

The GTA Daycare Business Guide

Opportunity, Regulation & the Real Numbers

1 · OPPORTUNITY

Long waitlists, recession-proof demand

2 · REGULATION

CWELCC economics, explained plainly

3 · FINANCIALS

Startup costs, margins, and staffing ratios

Over the past two months I took a deep look into the daycare business in the GTA. I advised on two deals and built the full business plans and financials behind them, which gave me the chance to dig into the numbers, the challenges, and the risks involved. This guide summarizes what I found.

The Opportunity

If you're looking at a daycare as a business, it is genuinely a good opportunity, for several reasons:

- Long waiting lists in many cities — an average wait of two years.
- Steady, predictable cash flow: parents rarely switch daycares once enrolled.
- A recession-proof industry, since childcare is an essential service.
- Operating expenses that are largely predictable.
- You're effectively buying real estate with a built-in client list — and daycare properties (when you buy the facility) tend to hold their value.
- Government grants and support are available (though this can cut both ways — more below).
- A stable industry overall, largely unaffected by trends.

The Challenges

Running a daycare comes with real challenges, too:

- Heavy regulation from the federal government and city/county councils.
- CWELCC can work for or against you, for several reasons (discussed below).
- Staff shortages are a serious risk: it takes about two years for a caregiver to get certified, and the absence of even one employee can legally force you to turn away children.
- Frequent inspections — often weekly or biweekly — where minor issues can lead to fines or license revocation.
- Regulatory changes are real and can materially affect the business.

The good news: many GTA municipalities have large waitlists — in cities like Whitby it runs as high as 2,000 children, though that can change quickly.

Understanding CWELCC

If you run a daycare, you need to understand the Canada-Wide Early Learning and Child Care system (CWELCC).

- Announced in March 2022; began accepting applicants in November 2022.
- A federal and provincial program that subsidizes the childcare sector to make it more affordable for parents.
- CWELCC pays childcare providers directly, rather than giving funds to parents.
- It caps daycare fees at \$22 a day (the program advertises a \$10 average).

Enrollment is voluntary — no childcare provider is forced to join. But once you sign up, you're bound by these terms:

- Maximum charge of \$22 per day per child.
- Mandatory data reporting to support government data collection (more on this below).
- Maintaining capacity — you can't change your initial setup without government approval.
- Cost-based funding: reimbursement, not upfront allocation.
- Profits capped at a level set by the government (currently 8%).
- Unspent funding can't be kept as profit.

In blunt terms: the program turns signatories into government service providers — the government becomes your boss.

CWELCC: The Good and The Bad

THE GOOD

- Guaranteed cost reimbursement at year-end.
- Easier enrollment thanks to the subsidized price point.
- Free marketing via inclusion in the official CWELCC provider list.
- Room to spend more, knowing the government will reimburse some of it (some operators use funds to renovate and increase real-estate value, then get the costs reimbursed).

THE BAD

- Profits are technically capped at 8%.
- Heavy government reporting, with broader CRA visibility into your financials.
- You become a labeled government service provider.
- Heavy financial reliance on the program once you sign up.
- Reimbursements land at year-end and can take time to clear — you'll need to bridge that cash-flow gap.

There is also a separate CWELCC grant, not covered here, to keep this guide focused.

CWELCC is a 10-year agreement that you can exit with notice. The catch: once you leave, you may quickly lose clients who signed up specifically for the \$22/day cap.

The GTA is divided into five CWELCC early-childhood system managers: City of Toronto, Peel Region, York Region, Halton Region, and Durham Region.

The Wild Card: Operating Without CWELCC

Many childcare centers operate outside CWELCC and can be very profitable. The challenge is creating enough value to justify parents paying more than the \$22/day cap. That value can come from:

- Targeting areas of extreme demand, at a price point parents will pay rather than wait two years for a subsidized spot.

- Special certifications like Montessori: non-profit organizations provide a full curriculum and certification, and Montessori daycares are well-known and tend to fill quickly.
- Locating in high-end areas with low price elasticity.
- Including meals — daycares can charge \$10–\$20 more for meals that cost \$3–\$6 to prepare.

Licensing Requirements

- Zoning and childcare permits (a childcare license can take 4–6 months).
- Certified staff — employing any uncertified staff is strictly illegal.
- A CCLS (Child Care Licensing System) account.
- Compliance with staff-to-child ratios and maximum group sizes.

Age Group	Staff-to-Child Ratio	Max Group Size
Infant (under 18 months)	1 : 3	10
Toddler (18–30 months)	1 : 5	15
Preschool (30 mo–6 years)	1 : 8	24
School age	Varies	Varies

The Financials

Opening a daycare can cost anywhere from (excluding property purchase):

- \$5K–\$50K for a home-based daycare.
- \$30K–\$150K for a small-to-medium center.
- \$250K+ for a large center.

For large daycares that include purchasing and renovating the facility, expect costs of \$1M and up.

Profit Margin	
Average, unregistered	5–20%
Capped, CWELCC-registered	8%

Operating Costs	
Labor	60–80%
Occupancy & maintenance	15%+
Food (if included)	3–5%
Insurance, supplies, utilities	5–10%

Conclusion

The opportunity is real. The biggest question is whether the numbers make more sense with CWELCC, or without it. Montessori — or another premium educational method — can be the game-changer if you decide to go without it. I've written a full report on Montessori operations; message me if you'd like a copy.

Don't walk into a heavily regulated business alone.

Let's set up a review call to plan your business move — and see whether this is the right fit, and how to plan accordingly.

[Book a Review Call](#)