

Justin Trudeau's \$24 billion child-care program wins over final holdout Ontario ^[1]

Canadian leader hails 'historic' deal after Ontario signs on, but critics worry agreement could leave provinces on the hook

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EXCERPTS

Prime Minister Justin Trudeau has secured the final piece of an ambitious but expensive legacy project as Canada's largest province signed onto a federal child care program after nearly a year of negotiations.

Ontario agreed Monday to join a C\$30 billion (\$24 billion) program that seeks to slash the cost of care to just C\$10 a day over the next five years, from upwards of C\$90 currently, alleviating a significant financial burden for many young parents. Noting that every province and territory has now signed on, Trudeau hailed the deal as "a historic moment" for Canadians needing affordable child care. He also said it would boost the country's economy.

"We know the economic growth that is unlocked when moms no longer have to choose between having a family or advancing their career," the prime minister said at a news conference in a Toronto suburb Monday morning.

The news comes nearly a week after Trudeau signed a deal with the left-leaning opposition New Democratic Party that will grant his ruling Liberal government a measure of stability as it pivots to a domestic agenda of sweeping social spending that some economists worry could exacerbate spiraling pandemic-era deficits. And affordable child care is a key part of that agenda.

The Liberals and many child-care advocates frequently tout the daycare deal in grand terms, with Families Minister Karina Gould calling it a "transformative social and economic policy that will change the trajectory of our country for the better for generations to come."

But the program also has critics who worry the funding can't deliver everything it promises, and will eventually leave provincial governments -- who have jurisdiction in this area -- on the hook for rising costs.

Entrenched Spending

Trudeau and Finance Minister Chrystia Freeland unveiled the child-care policy in their 2021 budget. The funding gradually ramps up to more than C\$8 billion in new annual federal spending on child care. The budget also estimated the plan will add 240,000 workers to the labor force by enabling more women to work and by creating new child care educator jobs.

But child care is directly delivered by provincial governments, meaning the federal Liberals had to negotiate with each jurisdiction on a funding deal. Provinces are able to keep their own systems, which can vary widely in their mix of home-based and center-based daycares. But the federal deal comes with conditions on fees, wages and the creation of new spaces.

Ontario was the final holdout, with provincial officials insisting they needed more money. In the end, the deal committed to an extra year of funding in 2026, along with an automatic review halfway through to ensure the costs are being sufficiently covered by the funding.

The province's inclusion of the automatic review signals Ontario is concerned about being "left in the lurch" by inadequate federal funding, according to Jennifer Robson, a professor at Ottawa's Carleton University who's written frequently on child-care policy. Though that worry is legitimate, she said it cuts both ways: the federal government can also ensure Ontario is spending the funds as promised.

Trudeau's program is a positive move and could grow over time to transform Canada's child-care system, Robson said. But while the governing Liberals portray it as a revolutionary leap, she described it as an incremental step to bolster systems provinces already have in place.

"It's not as far as what I would have liked to see, which is committing to ongoing permanent funding," Robson said. "It's a series of bilateral agreements -- subject to renewal, subject to conditions."

The funding also builds onto an existing child-care benefit that has dramatically expanded since being first introduced by Conservative Prime Minister Stephen Harper in 2006. It began as a universal C\$1,200 annual payment for each child under age 6. Under Trudeau, it now provides up to C\$6,833 per child under 6 and C\$5,765 for those between 6 and 17 years old, with payments decreasing for higher earning

households.

Ken Boessenkool, who helped craft that policy while working for Harper, said he's skeptical the new Liberal program will deliver both the access and the low fees it promises. He said it's still up to provinces to decide how they'll run and fund their own system, and access to quality spaces will likely still vary greatly.

"I am not convinced that the amount of money the feds put on the table is enough money to get there," Boessenkool said. "The Liberals are saying people will be paying C\$10 a day for quality child care spaces. In reality, it'll look different in each province."

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Tags: national child care system ^[4]

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<https://childcarecanada.org/taxonomy/term/7856> [4] <https://childcarecanada.org/category/tags/national-child-care-system> [5]

<https://childcarecanada.org/category/tags/10-a-day-child-care> [6] <https://childcarecanada.org/category/tags/child-care-workforce>