

Millions milked in child care industry ^[1]

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AVAILABILITY

Article available from The Age ^[2]

Excerpts from article

Australia's child care boom is turning ugly. Behind the painted smiles and cuddly brand names, this \$3 billion service industry is at war with itself. A BRW investigation reveals that big profits are drawing free-wheeling entrepreneurs into the industry. But bitter industrial disputes and claims of miserable operating conditions are creating a potent mix that will change the business comprehensively.

It may be a prosperous period, but 2003 has proved a troublesome time for the industry.

The CCCA debacle pointed to some new realities for the child care industry: the child-care business can be immensely profitable on an individual basis, but managing a large group of centres is a very different challenge.. It also revealed the central failing of a system that regulates the standards but not the ownership of child care centres. As it stands, anyone in any business, from cigarettes to strip joints, can buy a chain of child care centres.

Allegations of leaking toilets, broken doors and missing child locks - the crumbling assets of Perth's Gateway Centre managed by the Peppercorn Management Group signal bigger problems ahead for the privatised industry. In a draft agenda prepared by the LHMU for a meeting on November 5 with senior Peppercorn management, matters of concern to the union at the Gateway Centre included:

- Children travelling on unregistered buses.
- No medicine forms or accident forms at the centre.
- Insufficient furniture.
- Broken doors.
- No shade and no sunscreen.
- Leaking toilets and taps

Issues raised by the union at other WA Peppercorn centres, including the Alexander Heights centre in Perth, included:

- Staff being underpaid.
- Centres understaffed.
- Doors missing.
- Dangerous playground equipment.
- Not enough "bedding, chairs, shade and bins".

Some investors clearly feel fundamentally uneasy about the very nature of privatised child care. Michael Walsh, former president of the Ethical Investment Association and publishing editor of Ethical Investor magazine, says: "Traditionally, members have avoided the area but this is changing. There has been debate among members over many aspects of the industry." The debate among ethical fund managers was summed up in the July issue of Ethical Investor: "A moral argument lies at the heart of the child care debate. Who is the client and what is the service provided to them? For the non-profit centres, the client is the child. For other types of child-care centres, the client is the parent or the employer. The ramifications of this shift are enormous."

FURTHER READING

Millions milked: Claims of mismanagement threaten the rapidly expanding child care industry

By James Kirby

SOURCE Business Resources Whitepapers (BRW), Volume 25, No. 44, 13 November 2003

Complete paper available ^[3] - requires registration.

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