

Ottawa promised \$10-a-day child care in the federal budget. How would that work? A guide ^[1]

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EXCERPTS

In Finance Minister Chrystia Freeland's 2021 budget, one of the centrepiece promises is a national plan to reduce the cost of child care through government subsidies similar to those in Quebec. The federal government is championing it as a way to help Canada's economy recover from the COVID-19 pandemic, in particular by getting more women back to work. But figuring out the specifics with provinces and territories will take time and have long-term consequences after the pandemic has abated. Here's what you need to know.

Outside Quebec, which already has a subsidized system costing \$8.35 a day (more on that later), child-care costs vary widely depending on where you live, and can average \$40 or more a day in urban centres like Vancouver and Toronto. Advocates of subsidization have long argued that public funding could create more spaces and drive down prices overall.

The federal government's goal is to set up a system with provinces and territories outside Quebec that would share the cost 50/50 with Ottawa, and aim to reduce the price to \$10 a day at licensed day cares by 2026. The budget sets aside \$30-billion in federal money over five years, estimating that this will produce a 50-per-cent reduction in families' average fees by next year. Spending would start at about \$3-billion a year, rising to \$8.4-billion in 2026, to be followed by a continuing investment of \$8.3-billion per year.

The budget proposes \$2.5-billion over five years for the Indigenous Early Learning and Child Care Framework, a partnership with First Nations governments to develop Indigenous-led local child care strategies.

Past governments, both Liberal and Progressive Conservative, have tried over the decades to introduce some form of national child care, but generally they've foundered at election time. In 2005, for instance, the Paul Martin Liberals tried to set up a national child-care program worth \$5-billion over five years, but then Stephen Harper's Conservatives unseated them, cancelled bilateral deals with the provinces and set up the Universal Canada Child Benefit instead.

The UCCB gave families \$100 a month per child, but in the form of taxable payments. The Trudeau Liberals came to power promising a new, tax-free payment called the Canada Child Benefit whose size would depend on income: As of last summer, the benefits could be up to \$6,765 per child under age 6, or up to \$5,708 for children aged 6 to 17. (To find out how much your family might expect, there's a calculator for that.)

Benefits like the CCB are an easier way for Ottawa to deliver child-care money because it's done through the Canada Revenue Agency, which is federal. But setting up a more comprehensive national program requires help from the provinces. In 2017, the federal government set up a new child-care framework with provinces, but stopped short of describing it as universal: The focus was on making child care accessible and affordable. Two years later, Mr. Trudeau went into an election in which two parties, the NDP and Greens, promised universal child care, while his party pledged increases to the CCB. The political momentum for national child care really gained steam when the COVID-19 pandemic hit and millions of Canadians were forced to work from home, or unable to work at all, while having to care for children whose schools had closed.

In 1997, a Parti Québécois government made Quebec the first Canadian province to adopt a form of universal subsidized day care. Originally only four-year-olds were covered, but infants were included by 2000. Today, there are more than 235,000 subsidized spaces for children up to five, and Quebecers pay a flat price of \$8.35 a day: The rest is covered by the province, at an annual cost of about \$2.5-billion. Quebecers can also seek out non-subsidized private day cares whose costs are comparable to the more expensive urban centres in the rest of Canada.

The Quebec system's effect on the work force became clear by the mid-2000s, when women's rate of participation in Quebec's labour force overtook the rate in Canada overall. In other words, women with young children were better positioned to continue working because they could afford to leave them in the care of others. The labour-participation rates fell in 2020 when the pandemic hit, but not quite as steeply in Quebec as in the rest of Canada.

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