

Daycare fees dropping in some provinces with help of public policy: study ^[1]

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EXCERPTS

OTTAWA -- Daycare fees have dropped - or barely inched up - in some Canadian cities in what might be early signs of the influence of federal child-care money, a new survey says.

The fifth annual survey of child care fees from the Canadian Centre for Policy Alternatives being released Thursday says that fees for full-time, regulated child-care spaces have risen faster than inflation in 61 per cent of cities reviewed.

The left-leaning think tank found that costs were the highest in Toronto and the surrounding area, where fees for children under 18 months average \$1,685, and \$1,150 a month for older preschoolers.

Cities in Quebec had the lowest fees for full-time, regulated spaces across the country, followed by Winnipeg and Charlottetown - in the three provinces that have fixed fees for years.

The federal treasury is set to spend \$7.5 billion over a decade to help fund child-care spaces across the country, with the money flowing through one-on-one agreements with provinces.

The first three years of spending will be \$1.3 billion and potentially create or maintain 40,000 subsidized spaces, a target the Liberals say is on its way to being achieved. Once the three years are up - after this year's federal election - new funding deals will have to be signed.

David Macdonald, a senior economist at the Canadian Centre for Policy Alternatives, said he expected that government policy aimed at lowering fees will lead to an overall decrease in prices for the first time in five years.

"For the survey that we've been doing, it's just been fees going up every year, year after year, far more than the rate of inflation and we're seeing fees actually start to go in reverse in a couple of the provinces," Macdonald said.

He says the initial federal spending appears to have helped provinces moving to regulate the prices parents pay for child care.

The federal Liberals didn't expect provinces to set lower fees when it signed funding agreements with all of them last year, but did envision that provincial governments - which are responsible for child care - would find ways to make daycare more affordable for those who need it.

A set-fee regime in St. John's, N.L., led to a 13-per-cent decline in the fees parents pay, the report says, even though the costs still remain similar to those found in Ottawa, where the rates are set by the market. Reductions were also noted in Edmonton where the provincial NDP has rolled out government-supported \$25-a-day daycare.

"There's a measurable effect," Macdonald said of federal funding.

"While federal money is certainly flowing out, it in all cases supported pre-existing provincial efforts. So it's not that the federal money initiated those efforts - the provinces initiated those efforts usually several years prior to the federal bilateral agreements being signed."

Other provinces are using federal funding towards other efforts, such increasing subsidies for low-income families, Macdonald said, although the impacts won't be captured in the centre's survey of what providers charge.

Groups interested in seeing the Liberals boost their child-care spending have come away from talks with the view that the government won't unveil any new measures in the 2019 budget.

Other groups argue that providing more money to families and letting them make their own child-care decisions is better federal policy.

Cardus, a non-partisan, faith-based think-tank, released a report last month arguing that federal spending should be used to expand the income-tested child benefit, allow parents on leave to earn more income before their employment-insurance benefits are clawed back, and allow for a market-based, independent child-care system.

“We are witnessing unnecessary discrimination against market-based, home-based, or other private/independent child care,” the paper argues. “These forms of care are some of the most popular for parents as they often mimic the home environment more closely.”

Related link: Developmental milestones: Child care fees in Canada's big cities 2018 [3]

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