



## Federal budget 2007 and Child Care

### What's in the budget?

- Cancellation of \$1.2 billion in annual transfers to provinces/territories that was to take effect on April 1, 2007 under a funding agreement that extended until 2010.
- A 25 per cent investment tax credit to businesses that create child care spaces in the workplace to a maximum of \$10,000 per space created.
- \$250 million in 2007-2008 to provinces/territories for the creation of spaces.
- Starting in 2008-2009, the \$250 million transfer will be rolled into the Canada Social Transfer to the provinces/territories on a per capita basis with a 3% annual increase starting 2009-2010. Reporting and accountability requirements are to be worked out with the provinces/territories.
- The budget also allocates \$1.5 billion to a new child tax benefit. The Conservatives describe this as federal support for early learning and child care but, like the so-called universal child care allowance, it has nothing to do with child care.

### What does it mean for Canadians?

Canadians who have remained committed to a national child care program have been let down. The Conservative budget cuts \$1 billion

that were previously committed to make early learning and child care accessible to families. Canada will remain at the bottom of the heap of all OECD countries when it comes to investing in early learning and child care.

### What won't this budget deliver?

This budget won't deliver a national early learning and child care program. It won't deliver a framework and conditions that ensure quality, affordable, non-profit, accessible, and inclusive child care programs for parents and their children.

Despite the evidence that their approach won't work, the Conservative government is persisting in their failed child care scheme by giving tax credits to businesses for the creation of workplace child care spaces. They are aware that there will be little or no take-up on this measure.

The Conservative budget out transfers responsibility for services to individuals in the form of tax measure and to provinces/territories in the form of unrestricted, unaccountable transfer payments. This will undermine the future of early learning and child care.

Beware the costing on the measures for child care. The Conservatives are including \$850 million in funds that are already in place under the Canada Social Transfer as agreed to through the Early Childhood Development Agreement (ECDA) in 2000 and the Multilateral Framework Agreement in 2003. The ECDA agreement delivered almost nothing on child care and none of this money is new.

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