

# More moms in work force, increased GDP as result of national \$10-a-day child-care program, report says

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Boosting female labour-force participation was one of the main goals of the national \$10-a-day child-care program.

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The national \$10-a-day child-care program took an important step toward a more stable future on Friday with the federal government announcing \$5.4-billion in additional funding over the next two years.

A new report released Monday by the Centre for the Study of Living Standards, a non-profit organization based in Ottawa, examines the economic impact the plan has had in the five years since it was created, including the gains in labour-force participation among mothers of young children and increases to Canada's GDP.

Some child-care operators and advocates say these gains are proof that there is a persuasive economic case for government investment, but more funding over a longer time period will be needed for the system to grow.

“It reinforces the need for continued investment,” Peter Dinsdale, CEO of YMCA Canada, said of the report, commissioned by the Y, the largest provider of not-for-profit licensed child care in Canada.

### **Five years into \$10-a-day national child-care plan, many of its promises remain unfulfilled**

By comparing mothers with children under the age of six with a range of other groups – including mothers of children six to 12 years old, fathers with children six and under and mothers of children six and under in Quebec, where a low-fee child-care system has existed for decades – the study concludes that 29,000 mothers have gained employment between 2021 and the end of 2025 thanks to the national child-care deal.

The result of those jobs gained has been a direct GDP increase of \$2.7-billion a year, according to the study.

The federal government announced plans for the Canada-Wide Early Learning and Child Care agreement in 2021. It pledged more than \$30-billion to create 250,000 new spaces and reduce fees to an average of \$10 a day by the end of March, 2026.

Boosting female labour-force participation was one of the main goals of the program.

As the five-year agreements that all provinces and territories signed with the federal government came to a close this March, fees had yet to come down to \$10 a day in some parts of the country, although they have been cut considerably. For example, in Ontario fees are now capped at \$22 a day, and Alberta has established a cap of \$15 per day. The reduction in fees has meant that families using centre-based care are saving an average of \$2,400 a year, according to the report.

And while more spaces have been added, the number is well below the original target of 250,000. The most recent estimates put the total number of spaces created over the past five years at below 200,000.

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Expansion is being hampered by a shortage of early childhood educators, said Ali Shariati, a senior economist at the Centre for the Study of Living Standards who authored the report. Without more early childhood educators, new spaces will lie dormant, and the potentially huge economic returns will go unrealized, Mr. Shariati said.

Currently, there are approximately 332,000 families that have reported delaying working or returning to the labour market because of difficulties finding child care, he said. If even half of those families were able to find child care and return to work, that would result in an annual GDP gain of approximately \$15.6-billion, Mr. Shariati said.

“The share of parents that report difficulty finding child care, that’s been up across all jurisdictions,” he said.

Many child-care centres are operating below capacity because they cannot find staff, said Morna Ballantyne, executive director of Child Care Now, a national advocacy organization. “Issues of compensation are still a major problem,” she said. Access to pension plans, collective bargaining through union membership and paid sick leave are also factors that may increase interest in the profession, she said.

“It is going to be extremely difficult to expand a system without a much larger work force,” she said.

That is only one of the problems CWELCC is currently facing. All the territories and many provinces have signed five-year extensions of the deal. But Ontario and Alberta only signed one-year extensions through to the end of March, 2027.

Until last week, the federal government had not added any new money over and above the Trudeau government’s commitments to the deal, leaving many child-care advocates worried for the plan’s long-term future.

The new study is essentially an effort to convince the Carney government that child-care is worth paying for, said Gordon Cleveland, an emeritus associate professor of economics at the University of Toronto Scarborough who studies child care. “It’s a letter to Carney saying, ‘Come on, we need a commitment and we need more money to come forward or else this thing is going to sink,’” he said.

Friday’s announcement is certainly welcome news, but a longer commitment would help give many operators more confidence to plan into the future, Mr. Dinsdale said.

But the announcement will help put many operators at ease for now, Prof. Cleveland said. “This is finally a very clear commitment which says, ‘Okay, we’re planning for this thing to continue.’”

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