

New Brunswick gets a \$10-a-day daycare deal, leaving Ontario as the lone holdout ^[1]

Ontario is now the only remaining holdout province after New Brunswick landed a deal with the federal government on how to bring in \$10-a-day daycare.

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EXCERPTS

OTTAWA—Ontario is now the only remaining holdout province after New Brunswick landed a deal with the federal government on how to bring in \$10-a-day daycare.

The New Brunswick plan, worth about \$492 million, is expected to be announced next week, possibly Monday, the Star has learned.

Meanwhile, according to a new study, licensed child care in Ontario remains “startlingly unaffordable” for many families, despite the existence of parental fee subsidies and a refundable tax credit.

Written by economists Gordon Cleveland and Michael Krashinsky of the University of Toronto Scarborough, it urged Ontario to negotiate a deal with Ottawa.

They recommend, however, that special care be taken even after a deal is reached to ensure lower-income families are not at a disadvantage when it comes to getting the benefits of the new program.

Ontario is the last jurisdiction to come to the federal table with a proposal for how it would like to use its share of a \$27.2-billion program to expand early learning and child care services.

Even the remaining two territories who haven't yet signed, Northwest Territories and Nunavut, are well advanced in discussions with Ottawa to increase their infrastructure capacity to offer the program.

Ontario and federal officials got down to the nitty gritty of talks only this week.

They exchanged detailed data on what sources on both sides describe as Ontario's complex child care picture — one that includes free full-day junior and senior kindergarten for four- and five-year-olds, along with some of the country's highest average child care costs.

Ontario Education Minister Stephen Lecce and the federal Minister of Families, Children and Social Development Karina Gould met on Monday evening, and each side described the discussions as “positive.”

A senior federal source, speaking on background, told the Star that Ontario provided data, both government levels clarified their expectations, priorities and positions, and things can now “move in the right direction”

“Nothing's imminent, nothing's landed,” the federal official said.

A senior provincial official echoed that assessment.

“The numbers are key and both sides need to get them right and understand the implications,” said the Ontario official with direct knowledge of the talks.

“We've got a lot of confidence in the modelling and work we've done over the past few months to realistically reflect the cost of a \$10-a-day program in Ontario,” said the Ontario insider, adding, “that's not \$10.2 (billion).”

Ottawa has offered Ontario \$10.2 billion according to a formula based on the province's 38-per-cent share of Canada's population of children aged five and under.

“But I'd agree talks continue to be very good, respectful and constructive,” the Ontario official said.

Ontario is demanding more money, arguing it bears the \$3.6-billion cost of full-day junior and senior kindergarten which few other provinces do.

The province also spends about \$1.89 billion on child care subsidies for parents.

The study published this week by Cleveland and Krashinsky examines the affordability of child care in Ontario, Alberta and Manitoba — the latter two have signed deals with Ottawa.

It considered child care costs “affordable” if the net cost of obtaining care is a small percentage — 30 per cent or less — of the increase in family income generated when the caregiving parent takes on employment.

And it said the federal program, designed to cut licensed child care fees in half by the end of 2022, and reduce them to \$10-a-day within the next five years, would make a huge difference in Ontario.

“The \$10 a day program can and should dramatically change child care affordability and make employment a worthwhile option for many caregiving parents,” the study concluded.

However, the study’s authors also warned that a lot depends on the specific policies the province adopts to reduce parental payments.

Even if provinces and territories adopt a flat fee of \$10 a day, they said, policymakers will need some kind of sliding scale to ensure that low-income families are not disadvantaged.

Cleveland said any Ontario action plan “needs to include support for dramatic expansion of non-profit child care — at least 150,000 spaces over five years.”

“It needs a plan to phase-in more affordable child care, so that supply and demand increase together. And it needs plans to pay early childhood educators more so we can recruit more trained staff now.”

On Thursday, federal Finance Minister Chrystia Freeland touted the initiative, which has committed \$27.2 billion to finance the creation of a “pan-Canadian” \$10-a-day daycare.

Modelled on Quebec’s publicly financed system, it is a structural change that will “hugely increase the labour force participation rate particularly of mothers of children (aged) three and younger,” Freeland said.

“It’s a very important driver of jobs and growth.”

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