

A national child-care program would be a boon to Canada's post-COVID recovery – none more so than Ontario's ^[1]

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EXCERPTS

After years of false starts, the federal government seems intent to finally move forward with a national child-care program. The Liberals' recent throne speech put it bluntly: "The time is now." It promised a "significant, long-term, sustained investment" to make universal child care a reality.

As always in Canada, however, the plan must navigate the treacherous terrain of federal-provincial jurisdiction. Ottawa is greasing the wheels with significant new funding (more details may be forthcoming in Finance Minister Chrystia Freeland's fiscal update on Monday). But provincial stalling could still block the way.

That would be a tragedy. Because rolling out a national child-care system would make an unparalleled contribution to job creation and economic recovery after the COVID-19 pandemic. And no stakeholder would benefit more than the provincial governments. In that light, premiers like Ontario's Doug Ford should be jumping for joy at Ottawa's proposal.

Any parent who has juggled kids and Zoom calls while working from home during the lockdown knows that quality child care is essential to getting Canada back to work. And most economists, business leaders and social policy experts agree. Earlier this week I released a report on the economic benefits of universal child care. Those benefits fall into three broad categories:

First, more than 200,000 direct jobs would be created operating child-care centres – and tens of thousands more in the various industries (like construction) that supply goods and services to child care. Second, as many as 725,000 women of parenting age would expand their labour supply once affordable, quality child care is available. Third, a whole raft of economic, social and fiscal benefits would ultimately be produced because more children receive high-quality instruction during their brain-forming early years.

Those benefits will flow across the country. But Ontario will get more than any other region – precisely because this province has lagged so badly in providing accessible care. Right now Ontario has enough regulated spaces for less than 30 per cent of preschool children. And Ontario's average fees are the second-highest of any province: \$12,800 per year per child.

With too few spaces and such high fees, it's no surprise labour force participation for parenting-age women in Ontario is among the lowest in Canada: just 82 per cent in 2019. That's five points behind Quebec, with its successful public child-care system. And nine points lower than male participation for the same age group.

Inadequate child care is thus robbing Ontario's economy of the talents and productivity of some 180,000 women. Tapping that potential would unlock billions of dollars in additional GDP, incomes and provincial tax revenues. My research suggests Ontario would single-handedly capture 42 per cent of all the new jobs stimulated by national child care, more than its share of the population.

Indeed, provincial governments would be the biggest winners under a national system. The federal government is bringing political momentum, and big sums of money, to the table. But the provincial governments, just through their existing income, sales and other taxes, would pocket almost half of the incremental revenues created through all that new employment and GDP. Between \$8 billion and \$14 billion per year in extra revenues would flow into provincial coffers once the system is in place.

Premier Ford faces a jaw-dropping provincial deficit of \$38.5 billion this year, with red ink projected years into the future. He cannot afford to look this gift horse in the mouth. Yet he has been silent on the federal child-care proposal. Worse yet, within a week of the throne speech, his government tabled a bizarre set of proposed changes to child-care regulations (increasing class sizes and permitting use of unqualified staff) that go in exactly the opposite direction.

Ontario's failure to build a 21st-century child-care system is holding back provincial economic recovery. Its patchwork arrangement of overstretched group care, tax-subsidized nannies and sky-high fees squanders tens of billions of dollars of GDP, income and tax revenue. Ontario, and other lagging provinces, have a golden opportunity to fix this problem – and in so doing accelerate Canada's reconstruction after COVID-19.

If the federal government is willing to spend big to finally do what Canada should have done years ago, Premier Ford should embrace this opportunity with open arms.

Region: Canada ^[3]

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