Sale of Canadian child-care chain to UK corporation has advocates worried [1]

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Big-box child care in Canada is going global.

BrightPath Early Learning Inc., Canada's only publicly-traded child-care chain with 77 centres, including 35 in Ontario, is being sold to the UK's largest private child-care corporation.

The $145 million deal with Busy Bees Holdings Inc., announced May 23, comes on the eve of Ontario's plan to unveil details of its $3.75 billion promise last September to add 100,000 licensed child-care spots for children under age 4 over the next five years.

And child-care advocates are worried the sale signals more corporate child-care activity in Ontario, if the Liberals' "renewed vision for the early years," expected next week, doesn't limit growth to the public and not-for-profit sectors only.

"If the government hasn't made a decision on whether they are going to control the expansion of for-profits going forward, they really need to take a hard look at this," warned Carolyn Ferns of the Ontario Coalition for Better Child Care.

An NDP private member's bill earlier this year urged the government to limit new child-care spending to public and non-profit programs out of fear private companies would scoop up the money to grow their businesses and increase share-holder value at the expense of families desperate for quality care.

As NDP MPP Catherine Fife told the legislature in March, more than 30 years of Canadian and international research shows quality is higher in public and non-profit child-care centres than in for-profit settings. Corporate child-care companies have a history of lobbying governments for lower standards so they can maximize profits. And when they fail, as happened to an Australia-based conglomerate about a decade ago, governments end up on the hook.

The Liberal government killed Fife's bill, arguing it didn't want to tie the hands of municipalities that are responsible for allocating provincial child-care funds. Any limits to for-profit care could result in higher fees for parents or centre closings, said Indira Naidoo Harris, minister responsible for early learning and child care.

Government policy already favours expansion in public and non-profit child care settings whenever possible, a ministry spokesperson noted Wednesday.

Last week's sale of Calgary-based BrightPath, which posted increased earnings and revenues for 2016 after a major expansion into Ontario last summer with the purchase of Peekaboo Child Care and its 20 centres in the GTA, offers shareholders $0.80 a share at a time when the stock was trading at $0.547.

"After considering and pursuing several options to maximize value for shareholders of BrightPath, the board believes this is a compelling transaction and price for shareholders," said company chairman Jeffrey Olin in a statement.

"This transaction will also serve Canadian families well by ensuring that a high quality and well-funded owner with a long-term commitment to the industry can advance BrightPath's strategic goals and opportunities," he added.

In an interview Wednesday, Olin dismissed research showing for-profit care as inferior to public and non-profit centres.

“There are lots of studies out there with lots of agendas,” he said. “Parents and their children recognize we have a very high quality operation as does the purchaser of the company who’s done extensive due-diligence on the industry generally and BrightPath specifically.”

Founded in 1984, Busy Bees, operates 329 child-care centres in the UK and another 70 across Singapore and Malaysia. It is on a major expansion push with more than 200 of its centres acquired in the last seven years, according to the company’s website.

A spokeswoman declined an opportunity to comment on the company’s purchase of BrightPath.

The private sector is very good at providing daycare spaces quickly and cheaply, said Ryerson University lecturer Brooke Richardson, who is writing her PhD thesis on child care.

But if the province is committed to transforming child care from a patchwork of market-driven centres to a publicly-managed service focused on meeting the needs of children and their families, it has to reduce its reliance on child-care businesses, she said.

In Australia in the early 2000s, corporate child-care chains successfully lobbied the government against paid maternity leave, which wasn’t introduced until 2011 and is still under fire, said Martha Friendly of the Toronto-based Child Care Resource and Research Unit.

One of the chains grew from a single centre to the world’s largest child-care conglomerate in less than 30 years before collapsing in 2008 and forcing the Australian government to spend millions to keep programs open for families, she noted.

During the 1980s, when Brian Mulroney’s Conservative government planned to fund a national scheme, commercial operators in this country lobbied against improving training requirements, Friendly said. In Ontario, private interests have been behind attempts to bring in poorer staff-child ratios, she added.

During debate on her ill-fated private member’s bill Fife argued that it would be ethically and fiscally irresponsible for the government to ignore that evidence as it plans to spend as much as $3.75 billion to increase licensed child care in the province.

Ontario “wouldn’t dream” of using private businesses to expand the public school system and should not rely on for-profit corporations to care for the province’s youngest and most vulnerable children, she added.

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