

Child Care Spaces Recommendations



Supporting Canadian Children & Families:
Addressing the Gap Between
The Supply and Demand for
High Quality Child Care

Report from the Ministerial Advisory Committee on the
Government of Canada's Child Care Spaces Initiative

Submitted to the Honourable Monte Solberg, P.C., M.P.
Minister of Human Resources and Social Development

January 2007

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Paper

ISBN: 978-0-662-44891-4

Cat. No.: HS4-29/2007E

PDF

ISBN: 978-0-662-44892-1

Cat. No.: HS4-29/2007E-PDF

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Dear Minister Solberg

On behalf of the Ministerial Advisory Committee on the Child Care Spaces Initiative, I am pleased to submit our final report and recommendations for implementing the Child Care Spaces Initiative across Canada.

We were given a challenge—to improve access to a range of high quality child care options from coast to coast to coast. We were asked for our advice on how best to meet the diverse needs of contemporary Canadian families and understand employers' various roles and interests (small, medium and large, across all sectors) in child care. We were asked to develop recommendations for the implementation of the Child Care Spaces Initiative, including advice on the best approach and mechanisms to expand the availability of child care spaces across Canada, and to suggest ways to measure and monitor the success of the initiative.

This report reflects the Committee members' experiences as well as their discussions and deliberations about how to effectively address the gap between the current supply and the rising demand for high quality child care spaces. The Committee took a number of key steps in developing their recommendations. The first step involved education and consultation. The Committee reviewed the historical development and the social and economic context of child care in Canada and looked at current child care challenges from the perspective of families, caregivers and employers.

Committee members were also informed of the results of consultations conducted over the summer by HRSDC officials on the Child Care Spaces Initiative. These consultations included provincial and territorial governments, small, medium and large employers from a range of sectors, child care providers, parent organizations and national and regional stakeholders and experts. The next step was to explore and examine, where Committee members went on a variety of child care site visits to view a sampling of the range of child care options that exist. They reflected on what is working in the sector, what can be done to facilitate the development of new child care spaces, and how best to enhance, enrich and stabilize both new and existing child care spaces. The Committee also focused on how the Child Care Spaces Initiative could ensure investment in high quality child care while respecting the diverse needs, preferences, priorities, opinions and needs of families living in rural, suburban and urban, and northern communities across Canada. As a final step, the Committee assessed the impact of each recommendation on parents, families, the child care community, community stakeholders and all orders of government to ensure each element was either favourable or neutral.

We endeavoured to take into account the diverse opinions, priorities and perspectives of all stakeholders, the broad range of needs in rural, small town, suburban and urban communities, and the complexities of contemporary Canadian families. We recognize that parents play the most important role in caring for their children and that supporting families' choices is key to any child care initiative. We understand the important role child care plays in our families, workplaces and communities, and the impact it has on our individual and collective well-being.

We kept our focus on actions that could be taken by the federal government that are within federal jurisdiction, while being respectful of the important roles provincial, territorial and municipal governments play in regulating and supporting child care and pre-primary education in communities across the country.

We have structured our ten recommendations to consider four approaches. First, increasing supply by creatively involving employers and helping parents access high quality child care whether they need full-time, part-time, occasional, seasonal or emergency child care. Second, decreasing the demand on existing and new spaces Third, increasing parents' ability to pay for quality child care. And fourth, increasing awareness and understanding of child care needs.

We believe that the recommendations in this report will result in the creation and stabilization of high quality child care spaces across Canada. To be successful, this initiative will need to build upon the work being done in the field and encourage and facilitate partnerships and collaboration between governments, the child care community, employers and families.

We have fulfilled our mandate to the best of our ability within the time provided. We are confident that our recommendations will result in the creation of new spaces, stabilization of existing spaces, and meet the diverse needs of employers and contemporary Canadian families. We submit this report for your consideration and look forward to the implementation of the Child Care Spaces Initiative.

On behalf of the Ministerial Advisory Committee,

A handwritten signature in black ink, appearing to read 'Gordon Chong', with a long, sweeping tail stroke extending to the right.

Gordon Chong
Chairman

Acknowledgements

The strength of this Committee was in the diverse range of views brought to discussions by Committee members. The recommendations reflect the perspectives of Committee members and the collaborative process that guided our work.

We would like to express our sincere gratitude to all the child care providers who hosted site visits and supported the education and exploration phase of the process. We also appreciate the time that provincial and territorial officials took in speaking to us about their views on the Child Care Spaces Initiative. The Committee would not have been able to complete its task had it not been for the extraordinary efforts by Canadians and members of the child care community who shared their experiences, knowledge and ideas, by meticulously documenting the issues, conducting research, considering the challenges facing families and preparing the many reports, discussion papers, articles, letters and emails that we reviewed throughout the process.

Many thanks for the information and support from officials from Human Resources and Social Development Canada (HRSDC) and Finance Canada.

Our thanks extend to Committee members' families and their employers. Without their ongoing support and assistance we could not have completed the task.

The Committee would like to recognize the work of our facilitator, Nora Spinks. As president of Work-Life Harmony Enterprises, an international consulting and training firm based in Toronto, Nora brought her knowledge and experience in working with leading corporations, governments, labour and community groups to develop innovative work-life strategies focusing on creating supportive work environments, strengthening families and building healthy communities. Her extensive experience with workplace programs, policies and practices along with her community development expertise and history in the child care sector proved valuable in the development of the recommendations. Nora ensured that the diverse opinions, ideas and perspectives of Committee members and community consultations conducted by HRSDC officials were reflected in the final report of the Committee.

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Executive Summary

In 2006, the Government of Canada announced the Universal Child Care Plan. This Plan included two components: the Universal Child Care Benefit, providing direct financial assistance to parents, and the Child Care Spaces Initiative, supporting the creation of new child care spaces. In September 2006, the Minister of Human Resources and Social Development Canada created a Ministerial Advisory Committee to provide advice on the design of the Child Care Spaces Initiative.

The Ministerial Advisory Committee's *terms of reference* stated that the Committee was to:

- provide advice on the child care needs of Canadian families and the role and interests of employers, with a focus on improving accessibility to child care for all families;
- advise on the approach and mechanisms required to effectively design and implement the Child Care Spaces Initiative; and,
- provide formal recommendations on creating the Child Care Spaces Initiative.

The Committee has fulfilled its mandate by developing a comprehensive set of recommendations that meet the diverse needs of contemporary Canadian families by improving accessibility to high quality child care by:

- focusing on innovation and partnerships;
- making direct and indirect investment in space development and enhancement;
- involving all stakeholders including employers (small, medium and large, across all sectors);
- providing a variety of tax and investment incentives; and,
- expanding parental leave under employment insurance.

The recommendations are focused on actions that are within Federal jurisdiction. The Committee respects and recognizes the lead role played by provincial, territorial and municipal governments in regulating, funding and in some cases, operating child care.

The recommendations respect the diverse needs, preferences, priorities, and opinions of families living in rural, suburban and urban communities across Canada.

Contemporary Canadian Families Have Diverse Needs for Child Care

Contemporary Canadian families are getting smaller, more mothers with young children are in the paid labour force, more fathers are involved in child care and more grandparents are in the paid labour force. Families are attempting to fulfill their multiple responsibilities at home and at work, while the workplace is becoming more competitive, more diverse, and more stressful, and employment, in many situations, is becoming more precarious.

The Committee recognizes that child care use among families differs. Some families use child care to work, study, or fulfill personal, family or community commitment. While others use child care so their children can have social interaction with other children or prepare for school.

Parental demand for child care is increasing but demand is also increasing from employers who are struggling to fill jobs that are vacant due to the increasing competition for skilled labour and the growing labour shortage.

The Committee remained attentive to the diverse needs of contemporary Canadian families. We endeavoured to develop a set of recommendations that would include families from a variety of geographical, cultural, linguistic and ethnic communities, with a range of special and unique needs, and different opinions, perspectives, and experiences.

Employers' Role in Child Care Varies

The Committee considered employers' perspectives. Research shows a link between child care and productivity, with a majority of business leaders indicating that the availability of quality child care is an important factor in hiring and retaining people. Business leaders also strongly believe there is a skilled labour shortage with many already having trouble finding suitable candidates to fill vacant positions. Employers around the globe are looking to immigration and creating family-friendly workplaces to attract women and men. To compete globally, Canada needs to reduce barriers to labour market entry including increasing the supply and quality of child care. Consultations as well as the Committee's own experience has shown, however, that employers are concerned about getting directly involved in building, operating or directly providing child care and would rather work with existing child care providers.

The Child Care Spaces Recommendations

The Committee engaged in a process to develop the recommendations. The Committee examined the complexities and challenges of finding child care, explored a variety of child care options and examined the evidence from many national and international studies and reports. The result is a set of ten recommendations.

Increase Supply of Child Care Spaces

The 2006 federal Budget committed to invest \$250 million per year, beginning in 2007-08, to support the creation of new child care spaces. Studies and consultations demonstrate that demand for high quality child care outstrips supply. In some cases new spaces are needed, in others--existing spaces need investment to update, enhance or expand their space. Because the government has indicated a special interest in involving employers, the Committee recommends a mix of incentives to encourage them to participate in the creation of child care spaces.

1. Establish a national Child Care Spaces Investment Fund (the Fund), administered by a third party, to finance the creation of new high quality child care spaces and the stabilization of existing child care spaces including the provision of grants and forgivable loans to eligible groups for capital and startup costs. Investments should be made in cooperation with the Provinces and Territories.
2. Encourage child care space creation or enhancement by allowing employers who choose to build an on-site or near-site child care program for their employees to claim the full capital cost incurred in creating those child care spaces in the year the investment is made.

3. Revise current tax regulations to make all employer-supported child care, including the provision of licensed on-site or near-site child care or paying for or subsidizing the cost of their employees regular or supplementary licensed child care, consistently a *non-taxable* benefit.

Decrease Demand for Child Care Spaces

An important way to address the supply/demand imbalance is to look at how to reduce demand, including exploring ways to better support parents who are at home with their children either on a full-time or part-time basis.

4. Amend Employment Insurance Maternity and Parental Benefits to align more directly with the supply of child care spaces through extending the length of the benefits period and expanding eligibility for benefits, including increasing the duration of the benefits period, increasing fathers' access to benefits, introducing a new benefit for grandparents in the paid labour force and creating incentives for employers to offer benefit top-ups.
5. To decrease the demand for full-time child care spaces, enhance the provisions for flexible work arrangements in the Canada Labour Code and promote flexible work arrangements within the federal civil service including permanent part-time, job sharing, and alternative career paths.

Increase Parents' Ability to Pay for High Quality Child Care

To support parents and increase their access to pre-primary education and high quality child care, the Committee considered ways to fairly and equitably support families in managing the cost of high quality child care.

6. Increase the Child Care Expense Deduction (CCED) to \$9,000 per year for children under 7 and \$6,000 for children 7-16 effective 2007¹. The CCED should be indexed starting in 2008.
7. Introduce a new *child care quality deduction* to allow parents to deduct any expenses they incur that improves the quality of their child care, for example the cost of conducting criminal reference checks for any prospective non-relative caregiver or providing first aid or child development training for a nanny, family member or neighbour. To be eligible for a deduction the service or training must be provided by a recognized organization, college or university.

Increase Awareness and Understanding of Child Care Needs

There is a need to ensure that employers are aware of the ways in which they can support child care for their employees and that parents and caregivers are aware of and understand the ways in which they can access federal supports for child care.

8. Work with provincial and territorial governments, businesses, and child care providers, to develop a public education strategy on how employers can support child care for their employees and ensure information on existing tax deductions for child care providers and parents is widely available and distributed.

¹ Currently Child Care Expense Deductions are \$7,000 for children under 7 and \$4,000 for children 7-16 years.

Canada currently lacks a regular, comprehensive source of data on child care in Canada either in terms of demand or supply.

9. Develop a comprehensive research strategy for collecting data related to child care, in particular parent needs, priorities and preferences and bringing together various data sets and research findings to help shape future child care policies.

Address Child Care Human Resources Challenges

Human resources challenges are consistently raised as a major issue facing the child care sector in Canada. Child care providers and operators face significant challenges in recruiting and retaining staff. While beyond the mandate of this committee, actions are needed to address the HR crisis in order to ensure an effective child care system in Canada.

10. Work in partnership with the Child Care Human Resources Sector Council, with other orders of government and key stakeholders to develop a comprehensive strategy for recruitment and retention.

Success Requires Flexibility, Innovation, Creativity and Collaboration

The Committee considered the diverse opinions, priorities and perspectives of all stakeholders, the broad range of needs in rural, small town, suburban and urban communities from coast to coast to coast, and the complexities of contemporary Canadian families.

To be successful, the Child Care Spaces Initiative must include flexible child care options, build upon the work being done in the field, and facilitate innovation and creativity involving collaborations and partnerships between stakeholders and supporters.

Introduction

In 2006, the Government of Canada announced the Universal Child Care Plan. This Plan included two components: the Universal Child Care Benefit, providing direct financial assistance to parents, and the Child Care Spaces Initiative, supporting the creation of new child care spaces. In designing the Child Care Spaces Initiative the Government of Canada committed to consult with provinces/territories, experts and stakeholders. As part of this consultation process, in September 2006, the Minister of Human Resources and Social Development Canada created a Ministerial Advisory Committee to provide advice on the design of the Child Care Spaces Initiative. Specifically, the Committee's *terms of reference* stated that the task was threefold:

- Provide advice on the child care needs of Canadian families and the role and interests of employers, with a focus on improving accessibility to child care for all families;
- Advise on the approach and mechanism required to effectively design and implement the Child Care Spaces Initiative; and
- Provide formal recommendations on creating the Child Care Spaces Initiative.

The Committee completed a five stage process which included education, exploration, visioning, validation and formulation of the recommendations. The process involved a series of group meetings, briefings, review of a variety of reports, site visits, intensive working sessions, conference calls, and report editing.

Initially, Committee members attended a briefing session which included a presentation of the results of consultations concerning the proposed Child Care Spaces Initiative, conducted by officials from Human Resources and Social Development Canada (HRSDC) over the Summer 2006. Early in the process the Committee conducted a variety of child care site visits to gain an understanding of the diversity of child care settings, program models, governance structures, operational practices, curriculum philosophies and employer involvement.

The Committee reflected on what is working in the sector, what can be done to facilitate the development of new child care spaces, and how best to enhance, enrich and stabilize both new and existing child care spaces.

The Committee focused on how the Child Care Spaces Initiative could ensure investment in high quality child care while respecting the diverse needs, preferences, priorities, opinions and needs of families living in rural, suburban and urban, and northern communities across Canada.

The Committee recognized the jurisdictional issues related to child care and focused on developing recommendations that fall within federal jurisdiction, while recognizing and respecting the lead role played by provincial/territorial and municipal governments in the delivery and funding of child care across the country. The Committee understands that the creation of spaces will have implications for provinces and territories and therefore have included considerations for jurisdictional plans and priorities and built in mechanisms to maximize input from all orders of governments.

This report documents the results of the collaborative work the Committee undertook. The focus of this report is on the Child Care Spaces Initiative and does not provide recommendations on general child care policy in Canada, nor does it discuss the merits of different types of child care. Rather, the report outlines recommendations which consider the roles of families, employees and employers, service providers and caregivers in child care, recognizing that every recommendation will not necessarily benefit every Canadian directly.

Throughout the development process the Committee remained attentive to the diverse needs of contemporary Canadian families. The recommendations consider the needs of families from a variety of geographical, cultural, linguistic and ethnic communities, with a range of special and unique needs, and different opinions, perspectives, and experiences.

The Committee focused on innovation and creativity involving collaborations and partnerships between stakeholders and supporters, within the sector, inter-systemic (education and health), and cross-sectoral (public, broader public, charitable and non-profit, and business).

As a guideline for discussions and deliberations, the Committee based its recommendations on seven primary principles summarized below²:

- I.** Respect the diversity of contemporary Canadian families, recognizing the need for a variety of options, flexibility, creativity and innovation.
- II.** Respect the range of parent preferences, priorities and decisions, recognizing that the challenges faced by families when looking for high quality child care services, the complexity of the decisions they have to make, and the challenges of balancing work and family responsibilities.
- III.** Respect the people working directly and indirectly in the child care sector and the work they do, recognizing that building on what exists is more efficient and cost-effective than starting new and considering evidence from a variety of sources and decades of experiences in child care across Canada and around the world.
- IV.** Respect the diversity of workplaces, employers and employer-employee relationships, recognizing that there is a range of interest in employer involvement in child care and that needs differ across communities, industries and sectors.
- V.** Respect the importance of high quality child care options in the creation of new spaces and the support of existing spaces, recognizing that high quality child care has a wide range of social and economic benefits for children, families, employees, employers and communities.
- VI.** Respect multi-jurisdictional multi-stakeholders aspect of child care in Canada, recognizing the significant roles played by each order of government and the value of partnerships.
- VII.** Respect the need for measurement and accountability, recognizing that there is an extensive body of evidence documenting the benefits of high quality child care and the risks and consequences of poor quality child care.

² See Appendix II for details on the Policy Principles used by the Committee.

Child Care in Canada Involves All Orders of Government

In Canada, child care involves a number of different approaches and priorities, with all orders of government having a commitment to children and families and playing a role to differing degrees in the provision of non-parental child care and pre-primary education as summarized in Table One.

Primary responsibility for the provision of child care falls to the provinces and territories. There are significant differences between the types and quality of care available in each jurisdiction. Provincial and territorial responsibilities include: determining the legislative requirements and funding arrangements for the delivery of programs and services; procedures for fee subsidization for eligible families and mechanisms to provide regulated settings with some type of operating funding; and regulating and monitoring child care and pre-primary education. In setting the legislation, provinces and territories have defined full-time and part-time child care and early learning programs and services to target children from 0-5 years of age inclusive, and out-of-school programs to target children 6-10 or 6-12 years of age, depending on the jurisdiction. Typically, responsibility for these activities can be found in any combination of social services, community services and/or education ministries.

Regulated child care includes full and part day care provided in child care centres, family day homes and pre-school/nursery schools. According to the University of Toronto's Childcare Resources and Research Unit, based on provincial and territorial administrative data, in 2004, there were enough regulated child care spaces for approximately 24% of all children aged 0-5 in Canada. Coverage varies widely across provinces and territories, from 10% in Saskatchewan and 14% in Newfoundland and Labrador, to 54% in Yukon and 41% in Quebec.³

The remainder of child care falls in the unregulated or license-exempt sector. Unregulated means that the child care provider does not have a permit indicating they meet the minimum requirements for the legal operation of a child care centre, a family child care home or a family child care agency. There are some types of child care that are license-exempt where the child care provider does not need to have a permit such as Kin Care, Nanny Care and some Neighbour Care. Also in some jurisdictions, programs such as nursery schools, part-time pre-schools, parent drop-ins, and camps fall outside of licensing requirements and despite the fact that some parents use the programs as part-time or occasional child care, they are not required to be licensed.

Provinces and territories receive support from the federal government in the development and provision of child care through fiscal transfers in the Canada Social Transfer (CST). The federal government also provides income supports to families such as maternity and parental benefits and tax measures such as the Child Care Expense Deduction. In July 2006, the Government of Canada instituted the Universal Child Care Benefit, which provides up to \$1,200 per year to families for each child less than 6 years of age. In terms of direct delivery, the federal government has responsibility for the provision of child care services for specific populations including First Nations on reserve, Inuit and military families.

In some provinces, municipal governments also play a role in the provision of child care by entering into purchase of service agreements with child care providers and/or directly delivering centre-based, home-based and parent support programs, which are often provided

³ Calculations using data from Early Childhood Education and Care in Canada 2004. Childcare Resources and Research Unit, University of Toronto.

on a fee-for-service basis (often sliding scale based on income or ability to pay) to parents, in addition to providing subsidies or support for low income families. Municipal governments are also responsible for establishing zoning and parking by laws, enforcing building codes and monitoring compliance with public health and fire safety regulations as it relates to child care spaces development.

**Table One
Summary of Government Roles**

| Federal Government ⁴ | Provincial/Territorial Governments | Municipal Governments |
|--|---|---|
| Tax measures and income supports | Child care and education legislation – for example: | Varies by jurisdiction but can include: |
| Transfers to provinces & territories to support programs for children | <ul style="list-style-type: none"> • Licensing Regulations • Quality Indicators & Quality Assurance | <ul style="list-style-type: none"> • Child Care Subsidies • Service Provision |
| Grants and contributions | <ul style="list-style-type: none"> • Capital & Operating Funding | Regulations |
| HR Sector Council | <ul style="list-style-type: none"> • Subsidies for Low-Income Families | <ul style="list-style-type: none"> • Zoning and Parking Bylaws • Public Health Regulations • Fire Safety Regulations |
| Research and information | Post secondary education | |
| Direct delivery | Employment/labour laws | |
| <ul style="list-style-type: none"> • Aboriginal Head Start On Reserve / in Urban and Northern Communities • First Nations/Inuit Child Care • Military Family Resource Centres | Pilot/demonstration projects | |
| | Research | |

Reasons Families Use Child Care Vary

Child care use differs among families. In 2002-03, 54% of children across Canada were in some form of non-parental care. Of those families using non-parental care, the type of arrangement used varies – including care by both relatives and non-relatives in the child’s home, child care centres and family day homes.⁵ The reasons behind parents needing and using child care vary. For some families, child care is used to support their participation in the paid labour force (work), pursuing a degree or continuing their education (school), while for others it affords them the time to fulfill other family care responsibilities (eldercare) or to recover from personal illness or injury (personal/family). Still others may use child care as a support while they volunteer in the community. Parents may also choose to expose their children to programming to help prepare children for school, experience social interaction with other children or to benefit from a program delivered by professionals in child development, particularly when a child has a special need, has not yet developed English or French language skills, or has few opportunities to interact with other children.

The Committee also recognizes that not all parents purchase child care services in order to participate in the paid labour force or to pursue an education. Many will find alternate arrangements such as off-shifting, where parents arrange their work/classes in shifts that

⁴ See Appendix V for a listing of Government of Canada programs supporting child care.

⁵ Bushnik, T. (2006) *Child Care in Canada*. Statistics Canada. pp. 10

allow at least one parent to be home with the child at all times. According to the Statistics Canada survey of household spending, only 41% of families with two full-time earners and 31% of lone-parent families reported child care expenses.⁶

Table Two The Various Choices of Child Care

Child care can take on many different shapes and forms. Below are the different types of care referred to throughout this report and definitions that the Committee used for the different types of care. In framing recommendations, the Committee discussed the range of possibilities outlined below and assessed the impact of its recommendations on them.

- **Parental Care:** refers to care a child receives from a parent or legal guardian.
- **Non-Parental care:** refers to care a child receives from someone other than a parent or legal guardian.
- **Licensed Child Care:** refers to regulated child care received in a child care centre or family day home⁷.
- **Kin Care:** refers to care provided by a relative other than the child’s parents or siblings under 18 years of age. This care may be either in the child’s home or in the caregiver’s (Kin’s) home.
- **Neighbour Care:** refers to care provided by a non-relative in the caregiver’s home.
- **Self Care:** refers to a child over 10 and under 16 years of age caring for themselves without an adult present.
- **Nanny Care:** refers to care provided by a non-relative in the child’s home where an employee-employer relationship exists between the family and caregiver.
- **Share Care:** refers to nanny child care where parents share the nanny with another family – care is provided to two or more children in one or both homes with an employee-employer relationship with one or both families.
- **Back-up or Emergency Care:** Care of a child when their regular care is not available due to temporary, periodic or intermittent changes in work responsibilities or work hours, or when child care or caregiver is unavailable.
- **Seasonal Child Care for School-age:** Out-of-school programs e.g. summer, March break, winter break.
- **Parent/family or Caregiver Support Programs:** range of supplemental or ancillary child care support programs available to families and caregivers, including:
 - Drop ins
 - Parenting programs
 - After school or weekend/evening recreation, sports or leisure programs (clubs).
- **License-Exempt Care:** Programs and services that are exempt from licensing because they are not intended nor designed as child care, yet are used by parents as child care or to supplement their regular child care arrangements, for example, recreation and leisure programs (camps, clubs, art classes, sports, etc.), some nursery school programs, drop in programs and parent/child programs.
- **Unregulated/Unlicensed Care:** child care programs that are unregulated such as neighbour care, nanny care, kin care.
- **Regulated/Licensed Care:** child care programs that meet the minimum standards as established by the legislation regulating the operation of a child care program (licensed centre-based and licensed home-based programs and services).

⁶ Statistics Canada *Survey of household spending (SHS)* Household spending on household operation, by province and territory, annual CANSIM Table 203-0004 (2004).

⁷ A family day home is licensed home-based care provided in the caregiver’s home.

Reasons Employers Are Involved or Interested in Child Care Vary

According to a COMPAS/Financial Post Business Leader survey, business leaders strongly believe there is a skilled labour shortage in Canada. In a global survey conducted by Manpower Inc. results indicated that Canada has one of the most acute labour shortages in the industrialized world as 66% of employers surveyed indicate they had trouble finding suitable candidates to fill vacant positions. In particular, small business owners face a labour shortage according to a recent survey of 102,000 small business conducted by the Canadian Federation of Independent Business (CFIB). The biggest shortages were in the trades, business services and hospitality. Watson Wyatt consulting firm estimates a shortage of 1.2 million workers by 2020 as the population ages and the labour pool shrinks.

To compete globally Canada needs to reduce barriers to labour market entry including increasing the supply and quality of child care. Employers around the globe are looking to immigration and creating family-friendly workplaces to attract women and men. In the 2006 *C-Suite Survey*, a quarterly poll of 150 chief executive officers, presidents and chief financial officers and senior vice presidents conducted for the Report on Business (The Globe and Mail), 64% of respondents said there was a link between child care and productivity and a majority saw the availability of quality child care as an important factor in hiring and retaining people.

Consultations with employers through the Summer 2006 showed that generally employers do not want to be child care providers. However, these discussions clearly demonstrated that there is a range of employer interest and involvement in child care including⁸:

- providing regular child care to their employees as a service or benefit that they operate as a business unit;
- providing regular child care to their employees as a service or benefit that they locate at or near the work-site and is provided by a community child care agency or organization on a contractual basis;
- providing back-up or seasonal child care to their employees as a service or benefit either provided directly or contracted out;
- providing support to employees (as a resource and referral benefit or part of an Employee Assistance Program, wellness or work-family benefit) in finding child care in their community;
- investing in community child care through a charitable donation, financial investment, purchase of a service agreement, prepaid services or fee subsidy paid directly to a service provider on behalf of an employee; and
- participating in a consortium or employer cooperative that provides regular, back-up or seasonal child care.

⁸ See Appendix IV for a more detailed description of the range of employer involvement in child care.

Addressing the Supply/Demand Imbalance

The Committee looked at a number of factors contributing to the increase in demand for high quality child care services and programs. While there are many factors influencing the increase in demand, focus was placed on family structures and labour force challenges.

The Supply/Demand Equation

According to Statistics Canada, Canadian families are getting smaller, with an average fertility rate of 1.49 children, which is below replacement value.⁹ Part of this decline in fertility can be attributed to parents choosing to have children later in life; waiting until after they have completed their education and/or established their careers. Of those women who do have children, many continue to also participate in the paid labour force.¹⁰ Women with young children (with youngest child under the age of 6) increased their labour force participation rates from 67% in 1995 to 74% 2005. In 2005, 8 in 10 married women with a child between the ages of 6 and 17 were in the labour force.¹¹

Roles within the family structure are also changing. Whereas traditionally women took maternity and parental leave, now fathers are more likely to also take parental leave. In 2005, 15.4% of new dads received EI parental benefits, up from 2% in 2001. In addition, parents are less likely to rely on extended family to help care for their children. In 2001, 30% of grandparents were in the paid labour force and only 11% of grandparents state that their main activity is homemaker or child care provider.¹²

There is a growing dependence on other types of child care beyond parental care. The proportion of children aged six months to five years who were in child care increased significantly between 1994/95 and 2000/01. According to Statistics Canada, over 53% of Canadian children were in some form of non-parental child care by 2000/01 and 28% of these children were in a daycare centre. The use of daycare centres, as well as care by a relative, became more popular than they were in 1994/95. At the same time, fewer children were being cared for in their own home or in someone else's home by a person who was not a relative.

⁹ Statistics Canada *Live births, crude birth rate, age-specific and total fertility rates, Canada, provinces and territories, annual CANSIM Table 102-4505 (2004).*

¹⁰ The labour force is defined by Statistics Canada as the civilian non-institutional population, 15 years of age and over who, during the Labour Force Survey reference week, were employed or unemployed. Employed persons are those who, during the reference week: (a) did any work at all at a job or business, that is, paid work in the context of an employer-employee relationship, or self-employment. It also includes unpaid family work, which is defined as unpaid work contributing directly to the operation of a farm, business or professional practice owned and operated by a related member of the same household; or (b) had a job but were not at work due to factors such as own illness or disability, personal or family responsibilities, vacation, labour dispute or other reasons (excluding persons on layoff, between casual jobs, and those with a job to start at a future date).

¹¹ Huffman, Jacqueline. (2006). The core-age labour force *Perspectives on Labour and Income*. Vol. 7, no. 9. Statistics Canada Catalogue no 75-001-XIE. (Accessed November 2006) pp 8. <http://www.statcan.ca/english/freepub/75-001-XIE/75-001-XIE2006109.htm>

¹² Ibid.

Demand for child care is increasing¹³ from parents but also from employers who are struggling to fill jobs that are vacant due to the increasing competition for skilled labour and the growing labour shortage.

Despite increases in the supply of child care, the demand continues to surpass it. In 2004, there were 745,254 regulated child care spaces across Canada, up 151,824 from 2001 and an increase of 373,741 from 1992. However, this growth has not been consistent across the country. For example, between 2001 and 2004, about 60% of all day care spaces added in Canada were in Quebec. 43% of all Canadian children registered in day care are in Quebec. The share of children in Quebec's day care centres rose to 52% in 2003, almost double the national average of 28%.¹⁴

When demand for high quality child care is greater than supply, several social and economic reactions can occur. For example;

- Reliance on social programs can increase: when people are not able to find child care (even if they want to work, are employable and have a job) they often leave the paid labour force involuntarily. This could jeopardize their future attachment to the labour force, and could increase their dependence on social assistance;¹⁵
- Underground economy can thrive: when parents use unregulated care it is often an 'under the table' solution where no tax is paid by the provider of care, and as a result, no receipts provided, and parents are unable to claim child care deductions;¹⁶
- Absenteeism (due to child care breakdown) and presenteeism (when people are at work but distracted and worried about family members) can increase: when parents use unregulated care they can be distracted at work, worried that their child is in a situation where there is limited or no accountability; unregulated care can also be a precarious solution that breaks down more often than regulated. For example, when a caregiver who is sick, the child care fails and parents cannot work. However, if they have a regulated child care provider, a substitute is often available and there tends to be less disruption for families and employers;¹⁷ and,
- Parent dissatisfaction can increase: parents can feel isolated, conflicted, guilty, anxious and stressed.¹⁸

¹³ Committee members note that there is currently a debate in Canada concerning the accuracy of data regarding child care demand.

¹⁴ Bushnik, T. (2006) *Child Care in Canada*. Statistics Canada. pp. 17

¹⁵ Doherty, G., & Friendly, M., Oloman, M. (1998) *Women's Support, Women's Work: Child Care in an Era of Deficit Reduction, Devolution Downsizing and Deregulation* Ottawa: Status of Women Canada's Policy Research Fund. March 1998, p. 34.

Freiler, C., Stairs, F. & Kitchen, B. with Cerny, J. (2001) *Mothers as Earners, Mothers as Careers: Responsibility for Children, Social Policy and the Tax System*. Ottawa: Status of Women Canada.

¹⁶ Based on statistics provided to the Ministerial Advisory Committee by Finance Canada, only 8 per cent of parents are claiming the full amount of the Child Care Expense Deduction.

¹⁷ Duxbury, L. & Higgins, C. (2003) *Work-Life Conflict in Canada in the New Millennium: A Status Report: Final Report*. Ottawa: Health Communities Division, Health Canada. October 2003, p.xv, xvi, 31-32, 102, 111.

¹⁸ Charles Phillippe Rochon (ed.) (2000) *Work and Family Provisions in Canadian Collective Agreements*, Ottawa: Labour Program, Human Resources Development Canada p. 129.

Recommendations

The recommendations outlined below are intended as a menu of options from which the Government could, over time, choose in moving forward with its proposed Child Care Spaces Initiative. While the Committee had neither the time nor the resources to provide detailed costing for the recommendations, it should be noted that implementation of all of the recommendations would surpass the \$250 million per year currently allocated by the federal government for this initiative.

I. Increase Supply of Child Care Spaces by Investing in New and Existing Spaces

Parents play the primary role in caring for their children and draw on a variety of arrangements to help them meet their child's care needs. The number of families relying on non-parental care in a variety of settings has increased (from 42% in 1994-95 to 54% in 2002-03). Numerous studies as well as consultations by HRSDC officials in the summer of 2006 demonstrated that demand for high quality child care is higher than current supply. In some cases new spaces are needed, in others, existing spaces require investment to upgrade, expand and enhance their environments.

In a study of Quebec's low cost child care (\$5 per Day per Child, Child Care Policy¹⁹) researchers at the Centre for Interuniversity Research and Analysis on Organizations determined that based on econometric results the availability of low cost regulated child care, along with the transformation of public kindergarten from a part-time to a full-time basis, had a large and statistically significant impact on the labour supply of Québec's mothers with pre-school children. They also found that the size of the impact increased simultaneously with the positive growth in the number of low-fee spaces.²⁰

The federal government has indicated a special interest in involving employers in the creation of child care spaces. Consultations showed that employers are interested in child care as an important recruitment and retention tool but many expressed concern about getting directly involved in building, operating or providing on-site or near-site child care programs.

A mix of incentives and opportunities for employers is recommended for increasing the supply of quality child care. The first is a Child Care Investment Fund that would act as a driver for creating spaces and filling gaps in child care across the country and the second is modifying the tax treatment of employer-sponsored child care in order to encourage employers to become involved in supporting child care for their employees.

1. Establish a national Child Care Spaces Investment Fund, administered by a third party, to finance the creation of new high quality child care spaces and stabilization of existing child care spaces.

The Child Care Spaces Investment Fund (the Fund) would allocate 250 million dollars per year to eligible groups in Canada from funds that the federal government has already earmarked for the proposed Child Care Spaces Initiative.

¹⁹ Quebec's program is now \$7.00 per day per child up from the original \$5.00 when the program was introduced.

²⁰ Lefebvre, Pierre & Merrigan, Philip (2005) The Québec's Experiment of \$5 per Day per Child Childcare Policy and Mother's Labour Supply: Evidence Based on the Five Cycles of the NLSCY 2005 Oct. Pierre Lefebvre & Philip Merrigan.

Despite the diversity of child care across the country, there are a number of areas where current challenges and needs are shared. There are gaps in the supply of spaces across the country, particularly with respect to rural, remote and northern needs, and for quality programs that meet the needs of Aboriginal children and official language minority communities. There are urban and rural areas across the country where demand significantly exceeds supply. Investment is needed to create new spaces, as well as stabilize existing spaces to ensure their quality.

An accountable, transparent third party fund would be ideally suited to create an inclusive strategy that responds to regional variance, needs and priorities and can adapt to meet existing gaps and changing realities. The Fund would respect the need for multiple approaches to delivering child care and the number of players responsible involved in its delivery.

By giving priority to partnerships and creative ideas, a third party fund is also ideally situated to assist in encouraging dialogue and partnerships between the private sector, community organizations and child care providers. These partnerships would help to build community support for the strategy and offer incentives for employers to become involved in the provision of child care to the extent that their capacity will allow.

Since the Fund would operate as a non-profit corporation at arm's length from the federal government, accountability and transparency are key. To this end, the Fund would be built on a relationship of trust, openness and accountability incorporating the espoused ethics and values of the federal government. The governance framework would need to include clear roles and responsibilities, reporting and audits, independent evaluation and strategic monitoring. It would rely on a small infrastructure to maximize the funds available for the creation of child care spaces.

Fund Development: Governance

- By creating an investment fund administered by a third party, the potential and possibility for creativity and innovation will be enhanced.
- Since the Fund will be a trustee of public and private money, it should be efficiently and effectively managed with high levels of transparency and accountability, yet the process should be efficient with minimal bureaucracy and utilize technology wherever possible to increase the effectiveness of the Fund.

Fund Development: Building Equity

- The Fund would be seeded by government and augmented by employer investments.
- Employers from all sectors and organizations of all sizes should be encouraged to contribute to the Fund.
 - Employers who pay corporate taxes should receive a tax credit in recognition for their contribution to the Fund.
 - Contributions to the Fund from employers for whom a tax credit is not an incentive (e.g. charitable or non-profit organizations, hospitals, school boards), should be matched dollar for dollar by the federal government.
- Employers contributing to the Fund would be encouraged to promote their contribution to the plan in social responsibility statements/annual reports, recruitment campaigns etc.
 - Contributing to the Fund would help to ensure their employees have access to child care in the communities in which they live and work.

Fund Operations: Allocating Investments

- The Fund would make investments to eligible Canadian groups that submit an investment application for either the creation of high quality child care spaces or the enhancement/stabilization of existing child care spaces. For example, a community-based non-profit organization could prepare an application for investment funds to expand the number of spaces in an existing program as either centre-based spaces or home-based spaces.
- The distribution of funds should be based on a national competition with priority being given to community partnerships, innovative project plans and creative space enhancement.
- To remain within federal jurisdiction, investments should be limited to capital or one time expenditures and not for ongoing operations, occupancy or human resource management costs, which are the responsibility of the child care providers and other orders of government.
- Capital and start-up costs should include costs incurred before children start attending the program as well as operating costs for a few months after the program opens but full enrollment capacity has not yet been reached. Investments for space enhancements, for example, space upgrades, technology to enhance operational efficiencies or expand program capacity to accommodate children with special needs should also be included.
- The Fund should be stepped to include a range of projects for example: micro investments of \$10,000 or less; mini investments of \$10,000-\$50,000; major grants of \$50,000-\$100,000; and significant investments of greater than \$100,000 to a maximum of \$1 million for each proposal.
- Groups receiving funds greater than \$10,000 may still need to supplement their financing plans with additional investments from other sources.
- To ensure sustainability of programs receiving investment funds, and to ensure an alignment with provincial and territorial and local priorities, cooperation with provincial/territorial governments on allocation of the funds will be critical.

Fund Administration

- The Fund will make direct and indirect investments in the creation or enhancement of child care spaces.
 - **Direct investments** will be made to an eligible group for a specific project. The group would be expected to report on their accomplishments and the impact of the funds on their business objectives.
 - **Indirect investments** will be made to an eligible group in the form of loans, which could be deemed to be forgivable in whole or in part (i.e. they would not be required to pay the loan back) if the project met practice-based quality standards²¹ following an assessment by experts trained in quality assurance. The standards applied would vary based on the project.

²¹ While widely accepted national quality standards for child care do not currently exist in Canada, consideration could be given to using quality standards issued in 2001 by the Canadian Child Care Federation and/or the Child Care Human Resources Sector Council in the spring of 2006.

- To qualify for investment, each investment application would need to include details on how the group intends to meet existing health and safety regulations and provincial standards, ensure continuous quality improvements and manage long term sustainability.
- Mechanisms will need to be put in place to ensure the involvement of representatives from provincial and territorial governments, parents and the child care and business communities to determine national, regional and local investment priorities.
- Tools, resources, training and consulting expertise should be available for organizations to prepare, submit, execute/expedite, monitor and evaluate their project plans.
- Mechanisms will need to be put in place to ensure a level playing field so groups with little experience preparing investment applications can compete against other groups that may have more experience or more resources to allocate in preparing investment applications.

Fund Priorities

- Initially, the following criteria should be factored in to assessing investments:
 - project plans that fill a defined gap between local supply and demand
 - groups that have limited access to other investment options
 - groups that have a proven track record of delivering high quality child care
 - innovative programs that can be replicated
 - creative partnerships that can become models of excellence
 - the creation of flexible (part time) spaces (in particular home-based child care)
 - existing programs to expand their current capacity
- Investment applications that are developed by groups from rural, remote or northern, Aboriginal and official language minority communities across Canada as well as applications for programs and services for children with special needs should receive special consideration by the Fund.

Fund Development Period 2007-2008

- In the first year of the program, while the third party Fund is being established, investments in child care spaces expansion and enrichment should be made directly by HRSDC using streamlined grants and contribution instruments. Once the Fund is established and fully functional HRSDC would no longer need to administer grants and contributions.

2. Allow employers who choose to build an on-site or near-site child care program for their employees to claim the full capital cost incurred in creating those child care spaces in the year the investment is made.

- This would allow for an accelerated capital cost allowance in the year the expense is incurred rather than amortizing the expense over multiple years.
- Projects receiving CCS Investment Funds would not be eligible for the accelerated capital cost allowance.

Either in addition to, or instead of, investing in the CCS Investment Fund, some employers or groups of employers (industry associations, employer networks etc.) and employee associations, unions or groups are interested in providing or supporting child care for their employees.

An accelerated capital cost allowance could make it more attractive from a financial perspective for employers to move forward in creating on-site or near-site child care for their employees.

3. Revise the current tax regulations to make all employer supported child care a *non-taxable* benefit.

- This would include the provision of licensed on-site or near-site child care or paying for or subsidizing the cost of their employees' regular or supplementary licensed child care.

When employers subsidize the cost of child care for their employees, for taxation purposes, the amount of the subsidy is treated as income and is therefore taxed. Some employers have cited this treatment as a significant impediment to their involvement in child care.

Currently certain non-monetary employment benefits are deemed to be non-taxable to employees when it is not administratively feasible to determine the value of the benefit. Examples include merchandise discounts, subsidized recreational facilities offered to all employees and special clothing.

II. Decrease Demand for Existing Spaces

An important way to address the supply/demand imbalance is to look at how to reduce demand, including exploring ways to better support parents' choice to stay at home with their children either on a full-time or part-time basis, particularly when children are very young.

Infant spaces (for ages 0-18 months) are currently one of the areas where demand significantly exceeds supply. These spaces are the most resource intensive and expensive spaces to create and maintain, largely due to the low child to staff ratio and the specialized equipment that is required.

Two possible ways of reducing demand for infant spaces are considered below: changes to Employment Insurance, maternity and parental benefits; and greater use of flexible work arrangements that allow parents to job-share or return to work after parental leave on a part-time basis.

4. Amend Employment Insurance Maternity and Parental Benefits to align more directly with the supply of child care spaces.

- Extend the length of the benefits period to 18 months from the current 12 months, so parents can place their child in toddler care.
- Consider extending the leave incrementally over time up to two and half years as well as increasing the income replacement rate.
- Provide incentives for employers to top up the benefits so fewer parents feel the financial pressure to return to work.
- Extend parental leave to both parents instead of parents splitting the leave, or provide a new paternity leave.

- Create a new 60 day grandparent leave.
- Provide support to small business to help them manage an employee's absence due to a maternity, parental or grandparental leave.
- Create an optional self-insured income support program (outside of EI) for parents who are self-employed to enable them to effectively manage maternity or parental leave.

Under the federally administered (except Quebec)²² Employment Insurance program, maternity benefits are available to mothers in the fifteen weeks surrounding childbirth and parents can access thirty-five weeks of parental benefits for a combined total of fifty weeks at an income replacement rate of 55%. The parental leave portion of the benefits can be split between both parents. Participating parents are using at least 92% of the full year of benefits available, which means that families often need to arrange for infant care for only a few months before having to move their child into a toddler care arrangement.

In 2004-05, men's participation in parental benefits continued to grow and women receiving maternity and parental benefits return to work on average after 11 months away from work, up from 7 months average prior to the parental benefits expansion in 2001.

At a recent Canadian Economics Association meeting participants received a presentation on *Mother's Time at Home After Childbirth: the Role of Maternity and Parental Leave Policy*, researchers from McMaster University reported that qualifying for and receiving EI benefits is one of the key determinants of the duration of time at home after childbirth. EI plays a crucial role in allowing mothers to stay home with their infants and promote their return to the labour force. The receipt of an EI Benefit top-up was strongly correlated with the likelihood of returning to work after maternity/parental leave.²³

Under the Employment Insurance Act and Regulations, employers and provinces are encouraged to provide financial support to enhance EI benefits, commonly referred to as Supplementary Unemployment Benefits (SUB) or voluntary top-ups. In 2004/2005, 18% of mothers with paid employment in the year prior to childbirth received a top-up from their employer. Voluntary top-ups are most prevalent in the education, health services and non-profit, forestry, mining, oil and gas extraction, finance and insurance industries. The likelihood of having received a top-up is greater among full-time employees and those who are covered by a collective agreement.

With the majority of new parents and grandparents in the paid labour force, extending leave and encouraging top ups would allow them to take time to be with a newborn or adopted child while at the same time recognizing their need to remain attached to the labour market.

Infant care is the most expensive to deliver and the most costly for parents. Reducing demand will not eliminate the need entirely but will open up spaces, in particular for those who do not currently qualify for EI benefits (e.g. self employed) as well as allowing more investment in spaces for older children.

²² EI benefits are provided under the federal head of power for unemployment insurance under Section 91(2A) of the Constitution. EI legislation provides provinces and territories the opportunity to enter into agreements with the Government of Canada concerning the establishment of their own programs that replace EI. It is in this context that Quebec's Parental Insurance Plan was established. See appendix for details.

²³ ten Cate, Adrienne *Determinants of Mothers' Time-At-Home After Childbirth: The Role of Maternity and Parental Leave Policy* Conference Presentation at Canadian Economics Association 38th Annual Meetings June 2004 Full report is available at <http://socserv.mcmaster.ca/econ/rsrch/papers/archive/2003-03.pdf> (retrieved November 2006).

Human resource professionals estimate that it costs 2-3 times an annual salary to replace someone today. That cost goes up when the person is in a senior position or has unique skills or talent or where the labour market is tight.

Providing career breaks that are predictable and the employer and employees can plan and prepare for are less disruptive and costly than someone quitting or going on stress leave.

Long-term employee retention can be increased by offering extended leaves. Employees having had an extended leave tend to return to work as planned and demonstrate high loyalty to the employer following the leave²⁴.

The cost of the increase of maternity/parental benefits should be financed through EI premiums²⁵ and not through tax dollars or as part of the \$250 million commitment from the federal government.

5. Decrease the demand for full-time child care spaces by enhancing the provisions for flexible work arrangements in the Canada Labour Code²⁶ and encourage managers to promote flexible work arrangement policies within the federal public service including permanent part-time, job sharing, and alternative career paths.

- Provide incentives for managers to offer flexible work arrangements within the federal civil service.
- Provide information to employers (via government web sites, HR roundtables and employer conferences) on effectively managing a diverse workforce including those involved with caring for young children.

In 2005, a national survey²⁷ of 80 large Canadian companies found that:

- Flexible work arrangements reduce work/life conflict.
- Flexibility can lead to lower stress which leads to lower employee turnover, higher productivity, and lower health and disability costs.

Over 80 per cent of the companies participating in the survey offered some form of flexible work arrangements but most did not facilitate flexibility; rather they made accommodations based on individual employee requests. Management resistance is cited as the biggest barrier to the adoption of flexible work arrangements.

²⁴ ten Cate, Adrienne *Determinants of Mothers' Time-At-Home After Childbirth: The Role of Maternity and Parental Leave Policy* Conference Presentation at Canadian Economics Association 38th Annual Meetings June 2004 Full report is available at <http://socserv.mcmaster.ca/econ/rsrch/papers/archive/2003-03.pdf> (retrieved November 2006)NO.

²⁵ Employment Insurance I premiums are paid by employees and employers (employers pay 1.4 x employees contributions).

²⁶ The review of the Canada Labour Code Part III has recently been completed. The Committee considered this work and supported many of the changes that were proposed related to creating family-friendly work environments and increasing workplace flexibility. See Federal Labour Standards Review Commission. Commissioner Harry Arthurs *Fairness at Work: Federal Labour Standards for the 21st century pp 107-168*. Retrieved October 30, 2006 from <http://www.flis-ntf.gc.ca>

²⁷ Ottawa Business Journal Staff *Flexible work arrangements reduce work/life conflict Apr 21, 2005*. Retrieved November 2006 from <http://www.ottawabusinessjournal.com/283122778039266.php>. See also Canada News Wire. Workplace Stress Costs Canadian Economy.

Part-time or flexible work arrangements may allow families to share a space or reduce their need for a space. Providing flexible work arrangements may also help employers to recruit and retain staff who may otherwise look to another employer or withdraw from the workforce in order to balance their work and family responsibilities. The Committee recognizes that one way to increase spaces is to decrease demand for full-time and share one space with two or more children.

The cost for part-time care and the increased costs associated with administering part-time spaces will need to be considered (i.e. half-time space will cost more than half the cost of a full-time space).

III. Increase Parents' Ability to Pay for High Quality Care

In Canada, education has always been a national priority. Over time we have responded to the increasing cost of post secondary education by offering a range of scholarships, bursaries and grants, tuition and education credits, and RRSP and RESP considerations after publicly subsidizing the cost of providing programs. Yet, despite the fact that pre-primary education is more expensive, we have not invested public funds or created similar incentives for families to ensure children have access to high quality pre-school experiences.

To support parents and increase their access to pre-primary education and high quality child care services, the Committee considered ways to fairly and equitably support families managing the cost of high quality child care.

6. Increase the Child Care Expense Deduction to \$9,000 per year for children under the age of seven and \$6,000 for children aged 7-16 effective 2007. The CCED should be indexed starting in 2008.

The Child Care Expense Deduction (CCED) currently allows parents who incur child care expenses in order to be employed, carry on a business or pursue education, to deduct receipted expenses in calculating their personal income taxes. Up to \$7,000 per year can be deducted for each child under seven and up to \$4,000 for each child seven to sixteen years of age.

The cost of child care has been steadily increasing resulting in an increase in the costs to parents. Through indexing, the CCED would be more responsive to the rising costs of child care.

7. Introduce a new *child care quality deduction* to allow parents to deduct expenses they incur that improves the quality of their child care.

- Expenses could include, for example, the cost of conducting criminal reference checks for any prospective non-relative caregiver or providing first aid or child development training for a nanny, family member or neighbour.
- To be eligible for a deduction the service or training for the care provider must be provided by a recognized organization, college or university.

A number of families choose care that is not regulated such as that provided by a nanny, a family member or a neighbour. Care providers should be given opportunities for training and encouraged to consider quality improvements to the care they are providing. Through a tax deduction, parents would be encouraged to offer training to their care provider.

IV. Increase Awareness and Understanding of Child Care Needs

While many employers across Canada recognize child care as an important recruitment and retention tool, often they are not aware of the numerous ways in which they can support child care for their employees and how they can begin the process.

There is also a need to ensure that parents and caregivers are aware of and understand the ways in which they can access federal supports for child care, particularly with respect to the tax system.

Data on child care needs, preferences and use would be beneficial in guiding future decisions about further reducing the gap between the demand and supply of high quality child care across the country.

8. Working with provincial and territorial governments, businesses, and child care providers, develop a public education strategy on how employers can support child care for their employees and ensure information on existing tax deductions for child care providers and parents is widely distributed and available.

- If employers are interested in creating a child care program for their employees, resources should be available to help them navigate the regulations and licensing process, help them provide a high quality program and support them through the various development stages. Information resources could include, for example:
 - The different ways in which they can support child care (e.g. direct delivery or partnerships with local providers, subsidizing cost, emergency care, flexible work arrangements, etc.).
 - Supports available to them through federal and provincial programs and tax systems.
- Employers should be encouraged to provide parent information services to help parents plan their return to work after maternity/parental leave, find and monitor child care, manage the transition back to work, etc.
- There are a number of tax deductions currently available for home-based businesses for providers of Kin Care and Neighbour Care and for parents using Nanny Care.
- Parents can reduce their source deductions to reflect the Child Care Expense Deduction by filling out the T1 form provided by their employer.

Through the consultations conducted by HRSDC in the summer of 2006, it is apparent that there is a lack of understanding among many employers of the different ways that they can support child care and how to move forward. While many recognize the importance of child care as a recruitment and retention tool, there is a reticence to get involved often due to lack of information.

A public education campaign would fill the information gap on child care as well as raise the profile of employer supported child care. This could result in increased pressure from employees as well as the general public for employers to become more involved in the delivery of child care.

Given the size of the unregulated child care sector as well as amount of care that is not receipted, it is likely that many caregivers are unaware of the tax deductions that are available to them as well as parents if they were to either become regulated or were to begin to issue receipts.

Parents can claim the CCED at the end of the year through filing income tax. For many parents, however, meeting the month to month costs of child care can be challenging. It is currently possible to request deductions at source from their employer to reflect the Child Care Expense Deduction; however, many parents as well as employers are not aware that this is possible.

9. Develop a comprehensive research strategy for collecting data related to child care, in particular parent needs, priorities and preferences and for bringing together the various data sets and research findings to help shape future child care policies.

- Data will be key to monitoring and evaluating the impact of the recommendations to ensure that programs and services are:
 - o meeting the diverse needs, preferences, and priorities of families;
 - o responding to rapidly changing work environments and labour market challenges; and,
 - o integrating the evolving body of evidence related to child development.

While there have been one-time only studies of child care use in Canada, there is no regular source of comprehensive information on child care in Canada either in terms of demand (e.g. parental use and preferences) or supply (e.g. current care available).

The issues of costs and affordability should receive special attention, possibly with a Ministerial Advisory Committee tasked to focus exclusively on the issues of cost of child care.

Address Child Care Human Resource Challenges

While human resources issues were outside the Committee’s mandate, Committee members noted that high quality child care is only achievable when the child care workforce is stable. The Committee recognizes that one of the biggest challenges in expanding and enhancing child care spaces will be related to Human Resources. The current shortage of qualified child care staff in Canada could seriously hamper efforts to expand the supply of spaces.

Key challenges include providing satisfactory and competitive salary levels, benefits, training, hours of work, and career advancement opportunities while keeping high quality child care affordable for working families.

10. Work in partnership with the Child Care Human Resources Sector Council, with other orders of government and key stakeholders to develop a comprehensive strategy for recruitment and retention.

- Special consideration should be given to providing incentives for Neighbour Care providers to become registered with a licensed agency or, in some provinces, obtain a license directly.

The Child Care Human Resources Sector Council is a non-profit organization that develops research, strategies and tools to address human resources issues in the child care sector. The Council receives funding through the federal government’s Sector Council Program. The Council has put forward a number of recommendations related to Canada’s child care workforce. What is needed at this point is a concerted effort by all orders of government and the child care community to move forward to develop shared goals and a comprehensive strategy for dealing with the child care labour shortage.

One element could include encouraging existing care providers to register or become licensed, providing support and assistance to the caregiver and comfort to the parent. Neighbour Care providers would benefit from having employment status, and access to equipment, resources materials, program ideas, and child development experts. Parents would benefit by being able to claim the Child Care Expense Deduction.

Measurement and Accountability

To measure the success of the recommendations, the Committee suggests the use of existing measurement tools where possible, and the development of clear accountability mechanisms and reporting requirements where needed. Recommended areas for measurement and evaluation include:

- The number of spaces created by the CCS Fund.
- Degree of innovation in child care space creation (reports on the CCS Investment Fund).
- Take-up by employers, parents, caregivers on tax deductions and Employment Insurance Maternity/Parental Benefits.
- Employer involvement in the provision of child care and the investment in the CCS Investment Fund.
- The availability of part-time or flexible work arrangements.

Conclusions

There is a wealth of experience in the child care sector in Canada and there are dedicated individuals and organizations providing care, as well as parents dedicated to ensuring the best possible care for their children.

What became clear in the course of our deliberations is the tremendous diversity of child care in Canada and the importance of partnerships - partnerships between governments, partnerships between employers and providers, partnerships in communities, and partnerships with families.

Key to the success of the Child Care Spaces Initiative will be the government's ability to build on this diversity, strengthen existing partnerships and support the creation of new partnerships.

Appendix I

Ministerial Advisory Committee on Child Care Spaces Initiative

Gordon Chong (*Chair*) A dentist of mixed Chinese and English descent with over 25 years experience in public life including serving as an elected official in municipal government, Dr. Chong believes firmly that education, combined with committed parental involvement is the optimal strategy for maximizing children’s socioeconomic opportunities and potential to become tomorrow’s contributing citizens. His understanding of municipal government adds richness and depth to the discussion about child care spaces development and sustainability and his leadership provides strength to the process for developing recommendations.

Bill Edwards (*Committee Member*) Architect and senior partner in the firm of Edwards Edwards McEwan Architects, President and CEO of the Edwards Family Group of Funeral Service Companies, and Founding president of the Saskatchewan Chapter of the Canadian Association of Family Enterprise. Bill has long understood the shared benefits of family friendly workplace practices and has been involved with the Work and Life Balance initiative in Saskatchewan for the past decade. Among other things Bill has provided the Committee an understanding of the challenges faced by small and medium sized businesses.

Don Giesbrecht (*Committee Member*) Executive Director of Assiniboine Children’s Centre in Winnipeg, Don provides the practitioner’s perspective and contributes his extensive knowledge of delivering community-based child care to the Committee. He is president of the Canadian Child Care Federation, Canada’s largest early learning and child care organization; a vibrant partnership of twenty-one provincial/territorial child care organizations representing over 11,500 members, including child care practitioners working in centres and family child care, academics, parents and policy makers.

Michelle Olson (*Committee Member*) President of the Home By Choice Association of Alberta, Michelle’s contribution included bringing the strong voice of parents and emphasizing the need for reliable data. Her position is that all child care choices, including parent care, must remain in the hands of parents. She advocated that Canada should “fund the child”, not any single child care system. Michelle has a degree in Education with most of her teaching experience at the early childhood level. She has been a working mom, a work-from-home mom and a stay-at-home mom.

Victoria Sopik (*Committee Member*) President, CEO and Founder, Kids + Company, Victoria is an entrepreneur and mother of eight. She brings the perspective of a child care provider specializing in innovative workplace programs. Her experience working with small, mid-size and large employers providing employer-supported child care added value to the discussions about employer involvement and the challenges of starting-up and operating child care programs across the country.

Georgina Steinsky-Schwartz (*Committee Member*) President of Imagine Canada, a national charity which promotes the vital role of nonprofit organizations in building strong Canadian communities, Georgina brought this perspective to the Committee’s deliberations, along with two other dimensions. As a former federal Deputy Minister, her experience with public policy formulation helped the Committee to reconcile differing stakeholder views and canvas a variety of options for action. More than a decade of experience as a senior human resource executive in the corporate sector, enabled her to speak authoritatively about the need for employers to address the child care concerns of their employees in an increasingly competitive labour market.

Floyd Sully (*Committee Member*) Chairman of Syscon Holdings Limited, an international software development firm focused on case management tools for correctional authorities. Floyd brought the perspective of small businesses interested in providing a child care benefit for their employees. Having recently opened Valentine Anderson Child Care at his head office in Vancouver, Floyd fully understands the complexities of child care regulations, the challenge meeting the needs of the various orders governments, the need for child care information for employers and the benefits of having high quality child care on-site. A former President of the Liberal Party of British Columbia, Floyd is currently the co-chair of the Work-Life BC Awards Committee.

Michael Weil (*Committee Member*) President and Chief Executive Officer of YMCA Canada, a federation of 50 YMCAs and 10 YMCA-YWCAs dedicated to the growth of all persons in spirit, mind, and body and in a sense of responsibility to each other and the global community. The YMCA serves 1.8 million Canadians annually, of which 650,000 are children and youth. A Director on a number of Boards and forums related to the voluntary sector, international development and community foundations, Michael, among his many contributions, brought the perspective of the largest non-profit/charitable child care provider in Canada to the Committee deliberations.

The Committee benefited from consultations with William Robson, President of the C.D. Howe Institute, and Yvan Guillemette, Policy Analyst with the C.D. Howe Institute.

Appendix II

Policy Principles

The Committee has based its recommendations on seven primary principles. These principles were a guideline for discussions and deliberations, not seen as limiting the scope or range of considerations.

I. Respect the diversity of contemporary Canadian families

- **Recognize** the need for a variety of options, flexibility, creativity and innovation to ensure the needs of all families are met.
- The Committee considered the diversity of communities; small towns; suburban areas and urban communities and the extraordinary diversity in contemporary families across Canada, including:
 - Family structure (e.g. couples, single parents including couples where one parent is away for a period of time due to work or family responsibilities); and
 - Labour force participation (e.g. single-earner; dual earner; dual career; seasonal; 24/7 operations and shift workers; extended hours; mobile workforce; private, public and voluntary sector).

II. Respect the range of parent preferences, priorities and decisions

- **Recognize** the challenges faced by contemporary Canadian families when they are looking for high quality child care services, the complexity of the decisions they have to make and the challenges of balancing work and family responsibilities.
- The Committee considered the need for multiple child care solutions to continually meet the changing need for child care as children grow, work arrangements change, and families evolve, for example:
 - Parents working full-time, part-time, temporary, flexible, casually, seasonally, and occasionally;
 - The occasional need for emergency or unexpected/unpredictable child care services;
 - The need for inclusive, responsive and supportive child care for parents of children with special needs; and,
 - The increasing presence of grandparents in the paid labour force and the changing role of grandparents in caring for grandchildren.

III. Respect the people working directly and indirectly in the child care sector and the work they do

- **Recognize** that building on what exists is more efficient and cost-effective than starting new.
 - The Committee considered evidence from a variety of sources and decades of experiences in providing and accessing child care across the country and around the world.

IV. Respect the diversity of workplaces, employers and employer-employee relationships

- **Recognize** that there is range of interest in employer involvement in child care and that needs differ across communities, industries, and sectors and that the majority of Canadians work in small or mid size businesses and Canada has a growing self-employed population.
- The Committee focused on a range of employer interest and involvement in child care.

V. Respect the importance of *high quality child care* options in the creation of new spaces and the support of existing spaces

- **Recognize** that high quality child care has a wide range of immediate and accrued social and economic benefits for children, families, employees, employers, and communities.
- The Committee focused on the need to build recommendations around high quality child care, pre-primary education and pre-school experiences, and considered the positive impact of high quality child care on a range of groups and systems.

VI. Respect multi-jurisdictional multi-stakeholders aspect of child care in Canada

- **Recognize** the significant and important roles played by each order of government and the value of partnerships and collaborations across jurisdictions.
- The Committee considered how its recommendations may impact the other orders of government and the need to consider:
 - Sustainability of spaces created, in particular, the need for operating or wage grants, fee subsidies etc.;
 - Provincial and territorial governments' priorities;
 - Provincial and territorial governments' relationship with providers and organizations; and,
 - Provincial and territorial governments' knowledge and past experience, current challenges and relationship with parents.
- The Committee also recognized the many existing collaborations and partnerships that currently exist in our communities and the need to consider ways to: facilitate, enhance and strengthen multi-stakeholder partnerships across or within the child care sector (e.g. child care providers and employers or groups of employers); licensed child care providers and non-licensed caregivers (e.g. kin, neighbours and nannies); and child care providers and schools, etc.

VII. Respect the need for measurement and accountability

- **Recognize** that there is an extensive body of evidence documenting the benefits of high quality care and the risk and consequences of poor quality care and that there is extensive experience in providing child care in a variety of settings across Canada and around the world.
- The Committee considered the need for accountability and measurement of the success of the Child Care Spaces Initiative.

Appendix III

EI Maternity and Parental Benefits Compared with the Quebec Program, 2006

| | Employment Insurance | Quebec <i>basic plan</i> | Quebec <i>special plan</i> |
|---|---|--|---|
| Eligibility | 600 hours | \$2,000 earnings | \$2,000 earnings |
| Basic replacement rate | 55 percent for 50 weeks | 70 percent for 25 weeks 55 percent for 25 weeks | 75 percent for 40 weeks |
| Low Income replacement rate | Up to 80 percent | Up to 80 percent | Up to 80 percent |
| Maximum insurable earnings | \$39,000 | \$57,000 | \$57,000 |
| Duration | 15 weeks maternity 35 weeks parental | 18 weeks maternity 32 weeks parental 5 weeks, father only* | 15 weeks maternity 25 weeks parental 3 weeks, father only |
| Coverage for self-employed workers | Not covered | Covered | Covered |
| Waiting period | 2 weeks (mothers only) | None | None |

* Note that under the Quebec plan the benefit period is 53 weeks just like under EI. As a result, the three types of benefits cannot be taken successively for a total of 55 weeks. If all weeks of benefits are used, two of the five weeks of paternity benefits have to be taken concurrently with the mother.

Appendix IV

Employer-supported Child Care Options²⁸

Range of Employer Involvement in Child Care

Direct support

Assistance with the direct provision of services – increasing accessibility, availability, and/or affordability

- On-site/near-site child care centres (full-time primary care)
- Child care subsidies (taxable benefit/flexible spending accounts)
- Backup, Seasonal, Temporary Child Care (permanent, situational, or crisis)

Indirect Support

Assistance with indirect support – finding, using, monitoring community-based or home-based care

- Informational and Referral (Employee Assistance Program, separate program or on-line)
- Flexible work arrangements (work-from-home, flex hours, self funded sabbaticals)
- Parental Networks (on-site or virtual)
- Family Care Leaves (paid or unpaid)
- Maternity/Parental Leave Flexibility (extensions, part-time return)
- Maternity/Parental Leave Top up
- Compassionate Care Leave Top Up

Employer Sponsored or Supported Child Care: Program Models

Program Models

- Centre-based or home-based
- Dedicated, consortium or community collaboration
- Costs partially or fully funded by employer

²⁸ Work-Life Harmony Enterprises

Governance Models

- Employer owned and operated
- Parent Board managed
- Contracted out to a service provider
- Community partnership

Employers must consider a range of issues before engaging in the provision or support of on-site or near-site child care including:

- Employee Equity: Ensure all employees have access to the same benefit or a comparable benefit of equal value in all locations regardless of family status, child care preference or work arrangement.
- Recognition of Diversity of Parental Choice: There is significant diversity in the types of care used by families, including non-parental care arrangements such as regulated centre-based and home-based child care or unregulated home-based child care provided by an extended family member, neighbour, or nanny. Some employees have long commutes and prefer child care close to home; not all employees want centre-based child care at the work site.
- Parent Expectations: Employees expect high quality affordable care if it is supported by the employer, often expecting additional investment to reduce operating costs or to subsidize staff salaries to reduce the fee paid by parents. Be clear in advance if you intend to offer subsidies or other benefits.
- Manager Expectations: Managers often expect that work place child care mean employees will not be absent due to child care or children's needs and can become frustrated if employees still leave the work place when a child is sick or needs supplementary care. Be clear with managers that employees may still be absent due to family responsibilities.
- Community/public profile: Employer supported/provided child care can receive a lot of media attention and the employer identified as an employer-of-choice, or modeling corporate social responsibility by investing in early learning. Be ready for high profile associated with the program.
- Recruitment and retention: Employees are often attracted to employers offering child care (conveys message of a caring, supportive work environment). Employees using an employer supported centre are less likely to leave their job since it means losing their child care.

Appendix V

Current Federal Government Programs Supporting Child Care

| Tax Measures and Income Support | |
|--|--|
| Universal Child Care Benefit | The Universal Child Care Benefit helps Canadian families balance their work and family life by supporting families' diverse child care choices through direct financial assistance. The benefit provides Canadian families with \$100 per month, and up to \$1,200 a year, for each child under the age of six and is taxable in the hands of the spouse with the lower income. Beginning with the first payment in July, approximately 2 million children and their families are benefiting from this new initiative each month. |
| National Child Benefit Initiative | The National Child Benefit Initiative is a partnership among federal, provincial and territorial governments with a First Nations component, which provides income support as well as benefits and services to low-income families with children. The NCB aims to prevent and reduce the depth of child poverty, promote attachment to the labour market by ensuring that families will always be better off as a result of working, and reduce overlap and duplication by harmonizing program objectives and benefits through simplified administration. The federal government provides income support for low-income families with children through the National Child Benefit Supplement. Provinces and territories have the flexibility to adjust social assistance or child benefit payments for families with children, while ensuring they receive at least the same level of overall income support as before the NCB was implemented. First Nations follow the approach of the relevant province or territory. Provinces, territories and First Nations reinvest these social assistance savings, as well as some of their own funds, in key benefits and services for low-income families with children, which include Child/Day Care initiatives. Total NCB reinvestments and investments by provinces and territories were an estimated \$824.4 million for 2003-04. Of this, it is estimated that provinces and territories reinvested and invested \$253.5 million in Child/Day Care. |
| First Nations National Child Benefit Reinvestment | First Nations NCB reinvestments and investments were an estimated \$53.2 million in 2003-04, and an estimated \$866,000 of those reinvestments and investments were in Child/Day Care. First Nations Child/Day Care initiatives enhance day-care facilities to enable more low-income families to access spaces. Emphasis may be placed on accommodating children of parents who are working or in training, or on reducing the amount of child-care costs. |
| Child Care Expense Deduction | The federal government also helps parents defray the cost of child care services through the Child Care Expense Deduction. Parents who incur child care expenses in order to be employed, carry on a business or pursue education, can deduct these expenses from their personal income taxes. Up to \$7,000 per year can be deducted for each child under seven and up to \$4,000 for each child seven to 16 years of age. Parents of children with severe disabilities can claim up to \$10,000 in child care expenses for their child's care. Each year, the Child Care Expense Deduction helps approximately 1.2 million families meet their child care costs. |
| Employment Insurance: Maternity and Parental Benefits | Maternity and parental benefits provide temporary income replacement for working parents of newborn or newly adopted children. These benefits are intended to support parents in balancing the demands of work and family by providing the flexibility they need to stay home during their child's first year of life. Parents have the option to use these benefits as best suits their needs. Maternity benefits are available to mothers in the 15 weeks surrounding childbirth and parents can access 35 weeks of parental benefits, for a combined total of 50 weeks. |

| Direct Delivery Programs and Services | |
|--|--|
| First Nations and Inuit Child Care Initiative | <p>The First Nations and Inuit Child Care Initiative (FNICCI) supports First Nations and Inuit communities in developing and implementing child care programs designed to address their local and regional needs. The objective of the initiative is to increase the supply of quality child care services in First Nations and Inuit communities.</p> <p>FNICCI is focused on children under age six, but children up to age 12 are eligible for after-school care.</p> |
| Aboriginal Head Start On Reserve | <p>Aboriginal Head Start On Reserve (AHSOR) is an early intervention program for First Nations children (children birth to six years of age) living on reserve, and their families. It is intended to prepare these children for their school years by meeting their emotional, social, health, nutritional and psychological needs.</p> |
| Aboriginal Head Start in Urban and Northern Communities | <p>Aboriginal Head Start in Urban and Northern Communities (AHSUNC) is a comprehensive early intervention program for First Nations, Inuit and Métis children and their families living in urban centres and large northern communities. It is primarily a pre-school program that prepares young Aboriginal children for school by meeting their spiritual, emotional, intellectual and physical needs. The number of children enrolled in AHSUNC programs in 2004–05 was 3,980.</p> |
| First Nation Child and Family Services Head Start—New Brunswick | <p>The First Nation Child and Family Services Head Start – New Brunswick program strives to maintain the strength of the family unit; assist children with physical, emotional, social and/or educational deprivation; and support and protect children from harmful environments. The program operates at 15 different sites and offers centre or home-based care for children under six as well as services for parents.</p> |
| Child/Day-care Program—Alberta | <p>The federal government has a financial and administrative agreement with the Government of Alberta through which Canada directly funds more than 800 First Nations child care spaces on reserve. The purpose is to provide early childhood development programming and learning services that are comparable to the services offered by the provincial government to people living off reserve.</p> <p>In 2005-06, there was a total of 812 child care spaces at 17 sites. As a result, 1,157 children under the age of 12 shared the available child care spaces in 2005-06.</p> |
| Child/Day-care Program—Ontario | <p>The federal government has a financial agreement with the Government of Ontario to support child care services on reserve. The purpose is to provide early childhood programming and learning services comparable to those offered by the provincial government to people living off reserve. In 2005-06, 52 First nations with 57 programs provided services for 2,951 children.</p> |
| Military Family Services Program | <p>The objective of the Military Family Services Program (MFSP) is to promote and facilitate community-based family services that strengthen Canadian Forces families and communities. The program is delivered by 41 Canadian/Military Family Resource Centres (C/MFRCs) which are third-party, independent, not-for-profit organizations. C/MFRCs are located on bases, wings and units. These Centres provide a wide variety of programs for families, including information and referral, services for children and youth, and prevention and intervention services related to deployment, including emergency child care, respite child care and casual child care.</p> |

| Research and Promotion | |
|--|--|
| Support for Early Childhood Development in Official Language Minority Communities | As part of the federal government's Action Plan for Official Languages, the government has increased its assistance to help parents pass on their language to their young children. Through the Action Plan, HRSDC will invest \$14.5 million over five years on new early childhood development initiatives in official language minority communities. This funding includes supporting research to gain a better understanding of how child care services in French influence the cultural and linguistic development of young children, and promoting linguistically and culturally relevant early childhood development programs and services in official language minority communities by enabling national francophone non-governmental organizations to support their network of local organizations. |
| Child Care Human Resources Sector Council | HRSDC provides funding for a Child Care Human Resources Sector Council (CCHRSC). The CCHRSC brings together stakeholders in the child care community who are involved in education, training, labour, advocacy and service delivery to analyze sector-wide human resource issues and propose strategies to address workforce challenges. They promote innovative human resources strategies to address long-standing problems in the sector, for example, finding ways to ensure a skilled workforce that provides high quality early childhood care and education, and ways to address the growing and serious problem of recruiting and retaining skilled workers to provide early childhood care and education to Canada's children. |
| Social Development Partnerships Program | The Social Development Partnerships Program (SDPP) is a national, centrally managed and delivered funding program that provides grants and contributions to non-profit organizations concerned with advancing the social development and inclusion of persons with disabilities, children and their families and other vulnerable or excluded populations. One of the main priority areas is early learning and child care. In this regard, funding through SDPP works to support the creation and dissemination of knowledge; foster collaborations to achieve shared goals; and to strengthen the capacity of the social non-profit sector to meet the needs of children and families. |
| National Longitudinal Survey of Children and Youth | The National Longitudinal Survey of Children and Youth (NLSCY) is a long-term study of Canadian children that tracks their development and well-being from birth to early adulthood. Nationally, it surveys more than 30,000 Canadian children every two years, approximately one third of whom are children under six. The survey collects information regarding early learning and child care that can be used by policy makers, researchers, academics, service providers, communities and the public. |
| Aboriginal Children's Survey (ACS) | The primary purpose of the ACS is to gather relevant information about factors that influence a child's social, emotional and behavioural development and will provide an accurate picture of early childhood development, including early learning and child care, as well as the well-being of Canada's young Aboriginal children. |
| Understanding the Early Years | Understanding the Early Years (UEY) is a national research initiative that helps communities to better understand the situation and specific challenges affecting their young children and families. The initiative helps communities understand how well young children are doing and what the key influences are, to enable them to make informed decisions about best practices and most appropriate programs for families with young children. It gathers information on children's outcomes and explains them in terms of family background, family processes, and community factors including data on child care. UEY is intended to improve the community's capacity to use these data in monitoring child development and creating effective community-based responses. |

Appendix VI

Women in the Paid Labour Force

Labour Force Participation: Women with children under age 6

| | Population | Participation rate | | Employment | Unemployment |
|----------------------------------|------------|--------------------|------|------------|--------------|
| | (000) | (%) | | rate | rate |
| | 2005 | 1999 | 2005 | 2005 | 2005 |
| Canada | 1,493.6 | 67.6 | 71.8 | 67.2 | 6.4 |
| Newfoundland and Labrador | 22.1 | 64.4 | 68.8 | 59.7 | 13.2 |
| Prince Edward Island | 6.0 | 81.7 | 83.3 | 76.7 | 8.0 |
| Nova Scotia | 37.7 | 67.5 | 76.4 | 71.4 | 6.6 |
| New Brunswick | 33.4 | 67.1 | 75.1 | 69.2 | 8.0 |
| Québec | 337.2 | 66.9 | 76.0 | 70.8 | 6.8 |
| Ontario | 617.1 | 68.0 | 71.9 | 67.0 | 6.8 |
| Manitoba | 55.2 | 70.5 | 68.7 | 65.8 | 4.2 |
| Saskatchewan | 47.0 | 68.4 | 70.9 | 67.2 | 5.1 |
| Alberta | 163.4 | 67.9 | 64.9 | 61.6 | 4.9 |
| British Columbia | 174.5 | 66.2 | 69.0 | 65.4 | 5.2 |

Source: Canadian Economic Observer June 2006 Feature article *From she to she: changing patterns of women in the Canadian labour force* by Francine Roy.

Appendix VII

Number of supervised day care spaces, 1992 to 2004

| | 1992 | 1995 | 1998 | 2001 | 2004 | % of change from 1992 to 2004 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| Newfoundland and Labrador | 3,568 | 4,202 | 4,275 | 4,226 | 4,921 | 37.9 |
| Prince Edward Island | 4,123 | 3,888 | 3,717 | 4,270 | 4,100 | -0.6 |
| Nova Scotia | 10,826 | 10,645 | 11,163 | 11,464 | 12,759 | 17.9 |
| New Brunswick | 7,162 | 7,952 | 9,204 | 11,086 | 11,897 | 66.1 |
| Québec | 78,388 | 111,452 | 175,002 | 234,905 | 321,732 | 310.4 |
| Ontario | 145,545 | 147,853 | 167,090 | 173,135 | 206,743 | 42.0 |
| Manitoba | 18,977 | 18,846 | 20,490 | 23,022 | 25,634 | 35.1 |
| Saskatchewan | 6,418 | 7,266 | 7,124 | 7,166 | 7,910 | 23.2 |
| Alberta | 51,656 | 51,088 | 47,033 | 47,693 | 47,959 | -7.2 |
| British Columbia | 42,927 | 59,794 | 68,978 | 72,949 | 80,230 | 86.9 |
| Canada | 371,573 | 425,332 | 516,734 | 593,430 | 745,254 | 100.6 |

Source: Childcare Resource and Research Unit, Early Childhood in Canada 2003/04.

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