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#### CHILDCARE NOT FOR PROFIT

Today we are releasing the New Democrat dissent to the recommendation of the Select Committee on Health regarding the commercialization of childcare.

We are dissenting because the Liberal and Conservative members of the committee have refused to break ranks with their friends in business and call for no public funding of for-profit childcare services.

We believe that the refusal of the Liberals and Conservatives to opt clearly for non-profit over commercial childcare services is not only short-sighted, it is an approach that creates a myriad of inequalities and administrative burdens. It also indicates the government's abandonment of its commitment to non-profit childcare. That's bad news for working families.

Two years ago, as a condition of our support for a minority government, we got a government commitment that childcare would be treated and funded as a public service, rather than as a welfare service. We also insisted on a Select Committee to investigate and provide policy recommendations on the commercialization of health and social services.

Childcare is now on the government's agenda and the government has committed itself to the notion of direct funding of childcare services. And in the Select Committee we have won significant recommendations, such as:

- a major increase in capital funding to expand the non-profit sector;
- unannounced and more frequent inspections and posting of inspection reports;

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- posting of minimum requirements and a written contract between care providers and parents.

The government promises that future expansion of childcare services will occur in the non-profit sector, and yet it wants to give new and increased public funds to commercial operators. We think it's time for the government to get off the fence and come clean with working families.

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Pursuant to Standing Order 110(c) Mr. Johnston and Mr. Cooke express a dissenting opinion from the recommendation of the Select Committee on Health regarding the commercialization of childcare.

Ontario is facing a critical choice in the development of childcare policy and services. For the first time in the history of childcare in this province, the Ontario government has committed itself to direct funding of childcare services.

This could represent a significant departure from current policy, wherein funding is restricted to subsidizing families in need and development of services is left to the marketplace. Direct funding could make a huge difference for working families in Ontario who desperately need quality, dependable childcare that they can afford. But just how big a difference it will actually make depends on how the government proceeds.

Organizations and individuals concerned about childcare have been telling governments for years that the only way to overcome the central problems in providing childcare services - availability, affordability, quality and the low wages paid to staff - is to fund childcare as a public service, like education or healthcare. New Democrats have been the only consistent voice in the legislature calling for this solution.

Childcare is now on the agenda of both the federal and provincial governments. While the Ontario government has stated its intention to provide direct operating grants to childcare centres, it wants to give the money not just to non-profit services, but to commercial enterprises as well.

Despite almost unanimous opposition to this plan by the witnesses who appeared before the Select Committee on Health, the Committee's majority report recommends that direct grants be made available to the existing for-profit sector in the childcare system.

New Democrats fundamentally disagree with the government's approach and with this recommendation of the majority report. In our view, profit-making has no place in the care of young children. The goals of the private, commercial sector do not serve the goal of quality, affordable childcare for working families.

This is not an issue of ideology or an issue of limited or passing significance. The steps that are taken today with respect to childcare will have a profound impact on

the lives of families for generations to come. New Democrats are fighting for childcare that is comprehensive, high quality, publicly supported, consistently delivered and available and affordable for all who wish it.

Childcare services have always been underfunded in this province because the bulk of the funding has come from parent fees. The government's plan would divert scarce public funds to commercial operators at a time when the not-for-profit sector, which offers superior quality care, should be expanded to meet the need.

#### Profits vs. Care

Commercially-operated childcare centres are no different from other businesses: they are in business to make money. The Association of Day Care Operators of Ontario spelled this out themselves in a 1982 brief to the Ontario government:

"In addition to providing a quality service, the commercial sector pride themselves in being a part of the free-enterprise system and strive to earn taxable profits which benefit the economy at large."

When tight budgets are strained by the additional requirement to make a profit, then something has to go. It does. Wages of staff and quality of service are sacrificed.

Evidence that the commercial sector provides care that is generally inferior to that provided by public and non-profit agencies is overwhelming. This has been the conclusion of studies done in Canada and the United States. While there are some good individual commercial operators, the sector as a whole provides poorer quality care. No matter what the criterion is, whether it is staff salaries, child/staff ratios, parental involvement, or attention to nutrition or programming, the commercial sector's performance is worse than that of the not-for-profit sector.

A recent study commissioned by the federal Committee on Child Care concluded that "in general, non-profit care is likely to be higher in quality than for-profit care, and this superiority seems to hold up on virtually all measures..."

This was also the message from the parents, childcare workers and their representatives who appeared before the Committee.

Witnesses told of abuses of staff/child ratios when commercial operators refused to hire substitute staff to replace staff on vacation or sick leave. Program

supplies in some centres are so low that staff bring in their own toys and materials to provide activities for children. Food in some centres is so inadequate that children's nutritional needs are not being met.

Staff in commercial centres are paid about 30% less than those in voluntary non-profit programs and about 50% less than staff in municipally-operated centres. This results in high staff turnover, which in turn, lowers the quality of care.

### Accountability and Parental Involvement

Accountability to parents and communities for funds and programming is fundamental. Parents and taxpayers have a bottom-line concern that quality of service be assured. And parental involvement in programming is a key determinant of quality of care.

But the commercial sector has made it clear that it does not want to be held accountable for funds or programming.

When the Association of Day Care Operators was asked at the Select Committee hearings to comment on a proposal requiring the submission and posting of annual profit-and-loss statements, its President, Jeff Smith replied:

"As far as posting them publicly, quite frankly, I do not feel that that is the public's right to know how a centre is operated."

The Select Committee also learned that commercially-operated centres usually have little parental involvement, whether through a formal mechanism, such as an advisory board or even informally, through regular parent/teacher meetings. The commercial sector also has a history of lobbying against improvements to the minimum standards that programs must meet.

### The Wrong Way

The majority on the Committee and the government are both ignoring a growing consensus on the issue of funding commercial childcare services. The submissions received by the Select Committee were, with the exception of commercial operators, unanimously in favour of restricting direct funding to not-for-profit services. In a November, 1986 survey commissioned by the Ontario government, three-quarters of the respondents said that non-profit childcare centres should be given more favourable treatment by the government than commercial centres. And more than three-quarters of the participants in the hearings across Canada held by the parliamentary Committee on Child Care argued against public support of commercial centres.

The Committee's majority recommendation and the government's plan simply does not make sense. Instead of solving problems, it creates a myriad of inequities and administrative burdens.

The government says that it wants to give direct grants to non-profit centres and to existing commercial centres. It claims that half of the existing spaces are in the commercial sector and that it would not be fair to limit public funding to non-profit centres. For these reasons, it has said that only existing commercial centres would get public funding and that new commercial centres would not be eligible. It has also said that public funding of commercial centres would be phased out eventually.

The government and the majority on the Committee are ignoring the fact that an inequitable situation already exists. Commercial centres already have the choice and the opportunity to pay better wages and provide better care. They don't because they choose to make a profit. The government has also over-estimated the number of commercial spaces. Evidence presented to the Select Committee indicates that the government has over-stated the size of the commercial sector by about 20%.

The government's plan would increase, rather than decrease, the differences between the two sectors. It would actually create three tiers of care: non-profit centres that get public funding, commercial centres that get public funding and new commercial centres that don't get public funding. It will be only a matter of time before new commercial centres insist that they too, should get public funding. What about existing commercial centres who want to expand? And how will the government phase out public funding of the commercial sector? If the government isn't willing to say "no" to the commercial operators now, will it ever?

While the government has indicated that it would consider incentives for the commercial sector to convert to non-profit status, where is the incentive if commercial operators are to be rewarded with subsidized profits? Surely it makes more sense to make the direct grant itself the incentive, payable on condition of conversion to non-profit status.

The government has also indicated that the grant to commercial operators will be tied to salaries and/or fees, that it will be the same amount received by non-profit centres and that commercial operators will have to be accountable in some way for funding received.

But if public funding is tied to salaries it will only perpetuate the wage gap that presently exists between the two sectors, because the amount received by the two sectors will be the same. The government has not

indicated what it intends to do with employers in the commercial sector who may refuse to negotiate a wage increase with their workers because they already received one from the government. Nor has it explained what will happen to these workers' wages when public funding is phased out.

We welcome the government's suggestion that commercial operators may have to open their books to public scrutiny to ensure accountability for the funds received. But given this government's reluctance to require posting of inspection reports, let alone financial statements, we say only that we will believe it when we see it.

We can't help but wonder why the government would take an approach that would require such an enormous increase in bureaucracy to ensure compliance when the non-profit sector offers such a clear alternative in terms of accountability and quality of care.

#### The Better Way

New Democrats believe that the government should abandon its foolish plan. More money should be spent on childcare, but only for non-profit services.

We have proposed that the government commit at least \$8.00 per day, per child in direct funding. This represents about a third of the cost of care and would go a long way towards improving staff salaries and stabilizing fees to parents.

We also believe that the government should vastly increase its capital funding for childcare services. The government spent less than \$3 million in 1985/86 in this area.

Commercial centres also should be offered conditional grants and consultative assistance to encourage them to convert to non-profit status.