



**Child Care Advocacy
Association of Canada**

**Association canadienne
pour la promotion des services de garde à l'enfance**



Child care, Essential to Poverty Reduction: Presentation to HUMA Standing Committee in their study of the federal role in poverty reduction (April 2009)

"The Government of Canada, even in difficult circumstances, will find the resources necessary to do our share in making a child care program a national reality."

Prime Minister Brian Mulroney in 1987

The Child Care Advocacy Association of Canada (CCAAC)¹, thanks the *Human Resources Skills and Social Development and the Status of Persons with Disabilities* (HUMA) committee for the opportunity to provide input into what role the federal government should play in poverty reduction. **The CCAAC recommends that the federal government assume a leadership role in the development of a high quality, universal pan-Canadian child care system. This system will accomplish multiple social and economic benefits for children, families and the economy. Chief among these benefits is poverty reduction.**

Improving child care services will reduce poverty by increasing family incomes – short and long term - in three important ways:

1. By improving child care availability, we support more parents to maintain and increase their labour force attachment. Labour force attachment itself is essential to poverty reduction, although as others will have described in more detail, it is nowhere near a guarantee.
2. By improving child care affordability, we reduce parent fees, lowering the costs associated with increased labour force attachment.
3. By improving child care quality, we support children's healthy development. In the long term, this leads to improved educational outcomes and earnings.

We acknowledge that child care services are one of several components essential to an effective poverty reduction strategy. The CCAAC supports the recommendations of our partner organizations such as Campaign 2000 and others who call for a federal role in the development of a set of complementary policies that together will increase family income and promote well-being.

¹ The CCAAC promotes quality, inclusive, publicly funded, non-profit child care services accessible to all. The association's membership has a direct connection to more than four million Canadians, including parents, caregivers, researchers and students as well as women's, anti-poverty, labour, social justice, disability and rural organizations

Given the focus of our work, this presentation will examine child care's role within a poverty reduction strategy. It is based on what we've learned from parents, caregivers and communities across Canada, from research and from international studies. We have four points to make:

1. Canada's approach to child care, outside of Quebec, is a failure
2. Quality, universal access is essential
3. Federal leadership is required
4. Accountability is key

Canada's approach to child care, outside of Quebec, is a failure

Outside of Quebec, only 12% of children under 12 have access to a regulated child care space (calculated from ECEC in Canada, 2006). Parent fees are among the highest in the developed world, often exceeding the annual cost of university. And, quality is constantly undermined by low wages and poor retention rates for college-trained early childhood educators.

Why is this happening, one may ask? Canada relies on a market-based approach to child care. Community groups and entrepreneurs plan, build and deliver services according to their priorities, with government involvement limited to fee subsidies for low income parents and wage subsidies for the low-income staff. But thirty years of experience with this approach in Canada confirms that the market has failed to deliver quality, affordable, accessible child care services for children, families, and communities.

The crisis in child care in Canada, outside of Quebec, has been confirmed by a series of international studies. In 2006 the OECD reported that Canada has the lowest early learning and child care access rates of 20 developed countries and it invests the least public funds of 14 reporting countries.

In December 2008 the UNICEF Innocenti Research Centre released *Report Card 8 – The Child Care Transition* which compared a range of family policies, including child care, in 25 rich countries. Once again, Canada ranks last. Shamefully, we achieve only one of the 10 benchmarks established based on the commitments Canada and most other nations have signed to uphold regarding the rights of our youngest citizens.

Canada fails on the most fundamental benchmark as it does not have a national plan with priority for the disadvantaged. Canada fails to provide enough early learning and child care spaces, fails to ensure that all minimum quality standards are met, and fails to invest 1% of GDP in early childhood services. Canada also fails to ensure near-universal access to essential child health services. As a result of these policy failures, it is not surprising to see that Canada fails to achieve a child poverty rate of less than 10%.

Quality, universal access is essential

The UNICEF report card adds to the body of evidence showing that jurisdictions which advance quality, universal child care are more likely to have lower child and family poverty rates. While many European and Nordic countries are examples to look to, results in Quebec are also noteworthy. Since introducing its family policy in 1997, with child care as a key component, child and family poverty has dropped in Quebec and women's labour force participation and incomes have risen substantially.

Quality is essential because good child care is good for all children, with additional benefits for vulnerable children, but poor quality can cause harm. Evidence of the benefits of quality child care is so well established in science that any claims to the contrary lack credibility: they're the equivalent of claiming that the earth is flat.

The failure of Canada's market-based, targeted approach to child care confirms that a publicly-funded, universal approach is required. A universal approach will help lift poor families out of poverty, and prevent others from falling into poverty.

Federal leadership is required

Recently, Canada's child care crisis has been fuelled by the 2007 termination of the bi-lateral child care agreements signed between the federal, provincial and territorial governments. While the progress on child care under these and earlier agreements was painfully slow prior to 2007, it is clear that federal leadership and funding did make a difference.

As a direct result of the current federal government's cuts to federal child care transfer payments, BC cut operating funding for child care programs. And, today we are facing the potential loss of thousands of subsidized child care spaces in Ontario and cuts to operating funding for child care programs in New Brunswick.

The problem with the dedicated child care transfer agreements, established in 2003 and 2005, is that they neither required nor adequately funded the fundamental shift towards an accountable, publicly-funded system. Most governments (other than, to some extent, Manitoba and Quebec) used the funds to further entrench the current market-based approach to child care services.

But replacing federal/provincial agreements with cash transfers to parents – the Universal Child Care Benefit (UCCB) - is not the answer to Canada's child care problems. In 2007, the number of regulated child care spaces in Canada grew by only 3%, the smallest annual increase in this decade. Given the persistently high parent fees and the ongoing problem of staff recruitment and retention, it is clear that the unaccountable UCCB is not building the range of affordable and available quality programs that parents need to support their labour force attachment.

The answer lies in federal leadership and legislation which provides all Canadian children with an entitlement to quality, affordable services. Federal legislation needs to be backed up by adequate funding transfers to the provinces and territories and accountability conditions that ensure funds are used to lower parent fees, raise staff wages and training levels, and build public or community-owned spaces.

Accountability is key

While accountability for federal child care transfers to provinces and territories has long been of concern to the CCAAC, the current federal governments spending claims raise even more concern. In responding to an article about the 2008 UNICEF report card, Diane Finley, Minister of Human Resources and Skills Development, told the Edmonton Journal (December 15, 2008):

Our government has increased federal investments for early learning and child care to the highest level in Canadian history -- more than \$5.8 billion in 2008-09. This is three times more than the previous Liberal government ever did.

If the current federal government is spending three times more than the previous federal government, Canadians are justified in asking why access to quality, affordable child care has not tripled as a result. Why, in fact, is the child care crisis in Canada continuing to grow?

The answer: none of this federal funding – not one penny – is accountable for improving access to quality, affordable child care services. About 80% goes directly to parents to spend as they please; more than half of that through the previously-discussed UCCB. The other 20% is a transfer to provinces and territories that has no child care spending conditions attached to it. In her December 2008 Study of Federal Transfers to Provinces and Territories, the Auditor General for Canada notes that “if no conditions have been established, the provinces and territories have the flexibility to spend the funds according to their own priorities”.

Therefore, in order to realize progress on child care services in Canada, and fulfill our human rights obligations to children and women, accountability measures within conditional transfers to provinces and territories are essential.

In conclusion

Establishing a federal role in poverty reduction comes at the perfect time, as we are experiencing the worst economic slowdown since the Great Depression, with thousands of Canadians losing their jobs.

This economic downturn provides Canada with the opportunity to catch up with our peer nations in supporting the employability of parents in a meaningful way and overcoming one of the most stubborn poverty traps: the lack of affordable and available child care services.

A federal investment in child care will provide a double benefit. It allows parents to work or upgrade their skills, while compensating children at-risk due to their families' social and/or economic circumstances.

Recommendations:

1. Recognize that the federal government has a responsibility, as highlighted in various international treaties to which Canada is a signatory, to adopt a poverty reduction strategy that includes child care.
2. Use the federal spending power to establish an early learning and child care policy framework through legislation, which will attain the goals of service affordability, universal entitlement, quality, non-profit and/or public service delivery.

This framework should set the conditions under which provincial and territorial governments can access funding, while recognizing that Quebec already has the foundations of a provincial child care program and should receive its share of the funds unconditionally.

3. Commit to adequate and conditional federal transfers to provinces and territories with public accountability for:
 - **Direct operating funding** of services, with timelines and targets for access (expanding the number of quality, inclusive spaces), affordability (reducing fees) and quality indicators (primarily through professional development and compensation).
 - Limiting expansion of services to either **public delivery or non-profit operations**. This is to ensure democratic control of publicly funded assets, and to protect Canadians from having public funds fuel the corporatization of child care as countries like Australia have experienced.

Some say that, in uncertain times, Canada cannot afford to invest in child care. We say, nothing could be further from the truth. Child care services are an essential part of every community's economic and social infrastructure - an economic stimulus with long-term benefits for Canada. Chief among those benefits – child care is key to a poverty reduction strategy for Canada.

"Our Centennial resolve must be to make Canada better for our children and our children's children."

— Prime Minister Lester B. Pearson in 1967