

Ontario teachers shouldn't invest in for-profit child care ^[1]

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EXCERPTS

While there have been a few lean years, it's nice to see the Ontario Teachers' Pension Plan making tons of money for its more than 300,000 retired and current Ontario teachers, with a \$5.1-billion surplus for this past year.

Ontario's teachers have among the best retirement benefits in Canada. While some might think they are a bit too generous, I am not among them. The majority of our publicly supported teachers work hard in service of a better future for all of us and deserve to be properly compensated. But I do wonder if the rank and file would be comfortable with how their pension plan generates some of the resources that feather their nests.

Ontario's teachers might wish to know that its pension plan leadership recently purchased Busy Bees, Britain's publicly traded and largest for-profit child-care chain for more than \$400 million and have plans for major expansion in other parts of the world.

Busy Bees was previously owned by the now-disgraced ABC big-box child-care company in Australia, known for its cut-rate approach to kids. ABC spent a good deal of energy fighting Australian regulations designed to improve quality while employing poorly qualified staff and spending little to assist their professional development.

When ABC bought Busy Bees from its founders, it partnered with a U.S. junk bond dealer who had spent a few years in the pen for securities no-nos. ABC went bust in 2008 as a result of huge debt repayment challenges, having overextended itself to become the world's largest corporate kid's-care business. Busy Bees' original owners then bought back a majority equity position, with the highest-paid director earning a cool million this past year. Enter stage right, the Ontario Teachers' Pension Plan, the new Busy Bees proprietor as of late last year.

Yes, profit-driven preschool is big business, especially if corporations like ABC undercut the already low wages paid to early childhood educators and skimp on better working conditions that would promote children's learning, health and safety. Will Busy Bees' new owners ensure proper investments in quality? Or will the pressure to earn enough to deal with unfunded liability challenges of the teachers' pension plan lead to cutting back on staff salaries, professional development and educator-child ratios?

No question, the objective of the pension plan leadership is to produce maximum profit for teachers' retirement. Over the years, they have done it extremely well. It is also true that most of us who still have pensions don't know what's in our pension holdings and/or the process for stock picking.

But there is an increasing desire on the part of big and small investors for a socially responsible approach that makes money while making a difference. The notion that a values-based approach to the markets cannot reap healthy profits is pure hogwash.

Given the huge assets of the teachers' plan, it has the potential for meaningful engagement with the companies it owns about things like employment practices and the environment. A while back, I had a conversation with a previous head of the teachers' plan about the social and economic impact of promoting a healthier, safer and more prosperous future that could derive from even a modest approach to socially responsible investing. He showed no interest, save for the influence the plan has tried to exert to improve governance practices of its "holdings."

I'm certain that teachers and their unions, who valiantly fight for publicly funded education, would not want to be party to turning early education into a stock market commodity. And even when a union rep on a pension board raises an objection to a purchase infused with ethical contradiction, how often are they successful in swaying the "real" money-making experts around the table?

It's crucial that our teachers and their reps pay closer attention to the holdings of their pension investments. In Ontario and elsewhere, we have seen an extension of publicly funded learning beginning earlier and earlier; inserting the profit motive of these big-box chains into the mix is simply not aligned with teachers' belief in the importance of public investment in education.

How would teachers feel if their pension managers started buying up private elementary and secondary schools in Ontario and beyond? My guess is they would feel much better if their retirement investment objectives were more aligned with the aspirations they have for the

future social context of the students they mentor.

- reprinted from the Toronto Star

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