

ABC of childcare spells lots of money [AU] ^[1]

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EXCERPTS

The most corporate of the new childcare offerings, Child Care Centres Australia, is targeting the multinational corporate childcare market by forming an alliance with international childcare company Bright Horizons.

US-based Bright Horizons operates internationally in the field of corporate childcare and has a strong presence in the US, the UK and Ireland.

The latter two are of greatest interest to CCCA, which closely examined the childcare market in Ireland and the UK with a view to entering those markets.

But a statement yesterday from the company said the prices of existing centres and the prices of building and development there were much higher than in Australia. The levels of government support were also lower.

"Accordingly, CCCA presently intends to concentrate on its core market in Australia," the statement said.

"It is possible that in the longer term CCCA may expand into other regions, but the Australian market still has three to five years of consolidation ahead of it."

Chief executive Christopher Stear said the alliance with Bright Horizons came as CCCA was in discussions with a number of large multinationals over corporate childcare requirements.

"Having this alliance gives us leverage to operate across international boundaries," he said.

CCCA was one of three new childcare companies that listed late last year to join Brisbane-based ABC Learning Centres on the bourse.

The main method of expansion within the industry has been through acquiring existing centres or building new centres in areas of high population growth. But the other growth area is corporate childcare, or looking after the children of the employees of large corporations, which has become more viable in Australia through a recent High Court clarification of tax laws.

This enables companies to effectively take a head lease over a childcare centre and then sub-let it to a group such as CCCA, which operates the centre.

ABC Learning Centres has been the leader in this area and has a deal with Westpac under which the company will build and operate 30 work-based childcare centres for the bank over the next few years. Child Care Australia is backed by Melbourne power broker Michael Kroger, and his father-in-law, former Liberal Party leader Andrew Peacock, is on the board.

Bright Horizons, whose customers include Cisco Systems, Reebok, Toyota Motor Manufacturing, and J.P. Morgan, is listed on the Nasdaq exchange and is one of the better performers in the field in the US. Its shares have doubled over the past five years.

Child Care Centres Australia was unchanged yesterday at \$1.65.

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Region: Australia and New Zealand ^[2]

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