



## **The 2003 Federal Budget and the New Child Care Agreement: Still Waiting for Social Programs**

Advocates had hoped to see a substantial down payment on a poverty reduction strategy and the establishment of a pan-Canadian child care program as well as movement on housing. They were left disappointed with the modest level of funding that was committed during the critical first two years of the government's strategy and a weak agreement on child care.

Here are the highlights of the commitments made to the area of social spending in the budget.

### ***Early Childhood Education and Care***

After years of no movement on child care, the federal government set out a spending commitment for a quality national child care program. \$935 million is dedicated over 5 years. But only \$100 million is dedicated over the first two years including a paltry \$25 million in the first year. The amount will be \$75 million in year 2004/05. The first year will bring only about 3,000 new spaces. The labour force rate of mothers of children in all age groups continued to grow; the rate for those with children 3-5 years grew from 68% to 73.4% (1992-2001). There are about 3.3 million children with mothers in the paid labour force.

As a result, child care will continue to be unavailable for most parents outside Quebec. Currently, 40 percent of the 600,000 regulated child care spaces in Canada are in Quebec. Only about 12% of children under the age of twelve have access to child care.

### ***Canada Child Tax Benefit***

The government raised the maximum child benefit to \$3,243. But this is over a five year period that targets only the lowest income families and still falls far short. The problem of ending the provinces' clawback of the federal benefit from welfare incomes was inadequately addressed with only a mention of a possible future examination of the clawback with the provinces and territories. Without an end to the clawback of increases to the National Child Benefit, there will not be any benefit to families on social assistance.

## ***Affordable Housing***

The budget dedicated \$320 million over five years to top up the Affordable Housing Initiative, but allocated only \$80 million during the first two years. That money will create no more than 2,500 new homes per year in the entire country. This is far short of a fully funded and comprehensive national housing program that would meet the objectives set by government which would cost about \$2 billion annually to build 20-30,000 units. The government also renewed its commitment to the existing community homelessness initiative and provides \$128 million each year for three years for rehabilitation of existing units.

The 2003 budget continues the slow progress that the federal government has made in the last three years, as the nation-wide housing crisis and homelessness disaster has grown worse.

## ***Aboriginal Poverty***

Despite recent figures that show a growing shift of the Aboriginal population towards urban centres, the government allocated a meager \$17 million over two years to an urban Aboriginal initiative.

## ***Multilateral Framework on Early Learning and Child Care (March 13, 2003)***

The framework agreement objective is to promote early childhood development and to support the participation of parents in employment or training by improving access to quality early learning and child care programs and services.

It is established to implement the budget commitment of \$900 million over the next five years. It is a bare bones document that refers to some important principles such as accessibility, affordability, and quality. However, it fails to establish a program for child care. We still don't have a pan-Canadian child care program in Canada and the new agreement does little to firmly establish the building blocks or to set a goal for establishing a child care program within an established timeframe.

Although the agreement refers to regulated care, regulation is defined as programs that meet quality standards that are established and monitored by the provincial/territorial governments. There are no benchmarks established. This leaves the door open for provinces to establish quality standards that are inferior to what advocates would expect from a truly regulated program.

Spending is allowed on a range of investments such as capital and operating funding, fee subsidies, wage enhancements, training, parent information and referral. The problem is that some government could continue to fund information and referral with these funds and not improve and expand child care.

Funds can be used to fund child care centres, family care homes, preschools, and nursery schools for children under age six. There is no funding for child care programs for children between ages 6-12 even though in 2001, there were almost 2 million children in this age group whose mothers were in the paid labour force.

The door is left open to for-profit delivery in the framework agreement. Studies consistently suggest that child care services operated for-profit are less than likely to deliver the high quality care environments in which young children will thrive. A market model for child care is less than adequate for giving children the best start in life.

There are no disputes mechanisms – a requirement of the Social Union Framework Agreement for intergovernmental agreements. There are no penalties for non-compliance. There is nothing requiring a province to spend/report within the year it receives the funds. This flaw has allowed provinces like British Columbia and Ontario to carry over their Early Childhood Development Initiative (ECDI) money from year to year with an ‘understanding’ that they will spend it before the agreement ends.

The federal government wanted to establish an initiative on child care. They wanted a program that wasn’t targeted to poor families. They wanted a program that took into account disadvantaged populations – special needs, aboriginal, parents working non-traditional hours. They wanted to establish detailed reporting requirements by type and age, costs by subsidies, income and social eligibility for fee subsidies, and maximum subsidy by age of child; and indicators of quality, such as training requirements, child/caregiver ratios and group size.

The National Liberal Caucus Social Policy Committee’s November 2002 report, *A National Child Care Strategy: Getting the Architecture Right Now*, made some headway to setting the groundwork for a pan-Canadian child care strategy. However, the result from the negotiations with the provinces/territories is a watered down spending framework that won’t lead to a pan-Canadian child care program. We are still waiting for a social program.

For further information:

- Full text of framework agreement: [http://www.socialunion.gc.ca/ecd-framework\\_e.htm](http://www.socialunion.gc.ca/ecd-framework_e.htm)
- Commentary from Child Care Advocacy Association of Canada: [http://action.web.ca/home/cankids/alerts.shtml?sh\\_itm=3c4942224cc4efaac0f960ea70b83b94](http://action.web.ca/home/cankids/alerts.shtml?sh_itm=3c4942224cc4efaac0f960ea70b83b94)
- Child Care Advocacy Association of Canada: <http://www.childcareadvocacy.ca>
- Child Care Resource and Research Unit: <http://www.childcarecanada.org/>

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