

Ottawa wants daycare fees cut in half by end of 2022. Will pricey B.C. reach that target? ^[1]

New Canadian Centre for Policy Alternatives report tracks if child-care fees are meeting federal targets to drop by half by the end of 2022

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EXCERPTS

Last July, Prime Minister Justin Trudeau shook hands with Premier John Horgan to celebrate a deal that promised to cut daycare fees in half by the end of this year and to make all regulated child-care centres \$10 a day by the end of 2025.

A new report by the Canadian Centre for Policy Alternatives (CCPA), to be released Tuesday, analyzes how much further daycare fees in the non-\$10 centres need to drop by the end of the year to reach those federal 50-per-cent reduction targets.

And the short answer is: Quite a lot.

“The fees in the B.C. cities of Vancouver, Burnaby, and Surrey are closely clustered. Infant fees will need to fall by between \$620 and \$645 a month to reach their federal target (by the end of 2022), with Richmond, B.C., requiring a larger reduction in infant fees, at \$850 a month,” says the new report.

Prices also have to be slashed by a hefty amount for toddler and preschool spots. For example, of the 37 Canadian cities analyzed in the report, Richmond’s daycares had the second-highest median fees, behind Toronto, and therefore had the most to cut to reach those end-of-year targets.

“Richmond experienced a large increase in its median fee, apparently driven by the presence of several expensive new for-profit centres in the past year,” the CCPA analysis says.

In an interview, CCPA senior economist David Macdonald said B.C.’s plan to hit the 50-per-cent target reduction has two parts.

The first is to expand its \$10-a-day sites from the current 6,500 spaces to 12,500 spots by the end of 2022.

The second is to boost the money the government gives to daycares to offset the costs parents pay each month. Right now, the NDP provides up to \$350 a month for infant and toddler spots, and up to \$100 for preschool spots to reduce fees for families.

The government has not, however, announced publicly how those rates will increase by the end of 2022. And until those details are released, it is impossible for the CCPA to analyze whether B.C. will meet the federal targets, Macdonald said.

“While some of the mechanisms in B.C.’s plan are known ... several of the critical values are not available right now,” says the report, which was able to get the information it needed to make these projections for the other nine provinces and two of the three territories.

The ministry of education and child care said in an email Monday that it was still working on the financial model and will reveal its new fee reduction amounts in the fall. However, it maintained B.C. will meet the federal government’s requirement of slashing the median 2019 daycare rates in half by the end of this year.

“B.C. is committed and on track to reaching the target,” the email said.

The CCPA report provides an estimate of by how much the government’s fee reduction amounts must climb in order to reach Ottawa’s 50-per-cent reduction targets.

In Richmond, where the median 2021 preschool fees were \$1,275, the government subsidy would have to rise by nearly \$800, to almost \$900 a month, to reach the federal promise to cut rates in half, Macdonald said.

In Vancouver, Surrey and Burnaby, the current \$100 fee reduction for preschoolers would have to grow by between \$538 and \$465 a month to reach the federal goals.

And even if all these targets are met, Richmond’s fees for three- to five-year-olds will still be high compared to the rest of Canada.

“Following the planned reduction in 2022, Calgary is projected to tie Toronto with the highest preschool-age fees, at \$700 a month. The Greater Toronto Area suburbs and Richmond, B.C., will follow close behind, in the \$600 a month range,” the report says.

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