

Few companies keen to provide daycare [CA] ^[1]

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EXCERPTS

The federal Conservatives were left without any viable strategy for creating much-needed child care after consultations across the country threw cold water on their plans to entice employers and non-profit groups to do the job with the promise of tax credits.

Fact-finding sessions conducted last year with businesses, child-care providers and others garnered a wide range of opinions about what the government should do to help working parents care for their young children.

But, as indicated in a summary prepared for Diane Finley, who was then the minister of human resources, "there were some messages that were consistent across all of the consultations." And most of them ran directly counter to what the Conservative government had proposed during the 2006 election campaign.

Results of the consultations released to The Globe and Mail under the federal Access to Information law show that most companies did not want to get into the child-care business.

An analysis of the possibility of getting Alberta employers to create child-care spots says: "Discussions with employers, businesses in Alberta, were mainly reflective of what we heard across Canada in terms of child care not being their line of business, shared concern that it would be too costly and complex for small business to consider."

As for the idea of tax credits, those performing the analysis said: "shareholders are skeptical that a tax credit will create an adequate incentive for employers to create new child care spaces and are concerned it unfairly favours large enterprises." Nor would tax credits work for non-profit organizations, they say.

Many stakeholders said long-term funding to sustain the spaces was needed as well as the start-up financing that the government had offered. And there was a general consensus that the money should flow to the provinces and territories for distribution rather than from Ottawa to child-care providers directly in the form of tax credits.

It was also apparent that the meagre wages, averaging about \$23,000 annually, being paid to child-care workers made it difficult to hire and retain the people needed to expand the sector. And yet parents were stretched to their financial limits to afford quality care.

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The Conservatives introduced a child-care benefit of \$100 a month for every preschool child. But that represents only a fraction of the costs of most daily care. And, because it is taxable off the wages of the lowest earning parent, it pays more to families that have a stay-at-home spouse than it does to families in which both parents work.

To pay for the benefit, the Conservatives cancelled a Liberal plan to create a national system of child care by giving money to the provinces and territories. Instead, Ms. Finley promised tax credits that would prompt employers and community groups to open 125,000 child-care spaces over five years, and she embarked on a consultation to find out how to implement that plan.

The Globe asked for the results of those consultations nearly a year ago, but the release of the information was delayed for many months by the Privy Council Office, the bureaucratic department working for Prime Minister Stephen Harper. When they were finally made available last week, they showed there was little enthusiasm for Ms. Finley's proposals even as she was touting them during the summer of last year.

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By the time the 2007-08 budget was released last March, Ms. Finley's successor, Monte Solberg, decided that, like the Liberals, he would give \$250-million annually directly to the provinces - something Ms. Finley had vowed never to do. He also offered a 25-per-cent investment tax credit to businesses that create child-care spaces in their facilities, but, as the consultations predicted, there would appear to have been little uptake on that incentive.

Mr. Solberg, who repeatedly declined to be interviewed for this article, conceded to The Canadian Press last month that the creation of 125,000 spaces might not be doable and said "we have to be realistic" when asked whether the election promise could be kept.

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- reprinted from the Globe and Mail

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