

Vaughn Palmer: Dreams of universal child care under NDP collide with party's plan for fiscal restraint ^[1]

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EXCERPTS:

VICTORIA - One of the biggest challenges facing the New Democrats in putting together a platform for the next election is how to square their long-standing support for universal child care with the cost of doing anything about it.

Party leader Adrian Dix and his colleagues are under pressure to endorse "the community plan for a public system of integrated early child care and learning," a.k.a. the \$10-a-day child care plan.

Put together by the provincial coalition of child care advocates, it calls for government to lower daily fees to \$10 for full time and \$7 for part time. There'd be no user fees whatsoever for families earning less than \$40,000 a year.

Plus more money for staff training, wages and building more child care centres, phased in over five to 10 years.

The plan has been endorsed by a range of local governments, school boards, community organizations, and others.

It is also in keeping with NDP policy, going back to the ambitious child care plan the party introduced just before losing the 2001 provincial election. That plan was shaped by Carole James, then the provincial director of child care, later NDP leader, and now the co-chair of the party's election platform committee.

But for all the NDP's sympathies on this issue, the leadership is now focused on a single line in the coalition's pitch, that "the fully implemented cost is \$1.5 billion." Closer to \$2 billion by some reckonings.

"An investment we can afford because of the returns and because it is the right thing to do for kids, women, families and the economy," according to the coalition, which can afford to take the long view of things.

But in the short run, the New Democrats would have to explain how they'd start paying for \$10-a-day child care in the fully costed election platform they've promised to deliver early next year.

James sidestepped the challenge in the platform she presented to voters as party leader in the 2005 election. She promised to pursue a cost-shared national child care program through negotiations with Ottawa, starting with a hoped-for injection of \$130 million in federal dollars.

Dix offered a variation on that theme during his successful bid for the party leadership:

"I am committed to expand child care, to initiate a provincial child care system and to pressure Ottawa to play a major role in such a system."

Hard to imagine that flying as a plausible strategy so long as the current government is in power in Ottawa. Stephen Harper is about as likely to fund national child care as to re-establish the long gun registry.

All of which leaves Dix, James and company in the position of having to go it alone on a more modest expansion of child care, using meagre provincial resources.

The NDP leader rarely misses an opportunity in interviews to emphasize that he expects to inherit a "very difficult financial situation" if his party forms the next government.

Some of his supporters would create major room to move on the spending side with correspondingly major increases in corporate, personal income and other taxes.

Dix has pretty much ruled out the tax-and-spend route, saying he sees little headroom for tax increases.

He's ruled out reversing the four successive rounds of income tax cuts brought in by the Liberals, which together gave the province the lowest rates in the country for folks making less than \$125,000 a year. He has left room for a surcharge on higher income earners, defined as those making \$150,000 a year or more.

Once the provincial sales tax is restored on April 1, he'd make no significant changes in sales taxes for the next four years.

He's against raising taxes on the middle class, which would appear to exclude hikes in property taxes, fuel taxes (other than perhaps the

carbon tax), medicare premiums, hydro rates, auto insurance premiums, and even most of the fees and licences collected for government services.

Revenue-collection options are further constrained by Dix's determination not to do too much to discourage growth, investment and job creation.

He'd raise the corporate income tax to 12 per cent, two points higher than it is now and one point higher than the Liberals are planning to take it next year. He'd also bring in a minimum tax on bank capital.

He'd not raise the small business tax, nor bring back a tax on corporation capital, nor increase stumpage fees.

He's not yet made a similar disavowal against raising natural gas royalties or eliminating incentives for production in that sector. But with prices down and supplies glutted, I doubt there's much practical room to move there.

Some critics have assumed that he'd simply run bigger deficits. But even that possibility is constrained by the NDP members of the legislature finance committee joining the Liberals in calling for a balanced budget next year.

The bottom line for the NDP platform-builders and promise-makers is that funding will be extremely tight, and not just for any improvements in child care.

Mindful of the need to keep expectations in check, the party has lately been field-testing a new slogan: "Change for the better, one practical step at a time." I expect you'll be hearing a lot of that line between now and election day.

-reprinted from the Vancouver Sun

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