



Child Care Now

Un Enfant Une Place

Universal Early Learning and Child Care: Essential to Canada's Competitiveness

Written Submission
Pre-Budget Consultations in Advance of the 2019 Budget
by Child Care Now (Child Care Advocacy Association of Canada)
August 2, 2018

- **Recommendation 1:**

In 2019-20, transfer \$1 billion to provinces, territories and Indigenous communities for the purpose of building accessible, affordable, high quality and inclusive Early Learning and Child Care (ELCC) systems.

- **Recommendation 2:**

Earmark additional funds in the 2019-20 federal budget and subsequent budgets to implement an Indigenous-led framework agreement on ELCC.

- **Recommendation 3:**

Funding to provinces and territories must be conditional on subnational action plans meeting evidence-based standards for accessible, affordable, high quality, inclusive ELCC. For example, to qualify for ELCC transfers, subnational plans must:

- Recognize that high-quality ELCC is an entitlement for all children and families
- Direct public funding to services—not vouchers, tax breaks, fee subsidies or transfers to individuals
- Adopt a planned, publicly managed approach to the expansion of regulated ELCC through public and non-profit services
- Define affordability as: no parent fees, or fees that are geared-to-income so no household is paying more than 10 per cent of after-tax income for early learning and child care
- Make the process of improving quality an ongoing integral component of ELCC policy
- Recognize that a well-educated, well-paid, well-recognized ELCC workforce is essential to ensuring that services are of high quality and are available
- Commit to full inclusion of children with disabilities
- Recognize ELCC programs and services must reflect and celebrate Canada's cultural diversity
- Recognize linguistic rights, including the right of Indigenous Peoples to learn, speak and preserve their languages
- Commit to public accountability to ensure public funds are used to improve the availability, affordability, quality and inclusiveness of ELCC
- Commit to providing a comprehensive range of services to meet the needs of families and children at the community level, as one size does not fit all
- Recognize that a universal, equitable system of high-quality ELCC and a universal, equitable system of parental leave are complementary and key components of supportive family policy

- **Recommendation 3:**

Increase Canada's ELCC budget significantly each year until it reaches at least 1% of GDP—an international benchmark for government spending on child care and early learning—by 2029-30.

Submission

Child Care Now (Child Care Advocacy Association of Canada), founded in 1982, serves as Canada's umbrella child care advocacy organization. We act on behalf of a broad range of organizations and individuals from across Canada who want high quality, affordable, and inclusive early learning and child care (ELCC) for all families, and all children. We are pleased to participate in this round of pre-budget consultations. We note that the House of Commons Finance Committee has requested submissions to focus on measures to ensure Canada's competitiveness.

The Organization for Economic Co-operation and Development (OECD) released its economic survey of Canada in June 2018. Among its key recommendations, is the following: "Further increase federal and provincial funding of childcare with a goal of making access to affordable high-quality childcare available to all children aged three and under. Extend kindergarten so that all four-year-old children have access to affordable pre-school education."¹

In July 2017, the International Monetary Fund released a report that documents the inclusion of women in the economy as an important source of economic growth in Canada.² The report notes that female labour force participation lags that of male participation by about 10 percentage points, and it provides evidence that a higher female participation rate would result in increased labor productivity and economic growth. The report concludes that family policy changes, particularly public spending on early education and care, is essential to "realize women's full potential in the work force."

This same message was echoed by the Governor of the Bank of Canada Stephen Poloz in a widely-reported speech delivered in March 2018 in which he outlined the economic benefits of helping more women, young people, Indigenous Peoples, recent immigrants and Canadians living with disabilities enter the job market. Such help could expand the labour force by half a million people and raise the country's output by \$30 billion per year or 1.5 per cent. He pointed to affordable, accessible, publicly funded child care as a good tool to achieve those results.

The report of the House of Commons Standing Committee on the Status of Women, Women's Economic Security: Securing the Future of Canada's Economy, identifies child care as a first measure to "increase women's access to the labour force and increase their economic security."

Countless studies, surveys, research reports, and public policy documents on early learning and child care have been issued from the time the Report of the Royal Commission on the Status of Women was tabled in the House of Commons in 1970 to

¹ OECD, Economic Survey of Canada 2018, <http://www.oecd.org/eco/growth/economic-survey-canada.htm>

² IMF Working Paper, "Women are Key for Future Growth: Evidence from Canada," July 2017, <https://www.imf.org/en/Publications/WP/Issues/2017/07/19/Women-Are-Key-for-Future-Growth-Evidence-from-Canada-45047>

the present day. Together they demonstrate that public spending on early learning and child care is essential to economic growth, to women's equality and economic security, to the positive development of children and well-being of families. This evidence has been used by a broad and diverse cross-section of Canadian society in support of a growing clamour for action by the Government of Canada, yet we see little progress.

October 2018 will mark the third anniversary of the election of a federal Liberal government that promised to be responsive, to do better than the previous one on early learning and child care, and to make gender equality a priority area of concern. Yet,

- the Government of Canada continues to underfund early learning and child care relative to our GDP leaving responsibility for the provision and organization of early learning and child care to the provinces and territories which in turn rely primarily on the child care "market" to deliver
- parents are forced to spend a disproportionate percentage of their income on parent fees forcing them (often the mother) out of the labour force temporarily, or reducing their work hours, or dropping out altogether, or deciding not to have children³
- public planning of the provision of early learning and child care services (apart from kindergarten) is still almost non-existent, which has contributed to the creation of large and numerous child care deserts: large swaths of the country where demand for licensed child care far outstrips supply⁴
- the child care workforce is poorly compensated and neglected by public policy making it very difficult to improve and/or maintain high quality services
- there is an absence of federal leadership with respect to early learning and child care policy development as well as an inadequate long-term funding commitment resulting in greater gaps between provinces and territories with respect to access, affordability, inclusion of children with special needs, quality and the range of services offered to families
- there are almost no public policy restrictions on the expansion of for-profit early learning and child care operations in Canada meaning that whatever public funds are allocated by governments can be used to generate private profit—a fatal flaw that large big box global operators are poised to exploit.

The federal government's 2016 and 2017 federal budget allocations for ELCC are woefully inadequate to address the magnitude of these deficiencies. In our pre-budget submission in 2017 we pointed out that the government's commitment of \$7.5 billion over eleven fiscal periods amounts to a minimal average annual allocation, especially in the each of the first five years of the funding program. It is well below the accepted international benchmark for a country's annual spending of 1% of GDP, which a number

³ A J study by Statistics Canada ([Fertility rates and labour force participation among women in Quebec and Ontario](https://www150.statcan.gc.ca/n1/en/catalogue/75-006-X201800154976), <https://www150.statcan.gc.ca/n1/en/catalogue/75-006-X201800154976>) released July 2018 examines the relationship between fertility rates and women's labour force participation and the positive role of low-cost child care in raising both labour force participation rates and fertility.

⁴ [Child Care Deserts in Canada](#), a 2018 study by the Canadian Centre for Policy Alternatives, maps Canada's child care deserts, defined as postal code regions where there are at least three children in potential competition for each licensed space in either a child care centre or home-based child care service.

of OECD countries exceed; and, it is well below half what the previous Liberal government proposed to spend more than a decade ago (in current dollars). We proposed, and the House of Commons Finance Committee agreed⁵, that the 2018 federal budget provide sufficient funding to build a truly universal system. Further, we urged that the federal government make its funding transfers to the provinces and territories conditional on them demonstrating a specific and meaningful action plan to make licensed child care more accessible, more inclusive of children with special needs, more affordable for parents of all income-level, and significantly better quality by improving the working conditions and training of the ELCC workforce. However, the 2018 federal budget did not allocate 1 cent more for ELCC—a glaring and absurd omission in a budget purported to have gender equality as a focus.

The problem is not only inadequate levels of federal funding; Canada is also suffering from the absence of a robust federal ELCC policy direction. The federal multilateral framework agreement with the provinces and territories, and the subsequent bilateral agreements with each province and territory concluded in the last year, will fail to bring about the transformative change needed country-wide.

For one, the agreements are based on the faulty premise that government interventions in early learning and child care should be targeted to the most vulnerable children and parent populations. This is contrary to all the research and evidence—reflected in the best international practices—that a universal approach yields better outcomes for children, families, economic equality, female labour force participation and economic growth.

Additionally, the agreements do not set out clear, measurable objectives with respect to expansion of licensed early learning and child care spaces, improvements in quality, inclusion of children with disabilities, working conditions or training for staff, Indigenous child care, or any other critical aspect of ELCC policy. Essentially, the agreements allow the provinces and territories to do what they want, and most are using the federal funds to do more of what they have always done. For example, they are putting more money into parent fee subsidies and/or tax credits for some rather than fund programs directly to raise quality while also making ELCC more affordable for all parents.

Our recommendations for the 2019 federal budget set out at the start of this submission, address both ELCC funding and policy. The provinces and territories have constitutional responsibility for the development and delivery of ELCC services. However, the Government of Canada also has obligations including with respect to the rights and wellbeing of children, Indigenous Peoples, women’s equality, family supports, equitable access to services, and economic growth and prosperity including labour force participation. We recommend that the federal government increase spending on ELCC

⁵ The House of Commons Finance Committee, [Driving Inclusive Growth: Spurring Productivity and Competitiveness in Canada](#). Specifically, Recommendation 26: Allocate the funding needed to develop and implement an early learning and care system. This system should ensure that all Canadian children and families are able to access high-quality, inclusive child care services.

significantly in 2019, and continue to increase it each year thereafter, until the international benchmark of 1% of GDP for children aged 0-5 years is achieved. We urge that the budget include a distinct (ear-marked) allocation to support the Indigenous framework agreement on ELCC currently under negotiation. Also, we recommend that the federal government use its spending power to negotiate new bilateral agreements with the provinces and territories (replacing the current ones set to expire in 2020), this time with funding conditions, as well as clear timetables for achieving defined evidence-based policy objectives.