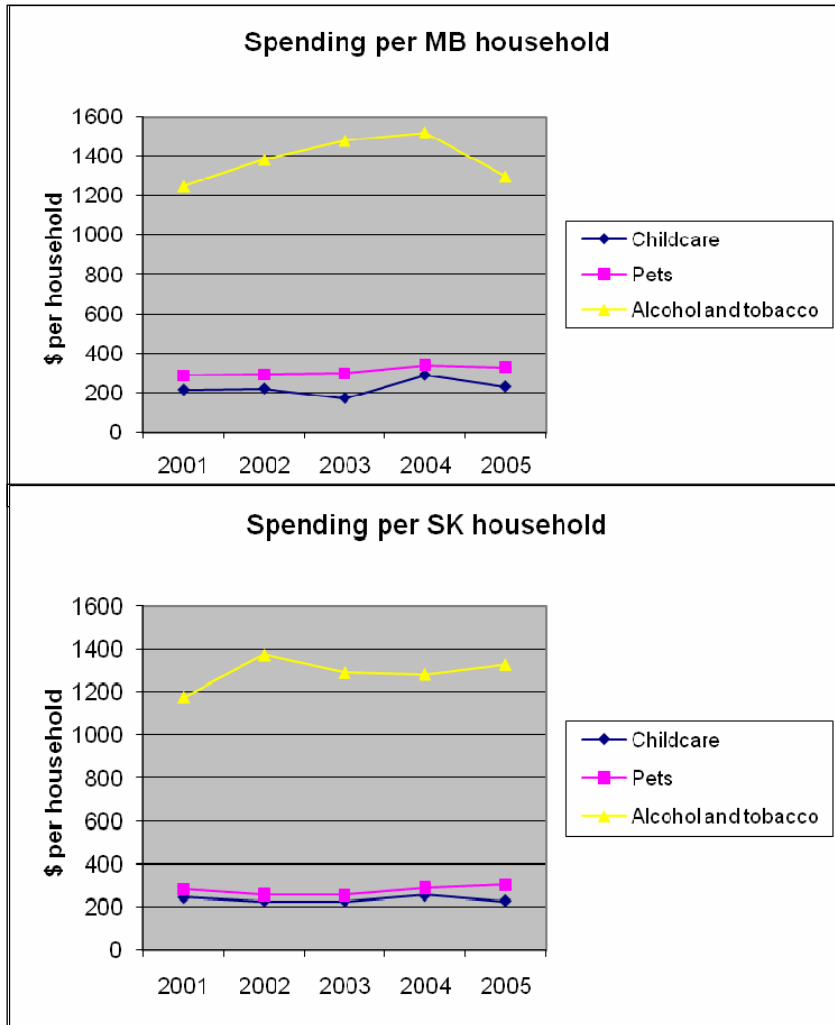


Prairie Spending Patterns Show No Evidence of Child-Care "Crisis"



Advocates of larger subsidies for child care and of government provision of infrastructure for that purpose frame the debate in the language of "crisis." But the data on spending patterns demonstrates that, in Saskatchewan and Manitoba at least, the "crisis" does not exist.

Analysis

Childcare funding was a major issue in the last federal election. Many heralded Québec's subsidized \$7-a-day daycare scheme as the ideal system. But why should families who choose to keep children stay at home with a parent, and thereby sacrifice a second income, have to pay with tax dollars the daycare costs for other families? Many who need childcare prefer alternatives to institutional care, such as full- or part-time childcare with a neighbour or relative, or a nanny in their own home.

Childcare costs hit single parents, who are overwhelmingly women, especially hard. They often face an impossible choice: not working in order to care for their children, while relying on welfare, or working at a job that barely pays the daycare bills, and provides little beyond that. In cases like these, a targeted, means-tested subsidy that enables struggling families to gain a degree of financial stability makes sense.

But most current subsidies are anything but targeted. Québec's plan caps daycare costs at \$7 across the board, for single teen mothers and

wealthy yuppies alike, a sheer waste of resources. The federal government's new \$1,200-a-year subsidy, while progressive in part because it's considered taxable income, suffers from a similar lack of focus. Let's shift the help to those who need it. Governments would spend less money in total and more where it would do the most good. The effects would be positive for all households and the commercial sector needing the new workers more targeted help would create.

Childcare costs must be kept in perspective. In Manitoba and Saskatchewan, the average household spends slightly less for that purpose than they do on house pets, and less than a quarter of what they spend on alcohol and tobacco. Those spending choices clearly indicate that people are not experiencing any sort of crisis in childcare.

Conclusion

Help should be provided for families who need childcare but can't afford it. A sensible policy would take into account the fact that most households can easily finance their needs. To raise everyone's taxes, including those who don't use childcare at all, in order to make daycare cheaper for those who don't need subsidies, is both wasteful and inefficient.

SOURCE: Statistics Canada, <http://www.statcan.ca/bsolc/english/bsolc?catno=62-202-X>