



## A GREAT PLACE TO GROW PUBLIC CHILD CARE

# Ontario profile

## Public child care and early childhood education

Ontario is the only province with substantial public child care for children aged zero to six. Publicly operated child care in Ontario originated with day nurseries established during the Second World War with federal and provincial funding, some of which were municipally operated. In 2007, 27 of Ontario's 47 municipal and regional governments either operated child care centres, or regulated family child care through an agency—or both.

In January 2010, four per cent of regulated child care spaces in Ontario were publicly delivered. For example, the City of Toronto operates 57 child care centres and an agency that supervises and supports family child care providers under provincial child care legislation. Beginning in 1992, Ontario school boards were also authorized to operate regulated child care, but very few do.

Another form of publicly delivered early childhood education is offered in Ontario: kindergarten, available for all four- and five-year-olds as part of the public school system. Kindergarten programs are all part-time, as they do not accommodate parents with full-time work schedules. Programs are either part-day every day, full-school day every other day or full-school day every day.

### Why public early childhood education and child care?

Most people don't think of non-profit community-based child care centres as "private", but they are. That's because parent or voluntary groups—not public entities such as municipalities or school boards—bear the responsibility for creating and maintaining centres. Almost all of Canada's patchwork delivery of regulated child care services is private, relying on for-profit or non-profit services. And today, Canada is experiencing an alarming trend—a surge in for-profit child care. In some provinces, almost all new spaces are for-profit.

Children and families would be far better served by a public system that blends early childhood education and child care—in other words, publicly funded and delivered early childhood education and care programs managed and mostly operated by local governments or education authorities.

Here's what well-designed public systems can deliver:

- Integrated early childhood education and kindergarten programs.
- Better access and inclusion of families—no matter where they live or their language, origins or abilities.
- More consistent quality.
- With small or no fees, all parents who want child care can afford it.
- Services that are planned and accountable to communities.

### What we want

Our vision is a public system where every child can attend a program that blends early childhood education and care. The research and experience shows that systems based on privately funded and delivered child care are not a foundation for building blended, high quality ECEC programs.

Support public child care—it's the way to go for a great place to grow.



In 2010, the provincial government began implementing a 2007 election commitment to introduce full-day early learning programs that blend child care and kindergarten for all four- and five-year-olds as part of the public education system. The programs are part of a comprehensive policy package for children aged zero to 12 that is expected to be phased in over several years.<sup>1</sup>

## Who provides child care?

The majority of regulated child care in Ontario is delivered on a not-for-profit basis by both public (municipal) and private providers. In 1998, the for-profit sector provided 16.9 per cent of total spaces, its lowest share of provision after a decade of policy initiatives supporting non-profit child care from 1985 to 1995. Since then, the for-profit sector has considerably increased its share of spaces. In 2008, the for-profit sector had 24.4 per cent of centre-based child care spaces (57,917 spaces). Between 2006 and 2008, about 35 per cent of Ontario's growth in centre spaces was in the for-profit sector.

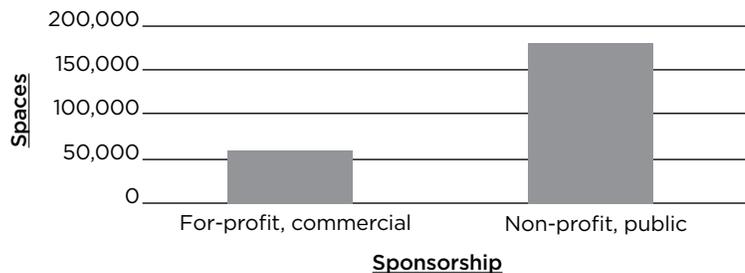
Ontario is home to many for-profit chain operations, ranging from small centre chains (three, four or five locations) to much larger chains. "Who's who in the for-profit sector" below, provides a list of chains.

**TABLE 1**  
Sponsorship of centre-based child care spaces by type - 2008

Sponsorship	Spaces
Non-profit	179,071*
For-profit, commercial	57,917
% For-profit	24.4

\* This includes municipally operated centres. Current figures are not available for the number of municipally operated child care spaces. In 1998, however, 18,143 of non-profit spaces were municipally operated.

**FIGURE 1**  
Sponsorship of regulated, centre-based child care, Ontario - 2008



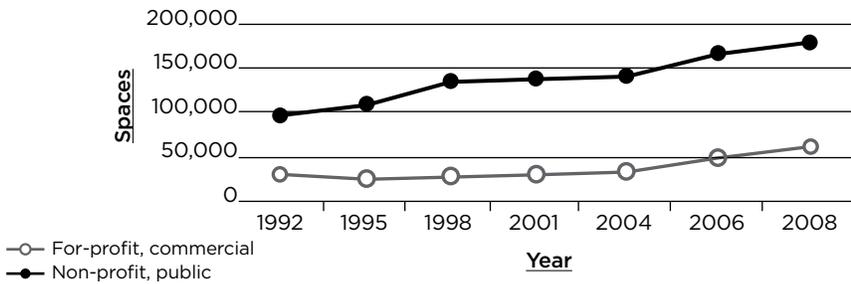
**TABLE 2**  
Sponsorship of regulated centre-based spaces and proportion for-profit

Year	1992	1995	1998	2001	2004	2006	2008
Non-profit/ municipal	97,185	103,373	138,899	143,522	146,786	161,233	179,071
For-profit	30,644	25,582	28,191	29,613	40,345	48,894	57,917
% For-profit	24.0	19.8	16.9	17.1	21.6	23.3	24.4

<sup>1</sup> See [www.ontario.ca/earlylearning](http://www.ontario.ca/earlylearning) for the implementation report of the Early Learning Advisor and [www.cupe.on.ca/doc.php?document\\_id=853&lang=en](http://www.cupe.on.ca/doc.php?document_id=853&lang=en) for CUPE Ontario's position on the Pascal plan.



**FIGURE 2**  
**Sponsorship of centre-based regulated spaces, Ontario - 1992-2008**



### Provincial funding policy

- Total provincial budget for regulated child care (2007/2008): \$780,400,000.
- Fee subsidies are paid directly to both non-profit and for-profits unless municipal policy restricts public funding of for-profits.
- Wage grants are available to staff in both non-profit and for-profit services unless municipal policy restricts public funding of for-profits.
- Ontario Works funds may be used to cover non-profit or for-profit regulated child care, unregulated child care arrangements or alternatives to child care (such as summer camp, supervised homework programs or recreation programs).

### Of historical note

**1974**

Lobbied by the president of Mini-Skool (a Canadian chain at the time), Ontario Secretary for Social Development Margaret Birch proposed reducing child care ratios under the *Day Nurseries Act*. Following protests by advocates, a government-appointed advisory council recommended against reducing standards.

**1987**

The governing Liberals promised a “comprehensive policy that recognizes child care as a basic public service, not a welfare service,” and announced it would provide new funds to expand non-profit child care programs. In the next few years, there was considerable expansion of non-profit child care. The government introduced a Direct Operating Grant (DOG) intended primarily for wages in non-profit programs (existing for-profit programs got 50 per cent of the DOG while new for-profits were not eligible). The government also introduced a policy to include space for non-profit child care in all new schools.

**1990**

An NDP government was elected, promising to bring in a publicly-funded, universal, non-profit child care system. Despite considerable policy work and consultation, this did not occur. The new government also promised to extend the previous government’s pay equity legislation to female job ghettos such as child care.

**1991**

The government introduced a “conversion program” to convert for-profit child care centres to non-profit. The government also introduced the wage enhancement grant for staff in non-profit child care as a “down payment on pay equity”.

**1992**

The provincial government began work on the Early Years Project, an integration of child care and kindergarten for all four- and five-year-old children as part of the public education system.

**1993**

The government developed a new mechanism to bring female job ghettos under pay equity provisions by setting up a “proxy” system of male comparator jobs. This applied to non-profit and for-profit centres, but wage funding was available only to non-profits.



### 1995

A Conservative government was elected, promising to reverse child care reforms. This included: cancelling the conversion program and the Early Years Project (which was just beginning to be implemented), ending a policy that limited new subsidies to non-profit programs, and eliminating funding to the non-profit sector for pay equity adjustments. This last action was subsequently overturned in a court decision based on the *Charter of Rights and Freedoms*.

### 2003

A Liberal government was elected, promising to implement Best Start for four- and five-year-old children. The program was described as a “seamless extension of our public education system”.

The government permitted wage grants to go to for-profit operators by downloading this responsibility to municipal and regional governments. Beginning in 2004, several municipalities decided to restrict public funds to public, non-profit and already-existing for-profit child care (Toronto, Ottawa, Sudbury, Peel and Waterloo). Waterloo did not renew its for-profit moratorium in 2009.

### 2007

Following re-election, the provincial government appointed Dr. Charles Pascal as its Early Learning Advisor. His task was to design an implementation plan for a new full-day early learning program.

### 2009

Dr. Pascal’s report recommended a seamless model of blended child care and kindergarten for four- and five-

year-old children as part of the public school system, as well as overhauling municipally-operated care for children aged zero to three. New expansion for children aged zero to three would take place through Child and Family Centres (CFC) operated by municipalities, school boards, post-secondary institutions and community organizations—with schools the preferred location. The report proposed extended school-day programs for children aged six to eight, and after-school programs operated by school boards for nine- to 12-year-old children. Pascal also recommended that an Early Years Division in the Ministry of Education assume responsibility for programs for children aged zero to eight at the provincial level.

### 2010

In the winter of 2010, the provincial government began implementing the program with the first phase of full-day programs for four- and five-year-old children scheduled to open in nearly 600 schools in September.<sup>2</sup>

The provincial government did not replace federal child care transfers cut when the Harper government cancelled the bilateral agreements struck by the federal Liberal government in 2005. Combined with the substantial financial pressure for services resulting from the movement of four- and five-year-old children to full-day early learning, this created a crisis for child care in Ontario. Windsor voted to close all its municipally-operated centres, and municipalities across Ontario contemplated reductions in subsidized spaces and other service cuts.

## Relevant quality research

In a 2008 study using City of Toronto quality data, economist Gordon Cleveland found non-profit and municipal centres to be consistently better in quality than for-profits, with municipal centres showing the best quality. He recommended “the City of Toronto should continue its policy, adopted in 2004, of encouraging the growth of non-profit child care, by restricting new or expanded purchase-of-service agreements to take place in not-for-profit facilities.” This research reinforced with local data the many other studies that consistently show poorer quality in for-profit child care.<sup>3</sup>

## Who’s who in the for-profit sector<sup>4</sup>

The for-profit sector in Ontario is made up of individual, sometimes owner-operated centres; small chains; Ontario-only chains such as Peekaboo; chains operating in multiple provinces, such as Kids & Company and Kinderville; and Canadian locations of international chains, such as Bright Horizons and Mini-Skool.

The for-profit sector is represented by the Association of Day Care Operators of Ontario. ADCO, founded in 1977, is the voice of the for-profit child care sector in both provincial and federal politics. According to the Federal Lobbyist Registry, in 2007 and 2008 ADCO employed Terence Young (now the Conservative Member of Parliament for Oakville) of Policy Alliance Inc. to lobby federal MPs

<sup>2</sup> See [www.ontario.ca/en/initiatives/early\\_learning/ONT06\\_018876](http://www.ontario.ca/en/initiatives/early_learning/ONT06_018876) for the Pascal report and [www.edu.gov.on.ca/earlylearning/index.html](http://www.edu.gov.on.ca/earlylearning/index.html) for the Ministry of Education’s early learning page.

<sup>3</sup> See Research evidence on selected aspects of for-profit/non-profit child care programs. A bibliography. (2008). Childcare Resource and Research Unit. Available online at [www.childcarecanada.org/pubs/other/privatize/profit\\_nonprofit\\_research.pdf](http://www.childcarecanada.org/pubs/other/privatize/profit_nonprofit_research.pdf)

<sup>4</sup> The content of this section was compiled using the best information that is publicly available. Using these sources, every effort has been made to ensure that the information is accurate and comprehensive. It may not include all chains of three or more centres. Ownership of two centres was not included as a “chain”.



against Bill C303: *The Early Learning and Childcare Act*.

Another lobbyist working on behalf of the for-profit sector in 2009 was Allan Rewak of the Pathway Group. Rewak registered in the Ontario Lobbyist Registry on behalf of Educare/Canadian Educational Property Group (see below), ADCO and Kids & Company.

Ontario-based national chain Kids & Company also employed a federal lobbyist in 2006 and 2007 to “monitor the development and advocate for new federal child care programming.” In 2006, Kids & Company owner Victoria Sopik sat on a federal government child care advisory committee.

## Child care chain operations in Ontario

A child care chain is defined here as a child care operation that has multiple locations and is incorporated as a commercial operation under the Ontario *Corporations Act*. The definition of commercial operation used here is “child care services that are private businesses operated by an individual, a partnership or a corporation that may or may not have shareholders, usually incorporated under provincial legislation. Commercial operations are permitted to make profits to be returned to their owners.”<sup>5</sup>

Ontario’s for-profit sector includes many chains. These include chains operating in multiple provinces; Ontario-only chains, which may have many locations or only a few; individual owner-operated centres and Canadian locations of international chains.

There is also a category of child care operations sometimes called “fake non-profits”. These are child care

operations incorporated as non-profits under the *Corporations Act* that in fact deliver profits to owners/operators/entrepreneurs. Chains fitting this definition may have a few or many centres—some as many as 50 centres.

A final kind of relevant operation is the non-profit—even charitable—agency that operates multiple child care locations or licenses for social or educational rather than profit-making purposes.

This report is concerned with child care chains incorporated as businesses for the purpose of making a profit.

### Chains operating in multiple provinces

#### Kinderville Group

Owner: Manishi Sagar  
The Kinderville Group includes Kinderville and the Children’s Universe franchise operation.

Five locations in Ontario (Ottawa and London). Part of a chain of more than 20 centres in Quebec, Ontario and the United Arab Emirates. The group also owns private schools and summer camps.

Kinderville is listed in the “top 50” in Child Care Information Exchange’s (U.S.) annual status report on for-profit child care.

Websites: [www.childrensuniverse.net](http://www.childrensuniverse.net) and [ottawa.kinderville.com](http://ottawa.kinderville.com)

#### Kids & Company Ltd.

Owners: Victoria Sopik, Jennifer Nashmi and an unknown financial backer  
Eighteen locations in Ontario; 26 locations nationally

Age range: three months to 12 years

2008 revenue: \$13,748,614 (as reported in *Canadian Business Magazine’s* 2008 W100 list)

Kids & Company specializes in employer-sponsored child care. The company uses its child care centres as a base for generating membership contracts with employers. More than 250 employers have signed contracts. Through these employer memberships, Kids & Company offers parents flexible back-up child care in its centres and promises a guaranteed space (usually with regular parent fees) for employees. In some cities, elder care is also offered through a partnership with First Health Care. Some Kids & Company child care centres in Ontario do not include subsidized children.

In 2006, Kids & Company hired lobby firm Hill and Knowlton to “communicate with the PMO, PCO, Finance Canada, HRSDC (Human Resources and Skills Development Canada), and federal MPs.” Founder Victoria Sopik was also appointed to a federal ministerial child care advisory committee. In 2008-2009, Kids & Company also engaged Pathway Group as an Ontario lobbyist.

The company was named by *PROFIT* magazine as “second on the 2005 *PROFIT* HOT 50”. In 2006, the magazine quoted Ms. Sopik as saying her goal is to “operate 50 centres generating annual revenue of \$50 million by 2011.”

Website: [www.kidsandcompany.ca](http://www.kidsandcompany.ca)

### Ontario-only chains (six or more locations)

#### 605061 Ontario Ltd. (operator)

Operates 10 centres under different names in Ontario: Between Friends (Unionville); Circle of Friends (Richmond Hill); Friends – School-Age

<sup>5</sup> Friendly, Doherty and Forer, 2002



Child Care (Stouffville); Glad Park Child Care – School Age Day Care (Stouffville); Pals (Markham); Best Friends School Age Program (Aurora); Blossoms (Unionville); Friendships (Markham); Pastimes – School Age (Markham); and Rainbows Day Care (Markham).

#### **Centres for Early Learning**

Operator: The Foray Group  
(President: Azam Bhaloo,  
Executive Director: Amina Bhaloo)

Nine locations, all in Toronto. In addition, there are Foray Group Montessori Country Schools in Nobleton, Alliston, Milton, Bond Head and Whitby that include children as young as one year.

The Foray Group is described as a privately-held education management company. According to their website, the Markham, Ontario-based group “has been actively involved in private education, early childhood education, food services, human resource consulting, real estate investment and private equity investments” since 1975. The group includes: Centres for Early Learning, Food for Tots (children’s food catering), Sentient (day care staffing resources), the Montessori Country Schools (private schools) and Foray Properties (real estate holdings).

Websites: [www.foraygroup.com](http://www.foraygroup.com) and  
[www.centresforearlylearning.com](http://www.centresforearlylearning.com)

#### **EduKids Child Learning Centres Inc.**

Owner: Herb Goldsmith

Fifteen Toronto-area locations (seven operating under the Edukids brand, nine operating under different names including Children’s Village and others).

Website: [www.edukids.ca](http://www.edukids.ca)

#### **Oxford Learning Centres**

CEO: R.N. Whitehead (franchising operation based in London, Ontario)

Seven licensed child care locations in Ontario. Many locations in Canada and the U.S. are running other Oxford Learning programs.

Oxford Learning Centres is “a provider of supplemental education” – primarily a tutoring service for school-age children – with more than 60 locations in Ontario alone. The company has recently expanded to include a pre-school program for three- to six-year-old children. According to the website, “Little Readers” is a half-day enriched learning and reading tutor program.

Website: [www.oxfordlearning.com](http://www.oxfordlearning.com)

#### **Peekaboo Child Care Centres Inc.**

CEO: R.N. Whitehead (franchising Owners: Lee-Anne and Paul Arkell)

A 24-centre family-owned and -operated business that franchises centres in southern Ontario.

2008 profit: \$8,596,223 (reported in *Canadian Business Magazine’s* 2008 W100 list)

Peekaboo specializes in “day care you can see” linking parent’s offices to the centre through video webcams using technology from Dastech Systems Inc. Recently Peekaboo has begun to acquire rival chains. In 2009, Peekaboo bought Tiny Tim Developmental Centres’ chain of seven centres.

Website: [www.peekabookid.com](http://www.peekabookid.com)

#### **Ontario-only chains (three to five locations)**

##### **All About Kids**

Operator: All About Kids Inc. and AAK 2005 Inc.

Four Toronto-area locations

Website: [www.allaboutkids.ca](http://www.allaboutkids.ca)

##### **Children’s Creative Centres**

Owner/operator: Julie Schaefer

Three Kitchener-Waterloo locations

Age range: Junior kindergarten to school-age

#### **Childventures Early Learning Academy** (previously Pathways Child Care and Academy)

Owner: Dr. Walter Heidary

Three locations (Ancaster, Burlington, Richmond Hill) as well as an elementary school and a summer camp

Website: [www.childventures.ca](http://www.childventures.ca)

#### **Hearts Child Care Centres**

Owner/operator: Ralfie Gervasi

Three locations – two in Mississauga, and one in Etobicoke

Age range: Infant to kindergarten

Website: [www.heartschildcare.com](http://www.heartschildcare.com)

#### **Helping Hands Daycare**

Owner: Nancy Eickmeier

Five Toronto-area locations

Website: [www.helpinghandsdaycare.ca](http://www.helpinghandsdaycare.ca)

#### **Hopedale Montessori Schools**

Owner: 1318291 Ontario Ltd.

Three locations in Oakville and Burlington

#### **Learning Jungle Schools**

Owner: Devhaus Corporation (President/CEO: Nesmith Chingcuanco)

Five Toronto-area locations and three in the Philippines

The company also operates [www.parentrelief.com](http://www.parentrelief.com), a parent and child minder matching website.

Websites: [www.learningjungle.com](http://www.learningjungle.com) and [www.devhaus.com](http://www.devhaus.com)

#### **Mindtech Montessori and Computer Schools**

Three Markham locations

Website: [www.mindtechschools.com](http://www.mindtechschools.com)



### **Pluto Day Care Centres**

Operator: 706785 Ontario Inc.

Five centres in the Kitchener-Waterloo area.

### **Canadian locations of international chains**

#### **Bright Horizons**

CEO: David Lissey

Three Ontario locations: Markham, Meadowvale, and the CIBC Children's Center in Toronto (backup child care)

The Bright Horizons centres in Ontario are part of a U.S.-based international chain of almost 700 centres. Bright Horizons Family Solutions also owns elementary schools, after-school programs, backup care and summer programs. Bright Horizons was founded in the 1980s by Roger Brown, a management consultant at Bain and Company.

In 2008, Bright Horizons was bought by Bain Capital, a private U.S. investment firm. Bright Horizons specializes in employer-sponsored child care and operates in the U.S., Ireland, the U.K. and Puerto Rico. Its operations include an online training program and university.

Website: [www.brighthorizons.com](http://www.brighthorizons.com)

See also Mini-Skool.

#### **Other organizations of interest**

##### **Edleun Inc., previously Educare Development LLC/ Canadian Child Care Education Property Fund or Canadian Educational Property Group (CEPG)**

In 2008, a firm called CEPG (also known as Educare Development and Canadian Child Care Education Property Fund) based in Plano, Texas attempted to establish a business specializing in child care property development and sale/leaseback of

child care centres across Canada. CEPG/Educare was headed by Leslie Wulf, a key manager of the ABC Learning/123 Busy Beavers move into Canada in 2007.

Late in 2009, a new operation linked to the ABC/123 conglomerate emerged out of CEPG/Educare. A merger brought Montreal-based San Anton Capital together with recently-established Edleun, Inc., with Wulf as CEO. The corporation's stated goal is to establish child care centres across Canada. Edleun is Canada's first publicly-traded child care corporation, soon to be trading on the TSX Venture Exchange.

Websites: [www.cepg.ca/home.html](http://www.cepg.ca/home.html) and [www.edleun.com](http://www.edleun.com)

##### **Mini-Skool 'A Child's Place' Inc.**

Nine Toronto-area centres

Mini-Skool is incorporated as a non-profit organization in Ontario. It is part of an Arizona-based chain of more than 100 centres and private schools, advertised as "one of the largest in North America". It is listed as the seventh largest child care corporation in North America in the *Child Care Information Exchange*.

Mini-Skool 'A Child's Place' originated in Winnipeg and began operating in Ontario in 1969. In the early 1980s Mini-Skool's Ontario operation was acquired by U.S.-based Kindercare, unionized by the Ontario Public Service Employees Union and experienced a bitter strike. According to the *Toronto Star*, the company was repatriated to Canada when it was bought by Toronto lawyers Ronald Starkman and Douglas MacKay, who had previously worked at Kindercare. A 2001 Scotiabank profile described the Ontario company as "generating solid cash flows and profits".

In 2007, the company was acquired by Audax Group through a leveraged buyout and began acquiring smaller chains. The Mini-Skool Family (which operates child care and private schools under a variety of names) was identified as a subsidiary of parent company Audax. One of the brand names is Mini-Skool Early Learning Centers, operating in a number of U.S. states. Most recently, Mini-Skool Family has changed its name to Phoenix Children's Academy and has "expanded beyond preschools into private elementary, faith-based and Montessori schools."

Despite Mini-Skool's for-profit corporate profile, the website for the company's Ontario operations states that Mini-Skool centres "operate as a not-for-profit organization, with corporate headquarters in Mississauga, Ontario."

Website: [www.mini-skool.ca](http://www.mini-skool.ca) and [www.phoenixchildrensacademy.com](http://www.phoenixchildrensacademy.com)

##### **Play and Learn Children's Centres**

Owner/operator: Primary Prep Schools Inc.

Three Mississauga locations

Note: The Ontario government's licensing website identifies the operator of Play and Learn as Primary Prep Schools Inc. A Jersey City, New Jersey company called Primary Prep Schools Inc. offers preschool programs under the name Play and Learn. The N.J. company's websites make no mention of a connection between the Ontario operation and the New Jersey company, although Play and Learn's Ontario operation identifies itself as a division of Primary Prep Schools Inc.

Websites: [www.playandlearncentre.net](http://www.playandlearncentre.net), [www.lynnroseheights.net](http://www.lynnroseheights.net) and [www.primaryprep.com](http://www.primaryprep.com)



**Wee Watch (Family child care franchise operation)**

Wee Watch has been in business since 1984 and began franchising operations in 1987. It operates approximately 50 licensed family child care agencies in Ontario, with some operations in BC, and has been seeking a “national master franchisee” to develop its brand in the U.K. The company is one of Canada’s largest child care providers.

Website: [www.weewatch.com](http://www.weewatch.com)

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