

A child-care lesson from Canada [AU] ^[1]

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EXCERPTS

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Now that a new government is in place, managing the peace becomes the big challenge. One minefield for Labor - a legacy of 11 years of Coalition rule - is that of child care, and the underlying problem: how best to help Australia's 4 million families care for their young children and stay afloat financially.

The Howard years left a curious landscape in early-childhood care. On the one hand, there was massive expenditure on subsidising the private sector - creating jaw-dropping profits for the corporate chains - but this led to widely varying levels of quality. Most significantly, there was no movement at all on the critical question of paid parental leave. Labor wants to move forward on early-childhood issues but which way? And how far?

Fortunately, someone else has been there before. A large Canadian policy experiment provides a lesson that might save us much grief in Australia. In 2000 the province of Quebec, populous and progressive, took the bold step of providing universal day care right down to newborn babies, at a cost to parents of \$5 a day. It was a well-intentioned attempt to come to terms with a large increase in the number of families where both parents were working, which had almost doubled in 30 years.

Three economists, Michael Baker, Jonathan Gruber and Kevin Milligan, seized the chance to evaluate what happened in real time. They had the rest of Canada as a control group, and a large study in place tracking children across the country to provide detailed data on their development.

What they found was astonishingly clear cut in a field usually littered with carefully worded reservations and ideologically filtered reporting. The scheme was a disaster.

Evaluated in economic terms, it did not pay for itself; the tax gains from increased workforce participation (the workforce grew by 7.7 per cent) did not make up for the cost of the exercise. Also the system crowded out informal and family forms of care, so that many people simply switched the kind of care they used to take advantage of the massive subsidies.

But the human cost was the most significant. There were marked declines in child wellbeing; on measures of hyperactivity, inattention, aggressiveness, motor skills, social skills and child illness, children were significantly worse off than their peers who remained at home.

The family suffered, too: parent-child relationships deteriorated on all measured dimensions. There was a significant increase in depression rates among mothers and a deterioration in couple relationships among affected parents. None of these changes was minor. The hyperactivity increases were in a range of 17 to 44 per cent; the skills decline was between 8 and 21 per cent; childhood illnesses rose by 400 per cent. The study is littered with adjectives researchers are usually careful to avoid: strong, marked, negative, robust, striking. Yet it did echo, though more strongly, similar findings in the United States, Britain and Europe.

The Quebec policy did so many things right. It mandated many improvements, increasing from one-third to two-thirds the proportion of carers with tertiary qualifications. It supplanted private profit-making centres or took them over, a measure known to increase care quality. It also included and trained in-home carers, or family day carers, as we call them. Yet still the outcomes were dire.

In Australia, Labor has promised a mix of possible measures. It will build 260 non-profit community-run centres, tilting us towards the European model. Yet it will continue the large subsidies that are paid directly to private providers. (Canadian MPs are so horrified by the corporate chain profit model of child care that dominates in Australia that there is legislation proceeding to ban public money being given to such companies.)

The evidence points to only one possible solution: paid parental leave. When Sweden introduced this 15 years ago, babies and under-twos almost disappeared from its day-care system. This was despite it being acknowledged as the best system in the world, costing 2 per cent of gross domestic product (Labor's new measures will bring our expenditure up to 0.4 per cent).

In Britain, the policy of the former prime minister, Tony Blair, of building vast numbers of centres has proved an expensive mistake: a

younger generation of parents is choosing to stay home and one-fifth of British nursery places stand empty. Under pressure from parents and child development experts, Britain has now introduced paid parental leave.

There is a way through the minefield. More community centres are needed. Corporate handouts, as the child-care subsidy has sadly often proved to be, could be better spent to help all parents have a real choice. In the end, paid parental leave is the most equitable way and the best value for money. It is certainly the best for babies. Love, after all, can't be bought.

- reprinted from The Sydney Morning Herald

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