



Gender Budgeting and Child Care

Current State in Canada

In 2006, instead of developing a national child care strategy, the federal government introduced the Universal Child Care Benefit for individual families with children under the age of six, amounting to a taxable \$1200 a year. This amount does not reflect the reality of the enormous cost of child care, nor does it create any new spaces for children that are currently on waiting lists.

A lack of affordable, high quality child care prevents many women from finding full-time, well-paying work. The current budget is a startling disappointment, when one considers Canada's great wealth, with a current GDP of 1.181 trillion dollars; the Conservatives still cut 1 billion dollars from Canada's fledgling child care program. Current federal spending for child care amounts to less than 0.1% of the GDP. In contrast, the European Union suggests that European governments should spend 1% of the GDP on child care/early childhood learning, which they recognize as valuable for all children.

Current Response

In 2007, the federal budget included a \$250 million tax credit for employers and organizations who wish to develop 125 000 child care spaces. However, this credit only covers capital costs, and zero funds have been allocated for operating costs. This funding replaces the \$3.6 billion in federal expenditures that will not be spent through the Early Learning and Child Care agreements from the previous government, which would have provided early learning supports for parents, created child care spaces, funded subsidies and undertaken any other early childhood learning initiatives.

Current fiscal policy also neglects to look for ways that the Employment Insurance program can coincide with existing child care availability, as care for children under 18 months is harder to find. The government refused to expand EI maternity/parental leave so more parents qualify and are enabled to spend more time with their infants. Despite a surplus in the EI account, there has been no effort to raise the benefit rate from 55% of earnings, so that low income workers can stay at home if they so choose.

The Child Tax Credit is available to everyone with children and is not subject to income-testing, yet it fails to provide anything for those with non-taxable incomes, and with incomes of below \$30 000 (because again the tax liability, i.e the amount of taxes owing, for a family at

this income level is quite low). Single parents, who are mostly women, who have incomes at or near the poverty line will see no benefit from this credit. The tax credit's maximum values will be up to \$310/per child. As the credit will be granted to all families that pay federal income tax, even those in the highest incomes, it comes at a very high cost to the government. By comparison, the amount to be spent on this credit is almost three times the amount to be spent on the Working Tax Income Benefit intended specifically for low income earners

Child Care Situation Abroad

Norway

- Child allowance (pr. Month up to 18 years of age) and Cash Benefit Scheme (pr.month pr.child between 1 and 3 years of age; if the family doesn't use a public supported kindergarten)
- Full coverage of places in early child care/kindergartens, the goal is to have full coverage from 1 to 6 years of age to a maximum price all families can afford, by 2008 (very close today)
- Good systems for public Child Services; to secure the children if families have problems
- A national maximum price scheme for participation in day-care programmes has been adopted and is being introduced gradually. As of Jan. 1 2006, the price of enrolment in an ordinary day-care institution is not to exceed NOK 2,230 per month (approx \$390 CAD)
- At the end of 2005, approx 76% of all children aged 1-5 were enrolled in day-care programmes. It is a government objective to provide day-care programmes for all parents seeking enrolment for their children by the year 2007

Sweden

- Legislation in the Education Act obliges local authorities to provide child care for children aged 1-12 to the extent required in order for parents to work or study
- Law also specifies high standards of quality care in order to satisfy the needs of the child
- Child care is financed partly by central government grants and partly by tax revenue and parental fees
- Maximum parental fees: no more than one to three percent of the family's income, depending on how many children they have
- Amount may not exceed 1,140 (\$168 CAD) kronor per month for the first child, 760 (111 CAD) kronor for the second, and 380 (58) kronor for the third
- Universal free pre-schooling for all four and five year olds, amounting to 525 hours per year, children will be allowed to participate on a voluntary basis

Australia

30 % child care tax rebate, up to \$4, 000 per child, in order to allow families to effectively participate in the workplace. This initiative will provide additional child care assistance to around 640, 000 families.

The Government will provide \$1.1 billion over four years to increase the Family Tax Benefit Part A lower income threshold from \$33,361 to \$37,500 from 1 July 2006. This will assist lower income families, particularly those returning to work, by increasing the amount of earnings they can have before their family assistance is affected.