

FROM AFFORDABILITY TO EXPANSION

Financing Child Care Infrastructure in Canada

The Issue

Canada has made historic progress on child care affordability through the Canada-wide Early Learning and Child Care (CWELCC) system.

The new barrier is not affordability—it is infrastructure.

- Nearly **300,000 children** in licensed care (Ontario)
- At least **144,000 Ontario children are on waiting lists**
- Demand continues to grow as fees fall

The system is working—but expansion is not keeping pace.

What's Holding Expansion Back

Child care requires purpose-built facilities—but Canada does not yet have a system to finance them at scale.

Projects are:

- **operationally viable**
- **publicly supported**
- **urgently needed**

But they are often **not financeable**.

Why?

- Non-profits lack collateral
- Lenders discount publicly funded revenues
- Loan terms are too short
- Projects are too small for institutional capital

This is not a market failure—it is a financing mismatch.

What Works in Other Sectors

Canada already uses the right tools in housing and infrastructure:

- Low-cost, long-term loans (CMHC)
- Blended finance (loans + grants)
- Infrastructure financing (CIB)
- Bond-based capital (ESG frameworks)

These tools align with child care:

- stable revenues
- long asset life
- consistent demand

What Needs to Happen

Three actions will unlock expansion:

1. Renew CWELCC (2026–2031)

- Ensures stable operating funding
- Enables long-term capital planning

2. Implement the \$1B Loan Program (Budget 2024)

- Already announced
- Not yet implemented
- Critical to unlocking projects

3. Build a Canada-wide Infrastructure Financing System

- CMHC-style loans and grants
- Pooled financing models
- Social infrastructure investment tools

Why It Matters

Child care infrastructure is **productive social infrastructure**:

- increases labour force participation
- supports economic growth
- delivers long-term fiscal returns

Evidence from Quebec shows child care can **pay for itself over time**.

Bottom Line

Canada has built the operating model for child care.

The next phase is infrastructure.

You don't need to invent anything new.

You need to finish what you started—and scale what already works.