

Busy Bees buys Canadian nursery provider ^[1]

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EXCERPTS

The UK's biggest childcare provider has acquired the 77-centre Calgary-based company, Canada's only publicly-traded childcare chain.

The sale will continue the expansion of the Busy Bees global brand, which currently includes 60 pre-schools in Asia, offering more than 6,000 places for children in Singapore and Malaysia.

The chain currently operates 331 settings in the UK, including the 61 Treetops Nurseries that it acquired earlier this year. The group has bought more than 200 settings in the last seven years.

BrightPath Early Learning has agreed to an arrangement agreement with Busy Bees for the acquisition of all BrightPath shares for cash consideration of \$0.80 per share, Reuter reported.

Courteney Donaldson, head of childcare and education at Christie & Co, said, 'This is another positive indicator for global expansion plans of nursery groups across the world. With American private equity company Bain Capital investing in a pre-school portfolio in Australia and events being held on early years expansion into China, it is increasingly clear that from a childcare perspective the world is becoming a much smaller place. In the UK, while the market is very fragmented, operators and investors are looking further afield and this is a clear demonstration of the confidence in early years across the world.'

Discussion of early years funding in Canada has come to the fore recently as the result of a private member's bill proposed in March to stop spending on commercial childcare providers and limit funding to public and non-profit settings, although the bill was eventually struck down by the Liberal government.

The 2017 Canadian federal budget has set aside \$7 billion in new spending over ten years for early learning and childcare programmes, on top of \$500 million already pledged in the 2016 budget.

Busy Bees has already established links to Canada after Teachers' Private Capital, the investment arm of the Ontario Teachers' Pensions Fund, became its largest majority shareholder in 2013. Teachers' Private Capital manages the pensions of more than 300,000 Canadian teachers. The deal was reported to have cost over £220m at a time when Busy Bees operated 213 settings.

Dr Eva Lloyd, professor of Early Childhood, Cass School of Education and Communities, University of East London, said, 'This kind of national and international expansion may reduce choice, innovation and diversity within childcare markets and may increase business risk. Chains in such a position may try to influence UK childcare policy from a global Business perspective, not necessarily in the interest of young children, their families and the UK economy.'

'A national debate on the kind of "social market" in childcare that might benefit this country is long overdue. A social childcare market was defined in the 2006 OECD Start Strong Report. This mixed market involving a range of providers would allow for choice and innovation while a clear sense of national and community responsibility would be maintained at the same time.'

Through its private equity arm, Teachers owns a number of international businesses, around the world. According to its website, since launching Private Capital in 1991, Ontario Teachers has invested in more than 500 companies and funds, and around \$40 billion in capital on a global scale.

In 2015 it announced plans to triple its European Investment Fund. In the UK, one of its most recent deals was the acquisition of London City Airport in February last year.

Busy Bees declined to comment.

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Region: Canada ^[3]

Tags: privatization ^[4]

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