



September 5, 2006

A Focused Public Investment in Child Care Services Enhances Canada's Place in a Competitive World

In order for Canada to prosper in the world of the future, it is necessary that we invest in our own potential. It is especially critical that we offer adequate support to ensure that children acquire the foundations for lifelong health, learning and skill development.

As is already recognized in most other developed countries, quality child care programs help build these foundations and also support the ongoing learning, skill development and labour force attachment of parents. Public investments that improve access to quality child care services are affordable because these benefits significantly outweigh the costs involved.

The Child Care Advocacy Association of Canada (CCAAC) was founded in 1983 to promote quality, inclusive, publicly funded, non-profit child care accessible to all. The Association's membership reaches more than 4,000,000 Canadians, including parents, caregivers, researchers and students as well as women's, anti-poverty, labour, social justice, disability and rural organizations. **As it conducts 2006 pre-budget consultations with a clear focus on Canada's place in a competitive world, we offer the House of Commons Standing Committee on Finance the following points and recommendations:**

- 1. Quality child care services support children, families, communities and the economy, and will improve Canada's competitive stance with peer nations.**
- 2. BUT, the benefits from child care will only be realized through a focused public investment strategy that ensures families' access to quality services.**
- 3. To build the child care system that Canadians want and need, the CCAAC therefore calls on the federal government to restore and increase sustained, long-term federal funding to the provinces and territories. Federal transfers must be specifically dedicated to improving and expanding child care services, based on provincial and territorial plans to advance quality, inclusion and affordability.**

Quality child care services support the economy

Quality child care enhances the skill set and talent level of the Canadian labour force immediately and in the future. It offers parents, especially mothers, the opportunity to increase their labour force attachment and upgrade their skills while helping their young children get a healthy start, develop social skills and build a foundation for lifelong learning. These developmental benefits translate into greater contributions back to the community and reduce the chances that children will require targeted support later in life.

Social development and skill acquisition benefits not only citizens, but also their employers. Canada's advantage in a competitive world is its people and child care is a vital part of human capital and labour force development. It is not surprising then that Bank of Canada governor David Dodge, the Vancouver Board of Trade, and a recent survey of executives in Canada's largest companies have all identified the economic importance of public investment in early learning and care. It also helps explain why the most comprehensive studies done show that the benefits of a quality, universal child care system outweigh the costs by a factor of 2 to 1, not including additional benefits for children at-risk.

Increasingly, these studies highlight the opportunities Canadians are missing because we haven't ensured access to quality, universal child care services. This situation is especially problematic given that our peer nations like Sweden, New Zealand, the United Kingdom and France are all making critical child care investments.

A focused public investment in quality, universal services is required

The federal government is terminating the recent Bi-lateral agreements that provide dedicated funding for provinces and territories to improve their child care services, and replacing these funds with two piecemeal approaches - a taxable family allowance and fiscal incentives for child care capital costs. Though these approaches are intended to offer market-based efficiency, years of experience and research indicate that they will not deliver the child care services we need because they:

1. Are not tied to community-based strategies and are therefore unlikely to respond to community-wide needs
2. Will not create a national child care system yet they hinder the provinces and territories from creating their own systems
3. Lack clear accountability for public funds. For example, what responsibilities will the capital incentive recipients have to ensure access to new spaces by children with disabilities? Lower income families?

Capital funding without ongoing operating support has been tried before. It doesn't work. Outside of Quebec (where there is focused public investment) Canadians still don't have an adequate supply of quality, affordable child care services and equitable access to the child care spaces that do exist. Further, children with disabilities in Canada can be – and often are – excluded from child care programs.

Moreover, replacing the Bi-lateral agreements with the current federal government's piecemeal approaches reverses a critical opportunity to make significant, focused public investments in child care and to require accountability for system improvements in return.

To build the child care system that Canadians want and need, the CCAAC therefore calls on the federal government to adopt the following focused investment strategy:

1. **Restore and increase sustained, long-term federal funding to the provinces and territories.** Federal transfers must be specifically dedicated to improving and expanding child care services, based on provincial and territorial plans to advance quality, inclusion and affordability.
2. **Enact federal child care legislation** that recognizes the principles of a pan-Canadian child care system, makes the federal government accountable to Parliament with respect to child care funding and policy, and respects Quebec and First Nations' rights to establish their own child care systems.
3. **Replace the capital incentives for child care spaces with dedicated capital transfers to the provinces and territories** to be used to build child care services that communities prioritize, own, deliver and account for.
4. **Provide effective income supports for Canadian families** by incorporating the current taxable family allowance into the Canada Child Tax Benefit.

In order to ensure Canada's place in a competitive world, the federal government needs to increase its public investment substantially beyond the recently-terminated Bi-lateral commitment of \$5 billion over 5 years. Working with the provinces and territories, this public funding must be accompanied by a focused investment strategy – that is, by public policy and accountability requirements for community service providers and all levels of government that will advance a range of quality, inclusive, affordable, community-based child care services across Canada.