

Child-care fees are on track to drop in some Canadian cities in 2022, says report ^[1]

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EXCERPTS

Most cities in Canada will fall just short of bringing down the price of child care enough to meet the federal government's 50-per-cent cost-reduction target for 2022, according to a new report from the Canadian Centre for Policy Alternatives.

Nevertheless, the Ottawa-based think tank's report says, the projected fee reductions across the country represent progress toward creating an affordable child care system that promises to drop fees to an average of \$10 a day nationally by 2025.

"Most cities won't hit the target, but they'll be close," said David Macdonald, a senior economist with the centre and a co-author of the report.

When it comes to care for preschool-aged children, which is the most common type of child care, the report projects that only seven of 26 cities surveyed will meet or exceed the federal target in 2022. Of the rest, 15 cities are projected to fall short of the target by only \$20 to \$100 a month, while four cities – Winnipeg, Charlottetown, Edmonton and Calgary – will miss the target by more than \$100 a month.

With fees dropping, waitlists will likely increase in length, the report's authors say, which will highlight the importance of expanding child care across the country.

"This is major progress," said Martha Friendly, a co-author of the report and executive director of the Childcare Resource and Research Unit, a Toronto-based think tank.

Whether a city meets its federal target is largely a result of provincial plans.

Although the federal target of reducing fees by an average of 50 per cent in 2022 applies to all provinces and territories, there is no single prescribed route to achieving that goal. Some jurisdictions have chosen to reduce fees that are set at the provincial or territorial level, some have chosen to change their subsidy systems, and others have chosen to provide flat-rate rebates or have providers reduce their individual fees by 50 per cent.

New Brunswick, for example, moved to a set-fee system this year.

But parents in Winnipeg won't see their fees change at all, according to Mr. Macdonald, because Manitoba is relying on changes in its child-care subsidy system to reduce overall costs.

In Toronto, median monthly fees for preschool-age child care are expected to drop to \$650 a month, just shy of the city's federal target of \$604 per month. Each city has a different federal target, depending on what its fees were like before its provincial government joined the federal child-care plan.

As provinces and territories grapple, over the next several years, with how to reduce child-care costs to an average of \$10 a day, the set-fee approach is the one that should be adopted, Mr. Macdonald said, because it is more predictable than other methods.

"The next big challenge is going to be waitlists," he added.

After all, he said, a system that only provides savings to a fraction of families can hardly be called a truly national one.

This is why lowering costs cannot be considered outside the context of the two other major goals of the federal child-care program: expanding child care and addressing issues with the child-care work force.

"Affordability is just one piece of it," Ms. Friendly said. "How are we going to expand child care, and where are we going to find the work force to work in expanded child care?"

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