

CHAPTER 7

ROCK-A-BYE, BRIAN: THE NATIONAL STRATEGY ON CHILD CARE

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Résumé

La stratégie nationale sur la garde des enfants, annoncée en décembre 1987, reflète l'approche générale du gouvernement conservateur en matière de politique sociale. La majeure partie de la stratégie est constituée par le projet de loi sur la garde des enfants (C-144), qui est mort au Sénat avec le déclenchement des élections de novembre 1988 mais qui risque d'être réintroduit sous une forme semblable en 1989. Il s'agit d'un arrangement pour faire partager les frais entre le fédéral et le provincial, plutôt que d'un projet voulant créer un système de garde des enfants compréhensif et uniforme. Cet arrangement reflète le genre de fédéralisme préconisé par les conservateurs, en ce qu'il est orienté vers les provinces, qu'il n'impose pas les normes ou les objectifs du fédéral sur les provinces et qu'il ne s'oppose pas à une livraison des programmes qui soit non universelle. La stratégie reflète également le désir du gouvernement de restreindre les dépenses en fixant un plafond aux dépenses, enlevant ainsi la garde des enfants au régime d'assistance publique du Canada, dont les frais, sans plafond, ne cessent de croître. Le fait d'enrichir les formules du partage des frais aidera les provinces pauvres à élargir rapidement leurs systèmes, mais le plafond fixe créera des choix difficiles pour l'Ontario et le Québec. La stratégie accorde également une importante aide fiscale supplémentaire aux familles individuelles. Si l'on soutient que le recours au système fiscal accorde une reconnaissance symbolique à la valeur des parents qui restent à la maison, il reste qu'il s'agit là d'une réponse distributive à un problème nécessitant une solution redistributive.

Child care has been the major piece of social policy offered by the Conservative government since it came to power in 1984. The need for non-parental care of Canadian children has risen dramatically as more women are engaged, by necessity or choice, in full-time employment outside the home and as the number of single parent families increases with escalating divorce rates. When the Royal Commission on the Status of Women first gave child care saliency on the agenda of social issues in 1970, 20 per cent of women with children under the age of 14 years were in the labour force.¹ By 1987, this figure had jumped to 65 per cent.² While there were 243,545 licensed day care spaces in Canada in 1987, of which approximately 125,000 were government subsidized, it is estimated there were more than 1.9 million children under the age of 13 who had potential need of some type of supervision because their parents worked or studied outside the home.³ The existing system of licensed child care, thus, meets about 13 per cent of the need in Canada.

This severe shortage of spaces is recognized by all three political parties and has been the sustained concern of child care advocates, unions, welfare rights organizations and women's groups since the early 1980s. Availability of spaces, however, is not the sole aspect of a child care delivery system. Equally important are the issues of affordability to parents (which raises questions of subsidies and user fees), accessibility to the required types of care (whether infant care, facilities for children with special needs or timing of care to suit parents doing shift work or subject to seasonal schedules) and, finally, quality care (which includes regulation of the physical environment as well as training and pay of child care workers).

In December 1987, the Minister of Health and Welfare, Jake Epp, responded to the growing crisis in child care and to agitation by well-organized advocacy groups who believe that child care is a federal responsibility, as well as a provincial and parental one, by announcing his government's National Strategy on Child Care. The program, which commits \$6.4 billion over seven years and aims to double the capacity of the existing system of subsidized spaces by creating 200,000 new subsidized spaces is composed of four disparate components designed to appeal to different audiences. The first component offers \$2.3 billion in tax assistance to families with the express intent of permitting them to choose among different types of child care options, including the choice of one parent remaining in the home. Opponents strongly criticize using the tax system through child tax credits and deductions in part because

deductions are regressive and also because they believe it mitigates against creating a delivery system that could provide real choice. Therefore, critics consider this aspect of the government's plan wasteful.

The second aspect is the Child Care Initiatives Fund of \$100 million to finance research and development projects that examine aspects of quality, special needs and system flexibility. A third component, added in July 1988 in direct response to concerns voiced by the Native community, directs \$60 million over six years to Indians on reserves to be used to determine child care requirements of on-reserve Indians, train child care workers and build and operate accredited child care services for Indian communities.⁴ Both the Child Care Initiatives Fund and the allocation to on-reserve Indians are relatively minor parts of the Strategy and will not be discussed at length in this paper. None of these three components needed specific child care legislation: accordingly, they were implemented following the minister's announcements.⁵

The as yet unlegislated part of the strategy is the proposed *Canada Child Care Act* (Bill C-144), a bill that would allocate \$4 billion over a fixed term of seven years to revised cost-sharing arrangements with the provinces for the creation and operation of child care facilities. Although this bill died as it was being reviewed in Senate Standing Committee when the November 1988 election was called, new legislation is likely to be introduced in more or less identical form because Bill C-144 embodies several principles at the core of the Conservative party's philosophy.⁶ Child care legislation was originally anticipated to be presented as soon as the House of Commons reconvened in 1989, but a new Minister of Health and Welfare, examination of government-wide means of expenditure restraint and uncertainty over the fate of the Meech Lake Constitutional Accord have produced delays. The Prime Minister, however, has stated publicly that his government remains committed to a child care act. It is, thus, neither an exercise in historical analysis nor metaphysics to examine the proposed 1988 *Canada Child Care Act* as part of the Conservative's overall child care strategy, the other components of which are already in place.

This chapter examines the child care strategy in light of the existing means of cost-sharing child care expenses with the provinces, the Canada Assistance Plan (CAP). It also explores the probable effect of the new funding formulas on various provinces. This latter task is particularly speculative because much of the information remains confidential subject to federal-provincial negotia-

tions. It is argued that the National Strategy on Child Care illustrates the Tory approach to social programs that Canadians are likely to see incorporated in other social issues. This approach makes extensive use of the tax system, a distributive policy with emphasis on family choice. It also emphasizes the Conservative vision of a market system: the government wants to distribute tax expenditures to individuals so they can select the type and amount of social service they can afford, rather than create an extensive government-dominated delivery system. Although the tax system may be a very suitable instrument for delivering some types of social programs, we must ask whether real individual choice can be exercised under conditions of severe shortage of supply.

The Conservative view of decentralized, collaborative federalism is also clearly demonstrated in the proposed *Canada Child Care Act*. It both anticipates and reflects the Meech Lake Constitutional Accord because it deliberately and carefully avoids interfering with provincial jurisdiction to shape the nature of the child care system and it represents a self-imposed restraint on the use of the federal spending power. The Honourable Jake Epp, former Minister of Health and Welfare, repeatedly argued that the federal government has no right to meddle in provincial affairs by forcing national standards or objectives on the provinces and, thus, the federal government exercised its discretion to limit its involvement to cost-sharing arrangements rather than occupy the field by attempting to regulate or shape the configuration of a national child care system. Because their involvement is limited to dollars, not regulations, no province has voiced official opposition in principle to the federal presence in the field and the carefully constructed matchstick structure of national reconciliation has not been jostled.⁷

Finally, the child care legislation shows the importance of expenditure restraint that will be ever central to the Conservative government over their second term. Although government proponents have argued that the \$4 billion over seven years is very generous and adequate to the task of creating at least 200,000 new spaces, the amount is set as a ceiling on federal contributions. The proposed legislation also specifies a fixed time period - seven years - for enriched federal cost-sharing after which time new arrangements will need to be negotiated. These limits constitute a principled attempt by the government to contain one of the last open-ended cost-sharing programs, the Canada Assistance Plan. In this way it represents a move from open-ended cost-sharing to a facsimile of block funding - that is, to cost-sharing of fixed amounts. This change is viewed by the government as an act of fiscal responsi-

bility and by the child care advocates as a restriction of existing funding.

Although the child care advocacy organizations have been vociferous in their condemnation of the government strategy, it should be recognized that child care is an extremely difficult policy field for any federal government to be involved in effectively. There is incredible diversity across the provinces and between urban and rural areas in the shape of existing child care delivery mechanisms. The system in Alberta, for example, is approximately 75 per cent commercial care and both for-profit and non-profit facilities are government subsidized. In Saskatchewan, on the other hand, only non-profit care is licensed.⁸ The government of Ontario, unlike most other provinces, gives the municipalities great responsibility for the delivery of services and requires that they cost-share part of the provincial portion. The new direction presented in the Ontario three year plan begun in 1987-88 is to move child care from a welfare connotation to a basic public service by eventually making care available to all who require it through operating and capital grants to licensed care. In contrast, the B.C. government views child care as a welfare service, which is delivered by a subsidy coupon to needy families, which can be redeemed for licensed or unlicensed care. B.C. refuses to consider providing operating grants directly to child care facilities as this would subsidize those who can afford to pay. The system in the Atlantic provinces tends to rely heavily on care in family homes, often unlicensed and unregulated, rather than in group centres.

Unlike the debate that enveloped the *Canada Health Act*, an act that at least contained an implicit understanding of what a health care delivery system would look like (public hospitals, licensed physicians and nurses, regulations regarding the physical plant and so on), there is no consensus about the configuration of a child care system due, in part, to existing system diversities and, in part, to intensely held values about the proper care of children. Facilities at present include licensed and unlicensed care, small family home as well as larger group day care and school-based centres, commercial and non-profit ownership. Child care facilities can be directed by parent-controlled boards on one hand or by owner-entrepreneurs on the other. Finally, there are regulated standards for child care workers in some provinces versus minimum requirements for training in other provinces. Child care advocates have been articulate in demanding quality care; but a central issue in terms of the governing instruments by which care is provided is whether quality is inherent in the type of care offered

(commercial generally regarded as lesser quality than non-profit) or whether quality can be regulated.⁹ Child care policy is, thus, complicated by the existing regional diversities, by jurisdictional issues between provincial and federal governments and by the question of whether or not different government instruments can be substituted for each other on an interchangeable basis. Can regulation replace non-profit care and can use of the tax system replace direct investment without prejudicing quality and accessibility?

THE POLITICAL PROCESS LEADING TO THE NATIONAL STRATEGY

To his credit, Brian Mulroney promised during the election campaign of 1984 that he would make child care a priority issue by introducing a national child care policy - an initiative that no previous Canadian government and no other Conservative leader, especially Thatcher or Reagan, had been willing to take. The political process that culminated in the National Strategy, however, did not begin with the 1984 election rhetoric. The growing shortage of spaces was an issue that no government could long ignore. In its 1970 report, the Royal Commission on the Status of Women was the first, but lonely, voice to argue that government has a shared responsibility with parents to contribute to services for caring for children and that women could never achieve equality without such services. Almost nothing more was heard or done on child care until the Task Force on Child Care (the Cooke Task Force), established by the Liberal government in its dying days of May 1984, issued its report in March of 1986. The Cooke Report offered the advocates almost everything they could have hoped for: it presented recommendations for an integrated and comprehensive child care system, including measures for parental leave, that would be built on flexible federal-provincial cost-sharing of operating and capital grants to the non-profit sector and that would over the long term move to a completely publicly funded, non-profit system with no user fees. The price tag for a fully funded system was estimated to be \$11.3 billion in the year 2001.¹⁰

The impact of the Cooke Report was to heighten expectations that the political will might exist to create such a comprehensive system and to provide a wealth of data and specific recommendations that served as a legislative bible for advocacy groups. The holistic view of a comprehensive child care system had also been reinforced by the Abella Royal Commission on Equality in

Employment in 1984 which reiterated that “child care is not a luxury, it is a necessity” and a prerequisite to women’s equality in the work force.¹¹ Extended provisions for parental leave and maternity benefits were recommended by both the Parliamentary Committee on Equality Rights (Boyer Committee) in October 1985 and by the Commission of Inquiry on Unemployment Insurance (Forget Commission) in 1986.¹²

The Conservative government waited relatively late in its term, however, to respond with its own proposals. In November 1985 the Special Parliamentary Committee on Child Care, chaired by Shirley Martin, was constituted. From February to June 1986 it travelled across the country and heard over 6,000 pages of testimony from more than 1,000 witnesses.¹³ The committee report, issued in March 1987, bears only faint resemblance to most of the briefs submitted to it.¹⁴ The report is motivated by the principle of parental choice and recommends continued reliance on the income tax system through child tax credits, continued subsidies under the Canada Assistance Plan and a supplemental new act to provide capital and operating grants to licensed facilities, including for-profit centres.¹⁵ In response, both the Liberal and the New Democrat members of the committee filed dissenting minority reports.¹⁶

The government’s National Strategy announced in December 1987 adheres to the Martin report in philosophy and generally in substance although details do vary. Following its announcement, the income tax measures were implemented in the February 1988 Budget Speech. The *Canada Child Care Act* was introduced in the House of Commons in July 1988. Due to the impending election, it received a whirlwind debate of less than three days in legislative committee in early September 1988. The Senate, although generally reluctant, was prompted by the persistent efforts of Conservative Senator Spivak and Liberal Senator Marsden to be a major player in the process. Rather than merely waiting to provide a perfunctory last glance at the legislation before Royal Assent, the Senate Standing Committee on Social Affairs, Science and Technology struck its own Subcommittee on Child Care in April 1988 to review the Martin committee report (before the Commons legislative committee on Bill C-144 met). The Subcommittee invited expert witnesses to appear and produced a strong report.¹⁷ After Bill C-144 was passed on from the Commons, the full Senate Standing Committee heard extensive testimony from advocates and under the direction of the wily Senator Allan MacEachen was in the process of scurrying about to call more witnesses when Parliament was dissolved. Although they have been accused of sounding the death

knell for the legislation, the Senate, in fact, attempted to provide a forum for witnesses not heard before the legislative committee in "the other place."

During the election campaign, child care received a brief flurry of attention before it was overshadowed by the free trade issue. The campaign promises ignored the more complicated issues of affordability, commercial care and provincial jurisdiction and made the issue a simple numbers game. While the Liberals proposed to double the Tory number of spaces (to 400,000) over seven years at a cost of \$7.8 billion, the NDP proposed to create 200,000 spaces in one-half the time with the same amount of money as the Tories.¹⁸

Seldom does legislation have such a broad array of interest groups so uniformly and articulately opposed to it as are aligned against the Conservative child care strategy. When the Honourable Jake Epp says the proposed *Child Care Act* was "a product of broad consultation with interest groups and citizens across the country," he fails to say that almost all who appeared at hearings were vehemently opposed to the policy.¹⁹ Dissenting national voices include, among others, the Canadian Day Care Advocacy Association (CDCAA), major unions - including the Canadian Labour Congress, Public Service Alliance of Canada, Canadian Union of Public Employees, and the National Union of Provincial Government Employees - the Canadian Teachers' Federation, the Federation of Nurses, National Anti-Poverty Organization, Canadian Jewish Congress, Canadian Federation of Students, National Council of Welfare, Canadian Advisory Council on the Status of Women and women's groups (notably the National Action Committee on the Status of Women).²⁰ It is this broad constellation of interest groups, which are diverse in their primary constituencies but which coalesce around the need for a quality, government-subsidized system of child care, that are referred to in this chapter as the "child care advocates." There is also opposition to the strategy from groups who believe that greater support should be provided to mothers at home. The more extreme right wing groups, such as R.E.A.L. Women, are opposed in principle to non-parental child care because they believe it is bad for children and because they feel that women should be encouraged to remain in the home.

Because the process has offered over the past five years at least five major public forums to present positions, advocacy organizations had the opportunity and a model (based on the Cooke Task Force Report) to forge and voice coherent positions against the government and to communicate with each other to serve as

a vocal opposition coalition - albeit a loose one. When the heightened expectations created by the Cooke Report were dashed by the reality of limited funding, advocates were more disappointed than they would have been without a prototype and extensive public hearings. In this way the process has worked against the government's ability to create a winning supportive constituency for the strategy. It was only the Tory majority in the House that saved Bill C-144 from its critics in 1988 and that will force similar legislation through the policy hurdles in 1989 or 1990.

The use of discretion has been important in the policy process. The advocacy associations used the media well and disseminated information to other non-governmental organizations so that child care became publicly perceived to be a federal responsibility. The federal government then used the available discretionary spending power to take action in a policy field that they could have argued was strictly provincial jurisdiction. Due to their desire not to agitate the provincial governments while the Meech Lake Accord is still under consideration, the Conservatives restricted their latitude of choice to taxation measures and a cost-sharing arrangement. Although they could have chosen to exercise bold federal leadership by initiating a program of national objectives - an initiative not incompatible with the Meech Lake Accord - they would have faced considerable backlash from the provincial governments which the Prime Minister wished to avoid in the interests of national reconciliation and for the political purposes of arriving quickly at a federal-provincial agreement. The government wished to inject funds as soon as possible to spur expansion of child care spaces and to remove funding from the open-ended CAP before costs skyrocketed under greatly increased spending by Ontario and Quebec. Moreover, an enacted child care policy would have been a star aspect of a government's track record going into an election. The strategy is a compromise between the Minister of Finance, who insisted on a fixed ceiling to the money allocated and who preferred to use the tax system as extensively as possible, and the Minister of National Health and Welfare whose concerns focussed on expanding the existing system as quickly as possible. The result of this compromise leans toward the position of the Minister of Finance. There is heavy reliance on tax assistance and legislation to fund child care within fixed expenditure limits. But, as Senator Spivak observes, the proposed act is merely a framework funding arrangement, rather than legislation that contemplates or creates a national, comprehensive child care system.²¹

THE NATIONAL STRATEGY ON CHILD CARE

Child care under the government's National Strategy is delivered through two governing instruments - tax expenditures under personal income tax and direct spending under cost-sharing arrangements with provincial governments. The strategy will be analyzed in this chapter as a package because the combination of instruments reflects the Conservative market-based approach to social policy which leaves the provision of services to the market and the provinces.

TAX MEASURES

There are a variety of tax expenditures and credits under the income tax system that offer child benefits in order to create equity between families with children and those without and to give recognition to the important social task of childrearing. These include the child tax credit, child care expense deduction, child tax exemption (converted in the 1988 tax year to a \$65 non-refundable credit) and the equivalent to married exemption for single parents (converted in the 1988 tax year to a credit of \$850). Because the benefits grew piecemeal and were designed at different times to assist different sets of people, the child benefits of the tax system do not form an integrated system with consistent objectives and beneficiaries. The historical legacy and sacred symbolism of these tax benefits makes it very difficult for any government to break away from them. For the Conservative government, continued use of tax measures for child care is indeed attractive because it supports their overriding market philosophy of parent choice. The goal of promoting a return to the traditional family model of mother in the home was undoubtedly favoured and promoted by the more small-c conservative members of the Tory caucus who could not be readily ignored in formulating the policy. Moreover, this approach fits with the former Minister Epp's personal view that society does not sufficiently value mothers who choose family over career.²²

The National Child Care Strategy dedicates about one-third of its total allocation (\$2.3 billion over seven years) to increases in the Child Tax Credit and the Child Care Expense Deduction. The refundable child tax credit, first implemented in 1978, is designed to provide assistance supplemental to the Family Allowance to low and middle income families.²³ As a progressive measure compatible with tax reform, the amount of the benefit decreases with rising net family income. Unlike a deduction, if one has no taxable income,

the credit can be claimed as a refund, rather than merely applied against the calculations of taxable income. Any parent who receives the Family Allowance (usually the mother) is eligible to receive the full credit of \$559 for each child 18 years and under if the annual family income (in 1988) was \$24,090 or less. Above this threshold, the credit is "taxed-back" at the rate of five per cent of net family income which means that the maximum credit is reduced by five cents for every one dollar of net family income above the cut point.²⁴ For a family with two children, the child tax credits would evaporate completely once its net income reached \$46,450.²⁵ As part of the child care strategy, the Conservative government increased the value of the credit for a child six years and under by \$200 (a \$100 increase in the 1988 tax year and an additional \$100 in 1989) for an eventual credit of \$759 per eligible child. Note that this credit can be claimed by eligible families whether or not expenses for non-parental care are incurred. The supplement, thus, is meant to assist parents at home or those who do not have receipts for care.

The central concern with the child tax credit as part of a child care strategy is that of choice. Would an extra \$200 per year encourage a woman to stay home rather than enter the labour force, assuming she considered only economic variables in her decision? Because this money is displaced from creating affordable and accessible quality day care spaces, should the woman choose to go to work outside the home, she may be unable to find spaces for her children and would, by default, be forced to remain at home or leave her children under conditions of inadequate supervision. As the National Council of Welfare notes, the child tax credit will not help low income families find suitable care and an additional \$200 pales in comparison to child care costs that normally exceed \$3,000 a year per child.²⁶ In remarks made before the Senate Standing Committee in May 1988, the Minister acknowledges the symbolic value of the supplement to the child tax credit. It is an attempt to extend the National Strategy to encompass families who do not rely on non-parental care, rather than to adequately compensate mothers at home:

I never pretended that the child tax credit. . . [was a] compensation for mothers who stayed at home. I have never characterized it in that way, but I thought it was important that the government should give recognition to that area of child care as against simply coming in with a formal child day care system as advocated by some.²⁷

From the perspective of groups organized to promote the interests of at-home mothers, the tax measures do not go far enough to

subsidize women who choose to stay at home.²⁸ However, the costs of adequately compensating parents at home would be prohibitive.

In contrast to the child tax credit, the child care expense deduction is viewed as a legitimate cost of doing business, that is, as an employment expense for parents in the paid labour force or taking training courses.²⁹ Under the old rules, the lower income spouse could claim up to \$2000 per child to a maximum of \$8000 per family for receipted child care expenses for children 14 years and under (providing the total claims do not exceed two-thirds of that individual's income). The Tory strategy will increase the deduction from \$2000 to \$4000 for a child six and under or with special needs (for 7-14 years of age the deduction remains \$2000) and will remove the maximum family limit.

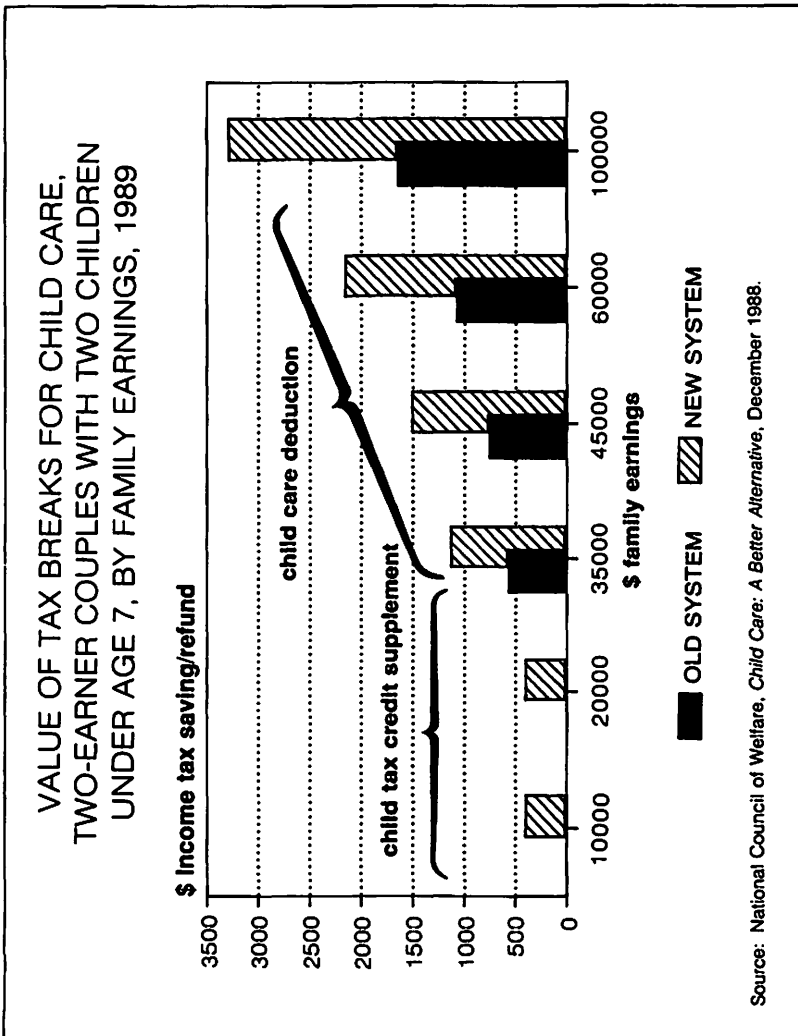
A major problem with claiming the deduction is that the claimant must be able to produce receipts. For those who obtain their child care in the "grey market" of unlicensed babysitters, maiden aunts and grandmas who are reluctant to give receipts because they do not wish to file a tax return, the deduction is of no value. As a result, less than one-half of those families with children in non-parental day care actually claimed the deduction.³⁰

For those families who have receipts, the deduction may help meet the costs of child care, but its real value depends on the availability and price of the service where they live. Even with the doubled amount of the deduction, the real costs of child care are not covered in most cases. The National Council of Welfare calculates that a family with an infant and a preschooler and an average family income of \$45,000 would receive a tax savings of \$1,504 by claiming the maximum deduction of \$8,000. But the average cost of placing the two children in day care would be approximately \$10,000.³¹ A lower income family would be unlikely to be able to pay for the service in the first place to claim the deduction. Although this family would qualify for government subsidies to assist in paying for the care, they may have difficulty finding a vacant subsidized space. In this case, they would probably be forced into the informal grey market to find care.

Perhaps the only major deduction that survived tax reform, the child care expense deduction is regarded as regressive because its value increases as the marginal tax rate goes up and it has no value for the very low income earner at all. For example, a two-income couple with two preschool children and a family income of \$100,000 could enjoy a tax saving of \$3,286 (by claiming the deduc-

tion of \$8,000); a middle income family earning \$45,000 would receive a benefit of \$1,504 and a low income family would not benefit from the deduction at all but would get \$400 in additional refundable tax credits.³² The following graph illustrates that under the combined supplements to the child tax credit and child care expense deduction, financially well-off families will receive the greatest benefit.

Figure 7.1



There have been numerous recommendations, including those by the Special Parliamentary Committee, the Advisory Council on the Status of Women and the National Council of Welfare, to convert the expense deduction into a child tax credit compatible with the government's own philosophy of tax reform.³³ However, the child care expense deduction would be politically difficult to abolish because it is viewed as a justifiable business expense and because it primarily benefits the middle and upper middle income brackets. As Table 7.1 illustrates, compared to other child benefits this deduction is relatively modest because it is used by fewer families than other benefits.³⁴

Table 7.1
Comparison of Tax Expenditures in 1988 on
Child Tax Credit and Child Care Expense Deduction
Child Care Expense Deduction, (1988 Estimates)

Income Group	Percentage of Claimants	Total No. of Claimants	Total Cost to Federal Govt. (\$ millions)
\$5,000 or less	3.66%	20,698	\$ 2.0
\$5,000-\$10,000	8.60	48,634	8.4
\$10,000-\$15,000	12.70	71,820	18.7
\$15,000-\$20,000	15.38	86,775	25.6
\$20,000-\$25,000	15.98	90,368	31.0
\$25,000-\$30,000	14.57	82,395	36.2
\$30,000-\$40,000	15.06	85,166	40.5
\$40,000-\$50,000	7.51	42,470	23.6
\$50,000+	6.56	37,097	28.0
TOTAL	100.00	565,508	\$214.0

Child Tax Credit, 1988 (Estimates)

Income Group	Percentage of Claimants	Total No. of Claimants	Total Cost to Federal Govt. (\$ millions)
\$5,000 or less	41.39%	1,045,007	\$ 920.8
\$5,000-\$10,000	21.60	546,012	435.1
\$10,000-\$15,000	12.14	306,879	201.5
\$15,000-\$20,000	8.48	214,360	118.1
\$20,000-\$25,000	6.25	157,990	84.8
\$25,000-\$30,000	4.39	110,972	57.4
\$30,000-\$40,000	3.56	89,991	37.0
\$40,000-\$50,000	1.49	37,665	9.0
\$50,000+	0.77	19,464	3.9
TOTAL	100.00	2,527,834	1,867.6

Source: Senate of Canada, *Child Benefits Proposal for a Guaranteed Family Supplement Scheme* (Report of the Standing Senate Committee on Social Affairs, Science and Technology, June, 1987).

The tax assistance proportion (\$2.3 billion) of the National Strategy appears at first glance to be about one-third of the total allocation (\$6.4 billion), but we see on closer inspection that this figure represents only the cost of the increase or new money in the tax measures, not their total value over the seven year life of the legislation. To calculate the aggregate value of tax assistance we need to add the cost of maintaining the existing tax expenditures to the cost of the supplemental program. The estimated cost of the child care expense deduction in 1988 was \$214 million; over the seven years of the strategy this amounts to \$1.5 billion. Added to the strategy's supplemental tax assistance, the total cost to the federal government of tax breaks directed to child care is \$3.8 billion.

Total Cost of Tax Assistance for Child Care

Cost of Child Care Expense Deduction in 1988 over seven years,	= \$214 million
total cost of child care expense deduction	= 1.5 billion
cost of supplement (expense deduction + child tax credit)	= 2.3 billion
TOTAL COST OF TAX ASSISTANCE FOR CHILD CARE	= \$3.8 billion

The federal government will also spend approximately \$1.8 billion per year (or \$13.1 billion over seven years) on the basic portion of the child tax credit.³⁵ It would be unfair, however, to characterize the child tax credit as expenditures on child care because the enormous cost of the child tax credit includes claims for children 18 years of age and under and claims by parents who remained the full-time caregiver. The credit is fundamentally an income redistribution measure rather than a child care assistance measure. The fact that expenditures on the child care expense deduction and the tax supplements alone (\$3.8 billion), however, are roughly equivalent to allocations for cost-sharing under the proposed *Child Care Act* (\$4 billion) demonstrates the Conservatives' preference for use of the tax system as the mode of delivery for social policy.

It is not surprising that many of the child care advocates recommend that reliance on the tax system be reduced in favour of direct investment in a child care delivery system. A report released in December 1988 by the National Council of Welfare states that "our approach would see an end to expensive and wasteful tax breaks that can never help Canada create the child care facil-

ities it needs.¹⁸⁶ Specifically, they recommend that the child care expense deduction be converted to a child care expense credit averaging \$527 (\$340 federal portion plus an average of \$187 provincial portion). This credit would be limited by a sunset clause so that it would automatically expire at the end of seven years. The Council would like to see the money redirected to increase the supply of licensed child care spaces - 750,000 spaces, four times the Tory target, over the seven years - and to provide greater subsidies to maintaining those spaces. In their vision, child care would be based solely on the ability to pay so that low income families would no longer have to pay any part of the cost while well-to-do families would pay hefty fees.

The tax system, however, is designed to fulfil many different objectives simultaneously. The symbolic value of giving recognition to stay-at-home parents, the legitimacy of the expense deduction as part of business expenses and the ability to deal with taxation as a federal responsibility - combined with the Tory philosophy of parental choice - means that the tax system is likely to remain firmly entrenched as the major vehicle for delivering federal child care expenditures for the present regime. Moreover, it is politically attractive because it delivers policy directly to individuals in a manner that is visibly attributed to the federal government, rather than camouflaged in cost-sharing with other levels of government. As long as federalism continues to decentralize with strong provincial governments and a minimalist federal presence in national programs, the federal government will seek means of policy delivery that enhances its visibility to individual voters.

Tax assistance for child care is, however, a distributive response to a problem in need of a redistributive solution. Tax credits and deductions apply only to the demand side of the social welfare equation and in times when the "kinder and gentler" notion has become popular (as part of philosophical free trade with the United States), the supply side of social policy must also be addressed. Although it has been framed by the ideology of the Conservatives as primarily a private issue of parental choice, child care is in reality a public policy issue that should focus attention on a delivery system.

THE CANADA CHILD CARE ACT

The significant new initiative of the government strategy is the introduction of the proposed *Canada Child Care Act* to replace

the existing day care provisions of the Canada Assistance Plan as the vehicle for cost-sharing child care services with the provinces. The Canada Assistance Plan is a welfare program designed to cost-share a broad array of social services, but was never intended to be adopted as a comprehensive means of child care service delivery. Under one section of CAP, the provinces and territories establish tests to determine families "in need." Those who qualify may increase their welfare cheque or directly purchase child care services on behalf of the family. Due to the manner in which "need" is determined, however, all parents receiving subsidized care are not necessarily on welfare. For these needy recipients, CAP permits payments for child care in both for-profit and non-profit licensed centres and family care homes. Under a different section of the Plan, assistance is provided to families who are likely to become in need and is normally determined by an income test.³⁷ The federal and provincial governments each set income guidelines as to who qualifies, but as we shall see, the federal levels tend to be more generous than provincial ones. The proportion of the cost of care that is subsidized varies from one government to another. While some provinces pay maximum subsidies that are sufficient to cover the entire cost of the service, others provide lower subsidies that require the user to pay the difference between the subsidized rate and the actual cost. As a result, some licensed centres provide a "stripped-down" version of child care that is less expensive, but also of lesser quality. Eligibility for assistance under CAP does not guarantee that a subsidized space will be available at any cost and some communities notoriously have waiting lists that are several years long for subsidized spaces.

Unless child care funding is removed from CAP, it will never be able to shed its welfare connotation. Moreover, while operating expenses to centres may be provided for the subsidized spaces, CAP is not explicitly a plan for covering operating costs of day centres and it shares only the small portion of capital costs related to depreciation. The provinces have not, therefore, been encouraged to invest in a complete array of services and they have not used the funding opportunities offered by CAP to the fullest. In all cases, the provinces set a lower threshold income level or "turning point" at which parents are eligible for a subsidy than does the federal government. For example, a single parent family with one child could, according to federal rules, receive a maximum subsidy if the parents' after-tax income was \$24,000 or less, while in Newfoundland, that family could not earn more than \$9,000, in Quebec \$12,500 and in British Columbia about \$11,000.³⁸

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In theory, CAP is an open-ended cost-sharing arrangement under which the federal government will reimburse its share as the provinces remit their expenses, with no imposed upper limit to what these expenses might be. Due to the different turning points for client eligibility, however, the provinces have not historically taken up the full extent of the 50/50 cost-sharing that they could claim. For these reasons, the subsidy system is underutilized and, in fact, only 29 per cent of those families with preschool children eligible for full subsidy under CAP actually receive it.³⁹ As Table 7.2 illustrates, the federal share of provincial expenditure is in reality less than 50/50 due to restrictions that subsidies be used in the non-profit sector and restrictions on the number of subsidized spaces that provinces allocate.

Table 7.2
Provincial Child Care Expenditures and Reimbursements
under the Canada Assistance Plan (Estimates)

Province	1985-86			1986-87			1987-88		
	Prov. Exp (\$Millions)	CAP Pay (%)	CAP Share (%)	Prov. Exp (\$Millions)	CAP Pay (%)	CAP Share (%)	Prov. Exp (\$Millions)	CAP Pay (%)	CAP Share (%)
British Columbia	25.2	11.2	44	26.9	12.8	48	35.0	11.0	31
Alberta	50.9	8.4	17	63.4	8.6	14	78.0	8.7	11
Saskatchewan	12.5	6.0	48	12.3	5.9	48	13.0	6.0	46
Manitoba	21.0	8.6	41	23.8	9.7	41	30.5	10.6	35
Ontario	133.5	54.0	40	166.1	66.0	40	215.0	74.3	35
Quebec	72.4	22.0	30	81.8	28.2	34	95.0	28.0	29
New Brunswick	3.1	1.1	35	3.1	1.0	32	2.9	1.1	38
Nova Scotia	5.8	2.5	43	5.6	2.8	50	6.1	3.0	49
Newfoundland	1.1	.4	36	1.5	.6	40	2.2	.8	36
P. E. I.	.7	.3	43	.7	.3	43	1.1	.4	36

Source: National Health and Welfare

The proposed 1988 *Canada Child Care Act (CCCA)* is intended to remove child care from its welfare stigma, to provide a more flexible cost-sharing arrangement that would inject sufficient funds to “kick-start” development of at least 200,000 new, subsidized spaces over a seven year period. The Act, however, is silent on the definition of a “subsidized space” and, thus, does not specify the amount of money that a province would have to provide to a space to qualify it as “subsidized.” The Minister of Finance took a major part in developing the policy and has a designated authority in the bill equivalent to the Minister of Health and Welfare. Mr. Wilson’s intentions were to ensure that the legislation was

designed in the interests of fiscal control. As a reflection of this desire, the bill establishes the principle of a fixed ceiling on cost-sharing by setting a limit not exceeding \$4 billion. Minister Epp reinforced this intent in his statement before the legislative committee:

...so we have put a cap on not only from the federal point of view but from the point of view of the ability to manage new programs financially.... I think one is going to see in the future, no matter what political stripe governments in Ottawa [we] have, more and more of this federal-provincial type of agreement, where both the provinces and the federal government know what their financial obligations are downstream.⁴⁰

This ceiling converts the open-ended cost-sharing arrangement of CAP into the equivalent of negotiated block funding grants, although the provinces must still spend in order to get their allotment.

The federal government will contribute 50/50 on operating costs of both commercial and non-profit spaces and share capital costs for non-profit spaces on an enriched 75/25 formula. There is also a "top-up" provision to a maximum of 90/10 federal cost-sharing to aid the poorest provinces that have drastically underdeveloped systems to catch up and to enable them to participate because they may have been unable to provide even 50 cent dollars. The formula for the maximum federal contribution is calculated based on a comparison of national and provincial per capita entitlements per year, but provincial allocations will be negotiated one by one with the provinces.

Although the preamble of the Act mentions the need to improve the availability, affordability, quality and accessibility of child care services, the body of the Act is silent about national objectives and delivery standards. Rather, the Act takes the position of non-intervention in provincial regulatory jurisdiction. Provinces are given the choice of remaining with CAP or joining this funding arrangement. It is anticipated that all - with the possible exception of Ontario and Quebec - would switch due to the increased flexibility. Indeed the very insertion of such a generous formula may be construed as a means to ensure that provinces opt in to the new finite arrangement and out of the ceiling-less Canada Assistance Plan. In its principles, the 1988 *Canada Child Care Act* is very similar to the Canada Assistance Plan in one significant

aspect and diametrically different in another. Like CAP, the proposed Act places minimum conditions and accountability requirements on the provinces. In stark contrast to CAP, it places legislated limits on the total amount of money available and, thereby, places ceilings on the dollar allotments to individual provinces.

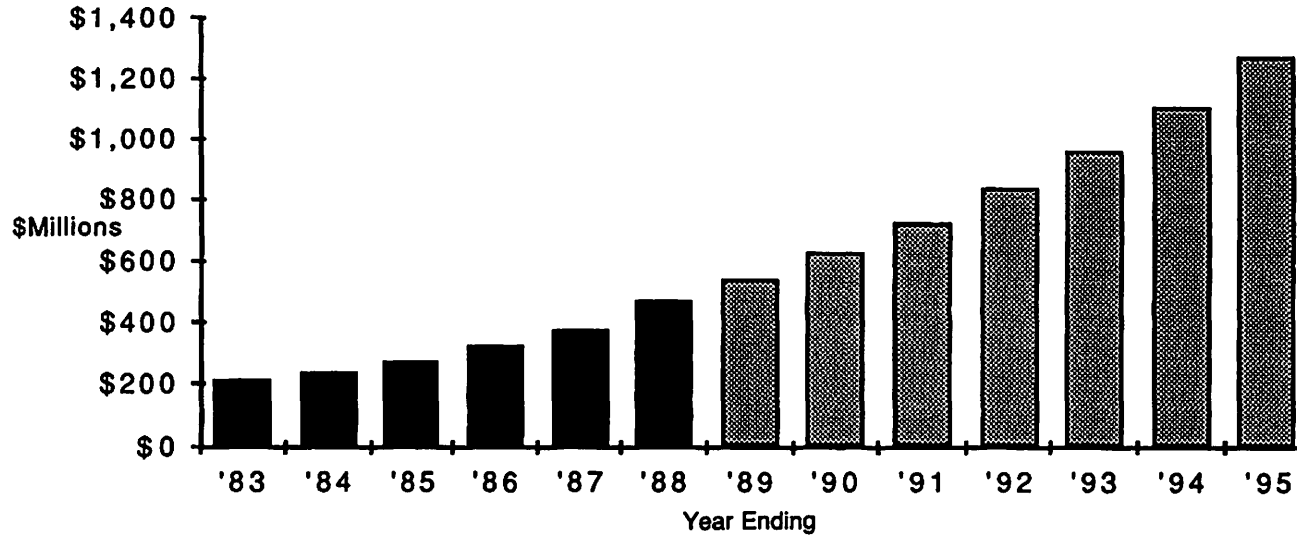
There are four aspects and critiques of the proposed legislation that are worth examining in detail: 1) the generosity of the amount of funds allocated, 2) the issue of national objectives and accountability, 3) concern about funding for-profit care relative to the aim of maintaining quality and 4) identification of winners and losers among the provinces.

Capping CAP

The greatest concern of the child care advocacy organizations and opposition parliamentarians is that the \$4 billion is, in reality, less, not more money than would have been available under the open-ended CAP program: that the proposed *Canada Child Care Act* would “cap CAP” and, thereby, serve as a policy of containment. This argument is based on the fact that the provinces in the past have not taken up CAP as fully as they might, but could do so in the future by raising their threshold income levels under which families qualify for subsidies and by increased direct spending on operating costs to push CAP expenditures exponentially beyond their present levels. A background document prepared for the Parliamentary Special Committee concludes that if all provinces were to adopt the federal subsidy guidelines, 72 per cent of Canadian children under six years with working parents would be eligible for a full or partial subsidy.⁴¹ In rebuttal, Mr. Epp asserts that this is a theoretical and even spurious argument because it is unlikely that the provinces would ever spend to their full potential under CAP. In reality, the ability of the provinces to spend serves as the major restraint on CAP expenditures. If we examine projections of existing provincial expenditures (not hypothetical forecasts based on greater take-up rates) as shown in the following graph, it can be roughly estimated that CAP spending over seven years would total between \$2.2 and \$2.6 billion at an estimated growth rate of 15 per cent a year.⁴²

Several provinces, notably Ontario and Quebec, however, have already implemented or developed plans to greatly expand their child care systems over the next few years. With Ontario expanding its services by 133 per cent over three years and Quebec

Figure 7.2
Actual and Predicted Provincial Expenditures on
Child Care 1983-1995



Source: Total estimated provincial expenditures 1989-95 = (approx.) \$6.1 billion. Federal share under CAP = (approx.) \$2.2 billion. (based on Health and Welfare Estimates; assumes 15% annual growth.)

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doubling its spaces over five years, it is not unreasonable to assume a period of greatly increased overall provincial spending.⁴³ In addition, costs may rise significantly in the foreseeable future as salary enhancement of day care workers (who presently earn an average annual income of \$8,867) becomes desirable to prevent rapid turnover and, thus, maintain quality care or as pay equity legislation forces salary increases.⁴⁴ Because the child care debate has focussed on the federal government, we tend to lose sight of the fact that most of the provinces have not taken the leadership role in creating and regulating the delivery system as they might.

The advantage of the proposed *Canada Child Care Act* over CAP as a funding formula is that it provides more flexible and enriched funding arrangements to help the provinces, especially the poorer ones, to expand their facilities. The danger is that because the system has been so chronically under-funded in the past, the \$4 billion allocated, although seemingly a lot, will merely perpetuate inadequacy. From the advocates' point of view, the target of 200,000 spaces is itself inadequate: when added to the existing services, 200,000 new spaces will satisfy less than 25 per cent of the need. The myth of the debate is that the \$4 billion dedicated by the proposed *Canada Child Care Act* is new money. In fact, it is primarily money that has been recycled. Using very restrictive parameters, it is estimated that at least one-half of this money would have been spent under CAP at any rate and there is reasonable evidence to conclude that CAP spending to 1995 would have been at least as much as the "new" fund.

National Objectives and Accountability

The child care debate is aggravated by two irreconcilable views of federalism: a nation-centred versus a province-centred view of the political order.⁴⁵ A fundamental issue is the extent to which the federal government can legitimately use its spending power to leverage provinces into particular delivery system configurations. The child care advocates want to see a strong federal leadership role with national objectives clearly articulated in legislation to permit some measure of consistency across provinces and accountability of federal monies spent. While most have backed away from (if they ever really supported) national standards that would be uniform across the country - for example, that the child/worker ratio be identical in Metro Toronto as in Labrador City - they do want some federal "criteria" that would imply what the provincial standards should look like.⁴⁶ Their concern is focussed less on

ensuring similarity in regulations across provinces, and more on the strength of regulations: that is, a concern that the provincial governments act to provide a strong regulatory environment that promotes quality care. Because the provinces in the past have been generally hesitant to do this on their own volition, the advocates assert that regulations must be imposed by the federal government and enforced under accountability requirements of the funding arrangement.⁴⁷

In contrast, the Conservative government is diligently avoiding trespass on provincial jurisdiction. Jake Epp has repeatedly stated:

The federal Government should not, and this Government will not, dictate to the provinces the design and delivery of services that are so clearly within their own jurisdictions.... There is no federal role in standards today.⁴⁸

In this sense, the proposed *Canada Child Care Act* anticipates section 7 of the Meech Lake Accord, which provides constitutional recognition of the federal spending power by providing reasonable compensation to a province for opting out of national programs provided that it establishes a provincial program compatible with national objectives. In this case, the federal government has itself limited the potential broader effects of its spending power by avoiding delineation of social policy details that would spark the tensions of federalism.⁴⁹ It is not argued that the void of enforceable national objectives in the CCA is due to the Meech Lake Accord. Rather, it is contended that the philosophy of decentralized federalism of the Tory government brought us both the 1987 Constitutional Accord and this framework funding legislation which leaves the details to be etched in by collaborative negotiations between executives. As Simeon observes, relaxed conditions in cost-sharing arrangements are not an abrupt change, but have been evident (with the noted exception of the *Canada Health Act*) since the early 1970s.⁵⁰

The conflicting views of federalism can be easily discerned in the following exchange which took place between John Bosley, Conservative MP, and Lynn Kaye, President of the National Action Committee on the Status of Women, during the legislative committee hearings:

Mr. Bosley: We cannot guarantee what the provinces will or will not do, we can only say that we are going to do our

very best to use every carrot we have financially to encourage them to do more. That is precisely what the policy is.

Ms. Kaye: That is precisely the point, because you have not used every carrot, and that is our critique. The federal government is quite capable of setting out more carrots and more conditions about the way the money will be made available. In so doing, it can create a system that creates greater consistency across the country and higher quality standards.⁵¹

Not only is this hands-off approach consistent with the Tory philosophy, it is also politically expedient because an attempt to augment the use of spending power with standards or other specific federal conditions would have produced long wranglings over details similar to the confrontations over the *Canada Health Act* and would have been counter to the federal government's intent to kick-start investment in child care immediately without delays in negotiating.

All regulatory requirements and standards such as level of training, size of centres and child/worker ratios will be established by the provinces. According to an amendment to the legislation made in committee, they must commit themselves to giving special priority to meeting the needs of children from low income families and linguistic and ethnic minorities. Each province will negotiate an agreement in which the province will designate targets for the creation of spaces and will specify what aspects of services they will regulate. The provinces, however, do not need to indicate in federal-provincial agreements what the standards themselves will be. This type of agreement that embodies political decentralization gives rise to problems of accountability and enforcement. The federal government must rely on accurate and compliant reporting from centres to provincial governments and from provinces to the federal government because National Health and Welfare has no means of auditing the system directly. This type of conditional grant poses the question: how much accountability should the federal government expect? But, the dilemma in an agreement such as this one in which only vague national objectives rather than specific standards are laid out is: accountability for what? Virtually nothing is specified in the framework agreement that the recipients of the funds could be held accountable against. The watchdog of accountability on provincial compliance with their specified intentions will not be the federal government, but will be provincial publics. Implicitly, the legislation anticipates that if a province is not meeting its own designated targets or enforcing its regulations, watch-

ful provincial child care advocates and parents will notice and pressure the provincial government into compliance.

Few federal governments, however, would wish to be in a position of having to enforce standards in a policy field as strewn with diversity and as mined with ideological positions on the role of the commercial sector as is the present child care system. Indeed, the federal government would likely be even more ineffectual in this capacity than provincial governments have been, but it would not have been impossible to delineate stronger requirements in the legislation for ensuring that the provinces enforce their own standards.

The province-centred view of federalism suggests that we have nothing to fear from the provinces because each is, after all, a duly elected representative of its political community.⁵² But given the past history of provincial underfunding, we should hope that the child care negotiators are sharp and that the tensions between provincial finance ministers who want to pull the purse strings tighter and community/social services ministers responsible for day care who want to expand facilities are overcome so that provincial commitment is made to a better child care system.

For-Profit Care and the Quality Debate

The dominant issue in the debate over quality care is whether quality is best created and maintained through the regulatory environment or is inherent in the auspices - for-profit or non-profit - of the facility. A recent study conducted for the Parliamentary Task Force suggests that non-profit care generally does provide better quality and that in Canada the regulatory environment to enforce child care standards is relatively weak.⁵³ The proposed *Canada Child Care Act* provides capital funding on a 75/25 basis for non-profit care only, but offers its 50/50 cost-sharing on operating costs to both the non-profit and commercial sectors.⁵⁴

The fear on the part of advocates is that an expanded for-profit sector will reduce quality and lower affordability because child care is a highly labour intensive industry in which profits are made by reducing the number or quality of staff or by raising fees. Moreover, most of the child care advocates who appeared at public hearings argue that it is immoral to make money off children. They fear further commercialization of child care through invasion of American chains under the Free Trade Agreement because oper-

ating subsidies could not be denied to American firms if they were provided to Canadian ones. The advocates' preference would be to severely restrict commercial day care and provide incentives for the small "mom-and-pop" operations to convert to non-profit centres controlled by parent-boards. Even the Senate made strong recommendations on the commercial sector in child care:

If one is interested in creating a real child care system, the time has come to use this energy within a non-profit structure.... In short, government should not be funding new commercial services through capital or operating grants, or fee subsidies, or by any other means.⁵⁵

Support was provided to the commercial sector in the Act, not due primarily to the Conservative pro-business ideology (although the Conservatives in general are not philosophically uncomfortable with commercial child care), but on the political exigency of dealing with existing system characteristics. In Alberta, 75 per cent of child care is provided in for-profit centres, in Ontario 40 per cent and in the Atlantic provinces, the "commercial" home care operators predominate. Because the Conservatives wanted the legislation implemented swiftly with full conversion from the open-ended CAP and wanted to avoid inter-governmental confrontation, concessions were made in an anticipatory fashion to the provinces via operating grants to the commercial sector. This federal support for commercial care will have the effect of expanding the for-profit sector. Already the new Conservative government in Manitoba has reversed the practice of the former New Democratic government that provided support only to non-profit facilities and has recently provided new subsidies to commercial care.⁵⁶ The expansion of for-profit care provides further reason to strengthen the provincial regulatory and enforcement mechanisms. A strong regulatory environment would not be produced as a result of the *Canada Child Care Act*; this initiative is left entirely for provincial governments.

Provincial Winners and Losers

At the time of writing, negotiations with the provinces over agreements have been stalled in anticipation of new legislation. It can be fairly safely assumed that a new Act will contain more or less the same funding formulas as Bill C-144 because it is the enriched cost-sharing that serves as the hook to bring the provinces into the agreement. In spite of some initial concerns raised by provincial

day care coordinators in a document leaked to the press, most provinces are likely to opt into the proposed funding formula. For provincial politicians concerned about electoral time horizons, the short-term gains of increased funding over seven years will outweigh the long-term considerations of open-ended funding under CAP.⁵⁷ The provinces which will benefit the most will be the poorer provinces eligible for the greatly enriched cost-sharing and Alberta which will at last be able to receive federal support for its extensive commercial sector. Analysis done for this chapter suggests that Ontario and Quebec will both be disadvantaged under the Act relative to the existing CAP arrangement. They will immediately hit their ceiling on provincial allotments due to the overall limit on the fund; if new legislation does not provide a bigger pot of money, their participation will be in question.

The proposed *Canada Child Care Act* offers a "top-up" provision to a limit of 90 per cent of provincial expenditures, above the standard 50/50 share in operating costs to encourage the poor provinces with undeveloped systems to invest heavily and quickly in an effort to catch-up with the wealthier provinces. Over time, the aim is to equalize expenditures per child across the country. Due to the various restrictions of CAP, the federal share of expenditures that would be paid under the existing arrangement is only about 30 per cent. Table 7.3 shows the differential cost-sharing each province would receive for their operating costs and the maximum federal contributions using 1987 actual provincial expenditures as examples. The table serves only as an illustration of relative provincial allotments because, in reality, the input figures would be projected expenditures drawn from the negotiated agreements between the provinces and federal government. Each province's cost-sharing calculation will change over time because individual provincial allocations are tied in the formula to the aggregate expenditures of all provinces. It can be safely assumed, however, that no province would get less than 50 per cent of its 1987 expenditures.⁵⁸ Three provinces - New Brunswick, Nova Scotia and Newfoundland - receive the limit of 90/10; British Columbia, Saskatchewan and P.E.I. get top-up provisions of varying proportions, while Alberta, Manitoba, Ontario and Quebec would cost-share at the basic 50/50 split for operating costs and 75/25 (federal/provincial) for capital costs.

Ontario would receive the single largest chunk of money due to its population, size of existing system and projected future spending, but would do less well in terms of dollars and spaces than it would have under an open-ended formula - even if it cost-

TABLE 7.3
Federal-Provincial Cost Sharing under Bill C-144
Based on 1987 Actual Provincial Expenditures
on Child Care

Province	Maximum Federal Contribution ¹ (\$millions)	Provincial Entitlement per Child ²	Amount of Top-Up ³ (\$millions)	Cost-Sharing Federal/ Provincial
B. C.	\$18.1	\$30	full (\$.6)	52/48
Alberta	39.0	69	none	50/50
Sask.	7.8	26	full (\$1.25)	60/40
Manitoba	15.3	65	none	50/50
Ontario	108.0	57	none	50/50
Quebec	47.5	35	none	50/50
N. B.	2.6	9	limit (\$1.2)	90/10
N. S.	5.5	15	limit (\$2.4)	90/10
Nfld.	2.0	8	limit (\$.9)	90/10
P. E. I.	.9	19	full (\$.35)	82/18

Figures for Yukon and N.W.T. not available

1. These figures are derived by application of the formula of Bill C-144 to 1987 expenditures and include contributions to operating costs only.
2. The Provincial Entitlement is calculated as:

$$\frac{\text{Federal Contribution to Province through 50/50 cost-sharing (1987)}}{\text{Number of Children in Province 0-14 years}}$$

The National Average Entitlement is \$44. A Province is eligible for top-up if its provincial entitlement is < 70 per cent of this amount (ie. < \$31).

3. The possibilities are: no top-up (50/50 cost-sharing); full top-up (federal share = 50 to 90 per cent); limit (maximum enrichment is 90/10 split).

shared at only 30/70 (federal/provincial). The government of Ontario embarked on a major expansion of its system beginning in 1987-88 that will provide an increase of \$165 million over the three year planning cycle.⁵⁹ Due to the fixed ceiling of the federal strategy, the minister responsible, Mr. Sweeney, has publicly stated that the Ontario system will require a cutback of 15 per cent in its first year under the province's New Directions for Child Care Plan. Aldermen from the City of Toronto appeared before the legislative committee to say that the city's own expansion plans had been limited by the provincial necessity to cut back in proposed funding and they expressed fears that the federal strategy will hurt the ability of municipalities to address the child care crisis. Whether Ontario opts into such a scheme will depend on the level of funding provided by new legislation and on the availability of operating grants for its commercial sector.⁶⁰

Quebec will be in a similar position because the government has announced plans to spend an extra \$200 million over the next three years; this would raise Quebec's expenditures from approximately \$95 million in 1987 to \$193 million in 1991-92.⁶¹ If this expansion were cost-shared at the capital cost rate of 75/25, Quebec alone could absorb roughly 20 per cent of the total amount for all provinces. The government of Quebec, like that of Ontario, will be forced either to cut its spending plans, carry a large portion of its expenditures above the CCCA shared-cost or choose to remain in CAP under which 30 per cent of all its expanded expenses could be met. Whether Quebec decides to opt into this kind of scheme is likely to depend on the status of the Meech Lake Accord. If there appears to be some possibility of salvaging the Constitutional Accord when new legislation is passed, Quebec would probably join the federal child care plan as the provincial government would not want to risk losing the much desired Accord by appearing to be isolationist. If the Accord appears to be lost, Quebec is likely to remain with funding under the Canada Assistance Plan.

Due to the funding ceiling, there will be some hard choices for almost all of the provinces to make: choices between capital construction, operating grants, subsidies and enhancing the salaries of child care workers. As a social assistance measure, CAP has had the effect, argues Banting, of contributing to more comparable standards of welfare across the provinces.⁶² As a mechanism for subsidizing child care, however, CAP has permitted the diversity in system configurations to build. Because the proposed *Child Care Act*, like CAP, places minimal conditions on its money, the provinces will be relatively unfettered in the development of facilities and regulations. Therefore, the diversity in the nature of the system between provinces is likely to increase. British Columbia, for example, has announced that it will continue to use its child care expenditures as subsidies for the welfare system and will not give operating grants to centres. This restriction may have the unintended consequence of forcing day care operators to close down at their present location due to the high costs of maintenance and re-establish themselves as a new business to take advantage of capital start-up funds.⁶³ Unlike most of the other provinces, Quebec intends to expand its school-based care program for young children (aged six to eleven years) outside of regular school hours.⁶⁴ In all provinces, growth of the commercial sector is likely to expand. The ministers with responsibility for child care in Manitoba and Nova Scotia have both indicated they would like to see private, commercial centres get funding.⁶⁵

The funding formulas are preferable to those of CAP, but immediately force us to ask again whether the total amount of money is adequate. Provincial day care coordinators have unambiguously stated that the \$4 billion ceiling puts them in a "fiscal straightjacket."⁶⁶ They have expressed concern that the bill grants wide and unprecedented powers to the Minister of Finance in an area of social policy that has traditionally been the reserve of the Minister of Health and Welfare. Another serious problem anticipated by provincial officials is that Bill C-144 does not build in protection against inflation. Although the proposed Act states that maintenance funding (set at the level of provincial allotments in 1985) will be provided for the eighth and subsequent years when the capital cost-sharing ceases, the provinces fear that assurances regarding future maintenance funding are inadequate.

As soon as legislation is reintroduced, the provinces will present their plans and dicker bilaterally - and in secret - with federal officials over the largest amount and best cost-sharing arrangements they can extract. The tension between provincial finance ministers and ministers responsible for child care services probably mirrors that at the federal level in which line officials and their minister want to expand services as extensively as possible and the Minister of Finance wishes to curb overall spending.⁶⁷ We can expect to see considerable negotiations within as well as between governments.

CONCLUSION

The present structure of child care services in Canada is often likened to our public education system in the 1850s or 1860s: it is profoundly immature and under-funded. The National Strategy on Child Care is not a coherent and comprehensive plan to provide child care services. We should not expect it to produce a consistent and universal delivery system like the contemporary public education or the health care systems. The strategy is, rather, a fragmented package designed to appeal to a diversity of audiences. There is extensive symbolic use of the tax system to recognize the societal significance of stay-at-home parents which is highly compatible with the Tory approach of the social service market. The concern is that tax assistance does not provide real choice for either low income parents who need to earn more than the \$200 supplement to the tax credit or for parents who use the under-funded child care system. In broad terms, symbolic policies, such as the use of the tax system in this policy arena, tend to force

attention on the significance of their target or on implicit ideologies while diverting energy from substantive issues and deflecting attention from questions about their actual effect.⁶⁸

The proposed *Canada Child Care Act* is strictly a cost-sharing arrangement not unlike the Canada Assistance Plan with its minimal specification of objectives, standards and conditions and which is based on a restricted view of the federal spending power. In one very significant aspect, however, the Act is dramatically different from CAP: the CCCA places a legislated ceiling on the amount of money available, whereas CAP is an open-ended program. The proposed *Child Care Act* is not intended to be a plan for a delivery system with national enforceable objectives. There is no attempt here to “Trudeauize” the provinces into compliance on details of social policy. In accordance with both Conservative goals of national reconciliation and fiscal restraint, this tactic reduces the possibility that some provinces may not opt-in and choose other compensation (in this case, the open-ended Canada Assistance Plan). As Banting argues in his excellent analysis of the spending power under the Meech Lake Accord, the long-term product of this approach will be a more regionally diverse pattern of social service initiatives which are sensitive to regional particularities and preferences.⁶⁹ This increased variety will occur in provincial regulatory schemas and is permitted by the non-specificity of national objectives and accountability mechanisms. It is likely to occur in spite of the fact that the top-up provision attempts to equalize per capita spending across the provinces. For those who value the legitimacy of diversity and strength of provincial governments in a federal state, this is a positive development. For those on the opposite conceptual pole of federalism who view national programs with Canada-wide objectives as an important source of collective affirmation and as an instrument of national unity and who view secret collaborative negotiations between governments as an abrogation of accountability, the *Canada Child Care Act* is indeed a sorry and dangerous potential prototype for other social program initiatives.

Although a large portion, if not all, of the \$4 billion allocated to the proposed *Child Care Act* is old money, the flexible funding formula has a distinct advantage for the provinces over the previous CAP mechanism. The enriched cost-sharing will benefit all provinces, but will especially help the poorer provinces, providing they can undertake to meet their 10 per cent share. The Child Care bill entrenches the principle of fiscal control over open-ended cost-sharing programs by setting maximum limits on its funding. The effect of this ceiling will be to disadvantage those provinces that

already have comparatively well developed, although still underfunded, child care systems and that have large scale plans to expand. The debate will rage for a considerable time yet as to whether this amount is adequate to providing the designated 200,000 spaces and whether it will serve as a policy of containment over the CAP arrangement.

An even more serious question remains: are 200,000 new spaces over seven years enough? The child care advocates have answered in a resounding chorus of "nays." The federal government, in contrast, argues that this is about all that the provinces realistically can afford to build in a seven year period. Further, because the Act is only a funding arrangement that targets only numbers in order to avoid interference with provincial jurisdictions, it cannot - and does not try to - address the related issues of affordability, accessibility and quality care.

Finally, a major component of a comprehensive child care system entirely overlooked by the National Strategy is extended maternity benefits and parental leave. There is reason to believe that neither the pronounced trend of more mothers in the labour force will reverse itself over the foreseeable future, nor that women would want a return to traditional at-home lifestyles. Extended parental leave, not tax assistance, would provide the basis for some degree of real family choice. In a comparative analysis of parental leave provisions in Western Europe, Eastern bloc and North American countries conducted by the Cooke Task Force, Canada ranked second to last, negatively outdone only by the United States, in the length and replacement income of its parental leave measures. Extended and flexible parental leave would give parents the ability to enter and exit from the labour force so that they can remain at home with very young children without being seriously penalized in future employment. The Scandinavian countries serve as an excellent model for parental leave and the Cooke Task Force, the Martin Parliamentary Committee and the Forget Commission, as well as a recent Federal Court decision, all recommended extending provisions for parental leave.⁷⁰ This is a policy field that the federal government can legitimately be involved in under the *Unemployment Insurance Act*, the *Canada Labour Code* and in its own role as an employer. The absence of extended parental leave in a policy that purports to be a national strategy on child care is a glaring omission that should be addressed in the Tories' second term.

WHEN THE BOUGH BREAKS ...

At this point, we are anxiously awaiting the reintroduction of child care legislation, perhaps as early as the summer of 1989 or as late as 1990. The fact that a new minister, the Honorable Perrin Beatty, has assumed the portfolio of National Health and Welfare means that Bill C-144 may be opened for re-examination. In particular, Minister Beatty may try to overcome the negative public response to the *Child Care Act*. Given the Tory philosophy of federalism and the politics of restraint, however, the parameters of mobility will be limited. The activist role assumed by the Minister of Finance and the increased attention on the deficit will undoubtedly require that fiscal control be maintained by a fixed ceiling on expenditures. The provincial and public response to the limit of \$4 billion indicates that the government should seriously consider increasing the amount of money allocated. But, can we afford to pay more than \$4 billion over the next seven years for a child care system? It must be recognized that without new legislation, much of this amount would be spent anyway under CAP, but would be directed to the provinces that can afford to spend under the 30/70 (federal/provincial) cost-sharing of the Canada Assistance Plan. If the distributive tax assistance measures are reduced in favour of direct investment in the delivery system, additional funding could be found, even without adding new dollars. Any less money in new legislation would be a policy of containment on child care.

Given the Tory approach to federalism, the new legislation is unlikely to be other than a framework agreement that does not intrude into provincial jurisdiction with specific conditions or regulatory requirements. In starting again, however, the Conservative government might consider amendments that would give the federal government greater accountability on its money; these might include the specified right of the federal government to withhold funds from provinces that have not established reasonable standards or which have not been enforcing their standards. Finally, the government might give more serious attention to the issue raised repeatedly by the advocates: the argument that non-profit care directed by a parent-controlled board is the best way to ensure quality care.

To date, the child care debate has been set in a political discourse which views child care primarily as aid for needy families. For this reason, the issues of income security and redistribution have been confused with the need to build a child care delivery system.⁷¹ Few voices in the debate, even the feminist ones, are vocally arguing the fundamental point raised by the Royal Commis-

sion on the Status of Women and by Judge Abella: Women will never be able to achieve equality or to expand their traditional roles as homemakers and mothers without a comprehensive, affordable child care system. Perhaps women's groups need to rock this cradle more vigorously in order to add a new level of discourse to the upcoming round of the child care debate.

Notes

- * The research assistance of Sandy Stewart and critical review by Katherine Graham and Bruce Doern are gratefully acknowledged. Thanks are also due to the federal and provincial officials, as well as Martha Friendly of the Childcare Resource Unit, University of Toronto, and Ben Battle of the National Council on Welfare who discussed child care policy at length with me.
1. Royal Commission on the Status of Women in Canada, *Report* (Ottawa: Information Canada, 1970), p. 263. These figures are based on an April 1967 child care survey conducted by the Dominion Bureau of Statistics.
 2. National Council of Welfare, *Child Care A Better Alternative* (Ottawa: Department of Health and Welfare, 1988), p. 3.
 3. *Ibid.*
 4. The original strategy did not explicitly deal with child care arrangements for on-reserve Indians, but successful lobbying by Native organizations brought the dedicated \$60 million. In July 1988, the minister announced an additional \$1 billion (\$940 million to the *Child Care Act* and \$60 million to the initiative for Native child care). This supplement is the result of preliminary negotiations with the provinces, notably Ontario, at which time it became evident that the original costing figures for 200,000 new spaces were based on a grossly underfunded system and that Ontario's expansion alone could take up a very large chunk of the money.
 5. The minister noted his intention in the House of Commons on September 20, 1988 to announce early in 1989 details of the on-reserve Indian program and to enter into agreements with Indian communities so that funds will be available April 1, 1989.
 6. *Globe and Mail* [Toronto], December 19, 1988.
 7. The Social Services Minister in Alberta, Connie Osterman, has expressed concern about infringement on provincial jurisdiction, but this has not taken the form of outright condemnation of the proposed Act in principle. *Calgary Herald*, July 26, 1988, p. A1.

8. Childcare Resource and Research Unit: *Childcare Information Sheet* (Toronto: Centre for Urban and Community Studies, University of Toronto, 1987), nos. 12 and 30.
9. For an examination of the quality debate, see: Martha Friendly, *Daycare-For-Profit: Where Does the Money Go?* (Toronto: Daycare Resource and Research Unit, Centre for Urban and Community Studies, University of Toronto, 1986) and SPR Associates Inc., *An Exploratory Review of Selected Issues in For-Profit Versus Not-For-Profit Child Care* (Toronto: SPR Associates Inc., 1986).
10. Task Force on Child Care, *Report* (Ottawa: Status of Women Canada, 1986), p. 331. The Cooke Task Force argued that some of these costs would be offset by job creation.
11. Royal Commission on Equality in Employment, *Report* (Toronto, 1984), p. 192.
12. Commission on Review of the Unemployment Insurance Act, *Report* (Ottawa: Supply and Services, 1985).
13. Special Parliamentary Committee on Child Care, *Proceedings* (Ottawa: House of Commons, 1985), Issues 1-51.
14. Martha Friendly, "What the People Said," (Toronto: Daycare Resource and Research Unit, Centre for Urban and Community Studies, University of Toronto, 1987).
15. The Martin Report recommends replacing the child care expense deductions with a credit of up to \$3,000 per child under 14 years and argues in favour of extended parental leave provisions. Special Committee on Child Care, *Sharing the Responsibility* (Ottawa: Queen's Printer, March 1987), p. 22.
16. Lucie Pepin, M.P., "Choices for Childcare: Now and the Future," The Liberal Minority Report on Childcare (Ottawa: Liberal Party of Canada, March 1987). Margaret Mitchell, M.P., "Caring for Canada's Children: A Special Report on the Crisis in Child Care," (Ottawa: New Democratic Party, March 1987).
17. Senate of Canada, Subcommittee of the Standing Senate Committee on Social Affairs, Science and Technology, *Report*

of the Subcommittee on Child Care (Ottawa: Senate of Canada, July 1988). In June 1987, the Senate Committee produced another excellent review of the family allowance, child tax credit and child care expense deduction. See, Senate of Canada, Standing Senate Committee on Social Affairs, Science and Technology, *Child Benefits Proposal for a Guaranteed Family Supplement Scheme* (Ottawa: Senate of Canada, June 1987).

18. *Ottawa Citizen*, October 20, 1988. Toronto Star, October 5, 1988. The gaff made by John Turner in which he appeared confused as to how much the Liberal alternative would really cost and the ease with which child care was soon silenced in the campaign suggests that child care was less than a top priority for the political parties in the 1988 election.
19. House of Commons, *Hansard* (Ottawa: Queen's Printer, September 20, 1988), p. 19447. During the television debates of the election campaign, Prime Minister Mulroney seemed to downplay the role and concerns of interest groups when he said that he didn't need to listen to them because he had Barbara McDougall and Flora MacDonald in his Cabinet.
20. On September 29, 1988 a coalition of 14 national organizations sent a letter to Prime Minister Mulroney requesting that the government withdraw or substantially amend Bill C-144. Their opposition is based primarily on: 1) lack of national objectives, 2) limitations on funding and 3) encouragement of commercial care. These groups were joined by others for a meeting in Ottawa in February 1989 to devise strategies for continued advocacy of the federal government and to begin lobbying provincial social service ministers so that they might push the federal government for more money in the new legislation. The Canadian Ethnocultural Council has also expressed concerns that the legislation require child care services to be sensitive to minority and heritage language rights and multiculturalism.
21. Senate of Canada, *Proceedings of the Standing Senate Committee on Social Affairs, Science and Technology* (Ottawa: Senate of Canada, Issue No. 15, October 1, 1988), p. 15:118.
22. Senate of Canada, *Proceedings of the Standing Senate Committee on Social Affairs, Science and Technology*

- (Ottawa: Senate of Canada, Issue No. 7, May 10, 1988), p. 7:20. For the symbolic significance and societal value of mothers who choose to remain at home, Minister Epp states in this speech that he also favours the implementation of a homemakers' pension.
23. The politics of compromise that produced the refundable child tax credit are discussed in Brigette Kitchen, "The Refundable Child Tax Credit," *Canadian Taxation*, Fall 1979, pp. 44-51 and G. Bruce Doern, *Tax Expenditure Decisions and the Politics of the Canadian Budgetary Process*. Paper presented for the John Deutsch Institute for the Study of Economic Policy, Queen's University, November 1988.
 24. The Conservative government reduced the income threshold of the credit on January 1, 1986 and partially indexed the credit to the Consumer Price Index. Two installments on the basic credit are now paid to very low income families (less than \$16,000 income) so that they do not need to wait until year end to receive the refund.
 25. National Council of Welfare, *op. cit.*, p. 15.
 26. National Council of Welfare, *Ibid.*, p. 16.
 27. Senate of Canada, *Proceedings of the Standing Senate Committee on Social Affairs, Science and Technology* (Ottawa: Senate of Canada, Issue No. 7, May 10, 1988), p. 7:27.
 28. Representatives of "Kids First," an Alberta non-profit group of mothers at home argued that the income tax system gives greater advantage to two income families. They would like to see a considerably larger credit to at-home moms. House of Commons, *Minutes of the Proceedings and Evidence of the Legislative Committee on Bill C-144* (Ottawa: Queen's Printer, Issue 4, September 7, 1988), pp. 4:41-55.
 29. Established in 1972, the child care expense deduction was originally available to one parent families only. The ceiling has been raised twice from the original \$500 to \$1,000 in 1976 and to \$2,000 in 1983. For further discussion of this deduction, see: Senate of Canada, *Child Benefits Proposal for a Guaranteed Family Supplement Scheme*, *op. cit.*, and Christine Blain, "Government Spending on Child Care in

Canada," in *Financing Child Care: Current Arrangements* (Ottawa: Status of Women Canada, Background Paper for the Report of the Task Force on Child Care, Series 1, 1985), pp. 166-231.

30. A study by Statistics Canada in 1981 estimated that expenses were claimed for only 44 per cent of children in the day care of a non-relative. Reasons for not claiming the deduction were: 39 per cent said they were unable to get receipts; 18 per cent said the deduction paid too little to bother; 12 per cent stated their incomes were too high or too low to make a difference and 9 per cent noted the claim process was too complicated. See, *Report of the Task Force on Child Care, op. cit.*, pp. 168-175.
31. For average cost figures per province in 1986, see: Childcare Resource and Research Unit, *Childcare Information Sheet, op. cit.* The Canadian Advisory Council on the Status of Women estimates that in Ottawa, the cost for this family would be \$17,000. See: Canadian Advisory Council on the Status of Women, *Brief to the Legislative Committee on Bill C-144* (Ottawa: Canadian Advisory Council on the Status of Women, September 6, 1988), p. 13.
32. National Council of Welfare, *op. cit.*, p. 20.
33. Special Parliamentary Committee on Child Care, *Sharing the Responsibility, op. cit.*, Chapter 2. Canadian Advisory Council on the Status of Women, *Communiqué*, National Council of Welfare, December 3, 1987.
34. Senate of Canada, *Child Benefits Proposal for a Guaranteed Family Supplement Scheme, op. cit.*, p. 19.
35. *Ibid.*, p. 11.
36. National Council of Welfare, *op. cit.*, p. 39.
37. If the province uses an income test, the subsidy can only be applied to non-profit care. Ontario and the N.W.T. are the only governments to use the more intrusive needs test and, hence, their subsidies can be used in the commercial or non-profit sectors. Ontario is in the process of moving to an income test rather than the needs test, which will limit its funding under CAP for commercial care; this is one reason

it is interested in the proposed *Child Care Act* which allows operating subsidies for both commercial and non-profit care. A detailed analysis of CAP procedures is not vital to the present discussion and has been covered in: Allan Moscovitch, "The Canada Assistance Plan: A Twenty Year Assessment, 1966-1986," in Katherine Graham, (ed.), *How Ottawa Spends 1988-89, The Conservatives Heading into the Stretch* (Ottawa: Carleton University Press, 1988), pp. 269-307. Task Force on Program Review, *Service to the Public, Canada Assistance Plan* (Ottawa: Supply and Services, 1985). Special Committee on Child Care, *Provincial Day Care Subsidy Systems in Canada* (Ottawa: A Background document prepared by the Staff of the Special Committee on Child Care, 1987).

38. Special Parliamentary Committee on Child Care, *Sharing the Responsibility*, *op. cit.*, p. 29.
39. Special Parliamentary Committee on Child Care, *Provincial Day Care Subsidy Systems in Canada*, *op. cit.*, p. 16.
40. House of Commons, *Minutes of the Proceedings and Evidence of the Legislative Committee on Bill C-144* (Ottawa: Queen's Printer, Issue 2, September 1, 1988), p. 2:18.
41. Special Parliamentary Committee on Child Care, *Provincial Day Care Subsidy Systems in Canada*, *op. cit.*, p. 16. The National Action Committee on the Status of Women (NAC) estimates that assuming 12 per cent growth rate in CAP (the rate over the past four years), the predicted increase in spaces under CAP funding would be 300,000 over the period. Testimony by Lynn Kaye, President of NAC, House of Commons, *Minutes of Proceedings and Evidence of the Legislative Committee on Bill C-144* (Ottawa: Queen's Printer, Issue No. 5, September 8, 1988), p. 5:142.
42. The federal allocation of \$4 billion was arrived at by estimating the cost of spaces in 1987 and multiplying this figure by the number of spaces (200,000) they wished to create. At first this produced a figure of \$3 billion, but negotiations with the provinces indicated that this figure was inadequate. NAC had anticipated this shortfall and in January 1988 noted in its critique of the strategy that the government would require an additional \$1.5 billion to pay for its own program. National Action Committee on the Status of Women, *Smoke*

and Mirrors? Or a Federal National Child Care Strategy? (Toronto: National Action Committee, January 1988). In July 1988, the minister announced \$940 million extra for the *Canada Child Care Act*. The figure of \$2.6 billion for estimated CAP spending accords with the calculation made by the Advisory Council on the Status of Women in their brief to the legislative committee.

43. The document that outlines Ontario's plan is: *New Directions for Childcare* (Toronto: Ministry of Community and Social Services, 1987). Quebec's plans to double its number of spaces is described in: *Montreal Gazette*, November 25, 1988, p. A4.
44. Statistics Canada, *Canadians and their Occupations: A Profile* (Ottawa: Supply and Services, 1989), p. 269. Based on 1986 data. This figure includes workers in day care centres and those in unlicensed home care. The average income for licensed day care workers is somewhat higher, but still comparatively low. In Nova Scotia, for instance, child care workers with one to four years of post-secondary education earn one-half to one-third of the salaries of elementary school teachers with equivalent amounts of training. They earn 35 per cent of government farm workers (with no post-secondary education) in charge of animals and 53 per cent less than industrial workers. In British Columbia, 32.9 per cent of child care workers receive from \$10,000 to \$15,000 and 17.8 per cent earn less than \$10,000 annually. It is not unreasonable to assume pay equity will eventually address these discrepancies. Low wages lead to high turnover of staff and the resulting lack of stability is a serious detriment to quality care. See: Senate of Canada, *Proceedings of the Standing Senate Committee on Social Affairs, Science and Technology* (Ottawa: Senate of Canada, Issue No. 15, October 1, 1988), p. 15:90 and 15:109.
45. Richard Simeon, "Meech Lake and Shifting Conceptions of Canadian Federalism," *Canadian Public Policy*, Vol. XIV: Supplementary, 1988, pp. 7-24.
46. Senate of Canada, Standing Senate Committee on Social Affairs, Science and Technology, *Proceedings of the Subcommittee on Child Care* (Ottawa: Senate of Canada, Issue No. 2, April 12, 1988), p. 2:62.

47. In a review of more than 1,600 day care inspection reports from Ontario, *The Globe and Mail* found that nearly 40 per cent of licensed centres fell short of provincial regulations on quality. This is due, in part, to lack of funding for inspection and, in part, to the province's desire not to close centres given the shortage of spaces. Yet Ontario is regarded as the province with the best inspection system. Andrew McIntosh and Ann Ruhala, "Policing of Ontario's Day-Care," *The Globe and Mail* [Toronto], February 7, 1989, p. A10.
48. House of Commons, *Hansard*, (Ottawa: Queen's Printer, September 20, 1988, p. 19444 and Senate of Canada, *Proceedings of the Standing Senate Committee on Social Affairs, Science and Technology* (Ottawa: Senate of Canada, Issue No. 15, October 1, 1988), p. 15:36.
49. As Keith Banting notes, this avoidance of standards is quite different from the recent federal government initiative with the provinces in housing which does provide for substantial federal control over construction standards, income levels of beneficiaries and even the geographic distribution of new housing units within each province. K.G. Banting, "Federalism, Social Reform and the Spending Power," *Canadian Public Policy*, Vol. XIV: Supplementary, 1988, p. 86.
50. Simeon, *op. cit.*, p. 18.
51. House of Commons, *Minutes of Proceedings and Evidence of the Legislative Committee on Bill C-144* (Ottawa: Queen's Printer, Issue No. 5, September 8, 1988), p. 5:150.
52. Simeon, *op. cit.* For a view supportive of restricted federal spending power and provincial diversity see, Andrew Petter, "Meech Ado About Nothing? Federalism Democracy and the Spending Power," in K.E. Swinton and C.J. Rogerson, *Competing Constitutional Visions: The Meech Lake Accord* (Toronto: Carswell, 1988), pp. 187-202.
53. SPR Associates Inc., *op. cit.*
54. Under CAP, if provinces used an income test to determine eligibility, subsidies could be directed to non-profit centres only. If a needs test was used (as Ontario and the N.W.T. chose to do), the funding could be directed to either non-profit or for-profit centres. In effect, CAP makes very minor contributions to commercial child care.

55. Senate of Canada, *Report of the Subcommittee on Child Care, Ibid.*, p. 24.
56. *Calgary Herald*, September 7, 1988, p. A10. *Winnipeg Free Press*, September 7, 1988, p. 1.
57. Leonard Shifrin, "Child Bonus Arrived in Time for Election," *Ottawa Citizen*, January 12, 1989, p. A13.
58. For a description of the formula, see "Appendix" in House of Commons, *Minutes of Proceedings and Evidence of the Legislative Committee on Bill C-144* (Ottawa: Queen's Printer, issue no. 2, September 1, 1988).
59. Ontario, Ministry of Community and Social Services, *Ibid.*
60. House of Commons, *Minutes of Proceedings and Evidence of the Legislative Committee on Bill C-144* (Ottawa: Queen's Printer, Issue No. 5, September 8, 1988), p. 5:96. It should be recognized that Ontario's funding for its commercial sector under CAP will be diminished when it moves from a needs to an income test.
61. *Montreal Gazette*, November 25, 1988, p. A4.
62. Keith G. Banting, *The Welfare State and Canadian Federalism*, 2nd ed. (Kingston and Montreal: McGill-Queen's University Press, 1987), pp. 114-115.
63. Senate of Canada, *Proceedings of the Subcommittee on Child Care* (Ottawa: Senate of Canada, Issue No. 3, April 21, 1988), pp. 3:6-25.
64. *Montreal Gazette*, *op. cit.*
65. *Winnipeg Free Press*, September 7, 1988, p. 1. *Halifax Chronicle Herald*, February 19, 1988, pp. 1 and 2.
66. Graham Fraser, "Provincial Officials Assail Day Care Plan," *The Globe and Mail* [Toronto], November 15, 1988, p. A5. Leslie Fruman, "Day Care Plan," *Toronto Star*, November 13, 1988, p. F8.
67. Interviews with federal officials from October to December 1988 indicated that there are intragovernmental negotia-

tions between ministers of finance and those responsible for program delivery at both the federal and provincial levels.

68. Carolyn Tuohy, "Conflict and Accommodation in the Canadian Health Care System," in Robert G. Evans and Greg L. Stoddart, (eds.), *Medicare at Maturity: Achievements, Lessons and Challenges* (Banff: Banff Centre School of Management, 1987), p. 412; Murray Edelman, *The Symbolic Uses of Politics* (Urbana: University of Illinois Press, 1964), p. 47.
69. Banting, *Ibid.*, pp. 88-89.
70. The Schacter case is currently on appeal from the Federal Court.
71. For a discussion of the concept of the "universe of political discourse," see: Jane Jenson, "The Limits of 'and the' Discourse," in Jane Jenson, Elisabeth Hagen and Ceallaigh Reddy, *Feminization of the Labor Force* (New York: Oxford University Press, 1988), pp. 155-172. The mainstreaming of the child care debate in Canada is discussed by Susan Prentice, "The 'Mainstreaming' of Daycare," in Sue Findlay and Melanie Randall, (eds.), *Feminist Perspectives on the Canadian State*, an issue of *Resources for Feminist Research*, 17, 3, September 1988, pp. 59-63.