

Childcare

- One third of low- to-middle-income families with school age children used childcare in 2006.
- Nearly half of working sole parents used childcare for their school-aged children.
- Over one third of families with two working parents used childcare for their school-aged children.
- Over two thirds of low- to middle-income families using childcare find it affordable.
- Childcare subsidies promote employment for disadvantaged families.

ONE-THIRD OF LOW- TO MIDDLE-INCOME FAMILIES WITH SCHOOL AGE CHILDREN USED CHILDCARE IN 2006

- At the time of the 2006 Working for Families Survey, approximately 31 percent of low- to middle-income families with school aged children were accessing childcare. 13 percent were accessing formal care, and 19 percent were accessing some type of informal childcare.*
- Low- to middle-income families where the sole caregiver or both caregivers were in paid work were most likely to use care arrangements for their school-aged children: 47 percent, and 35 percent respectively.

	Number of families using childcare	Percent of families using childcare
Two parents – both working	46,800	35 %
Two parents – one working	8,800	16 %
Two parents – neither working	< 1,000	7 %
Sole parent – working	27,000	47 %
Sole parent – not working	7,900	20 %
All low- to middle-income families with school aged children	91,200	31 %

Source: Working for Families Survey 2006¹

- Statistics New Zealand undertook a childcare survey last year which can provide more current data on access to childcare (release scheduled for June 2010).
- The number of children receiving an Out of School Care and Recreation (OSCAR subsidy), the average hours of childcare accessed per week, and the average rate of OSCAR subsidy have all been increasing since 1999.
- These increases were relatively steady until the Working for Families changes in 2004 saw significant increases in both the number of children accessing OSCAR subsidies and the average weekly rate of OSCAR subsidies.

* As some families access both formal and informal childcare these figures overlap slightly.

	Number of children receiving OSCAR [†]	Average hours of childcare per week	Average rate of OSCAR subsidy per child per week
1999	931	13.8	\$22.92
2001	1519	13.7	\$23.68
2003	1524	13.9	\$25.42
2005	3234	17.7	\$47.58
2007	5894	17.0	\$53.03
2009	8987	17.4	\$59.36

Source: MSD IAP, 2010²

- Access to OSCAR subsidies is income tested. A household with one child earning up to \$77,271 per year is eligible for an OSCAR subsidy, while a household with three or more children earning up to \$99,319 per year is eligible for OSCAR subsidies.

MOST LOW- TO MIDDLE-INCOME FAMILIES USING CHILDCARE FIND IT AFFORDABLE

- At the time of the 2006 Working for Families Survey, most (68 percent) low- to middle-income families using childcare for pre-school and school age children found their childcare arrangements affordable.[‡]
 - However, a considerable minority (32 percent) of low- to middle-income families who use paid childcare found it difficult to pay for the care.
 - A further 31 percent of families with children aged 0-13 who were accessing care felt that they did not have all the care they needed considering the time they would like to spend at work or in training. In addition, 31 percent of families with children in this age group who weren't accessing care said they would like to use childcare but were unable to do so. Approximately half (56 percent) of these families reported that cost made it difficult for them to access the care they needed.³
 - Other New Zealand research confirms that cost of childcare can be a significant barrier for some low- to middle-income families.⁴
 - As noted above, Statistics New Zealand undertook a childcare survey which will provide more current data on access to childcare (release scheduled for June 2010).
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[†] Twelve-month average – the number of children receiving OSCAR subsidy.

[‡] 37% found it 'easy to pay', and 31% found it 'neither easy nor difficult to pay' for childcare.

CHILDCARE SUBSIDIES PROMOTE EMPLOYMENT FOR DISADVANTAGED FAMILIES

- International research indicates that childcare subsidies increase the number of women in work.
- A recent review of international studies of the direct effects of childcare subsidies and increased ECE supply found that maternal employment increased by 7 to 14 percent.⁵
- Childcare subsidies are more effective at increasing parental employment when:
 - eligibility is linked to participation in paid employment or active job search⁶
 - the effect of the subsidy on childcare costs is sizeable⁵
 - subsidies are targeted at parents who are disadvantaged in the labour market, such as sole parents and low-income workers.⁷

ENDNOTES

1 *MINISTRY OF SOCIAL DEVELOPMENT (2008 UNPUBLISHED)*. CHILD CARE AND FAMILIES: FINDINGS FROM THE 2006 WORKING FOR FAMILIES SURVEY OF LOW- AND MIDDLE-INCOME FAMILIES.

2 *MINISTRY OF SOCIAL DEVELOPMENT (UNPUBLISHED ADMINISTRATIVE DATA)*. INFORMATION ANALYSIS PLATFORM: CHILDCARE SUBSIDIES TIME SERIES. *ACCESSED 3 MAY 2010*.

3 *MINISTRY OF SOCIAL DEVELOPMENT (2008 UNPUBLISHED)*. CHILD CARE AND FAMILIES: FINDINGS FROM THE 2006 WORKING FOR FAMILIES SURVEY OF LOW- AND MIDDLE-INCOME FAMILIES.

4 *DEPARTMENT OF LABOUR (1999)*. CHILDCARE, FAMILIES AND WORK: THE NEW ZEALAND CHILDCARE SURVEY 1998: A SURVEY OF EARLY CHILDHOOD EDUCATION AND CARE ARRANGEMENTS FOR CHILDREN. *WELLINGTON: DEPARTMENT OF LABOUR*.

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5 *MITCHELL, L., WYLIE, C., & CARR, M. (2008)*. OUTCOMES OF EARLY CHILDHOOD EDUCATION: LITERATURE REVIEW. *WELLINGTON: REPORT TO THE MINISTRY OF EDUCATION. WWW.NZCER.ORG.NZ/SYSTEM/FILES/885_OUTCOMES.PDF*

6 *JAUMOTTE, F. (2004)*. LABOUR FORCE PARTICIPATION OF WOMEN: EMPIRICAL EVIDENCE ON THE ROLE OF POLICY AND OTHER DETERMINANTS IN OECD COUNTRIES. *OECD ECONOMIC STUDIES, 37 2002/03*

7 *JAUMOTTE, F. (2004)*. LABOUR FORCE PARTICIPATION OF WOMEN: EMPIRICAL EVIDENCE ON THE ROLE OF POLICY AND OTHER DETERMINANTS IN OECD COUNTRIES. *OECD ECONOMIC STUDIES, 37 2002/03*