



22 June 2017

Response to Australian Competition and Consumer Commission

RE: *Camp Australia's proposed merger with Junior Adventures Group*

Attention: Georgia Dixon/John Rouw - mergers@acc.gov.au

Introduction

Community Child Care Association (CCC) is the peak body for community owned and not for profit early and middle childhood education and care services in Victoria. CCC is the Victorian peak body for Outside School Hours Care Services and the Victorian Branch of National Out of School Hours Services Alliance (NOSHSA). CCC is also the Victorian Branch of the national peak body for community managed and not for profit children's services, Australian Community Children's Services (ACCS). CCC is recognised as a leader in the provision of support and resourcing for Victorian OSHC services and has over 45 years of experience. We are regularly called on by Government to provide expert advice and to deliver project work to support and build the capacity of the education and care sector in Victoria.

Currently in Victoria there is no tendering process for schools to follow as per other states, and therefore we already have an issue of higher fees charged to families from private operators in Victoria compared to other states.

CCC's Position on merger

CCC **does not** support the proposed merger between the two largest OSHC providers in Australia. Camp Australia owned by Bain Capital has 783 services and Junior Adventures Group through OSHClub and Helping Hands Network has 382 services nationally.

Victoria has 1200 OSHC services and is the state that would experience the most significant impact of this proposed merger. Both Camp Australia (33% of Vic market currently) and OSHClub (11.5% of Vic market currently) started in Victoria and have a total of 531 services combined (44.25% of market) in Victoria to date.

We believe this significant monopoly of OSHC service ownership in Victoria will drive further anti-competitive fee structures, placing significant impact on affordability and accessibility for families and mean less choice for schools who decide to have a third party deliver the OSHC service. We are already seeing higher fees charged in Victoria where private providers are operating (refer to diagram under cost and accessibility) compared to school managed services. The issue of



affordability is being consistently raised by parents. Parents are restricted to what OSHC service they use based on where their child goes to school.

We also believe that service profits and Australian taxpayer dollars should be reinvested into the communities in which services are being utilised, not into the share portfolios of foreign investors.

We ask the ACCC to reflect on the ABC Learning collapse in 2008 and remember the impact this had on families, children and educators plus the financial hit of a \$56 million dollar taxpayer funded bill for Government.

At the time of collapse ABC learning had 20% of market but at one point had 30% of market. The proposed merger between Camp Australia and JAG would result in a market share of 44.25% in Victoria, which puts Victoria's children, families and the sector at a high risk if the provider collapses.

We believe that all children have the right to high quality education and care and strongly believe if this merger goes ahead we are compromising quality for Australian children and families.

Cost and accessibly impact for families

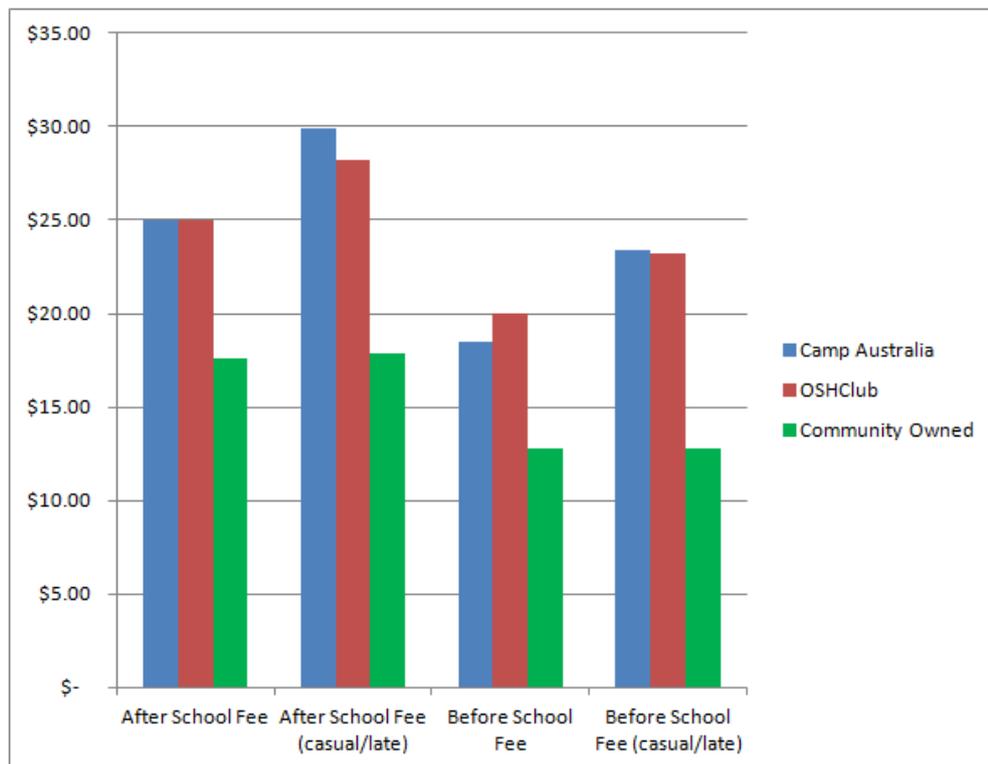
In Victoria we already have a significant difference of fees charged to families between Camp Australia and OSHClub compared to the community owned (school managed) services and believe if the merger goes ahead the difference between fees will become more significant, impacting on family's accessibility of OSHC as fees become unaffordable.

There are many examples of the private sector charging more than school run services. For example Brandon Park Primary School has Camp Australia running the OSHC service and charge \$23.93 for a before school care session (additional \$5 if a casual booking), \$30.25 for an after school care session (additional \$5 booking for casual booking) compared to nearby Wheelers Hill Primary school (school run) that charges \$15 for Before school care and \$19 for after school care. A second example is another Camp Australia service run at Epping Primary School which charges \$28.54 for a after school session (additional \$5 if a casual booking), \$22.14 for a before school care session (additional \$5 if a casual booking) compared to St Francis of Assisi in Mill Park which is run by the Parish, that charges \$17 for a after school session (additional \$3 if a casual booking) and \$15 for a before school care session (additional \$3 if a casual booking) . Both examples show a difference of minimum 7% higher fee to 54% higher (taking into account the casual booking additional fee) when run by a private provider.

The below diagram shows the average fees of school run vs private providers (Camp Australia and OSHClub) and shows that families are paying a much higher fee when a private provider is running the service. Please note this is the average fee (does not include additional casual fee rates) and fees for some families using Camp Australia are as high as \$35.45 (after school care) at Aitken College and



\$33.06 (after school care) at Altona North Primary School and using OSHClub as high as \$30.40 (after school care) at Brighton Grammar and \$28.95 (after school care) at St Joseph’s in Brunswick West.



Affordability issues as a result of an anti-competitive market have the potential to force families to make decisions that are not in the best interest of their children. There is a very serious risk of reverting back to a generation of the latchkey kids– remaining home alone after school until the parent/carer returns from work or other commitments.

Potential impact on quality and choice

Outside School Hours Care services fall under the National Quality Framework (NQF) and in Victoria the sector is committed to ensuring that this is maintained. Full inclusion in the NQF ensures that services have regulations and standards to guide good quality practice. With the possibility of 44.25% ownership of OSHC services in Victoria being offshore, the levels and complexities involved in maintaining an active role in continuous improvement relevant to the context of each diverse community in which services operate has the possibility to be comprised. No two community’s needs and wants are the same and therefore it is vital that the key players and drivers of continuous improvement collaborate at a community level at all times.

The Australian Children’s Education and Care Quality Authority (ACECQA) has identified in its April 2017 snapshot, 30% of private provider rating are “Working towards” in the National Quality



Standard compared to 19% of the not for profit providers. In addition, twice the number of not for profit providers are achieving an “Exceeding” rating in comparison to the private sector. These two significant pieces of data demonstrate the higher level of quality childcare in the NFP sector, as compared to the private sector.

Smaller providers are already struggling to compete with the Camp Australia branding which is persuasive and aggressive.

CCC has observed many examples of aggressive marketing and sector domination by Camp Australia, which smaller providers are not in a position to compete with. For example Camp Australia uses their funds to secure sponsorship with major organisations, including the Victorian Primary Principal Association. This includes securing exclusive conference participation at Principals events that prohibits any other OSHC providers advertising at the conference.

Conclusion

CCC urges the ACCC to oppose the merger and to make the recommendation to the Australian Government to put policies in place to safeguard the OSHC sector and most importantly protect children and families from the corporate sector as well as encourage State governments to look closely into what is occurring in their state with provision of OSHC in schools.

Don't allow quality care to be compromised for corporation! We need to ensure diversity so there is healthy competition and choice.

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