



# COSTS OF CHILDCARE ACROSS OECD COUNTRIES

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## Outline

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- OECD tax-benefit models
  - What are they
  - How do they contribute
  
- Can parents afford to work?
  - Published results (2004, 2008)
  - Current work (2012 – provisional)



# OECD tax-benefit models

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- Coverage
  - 2001 (28) – 2011 (33 + 5)
  - Policies directly impacting the current income of working age households
- Childcare
  - 2004 (27), 2008 (34), 2012(35)
  - Fee rebates/schedules, cash benefits, tax allowances, tax credits
- Outputs
  - Parental cost of childcare
  - Financial work incentives, benefit adequacy/generosity



## Policy information

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- Universal support
- Support based on family characteristics
  - Income
  - Number of children
  - Number of parents
- Support based on expenditure
- Free pre-school hours



# How much does childcare cost?

## Before assistance (gross fees)

Low cost (<10% AW)	Estonia, Greece, Hungary, Slovak Republic, Slovenia, Spain, Sweden
	Austria*, Belgium*, Bulgaria*, Czech Republic, Denmark, Finland*, France, Germany*, Iceland*, Israel, Japan*, Korea, Lithuania, Malta, Norway, Poland, Portugal
High cost (>40% AW)	Australia, Canada*, Ireland, Luxembourg, Netherlands, New Zealand, Switzerland*, United Kingdom, United States*



# How much does childcare cost?

## After assistance (net cost)

Low cost  
( $<10\%$   
AW)

Estonia, Greece, Hungary, Slovak Rep, Slovenia, Spain, Sweden  
**Belgium\***, **Iceland\***, **Luxembourg**, **Norway**, **Poland**,  
**Portugal**  
Australia, Austria\*, Bulgaria\*, Cyprus, Denmark, Finland\*, France,  
Germany\*, Japan\*, Korea, Lithuania, Netherlands, New Zealand,  
Switzerland, United Kingdom

Austria\*, Bulgaria\*, Czech Rep, Denmark, Finland\*, France,  
Germany\*, Israel, Japan\*, Korea, Latvia, Lithuania, Malta,  
**Australia**, **Netherlands**, **New Zealand**,  
Switzerland, United States\*

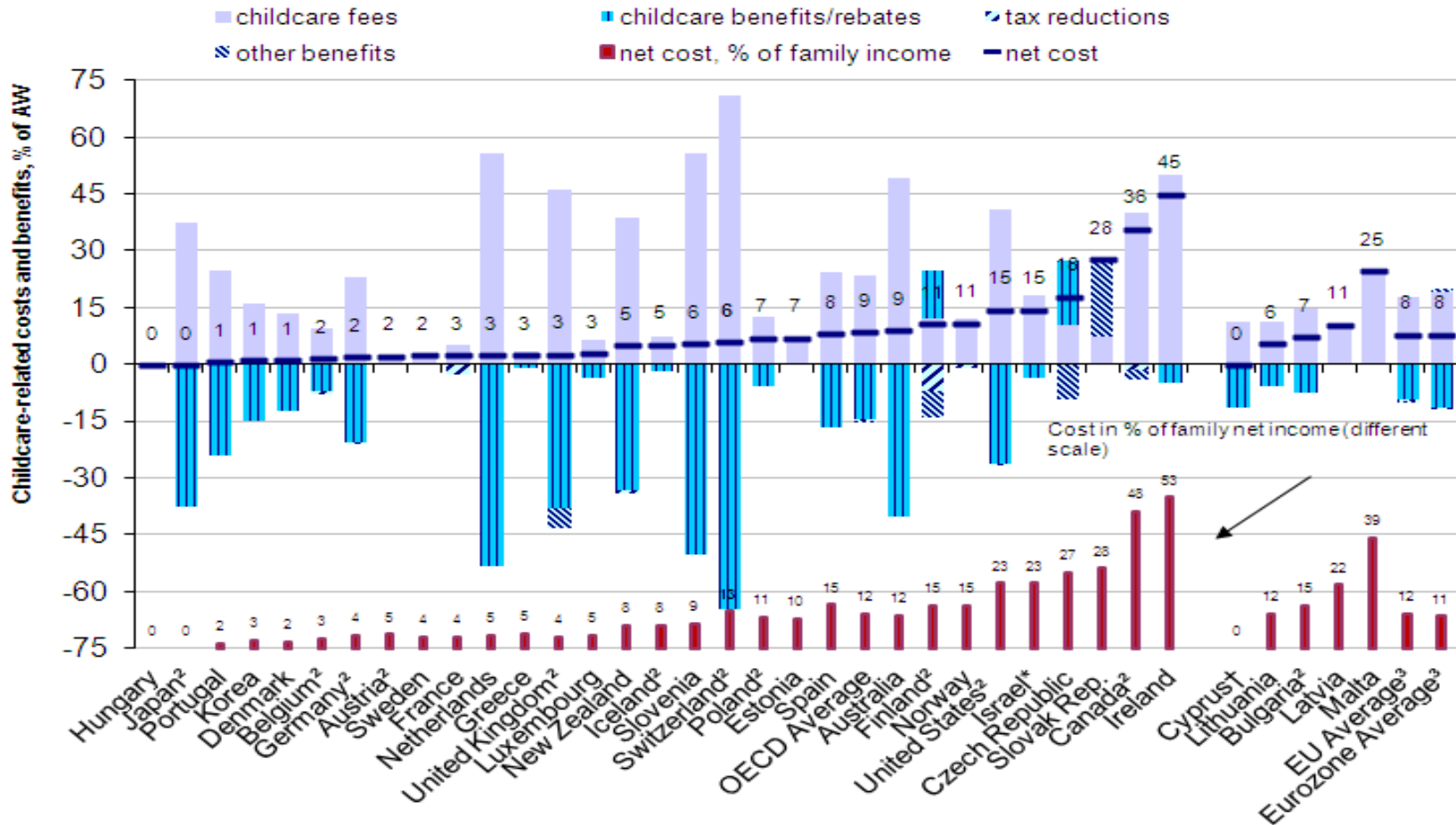
High cost  
( $>30\%$  AW)

Canada\*, Ireland, **Switzerland**, **United Kingdom**, **United States\***



# What do low-earning lone parents pay?

Lone parent, employed full-time at 50% of the average wage, 2008

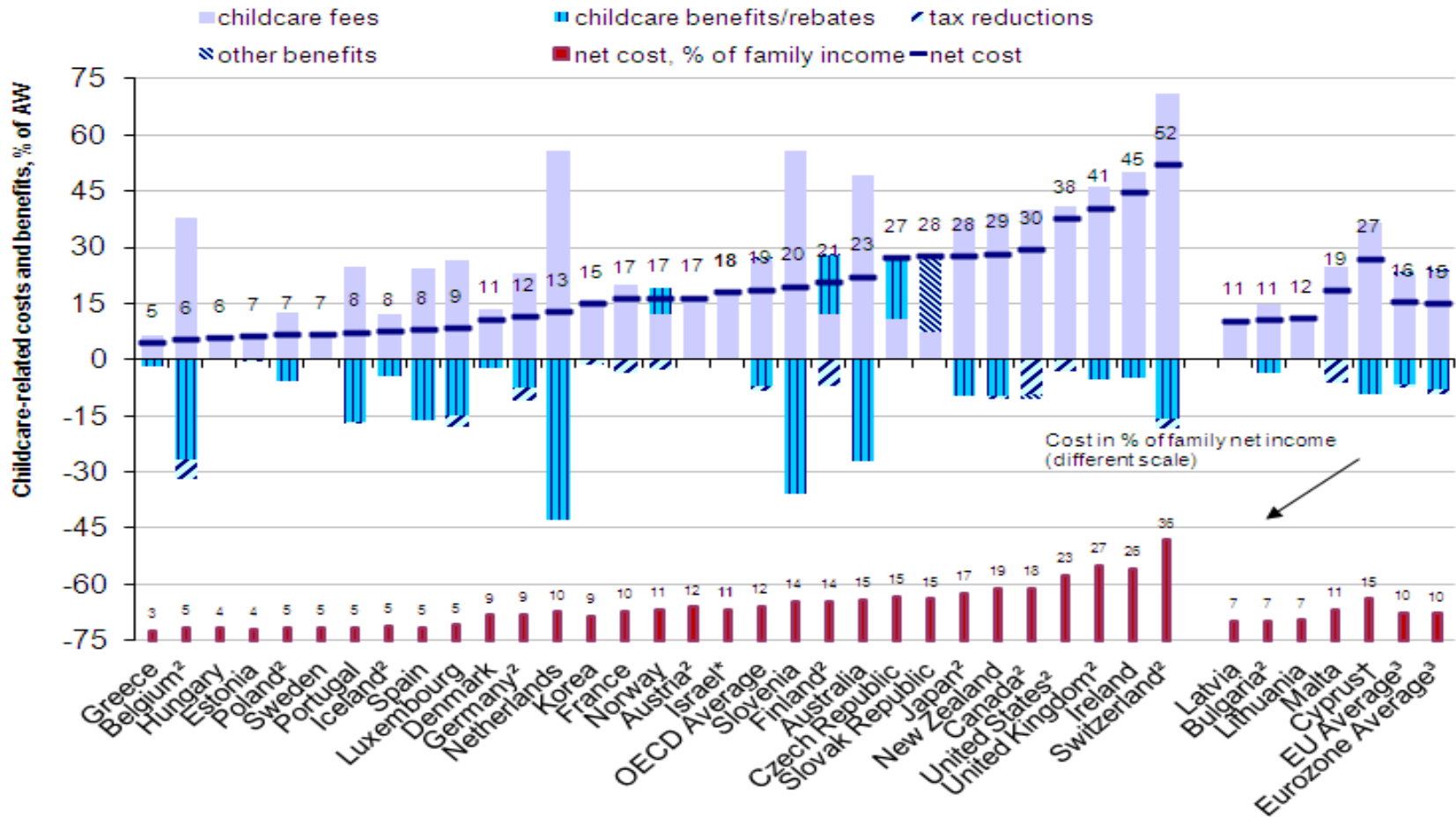


Source: OECD Tax-Benefit Models, 2008



# And (average) dual earner families?

Both employed, employed full-time at the average wage, 2008



Source: OECD Tax-Benefit Models, 2008





## Is childcare affordable?

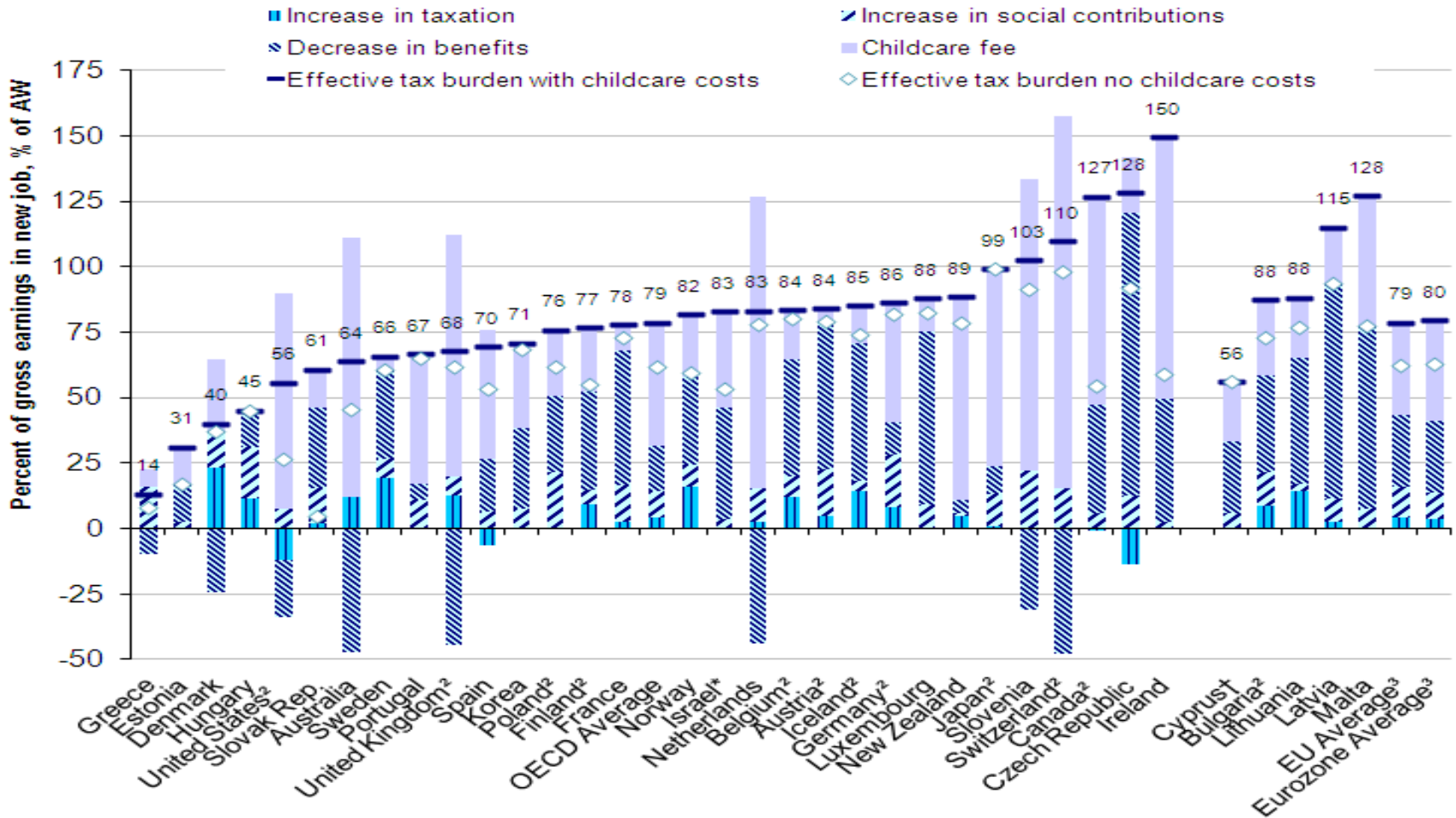
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- Yes (< 10% of disposable income)
  - for all family types in some countries, and
  - for some family types in some other countries (e.g. zero for low income, lone parents in Hungary, Japan and Korea)
- No
  - Over 50% (Canada, Ireland, US)
  - 30 – 50% (Switzerland, US, Malta)
- 10 – 30% ??????



# Does it pay lone parents to work?

Lone parent, taking up full-time employment at 50% of the average wage, 2008

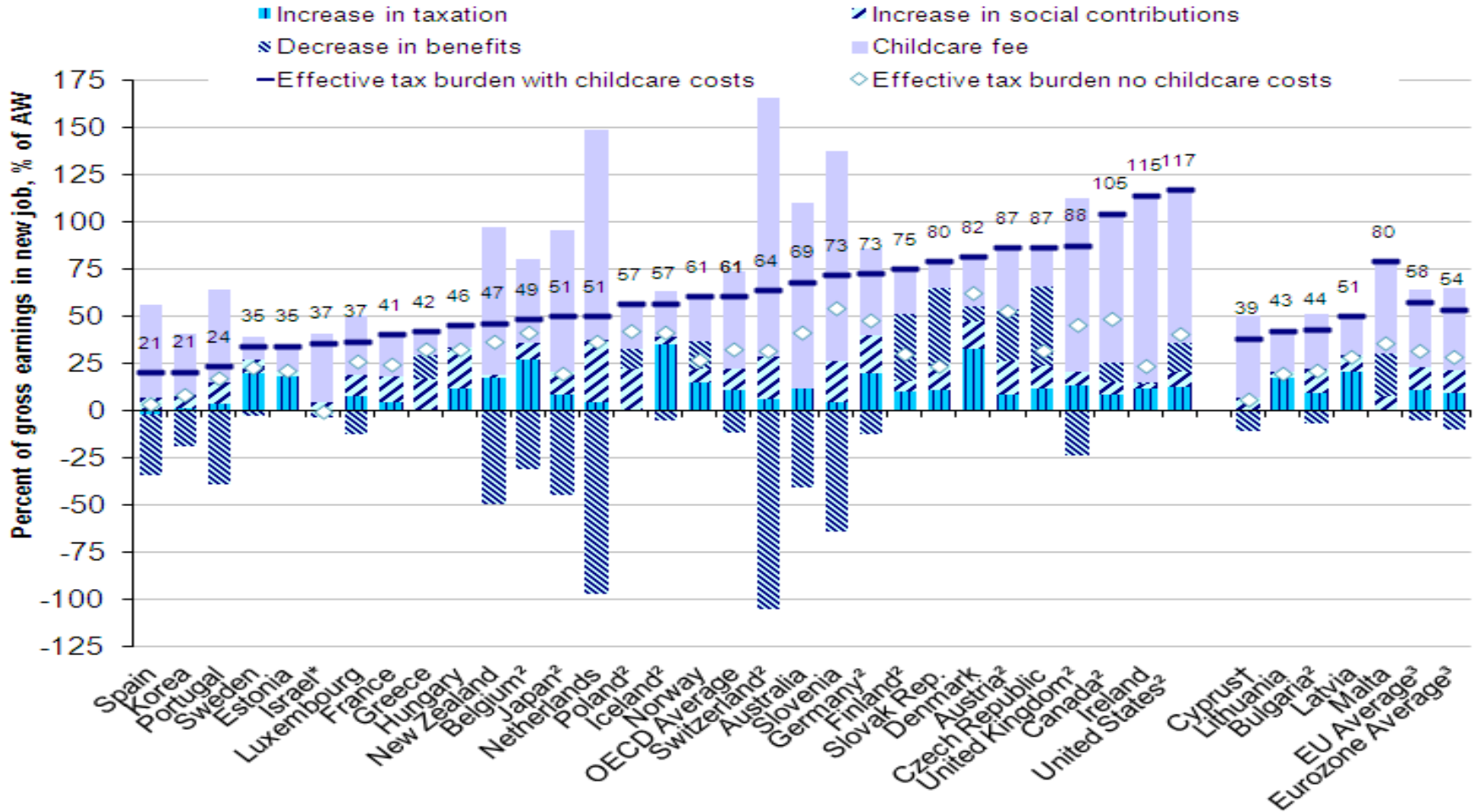


Source: OECD Tax-Benefit Models, 2008



# Does it pay second earners to work?

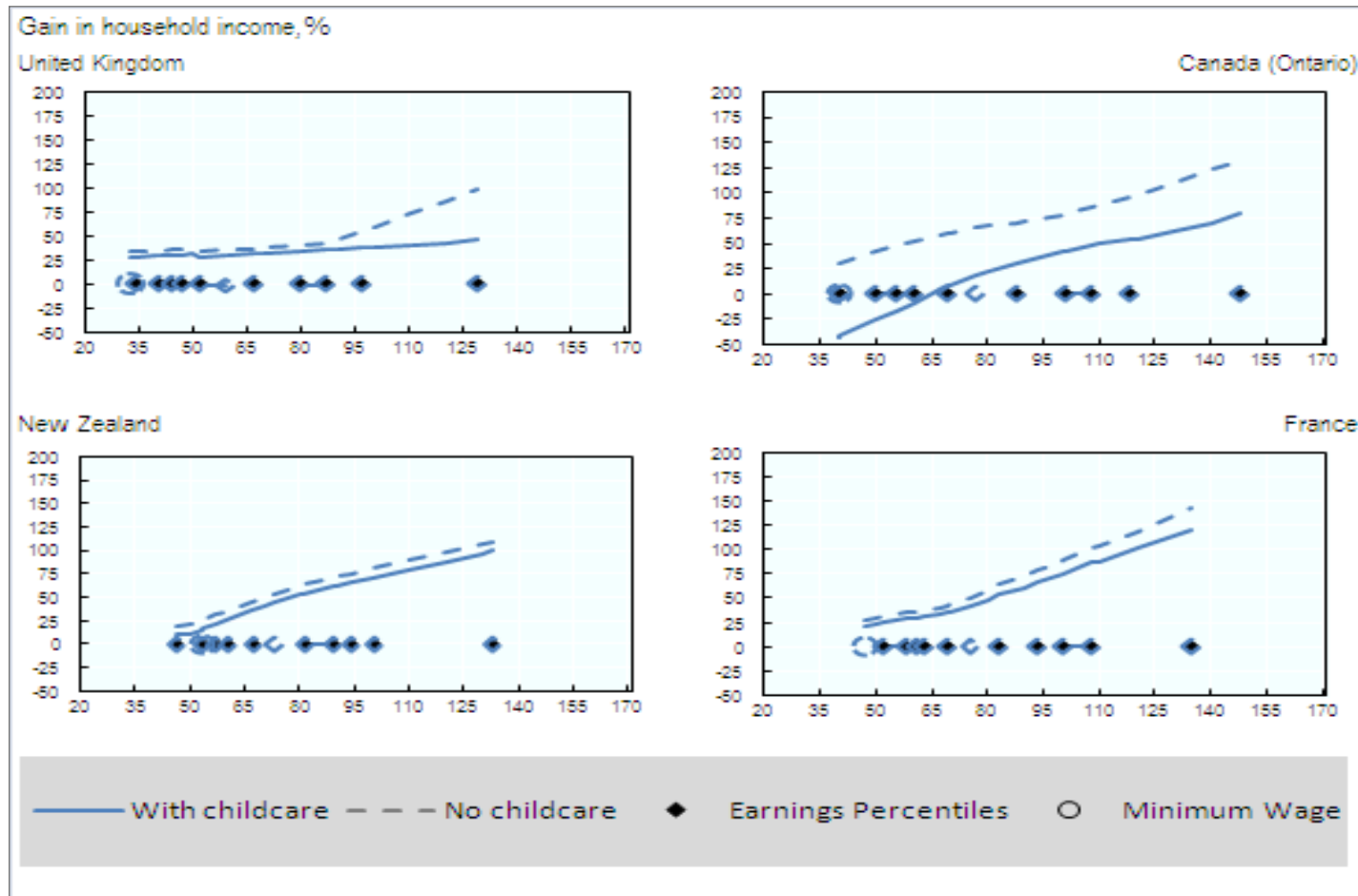
Second earner, taking up full-time employment at 50% of the average wage, 2008





# Reach of poor work incentives

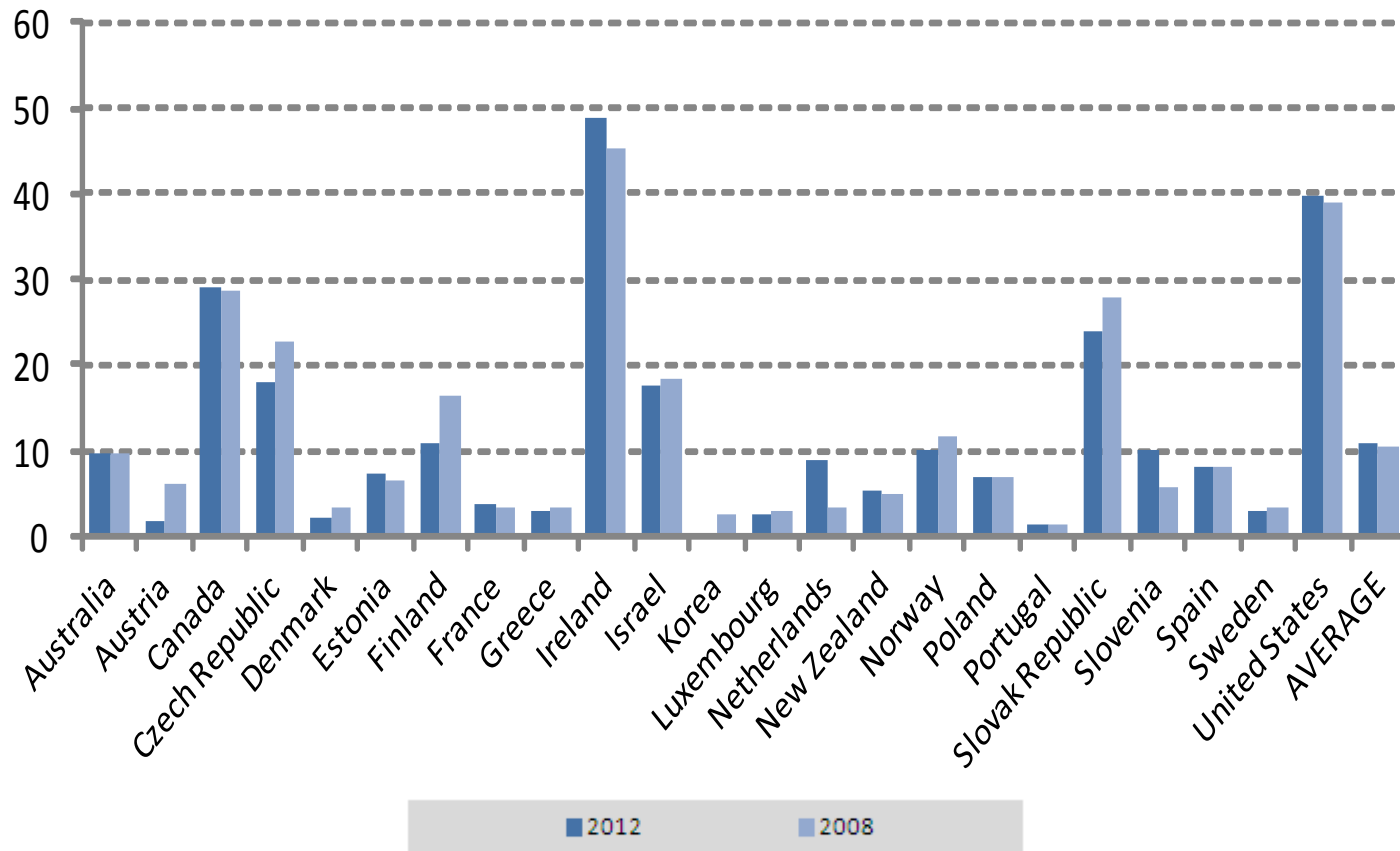
Net income gain from full-time employment - Lone parents, selected countries, 2008





# What has changed : 2008-2012?

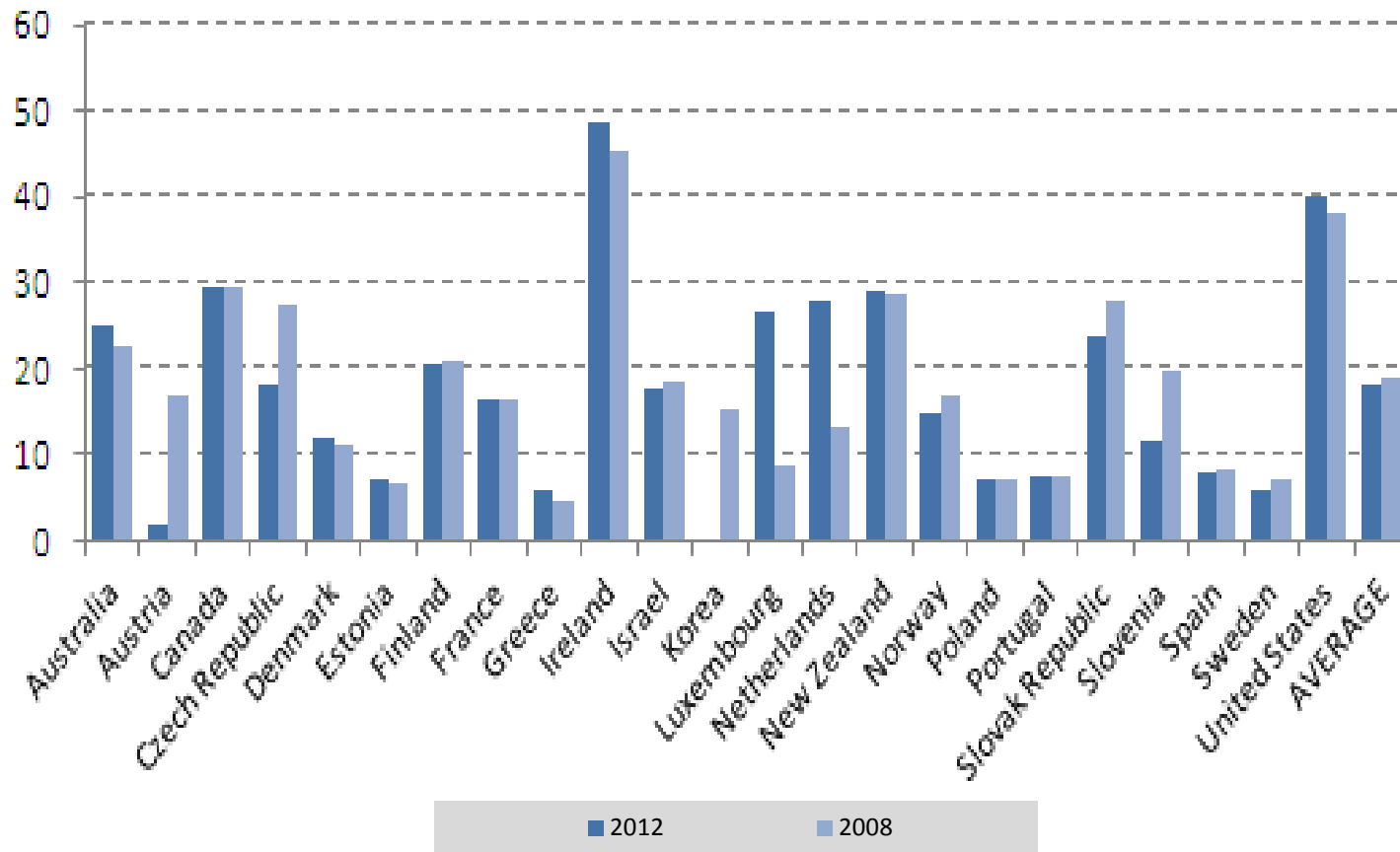
**Low income lone parent (full-time earnings of 67% of average earnings (AW))**  
Childcare-related costs and benefits, % of AW





# What has changed: 2008-2012?

High income couple (full-time earnings of 200% (100 + 100) of average earnings (AW))  
Childcare-related costs and benefits, % of AW





## OECD data sources

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Benefits & Wages: Tax-benefit models and policies

[www.oecd.org/els/social/workincentives](http://www.oecd.org/els/social/workincentives)

Gender Browser: [www.oecd.org/gender/equality](http://www.oecd.org/gender/equality)

Social expenditure:

[www.oecd.org/els/social/expenditure](http://www.oecd.org/els/social/expenditure)

Family database:

[www.oecd.org/social/family/database](http://www.oecd.org/social/family/database)

Early childhood education:

[www.oecd.org/edu/earlychildhood](http://www.oecd.org/edu/earlychildhood)

- Thank you