



The Honourable Karina Gould, P.C., M.P.
Minister of Families, Children, and Social Development
Employment and Social Development Canada (ESDC)
By email: karina.gould@parl.gc.ca

Re: Creating an Enabling Infrastructure Fund for Nonprofit Childcare Providers

Dear Minister Gould,

We applaud your efforts in ensuring Ontario signed onto the Canada-wide Early Learning and Child Care Plan and as you have noted, the work is only beginning. The [Early Learning and Child Care Infrastructure Fund](#) announced in budget 2022 is critical for supporting the expansion of child care in Ontario. Without this fund, the system will not be able to meet its accessibility goal, a core design element for child care.

We are writing to provide input on how to structure the Fund so that it poses the fewest barriers to existing and new nonprofit childcare providers. By working to ensure the terms of the provincial and territorial funds are more accessible to nonprofits, we expect you will see higher uptake, faster deployment, and by more diverse nonprofits. In addition to the principles set out below, we reiterate our past calls to keep these supports exclusively available for nonprofit organizations.

ONN is the independent nonprofit network for the 58,000 nonprofits and charities in Ontario, focused on policy, advocacy and services to strengthen the sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organizations across Ontario to work together on issues affecting the sector and channel the voices of our network to government, funders, and other stakeholders.

Summary of recommendations

Many nonprofits, including childcare providers, face significant barriers in accessing financing to develop the brick and mortar spaces needed for programs and supports that communities rely on. These barriers range from the need for technical assistance in preparing documents such as business plans to securing suitable sites quickly enough. We urge ESDC to consider the following elements for the Infrastructure Fund so it is accessible to diverse current and prospective nonprofit child care providers:

- 1. Restrict the fund to nonprofits and nonprofit cooperatives;**
- 2. Rapidly deploy funds;**
- 3. Unlock investment readiness funding;**
- 4. Take a whole of government approach;**

5. **Make surplus lands available;**
6. **Prioritize childcare deserts and Black-led, serving, focused (“B3”) and Indigenous-benefiting, informed, led, or partnership (“I4”) groups; and**
7. **Embed community benefit agreements**

Recommendations in detail

1. Restrict the infrastructure funds for nonprofits

Take profit out of child care by targeting all federal infrastructure investments for expanding licensed child care across Canada exclusively to nonprofits and nonprofit cooperatives, thus ensuring the expansion of the non-profit sector. Infrastructure funding will seed nonprofits to fulfill increasing demand for spaces, build community-owned assets while preventing for-profits from filling the void, and ensure tax-payer funds do not subsidize private capital and risk.

2. Rapidly deploy funds

Real estate moves quickly, especially in the most inaccessible markets, such as Toronto. This is even more true for facilities that could serve as suitable sites for childcare because of how location sensitive child care needs are and how demanding provincial regulations are for site suitability. When opportunities come up, the Infrastructure Fund must be prepared to proceed in a matter of days to ensure opportunities are not lost.

3. Unlock investment readiness funding

The initial stages of a social purpose real estate project (feasibility, business plan, and site planning) can cost up to \$150,000 according to recent (as yet unpublished) research by the Infrastructure Institute of the University of Toronto. This phase is the most difficult to obtain private sources of funding for. Providing readiness grants will be crucial to enable diverse nonprofits to access the Fund and increase the rate of success. This is in line with and build on ESDC’s work on investment readiness for social enterprise.

4. Whole of government approach

Current approaches to funding infrastructure development in the nonprofit sector, including childcare, are siloed which slows down projects, increases costs, and prevents collaboration and innovation. Most notably, increasingly nonprofits and municipal governments want to see childcare built as part of mixed use developments, however, funding will only exist for parts of these developments (e.g. housing) and not others.

Similarly, major real estate assets in the nonprofit sector are held by religious charities that also enjoy special zoning and physical features that make them particularly good candidates for childcare. But as registered charities these organizations face barriers to undertaking development. There is therefore a need for ESDC to at least coordinate with CMHC, Infrastructure Ontario, and the Charities Directorate of the Canada Revenue Agency.

5. Making surplus lands available

Infrastructure funds could go farther if it was coupled with a commitment by the Government of Canada to make surplus land and buildings in relevant locations available to nonprofit childcare providers as well as encouraging provinces to do the same.

6. Prioritize child care deserts and B3 and I4 groups

Childcare deserts often face other major barriers to infrastructure development such as a lack of access to transit or local trades. Consequently, while there is a deep need for childcare in these communities, often for cultural or language specific services, the business case may be more difficult to see. It is therefore vital that the Infrastructure Fund commit to working creatively with these communities in empowering them to meet their own needs. Furthermore, as part of reconciliation and combating anti-black racism, it is necessary to prioritize providers that are Black-led, focusing and serving (“B3”) and Indigenous-benefiting, informed, led, or partnership (“I4”).

7. Embed community benefit agreements

In addition to making the Infrastructure Fund more accessible, the Government of Canada also has an opportunity to maximize the impact of its funds through community benefit agreements. Public infrastructure investments like this one provide a remarkable opportunity for the government to achieve multiple policy objectives while building community infrastructure. By embedding community benefit agreement requirements, the Fund can generate greater social and economic values with the same amount of investment, such as poverty reduction, good jobs and local employment opportunities for equity deserving groups, and inclusive economic growth. Examples of community benefits requirements include prioritizing a certain percentage of local hiring and training opportunities, purchasing goods and services from local and diverse suppliers (such as women-led social enterprises).

The work is just beginning

Building a Canada-wide child care system with provinces and territories is a historic feat, yet only the beginning. The Early Learning and Child Care Infrastructure Fund is a significant opportunity to take profit out of care and ensure nonprofits are ready to meet demand for child care spaces, boosting accessibility for all. We look forward to discussing any of these elements or any other questions you may have at your convenience.

Sincerely,



Cathy Taylor, Executive Director
Ontario Nonprofit Network

CC: Deputy Minister Jean-François Tremblay, JF.Tremblay@hrsdc-rhdcc.gc.ca