt that (Canadians) have their reservations about corporations getting into child care," he said. "If people gave it the chance — and people need to broaden their horizons — and if it's run by the right people, it is the greatest thing for lifting standards in early childhood education."

Next Friday in Vancouver, Canada's Social Development Minister Ken Dryden is hoping to forge a long-awaited national child care agreement with his provincial and territorial counterparts. The deal is to be based on the principles of quality, universality, accessibility and developmental enrichment.

Dryden is reluctant to exclude commercial daycare from expansion plans and argues the system must be allowed to evolve into a public one over time.

But Friendly and others say Dryden is naive to think Canadian child care will be immune to the market pressures and entrepreneurial opportunism of people like Groves.

Since Groves holds a Canadian passport it would be relatively easy for him to expand here, they note.

Australian child care activists also urge caution.

"It would be good if Canada could learn from what's happening here," said Jo-Anne Schofield, Assistant National Secretary for the Liquor Hospitality and Miscellaneous Workers Union of Australia, which represents child care workers in both non-profit and commercial centres.

"The growth in corporation (child care) services really did take everyone by surprise. And it's unlikely to change."

From a single child care centre in 1988, Groves and his ABC Learning Centres now control almost 900 centres in Australia and New

Zealand. And he shows no sign of slowing down.

He has gobbled up non-profit, municipal, and commercial centres in almost every corner of the country. And in addition to building new centres in profitable areas, he is partnering with large corporate employers who want to offer workplace child care as a company benefit.

Each of his centres makes an annual profit of about \$100,000. Almost half of his revenue comes from government child care benefits, paid to parents or directly to centres to help cover the cost of care.

Groves' company was the first of three child care corporations to list on the Australian Stock Exchange in 2001. Since then, ABC stock has increased more than tenfold.

And with the Australian government pumping \$1.7 billion a year into child care benefits — and corporate daycare profits — the diaper dividends Down Under aren't expected to dry up anytime soon.

"There's no question Eddy Groves is a very smart businessman," said Collette Tayler, head of the School of Early Childhood at Queensland University of Technology in Brisbane. "But the corporatization of child care in Australia is very troubling for many of us."

Groves makes no apologies for the money he has made on child care.

"When we buy a centre, we spend a huge amount of money to bring them up to standard, so that the people have an excellent environment to work in," he said, adding that his company has spent \$35 million in the past three years refurbishing centres.

"You can only do that if you are publicly listed. Otherwise, you just don't have access to the funds," he said.

Going public has also allowed Groves to offer staff company shares to boost wages.

But Tayler at Queensland University and other Australian academics who study child care are troubled by the large profits being made on kids.

"I don't think anybody would have imagined that in Australia such massive fortunes would be made in child care," said University of Sydney business professor Deborah Brennan, who has written a political history of Australian child care. "I would really urge Canada to be very, very careful about opening up your system to such profit-making."

Brennan and others concede that many commercial centres in Australia provide good programs and parents are happy with the care their children receive. But they argue that non-profit centres, when well run, offer more benefits to children, families and communities.

"Child care needs to be neighbourhood-based. It's about so much more than where you put your kids when you work. It's about relationship building, networking, community building," she said.

As in Canada, child care worker salaries in Australia have been notoriously low while corporate profits have grown. And despite a national accreditation process that centres must pass every 2 1/2 years to qualify for government child care benefits, academics say regulations are lax and quality is elusive.

But with no recent Australian research on quality, academics have nothing but anecdotal evidence of trouble to back up their uneasiness about corporate child care.

In the absence of definitive research, anecdotal evidence shows that corporate centres in Australia are more likely to stick to the bare minimum when it comes to staff qualifications and child-staff ratios, while community-based centres run by parents tend to use any profits to improve quality, academics say.

Stock-market research on the Australian child care sector has found that 80 per cent of budgets in non-profit centres go to staff salaries while less than 60 per cent of budgets are spent on salaries in corporate centres. However this could be due to the fact that non-profits have little access to cash for capital improvements while commercial centres like ABC have been spending large sums in this area.

A financial analysis of the child care industry by Australian business research giant IBISWorld noted that stiff competition was causing child care centres to keep prices down by reducing operating costs.

In an investigation of corporate child care last fall, Melbourne's Sunday Age newspaper reported that several independent centres bought by corporate chains saw their food budgets slashed and cleaning staff let go. Child care workers had to assume cleaning jobs during the hours they were supposed to be looking after the children.

Groves has been in the Australian news for suing a union for defamation, fighting to reduce qualified staff during children's lunch and nap times and for going to court to stop a small independent owner from opening near an ABC centre.

So far, advocates in Canada have been told that provinces and territories will be free to decide who should get federal cash to start new child care services.

Some provinces, like Saskatchewan and Manitoba, where more than 90 per cent of existing child care services are in the non-profit sector, won't likely give money to new commercial centres. But others, like Alberta where more than half of the centres are commercially owned, will likely fund both for-profit and non-profit child care.

Ontario Children and Youth Minister Maria Bountrogianni has said she will leave it up to regional municipalities responsible for delivering child care services to decide.

Kerry McCuaig of the Better Child Care Education Foundation says quality must be the starting point for a Canadian child care system.

But she thinks Canadian values should also be part of the equation.

"Dryden is right when he says this is as significant as the building of medicare and public education," she said. "Those two programs not only provide us with a service, they provide us with community cohesion, they define who we think we are as Canadians and what we owe each other as Canadians.

"Child care is the next step. How we build it will say a lot about what we, as Canadians, feel we owe our youngest members."

- reprinted from the Toronto Star

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