HUMAN
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Does Canada Work for All Generations?

Dr. Paul Kershaw answers "NO".

A Report for Canadians in Newfoundland and Labrador

Fall 2011

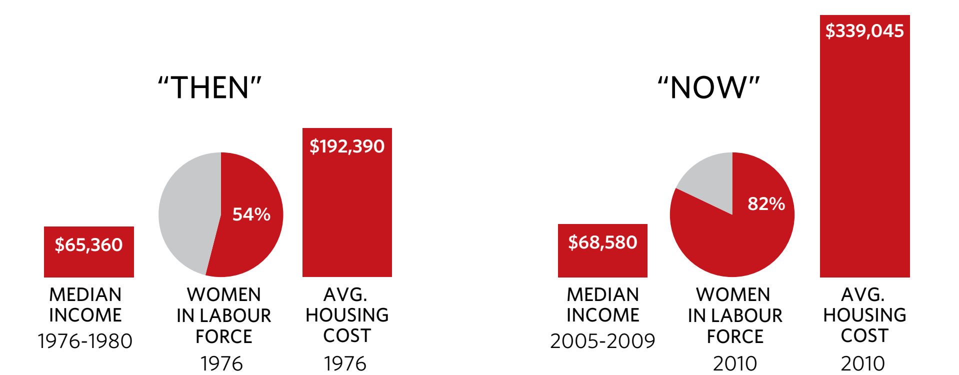
Canada is not currently working for all generations. There is a silent generational crisis occurring in homes across the country, one we neglect because Canadians are stuck in stale debates. My colleagues and I hope the attached Family Policy Report for Canadians will refocus public dialogue on one of the most pressing social and economic issues of our time: Canada has become a far more difficult place to raise a family.

Did you know the Canadian economy has doubled in size since the mid-1970s, even after controlling for inflation? On average, the economy now produces an extra $35,000 per household.

But despite this additional prosperity, the standard of living has declined for the generation raising young kids. Consider three facts.

1. **Household incomes for young Canadian couples have flat-lined since the mid-1970s, after adjusting for inflation.**
2. **Household incomes are stagnant even though far more young women earn employment income today.**
3. **All the while, average housing prices in Canada have skyrocketed by 76 percent.**

A THEN & NOW COMPARISON: HOUSEHOLD INCOME, WOMEN IN THE LABOUR FORCE, AND HOUSING



When housing costs nearly double while household incomes stall for a group of adults who devote more time to the labour market than any previous generation, we are talking about a massive social and economic change – one akin to a silent, but no less damaging, earthquake in our environment.

The generation raising kids today is squeezed for time at home; they are squeezed for income because of the cost of housing, even when not 'poor'; and they are squeezed for services like child care that will help them balance successfully raising a family with earning a living.

Put bluntly, the generation raising young kids does not access its share of economic growth.

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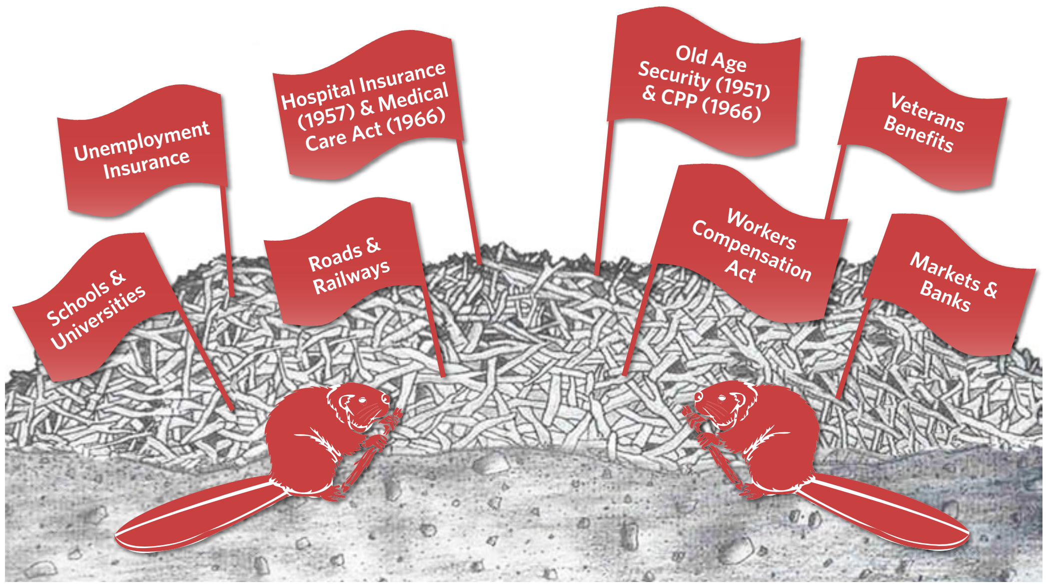
Indeed, UNICEF ranks Canada among the very worst industrialized countries when it comes to investing in families with preschool age children.

This is a bad deal.

The failure to invest in the generation raising young kids is not consistent with Canada's proud history of building and adapting.

Think back to the late nineteenth century, when we built public schools and universities, roads and railways, markets and banks. We were so proud of these achievements, we sent soldiers overseas to defend them along with our values. When they returned home injured, we adapted again, building veterans benefits. We soon extended these to citizens generally as workers compensation and unemployment insurance. And then the busiest policy beavers in Canada's history – the parents of the Baby Boomers – set in motion Old Age Security and Hospital Insurance. By 1966, in one single year, they capped their accomplishments by launching the Canada Public Pension plan and the Medical Care Act, which remain the cornerstones of our social commitments to one another as citizens.



This history is impressive; one we can all be proud of. But we can only rest on our laurels for so long. We must now ask: What have we built since?

History books make clear that Canadians have been reluctant to build new social programs in response to the dramatically different circumstances facing the generation raising young kids today.

This reluctance begs questions about an intergenerational tension.

For example, have Canadians who came of age as adults starting in the 1970s borrowed more from their children than previous generations? Regrettably, data show the answer is yes.

While our economy has doubled in size since 1976, our national debt has nearly tripled.

Canada's environmental debt remains among the very highest in the industrialized world, as measured by Carbon Dioxide emissions per person. While we have made no progress reducing these emissions per person since 1976, many other countries have since decreased their environmental footprint.

This legacy of growing public debts occurs while Boomers approach retirement with far greater private wealth than previous generations because they lucked out in a housing market that increased 76 percent over their adult lives. With this additional wealth in housing, Boomers now transform expectations for retirement, making globetrotting and second homes more and more the norm. All the while, skyrocketing housing prices are the primary source of private debt for the generations that follow – the very people who must sustain the economy to pay for the pensions and medical care required by an aging population and the very people who must invest in Canada's future – their children.

Does this mean Boomers don't care if other generations have the same standard of living they enjoy? **There is no doubt Boomers care**. But the last federal election paints a worrisome picture. Political leaders of all major Parties prioritized:

- Status quo increases to medical care spending, which generally overlook health promotion when citizens are younger.
- Strengthening pensions and reducing seniors' poverty, even though poverty among seniors is already less than half of the poverty rate for families with young children.

This last election shows that Boomers play politics well, and Boomer leaders responded accordingly. Organizations like the Canadian Council of Chief Executives also play politics well for their stakeholders, ensuring Canada's corporate taxes are very competitive. KPMG, a firm specializing in taxation, ranks countries in terms of their competitiveness for attracting businesses. The 2010 report shows only Mexico has lower corporate taxes than Canada. Canada has lower corporate taxes than the U.S.A., the U.K., Australia, Germany, the Netherlands and Japan.

By contrast, the generation raising young kids does not participate politically nearly as well, and they get a bad deal as a result.

The only solution is for the generation raising young kids to demand a New Deal; and for the Boomer generation to help champion the New Deal because it is good for their children, grandchildren and society. To be dealt in, the generation raising young kids must reprioritize. They need to care less about who is being voted off some island on TV, and more about who is being voted into our legislatures.

Because this generation is time squeezed, the New Deal must pay a Time Dividend.

Just as Dow Jones Industrial stocks pay an average annual dividend of 2.8 percent, a Time Dividend would ensure the generation raising young kids receives 2.8 percent of the economic prosperity produced today compared to the mid-1970s. 2.8 percent equals $22 billion annually.

With this Time Dividend, Canadians will:

- Put the family back into Canadian values, while acknowledging the diversity of households.
- Spend more time together, and spend less on stuff.
- Give real choices for women and men to contribute at home and on the job, rather than just talk about this balance being a possibility.
- Enable and expect personal responsibility, because moms and dads alike will have enough time to raise their kids, and enough time to earn a living to pay for their kids.

To pay this Time Dividend the New Deal requires three policy changes:

1. **New Mom and New Dad Benefits** to ensure all parents, including the self-employed, have the time and resources to be at home with their newborns, at least until children are 18 months.
2. Thereafter, **$10 a day child care services** will ensure that parents can afford enough employment time to manage the rising cost of housing and stalled household incomes.
3. These will be supported by **Flex-time for employees and employers** to remedy workplace standards that too often make it standard practice to ignore the family.

The cost of the New Deal:

- For each Canadian adult, the cost of the New Deal – $22 billion – is $1.67 per day, less than a cup of coffee and doughnut at Tim Hortons.
- $22 billion is less than one and a half percent of the Canadian economy.
- It is about one-third of what Canadians currently pay for Old Age Security and RRSP subsidies, and one-sixth of medical care.

We know this price tag is doable. Between 2007 and 2010, Canadians increased our public spending on medical care by more than $22 billion annually. Clearly, $22 billion can be found for priorities.

The real question is: Is the New Deal for families a priority for you?

If yes, share this report. Send your friends, family, colleagues and, most importantly, your Members of Parliament and provincial Legislatures to: blogs.ubc.ca/newdealforfamilies.

Reaching out to Members of Parliament (MPs) and provincial elected representatives is imperative if we are to make progress on the New Deal. Tell them the fast facts about Canada's untold story — the decline in the standard of living for the generation raising young kids, which makes it far more difficult to raise a family. Tell them that an evidence-based solution is ready and waiting: the New Deal for Families.

Championing the New Deal will be hard work; but it also can and should be fun. Many repeat Emma Goldman's famous line: "If I can't dance I don't want any part of your revolution." Let's follow her lead to organize the serious business of politics around fun activities. Let's dance. Let's rekindle the politics that were pervasive in the Sex, Drugs and Rock & Roll of the 60s, and adapt it for our time.

No one's ever called me the life of the party before, so I'm a wee bit out of my depth here in making concrete suggestions. Perhaps Boomers will go retro and throw "New Deal" discos, or get feisty and host "Just Say NO (to Generation Cruise)" soirees. Others (a wee bit younger) may wish to host a "Generation Screwed" party. Or a WTF event (Where's the Family?). Maybe it's a "Family Preservation" Picnic. No matter what you choose, have the Fast Facts for a New Deal available. Show the website. Share the short video "From a Bad Deal to a New Deal for Families." All of these are available on the New Deal blog: **blogs.ubc.ca/newdealforfamilies**

Or maybe just hang out on-line. Tweet. Facebook. Blog… Create an on-line Declaration or Pact. Maybe even a Manifesto. Imagine it: the "Generation S Manifesto" (S for Squeezed, or Screwed).

Whatever you do, do something because the status quo is a Bad Deal for the generation raising young kids.

And we all need a **New Deal for Families** if we want **Canada to Work for All Generations**.

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HUMAN EARLY LEARNING PARTNERSHIP

Does Canada Work for All Generations?

Newfoundland and Labrador Family Policy Report

Fall 2011

The Canadian economy grew by 108 percent between 1976 and 2010, even after controlling for inflation. Despite this additional prosperity, the standard of living declined for the generation raising young children in all provinces. The following information features data about Newfoundland and Labrador. Readers are invited to consider how it has become harder to raise a family in that province since 1976, to examine data showing similar trends across the country and to explore Canada's poor standing internationally in terms of family policy.

GENERATION SQUEEZE: THE DECLINE IN THE STANDARD OF LIVING

In 1976, average housing costs were less than three times the average household income for couples age 25-34 in Newfoundland and Labrador. Today, housing costs almost four times household income for this age group.

This increase reflects that housing prices rose 67 percent in Newfoundland since 1976, while young couples' household income increased by only 19 percent over the same period (Figures 1 & 2).

Household incomes are stalled even though the proportion of young women who contribute to household income is up 112 percent compared to the mid-1970s, while participation among young men has remained relatively constant. In 1976, 38 percent of Newfoundland and Labrador women age 25-44 were in the labour force. Today, 80 percent are (Figure 3). This increase in women's labour force participation is the highest in Canada, which helps explain why families in Newfoundland and Labrador have also experienced the largest increase in household income.

FIG 1: AVERAGE COST OF CANADIAN HOUSING ADJUSTED FOR INFLATION ($)

	Canada	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD
THEN **1976**	192,390	202,635	223,448	144,097	145,618	203,234	128,984	136,953	156,604	90,829	141,007
NOW **2010**	339,045	505,178	352,301	242,258	222,132	342,245	248,699	157,240	206,186	147,196	235,341
% change	76%	149%	58%	68%	53%	68%	93%	15%	32%	62%	67%

Source: All data from the Canadian Real Estate Association, except Quebec 2010. Quebec "Then" figure is from 1980. Source is the CREA. The 2010 figure source is QFREB by Centris. The Quebec Federation of Real Estate Boards uses a different methodology to calculate average housing prices in that province. Newfoundland "Then" figure is from 1977. Source is CREA. The Territories are not included in the analysis due to insufficient data.

FIG 2: MEDIAN HOUSEHOLD INCOME ADJUSTED FOR INFLATION ($), CANADIAN COUPLES 25-34

	Canada	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD
THEN **'76-'80**	65,360	72,820	70,780	62,720	59,660	67,540	61,300	53,380	55,900	54,060	51,660
NOW **'05-'09**	68,580	68,600	79,080	66,300	63,100	72,920	63,440	59,280	56,400	56,920	61,580
% change	5%	-6%	12%	6%	6%	8%	3%	11%	1%	5%	19%

Source: Statistics Canada, CANSIM Table 202-0404, Total income, by economic family type, age group and income source, 2009 constant dollars, annual

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The generation raising young children is squeezed for time, income and services.

PHOTO CREDIT:
"FAMILIES" BY BASS_NROLL

FIG 3: LABOUR FORCE PARTICIPATION RATE (%), CANADIAN WOMEN AGE 25-44

	Canada	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD
THEN **1976**	54	56	57	51	55	59	48	47	48	53	38
NOW **2009**	82	80	81	85	81	82	84	85	84	86	80
% change	53%	42%	42%	65%	47%	39%	74%	81%	75%	61%	112%

Source: Statistics Canada, CANSIM Table 282-0002, Labour force survey estimates (LFS), by sex and detailed age group, annual

The change in labour force participation patterns means the generation raising young children is squeezed for time at home.

Despite devoting more time to the labour market, the generation raising young children is squeezed for income because the cost of housing accelerated far faster than young families' earnings.

The change in labour force participation patterns means the generation raising young children is also squeezed for services like child care that will help them balance successfully raising a family with earning a living. There are enough regulated child care and kindergarten spaces for just 28 percent of Newfoundland and Labrador children under age six (Figure 4). Many of those services (typically kindergarten, prekindergarten, nursery school and preschool) do not provide full employment-day options for parents.

FIG 4: ACCESS TO REGULATED CHILD CARE AND KINDERGARTEN IN CANADA
(% of children under 6 years of age with access to or enrolled in a regulated space)

	Centre-based, part- or full-employment day child care	Centre-based and family child care, + kindergarten programs
Quebec	25%	58%
PEI	41%	50%
NB	20%	36%
Ontario	20%	35%
BC	18%	33%
Alberta	17%	32%
NS	22%	31%
Manitoba	21%	30%
Nfld/Lab	17%	28%
Sask	9%	21%

Source: Column 1: Beach, J., M. Friendly, C. Ferns, N. Prabhu, and B. Forer, eds. 2009. Early childhood education and care in Canada 2008. 9th ed. Toronto, ON: Childcare Resource and Research Unit. Column 2: additional calculations by authors to incorporate estimates of licensed family child care for children under six as well as kindergarten and pre- or junior kindergarten programs. For a detailed discussion of the methodology used to generate the estimates see Lynell Anderson. 2011. "Who Cares for Canada's Children – Now compared to a New Deal for Families? Backgrounder – 2011 Provincial Family Policy Reports." Available upon request from authors

LITTLE POLICY ADAPTATION

Canadians have been slow to adapt public policy in response to the decline in the standard of living for the generation raising young children. This is the case in all provinces, with some exceptions in Quebec.

Canadian policy expects parents to endure a major reduction in household income to care for a baby at home

A typical Canadian couple outside of Quebec will forgo $13,000-$15,000 in after-tax income when parents share a year to be home with a newborn age 3-15 months, even after collecting parental leave benefits. In Sweden and Germany, policy ensures the same couple does not lose any after-tax income (Figure 5).

Canadian policy provides parents with very limited access to quality child care services

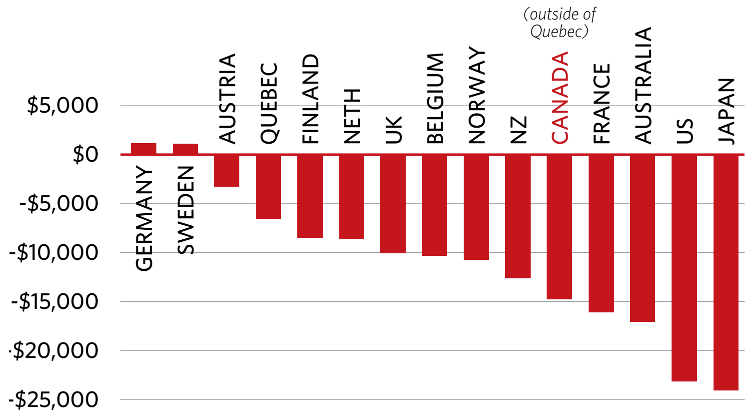
Despite the need for parents to have sufficient time in the labour market to manage stalled incomes and rising housing costs, and despite research evidence showing the importance of quality environments for healthy child development, Canada allocates just 0.34 percent of GDP to child care and kindergarten services for children under age six (2008). This is just over half of the UK and New Zealand; and barely one-third of what is allocated in France, Sweden and Denmark (Figure 6).

Newfoundland and Labrador allocates less than the Canadian average, 0.2 percent of GDP. Only Alberta allocates less than Newfoundland and Labrador.

Canadian workplace standards mean employees have less time at home

Although Canadians say we value the role of parenting, Canadian workplace standards mean the typical Canadian employee works 300 hours per year (over 8 weeks) more than the typical Dutch, Norwegian and German employee (Figure 7). While higher housing prices make this commitment to the labour market understandable, it erodes the opportunity to be home with children.

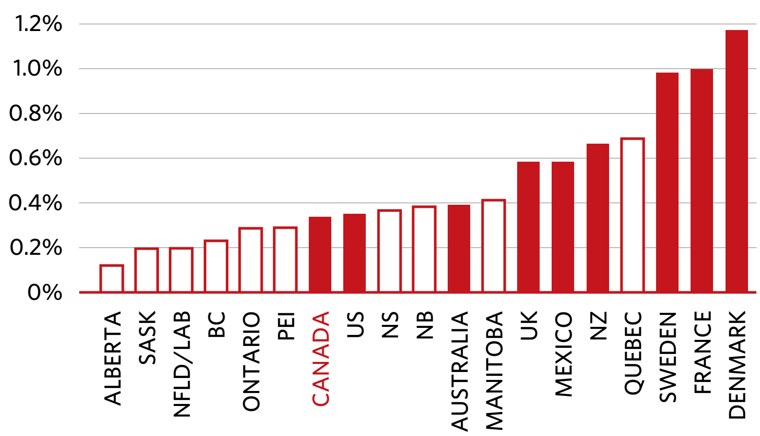
FIG 5: CHANGE IN DISPOSABLE INCOME COMPARED TO YEAR BEFORE THE BIRTH OF A CHILD
Moms and dads caring for an infant at home (2008)



Source: Kershaw International Family Benefit Package data (2008)

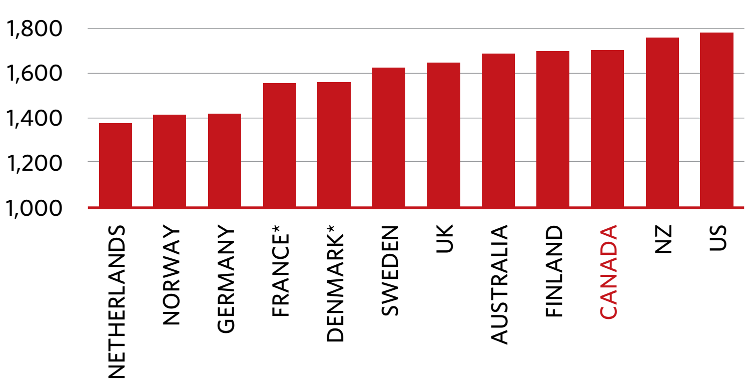
Note: All figures control for purchasing power

FIG 6: PERCENT OF GDP INVESTED IN EARLY CARE AND EDUCATION SERVICES



Source: International data: OECD Family Database; Canadian data: authors' calculations, including both unregulated and regulated child care as well as kindergarten. Estimates for regulated child care and kindergarten based on: Beach, J., M. Friendly, C. Ferns, N. Prabhu, and B. Forer, eds. 2009. Early childhood education and care in Canada 2008. 9th ed. Toronto, ON: Childcare Resource and Research Unit.

FIG 7: AVERAGE ANNUAL HOURS WORKED PER WORKER



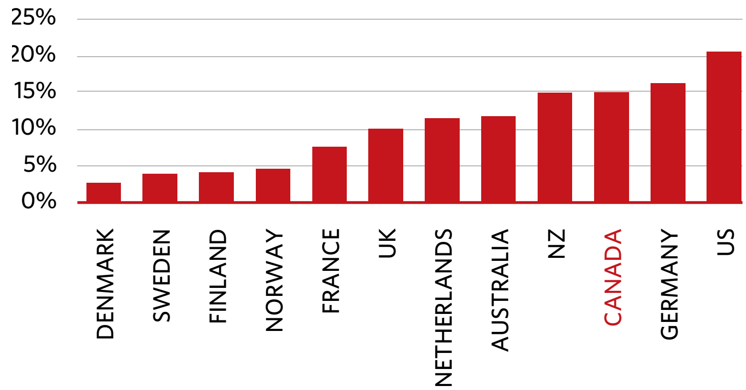
Source: OECD.StatExtracts. Average annual hours actually worked per worker. Download August 22, 2011. *2009 data

Statistics Canada. CANSIM Table 282-0018. Labour force survey estimates, by actual hours worked, main or all jobs, sex and age group, annual, 2009.

Canadians have been slow to adapt public policy in response to the decline in the slandard of living for the generation raising young children.

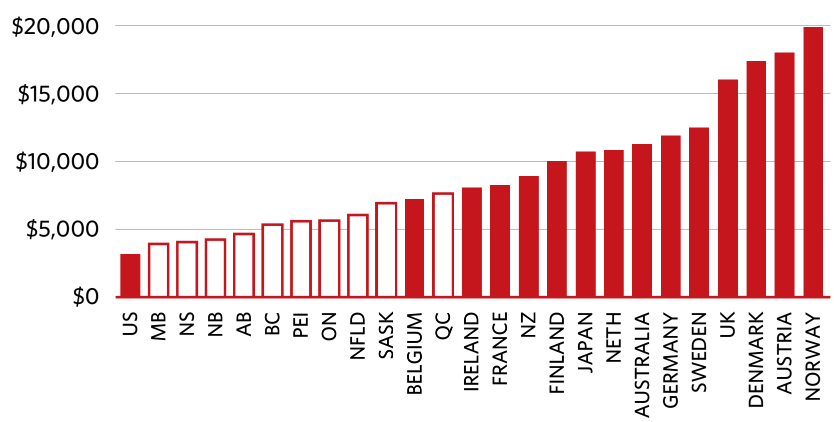
Child poverty in Canada is three to five times higher than the countries that make it a real priority to eliminate poverty among the generation raising young children.

FIG 8: PERCENT CHILDREN LIVING IN POOR FAMILIES



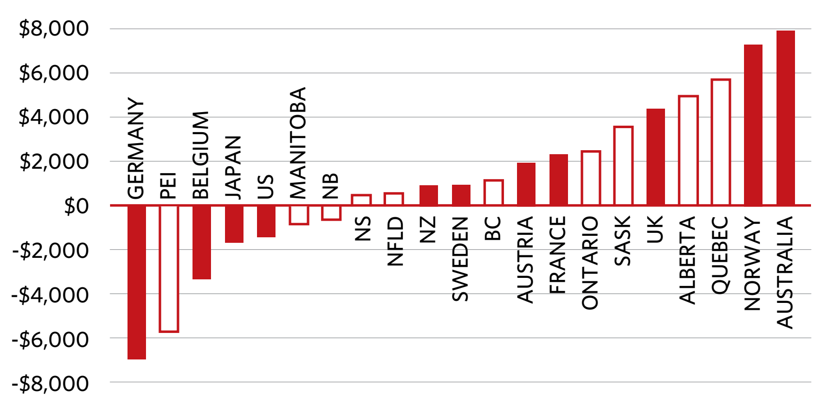
Source: OECD. StatExtracts - Child Well-Being. Downloaded August 9, 2011

FIG 9: NET DISPOSABLE INCOME AFTER HOUSING AND ROUTINE HEALTH CARE
Lone mothers with a toddler relying on income support (2008)



Source: Kershaw International Family Benefit Package data (2008) Note: All figures control for purchasing power

FIG 10: TOTAL ANNUAL WAGE SUPPLEMENT after income & employment taxes, child care fees and routine health care for lone mothers with a 2-year-old, mother earns 1/2 average income



Source: Kershaw International Family Benefit Package data (2008)
Note: Wage supplement calculated for Lone Mother Grossing 1/2 Average National Earnings ($26,630 in Canada). Supplement reported after taxes, child care costs, housing subsidies, and routine hospital care. All figures control for purchasing power.

63 percent of Newfoundland men age 25-44 and 34 percent of women age 25-44 work 40 or more hours per week. More workers in this age category work long hours than do workers age 45 or older.

Canadian policy tolerates high rates of child poverty

Canada ranks among the industrialized countries with the highest rates of child poverty. Child poverty in Canada is three to five times higher than the countries that make it a real priority to eliminate poverty among the generation raising young children (Figure 8).

Federal and provincial policy in Canada is not generous by international standards when it comes to supporting families who have no earnings (Figure 9).

Many Canadian provinces rank among the top jurisdictions in terms of 'making work pay'. They do this by supplementing wages for the working poor, instead of allowing income and employment taxes or child care service fees to effectively reduce wages (in Figure 10, jurisdictions with negative numbers illustrate the latter). However, in Canada, 'make work pay' strategies alone have proven insufficient to eliminate poverty among families with children.

INTERGENERATIONAL TENSION

While Canadians have been slow to adapt to the decline in the standard of living for the generation raising young children, the generation approaching retirement experienced considerable improvement in income and wealth.

Eliminating poverty among seniors

In 1976, the low-income rate among seniors in Newfoundland and Labrador was 28 percent. As of 2009, it is 2 percent (Figure 11). By contrast, the low-income rate for families with children is 9 percent -- more than four times higher.

Canadians approaching retirement have higher incomes

Average household income for Newfoundland and Labrador couples approaching retirement increased 31 percent since the mid-1970s. After controlling for inflation, it rose from $45,440 to $59,440 today. The income increase for those approaching retirement in Newfoundland and Labrador is more than 60 percent higher than the increase reported for couples age 25-34 (Figure 12).

Canadians approaching retirement have greater personal wealth in housing

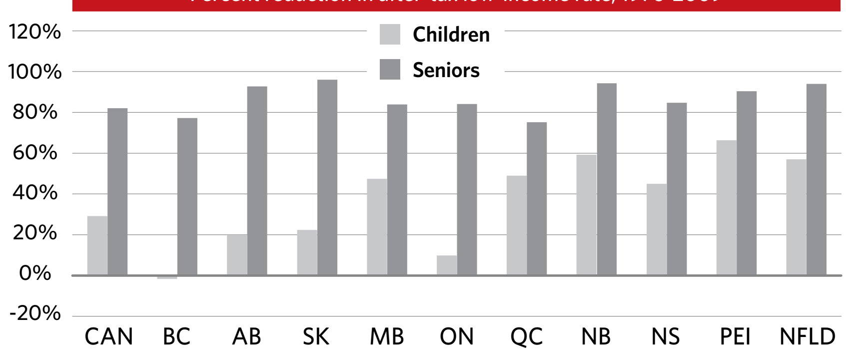
Baby Boomers also approach retirement with far more wealth. They have benefited from a housing market that increased over their adult lives by 76 percent across Canada, and 67 percent within Newfoundland and Labrador.

The generation approaching retirement experienced considerable improvement in income and wealth.

FIG 11: AFTER-TAX LOW-INCOME RATE FOR SENIORS & CHILDREN UNDER 18 (%): THEN & NOW

	CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD
Children, 1976	13	12	12	13	17	11	15	18	15	19	22
Children, 2009	10	12	9	10	9	10	8	8	8	6	9
Seniors, 1976	29	32	26	30	39	27	31	24	22	23	28
Seniors, 2009	5	7	2	1	6	4	8	1	3	2	2

Percent reduction in after-tax low-income rate, 1976-2009



Source: Statistics Canada, CANSIM Table 202-0802, Persons in low income families, annual

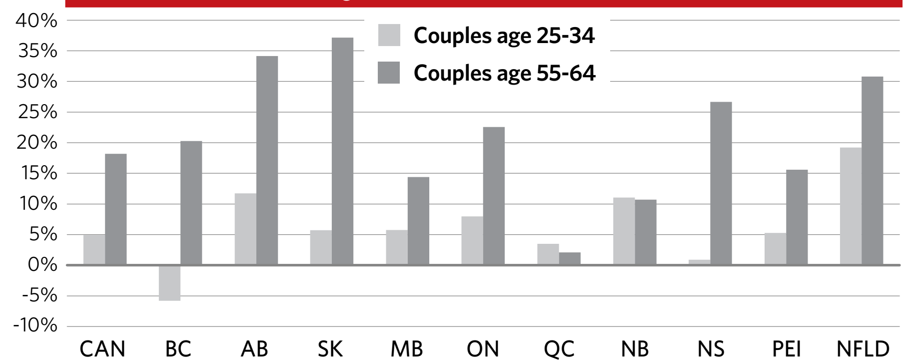
Canadians approaching retirement have greater personal wealth in housing, yet are leaving a legacy of higher fiscal and environmental debt.

PHOTO CREDIT: "EARTH ON FIRE" BY BARBARA.DODUK

FIG 12: MEDIAN HOUSEHOLD INCOME ADJUSTED FOR INFLATION ($):
Canadian couples age 25-34 compared to couples age 55-64

		CAN	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD
Couples age 25-34	'76-'80	65,360	72,820	70,780	62,720	59,660	67,540	61,300	53,380	55,900	54,060	51,660
	'05-'09	68,580	68,600	79,080	66,300	63,100	72,920	63,440	59,280	56,400	56,920	61,580
Couples age 55-64	'76-'80	64,600	69,080	72,340	55,420	60,340	69,200	61,780	53,360	51,160	57,433	45,440
	'05-'09	76,360	83,080	97,040	76,000	69,020	84,820	63,080	59,080	64,800	66,380	59,440

Percent change in median household income, then and now



Source: Statistics Canada, CANSIM Table 202-0404, Total income, by economic family type, age group and income source, 2009 constant dollars, annual

Canadians approaching retirement leave a legacy of higher public debts

Although Baby Boomers amassed higher personal incomes and private wealth compared to previous generations that approached retirement, the public debt has nearly tripled over their adult lives (Figure 13).

Canadians approaching retirement leave an environmental debt on top of the fiscal debt.

Canadians made little, if any, progress in reducing our environmental debt per person since 1976. We continue to be among the top three Carbon Dioxide polluters internationally. By contrast, many other countries which already had lower emissions than Canada in 1976 have since reduced their environmental footprints still further (Figure 14).

FIG 13: RATIO OF CANADIAN PUBLIC DEBT TO GDP ($ BILLIONS, ADJUSTED FOR INFLATION)

	GDP	Public Debt	Debt/ GDP ratio
THEN **1976**	7,36	1,91	26%
NOW **2008**	1,604	7,42	46%

GDP at market prices Source: Statistics Canada, CANSIM Table 385-0014, Gross domestic product (GDP), income-based, annual (dollars). Canadian public debt includes federal, provincial and local governments. Consolidated Debt Source: Statistics Canada, CANSIM Table 380-0016, Balance sheet of federal, provincial and territorial general and local governments.

FIG 14: CARBON DIOXIDE EMISSIONS (TONNES PER CAPITA)

	THEN **1976**	NOW **2009**
Sweden	10	5
France	9	6
New Zealand	6	8
Norway	6	8
United Kingdom	10	8
Denmark	11	9
Germany	13	10
Canada	17	17
United States	21	18
Australia	13	18

Source: CO2 Emissions from Fuel Combustion (2010 Edition), IEA, Paris.

A NEW DEAL FOR FAMILIES

The evidence is clear. The generation raising young children is getting a bad deal across Canada. The only solution is a New Deal for Families, a strategy that requires three policy changes:

NEW MOM AND DAD BENEFITS

WHY?

To transform the uneven access to parental leave into a benefit system that ensures all parents, including the self-employed, have the time and resources to be home with their newborns.

HOW?

Extend parental leave from 12 months to 18 months, generally reserving the extra six months for dads (with exceptions for lone parents and same-sex couples). Introduce a healthy child check-in and parenting support program during a child's first 18 months to monitor for early developmental delays and to answer parents' questions regarding children's feeding, sleeping, crying, etc.

DETAILS

Benefits would be available to ALL single- and dual-earner households regardless of parents' attachment to the labour market (including the self-employed). Moms and dads who currently do not qualify for leave would see their after-tax income increase by at least $11,000 in the 12 months following the birth of their child. Leave would be made affordable by insuring 80 percent of parents' income up to $60,000 a year. This increase will double the existing maximum benefit. The new minimum benefit will be $440 weekly, enough to eradicate child and family poverty for this age group

$10/DAY CHILD CARE SERVICES

WHY?

To remedy the current system of unregulated, unaffordable child care services, thus ensuring that parents can spend enough time in employment to manage the rising cost of housing and stalled household incomes.

HOW?

Reduce child care service fees to no more than $10/day (full-time) and $7/day (part-time) making it free for families earning less than $40,000/year. Ensure quality services by providing funding for ample caregivers on site so that children spend their time in developmentally stimulating activities and play, including children with extra support needs. Caregivers will have appropriate training in child development and will be paid pay equity wages.

DETAILS

Universal, affordable child care services would support healthy child development by supplementing, but never replacing, the care that families provide directly. Families could choose to use the services regardless of parental employment. Families could also choose to access parenting support even if they do not use child care services. Programs will reflect the diverse cultures in local communities. Where numbers permit, families could choose programs that feature a language other than English or French in recognition that Canadian families speak many languages at home. For Indigenous citizens, funding is allocated to enrich services that prioritize exposure to the languages and cultures of First Nations, Métis and Inuit as part of Canada's commitments to Truth and Reconciliation.

FLEX-TIME

WHY?

To remedy workplace standards that ignore the family by ensuring all employees can choose to combine work and family successfully.

HOW?

Adapt overtime, Employment Insurance and Canada Public Pension premiums paid by employers to make it less costly for businesses to use employees up to 35 hours per week, and more costly for hours thereafter. Overtime will kick in at 35 hours a week (averaged over a year). Overtime premiums will be paid either as cash or earned time away from work.

DETAILS

With new incentives, employers would reduce the work week by 3-5 hours on average for the half of men and the third of women who currently work more than 40 hours/week. These employees would trade some after-tax wages (or future wage increases) in order to gain four more weeks of time per year. In negotiation with employers, this time could be taken in chunks, or as earned hours away from work each week throughout the year. Changes to the National Child Benefit Supplement will ensure any reduction in employment hours does not reduce income in low-earning families. This may be especially important for some lone parent households. Employees who currently work part-time hours would gain opportunities for more employment. Within two-parent homes, flex-time may not change the total hours that parents work, but redistribute them more evenly between dads and moms.

From a **BAD DEAL** to a **NEW DEAL**

WHAT WOULD THE NEW DEAL MEAN IN NEWFOUNDLAND AND LABRADOR?

Figure 15 explores in more detail what the New Deal would mean for various families in Newfoundland and Labrador. It shows that the New Deal is designed to support all families: lone parents, one earner couples and dual earner couples alike. All stand to gain substantially from the proposed policy recommendations.

EXAMPLE 1: Couple with One Average Earner ($54,330/yr) with Infant 0-12mo.

The first example shows that Flex-Time provides the breadwinner, often the dad, with **22 additional days** per year to spend with the newborn. The potential reduction in earnings associated with fewer work hours is more than offset by the **New Mom and New Dad Benefits, which would provide $22,880 over the child's first 12 months**. Since the New Deal increases the household's gross income substantially, the family pays correspondingly more in income taxes, forgoes some income tax savings, and incurs reductions to existing income supports like the Universal Child Care Benefit and Canada Child Tax Benefit because their value declines as household income grows. Notwithstanding that such reductions are built into the federal and provincial tax and benefit systems in all provinces, the New Deal would ensure this family enjoys **an additional $14,620 in disposable income over their child's first year** compared to the status quo. On top of the additional time and income from which this family would benefit, the New Deal would see all parents access **new healthy child check-ins and parenting supports at home and in their community**.

EXAMPLE 2: Couple with Two Earners ($54,330/year + $27,165/year) with Infant 6-18 mo.

One key tenet of the New Mom and New Dad Benefits is that they facilitate lone parents and dual-earner households to carve out additional time at home for parents to care personally for newborns before they are 18 months. We show this in example 2 by describing what is currently a fiction for most dual-earner couples in Canada with the intention of making it a reality as part of the New Deal. The example assumes both parents spend six months at home with their infant between the ages of 6 and 18 months. Generally, this does not happen today because there is no parental leave benefit after a child turns one year of age. Since the resulting income hit is substantial, the status quo sees most parents in employment after the child is 12 months.

In response, **the New Mom and New Dad Benefits would extend the period for which families can receive income compensation from 12-18 months, and increase the benefit value**. In two parent families, the New Mom and New Dad Benefits would be organized to facilitate each parent being at home for at least six months of their newborn's first year and a half, with the remaining six months of benefits to be allocated between parents at their discretion.

In example 2, Parent 1 receives 80% of salary ($20,102) for six months, while Parent 2 receives $11,440 for the other six months because 80% of her income falls below the minimum benefit level of $440/week. Both parents would pay additional income taxes on these new benefits, and would incur reductions to existing tax benefits that decline in value as household income rises. In addition, **Parent 1 would gain 11 days of Flex-Time** from the proposed changes to workplace standards, and incur the associated drop in after-tax earnings. By contrast, we assume Parent 2's hours will not be reduced because her more modest income reflects she already works less than 36 hours/week. After the resulting changes to taxes, employment insurance, CPP premiums, and existing family benefits, the New Deal would mean **this dual-earner family gains $14,111 over the year (because an extra 126 days of parental caregiving now receive income compensation), 11 days of Flex-Time, along with access to new healthy child check-ins and parenting supports at home and in their community.**

EXAMPLE 3: Couple with Two Earners ($54,330/year + $27,165/year) with 2 Year Old

As the New Mom and New Dad Benefits phase-out when children reach 18 months, the New Deal would introduce $10/day quality Child Care services along with strong commitments to Flex-Time. **The Flex-Time provisions may often mean higher income earners trade some wages for an additional 22 days of family time per year. The reduction in earnings is offset by a corresponding reduction in taxes and, more significantly, the $10/day Child Care plan will reduce child care expenses incurred by the family from $5,803 ($7,392 fee minus savings from the Child Care Expense Deduction) to $2,500.**

The result is that **the family gains $573 in disposable income, 22 more parental days at home with their child, along with full-time access to high quality child care services and parenting support** throughout the year.

Families that do not wish to use full-time child care can elect instead for $7/day part-time options, including one-earner couples in which a parent remains home full-time. In addition, families will be invited to take advantage of the ongoing healthy child check-ins and parenting supports that will be associated with the new child care system regardless of whether they enroll their children in the program.

EXAMPLE 4: Lone Parent ($27,165/year) with 4 Year Old

Example 4 recognizes that households with annual incomes below $40,000 will struggle financially with Flex-Time provisions that result in reductions to disposable income regardless of whether parents gain more time at home with their children. In response, **the New Deal will nearly triple the value of the current National Child Benefit Supplement (NCBS) for families with children under six** in order to compensate for any earnings reductions in low-income homes. In addition, the lone parent will save on both federal and provincial income taxes and, more significantly, on child care costs because **the New Deal will eliminate child care fees for households with annual incomes below $40,000.**

At the end of the day, **the New Deal would ensure that working poor parents with a child age 18 months to six years gain around $2,338 per year in disposable income, 22 additional days of family time, and access to high quality child care services and parenting supports at no cost.** These gains after the child is 18 months would follow the $13,000 - $15,000 increase in household income from which the family would benefit when the child was under 18 months as a result of the New Mom and New Dad Benefits. The New Deal also includes funds to increase welfare shelter allowances substantially for families with preschool age children. With these policy changes, **the New Deal will eliminate poverty among families with children under age six.**

FIG 15: A FOCUS ON **PARENTAL TIME AND INCOME IN NEWFOUNDLAND AND LABRADOR**[1]

	EXAMPLE 1		EXAMPLE 2		EXAMPLE 3		EXAMPLE 4	
Family type	One earner couple		Dual earner couple (parents share year at home)		Dual earner couple		Lone mother	
Age of child	0-12 months		6-18 months		2-year old		4-year old	
INCOME	Now	New Deal	Now	New Deal	Now	New Deal	Now	New Deal
(Self-)Employment Earnings								
Parent 1	54,330	50,255 plus 22 days Flex-Time*	27,165	25,127 plus 11 days Flex-Time*	54,330	50,255 plus 22 days Flex-Time*	27,165	25,127 plus 22 days Flex-Time*
Parent 2	0	0	13,582	13,582	27,165	27,165	0	0
Parental Leave/New Mom and Dad Benefits								
Parent 1	0	0	5,811	20,102**	0	0	0	0
Parent 2	0	22,880	3,735	11,440**	0	0	0	0
Child Cash Benefits								
Universal Child Care Benefit	1,200	928	928	928	928	928	928	928
Canada Child Tax Benefit	1,014	544	1,115	616	510	437	1,348	1,348
National Child Benefit Supplement	0	0	0	0	0	0	1,684	5,493
GST/HST credit	0	0	0	0	0	0	512	512
Provincial child or family tax benefits	0	0	0	0	0	0	0	0
EXPENSES								
Federal Income Tax								
Subtract Parent 1	-6,933	-6,037	-2,985	-5,142	-6,933	-6,037	-2,114	-1,828
Subtract Parent 2	0	-1,875	-773	-1,928	-2,114	-2,114	0	0
Savings from Spouse Amount	1,377	0	0	0	0	0	0	0
Savings from Child Amount	315	315	315	315	315	315	315	315
Savings from Eligible Dependent Amount	0	0	0	0	0	0	1,557	1,557
EI & CPP Premiums								
Subtract Parent 1	-2,911	-2,911	-1,641	-1,505	-2,911	-2,911	-1,641	-1,505
Subtract Parent 2	0	0	-734	-734	-1,641	-1,641	0	0
Provincial Income Tax								
Subtract Parent 1	-4,532	-4,010	-1,896	-3,475	-4,532	-4,010	-1,362	-1,216
Subtract Parent 2	0	-1,159	-674	-1,267	-1,362	-1,362	0	0
Savings from Spouse Amount	450	0	0	0	0	0	0	0
Savings from Child Amount	0	0	0	0	0	0	0	0
Savings from Eligible Dependent Amount	0	0	0	0	0	0	493	493
Child Care Service Costs								
Full-day, full-week regulated care	0	0	0	0	-7,392	-2,500	-6,864	-2,500
Fee Subsidies	0	0	0	0	0	0	6,864	2,500
Child Care Expense Deduction Savings	0	0	0	0	1,589	0	0	0
Non-Welfare Housing Subsidy *(based on average urban rent)*	0	0	0	0	0	0	0	0
Visit Doctor, Dentist, and Fill Prescription	-784	-784	-784	-784	-1,107	-1,107	-738	-738
Medical, Dental, Pharmacare Subsidies	0	0	0	0	0	0	397	397
NET HOUSEHOLD INCOME	43,527	58,147	43,163	57,274	56,845	57,418	28,544	30,882
CHANGE IN HOUSEHOLD INCOME		14,620		14,111		573		2,338
ADDT'L TIME TO CARE PERSONALLY		22 days		11 days		22 days		22 days
MORE SERVICES, BETTER QUALITY	High quality child care services and parenting supports available as families choose							

Source: Kershaw Canadian Family Benefit Package data (2010)

[1] For a detailed discussion of the methodology, see Kershaw, Paul. 2007. Measuring Up: Family Benefits in BC and Alberta in International Perspective IRPP Choices 13 (2):1-42.

* The days gained to care personally result from change in employment norms that discourage long hours among two-thirds of men and one-third of women who work 40 hours or more.

** The benefit increase reflects that the New Mom and Dad Benefits offer to subsidize an additional 6 months (126 employment days) to care personally for all families. In this example, each parent uses 3 benefit months. However, the additional six months would also be available to one earner couples when the primary earner chooses to take six months of leave; and to lone parents if they choose to take leave beyond the child's first 12 months

WHAT WOULD THE NEW DEAL MEAN FOR CANADIAN FAMILIES?

- Parents and their young children will have more time together, especially before children reach 18 months.
- All parents will have the opportunity for better work-life balance.
- The number of children in child care services will not really change. What changes is when they are in services, and the quality of the services.
- Early vulnerability among children starting school will be reduced to 10 percent, down from around 25-30 percent, the current rate across Canada.
- Changes to parental leave and child care services will dramatically reduce poverty for families with preschool age children.
- For the remaining poor families, the New Deal will ensure that households have a 'living' income by improving targeted tax credits and low-income shelter allowances.

PARENTAL TIME & SERVICE ACCESS, AFFORDABILITY, AND QUALITY

Overall, the New Deal for Families substantially increases family time and, in most cases, family income. In addition, the New Deal supports families with increased access to affordable, quality programs. The following three figures illustrate these improvements by comparing services today to those under a New Deal, based on a range of indicators of service effectiveness.

The comparison starts by considering who is caring for young children. When compared to today's care arrangements, Figure 16 shows that the main result of the New Deal will be to:

- Help families move from unregulated care to parental care when their children are under 18 months.
- Create greater opportunities for all parents to balance earning and caregiving thereafter,
- While shifting children from unregulated to regulated services when not in the care of an immediate family member.

Consistent with a broad body of evidence, these changes prioritize parental care of infants, followed by additional care and learning opportunities in programs that supplement, but never replace, family care, and which meet the quality standards that are essential to healthy development. Under a New Deal, unregulated child care workers would be supported to become trained providers of early childhood education and care in regulated home, school and centre-based environments, if they choose to do so.

SERVICE ACCESS

In Newfoundland and Labrador, the move from unregulated services to more parental care and regulated services would positively transform the program options available to all families, including for those who currently rely on the unregulated sector for 29 percent of Newfoundland and Labrador children. Under the New Deal, the regulated sector, including part- and full day regulated care, would expand from serving 28 percent of Newfoundland and Labrador children today by supplementing parental care to serve approximately 63 percent of children. This system will be flexible to adapt to the evolving needs of families.

SERVICE AFFORDABILITY

Figure 17 summarizes the cost to parents of a range of family support programs. Typically, parenting support and public education components (kindergarten, prekindergarten) are free of charge, as is child care for very low income working families in provinces like B.C., Ontario, and Newfoundland and Labrador.

For families that are not low-income, average daily full-time child care fees in regulated services for children aged 3-5 range from $7/day in Quebec to $27/day in B.C. and $40/day in large cities such as Toronto, Ontario. The average fee in Newfoundland and Labrador was $21/day in 2003, the most recent date for which data is available. Parent fees have likely increased since that time. They will be reduced to $10/day under the New Deal.

SERVICE QUALITY

Training

Figure 18 examines staff training, which is generally considered the most crucial component of quality programming. The New Deal proposes that all staff working with children have at least one year of relevant post-secondary education, and that early childhood education move towards a degree program. Kindergarten and pre- or junior Kindergarten teachers would also participate in coursework that focuses on early child development.

The New Deal training requirements represent a significant improvement over existing training levels in most provinces, although in recent years some provinces have begun to take steps in this direction.

Salaries

Since research links the current challenges of recruiting and retaining well-trained child care workers in Canada to low wages, the next indicator tracks average wages for early childhood educators. The New Deal is based on a child care operating budget that will pay well-trained workers on a scale of $25/hour to $30/hour, allowing for an additional 20 percent in benefits. This salary range means that early childhood educators would earn between 84 and 100 percent of the current average wage in Canada, ensuring that those with a degree earn at least the average national income. By contrast, early childhood educator wages today range from a low of 36 percent in New Brunswick to 59 percent in Ontario.

In Newfoundland and Labrador, wages for early childhood educators are approximately 37 percent of the national average.

Staff/Child ratios

Research shows that staff/child ratios are another important indicator of quality. The New Deal proposes a range of 1:4 for children aged 18 months to three years, up to 1:10 in kindergarten. These ratios are generally close to, or the best of, existing centre-based child care ratios in most provinces. However, they represent a significant increase in staffing support in most kindergarten-related programs. Other than recent changes implemented in Ontario and P.E.I., kindergarten programs operate at ratios of up to 1:20.

FIG 16: A FOCUS ON **PARENTAL TIME AND SERVICE ACCESS IN NEWFOUNDLAND AND LABRADOR**
(Estimated number of children in each age and care category)

	Birth - 18 months	18 months – 3 years	3 - 5 years	Total	% of Total
Total Children	7,080	7,080	14,160	28,319	
New Deal					
Parental Care, with drop-in Parenting Support & Healthy Child Check-ins available	7,080	1,876	1,522	10,478	37%
PLUS: part-day regulated child care, or*	0	2,018	5,841	7,859	28%
full employment day regulated child care*	0	3,186	6,797	9,982	35%
Total	**7,080**	**7,080**	**14,160**	**28,319**	**100%**
Now					
Parental/Immediate Family Care	5,310	3,540	3,540	12,390	44%
PLUS: Primarily Part Day Regulated Care, or*	0	0	2,988	2,988	11%
Primarily Full Day Regulated Care, or*	84	1,099	3,533	4,716	17%
Primarily Part or Full Day Unregulated Care*	1,686	2,441	4,098	8,225	29%
Total	**7,080**	**7,080**	**14,160**	**28,319**	**100%**

* figures include or integrate kindergarten programs

FIG 17: A FOCUS ON **SERVICE AFFORDABILITY IN NEWFOUNDLAND AND LABRADOR** (Parent fees)

	Birth - 18 months	18 months – 3 years	3 - 5 years
New Deal			
Parenting Support & Healthy Child Check-ins	$0	$0	$0
K and pre-K, as well as child care for households < $40,000 annual income	n/a	$0	$0
Child care, part day, other households	n/a	$7/day	$7/day
Child care, full employment-day, other households	n/a	$10/day	$10/day
Now			
Parenting Support Programs	$0	$0	$0
All K and pre-K	n/a	$0	$0
Regulated full-time child care	$45/day (2003)	$21/day (2003)	$21/day (2003)
Unregulated child care (all ages/types including part-day & full-day, 2005)	insufficient data	$24/day	$14/day

FIG 18: A FOCUS ON **SERVICE QUALITY IN NEWFOUNDLAND AND LABRADOR**
(Adequate numbers of well-trained staff earning equity wages)

	Birth - 18 months	18 months – 3 years	3 - 5 years
New Deal			
Staff qualifications	All staff minimum 1 yr relevant post-secondary; ECE's move to degree; K/pre-K degree with ECD coursework		
Early Childhood Educator (ECE) wages (% of national average full time, full year wage)	84 - 100%		
Staff:child ratio	n/a	1:4	1:8 to 1:10, depending on age of group and daily program length
Now			
Staff qualifications	child care centres: min 1 staff in each group with 1 year ECE, remaining have orientation; K/pre-k: degree with no ECD requirements		
Early Childhood Educator (ECE) wages (% of national average full time, full year wage)	37%		
Staff:child ratio (child care, centres)	1:3	1:5	1:8 child care; K max 20

Source: Provincial budget and service plan data as well as Beach, J., M. Friendly, C. Ferns, N. Prabhu, and B. Forer, eds. 2009. Early childhood education and care in Canada 2008. 9th ed. Toronto, ON: Childcare Resource and Research Unit. For a detailed discussion of the methodology, see Lynell Anderson. 2011. "Who Cares for Canada's Children – Now compared to a New Deal for Families? Backgrounder – 2011 Provincial Family Policy Reports." Available upon request from authors. Unregulated care reflects all ages/types including part-day & full-day, 2005. Source: Cleveland, Gordon, Barry Forer, Douglas Hyatt, Christa Japel, and Michael Krashinsky. 2008. "New Evidence about Child Care in Canada: Use Patterns, Affordability and Quality." IRPP Choices 14 (12). Current salary information as reported by Beach et al, with estimated increases to 2010 based on CPI as reported by StatsCan.

The main result of the New Deal will be to:

- Help families move from unregulated care to parental care when their children are under 18 months.
- Create greater opportunities for all parents to balance earning and caregiving thereafter,
- While shifting children from unregulated to regulated services when not in the care of a an immediate family member.

THE NEW DEAL FOR FAMILIES: A PAN-CANADIAN COMPARISON...

The final two Figures, 19 and 20, show that the New Deal means more time, generally more money, and more high quality services for all families with children under age six. They do so by reporting the gaps between where we are now and where the New Deal proposes to take Canadians in each province. These gaps will be routinely measured in the coming years to monitor progress toward the New Deal across the country.

Although the New Deal proposes the same policy goals for all of Canada, Figure 19 reveals that income benefits will vary slightly in each province. The variation for parents who take advantage of the New Mom and New Dad Benefits reflects the interaction between the proposed policy changes and the different income tax and benefit systems in each province. Similarly, the financial benefits vary across the country for families with children 18 months and older because the cost of child care currently varies in all provinces, and because of differences in the provincial tax and benefit systems. The few negative figures signal when the New Deal invites additional discussion in some provinces about trading slightly higher child care fees for better quality services and/or trading some parental employment time for more time at home.

It is noteworthy that the benefits of the New Deal in Quebec are generally lower than in other provinces. This smaller gap reflects that Quebec is already further ahead than other provinces when it comes to supporting parents to have enough time at home, to access child care, and to escape poverty. Because Quebec is further ahead, the incremental cost of the New Deal in that province is less expensive per capita than in any other Canadian jurisdiction.

However, even in Quebec, the New Deal proposes substantial policy changes to extend the period for which all families receive income support when caring for a newborn, to reduce poverty further, and to improve child care. In terms of the latter, the New Deal responds directly to criticisms that economists and developmental scholars have raised about the Quebec child care plan launched in 1997, including:

- The system invests too much in child care services for children under age one.
- The system does not provide enough part-time options for families.
- The system invests too little to ensure that all services are high quality.
- The $7/day fee is insufficient to ensure that a high quality system is sustainable. (For example, see the 10 year review of the Quebec system produced by Pierre Lefebvre, Philip Merrigan and Francis Roy-Desrosiers in 2010).

In response to these reasonable critiques, the New Deal proposes that investment in a child care system prioritize facilitating access for families when children reach 18 months and older, increases the total investment in child care services to ensure all programs are high quality, and raises fees to $10/day for households with annual incomes above $40,000.

HOW DOES THE NEW DEAL CONTRIBUTE TO TRUTH AND RECONCILIATION?

Within the generation raising young children, Indigenous citizens wrestle not only with the general decline in the standard of living, but also a number of additional challenges posed by the legacies of colonization. Residential schools robbed parents of the time to care personally for their children; and took away from communities the opportunity to support families in culturally appropriate ways that nurtured the intergenerational transfer of identity over time. As a result, many Indigenous parents today explain that they struggle to teach their children about their culture while they simultaneously struggle to rediscover their culture for themselves. Research shows that this struggle risks limiting individual pride, community development and Nation building.

The New Deal purposefully celebrates and strengthens what was historically undermined by the Indian Residential Schools. The New Mom and New Dad benefits and Flex-Time provisions extend and enrich the time that children enjoy with their parents and other family members in their own self-defined cultural context. High quality, affordable and accessible child care services in turn expand access to community programs on and off reserve that prioritize exposure to the languages and cultures of First Nations, Inuit and Métis Peoples.

The proposed investment in additional caregiver time, community services and supports for low-income families will be an essential contribution to the ongoing work of the Truth and Reconciliation Commission in Canada.

FIG 19: THE NEW DEAL FOR FAMILIES: A PROVINCIAL COMPARISON, **PARENTAL TIME & RESOURCES**

		EXAMPLE 1	EXAMPLE 2	EXAMPLE 3	EXAMPLE 4
	Family type	**One earner couple**	**Dual earner couple**	**Dual earner couple**	**Low-income Lone mother**
	Income	**$54,330/yr**	**$54,330/yr + $27,165/yr**	**$54,330/yr + $27,165/yr**	**$27,165/yr**
	Age of child	**0-12 months**	**6-18 months**	**2-year old**	**4-year old**
Additional Time to Care Personally	*New Mom & Dad Benefits*	126 subsidized days (six months) available for one- & two-parent homes		0	0
	Flex-Time	22 days	11 days	22 days	22 days
More Services, Better Quality		High quality child care services and parenting suppports available as families choose			

Change in Household Income ($) after income and employment taxes, child care fees & routine health care					
BC	New Deal	59,231	58,176	58,572	33,086
	Now	44,257	43,158	56,774	30,027
	Gap	**14,975**	**15,018**	**1,798**	**3,059**
Alberta	New Deal	59,519	58,440	58,729	36,223
	Now	45,780	44,210	57,183	31,900
	Gap	**13,739**	**14,230**	**1,546**	**4,323**
Sask.	New Deal	58,288	57,335	57,473	37,878
	Now	44,615	43,446	58,403	33,576
	Gap	**13,673**	**13,889**	**-930**	**4,302**
Manitoba	New Deal	57,076	56,113	56,265	30,377
	Now	43,228	42,239	57,817	25,772
	Gap	**13,848**	**13,874**	**-1,552**	**4,606**
Ontario	New Deal	60,165	59,183	59,506	33,497
	Now	45,119	44,248	56,267	30,776
	Gap	**15,046**	**14,935**	**3,240**	**2,721**
Quebec	New Deal	57,891	57,438	57,023	34,271
	Now	45,251	46,307	60,179	30,201
	Gap	**12,640**	**11,131**	**-3,156**	**4,070**
New Bruswick	New Deal	57,956	57,023	57,184	30,663
	Now	43,721	42,890	57,965	27,527
	Gap	**14,235**	**14,132**	**-781**	**3,136**
Nova Scotia	New Deal	57,304	56,508	56,546	33,247
	Now	42,859	42,747	56,775	29,189
	Gap	**14,445**	**13,761**	**-229**	**4,058**
PEI	New Deal	57,189	56,307	56,404	30,664
	Now	43,019	42,483	55,937	24,575
	Gap	**14,169**	**13,823**	**467**	**6,089**
NFLD	New Deal	58,147	57,274	57,418	30,882
	Now	43,527	43,163	56,845	28,544
	Gap	**14,620**	**14,111**	**573**	**2,338**

Source: Kershaw Canadian Family Benefit Package data (2010)

As a package, the New Deal would push Canada toward the front of the pack internationally in terms of organizing policy around a genuine commitment to family values that respects the diversity of families and their choices.

- **New Mom and New Dad benefits** would move Canada to the top internationally in terms of supporting dads and moms to have time at home with their newborns.
- **$10/day Child Care services** would see Canada allocate to these programs what UNICEF recommends, and rank about sixth internationally.
- The proposed **Flex-Time** would position Canada in the middle of OECD countries in terms of workplace standards regarding long hours.

FIG 20: THE NEW DEAL FOR FAMILIES: A PROVINCIAL COMPARISON, **SERVICE ACCESS, AFFORDABILITY AND QUALITY**

ACCESS

Unregulated care arrangements

% of children enrolled in unregulated child care or preschool services that are not required to meet standards for quality (including safety), affordability and/or inclusion of all children

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD
New Deal	**0%**									
Now	23%	24%	35%	26%	21%	7%	21%	25%	13%	29%
Gap	**-23%**	**-24%**	**-35%**	**-26%**	**-21%**	**-7%**	**-21%**	**-25%**	**-13%**	**-29%**

Regulated care arrangements

% of children for whom regulated child care or kindergarten programs are available (part- or full-time) to supplement the care they receive from parents and immediate family

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD
New Deal	**63%**									
Now	33%	32%	21%	30%	35%	58%	36%	31%	50%	28%
Gap	**30%**	**31%**	**42%**	**33%**	**28%**	**5%**	**27%**	**32%**	**13%**	**35%**

AFFORDABILITY

Parent Fees

Regulated full employment-day child care, children aged 3-4 years

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD
New Deal	**$10/day**									
Now	$27/day	$31/day	$21/day	$19/day	$40/day	$7/day	$23/day	$24/day	$26/day	$21/day (2003)
Gap	**-$17/day**	**-$21/day***	**-$11/day**	**-$9/day**	**-$30/ day****	**+$3/day**	**-$13/day**	**-$14/day**	**-$16/day**	**-$11/day**

*Fee data not available by age group in Alberta. -$21 reflects average reduction for all children under six.

**-$30 reflects change required around Toronto area. Since Ontario does not collect province-wide fee information, -$17 reflects allocation of BC average to Ontario

QUALITY

Equity Wages for Trained Staff

Average ECE wages (% of national average full time, full year wage)

	BC	AB	SK	MB	ON	QC	NB	NS	PEI	NFLD
New Deal	**84% - 100%**									
Now	52%	44%	44%	55%	59%	55%	36%	42%	44%	37%
Gap	**+32%-48%**	**+40%-56%**	**+40%-56%**	**+29%-45%**	**+25%-41%**	**+29%-45%**	**+48%-64%**	**+42%-58%**	**+40%-56%**	**+47%-63%**

Note: smaller benefit gaps are desirable. A smaller gap signals that governments are closer to achieving the New Deal goal in a given province.

WHAT WILL THE NEW DEAL COST?

Guided by economists and chartered accountants, Dr. Kershaw and colleagues have conducted a comprehensive benefit/cost analysis for the New Deal, with additional reports forthcoming for each province. The analysis reveals that the New Deal will initially cost $22 billion annually across Canada, or 2.8 percent of the economic wealth produced today compared to 1976. A 2.8 percent dividend for the generation raising young children is comparable to the average dividend paid by Dow Jones Industrial stocks in 2010.
However, the net cost to federal and provincial governments after the first full year of implementation will be considerably lower than this-- $16.3 billion. The net cost is lower because governments recoup tax revenue both from the labour supply gains that result from the New Deal and from the pay equity wages earned by child care workers. The New Deal will also save government expenditures on health care, child welfare and anti-poverty programs.

In Newfoundland and Labrador, the net cost to federal and provincial governments will be $245 million in the first full year of implementation. Thereafter, the net costs decline. $245 million represents:

- $1.67 per adult per day, one-third less than a cup of coffee and doughnut at Tim Hortons.
- Around 0.78 percent of the Newfoundland and Labrador economy.
- Less than one-third of what we pay for Old Age Security and RRSP subsidies.
- 10 percent of public medical care expenditures (The Canadian Institute for Health Information projected that 2010 public medical care spending was $2.4 billion in Newfoundland).

RETURNS ON INVESTMENT

The time, income and service squeeze does not just cost the generation raising young children. The resulting work-life conflict also costs employers. In collaboration with Warren Beach (CFO) and his CA colleagues at Sierra Systems, Dr. Kershaw's team estimated that work-life conflict among employees with preschool age children costs the Newfoundland and Labrador business community in excess of $67 million per year, and the Canadian business community in excess of $4 billion. These costs include employee turnover, absenteeism and health care premiums.

The New Deal will eliminate these status quo costs. As a result, the New Deal will improve the profitability of the business community in Newfoundland and Labrador if the resulting reduction in work-life stress improves the productivity of employees with preschool age children by just 29 cents per hour when on the job. Business leaders can be assured that the enhanced profitability anticipated from the New Deal accounts for the business costs associated with implementing the proposed policy changes.

Although politicians and business owners often have short-term constraints, all citizens must think longer-term. Over the medium-term, the New Deal will:

- Reduce education costs because there are fewer children with additional support needs.
- Reduce crime costs among youth and young adults by one-third, because children who experience quality early care at home and in the community are less likely to engage in criminal behaviour; and because reducing generational inequalities decreases the risk of social confrontation.
- Generate additional taxation, because more employees are retained in the labour market.

The New Deal will also set in motion concrete strategies to achieve significant social priorities over the long-term, including:

- Contain and sustain medical care expenditures, because the New Deal will produce a healthier generation of young children, who will in turn become a healthier population.
- Promote gender equality, because the New Deal will eliminate barriers that reinforce the glass ceiling, and invite men to share equal opportunity to care at home.
- Advance pay equity, because the New Deal will value the care that parents and early childhood educators provide.
- Reduce our carbon emissions, because the New Deal will encourage Canadians to spend more time together, and less on stuff. "Stuff" has a higher carbon footprint.
- Improve the quality of the future labour supply in Canada, and our economy's resulting human capital and competitiveness, because children who are school ready when they start kindergarten are more likely to be job-ready when they graduate.

The New Deal will have **no net cost to society in the first full year of implementation**, if each Canadian adult values these social priorities at just 36 cents per day. If we value these priorities at more than 36 cents per day, then the New Deal provides a return on investment in the very first year. Benefits continue to grow thereafter. Long term projections reveal that the New Deal will return $6 for every $1 invested over the working lives of children who start kindergarten today.

The New Deal will have NO net cost to society in the first full year of implementation...

Concluding remarks by Paul Kershaw

TO ACHIEVE THE NEW DEAL FOR FAMILIES, WE NEED A GENUINE DIALOGUE ABOUT PRIORITIES AND TRADE-OFFS

The 2011 Canadian Insights Survey, a national poll, reveals that 70 percent of Canadians in Atlantic Canada believe correctly that housing costs absorb a far greater share of household income today for young families than it did a generation ago. 84 percent believe correctly that families with young children are more squeezed for time today compared to the 1970s when far more households had one parent at home full-time. And 65 percent believe correctly that household incomes have stalled for young families, despite the dramatic rise in dual-earner couples. These results are consistent with patterns across the country.

However, the majority of Canadians (55 percent), including almost one-half of those in Atlantic Canada (49 percent), do not yet believe that Canada ranks near the bottom of the international pack of countries with developed economies when it comes to investing in families with preschool age children. This ranking from UNICEF, the OECD and other international studies clearly does not sit well with the story we tell ourselves about being Canadian – that we are a country with a strong social policy tradition; a country that is generous; a country that puts our money where our mouth is when it comes to acting on family values.

So long as the majority maintain a fiction about our family policy ranking, the majority do not ask our elected representatives to prioritize differently when allocating public dollars. And until the majority vote for different priorities, we should not be surprised when government officials turn their attention to policy issues that overlook the pressing needs of the generation raising young kids. Put bluntly, Canada's family policy failure is far less a government failure than it is a citizenry failure. Citizens believe myths, not reality, about our family policy investments – we believe we are better than we actually are. Such myths are a major barrier to making progress toward a New Deal for Families in Newfoundland and Labrador and across the country. With the information in this report, we hope citizens will begin the myth-busting that is required.

As Canadians re-examine our policy successes and failures, we can and should be proud of our economic record since the 1970s. Our GDP grew dramatically, even after adjusting for inflation and population growth. This additional prosperity means we are more securely positioned than many countries when it comes to managing the current global economic malaise.

But Canadians cannot be proud that we have failed to use our additional prosperity to adapt to the deteriorating social and economic circumstances that now confront the generation raising young kids. This failure is not consistent with our national tradition of building and adapting policy for new realities, nor is it consistent with our national values that prioritize strong families, time together, choice and personal responsibility.

As Canadians decide how best to manage the global economic challenges we face, it is imperative to learn from the choices we made since the 1970s – choices to adapt social and economic policy, and, just as importantly, choices not to adapt. The evidence featured throughout this report confirms that these decisions did not work well for all generations.

It is therefore timely to start a new dialogue in Canada that considers important questions:

- Are some policy strategies better than others at supporting Canada's economic prosperity AND Canada's generation raising young kids? If yes, why not privilege policy decisions that promote both goals?
- When maintaining or increasing public investment in areas such as medical care, where are we not investing? The generation raising young kids? The quality of the future labour force? Health promotion? Gender equality? Crime reduction?
- When grappling with today's public debt and deficits, how do we handle the complicated intergenerational tensions to which they give rise?

On one hand, citizens who are about to retire have benefited from increased public spending over their adult lives that nearly tripled the national debt. A "spend now/pay later" orientation is clearly bad for intergenerational equity when maintained over decades - if the spending is never matched by additional sustainable growth and/or additional tax revenue. Such an orientation asks those who follow to pay yesterday's bills in addition to today's. That is one of the many challenges now facing the generation raising young kids in Canada.

On the other hand, any inaction on the New Deal that we attribute to current budget constraints will also impose harmful intergenerational consequences for the generation raising young kids. Why? Because inaction will mean we choose not to use even a small fraction (just 2.8 percent) of the additional prosperity we now enjoy in Canada to remedy their lower standard of living – a lower standard of living that makes it far more difficult to raise a family today than in the 1970s.

Put bluntly, if Canada is to work for all generations, then Canadians need to talk about how to find new funding or reallocate existing dollars in order to invest in the social and economic benefits that the New Deal will promote.

In fact, the New Deal requires (some combination of):

- REALLOCATION from other public expenditure - we spend less on other things.
- NEW PUBLIC EXPENDITURE - higher taxes, or fewer tax write-offs.
- NEW BUSINESS INVESTMENT - parental leave top-ups, human resource strategies that reduce long hours for some employees, higher minimum wages and/or employer adoption of living wage policies.
- DEFICIT FINANCING - spend now, pay later.

Reasonable people will have different opinions about which of these options to prioritize or combine. But it is critical to recognize that these are the only options, save one: accept the status quo that it is now harder to raise a family in Canada. The decline in the standard of living for the generation raising young kids results in vulnerable children, stressed parents, and compromises to gender equality, population health, crime reduction and economic growth.

KPMG, a firm specializing in taxation, ranks countries in terms of their competitiveness for attracting businesses. In a review of ten countries, the 2010 report shows only Mexico has lower corporate taxes than Canada. Canada has lower corporate taxes than the US, the UK, Australia, Germany, the Netherlands, Japan, France and Italy.

The OECD measures which countries collect more taxes than others. In industrialized countries, the average rate of taxation is 34.8 percent of the country's economy. Canadians pay less than this average – 31.1 percent of our economy. Although the Irish, Greeks, Americans and Australians all pay lower taxes than Canadians, three of these four countries are currently at risk of defaulting on debt payments.

These are the options that Canadians must discuss and choose between if we are to move beyond Canada's failing grade for family policy for which we all share responsibility. Please start talking about them: at your dinner tables, among your neighbours, in your offices, and especially with your political leaders.

Be sure all of your conversations acknowledge that we know finding $245 million to pay for new investments in Newfoundland and Labrador is DOABLE. Between 2008 and 2010 – just 2 years – public medical care investments have increased in Newfoundland and Labrador by $323 million. Clearly $245 million can be found for priorities. The most important question is:

Is the New Deal for Families a priority for Newfoundland and Labrador?

HUMAN
EARLY LEARNING
PARTNERSHIP

blogs.ubc.ca/newdealforfamilies

What kind of Canada do we want?

or,

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