

Freeland's national daycare plan and Quebec's \$6-billion jackpot

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'Federal governments have been petrified of dealing with Quebec for decades now, knowing that if you want peace with the province, you have to hand over either cash or jurisdiction or sometimes both.'

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EXCERPTS

As provinces sift through the federal government's budget this week, trying to decide whether they should join Ottawa's national daycare strategy and how they'll pay for it, Quebec Premier François Legault was gloating over what *La Presse* called Quebec's \$6-billion "jackpot."

The windfall in Finance Minister Chrystia Freeland's budget will solve "part of our financial problem," Legault said, because Quebec will be able to spend the cash as it sees fit. He still managed to complain that Ottawa was intruding into sacred provincial jurisdiction by launching a national daycare plan in the first place, however.

The sum of \$6 billion is the ballpark estimate of what Quebec expects to get as its share of Ottawa's promised \$30-billion, five-year investment in early-childhood care. How much of this unexpected federal money will actually be spent on beefing up Quebec's already strained daycare system? Maybe half, according to Quebec Finance Minister Eric Girard. The rest will head directly to the Quebec treasury, presumably for roads or to cut taxes. Who knows.

"I don't plan on negotiating," Girard says. "It will be an unconditional transfer."

Quebec has been running a subsidized daycare program since 1997, offering lucky parents daycare costing \$8.35 a day, if you can find a space. It's been praised for giving children an educational head start and encouraging higher female participation in the workforce. Quebec taxpayers have paid for the program with their taxes, which is the way federalism should work.

But the Quebec daycare system is not without its problems. There's a persistent waiting list of 50,000 children. Promises the Legault government made two years ago to create 15,000 new spaces have come up short, with only 2,500 places actually created, dragged down by a suffocating bureaucracy. Parents who don't win the daycare lottery are forced to look for unsubsidized private spaces, which are much more expensive. The Quebec news media are full of complaints about inequity and favouritism in landing coveted spots.

The Quebec system, created almost 25 years ago, is poorly adapted to parents who don't work nine to five, five days a week. And the flat rate is a gift to better-off parents, who could afford to pay much more. I've heard of stay-at-home parents in Quebec who sign their kids up for subsidized daycare to give themselves a break from actually taking care of their children themselves.

You would think that, before plunking down \$30 billion of taxpayers' money, the federal government would have used its phalanxes of policymakers and economists to decide on the optimal system for all of Canada in 2021. Instead, Freeland simply took the 1997 Quebec model, right off the shelf, calling it "affordable" and "well run."

The ultimate goal is to get the price of regulated daycare down to \$10 a day, on average, within five years, similar to the Quebec cost. Why not \$20? Or why not make it free? Is there any new research behind this number, or the whole design of this national program?

Ottawa says it plans to negotiate bilateral agreements with all the provinces that will set standards for Ottawa's contribution. According to Freeland, Ottawa has clear targets for affordability, quality of care, and training of early-childhood educators that all provinces that sign up will be required to meet. Except, of course, for Quebec, which will get an "asymmetric agreement that will allow for further improvements to their system." As Legault said, it looks like an unconditional cheque for \$6 billion.

So far, British Columbia's NDP government is making positive noises about joining the system. A couple of Atlantic provinces have also said they're looking at the idea favourably, though they must be looking to wrangle more cash from Ottawa to pay their eventual 50/50 share.

Alberta and Ontario, run by right-of-centre governments, aren't nearly as enthusiastic. And what if only a few provinces actually sign up? We won't have a national daycare plan, and Quebec will still be getting an extra \$6 billion to compensate for what it was doing already.

Legault doesn't yet seem to be asking for retroactive payment for the last 24 years, but don't be surprised if he does. There's a precedent.

In 1992, Quebec decided to partially harmonize its provincial sales tax with the newly minted federal GST. Ottawa agreed to hand over administration of the GST to Quebec, for which it was to pay the province an annual fee.

Fast-forward almost 20 years and Ottawa convinced Ontario to harmonize its retail sales tax with the feds, for which Ontario got one-time compensation of \$4.3 billion for the costs of integrating the two systems. Quebec raised its hand, and, with amazing chutzpah, asked to be compensated, as well. Stephen Harper, desperate for Quebec votes, agreed, and Quebec got \$2.2 billion for doing what it had already been paid to do voluntarily for two decades.

Federal governments have been petrified of dealing with Quebec for decades now, knowing that if you want peace with the province, you have to hand over either cash or jurisdiction or sometimes both. If Ottawa actually tries to make a case for being a national government — with national priorities and the need for a national approach, whether it's for health care or securities regulation — it's bound to get in a big fight with Quebec.

For generations of federal politicians, they've figured it's a fight they can't win. Justin Trudeau is no different.

That's why Freeland and Co. decided that dealing with the crisis of long-term care that led to thousands of pandemic deaths of Canada's elderly was best shunted aside in favour of the child-care plan. Instead of praising Quebec, the Trudeau government would have been forced to point out the province's abject failure in protecting lives in long-term care, and to make the argument that national standards are needed for the elderly across the country.

Easier to go with child care, praise Quebec, and write a cheque for \$6 billion.

Region: Quebec ^[3]

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