

Childcare chains prosper as small centres struggle ^[1]

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EXCERPTS:

Community-run childcare centres are facing staff cuts and falling rolls as they struggle to compete with childcare chains.

An oversupply of early childcare centres in Wellington has led to several not-for-profit groups advertising vacancies for children - even those that have in the past had long waiting lists.

Parents of children at Greta Point Childcare Centre in Hataitai were advised last week that the roll had fallen from 21 to 17 this year, resulting in a budget shortfall of more than \$100,000.

"The whole industry has just reached saturation point," manager Eileen Preval said. "Various centres have sprung up here and there, and there are only so many children."

Sue Ransfield, manager of PolyHigh Community Childcare Centre in Taranaki St, said it was down about eight fulltime children. "It's the worst we've had in 10 years," she said. "In the past, we've always had full rolls and healthy waiting lists, and now we have neither."

One of three teachers at Aro Valley Preschool could be made redundant if its roll does not increase soon; all have already had their hours cut. Senior teacher Bev Mead said the school had started admitting younger children in a bid to boost its numbers. "It means a bit of extra money coming in."

Increased competition was one factor for the decreasing roll, and she had asked the Education Ministry to take community demand into account before granting licences for new centres.

Early Childhood Council chief executive Peter Reynolds was in favour of government intervention to counter the oversupply of childcare centres. "There's no real consideration by the ministry about community need [or] the robustness of the business case," he said. "We don't favour market controls, but we do think the Government has a responsibility to demonstrate some leadership."

The Wellington Community Child Care Association, which provided administrative support for about 40 centres, was put into liquidation last month.

Former general manager Helen Baxter said competition from large businesses such as Kidicorp and Kindercare was putting smaller centres at risk.

"They're all brand new, beautiful, colourful and plastic. They don't necessarily provide a better service, but small, community-based centres do struggle to compete."

Early Years, owned by Kidicorp, has centres in Leeds and Tory streets, while Kindercare is opening one - licensed for 100 children - in Karori next year. Both also have premises in Kilbirnie.

Kidicorp spokeswoman Fiona Hughes said the company had been advised of an oversupply of childcare centres in Wellington.

"I guess that competition is fairly rife, and I have no doubt that some people will lose out as a result of that."

Adika Kay, acting manager of the Capital Kids Co-operative Childcare Centre in Newtown, said it had about five spaces available.

She blamed this on increased competition from large corporates. "A lot of community-based, not-for-profit centres are on the line or have closed down because of these big chains."

Little Wonders owner Ben Hurst, whose company has opened a new centre in Newtown, said it had experienced "fantastic uptake", and would probably reach capacity by Christmas.

He knew nothing of other childcare centres' decreasing rolls. "They might all be coming to us."

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