

# Ontario child-care tax credit to help few low-income families, watchdog says <sup>[1]</sup>

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Access online <sup>[2]</sup>

## EXCERPTS

Ontario's new child-care tax credit will primarily benefit households with incomes above the provincial median, the Legislature's financial watchdog says, while costing tens of millions of dollars more than the government estimates.

The Childcare Access and Relief from Expenses (CARE) tax credit was a key provision in Premier Doug Ford's first budget, unveiled earlier this year. His Progressive Conservative government pledged the measure would "focus benefits on low- and moderate-income families," and provide up to \$6,000 a year for child-care costs.

But an analysis released on Tuesday by the Ontario Legislature's independent Financial Accountability Office says only 300 families across the province – just 0.1 per cent of those eligible for the tax credit – will receive the maximum \$6,000 benefit. Almost two-thirds – 65 per cent – of the total tax credit will go to families with incomes above the Ontario median of \$63,700. Only 3 per cent of the benefit will flow to families making less than \$21,400 a year.

"As with any tax credit, you have to earn taxable income to benefit," Peter Weltman, Ontario's Financial Accountability Officer, told reporters at Queen's Park. "By definition, lower-income people don't report as much taxable income and don't necessarily have the means to pay for child care in the same way that a family earning more money does."

His report says the average annual benefit for eligible families will be \$1,300, very close to the government's own estimate of \$1,250.

But the cost of the tax credit, the report estimates, will be slightly higher than the government predicted in its budget, averaging \$460-million a year over the next four years. In April, the PC government pegged the annual price tag at \$390-million.

The tax credit also only delivers what Mr. Weltman's office calls modest improvement on helping more women return to the workforce after having children. Even with the credit, Ontario's labour force participation number for women between the ages of 25 and 54 – now at 81.5 per cent, the lowest of any province in Canada – will remain near the bottom of the table. Quebec, which has long had a universal affordable daycare system, has the highest rate at 86.7 per cent.

A request for a comment on the report's findings from Finance Minister Rod Phillips was referred to Finance Ministry spokesman Scott Blodgett, who said in an e-mail the government stands by its cost estimates. He said the FAO has "more limited data sources" at its disposal.

"The Government's child care tax credit empowers parents to make the child care decisions that best suit the needs of their children and their families," Mr. Blodgett said.

Carolyn Ferns of the Ontario Coalition for Better Child Care criticized the government's frequent use of the larger \$6,000 maximum figure for the tax credit on social media and elsewhere when so few families stand to receive it.

Opposition NDP child-care critic Doly Begum said the tax credit does nothing to create needed new child-care spaces, with many centres in Toronto and others cities clogged with long waiting lists.

The PC government has backed off its Liberal predecessors' promise to fund the new operating costs of thousands of planned new daycare spaces, leaving Toronto and other cities scrambling to come up with tens of millions to fill the gap. But Ontario says it is still spending \$1-billion to create 30,000 new spaces over the next five years.

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