



Ten-Dollar Delay

**How Canada's Child Care Program Locked Provinces In
and Left Most Families Out**

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About Cardus Family

Cardus Family conducts, compiles, and disseminates research on family and marriage and their strengthening impact on civil society. We envision public policy and social institutions that support flexibility for families to make the best decisions for their children.

Key Points

- This report summarizes the findings of the multi-year Cardus project, *Child Care Funding Update*, which examined the implementation of the Canada-Wide Early Learning and Child Care Agreements over their first three years, from 2021–22 to 2023–24.
- The Agreements focused on four priorities: affordability, access, inclusion, and quality. We observed the following outcomes for each priority:
 - Substantial progress was made toward lowering the fees parents pay for licensed child care within the Program, though not all provinces met the \$10-a-day average.
 - The national target to create 250,000 new spaces by March 2026 is at risk.
 - Provinces and territories made uneven progress toward inclusivity targets over the first three years of the Agreement.
 - Quality targets largely focused on growing the child care workforce, but the long-term impact will not be determined until future years.
- Observations from the first three years of implementation provide lessons for policy-makers, child care providers, and families:
 - **Provinces and territories have a “golden handcuff” problem.** Provincial governments are now dependent on federal funding to sustain the child care sector.
 - **Governments have knowledge deficits.** The federal and provincial/territorial governments entered Agreements without understanding the true cost and complexity of implementation.
 - **The long-term effectiveness of workforce strategies remains unknown.** Workforce shortages existed in many parts of the country prior to the Agreements and remain a substantial challenge.
 - **The federal government’s approach toward for-profit providers is a disservice to all.** The federal government wavers between an ideological commitment to a public system and its practical need to work with all licensed child care providers, resulting in an inconsistent funding approach toward the sector.
 - **Poor transparency and lack of accountability plague the Program.** Despite commitments to transparency, the federal government and many regional governments have not adequately informed the public on the implementation of the Program.
 - **The Program does not serve the majority of Canadian families.** Estimates of the number of children who benefit from the Program are wide-ranging, but only a minority of children under age six benefit from the over \$30-billion Program.

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Introduction

In 2021, the federal government announced a multi-billion-dollar allocation of funds for a Canada-Wide Early Learning and Child Care Program (CWELCC, or “\$10-a-day child care”), to be created in partnership with the provinces and territories. Cardus undertook an extensive examination of the government’s plan at that time, and our resulting report raised serious concerns about the feasibility of the Program and how well it would meet the needs of Canadian families.¹ Since 2021, Cardus has produced a series of reports that summarize commitments, expenditures, and progress made in each province or territory in Program years one through three.²

The federal-provincial Agreements expire at the end of March 2026, and nearly all provinces and territories have renewed the Agreements to 2030–31 (Alberta and Ontario signed one-year extensions). Despite the substantial amount of data that Employment and Social Development Canada has collected so far, the federal government has not yet issued a detailed report to Canadians on the Program’s success or lack thereof. This Cardus report seeks to fill that gap by offering to policymakers, child care operators, and families a summary of the available data on this question, along with our observations based on those data.

Background

Canada’s *Budget 2021* had a strong emphasis on economic recovery after the pandemic, with particular focus on increasing women’s labour force participation and the GDP.³ The budget included a \$27 billion commitment to establish a \$10-a-day child care program within five years. Combined with additional federal funding, including funding for Indigenous child care, a total of \$30 billion was committed in years one through five, with a projected annual cost of at least \$9.2 billion in year five and later. The federal funding was over and above the provincial and territorial funding for child care. Annual child care expenditures in provinces and territories prior to signing the Agreements ranged from \$7 million in Yukon to over \$2 billion in Ontario.

The federal government entered negotiations with each province and territory (negotiating a unique asymmetrical Agreement with Quebec, which had a program already) to jointly determine the funding and goals. Under the Agreements, each jurisdiction other than Quebec created an action plan focused on four priorities: affordability, access, inclusion, and quality, which appear in the *Multilateral Early Learning and Child Care Framework* (2017).⁴ The specific priorities were to lower the cost of licensed child care for parents, increase access to licensed child care, create more inclusive options, and increase child care quality. For each of the four priorities,

- 1 Mrozek, Mitchell, and Dijkema, “Look Before You Leap.” Complete citations are provided for all sources at the end of this report.
- 2 The first three years are fiscal years 2021–22, 2022–23, and 2023–24. The reports are available at <https://www.cardus.ca/research/child-care-funding-update/>. Cardus used open-source data and information acquired by Access to Information requests, which included annual reports and audited financial statements.
- 3 Government of Canada, *Budget 2021*.
- 4 Employment and Social Development Canada, *Multilateral Early Learning*.

the action plan identified targets to be achieved, timelines, and how the federal funding would be spent.

The targets common to most jurisdictions are a 50 percent reduction in the average parent fee by the end of 2022 and an average fee of \$10 a day by March 2026. The Program also targeted the creation of 250,000 net new licensed spaces for children under age six nationwide by March 2026, resulting in an estimated child care space coverage rate of 59 percent of the Canadian population of children under age six. Each province and territory negotiated with the federal government the number of net new spaces to be targeted. The federal government prioritized the creation of new spaces among non-profit and public providers, who they argue provide higher quality care. Yet the federal government permitted some jurisdictions to use federal space creation funding toward a limited number of for-profit spaces. The compromise reveals the tension between the federal government's ideological position and the need to increase child care capacity.

Progress

This section summarizes the progress made in years one through three on each of the four priorities: affordability, access, inclusion, and quality. The section covers all provinces and territories except for Nunavut, Newfoundland and Labrador—both for data-accessibility reasons—and Quebec, which was not required to submit an action plan to the federal government.⁵

Affordability

Fee reductions for licensed care in the Program have been the most successful aspect of the federal initiative. Nearly all jurisdictions achieved the 50 percent reduction by the December 2022 target date.⁶ Five of the jurisdictions we studied have reached the \$10-a-day average ahead of the 2026 target.⁷

The provinces that have successfully reached \$10 a day ahead of 2026 have smaller populations than those yet to meet the target. Manitoba is the most populous province in our study to achieve a \$10 a day average, but it entered the Agreement with the second-lowest fees in the country, after Quebec. Yukon was already moving toward a universal child care system before signing the Agreement in 2021. The territory reduced the average fee from \$37.62 a day in

5 Unless otherwise footnoted, all facts and data reported in this section come from our jurisdiction-specific reports and the sources cited in them, available at <https://www.cardus.ca/research/child-care-funding-update/>.

6 Manitoba fell just short of the 50 percent reduction target, reducing fees by 40 percent by December 2022 to an average of \$12.69 per day. Prince Edward Island reached an average fee of \$20 a day by December 2022, but not its target of \$15 a day. Northwest Territories reported that it met its December 2022 fee-reduction target but used January 2022 as the baseline year instead of 2019 as stated in the Agreement. Furthermore, the territory used a different methodology to calculate average fees in year two compared to year one, which obscures the significance in fee reductions achieved during these two years.

7 Prince Edward Island, Manitoba, Saskatchewan, Northwest Territories, and Yukon reached \$10 a day or less. Newfoundland and Nunavut, which were not included in our study, also reached the \$10 a day target.

March 2021 to just \$4.45 a day by March 2022. Despite this initial success, the average fee increased to \$7.19 by March 2023.

While many parents no doubt welcomed the fee decreases, the benefit appears to have been unequally distributed to middle- and upper-income families in at least three provinces we studied. Other researchers studying the impact of the \$10 a Day ChildCareBC program on low-income single mothers in British Columbia struggled to identify participants for their study. These researchers concluded that spaces were not targeted to at-risk families.⁸ Survey work in BC suggests that families at the lower income scale have greater difficulty accessing licensed child care in the province.⁹ In Ontario, the Office of the Auditor General found that the portion of “typically low-income” families with children in licensed care decreased by 31 percent compared to 2019.¹⁰ Alberta ended a subsidy that provided low-cost or no-cost care to low-income families when the province instituted a \$15-per-day flat rate. Low-income families who previously received reduced or no-fee care saw their fees *increase* under the \$15-a-day plan. Families earning over \$180,000, who were ineligible for the subsidy, received a significant fee reduction under the \$15-a-day flat rate.

Access

Funding in this priority area has been applied mostly to creating new spaces and, to a lesser degree, converting unlicensed home-based child care spaces into licensed spaces. Although for-profit providers are eligible for Program operational (but not capital) funding in most jurisdictions, the Agreements exclude for-profit providers from receiving space-creation funding, with the exception of Alberta, Ontario, New Brunswick, and Prince Edward Island, where limited expansion of for-profit spaces with Program funding is permitted.¹¹

Not surprisingly, the rapid fee reduction has increased demand.¹² While the number of net new spaces has increased across the country, the progress is well short of the targets set for the first three years of the Agreement in most jurisdictions. The federal Office of the Auditor General reported that by the end of year three (fiscal year 2023–24), just over 112,000 net new spaces

8 Skrypnek, “B.C.’s \$10-a-Day.

9 Canseco, “What Do British Columbians Think About \$10aDay Child Care?” (Tables).

10 Office of the Auditor General of Ontario, *Performance Audit*, 4. The performance audit identifies “typically low-income families” as those eligible for the Child-Care Fee Subsidy. Eligibility for the subsidy is based on several factors such as annual income and number of children. Eligible families include those receiving Ontario Disability Support or Ontario Works. Annual income thresholds include families with an annual household income of \$20,000 or less for the full subsidy. Families with an annual household income of less than \$70,000 may be eligible for a partial subsidy.

11 For example, space-creation funding can include capital funding for new or expanded facilities, start-up grants, and expenses related to new equipment for indoor and outdoor play.

12 Statistics Canada surveys parents who are not using care about waitlist use. Survey data collected by the agency suggests the number of children on waitlists has generally increased over the span of the Program Agreements. Statistics Canada, *The Daily—Child Care Arrangements, 2025*, chart 2. Among parents using care, those who report having difficulty finding care has increased from 36.4 percent in 2019 to 49.7 percent in 2025. Statistics Canada, Table 42-10-0001-01, *Difficulty for Parents and Guardians in Finding a Child Care Arrangement, Children Aged 0 to 5 Years*.

had been created and that the five-year target of 250,000 net new spaces was at risk of going unmet.¹³ The federal government's own estimate, updated in September 2025, was that 122,788 spaces had been created under the Program by March 2024.¹⁴

The provinces and territories cited inflation, supply-chain issues, staffing shortages, and regulatory issues as challenges contributing to below-target space-creation numbers.

The reported space-creation numbers should be viewed with caution. Cardus found several instances in which unclear or over-broad criteria inflated the purported impact of Program funding on space creation:

- Yukon recorded that it exceeded its space-creation targets by year two, but it included in its count spaces for children ages six to twelve (Program funding can be used only for children under age six). Over the first two years of the program, Yukon experienced a net growth of 276 for-profit spaces (which were ineligible to receive space-creation funding) compared to a net growth of 35 non-profit spaces (which include spaces for children ages 6 to 12 that were ineligible for Program funding). The territory also experienced a net loss of 27 Family Day Home spaces.
- British Columbia revised its manner of counting new spaces in year three; it revised numbers from previous years to include spaces created in for-profit providers (which were ineligible to receive the space-creation funding), inflating the number of net new Program spaces created. The difference between the number of Program spaces reported in years one and two, and the revised numbers of spaces for those years reported in year three, resulted in an increase from 4,264 spaces to 10,000 spaces.
- Saskatchewan, in year three, counted toward the number of new spaces nearly 7,000 pre-existing pre-K program, Early Learning Intensive Support program, and Children Communicating, Connecting and in Community program spaces. If the pre-existing spaces are subtracted, the number of net new spaces created in year three declines from 11,048 to 4,306.

The net increase in spaces was not always linear from year to year. After an initial increase after its Agreement took effect in November 2021, Northwest Territories experienced a decline in the number of spaces by the end of March 2023. Nova Scotia reported a net gain of 845 spaces from year one to year two, well below the two-year target of 4,000. And even though the number of spaces increased, the number of child care centres in the province declined during this period, from 334 to 312.

Increased demand contributed to growing waitlists. The waitlist in Prince Edward Island more than doubled, from 762 waiting children in year one to 1,736 waiting children in year two. The portion of facilities with waitlists in British Columbia increased from 77 percent in year one to 82 percent in year three. New Brunswick established a centralized waitlist that reached about 3,300 children by December 2023.

13 Office of the Auditor General of Canada, *Canada-Wide Early Learning and Child Care System*, iii.

14 Employment and Social Development Canada, "Progress and Impact," table 1.

Several jurisdictions, such as Saskatchewan and Ontario, reported that providers were frequently unable to operate at full capacity, often because of staff shortages. For example, staffing challenges among rural providers in Saskatchewan were further exacerbated by Program wage enhancements. Many rural providers had been offering competitive wages to entice workers to rural areas. With the introduction of the wage enhancement, workers not in rural areas could earn higher wages without having to consider a move or a long commute.

In Ontario, the Auditor General found that 27 percent of Program spaces were not in operation or were empty in 2023. In fact, 43 percent of centres in Ontario were operating below 80 percent capacity that year.¹⁵ Non-operational and empty spaces are the result of staffing shortages and children transitioning in and out of care.

Inclusion

The objective of the inclusion targets is to increase service for children from diverse populations, including children from linguistic and racial minority communities, children from low-income communities, and children with diverse learning and care needs. Progress toward inclusion varied during the Program's first three years. Of the initiatives relating to inclusion, expansion of existing inclusion programs made the most progress. Funding was frequently allocated to hiring staff or consultants, or was bundled into grants to child care providers. The impact of some initiatives was difficult to determine. Some targets identified a specific number of children to be served, but jurisdictions often failed to provide specific counts, or provided counts that included children older than the Program age range. In general, however, it appears that most jurisdictions made at least some progress.

Despite this progress, the jurisdictions generally underspent the funds allocated to inclusion, and in years one and two several jurisdictions deferred specific funding allocations to later years. Deferrals in Yukon and Northwest Territories created a chain reaction of delays, since later intended actions were predicated on earlier actions being completed on the original timeline.

Many provinces directed funding toward cooperative planning with Indigenous communities, though reported progress was often slower than anticipated.

Quality

The quality targets under the Agreements are largely focused on workforce development. Other federal-provincial agreements also focus on the workforce and thus overlap with the Agreements. As a result, British Columbia, Northwest Territories, and New Brunswick did not allocate any Agreement funding toward quality targets in the first year.

Nearly all jurisdictions improved wages for workers, establishing wage floors or wage grids, or offering wage enhancements through Program funding. Some jurisdictions provided one-time retention grants. One of the motivations for increasing Early Childhood Educator (ECE) compensation was to reduce the portion of ECEs who leave the sector after only a few years. New Brunswick cited better compensation as the reason that staff turnover declined in that province, from 36 percent in March 2022 to 24 percent by March 2023.

15 Office of the Auditor General of Ontario, *Performance Audit*, 25.

Longer-term workforce strategies included increasing funding to post-secondary institutions, to increase the number of seats in ECE training programs, and funding for student scholarships and bursaries. The effect of these initiatives will likely not be fully known until future years, when the beneficiaries of these policies are eligible to enter the workforce.

Ontario reported an increase in the overall number of workers but a decrease in the portion of certified ECEs (that is, the growth of uncertified workers outpaced the growth of certified ECEs).

ECEs were better compensated than they had been before the Agreements were implemented. While some measures, such as one-time retention grants, were a short-term strategy, the effectiveness of increased funding to post-secondary institutions and student bursaries will be better evaluated in years to come.

Lessons Learned

The first three years of the Agreements provide valuable lessons for policymakers, child care providers, and families. These lessons are particularly relevant as new Agreements come into effect on April 1, 2026.

Provinces and Territories Have a “Golden Handcuff” Problem

The Program is a historic shift in child care policy in Canada. While the provinces and territories have long received federal child care funding, these governments have now become dependent on substantial federal transfers to maintain their child care sectors. Beholden to federal objectives, the provinces/territories have reduced capacity to respond to local or emerging needs.

These governments are now handcuffed to the federal government, while routinely stating that funding is insufficient. For example, Ontario reported in a mid-term Program evaluation that if the terms of the current Agreement were to continue into 2026–27, the province would face a \$1.95 billion shortfall.¹⁶ The dependence on large federal transfers has put the provinces/territories in a weak bargaining position with the federal government.

The reduction in autonomy means that despite the influx in federal funding, the provincial/territorial governments struggle to effectively leverage funds despite annual increases in federal funding. Eight provinces amended their Agreements to increase the percentage of unspent funding that could be carried over from year to year. Four of these provinces sought a second amendment. Many of the carry-over amounts exceeded 50 percent of the annual federal funding.

British Columbia and Ontario strategically carried over large portions of funding during the early years of their Agreements in anticipation of increasing expenditures in the later years. We estimate that with carry-over funding and the annual federal allocation, British Columbia entered year three with \$1.1 billion in federal funding and spent \$768.6 million. Similarly, we estimate that Ontario had \$4 billion in federal funding as it entered year four.

16 Government of Canada, Government of Ontario, *Canada-Ontario Canada-Wide Early Learning and Child Care Program Review*.

The growing expenditures will become an increasing liability for both levels of government. Governments will likely face difficult decisions, as services and benefits for an aging population compete for funding in a country with a fertility rate that reached a record low of 1.25 children per woman in 2024 and shows no signs of recovering.¹⁷ The increasing expenditures and insufficient publicly available data on whether the Program delivers value for Canadian families call into question its long-term sustainability.

Governments Have Knowledge Deficits

While the provinces and territories welcomed the substantial injection of federal funding, evidence suggests they were ill prepared to implement the federal vision. The Program's implementation exposed significant gaps in government understanding of costs and operational realities. Governments struggled to enact effective funding formulas and cost-control frameworks, in some instances causing significant disruptions in the child care sector. This increased control over the operational aspects of the sector exposed governments' knowledge deficits.

Perhaps nowhere was this more apparent than in Nova Scotia. Although nearly 60 percent of the child care sector was for-profit in 2021, the province committed to rapidly converting the sector into a publicly managed system under a central organization. An early initiative to determine the true cost of the provision of child care atrophied as the province encountered data gaps. The province abandoned the plan to create a central organization following an outcry from owner-operators who were given three months and insufficient information to decide whether to opt into the public system. One operator summarized the advice they received from an accountant they consulted regarding the provincial offer, "There's nothing I can advise you on, they [the province] didn't give you any information. . . . I don't know what to tell you."¹⁸ The number of child care centres declined over the Program's first two years, as noted previously. The profoundly inept plan exposed a lack of knowledge about the sector within the provincial government. That the federal government agreed to fund the plan reveals that the knowledge deficit does not lie only at the provincial level.

The rapid reduction in fees required provinces/territories to leverage federal funds to cover child care providers' loss of revenue. The implementation of various funding formulas across the country revealed significant knowledge gaps at the provincial level. The trial-and-error approach to establishing funding formulas foisted an experimental process upon providers, many of whom were female entrepreneurs operating child cares as small businesses. Saskatchewan introduced a funding regime that was incompatible with the way many operators in the province had structured their fees. The proposed plan was revised after it became clear that the regime would disincentivize the provision of part-time care.

The Northwest Territories Métis Nation told a territorial standing committee that the cost-control framework that governs how providers qualify for and spend government funding would "restrict the ability of a not-for-profit board to manage its own finances and liability of

17 Statistics Canada, *The Daily—Fertility and Baby Names, 2024*.

18 Wallace and Smith, "Child Care in Transition," 110.

child day care facilities.”¹⁹ Operators in Ontario faced the prospect of closure when the gap between fee caps and growing expenditures outpaced the funding they received. Some providers voluntarily capped fees during the pandemic to help struggling families, and then were required to freeze their rates, which were already artificially low, when joining the Program. The province eventually introduced a cost-recovery formula in the later years of the Agreement.

The public conversation about fees is prone to a kind of amnesia about the history of public funding of child care. Long before the Program began, child care had been subsidized with public funding. Northwest Territories tied pre-existing funding to the new Program funding in 2022 to compel providers to join the Program. Federal and provincial funding are tied together in Ontario. Providers faced an all-or-nothing proposition, often with inadequate information or policies governing how funding could be spent to determine the long-term viability of a decision to join.

Provinces and territories will likely accumulate knowledge as they draw on lessons from early missteps. What is clear is that they signed Agreements with the federal government without either party understanding the true costs and operational realities of the sector. This knowledge deficit is at the root of many of the Program’s challenges, and serves as a warning as the Agreements are set to renew in 2026.

The Long-Term Effectiveness of Workforce Strategies Remains Unknown

All levels of government are under pressure to grow the qualified workforce as the Program expands. With the rapid expansion, new, less experienced providers have entered the child care sector. The rapid growth has also required the increased recruitment of qualified ECEs and workers with little experience.

Substantial gains in ECE compensation have been achieved, and opportunities to gain the credentials have increased. Will these changes achieve long-term growth and stability in the workforce? Will these efforts improve child care quality?

The provinces and territories have been successful in increasing wages through heavy subsidization. As noted earlier, staff turnover decreased in New Brunswick, with the province citing wage increases as the likely contributor. Still, retention remains a challenge across the country.

The provinces and territories applied federal funding to increasing the capacity of post-secondary institutions that train ECEs, while also subsidizing tuition for students. Evidence from Quebec shows a decline in graduation rates among students enrolled in some ECE training programs, even after generous bursaries were made available in 2022.²⁰ While this isn’t necessarily predictive for other jurisdictions, it raises concerns.

19 Cleveland, *Report on Bill 68*, 4.

20 “Fewer Students Want.”

Time will tell whether the strategy to build a qualified workforce will increase retention, alleviate the labour shortage, and increase quality. The Program initiatives address only part of the broader labour challenges facing the sector.

The Federal Approach Toward For-Profit Is a Disservice to All

The federal government must resolve the tension between ideological idealism and providers' access to the Program. The federal government prioritized growth in non-profit and public providers, arguing that for-profit providers sacrifice quality for the sake of profit. Critics of the inclusion of for-profit providers in the Program want a fully public system.²¹

As a result, Program space-creation funding is unavailable to for-profit providers . . . except where it is available. The federal government has compromised on its position. Provinces in which for-profit providers make up a significant portion of the sector received limited exemptions to fund the creation of an arbitrary number of spaces among these providers. The federal government has acquiesced to provincial government requests that space-creation funding can be applied to for-profits because space-creation targets cannot be achieved without these providers (they account for just under 45 percent of licensed child care in Canada).²²

While for-profit providers are eligible for operational Program funding in most provinces, the federal government has allowed only a trickle of space-creation funding to enter the for-profit sector. This strategy results in both a feeble commitment to the federal government's ideological position and frail assistance to the for-profit sector.

At the heart of the inconsistency is the federal government's acceptance and application of the overly general term "for-profit." The commercial sector consists of many small women-owned businesses and some larger companies, as well as a handful of companies run by private equity firms. Failure to distinguish between actors in the sector has resulted in marginalizing smaller providers as the government seeks to protect families and taxpayers from primarily private equity-driven monopolies. The federal government's failure to distinguish between partners and pariahs in the commercial sector serves no one, least of all the families waiting for licensed care.

Poor Transparency and Lack of Accountability Plague the Program

The Agreements state in detail the responsibility of provinces and territories to collect and report data on the child care sector to the federal government. The jurisdictions are required to submit annual reports accounting for progress made and expenditures toward action-plan targets, in addition to submitting independent annual audits. Some jurisdictions agreed to publicly report on the Program's implementation. British Columbia, Saskatchewan, Manitoba, Ontario, and New Brunswick posted annual updates on provincial websites, with varying levels of detail. Alberta, Nova Scotia, Yukon, and Northwest Territories opted not to publish public reports. Prince Edward Island published a report for year one following our Access to Information request.

21 Canadian Union of Public Employees, "Provinces Transition."

22 Statistics Canada, Table 42-10-0068-01, *Proportion of Centre-Based Child Care Providers With and Without Not-for-Profit Legal Status, April 2024, Canada.*

The Federal Secretariat on Early Learning and Child Care, under Employment and Social Development Canada, collects data from the provinces/territories on the Program's implementation as specified in the Agreements. The Agreements state what data and information the jurisdictions must provide annually to the federal government. The latest annual report that the Federal Secretariat issued is for the fiscal year prior to the Program's implementation in 2021–22. In November 2025, the Federal Secretariat issued a brief, which noted general findings, including the average cost of child care, estimated number of spaces created, portion of working mothers, and estimated number of employed ECEs resulting from the Program.²³ It does not provide much data or information on specific targets and expenditures related to the implementation of the Agreements. Federal legislation that received royal assent in March 2024 requires the minister responsible for Employment and Social Development Canada to table an annual progress report to Parliament regarding the federal child care funding allocated to the jurisdictions for affordability, access, inclusion, and quality. No report had been tabled as of January 2026.

In addition to the lack of reporting, the quality of reporting should be a concern to Canadians. Our project discovered inconsistencies in data reporting in some jurisdictions. As previously noted, there were several inconsistencies in reporting space-creation numbers. Additionally, we found that Northwest Territories used inconsistent methodologies to calculate fee averages between years one and two, obscuring the ability to compare changes in average fees from year to year.

The underreporting of the implementation of the Program and inconsistencies in the data available inhibit proper oversight. Senator Elizabeth Marshall, herself a former Auditor General of Newfoundland, has raised numerous concerns about the federal government's lack of reporting and inconsistency in the data that the Senate relies on to monitor Program spending.²⁴

Despite the aspirations toward public accountability included in the Agreements, levels of transparency vary widely across the provinces and territories. The Program has increased the administrative burden on providers, including increased reporting to provincial/territorial governments. These jurisdictions collect and report large amounts of data on Program implementation to the federal government. Although the Federal Secretariat collects extensive data, it has not adequately informed Canadians about the implementation of this multi-billion-dollar program.

The Program Does Not Serve the Majority of Canadian Families

Five years in, the supply of Program spaces is far lower than the number of children under age six. The federal government has indicated that “900,000 children are benefitting from affordable child care across the country,”²⁵ although it isn't clear how this estimate was calculated, what age cohort of children is included, or what portion of the children are directly benefitting from the Program.

23 Employment and Social Development Canada, “Progress and Impact.”

24 Senate of Canada, *Senator Elizabeth Marshall Topic Intervention 667219–52*; Senate of Canada Standing Committee on National Finance, *Hearing*.

25 Employment and Social Development Canada, “Toward \$10-a-Day.”

Even if 900,000 children ages 0 to 5 are “benefiting from affordable child care,” this would account for about 40 percent of all children under age six in Canada.²⁶ This would be well below the 59 percent Program target.

There are several Statistics Canada sources that report on the number of children in child care. The *2024 Canadian Survey on the Provision of Child Care Services* (CSPCCS) reports there are 598,654 children aged 5 and younger not attending school who are in centre-based care and 105,310 children aged 5 and younger not attending school who are in licensed home care.²⁷ The *2025 Survey on Early Learning and Child Care Arrangements* (SELCCA) reports there are 710,900 children under age six in daycare centres, preschools, and the Quebec *centres de la petite enfance*, and 220,100 children under age six in licensed and unlicensed home-based care. About 55 percent of home care providers in the 2024 CSPCCS were licensed. Applying this percentage to the SELCCA (assuming equal distribution of children) provides an estimate of about 121,055 children under age six in licensed home care. Only licensed care providers are eligible for the CWELCC Program. Differing methodologies likely account for the variation in figures between the two surveys, but the surveys provide a helpful range.

Of course, not all licensed spaces are in the Program. Some providers opt out, and in Manitoba for-profit providers are prohibited from joining in. Statistics Canada reports that of centre-based care providers outside Quebec, 71 percent reported receiving Program funding in 2024 (with 8 percent unknown), and just 36 percent of licensed home care providers outside Quebec indicated that they received Program funding in 2024 (with 29 percent unknown).²⁸ Some providers in the Program receive funding for some but not all operational spaces for children aged 0 to 5, though this is likely a small number of operators. So, simply counting children in licensed spaces over-estimates the number of children benefiting from the Program.

Curiously, Statistics Canada data using two sources show a small decline between 2023 and 2025 in the percentage of children under age six who are in preschool care and centre-based care, from 34.3 percent to 32.2 percent.²⁹

The Program was promoted as offering parents flexibility, yet the funding applies only to licensed centre care and licensed home-based care providers who are both permitted and choose to join the Program. Additionally, access to non-standard-hours care appears to remain a challenge for parents. For example, in the first two years, Manitoba targeted the creation of 1,700 non-standard-hour care spaces but achieved just 191 spaces. Saskatchewan saw a decline in non-standard-hour care, from 519 spaces in March 2023 to 235 spaces by March 2024.

Low-income families are less likely to access the Program, as demonstrated in British Columbia and Ontario, and the introduction of a flat \$15 fee in Alberta resulted in increased fees for low-income families and fee cuts for higher-income ones. While New Brunswick filled the majority of 100 pre-existing spaces offered at no-fee for four-year-olds in low-income families, Nova

26 Calculations by author based on Statistics Canada, Table 42-20-0023-01, *Number of Children in Canada*.

27 Statistics Canada, Table 42-100070-01, *Centre-Based Child Care Providers by Number of Children Enrolled, April 2024, Canada*; Statistics Canada, Table 42-10-0073-01, *Home-Based Child Care Providers by Number of Children Enrolled, April 2024, Canada*.

28 Statistics Canada, Table 42-10-0081-01, *Proportion of Centre-Based and Licensed Home-Based Child Care Providers Receiving Funding*.

29 Statistics Canada, Table 42-10-0108-01, *Type of Child Care Arrangement, Children Aged 0 to 5 Years*.

Scotia paused an initiative to offer no-fee care to 2,000 three-year-olds from “equity seeking” families, after filling only eight spaces.³⁰

While estimates on the number of children in the Program are wide ranging, the multi-billion-dollar Program does not serve the majority of Canadian families. Most families cannot access care, especially lower-income families, those who need child care outside of standard work hours, and those living in rural communities.

Conclusion

Ultimately, policymakers, child care providers, and parents should ask: Is this Program serving Canadian families well? And what of the many families who cannot access the Program, or who opt for forms of care that better suit the needs of their children?

Provinces and territories have quickly reduced parent fees, reaching targets ahead of schedule in many cases. Provincial governments have also made significant progress toward increasing compensation and training opportunities for the child care workforce, though the effect of this strategy will be largely determined in future years. Despite these early successes, the artificial reduction in parent fees has inflated demand, and the provinces/territories have fallen behind on space creation targets. Progress toward making care more inclusive has been mixed, with provincial governments struggling to spend inclusive funding allocations. Provincial/territorial governments are now dependent on federal funding, even as they have struggled to spend federal allocations while arguing the funding is insufficient. Further government entrenchment in the operational side of child care has revealed significant knowledge gaps by government, destabilizing the child care sector as governments experimented with policies and funding formulas. The federal government’s acceptance and application of the overly general term “for-profit” has led to a conflicted posture that makes little strategic sense. Overall, there is poor transparency and little accountability for a multi-billion-dollar program to which only a minority of children under age six have access.

In 2021, before the federal government confirmed the details of the Program, Cardus published a model to cost out a national daycare program. In that study, we concluded that “national daycare will cost more than the federal government has budgeted and more than provinces (perhaps) realize.”³¹ Furthermore, “Provincial governments looking to pursue an efficient and effective response to families’ child-care needs should be equipped with a solid understanding of the ongoing financial costs they will face, particularly beyond the five-year funding period that the federal government has delineated.”³²

Unfortunately, this prediction proved correct. The first three years of Program implementation shows that the federal and provincial/territorial governments entered Agreements failing to

30 Nova Scotia identifies Mi’kmaq/Indigenous, Black/African Nova Scotian, Francophone/Acadian, and newcomers among equity-seeking families, according to the province’s 2022–23 annual Program report. Government of Nova Scotia, Canada-Nova Scotia *Canada-Wide Early Learning and Child Care Agreement 2022-2023 Annual Report*.

31 Mrozek, Mitchell, and Dijkema, “Look Before You Leap,” 27.

32 Mrozek, Mitchell, and Dijkema, “Look Before You Leap,” 27.

understand the Program's true cost and complexity. The implementation of the Agreements exposed a lack of the knowledge necessary to efficiently and competently execute action plans.

Cardus also noted in 2021 that “there is a significant risk of uneven distribution of care that is mediocre or low quality.”³³ This continues to be a significant hazard as the Program sets to renew in April 2026.

33 Mrozek, Mitchell, and Dijkema, “Look Before You Leap,” 27.

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