

Child-care fee hikes outpace inflation with Toronto parents hardest hit ^[1]

Toronto continues to be the most expensive city in Canada for child care across all age groups, according to a new Canadian Centre for Policy Alternatives report.

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AVAILABILITY

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EXCERPTS

Daycare sticker shock is a harsh reality for Toronto parents, who pay the highest child-care fees in Canada, while families in Mississauga, Vaughan and Brampton are not far behind, according to a report being released Tuesday.

And the costs just keep going up.

Over the past three years, fees for preschoolers in Toronto have climbed faster than anywhere else in the country to a median of \$1,212 a month, or \$14,544 annually, according to the Canadian Centre for Policy Alternatives.

Fees for this age group jumped by 21.4 per cent or \$214 a month — almost six times faster than inflation — the centre says in its third annual report on the cost of licensed child care in Canada.

In the rest of the country, fees for preschoolers, who make up the majority of kids in licensed child care, increased by 11 per cent during this time.

Overall, fees have increased in 71 per cent of the country's 28 biggest cities since last year and in 82 per cent of cities since 2014, when the centre first began tracking costs, the study adds.

"Child-care fees in most of Canada are still outpacing inflation, and for many they were too expensive to begin with," said David Macdonald, senior economist for the left-leaning think-tank.

In Toronto, median monthly fees for infants are \$1,758 a month and \$1,354 for toddlers.

Infants are defined as babies from birth to 18-months-old, toddlers range in age from 18-months to 2-1/2-years, while preschoolers are 2-1/2-years-old to kindergarten-age, which varies from age 4 in Ontario to 5 in most other provinces.

Toronto parents Caroline Starr and Matt Reid pay an eye-popping \$1,600 a month for their 3-year-old preschooler Charlie, which is more than the mortgage payments on their semi-detached home.

At that price, the couple isn't sure they can afford to have a second child, even though Charlie will be entering junior kindergarten next fall.

"Child-care fees will definitely be a factor in what we decide to do in the next year or so," says Starr, adding the cost of before- and after-school care is about \$800 a month.

"It's never-ending. It's not like, wow, I've done my three years and I'm done," said Starr, 34, who works in publishing. "The costs just seem to compound when you have another one."

[Graph indicating child care costs by city, available to view online]

As in previous years, cities in Quebec have the lowest child care fees at \$168 and \$183 per month due to the province's fee cap that ranges from \$7.75 a day for low- and moderate-income households to \$21.20 a day for affluent parents.

Winnipeg and Charlottetown are among the next least expensive cities largely due to provincial fee caps and funding to support daycare operating costs. Unlike other cities in the report, they have seen no increase since 2014.

Among rural areas surveyed for the first time, child-care fees were not significantly cheaper than nearby cities, the report notes.

The high cost of child care will likely be a hot issue when Ontarians go to the polls next June with both the governing Liberals and Progressive Conservatives pledging new initiatives. The NDP has not yet unveiled its child-care platform.

A year ago, Kathleen Wynne's Liberals announced plans to transform the system with new funding to lower parent fees and boost child-care worker salaries while creating 100,000 new licensed spots for kids under age 4 over the next five years. Expert reports on child-care affordability and workforce development are expected in the New Year.

In their campaign platform unveiled last month, Patrick Brown's Progressive Conservatives say they would adopt the Liberals' 100,000-space expansion plan and add child-care tax rebates of up to \$6,750 per child for middle- and lower-income households on costs up to \$9,000 a year for kids under 6.

On Monday, the premier and Indira Naidoo-Harris, minister responsible for early learning and child care, announced plans to open 493 new child-care rooms in nearly 200 schools across Ontario by 2019-20, including two rooms for 38 toddlers and preschoolers at Santa Maria Catholic School in Toronto's Weston-Mt. Dennis neighbourhood.

The \$231 million capital investment will help more than 8,400 children, including 2,100 in Toronto.

The move is part of the government's announcement in June to spend an unprecedented \$1.6 billion by 2022 to create 45,000 new licensed spots in schools, public spaces and workplaces.

"We cannot pretend that the solution is as simple as cash handouts," Wynne told reporters, referring to the PCs' proposed tax rebates.

"The research is very clear, handouts do not address rising fees and growing wait-lists and they end up going to wealthy families who don't need the help," she added.

The Wynne government made a down payment on its affordability pledge last month with a \$12.7 million fee stabilization initiative to shield parents from potential increases due to the minimum wage hike to \$14 in January.

Municipalities that oversee provincial child-care funding received their allocations earlier this month and are notifying centres on how to apply, Naidoo-Harris said.

"We are working on so many levels," she said in an interview. "We are trying to ensure what needs to happen today happens now. But we are also building for tomorrow."

Tuesday's child-care fee report doesn't address the potential impact of the PC tax rebate, but Macdonald, who crunched the numbers for the Star, said it would be minimal.

Median infant fees in Toronto for a family with an income of \$62,000 would still be the second-most expensive in the country after Vancouver, at \$1,300 a month, he said.

"And it would take only five months before infant fees went over the \$9,000 cap, above which nothing is covered," Macdonald added.

The impact of the tax credit for toddlers would put Toronto at the seventh-most expensive city in the country, while the impact on preschool fees would make Toronto the ninth-most expensive, he added.

But with preschool fees rising so fast, "it is unlikely any increases to the PC rebate will match future increases," he said.

The report's co-author Martha Friendly says child-care rebates or cash vouchers for parents are the worst way to build an affordable, high-quality child-care system.

"International experience shows fees rise and quality suffers where these schemes are used," she said.

The report's findings show provinces that fund child-care operations and control fees are the most affordable for parents, added Friendly, executive director of the Childcare Resource and Research Unit.

The PCs have said their rebate fixes the currently flawed federal child-care expense deduction so that it favours middle- and lower-income parents instead of rich families. Since all child-care expenses with a receipt would be eligible, families who work non-standard hours and can't use licensed child care, would have their costs for nannies or babysitters rebated, they add.

-reprinted from the Toronto Star

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