

# POLICY SERIES



## Little Crèche on the Prairies

Evaluating child care policies in Manitoba,  
Saskatchewan and Alberta

By Peter Shawn Taylor



### About the Author

**Peter Shawn Taylor** is currently Editor at Large of *Maclean's* magazine. He earned a Master's degree in Economics from the University of Alberta in 1989; and was senior analyst for the Alberta Liberal Caucus in the early 1990s under Liberal Leader Laurence Decore. Since then he has worked extensively in journalism. He has been a staff member of *Alberta Report*, *Canadian Business* and the *National Post*, where he was a founding member of the editorial board in 1998, as well as *Maclean's*. In addition, he has written widely for publications including *Reader's Digest*, *Saturday Night*, *Equinox*, *Prospect*, *MoneySense*, *Canadian Geographic*, *The Globe and Mail*, *Vancouver Sun* and *National Post Business*. He has given presentations and is a frequent media commentator on public policy issues including daycare, family taxation and poverty.



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## Executive Summary

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- Child care policy remains a key federal and provincial issue, with many advocacy groups demanding greater access to subsidized spaces in provincially-regulated centres.
- Across the Prairies, there is a wide diversity in child care policies and coverage. In particular, the treatment of for-profit child care centres varies considerably.
- Manitoba provides coverage near the national rate. However, it actively discourages for-profit daycare by denying new centres access to provincial grants. This has led to complaints that the child care sector is slow to respond to increased demand.
- Saskatchewan has the lowest level of child care coverage in Canada. This is because the province has virtually eliminated its for-profit sector via official policies and unofficial practices that deny government child care funding to entrepreneurial centres.
- Alberta has a flourishing daycare sector with strong participation by both for-profit and non-profit centres. It has a long tradition of equal treatment of both ownership models. Alberta also boasts the widest variety of options for parents.
- Considering recent population changes across the three Prairie provinces, Alberta has been best able to respond to increased demand for regulated child care.
- Comparisons of the efficiency of government subsidies in creating new regulated child care spaces reveal that Alberta is twice as efficient as Manitoba and three-times as efficient as Saskatchewan in meeting new demand.
- Quality concerns regarding for-profit centres are largely misplaced and/or the product of discriminatory funding practices. Both for-profit and non-profit centres face identical licensing requirements. And where non-profit and for-profit centres have equal access to government funding, there is little debate over quality differences.
- Lobby group angst regarding a “Big Box Child Care Invasion” of Canada by ABC Child Care Ltd. is entirely unfounded. The Australian company collapsed in late 2008 following the US sub-prime mortgage melt-down and no longer exists in its former state. Focus on this issue distracts from the important contributions made in this country by Canadian entrepreneurial child care operators.

# Introduction

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The issue of child care is never far from the news, or from social policy discussions. A major federal role in child care was a key issue in the 2006 and 2008 federal elections. In each case voters were presented with a distinct choice between national daycare programs as planned by the Liberals and NDP or direct payments to families as promoted by the Conservatives.

Significantly, the 2006 election result led to the dismantling of a \$5-billion five-year national daycare strategy and the introduction of the Universal Child Care Benefit, which provides a monthly \$100 payment for every child under the age of six in Canada. This outcome suggests a revealed preference among Canadian voters for greater choice in child care.

However, it remains the case that many parents still require or desire centre-based care. And numerous lobby groups advocate for increased federal and provincial expenditures on child care on the grounds that there is a shortage of regulated spaces in the country. Given this argument, what is the best way to provide parents with greater access to licensed child care spaces? And what role should governments and markets play in meeting this need?

Canada boasts a wide variety of experience in the provision of child care. As child care is predominately a provincial responsibility, there is a range of policies from the large, publicly-funded mandate of Quebec's heavily-subsidized \$7-per-day program to

predominately private systems in the Atlantic provinces. One key variable in child care policy across the country is the treatment of for-profit daycare centres. Nationwide, for-profit centres comprise 20 percent of total capacity; some provinces have a majority commercial provision while others have virtually none.

Differences in for-profit child care coverage across provinces are typically the product of different government policies with respect to child care subsidies. Some provinces discriminate against the commercial sector by denying or limiting access to such subsidies. Others provide equal access.

The arguments made against for-profit daycare vary. It is variously claimed that commercial organizations are undeserving of government subsidies, that they provide poor quality child care services or that it is simply unethical to permit profit-making organizations to look after children.

It is a frequent demand of many vocal lobby groups — and in particular public sector unions — that federal and provincial daycare money be spent exclusively on non-profit, unionized daycare programs.

This backgrounder examines the diverse experience of the three Prairie provinces with respect to child care coverage, quality and the debate between for-profit and non-profit daycares. It provides evidence on what works and what doesn't, both for parents and taxpayers.

# The Prairie Experience

## MANITOBA

Manitoba has made child care a priority area for social policy. Between 1992 and 2007 the provincial budget for child care doubled from \$42 million to \$85 million. There has also been strong growth in the number of spaces in the province: from 19,000 spaces in 1992 to 26,000 spaces in 2007.<sup>1</sup>

While the province has made greater access to regulated child care a policy concern, it has also established a distinctive ideological agenda that favours non-profit operators.

All non-profit child care centres in the province are eligible for operating grants that can be worth \$8,300 per year per

space depending on the age category. For-profit centres cannot apply for these funds, and only for-profit centres established before 1991 can receive certain fee supports.<sup>2</sup> For-profit centres are also ineligible for transportation subsidies, start-up grants and grants for children with disabilities.

This policy creates a significant disincentive for any potential new for-profit daycare operator. Not surprisingly, the percentage of for-profit daycares has fallen from 13 percent in 1998 to five percent today. If this policy continues, it seems inevitable the for-profit component of Manitoba's child care sector will continue to shrink; and eventually disappear.<sup>3</sup>

### How to open ten new daycares in Manitoba

For Paul Feldvari, the term for-profit daycare is something of a misnomer. "I consider myself to be a private day-care operator," he says. "But there's no profit in it."

Feldvari runs one of the few commercial child care centres in Manitoba. And while government policy has deliberately made life difficult for entrepreneurs such as Feldvari, he provides a valuable service for Winnipeg parents and their children. In fact, his effort often outshines his non-profit competition.

Feldvari's 53-space Double Trouble Daycare in Winnipeg's Seven Oaks neighbourhood has been operating since 2001. While he can accept children receiving monthly child care subsidies, he is ineligible to receive a

wide variety of other subsidies and grants the government makes available to non-profit centres.

A provincial operating grant program provides up to \$8,300 per space per year to non-profit centres. Feldvari can't even apply. And while children in after-school care at neighbouring non-profit centres receive free bus transportation from school, Feldvari's parents have to pay extra for this privilege.

This funding inequity means Feldvari earns less than most administrators working in non-profit daycares. "Most of what I make I roll back into the operation," he says. Feldvari relies on an art studio he owns to help pay his bills; the daycare is a labour of love. Such an attitude seems entirely at

Despite the fact Manitoba's child care provision is close to the national average (see Table 1, next section), the Child Care Coalition of Manitoba has claimed there is a 15,000-name waiting list for child care spaces in Winnipeg alone.<sup>4</sup> Media coverage has often focused on the length of time required to establish non-profit co-operative daycares and the lack of coverage in rural areas.<sup>5/6</sup> These problems have led to allegations of bribery and bullying as parents attempt to secure limited spaces at existing daycares.<sup>7</sup>

Experience in other provinces and countries has shown that entrepreneurial daycare operators tend to be quicker to open daycares and more likely to offer service in

rural or other under-served markets. Such a response is impossible in Manitoba, as new for-profit daycares are denied access to provincial grants.

The Manitoba government has promised to create 6,500 new daycare spaces between 2008 and 2013 under its Family Choices strategy announced in April 2008.<sup>8</sup> This increase will have to come exclusively from the non-profit sector as there has been no change in policy towards for-profit centres.

odds with the myth of the for-profit daycare owner as a cold, unfeeling number-cruncher.

"The purpose of this daycare is to provide a service – quality daycare," he says. "And there is a huge need in Manitoba for it."

As the owner/operator, Feldvari enjoys the freedom to make a difference in the lives of the families attending his centre. He explains how he accepted an autistic girl into his centre after she was removed from a non-profit centre. "I fought for a year to get special provincial funding for her," he says. "And until I did, I paid for the extra help out of my own pocket." He has taken in other children with behavioural problems who were refused a place in non-profit centres as well. "Why should my children be treated any differently?" Feldvari asks with noticeable outrage.

"It is a very, very frustrating situation." He says he's planning a human rights commission complaint to highlight the unfair treatment of children in his program based solely on his for-profit status.

Given that Feldvari has proven he can fill niches ignored by non-profits – and at a lower cost to taxpayers – he figures the solution to the lack of child care spaces in Manitoba lies in a greater role for the private sector.

"If I had access to all the available government funding, I'd open 10 daycares within two years," he says boldly. "As a private centre I can provide as good or better care than the non-profits and with better accessibility." So why won't the Manitoba government let Paul Feldvari help solve the daycare problem?



***Official policy and unofficial practice with respect to commercial day-care centres in Saskatchewan has virtually eliminated any private sector participation in the provincial daycare sector.***

## SASKATCHEWAN

Saskatchewan has the lowest level of centre-based child care spaces in Canada, providing for only eight percent of all children aged 0-5 (see Table 1, next section).<sup>9</sup> This significant deviation from national coverage levels may reflect a greater preference for alternative child care arrangements in Saskatchewan, such as at-home parental care, or it may reflect policy decisions taken by previous provincial governments to promote an ideological agenda.

Like Manitoba, Saskatchewan has an existing policy environment hostile to the for-profit daycare sector. For-profit operators were not eligible to apply for a daycare license in Saskatchewan until the 1990s.<sup>10</sup> And the Saskatchewan Child Care Act currently forbids any corporation from owning more than one daycare, preventing the creation of daycare chains.<sup>11</sup> Non-profit operations, such as the YMCA, face no such restrictions and operate multiple sites.

Additional regulatory hurdles work to discourage the creation of a viable private sector daycare industry in Saskatchewan. The Ministry of Education oversees the licensing of daycares while the Ministry of Social Services administers the subsidy spots. This unusual split in responsibility between departments multiplies the burden of red tape.

Finally, while for-profit centres may receive a license in Saskatchewan, it is bureaucratic practice to deny parents attending such centres access to any child care subsidies. This means that, unlike in other provinces, no parents with children attending a for-profit centre in Saskatchewan can receive payments from Social Services designated for child care assistance. This practice, which was established during the NDP years and has continued under the current Saskatchewan Party government, is not codified in legislation.

Taken together, official policy and unofficial practice with respect to commercial day-care centres in Saskatchewan has virtual eliminated any private sector participation in the provincial daycare sector. Currently there is only one for-profit daycare centre in the entire province with 22 spaces and it does not receive provincial subsidies. (See sidebar.)

In the 2009/10 Budget, the government of Premier Brad Wall promised to create 1,000 new child care spaces.<sup>12</sup> Given the status quo regarding for-profit centres, it appears the private sector will have little or no role in meeting this goal.



## Daycare operators not welcome in Saskatchewan

In his province's most recent budget, Saskatchewan Premier Brad Wall promised to create 1,000 new daycare spaces. With this ambitious goal in mind, Hind Rami looks like just the sort of person the premier should be welcoming with open arms. So why does Rami think she made a big mistake opening a new daycare in Saskatchewan last year?

Two years ago, Rami moved with her family from Vancouver to Indian Head, Saskatchewan, 70 kilometres east of Regina on Highway 1. After working for six years in daycares in Vancouver, her plan was to open her own centre in under-served Saskatchewan. "This is what I love to do," says Rami, who has a PhD in pharmacy.

When she arrived in Saskatchewan, Rami was stunned to discover the provincial government actively discourages entrepreneurial daycare. "I was very surprised to learn they won't give subsidies to any parents who use my centre just because I am not a non-profit daycare," says Rami. "It was not like that in Vancouver."

Nonetheless, Rami persisted with her dream of having her own child care centre. In October 2008 she opened the doors to Little Castle Bilingual Daycare with 22 spaces. It didn't take her long to fill it up. After all, she's running the only licensed child care centre in Indian Head. The nearest licensed — non-profit — centre is 45 kilometres away in Fort Qu'Appelle.

Now, less than a year after opening, Rami's services have proven to be so popular that she's planning an expansion, possibly adding another 15 spots. Her waiting list alone should guarantee the new spaces are filled the moment it's complete.

Yet despite all her efforts to bring quality, licensed child care to Indian Head, she continues to face hostility from a government that seems determined to ignore her contributions. Rami and the parents who use her services are still denied the numerous grants and subsidies provided to every other licensed child care in the province. And provincial licensing inspectors repeatedly suggest she convert to non-profit status. "I think they're waiting for me to get tired of them and say yes," she says wearily.

This kind of official animosity has Rami questioning her own persistence in running a daycare in Saskatchewan. "I ask myself all the time, 'am I in the right province?'" she wonders. "And I think about leaving. But for now, I am here."

If Rami does eventually leave, taking her daycare spaces with her, Indian Head will once again find itself without licensed child care. And parents will again have to drive 45 km to access a licensed centre. It will be another unfortunate reminder of how provincial policy has put ideology — ideology apparently left over from a previous government — ahead of practicality. It is a policy that's making life more difficult for the families of Saskatchewan.

## ALBERTA

Alberta's child care policy differs from its Prairie neighbours in many significant ways. In particular, it does not discourage the participation of the for-profit daycare sector. This commitment to equality stretches back many years. Between 1980 and 1983 the province engaged in a lengthy dispute with Ottawa over a Canada Assistance Plan requirement that federal CAP money could only be spent on non-profit daycares. This led Alberta to establish its own provincial daycare funding program that provided subsidies to non-profit and for-profit centres on an equal basis, rather than relying on tied federal money.<sup>13</sup>

Recent government policies have solidified this long-standing commitment to parental choice and diversity within the child care sector. Alberta provides subsidies without ideological bias to both for-profit and non-profit centres. It also funds a wide variety of alternative child care options — including the Kin Child Care Funding Program, which provides funds for parents to pay close relatives in certain situations. Recent additions to child care policy in Alberta include the Space Creation Innovation Fund, online worker certification, increases in wage supplements and subsidies and the creation of a new category of licensed home child care in which two caregivers can look after up to 10 children in their residence.<sup>14</sup> There has also been a large increase in the provincial child care budget over the past three years. Alberta is the only Prairie province to have a majority of for-profit daycares.<sup>15</sup>

Survey evidence suggests Alberta families have the lowest level of preference for institutional child care in the country, with more Alberta mothers opting to stay at home with their children.<sup>16</sup>



**Alberta provides subsidies without ideological bias to both for-profit and non-profit centres. It also funds a wide variety of alternative child care options...**

Perhaps because of this, Alberta is slightly below the national average with regulated spaces for 17 percent of all children aged 0-5 (see Table 1, next section). Nonetheless, the population boom in Alberta has led to a provincial policy objective to create more child care spaces.

Recently Alberta instituted the country's first accreditation program for child care.<sup>17</sup> This policy establishes subsidies and other benefits for centres and family day homes that meet advanced standards for child care services. This policy puts the focus on quality, rather than ownership or management status of a particular daycare centre.

The Alberta government has promised to support the creation of 14,000 additional child care spaces between 2008 and 2011.<sup>18</sup> After just one year, the province is already half way to its target — with approximately 6,500 new spaces funded or established.<sup>19</sup>

## Alberta's wide-open (daycare) spaces

When Kevin and Sue Preece decided to open their own daycare in scenic Canmore, Alberta last year, they had a decision to make. Should they run it as a non-profit or for-profit operation?

Regardless of ownership status, the couple knew they were committed to providing quality child care in the under-serviced Bow Valley region. With her background in Early Childhood Education and years of experience as a daycare director, Sue Preece was familiar with all that was required. "We had the option of going either way," she recalls. "But my past experience convinced me for-profit was the way to go. As owner, I want to be the one accountable to parents."

Dragonfly Daycare is one of Alberta's newest and most picturesque child care facilities. Open since April 2008, it looks after an average of 50 children per day, with room for more as the need arises. Sue handles the day-to-day operations while Kevin, a former pastor, covers the administration. The Rocky Mountains provide the backdrop.

The centre owes its current size and location to the Alberta government's Making Spaces for Children initiative, which provides a grant of \$1,500 per new licensed daycare spot. The entrepreneurial Preeces used this program to convert a former private school into a modern daycare in the Grotto Mountain Village area of Canmore. Without the funding, Preece figures her operation would be less than half its current size, and suffering from a lengthy waiting list.

Preece has also benefited from a variety of grants and subsidies provided by the province to recruit staff and improve quality. "The incentives for getting people back into the field have been a huge thing," she admits "Getting trained staff is a definite difficulty." A key factor in ensuring these programs translate quickly into new spaces, she says, is that they're available to all licensed centres regardless of ownership type, unlike the situation in other Prairie provinces.

"For-profit and non-profit, we are both doing the same thing," Preece observes. "Some people assume non-profit centres are government run, but that is incorrect." In fact, the only real difference is that non-profit centres must put a board of directors, rather than an owner, in charge.

"We didn't want a board second-guessing all our decisions," says Preece, speaking from experience. "I want to be the one who is responsible to parents. The buck stops with me." For-profit status ensures the Preeces can move quickly to meet new demand or deal with issues that arise. To ensure parents have a voice, Preece created a parental focus group.

"We are happy to be running a service for the families in our community. And we know the need is here," says Preece.

# Child Care Issues

## COVERAGE

The diversity of policy choices across the Prairie provinces provides an interesting basis for comparing the ability of governments to deliver child care spaces. Saskatchewan's long-standing policy of denying subsidies to for-profit daycare operators appears to have resulted in a severe under-provision of child care spaces in the province as shown in Table 1.

Both Manitoba and Alberta are near the national average in terms of child care coverage, with Manitoba providing slightly better coverage. This suggests hostility towards the private sector may not necessarily lead to an under-provision

of child care. However, a reliance on entirely non-profit daycare provision limits competition in the daycare market, reduces parental choice and appears to slow the opening of new daycares. As the next section will show, it also increases costs.

It is also necessary to consider child care coverage statistics within the context of demographic change. As Table 2 shows, Alberta was able to maintain coverage rates near the national average while experiencing strong population growth in the crucial 0-5 year old group. Both Manitoba and Saskatchewan experienced significant declines in the population of their 0-5 year olds over this time, as did the country as a whole.

**Table 1: Child care coverage for children age 0-5, 2007**

	Children age 0-5	Centre-based child care spaces for children 0-5	Centre-based child care coverage: spaces per 100 children
Manitoba	85,268	15,697	18.4
Saskatchewan	72,371	5,613	7.8
Alberta	258,612	44,171	17.0
Canada	2,084,643	398,197	19.1*

Source: Statistics Canada Cansim database, Childcare Resource and Research Unit, 2007.

\*Excluding Quebec, national child care coverage is 17.5 percent

**Table 2: Population change in children 0-5 years old, 1997-2007**

	1997	2007	Percentage Change
Manitoba	96,437	85,431	-11%
Saskatchewan	85,268	72,371	-15%
Alberta	239,216	258,612	+8%
Canada	2,327,312	2,107,611	-2%

Source: Statistics Canada Cansim database

**Table 3: Efficiency of provincial tax dollars in child care, 2007/2008**

	Provincial spending on child care grants and subsidies	Regulated child care spaces, age 0-12	Regulated child care spaces per \$1,000 in provincial spending
Manitoba	\$ 84,618,800	26,375	0.31
Saskatchewan	\$ 48,711,000	8,850	0.18
Alberta	\$ 116,073,000	71,177	0.61
Canada*	\$ 2,644,140,000	811,262	0.31

Source: Departmental annual reports 2007/2008, Childcare Resource and Research Unit, 2007.

\* National figures from 2005/06 data.

**Table 4: Efficiency of provincial tax dollars in child care and percentage of for-profit spaces, 2007/2008**

	Regulated child care spaces per \$1,000 in provincial spending	For-profit child care spaces as a percentage of total regulated child care spaces
Manitoba	0.31	5%
Saskatchewan	0.18	0.04%
Alberta	0.61	53%
Canada	0.31	20%

Source: Table 3, and Childcare Resource and Research Unit, 2007.

Alberta had to create a substantial number of new spaces in its child care sector simply to keep pace with its population growth. The province's record of continued child care space expansion suggests its mixed model that includes both for-profit and non-profit centres is a crucial factor in this regard.

## EFFICIENCY

One way to measure the impact of reduced competition in the child care field is to examine the efficiency of government subsidies in creating new, regulated daycare spaces. It is axiomatic in public finance that government subsidization of a particular activity encourages more of it

to occur. So how effective are government subsidies in boosting the number of spaces in Prairie provinces?

One way to measure the efficiency of government subsidies is to examine the number of spaces created for every \$1,000 in government funding. This global funding figure includes both facility/capital money as well as operating subsidies. From Table 3, it can be seen that Alberta is three times as efficient in creating regulated child care spaces as Saskatchewan and twice as efficient as Manitoba. This efficiency gap is likely attributable to Alberta's greater preference for the private sector and the competition this creates.

As can be seen in Table 4, there appears to be a strong relationship between efficiency

and the size of the private sector.

In particular, Alberta has the greatest level of participation by the for-profit sector and is also marked by a robust record on space creation and efficiency.

Opening up subsidies to the for-profit sector appears to reduce government expenditures on a per space basis while maintaining quality through regulation. This meets the needs of parents as well as taxpayers.

## QUALITY

One frequent argument mustered to support discrimination against for-profit daycares, as is the case in Manitoba and Saskatchewan, is that non-profit child care is of higher quality.<sup>20</sup> If this is the case, then the lower efficiency of non-profit daycare may be counterbalanced by better quality.

Evidence on child care quality is difficult to discern. All provinces regulate the child care sector to establish base-level quality indicators with respect to staffing, space and other criteria. In every province, the regulations facing for-profit and non-profit centres are identical. Inspections are used to verify that these quality standards are being met. Failure to meet these standards can result in punitive measures, including license revocation. On this basis, we would expect the quality of for-profit and non-profit centres to be identical.

Other measures of child care quality are based on standards separate from provincial regulations. Some academic-based quality measures consider labour inputs such as staffing qualifications and remuneration, capital inputs such as facilities as well as subjective estimates of the interaction between child and caregiver.

These are obviously imperfect measures of the true quality of child care services – the performance and/or contentedness of the child and parent.

With this in mind, some measures of quality claim to reveal a noticeable difference between non-profit and for-profit quality indicators.<sup>21/22</sup> However, given the reduced resources offered to for-profit centres via discriminatory subsidy policies, this should not come as a surprise. If quality is being measured by the size of employee wages, then it is reasonable to expect a non-profit centre receiving a government wage subsidy will be perceived to deliver higher quality care than a for-profit centre that does not.

In provinces that provide access to government funding equally to non-profit and for-profit, such as Alberta, New Brunswick and British Columbia, there is little statistical evidence of a difference in quality between sectors.<sup>23/\*</sup> And in countries without a history of discriminating between non-profit and for-profit child cares – US, Britain, and Australia for example – the issue of quality differences is strikingly absent.

In the US, the largest and most authoritative national study on quality in daycares found a difference between for-profit and non-profit centres in only one state (North Carolina). The 1995 “Cost, Quality and Child Outcomes in Child Care Centers” study found quality tended to vary within sectors rather than between the private and non-profit sectors.<sup>24</sup>

A 2007 update of this study found that for children under 24 months, there was typically no difference in quality indicators between for-profit and non-profit centres.<sup>25</sup> This report noted that many non-profit

\* Despite the aggressive conclusions of Doherty, Friendly and Forer (2002), the actual evidence from this report shows that quality differences are statistically insignificant in seven of eight categories. See pages 20, 21.

centres refused to take infants because of the extra effort involved and parents thus had to rely on for-profit centres for care. For older age groups, non-profit independent centres scored higher in some categories. Church-based non-profit and independent for-profit centres were found to be of equal quality.

The argument that for-profit daycares deliberately provide lower quality care is also unusual given experience in other fields. There is a large body of research comparing non-profit and for-profit hospitals in the US with no conclusive evidence that either approach is consistently higher in quality.<sup>26</sup> With respect to the debate regarding public versus private schools, the perception is typically that private schools are of higher quality and lead to an elitist education for a privileged few. This argument has been entirely reversed with respect to child care.

Finally, it should be noted that in a competitive child care environment with a mix of providers, parents are free to make their own choices about which centre they prefer. Most parents have little interest in the ownership details of a daycare. They are more interested in the tangible qualities of the centre, such as a friendly and competent staff, high quality facilities, cleanliness, convenience and their child's contentment.

And yet many advocates of exclusively non-profit child care provision believe parents are incapable of making intelligent decisions about their own child's care.<sup>27</sup> The allocation of subsidies exclusively to non-profit child care centres is a reflection of this belief.

## LOBBYING CAMPAIGNS

Support for non-profit daycare is particularly strong among unions that seek to represent workers in this industry. Among the unions active in promoting a national, non-profit daycare industry are: National Union of Public and General Employees, Canadian Union of Public Employees, Canadian Auto Workers, Canadian Union of Postal Workers and the United Steelworkers of America.

These unions, along with other advocacy groups, have expended considerable effort in recent years to block Australian child care chain ABC Learning Centres Ltd. from opening daycares in Canada. This includes online lobbying campaigns as well as proposed legislation by NDP politicians at the provincial and federal levels.<sup>28/29/30</sup> A preoccupation with ABC led some municipalities to declare moratoriums on subsidies to any new private sector daycare operators.<sup>31</sup>

While such a campaign can only have the result of limiting choice for parents, it is also unnecessary. Exposure to the US sub-prime mortgage market precipitated the financial collapse of ABC in the fall of 2008.<sup>32</sup> There is no looming 'Australian invasion' to worry about. Besides, anti-foreigner paranoia of this sort prevents us from learning about successes and failures in other countries.

***In a competitive child care environment with a mix of providers, parents are free to make their own choices about which centre they prefer.***

## CONCLUSION

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Parents and daycare advocacy groups across the country complain frequently of a shortage of child care spaces. Yet the way governments respond to these demands varies significantly.

Manitoba and Saskatchewan have chosen to discourage for-profit child care centres in order to create a dominant non-profit sector. While such a policy may satisfy ideological goals, it appears to result in higher costs for taxpayers, less choice for parents and an increase in the time required to establish new centres. The impact of this policy on the quality of child care is uncertain. What is certain is that it results in fewer available daycare spaces.

In contrast, Alberta has permitted equal access to government subsidies by both for-profit and non-profit centres. This has resulted in a more efficient use of taxpayer subsidies and a broader range of child care options for parents. While Alberta is not immune to complaints of unmet demand for

child care spaces, it appears to be quicker to respond to demands for new spaces with a variety of different options.

Prairie experience suggests the best way to meet parental demands for greater access to child care spaces is to treat the for-profit daycare sector in an equitable and fair manner with the goal of creating a more efficient and responsive daycare sector.

The most equitable method of achieving this policy goal would be to convert all child care funding programs into a single means-tested parental voucher system. Creating a funding model in which all subsidies flow through parents would allow for better allocation of scarce resources to families that need child care assistance, and permit parents to make their own decisions on which child care centre best meets their need.



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