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Can Intergovernmental Relations Respond to Children's Needs?
An Options Paper**

By Jane Jenson and Rianne Mahon

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A consensus has emerged over the last decade about the need for high quality child care. Educational and developmentally appropriate child care is the key to achieving the future possibilities of a knowledge-based economy, as much as it is needed in the present to foster healthy child development and allow parents to balance work and family life. Everyone from experts on brain development to economists, sociologists, human relations experts, and child development specialists and educators recognize that child care forms a vital part of our social infrastructure. Governments in many countries and many jurisdictions have also come to this recognition. The Organisation for Economic Co-operation and Development has advanced the agenda with its years of study, leading to the 2001 report, *Starting Strong: Early Childhood Education and Care*. As well, Canadian governments have been working for several years on the Children's Agenda, which is a foundation stone of the social union.

This said, too often forward movement is still blocked by old conflicts and inter-jurisdictional wrangling. As a result, there is a real risk that young children and their parents will suffer. Well-designed governance structures are needed to achieve goals of equity and respect for communities, and to provide children with access to early childhood education and care settings that provide good environments for children.

The City of Toronto, which has major responsibilities for the financing and provision of children's services, is concerned to overcome such blockages and to identify the options for moving their child care agenda forward. What levers exist for obtaining adequate funding and achieving adequate spending in the child care realm? What spaces, if any, exist for new patterns of intergovernmental cooperation?

The focus of concern is to ensure that funds for early childhood, whether from the federal government through the National Children's Agenda and the Early Childhood Development initiative, or from the provincial government, can be spent to meet priority needs identified by local governments representing their constituents. In other words, the focus is on translating the *promises* about early childhood development into *reality*, in which all the partner governments – federal, provincial and municipal – can participate in designing services. Without some attention to relations among all three levels of government, these promising initiatives will come to naught.

The context is one of change. The City of Toronto seeks to put an end to its self-described status as a “puppet on a shoe string.” In June 2000, the City officially launched a search for dialogue with the provincial and federal governments to design a new relationship with Toronto and with urban Canada more generally. The goal was to give the City of Toronto sufficient powers and sufficient funds to meet its needs as a global city.

From the perspective of the City government, appropriate reforms would involve instituting a new legislative framework, giving it both a new status as an order of government and greater flexibility in financing arrangements. The *Staff Report* to Council in June 2000 also made the case for an enlarged role for the federal government in urban affairs, which would include direct relations between the federal government and major Canadian cities, including Toronto.¹

Issues around child care delivery and funding are a key driver in this process of rethinking intergovernmental relations. Located at the intersection of interventions to address pressing current needs and lay the groundwork for successful innovation for the future, child care is absolutely key to any discussion of future social and economic policies. Frustration with unilateral decisions about child care funding and delivery, and lack of any say as the Children’s Agenda was developed are but two examples of the need for new relationships.

In order to identify options for the City of Toronto in the current intergovernmental situation affecting child care, this paper proceeds in the following way. It first describes the current Canadian situation with respect to early childhood initiatives and education, in terms of both patterns and responsibilities. The section documents the unique situation of the City of Toronto as a municipality in Ontario, as well as the patterns of choices made by other provinces about early childhood development. The second section looks at intergovernmental relations in other jurisdictions – Canadian and non-Canadian, contemporary and historical – in order to identify solutions that have been tried elsewhere. In light of all this, the final section identifies the options that the City of Toronto might pursue.

The starting point for the analysis and its guiding principle is the following syllogism. Good outcomes for children, during their school years and later in life, depend on positive learning and developmental experiences in early childhood. Given the current structure of labour forces and families, as well as patterns of income distribution, the vast majority of parents need non-parental child care for their young children during the day. Therefore, *access to high quality, educational, and developmentally appropriate non-parental child care is a necessary component of any well-designed early childhood development policy.*

The goal of the rest of the analysis is to develop options so that such programs will be available as widely as possible to Toronto children.

1 These documents are available at <http://www.city.toronto.on.ca/ourcity/citycharter.htm>.

I. Intergovernmental Relations and Child Care – Patterns and Practices

In this section, we present information about two types of intergovernmental relations. First, we examine the ways that other provinces organize their relationships with municipalities and regional bodies around child care services. Second, we map the spending choices made by provinces for Early Childhood Development funds.

Provincial-Municipal Relations in Child Care

The province of Ontario is a clear outlier among Canadian jurisdictions in the way it allocates responsibility for social services and, therefore, for child care. As Table 1 documents, no other province assigns the municipalities such a decisive role in child care services, for both funding and service design. In a few cases, municipalities may deliver services directly but, in some provinces, they are explicitly blocked from doing so. Only in British Columbia are a few municipalities able to plan and develop child care services, although in Alberta the cities have discretion for school-age children. In other cases, and here Quebec and Alberta stand out, responsibility is significantly decentralized, but to a *regional* body. In both cases, the province sets standards and transfers funds, while the regional bodies establish priorities, develop service plans, and allocate funds to programs.

Therefore, it is only in Ontario, that cities² have the capacity and the responsibility for developing plans, setting service targets and providing funds, but with tight control exercised by the province.³ The province determines not only its own spending levels, but also how the municipality will use its own money.⁴

2 Formally, it is Consolidated Municipal Services Managers that have this responsibility but, for the larger cities, their jurisdiction corresponds to municipal borders.

3 In Toronto, the Children's Services Division leads the coordination of an integrated planning system for all municipal services for children, including child care. Political oversight is provided through a Children and Youth Advocate, who is a member of City Council, and through a Child and Youth Action Committee. Toronto submits its plan and associated budget to Queen's Park, and the province decides how many spaces it will fund. In 2000, Toronto asked for 2,000 new spaces to reduce waiting lists and budgeted for its share of this cost, but the province did not agree, so new spaces were not forthcoming. The City's Service Plan for 2001-03 also outlined the various pressures and gaps, and requested provincial cost-sharing support for its planned increase in child care provision. Thus, the City's problem is more than the availability of money from Queen's Park. It is also limited in its capacity to spend what its elected Council votes to spend.

4 For example, Toronto's Consolidated Municipal Services Manager is also responsible for the child care provisions associated with *Ontario Works*, including the *LEAP* (Learning, Earning and Parenting) program for teen parents, which is a component of *Ontario Works*. The City's principle for allocating subsidized child care spaces has always been "first come, first served" for those who qualify. However, the province has decided that *Ontario Works* recipients are to be given priority and, because they have a full subsidy, they often displace those children whose parents pay some fees, leading to an estimated shortfall of \$1,300 per child for *licensed* spaces. The City is also caught in a dilemma in which it has to balance costs against principles. The province does allow *Ontario Works* participants a set sum (up to \$390 per child per month) for *unlicensed* care arrangements. The City shares with the McCain and Mustard *Early Years Study*, however, a belief that such children, who are often from the most disadvantaged homes or whose teen parents have the least parenting experience, are most in need of high quality child care. Therefore, it is committed, whenever feasible, to limiting the amount of time *Ontario Works* or *LEAP* participants have to leave their children in *unlicensed* care to three months.

Table 1
Responsibility for Child Care in Canadian Provinces

Province	Municipal Role	Administration
British Columbia	There is no legislated municipal role for the development or delivery of child care. The City of Vancouver and some other municipalities play a role in planning and developing child care.	The Ministry of Health is responsible for licensing, monitoring and enforcing compliance with regulations, certifying early childhood educators, approving early childhood training programs, and developing policies and procedures specific to program licensing and certification of early childhood educators. Licensing and monitoring is done through regional health boards. The Ministry of Social Development and Economic Security administers the fee subsidy program. The Ministry for Children and Families retains responsibility for Supported Child Care.
Alberta	Until 1980, municipalities paid 20 percent of the cost of subsidized care. In 1980, the province took over full funding of subsidies, as well as the administration of child care for children up to 6 years. If a municipal government chooses to become involved in school-age programs, they may be provided as contracted services and up to 20 percent of the cost may be contributed by municipal governments. The provincial government allocates some funding to municipalities to be used for out-of-school subsidies under the Family and Community Support Services Program. Although there are no provincial regulations for school-age child care, several municipalities have developed their own.	Alberta delivers social services through regional boards. In 1999, the province turned responsibility for services to children and families over to 18 regional Child and Family Services Authorities. The Authorities oversee the planning, development, and administration of children's services, including child care. In each region, a community-based Child and Family Services Authority Board, appointed by government, oversees the work of the Authorities. Each Authority must operate under a province-wide set of standards, but has flexibility in service delivery models. The province provides funding to each Authority, which allocates funds for local services and, in turn, is accountable to the Ministry of Family and Social Services for the use of public funds.
Saskatchewan	Saskatchewan legislation provides for child care centres administered by municipalities. To date, only one centre had been licensed under this provision.	The Child Day Care Division in the Department of Social Services administers the legislation and is responsible for initiating new child care services, providing consultation, developing standards, and training. Monitoring, licensing, and consultation are provided regionally through two regional offices and five sub-offices.
Manitoba	There is no legislated municipal role for the development or delivery of child care.	The Child Day Care Branch of the Department of Family Services and Housing is responsible for licensing group and family child care, and providing fee subsidies and operating funding to eligible centres and homes. The Winnipeg office and eight regional offices are responsible for monitoring and licensing programs.
Ontario	Responsibility for managing the delivery of child care has been transferred to 47 Consolidated Municipal Service Managers. Municipalities also operate services.	The Ministry of Community and Social Services (MCSS) is responsible for developing policy and legislation, coordinating planning, and licensing programs. The MCSS is decentralized, with licensing and monitoring of programs being the responsibility of 10 Regional Offices. MCSS ensures compliance with regulations, and administers funding on a cost-shared basis with municipalities. Consolidated Municipal Service Managers (which, in some cases, are municipalities) and Native Bands administer fee subsidies. Local authorities are responsible for 20 percent of the approved costs of child care and the provincial government assumes 80 percent. Consolidated Municipal Service Managers are required to develop local services plans, including service targets and levels, according to provincial guidelines on local service planning.

Table 1, continued
Responsibility for Child Care in Canadian Provinces

Province	Municipal Role	Administration
Quebec	There is no legislated municipal role for the development or delivery of child care. Municipalities may no longer hold licenses to operate child care facilities.	The <i>Ministère de la Famille et de l'Enfance</i> is responsible for setting standards and regulations, the administration of legislation and grants, and the coordination of the child care system across the province. The Ministry of Education is responsible for child care services for school-age children. These are provided by school boards for children attending kindergarten or elementary school. Quebec uses a province-wide planning process, in <i>Conseils régionaux de développement</i> , through which representatives from municipalities, social services, and child care organizations set priorities by region.
New Brunswick	There is no legislated municipal role for the development or delivery of child care.	The Office for Family and Prevention Services, Family and Community Social Services Division in the Department of Health and Community Services is responsible for the provincial coordination of the Day Care Services Program. Six regional offices of the Family and Community Services Division approve and monitor child care programs.
Nova Scotia	There is no legislated municipal role for the development or delivery of child care.	The Prevention and Child Care Services section of the Department of Community Services is responsible for the licensing and inspection of child care and preschool facilities, the monitoring of family day care agencies, the administration of funding arrangements, program consultation for licensed programs, and the development of policies.
Prince Edward Island	There is no legislated municipal role for the development or delivery of child care.	The Department of Health and Community Services Agency is responsible for the regulation of child care services and the management of governments funds allocated to child care. The Child Care Facilities Board is responsible for standards and regulations, monitoring, setting qualifications, and the certification of child care staff. The Board includes a Chair who is a public official and six members who represent the health and social services system, the Department of Education, the Early Childhood Association, and the public at large.
Newfoundland and Labrador	There is no legislated municipal role for the development or delivery of child care.	The Department of Social Services establishes standards and allocates public funds on behalf of eligible families. Responsibility for licensing occurs on a regional basis and is the responsibility of the Health and Community Services Boards.

Source: Childcare Resource and Research Unit (2000), *Early Childhood Care and Education in Canada: Provinces and Territories 1998*, available at <http://www.child-carecanada.org/pt98/index.html>.

The unique position of local authorities in Ontario with regard to child care means that the City of Toronto is unlikely to immediately find many allies among other *cities* across the country. Some cities in other provinces are involved with child care, although not to the same extent as Toronto. All of them, moreover, no doubt have the same concerns about democracy, and the fact that democratically elected governments are severely limited in their choices about spending their own funds. Therefore, some alliances may be possible.

There may also be potential allies in the *regional bodies* of Alberta and Quebec. They, too, face the challenge of obtaining from their provincial government adequate decision-making discretion and sufficient funds for addressing local needs, which are determined locally. Regional bodies also have no voice in intergovernmental relations, as the federal or provincial governments make decisions that have profound effects on their regions.

Spending Choices for Early Childhood Development

The children's agenda and early childhood development initiatives have been the laboratory for working out new relations among the 14 governments involved in federal-provincial-territorial relations over the last six years. As such, their design reflects the principles emerging from the social union and the *Social Union Framework Agreement*.⁵

Both the National Child Benefit and the Early Childhood Development initiative have the same structure. After initial intergovernmental agreement, and decisions about areas of action and some new commitments as well as reallocation of funds, provincial and territorial governments became responsible only for reporting their program choices and spending decisions to the others. There is, in other words, no compulsion in this new social union to follow the same road to meet common goals. Provinces have complete latitude to develop their strategy and to institute the policies and programs that they judge will achieve these goals.

The other dimension to note about these agreements, of course, is that cities – within which the vast bulk of child care is delivered and other early childhood services are provided – were not at the table for the social union discussions. They have not been seen as actors in this key policy area.

Here, we will use the example of the agreement on Early Childhood Development (ECD) announced on September 11, 2000.⁶ Agreement was reached to target four areas of action: (1) promoting healthy pregnancy, birth and infancy; (2) improving parenting and family supports; (3) strengthening early childhood development, learning and care; and (4) strengthening community supports. Provinces and territories could choose to focus on any or all of these four action areas.

The federal government also made a commitment to make \$2.2 billion of new money available for ECD. All provinces promised to enhance accountability to Canadians via annual reports.

5 Quebec is not a signatory to many of these agreements but does participate in policy discussion through its observers.

6 *First Ministers' Communiqué on Early Childhood Development*, Canadian Intergovernmental Conference Secretariat, New Release, Ref. 800-038/005 (11.09.00).

The Early Childhood Development initiative fit well with the principles of the *Social Union Framework Agreement*. The ECD initiative was developed after discussion among governments, and was based on common understandings of how early childhood fit as “an investment in the future of Canada.”⁷ It also left latitude to each government with regard to how it would spend its money, within the four general priority areas. Table 2 provides a partial report on the choices made, highlighting only those decisions made about child care within the context of the ECD initiative, as reported for its first year (2000-01).

Table 2
Patterns of Spending on Early Childhood Development Reported by Provinces, July 2001

Province	Child Care Spending Reported (yes/no)	Proportion of Funds Allocated to Child Care (based on best available information)
British Columbia	Yes	No financial data are available. However, child care is mentioned second among five programs to receive funds.
Alberta	Yes	No financial data are available. However, day care is mentioned as the third of four priorities.
Saskatchewan	Yes	No financial data are available. However, enhanced child day care initiatives are mentioned as the fourth of six priorities.
Manitoba	Yes	Child care will receive \$13.6 million of incremental funding in a budget of \$29 million, more than twice as much as the second largest program.
Ontario	No	Child care is <i>not</i> mentioned in a list of 28 items to receive ECD funds.
Quebec	Not Applicable	Quebec does not participate in these initiatives. However, it has made significant new spending commitments to child care in its own programs.
New Brunswick	Yes	Enhanced day care will receive \$3 million in a budget of \$7.3 million. An additional \$1.4 million goes to early intervention and integrated day care services.
Nova Scotia	Yes	Enhanced day care, including wages and start-up grants, will receive \$6 million in a budget of \$9.1 million.
Prince Edward Island	Not Available	The province has a multi-year strategy for children and 13 key areas for action and investment, but detailed plans are not yet available.
Newfoundland and Labrador	Yes	Enhanced child care services will receive \$2.2 million in a budget of \$5.2 million.
Yukon Territories	Yes	Child care is first on a list of 3 priorities.
Northwest Territories	Not Available	Has not yet announced an ECD spending program.
Nunavut	Not Available	Has not yet announced an ECD spending program.

Source: This table is constructed from much more detailed information provided by Human Resources Development Canada from consultations with provincial and territorial governments. See *Announced Provincial/Territorial Funding Priorities for Early Childhood Development (ECD) – By Jurisdiction* (Ottawa: HRDC, 23 August 2001).

7 See “Early Childhood Development,” *Communiqué*, 41st Annual Premiers’ Conference, Winnipeg, 9-11 August 2000.

This table again identifies Ontario as the outlier. Every other province has signaled its intention to invest at least some ECD money to enhance child care services. Ontario, however, has chosen other routes. Indeed, Ontario's largest investment by far (\$30 million in a budget of \$114 million) goes to the development of Early Years Centres, which will be community-based resource centres where parents can obtain information and service referrals. Ontario has also opted to use ECD money for provincial programs in health (\$20 million to autism programs, for example), and then to distribute funds across a wide range of other provincial programs, including administration, which was allocated \$2.5 million for developing measurements. Conspicuous in its absence on this long list of provincial programs is child care.

In announcing the spending decisions, the Minister referred to the *Early Years Study* conducted by Margaret McCain and Fraser Mustard as the inspiration for the Early Years Centres. From the information available to date, however, the Early Years Centres seem to be very limited versions of what the authors had in mind when they wrote of "early child development programs that are environments for children to engage in play-based problem-solving and learning," to which children would be "brought" (if their parents chose to use such centres) and where children would have relationships with other children and adults. The centres were described as perhaps providing "full-day and extended hour programs."⁸

The Early Years Centres that the province announced in May 2001 are described only as a place "where all parents can go to find the answers to questions they have about their child, and to be referred to services to support them in their parenting role." Instead of centres providing developmentally appropriate programs for children, the Early Years Centres will be referral and self-help centres.

All of this is to say that, in contrast with all other provinces, Ontario has chosen to ignore child care when spending ECD funds. While clearly within its rights to do so, according to law and to the social union regime, the result is that the City of Toronto, which speaks for many families and children in Ontario, is excluded.

The City of Toronto can only watch from the sidelines, as the provincial government makes key decisions that will affect the well-being of Toronto children. It cannot speak in the forum of the social union, nor bring to bear its knowledge of the importance of equitable access to quality child care services to healthy development. It has no formal access to the federal government, which has several times affirmed its own commitment to accessible child care services. As a result, the City is stymied in its quest to achieve the promise set out in the *Toronto Children's Charter*, that "all Toronto children shall be entitled, if their parents so choose, to participate in high quality child care/early education programs designed to meet the best interests of the child." The City cannot invest what it knows to be needed and is willing to devote to child care.

8 Margaret N. McCain and J. Fraser Mustard, *Reversing the Real Brain Drain: The Early Years Study Final Report* (Toronto: Government of Ontario, 1999), pp. 156-157.

There are two reasons for the City's of Toronto inability fully to live up to its promises to Toronto children:

- The City is limited in its actions by its status as a municipality in Ontario and by the regulations that the government of Ontario has imposed on spending for child care (and other policy domains).
- The City is an unseen and rarely consulted actor in urban governance. While the decisions of three levels of government affect the development prospects and quality of life in Canada's cities, the current structure of intergovernmental relations does not allow the City to have bilateral relations with the federal government. Nor are there trilateral forums in which the crucial question of child development and child care can be discussed.

The next section examines the experience in other jurisdictions, both in Canada and abroad, seeking hints about or models for options for the future.

II. Managing Central-Local Relations – Differing Patterns across Space and Time

This section provides highlights of the ways in which other countries handle intergovernmental relations in child care, as well as the ways that challenges such as diversity and commitments to values such as equity have been addressed. This way of reading the other cases is appropriate, given the social and economic circumstances that the City of Toronto currently faces, and considering the goals embedded in the *Toronto Children's Charter* and the commitment the City expresses to equity through its annual *Report Cards*. From Canada's own past and present, this section also looks at examples of the ways other provinces allowed their cities to develop innovative relationships with the federal government, thereby demonstrating that there is no absolute constitutional hindrance to the City of Toronto engaging in such experimentation.

Examples from Abroad – Practices and Lessons

Sweden

In Sweden, governments have long treated access to quality child care as an expression of a commitment to equity. In recent years, another goal has been added. This is to permit more choice in the system, so that parents and governments can develop a range of services that meet local needs or desires, but do so within the limits set by clear national standards.

Sweden is a unitary, not a federal, country but it does have two levels of sub-national government. Counties are responsible for hospitals, primary health care and mental health care, as well as transportation within the region. Their revenue base is 70 percent from local personal income taxes, with road user fees, social insurance contributions, and very modest patient user fees accounting for the rest. The second sub-national level is the municipal. These governments are responsible for social services, schools, and planning, but under national oversight. Social programs account for the lion's share of expenditure, with education in second place. Municipal governments also collect income taxes, which amount to about one third of their revenue.

Traditionally, municipalities have enjoyed considerable, and constitutionally guaranteed, local autonomy. Although the municipalities' autonomy is founded on their taxing capacity,⁹ the national government may influence local rates, as it did when it stepped in during the mid-1990s and put a freeze on municipal tax increases. Moreover, despite having their own revenue sources, their role in delivering social services as a key component of the Swedish welfare state made municipalities increasingly dependent on transfers from the central government. Since 1991, however, such transfers have been in the form of block grants, thereby maintaining and even strengthening the municipalities' capacity to decide how to allocate spending.

While local governments are responsible for social services, Sweden's strong commitment to country-wide equity has led to the national government using a range of instruments to ensure that all citizens have access to high quality child care.

Legislation is one important policy instrument. Thus, 1985 law guarantees that all children aged 1 to 6 have a right to child care if their parents are working or studying.¹⁰ The law was sharpened in 1995, requiring municipalities to provide such places without unwarranted delay. Despite increasing fiscal restraint, the vast majority of municipalities have met the objective.

On its own, however, legislation would not be enough. The Swedish government has also used the lever of *financial transfers* to induce municipalities to supply child care spaces. When the national government embraced centre-based models as the most desirable form of care in the mid-1970s, it structured funding formulas to reward municipalities that expanded centre-based care. When it became apparent that, to do so, municipalities were increasing parental fees – and that fees varied significantly from one municipality to another – the central government again used a financial lever. It offered additional funding to municipalities that accepted a maximum fee schedule.

Regulation is the third instrument used. Initially, the national government exercised considerable control over child care through the issuance of guidelines regulating everything from qualifications of personnel to group size. Today, the primary mode of regulation of centre-based care is “goals-led steering” via the new national curriculum. Stated in broad terms, it thereby also allows a variety of different approaches to flourish in municipal and private centres.

9 As Melville McMillan notes, “The fact that social programs have remained a local function, without large grants from the central government being required, must be attributed to Swedish local governments having access to a major revenue source based on ability to pay.” See “Taxation and Expenditure Patterns in Major City-Regions: An International Perspective and Lessons for Canada,” in Paul Hobson and France St-Hilaire (eds.), *Urban Government and Financing: A Question of Who Does What* (Montreal: IRPP, 1997), p. 17.

10 The vast majority of children under 12 months were being cared for by a parent on parental leave. Swedish legislation entitles parents to 450 days of compensated leave.

Despite the preference for centre-based care, the legislated right to a space, and the regulation of program, diversity is present in the Swedish child care regime. Municipalities may purchase child care services from private, mainly non-profit, providers. If they choose this route – and currently, some 15 percent of Swedish preschoolers are served by such forms of care, primarily by parent cooperatives – municipalities have to provide essentially the same level of grant support. Private providers have to meet the same standards of care, adhere to the national curriculum, and the fees charged cannot deviate substantially from those charged by municipally-run centres. Thus, diversity remains anchored to equity commitments.¹¹

Germany

The situation of Germany is somewhat different. Germany is a federal country with a strong commitment to decentralization in social policy for reasons of principle (subsidiarity) and because the areas in which the federal government can act exclusively or concurrently are constitutionally limited. It, too, has a strong tradition of welfare provision, albeit mostly to protect workers. The key programs are organized through national insurance regimes (unemployment, health, pensions, and so on), often managed by para-state institutions. Other policy areas, including child care, fall to state or local governments.

Within certain constitutional limits, subsidiarity is the principle according to which responsibility is determined in Germany's federal system. Issues are assigned to one level or another according to contemporary understandings of which level of government is *best able* to provide. Thus a policy area such as housing, refuse disposal, or noise abatement may be determined to require a country-wide standard, and the federal government will gradually assume full responsibility, as it has in Germany now. Child care has never achieved this standing, nor is it even considered essential to have state-wide standards. It remains a local responsibility.

The federal states, generally known by their German name as *länder*, are key actors in the social realm, much like the Canadian provinces. Local municipal governments have responsibility for land use, some cultural facilities, maintenance of schools, and so on. The principle of subsidiarity also applies to them, however, in that if a local government is considered too small to provide a needed service, responsibility shifts to the next level up.

Cities share responsibility with the *länder* governments for social welfare other than social insurance. These include matters such as some support for families, for youth, and for day care and kindergarten, but these account for only about one-fifth of their costs.¹² Once an issue is considered sufficiently important, it is likely either to rise up to the next level or to be absorbed into the insurance form.

11 Indeed, equity and developmental concerns have expanded. As of July 2001, all children aged 3 to 6 have the right to attend preschool, even if their parents are unemployed. In January 2002, children with a parent who is on parental leave for a sibling will similarly have a right to keep their place and, in 2003, all 4- and 5-year-olds will be guaranteed at least 525 hours of preschool without charge. Grants will enable municipalities to meet these national objectives.

12 It is important to note that some major cities are, for historical reasons, *länder* in themselves. This is the case of Berlin, Bremen, and Hamburg.

Germany provides an example of a country struggling to find its own response to the pressures of women's labour force participation and changing family forms. Changes in society are putting pressure on the system to change but, thus far, they have not proved sufficient. Therefore, the 1990 child and youth legislation called for the expansion of public child care according to demand and the 1996 *Child Care Act* granted each child over age 3 access to child care as a right.

Yet "subsidiarity" means that the impact has been very uneven, with the differences especially great between the West and the former East Germany. As German political scientist Ilona Ostner notes, "Only one percent of West German (mostly urban) children under three were regularly in creches, twelve percent attended kindergartens or play-group for a couple of hours per day or went to publicly funded family carers. An average of 87 percent of West, and 91 percent of East German children between three and seven attended kindergartens, 57 percent of the latter full time ... as compared to only seven percent of West German children."¹³ The high coverage in East Germany reflects their earlier policy of supporting mothers' participation in the labour force, which was in marked contrast to West Germany's preference for the male breadwinner family.

The principle of subsidiarity permits flexibility. A clear concern about care for the dependent elderly and inequitable burdens of informal care led Germany to develop an innovative national insurance system of payments for care for the dependent elderly, and to relieve local governments of what was becoming a difficult and costly social problem.¹⁴

We see in Germany an example of a federal system that provides flexibility both across jurisdictions and across time. Responsibility for a policy area moves about in accordance with political demand and will, and resources follow. In general, however, cities do not have a role once a social area has acquired major significance.

United Kingdom

The United Kingdom provides yet another type of relationship between central governments and local authorities. In the European context, the United Kingdom, along with Germany, has traditionally been a laggard in the provision of child care, although, as we will see, this is starting to change.

Although no powers were constitutionally reserved for local governments (known as local authorities),¹⁵ prior to the 1970s, they traditionally had considerable autonomy in financial matters and discretion in the implementation of social services, including child care.

13 "The Politics of Care Policies in Germany," in Jane Lewis (ed.), *Gender, Social Care and Welfare State Restructuring in Europe* (Avebury, UK: Ashgate, 2000), p. 130.

14 Jane Jenson and Stephane Jacobzone, *Care Allowances for the Frail Elderly and Their Impact on Women Care-Givers*, OECD Labour Market and Social Policy Occasional Papers, No. 41 (Paris: OECD, 2000).

15 This is because the United Kingdom has no written constitution. The constitutional roots of Canadian cities' dependence on the provinces are both from its inherited British tradition and from the *British North America Act* of 1867.

However, beginning under a Labour government in 1973, and then much more dramatically under the Thatcher Conservatives, the central government set out to curb the spending practices and powers of local authorities. Many functions were given to centrally-mandated joint boards and committees, and grant programs penalized “overspending.” The goal was to promote “competition, choice, and accountability” via privatization or the introduction of competitive bidding for services like refuse collection. With regard to child care specifically, the government tried to establish a voucher system near the end of John Major’s government in 1993. It was aimed at providing access to preschools for 3- and 4-year-olds. Only four local authorities agreed to participate in pilot schemes, however, and the exercise was deemed a failure.

When the Conservative era ended, it is therefore not surprising that reform of governmental structures was again front and centre, and there was pent-up demand for action in the area of child care. Devolution of power to the legislatures of Scotland, Wales and Northern Ireland has given these governments responsibility for, among other things, policies toward children. Second, the New Labour government made “investing in children” one of its top priorities for fighting poverty and social exclusion, and for fostering a learning based economy.

The result has been significant investments in the early years. Three will be mentioned here, all of which involve direction and funds coming from the central government through the Department for Education and Skills or the provincial assemblies (outside England), as well as cross-sectoral partnerships in local areas, including with local authorities. Frameworks are set and funds allocated at the centre, while delivery is locally designed.

There are now Early Years Development and Childcare Partnerships in each local authority area, arising out of the National Childcare Strategy launched in May 1998. These partnerships involve local authorities and include representation from statutory agencies such as the Education Service, Social Services, and Health Authorities. Depending on the situation, they may also include churches and other groups with an interest in early childhood learning. The partnership must produce an annual plan, based on an annual audit of existing early learning and child care services, and the plan must respond to demand for child care from parents, children and employers.

As part of its Early Years initiatives, the government also mandates that all 4-year-olds will have a place, if their parents want it, for *free* early education. Currently, 55 percent of 3-year-olds also enjoy a free place, and the government has announced that, by September 2004, all 3-year-olds “will enjoy this entitlement.” In order to receive funding for this free service, the child care provider must follow the Foundation Stage Curriculum. Subsidies can go to a wide range of day care agencies and even individual child minders. The government is encouraging, however, the development of Integrated Services, by which it means settings providing both early education and child care services.¹⁶

16 See <http://www.dfes.gov.uk/parents/preschool>.

The government has also launched and invested significant amounts of money in the Sure Start strategy, which is a national design that requires all local programs to work towards its objectives and targets to fight poverty and disadvantage. While the mix of specific programs is locally determined, all must provide “support for good-quality play, learning and childcare experiences.” Local authorities are one of the possible partners in Sure Start programs.¹⁷

The example from United Kingdom provides an example of a unitary state, albeit one which is now engaged in significant devolution, that has decided to take an active role in ensuring that early childhood development services, including child care, will be available, both as a targeted program and as a universal entitlement. Responding to the diversity of local needs is a key goal. The place and role of local governments in these new initiatives is quite recent and variable. Their forms depend more on the particular kinds of partnerships constructed in each case than on any single model or governance status. The project and its funding is a national commitment, whereas the design and delivery are local.

Examples from Canada – Spaces for Municipalities?

This subsection addresses two issues. The first is whether there are examples from Canada’s past in which a federal-provincial agreement provides sufficient space for municipalities to exercise programmatic discretion. The second is whether, in policy realms beyond child care, there are examples of municipal government involvement in decision-making about urban areas in ways that contribute to the shared goal of “sustainable cities.” We look first to child care itself during the years of the Canada Assistance Plan (CAP) and then turn to a few examples of federal-municipal relations that provide grounds for thinking that child care might be addressed in the same way.

The CAP “Flow Through”

The Canada Assistance Plan was a shared-cost program. In contrast to its replacement, the Canada Health and Social Transfer (CHST), which provides block funding, and therefore no mechanism for tracing where money goes, CAP provided designated funds for child care. CAP was also designed so as to allow local preferences and needs to be met, at the same time as it instituted a mechanism to guarantee pan-Canadian equity in services. This design maintained wide variation across provinces in the details of social services. Some provinces, like New Brunswick, centralized control in the name of equity. Others, like Ontario, made the municipalities “partners,” at least in financing service provision. The federal government provided 50 percent of the funds, the provincial governments 30 percent, and the municipalities 20 percent. CAP also left some space for variation in the relationships that municipal governments – those “creatures of the province” – could maintain with the federal government.

17 See *Making a Difference to Children and Families: Sure Start* (London: Department of Education and Skills, 2001).

In the child care realm, the government of Ontario kept its municipal governments on a tight rein, right through to 1995.¹⁸ Under CAP, just as now, local governments were expected to cover 20 percent of the costs of subsidized child care places, but they had few powers to decide about levels of provision. Just as, for many years, the province of Ontario suffered from the federal government's unilateral decisions to set a "cap on CAP" after 1990 and, thereby, force the province to cover any costs that exceeded its ceiling, the City of Toronto must also pay the full costs of any services that exceed provincially set limits.¹⁹ This type of "controlling parent" approach to provincial-municipal relations is not the only possibility. Some provinces have permitted their municipalities to receive funds directly from the federal government.

Alberta's history with child care funding provides one such alternative example. In Alberta, in the 1960s and early 1970s, child care was still a shared responsibility between the province and municipalities. As in Ontario, arrangements for cost-sharing with local governments required municipalities to pay 20 percent of eligible costs, while the province covered 30 percent and the federal government 50 percent. Under these arrangements, there was considerable investment in municipal child care centres, especially in urban areas.

By the late 1970s, however, the Conservative government led by Peter Lougheed was moving to change its approach to child care, opening the field to commercial child care providers and paying less attention to the "preventive social service" dimension of CAP.²⁰ In the face of this challenge to their homegrown and local models, several cities – including Edmonton, Medicine Hat and Calgary – fought back. They disagreed with the provincial government and did not want to cut off special funding to the municipal centres and non-profits providing "preventive" child care services.²¹ Cooperation among the major cities enabled them to secure an important compromise.

In 1983, the governments reached an agreement that allowed federal funds to "flow through" to the cities, without requiring any contribution from the provinces. Ottawa continued to pay its 50 percent of eligible costs, while the municipal government raised its share from 20 to 50 percent. A number of small municipalities were also included in this agreement. The arrangement lasted for the rest of CAP's life. Indeed, in 1990, when Ottawa "capped CAP," Alberta cities were also subject to the 5 percent limit on increases in funding.²²

18 See the last section below for some experiences in Toronto with flow-through arrangements.

19 Currently, the City has more Family Resource Centres and child care spaces in summer day programs than the province has targeted for the City's population. Therefore, the City pays 100 percent of the cost of these additional spaces.

20 Even under the Canada Assistance Plan, significant space existed in that province for municipal decision-making autonomy. Once instituted, the CAP cost-sharing formula (50-50) never succeeded in inducing all provincial governments to reach a similarly high level of coverage in child care. As the Cooke Task Force found, no province went as far as the federal government would have permitted in expanding services to those "in need or in danger of becoming in need." The definition used by CAP would have covered a substantial number of middle-income families, but the actual funding commitments fell short and the supply never met the demand. *Report of the Task Force on Child Care*, known as the Cooke Task Force (Ottawa: Status of Women, 1986).

21 T.L. Thomson, "Municipal Initiatives in Child Care," in *Financing Child Care: Current Arrangements*, background study on municipal initiatives in child care prepared for the [Cooke] Task Force on Child Care, 1985.

22 City of Medicine Hat, *Footsteps to the Future: Day Care Policy Review* (6 October 1992), p. 22.

In the meantime, for up to 15 years, Alberta municipalities were permitted by this innovative tripartite arrangement to choose the kind of child care they wished to support.²³ Even more importantly, they were able to obtain the funding that they needed, despite their constitutional status as “children” of the province.

A Short Review of Federal-Municipal Relations

The federal government has had a sort of peek-a-boo relationship with major Canadian cities. By the early the 1970s, it was evident that urban spaces had particular set of needs and that much federal government activity was in fact located in cities. The Ministry of State for Urban Affairs that was set up at the time made some attempts at tri-level consultations, but they went nowhere.²⁴ When the Ministry was shut down, the Central (now Canada) Mortgage and Housing Corporation (CMHC) took over some of its responsibilities, but it too has been hindered by constitutional difficulties.

Despite the fact that CMHC “has always been a major centre of thinking in Canada about the internal spatial structure of cities, and sometimes the analysis of its programs has used this thinking, the urban framework never has been the principle paradigm for developing, analyzing or evaluating housing programs. The barrier, in part of course, is constitutional. The federal government cannot speak directly to city governments, the formal route must be to approach the province first and then to draw in the cities. The fundamental point of contact for the federal government is the province.”²⁵

Nonetheless, there has been some direct contact, in a limited number of areas.²⁶ For example, during the 1980s, the federal government was involved in individual urban development projects with most of the large cities, including Toronto. A number of federal departments have also used the Federation of Canadian Municipalities “as a way of encouraging community-based activity without involving direct links between federal departments and municipal officials.”²⁷ The federal government’s Infrastructure Program spawned some experiments as well. For example, the Canada/Alberta Infrastructure Management Committee set up a review process that included two municipal representatives.²⁸ There is a “history” in the social fields as well, where a range of policy initiatives have involved “the *recognition of the community context* and, therefore, the *recognition of municipalities as legitimate actors*.”²⁹

23 The arrangement ended in most cities before 1995, as Municipal Councils changed their political perspective on providing child care, and closed down services. Edmonton continued the longest to invest in child care.

24 Donald Higgins, *Local and Urban Politics in Canada* (Toronto: Gage, 1986).

25 George Fallis, “The Federal Government and the Metro Housing Problem,” in Frances Friskin (ed.), *The Changing Canadian Metropolis: A Public Policy Perspective* (Kingston: Institute of Government Studies Press, 1994), Volume 2, p. 371.

26 These examples are drawn from Caroline Andrew, “Federal Urban Activity: Intergovernmental Relations in an Age of Restructuring,” in Frances Friskin (ed.), *The Changing Canadian Metropolis: A Public Policy Perspective* (Kingston: Institute of Government Studies Press, 1994).

27 Andrew, “Federal Urban Activity,” p. 441.

28 Federation of Canadian Municipalities, “Quality of Life Infrastructure Program Proposal,” submitted to the Finance Minister, Paul Martin (12.10.99).

29 Andrew, “Federal Urban Activity,” p. 447, emphasis added.

From these examples, we can observe that current federal policies which draw from the population health paradigm – and its variants in fields such justice, employment policy, and the like – call forth a “community based” or spatially-sensitive response. The appropriateness of such thinking has been demonstrated in the children’s policy field by, among other things, studies of community effects based on the data from the *National Longitudinal Survey of Children and Youth*³⁰ as well as from census data.³¹

Such studies lead to the recognition of two things. The first is that there are syndromes of effects, positive as well as negative, that occur “in space.” They recognize the importance of the “community” as the context where all the pieces come together. Second, this perspective recognizes that *all* relevant actors must be involved. If churches, employers, community groups, and so on are going to be program partners, it is hardly justifiable to exclude representatives of local governments.

The Ontario government also participates in such initiatives through, for example, the Youth Employment Strategy. Human Resources Development Canada and local colleges have a partnership to deliver employment programs for youth that includes some municipalities. This has resulted in new and integrated approaches to the delivery of employment supports and services to multiple client groups. The municipalities have become systems managers within the local employment support system in addition to acting as delivery agents.³²

The 1999, the Supporting Communities Partnership Initiative announced by the federal government applied this same approach to homelessness, in which one of the key goals was to strengthen community capacity. In addition to an injection of funds, the initiative envisages developing innovative relationships with the 10 largest cities that will receive 85 percent of the federal funds.³³ Under the Supporting Communities Partnership Initiative, cities like Toronto have been designated the “community entities” that are to develop a local plan, select projects that fit plan objectives, and then monitor and report on implementation. It should be noted, however, that the provinces had to approve this relationship and, in Ontario, the provincial government designed the funding framework that the City has to use.

30 See, for example, Michael H. Boyle and Ellen L. Lipman (1998), *Do Places Matter? A Multi-Level Analysis of Geographic Variations in Child Behaviour in Canada*, available at <http://www.hrdc-drhc.gc.ca/arb/conferences/nlsyconf>; Martin D. Dooley and Lori Curtis (1998), *Child Health and Family Socioeconomic Status in the Canadian National Longitudinal Survey of Children and Youth*, available at <http://www.hrdc-drhc.gc.ca/arb/conferences/nlsyconf>; and Dafna E. Kohen (1998), *Affluent Neighbourhoods and School Readiness*, available at <http://www.hrdc-drhc.gc.ca/arb/publications>.

31 Michael Hatfield, *Concentrations of Poverty and Distressed Neighbourhoods in Canada*, (Ottawa: Applied Research Branch, Human Resources Development Canada, 1997), available at <http://www.hrdc-drhc.gc.ca/arb>.

32 Government of Ontario, *Roles and Responsibilities 2001: The Provincial-Municipal Relationship in the Human Services* (Toronto: Queen’s Park, 2001), p. 18.

33 The federal government announced it would make available \$305 million over three years to help tackle the problem of homelessness, by building partnerships with the provinces and territories, municipal governments, non-profit organizations, the private sector, and individuals. The announcement also included additional federal funds for the ongoing Youth Employment Strategy (\$59 million), the Urban Aboriginal Strategy (\$59 million), the Shelter Enhancement Program under CMHC (\$43 million), and for Community Plans and Research (\$9 million), with an additional \$10 million towards using the federal government’s real estate in urban environments. There was also a \$268 million increase in the Residential Rehabilitation Assistance Program (RRAP) for the renovation and repair of housing for low-income people.

Moreover, as the federal government begins to develop initiatives in the area of affordable housing, the traditional intergovernmental format has been maintained. Negotiations in August 2001 involved the ministers responsible for housing meeting with the federal Minister of Public Works. The Federation of Canadian Municipalities and housing activists spoke from the outside, and the cities were not consulted at all.

What options, then, are available to the City of Toronto in this context? The final section of this report outlines three of them.

III. Possible Options for the City of Toronto

In November 1999, in its *Children's Strategy*, the City of Toronto declared its commitment to implementing an equitable system of early childhood education and care as an integral part of a comprehensive system of children's services.³⁴ The City's 2001-03 *Child Care Service Plan*, developed through an intensive community consultation process, spelled out the implications of that commitment, including the need for substantial numbers of new spaces and improved financing for the program as a whole.³⁵

The Service Plan says that "lack of capacity, long waiting lists and high cost of care present a major deterrent for many families" to obtaining the quality of care they wish for their children.³⁶ Lack of spaces and lack of subsidies make effective parenting difficult. Parents are too often forced to choose between employment or adequate child care. If they choose to provide child care themselves because they cannot access quality non-parental care, this will interfere with their labour force participation and, therefore, with their economic autonomy. If they must choose employment, their children may lack the developmentally appropriate care they need and deserve because of an inadequate supply of affordable and high quality non-parental care.

The City, along with many others, understands the key role that good quality early childhood education and care can play – for child development, for the health of children and parents (by reducing stress, for example), and for the economy as a whole. Therefore, many in Toronto were profoundly disappointed that the Province of Ontario decided not to devote *any* of the new Early Childhood Development funds made available in September 2000 to child care, and that its commitment to child care under the National Child Benefit reinvestments remains limited. As documented above, ECD funding has gone instead to a wide range of other provincial programs.

Nor did the City of Toronto (or other municipalities in Ontario) have any say in the distribution of ECD funds, despite its substantial financial and administrative responsibility for children's services. In the current practices of intergovernmental relations surrounding the broader National Children's Agenda, only the federal and provincial/territorial governments are involved. Municipalities have no formal role and few informal points of access.

34 City of Toronto, *Children's Strategy* (Toronto: City of Toronto, 1999).

35 City of Toronto, *Child Care Service Plan 2001-03* (Toronto: Children's Services Division, 2001).

36 City of Toronto, *Child Care Service Plan 2001-03*, p. 8.

Moreover, in relations between the Province of Ontario and municipalities, Toronto is constrained in its own choices because the costs of child care in Ontario are shared. The City's spending decisions are confined within bounds set by provincial decisions, and are subject to the Province's approval. Therefore, the City government is sometimes unable to follow through on the promises made to its citizens, a gap that interferes with democratic accountability.

Given these intergovernmental structures and practices, what are the City of Toronto's options for improving its capacity for action and follow through? Can the City be involved more actively in this policy realm? Is there another model of intergovernmental relations beyond the two existing pairings of federal-provincial and provincial-municipal?

There are three basic options available to the City for strengthening its capacity to follow through on its commitments to a children's agenda. They can be characterized as follows:

- Seeking a new status for the City of Toronto.
- Seeking a direct funding arrangement with the federal government for early childhood development, including child care.
- Taking a leadership role in constituting a coalition of partners concerned about the "urban agenda."

In examining each option in more detail, we identify the changes that would be needed, the available allies for making this change happen, and the likelihood of success. In evaluating each option, we have proceeded from an assessment of the current state of intergovernmental relations. Not all options are equally feasible.

While there is widespread agreement about the importance of ECD initiatives at all three levels of government, these are being constructed within the confines of new institutions of governance such as the *Social Union Framework Agreement*. These are new arrangements, but ones that work within the confines of Canadian federalism. In Canada, the division of powers is set by constitutional principle. Canada does not shift responsibilities from level to level according to the principle of subsidiarity, as Germany does.

Within these institutions, the federal government has two principal levers: the *federal spending power*, which allows it to provide direct benefits to individual Canadians (via tax credits, deductions, and so on), and its *leadership role*. The latter follows from it being able to position itself as representative of all Canadians and from its own policy resources within the federal bureaucracy. It has, in other words, fewer levers than the government of Sweden, which could mesh pan-Swedish legislated norms with decentralized service delivery. Nonetheless, both the levers available do provide significant resources for developing and shaping agendas.

The design of specific programs, however, has been deliberately left to provincial governments, with the result that choices about spending are even more decentralized than ever. Our assumption underpinning the assessment of options is that it is unlikely that this model of intergovernmental relations will change in the near future. In particular, it is doubtful that the federal government will become more prescriptive about the *content* of provincial spending programs, meaning that pan-Canadian program initiatives are unlikely. The City must therefore assess its own options in light of these institutions of governance. There are openings, however.

The new institutions are being built on the principles of accountability for results and transparency of choices. They rest on a belief in the benefits of cross-sectoral partnerships. The federal government may well be ready to become a more active leader, if partners and support are available in urban settings. The experience of other policy areas, such as homelessness and infrastructure, support this observation. The City of Toronto has a legitimate claim as a representative of millions of citizens to ensure that these principles are respected. In other words, the City can insist on two things in the assessment of outcomes – that its voice be heard and that any partnerships formed must include all the parties that have the knowledge needed to generate the desired outcomes.

We now turn to a more detailed exploration of the options available to the City of Toronto.

A New Status for the City of Toronto

The Toronto City Council has been pursuing this option since spring 2000. It is a quest to redefine its relationship with the provincial and the federal governments to acquire new legislative and fiscal authority, by gaining a Charter status similar to that enjoyed by Montreal, St. John and Vancouver. In large part, this claim rests on Toronto's special status as Canada's largest urban centre and perhaps its only "global city." According to Council's thinking, the Charter would need to be "custom-built to meet Toronto's unique needs and responsibilities." The goal is to gain the "powers and revenue sources that match its stature as the largest Canadian city and the economic centre of Canada."³⁷

In the development of this strategy, the Council identified one of the advantages of such a status. It might enable the City to negotiate an agreement with the federal government for capital funding of child care. In other words, having a Charter would change the relationship between Toronto and Ottawa, as well as between Queen's Park and Toronto. The existence of a Charter would also give the City standing in conversations about an urban agenda for the largest Canadian city. Children's services would be a necessary part of that discussion, given their centrality for future as well as present well-being.

As the City recognizes, however, the campaign to obtain Charter status is likely to take some time and to meet with resistance. It is, therefore, not a strategy for meeting immediate needs to shorten long waiting lists for child care and to provide affordable care to those who badly need it now.

37 This is from "Towards a New Relationship with Ontario and Canada," available at <http://www.city.toronto.ca/ourcity/citycharter.htm>.

Moreover, even if a Charter were obtained, any effect on children's services would require that the Province explicitly accept the inclusion of that field in the agreement. Given the provincial government's own long-standing and reaffirmed interest in shaping the early childhood policy realm, as well as its own major fiscal interest in the area, it is unlikely to agree to hand many new levers to the City.

Nor is the federal government likely to agree to a special and institutionalized arrangement for Toronto that would hive some services off the larger ECD agenda, itself a pillar of the emerging social union. Children's services are part and parcel of the government's employability, learning and innovation strategies. Therefore, to take them out of that framework would be seen as a threat to the already fragile institutions of the federal-provincial-territorial social union. Moreover, there are few policy arguments for doing so. All levels of government agree that child care is a key element of a larger early childhood development and social policy reform and, therefore, that it should be dealt with as part of that package. Finally, the City of Toronto can count on few allies in this quest, given that it is built on identifying Toronto's unique status, a position that does not invite collaboration with others.

For all these reasons, we consider this first option to be a long shot. It could be pursued, of course, but it is unlikely to have sufficient pay-offs in the present and immediate future to constitute a primary option.

A "Flow-Through" Funding Relationship with the Federal Government

There is no constitutional impediment to the federal government by-passing a provincial government to allow funding to go directly to municipalities willing to spend their own funds, as we saw in our brief review of the history of CAP and child care, and in the current practices in other policy realms. Alberta municipalities had such an arrangement under CAP, as documented above. For its part, Toronto has negotiated such special arrangements as well. In 1996, Metropolitan Toronto secured \$4 million in "flow through" funds from the federal government. In that instance, Ottawa provided money to the City without a contribution from the province.³⁸ With this mechanism, both the City and the federal governments were able to follow through on their commitments to citizens, despite the fact that the province was unwilling to spend any more.

Such arrangements are not quite the *direct* relationship between the federal government and a municipality that they might seem at first glance, however. To work, they require the agreement of the provincial government. It must "allow" the city to enter into an agreement with the federal government. The government of Alberta "permitted" its municipalities to receive CAP funding and to cover 50 percent of costs instead of the normal 20 percent. In the absence of provincial permission, it is difficult for such arrangements to develop. For example, when Toronto pursued this strategy in the early 1990s, it was vetoed by the Government of Ontario at the time.

38 A similar flow-through was obtained under the Infrastructure Program, which, in 1997, saw \$1 million go to Toronto, without a corresponding contribution from the province.

There are several reasons, nonetheless, to think that such a strategy might meet with some success in the area of children's services, and that it is therefore worth pursuing. The Province's own outline of provincial-municipal relationships in the human services officially acknowledges the decision-making power that flows from municipalities' knowledge about local needs and priorities. "Municipalities, with their knowledge of the local community and service system, are best positioned to determine the needs of their communities, set priorities, and shape service systems that address these needs and priorities."³⁹

Current practices do not quite respect this principle, keeping the municipalities as they do so tightly under provincial budgetary control. Such statements do, however, open the door to municipalities mounting claims in the name of their own democratic legitimacy. Municipal governments are duly elected representatives of citizens, accountable to voters. They also pay a goodly portion of the service costs. Therefore, they have a right to act for and to the benefit of their residents.

If a municipality is prepared to act, and the federal government is also ready, the province has little democratic legitimacy for opposing the arrangement. In order to do so, it has to fall back on constitutional arguments that municipalities are the "children of the provinces," an argument which does not sit as well with citizens as it may have previously. In the majority, citizens prefer governments that can demonstrate a capacity to cooperate flexibly and to innovate to meet real needs.

A "flow-through" might therefore be achieved, but it requires careful political work to prepare the campaign. It means, among other things, identifying likely allies who would argue for similar things.

Here the City of Toronto can identify potential allies in a range of places. In Ontario, most of the major municipalities face problems similar to those of Toronto, even if Toronto's may be most pressing. Although cities in other provinces do not have the same level of responsibility for child care and children's services as do those in Ontario, they are involved in several ways. Therefore, they too may be induced to lobby for a federal policy stance that would allow them to access ECD resources. They would do so in the name of their capacity to identify and address local needs that their provincial government may be reluctant to take on board, either because it cannot afford them or does not believe the expenditure to be worthwhile.

Therefore, a strategy of working with other cities in Ontario and across the country, perhaps within the Federation of Canadian Municipalities, to build on the knowledge and capacity of cities to represent their citizens might help to overcome the opposition of provincial governments to such flow-through arrangements. The regional bodies involved in service planning for children in Alberta and Quebec are also possible allies. They, too, face the challenge of obtaining adequate decision-making authority and the finances to back that.

39 Government of Ontario, *Roles and Responsibilities 2001: The Provincial-Municipal Relationship in the Human Services*, p. 8.

This option is feasible. Given the consensus in the federal government and the City of Toronto on the importance of acting *now* to improve child outcomes, the claims of the City should gain some purchase in developing such a special relationship. Allies within Ontario and other provinces would help to convince the Province not to oppose such arrangements.

They remain, however, “arrangements.” Flow-through funding has to be negotiated and, therefore, special need must be demonstrated. It does not proceed from a position of principle that directly acknowledges the City’s ongoing and real responsibility for the development of urban Canada. While it represents one strategy to pursue, there are other eggs in the basket of options.

Creating a Partnership around a Community Development and Urban Agenda

There is increasing recognition within policy networks that Canada must pay more attention to developing an agenda for the future of its communities, and particularly those in large urban areas. This recognition emerges from a number of sources, all of which identify the centrality of cities in the current era of globalization. Employers as well as governments, the voluntary sector and families all have an interest in ensuring that good quality early childhood education and services are available in their communities.

It is too simplistic to assume that we are experiencing the “end of geography” or the “death of distance.” Indeed, research reveals the key role that location plays in this complex, interdependent world. Processes of knowledge-based innovation depend on clusters of firms, with access to skilled personnel. People with such skills are drawn, in turn, to locations where they can find high-quality services, recreation, social diversity, social peace, and so on. There are dangers, then, that social exclusion and inequality – increasingly concentrated in inner cities most vulnerable to de-industrialization – will weaken the capacity of urban regions to flourish. Therefore, in addition to concerns about equity for all citizens, there are additional reasons to pay attention to Canada’s city-regions.

A second source of knowledge about the importance of space comes from research about human development and population health. These perspectives underpin the programs in the United Kingdom that were described above, where everybody – from churches and ethnic associations to chambers of commerce, to health and education authorities – works together to design a program for their community. Such ideas already inform some of the federal government’s thinking about why it is necessary to “invest in children,” as well as Ontario’s *Early Years Study*. This knowledge involves the recognition that healthy child development (or its converse) occurs “in space” – and thus *communities matter*. Neighbourhoods can become “communities of disadvantage,” where poverty undermines community institutions and resources, and where lack of community support increases parenting challenges.

City governments, working with a wide range of community partners, can play a role in halting such negative cycles and in fostering “virtuous circles” that achieve social inclusion and advance community development. Equitable and accessible early childhood care and education system are part of a broader web of children’s services that contribute to this end.

The City of Toronto has substantial experience in working with, and securing potential support from, its community partners in this realm, as the *Child Care Service Plan* for 2001-03 demonstrates. In other words, the City has the credibility, knowledge and skills to pursue this option, and it can find allies not only in the local community but also at the federal level. Indeed, all three levels of government have a presence in these urban spaces and their actions within such communities, if undertaken in a coordinated way, could advance an agenda of community development.

Therefore, one option for the City of Toronto with respect to children's services, and child care in particular, is to continue to work with all its partners and to take the lead in developing policy and programs for Toronto, based on its detailed knowledge of community needs and with the legitimacy of its own democratic credentials. Because of its size, the City has the resources and credibility within its administration to assume this mantle.

One action might be, for example, that the City of Toronto seek to mobilize a coalition of local support, including cash and in-kind contributions of space and so on from employers and community groups. With this strong local partnership in place, and the up-front funding in hand, it could then seek matching funds from the federal or provincial government, or both. The initiative would be positioned as a combined ECD and community development program. Such a level of mobilization would be hard for the provincial government to resist and, if it did, the whole debate would then be out in the open.

Such coalition building with multiple partners has to occur in the community, to be sure. But it also involves promoting *throughout* the whole policy process the notion that there is a spatial dimension to development issues, to social inclusion, and so on, as well as an understanding that good governance requires including more than the traditional federal-provincial pair. This means that representatives of the City of Toronto (and other urban centres as well) must be invited to participate in, and be prepared to accept, initiatives beyond the borders of their city. They must seek representation, to make the "city's voice" heard in pan-Canadian coalitions of all sorts, and not just through the Federation of Canadian Municipalities.

Making this option work will require governments to understand that multi-sectoral and multi-partner strategies are needed if Canada's urban areas are going to thrive. Making this option work will involve sharing knowledge, of course, but it will also mean better sharing of fiscal and financial resources. It will mean focusing policy-makers' energies on the needs of citizens in the city-region, rather than on constitutional divisions of power.

Our analysis has found no constitutional impediment to such initiatives. In the past, provincial governments and Ottawa have worked with cities in limited ways to push forward an agenda of community development. Therefore, there is no reason that a larger initiative could not be used again to generate the level and quality of services that the children of Toronto need and deserve.