

VIEWPOINTS OPINION

New Report Exposes Flaws in Federal Child-Care Scheme



Children play at a daycare centre in Stouffville, Ont., May 2, 2025. The Canadian Press/Nathan Denette

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Commentary

A report on the progress of the federal government's child-care program has recently been published by the Childcare Resource and Research Unit (CRRU). The CRRU's mandate includes "work to bring about a universal, publicly funded, high quality, inclusive and public/not-for-profit early learning and child care system in Canada."

The federal child-care program was marketed to families as “\$10-a-day child care,” but is officially known as the Canada-Wide Early Learning and Child Care program, or CWELCC. The data shared in the [CRRU’s report](#) points to the program’s failure to deliver on its promises, despite costing taxpayers tens of billions of dollars and nearing the end of its initial five-year funding period.

Titled “Interim Space Statistics 2024—Early Childhood Education and Care in Canada,” the report points out that Ontario is the only Canadian jurisdiction in which municipalities “administer public funding, play a planning role, develop local initiatives, and manage expansion.” It also notes that in Ontario, the percentage of children 5 years and under for whom a licensed centre space was available was only about 3 percent higher in 2024 than it was in 2019. This is after Ontario received [an estimated \\$4.8 billion](#) in CWELCC funding from 2022 to 2024.

According to the report, access for Ontario children in the targeted age group was sitting at about 24 percent in 2024. For public policy purposes, 60 percent is often considered “universal” access, meaning that every child whose family is inclined to use a licensed centre space has one. So, barring any major demographic changes, if CWELCC space creation continues at its current rate, it will take over 30 years before the program provides “universal” access to licensed centre-based care for Ontario children under the age of 5.

In terms of space creation, Ontario’s performance is on par with Newfoundland and Labrador, Nova Scotia, Manitoba, and Nunavut, and just slightly behind that of Quebec and Saskatchewan. Given the very different child-care systems that existed in these jurisdictions prior to the introduction of the federal program, the report’s findings would tend to indicate that it is the federal program that is under-performing, not any individual province or territory. The issue is that the CWELCC has sidelined most new investment in licensed child care by private sector entities—both commercial and not-for-profit.

The Canada–Ontario funding agreement signed in early 2022 froze child care fees for centres that enrolled in the program, but didn’t take into account that many of them had deliberately kept their fees low when pandemic lockdowns put many parents out of work. This left roughly a third

of Ontario's licensed centres in a loss position until the end of 2024 when the funding formula was amended. For some centres, the new funding formula has offered some relief. For others, it has had a destabilizing effect. In either circumstance, the CWELCC's implementation has made expansion far less likely.

The Canada–Ontario funding agreement also limits the participation of commercial centres enrolled in the CWELCC to a maximum of 30 percent of the total. This means that in many Ontario communities, there are licensed child-care spaces available and hundreds of children stuck on waitlists, but the province can't use the federal funding to help make these spaces affordable to the families who need them. The Ontario government has been raising this issue with the federal government for roughly a year to no avail.

Ontario is unlikely to see this issue addressed if it prematurely renews or extends its CWELCC agreement with the federal government for another five years, as some provinces have already done. For many Ontario families, a renewal or extension without the requested reform would be a double whammy when it comes to affordability. They'll wind up paying higher taxes to fund a national child care program that they can't access, as well as higher fees for child care as fewer new centres open, even outside of the federal program.

Some lobby groups are calling for the forthcoming federal budget to double down on the current, deeply flawed "national child care system" by pumping more taxpayer dollars into its expansion. Most have ties to organized labour. They have long envisioned replacing Canada's existing inventory of private sector licensed centres—both commercial and not-for-profit—with a universal public-sector child care system, similar to what exists with public schools or hospitals.

Some of these groups used the financial disaster of the COVID pandemic as an opportunity to push for this transition. In December of 2020, with financial support from Employment and Social Development Canada, the CRRU [published a paper](#) titled "Moving From Private To Public Processes To Create Child Care In Canada." The paper included an examination of the key levers the government of Norway used to usher in its publicly funded child-care system. It seems fair to say that the paper may even have served

as a blueprint of sorts for the transition to Canada's current child-care situation.

In hindsight, the federal government should have asked many more questions before committing tens of billions of taxpayer dollars to orchestrating a major transition in the nation's existing child care infrastructure. An obvious one would have been whether Norway's experience with child care was even relevant, given that Canada's geographical area is roughly 30 times the size of Norway's and Canada's population is about seven times larger.

Most importantly, Canadian families and child-care operators should have been asked what they felt was working or not working about the provincial and territorial child care systems that were already in place. Instead, the Trudeau government went ahead and marketed the proposed transition under the guise of "\$10-a-day child care" and began signing provincial and territorial funding agreements just ahead of the 2021 federal election.

The data presented in the CRRU's latest report points to the need to revisit Canada's pandemic-era child-care policy. It's time to acknowledge that the transition to a universal \$10-a-day child care system, if it is possible at all, will take decades to complete and continue to leave most of the children whose parents voted for it out in the cold. Canadian families need a new, more practical and inclusive approach to child-care space creation—and they need it now.

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