

From: Luc Godbout and Suzie St-Cerny

To: Canadians Concerned about Childcare

Date: March 31, 2021

Re: **LOW-COST CHILDCARE DELIVERS FEMALE LABOUR-FORCE PARTICIPATION**

The OECD's [economic study](#) of Canada this month makes a stark observation: “the supply of affordable, high-quality childcare remains inadequate, prompting involuntary part-time working and career breaks among women and contributing to gender inequality.”

Yet Canada has, on its territory, one of the world's foremost models of a system that promotes female workforce participation.

Quebec began almost 25 years ago with a fee-subsidy program targeting 4-year-olds, and now covers both preschool and school-aged children. The uniform rate is \$8.50 per day in 2021 – under \$200 a month compared to the Ontario big-city average of about \$1,800 a month.

In addition, Quebec also offers a generous refundable tax credit for childcare expenses ranging from 75 percent to 26 percent of eligible costs, depending on the level of net family income.

Of course, all this has a cost, around \$3.3 billion in 2020 spent by Quebec (\$2.7 billion for reduced-contribution childcare and around \$610 million for the refundable childcare tax credit).

Based on [data](#) from Statistics Canada's Labour Force Survey adapted by *Institut de la statistique du Québec* we examined employment rates for mothers aged 25 to 54 with a child under the age of 6; those most likely to have used Quebec's reduced-contribution daycare program.

In 1996, prior to its introduction, Quebec's employment rate of mothers aged 25 to 54 years (59.9 percent) was lower than in rest of Canada (62.3 percent) by 2.4 percentage points. From 1996 to 2019, mothers' employment rate grew by 18.4 points in Quebec, which is 2.5 times the increase in the rest of Canada (7.4 points) and Ontario (7.2 points).

As a result, mothers' employment rate is now significantly higher in Quebec in 2019 than in the rest of Canada (by an enormous margin of 9.1 points). The reduced-contribution childcare program is clearly, at least in part, an explanation for this reversal of the employment rate of mothers aged 25 to 54.

Changes in the employment rates of mothers aged 25 to 54 with children under the age of 6, rest of Canada (ROC) and Quebec, 1996-2019

Year	Rest of Canada (Ontario only)	Quebec	Quebec/ROC
1996	62.3 (62.3)	59.9	-2.4
2019	69.7 (69.5)	78.8	9.1
Variation 2019-1996	7.4 (7.2)	18.9	11.5

A similar storyline holds internationally as well. A look at women aged 25 to 54 (regardless of whether they have or not children) shows a general improvement in their employment from 1996 to 2019. Back in 1996, Quebec's performance was pulling down on the Canadian average employment rate. Now in 2019, Quebec's performance is pulling the average up, ranking just behind Sweden for the highest employment rate of women aged 25 to 54. In the same time period, the ROC slipped from tenth to fifteenth.

The data demonstrate the potential gains for Canadian governments to support development of a low-cost childcare system. As Deputy Premier and Finance Minister Chrystia Freeland pointed out in her [fall economic statement](#), Quebec can show the way on childcare.

In this regard, former Bank of Canada Governor Steve Poloz, in [a conference](#) in 2018, said that if Quebec's childcare and parental leave policies were replicated across the country, 300,000 people could be added to the Canadian workforce. In [a speech](#) in February 2021, the current Governor, Tiff Macklem, also highlighted the importance of expanding access to low-cost childcare.

This is also a recommendation that emerges [from the study](#) by authors Ken Boessenkool and Dr. Jennifer Robson published on March 30, 2021 at the C.D. Howe Institute.

A low-cost childcare policy is conducive to general economic growth, while contributing to reduce gender inequality by increasing women's financial autonomy.

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