

Chapter 5

CHILD CARE IN OECD COUNTRIES¹

A. INTRODUCTION

Concern about child care has grown strongly in OECD countries in recent years. This reflects a growth in the demand for “quality” child care of a sort which facilitates the social and educational development of young children. There are many reasons for this. They include changes in household composition, rising female participation in the labour market (especially by mothers of young children), the growing number of women who are heads of one-parent families, the need to reconcile parental, family and work responsibilities, the importance attached to early socialisation and to good quality educational services for the development of young children, and the need to keep women on the labour market at a time when shortages of skilled/qualified manpower are emerging.

Two major questions arise out of this concern. How is the scope of public policy on child-care services to be defined? And what is the role of the State as such?

Child-care services, broadly viewed, are not confined to the collective services whose main function *is* to look after children when their parents are at work. They include a whole range of services, including compulsory schooling, playgroups, kindergartens and occasional care centres, as well as own-home childminders, relatives and other people who look after children for a few hours a day or for the whole week. The basic issue is which forms of child care satisfy parents’ requirements².

Some of these child-care services are partially or completely financed by the government. Some, while unsubsidised, are regulated, while others are entirely out of its control. The supply and financing of child-care services are strongly linked with government policies in this area and vary among countries.

The first section endeavours to assess child-care needs, whether expressed by parents or relating to the children themselves (Section B). Section C describes the various forms of child care and examines the present supply of services in a number of OECD countries on the basis of the statistics available. The factors actually

determining the form of child care chosen will then be considered (Section D). The last two sections before the summary and conclusions examine government assistance (Section E) and action by the social partners (Section F).

B. DEMAND

No child under a certain age can be left without supervision of some kind. Child-care arrangements must therefore be found by the parents for all 24 hours of the day. Traditionally, in the OECD countries, it was the family which took on this responsibility and the mother usually looked after the children full-time, while the father alone provided for the family’s financial needs. Nowadays, the economic activity of mothers with young children requires that parents resort to outside child-care services. At the same time, more and more parents — whether the mother works or not — are seeking services which foster children’s intellectual and social development, even before compulsory school attendance age.

The childminding services sought by parents must therefore respond both to the parents’ own needs (as determined by their participation in the labour market and/or their desire to obtain a good quality of care for their children) and those of the children. It should be noted, lastly, that the demand for services differs according to the age of the child, the size of the family, the parents’ working hours, and the family’s place of residence, income and preferences,

1. Definition of needs

The different forms of child-care needs can only be explained and understood in the light of the social, economic and political contexts in which they arise [Leprince-Poullard (1986); Verry (1990)]. Child care has to meet both the needs of working parents and the needs of the children for harmonious socialisation and

development. In order to meet these needs, services cannot merely be places where children are “parked”. For instance, in France, in order to show the importance attached to the quality of service in terms of content, the expression *services de garde des jeunes enfants* (custody services) has been replaced in the official terminology by *services d'accueil* (reception services).

Child-care needs vary since they depend mainly on the age of the child. The size of the family is also important for the choice of service. For example, parents of large families (three children or more) can be expected to opt for own-home care more often than those parents who have only one or two children, even if own-home care might also be the preferred choice of the latter group.

It must be admitted, however, that for most families in which both parents (or the lone parent in the case of a one-parent family) go out to work — and must therefore resort to child-care services — a free choice of the form of child care is restricted by a number of factors. Thus, although everyone wants a good quality service for their child, quality is not the only criterion for their decision: the child-care service chosen must be in a convenient location for the parents (i.e. near their home or place of work), suit their working hours and be within their financial means.

2. Trend of total demand

a) Number of children under 12

It is extremely difficult, for the reasons mentioned above, to establish precisely the real level of demand for child-care services. One benchmark is the total number of children under 12 years of age. While many families will not seek child care, nonetheless the potential number of children who could use child care is an important determinant of overall demand.

The trend since 1975 of the number of children under 12 in OECD countries is shown in Annex 5.A. Total numbers are given for the whole age group and separately for the three age groups: under 3, 3 to 5 and 6 to 11.

For the whole period 1975-1987, the number of children under 12 has dropped in every country in the table except in the United States (where a rise of 3.9 per cent downward occurred over the whole period), and Turkey (14.6 per cent). This trend was more pronounced in some countries than others. The majority of countries recorded falls of 15 to 30 per cent for this age group between 1975 and 1987. This decline was less appreciable in Australia, Canada, Finland and Iceland (under 5 per cent). However, a glance at the most recent sub-period (1983 to 1987) indicates a declining of the

trend in most of the countries selected, with the notable exception of Italy, Japan, Portugal and Spain (where the number of children under 12 fell by about 10 per cent during these 4 years). Although a more detailed study would be needed for closer evaluation of these trends, the relative greater stability of the under-12 age group observed in the OECD countries over the last few years indicates that no decline in the potential demand for child-care services is likely in the short term.

b) Participation rates of the mothers of young children

The increasing participation of women in the labour market over the last two decades, particularly those with young children, and changes in family structures (changing number of nuclear families, drop in fertility rates, frequency of divorce, one-parent families) have weakened the idea of the traditional family in which the husband alone provides for the financial needs and the wife for all the rest.

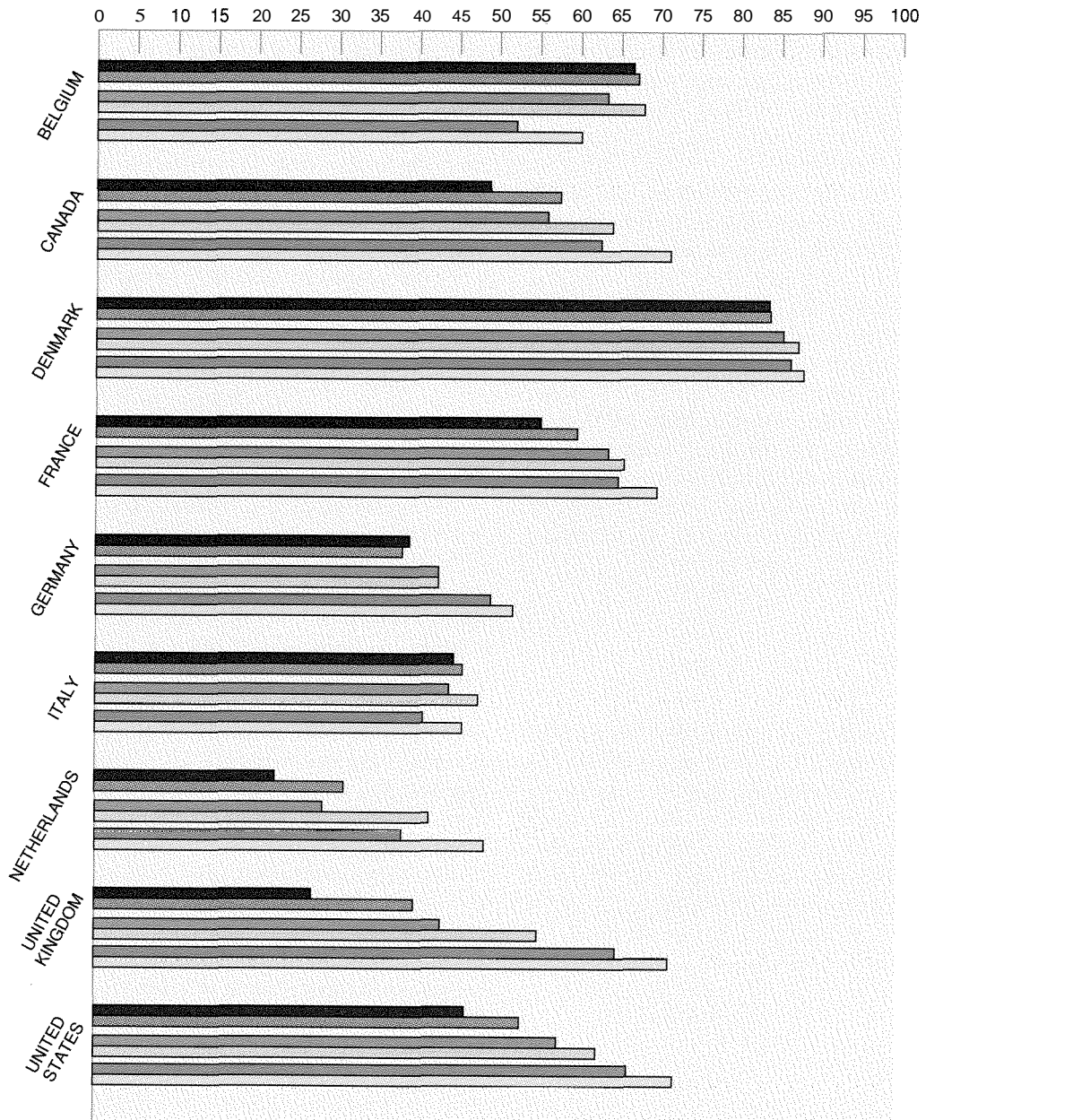
Whatever data are used, the extent of the phenomenon is immediately apparent. According to a recent survey [O'Farrell (1989)] in Belgium, Canada, Denmark, France, Sweden and the United States, more than half of all mothers with pre-school-age children are economically active. In Canada, the participation rate of mothers with children under 3 rose from 32 per cent in 1976 to 56 per cent in 1986; for children between 3 and 5, it went up from 41 to 62 per cent, and for those between 6 and 11, it increased from 50 to 68 per cent [SWC (1986)]. In the United States, 6 million pre-school-age children (29 per cent of the whole age group) had a working mother in 1970. In 1985, the number was 10.5 million (49 per cent) and it is expected to rise to 14.6 million (65 per cent) by 1995 [Kisker *et al.* (1989)].

Graph 5.1 illustrates recent trends in the participation rates of women with children, according to the age of the youngest child, in nine OECD countries. In the case of the EEC countries, it would be difficult to take the observation period further back than 1983 since harmonized data are only available as from that year. Several comments may be made on this graph.

First, the rising participation of mothers of young children seems to be very widespread: it has been observed in every country, whatever the age of the youngest child and whatever the period (the only exception is Germany, where the participation rates of women with a child under 3 fell slightly between 1984 and 1987 and stayed at the same level in the case of a child aged 3 to 5). There are some variations, however, in the magnitude of this phenomenon: in Denmark (and in the other Scandinavian countries), the participation rates of women with young children are now higher than

Chart 5.1

RECENT TRENDS IN FEMALE PARTICIPATION RATES BY AGE OF YOUNGEST CHILD, 1983 AND 1987



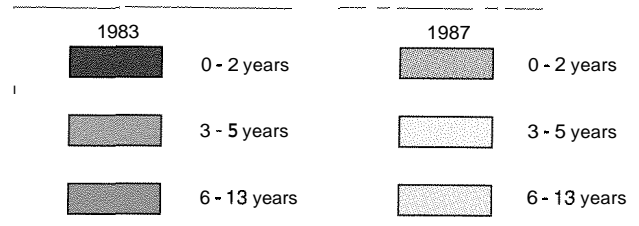
Note: Data for third category include children 6 to 15 in Canada, 6 to 17 in the United States

Sources:

Canada Statistics Canada, unpublished data

United States Dept. of Labor, Labor Force Statistics, derived from the Current Population Survey 1948-1987

Other countries Unpublished data derived from the Labour Force Survey and provided by EUROSTAT



80 per cent and cannot therefore go up much further; for some countries, the rise in these rates has been quite remarkable (Belgium, Canada, the Netherlands and the United Kingdom), while it has been much less marked in Germany and Italy.

At the same time, the age of the child plays an important part in determining mothers' participation rates: generally speaking, the older the child, the greater the presence of mothers on the labour market, and vice versa. In Belgium and Italy, however, women whose youngest children are between six and twelve years of age have the lowest participation rates. The differences made by the child's age vary according to the country, but are diminishing everywhere.

Data on activity rates of mothers and the age of the youngest child are not enough on their own to explain child-care needs. One of the most important factors in this connection is the type of labour market participation by mothers of young children, especially as regards part-time employment. The statistics on this, published many times in the *Employment Outlook* [see OECD (1987a) and (1988a)], reveal considerable differences between countries; in certain countries more than half of all women at an age where they are likely to have young children work part-time. Other factors are also involved, particularly the composition of the family, not only as regards the number of children and their ages but also the number of people likely to look after them.

c) The young children development

Child-care needs are not determined solely by parents' employment commitments. The socialisation of children outside the family circle from the age of 3 (and even earlier) is recommended by most specialists for young children, especially as families have become smaller. Socialisation outside the family circle ideally also includes initial education, and demand for this has prompted an even greater rise in the demand for kindergarten or nursery school places.

d) Other factors

Quite apart from child-related needs, and whether women work or not, mothers of young children sometimes want to leave their children for a few hours so that they can keep a doctor's appointment, run errands, or just have a few hours' rest. The quality requirements for such services may be less stringent than is the case when the mother is employed full-time or the child's development is a priority.

e) Summary

The rising female participation rates associated with increasing perception of the importance of early education and socialisation for the young child has been responsible for a rising demand for child-care services. It appears as though this demand will increase over the next few years, particularly if the number of children under the age of 12 begins to rise again. Whether they want to go out to work, indulge in their favourite pastime or encourage the social, affective and cognitive development of their children, all parents, at some point, have to entrust them to other people for a few hours or every day of the week. This demand is often more than a simple need for care or minding. It generally calls for more specialised services provided by people with a proper training, but will vary according to the parents' type of employment, income and expectations.

C. SUPPLY

The supply of child-care services to meet this varied demand has many different facets. These extend from the official networks of *crèches* and day nurseries to arrangements made from time to time with relatives or friends. There are also the compulsory and pre-school education systems, which, although not intended for that purpose, play an important role as childminding services. Table 5.1 gives a list of the different types of child care found in practically every OECD country — excluding parental care and self-care — as well as their main features. The specific names used for each type of child care in different Member countries are given in Annex 5.B.

A description of each type of child-care service should consider its two dimensions: the function performed (childminding or educational content) and the method of organisation (collective or individual). These dimensions are not totally independent of each other, and are linked to the importance of government intervention which could range from the total absence of intervention to the direct provision of a service, with licensing and financial help in between. Collective services (playgroups, kindergartens, nursery schools, day-care centres) usually have an educational content (more or less important) and are often subject to government regulation. On the other hand, services organised individually are often confined to the role of childminding and in certain cases try to avoid State control completely (babysitters and childminders being classic examples of undeclared employment).

No country therefore has one universal type of child care. Each has a patchwork of services, with each service catering for only **part** of the needs of the under-12s and their parents. Moreover, there are gaps in this patchwork: for instance, a minority of children are left without any supervision at all for all or part of the time that their parents are at work owing to the lack of childminding or educational services (e.g. the “latchkey children” left on their own between coming out of school and the time when their parents come home from work).

The rest of this section is taken up by a description — based on the data available — of the supply of the different types of child-care service in OECD countries. Before speaking of these services proper, we describe the situation as regards young children who are looked after by the educational system since the school acts *de facto* as “childminder” during school hours.

1. The school as a childminding service

a) Compulsory education

As soon as the child is legally obligated to go to school, i.e. from 5, 6 or 7 years of age according to the country, parents can count on a free and universal form of childminding: public elementary schools. This free care is narrowly limited, however, by school hours and the school calendar. Each country has its own system in this area; Table 5.2 shows the main characteristics of these systems for a dozen OECD countries and reveals that there may be considerable differences in every respect: age of starting compulsory education, daily school hours, division of the week, length of the school year.

Compulsory education begins in most countries during the year when the child reaches its sixth birthday; however, in the United Kingdom and in certain Canadian provinces, children begin school at 5, while compulsory primary education in the Nordic countries begins at 7 years of age. As regards daily school hours, in some cases the school day may be as long as 8 hours (for example in France and Italy, if the lunch break is included), while in other countries the children only go to school in the morning (Germany) or go home in the middle of the afternoon (Australia, Canada, Finland and the Netherlands). The school week generally runs from Monday to Friday, although in some countries there is also school on Saturday. Lastly, the school year varies from 175 days in France (140 without Saturdays) to 200 days in Denmark, Germany and the Netherlands (not including those cases where there is school on Saturday).

Because of these characteristics, the school can never completely satisfy the daily replacement requirement for

Table 5.1. Types of child-care services

Day-care centre: service registered by the municipality, provincial/state or national authorities providing care in a group for pre-school age children, from 0 to 5 years of age (according to the country). Such services are usually open for 8 to 10 hours a day from Monday to Friday.

Family crèche: registered service for child care in a family by a childminder recruited, paid and supported by a public or private organisation acting as an agency for the recruitment and training of childminders and for placing children with them.

Family day care: a few children looked after in the home of a childminder licensed or unlicensed by the municipal, provincial/state or national authorities. She may either be affiliated to a family crèche or work on her own.

Playgroup: a registered child-care service for groups of children from the age of 2 up to compulsory school attendance age (not included in the education system). The children stay for less than four hours a day and rarely go for more than 2 or 3 days a week.

Kindergarten: registered child-care service for groups of children younger than the compulsory school attendance age (not included in the education system). The children go for at least 4 hours a day and frequently every day of the week.

Nursery school: an educational institution for pre-school-age children. In some countries, children are admitted from the age of 2. These schools belong to the education system. Their opening hours vary from 2½ to 8 hours per day.

School-based care: registered child care in the school or in premises outside the school providing care outside school hours for children who go to nursery or primary school.

Outside-school care: registered child care provided during the holidays or teachers’ seminars in a non-school child-care centre for children who go to nursery or primary school.

Own-home care: care provided in the child’s own home by a paid childminder who may or may not have had proper training. This type of work is often undeclared.

Occasional care centres: care provided occasionally for children up to the age of 5 in a registered child-care centre. The children may be left for between a few hours and two or three days a week. Opening hours vary from 2 or 3 to 8 hours a day and from 1 to 5 days a week.

Personal or occasional child-care arrangements: these concern undeclared childminders or other arrangements of the same type made directly between parents and the provider of the service. When paid, such services are usually not declared.

Table 52. School hours in primary education

	Starting age*	Days per week	Daily schedule	School meals	After school day care	School summer holidays (weeks)	Other holidays	Number of school days per year
Australia	6	5	8:30-11:30 13:00-15:30	Possible	<i>a</i>	6-7	3 shorter periods	194 to 201
Belgium	6	5	8:30-12:00 13:30-15:30	Possible	<i>a</i>	9	4 shorter periods	190
Canada	5 ou 6 ^b	5	8:30-11:30 13:00-15:30	Possible	<i>a</i>	9	2 periods Christmas, March	180
Denmark	7	5	<i>c</i>	Possible	Yes	9	2 shorter periods	200
Finland	7	5	8:00-13:00 ^d	Yes	Yes	10	2 periods of 10 days	190
France	6	5 ^e	8:30-11:30 13:30-16:30	Yes	Yes	9	4 periods of 12 days	175 ^f
Germany	6	5 or 6 ^g	8:30-13:00	Rarely	<i>a</i>	6	4 shorter periods	200 to 226 ^h
Japan	6	6 ⁱ	8:30-12:30 13:30-15:30	Yes	No	6	2 shorter periods	210 ^j
Netherlands	6	5 or 6 ^k	8:30-14:00 ^l	Possible	<i>a</i>	6	3 shorter periods	200 to 240 ^h
Spain	6	5	9:00-12:00 ^m 15:30-17:00	Possible	<i>a</i>	11	21 days at Christmas and 10 days at Easter	185
United Kingdom	5	5	2 sessions	Yes	<i>a</i>	6-7	2 periods of 14 days	190
United States	6	5	8:30-15:00	Possible	<i>a</i>	12	2 periods Christmas, spring	185

* Age of compulsory education. However, in many countries, a large proportion of children start school before this age (see Table 5.3).

a) Limited availability.

b) Varies according to the province.

c) The daily schedule varies according to the children's grade (4 to 7 hours per day at primary school).

d) Younger pupils finish at 1:00 p.m., older ones at 2:00 or 3:00 p.m.

e) Free on Wednesday, class on Saturday morning.

f) 140 days without Saturday mornings or 324 half-days.

g) Varies according to the region.

h) The number of days is higher where school is held on Saturdays.

i) Classes only in the morning on Saturdays.

j) Minimum number of days required. Generally higher and varies according to region.

k) Generally 5 days.

l) With a break at noon. If the break lasts more than 2 hours the school day ends at 3:15 p.m.

m) Or from 9:30 or 10:00 a.m. to 12:30 or 1:00 p.m.

childminding of parents who work full-time, and that is not in any case its purpose³. However, in some cases, special services are provided — either in the school itself or co-ordinated with it — which supplement the childminding role played by the school and release the parents from the obligation of collecting their children at mealtimes or immediately after school. Thus, in a few countries (Finland, France, Japan, the United Kingdom, the United States), a hot meal is served to children in school, and supervision is provided during the lunch break. Certain countries have day nurseries which look after children just before or just after school (Canada, Denmark, Finland, France, Germany, the Netherlands, Sweden and the United States); however, these generally only concern a small proportion of children: 7 per cent in Finland in 1990, 4 per cent in Germany in 1986, 6 per cent of children with parents working full-time in Canada in 1988. Where these types of service do not exist, working parents must make their own personal arrangements (the most frequent being for the mother to limit herself to a part-time job).

The organisation of the school presents working parents with other problems: school holidays are generally longer than the annual leave entitlement of most workers and are moreover split up during the year. In addition, there are days when the schools are closed (for such reasons as teachers' seminars, strikes, or a school schedule that includes one day a week when no classes are held, as is the case in France) but parents are obliged to work. Childminding centres can be a solution in this case. But services of this type are only organised in a few countries (Australia, Denmark, France, Sweden). For the most part, such alternatives as holiday camps or a visit to relatives must be found. Alternatives to the school's supervision in the case of a child's being sick (special leave, sick child care, etc.) are very few in number. This remains one of the major "gaps" in child-care provision in OECD countries.

b) Pre-primary education

Most children attend school before the mandatory age, either in nursery schools or in the preparatory classes of primary schools. In some countries the nursery schools even take children from the age of 2 (Table 5.3). Pre-primary school attendance rates rise with the age of the children. In general, in the OECD countries, universal school attendance starts at five years of age. A notable exception to this rule is found in the Nordic countries, where the role of the school begins later. Under age 5, there are big differences between individual countries' school enrolment rates, which increase as the age of the children concerned falls. Thus, Belgium and France stand out as countries with high school enrolments from

a very early age (more than one child in five at 2 years old and more than nine out of ten at 3). On the other hand, Denmark, Finland and Switzerland, and to a lesser extent Canada, Greece, Ireland, Japan, Norway and the United States, are countries in which pre-primary education does not concern more than one 4-year-old out of every two.

Nursery schools or kindergartens usually adopt the same school calendar as compulsory primary schools; on the other hand, the daily hours are often shorter than those of the primary school and the children are in general only taken for a few hours a day. However, nursery school hours in Belgium, France and Italy are the same as in primary school, meals are served at lunchtime and there is also a possibility of arranging minding outside school hours. Apart from these three countries, neither the nursery school nor the primary school can provide a form of child care which fully covers the needs of working parents, even during school terms. The main purpose of this type of education is to prepare children for compulsory schooling and its educational side takes precedence over the type of child care which it in fact provides.

There are thus wide differences between countries as to the *de facto* childminding role played by the school, both at the age when education actually begins and with respect to the school calendar and additional services. However, in no case can school attendance completely solve the problem of child care for working parents. There are always gaps to be filled such as the school holidays, sickness or days when there is no school.

2. Data on the supply of child-care services

The data used in this section come from two sources: reports by the government departments responsible for child-care services (Canada, Finland, France, Germany, Japan, the Netherlands, Norway, Sweden and the United Kingdom) and household surveys on child-care arrangements (Australia, Canada, the United States). The figures are often incomplete and it is particularly difficult to obtain historical series showing the temporal trend of the supply of services. At the same time, where historical series exist, they are not always broken down according to the age of the children. This alone would make it possible to observe the disparities between the trend of the supply of child-care services for infants, pre-primary children and those who go to primary school.

Through the data provided by the responsible authorities, we know how many children attend registered childminding centres. The figures usually refer to the use made of child care, which, in the case of collective services, is a good indicator of supply since

Table 5.3. **Enrolment rates in pre-primary education in 17 OECD countries^a**

	Age 2	Age 3	Age 4	Age 5 ^b	Age 6 ^b
Austria	1.2	28.4	61.4	90.4	23.9
Belgium	21.1	94.0	98.2	98.9	2.5
Canada	0.0	0.0	38.3	70.0	10.5
Denmark	0.0	0.0	0.0	0.0	95.3
Finland	21.1	16.0	21.1	26.6	50.0
France	33.6	95.4	100.0	100.0	1.5
Germany	12.6	38.7	72.3	85.5	69.9
Greece	—	8.9	43.7	60.1	1.1
Ireland	—	0.3	54.3	98.9	50.0
Japan	—	14.8	53.7	64.5	—
Netherlands	—	4.0	97.3	98.5	—
New Zealand	8.4	40.3	71.7	0.7	—
Norway	20.8	29.8	41.1	49.9	60.3
Spain	4.6	16.8	88.3	100.0	—
Switzerland	—	3.8	16.2	66.4	77.8
United Kingdom	1.3	25.0	68.1	—	—
United States	—	28.9	49.0	86.7	15.0

a) These rates show the number of children attending on a full-time or part-time basis in a nursery school, a kindergarten or other similar establishment in relation to total population at this age. These establishments could be either private or public. In certain countries, they are not under the responsibility of the Ministry of Education. Establishments such as *crèches*, day-care centres, infant-care and other such institutions are excluded as they are on the fringe of education.

b) The entry-age level to elementary school, which varies from 5 to 7 years of age according to each country, is the reason for the low rates shown for New Zealand and for the United Kingdom for children 5 years old, and for several countries for 6 year-olds. Thus for Austria, Belgium, Canada, France, Germany, Greece, Ireland, Japan, the Netherlands, Spain and the United States, compulsory schooling generally begins in the child's 6th year.

Source: *Education in OECD Countries, 1986-87*, OECD, Paris, 1989.

utilisation rates are around 100 per cent⁴. On the other hand, the figures on informal childminding are few and unreliable, being mainly estimates. Only surveys of parents can give an idea of the number of children looked after informally. However, such surveys underestimate this form of minding since it is often undeclared and anyone reporting it may have reason to fear comparison of tax returns.

3. Registered child-care services

a) Trend of the supply of registered child-care services

Table 5.4 illustrates the trend of the number of places in registered child-care services for children of pre-school age in a number of OECD countries. The corresponding categories in Table 5.1 include day-care centres, family day care, playgroups, school-related or outside school care and occasional child-care centres (nursery schools and kindergarten are not included). It was impossible, unfortunately, to harmonize the data to cover the same range of services in each country; direct comparison between countries is thus even more unreliable and is not therefore recommended. In all cases where figures were available according to the age of the child, a breakdown is made between two age groups. For

reference purposes, the number of places has been divided by the total number of children in the age group; while child-care services are obviously not required for all children, this weighting makes it easier to follow the rise in the rates of registered child-care service coverage over the last few years.

Table 5.4 reveals that the coverage of the need for child-care services through registered facilities has generally improved everywhere during the period considered, i.e. since 1975. In order to interpret this result, it must be remembered that the decline in the number of children in the age groups concerned has helped to improve the rates of coverage observed in certain countries (see Annex 5.A). In those countries where the breakdown by age group is given, it is also clear that the older children have proportionally more places available than the younger ones.

In *Canada*, for appreciably similar numbers in each age group, there were three times as many places for the 3-5s as for children under 2. On the whole, the under-6s had three times more places in 1989 than in 1975, and the overall rate of coverage rose from 3 to 9 per cent over that period (from 1 to 4 per cent for children aged 0-2 and from 5 to 14 per cent for the 3-5 year-olds), despite the increased size of this age group⁵.

In *Norway* and particularly in *Sweden*, the already high rates have shown a strong increase since 1975 (with the exception, in Norway, of children up to the age of 2),

Table 5.4. Number of places in regulated child care^a for pre-school children
(excluding kindergartens and nursery schools)
Rate of coverage for all children, 1975 to 1989

	Australia		Canada				Total	%
	0-5 years	%	0-2 years	%	3-5 years	%		
1975	..	..	10859	1.1	53730	4.9	64589	3.1
1977	..	..	15327	1.5	59626	5.7	74953	3.6
1979	..	..	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	86780	4.1
1981	33 668	2.4 ^c	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	110573	5.1
1983	40 108	2.9	<i>b</i>	<i>b</i>	<i>b</i>	<i>b</i>	121362	5.6
1985	63 595	4.4	33826	3.1	113 185	10.4	147011	6.7
1987	79 173	5.4	41 242	3.8	153827	14.1	195069	8.9
1989	83 823	6.8 ^d	52 863	..	152756	..	205 619	..
	Japan		Norway				Total	%
	0-5 years	%	0-2 years	%	3-6 years	%		
1975	1631 025	13.7	..	..	..	..	..	..
1977	1832269	15.7	5 521	3.4	43 324	17.3	48 845	11.9
1979	1974886	18.2	7 102	4.6	63 297	27.3	70 399	18.3
1981	1982530	19.7	8 605	5.6	73276	34.4	81 881	22.4
1983	1925006	20.3	9 452	6.2	79512	38.6	88964	24.9
1985	1843 550	20.4	10 149	6.7	88056	42.5	98205	27.4
1987	1784 193	20.6	11729	7.5	98 580	48.3	110309	30.6
1989	..	..	13365	8.1	104916	51.1	118281	32.0
	Netherlands		Sweden				Total	%
	0-5 years	%	0-4 years	%	5-6 years	%		
1975	..	..	69 747	12.7	24 744	11.4	94491	12.3
1977	108040	9.6	77 384	14.9	35 326	15.7	112710	15.2
1979	130907	12.2 ^e	131071	26.6	75 701	33.9	206 772	28.9
1981	134357	12.7 ^c	149944	31.3	81 381	39.7	231 325	33.8
1983	145011	13.8 ^f	174699	37.0	89828	47.0	264 527	39.9
1985	145 855	13.8 ^g	191428	40.4	105809	54.5	297 237	44.5
1987	..	..	208968	42.3	113397	60.0	322 365	47.1
1989	..	..	..	..	..	..	..	..

a) Day-care centres are included in all cases. In addition the following are included: Australia: family day care, occasional care centres and other centres; Canada: family day care; Norway: family day care (for the last year only); Netherlands: playgroups; and Sweden: family day care.

b) Age groups were defined differently.

c) 1982.

d) In 1989, 29 000 children were in commercial centres, which increases the rate of coverage up to 9.2%; before 1989, these data were not available.

e) 1980.

f) 1984.

g) 1986.

.. Data not available.

Sources: Australia and Norway: Data provided by national authorities.

Canada: Health and Welfare, *Status of Day-care in Canada*, several years.

Japan: Ministry of Health and Welfare, "Social Welfare Administration Report".

Netherlands: Centraal bureau voor de statistiek, *Kindercentra 1984 and 1986*.

Sweden: *Statistisk Årsbok*, several years.

reaching respectively 8.1 and 5.1 per cent for those of ages 3 to 6 in 1989. In Norway, the number of places rose (more than doubling) at the same time as potential customers were slightly falling throughout the period 1977-1989, which contributed to an increase in the rates of coverage. In Sweden, after falling slightly at the start of the period, the pre-school age population exceeded that observed in 1981 and the coverage rate went from 12.7 to 42.3 per cent for children under the age of 4 and from

11.4 to 60 per cent for the 5 and 6 year-olds between 1975 and 1987. Thus, for Norway and Sweden, as well as for Canada, the rise in the coverage rates reflects the intensified effort put into increasing the number of registered places. Data for Finland (not included in the table) estimated that the total number of municipal day-care places available for children is about 80 per cent of what is actually needed, with day-care centres being the largest such group of the various types of day-care services⁶.

In *Australia*, the rate of coverage of potential needs remains small (6.8 per cent in 1989) although the number of places more than doubled in eight years. It must be added, however, that since 1980 the number of children in the 0-5 age group went up by 6.6 per cent. The rise in the number of places was therefore proportionately greater than the increase in the age group. In *the Netherlands*, the rate of coverage has remained relatively steady, going from 12.2 per cent in 1980 to 13.8 per cent in 1986: the number of places has gone up at the same rate as the population. The relatively higher rates of coverage in the Netherlands than in Australia and Canada must, here again, be considered with caution. Indeed, the majority of places in this country are in playgroups which are only open part-time. In *Japan*, the rising rate of coverage is not so much due to the creation of new places as to the fall in the target age group. Thus, the number of places in this country increased between 1975 and 1981 but fell thereafter (though less quickly than the number of children in this age group). It must be added that 55 per cent of all registered places are taken by children of 4 and over and are mainly reserved for the children of working parents or those whose minder cannot look after them for a particular reason⁷. As distinct from nursery schools or playgroups in other countries, there is no registered service in Japan for families comprising one non-working parent.

Figures for *Germany* indicate that the number of registered child-care places is limited, especially for children under 3 and those aged 6 and over⁸. In 1986, only 9 per cent of young children with working parents had a place in a day nursery or family day care. Three-quarters of the pre-primary children (3-5 years) are enrolled in the kindergartens, which are the most common form of child care and in most cases (88 per cent in 1986) open part-time. Lastly, only 4 per cent of school-age children with working mothers have a place in a school-related daycare centre.

h) Structure of registered child-care services

In addition to the number of places in registered child-care services, it is also useful to know the structure of the services provided in a country at a particular time, in order to gauge to what extent it corresponds to parents' needs. If the majority of services provided are part-time, working parents do not have a complete solution for their childminding problem (unless one or the other or both work part-time) and must therefore look for alternatives; on the other hand, parents who only want their children to be with others of the same age for a few hours a week under the supervision of qualified minders are fully

satisfied. Inasmuch also as certain types of service are more especially intended for a given age group, studying the structure of the child-care services will also show whether one age group is better treated than another.

Table 5.5 contains data on the structure of the registered child-care services for six countries, using the categories in Table 5.1 (Annex 5.B shows the correspondence with the national nomenclature). The data from Table 5.5 should be interpreted in conjunction with the information pertaining to rate of coverage given in Table 5.4. However, this should be done carefully, for the categories do not correspond. The age groups selected in each case depend on the data available. *England* and *the Netherlands* stand out because of the large number of playgroup places in the registered child-care sector: playgroups provide two-thirds in England and four-fifths in the Netherlands of all places in registered services. This means that nearly all the places provided are part-time since this type of service is usually only open a few hours a day and the children can only go for a few hours a week. It also means that their clientele is older children. It is interesting to note that the playgroups are losing ground to day nurseries in the Netherlands and to family daycare in England.

In *France*, 17 per cent of all children under the age of 3 are in a regulated form of child care; family day care is however the most popular type of care for these children (Table 5.5). Moreover, the importance of enrolment rates in pre-primary education (age 2 on) must be underlined (Table 5.3). In *Australia*, *Canada* and *Sweden*, day-care centres are the predominant form of registered child care. These generally take children for the whole day and therefore suit families in which both parents go out to work. Day-care centres are the form most often used for children up to the age of 2 in Australia and up to 5 in Canada and 4 in Sweden. In these three countries, family day care is also relatively more frequent for babies than for children between 3 and 5 (however, in Australia and Sweden, it is just as common for children once they start to go to school). In Australia, children between 3 and 5 mainly go to kindergartens (pre-school)⁹. In Sweden, between 1981 and 1987, the proportion of 5-6 year-olds enrolled in day nurseries (*daghem*) and in family day care (*familjedaghem*) increased by 14 percentage points at the cost of kindergarten (*deltidsgrupp*) attendance.

In the *United States*, the number of places in registered services is currently put at 2 million in day-care centres and kindergartens and 500 000 in family day care. This is about 6 per cent of the total number of children age 11 or younger¹⁰. However, while the day-care centres are full, there are still places available in family day care [Kisker *et al.* (1989)]. In *Finland*, most 1 to 3 year-olds who are taken care of outside their own home are in family day care. After the age of 4, day-care centres become the most important form of day care.

Table 5.5. Structure of the system of regulated child care in 6 OECD countries¹

		Day-care centre	Family day care	Kindergarten	Playgroup	Others	Total	Total number of children
		Percentages						000s
Australia								
1987	(0-2 years)	64.9	26.8	—	—	8.3 ^b	100.0	80.0
	(3-5 years)	19.8	3.6	69.2	—	7.4 ^b	100.0	341.3
	(6-11 years)	67.7	27.8	—	—	4.4 ^b	100.0	33.7
Canada								
1989	(0-2 years)	72.8	27.2	..	—	..	100.0	52.9
	(3-5 years)	92.1	7.9	..	—	..	100.0	152.8
	(6-11 years)	—	7.4	—	—	92.6 ^c	100.0	58.0
France								
1986	(0-2 years)	24.0 ^d	65.8 ^e	—	—	10.2 ^f	100.0	379.2
Netherlands								
1986	(0-5 years)	7.1	—	0.3 ^g	87.4	5.2 ^h	100.0	155.1
Sweden								
1987	(0-4 years)	61.7	37.4	0.9	—	—	100.0	211.0
	(5-6 years)	40.0	21.5	38.5	—	—	100.0	185.2
	(7-12 years)	8.6	37.7	—	—	53.7 ⁱ	100.0	141.7
United Kingdom (England only)								
1988	(0-5 years)	10.3	25.9	—	63.8	1.0 ^j	100.0	639.0

a) Names used for each specific type of service in each country are given in Annex S.B.

b) Included here are children who could not be classified in just one category of care (either because they use two types of regulated care or some type of unregulated care for part of the week).

c) Out-of-school-hours care provided by schools or family day care.

d) Includes *crèches collectives*, *mini-crèches* and *crèches parentales*.

e) Family *crèches* and licensed childminders.

f) Occasional care centres.

g) Figure for 1984. In 1986, kindergartens places were counted together with playgroups.

h) Includes school-based care and centres with multiple objectives.

i) After-school care.

j) Playgroups and day-care centres in hospitals or military bases.

— Does not apply.

.. No data.

Sources: Australia: Australian Bureau of Statistics, *June 1987 Child Care Arrangements Australia*, catalogue No. 4402.0.

Canada: Health and Welfare Canada, *Status of Day Care in Canada 1988*.

France: Hatchuel, G. *Accueil de la petite enfance et activité féminine*, Crédoc, collection des rapports, No. 61, May 1989.

Netherlands: Centraal bureau voor de statistiek, *Kindercentra* 1984 and 1986.

Sweden: *Statistisk Årsbok 1989*.

England: Department of Health, England, *Children's day care facilities at 31st March 1988, England*.

Thus, generally speaking, the number of places in the registered child-care services is quite small for young children in all age groups. This shortage is greater still for children under 3 and children who need minding after school. Most of the child-care services organised collectively have fixed opening hours; in the case of those with an educational function, these hours are usually confined to part of the day only. Owing to the few places available and because some of these are part-time, the registered child-care services cannot alone fully respond to parents' need, especially when they work full-time. Parents must therefore often resort to unregistered forms of child care, whether exclusively or to supplement registered childminding.

4. Unregistered child care

In most countries, the unregulated sector accounts for a large share (often the largest) of the supply of child-care services. The informal sector consists largely of individual care, although it is possible that some collective services are unregulated. The supply of informal services emerges to supplement the shortage of places in the registered sector or when the costs of registered child care are too high. It also meets the need of parents who prefer the individual care offered by home-based services. Services may be provided by the informal sector for a charge (whether declared or not) or at no cost at all. Part of these services are therefore non-

market, in the informal sector, and it is particularly difficult to know what happens in this sector.

There are two possible reasons for the choice between a paid and a free service in the unregistered sector. The first is due to parents' preferences: parents prefer to leave their child with a relative or neighbour rather than with strangers. This factor also reflects the imperfections of the market resulting from a lack of information: parents find it hard to gauge the quality of the services provided and rely on their trust in the provider of the service to guide their choice. They are therefore more inclined to turn to people and agencies in their immediate vicinity: they know them well and can exercise a certain control over the way their child is looked after [Verry (1990)]. The other explanation is purely economic: parents cannot afford the regulated services.

Unregistered childminding services are generally much more widely used than the registered sector. In *Australia*, over 43 per cent of all families in which both parents work (full- or part-time) use unregistered services; this percentage is still higher (85 per cent) in families where one or even both parents do not work [ABS (1987)]. In *the Netherlands*, according to government estimates, some 500 000 children are looked after informally, in other words more than three times as many as are taken in by the registered services. In the *United States*, of the 5.3 million children looked after outside the home by a non-relative, it is estimated that 2.7 million are in informal care [Friedman (1989b)]¹¹. In *France*, the working parents of about 430 000 children (more than half of those needing child-care services) must find "makeshift" solutions for their children's care, since there are not enough registered places [Hatchuel (1989)]. In *Germany*, national authorities estimate that there are three times as many unregistered childminders as registered minders for children under 3.

The unregulated sector is often more flexible (in terms of both location and schedule) than the regulated services which have more rigid schedules not always convenient for all parents. For example, some parents prefer home-based care for very young children. This allows the parents to select a candidate themselves. However, this requires also that the parents themselves determine the qualifications of any candidate. These candidates may not have any formal qualifications, however, and thus cannot be controlled *a priori*. The risk is greater that the childminder will, on occasion, be unavailable (sometimes with no advance warning) or leave the position altogether. The unregulated sector mainly employs housewives who supplement the family income by looking after the children of other mothers out at work. Also included are "au pair" girls, grandparents or other relatives, and paid nurses. However, as the labour demand for women increases, the

number of babysitters in the informal sector (who are usually poorly paid) can drop. This can make the use of informal services more difficult, and is one reason that collective and regulated services are more widespread in the Nordic countries with the highest female participation rates.

5. Conclusion

The issue of child-care services is a complex one everywhere. While certain characteristics are common to all countries, the situation is country-specific on many points. The first concerns pre-primary education. Another is the supply of registered childminding services, which is relatively extensive in a few countries only, but still small in most. On the other hand, pre-primary children are provided with most of the registered services in every country considered. Owing to the variety and specific nature of the forms of child care available, parents must frequently resort to two, or even three types of service to cover fully their child-care needs. This is particularly so for children aged 3 to 5, for whom a network of kindergartens or nursery schools often exists but to which the children rarely go full-time. The more flexible informal sector provides care for children outside the periods covered by the registered services. It is also this sector which makes up for the scarcity of registered places for the youngest children. In terms of quality, however, this may often be an inadequate solution.

D. USERS' CRITERIA OF CHOICE

What are the factors which prompt parents to choose one form of child care rather than another? Apart from the availability of the different types of service, the cost and quality of each service play a decisive role. While parents obviously want good quality services, their preferences for particular kinds of child care and the choice they finally make for one form rather than another are inextricably linked with other factors such as social class, family earnings, working hours, age of the children and accessibility of the service. The situations resulting from the combination of these factors do not necessarily match those emerging from strict application of the quality criteria worked out by the experts.

The question is then who are the users of quality services — and especially registered services — and whether parents' choice is made according to their preferences or the constraints placed on them.

1. Parents' socio-economic profile

As a rule, high-quality child-care services are expensive. Services with an educational content cost more to produce than those only concerned with childminding. At the same time, in countries where the government regulates certain services, the aim is to guarantee minimum quality standards. Thus, child-care services which add the educational aspect to a registered centre may seem likely to be particularly sought after by parents. But since they also entail high production costs, it is in theory mainly families with high earnings who are likely to use this type of service, unless subsidies relieve the user of all or part of the cost. Is there then a link between the socio-economic profile of parents and the form of child care chosen?

Unfortunately, it is impossible to assess this link for most OECD countries for lack of data. However, where research has been carried out, it has shown that the socio-economic position of parents had a marked impact on their choice. This impact is generally as expected: the better-off social classes use quality services more. In France, for example, among working mothers those using the *crdche* most often are the most highly qualified: nearly one out of five of those who have had a higher education, as against one out of ten mothers with no diploma [Desplanques (1985)]. The children of women who are managers or in intermediate professions are three times more likely to go to *crdches* than those whose mothers are employed in trade or as manual workers (see Table 5.6). The same link may be found in the United States, where twice as many mothers with more than four years' post-secondary study use the registered services compared with those who have not completed their secondary education [U.S. Department of Labor (1988)].

The same observation emerges from a study of the relationship between family earnings and the proportion of families using registered services. In the United States in 1988, 12 per cent of families with an income below \$15 000 used this type of service, compared to 27 per cent of those families with an income of over \$25 000. For reference, estimates of the annual earnings for the average production worker (APW) were \$21 600 [see OECD (1988*d*)]. On the other hand, informal arrangements are less frequent the higher the level of earnings. In Germany, the percentage of children enrolled in kindergartens in 1982 rose with the level of household income: from 54 per cent when net monthly income was below DM 1 000 to 80 per cent when it was above DM 5 000 per month (annual APW: DM 34 500 in 1983)¹². In Australia, as in the countries mentioned above, the use of regulated services rises with the income of the household. In Canada, the clientele of day-care centres consists mainly of children from both poor

and well-off families, with the former receiving subsidies.

The decision to use child-care services is of course strongly influenced by whether or not the mother works. In Germany, the 3-6 year-old children of married couples go to kindergartens more often when the mother goes out to work (73 per cent as against 63 per cent). This difference is not found in France, where a similar study reveals that the decision to work and the decision to put a young child (under 3) in school do not appear to be linked [Desplanques(1985)].

Lastly, one-parent families make more use of any and all child-care services. In Australia, the rate of use of the registered services and informal arrangements is higher for all income levels for such families than for two-parent families [ABS (1987)]. In Germany, the difference observed in the use of kindergartens according to the mother's economic activity widens in the case of children of single mothers: nearly 20 per cent more go to nursery school if their mothers work than those with non-working mothers.

The same observations regarding the choice of child care according to the socio-economic characteristics of the parents can be made from data for other countries, in particular Spain and the Nordic countries [Leira (1987)]. In Belgium, childminders are preferred in families with high incomes, while low-income and lone-parent families are more likely to use collective services [Crombe(1988)].

2. Parents' declared preferences

Is the form of child care adopted necessarily what parents would have chosen if there had been no constraint? Are they satisfied with the form of care which they have, voluntarily or not, selected?

Once again, not many statistics exist in this connection. The few surveys carried out generally come to the same conclusions. Thus, in France and Canada, the majority of the users of registered collective centres are satisfied with this form of care, as opposed to parents who turn to informal services [Hatchuel (1989); SWC (1986)]¹³. Even though these services have certain disadvantages, including their refusal to accept sick children, parents prefer them because of their standards of quality and the certainty that the service will be provided without any unexpected interruption (whereas parents who choose own-home or family day care can find themselves without any form of child care from one day to the next if the person they counted on falls ill or is unable to mind their child for any other reason). Another conclusion emerges from the Canadian surveys: the employment situation of the mother is the deciding factor in the preference for a particular form of child

Table 5.6. Distribution of children under 3 neither at school nor looked after by their mothers according to child-care type and mothers' socio-economic group^a

France
Percentages

Mother's socio-economic group	Own home		Away from home				Total
	Member of the family	Other	Member of the family	Neighbour, friend	Childminder	Crèche	
Farming	71.4	0.0	9.7	3.2	9.7	0.0	100.0
Craft, trade, company management	29.3	13.3	22.3	9.0	16.0	10.1	100.0
Management/supervisory <i>of which:</i>	12.4	18.1	8.6	8.4	36.4	16.2	100.0
Secondary teacher	12.5	16.3	7.0	10.6	38.1	15.5	100.0
Middle-level occupation <i>of which:</i>	12.5	6.2	14.5	13.7	38.5	14.7	100.0
Primary teacher	12.6	7.7	13.7	17.0	38.5	10.4	100.0
Health, social work	12.5	6.1	14.0	12.3	35.9	19.3	100.0
Administration and commerce	14.4	5.7	18.3	14.2	35.2	12.1	100.0
Clerical work <i>of which:</i>	15.1	3.1	23.3	11.2	33.8	13.5	100.0
Civil service	14.1	3.5	19.5	10.2	34.4	18.2	100.0
Business administration	12.9	2.9	23.8	11.9	36.3	12.2	100.0
Commerce	23.9	3.1	32.4	10.4	24.6	5.7	100.0
Manual work <i>of which:</i>	23.9	4.8	28.1	10.9	26.8	5.5	100.0
Skilled industrial	22.4	4.9	24.6	9.0	33.0	6.0	100.0
Unskilled industrial	24.0	4.6	30.4	11.8	24.7	4.5	100.0
Total	16.3	5.3	21.1	11.5	35.4	12.4	100.0

^a Mothers are classified according to their occupation. Non-working mothers are not included.
Source: Desplanques (1985).

care, and more so than other variables such as the location of the day-care centre or the age of the child. These few surveys therefore indicate that registered collective services muster a high rate of satisfaction. There is little information on the satisfaction index for registered childminders; however, this form of child care is apparently preferred by French parents to collective crèches for children under 3 [Hatchuel (1989)].

3. Geographical distribution of registered services

The registered services are not usually evenly distributed throughout the country. This may be due to the fact that policy is decentralised, but another factor is very common: the density of registered services depends on the population density. In big towns, and especially capital cities and their suburbs, the population is relatively younger and the proportion of working women higher than in the rest of the country. The pressure of demand for child-care centres is therefore relatively

greater there than in rural areas or small towns [Leprince-Poullard(1986)].

This is illustrated by Table 5.7, which shows the density of child-care services in the capital and the rest of the country in the United Kingdom, France and Norway. It will be seen that London, Paris and Oslo are much better supplied, especially with day-care centres. Other data collected on Germany, Australia, Denmark, the Netherlands and Sweden show that the geographical distribution of the child-care services, which are mainly used by families with two working parents, also favours the major cities and their regions in these countries.

4. costs

There is a well-marked hierarchy as regards the costs of each form of child care. The costs of the registered child-care services are usually highest because of the qualifications and working conditions of the staff, the effective child/staff ratio, the conditions controlling

premises, etc. Conversely, arrangements of an informal type are generally moderately priced.

A distinction should be made, however, between the cost of producing the service and the price parents have to pay for using it. Indeed, most registered services enjoy government subsidies which help to reduce the cost to the user, or at least for certain users. According to the country, the methods adopted for funding registered child-care services generally reduce the contribution payable by parents to a considerable extent and with varying degrees of uniformity. Tax concessions also exist in certain cases, allowing for the deduction of child-care costs for income tax purposes; these tax concessions are not taken into account there, but they will be mentioned below.

The cost of child care to parents may thus not only depend on the form of care used but also on the fact that the service is subsidised. The situation in this regard varies considerably from one country to another.

a) *How are the costs of registered services distributed?*

As a rule, a financial contribution is demanded of all parents who use the registered child-care services; this is rarely as much as the unit cost of the service and is usually adjusted in accordance with criteria, such as size and income of the family, and the number of hours of utilisation. Depending on the country, the parents' contribution covers a varying proportion of the total cost of producing the service. In the Scandinavian countries, this proportion varies from 10 per cent in Finland and Sweden to about 21 per cent in Denmark and Norway [Leira (1987)]. In Germany, it depends on the respective *Länder*. In France, parents contribute 14 to 38 per cent of the cost according to whether it is an occasional care centre or a collective, parental or family *crèche*; for registered childminders, on the other hand, the share of the costs borne by the parents is much higher. In Canada, the parents' contribution varies according to the province. In Australia, parents contribute an *average* of about 52 per cent towards the cost of a place in a non-profit day-care centre.

In addition to the fees paid by parents, a more or less large share of the cost remains to be covered which has to be divided between the different levels of government. The sharing of costs between local and central government varies considerably from one country to another and sometimes even within the same country (this issue is discussed below in Section E).

b) *Direct cost of child care to parents*

For registered services in most countries, the contribution demanded of parents depends on their

Table 5.7. **Rate of density of child-care services per 1 000 children by type of service**

	Capital	Reste of the country	Total country
France** (0-3 years)			
Crèches collectives	42 ^b	6 A 20 ^c	17
Crèches familiales	18 ^b	0 à 12 ^d	9
Norway (0-7 years)			
Kindergarten	469.0	305.8	320.0
Family day-care centre	4.0	27.2	24.2
Total	470.0	313.4	327.5
United Kingdom (England) (0-5 years)			
Day nurseries	45.4	17.6	21.3
Childminders	66.3	51.5	53.8
Playgroups	107.0	139.0	134.3
Total	218.5	208.5	209.7

a) Number of places for 10 000 inhabitants.

b) Ile-de-France region, includes Paris and suburbs.

c) It is not possible to establish an average. Of 21 regions, 7 have less than 10 places, 13 have between 10 and 19 places and only 1 offers 20 places.

d) *Ibid.* Of 21 regions, only one does not offer any services, thus, between 3 to 9 places are offered in 16 regions, and only 4 regions have more than 10 places. In all regions except two, there are more places in *crèches collectives* than in *crèches familiales*.

Sources: France: Desplanques Guy, "Modes de garde et scolarisation des jeunes enfants", *Economie et statistique*, No. 176, April 1985, pp. 27-40.

Norway: National statistics, 1988.

England: Department of Health, *Children's Day Care Facilities at 31st March 1988, England*.

income. For unregistered services, considerable differences exist between the fees for the most expensive services and for informal services, some of which are free of charge. The financial burden of child care for parents may thus differ widely. For example, in Australia, many parents declare that childminding by another person costs them nothing. According to the findings of a national survey, this applies to an eighth of all parents using the registered child-care services and seven-eighths of the users of informal services. At the same time, more than three-quarters of all parents pay less than half of the average weekly cost of the registered child-care services [ABS (1987)]¹⁴.

The importance of parental contribution to the financing of child-care services varies between countries. For example, in Australia in 1989, parents were paying up to A\$ 88 per week; in Belgium in 1990, costs range between FB 250 and 2 500 per week; in Denmark in 1985, between DKr 670 and 1 740 per month; in Finland between Mk 390 and 1 100 per month; and in France, between FF 100 and 700 per week. Converted to annual rates and compared to OECD estimates of the earnings of the average production worker [OECD (1988d)] the costs of regulated child-care services as a proportion of these earnings can reach up to 18 per cent in Australia;

and vary from 2 to 18 per cent in Belgium; from 5 to 13 per cent in Denmark; from 5 to 15 per cent in Finland and from 5 to 36 per cent in France.

In the United States, for which Average Production Worker earnings were estimated to be \$21 600 in 1988, child-care costs (which vary between \$2 000 and 3 000 per year) can be a serious problem for the 3.3 million families in which both parents work (the figure also includes one-parent families) and whose annual earnings are less than \$15 000 [U.S. Department of Labor (1988)]. It is estimated that such families spend an average of nearly 18 per cent of their earnings on this item, compared with about 4 per cent in the case of families at the top of the income scale (over \$45 000 per year). However, as in Australia, many families do not pay for the child-care services they receive. In the same way, 55 per cent of all families with incomes below the poverty line rely on relatives (including fathers) to look after the children when the mother goes out to work, compared with 44 per cent of all families whose earnings are above the poverty line. This type of service is not usually paid for and when it is, it is always relatively cheap. In the same survey, 68 per cent of the mothers interviewed declared that they had no child-care expenditure; closer scrutiny reveals that this mainly concerns school-age children.

On the other hand, within one country, the amount charged to parents varies considerably between local authorities. In France, for example, the rates charged across the country for similar types of families can differ by a factor of up to three [Hatchuel (1989)]. Finally, since in most countries (e.g. Australia, Finland, Norway) the private regulated services and unregulated child-care services (when a fee is charged) are seldom subsidised, they are generally much dearer for parents than the registered public centres.

Thus, the level of the parental contribution demanded for certain forms of care can prove a major obstacle to their use by families on low incomes. This can be offset by government subsidies which can thus strongly influence the type of clientele who use the registered services. For a particular type of service, it is usually more expensive to use the unregistered services than the registered forms of child care.

5. Conclusion

No general conclusions can be drawn owing to the scarcity of research and data on the criteria determining the choice between different forms of child care. However, in countries where data do exist, there appears to be an evident link between the cost of the service used and family earnings, socio-economic class and the mother's educational level (variables which are very

often highly correlated). Parents' preferences regarding child care cannot always be satisfied, either owing to the short supply of the services required or because the cost is beyond their means. Thus, when supply is limited, parents who are well-off may be more likely to place their children in their preferred form of child-care. Conversely, if supply is relatively high, there may be less segregation. In all cases government assistance plays a crucial role in determining parents' ability to choose the most appropriate form of care for their children.

E. GOVERNMENT INTERVENTION

The first collective child-care services organised in the 19th century in most of the OECD countries were generally provided by individuals or religious communities to meet the needs of single mothers obliged to work and of families in serious difficulties [Miller-Chenier and LaBarge (1985); CEC (1988)]. The principal aim of these institutions was to offer social help for the needy and provide child care and a minimum of hygiene in order to reduce the risks of infant mortality. Gradually, and at different times according to the country, governments began to take a hand in the sector, either by being the main supplier of the service or by helping to finance it¹⁵.

Government intervention in the child-care sector can take the form of the direct supply of services, all sorts of subsidies for the various agencies likely to organise child-care services or direct subsidies to parents who use them¹⁶; nor should licensing be forgotten, since it is especially important in this area. Government assistance affects both the overall use of child-care facilities and its distribution between the different forms of care and the different types of family. Annex 5.C gives a general picture of government assistance in several OECD countries.

It is difficult to measure precisely the degree of financial commitment made by different governments in the child-care sector. The different level of government involved and the variety of services available render a comparison of governmental spending on day-care centres across countries quite a complex matter, and thus these comparisons can only be approximate.

Countries differ both with respect to the amount of government assistance and how it is given. These disparities reflect different views of the respective roles of parents and society as regards child care. Government assistance affects both the overall use of child-care facilities and its distribution between the different forms of care and the different types of family. Very roughly,

two models can be distinguished. There are countries in which child care, family organisation and women's economic activity rates are regarded as private concerns. These countries can be said to adhere to a maximum private responsibility model (model A). The other model, called the maximum public responsibility model (model B), applies to countries which recognise the educational value of child care outside the house. The reasoning here is that child-care services must be guaranteed for all, with public provisions being a necessity so as to enable women to take part fully in the working world¹⁷. No country fits either model perfectly, but the typology above helps to classify the choices made by different countries, according to the general orientation of policies in place.

1. Model A: Maximum private responsibility

The United States and the United Kingdom are examples of countries closest to the maximum private responsibility model. In these two countries, child-care policies have three aims:

- i) to provide a "safety net" of child-care services for the poorest families, as well as for children at risk of physical abuse or neglect;
- ii) to encourage the use of private or voluntary services; and
- iii) to guarantee a minimum level of quality for child care.

In the *United States*, there is no national child-care programme, but the federal government takes action at two levels. First, it provides funding to state and local governments for child-care services for families in need of special assistance, and for a variety of specialised child-care-related services. Secondly, in order to facilitate the creation of services by the private sector, federal legislation enables individuals to reduce their child-care costs through tax relief.

The American government subsidises child-care services through several programmes, generally intended for low-income families. As far back as 1964, it had set up the "Headstart" programme, which aimed to provide pre-primary education for underprivileged children. The "Child Care Food Program" finances children's meals in collective and family day-care centres. Federal funds provided for states under the "Social Services Block Grant" to subsidise various types of social services can be used for the child-care services. Mothers taking part in certain training programmes (Work Incentive Program) and receiving AFDC (Aid to Families with

Dependent Children) — usually single mothers — also have the benefit of child-care services. Since 1984, subsidies have been paid to states to help in setting up school-based child-care programmes and information and counselling services.

Parents are also granted tax relief and tax credits in respect of child-care services: for instance, under the "Dependent Care Tax Credit" a proportion of child-care costs can be deducted from federal income tax — diminishing progressively from 30 per cent of these costs for the lowest incomes to 20 per cent when income is above a certain level (\$28 000 in 1989). The tax credit currently accounts for the largest share of federal aid for child care. But the provision which has made fastest progress over the last few years [U.S. Department of Labor (1988)] concerns incentives for employers: the non-wage benefit of using child-care services funded by the employer can be tax-free up to a certain amount (\$5 000 per year in 1989). Several states have adopted a policy similar to that deployed at federal level.

In the *United Kingdom*, government policy lays down that publicly-funded services must be targeted on children in need. The criteria for entitlement to day nurseries defined almost two decades ago (and still in effect) by what was then the Ministry of Health postulated that with the exception of particular hardship cases, mothers were not to be employed, but were instead supposed to care for their children [(Ergas (1990)]. The role of central government is to create the conditions for building up a network of services by the private sector or voluntary organisations, but licensed by the public sector. The Department of Health and Social Security has not set any target, however, regarding the number of places needed, and budget restraints do not favour any increase in resources for this sector [Cohen (1988)]. The local authorities are left with the responsibility for organising and co-ordinating child-care services (nurseries, playgroups and childminders), which are generally set up privately.

Parents are not entitled to any tax relief on the costs of child care (such a measure would be in contradiction with the basic principle that child-related expenditure is private; it would also put a heavy burden on the public exchequer). In fact, until April 1990, the value of child-care services provided by firms for their employees was counted as taxable income for taxpayers with annual incomes over £8 500¹⁸. This measure was abolished in the March 20th 1990 Budget, and was an important deviation from established fiscal principles.

Until 1989, *the Netherlands* could also have been included in the maximum private responsibility category. Indeed, between 1985 and 1989, more than two-thirds of the resources provided for the child-care sector took the form of tax concessions, while the remainder took the form of grants to local authorities or child-care

institutions. The central government has decided that as of 1990, tax concessions will be abolished and the resultant savings will be channelled through grants to the local authorities. Moreover, in the forthcoming years, this budget will gradually be increased.

2. Model B: Maximum public responsibility

Sweden, or more broadly the approach of the *Nordic countries*, best illustrates the arrangements typical of the second model. There is indeed a strong resemblance between the aims behind the funding and operational mechanisms of the child-care programmes in Sweden and the other Scandinavian countries [Leira (1987)].

The availability of child-care services for all those who want them underlies the philosophy shared by these four countries, although the extent to which this target is achieved varies according to the country. The basic philosophy holds that responsibility for child care should be shared between parents and the authorities. It is also a policy considered essential for greater equality between men and women, both on the labour market and in private life. Lastly, great importance is attached to the educational aspects and quality of care in the case of young children: special attention is therefore paid to the training of minders.

In these countries, central government determines the national objectives as regards the “level” of provision. However, responsibility for planning and for setting up child-care services is decentralised to the local authorities. This approach has made it possible to set up a great variety of services. But such local autonomy does not always help to achieve all the national targets. The provision of child-care services does not depend entirely on the public sector in any of the four countries. In Denmark and Norway, there are many private ventures, accounting for some 40 per cent of all centres. This participation by the private sector is less extensive in Finland and Sweden, where only 10 and 2 per cent respectively of the day nurseries are private. All the private services must be approved by the authorities. In these countries, the municipal authorities’ share is almost 43 per cent of the total costs of regulated services, while the State pays what is left after parental contribution, i.e. 35 per cent in Denmark and in Norway, 44 per cent in Sweden and about 50 per cent in Finland.

Recent changes in policy regarding child care in each of these four countries reveal different trends in Denmark compared with the other three. In 1982, the Danish government began to try to lower the cost of this sector of the economy by recommending that local authorities reduce expenditure, in particular by opening fewer new centres and reducing the child/staff ratio. The government aims to restructure the services by adopting

less expensive alternatives based on new approaches. Therefore, since 1986, a new type of funding has been in effect. Local authorities now receive global grants for all the services under their responsibility rather than specific grants for each type of social service (e.g. child-care services). There is some fear, however, that this new approach may compromise equal access for all, and at the same time reduce the likelihood of any improvement in service [Leira (1987)].

In *Norway*, the government has promised to increase the annual rate of creation of licensed places (raising their number from 4 500 to 10 000 new places per year; this aim does not yet seem to have been achieved — see Table 5.4). *Sweden* has set the highest goals: as of 1991, all children aged 18 months or over whose parents are working or studying are to have access to a place either in an approved day-care centre, registered family day care or a nursery school. Other children are also to be guaranteed a part-time place. Since 1975, the financial involvement on the part of the Swedish government in the area of child care has steadily increased, from 0.8 per cent of GDP in 1975, to 1.9 per cent in 1987. In *Finland*, since the beginning of 1990, the law has guaranteed the right of parents to choose the form of day care for a child under three years of age either through a home-care allowance, or municipal day care. This means that day care of all children in that age group is supported by public resources.

The basic aim in these four countries is to create an integrated system linking employment, education and child-care services, with universal coverage. There is room for a wide variety of intermediate situations between these ambitious aims and the safety net intended for families struggling against special difficulties. Instead of noting all the different situations in Member countries in the area of child care — inherited from past circumstances which cannot be changed — it is more interesting to consider the paths that other countries have either adopted or are tending to take. It might in particular be asked whether countries are converging towards a similar situation from their respective present positions.

3. Other cases

Australia, Canada and France are currently pursuing an active policy in the area of child care, while Germany and Japan have continued with principles defined some time ago. The example of these five countries will serve to illustrate the variety of situations and trends prevailing among Member countries in this area.

France could be assigned to Model B, particularly for children aged 3 and more. Nevertheless, the policy

designed for younger children could not be qualified as “universal”. Policy on young children (up to the age of 2), which is the responsibility of the Ministry of Social Affairs, seeks to be “neutral” in order to allow parents a “free choice”. This policy also aims to increase and diversify the supply of services. *Crèche* contracts were introduced in 1983 to increase the number of *crèche* places with government aid for investment and construction expenditure. Under these new contracts between central and local government, setting up new services depended mainly on the vitality of the local authorities; the latter’s lack of motivation and information are suggested as reasons why the *crèche* contracts have not been as successful as hoped. The funding of investment expenditure is shared between the State, the family allowance funds (*Caisses d’allocations familiales*, CAFs) and the municipalities. The CAFs subsidise nearly a third of the cost of operating collective services (collective, parental and family *crèches*, occasional care centres). The special childminders’ allowance (*Prestation spéciale d’assistante maternelle*, PSAM), which covers the social security charges of childminders, and the tax concession for child-care expenditure encourage the use of individual forms of care. Lastly, the allowance for parental care paid to mothers who stop work in order to look after their children themselves underscores the neutrality of policy in this respect.

The State (through the Ministry of Education) is the main provider of services for children over 3 since most of them are at school and the State nursery schools are free. As from that age, the services needed to cover the periods when there is no school are usually the responsibility of the municipalities, which organise school meals services and day-care services before and after school, on Wednesdays (the weekly closing day) and during the short and long school holidays.

In Australia and in Canada, places in the public services are rationed and allotted according to criteria reflecting priorities. These two countries spend relatively little of their national resources on child care. However, these expenditures have risen significantly during the last few years. In Australia, the part of GDP devoted to this sector increased four times from 0.02 to 0.08 between 1975 and 1987. In Canada, reliable data are available only since 1982, when the financial effort of federal and provincial governments was 0.10 per cent of GDP. In 1987, their contribution reached 0.15 per cent of GDP¹⁹. Although the public financial effort has been constantly rising for several years, neither of these two countries can realistically hope to achieve the universal provision of publicly-funded child-care services within the near future as opposed to the Scandinavian countries. In fact, the strategies they have adopted differ in certain crucial respects.

The *Australian government*, through the Children’s Services Program, run by the Department of Community Services and Health, subsidises part of the investment and operating costs of the child-care services set up by the local authorities and non-profit agencies; federal subsidies will henceforth be available to parents who use commercial centres. The State also covers part of the parents’ contribution in the case of low- or middle-income families²⁰. Other programmes of a smaller scale subsidise parents’ expenditure on care services for certain target clienteles, e.g. those wanting to enter the labour market such as female heads of one-parent families during training and parents who are studying. An English-language programme offered to all new settlers to enhance their employment and other prospects provides free child care during classes. On the other hand, no tax concessions exist to reduce the amount paid by parents for child-care facilities.

All federal funds are thus earmarked for registered child-care services. This policy orientation is confirmed by the National Child Care Strategy announced in the 1988-89 budget. The Australian government plans to help in creating 30 000 new places by 1992 (which will increase by 36 per cent the number of places available in non-profit centres in 1989). In connection with this strategy, employers are being encouraged to offer their staff child-care services, for which they will be allowed tax relief (investment expenditure and the cost of running the services will enjoy the same tax treatment as other business expenditure). Government grants for an extra 1 000 places a year in workplace *crèches* (Industry Initiative Program) are also planned.

In *Canada*, child-care services are the responsibility of the governments of the provinces and territories (in the same way as education and health). As a rule, however, provinces do not provide or operate the child-care services on their own. Instead, approved institutions (which may be either commercial, non-profit or municipal agencies) provide the services and the provinces offer financial support through, for example, parental subsidies to lower-income families and/or flat-rate operating grants. The federal government shares in eligible provincial expenditures on child-care services in respect of lower-income families through the Canada Assistance Plan (CAP).

Tax deductions for childminding expenditure (C\$ 4 000 per child for children under 7 or those with special needs and C\$ 2 000 for children 7 to 14 inclusive) are available to parents in respect of work-related, out-of-pocket child-care expenses with proof of such expenditure²¹. At the same time, Canadian employers enjoy similar tax concessions as Australian employers.

In December 1987, the federal government announced the National Child Care Strategy. The initial National

Strategy comprised three components: enhanced tax assistance for child care of young children (previously limited to C\$ 2 000 per child); a new initiative fund to promote innovative research and demonstration projects; and new child-care legislation to cost-share eligible provincial expenditures on child care (i.e. to replace the day-care provisions within CAP) with the objective of creating 200 000 new places over a seven-year period, which would double the number of registered places currently available. A fourth component, an initiative supporting day care for Indian children living on reserves, was announced in July 1988. The first two provisions were implemented in 1988. The last two were postponed owing to budget restraints (Federal Budget of 27th April 1989).

In Japan, government policy is to supply child-care services for families which cannot provide any for themselves, such as where the parent (in the case of a one-parent family) or both parents work. The government, via the Minister of Health and Welfare, subsidises the investment and operating expenditure of the day-care centres. The Children's Welfare Act determines the aims, terms of admission, level of expenditure and minimum standards. Apart from what the parents pay, 50 per cent of the remaining costs of the service are funded by the central government, 25 per cent by the prefectures and 25 per cent by municipalities. The prefectures have the task of licensing and promoting new centres, while municipal authorities are responsible for operating the service. Together with the nursery schools, run by the Ministry of Education, the day-care centres are the only child-care services organised collectively in Japan.

Central government expenditure on child care, which represented 0.06 per cent of GDP in 1987, has fallen constantly since 1977 when it was 0.13 per cent of GDP. According to the Japanese authorities, expenditure by prefectural and local authorities has been increasing, with the result that the central government share, which was about 80 per cent before 1985, had fallen to about 50 per cent in 1986. At the same time, the population of children under 12 decreased by 17 per cent and the number of those under 6 by 27 per cent. Those parallel trends imply that although central government expenditure has diminished in absolute and relative terms, public expenditure per child has slightly increased.

In Germany, child-care services are the responsibility of the provinces (Länder). Unlike Canada, however, where this is also the case, the federal government makes practically no contribution. The supply of services and the sharing of responsibilities between local and provincial governments therefore vary from one province to another. In some provinces, funding for the *crèches* depends entirely on the local authorities, while

in others the provincial government shares the costs. When the parents' contribution has been determined, costs are divided differently according to the Land, the agency responsible for the service and the Ministry of Youth. Kindergartens are the most widespread form of child care. In most provinces, the financing of these services is covered by legislation and there are official guidelines. In most cases, whether directly or indirectly, the provincial government participates in funding the service.

This brief review of child-care policies in several OECD countries has concentrated on measures to encourage the use of services produced outside the family. There are also measures to encourage child care by parents themselves; one of these is drawing particular interest at the moment: leave for working parents.

4. Maternity and parental leave

There are many reasons underlying the development of maternity and parental leave. They may be ideological, reflecting the conviction that young children need the presence and constant attention of their mothers up to a certain age, or they may be policy-oriented, geared towards facilitating choices of parents between different options as to the partitioning of work for the labour market and in the home (parental leave applies to fathers as well as mothers). Parental leave may also be perceived as part of a policy on equal opportunities for women, the idea being they would otherwise have to give up paid labour as a result of the shortage of child-care services; the supply of such services is indeed smallest for newborn babies and very young children. Lastly, in some countries, parental leave may be an important part of a population growth policy.

Maternity leave is now an integral part of basic labour protection in most Member countries. With the exception of the United States, all OECD countries guarantee working mothers leave for childbirth or adoption. This leave is always accompanied by a guarantee of reinstatement in the same job, but not always financial assistance. Initially, maternity leave was granted for not more than a few weeks (during the period preceding and immediately following the birth) since it was essentially intended to protect the health of the mother and child. Over the course of time, certain countries have gradually lengthened this leave to allow the mother to look after her child herself; nowadays, maternity leave differs more from one country to another, but it is rarely more than a few months. In the last few years, some countries have introduced a new type of leave: parental leave. This enables either parent to take time off work to look after a young child while guaranteeing his or her job. Parental leave usually follows maternity leave and varies from a

few months to several years, but cases in which it is accompanied by financial compensation are much more rare.

Table 5.8 gives a summary of universal government provisions on maternity and parental leave in 22 OECD countries. This clearly shows that the characteristics of such leave vary a great deal both as regards its length and income replacement. *Maternity leave* ranges from 13 weeks (Portugal) to 52 weeks (Australia). Most countries average 8 to 12 weeks after birth and 12 to 20 weeks over the whole pre- and post-natal period. In several countries (Austria, Belgium, Germany, Greece, Luxembourg, the Netherlands, Norway and Portugal), maternity benefits fully compensate for wages throughout maternity leave. For the other countries (Canada, Denmark, Finland, France, Ireland, Italy, Japan, Spain, Sweden and the United Kingdom), the rate of wage replacement varies between 60 and 90 per cent. On the other hand, in Australia and New Zealand, no wage replacement is provided for by law. *Parental leave*, if it exists, is not usually paid (Australia, Canada, Greece, Italy, Japan, New Zealand, Portugal and Spain). In those cases where parents do receive some compensation, it is usually at a flat rate which is generally lower than the average wage (Austria, Belgium, Denmark, Germany), and sometimes subject to special conditions (France). Only in the Nordic countries are the benefits calculated according to a high level (80 to 90 per cent) of former wages, at least for a certain period.

The leave entitlement does not mean that all parents systematically use it. It is important to analyse the combined effect of the characteristics of parental leave — length and wage-replacement rate — on the incentive to stop work temporarily. If the leave allowed is long and the associated benefits high, return to work will probably be later, and vice versa. However, the potential negative effect on long-term wage income of an extended and/or repeated absence from work for each birth must not be overlooked. In the Scandinavian countries, where parental leave has existed for several years and can be used by either parent, less than a quarter of all fathers make use of it [Townson (1985)]. In actual fact, it is usually mothers who use the parental leave entitlement, with all the risks for their careers that this entails.

5. Conclusion

There are basic differences from one country to another as regards policy to provide assistance for child care and it is therefore difficult to determine a general trend of government policy in this area. Some countries target — and almost achieve — universal provision of services or other forms of child-care aid. Other countries want to do more but are hampered by budget constraints.

Because of this constraint, the financial effort made by government is relatively small everywhere (compared with expenditures on other categories of the population). Others again abide by the policies — or absence of policy — inherited from the past.

Where government assistance does exist, it is rarely neutral as regards the different forms of child care or the various categories of parents. The distinction between the forms of care is generally based on the criterion of whether the service is registered or not; the division of parents into different categories is usually based on the criterion of income or family situation, and sometimes the parents' occupation. The impact of government measures may be difficult to determine when a whole series of measures are used simultaneously (licensing, subsidies for the producers of services, transfers to parents through taxation).

The growing labour market participation of women with young children over the last few years has made the need for both leave facilities and child-care services more important. In view of the shortage of child-care services, the introduction of parental leave may offer a short-term solution for parents who do not want to interrupt their careers. As a whole, parental leave facilities and child-care services have complementary functions.

The quality and quantity of child-care services may have repercussions on society as a whole. In effect, a better quality of child-care service can contribute to a better start in life for children. In addition, more readily available child-care services will enable more women to make use of professional skills, which may otherwise be lost to society. For profit child-care organisations do not directly benefit from these positive externalities. However, such benefits are similar to the social benefits of education and, therefore, are the basic reason for increasing governmental involvement in child care throughout the OECD area.

E EMPLOYERS AND UNIONS

The rising participation of women in the labour market has obliged employers, the unions and politicians to recognise that a significant and growing number of workers, both men and women, combine family with work responsibilities. Thus, in the United States, since the start of the 1980s, management and labour have endeavoured to determine the negative effects of frequently inadequate and insufficient child-care arrangements. Several related problems have been identified: rising absenteeism, higher rate of staff turnover, and stress.

Table 5.8. **Maternity and parental leave**
(universal governmental measures).

	Maternity leave		Parental leave	
	Maximum duration ^b	Replacement rate ^c	Maximum duration ^b	Replacement rate ^c
Australia	52	—	—	—
Austria	16	100%	Up to 1st birthday	Fixed allowance in some cases
Belgium	14	From 100% to 79.5% ^d	^e	Fixed allowance
Canada	17 or 18 ^f	up to 60% ^g	—	—
Denmark	28	90%	10 weeks	Fixed allowance
Finland	17.5	80%	28 weeks ^h	80%
France	16-28 ⁱ	84%	Up to 3rd birthday	Fixed allowance for 3rd child and over
Germany	14	100%	Until 15th month ^j	Fixed allowance
Greece	14	100%	Up to 30th month	Unpaid
Iceland	13	Fixed allowance	—	—
Ireland	14	60%	—	—
Italy	20	80%	Up to 3rd birthday	—
Japan	14	60%	—	—
Luxembourg	16	100%	—	—
Netherlands	16	100%	^k	—
New Zealand	14	—	Up to 1 year	—
Norway	28	100% ⁱ	Up to 1st birthday	Paid (social security)
Portugal	13	100%	Up to 3rd birthday	Fixed allowance in some cases
Spain	16	75%	3 years	—
Sweden	12 ^l	90%	Up to 1st birthday ^m	90% then fixed allowance ⁿ
United Kingdom	18P	90% ^o	—	—
United States		—	^s	—

— None.

a) This table describes the general provisions in each country's labour legislation. Workers may have additional benefits under collective agreement provisions (longer leave, higher replacement rate). These benefits are not covered in the table.

b) When leave is expressed as a number of weeks, it is in addition to maternity leave; otherwise it is given in terms of the child's age.

c) The figure indicates the replacement rate of the gross salary. If the maternity benefit is not subject to social security contribution or income tax, the net replacement rate may be higher. In some countries, there is a ceiling for the calculation of the benefit.

d) The rate equals 100% of mother's wage during the first month and then decreases according to a fixed level.

e) There is no parental leave as such. However, all workers are entitled to a "career interruption" leave (subject to approval by employer in the private sector—this leave is generally approved when it is a parental leave).

f) According to the province.

g) Up to 60% of a maximum determined annually and under unemployment insurance eligibility conditions (the first two weeks are unpaid).

h) Unpaid leave is also possible up to the child's third birthday.

i) According to the number of children.

j) Up to 18 months as from 1st July 1990.

k) Parents of a child under 4 years of age are entitled to work shorter hours (minimum of 20 hours per week) for a period of six months. Wages are paid for hours actually worked.

l) The replacement rate is equal to 100% if 26 weeks are taken or 80% for 35 weeks up to an annual income of Nkr 200 000.

m) Obligatory leave for the mother in connection to child birth. After, it becomes a parental leave.

n) Up to 18 months as from 1991.

o) 90% for the first 270 days, followed by a lower flat rate.

p) Does not apply to women with less than 2 years' employment by the same employer.

q) Six weeks at 90% of the woman's full wage and a fixed allowance for the remaining 12 weeks.

r) There is no provision at national level. However, some states grant unpaid maternity leave. Federal legislation prohibits employment discrimination against pregnant women or those who have just given birth.

s) In some states only, up to 12 weeks. Unpaid.

Child-care initiatives at the workplace level may be taken by the employer, the trade unions or a body such as the works council. The kind of service may vary: day-care centre at the workplace or elsewhere, day-care centre common to several employers, resource and referral services, holiday camps for school-age children. The type of action may also take different forms: funding of the programme's start-up costs, coverage of part of the operating budget (wages and services such as maintenance, catering or book-keeping), reservation or purchase of places in existing child-care services, voucher systems equivalent to a direct subsidy towards employees' childminding costs. Employers also have other ways to meet the needs of employees with family responsibilities: flexible working hours, reduced working hours, job-sharing and time off to enable staff temporarily to look after a relative.

There are many reasons why employers may decide to act in this area. Research carried out in the United States on day-care services subsidised by the employer have shown that the most often mentioned advantages are: easier recruitment, lower rate of absenteeism and tardiness, improved staff morale, higher productivity, good publicity for the company and better relations with the community [Mayfield (1985)]. However, few cost-benefit studies have been carried out in this area. In Australia, a recent study suggests that, taking into account the benefits for the employer, the fees which the latter has to charge in order to balance the budget of workplace child-care facilities are significantly lower than those practised in other centres of the same type [OSW (1989)]. In the United States, a study carried out for the Department of Labor endeavoured to design an analytical framework to help employers assess the financial effect and the impact on morale of introducing child-care services for the firm's employees [BPA (1989)].

Governments sometimes intervene to encourage child-care initiatives by employers and unions. In most European countries, certain employers, especially in the public sector (notably hospitals), have already taken action along these lines. In the Netherlands, employer participation in setting up child-care services has grown apace. In Canada and the United States, most of the employer-aided child-care programmes are to be found in the health sector [see Mayfield (1985); O'Farrell (1989)].

A few countries (Australia, Canada, Germany, the Netherlands, the United Kingdom and the United States) grant tax concessions as incentives for employers to become more involved in the provision of child-care services. In the United States, this is the preferred approach, which is regarded in some quarters as an essential element of any child-care policy²². In Australia, the new government policy of building up child-care

services encourages employers to take a hand in this sector by subsidising part of the operating costs and granting tax concessions (see Annex 5.C.2). Even with incentives, the interest shown by employers remains on the whole marginal. One of the obstacles lies in the cost of setting up new services, which are often augmented by regulations which specify standards for such sponsored child-care services.

G. SUMMARY AND CONCLUSIONS

This chapter has endeavoured to give a general picture of child care in the OECD countries. The rise in female participation rates together with a growing awareness of the importance of early education and socialisation for young children have contributed to increase the demand for child-care services. This tendency will continue during the next few years. There is no single form of child care which can respond to the needs of all children and parents. Every country therefore has a wide variety of facilities, although the relative importance of each form of care is specific to each. Compulsory education and pre-school play a major role with respect to child care in the broad sense. As a rule, collective services are mainly provided for children of pre-primary age (3 to 5 years). While the supply of various regulated services is tending to rise in most countries, it still covers aggregate need only partially. The need for informal types of child care (family, neighbours, etc.) remains widespread. This restricted supply of registered services has resulted in the various forms of child care being segregated by social class and geography. As a result, the forms of child care adopted by parents are not always those they would have preferred.

The role played by governments in the funding and supply of child-care services necessarily depends on their economic and social systems. Child care is a sector of policy showing wide differences between countries, even as regards objectives. Not counting educational expenditure, the financial effort made by governments on behalf of the child-care sector is relatively small everywhere (compared with expenditure on other segments of the population). Apart from this, the approach taken by governments varies sharply. Some governments tend to give their preference exclusively to building up a licensed sector, while others try to be neutral as regards public assistance. Others choose a redistributive effect in favour of target groups, while still others want to provide universal aid for child care. The instruments used obviously depend on the approach adopted. Since responsibility for this sector of policy is often decentralised, those differences which exist within

the same country may also exist between countries. This makes international comparisons in this area even more difficult.

Two recent trends now seem to be developing alongside increasing government assistance for the use of child-care services: the growing involvement of employers in this sector (in certain cases with government encouragement) and the spread of parental leave. These might relieve the pressure on governments stemming from the demand for child-care services, and increase the level of coverage. More generous maternity and parental leave policies could be a palliative to the shortage of child-care services for babies and an answer to some parents' desire to take care of them themselves. The extent to which these leave facilities can contribute to improving equality between men and women in the labour market is debatable.

As in other policy areas, government action in this sector will always be limited by budget constraints. Even in the cases where there is a very strong policy in favour of building up high-quality child-care services under State control, the pace at which such services can be set up will be determined by the pace of economic growth and the availability of qualified personnel. This can mean looking for new, less expensive alternatives, including the already vast informal child-care sector.

Governments, in studying the problem and possible options, need to keep in mind that there will be a cost

attached to each. If public provision of custodial child care is to be the goal, increased personal and corporate taxes, or a reduction in the moneys devoted to other programmes may be necessary. If, instead, it is decided to encourage or even oblige employers to participate more in this sector, it will have an unfavourable effect on labour costs.

Finally, if governments adopt a *laissez-faire* policy, leaving the parents responsible for finding, organising and financing the child-care services they need, many women might be unable to work, thereby depriving society of their professional qualifications. If minimum standards in child-care services are prescribed, without provision of the financial means needed to meet these requirements, fewer parents would have access to regulated services. They will have to find other solutions, often within the informal sector where quality and reliability are not always adequate. There will be supply constraints on the expansion of this sector: women who at one time might have been employed in this sector will, ironically, be among those making demands of it. Eventually, in the absence of regulation, demand and supply will come into balance. However, if parents cannot or will not finance the services which will be most beneficial for their children, the market equilibrium which results may be as sub-optimal as an education system which does not cover all school-age children.

NOTES

1. This chapter was drafted by Ms H  l  ne Goulet, consultant to the OECD, Directorate for Social Affairs, Manpower and Education.
2. While the expression "child care" (or "childminding") does not indicate the range of services encompassed, it is nonetheless, for practical purposes, used throughout the chapter. The two expressions "child care" (or "childminding") and "child-care services" will therefore be used generically and may cover forms which include more than child care alone.
3. As an example, a typical worker is employed eight hours a day, five days a week and 226 days a year (on the basis of ten public holidays and five weeks paid holiday per year).
4. On the other hand, individual child-care services do not always work to full capacity, for example in the United States [see Kisker *et al.* (1989)].
5. In order to get an idea of the unmet demand for child-care services, the Department of National Health and Welfare Canada uses four different types of measurement; it compares the number of places in the registered childminding services with the number of children: *i*) whose mothers go out to work; *ii*) whose parents work full-time; *iii*) whose parents are working or studying full time; and *iv*) at least one of whose parents works or studies full-time and the other or both part-time. According to the type of measurement used, it has been found that 5 to 10 per cent of children under 18 months, 11 to 21 per cent of those between 18 and 36 months, 23 to 45 per cent of children aged 3 to 5 and less than 6 per cent of those aged 6 and over have a place in a registered childminding centre.
6. Data provided by national authorities
7. *Source*: The National Council of Day Nursery, *Day Nurseries in Japan*, 1988.

8. Data provided by national authorities
9. The Australian survey supplying the data shows that 60 per cent of the children enrolled go to this type of institution for less than 10 hours a week, 38 per cent for between 20 and 29 hours, and the remaining 2 per cent for more than 30 hours [ABS(1987)].
10. In the United States in 1988, the number of children 11 years old or younger, with working mothers, was estimated to be almost 11 million. The total number of children in this age group was around 22 million.
11. One question frequently discussed concerns whether or not there is a shortage of child-care services. The great majority of children are not left on their own (the number of school-age "latchkey children" is put at about 1 million), which suggests that the problem is more likely one of a shortage of *registered* places [Hofferth(1989)].
12. Statistisches Bundesamt, 1982 data.
13. These results should be interpreted carefully since the samples of the surveys quoted were relatively small.
14. This is partly due to the fact that over 50 per cent of parents only use the service for one or two days a week, and partly because government aid reduces the contribution of low- or middle-income families.
15. In France, the nursery schools were made part of the primary education system in 1881. In Italy, State assistance for the creation of community *crèches* was introduced in 1925. In Belgium, the government began in 1842 to grant funds for services for children aged 3 to 5 whose mothers went out to work, and after 1880 the Ministry of Education subsidised all services eligible under certain conditions (creation of the nursery schools). In the United Kingdom, the 1918 Act authorised the health authorities to set up and subsidise collective *crèches* for children up to the age of 4. In the Netherlands, since 1977, the central government has been providing the local authorities with financial aid to support the child-care services. In Denmark, since 1933 collective *crèches* and kindergartens are entitled to public funds if at least two-thirds of the children they take care of are from low-income families.
16. It must be pointed out that the family benefits and tax allowances for dependent children are not included here since they are not specifically intended to fund child-care services, although the sums allotted through these programmes can help to reduce the burden of the cost of such services.
17. This classification has been proposed by Ergas (1987).
18. Estimates of APW: £10 640 in 1988.
19. In Australia, these expenditures include direct subsidies given through the Children's Services Program. In Canada, they include the federal and provincial subsidies given to day-care centres through the Canada Assistance Plan (CAP) and fiscal exemptions to parents for out-of-pocket child-care expense.
20. Families whose net weekly income (gross income minus A\$ 30 per dependent child) is less than A\$ 250 pay the lowest fee (A\$ 14 for one child and A\$ 16 for two or more children). These fees rise by 17 cents for each additional dollar of income for one child and by 23 cents for two or more children. Aid ceases when net weekly income is above A\$ 741.76 (for minding in a day-care centre) or A\$ 597.64 (for family day care).
21. The value of the tax relief corresponds to the average real cost of full-time child-care services.
22. In this connection, the American President recently stated: "Employers have a major role in helping parents find needed child care, but I do not support give-aways of taxpayer dollars to get business to recognise what it already knows: that it must provide assistance for more and better child care. Workers demand it; productivity demands it; a business bottom-line demands it." [George Bush, quoted in Friedman (1989a)].

Annex 5.A. Number of children less than 12 years in OECD countries, 1975, 1980, 1983, 1987

	Australia	Austria	Belgium	Canada	Denmark	Finland	France	Germany	Iceland	Italy	Japan	Luxem- bourg	Nether- lands	New Zealand	Norway	Portugal	Spain	Sweden	Switzer- land	Turkey	United Kingdom	United States
	In thousand																					
1975																						
0-2 years	722.3	289.0	371.0	1029.7	212.5	184.7	2349.8	1811.0	12.7	2557.0	6007.0	n.a.	562.0	174.6	176.0	520.9	1997.8	323.5	234.5	..	2174.5	9195.8
3-5 years	799.6	324.0	417.0	1086.9	218.0	181.8	2554.6	2259.0	12.9	2606.0	5911.0	n.a.	679.5	189.0	194.0	518.1	1956.0	334.9	269.1	..	2541.0	10264.5
6-11 years	1482.9	756.0	898.0	2415.5	477.0	432.2	5062.3	5972.0	25.6	5539.0	10498.0	n.a.	1457.0	368.3	396.0	1097.0	3867.0	711.6	600.7	..	5481.0	21886.5
Total	3004.8	1369.0	1686.0	4532.1	907.5	798.7	9966.7	10042.0	51.2	10702.0	22416.0	n.a.	2698.5	731.9	766.0	2136.5	7820.8 ^a	1370.0	1104.3	..	10196.5	41346.5
1980																						
0-2 years	676.2	259.0	364.7	1074.8	178.0	189.0	2266.3	1772.0	13.1	2004.0	4920.0	12.4	533.7	150.9	154.0	515.2	1813.7	287.0	214.1	3386.7	2095.8	10235.0
3-5 years	697.4	269.0	356.7	1060.5	201.0	195.0	2178.2	1768.0	12.1	2365.0	5520.0	12.2	535.3	156.0	161.0	506.4	1974.8	302.0	216.1	3826.8	2017.9	9618.0
6-11 years	1582.0	639.0	806.8	2192.8	436.0	364.0	4989.5	4418.0	25.0	5252.0	11930.0	27.2	1337.9	359.1	385.0	1028.7	3918.9	668.0	508.0	6984.0	4978.4	20612.0
Total	2955.6	1167.0	1528.2	4328.1	815.0	748.0	9434.0	7958.0	50.2	9621.0	22370.0	51.8	2406.9	666.0	700.0	2050.3	7704.4	1257.0	938.2	14197.5	9092.1	40465.0
1983																						
0-2 years	714.2	275.7	362.6	1099.7	156.7	196.5	2276.9	1818.0	13.2	1833.0	4570.0	12.8	518.6	151.1	152.0	433.7	1518.0	278.0	278.0	3960.0	2145.1	10741.0
3-5 years	692.3	259.3	365.9	1079.0	179.0	190.9	2256.1	1762.0	13.1	1998.0	4910.0	12.6	534.7	150.8	155.0	456.5	1775.8	288.0	288.0	3657.0	2119.0	10380.5
6-11 years	1502.0	547.7	746.4	2134.8	417.0	373.4	4718.3	3655.0	25.3	4943.0	11640.0	24.6	1145.9	335.7	349.0	1029.6	3926.7	635.0	635.0	6924.0	4223.6	19592.0
Total	2908.5	1082.7	1474.9	4313.5	752.7	760.8	9251.3	7235.0	51.6	8774.0	21120.0	50.0	2199.2	637.6	656.0	1919.8	7220.5	1201.0	1201.0	14541.0	8487.7	40713.5
1987																						
0-2 years	726.3	259.4	354.7	1103.2	166.0	182.6	2243.6	1798.0	11.9	1692.8	4170.0	12.9	549.1	159.3	157.0	375.2	1469.8	306.0	306.0	4010.0	2266.7	11111.0
3-5 years	734.0	272.1	346.9	1092.7	157.0	198.6	2256.4	1820.0	12.8	1820.8	4490.0	12.7	520.3	149.7	153.0	432.3	1451.8	282.0	282.0	3675.0	2169.4	10915.0
6-11 years	1434.8	521.7	723.1	2170.3	363.0	387.9	4528.2	3485.0	25.4	4134.0	10050.0	25.1	1073.7	304.9	312.0	938.3	3587.5	582.0	582.0	7978.0	4171.4	20932.0
Total	2895.1 ^b	1053.2	1424.7	4366.2	686.0	769.1	9028.2	7103.0	50.1	7647.6	18710.0	50.7	2143.1	613.9	622.0	1745.8	6509.1	1170.0	1170.0	15663.0	8607.5	42958.0
	In percentage																					
Average annual growth rate^c																						
1975-1982	-0.3	-3.1	-1.7	-0.7	-2.3	-0.9	-0.9	-4.1	0.0	-2.1	-0.5	-1.4	-2.5	-1.8	-1.9	-1.3	-0.4	-1.6	-2.5	1.6	-2.4	-0.3
1975-1987	-0.3	-2.2	-1.4	-0.2	-2.3	-0.3	-0.8	-3.1	-0.2	-2.7	-1.5	-0.7	-1.9	-1.5	-1.7	-1.6	-1.6	-1.3	-1.8	1.5	-1.4	0.3
1983-1987	-0.3	-0.9	-0.9	0.5	-2.4	0.5	-0.8	-1.2	-0.4	-4.5	-2.8	-0.0	-1.1	-1.0	-1.5	-2.1	-3.1	-0.9	-0.7	1.7	-0.0	1.1
Growth rate^d																						
1975-1982	-2.1	-19.5	-11.4	-4.7	-14.8	-6.0	-5.8	-25.7	0.0	^d	-3.7	-6.8	-16.1	-11.7	-12.4	-9.0	-2.4	-10.7	-17.7	5.2	-15.4	-1.8
1975-1987	-3.7	-23.1	-15.5	-3.7	-24.4	-3.7	-9.4	-29.3	-2.1	-28.5	-16.5	-7.0	-20.6	-16.1	-18.8	-18.3	-16.8	-14.6	-19.5	14.6	-15.6	3.9
1983-1987	-0.5	-2.7	-3.4	1.2	-8.9	1.1	-2.4	-1.8	-2.9	-12.8	-11.4	1.4	-2.6	-3.7	-5.2	-9.1	-9.9	-2.6	-2.2	7.7	1.4	5.5

a) 1976.

b) 1986.

c) When figures for the initial or terminal year of a period were not available, the rates were calculated using the closest year. Data were not available for Germany in 1987; Spain in 1975; Luxembourg in 1977; Turkey in 1978.

d) Data for 1981 and 1982 are not available.

Source: OECD, answers to the annual statistical questionnaire on population and labour force.

Annex 5.B. Name given to each type of care in 12 of the OECD countries (age groups)

	Day-care centre	Kindergartens	Playgroup	Family day care	Nursery school	Occasional day-care centre	School-based care	Outside-school care
Australia	Centre-based long day care			Family day care	Pre-school	Occasional care	Outside school hours care	Vacation care
Belgium	Creche, mini-creche (0-3 years)	Prt-gardiennat (18 months, 3 years)	Centre de quartier	Gardienne encadrte ou indtpendante	Ecole maternelle (3-6 years)	Halte-garderie	Garderie (mornings and afternoons)	Plaine de jeux, centre de quartier
Canada	Daycare ^a (0-5 years)	Nursery school (4 years)		Family day care	Pre-school (4-5 years)	Occasional care	Outside school hours care	
Denmark	Vuggestuer (0-3 years) Småbørnsstuer ^a Barnehaver (3-6 years)			Formidlet dagpleje	Børne havelklasser		Skole fritidshjem	
Finland	Paivakoti			Perhevaivakoti			Koululaisten iltapaivahoito	
France	Crèche ^b , mini-crèche (0-3 years)	Jardin d'enfant, garderie		Assistante maternelle	Ecole maternelle	Halte-garderie	Garderie pré- et post-scolaire	Centre atrt
Germany	Krippe (0-2 years)	Kindergarten		Tagesmutter	Vorschulclass		Horte	
Italy	Asilo-nido (0-2 years)				Scuola materna			
Netherlands	Kinderdagverblijf ^c (0-5 years)	Peuterclass	Peuterspeelzaal	Child minder			Buitenschoolse opvang	
Sweden	Daghem	Deltidsgrupp (4-6 years)	Öppen förskola (0-6 years)	Familje daghem		Fritidshem		Periodisk barnomsorg
United Kingdom	Day nursery (0-4 years)		Playgroup	Child minder	Nursery school			
United States	Day-care center (0-5 years)			Family day care	Nursery school		After-school care	Day camp

a) "Infant" section in centres having separate age sections.

b) In France children can attend a nursery school from age 2 depending on availability.

c) in the Netherlands most children are between 1 and 3. In Canada, between 2 and 4.

Annex 5.C.1. Level of responsibility and type of government measures in the area of child care in 13 OECD countries

	Overall responsibility	Responsibility for services	Direct subsidies ^a		Indirect subsidies ^b	
			Service provider	Parents	Parents	Employers
Australia	Central government	Local authorities Non-profit institutions	Yes	Yes	No	Yes
Belgium	Governments (Deutch-speaking and French-speaking)	Public or private non-profit institutions	Yes	Yes	Yes	..
Canada	Provinces	Public or private profit and non-profit institutions	Yes	Yes	Yes	Yes
Denmark	Central government	Local authorities Privates institutions	Yes	Yes	No	..
Finland	Central government	Local authorities	Yes	Yes	Yes	No
France	Central government	Municipalities Family allowances organisations	Yes	Yes	Yes	..
Germany	Länder and municipalities	Municipalities	Yes	Yes	Yes	Yes
Japan	Central government	Prefectures	Yes	Yes	..	..
Netherlands	Central government	Local authorities	Yes		No	..
Norway	Central government	Local authorities	Yes	Yes	Yes	..
Sweden	Central government	Local authorities	Yes	Yes	No	No
United Kingdom	Central government	Municipalities	Yes	No	No	Yes
United States	States	Private, public and community institutions	Yes	No	Yes	Yes

a) Refers to payments made directly to service providers and to parents (according to their income).

b) Refers to payments made in the form of tax credits or tax exemption. These credits or deductions cover only part of the cost of child care.

.. ~~Has~~ not been communicated.

Annex 5.C.2. Tax measures related to child care for parents and employers in 9 OECD countries

		Tax allowances (indirect subsidies)	
		Parents ^{a)}	Employers
Australia	Value of employer benefit not taxable in the hands of employees.		Capital costs: according to rules. Salaries: fully deductible.
Belgium	TE: 80% of cost of licensed child-care expenditures (up to BF 345/day/child).		
Canada	TE: C\$ 4 000/child up to 6 years and children with special needs C\$ 2 000/child 7 to 14 years inclusive with justification granted to parent with lowest income.		Capital costs: according to rules. Salaries: fully deductible.
Finland	TE: 1 child: Mk 870; 2 children: Mk 1 880; 3 children: Mk 3 100; 4 children: Mk 4 790, each additional child: Mk 2 190. The exemption is granted to the parent with the highest income.		
France	TE: FF 15 000/child with justification within the limit of 25% of expenditure.		
Germany	TE: Lone parent, 1st child: DM 4 000, 2+: DM 2 000, without justification: DM 480.		Expenditure on child care is given same tax treatment as operating costs of the firm.
Norway	TE: NKr 11 000/1 child, NKr 13 000/2 children+ with justification, otherwise NKr 3 500/1 child, NKr 4 500/2 children +		
United Kingdom	Value of employer benefit not taxable in the hand of employees.		Investment costs: allowed deduction reduced. Operating costs: deductible.
United States	TC: \$2 400/1 child, \$4 800/2 children; 30% of deductible expenses if income < \$10 000, 20% of deductible expenses if income > \$28 000.		Capital costs: according to rules. Other expenditures such as operating costs, payments for reserving slots in a child-care centre, costs incurred in providing information and referral services, etc. are deductible as business expenses.

a) Exemptions or credits on annual income.

b) Estimates of annual earnings of average production worker, 1988 [OECD(1988d)].

TE=Tax exemption.

TC=Tax credit.

Sources: OECD, National Accounts and information supplied by national authorities.