3 A history of the issue of auspice in Canadian child care

This section traces the issue of auspice in Canadian child care from the 1960s, through the 1980s, when demand for child care grew as a majority of mothers were in the paid labour force. It then describes how federal governments failed to establish a cross-Canada policy approach to child care in the 1980s, thereby entrenching an expanding market model. It discusses the first significant entry to Canada of corporate child care from Australia in 2007 and the growth of two side-by-side models of child care in Quebec.

Canada's first public involvement in child care

Although a few charitable child care centres had been developed in Canada in the late nineteenth century, the first 20th century child care development was during World War II. The federal government offered to share costs with provinces for day nurseries caring for the children of women working in essential war industries; these were municipal or charitable. The offer was taken up by Ontario and Quebec but the federal funding was withdrawn after the end of the war. All Quebec's wartime child care centres and many of Ontario's closed. However, mothers of young children didn't all exit the paid labour force as expected. Thus, the need for child care remained but there was little public policy or funding to support it.

The next federal entry to the child care field was through the Canada Assistance Plan, which served as Canada's national welfare legislation for three decades, introduced in 1966. It allowed cost-shared federal funding to be used by provinces to fund "preventative"[7] public and non-profit social services including child care services for eligible low income families. A 1973 federal report on child care by Health and Welfare Canada stated that in 1968, 75% of day care centres had been for-profit but that by 1973, this proportion had declined to 48% (463 centres). The *Status of day care in Canada 1973* noted that "there appears to be a clear trend towards non-profit day care assuming an increasingly important role in the day care field" (Health and Welfare Canada, 1973: 6).

TABLE 1 Sponsorship of centres (1973)

Sponsorship	Centres - No.	Centres - %	Spaces - No.	Spaces - %
Public	88	9.06	3,409	12.71
Community board	377	38.83	9,606	35.82
Parent co-op	43	4.83	1,245	4.64
Commercial	463	47.68	12,552	46.82
Total	871	100.00	26,811	99.99

Source: Reproduced from The status of day care in Canada 1973.

At that time, the for-profit sector was composed of small individual centres and small chains, not corporate entities. The first documented Canadian alarm bell about for-profit child care came in the late 1960s with the acquisition of Mini-Skool, a small Canadian child care chain by Alabama-based Kindercare. Mini-Skool had opened several centres in Winnipeg but was soon bought out by the U.S. corporation already trading on the New York Stock Exchange.

By the mid 1970s, Kindercare's political lobbyists were pressing Margaret Birch, Ontario's Minister for Social Development, to reduce staff-child ratios in Ontario. A grassroots advocacy effort led by the Day Care Reform Action Alliance successfully defeated the

7 Preventative in the sense of providing a service to prevent poverty.

proposed “Birch proposals” (Mathien, 2021). This is the first documented instance in Canada – but not the last – of lobbying activities by for-profit operators aimed at reducing child care standards similar to those subsequently documented elsewhere in Canada, the United States and Australia (Klein, 1992; Brennan, 2008). It also foreshadowed the corresponding campaigns of the child care advocates who envisioned universal, publicly funded child care and representatives of what was then a budding Canadian for-profit child care industry.

Kindercare — dubbed Drive-In Day Care by *The New York Times* (Lelyveld, 1977) — intended to open 2,000 centres in the “North American market” by 1986. The Canadian media noted that “those opposed to corporate day care say it will jeopardize the quality of care and introduce unqualified staff and low education and health standards” (Windsor Star, June 8, 1982). Kindercare’s Ontario Mini-Skool chain centres were unionized by the Ontario Public Service Employees Union (OPSEU) early in the 1980s and experienced a bitter five-month long strike in 1983. Following the strike, a combination of ongoing pressure by the emerging national child care advocacy movement – which made opposition to for-profit child care one of its defining issues from the beginning – the conditions of the federal Canada Assistance Plan (CAP) favouring public and non-profit child care, and subsequent Ontario provincial policy meant that neither Kindercare nor for-profit child care grew substantially in Ontario.

Canada’s child care market grows

Throughout the 1980s, as the cross-Canada child care movement coalesced, the issue of for-profit child care was a divisive issue provincially and nationally as two successive federal governments—Pierre Trudeau’s Liberals and Brian Mulroney’s Progressive Conservatives—each studied child care and issued national reports. But the recommendations of both the Liberal Task Force on Child

Care – which proposed restricting direct operational funding to public and non-profit child care, and of the Conservative's Special Committee on Child Care, which was neutral regarding for-profit child care, died with two successive federal election calls (Cooke et al., 1986: 373; Special Committee on Child Care, 1987).

After the 1988 federal election, child care was off the national political agenda again, where it continued to languish throughout the remainder of the later 1980s and the 1990s. In the mid 2000s, when it became evident that the rapidly growing Australia-based ABC Learning Centers would enter the Canadian child care market as part of its aggressive global expansion campaign, the issue of for-profit child care was reinvigorated in Canada. The ABC case raised broad questions about child care marketization, globalization, and how child care fits into discourses about conceptions of society, private markets and the role of government – issues that remain relevant today. It also foreshadowed the issue of what was not then, but has now come to be called, financialization.

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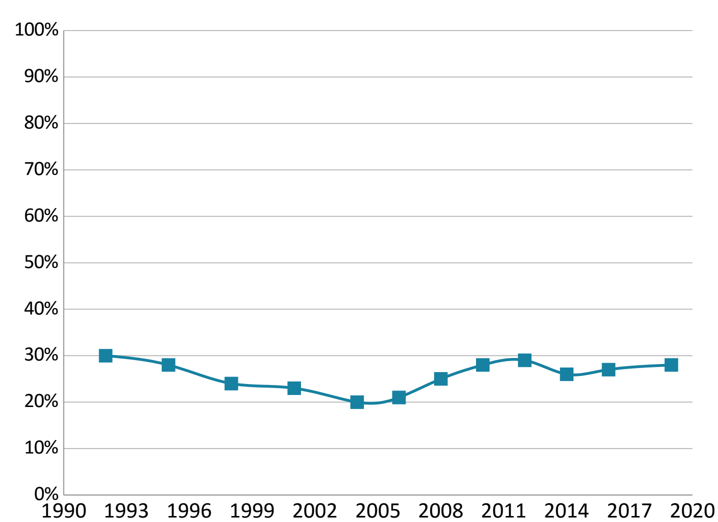
The Australian exemplar, in which publicly traded child care corporations grew, merged and re-merged to become the darlings of the Australian stock market was something new—even in comparison to the significant growth of for-profit and corporate child care in the United States in the 1970s and 1980s (Klein, 1992). As child care experts watched, much of the Australian non-profit and small business child care sector was acquired and replaced by a publicly funded, publicly traded and very profitable "big-box" child care market. This came to be led by ABC Learning Centers, which grew from one centre to a near-monopoly, ringing alarm bells about child care globalization in a new way. ABC's Canadian chain, called 123 Busy Beavers Learning Centres when it was registered in Canada in 2007 was financed by Canadian and American venture capital and real estate companies (Canadian Union of Public Employees, 2007). But soon after its entry into Canada, the Australian parent ABC Learning company, together with the firm's many linked companies, specializing in everything from real estate development, facility centre construction, leasing and maintenance, and in-house ECE training, began to disintegrate. The conglomerate's spectacular collapse included the company being taken into receivership, huge financial losses for investors and a costly bailout by Australia's national government. As an Australian daily observed, the ABC Learning case "pitted money against care" (Kirby, 2008).

In the 2000s, Canada not only saw the emergence of corporate child care but also growth of smaller and medium size chains or multi-site operations both for-profit and non-profit (Flanagan et al., 2013). Following the Harper government's 2006 cancellation of the

FIGURE 1 **Percent of regulated part and full day spaces for 0-12 year olds that were for-profit. Canada. (1992 – 2019).**

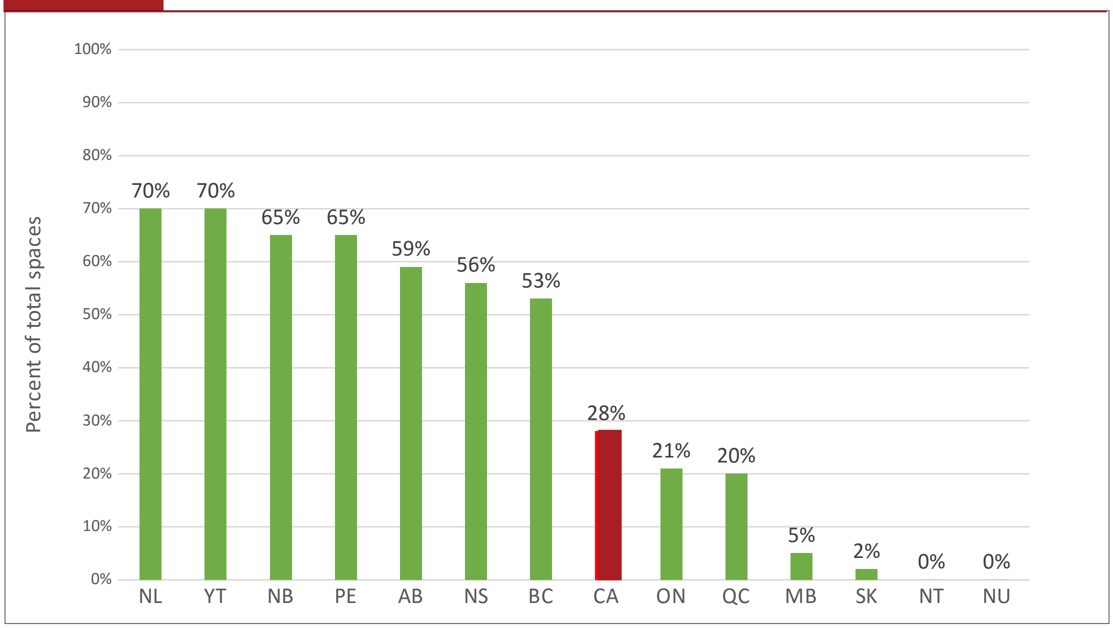


Source: Early childhood education and care in Canada 1992 - 2019.

Paul Martin Liberal's national child care program, growth in supply of spaces and public financing slowed down considerably (Friendly & Beach, 2013). Until about 2004, the proportion of spaces represented by for-profit child care had been dropping steadily, down to 20% of all centre spaces in 2004. This left room for-profit operators to fill the policy and service vacuum created by the substantial unfilled demand for child care. Expansion of the for-profit sector began to rise again beginning in 2006. Thus, while 20% of child care spaces were operated on a profit-making basis in 2004, by 2019, the for-profit sector claimed 28% of regulated spaces across Canada as a whole, as Figure 1 shows.

Figure 2 shows, however, that there are considerable provincial/territorial differences in the relative prevalence of for-profit and non-profit child care. The provincial/territorial profiles in this paper (Appendix 1) illustrate how differences in public policy have shaped this.

FIGURE 2 **Percent of full and part day centre spaces for 0-12 year olds that were for-profit. Provinces/territories/Canada. (2019).**



Source: Early childhood education and care in Canada 1992 - 2019.

The development of child care in Quebec

One of the most important, and best known, points of reference in Canadian child care has been the development of the Quebec child care system, which has now evolved to provide an in-house natural comparison between two child care auspice, funding and regulatory systems operating in the same geographical space. The first system is what is popularly known as the "Quebec model" of child care introduced in 1997 – the publicly funded, mostly non-profit system of *centres de la petit enfance* (CPEs), with low, provincially set parent fees, at $8.50 a day in 2021. The second system, intended to encourage development of a for-profit, non-operationally funded, market fee sector in which parents are reimbursed for their spending on fees through a refundable tax credit, began in 2008.

The original "Quebec model" began to fund child care operationally with $5/day parent fees for all children for whom a space was available at the end of the 1990s. Initially, the Parti Québécois government placed a moratorium on new for-profit child care licenses and announced that there would be no funding to the for-profit sector. However, although the main thrust was to develop non-profit child care:

> the government reached agreements with most of the licensed for-profit day cares in operation in June 1997 to retain their for-profit status and to sign contracts to provide reduced-fee child care spaces (Japel & Whelp, 2014: 58).

Pressure to develop additional new services grew as parents surged to enroll their children in the new $5/a day child care centres. The 2003 election of a conservative-minded Liberal government, which lifted the moratorium on new for-profit licenses, led to a flood of growth in for-profit spaces and eventually to development of the second child care tier (Beach et al., 2009; Japel & Whelp, 2014).

Development of the second tier was facilitated by an enhanced parent tax credit in 2009. Parents using these centres are reimbursed for fees paid through a refundable tax credit based on family income. The differences between the two tiers are notable, both in parent fees and in significant differences in quality (See the section on Quebec-specific research in the literature review section in this paper).

When the Government of Canada framed its 2021 commitment to develop a universal early learning and child care system with the idea of "learning from Quebec", it focused heightened re-interest in the details about Quebec child care. In an article written in this context, Cleveland, Mathieu & Japel described the shifts in policy in Quebec:

> An existing tax credit for child care expenses was made more generous for those not using Quebec's low-fee services. This move attracted for-profit providers who wanted to be outside of the low-fee system (which also had greater regulation of quality and monitoring of performance) (2021).