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# Childcare and early education systems

A comparative literature review of liberal welfare states

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# Childcare and early education systems:

A comparative literature review  
of liberal welfare states

**Fawcett Society**  
**2022**

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## ABOUT US

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The Fawcett Society is the UK's leading membership charity campaigning for gender equality and women's rights at work, at home and in public life. Our vision is a society in which women and girls in all their diversity are equal and truly free to fulfil their potential creating a stronger, happier, better future for us all. We publish authoritative research to educate, inform and lead the debate; we bring together politicians, academics, grassroots activists and wider civil society to develop innovative, practical solutions and we campaign with women and men to make change happen.

## ACKNOWLEDGEMENTS

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We are deeply grateful for the support of our collaborators whose insights and shared resources were invaluable for the fruition of this report. We thank our Fawcett colleagues Alex Shepherd, for generously offering her time, expertise, and resources on Australian childcare, and Alison Henderson and Jemima Olchawski for their work reviewing and proofing the report. We thank Amar Nijhawan at Oxfam Canada for sharing her invaluable insights and resources on Canadian childcare. We thank Sian Rance, for her fantastic report design. Lastly, we thank the Professional Association for Childcare and Early Years (PACEY) and Pavers Foundation; without their generous support and funding, this report would not be possible.

## FOREWORD

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Perhaps it is because the workforce is overwhelmingly female that our childcare and early years sector has been so routinely neglected for so long. Perhaps it is because, as the pandemic highlighted, we know that women – mothers – will fill the gaps, adjust their careers, and sacrifice themselves to juggle childcare and work. It could also be argued that we still do not place enough value on ensuring that every single child has the very best start at the earliest opportunity with the highest quality early educational, health and social development and care. More likely a combination of all of the above.

Whatever the chief driver, what we have in England is a system of childcare and early years provision with no national strategy and no long-term vision which sits perpetually in the shadow of schools and higher education, with public spending on under-fives 10 times less than it is for secondary education.<sup>1</sup>

It doesn't help that the sector is a mixture of private and public provision, with huge variation in scales of delivery – from the thousands of childminders that work alone to commercial multi-site franchises and numerous models in between. Furthermore, whatever the scale of the setting they must grapple with a funding formula that is a complex, bureaucratic mesh of offers and schemes that are not fully utilised and do not serve their purpose. For example, we know that despite its good intentions not enough of the 2-year-old offer is taken up. Likewise, the tax-free childcare is an ineffective intervention with just one in six eligible families using a tax-free childcare account.<sup>2</sup>

With that as the backdrop we wanted to stand back and see beyond our bubble. We asked The Fawcett Society to examine how childcare and early years is delivered in other comparable countries and the findings are fascinating. It gives us hope that there is much that early years and childcare providers, namely the hard-working childminders, nursery and pre-school staff on the ground, are doing right, but also that it is possible for governments to take our sector seriously; to invest in a high quality childcare and early years workforce, believe in bright futures for all children and a childcare infrastructure that helps lift more families out of poverty, enabling all parents to fulfil their need or desire to work or study for a better career.

We want to see long-term thinking for the sector and a clear vision over piecemeal tinkering. PACEY is proposing a three-point plan that includes improved integration of family and children support services at a local level, reform of the early education and childcare funding system and a new ambitious, national workforce plan based on robust modelling, that includes a drive to sustainably increase the numbers of skilled, well trained, and rewarded people working across the childcare and early years sector.

1 HM Treasury and Office of National Statistics. Public spending statistics. 2019.

2 HM Revenue & Customs. Tax-Free Childcare Statistics. 2019. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/866613/Tax-Free\\_Childcare\\_Statistics\\_Commentary\\_December\\_2020\\_Final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/866613/Tax-Free_Childcare_Statistics_Commentary_December_2020_Final.pdf)

We know there are myriad areas of excellent practice on the ground. This happens through the hard work and dedication of the practitioners on the front line, but it is not sustainable. Childminder numbers are in dangerous decline and colleagues across the whole sector are leaving and joining in fewer numbers. Low pay, little recognition nor opportunities for progression are driving skilled and experienced people out of the sector into retail, social care where salaries are better. Urgent action is needed to ensure all the components of the childcare and early years system work better together. We need those in power to look and learn from the evidence, not least the experience of other countries, and aspire for the very best provision for all our children, for now and long into the future.

**Liz Bayram**

Chief Executive

Professional Association for Childcare and Early Years

## FOREWORD FROM PAVERS FOUNDATION

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The Pavers Foundation became aware of the Fawcett Society when one of our shareholders highlighted the work they undertake in the area of women's rights. When we researched the society it became clear to us the importance of the work and how it would resonate with our employees. The Pavers business was founded by a female Catherine Paver back in 1971, and our workforce today comprises over 70% of female employees. We are very aware of the difficulties some of our employees face achieving a work-life balance when surrounding childcare issues.

In our discussions with the Fawcett Society they informed us of their research into childcare systems in other countries, and it became clear that the objective of this work was to present a proposal to Government on how the system here in the UK could be significantly improved. We are delighted that the donation from the Pavers Foundation will be used to hopefully ensure positive changes to the provision of childcare services in the UK.

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## DEFINITIONS AND NOTES

**Childcare.** By ‘childcare’ in this report, we refer to formal care provided to children by organisations whilst parents are unavailable (e.g., whilst they are at work), and not informal care provided by relatives or friends. Throughout the report, we aimed to use the language closest to that used most often in each country to describe childcare (Table 1).

There are also a number of terms used to refer to types of formal centre-based childcare, including **nursery, pre-school, nursery classes, kindergarten,** and **day care**, and formal childcare based in domestic settings, including **childminding, home-based childcare,** and **family childcare.** **Wrap-around care** usually refers to childcare provided to children of school-age, before or after school. Throughout the report we explain what these terms mean in different countries.

**Table 1. Broad term(s) used to refer to childcare in each country.**

England	Early education and childcare (EEC) or childcare
Australia	Early Childhood Education and Care (ECEC)
Canada	Early Childhood Education and Care (ECEC) or childcare
Japan	Childcare (day care or kindergarten)
New Zealand	Early Childhood Education (ECE) or childcare
Switzerland	Early Childhood Education and Care (ECEC) or childcare

**International Standard Classification of Education (ISCED).**<sup>3</sup> In this report, we used ISCED Levels to categorise and compare the qualification requirements for individuals working in the childcare sector in each country (Table 2).

**Table 2. ISCED Level meanings.**

ISCED Level 0	Early childhood education
ISCED Level 1	Primary education
ISCED Level 2	Lower secondary education
ISCED Level 3	Upper secondary education
ISCED Level 4	Post-secondary or non-tertiary education
ISCED Level 5	Short-cycle tertiary education
ISCED Level 6	Bachelor’s or equivalent level
ISCED Level 7	Master’s or equivalent level
ISCED Level 8	Doctoral or equivalent level

<sup>3</sup> UNESCO Institute for Statistics. International Standard Classification of Education ISCED. 2011.

**Integrated childcare services.** This refers to a range of services for children and families which are linked, either through co-location on the same geographical site, or through being co-ordinated together / institutionally linked.

**Quality** of childcare. In this report, by 'quality' we refer to the legislated policy inputs to childcare, including staff: child ratios, staff qualification requirements, and curricula, which are associated with good child development outcomes. While the evidence shows that these factors influence child development outcomes overall, many children experience developmentally positive outcomes even where they are not present, thanks to the immense hard work of childcare workers despite often limited resources.

Within the scope of this review, it is not possible to objectively measure and compare direct quality (rather than inputs) of provision between countries, due to differences in monitoring criteria and systems.

**England and UK.** This report reviews the childcare system in England but not Wales, Northern Ireland, and Scotland. However, some international comparable statistics reported here pertain to the whole of the UK, since they are not collected uniquely for England, whilst the policy information that we provide reflects England only. We recognise that this limits our findings and acknowledge that England represents a different context to the UK in its entirety.

**Labour market participation.** Using Organisation for Economic Co-operation and Development (OECD) statistics, this is calculated as the labour force divided by the total working-age population, of people aged 15 to 64.<sup>4</sup> Note that this is distinct from employment rate, since the 'labour force' includes those who are usually, but not currently in work (e.g. those who are unemployed and actively job-seeking).

**Child development.** This refers to the process through which children grow and change over time, including physical, emotional, social, and cognitive changes - the latter referring to the development of thought, knowledge, skills, and problem-solving abilities.

**Exchange rates.** Where foreign currency is referenced, we have included the pound sterling equivalent at the time of writing. Exchange rates may have changed since publication of this report.

4 OECD. Labour force participation rate (indicator). 2022. <https://data.oecd.org/emp/labour-force-participation-rate.htm>

## EXECUTIVE SUMMARY

High quality childcare is critical infrastructure for both allowing parents, particularly mothers - who see lower rates of labour force participation - to work and for providing children with the best start in their emotional, social, and cognitive development. Yet there are clear signs – exacerbated by Covid - that the system in England does not work for mothers, for early years professionals who are predominantly female, nor for children.

What a revised model would look like, however, is not clear. Systems in the Nordic countries are often considered the gold-standard, but childcare and the state generally are very different in England. That is why this literature review explores the childcare and early education systems of England and comparable liberal welfare states: Australia, Canada, Japan, New Zealand, and Switzerland. We look at structures, funding, and quality inputs, and their links with child development and women's labour market outcomes, to draw out the following lessons for reform in England. Where comparable England-specific data is not available, UK-wide data is provided instead, and we acknowledge this is a limitation, since England represents a different context to the UK in its entirety.

**Valuing the workforce produces better outcomes for children – yet England falls short.** Highly qualified childcare staff, with sufficient staff to child ratios, leads to positive developmental outcomes for children.<sup>5</sup> Yet England has the lowest qualification requirements, compared to Australia, Canada, Japan, New Zealand, and Switzerland. Where qualification levels are highest – in Japan and New Zealand – outcomes for children are overwhelmingly positive. Wages for early years staff in England are also the lowest among countries in this review. Increasing qualification requirements within the Early Years Foundation Stage framework, providing government funding to providers which incentivises higher qualifications, and funding to ensure better wages, would all help to attract and retain a better qualified workforce.

**Despite lower quality inputs, the UK sees high parent fees.** Of the countries in this review, the UK is the only one whereby the lowest income two-parent households pay the most on childcare, at 31% of household income. Average childcare costs to parents are the most expensive in the UK and New Zealand. In addition, Universal Credit does not cover the average cost of a nursery place, and the system by which payments are claimed as reimbursement puts many families out of pocket for weeks at a time. Systems for low-income families in other countries, including New Zealand and Canada, tend to fund all subsidies directly to the childcare provider, avoiding this issue.

5 Sylva, Melhuish, Sammons, Siraj-Blatchford, & Taggart. The Effective Provision of Pre-School Education [EPPE] Project, Technical Paper 12. 2004.

**Affordable childcare increases women's labour market participation.** In Quebec, a universal system where parents pay a low flat fee has significantly increased the rates at which women are employed or actively seeking work. The magnitude of the change seen under this system is notable and could be considered alongside measures to lower costs for low-income parents as an option for reform. Although smaller in magnitude, free hours policies elsewhere appear to be supporting women's labour market participation.

**Public spending on childcare in the UK is comparatively low.** Whilst direct comparisons are difficult due to a lack of up-to-date data, it is likely that, bar Switzerland, the UK sees the lowest rate of overall public spending on the early years sector of the countries in this review, as a proportion of GDP.<sup>6</sup> The countries in this review are not the 'gold-standard' for childcare expenditure, and yet, comparatively, the state spends less in the UK.

**The voluntary sector's role in provision could be expanded in a high-quality mixed economy.** In Quebec, Canada and the US evidence suggests that non-profit childcare centres offer higher quality services and greater cognitive and social developmental outcomes for children than their for-profit counterparts. This suggests caution is required in rapid expansions or shifts in private provision, as are mechanisms to maintain and assure quality. In Australia and Canada a larger proportion of childcare is provided by the voluntary, community or not-for profit sector than in England. Investigating the scope for better supporting this type of provision could support any expansion and a more mixed and therefore potentially more stable market. In suggesting this, we recognise that those operating private provision are working hard to produce the best outcomes possible for the children they care for, and often not turning a profit given hourly funding issues.

**Quality mitigates against detrimental outcomes for children.** Careful planning is required when implementing major reform, given issues where reforms have taken place at speed: in Quebec, problems of high staff demand against low staff supply, incentives for long hours of day care, and quickly ramping up new private sector provision led to trade-offs on quality and increases in behavioural difficulties in children. However, where quality is prioritised, the risks to child development outcomes of long hours and expansion are mitigated. In Japan, despite children receiving long hours (40-50 per week) of centre-based care, detrimental effects on behaviour are not seen, since quality is high – although conversely unmet demand is an issue there.

**Home-based care (childminding) is a smaller feature of most of these systems.** Childminders provide 12% of places in England, higher than the 7% in Switzerland, Australia and New Zealand. Japan does not appear to have a regulated childminding sector, but in Canada the proportion is much higher, at 19%. Given the recent decline in available childminding provision, the English system should not take for granted the number of flexible places it offers. Small declines in recent years have similarly been seen in the childminding sectors in New Zealand and Australia.

**The UK's Sure Start initiative is unusual – but not unique – in its focus on co-location.** Japan's Ko Sodate-shien senta and Ontario's EarlyOn schemes also focus on integrating child and family services on the same geographical site. Sure Start is more rigorously evaluated than the comparable programmes in other nations we looked at, and the positive health outcomes it evidences have not been demonstrated there.

**Other countries are innovating and reforming, partly in response to the pandemic.** Several of the countries in this review have very recently adopted large-scale reforms or are in the process of proposing, planning or implementing them, due to a mix of factors including a need to engage mothers in the labour market, support the middle class, and respond to the impact of Covid on mothers' unpaid work. Japan is offering free care for all 3–5-year-olds; Canada is expanding the Quebec model,

<sup>6</sup> Information for public spending in England alone as a proportion of GDP was unavailable, and as such the data used includes all four devolved nations.

reducing average fees per day to \$10 by 2026; Switzerland is more than doubling their tax allowance; and Australia are offering over \$1bn of higher subsidies to larger families. The UK is alone in the countries we explored in that the Government has not publicly acknowledged the case for reform of the system – reform which is urgently needed.

### **New ideas from other systems**

In **New Zealand**, funding for childcare providers is staggered, with providers with higher proportions of qualified staff receiving higher rates of funding as an incentive and resource to employ well-trained staff. Japan operates a similar system of incentivising higher quality care.

In **Quebec**, rather than focussing on universal free entitlements the system provides \$10 per day childcare for all – which numerous studies have found results in significant increases in mothers' participation in the labour market.

In **New Zealand**, a significant part of its provision includes playgroups where more than half of children have a parent present in the play area, reducing the staff required through the presence of other responsible adults.

In **Japan** a core part of the argument for increased spending on childcare focussed on the potential to support a rise in the birth rate to replacement levels – an issue which, given the ageing population of the UK, should also be on the radar of policymakers.

In **New Zealand**, provision of childcare in hospital settings – for young children who are receiving hospital care – is a recognised specific type of care, and employer-provided childcare is more common. Site-specific care is rarely a feature of the English system, despite its practicality for working parents in particular.

In **Japan**, a family programme – variously called Jidokan, Hiroba, or Ko Sodate-shien senta – which is somewhat comparable to Sure Start, has achieved wider availability through the use of public spaces (e.g. halls and childcare centres) in their closed hours.

**New Zealand** offers free hours of childcare to parents all year round, rather than during term times as in the English and Australian systems.

# INTRODUCTION

High quality childcare is critical infrastructure for both allowing parents to work and for providing children with the best start in their emotional, social, and cognitive development. Yet the system in England does not work for women, who hold the lion's share of responsibility for raising children - both as mothers, and as part of the underpaid, majority female, early years workforce.<sup>7</sup> Nor does it work for children at a critical time in their development. Piecemeal funding in the form of funded hours, tax credits, and the childcare element of Universal Credit (as described below), does not sufficiently cover the costs to parents. Providers' finances are precarious,<sup>8</sup> and parents pay some of the highest childcare costs in the world.<sup>9</sup> Early years professionals - who are tasked with not only ensuring the safety and wellbeing of young children, but also providing enriching education - earn on average less than the National Living Wage.<sup>10</sup> The Covid-19 pandemic has exacerbated some of the system's existing fragilities and highlighted its necessity for allowing parents to work.

Several other studies have explored the childcare systems of Scandinavian nations as an example for reform.<sup>11</sup> While these can be informative, it can be argued that they are situated in a different economic model in terms of tax and spend policy. This report looks to five other liberal welfare states - Canada, New Zealand, Australia, Switzerland, and Japan - plus a case study from the USA for potential guidance, exploring the key features of each childcare system and their impact on both child development and women's labour market outcomes.

## Background

Early childhood education and care in England follows a model of public funding in combination with private delivery. Private, Voluntary, or Independent (PVI) settings increasingly comprise the majority, whilst numbers of local authority-run nurseries have fallen.<sup>12</sup> Researchers have noted the challenges that market-based systems motivated by profit can face, including lower quality and training requirements for staff (via lack of regulation), low wages, recruitment challenges, and high parent fees.<sup>13</sup>

The sector has seen significant changes to its structure and funding since the late 1990s. The first major step was seen in 1998, when the government announced its Sure Start initiative, setting up centres in highly deprived areas of the country to provide universal, integrated services to support

7 Social Mobility Commission. The stability of the early years workforce in England: An examination of national, regional, and organisational barriers. 2020.

8 Hardy, Tomlinson, Norman, Cruz, Whittaker, Archer, University of Leeds. Essential but undervalued: early years care & education during COVID-19. 2022.

9 Gromada & Richardson, Unicef. Where do rich countries stand on childcare? 2021.

10 *Ibid.* Social Mobility Commission, 2020.

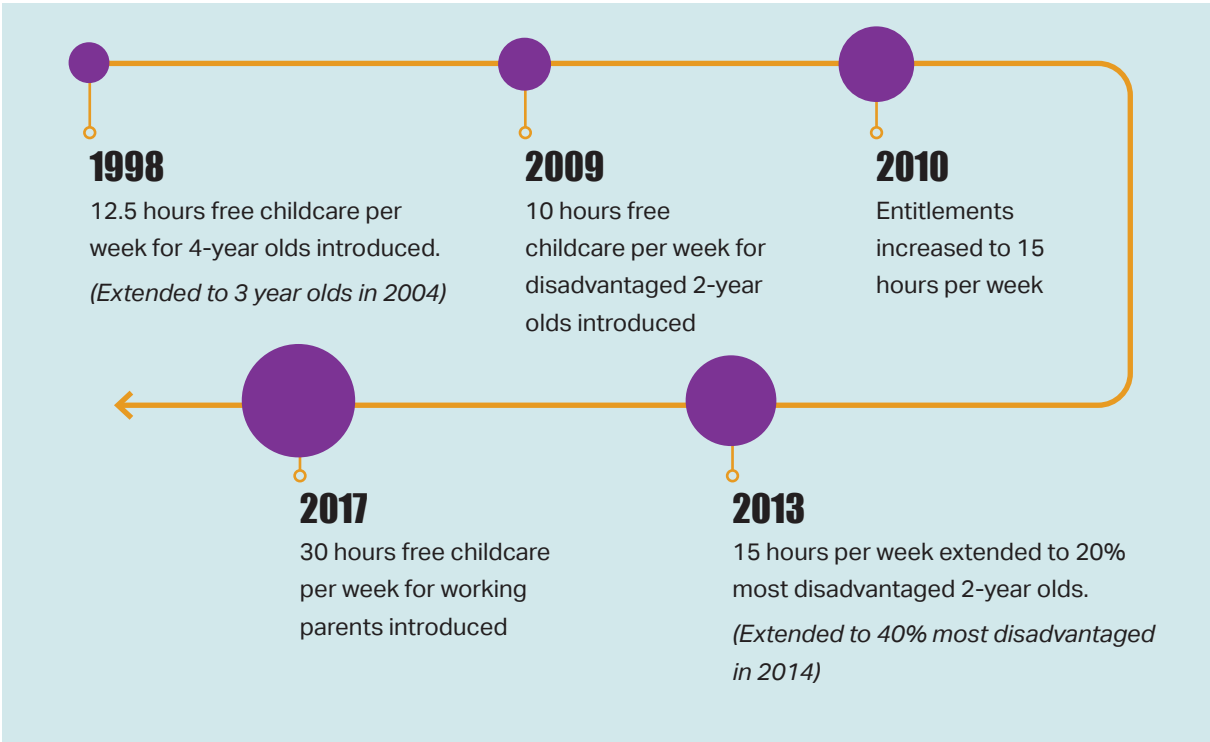
11 Datta Gupta, Smith, & Verner. Child care and parental leave in the Nordic countries: A model to aspire to? 2006.

12 Department for Education. Survey of Childcare and Early Year Providers: Main Summary, England. 2021.

13 Friendly, Child Research and Resource Unit. A bad bargain for us all: Why the market doesn't deliver childcare that works for Canadian children and families. 2019.

children and families.<sup>14</sup> In the same year, a universal entitlement to 12.5 hours of free early childhood education was introduced for all 4-year-olds.<sup>15</sup> This entitlement was expanded over time by successive Governments; by 2017 England’s current policy was in place. All 3–4-year-olds and disadvantaged 2-year-olds are entitled to 15 hours per week of free childcare, and 3–4-year-olds of working parents are entitled to 30 hours free care (Figure 1). However, these policy changes have been accompanied by funding levels per hour which have been highlighted as below the cost of delivery by many in the childcare sector.<sup>16</sup>

**Figure 1. Policy timeline for funded hours in England<sup>17</sup>**



Source: Akhal & Education Policy Institute. The impact of recent government policies on early years provision. 2019.

The Covid-19 pandemic has increased the financial instability of the sector.<sup>18</sup> Repeated closures of childcare settings during the lockdowns in 2020 and 2021 made it difficult for parents to work, and despite continued government funding for the free entitlement while many nurseries were empty, providers lost income due to lost parent fees. Childminders were impacted particularly severely, with many leaving the profession, and those remaining earning less than before the pandemic - likely putting many below the poverty line.<sup>19</sup> Single mothers and parents with low incomes were also deeply affected financially, due to lost working hours via job losses and increased caring responsibilities due to setting closures.<sup>20</sup>

14 The National Evaluation of Sure Start (NESS) Team & Institute for the Study of Children, Families and Social Issues, Birkbeck, University of London. The impact of Sure Start Local Programmes on seven year olds and their families. 2012.  
 15 Akhal & Education Policy Institute. The impact of recent government policies on early years provision. 2019.  
 16 Lawler. New data shows ministers knew early years was underfunded. Early Years Alliance. 2021.  
 17 Ibid. Akhal & Education Policy Institute. 2019.  
 18 Ibid. Hardy et al. 2020.  
 19 Ibid. Hardy et al. 2020.  
 20 Fawcett Society. Pushed to More Precarity: The uneven impact of lockdowns on mothers and lower income parents. 2021. <https://www.fawcettsociety.org.uk/Handlers/Download.ashx?IDMF=45ec92d1-dd52-4502-a7ba-a4100aff2d94>

Wages for the early education and care sector sit, on average, below the National Living Wage in England.<sup>21</sup> As a large majority of the childcare workforce is female, this is a highly gendered issue. Staff receive low pay despite high levels of responsibility for the safety and wellbeing of very young children, and wide acceptance of the early years as a critical time for cognitive, social, and emotional development - with effects of early experiences impacting lives for years to come.<sup>22</sup> Retention and recruitment are key issues as a result; recent reports indicate that a large majority (84%) of childcare centres are struggling to recruit new staff, citing low numbers of qualified applicants, whilst many are leaving the sector due to the pressures of the pandemic and because they feel undervalued.<sup>23</sup>

As such, where we assess the 'quality' of childcare provision in this report, we refer to policy inputs, such as legislated staff-child ratios and qualification requirements for staff, rather than the immense hard work and achievements of those working in the early years sector with limited resources.

## What can we learn from other countries?

England's childcare is among the most expensive in the world, and yet the system is not working for parents, children, or the early years workforce. What a revised model would look like, however, is not clear. As such, it is useful to look to other countries for potential solutions. Whilst family policy in the Nordic countries is considered the gold-standard, with childcare heavily subsidised and high quality, the history of childcare and early years provision – and state benefits generally – in the Nordic countries and England are different. The Nordic countries are 'social democratic' welfare states characterised by big governments that deliver universal welfare systems to all, whilst England is classified as a 'liberal' welfare state where benefits are means-tested, government intervention tends to be more limited, and there is some reliance on the free market to deliver social services.<sup>24</sup> Therefore in this report we look to countries with welfare similar systems to England – Australia, Canada, Japan, New Zealand, and Switzerland - to compare and contrast approaches. Where comparable England-specific data is not available, UK-wide data is provided instead, and we recognise the limitation of this, since England represents a different context to the UK as a whole.

Among the key issues in international childcare policy is the impact on women's labour market participation rates, defined as the ratio between the count of people actively seeking or currently in work and the population size. The motherhood penalty is a well-known phenomenon, in which women's earnings and employment rates drop off significantly after the birth of a child and remain below those for women who do not have children, or men.<sup>25</sup> This maintains and contributes toward the significant pay gap between women and men – as men's earnings and employment are little affected by having children. Affordable, accessible childcare is one internationally well-evidenced means through which the gap can be narrowed,<sup>26</sup> allowing women to work and seek greater financial independence and parity with men. Thus, this report seeks to explore the relationship between childcare policies in different countries, and the impact on women's labour market participation.

Likewise, child development outcomes are of high importance. Evidence from large-scale, longitudinal studies of children participating in early education and care indicate that cognition, school attainment, and emotional and behavioural outcomes are strongly influenced by participation in, and quality of, early years provision.<sup>27</sup> For socioeconomically disadvantaged children, high quality provision can have

21 *Ibid.* Social Mobility Commission. 2020.

22 Taggart, Sylva, Melhuish, Sammons, & Siraj. Effective pre-school, primary and secondary education project (EPPSE 3–16+), Research Brief. 2015.

23 Early Years Alliance. Breaking Point: The impact of recruitment and retention challenges on the early years sector in England. 2021.

24 Esping-Anderson. The three worlds of welfare capitalism. Oxford: Polity Press; 1990.

25 Costa Dias, Joyce, & Parodi. The gender pay gap in the UK: Gender and experience in work. IFS Working Paper 18/02. 2018.

26 OECD. How does access to early childhood services affect the participation of women in the labour market? 2018.

27 Sylva, Melhuish, Sammons, Siraj-Blatchford, & Taggart. The Effective Provision of Pre-School Education [EPPE] Project, Technical Paper 12. 2004.



an even greater impact, and contribute toward narrowing the gap with their more advantaged peers.<sup>28</sup> Thus, this report seeks to explore the relationship between childcare policies, particularly pertaining to quality, in different countries, and their impact on child development.

## Research aims

This literature review explores the childcare and early education systems in England, Australia, Canada, Japan, New Zealand, and Switzerland. We aimed to identify:

- Key features of the childcare and early years education systems in each country, including structure, funding, and quality inputs
- The relationship between each country's system and child development outcomes
- The relationship between each country's system and parents, particularly women's, labour market participation
- Key learnings from each system

In addition, we will explore the inclusion of childcare within the US Government's 'Build Back Better' proposals to understand the case made for investment and the proposed policy levers at federal level. Given the diversity of approaches within the 50 states, we have not explored their systems or outcomes in detail.

28 Ibid. Sylva et al. 2004.

## METHODS

A narrative literature review approach was adopted to identify the key features of the childcare systems in England, Canada, New Zealand, Australia, Switzerland, and Japan and their relationship to child development and women's labour market outcomes. This approach was taken since it offers the capacity for broad coverage of the topic, and the flexibility needed to collect comprehensive factual information about international childcare policy. Whilst there were not strict inclusion and exclusion criteria such as in a systematic review, care was taken to ensure the reliability of sources, as outlined below.

### Step 1: Developing a framework

Drawing on the objectives of the literature review and our practical knowledge of the childcare system in England, a comprehensive framework was developed, setting out in detail the information being sought for each country (see *Appendix*). In line with the research objectives, we first sought to identify the **key features of each country's childcare system**. This section of the framework was implemented flexibly (to allow for variation and unforeseen childcare systems, structures, or funding models), and included:

- the types of childcare providers and their licensing / registration,
- state-funded entitlements for parents and funding for providers, and
- legislated quality inputs: child-staff ratios, qualifications, curricula etc.

Second, we sought to identify the relationship between childcare policy and a) **parent's labour market participation**, and b) **child development**. This included:

- variation by demographic factors (particularly socioeconomic status),
- size and duration of effects, and
- strengths and limitations of methodology used.

### Steps 2 and 3: Searching and reviewing sources

For each country, the searching and reviewing process outlined in Steps 2 and 3 below was undertaken for finding the key features of the childcare system first, before seeking literature into labour market and child development outcomes. This is because it was important that researchers first established an understanding of the childcare system in the country, before reviewing its relationship to outcomes.

## Step 2: Identifying key words and searching

Initially, the key terms for childcare used in each jurisdiction were identified via a brief review of government websites and academic articles ('Early Childhood Education and Care', 'ECE', 'childcare', 'preschool', 'kindergarten' etc.). Then, relevant literature was identified by searching for these terms, in combination with terms pertinent to the information being sought (as outlined in the research framework), via five routes:

- Government websites, for seeking factual policy information, legislation, and statistics
- Databases, including those held by the OECD, for comparative country statistics
- Academic literature, via Google Scholar and university library searches
- Grey literature (evidence not published in commercial or academic publications), via Google search
- Sources recommended by childcare experts (grey and academic literature)

## Step 3: Reviewing sources and extracting data

Once a list of sources had been identified, each source was reviewed. For academic and grey literature, abstracts or executive summaries were reviewed to check the relevance and reliability of each source in line with the research framework. Attention was paid to each source's intended audience, credibility of authors / publishers, timeliness, and purpose. If the article or report was relevant, unbiased, credible, and sufficiently up to date it was reviewed in-depth, and notes were taken and saved. For databases and government websites, the relevant information or figures were extracted and saved.

## Step 4: Data analysis

Data regarding the key features of each country's childcare system and the literature on child development and women's labour market participation was saved in a matrix, with each column representing a country, and each row containing a particular category of information (outlined in the research framework). This allowed for between-country comparisons, from which key themes were drawn and mapped out. The relationship between policy inputs and outcomes for each country individually was also explored in-depth, with data synthesized, summarised, and integrated into a narrative review. The literature was critiqued, with strengths and limitations of the research findings noted throughout.

## US Case study

For the US Case Study, Steps 2 and 3 were applied, not to the research framework as for each of the other countries, but instead to identify the contents of the childcare element of the proposed 'Build Back Better' bill and the case for investment being made by the Democrats, predominantly through government websites and grey literature.

## Limitations

Whilst this literature review offers broad and rigorous coverage of international childcare systems, there are some important limitations to note. Firstly, this report reviews the childcare system in England but not Wales, Northern Ireland, and Scotland. However, some international comparable statistics reported here pertain to the whole of the UK, since they are not collected uniquely for England, whilst the policy information that we provide reflects England only. We recognise that this limits our findings and acknowledge that England represents a different context to the UK in its entirety.

Secondly some systems, and statistics describing those systems are not directly comparable, either due to differences in the frequency or methods with which governments collect data. For example, Canada has a federal system in which thirteen provinces and territories offer varying childcare provision, meaning that information at the state level is often lacking.

Thirdly, to truly capture the impact of current policies on child development, there is a need for longitudinal research over many years. It is not possible to evaluate long-term impact of recent / current early years policy on outcomes for children. Thus, this report has sought a mixture of longitudinal research exploring the impact of earlier policies, and emerging findings relating to current policy.

Finally, there are related topics of high importance, which are beyond the scope of this report. Whilst leave policy for parents after the birth of a child is of high importance with respect to labour market outcomes and the gender pay gap, this is not investigated here. And research has shown that the home environment has a more significant effect on child development than childcare environment, but this research does not explore the interactions between home life, early years provision, and outcomes.

## OVERVIEW OF CHILDCARE SYSTEMS, BY COUNTRY

This chapter provides a narrative review of the childcare systems in each country: England, Australia, Canada, Japan, New Zealand, and Switzerland. The key points for each country are summarised at the end of each section.

Key data is provided in comparative tables within the following chapter: "Comparing systems across countries", with accompanying summaries.

### ENGLAND

Childcare, also referred to as 'Early Education and Childcare' (EEC) in England has seen several significant changes to its structure and funding since the late 1990s. In 1998, a universal entitlement to 12.5 hours of free EEC was introduced for all 4-year-olds. This entitlement was expanded over time by successive Governments; by 2017 England's current policy was in place, whereby all 3–4-year-olds and disadvantaged 2-year-olds are entitled to 15 hours per week of free childcare, and 3–4-year-olds of working parents are entitled to 30 hours. This section will:

- Explore the structure, funding, and quality of the current childcare system in England
- Review the evidence regarding its efficacy for promoting child development and women's labour market participation.

#### Types of childcare

In England, take-up of some type of formal childcare is almost universal for 3–5-year-olds, with 90% take-up of the main free entitlement<sup>29</sup> and OECD figures of 100% take-up among 4-year-olds, and 45% for 0–2-year-olds. EEC is organised by a market system, but with legislative standards set by the Department of Education.

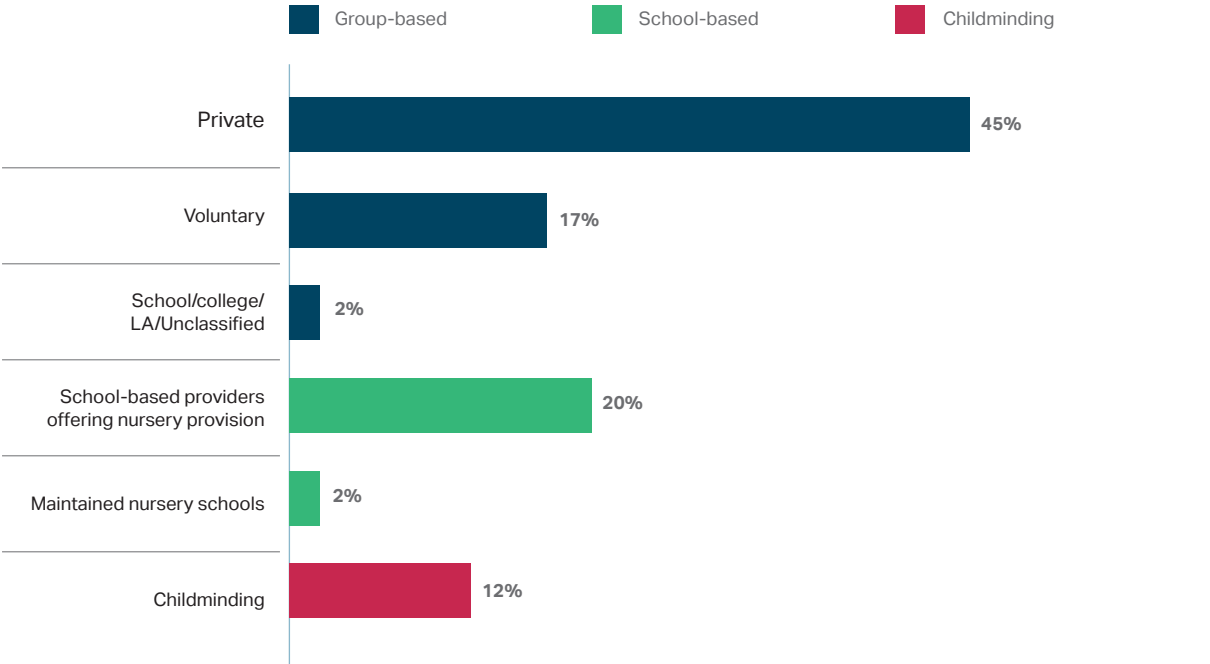
Types of services can be categorised as group-based, which make up the majority (65%) of childcare places including preschools, playgroups, and nurseries; school-based, (23% of places), including school-based nursery classes and government-maintained nursery schools; and childminders, comprising 12% of places.<sup>30</sup> Figure 2 displays the types of settings, breaking group-based and school-based categories down further by provider type. Private group-based settings make up the largest share of the market (45% of places), dominated by large nursery companies, owning from 50 to 300+ nurseries each.<sup>31</sup> This is followed by school-based nursery classes (20%) and voluntary group-based settings (17%).

29 Gov.uk Explore Education Statistics. Education Provision: Children under 5 years of age. 2011-2021

30 Department for Education. Survey of Childcare and Early Year Providers: Main Summary, England. 2021.

31 Simon, Penn, Shah, Owen, Lloyd, Hollingworth & Quy. Acquisitions, Mergers and Debt: the new language of childcare. UCL Social Research Institute. 2022.

**Figure 2. Proportion of childcare places by type in England, 2021.**



Source: Department for Education, 2021. Survey of Childcare and Early Year Providers.

In 2019, there were an estimated 239,700 child places at childminders (14% of all childcare places), compared with 193,000 in 2021 (12% of places), highlighting a decline in the sector which is reflected by research indicating reduced demand and income for childminders since the pandemic.<sup>32</sup> The childminding sector is under-researched in terms of its role in England’s mixed childcare economy, although a review of qualitative research literature suggests it offers benefits particularly to vulnerable families, and in terms of continuity of care between home and school environments.<sup>33</sup>

Additional domestic care may include nannies and au pairs, but unlike the other provisions listed above these are not required to register with the Office for Standards in Education (Ofsted). In addition, breakfast, after school, and holiday clubs provide wrap-around-care for children who are above school age. Finally, reception classes are available to 4–5-year-olds as part of the school system, prior to the first year of compulsory schooling (Year 1).

**Integrated services.** Sure Start Local Programmes were introduced in 1999 as an area-based scheme, led by the Treasury, that brought together health, parenting support, childcare, and parental employment services onto the same geographical sites.<sup>34</sup> The scheme was initially restricted to areas of high deprivation and was funded directly by central government with local boards. By 2006, it had been transferred to local government,<sup>35</sup> had shifted focus onto Children’s Centres as physical hubs rather than locally co-ordinated programmes and was provided beyond the most deprived areas. The budget in 2010 was £1.8bn,<sup>36</sup> which then fell by 60% to 2019, while the ring-fence for funding given to local authorities was removed giving them more choice about how to deliver services (within overall

32 Hardy, Tomlinson, Norman, Cruz, Whittaker, Archer, University of Leeds. Essential but undervalued: early years care & education during COVID-19. 2022.  
 33 Ang, Brooker & Stephen. A review of the research on childminding: Understanding children’s experiences in home-based childcare settings. Early Childhood Education Journal 45 261-270. 2017.  
 34 Cattan, Conri, Farquharson, Ginji and Pecher. The health impacts of universal early childhood interventions: evidence from Sure Start. IFS Working Paper W21/25. 2021.  
 35 House of Commons Committee of Public Accounts. Sure Start Children’s Centres, thirty-eighth report of session 2006-07. 2007.  
 36 *Ibid.* Cattan et al. 2021.

constrained budgets). Most centres have remained open in some form – in 2019 there were 3,050 children’s centre sites, down from 3,620 registered centres in 2010/11.<sup>37</sup>

Research into the impact of Sure Start has found positive impacts. The IFS, assessing the impact of its expansion phase in the 2000s, found positive health impacts in terms of reduced hospitalisation throughout childhood which persisted for almost a decade into adolescence, and helped reduce health inequalities. They do not find significant impacts on mothers’ employment.<sup>38</sup> The Department for Education evaluation of Sure Start acknowledged methodological issues, but nonetheless found that mothers in areas with the programme engaged in less harsh discipline, provided more stimulating home learning environments, less chaotic home environments for boys, and had better life satisfaction.<sup>39</sup> We are not aware of analysis that explores whether or not these benefits have been diminished by funding reductions since 2010.

Alongside the continued Sure Start provision, the UK Government has begun to fund Family Hubs, a different model of integrated family support services through a mix of virtual and physical spaces.<sup>40</sup> Government has committed to funding 12 local authorities with up to £1m to shift to this model,<sup>41</sup> and is evaluating the approach in five others.<sup>42</sup>

## Entitlements and costs for childcare

**15 hours free childcare for all 3–4-year-olds and 2-year-olds in low-income families.** All 3 and 4-year-olds are entitled to up to 15 hours per week of free childcare, regardless of income or working status, under a policy introduced in 2010.<sup>43</sup> This free 15-hour entitlement is available for 38 weeks per year, although fewer hours may be spread out across more weeks if parents so choose.<sup>44</sup>

In 2013, the 15 hours entitlement was extended to the 20% most disadvantaged parents of 2-year-olds, and in 2014 the policy was expanded further to support the 40% most disadvantaged;<sup>45</sup> currently, parents of 2-year-olds who earn less than £15,400 per year after tax are entitled to the 15 free hours.<sup>46</sup> The hours must be delivered by an approved provider that is registered with Ofsted, although it is not compulsory for providers to offer the entitlement.<sup>47</sup>

**30 hours free childcare for 3–4-year-olds of working parents.** In 2017, the 15 free hours were extended to 30 per week for working parents of 3-4-year-olds, if they earn the equivalent of at least 16 hours per week at the national minimum or living wage, but less than £100,000 per year.<sup>48, 49</sup> Notably, these funding levels have been highlighted as below the cost of delivery by many in the childcare sector.<sup>50</sup> Under statutory regulations the 30 hours can be used any time between 6am and 8pm, and for up to 10 hours per day on any day of the week, allowing flexibility for working parents. However, childcare providers are free to set their own opening hours for childcare; and it is not compulsory for

37 Department for Education. Number of children’s centres, 2003 to 2019. 2019.

38 Ibid. Cattan et al. 2021.

39 The National Evaluation of Sure Start (NESS) Team, Department for Education. The impact of Sure Start Local Programmes on seven year olds and their families. Research Report DFE-RR220. 2012.

40 Anna Freud National Centre for Children and Families. Why family hubs? <https://www.nationalcentreforfamilyhubs.org.uk/about-us/why-family-hubs/> 2022.

41 Department for Education. Family Hubs: Local Transformation Fund application guide. 2021

42 Department for Education. Family Hubs Evaluation Innovation Fund scoping report. 2021

43 2010 to 2015 government policy: childcare and early education. UK Government. 2015.

44 15 hours free childcare for 3 and 4-year-olds. UK Government. 2022. <https://www.gov.uk/help-with-childcare-costs/free-childcare-and-education-for-2-to-4-year-olds>

45 Akhal & Education Policy Institute. The impact of recent government policies on early years provision. 2019.

46 Free education and childcare for 2-year-olds. UK Government. 2022. <https://www.gov.uk/help-with-childcare-costs/free-childcare-2-year-olds>

47 30 hours free childcare. UK Government. 2022. <https://www.gov.uk/30-hours-free-childcare>

48 Ibid. 30 hours free childcare. UK Government. 2022.

49 Department for Education & Greening. 30 hours free childcare launches. 2017.

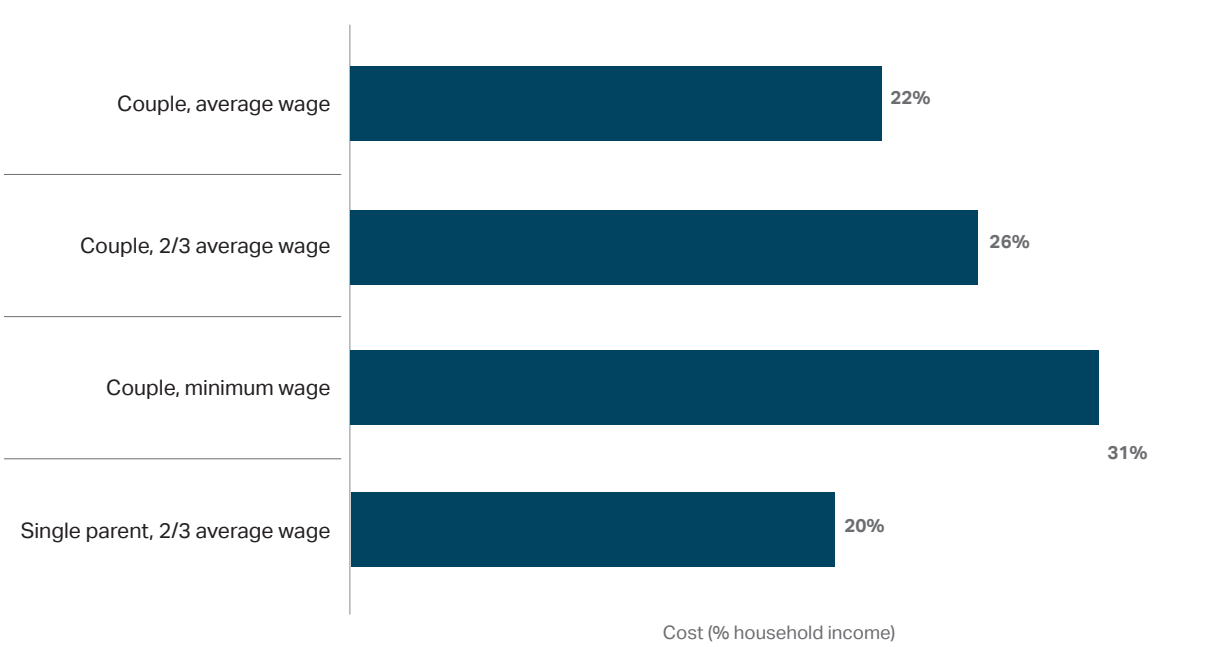
50 Lawler. New data shows ministers knew early years was underfunded. Early Years Alliance. 2021.

them to offer the free hours.<sup>51</sup> As with the 15 hours, the 30 hours free childcare must be delivered by an Ofsted-registered provider.

Of 3- and 4-year-olds accessing any free hours of childcare, those in ethnic minority groups were less likely to take up the extended 30 hours offer. 25% of Black children, 14% of Asian children, and 23% of those in the Mixed / other ethnicity groups did so, compared to 35% of White children.<sup>52</sup> Similarly for 2-year-olds, take-up of the 15 hours free childcare entitlement is lower for ethnic minority groups, particularly children from Bangladeshi (30%), Indian (45%), Gypsy/Roma (34%) and Irish Traveller (38%) families, compared to White British children (64%).<sup>53</sup>

Despite the free hourly entitlements, costs to parents for childcare remain high, with average weekly costs for a full-time childcare place for a 3- or 4-year-old ranging from £91.68 at a childminder to £101.58 at nursery.<sup>54</sup> Figure 3 shows the average amount parents pay for childcare as a proportion of household income, accounting for government benefits. Costs are proportionately highest for the lowest-earning parents, unless they are single parents.

**Figure 3. UK childcare costs by household earnings, 2021.**



Source: OECD 2021.<sup>55</sup> Costs shown for couples indicate one parent on the earnings stated on the graph, and the other parent on 2/3 of the average wage.

51 Department for Education, UK Government. Early years entitlements: operational guidance for local authorities and providers. 2018.  
 52 Paull & La Valle. Evaluation of the first year of the national rollout of 30 hours free childcare. 2018.  
 53 Teager & McBride. An initial assessment of the 2-year-old free childcare entitlement: Drivers of take-up and impact on early years outcomes. 2018.  
 54 Jarvie, Shorto & Parlett. Coram Family and Childcare. Childcare Survey. 2021.  
 55 OECD. Net childcare costs (indicator). 2021. <https://data.oecd.org/benwage/net-childcare-costs.htm>



**Universal Credit.** To support working parents on low incomes, those eligible for Universal Credit can claim up to 85% of their childcare costs (up to £646.35 for one child and £1108.04 for 2 or more children under 16) and have this paid directly to them as a benefit payment. Parents must claim this as a reimbursement once they have paid for the childcare, which is a barrier to childcare access for families with low incomes.<sup>56</sup> Researchers have also noted that the amount available is less than the average price of a full-time nursery place for a child under 2 in nearly all areas of the country.<sup>57</sup> Universal credit may also interact with the benefit cap for some households working less than 16 hours per week and claiming childcare costs.

**Tax-free childcare.** In addition, the government offers up to £2000 per year for working parents to support the cost of childcare, whereby parents set up an online account and for every £8 they pay in, the government adds £2.<sup>58</sup> This is equivalent to the 20% rate of tax, meaning that parents are, in essence, not having to pay income tax on the money that they put into this account.

## State funding for childcare

Most state funding for childcare goes toward the 15- and 30-hour entitlements.<sup>59</sup> Local authorities, who receive funding from central government, provide funding for the free childcare hours directly to the childcare providers, using rates calculated via the government's Early Years National Funding Formula (EYNFF). The formula is made up of a universal base rate, plus an amount based on the number of primary school children in the local authority eligible for free school meals (an indicator of deprivation), receiving disability allowance, or speaking English as an Additional Language. For 2021-22, this was between £5.36 and £6.66 per free funded hour of childcare for 2-year-olds and £4.44 - £8.51 per free funded hour for 3-4-year-olds, varying by local authority region; or per year, £3,055-£3,796 for a 15 hour 2-year-old place, £2,530-£4,850 for a 15 hour 3-4-year-old place, and £5,060-£9,700 for the 30-hour places.<sup>60</sup>

In addition to the above funding, supplementary funding is available for nursery schools known as 'maintained nursery schools', which are controlled by the local authority; this is allocated to protect the level of funding that they received prior to the introduction of the Early Years National Funding Formula in 2017-18.<sup>61</sup> Other forms of funding that providers receive include the Early Years Pupil Premium (currently £302 per year), which can be paid to childcare providers for children who are aged 3-4 and whose parents receive particular state benefits, a Disability Access fund (£615 per year) for additional support for 3-4 year olds with a disability, and some additional funding support to aid the education sector's recovery from the pandemic, including training for practitioners.

Overall, public spending on childcare and early education in the UK represents 0.6% of GDP, which is slightly less than the OECD average of 0.7% (note that this is for the UK, including all four countries).<sup>62</sup> For England only, the government allocated £3.55 billion to the 2- and 3-4-year-old free entitlements in England in 2021-22.<sup>63</sup>

56 West, Blome & Lewis. What characteristics of funding, provision and regulation are associated with effective social investment in ECEC in England, France and Germany? *Journal of Social Policy*. 2020; 49(4):681-704.

57 *Ibid.* Jarvie et al. 2021.

58 Tax-Free Childcare. UK Government. 2022. <https://www.gov.uk/tax-free-childcare#content>

59 Foster. Early Years Funding (England). 2022.

60 Education and Skills Funding Agency. Guidance - Early years funding: 2021-2022. 2020.

61 *Ibid.* Tax-Free Childcare. UK Government. 2022.

62 OECD Social Expenditure Database. PF3.1: Public spending on childcare and early education. 2021.

63 *Ibid.* Foster. 2022.

## Quality of childcare

The government's Early Years Foundation Stage framework (EYFS)<sup>64</sup> sets out the standards and curriculum areas for EEC in England for children from birth to school age. Centre-based childcare providers are legally required to register with Ofsted and childminders must register either with Ofsted or with a childminding agency (nannies, babysitters, and au pairs are not required to register).<sup>65</sup> Ofsted conducts inspections of each childcare provider at least every 6 years.<sup>66</sup> Inspections evaluate provision in line with the EYFS, and report back with grades ('outstanding', 'good', 'requires improvement' or 'inadequate') describing the provision's overall effectiveness, quality of education, child behaviour and attitudes, child personal development, and staff leadership and management.<sup>67</sup>

**Staff: child ratios and staff qualifications** are set out in the EYFS framework. In childcare settings, there must be at least one staff member for every 3 children aged under two, and for every 4 children aged two. For children aged three and over in group-based settings, ratios must be 1:13 or better where there is a qualified teacher or early years professional (Level 6 qualification) working directly with the children, or 1:8 where there is not.<sup>68</sup> Childminders must care for no more than 6 children at a time, including a maximum of 3 children aged under five and 1 child under the age of one.<sup>69</sup>

Qualification requirements are relatively low; in most group and school-based settings, at least one staff member must hold an approved ISCED<sup>70</sup> Level 3 qualification (equivalent to A Level) in early childhood care or education, and half of all other staff must hold an approved Level 2 qualification (equivalent to GCSE), with requirements for additional training and experience for staff working with under 2s. Maintained nursery schools have slightly higher requirements – at least one staff member must be a qualified teacher.<sup>71</sup> Childminders are not required to hold any particular qualifications. In practice, 80% of staff employed by group-based settings, 82% in school-based settings, and 74% of childminders, were qualified to level 3 in 2021. Staff were qualified to degree level at much lower rates: 11% in group-based settings, 32% in school-based settings, and 9% of childminders.<sup>72</sup>

**Staff training** requirements include induction training at the beginning of employment at a childcare provider, relevant professional development to ensure the quality of childcare provision, and supervision for staff who have contact with children and families, to provide support and coaching. In addition, childminders must complete training to understand and implement the EYFS, and at least one staff member in all settings must be trained in paediatric first aid.<sup>73</sup>

**Wages and workforce characteristics.** Childcare workers are majority (96%) female and low-paid, with an average rate of £7.42 per hour in 2020 – less than the National Living Wage (NLW), which was £8.72 in that year.<sup>74</sup> A young workforce (40% are under thirty) may partly explain how this is possible – however, 18% of workers aged over 23 earn less than the NLW despite being entitled to it, which is unexplained.<sup>75</sup> In 2021, 12% of school-based childcare staff and 48% of childminder assistants received less than the NLW.<sup>76</sup>

64 Department for Education. [Statutory framework for the Early Years Foundation Stage. 2021.](#)

65 Childminders and childcare providers: register with Ofsted. UK Government. 2018. <https://www.gov.uk/guidance/childminders-and-childcare-providers-register-with-ofsted/childcare-and-the-law>

66 Being inspected as a childminder or childcare provider. UK Government. 2021. <https://www.gov.uk/ofsted-inspection-childcare-provider#:~:text=You'll%20usually%20be%20inspected,the%20childcare%20you're%20providing.>

67 Early years inspection handbook for Ofsted-registered provision. UK Government. 2021.

68 Ibid. DfE Statutory framework. 2021.

69 Ibid. DfE Statutory framework. 2021.

70 See Definitions and notes.

71 Ibid. DfE Statutory framework. 2021.

72 Ibid. DfE Survey of Childcare and Early Year Providers. 2021.

73 Ibid. DfE Statutory framework. 2021.

74 Social Mobility Commission. The stability of the early years workforce in England: An examination of national, regional, and organisational barriers. 2020.

75 Social Mobility Commission. 2020.

76 Ibid. DfE Survey of Childcare and Early Year Providers. 2021.

**Curriculum** guidelines are set out in the EYFS framework, with a focus on seven areas of learning and development:

- communication and language,
- physical development,
- personal, social and emotional development,
- literacy,
- mathematics,
- understanding the world, and
- expressive arts and design.

Whilst noting the importance of play and of staff responsiveness to child interests, goals, and needs, there is a greater focus on outcomes than in other countries; the EYFS framework emphasizes a set of defined early learning goals and expected levels of development, against which progress is checked, at age 2 and again at age 5.<sup>77</sup> Stewart and Reader<sup>78</sup> highlight the concern shared by Palmer<sup>79</sup> that a narrow focus on maths and literacy outcomes prior to the start of schooling may in fact adversely impact these outcomes later on, suggesting that “...it is by fostering confidence, resilience, enquiry and communication that early years provision can enhance child development for the long-term, rather than through an early introduction to letters and numbers” (p. 78).

## Women’s labour market participation outcomes

In 2020, labour market participation for women in the UK<sup>80</sup> was 75%, compared to 83% for men.<sup>81</sup> This disparity has been narrowing over time; in 2010 there was a 12-percentage point difference (70 – 82%) between men and women’s labour market participation, compared to the 8-percentage point difference in the OECD’s most recent, 2020, figure. Evidence from other countries such as Canada<sup>82</sup> indicates that availability and affordability of childcare has a direct positive impact on supporting parents, particularly mothers, to work.

A report from the Institute of Fiscal Studies in 2018 uses a difference-in-differences model to compare the change in labour market outcomes for parents entitled to free part-time childcare at age 3 and full-time childcare at age 4. Since the data<sup>83</sup> they use was collected before the introduction of the free 30 hours of childcare in 2017, the full-time childcare at age 4 is a group of children who have started school (whilst it is not compulsory, children aged 4 may join a full-time reception class before they turn 5). The researchers found that eligibility for free part-time childcare increases labour market participation of mothers by a little, but there is a much greater impact of free full-time childcare on mothers’ labour market participation, who are almost 6 percentage points more likely to be in the labour force than mothers with the part-time entitlement. Whilst the IFS findings do not directly study the impact of the 30 hours free childcare policy, they estimate its potential effects, and find a positive impact of greater hours of free childcare on mothers’ labour market participation. This cannot be assumed to be a causal effect of the 30 free hours policy, however the disparity between men and women’s labour market participation rates have narrowed slightly between 2017 (when there was a 10-percentage point difference) and 2020 (8 percentage point difference) in the UK.

77 Ibid. DfE Statutory framework. 2021.

78 Stewart & Reader, London School of Economics. The Conservatives’ record on early childhood: policies, spending and outcomes from May 2015 to preCOVID 2020. 2020.

79 Palmer S. Upstart: The case for raising the school starting age and providing what the under-sevens really need. Floris Books; 2016.

80 We used the UK figure, rather than England, as it is comparable with those for the other countries.

81 OECD. Labour Market Statistics: Labour force statistics by sex and age: indicators, OECD Employment and Labour Market Statistics (database). 2022.

82 Haeck, Lefebvre, & Merrigan. Canadian evidence on ten years of universal preschool policies: The good and the bad. Labour Economics. 2015; 36:137–57.

83 Brewer, Cattán, Crawford & Rabe. Does more free childcare help parents work more? IFS Working Paper W16/22. 2018.

The IFS data also covers a time period which is pre and post- a policy change in 2010 which allowed part-time (15 hours) childcare to be taken across three (longer) rather than five (shorter) weekdays, allowing greater flexibility for working parents. They similarly estimate that this has had a positive impact on mother's labour market participation.

## Child development outcomes

Several studies have explored child development outcomes by childcare participation in England. One of the largest and most well-known longitudinal studies was the Effective Provision of Pre-school Education (EPPE) project, set up in 1997 and funded by the Department for Education and Skills to explore the effects of early childhood care and education provision on children's intellectual and social development.<sup>84</sup> Data was collected from a group of 3,000 children at ages 3, 4/5, 6, 7, 10, 11, 14 and 16 years on their development, family and home learning environment, and the settings they attended (including a comparison group who did not attend any early childhood education or care setting). The researchers found that attendance, compared to non-attendance, at a childcare setting improved cognitive skills and social/behavioural development, with children from disadvantaged backgrounds making more progress - suggesting that provision may support these children to catch up with their peers.<sup>85</sup> Importantly, these positive effects of childcare provision persisted over time, with social and emotional effects lasting until age 14, and cognitive effects resulting in improved GCSE results at age 16.<sup>86</sup> Full time attendance was not better than part time for these outcomes. Quality of childcare, including higher staff qualifications and training, significantly improved these outcomes.<sup>87</sup>

However, more recent research offers a different picture. The Study of Early Education and Development (SEED),<sup>88</sup> exploring cognitive development and socio-emotional outcomes, draws on data from 6,000 children born between 2010 and 2012, who would have been eligible for the 15 hours free childcare introduced in 2010. Comparing longitudinal data beginning at age 2, the researchers found that more hours per week in group care or with a childminder was associated with improved social and emotional development at age 4, but worse outcomes at ages 5-6, once the children had started school (although effect sizes were small). They surmise that this may have been because the age four outcomes were reported by parents, whereas the age 5-6 outcomes were reported by teachers. Teachers and parents may have differing relationships with the child, affecting how behaviour is perceived. There were no significant associations between amount of formal childcare used and cognitive ability. However, it is worth noting that, unlike in the EPPE study, there was no comparison group which did not receive childcare; instead, the researchers were exploring the relationships between *amount* of childcare and outcomes. Thus, it is not possible to conclude that childcare per se is having no impact, only that more hours of childcare do not improve outcomes.

Data from the Early Years Foundation Stage Profile – the child assessment which takes place at the end of the EYFS, just prior to the start of formal schooling<sup>89</sup> - indicates a widening in the gap in cognitive and social development, between children receiving free school meals (an indicator of deprivation) and those who are not, since 2017. This contrasts with before 2017, when the gap was narrowing. Stewart and Reader<sup>90</sup> suggest that this is related to increased poverty and a post-2015 policy focus on getting mothers into work, i.e. via the free 30 hours entitlement, as opposed to a focus on child development. A review from the Centre for Research in Early Childhood notes that a decline in the qualification

84 Sylva, Melhuish, Sammons, Siraj-Blatchford, & Taggart. The Effective Provision of Pre-School Education [EPPE] Project, Technical Paper 12. 2004.

85 *Ibid.* Sylva et al. 2004.

86 Taggart, Sylva, Melhuish, Sammons, & Siraj. Effective pre-school, primary and secondary education project (EPPSE 3-16+), Research Brief. 2015.

87 *Ibid.* Sylva et al. 2004.

88 Melhuish & Gardiner. Study of Early Education and Development (SEED): Impact Study on Early Education Use and Child Outcomes up to age five years. 2020.

89 Department for Education. Early Years Foundation Stage Profile: 2022 handbook. 2021.

90 *Ibid.* Stewart & Reader. 2020.

levels of the early years workforce over the same time may explain the widening gap in outcomes for children from differing socioeconomic backgrounds, as a consequence of this policy focus of quantity of childcare over quality. Furthermore, the same report highlights evidence that the 30 hours free childcare policy for working parents may also support the widening between advantaged and disadvantaged children, because it benefits those with higher incomes most.<sup>91</sup>

## England: key points

- The childcare sector in England is mixed, with the largest proportion of the provision being at private group-based settings (45%), followed by school-based nursery classes (20%), voluntary group-based settings (17%) and childminding (12%).
- All 3–4-year-olds are entitled to 15 hours weekly free childcare, whilst those with working parents are entitled to 30 hours, under a 2017 policy. Funding for these hours goes direct to providers from local authorities. Parents may also receive direct payments via tax free childcare and the childcare element of Universal Credit.
- Overall, the cost of childcare to parents is relatively high (22% of household income, for a couple both earning average wage) and the government spends 0.7% of GDP on the childcare sector.
- Women's labour market participation is at 75% (compared to 83% for men), with estimates suggesting that full-time and flexible free childcare entitlements have a greater impact on mother's labour market participation than part-time entitlements.
- There are mixed outcomes for child development in relation to childcare usage in England, although the most recent evidence indicates that greater amounts of childcare have no effect on cognition and mixed effects on socio-emotional development. There are suggestions in the evidence that the 30 hours entitlement may be widening the gap between advantaged and disadvantaged children, due to a focus on quantity of childcare over quality.

91 Pascal, Bertram, Cole-Albäck, Centre for Research in Early Childhood. What do we know about the 30 hour entitlement? Literature review and qualitative stakeholder work. 2021.

# AUSTRALIA

In recent years, Australia has seen several policies introduced to increase participation and access to quality early childhood education and care. As of 2018, around 86.4% of Indigenous children and 91.3% of non-Indigenous children aged four years old were attending some form of ECEC.<sup>92</sup> This section will:

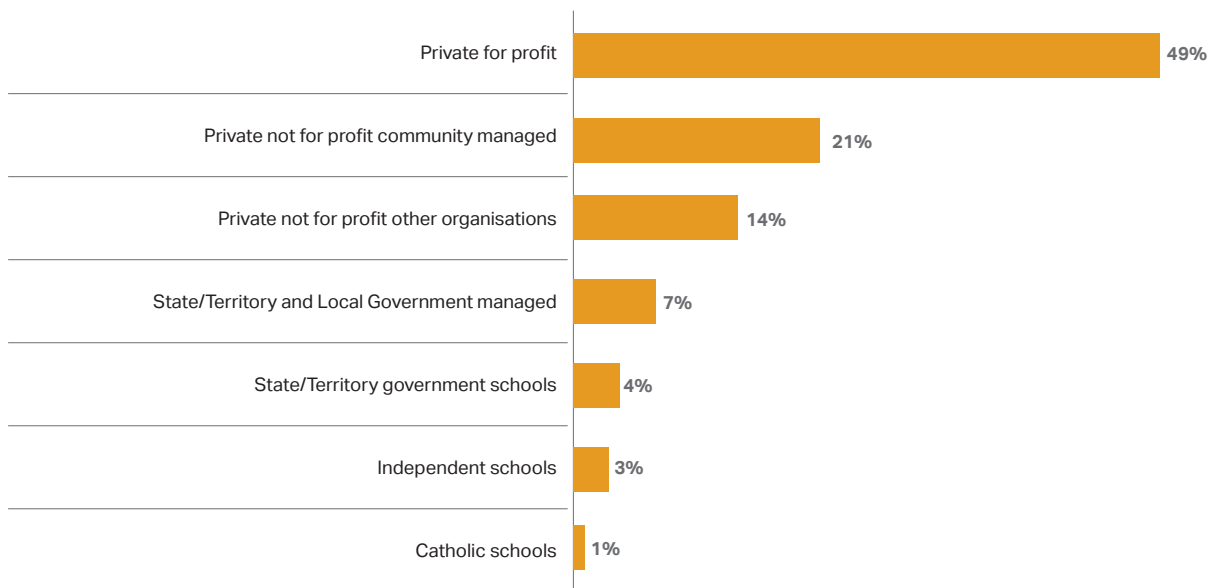
- Outline the structure, funding and quality of Australia’s childcare system
- Explore child development and women’s labour market outcomes in relation to this system.

## Types of childcare

The Australian Government and state and territory governments are responsible for childcare provision. They work in partnership to implement the NQF (National Quality Framework), with national oversight and guidance provided by ACECQA (The Australian Children’s Education & Care Quality Authority).<sup>93</sup>

As displayed by Figure 4, the largest group of childcare providers are private for profit as of 2020 (49%), followed by private not for profit community managed which accounts for 21%.<sup>94</sup>

**Figure 4. Australian childcare sector, breakdown by childcare provider ownership**



Source: The Australian Children’s Education and Care Quality Authority<sup>95</sup>

92 OECD. Organisation for Economic Co-operation and Development Policy Review: Quality Beyond Regulations in ECEC Country Background Report – Australia. 2020.

93 Ibid. OECD Policy Review – Australia. 2020.

94 The Australian Children’s Education and Care Quality Authority. 2021. NQF Snapshot Q4. 2020.

95 Ibid. The Australian Children’s Education and Care Quality Authority. 2021.

Overall, ECEC attendance in Australia is slightly above the OECD average for children below the age of three, and below average for children aged three and four. Roughly 86.4% of Indigenous and 91.3% of non-Indigenous children aged 4 were attending ECEC in 2018.<sup>96</sup>

**Table 3. Attendance at ECEC by age group, in Australia.**

Age group	Proportion attending ECEC in Australia	OECD Average
0-3	40% (2019)	36%
3 years	67% (2019)	79%
4 years	85% (2017)	87%

Source: OECD – Education at a glance<sup>97</sup>

Childcare provision includes family day care, long day care, and in the year before starting school, preschool (known as kindergarten in some parts of Australia). Children are required to be in compulsory schooling by their 6th birthday but ECEC prior to this is not compulsory.<sup>98</sup>

**Preschool:** Australian children usually start preschool in the year they turn four, however some states and territories also allow three-year-olds to attend. Preschools tend to operate during school hours and school terms. In 2017, almost 90% of eligible children were enrolled in a preschool program in the year before full-time school, and the majority (96%) attended for 15 hours per week or more.<sup>99</sup>

**Long day care:** The most commonly used formal care for children aged 0-4 years is long day care. This type of care tends to be centre-based and attended all day or part-time by children aged 0-6 who typically attend on a regular basis.<sup>100</sup>

**Family day care:** Services are delivered through a network of educators providing care to children from the educator’s home. These services can be used flexibly, for instance if parents only require childcare for part of the day.

**Outside school hours care:** Care before and after school hours and during school holidays for children who normally attend school.<sup>101</sup>

**Integrated services.** At a federal level, the Communities for Children initiative was introduced in 45 disadvantaged communities across Australia, spending \$100m AUS between 2004/05 and 2007/08. The project was therefore much smaller than the UK’s Sure Start initiative – offering integrated child and family services on the same sites - on rollout. An NGO was funded in each area to co-ordinate a community-wide approach to child development, and to fund specific programmes in line with agreed local priorities. The Australian Government’s 2010 evaluation found positive impacts on parental joblessness, lower levels of harsh discipline, and higher parenting self-efficacy. Their effect sizes were similar to Sure Start, and they found additional benefits in terms of embedding child-focussed approaches in the community.<sup>102</sup> Communities for Children has only slightly been extended, currently operating in 52 communities.<sup>103</sup>

96 Australian Government. Closing The Gap Report. 2020.

97 OECD. Education at a Glance: OECD Indicators. 2019.

98 *Ibid.* OECD Policy Review – Australia. 2020.

99 Australian Institute of Health and Welfare. Australia’s Children. 2020.

100 *Ibid.* OECD Policy Review – Australia. 2020.

101 The Department of Education, Skills and Employment (2021a) Child Care in Australia report June quarter. 2021.

102 Muir, Katz, Edwards, Gray, Wise, Hayes, Stronger Families & Communities Strategy Evaluation Team. The national evaluation of the Communities for Children initiative. Family Matters 84. 2010.

103 Department for Social Services. Communities for Children Facilitating Partners. 2022. <https://www.dss.gov.au/our-responsibilities/families-and-children/programs-services/family-support-program/family-and-children-s-services>.



A smaller federally funded programme with some similarities to Sure Start is the Connected Beginnings scheme, which seeks to integrate child health and early education services, with some elements of co-location, to specifically benefit Aboriginal and Torres Strait Islander communities. It has only been process evaluated.<sup>104</sup>

In the state of Western Australia, Child and Parent Centres provide a very similar offering to Sure Start. They are only located at schools, and offer advice, programmes and services including antenatal and parenting classes and playgroups. They are funded at \$9.74m AUS to provide 21 centres,<sup>105</sup> which is per capita likely to be less than Sure Start in the UK currently. The programme has not been evaluated for outcomes.<sup>106</sup>

## Entitlements and costs for childcare

**The Universal Access National Partnership**, introduced in 2018, aims to ensure that Australian children can access 15 hours of quality preschool each week (or 600 hours per year) in the year before starting full-time school.

The Australian Government provides funding to state and territory governments to make preschool more affordable for parents. States and territories are responsible for setting out costs.

**Table 4. Australian preschool finance models, by state / territory.**

State/Territory	Preschool finance model
Australian Capital Territory	No fee, but have a voluntary contribution levy
New South Wales	Fee
Northern Territory	Fee
Queensland	Fee
South Australia	No fee, but some ask for a voluntary contribution levy
Tasmania	No fee
Victoria	Fee
Western Australia	No fee

Source: Raising Children Network<sup>107</sup>

**Child Care Subsidy (CCS)** was also introduced by the Australian Government in 2018. It helps cover the cost of approved childcare (including wrap-around care) for children aged 0-13. CCS is paid to providers from the Government to be passed onto families as a fee reduction.

The amount of CCS a family receives depends on their income and activity level. Recognised activities include paid work, paid or unpaid leave, volunteering, training to improve career prospects and active job-seeking. The higher the level of activity, the more hours of subsidised care families receive. For families with two parents, the person with the lowest level of activity is taken into consideration when calculating the discount.<sup>108</sup>

CCS rates are adjusted at the start of each financial year based on the Consumer Price Index. The current rates are set out in Table 5 below.

104 Australian Government Department for Health and Department for Education. Evaluation of the Connected Beginnings Program: Final Report. 2019.

105 Government of Western Australia. Child and Parent Centres. 2022. <https://childandparentcentres.wa.edu.au/faq/>

106 Shelby Consulting Pty Ltd. Evaluation of the Child and Parent Centre Initiative. Department for Education, Western Australia. 2017.

107 Prechool in your state. 2022. <https://raisingchildren.net.au/preschoolers/play-learning/preschool/preschool-in-your-state>

108 Activity test. Department of Education, Skills and Employment. 2022. <https://www.dese.gov.au/child-care-subsidy/activity-test>



**Table 5. Child Care Subsidy rates.**

CCS family income thresholds	Subsidy %
Up to \$70,015 (£40,682)	85%
More than \$70,015 to below \$175,015 (£101,718)	Decreasing to 50%
\$175,015 to below \$254,305 (£147,827)	50%
\$254,305 to below \$344,305 (£200,193)	Decreasing to 20%
\$344,305 to below \$354,305 (£206,006)	20%
\$354,305 or more	0%

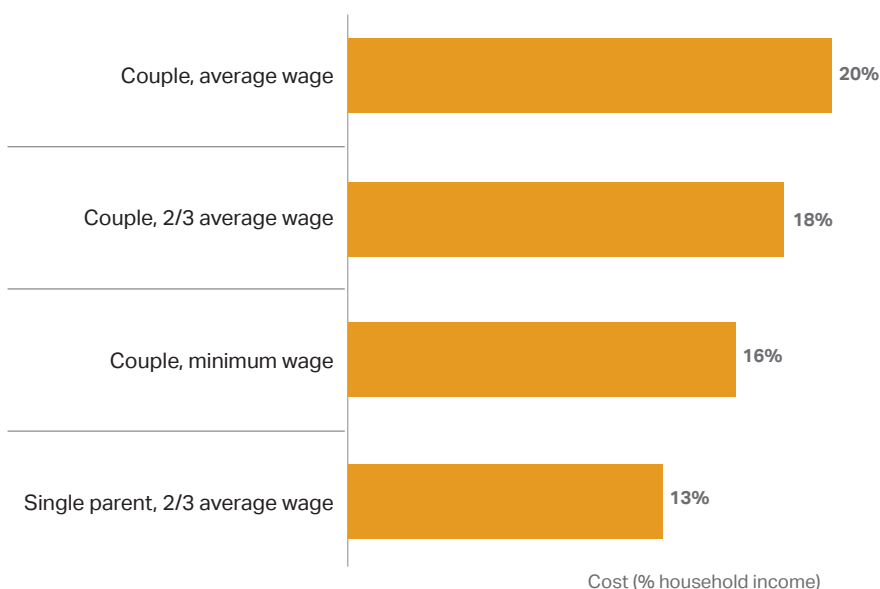
Source: Department of Education, Skills and Employment<sup>109</sup>

There are additional requirements to qualify for CCS. For instance, the childcare must be with an approved provider and one parent must be either an Australian citizen or have an eligible visa. Families can receive CCS for centre-based care such as long day-care, family day-care, in home care and outside school hours care.

As of June 2021, 59% of children who were eligible for CCS and attending approved childcare were cared for in centre-based settings. A further 37% were attending outside school hours care, and 7% were cared for by childminders at family day care.<sup>110</sup>

Figure 4 shows the average amount parents pay for childcare as a proportion of household income, accounting for government benefits. Those on lower incomes (single parents on two thirds of the average wage) pay just 13% of their household income on childcare, whilst households earning more, spend more. For example, a two-parent household with one parent on the average wage and the other on two thirds of the average wage spends, on average, 20% of their household income on childcare.

**Figure 5. Australian childcare costs by household earnings, 2020.**



Source: OECD 2021.<sup>111</sup> Costs shown for couples indicate one parent on the earnings stated on the graph, and the other parent on 2/3 of the average wage.

109 Child subsidy rates. Department of Education, Skills and Employment. 2022. <https://www.dese.gov.au/early-childhood/announcements/child-care-subsidy-rates-12-july>

110 The Department of Education, Skills and Employment. Child Care in Australia report June quarter. 2021.

111 OECD. Net childcare costs (indicator). 2021. <https://data.oecd.org/benwage/net-childcare-costs.htm>

## State funding for childcare

As of 2016, overall public spending on ECEC in Australia was 0.7% of GDP, which reflects the OECD average.

The Australian Government has announced a \$1.6 billion national reform agreement to strengthen universal access to preschool that will run from 2022-2025. The Commonwealth will continue to provide a per child contribution to states and territories of around \$1340 or £779 to increase the number of children able to attend quality, affordable preschool.<sup>8</sup>

CCS allowance (see page 31) was introduced by the Australian Government in 2018. During the June quarter of 2021, there were 1,328,540 children who attended approved childcare and were eligible for CCS. In total, CCS and Additional CCS was \$2.28 billion for this period.<sup>112</sup>

From March 2022, families with more than one child aged five and under will have their CCS increased by 30% for their second child and younger children. To qualify for the higher CCS, families must earn less than \$354,305 (£200,735). This extra 1.7 billion funding has been granted to make childcare more affordable for parents and to boost workforce participation. Additionally, the annual cap for CCS was removed at the end of 2021. Prior to this, families earning more than \$190,015 (£107,634) had an annual subsidy cap of \$10,655 (£6,036) per child each financial year.<sup>113</sup>

## Quality of childcare

The National Quality Framework (NQF) sets out legally enforceable obligations and standards for the operation of ECEC services, whilst The National Quality Standards details the requirements for independent assessment of providers. The relevant authorities within states and territories are responsible for monitoring providers and ensuring that the NQF is adhered to.

The ACECQA provides guidance and resources to governments and supports them with implementing the NQF. The quality ratings of each provider are available for parents to view online. Data published by ACEQA shows that in 2021, 86% of all ECEC services had a quality rating of meeting national quality standard or above. This is up from 57% in 2013.<sup>114</sup>

In 2022, the ACEQA published 'Shaping Our Future', a ten-year children's education and care workforce strategy.<sup>115</sup> It sets out 21 actions including:

- 'Investigate options for improving workforce pay and conditions'
- 'Improve access to core professional development for educators and teachers'
- 'Implement early childhood teacher registration in every state and territory'
- 'Review staffing and qualification requirements under the NQF, with a focus on early childhood teachers and outside school hours care educators'

**Staff: child ratios.** In family day care settings, NQF sets a 1:7 educator to child ratio which includes a maximum of four children preschool age or under. Centre-based ratio requirements vary in accordance with the age of children and state/territory (see Table 6 below). A member of staff who is caring for one age range of children can also be counted against another age range of children, if the ratio for each group is maintained and adequate supervision is provided.

112 *Ibid.* The Department of Education, Skills and Employment, 2021.

113 The Department of Education, Skills and Employment. Higher CCS for multiple children and removal of annual cap, Australian Government. 2022. <https://www.dese.gov.au/early-childhood/announcements/higher-ccs-multiple-children-and-removal-annual-cap>

114 Australian Children's Education and Care Quality Authority (ACECQA). NQF Annual Performance Report. 2022.

115 National Workforce Strategy. The Australian Children's Education and Care Quality Authority (ACECQA). 2021. <https://www.acecqa.gov.au/national-workforce-strategy>

**Table 6. Australian educator to child ratios.**

Age of children	Educator to child ratio	Applies
Birth to 24 months	1:4	All states and territories
Over 24 months and less than 36 months	1:5	All states and territories excluding VIC
	1:4	VIC
36 months up to and including preschool age	1:11	ACT, NT, QLD, SA, VIC
	1:10	NSW
	1:10	TAS
	2:25 for children attending a preschool program	
	1:10	WA
Over preschool age	1:15	NT, QLD, SA, TAS, VIC, NSW
	1:11	ACT
	1:13	WA
	(or 1:10 if kindergarten children are in attendance)	

Source: Australian Children's Education & Care Quality Authority.<sup>116</sup>

## Staff qualifications

**Family day-care:** Educators must hold or be working towards at least an approved certificate III level education and care qualification (ISCED Level 3C), and coordinators must hold an approved diploma level education and care qualification (ISCED Level 5B).<sup>117</sup>

**Centre-based services (including preschool):** At least 50% of educators must have, or be actively working towards, an approved diploma level education and care qualification (ISCED Level 5B). All other educators must hold or be actively working towards at least an approved certificate III level education and care qualification (ISCED Level 3C).

Centre-based services are also required to employ or have access to an early childhood teacher (ISCED Level 5A) based on the number of children being cared for. For instance, the ACECQA states that a centre with fewer than 25 children 'needs to access to an early childhood teacher for at least 20% of the time the service is operating. This may be achieved through an information communication technology solution'. Alternatively, a centre with 25-59 children 'must employ or engage a full-time or full time equivalent ECT or have an ECT in attendance for 6 hours per day, when operating for 50 hours or more per week, or 60% of the time, when operating for less than 50 hours per week'.<sup>118</sup>

**Staff training.** Educators can receive training through organisations registered with the Australian Skills Quality Authority. Professional development opportunities are also available through state and territory governments in the form of mentoring and scholarships.

116 Educator to child ratios. The Australian Children's Education and Care Quality Authority (ACECQA). 2022. <https://www.acecqa.gov.au/nqf/educator-to-child-ratios>

117 Qualifications for family day care services. The Australian Children's Education and Care Quality Authority (ACECQA). 2022. <https://www.acecqa.gov.au/qualifications/requirements/family-day-care-services>

118 Qualifications for centre-based services with children preschool age or under. The Australian Children's Education and Care Quality Authority (ACECQA). 2022. <https://www.acecqa.gov.au/qualifications/requirements/children-preschool-age-or-under>

**Wages and workforce characteristics.** The median weekly wage for full-time non-managerial childcare workers is \$953 or £554.<sup>119</sup> This is less than the national average weekly earnings for Australia which currently stands at \$1,209.00 (£703) per week for all employees, \$1,390.00 (£808) for men and \$1,042.00 (£606) for women.<sup>120</sup> Women make up 88.9% of the ECEC workforce.<sup>121</sup>

**Curriculum.** The national Approved Learning Framework for children aged 0-5 years is The Belonging, Being and Becoming - The Early Years Learning Framework (EYLF), published in 2009. The framework sets out principles and learning outcomes, rather than being subject orientated. It emphasises the importance of play-based learning and children's wellbeing. The overarching theme of the framework is the connection between children and their families, community and culture.<sup>122</sup>

Accessing high quality ECEC can be more difficult in rural parts of Australia. This is linked to issues around retaining and hiring skilled staff. Studies have found that because of this, providers in remote areas are more like to fall short of the staffing requirements set out by the NQF.<sup>123</sup>

## Policy change in Australia

The Child Care Package, introduced in 2018, saw the introduction of the aforementioned Child Care Subsidy. In addition to this, the Australian Government announced the Child Care Safety Net, an initiative designed to improve access to high quality ECEC for vulnerable and disadvantaged children, and those living in remote communities. Within the Child Care Safety Net are support options including an Additional Child Care Subsidy, which provides an extra payment to families in need, and 24 hours subsidised childcare per fortnight for families earning less than \$69,390 or £40,344 a year.<sup>124</sup>

The Department of Education, Skills and Employment<sup>125</sup> state that CCS is aimed at supporting:

- 'Families, children and childcare centres who need it'
- 'Families who rely on subsidised childcare to work, train, study or volunteer'
- 'Children to have access to quality early learning, particularly in the year before reaching school'

## Women's labour market participation and earnings

An early monitoring report found that following the introduction of CCS, low-income families were more likely to report that their childcare costs had decreased. The data suggests that around 42% of families with incomes below \$65,000 or £37,792 had experienced a fall in the cost of childcare. The report did not find any change in participants' level of engagement in employment.<sup>126</sup>

The Grattan Institute's 2020 report looks at how women's labour market participation can be increased. While Australia has high women's labour market participation, this is made up by a substantial amount of part time employment. The average woman with pre-teenage children in Australia works 2.5 days a week. Labour market participation rates dip for women in their early 30s, the most common age for women to have their first child and increase again after women reach age 40.<sup>127</sup>

The report finds the cost of childcare to be the most cited issue preventing women taking on more paid work. This intersects with Australia's tax and transfer system which includes steep taper rates. As a

119 Australian Government. Child Carers. Job Outlook. 2022. <https://joboutlook.gov.au/occupations/child-carers?occupationCode=4211>

120 Employee Earnings and Hours, Australia. Australian Bureau of Statistics. 2022. [https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings-and-hours-australia/latest-release#:~:text=Media%20releases-,Key%20statistics,%20and%20Professionals%20\(\\$57.90\)](https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings-and-hours-australia/latest-release#:~:text=Media%20releases-,Key%20statistics,%20and%20Professionals%20($57.90))

121 Preschool Education. Workplace Gender Equality Agency (WGEA) Data Explorer. 2022. [https://data.wgea.gov.au/industries/359#summary\\_content](https://data.wgea.gov.au/industries/359#summary_content)

122 *Ibid.* OECD Policy Review – Australia. 2020.

123 Australian Children's Education and Care Quality Authority (ACECQA). Quality ratings by socio-economic status of areas. 2020.

124 Child Care Safety Net. Department of Education, Skills and Employment. 2022.

125 Australian Institute of Family Studies. Child Care Package Evaluation: Early monitoring report. 2019.

126 *Ibid.* Australian Institute of Family Studies. 2019.

127 Wood, Griffiths, & Emslie. Cheaper childcare: A practical plan to boost female workforce participation. 2020.

result of this system, second earners, mainly women, find there is not much financial gain from working an extra day, particularly beyond three days a week.<sup>128</sup>

The availability of childcare has been found to be another issue, particularly when parents need access on specific days or at short notice. More generally, unpaid work within the home still falls largely on women and this is understood to be particularly prominent in Australia. The Grattan Institute report that women in Australia do more unpaid work and less paid work relative to men than in other countries including Canada, US, UK and New Zealand.

## Child development outcomes

The Australian Early Development Census (AEDC) measures how young children have developed by the time they start their first year of fulltime school. Data has been collected every three years since 2009 and looks at physical health and wellbeing, social competence, emotional maturity, language and cognitive skills, communication skills and general knowledge. The results help to inform preschool policies for children and their families. According to the 2018 report, most children (78%) are developmentally on track at the time of starting full-time school.<sup>129</sup>

A Nous Group review (2020) found that the UANP funding initiative (as outlined above) had had a significant impact on the provision of and participation in affordable, quality preschool. The participation of Aboriginal and Torres Strait Islander children enrolled and attending preschool programs of 600 hours, increased from 87% in 2013 to 96% in 2018. Moreover, the proportion of vulnerable and disadvantaged children enrolled in preschool programs for 600 hours had risen slightly, from 92% in 2014 to 94% in 2018 (though it is noted that there is no nationally agreed definition of 'vulnerable and disadvantaged' under the UANP).<sup>130</sup>

Several studies have explored the relationship between participating in childcare in Australia and outcomes for children. An independent review (2017) found that Indigenous children's participation in preschool results in large improvements in reading and literacy outcomes both in the short and long term. There is also evidence that ECEC attendance has a positive longer-term benefit on mathematics ability and abstract reasoning.<sup>131</sup>

Gialamas et al. (2014) used data from a longitudinal study of Australian children and found that the quality of activities in childcare was associated with increased levels of emotional regulation, and quality staff-child relationships were linked to higher levels of task attentiveness and emotional regulation.<sup>132</sup>

The E4 kids project found that intentional teaching (such as scaffolding techniques, modelling language through frequent conversations, open-ended questions) was lacking in ECEC settings in Australia. The report suggests that improvement in this area would benefit children's learning. Researchers also noted that families in disadvantaged areas found it more difficult to access high quality ECEC services.<sup>133</sup>

128 *Ibid.* Wood et al. 2020.

129 Department of Education and Training. Australian Early Development Census National Report 2018. 2019.

130 Clark S. Universal access to preschool. Parliament of Australia. 2022. [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/BudgetReview202122/UniversalAccessToPreschool](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview202122/UniversalAccessToPreschool)

131 Pascoe & Brennan. Lifting our game. Report of the review to achieve educational excellence in Australian schools through early childhood interventions. 2017.

132 Gialamas, Sawyer Mittinty, Zubrick, Sawyer & Lynch. Quality of Childcare Influences Children's Attentiveness and Emotional Regulation at School Entry. *Journal of Pediatrics*. 2014;165(4):813–819.

133 Effective Early Education Experiences - E4Kids Study. State Government of Victoria. 2022. <https://www.education.vic.gov.au/about/research/Pages/E4kids.aspx>

A study published by PWC (2019) identified \$4.74 billion in benefits associated with providing one year of early childhood education. It mentions a number of factors that contribute to this sum, one of which is the theory that the cognitive benefits for children who receive a quality early childhood education can be linked to \$1.06 billion in higher earnings over a lifetime and a further \$495 million in higher taxes paid to government.<sup>134</sup>

### Australia: key points

- Childcare provision includes family day care, long day care, and in the year before starting school, preschool (known as kindergarten in some parts of Australia). Children are required to be in compulsory schooling by their 6th birthday but ECEC prior to this is not compulsory.
- Child Care Subsidy (CCS) was introduced in 2018 to help cover the cost of approved childcare for children aged 0-13. CCS is paid to providers from the Government to be passed onto families as a fee reduction.
- Australian children can access 15 hours of preschool each week (or 600 hours per year) in the year before starting full-time school under the Universal Access National Partnership scheme. States and territories are responsible for setting out costs – the 15 hours of preschool are usually free or heavily subsidised.
- It is not yet clear if these newer childcare policies have affected women's labour market participation.
- The National Quality Framework (NQF) sets out legally enforceable obligations and standards for the operation of ECEC services. The relevant authorities within states and territories are responsible for monitoring providers and ensuring that the NQF is adhered to.
- Overall, ECEC attendance has been found to have positive outcomes for children, particularly Indigenous children.
- The Preschool Reform Agreement represents secured funding until 2025 and a commitment to high preschool attendance and quality education and care.

134 PwC. A Smart Investment for a Smarter Australia: Economic analysis of universal early childhood education in the year before school in Australia. 2019.

# CANADA

Historically, Canada's federal system has meant varying childcare strategies for each of its 10 provinces and 3 territories. However, a growing campaign for a Canada-wide, universal system which reflects that already seen in one of its provinces, Quebec, has, alongside the pressures of the pandemic's childcare centre closures, incentivised the federal government's new plans for affordable childcare across Canada. This section will:

- Explore the structure, funding, and quality of Canada's current childcare system,
- Review the literature examining the child development and women's labour market participation outcomes resulting from Quebec's childcare policy in contrast to the rest of Canada,
- Outline the government's 2021 provincial agreements to deliver its ambitious new childcare system, within their historical context.

## The federal system and types of childcare

Currently, Canadian childcare, often referred to as Early Childhood Education and Care (ECEC), falls under the jurisdiction of each province / territory. However, each province / territory receives funding from the federal government under bilateral agreements which set out childcare plans for the coming years. The most recent agreements were signed in 2021, by all provinces / territories except Ontario (as of February 2022). The childcare provision in each province or territory is broadly similar,<sup>135</sup> and can be grouped into two categories: kindergarten, and pre-kindergarten ECEC for children aged 0-4.

Whilst not compulsory in all provinces / territories, Canadian kindergarten is available in the year that children turn 5, free of charge, and sits as part of the national school system (known as K-12, that is, kindergarten to 12<sup>th</sup> grade). Nearly all 5 year olds attend kindergarten.<sup>136</sup> Seven of the thirteen provinces / territories also operate an additional, free year of kindergarten for some or all 4-year-olds (Quebec<sup>10</sup>, Ontario, Manitoba, Saskatchewan, Yukon, Northwest Territories, and Nova Scotia), which varies in terms of full/part time hours and is non-compulsory.<sup>137</sup> Kindergarten is publicly operated by local school boards, under provincial legislation, and publicly funded by provinces / territories as part of the formal education system.<sup>138</sup>

ECEC for 0–4-year-olds (or older children requiring wrap-around care before or after school) is organised by a market system. This type of childcare is paid for by parents, although regulated and funded in part by provincial governments. Most providers are not-for-profit (64%), and the remainder are for-profit, including childcare chains, with very few Canadian publicly operated childcare services.<sup>139</sup>

The types of childcare setting available vary by province / territory, although all include regulated centre-based childcare, regulated family / home-based childcare, and wrap-around care.<sup>140</sup> Most childcare providers are licensed or regulated under the authority of a provincial education department, with differing laws regarding which, if any, unlicensed / unapproved services are allowed to operate. In 2017, the numbers of 2–4-year-olds attending pre-kindergarten childcare ranged from 34% (in the province of Newfoundland and Labrador) to 73% (in Quebec).<sup>141</sup> Centre-based childcare is most commonly used (49% of children in childcare), whilst fewer children receive care from non-parental

135 Friendly, Feltham, Mohamed, Nguyen, Vickerson, Forer, Childcare Resource and Research Unit. Early Childhood Education and Care in Canada 2019. Revised 2021.

136 OECD. Starting Strong VI: Country note for Canada. 2021.

137 *Ibid.* Friendly et al. 2021.

138 *Ibid.* Friendly et al. 2021.

139 *Ibid.* Friendly et al. 2021.

140 Types of Childcare in Canada. All for Childcare. 2018. Types of Childcare in Canada. All for Childcare. 2018.<https://allforchildcare.ca/2018/10/03/types-of-child-care-in-canada/>

141 *Ibid.* OECD. Starting Strong VI: Country note for Canada. 2021.



relatives (28%) or attend home-based childcare (19%), the latter equivalent to childminders in the UK.<sup>142</sup> Home-based childcare in Canada is regulated in most provinces, either through an individual license or affiliation with a licensed agency.<sup>143</sup>

**Integrated services.** Integrated child and family services with set geographical hubs are not common in Canada, with the exception of Ontario's EarlyOn Centres, offering childcare alongside combined family and child activities, professional advice on parenting and child development, and signposting to other services.<sup>144</sup> They are directly funded by the province's Ministry for Education, and are led by early educators, with a province budget of \$141m in 2020 (a comparable figure per capita to current English spend on Sure Start).<sup>145</sup> They developed out of the Parenting and Family Literacy Centre programme in the 1980s, and have expanded and rebranded in 2010. A non-peer reviewed analysis, which lacked control groups, of these centres found that children who attended were more likely to have high school readiness and early literacy than those who did not,<sup>146</sup> but more thorough evaluation is lacking.

The province of Alberta recently began offering a somewhat similar provision to Sure Start, called Provincial Family Resource Networks (FRNs), although in line with other international comparisons these are more focussed on early intervention to prevent social services use and less on a universal offer. They use a hub and spoke model to co-ordinate community services, many of which are similar to those on offer in Sure Start (e.g. parenting advice, child development programmes).<sup>147</sup> We did not find evidence of co-located services in other provinces.

## Subsidies and costs for pre-kindergarten childcare

Canadian (pre-kindergarten) childcare is primarily funded by parent fees (with some exceptions, including in Quebec). Subsidies which reduce these fees are available to parents with lower incomes. These subsidies are paid directly to the childcare provider by the provincial / territorial government, except in Ontario where subsidies are managed by local, not provincial, governments.<sup>148</sup> Amounts available (i.e. full or partial subsidies) and eligibility criteria for subsidies vary by province / territory, but usually depend on parents' income and require parents to be working (or in education or training) except in cases where the parent has a disability. Income thresholds below which parents receive the subsidies also vary. Some of the new 2021 bilateral agreements signed between the federal and provincial governments set out targets to increase these thresholds, making childcare subsidies available for greater numbers of parents. For example, Manitoba has agreed to support full childcare subsidies for household incomes up to \$35,000, or £20,163<sup>149</sup> (in 2019, this was \$22,504 or £12,968 for a two parent, two children household).<sup>150</sup>

In contrast to the rest of Canada, the province of Quebec does not use fee subsidies. Instead, most childcare providers are funded by the provincial government in accordance with a formula based on both the number of available and occupied childcare spaces in a setting. Parents pay a flat fee for childcare which, since 2020, does not depend on employment status or income<sup>151</sup> and amounted to \$8.50 (£4.90) per day in 2021.<sup>152</sup> However, some unfunded for-profit childcare services are not

142 Survey on Early Learning and Child Care Arrangements, 2020. Statistics Canada. 2021.

143 *Ibid.* Friendly et al. 2021.

144 Find an EarlyON child and family centre. Government of Ontario. 2021. Find an EarlyON child and family centre. Government of Ontario. 2021. <https://www.ontario.ca/page/provide-child-care-and-early-years-programs>

145 Ontario Ministry of Education. Memorandum to Chief Administrative Officers. 2019. Accessed online 6 April 2022 at [https://efis.fma.csc.gov.on.ca/faab/Memos/CC2019/EYCC08\\_EN.pdf](https://efis.fma.csc.gov.on.ca/faab/Memos/CC2019/EYCC08_EN.pdf)

146 Yau. Parenting and Family Literacy Centres – making a difference beyond early school readiness. Toronto District School Board. 2009.

147 Alberta Government. Provincial Family Resource Networks. Accessed 6 April 2022 <https://www.alberta.ca/family-resource-networks.aspx>

148 *Ibid.* Friendly et al. 2021.

149 Early Learning and Childcare Agreements. Government of Canada. 2021.

150 *Ibid.* Friendly et al. 2021.

151 *Ibid.* Friendly et al. 2021.

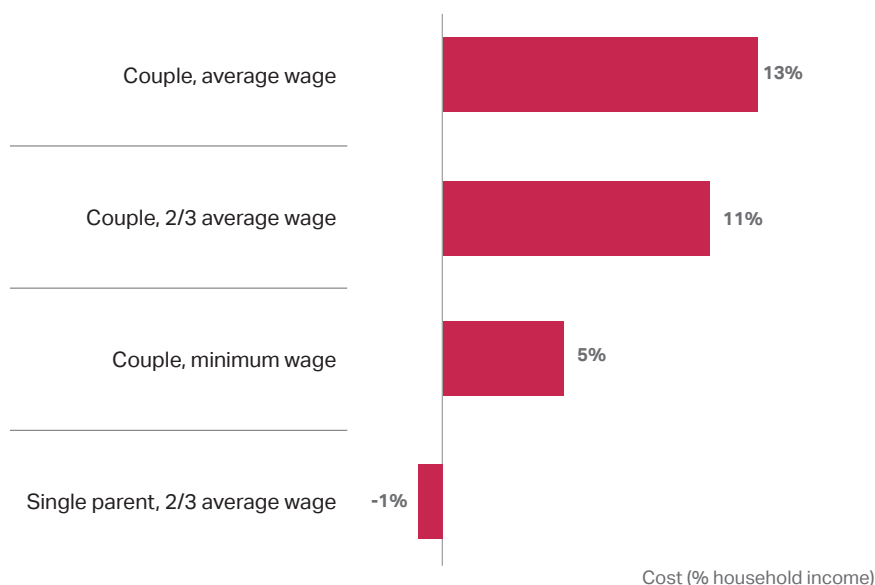
152 Daily Childcare Cost. Quebec Ministère Des Finances. 2021. Quebec Ministère Des Finances. [http://www.budget.finances.gouv.qc.ca/budget/outils/garde\\_en.asp](http://www.budget.finances.gouv.qc.ca/budget/outils/garde_en.asp)



subsidized, and in these cases, parents can receive a refund for their childcare expenses in the form of a tax credit, in which 26 – 78% of childcare costs are paid for, depending on household income.<sup>153</sup>

On average, the costs to parents for childcare in Canada are low but vary considerably by province / territory. The lowest fees are seen in Quebec City (\$181 or £104 median monthly fee in 2020) and the highest in Toronto, Ontario (\$1578 or £909 monthly)<sup>154</sup>, not including subsidies. Figure 5 shows the average childcare costs as a percentage of household income for households with two children, aged 2 and 3, for different parental incomes / household types (accounting for subsidies). Those on middle incomes spend a greater proportion of their household income on childcare, compared to those on lower incomes. Single parents on two thirds of the average wage appear to receive a small net benefit from childcare subsidies.

**Figure 6. Canadian childcare costs by household earnings, 2020.**



Source: OECD 2021.<sup>155</sup> Costs shown for couples indicate one parent on the earnings stated on the graph, and the other parent on 2/3 of the average wage.

## State funding for childcare

As well as the funding childcare providers receive from parent fees and provincially funded subsidies, they also receive some operational funding from provincial / territorial governments, (often based on enrolment / capacity, hours of care, type of childcare, child age, or staff qualifications). In addition, providers may receive one-off grants, funding to support children with disabilities, funding for staff training programs, or funding for Aboriginal programs promoting cultural inclusivity. Action plans within the bilateral agreements between the federal and provincial governments set out the allocation of funds for childcare in each province / territory, between fee subsidies, operational funding, and other types of funding.<sup>156</sup>

153 *Ibid.* Quebec Ministère Des Finances. 2021.

154 Department of Finance Canada. Budget 2021: A Canada-wide Early Learning and Childcare Plan. 2021. <https://www.canada.ca/en/department-finance/news/2021/04/budget-2021-a-canada-wide-early-learning-and-child-care-plan.html>

155 OECD. Net childcare costs (indicator). 2021. <https://data.oecd.org/benwage/net-childcare-costs.htm>

156 *Ibid.* Friendly et al. 2021.

Overall, in 2020-2021, the federal government allocated \$1.3 billion CAD toward childcare. Due to the federal system, local government spending is difficult to capture in the data, but OECD figures put this at 0.2% of GDP in 2018.<sup>157</sup> This is set to rise significantly, with \$4.1 billion CAD allocated for early childhood education and care in 2021-2022, rising to \$9.2 billion CAD by 2025-2026 (see below, *The Future for Canada's childcare*).

## Quality of childcare

In Canada, each province / territory holds responsibility for monitoring the quality of childcare. Regulated childcare centres must meet certain criteria, which for most provinces / territories include requirements for equipment, building space, health and safety, child-staff ratios, group sizes, and staff qualifications.<sup>158</sup> Licensing inspections occur annually or biannually to monitor these criteria, often alongside internal (not compulsory) monitoring completed by the childcare provider themselves.<sup>159</sup>

**Staff: child ratios** are similar across provinces / territories. For example, in British Columbia, children under the age of 3 are required to have one staff member for every 4 children and a maximum group size of 12. For groups combining children between 30 months and school entry age (up to age 6), staff: child ratios must be 1:8 or better, with a maximum group (or 'class') size of 25, whilst kindergarten ratios are 1:12 (maximum group of size 24).<sup>160</sup>

**Staff qualification** requirements are different for kindergartens and childcare centres. In most provinces / territories, kindergarten teachers have the same qualification requirements as elementary teachers (although some provinces require early years specialisation), including a bachelor's degree (ISCED<sup>161</sup> Level 6) with an additional, post-degree Bachelor of Education. Qualifications are less strict for childcare centres, ranging from ISCED Levels 3 to 5B<sup>162</sup>, with most provinces / territories requiring a 2-year diploma in early childhood education for directors / supervisors, and around a third or quarter of remaining staff requiring a 1- or two-year early childhood education certificate. However, the province of Nunavut has no requirements for day care staff.<sup>163</sup>

**Staff training** is often a requirement on an ongoing basis across provinces / territories, which either set a particular number of training hours or regulate the required content. In some provinces (Nova Scotia and Quebec) training is a requirement for home-based and centre-based childcare workers alike; these provinces set aside allocated time and funding for staff training participation.<sup>164</sup>

**Wages** for full-time early childhood educators and assistants (i.e. those working in pre-kindergarten childcare) varied from \$13.37 (£7.70) per hour in New Brunswick to \$23.55 (£13.57) per hour in Nunavut, according to 2015 data.<sup>165</sup> In 2021, median wages for child care workers across Canada were \$19.20 (£11.06) per hour (a moderate amount, when compared to other countries), and more than 95% of this workforce were women.<sup>166</sup>

157 OECD Social Expenditure Database. PF3.1: Public spending on childcare and early education. 2021.

158 *Ibid.* Friendly et al. 2021.

159 *Ibid.* OECD. Starting Strong VI: Country note for Canada. 2021.

160 *Ibid.* Friendly et al. 2021.

161 See *Definitions and notes*.

162 OECD. Encouraging Quality in Early Childhood Education and Care (ECEC). International comparison: Job titles, qualifications and requirements. 2011.

163 *Ibid.* Friendly et al. 2021.

164 *Ibid.* OECD. Starting Strong VI: Country note for Canada. 2021.

165 *Ibid.* Friendly et al. 2021.

166 *Ibid.* Department of Finance Canada. Budget: 2021.

**Integrated services.** Integrated child and family services are not common in Canada, with the exception of Ontario's EarlyOn Centres, offering childcare alongside combined family and child activities, professional advice on parenting and child development, and signposting to other services.<sup>167</sup>

**Curricula** vary by province / territory, with each setting their own, except Nunavut (which is currently developing a curriculum).<sup>168</sup> The goals of Canadian early learning curricula are non-academic and do not tend to focus on particular topics or skills, but instead broadly cover holistic child development including play, well-being, belonging, relationships with communities and family, diversity and inclusion, and educational transitions. Staff are encouraged to adapt to the child's needs in their implementation of the curricula.<sup>169</sup> For example, in Ontario, the curriculum is organised around four conditions: belonging, wellbeing, engagement, and expression.<sup>170</sup>

Several province / territories curricula are beginning to move toward greater inclusivity for Indigenous children and families, in recognition of the injustices committed against them under Canada's residential school system in the 20<sup>th</sup> century.<sup>171</sup> The system aimed to eradicate Indigenous culture and many Indigenous children died in residential schools as a result of abuse or neglect. In British Columbia, the 2019 revision of Early Learning Framework increased its emphasis on culturally sensitive childcare, with the aim of supporting Indigenous people, and resisting language / concepts that sustain marginalization.<sup>172</sup>

## Childcare policy in Quebec

As mentioned above, Quebec operates a significantly different funding and operating model of childcare to the rest of Canada. In 1997, Quebec, Canada's second-most populated province, introduced a universal low, flat daily fee for childcare services for 5-year-olds (\$5, at the time), and extended this to wrap-around care for 5–12-year-olds in 1998, and to 0 to 4-year-olds in the year 2000.<sup>173</sup> Quebec saw operational, state funding provided to childcare centres and home child care programs, instead of its former system (and that of the rest of Canada) in which parent fees were the primary source of funds for childcare providers.<sup>174</sup> Subsequent years saw substantial increases in the number of low fee childcare spaces that were available in Quebec.<sup>175</sup> The policy costed around \$3888 per space in 1997 and increased over time to \$10,210 (roughly £6,432 in GBP) per space in 2011–2012<sup>176</sup>. In 2016, the Quebec policy was identified as costing 0.6% of the province's GDP.<sup>177</sup>

The contrast between this system and that of the rest of Canada provided a natural experiment for the effects of such policy change, which is particularly useful ahead of similar policies due to be implemented in the rest of Canada under the 2021 budget. In particular, much of the literature has focussed on gender equality, in terms of women's labour market participation, and child development.

167 Find an EarlyON child and family centre. Government of Ontario. 2021. <https://www.ontario.ca/page/provide-child-care-and-early-years-programs>

168 *Ibid.* OECD. Starting Strong VI: Country note for Canada. 2021.

169 *Ibid.* OECD. Starting Strong VI: Country note for Canada. 2021.

170 The Ministry of Education, Ontario. How Does Learning Happen? Ontario's Pedagogy for the Early Years. 2014.

171 Johnston, Shoemaker, Land, Di Santo, & Jagger. Early Childhood Education and Care in Canada. Oxford Research Encyclopedia of Education. 2020.

172 British Columbia Early Learning Framework. Government of British Columbia. 2019.

173 Fortin, Godbout & St-Cerny. Impact of Quebec's universal low fee childcare program on female labour force participation, domestic income, and government budgets. 2012.

174 Pasolli & Childcare Now. An Analysis of the Multilateral Early Learning and Childcare Framework and the Early Learning and Childcare Bilateral Agreements. 2019.

175 Lefebvre, Merrigan, & Verstraete. Dynamic labour supply effects of childcare subsidies: Evidence from a Canadian natural experiment on low-fee universal childcare. Labour Economics. 2009;16(5):490–502.

176 Haeck, Lefebvre, & Merrigan. Canadian evidence on ten years of universal preschool policies: The good and the bad. Labour Economics. 2015; 36:137–57.

177 Fortin. Quebec's childcare policy at 20. Inroads 42. 2017.

## Women's labour market participation - the effects of the Quebec policy

From the inception of Quebec's policy change in 1997, an average of 16,000 new childcare places were created each year until 2005.<sup>178</sup> This rapid growth in affordable childcare spaces occurred alongside a large increase in women's employment, from 63% of women employed in 1996, to 75% in 2011, for those aged 15-64<sup>179</sup> (and in 2020 was 74%, compared to 81% for men).<sup>180</sup> This rate of change was much faster than the national average for Canada. In 1996 Quebec saw lower labour market participation of women than the rest of Canada by 6 percentage points, but by 2011 this gap had closed. Fortin et al. estimated that there were 61,000 extra mothers in employment<sup>181</sup> due to Quebec's affordable childcare policy. As expected if this increase in women's employment was a result of Quebec's affordable childcare policy, it was most pronounced for single mothers with children under 6 years old. Poverty rates decreased for single mothers, as incomes rose.

Whilst the above figures serve as an indicator, Lefebvre et al.<sup>182</sup> provide a slightly more robust approach to examining the policy's effects. They used a difference-in-differences method, which compared the difference in the employment rates of mothers with children under 6 from before and after the policy change in Quebec (i.e. between 1996 and 2004), with the difference between these same time points seen in the rest of Canada. They estimated an increase by 7 percentage points in labour market participation of mothers (as a proportion of the total population of mothers), because of the affordable childcare policy. However, these results were estimated to be significant only for mothers without a post-secondary education, a group which is less likely to be employed and so may have seen greater policy impact.<sup>183</sup>

Haeck et al.<sup>184</sup> investigated the effects of the policy over a longer period, using pre-policy data from 1994-5 and 1996-7 and post-policy data from 1998-9 and 2008-9, and a similar difference-in-differences model to Lefebvre et al. (2009) comparing outcomes in Quebec to the rest of Canada. They found that the Quebec's policy change had significant effects, increasing the number of 1-4-year-olds attending childcare, hours children spent in childcare, the labour market participation of mothers, and the weeks worked by mothers, whilst having little effect on fathers' work.

## The Quebec policy and child development outcomes

Several researchers have explored the effects of Quebec's policy change in 1997 on child development outcomes, with mixed findings. Firstly, Kottelenberg and Lehrer<sup>185</sup> explored the effects of Quebec's policy by child age, finding that children aged 3 or over see some small benefits to developmental scores, but children accessing subsidized childcare at earlier ages see negative effects on developmental, health, and behavioural scores. Haeck et al.,<sup>186</sup> comparing the differences between pre- and post-policy data within Quebec to the rest of Canada, saw no significant effects on children's cognitive scores (using a vocabulary test, which can be used to indicate school readiness). The researchers attribute the lack of positive effects for children to the large increase in hours of childcare attended by children (rather than attendance per se). One aspect of the Quebec policy is that childcare providers are encouraged to ensure childcare spaces are occupied full-time as they may receive reduced subsidies if not. In addition to the greater employment of women, this may lead children to spend longer hours in childcare. Large-scale research in the UK suggests that while

178 *Ibid.* Fortin et al. 2012.

179 *Ibid.* Fortin et al. 2012.

180 OECD. Labour Market Statistics: Labour force statistics by sex and age: indicators, OECD Employment and Labour Market Statistics (database). 2022.

181 *Ibid.* Fortin et al. 2012.

182 *Ibid.* Lefebvre et al. 2009.

183 *Ibid.* Lefebvre et al. 2009.

184 *Ibid.* Haeck et al. 2015.

185 Kottelenberg & Lehrer. Do the perils of universal childcare depend on the child's age? CESifo Economic Studies. 2014; 60(2):338-65.

186 *Ibid.* Haeck et al. 2015.

part-time childcare (15 hours) can provide benefits to child development, further benefits were not identified above that level.<sup>187</sup>

Yang et al.<sup>188</sup> explored behavioural outcomes between children in different types of childcare in Quebec. They compared Quebec children within the universal low fee, subsidized centres to those using non-subsidized childcare centres, or parental / family care. Compared to the other two groups, those using the childcare under Quebec's low fee policy saw higher levels of hyperactivity and aggression, regardless of gender and family socioeconomic background, although this was only found in the data reported by teachers, not parents.<sup>189</sup> A potential explanation for negative effects on child development, such as these, lie within its quality. Haeck et al.<sup>190</sup> argue that whilst the regulations for child-staff ratios (as described above) do exist, there is little in the way of enforcing these and other quality indicators in Quebec. They also argue that there have been insufficient programs to train educators, due in part to a rush to increase the number of spaces available at a faster rate than training and hiring qualified staff. Fortin finds consistently positive behavioural and cognitive outcomes in higher quality, non-profit childcare centres, but highlights that inspection-based quality is much higher in these settings than in the for-profit settings that fulfilled much of the expansion from 1997 onwards.<sup>191</sup> Thus, they suggest that investing in staff training may mitigate the potential negative child development outcomes of policies like that seen in Quebec.

## The future for Canada's childcare

In 2021, the Canadian federal government pledged to provide \$10-a-day childcare spaces for children under six, in all provinces and territories, within the next five years, and to reduce average childcare fees by 50% by the end of 2022.<sup>192</sup> To this aim, bilateral agreements have been signed with all provinces and territories except Ontario (as of February 2022). Under the new plans, federal childcare funding will build up to an \$8.3 billion annual increase over the next 5 years, to create a new, universal system of childcare. The bilateral agreements set out plans to use this funding to create new regulated childcare spaces, focussed in public or non-profit institutions.<sup>193</sup> Provinces and territories are accountable to their action plans which set out the timetable for changes in accordance with the principles of affordability, accessibility, quality, inclusivity, and data sharing and reporting. For example, the Manitoba agreement sets out initiatives (amongst many) to:

- Increase income thresholds for parent fee subsidies (affordability)
- Increase evening and weekend childcare hours (accessibility)
- Create an additional 5890 childcare spaces, targeted in higher need communities (accessibility)
- Increase training and support for childcare staff (quality)
- Redevelop its curriculum in a way which is culturally responsive (quality).<sup>194</sup>

187 Sylva, Melhuish, Sammons, Siraj-Blatchford, & Taggart. The Effective Provision of Pre-School Education [EPPE] Project, Technical Paper 12. 2004.

188 Yang, Charters, Weinstock, & Nandi, A. Impacts of Universal Childcare on Early Behavioral Development: Evidence from a Birth Cohort in Quebec, Canada. *Annals of Epidemiology*. 62:92–9. 2021.

189 *Ibid.* Yang et al. 2021.

190 *Ibid.* Haeck et al. 2015.

191 *Ibid.* Fortin. 2017.

192 Department of Finance Canada. A Canada-wide Early Learning and Child Care Plan. 2021. <https://www.canada.ca/en/department-finance/news/2021/12/a-canada-wide-early-learning-and-child-care-plan.html>

193 *Ibid.* Early Learning and Childcare Agreements. 2021.

194 *Ibid.* Early Learning and Childcare Agreements. 2021.

In addition, the government plans to invest \$2.5 billion into Indigenous childcare over the next five years, to build on the Indigenous Early Learning and Child Care Framework (created in 2018 with Indigenous partners as a plan to improve culturally sensitive childcare). This sits as part of the Canadian government's overall approach to reconciliation with Indigenous communities.<sup>195</sup>

### Canadian childcare: key points

- Childcare provision includes free publicly funded kindergarten for the pre-primary year and a private childcare market for 0–4-year-olds, including home and centre-based care.
- Provincially set subsidies support childcare costs for parents, except in Quebec, where parents pay low flat daily fees and childcare providers receive greater operational funding.
- Provinces / territories are responsible for monitoring childcare quality, curriculum, and licensing standards for child-staff ratios, staff qualifications, group sizes, and health and safety measures.
- Quebec's model for highly subsidized childcare (currently \$8.50 CAN per day) has significantly increased women's labour market participation, compared to the rest of Canada, and has lowered poverty rates for single mothers.
- The Quebec policy has had neutral to small negative effects on child development, compared to the rest of Canada, with suggestions that this may be related to quick expansion and an incentive for long hours of childcare usage. Behavioural and cognitive outcomes in the higher quality element of Quebec's system are positive.
- Canada is building a universal low-cost childcare system under federal-provincial / territorial agreements signed in 2021, with plans to significantly increase federal funding, reduce childcare costs to parents by 50% in 2022, and reach an average cost of \$10 CAN per day across Canada by 2026.

195 *Ibid.* Department of Finance Canada. Budget: 2021.

# JAPAN

Childrearing has been undergoing change in Japan over recent decades as western values and practices have been increasingly combined with older Japanese traditions. Family sizes have become smaller in recent years and it is becoming less common for grandparents to live with the family to help with childcare. One of the biggest setbacks to women advancing in the workplace is the disproportionate amount of childrearing and household responsibilities that is expected of them, with men in Japan doing fewer hours of housework and childrearing than in any of the other developed countries.<sup>196</sup> Furthermore, Japan has been concerned about its low birth rate and is taking measures to lessen the financial costs to parents, having found that uncertainty about affordable childcare was discouraging many to have children.<sup>197, 198</sup> To this end childcare was made free on October 1<sup>st</sup> 2019 for 3-5 year olds and for 0-2 year olds from low-income families.

This section will:

- Explore the structure, funding and quality of childcare and early learning in Japan following the 2019 changes.
- Review the literature on its impact on women's participation in the labour market and child development.

## Types of childcare

Pre-school education has a long history in Japan. Kindergartens have a history going back to the nineteenth century and were incorporated into the post-war School Education Act of 1947. Similarly, day care has been viewed as important by the Japanese state since it identified a need for women to join the workforce in the 1920s and post-war legislation regulated standards.<sup>199</sup> Whilst pre-school education is not compulsory, pre-school socialisation for Japanese children is considered of high importance, reflected by enrolment rates which are above the OECD average for 3–5-year-olds. The OECD report that 92% were enrolled in 2018, whilst participation of children under 3 is a lot lower - at 33%.<sup>200</sup> The amount of time spent at childcare is particularly high in Japan (40-55 hours a week), surpassing the average for preschool education in OECD countries (31 hours per week).<sup>201</sup>

Current childcare and early learning in Japan (from birth to 5 years old) comprises day care, integrated childcare and education centres and kindergartens. There is little home-home based childcare provision or childminding outside the family unit. Only 2% of Japanese working parents use baby-sitters, a situation which one publication put down to the lack of affordable options and shortage of available staff.<sup>202</sup>

The majority of facilities are privately owned, with 76% of children enrolled in private institutions in 2018.<sup>203</sup> The private sector is a mix of both licenced and unlicensed institutions. Municipal governments also operate some public kindergartens, day centres and integrated centres.

196 Izanau. Childcare in Japan. 2019. <https://izanau.com/article/view/childcare-in-japan>

197 City of Yokohama. Free preschool education and childcare. 2021. <https://www.cityyokohama.lg.jp/lang/residents/en/child/kd-mushoka.html>

198 Ministry of health, Labour and Welfare. Introduction to the revised child care and family care law. 2019.

199 Preschool education and care in Japan. <https://www.nier.go.jp/English/educationjapan/pdf/201109ECEC.pdf>

200 OECD Family database. PF3.2: Enrolment in childcare and pre-school. 2021.

201 Iwata NTS. The relationship between child-centred teaching attitudes in childcare centres and the socio-emotional development of Japanese toddlers. *Early Childhood Research Quarterly*. 2022; 59(162–171).

202 Sugeno. Solving Japan's Childcare Problem. *Stanford Innovation Review*. 2017.

203 OECD. Starting Strong VI - Country Note for Japan. 2021.



**Day care and childcare centres.** Day care centres (or *ninka hoiku-en*) are provided for children aged 0–5 by the Ministry of Health Labour and Welfare.<sup>204</sup> Since 2015, children from 0 to 2 years have been able attend integrated Centres for Early Child Education and Care, administered by the Cabinet Office, which function as both kindergartens and day care establishments.<sup>205</sup> Integrated centres have fully trained and licenced teachers for both childcare and education.<sup>206</sup>

There are also licenced workplace-based facilities giving support for child development; and home-visit child development and facilities attended by children with disabilities.<sup>207</sup> Unlicensed facilities (or *muninka*) are also widespread. These may be childcare establishments, temporary childcare (including babysitters) and temporary childcare for sick children.

**Kindergartens.** Kindergartens (or *yochien*) are provided by the Ministry of Education, Culture, Sports and Technology for children aged 3–5.<sup>208</sup> They aim to help pre-school children develop their mind and body by providing them with 'a sound educative environment'.<sup>209</sup> Similarly, schools for special needs children have Kindergarten departments. Private kindergartens are also available. These are popular and in short supply with limited class sizes. They often hold entrance exams because demand for these facilities outstrips supply.

For children over 6 who cannot go home after school or who need supervision during school holidays, there is after-school care (*Gakudo Hoiku*). This is usually held in a classroom, but sometimes at a different location, for example a public hall.<sup>210</sup>

Prior to the introduction of free childcare for 3–5-year-olds and 0–2-year-olds from low-income families in 2019, participation was fairly low for children under 3 (approximately 30%) but high by international standards for children aged from 3 to 5 (92%).<sup>211</sup>

There are many reports about a shortage of day care facilities. In 2016 a blog by an angry woman went viral. She said the lack of childcare made it impossible to have a family and contribute to the workforce simultaneously.<sup>212</sup> Although the birth-rate is at an all-time low, many children were reported to be on long waiting lists in 2019.<sup>213, 214</sup> The situation appears to have got worse during the pandemic.

**Integrated services.** There is little literature on integrated, Sure Start-type services in Japan (the type of childcare referred to as 'Integrated Centres for Education and Care' above describe the integration of pedagogy and childcare, not any other services). However, our searches did identify that a type of children's centre – variously called Jidokan, Hiroba, or Ko Sodate-shien senta – which is somewhat comparable. These are physical spaces which primarily offer children a space to play with stimulating toys and activities with their parents present, and formal health and child rearing counselling, as well as informal parent-organised clubs. As with expansions of childcare in Japan, addressing a declining birth rate was a core motivation for the expansion of this in the 1990s, but this moved to an aim of addressing social deprivation and maternal isolation, and providing early intervention to child abuse, in the 2000s.<sup>215</sup>

204 *Ibid.* OECD. Starting Strong VI - Country Note for Japan. 2021.

205 Principles Guide Japan's Educational System. Ministry of Education, Culture, Sports, Science and Technology - Japan. 2021.

206 Number of integrated centres of childhood education and care in Japan from 2015 to 2020. Statista. 2021. <https://www.statista.com/statistics/1229249/japan-number-integrated-centers-child-education-care/>

207 *Ibid.* City of Yokohama. 2021.

208 Wataru, Auzuki. Japan's free childcare program – no panacea for daycare waitlists. 2019. <https://www.nippon.com/en/in-depth/d00489/japan%E2%80%99s-free-childcare-program-no-panacea-for-daycare-waitlists.html>

209 *Ibid.* Ministry of Education, Culture, Sports, Science and Technology - Japan. 2021.

210 After-school Care (Gakudo Hoiku). Anglo Info. <https://www.angloinfo.com/how-to/japan/family/schooling-education/after-school-care>

211 *Ibid.* OECD. Starting Strong VI - Country Note for Japan. 2021.

212 *Ibid.* IZANAU. 2019.

213 *Ibid.* IZANAU. 2019.

214 *Ibid.* Wataru, Auzuki. 2019.

215 Hoshi-Watanable, Musatti, Rayna, Vendenbroeck. Origins and rationale of centres for parents and young children together. Child & Family Social Work 20(1) 62-71. 2012



As with Sure Start, these were initially funded by national government, but transferred to municipalities. There were 5,521 in operation in 2010, and they frequently operate in day care centres or other public spaces in their non-operational times.<sup>216</sup> They are operated by an educator or nurse, and assisted by untrained volunteers, with some training provided by municipal government.<sup>217</sup> We could not find an evaluation of the Japanese system.

## Entitlements and costs for childcare

In 2019 legislation was enacted to make pre-school education free for 3- 5-year-olds and for 0-2-year olds from lower income families.<sup>218</sup> The changes for 0–2-year-olds were funded by an increase in consumption tax (equivalent to VAT in the UK). Funding is provided to both public and private establishments to cover their staffing and operating expenses.<sup>6</sup>

**Funding for children aged 0-2 years.** Most households who choose to send their children to day care and childcare facilities pay a monthly fee to do so. For licenced childcare this varies by municipality and is generally proportional to income. Unlicensed settings charge a standard fee to all attendees regardless of income.<sup>219</sup> The state funds certified day care services for children under two years old from low-income households, if the household is exempt from Municipal Resident Tax. Some municipalities extend the tax exemption measures beyond this minimum. This group is also granted free care in unlicensed settings with a cap of 42,000 JPY (approximately £270) per month if official recognition of the family's need can be proved.<sup>220</sup>

**Funding for children aged 3-5 years.** This group has free access to kindergarten education from their third birthday, depending on when they enrolled, regardless of the parents' income. This entitlement is limited to eligible kindergartens, day care centres and certified childcare centres. Ineligible kindergartens and unlicensed day care can be used by this group, but charges may apply. For example, ineligible kindergartens will be free up to 25,700 JPY (approximately £170) per month. Unlicensed childcare will be free up to 37,000 JPY (approximately £240) a month if a child is officially recognised as needing day care by the municipality (for example reasons connected to the parents' work). Extended day care is available but capped if the municipality accepts that the child is in need (again most likely to be connected to the requirements of the parents' work). Households with disabled pre-school children aged 3 to 5 who require developmental support services are exempt from fees.<sup>221</sup>

**Parental costs.** Childcare costs to Japanese parents are low, because of the 2019 free childcare policy for 3–5-year-olds and younger children from lower income families. Figure 6 displays average costs for childcare for different households. A Japanese household with one parent on the average wage and the other on two thirds of the average wage spends just 7% of their household income on childcare. Two parent households on lower incomes than this spend just 5%, and a single parent household on two thirds of the average wage spends just 1% of their household income on childcare.<sup>222</sup>

216 Ministry of Health, Labour and Welfare. Whole Picture of the "General After-School Child Plan". <https://www.mhlw.go.jp/english/policy/children/children-childrearing/dl/150407-02.pdf>

217 *Ibid.* Ministry of Health, Labour and Welfare.

218 Cabinet Office, Government of Japan. What about my child? [Infographic]. 2021. [https://www8.cao.go.jp/shoushi/shinseido/musyoubka/about/pdf/hayawakarihyou\\_english.pdf](https://www8.cao.go.jp/shoushi/shinseido/musyoubka/about/pdf/hayawakarihyou_english.pdf)

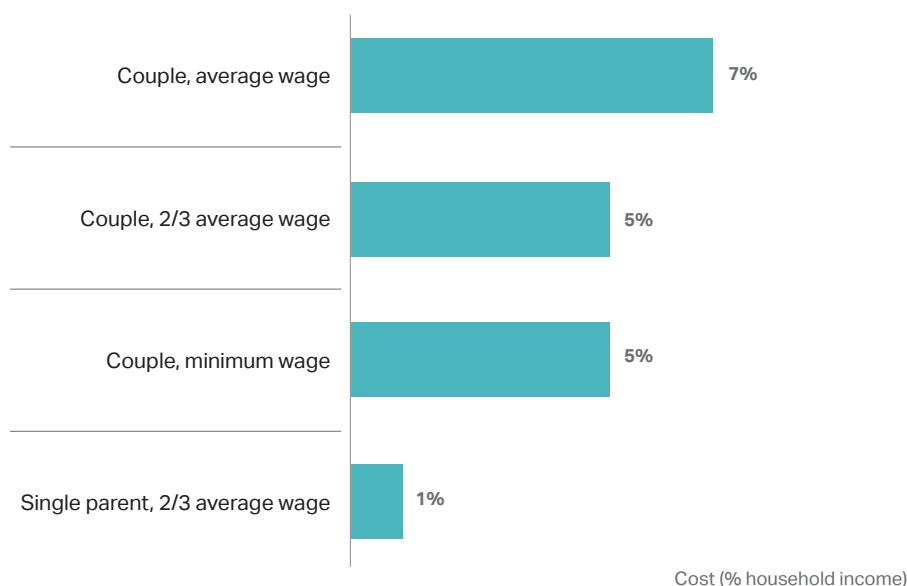
219 *Ibid.* IZANAU. 2019.

220 *Ibid.* Cabinet Office. 2021.

221 *Ibid.* IZANAU. 2019.

222 OECD. Net childcare costs (indicator). 2021. <https://data.oecd.org/benwage/net-childcare-costs.htm>

**Figure 7. Japanese childcare costs by household earnings, 2021.**



Source: OECD, 2021.<sup>223</sup> Costs shown for couples indicate one parent on the earnings stated on the graph, and the other parent on 2/3 of the average wage.

## State funding for childcare

Overall public funding for childcare in Japan represented 0.7% of GDP in 2017<sup>224</sup>, although this does not reflect the 2019 introduction of free childcare for 3–5-year-olds. The responsible government departments provide public funding to both public and private settings to cover their staffing and operating expenses in accordance with national standards.<sup>225</sup>

In 2017, the OECD reported that the annual expenditure per child in pre-school education was below the OECD average at US\$6,247 (as opposed to US\$8,070). This will have raised considerably with the 2019 reforms.<sup>226</sup> Given the predominance of the private sector, most of the funds go to private institutions.

## Quality of childcare

The principles of the Japanese education system are laid out in its Basic Act of Education established in law in 2006, which built on the values identified in the 1947 Act. It enshrines the principles of equal opportunity, non-partisan education, public-spiritedness and respecting traditions. These values are imbedded in government-imposed curricula and standards.

According to a OECD policy briefing from 2012,<sup>227</sup> "Japan considers improving quality in the [early years] workforce as a priority; it considers well-educated, well-trained professionals the key factor in providing high-quality ECEC with the most favourable cognitive and social outcomes for children."

223 *Ibid.* OECD Net childcare costs. 2021.

224 OECD Social Expenditure Database. PF3.1: Public spending on childcare and early education. 2021.

225 *Ibid.* OECD. Starting Strong VI - Country Note for Japan. 2021.

226 OECD Starting Strong IV Early Childhood Education and Care, Japan Country Note. 2015.

227 OECD. Quality Matters in Early Childhood Education and Care - Japan. 2012.

**Monitoring.** External monitoring is compulsory for settings which provide education and care to children aged under 5. Monitoring includes observation of children's interactions with their peers, staff, materials, parents and communities as well as how staff interact with parents. Local and municipal authorities monitor curriculum implementation and structural features (including safety, facilities, staff and labour relations) of day care and integrated centres at least once a year using accredited institutions. The centres are also required to carry out self-assessments.<sup>228</sup>

Similarly, external and internal monitoring of kindergartens is conducted in line with national guidelines. The results and improvement plans are reported to local national and municipal governments, and for private settings to School Corporations.

Each setting receiving Government funding is provided with on-site guidance by its municipal government on curriculum implementation and enhancement. Quality enhancement is incentivised by increases in funding in those establishments which are seen to improve their quality standards. For private settings, the school corporation provides support for quality improvement either financially or through guidance for professional development.<sup>229</sup>

**Staff qualifications.** Teachers are required to have an international Standard Classification of Education (ISCED) Level 5 qualification to work in a regulated setting. Those teaching in a public establishment are required to receive further training when they enter the profession, specifically on the curriculum and child development. Every 10 years, teachers in kindergartens and integrated centres are required to renew their teaching licence. A system is in place to subsidise career development to help improve the staff quality of staff and retention.<sup>230</sup>

**Curricula and pedagogy.** The national government is responsible for establishing the curriculum and standards, whilst municipal governments monitor quality and approve establishments. Compulsory curriculum frameworks are in place for each of the three main types of early childhood education and care: kindergarten, daycare and Integrated Centres. The core competencies of the curricula include:

- Developing a sound mind and body,
- Developing sensitivity and the ability to express oneself, and
- Relating to the environment with curiosity.<sup>231</sup>

The curriculum goals include the holistic development of children and facilitating educational continuity. The curricula aim to support the quality of the child's interactions with both staff and other children, with an emphasis on play. Whilst the curricula are compulsory, staff are encouraged to apply them flexibly depending on the developmental needs of the children.

A common approach to teaching, called *Mimamoru*,<sup>232</sup> involves child-centred teaching that allows children to learn through free play and places more emphasis on fostering cognitive and socio-emotional abilities than pre-academic skills. Childcare teachers listen to children, talk about items and activities they are curious about or interested in, empathise with their thoughts and feelings, and share the control of activities with them. Rather than directly managing activities, childcare teachers act as collaborative facilitators of children's learning and intervene very little (even when children are physically fighting).

228 *Ibid.* OECD. Starting Strong VI - Country Note for Japan. 2021.

229 *Ibid.* OECD. Starting Strong VI - Country Note for Japan. 2021.

230 *Ibid.* OECD. Starting Strong VI - Country Note for Japan. 2021.

231 *Ibid.* OECD. Starting Strong VI - Country Note for Japan. 2021.

232 Nakatsubo, Ueda, & Kayama. Why Don't Japanese Early Childhood Educators Intervene in Children's Physical Fights? Some Characteristics of the Mimamoru Approach. *Early Childhood Educ J.* 2022; 50:627-637.

**Child-staff ratios.** In Japan regulations state the maximum number of children per adult in childcare. They differ for different age groups. For ages 0-1 the ratio is 3 children to 1 adult. For ages 1-3 the ratio is 6:1, for age 3 and 4 the ratio is 20:1.<sup>233</sup>

In 2017, the average ratio across all ages of pre-school education and childcare was about 15 children to one teacher, which was 1 child more per teacher than the OECD average.<sup>234</sup>

**Wages.** In 2021, the average wage for staff in the early years sector in Japan was JPY 1,253 per hour (£8.26)<sup>235</sup>.

## Women's labour market participation

Whilst female participation in the labour market in Japan stood at 73% in 2020 (compared to 87% for men), close to half of these are part time workers and more than half are on temporary contracts. Less than 1% of employed women are in management roles.<sup>236</sup> Non-regular employment – a category that includes fixed-term and part-time workers – rose sharply from 20% of total employment in 1994 to 38% in 2016, with women accounting for two thirds of non-regular workers.<sup>237</sup> This partly stems from historical gender segregation within the workplace, which was normalised through the introduction of dual career paths for men and women,<sup>238</sup> and was emboldened by societal beliefs that women should leave work when they married. Japanese workplaces have also maintained the male as breadwinner model within human resource management systems. These conditions have contributed to the low numbers of women in leadership positions today<sup>239</sup> and the use of women as a 'buffer' non-regular source of labour when needed.<sup>240</sup>

In 2015, the government launched the Comprehensive Support System for Children and Child-rearing (CSSCC), to expand licensed early childhood education and care services, establish new types of ECEC services and extend eligibility to parents with part-time employment and other employment types. Zhang et. al<sup>241</sup> draw on municipality data and individual level data from 2015, 2016 and 2017 and find a positive impact of this increased childcare capacity rate on mothers' labour market participation, with a 1%-point increase in capacity predicting a 0.27%-point increase in mothers' working probability. The overall increase in working probability is almost entirely explained by an increase in non-regular employment, rather than regular employment and is mainly driven by mothers with low education. This research concludes that subsidised child-care benefits low-income families the most in terms of women's employment. For higher income families within this study, subsidised child-care seems to have crowded out alternative or informal child-care arrangements. In some cases, childcare reform has increased new users, but many of them simply substituted formal care for informal care, such as that provided by grandparents.<sup>242</sup> Zhang et. al<sup>243</sup> surmise that the childcare needs of regular-employed mothers may have been largely served by the childcare expansions in the past decades.

233 OECD Starting strong III: A quality tool box for early education and care OECD. 2011.

234 *Ibid.* OECD Starting Strong IV, Japan Country Note. 2015.

235 Child Care Worker Salary in Japan. Economic Research Institute. 2021. <https://www.eri-ri.com/salary/job/child-care-worker/japan/amagasaki>

236 *Ibid.* IZANAU. 2019.

237 OECD. Japan Policy Brief 2017, Employment Improving the Labour Market Outcomes for Women. 2017.

238 Macnaughtan. Womenomics for Japan: is the Abe policy for gendered employment viable in an era of precarity? *The Asia-Pacific Journal*. 2015; 13(12:1).

239 Benson, Yuasa, & Debroux. The prospect for gender diversity in Japanese Employment. *Int Journal of Human Resource Management*. 2007; 18(5):890–907.

240 Houseman & Abraham. Female Workers as a Buffer in the Japanese Economy. *The American Economic Review*. 1993; 83(2):45–51.

241 Zhang & Managi. Childcare availability and maternal employment: New evidence from Japan. *Economic Analysis and Policy*. 2021;69(83–105).

242 Yamaguchi. Family Policies and Female Employment in Japan. *The Japanese Economic Review*. 2017; 68.

243 *Ibid.* Zhang & Managi. 2021.

Another study<sup>244</sup> conducted through a nationwide survey on the impact of early 2000s childcare policies, aimed at diversifying childcare services, finds that diverse child-care services benefitted women in non-regular roles by allowing them to increase their hours. Like the study above, they did not observe any positive effects in the employment rate of the regular employment group. One possible explanation is that there is a relatively high fixed cost or a barrier to entering the labour market as a regular employee, even if various childcare services offer more flexible choices with respect to the available jobs. The study did indicate that in addition to expanding childcare availability, enhancing the quality and variety of childcare services is important.

Working families in Japan face another challenge when their child reaches first grade as wrap-around child-care options (before and after school) are generally less available. One study<sup>245</sup> shows that this shortage of after school childcare interrupts maternal labour supply where there is no informal child-care available.

## Child development outcomes

As described above (*Quality of childcare*), Japanese childhood education fosters a child-centred approach to teaching, known as *Mimamoru*. A study by Nakamichi et. al<sup>246</sup> that specifically looked at children between 0-2 in childcare centres found a link between this type of teaching at childcare centres in Japan and improved behavioural problems, especially where family involvement was low. This study also shows that long hours in Japanese childcare do not adversely affect socio-emotional abilities due to the child-centred approach adopted. This implies that the outcomes for children attending public childcare centres in Japan are strongly influenced by quality of childcare, more so than quantity.

Some studies have shown positive relationships between early years childcare and child development. Using Japanese data from the Longitudinal Survey of Newborns in the 21st Century on children born in 2001 and 2010, Yamaguchi et. al<sup>247</sup> found that childcare enrolment improves children's language development and has benefits for disadvantaged children, including improved child behaviour and lower parental stress levels.

However, despite the benefits for disadvantaged families of early years childcare, a study by Kachi et. al<sup>248</sup> finds that socio-economic disadvantages (including lower household income, mother's lower educational attainments, mother's unemployment, many children in household, and non-native parents) were associated with inequality in enrolling in ECEC. That is, socio-economically disadvantaged children are less likely to receive ECEC than socio-economically advantaged children.

Recent literature does not show direct links between early years childcare and academic achievement, although an OECD report<sup>249</sup> uses data from 2012 to show that the difference in mathematics scores between 15-year-old students who attended more than one year of pre-primary education and those who did not was 34 score points after accounting for socio-economic background – the equivalent of almost one year of formal schooling. This research also suggested that family resources have little impact on the positive association of pre-primary education on subsequent achievement.

244 Ito & Yamamoto. Do comprehensive and diverse childcare services affect women's labour supply and well-being? *Applied Economics Letters*. 2022; 29(2):173–8.

245 Takaku. The wall for mothers with first graders: availability of afterschool childcare and continuity of maternal labour supply in Japan. *Rev Econ Household*. 2019; 17(177–199).

246 Iwata NTS. The relationship between child-centred teaching attitudes in childcare centres and the socio-emotional development of Japanese toddlers. *Early Childhood Research Quarterly*. 2022; 59:162–71.

247 Yamaguchi, Asai, & Kambayashi,. How does early childcare enrollment affect children, parents, and their interactions? *Labour Economics*. 2018; 55:56–71.

248 Kachi, Kato, & Kawachi. Socio-Economic Disparities in Early Childhood Education Enrolment: Japanese Population-Based Study. *Journal of epidemiology*. 2020; 30(3):143–50.

249 Ibid. OECD Starting Strong IV, Japan Country Note. 2015.

## Japan: Key points

- There is a strong tradition of preschool education in Japan, particularly in the 3-5 age group which has 92% participation.
- The childcare and early education sector in Japan is comprised of group-based settings: day care, Integrated Centres of Early Education and Care and kindergartens. The sector is a mix of public and private provision, although the private sector dominates (serving 76% of enrolled children).
- As of 1<sup>st</sup> October 2019, pre-school education has been free for children aged 3-5 in government-licenced institutions and subsidies are available for childcare for children aged 0-2 from low-income families.
- Overall parental costs average 7% per household (compared to 22% in the UK).
- The curricula are based in the principles of peace and cooperation enshrined in the post WW2 education act: including equal opportunities, co-education, and public spiritedness. There is careful monitoring of standards including staff qualifications and child to teacher ratios.
- Women's labour market participation is around 73% but includes a disproportionate number of part time and temporary roles. Studies suggest that the reforms in childcare have had little effect on participation rates, although there may be a slightly larger impact on the participation of low-income women.
- Early education has been shown to increase language skills, improve behaviour and to have improved mathematics by the equivalent to an extra year of schooling by age 15.

# NEW ZEALAND

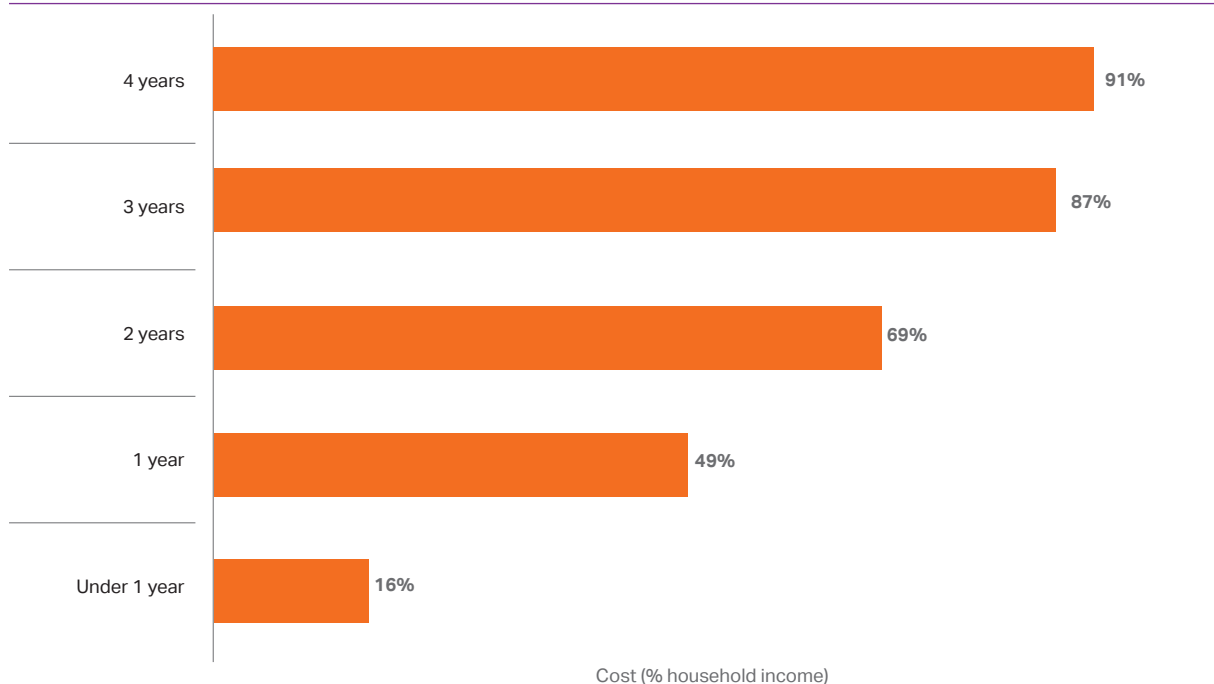
New Zealand holds a reputation for high quality childcare services. In particular, the curriculum, known as 'Te Whariki' ('woven mat' in the Māori language of New Zealand's Indigenous community), is often praised for its cultural inclusivity and focus on the child's holistic development. This quality comes at a price, under an increasingly private system of childcare, although the 2007 introduction of 20 hours per week of free early education for 3–5-year-olds eases the costs for parents somewhat.<sup>250</sup> This section will:

- Describe the structure, funding and quality of New Zealand's childcare system,
- Examine child development and women's labour market outcomes in relation to the system - with a particular focus on the effects of New Zealand's 20 hours ECE policy.

## Types of childcare

In New Zealand, childcare, referred to as Early Childhood education (ECE), is organised by a market system, with responsibility for standards held by the Ministry of Education. Figures from 2021 show that 57% of enrolments were at privately owned (i.e. for-profit) childcare services whilst 36% were community-based, non-profit services (the remainder were other types of ownership). Whilst ECE is not compulsory in New Zealand, it is very well attended; nearly all 3–4-year-olds, and large numbers of children younger than this, attend (Figure 7).<sup>251</sup>

**Figure 8. Percentage of children attending ECE in New Zealand, by age**



Source: Early Learning Participation, 2021.<sup>252</sup>

250 Clark, Maharey, & New Zealand Government. Celebrate the start of 20 Hours Free ECE: Press release. Scoop Independent News. 2007.

251 Education Counts. Early Learning Participation. 2021. <https://www.educationcounts.govt.nz/statistics/participation>

252 *Ibid.* Education Counts. 2021.



Types of ECE settings can be broadly grouped into 'teacher-led' and 'Whānau-led' or 'parent-led' services.

**Teacher-led services** include kindergarten, education and care services, and home-based services, which are licensed under government-set standards and run by at least 50% qualified staff<sup>253</sup>. The most common teacher-led setting is centred-based education and care (comprising 70% of enrolments), followed by kindergarten for 2–5-year-olds (14%).<sup>254</sup> Whilst centre-based ECE services can be either privately owned or operated not-for-profit by community groups or employers, kindergartens are staffed entirely by qualified teachers and managed by not-for-profit Kindergarten Associations.<sup>255</sup>

Home-based ECE services are less common, making up 7% of enrolments.<sup>256</sup> These types of services rose in number from 2000 (when they comprised 6% of enrolments) until 2015 (10%), but have since seen a gradual decline. Home-based ECE workers must either belong to a service run by a qualified ECE teacher or be qualified themselves and offer childcare for groups of up to 4 children in domestic settings. A small number of children aged 3–5 (0.2%)<sup>257</sup> also attend Te Kura (the Correspondence School), a distance school for children aged 3–5 who are unable to attend other types of services due to distance, illness, or disability.<sup>258</sup> Finally, a unique aspect of New Zealand's ECE sector is the provision of hospital-based education and care services to children under 6 who are receiving health services as a patient in hospital.<sup>259</sup>

**'Parent-led' or 'Whānau-led' services** include playgroups and playcentres run by parents, family members, or Whānau (the Māori word for extended family). Playgroups are run by volunteers with the requirement that more than half of the children have a parent or guardian with them.<sup>260</sup> Whilst unlicensed, some playgroups are 'certificated' to receive government funding.<sup>261</sup> Playcentres, like playgroups, are run co-operatively by parents and families, but are always licensed and are part of a regional association overseen by the New Zealand Playcentre Federation. Te Kōhanga Reo is a (usually) licensed whānau-led setting, first set up in the 1980s, offering Māori 'language nests' for children and their families, with the goals of total immersion in Māori culture and language, family decision making, accountability, and health and wellbeing for children and their families.<sup>262, 263</sup>

253 Different kinds of early learning services. Ministry of Education, New Zealand. 2020. <https://parents.education.govt.nz/early-learning/early-childhood-education/different-kinds-of-early-childhood-education/>

254 Ibid. Education Counts. 2021.

255 Ibid. Different kinds of early learning services. Ministry of Education. 2020.

256 Ibid. Education Counts. 2021.

257 Ibid. Education Counts. 2021.

258 Ibid. Different kinds of early learning services. Ministry of Education. 2020.

259 ECE Funding Handbook. Ministry of Education, New Zealand. 2020.

260 Ibid. Different kinds of early learning services. Ministry of Education. 2020.

261 Laws governing early learning. Ministry of Education, New Zealand. 2020. <https://www.education.govt.nz/early-childhood/licensing-and-regulations/the-regulatory-framework-for-ece/>

262 Ibid. Different kinds of early learning services. Ministry of Education. 2020.

263 Rei, Hamon, & Royal-Tangaere. Te Kōhanga Reo. New Zealand History. 2018. <https://nzhistory.govt.nz/women-together/te-kohanga-reo>



**Table 7. Characteristics of licensed childcare provision in New Zealand.**

Category	Type of service	Details <sup>264</sup>	% Total enrolments <sup>265</sup>
Teacher-led	Education and care services	For children aged 0-5 years. Can be privately owned, operated by a community groups or employers.	70%
	Kindergarten	For children aged 2-5 years. <sup>266</sup> Not-for-profit, run by qualified and certificated ECE teachers, managed by a Kindergarten Association (these are registered charities).	14%
	Home-based education and care	In educator or child's home, groups of up to 4 children. Educator must belong to a service coordinated by a qualified ECE teacher.	7%
	Te Kura (the Correspondence School)	For children aged 3-5 years. For those who can't attend an early learning service or kōhanga reo.	0.2%
Whānau-led	Te Kōhanga Reo	Māori immersion environment for children (birth to school age) and whānau (extended family). Also called 'language nests'. Licence-exempt kōhanga reo also exists.	4%
Parent-led	Playcentre	Run cooperatively by parents / families. Part of a regional association, managed by the New Zealand Playcentre Federation. License exempt playcentre also exists.	5%

Sources: Education Counts, 2021; Ministry of Education, NZ, 2020, OECD, 2016.

**Integrated services.** A 2020 report from the New Zealand Oranga Tamariki/Ministry for Children specifies that family services (a definition which includes the UK's Sure Start children's centres) are not a feature of the New Zealand policy landscape.<sup>267</sup> Their closest comparator is the Strengthening Families programme which works with families who need help and support from any one or more government or community support organisation, and who opt into the programme. Established in 1997, it offers a single point of contact for families when dealing with different agencies.<sup>268</sup> The programme appears to vary by location as to whether it is targeted at early intervention or more complex cases.<sup>269</sup> It has not been quantitatively evaluated.

264 *Ibid.* Different kinds of early learning services. Ministry of Education. 2020.

265 *Ibid.* Education Counts. 2021.

266 OECD. Starting Strong IV: Country Note for New Zealand. 2016.

267 Evidence Centre/Te Pokapu Taunakitanga. Strengthening Families: A literature scan of international context and overseas programmes 2019. Oranga Tamariki/Ministry for Children. 2020.

268 *Ibid.* Evidence Centre/Te Pokapu Taunakitanga. 2020.

269 Evidence Centre/Te Pokapu Taunakitanga. Strengthening Families: Research on how the programme operates. Oranga Tamariki. 2020

Whānau Ora (Māori for “family health”) is a project run by the Ministry for Māori Development which aims to support whānau (extended families) as a whole, with services customised to support Māori, Pacific and Pākehā families. It has a highly flexible approach to the support offered to each whānau and works through commissioning contracts with established community providers. It has not been quantitatively evaluated – a government qualitative/process evaluation in 2018 identified positive outcomes for whānau, but difficulties in the relationship with government agencies.<sup>270</sup>

## Entitlements and costs for childcare

**20 hours ECE (Early Childhood Education).** Childcare is primarily paid for by parents, although all 3–5-year-olds are entitled to up to 20 hours per week of free childcare under a policy introduced in 2007.<sup>271</sup> The 20 hours entitlement is available all year round and for all children in this age group who are not yet at primary school, regardless of parents’ income, residential status, or any other criteria.<sup>272</sup> Any licensed childcare provider may offer the free 20 hours, regardless of profit / non-profit status or type of setting, although some childcare providers choose not to be part of the scheme. Those who offer the scheme must do so for all eligible children during any days or hours of operation, rather than at particular times.<sup>273</sup>

**Childcare / OSCAR Subsidies.** In addition to the universal 20 hours ECE for 3-5-year-olds, parents on low and middle incomes (less than \$1466 / £778 per week, with one child) can receive up to 9 additional free hours of childcare at licensed or certificated settings per week for any child under 5, under New Zealand’s Childcare Subsidy.<sup>274, 275</sup> If parents are working, they can receive up to 50 paid-for hours of childcare (minus the 20 hours free ECE, if they are claiming this too).<sup>276</sup> The amount that parents are entitled to is on a sliding scale, depending on income. For example, a household with two children and an income of less than \$963 (£511) per week would receive a subsidy of \$284.50 (£151). This is paid directly to the childcare provider, resulting in reduced fees.

A similar subsidy, known as ‘OSCAR’ (Out of School Care and Recreation) is available to parents requiring wrap-around childcare for older children who attend school and are under the age of 14.<sup>277</sup>

Overall, the costs to parents for childcare in New Zealand are high (*See Comparing systems across countries* chapter). Figure 8 shows the average childcare costs as a percentage of household income for households with two children, aged 2 and 3, for different parental incomes / household types (accounting for subsidies).

270 Whānau Ora Review. Tipu Matoro ki te Ao: Final report to the Minister for Whānau Ora. Government of New Zealand. 2018.

271 20 Hours ECE. Ministry of Education, New Zealand. 2020. <https://parents.education.govt.nz/early-learning/early-childhood-education/20-hours-ece-2/>

272 *Ibid.* 20 Hours ECE. Ministry of Education, New Zealand. 2020

273 *Ibid.* 20 Hours ECE. Ministry of Education, New Zealand. 2020

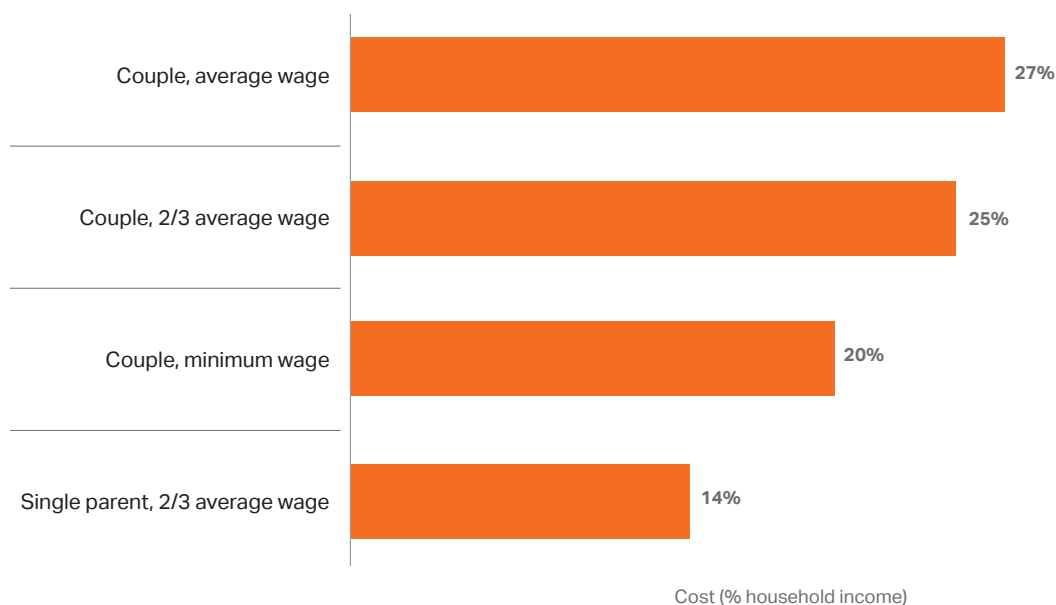
274 Childcare Subsidy rates (a). Work and Income, New Zealand. 2021. <https://www.workandincome.govt.nz/map/deskfile/extra-help-information/childcare-assistance-tables/childcare-subsidy-current.html>

275 Childcare Subsidy (b). Work and Income, New Zealand. 2021. <https://www.workandincome.govt.nz/products/a-z-benefits/childcare-subsidy.html#null>

276 *Ibid.* Childcare Subsidy (b). 2021.

277 *Ibid.* Childcare Subsidy rates (a). 2021.

**Figure 9. New Zealand childcare costs by household earnings, 2018 (latest).**



Source: OECD, 2021.<sup>278</sup> Costs shown for couples indicate one parent on the earnings stated on the graph, and the other parent on 2/3 of the average wage.

## State funding for childcare

For parents' 20 hours ECE entitlement, the New Zealand government funds licensed childcare providers directly, by a certain amount per enrolled child place per hour. The amount of funding varies by child age, type of childcare setting, the proportion of certificated teachers working at the setting, and staff salary levels. To give a sense of the amount providers receive, in 2022, a centre-based service with 100% certificated teachers would get \$7.60 (£3.75) per child per hour for the 20 hours ECE, whilst a 'quality' teacher-led home-based service (where educators are qualified teachers) receives \$10.23 (£5.04).<sup>279</sup>

Childcare providers which are part of the 20 hours ECE scheme also receive funding known as 'Plus 10 ECE', towards operating costs for an additional 10 hours per week per enrolled child. Licensed childcare providers who are not part of the 20 hours ECE scheme, similarly receive funding for a total of 30 hours per enrolled child per week, but at a lower rate per child per hour.<sup>280</sup>

Unlicensed childcare providers, such as playgroups, receive some government funding if they are 'certificated' (meeting criteria for child hours and caregiver presence), but at significantly lower rates than licensed settings. Finally, some childcare providers receive equity funding, targeted to particular communities with the aim of improving access to ECE, and Annual Top-ups for Isolated Services, if they are located in an isolated area of New Zealand and receive less than \$20,000 per year in other government funding.<sup>281</sup>

Overall, New Zealand spends 1.0% of GDP on ECE, which is higher than the OECD average of 0.7% and places it as the 6<sup>th</sup> highest spender, out of 38 OECD countries.<sup>282</sup>

278 OECD. Net childcare costs (indicator). 2021. <https://data.oecd.org/benwage/net-childcare-costs.htm>

279 Ibid. ECE Funding Handbook. Ministry of Education. 2020.

280 Ibid. ECE Funding Handbook. Ministry of Education. 2020.

281 Ibid. ECE Funding Handbook. Ministry of Education. 2020.

282 OECD Social Expenditure Database. PF3.1: Public spending on childcare and early education. 2021.

## Quality of childcare

The Ministry of Education is responsible for ensuring that ECE services comply with licensing standards, including high standards for the curriculum, premises and facilities, health and safety, governance, management, and administration with slightly different criteria for different types of childcare setting.<sup>283</sup> In addition, an external agency, known as the Education Review Office (ERO), carries out evaluations of ECE services approximately every three years, and publishes reviews publicly on their website, regarding quality, including children's learning, and staff professional learning and leadership.<sup>284</sup> Providers must have a good ERO review to retain their license.

**Staff: child ratios.** Staff: child ratio standards vary by age, starting at between 1:3 and 1:5 for children under 2 (depending on the group size), and rising to 1:4 to 1:10 for children aged 2 or above.<sup>285, 286</sup>

**Table 8. Staffing requirements for early childhood education services in New Zealand.**

Child age	Number of children	Minimum staffing
Under 2 years	1-5	1
	6-10	2
	11-15	3
	16-20	4
	21-25	5
2 years +	1-6	1
	7-20	2
	21-30	3
	31-40	4
	41-50	5
	51-60	6
	61-70	7
	71-80	8
	81-90	9
	91-100	10
	101-110	11
	111-120	12
	121-130	13
	131-140	14
	141-150	15

Source: Education (Early Childhood Services) Regulations 2008, New Zealand.

283 Ibid. Laws governing early learning. Ministry of Education, New Zealand. 2020.

284 About us. Education Review Office. 2021. <https://ero.govt.nz/about-us>

285 Education (Early Childhood Services) Regulations 2008. New Zealand Legislation. 2011. <https://www.legislation.govt.nz/regulation/public/2008/0204/latest/DLM1412637.html>

286 OECD Education at a Glance 2020, New Zealand. 2020.

**Staff qualifications.** Staff qualification requirements are high, with 50% of staff in teacher-led services (kindergarten and centre-based education and care) requiring a recognised ECE teaching qualification, that is, an ISCED Level 5 bachelor's degree, or graduate diploma in Teaching and Learning (Early Childhood).<sup>287, 288</sup> Teacher-led services must have a 'person responsible' at all times, who holds a recognised ECE or primary teaching qualification as well as a current practising certificate.<sup>24</sup> Home-based services must also be co-ordinated by a qualified teacher, although individual educators belonging to the service do not need to be qualified. However, where home-based educators are qualified teachers, the service receives additional funding. Finally, playcentres require the 'person responsible' to have a recognised ECE qualification at ISCED Level 3, but not a teacher practicing certificate as in centre- or home-based services.<sup>289</sup>

**Wages and workforce characteristics.** According to the Economic Research Institute, the average annual wage for ECE staff in New Zealand is \$41,599 (£20,500) or \$20 (£9.86) per hour.<sup>290</sup> The vast majority of the workforce are women (98%).<sup>291</sup>

**Curriculum.** New Zealand sets a mandatory curriculum for all its licensed ECE services, and guides practitioners to support the child's development from birth to school age.<sup>292</sup> The curriculum is known as 'Te Whāriki', which means woven mat in Māori language. This is metaphor for the developing child and the interweaving of the curriculum principles - empowerment, holistic development, family and community, and relationships - with the curriculum strands of wellbeing, belonging, contribution, communication, and exploration.<sup>293</sup>

*"While the upper side of a whāriki displays the weaver's artistry it is the underside that reveals their mastery. Expert weavers will examine the foundations for planning and technique. If these are sound, the quality will be seen on the faceup side. A weaver weaves in new strands of harakeke or pandanus as their whāriki expands. This creates a join, called a hiki or a hono. A hono can be seen running down the spine of the book in a darker green. This joining of new material symbolises new learning."*

[Te Whāriki, 2019].<sup>56</sup>

The curriculum's strengths lie in its links to the start of compulsory education; with responsibility held by the Ministry of Education for both compulsory schooling and early childhood education, the curriculum is comprehensive for the early years (birth – school age) and aligns itself with the primary school curriculum. It balances child wellbeing, socioemotional skills and relationships with the development of 'academic' skills through play and interaction, whereby staff focus on specific skills (e.g. literacy) through a broad curriculum strand (e.g. communication). There is a strong focus on cultural customs, diversity, and inclusion of different cultures, with the curriculum incorporating traditional Māori concepts into its overarching philosophy.<sup>294, 295</sup>

287 *Ibid.* Different kinds of early learning services. Ministry of Education. 2020.

288 Qualification requirements. Ministry of Education, New Zealand. 2020. <https://www.education.govt.nz/early-childhood/people-and-employment/qualification-requirements/>

289 *Ibid.* Qualification requirements. Ministry of Education, New Zealand. 2020.

290 Economic Research Institute. Child Care Worker Salary in New Zealand. 2022. <https://www.eri.com/salary/job/child-care-worker/new-zealand>

291 Why we need more men in early childhood. Care for Kids. 2019. <https://www.careforkids.co.nz/child-care-provider-articles/article/209/why-we-need-more-men-in-early-childhood>

292 Taguma, Litjens, & OECD. Quality Matters in Early Childhood Education and Care - New Zealand. 2012.

293 Ministry of Education, New Zealand. Te Whāriki, Early Childhood Curriculum. 2019.

294 *Ibid.* Taguma, Litjens, & OECD. 2012.

295 *Ibid.* Te Whāriki. 2019.

## Policy change in New Zealand

In 2002, the New Zealand government released its 10-year strategic plan for ECE, known as 'Pathways to the Future: Nga Huarahi Aratki'.<sup>296</sup> Under this plan, the government aimed to increase participation and improve quality of ECE services, and increase collaboration between early learning and primary school educators. The most significant development in ECE policy under these plans arrived in 2007, when the Labour-Progressive coalition government brought in 20 hours free ECE per week for 3–5-year-olds, funding childcare providers directly to cover the costs.<sup>297</sup> This replaced the country's former system of per-hour fee subsidies and represented a large increase in the amount of public spending on childcare. The government's initial plan was to fund community-based and teacher-led childcare providers only for the 20 hours, but private providers were included in the policy under the pressure of the 2005 election.<sup>298</sup>

## Women's labour market participation and earnings

In 2017 a study explored the impact of the 20 hours ECE policy on women's labour market outcomes.<sup>299</sup> The pre and post-birth earnings difference (i.e. the 'motherhood penalty') for mothers of children born between 2004 and 2006, who would benefit from the policy, was compared with that for mothers who had a child between 2000 and 2002, who would not benefit from the policy (as it had not been implemented by the time their child turned 3). A second control group made up of non-mothers, matched in demographic characteristics, was used across the same 'pre and post birth' time periods, and the researchers controlled for the effects of the 2008 financial crisis on earnings. Overall, the policy was found to have had positive, but modest effects on mothers' earnings, estimated to be an additional \$33 (£16.50) per month. The impact on earnings was greater for less educated mothers, even though the policy reduced childcare costs for more educated mothers to a greater degree (as lower income families were eligible for subsidies). This may have been because the less educated mothers were earning less, and could not afford (as much, or any) childcare before the policy came into effect.<sup>300</sup>

A second study from 2021, using the same dataset and similar difference-in-differences methodology, explored the effects of the policy on mothers' labour market participation, rather than earnings.<sup>301</sup> They found that the 20 hours ECE policy had differing effects, depending on the number of children the women had. For mothers of one child, there was a significant drop in labour market participation when the child was one year old, and again when the child was five, but no significant effects between these time points. The researchers surmise that these mothers may have opted to take more time off work before and after their child was eligible for the free 20 hours ECE (when aged 3-4), being aware that they may be able to restore their earnings when their child is aged 3 and 4 due to the policy. For mothers with two children, there was a significant positive impact of the policy on labour market participation when the children were aged 3-4, but no significant differences before or after this. This was likely because the policy made it more worthwhile for these mothers to return to work when their children were 3-4 and they were eligible for the 20 hours ECE: without the 20 hours ECE, they would spend twice as much on childcare than mothers of one child, reflecting a relatively greater return.<sup>302</sup>

296 Dalli & Te One. Early childhood education in 2002: Pathways to the future. *New Zealand Annual Review of Education*. 2002; 12:177–202.

297 Bouchard. Effect of the 20 Hours Early Childhood Education Reform on women's labor market outcomes in New Zealand. HEC Montreal; 2017.

298 Ibid. Bouchard. 2017.

299 Ibid. Bouchard. 2017.

300 Ibid. Bouchard. 2017.

301 Bouchard, Cheung, & Pacheco. Evaluating the impact of 20 hours free early childhood education on mothers' labour force participation and earnings. *New Zealand Economic Papers*. 2021; 55(2):188–202.

302 Ibid. Bouchard et al. 2021

Overall, women's participation in the labour market in New Zealand is high (76%), although a significant gender disparity exists, with men's participation at 85% (2020).<sup>303</sup>

## Childcare participation and child development

Several studies have explored the relationship between participating in childcare in New Zealand and outcomes for children. In 2019, a group of researchers published a report for the Ministry of Social Development, exploring whether participation in ECE in New Zealand was related to child health and development.<sup>304</sup> Using longitudinal data from children born in 2009 and 2010, at ages 9 months, 2 years and 4 years, they found that participation in centre-based childcare was associated with reduced odds of emotional difficulties and peer relationship problems, and there was no association with externalising problems (i.e. acting out, defiance, aggression, etc.).

These promising findings contrast with research in other countries, which find heightened peer and externalising difficulties as a result of attending childcare services, which is thought to be related to children learning problematic behaviour from peers or competing for the attention of staff.<sup>305</sup> Therefore, it is possible that the quality of New Zealand's childcare protects against negative effects.<sup>306</sup> The curriculum focus on cultural inclusivity, noted by Shuker and Cherrington<sup>307</sup> as crucial (for educators' attitudes) combined with high qualification requirements for staff could be at play. However, it is not possible to conclude this without data on the specific relationship between the quality of childcare and outcomes in New Zealand, for which there is limited empirical evidence.

The same study also explored the relationship between type of childcare and attendance and child infectious illness, finding that attending centre-based and other types of childcare is associated with increased risk of ear, chest, and gastrointestinal infection, particularly for infants, for whom centre-based care is also linked to greater risk of hospitalization from these infections.<sup>308</sup> The authors recommended that public health agencies work more closely with ECE services to reduce the risk of infectious illness. It is important to note that this research took place before the Covid-19 pandemic, during which centres were closed for two months, and the risks of community transmission were brought sharply to light.<sup>309</sup>

Finally, whilst there is limited research on cognitive outcomes for children, research has shown that ECE attendance in New Zealand is associated with greater school and university qualifications, higher adult income, and entering 'higher status' occupations by age 30.<sup>310</sup> Whilst this cannot tell us about the effects of New Zealand's current policy, the findings provide insight into the positive impact over time of investing in high quality childcare provision.

303 OECD. Labour Market Statistics: Labour force statistics by sex and age: indicators, OECD Employment and Labour Market Statistics (database). 2022.

304 Duncan, Gerritsen, D'Souza, Stewart, & Gibbons. Ministry of Social Development – Children and Families Research Fund. Is participation in Early Childhood Education related to child health and development? 2021.

305 Ortiz GARS. Contagion of aggression in day care classrooms as a function of peer and teacher responses. *Journal of Educational Psychology*. 2001;93(4):708–19.

306 Ibid. Duncan et al. 2021.

307 Shuker & Cherrington. Diversity in New Zealand early childhood education: Challenges and opportunities. *International Journal of Early Years Education*. 2016; 24(2):172–87.

308 Ibid. Duncan et al. 2021.

309 Te Ihuwaka: Education Evaluation Centre. The Impact of Covid-19 on Early Childhood Education. 2020.

310 McLeod, Horwood, Boden, & Fergusson. Early childhood education and later educational attainment and socioeconomic wellbeing outcomes to age 30. *New Zealand Journal of Educational Studies*. 2018; 53(2):257–73.

## New Zealand: key points

- A market system of ECE is made up of teacher-led and parent or whānau (extended family)-led services. Teacher-led services include centre-based care, kindergarten, and home-based care, while parent or whānau-led services include playgroups and play centres.
- Uniquely, New Zealand offers hospital-based care and education services; te kōhanga reo - immersive 'language nests' for children and their families; and te kura (the correspondence school) - a distance learning school with an early years element.
- Parents are entitled to 20 hours per week free ECE for 3-5-year-olds. The subsidies which providers receive for this make up the bulk of public funding toward early childhood education, which is higher than most OECD countries. Providers are also funded for some costs for an additional 9 hours for all children; and working parents earning up to a middle income can access up to 50 hours subsidised care. Despite this, average costs to parents are high – in line with the UK.
- New Zealand's childcare provision is considered high quality by international standards, with qualified staff and a strong holistic and culturally inclusive curriculum.
- The 20 free hours ECE policy, introduced in 2007, led to small but statistically significant increases in mothers' earnings, and increases in labour market participation for women with two children, for whom it was worthwhile, but not for mothers of one child.
- Participation in all types of childcare in New Zealand has been associated with positive child development outcomes, including reduced emotional and peer difficulties and long-term educational attainment.



# SWITZERLAND

Childcare in Switzerland is characterised by high cost and high demand. The Swiss Government advises parents to start looking at childcare options during the first months of pregnancy due to the long waiting times for crèche places.<sup>311</sup> For almost 20 years, Switzerland has focused on increasing the number of childcare places to make it easier for parents to access services. This section will:

- Outline Switzerland's childcare system, with a focus on structure, funding, and quality.
- Consider child development and women's labour market outcomes in relation to the system – with a particular focus on the effects of Switzerland's Federal Act on Financial Assistance for Childcare.

## Types of childcare

In Switzerland, responsibility for early childhood education largely lies with the 26 cantons and 2,255 municipalities, whilst the federal government assumes a supporting role.<sup>312</sup> Childcare settings fall under the responsibility of the cantonal ministries of social affairs, or the cantonal ministry of education, depending on the canton, and on an inter-cantonal level, the Swiss Conference of Cantonal Ministers of Social Affairs assumes a coordinating role.<sup>313</sup>

Prior to starting kindergarten, ECEC is non-compulsory. There is also no requirement set by the federal government that cantons must provide early childhood care. As such, the majority of ECEC provision in Switzerland is run by private bodies such as associations and foundations. This is the case particularly in German-speaking Switzerland.<sup>314</sup>

**Kindergarten:** Most children enter kindergarten in the August after their fourth birthday and attend for two years before starting primary school. In almost all cantons, kindergarten is part of compulsory education, and every child is guaranteed a place. Although kindergarten is free of charge, before and after-school care and lunchbreak supervision are not ordinarily included. As a result, supplementary childcare is often required, the cost of which is shared between parents and municipalities. Parents' fees for childcare supplementing kindergarten are usually means-tested with subsidies available for low-income families.<sup>315</sup>

Two of the most common types of formal childcare for the youngest children are centre-based and family-based. Both are funded primarily through parental contributions, though to ensure childcare services remain accessible, most cantons offer subsidies.

**Centre-based:** There are both public and private crèches (or kitas in German) that take children up to four years old. In addition to these, some workplaces run in-house crèches for their employees' children.

**Day-care families:** Childminders look after children aged between 2 months and 12 years old. These tend to be smaller groups of children looked after in a home setting. Most childminders belong to a wider organisation.

311 Arranging Childcare. The Citizens' Portal - A Service of the Confederation, Cantons and Communes. <https://www.ch.ch/en/work/family-and-work/arranging-childcare/>

312 Faeh & Vogt. OECD. Quality beyond regulations in ECEC: country background report for Switzerland. 2021.

313 Early childhood education and care. EURYDICE. 2021. [https://eacea.ec.europa.eu/national-policies/eurydice/content/early-childhood-education-and-care-114\\_en](https://eacea.ec.europa.eu/national-policies/eurydice/content/early-childhood-education-and-care-114_en)

314 *Ibid.* Faeh & Vogt. 2021.

315 *Ibid.* Faeh & Vogt. 2021.

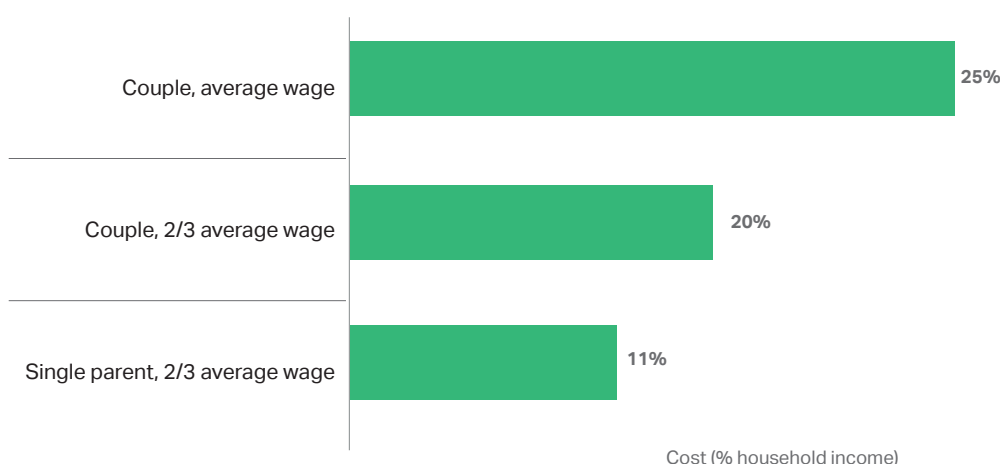
On average 40% of all children up to three years attend centre-based childcare and 7.3% are cared for on an hourly basis or for full days in family-based care.<sup>316</sup> Caring for young children within the family is common in Switzerland and around one third of households do not use extrafamilial care.<sup>317</sup>

**Integrated services.** As with childcare as a whole, different cantons take different approaches to family services. We were unable to identify any which seemed directly comparable to the UK's Sure Start initiative, in line with older analyses.<sup>318</sup> A 2017 analysis of themes in cantons' ECEC strategies identified that "parenting advice centres on infant care" and "programs for families at risk" were second and seventh most common themes respectively,<sup>319</sup> suggesting that elements of the motivation for Sure Start are reflected in some canton's approaches, but possibly not programmatically.

## Entitlements and costs for childcare

Childcare is primarily paid for by parents, and the costs to parents are high. A Swiss couple, where one parent earns average wage and the other earns two thirds of the average wage, can expect to spend around 25% of their net household income on childcare costs. For families where both parents are on two thirds of the average wage, the percentage of household income spent on childcare is around 15%. Single parents earning two thirds of the average wage spend around 11% of their net income on childcare (Figure 9).

**Figure 10. Swiss childcare costs by household earnings, 2020.**



Source: OECD, 2021.<sup>320</sup> Costs shown for couples indicate one parent on the earnings stated on the graph, and the other parent on 2/3 of the average wage.

At private crèches in the cities of Bern and Zurich, fees are between CHF60-CHF150 (£49 - £123) a day. Subsidies are usually offered by the canton and are calculated according to household income. A subsidised place for a low-income family can cost as little as CHF10 or £8 and most crèches offer small sibling discounts. Day-care families charge between CHF5- CHF12 (£4 - £10) per child per hour, excluding food, which is billed separately. Depending on the canton, income-based subsidies may be available.<sup>321</sup>

316 Ibid. Faeh & Vogt. 2021.

317 Ibid. EURYDICE. 2021.

318 Ibid. CfBT Education Trust, NFER.

319 Ibid. Faeh & Vogt. 2021.

320 OECD. Net childcare costs (indicator). 2021. <https://data.oecd.org/benwage/net-childcare-costs.htm>

321 Children and childcare. Swiss Broadcasting Corporation SRG SSR. 2019. <https://www.swissinfo.ch/eng/children-and-childcare/41292356>

**City of Bern case study:** In Bern, subsidies exist in the form of childcare vouchers that can be used at participating day-care centres and day-care families. They must be applied for a month before the child starts receiving care (they cannot be applied for retrospectively) and they need to be re-applied for annually. A separate system applies for older schoolchildren attending care centres (Tagis) and day schools.<sup>322</sup>

Parents can qualify for vouchers if they live in Bern and are employed, enrolled in an officially recognised training program or unemployed and registered at a regional employment service. The household income must be below CHF160,000.00 or £131,581 to qualify, and the chosen childcare setting must be participating in the voucher system and have guaranteed the child a place. The voucher amount is calculated according to the size of the family, household income and assets, the age of the child and the duration of care.<sup>323</sup>

Families who receive subsidies for childcare, and whose income does not exceed CHF70,000 or £57,567, are also entitled to a meal discount. The discount ranges from CHF3 – CHF6 or £2 - £5 per meal depending on household income (see Table 9 below). In the case of day-care centres and day-families, the amount is refunded to parents' bank accounts. Meal costs are covered separately for families receiving social assistance.<sup>324</sup>

**Table 9. Childcare meal discounts by income level, in Switzerland.**

Relevant income (in CHF)	Discount per meal (in CHF)
Up to 51'000 (£41,956)	6 (£5)
Between 51,001 and 70,000 (£57,580)	3 (£2.50)
From 70'001	0

Source: Stadt Bern, FAQs about the care vouchers, 2022.

## State funding for childcare

There are several ways in which the financing of centre based ECEC may be divided up. In some cases, parents will be expected to cover the full costs. Other financing models require parents to contribute a proportion of the costs, whilst the rest is covered by either public authorities or private companies (sometimes a combination of both). Costs for family-based childcare are also covered to a large extent by parents, but non-profit organisations may receive some funding through the municipality.<sup>325</sup>

Overall, public funding for ECEC in Switzerland stood at 0.5% of GDP in 2017, which is lower than the OECD average of 0.7%.<sup>326</sup>

## Quality of childcare

There are no national regulations for standards of process quality in ECEC provision in Switzerland. The binding legislation is the 'ordinance on the admission of foster children' (PAVO), which focuses on structural quality. PAVO contains regulations for foster care, day-childcare, children's homes and family care services; centre-based childcare follows the regulations for care in children's homes.<sup>327</sup>

322 Stadt Bern. FAQs about the care vouchers. 2022. [https://www.bern.ch/themen/kinder-jugendliche-und-familie/kinderbetreuung/tagesstaetten-fuer-kleinkinder-kitas/betreuungsgutscheine/copy\\_of\\_faqs-haeufig-gestellte-fragen](https://www.bern.ch/themen/kinder-jugendliche-und-familie/kinderbetreuung/tagesstaetten-fuer-kleinkinder-kitas/betreuungsgutscheine/copy_of_faqs-haeufig-gestellte-fragen)

323 Katon Bern Health, Social and Integration Directorate (GSI). Childcare vouchers. 2022. <https://www.gsi.be.ch/de/start/themen/familie-gesellschaft/kindertagesstaetten-und-tagesfamilien/betreuungsgutscheine.html>

324 Stadt Bern. Meal discount. 2022. <https://www.bern.ch/themen/kinder-jugendliche-und-familie/kinderbetreuung/betreuungsgutscheine/mahlzeitenverguenstigung-1>

325 *Ibid.* Faeh & Vogt. 2021.

326 OECD Social Expenditure Database. PF3.1: Public spending on childcare and early education. 2021.

327 *bid.* Faeh & Vogt. 2021.

For a facility to be granted an operating license, it must meet conditions set out in PAVO which include the required number of employees, staff qualifications, hygiene standards, and guidelines around finances. Facilities must also meet the standards set by the relevant canton.<sup>328</sup>

The 'orientation framework for ECEC' is non-binding but is used as a reference for quality and curricular goals for early years care. It bases structural quality on three groups of characteristics - staff, social and spatial-material. In reference to process quality, it focuses on pedagogical processes and includes examples such as establishing staff child interactions, identifying children's development needs, and fostering partnerships with parents.<sup>329</sup>

Other non-binding guidelines include, Interroger la qualité (translated as "questioning the quality"), a method for quality self-assessment intended to be used by educators and organisations. The QualiKita, developed by the Swiss association for child-care (kibesuisse) and the Jacobs Foundation, is a mark of quality available to centre-based childcare.<sup>330</sup>

At the local level, cantons are responsible for setting out regulations for childcare providers. With regards to day-care centres, this includes specifications relating to group sizes, staff training, staff-to-child care ratios, safety, nutrition, and hygiene. The relevant authority must inspect each child day-care facility at least once every two years to monitor compliance.<sup>331</sup>

Day-care families are less heavily regulated. Cantons will normally specify staff-to-child care ratios, and some require that childminders complete relevant professional development courses. Day-care families are visited at least once a year by a representative of the relevant authority.<sup>332</sup>

**Child- staff ratios:** Requirements for staff-child ratios vary by canton. See examples in Table 10 below.

**Table 10. Staff-child ratios for childcare in Switzerland, by canton.**

Canton	Minimum requirements for the proportion of trained personnel	Trained staff to children ratio 0 to 4 years centre-based childcare	Trained staff to children ratio 4 to 6 years childcare supplementing kindergarten
Bern	50%	0–1 years: 1:4 1–4 years: 1:6	1:8
Fribourg	66%	0–2 years: 1:4 2–4 years: 1:7	1:12
Ticino	33%	0–1 years: 1:4 1–2 years: 1:5 2–3 years: 1:8 3–4 years: 1:12	1:12

Source: Quality beyond regulations in ECEC: Country Background report for Switzerland<sup>333</sup>

328 Ibid. Faeh & Vogt. 2021.  
 329 Ibid. Faeh & Vogt. 2021.  
 330 Ibid. Faeh & Vogt. 2021.  
 331 Quality assurance in early childhood and school education. EURYDICE. 2022. [https://eacea.ec.europa.eu/national-policies/eurydice/content/quality-assurance-early-childhood-and-school-education-94\\_en](https://eacea.ec.europa.eu/national-policies/eurydice/content/quality-assurance-early-childhood-and-school-education-94_en)  
 332 Ibid. EURYDICE, 2022.  
 333 Ibid. Faeh & Vogt. 2021.

**Staff qualifications:** Staff caring for children aged 0-4 years are qualified through vocational education training, which involves a combination of theory and work experience within a childcare setting (ISCED Level 3).

Childminders providing family-based childcare usually obtain a training course run by the Swiss childcare association for German-speaking Switzerland and by various other organisations in the two other regions.

Kindergarten teachers in Switzerland are required to have a Bachelor's degree from a university of teacher education. Within childcare settings, staff with vocational qualifications will work alongside those with higher professional qualifications.<sup>334</sup>

**Staff training:** Further education courses are available for staff working in centre-based childcare and those teaching in kindergartens. Centre-based staff can take training courses that focus on working with the orientation framework or fostering quality interactions between educators and children, for instance. Kindergarten teachers attend compulsory and non-compulsory training courses, some provided by the canton. This further training can cover a new curriculum, new subjects, working with parents, or catering to students' individual needs, for example.<sup>335</sup>

**Wages and workforce characteristics:** Wages of staff in centre-based childcare vary by provider and canton. Childcare workers earn less than the Swiss median wage of CHF 6,538 or £5,378 per month.

Childminders normally work as part of an association, or they might be self-employed. The Swiss childcare association advise that the wages of childminders should be between CHF 6.50 - CHF 7.50 (£5 - £6) per child per hour. Wages may increase with experience.<sup>336</sup>

**Curriculum:** The orientation framework is the main reference point for care and education of children aged 0-4. It places emphasis on the developmental needs of the child rather than ability in relation to subject areas.

All cantons have harmonised curriculum for kindergarten. It exists in three versions: Curriculum 21, for the German-speaking region, Plan d'études romand, for the French-speaking region, and Piano di studio for the Italian-speaking region.

Teaching in cycle 1 (children from four to eight years) takes an interdisciplinary approach and focuses on the development of children. As pupils move into grade 1 and 2 of primary school, learning shifts to become more subject-orientated. Notably, the curriculum does not specify the content teachers should teach, rather it outlines what knowledge and skills pupils should have acquired by the end of the learning cycle.<sup>337</sup>

## Policy change in Switzerland

In response to high demand and long waitlists for childcare places, the Swiss Confederation introduced The Federal Act on Financial Assistance for Childcare in 2003. This incentive programme has provided around 393 million Swiss Francs in start-up funding for the opening of new ECEC facilities and the expansion of existing ones. Since its launch, 62,939 new childcare places have been created across Switzerland. The initiative is set to run until at least 2023.<sup>338</sup>

Other policy changes in recent years include the introduction of paid maternity and paternity leave. As of 2005, Swiss women are entitled to a minimum 14 weeks' maternity leave, at 80% of their normal

334 *Ibid.* Faeh & Vogt. 2021.

335 *Ibid.* Faeh & Vogt. 2021.

336 *Ibid.* Faeh & Vogt. 2021.

337 *Ibid.* Faeh & Vogt. 2021.

338 *Ibid.* Faeh & Vogt. 2021.

salary. In 2021, the bill for paid paternity leave came into force allowing fathers to take two weeks' paid leave within six months of the birth of their child.

To reduce the tax burden on families, the Swiss government plan to raise the amount parents can deduct from their taxable income. Currently, parents can deduct up to CHF10,100 or £8,303 per child if the child attends a day-care centre while they are at work. This is due to be raised to CHF25,000 or £20,552 per child as of January 2023. The initiative is also set to increase the amount per child for parents of children not enrolled in day-care from CHF6,500 (£5,343) to CHF10,000 (£8,220).<sup>339</sup>

## Women's labour market participation and earnings

Figures from 2020 published by the OECD, report female labour market participation rates as 80% and male as 88% - this number includes everyone in work or looking for work.

A separate study, considering only those currently in work, reported that 74% of Swiss men and 63% of Swiss women are in paid employment. While 82% of the employed men work full-time, only 40% of the women hold full-time jobs.<sup>340</sup>

It is understood that due to the high cost of childcare in Switzerland, it is financially more attractive for mothers with lower salaries to suspend paid employment. Of mothers with a child below the age of six, 30% are not in paid employment at all, and 82% of all mothers in employment only work part-time.<sup>341</sup>

One study looked at the The Federal Act on Financial Assistance for Childcare initiative and its effect on female labour supply. Researchers used data from the Swiss Labour Force Survey and statistics on the expansion of childcare providers across cantons over time. The study found that the availability of additional childcare places had no effect on women's labour market participation but allowed working mothers to work longer hours. Notably, groups such as mothers with a lower level of education, single mothers, and large families seemed to benefit very little from the initiative. Researchers proposed that additional childcare places made little difference to women in this group due the cost of services remaining high.<sup>342</sup>

Another report assessed the relationship between subsidies and labour market participation using a factorial survey conducted in the City of Bern. It found that while subsidies have nearly no effect on men, they increase the labour supply of women by approximately two hours per week if they cover 25% of the total costs for childcare. Additionally, of respondents who said they would not work at all unless subsidies were available, nearly all said that they would take up work if they were able to have childcare fees covered up to 25%. Due to the small number of participants in this group, responses could not be broken down by gender.<sup>343</sup>

## Childcare participation and child development

Several studies have explored the relationship between participating in childcare in Switzerland and outcomes for children. A white paper published by The Jacobs Foundation explored the findings of three Swiss research projects. They found that under certain conditions, attending childcare services may be associated with problematic behaviours such as aggressiveness and anxiety – though these

339 Amendment of the Federal Act on Direct Federal Taxation. The Federal Council. 2022. <https://www.admin.ch/gov/en/start/documentation/votes/20200927/amendment-of-the-federal-act-on-direct-federal-taxation.html>

340 Zangger, Widmer, & Gilgen. Work, Childcare, or Both? Experimental Evidence on the Efficacy of Childcare Subsidies in Raising Parental Labor Supply. *Journal of Family and Economic Issues*. 2021 Jan 12;(42):449–472.

341 *Ibid.* Faeh & Vogt. 2021.

342 Ravazzini. Childcare and maternal part-time employment: a natural experiment using Swiss cantons. *Swiss Journal of Economics and Statistics*. 2018; 42:449–472.

343 *Ibid.* Zangger et al. 2021.

effects did not persist long-term. However, it was concluded that overall, the effects were positive, with attending childcare linked to higher grades, and increased likelihood of attending the most prestigious schools. Researchers concluded that the effects are most positive when children attend ECEC programs two or three days a week.<sup>344</sup>

An earlier study used data from a survey of children's proficiency levels in the first grade of primary school. The research found that centre-based childcare attendance alone did not have any significant impact on school performance. The author proposes that the limited number of crèches in Zurich, where the survey was conducted, may have resulted in poorer quality of care and teaching.<sup>345</sup>

Another study looked at the motor, cognitive, social, and language skills of children aged between one-and-a-half and two years. They compared two groups of toddlers, those cared for exclusively at home by their parents or relatives and those attending a day-care centre at least 2 days per week. The results of the study found no differences between the children. The duration of care, in terms of age and years, as well as in terms of weekly attendance also had no effect.<sup>346</sup>

### Switzerland: key points

- Care for children at home by family members remains widespread in Switzerland. Around one third of households do not use any extrafamilial childcare.
- Of children that attend formal childcare, the largest proportion are enrolled at centre-based settings (known as creches or kitas), a smaller number use day-care families.
- The cost of childcare largely falls to parents. Subsidies are available, usually on a sliding scale according to income, but this varies by canton.
- Most children enter kindergarten in the August after their fourth birthday and attend for two years before starting primary school. Kindergarten is free to attend but lunchtime supervision and after-school care is charged for.
- There are no national regulations for standards of process quality in ECEC provision in Switzerland. The binding legislation is the 'ordinance on the admission of foster children' (PAVO), which focuses on structural quality.
- The Federal Act on Financial Assistance for Childcare initiative, introduced in 2003, has had little impact on mother's labour market participation. Despite an increase in the number of childcare places available, it remains the case that the majority of mothers in employment work part-time.
- There are mixed findings on the impact of attending ECEC on children's development outcomes. Some studies have found little differences in the abilities of children who attended ECEC and those who received no extrafamilial care. Other studies suggest that benefits of attending ECEC may present later in childhood in the form of higher grades.

344 Balthasar & Kaplan. Whitepaper "Engagement in der frühen Kindheit: Fokus Kind". 2019. <https://jacobsfoundation.org/en/new-insights-daycare-centers-and-children-in-switzerland/>

345 Burger. A quasi-experimental study into the relations between families' social and cultural background and children's crèche experience and global cognitive competence in primary school. *Early Child Development and Care*. 2012; 182(7):875–906.

346 Bleiker, Gampe, & Daum. Effects of the Type of Childcare on Toddlers' Motor, Social, Cognitive, and Language Skills. *Swiss Journal of Psychology*. 2019; 78(3-4), 81–90.



## COMPARING SYSTEMS ACROSS COUNTRIES

This section compares the information presented above about childcare systems in each of the six countries (England, Australia, Canada, Japan, New Zealand, and Switzerland). We explore their funding; structure; quality in relation to women's labour market participation and child development outcomes; and recent reforms.

### Public spending

Of the countries in this review, New Zealand spends the most public money on childcare, at 1% of GDP.<sup>347</sup> This is accompanied by strong child development outcomes, likely facilitated by a strong regulatory system and well-qualified staff. In Australia and Japan, public funding allocations are slightly lower, at 0.7% in 2016 and 2017 respectively - although the figure for Japan is likely much higher currently, due to the introduction of free childcare in 2019. As in New Zealand, Japan sees strong academic and behavioural outcomes for children.

Less public spending on the early years is seen in the UK (0.6% of GDP), Switzerland (0.5%), and Canada (0.2%).<sup>348</sup> Notably, and in contrast to New Zealand and Japan, these countries see mixed, or negative, effects of childcare participation on child development. However, Canada's recent announcement of a substantial new funding package means that the funding allocation to early childhood education and care will be eight times higher in 2021-22 than in was in 2018, likely putting it first for spending of the countries in this review. Thus, the UK and Switzerland currently rate lowest overall for government funding allocations to the early years. Furthermore, funding in England for the 15- and 30-hour childcare entitlements has been highlighted as insufficient to cover delivery costs.

### Types of childcare

All the countries in this review operate models whereby childcare is primarily delivered privately (with few state-run childcare services) and funded by parent fees, with public funding offering a supporting role. Table 11 displays the make-up of each childcare market (*Type / ownership of services* column), which varies by country. All the countries reviewed here offer a range of centre-based provision (such as kindergarten, nursery, and day-care) and home-based childcare provision (such as childminding and nannies), with most services being centre-based. Settings described as 'kindergartens' are a feature of all countries' provision (except England) and offer a greater educational / teaching focus than nursery, day care or play group services in those countries. In England this is similar to varying degrees to the focus of nursery classes although without a formal distinction being in place, and to reception classes. In Canada and Switzerland, kindergarten exists as part of the school system.

347 OECD Social Expenditure Database. PF3.1: Public spending on childcare and early education. 2021.

348 *Ibid.* OECD, 2021.



Evidence from Canada suggests that non-profit provision offers higher quality services, with better cognitive and emotional developmental outcomes for children than for-profit provision.<sup>349</sup> In New Zealand and Japan, there are strong developmental outcomes for children despite high levels of private provision; this may be the case since these countries also see higher quality policy inputs, particularly staff qualification requirements. In Australia and Canada, a larger proportion of childcare is provided by the voluntary, community or not-for profit sector than in England; in Canada, this non-profit provision has been shown to be of better quality, as described above.

Except for Japan, all the countries in this review offer home-based childcare provision, such as childminding, nannies, or other types of care on domestic premises, although home-based educators or carers are more often affiliated with an agency or service in other countries, than in England. In England, reports have indicated a decline in childminding services since the pandemic (which now comprise 12% of childcare places)<sup>350</sup>, with childminders struggling financially.<sup>351</sup> Similarly in New Zealand, although comprising a smaller proportion of the sector to begin with (10% in 2015) home-based services have seen a gradual decline since 2015, and now comprise 7% of enrolments.<sup>352</sup> Play groups run by parents and extended family (with half of parents being required to be present), are more common in New Zealand.

In Canada, home-based childcare appears to have remained stable, comprising 19% of childcare arrangements,<sup>353</sup> and regulated through both licenses for individuals on their own or through agencies holding licenses. In Australia, family day care services are delivered through a network of educators who look after children within their own homes. In June 2019, 9% of children who attended approved childcare and were eligible for Child Care Subsidy were attending family day care and this had declined to 7% in June 2021.<sup>354</sup> Similarly, Swiss day families are childminders who care for small groups of children within their own home. These day families are often part of a wider childcare association. Of children up to three years old, 7% were attending family-based care in 2021.<sup>355</sup> In contrast, Japan offers very little by way of home-based childcare provision.

## Integrated services.

**Co-location/physical infrastructure** The UK's Sure Start initiative is unusual in comparison to the other nations we consider in this report in that it sets out specific requirements for the existence of children's centres, with a set form of governance, and with legal duties for local stakeholders to work in an integrated way.<sup>356</sup> Other nations have in the past had a similar focus on collaboration between services, but a wider 2010 study found that few had integrated them or institutionalised them, and in particular not in a single geographical location.<sup>357</sup> That is reflected in the nations we looked at.

**Universal service.** Research from 2010 found that in most nations integrated services focus on integration to prevent/de-escalate social services involvement in child protection, rather than on a more universal family service.<sup>358</sup> Among those in this study, Japan's mix of provision and Ontario's EarlyOn scheme both follow a more universal model, developed from roots at around the same time as Sure Start, while Western Australia's model is more recent.

349 Fortin. Quebec's childcare policy at 20. *Inroads* 42. 2017.

350 Department for Education. *Survey of Childcare and Early Year Providers: Main Summary*, England. 2021.

351 Hardy, Tomlinson, Norman, Cruz, Whittaker, Archer, University of Leeds. *Essential but undervalued: early years care & education during COVID-19*. 2022.

352 Education Counts. *Early Learning Participation*. 2021. <https://www.educationcounts.govt.nz/statistics/participation>

353 *Survey on Early Learning and Child Care Arrangements*, 2020. Statistics Canada. 2021.

354 The Department of Education, Skills and Employment (2021). *Child Care in Australia report June quarter*. 2021.

355 Faeh & Vogt. OECD. *Quality beyond regulations in ECEC: country background report for Switzerland*. 2021.

356 Department for Education. *Sure Start children's centres statutory guidance*. 2013

357 CfBT Education Trust, NFER. *An international perspective on integrated children's services*. 2010.

358 Evidence Centre/Te Pokapu Taunakitanga. *Strengthening Families: A literature scan of international context and overseas programmes 2019*. Oranga Tamariki/Ministry for Children. 2020

**Evaluation.** Most schemes analogous to Sure Start in the countries we looked at have not been thoroughly evaluated. Both the Australian federal government's scheme and Ontario's EarlyOn have had non-peer reviewed or non-independent evaluations, which suggested similar positive outcomes in terms of parental discipline to those conducted for Sure Start. Sure Start's findings of positive health outcomes were not assessed in the other nations explored.

**Differences.** There are elements of the schemes operated in other countries which, while not rigorously evaluated, differ from Sure Start and may suggest directions for additional activity in the UK: in Japan, the very widely rolled out scheme makes use of other unused public space; in Australia, indicative positive outcomes were found through integrated services commissioned using a place-based approach in which activity is led by local NGOs, rather than by the state.

## Childcare affordability and work incentives

The government funds providers to deliver free hours for childcare each week in England (15 hours for all 3-4-year-olds, or 30 hours for those with working parents), New Zealand (20 hours for all 3-5-year-olds), and Australia (15 hours for 4-year-olds). This forms the largest share of government funding for childcare providers in these countries. In the Canadian province of Quebec, whilst there are no funded hours entitlements, parents pay a low daily fee, which makes childcare highly affordable from birth to age five. And Japan has recently introduced free childcare for all 3-5-year-olds. In contrast, Switzerland offers little in the way of policies to promote affordable childcare, other than fee subsidies for low-income families. New Zealand, Canada, and Australia offer substantial fee subsidies for low to middle income families, which are paid directly to childcare providers. However, in England, parents on low incomes reclaim childcare costs via Universal Credit, often leaving parents out of pocket for a time.

Much of the evidence exploring the impact of low-cost childcare policies and funded hours suggest that they support parents, particularly mothers, into work, increasing female labour market participation rates – in the case of Quebec, substantially.<sup>359</sup> Effects of the funded hours policies on women's labour market participation, whilst significant, are slightly smaller in New Zealand and England (and only affect mothers of two or more children in New Zealand); this may be because they do not cover care for children under the age of three, and average childcare costs to parents remain high.<sup>360</sup>

Overall, costs to parents for childcare vary by income (Figure 10) but are generally highest in the UK and New Zealand, followed by Switzerland and Australia.<sup>361</sup> However, the UK is the only country in this review in which costs are highest, as a proportion of household income, for parents earning the least. Whilst childcare costs for middle income families are higher in New Zealand than the UK, lower income families in the UK see the highest costs overall, exceeding 30% of household income. Canada and Japan offer the lowest fees to parents for childcare overall. Strong evidence from Canada suggests that this improves female labour market participation rates significantly. In Japan, there is evidence that the free childcare policy has also led to greater female labour market participation. However, due to the gendered structure of the workplace, this has mostly been focussed in non-regular, low paid work.<sup>362</sup>

Flexibility of provision is another important issue for supporting parents to work. In New Zealand, the 20 hours free childcare per week may only be used for up to 6 hours per day, which does not fit around parents' full working day. However, the 20 hours may be used all year round in New Zealand, which supports working parents; in contrast, England's funded hours are only available for 38 weeks per year, usually during school term times. The English 30 hours offer may be used for up to 10 hours per

359 Fortin, Godbout & St-Cerny. Impact of Quebec's universal low fee childcare program on female labour force participation, domestic income, and government budgets. 2012.

360 Bouchard, Cheung, & Pacheco. Evaluating the impact of 20 hours free early childhood education on mothers' labour force participation and earnings. *New Zealand Economic Papers*. 2021; 55(2):188–202

361 OECD. Net childcare costs (indicator). 2021. <https://data.oecd.org/benwage/net-childcare-costs.htm>

362 Zhang & Managi. Childcare availability and maternal employment: New evidence from Japan. *Economic Analysis and Policy*. 2021;69(83–105).

day, providing some flexibility; although childcare providers may set their own opening hours and so this may be difficult to access in practice. The Universal Access National Partnership programme in Australia varies in its application across states and territories. For instance, parents in South Australia are permitted to use the 15 hours weekly preschool allowance across two different providers should they wish to. Parents that qualify for the Child Care Subsidy, and who have a child attending multiple childcare settings, can choose the number of hours the government pays to each service.

Despite positive outcomes for women's labour market participation, policies facilitating greater availability of affordable childcare can sometimes come at a cost to quality and thus developmental outcomes for children. For example, in Quebec, use of low-cost childcare has been associated with small increases in behavioural difficulties in children. Evidence suggests that the rate of expansion of childcare places following the introduction of its 1997 policy may have exceeded its capacity to train childcare staff, leading to lower quality provision.<sup>363, 364</sup>

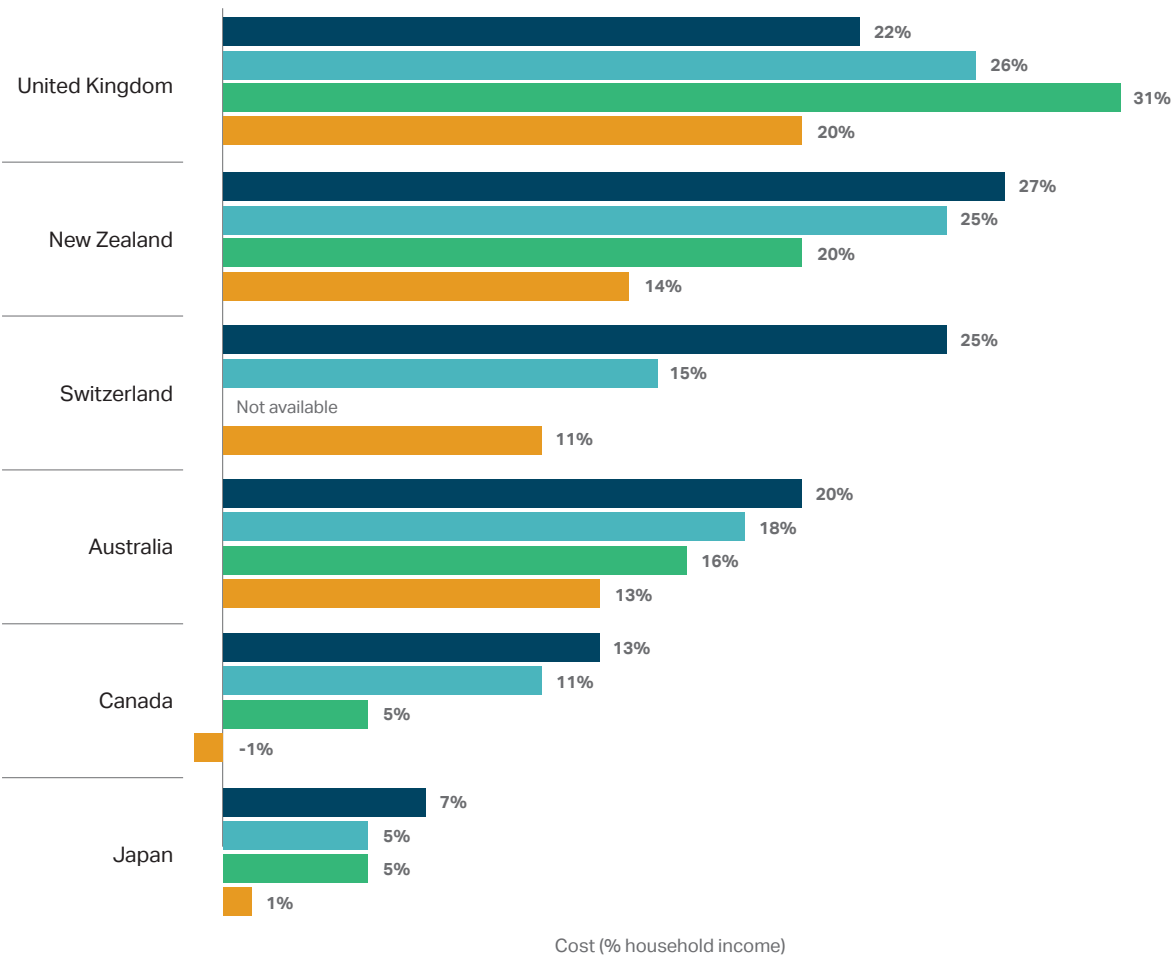
Furthermore, average hours in childcare increased because of the policy which may have impacted outcomes for children; whilst the evidence on the optimum number of hours of childcare is mixed, it does appear that long hours of childcare can have some small detrimental effects – although high quality provision can mitigate this. In contrast, the Japanese government appears to have prioritised quality over quantity, and the roll-out of free childcare has been met with long waiting lists but positive developmental outcomes.

In New Zealand, both quality and quantity are emphasized - as evidenced by high female labour market participation and strong child development outcomes – and this is reflected in higher costs, both to government and parents.

363 Yang, Charters, Weinstock, & Nandi, A. Impacts of Universal Childcare on Early Behavioral Development: Evidence from a Birth Cohort in Quebec, Canada. *Annals of Epidemiology*. 62:92–9. 2021.

364 Haeck, Lefebvre, & Merrigan. Canadian evidence on ten years of universal preschool policies: The good and the bad. *Labour Economics*. 2015; 36:137–57.

**Figure 11. Childcare costs by household earnings**



- One parent on average wage (other on 2/3 average wage)
- Both parents on 2/3 average wage
- One parent on minimum wage (other on 2/3 average wage)
- Single parent on 2/3 average wage

Source: OECD. Net childcare costs (indicator), 2021. <https://data.oecd.org/benwage/net-childcare-costs.htm>  
 Latest available figures for each country shown (2018 for New Zealand, 2020 for Australia, Canada, & Switzerland, 2021 for UK and Japan). Figures represent parent(s) with two children, aged 2 and 3.

**Table 11. Structure and funding of childcare, and female labour market participation.**

	Enrolment rates	Type / ownership of services <sup>365</sup>	Funded parent entitlements	State funding for providers	Overall state funding <sup>366</sup>	Labour market participation <sup>367</sup>
<b>England / UK<sup>368</sup></b>	45% of 0–2-year-olds (2018) <sup>369</sup> 90% of 3–5-year-olds (2021) <sup>370</sup> (UK)	45% childcare places are at private group-based settings, 17% voluntary group-based, 20% school-based nursery classes, 12% childminding, 2% maintained nurseries, 2% other group-based Reception classes are offered to 4–5-year-olds in year before compulsory school starts. (England)	15 hours weekly free childcare for 3–4-year-olds for 38 weeks per year (term-time) 30 hours weekly free childcare for working parents of 3–4-year-olds for 38 weeks per year (term-time) Universal credit at 85% of costs for low-income households Tax-free childcare at 20% of costs for working families. (England)	15 or 30 funded hours paid directly to providers from local authority, based on formula Supplementary funding for maintained nurseries Pupil premium Disability access fund (England)	0.6% of GDP (2017) (UK) £3.55 billion for 2021-2022 <sup>371</sup> on free hours (England)	Women: 75%, Men: 83% (2020) (UK) Free part-time childcare (15 hours) increases labour market participation slightly, but much greater estimated impact of free full-time childcare and flexibility in hours of usage. (England)
<b>New Zealand</b>	48% of 0–2-year-olds (2018), 95% of 3–5-year-olds (2017) <sup>372</sup>	70% enrolments at private or community owned ECE settings, 14% kindergartens (for 2–5-year-olds, not for-profit), 7% home-based ECE, 5% parent-led playcentres, 4% Whānau-led Te Kōhanga Reo	20 hours weekly free childcare for 3–5-year-olds all year round Childcare / OSCAR subsidies: up to 50 funded hours for low- or middle-income families (paid to providers)	20 funded hours with Plus 10 top-up 30 funded hours at lower rate for providers not offering 20 hours scheme Equity funding, targeting for improving access, and top-ups for isolated services	0.9% of GDP (2019)	Women: 76%, Men 85% (2020) 20 hours free childcare reform (introduced 2007) increased labour market participation for mothers of two children, but not one. Reform led to modest increases in mother's earnings (\$33 per month).
<b>Canada</b>	60% of under 6-year-olds participated in 2019, This was 52% in 2020 <sup>373</sup>	Kindergarten for 4–5-year-olds part of public school system Provision for younger children private (64% non-profit, rest for-profit) and includes centre-based and home-based ECEC	Subsidies for parents on lower incomes, except in Quebec (low flat fee).	Varying systems by province / territory (which are each allocated federal funding). Most state funding for providers goes toward parent fee subsidies, but there is some operational funding. Quebec has substantial operational funding.	0.2% of GDP (2018) \$4.1 billion CAD for 2021-2022 <sup>374</sup>	Women: 74%, Men: 81% (2020) Quebec's highly subsidized childcare policy has significantly increased women's labour market participation, compared to the rest of Canada, and has lowered poverty rates for single mothers.
<b>Australia</b>	40% of 0–2-year-olds, 84% of 3-5 year olds (2018) <sup>375</sup>	Mixture of family day care, long day care, and preschool (sometimes known as kindergarten). 49% private for profit, 21% private not for profit community managed, 14% private not for profit, 7% government managed, and 8% school-based.	Child Care Subsidy (CCS), available depending on income, to cover costs of childcare for children aged 13 and under. Children entitled to 15 hours a week or 600 hours a year free or subsidised pre-school in the year before starting primary school.	Funding for preschools is allocated to states / territories on number of projected enrolments, and performance-based requirements. Funding for parents using ECEC, paid directly to providers to be passed onto families as a fee reduction. Funding to help services stay open and available in disadvantaged, regional and remote communities.	0.7% of GDP (2016)	Women: 73%, Men: 82% (2020) While Australia has high women's labour market participation, this is made up by a substantial amount of part time employment. The average woman with pre-teenage children in Australia works 2.5 days a week.
<b>Switzerland</b>	38% of 0-2-year-olds (2014), 50% of 3–5-year-olds (2018) <sup>376</sup>	Two years of kindergarten as part of school system starting at age 4 (usually compulsory).  Centre-based and family-based childcare common - 90% setting are privately run	Vary by canton - fees are normally staggered in line with parental income. In capital city Bern, subsidies exist in the form of childcare vouchers for low-income families.	As part of the Federal Act on Financial Assistance for Childcare introduced in 2003, cantons receive financial support, which in turn increase subsidies for childcare.	0.5% of GDP (2017)	Women: 80%, Men: 88% (2020) High cost of childcare makes it financially more attractive for low-income mothers to suspend paid employment. Of mothers with a child below the age of six, 30% are not in paid employment at all, and 82% of all mothers in employment only work part-time.
<b>Japan</b>	33% of 0–2-year-olds, 92% of 3–5-year-olds (2018) <sup>377</sup>	Mixture of day care centres (for ages 0-5), kindergartens (ages 3-5), and integrated centres (integrating education and care) 76% enrolments are at private institutions Some municipal government-operated settings.	Free daycare or kindergarten for all 3–5-year-olds, since 2019. Low-income families also receive free childcare for 0–2-year-olds.	Public funding given to both public and private settings for staffing and operating	0.7% of GDP (2017) Note that this does not reflect 2019 policy change.	Women: 73%, Men: 87% (2020) Policy to increase capacity of childcare led to increased labour market participation of women, mostly driven by increases in non-regular, low-paid employment.

365 See Overview of childcare systems, by country for sources for 'Type / ownership of services', 'Funded parent entitlements', and 'State funding for providers' columns.

366 Figures for proportion of GDP spent on childcare from: OECD Social Expenditure Database. PF3.1: Public spending on childcare and early education. 2021.

367 Labour market participation figures from: OECD. Labour Market Statistics: Labour force statistics by sex and age: indicators, OECD Employment and Labour Market Statistics (database). 2022.

368 Figures referring to England or the UK as a whole are noted, respectively.

369 OECD Family database. PF3.2: Enrolment in childcare and pre-school. 2021.

370 Gov.uk Explore education statistics. 'National Percentage Take-Up By Age (2011 to 2021)' in England between 2011 and 2021.

371 Foster. Early Years Funding (England). 2022.

372 *Ibid.* OECD Family database. 2021.

373 Survey on Early Learning and Child Care Arrangements, 2020. Statistics Canada. 2021.

374 Department of Finance Canada. A Canada-wide Early Learning and Childcare Plan. The Official Website of the Government of Canada. 2021.

375 *Ibid.* OECD Family database. 2021.

376 *Ibid.* OECD Family database. 2021.

377 *Ibid.* OECD Family database. 2021.

## Valuing the workforce

A highly qualified, valued workforce with sufficient staff to child ratios is critical to ensure that children are adequately cared for and their needs are met. Table 12 shows that the qualifications required to work in the childcare sector along with legislated staff: child ratios and staff wages across the six countries. Whilst child-staff ratios in England are in line with the other countries in this review, wages and qualification requirements for childcare staff are lowest in England as compared to New Zealand, Canada, Australia, Switzerland, and Japan.

Staff to child ratios are regulated at the national level in England, Japan, and New Zealand, and at the regional level in Canada, Australia, and Switzerland. For the under 2 age group in group-based settings, ratios are 1:3 in England and in most Canadian provinces, whilst in Australia they sit slightly higher at 1:4 in most states and vary between 1:3 and 1:5 in New Zealand, depending on group sizes. In Japan, ratios are 1:3 for children under one year, and 1:6 for 2-year-olds. Again, for children older than this England has strong ratio requirements: 1:4 for 2-year-olds, and 1:8 for 3–4-year-olds, compared to ranges between 1:4 and 1:10 in the other countries listed here.

However, the good staff: child ratios in English legislation are accompanied by lower qualification requirements. In most countries (except England), there is a distinction between the qualifications required for staff working in pre-primary education settings for 3–5-year-olds (such as kindergarten), which are higher, and those in care settings for 0–5-year-olds, which are lower. Requirements for pre-primary education (i.e., kindergarten) are highest in New Zealand, Canada, and Switzerland, where all staff are required to hold a bachelor's degree at ISCED Level 6, although in Australia and Japan, requirements are slightly lower, at Level 5 (short-cycle tertiary education). For centre-based / care-focused settings, New Zealand holds the highest requirements, with at least half of staff needing a Level 6 (ISCED) bachelor's degree in early childhood education, followed by Japan (Level 5 for all staff) and Switzerland (Level 5), Australia (50% of staff at Level 5, 50% at Level 4), and most Canadian provinces / territories (Level 3).

Where staff qualification requirements are highest - that is in New Zealand and Japan - attendance at childcare settings is associated with improved emotional, behavioural, and cognitive outcomes. These countries also provide funding incentives to encourage a highly qualified workforce. Furthermore, in Japan and Australia (which also has a well-qualified workforce), disadvantaged children see greater benefits – although there are issues with access to quality childcare for lower socioeconomic groups. Studies in Australia have found that average quality of care in low socioeconomic areas tends to be below that of more affluent neighbourhoods. There are several reasons for this, one being that disadvantaged areas are often located in remote parts of Australia where recruiting and retaining experienced staff is an issue. Due to this, services in these areas are more likely to fall short of staffing requirements set by the National Quality Framework.

In England, where there is not a clear distinction between education and care settings, qualifications requirements are much lower overall - at Level 3 for managers and Level 2 for half of remaining staff. However, one type of setting - maintained nursery schools - require a qualified schoolteacher, although these comprise just 2% of settings<sup>378</sup> (in contrast to the other countries where kindergartens are commonplace). Childminders are not required to hold any particular qualifications. The effects of low qualification requirements seem to be reflected in child development outcomes in recent years. In England, childcare attendance is having little impact on child development, and researchers surmise that policy reforms may be emphasizing quantity of childcare over quality, particularly for the most disadvantaged children for whom widening gaps are seen.<sup>379</sup>

378 *Ibid.* DfE Survey of Childcare and Early Year Providers. 2021.

379 Pascal, Bertram, Cole-Albäck, Centre for Research in Early Childhood. What do we know about the 30 hour entitlement? Literature review and qualitative stakeholder work. 2021.



In Canada, the roll-out of Quebec's low-cost childcare policy has overall been associated with small negative effects for childcare, such as higher externalising behaviour, with researchers suggesting that the driving factor is long hours and lower quality provision.<sup>380</sup> However, in higher quality settings, positive impacts are seen. In Switzerland, the effect of childcare attendance on development outcomes is mixed. Some studies have found no difference in the abilities of children that attended ECEC and those solely cared for at home, whilst other reports suggest positive effects may emerge later in childhood in the form of higher grades.<sup>381</sup> This may reflect the lack of national regulations for standards of process quality in childcare provision.

In line with the qualification requirements, wages for childcare staff are lowest in England, at £7.42 per hour in 2020, below the National Living Wage in that year (£8.72). Wages are slightly higher in Japan and New Zealand – where qualifications are highest – but higher still in Canada (£11.06). Childcare staff in Australia earn minimum wage (around £11.00), whilst staff in Switzerland earn roughly £14.75 per hour and less than the Swiss median monthly wage (Table 11).

## Curriculum

In England, New Zealand, Australia, and Japan, mandatory curricula, or curriculum frameworks, apply at the national level, covering early education and care from birth to school age. In Switzerland, a guiding national framework supports education from ages 0-4, whilst separate cantonal, rather than national, curricula apply for ages 4-6, and in Canada, each province or territory sets its own early years curricula (except for Nunavut, whose curriculum is currently being developed). Across countries, these curricula are in the form of frameworks, offering guiding principles, goals, and competency areas rather than specific content for children to learn.

All countries' curricula note the importance of play for learning and development, although each have different emphases. New Zealand, Australia, Switzerland, and Japan offer an emphasis on empowerment, child agency, and child-centred teaching. This is particularly the case in Japan, where *Mimamoru*, a common pedagogical approach whereby staff intervention is withheld (even in cases where children are physically fighting) to allow children to learn social and cognitive skills autonomously. Whilst non-intervention is less encouraged in New Zealand, a similar sense of agency is captured in the first principle of the country's *Te Whariki* curriculum - empowerment (*Whakamana* in Māori language) - whereby children are encouraged to follow their interests and make decisions of their own volition. However, the main emphasis, and indeed, strength of New Zealand's curriculum lies in its bicultural inclusivity, in which traditional Māori concepts, e.g. *whariki* or woven mat as a metaphor for the developing child, are directly incorporated into its core themes.

Switzerland's orientation framework is built on principles captured in The Convention on the Rights of the Child. It identifies values such as belonging, inclusion and diversity as having an important role in children's early learning experience. Australia's early years learning framework differs to Switzerland in that it includes some more concrete learning outcomes. It seeks to help children develop a strong sense of identity and wellbeing and to become confident learners and communicators. Broader themes of belonging, being and becoming are built in to emphasise the connections between children and family, community and culture.

In contrast, England's curriculum is more directive and outcome-oriented, with a focus on measuring children's abilities against 'expected' levels of development. Formative assessments take place at ages 2 and 5, with written summaries of child progress provided to parents.

380 Yang, Charters, Weinstock, & Nandi, A. Impacts of Universal Childcare on Early Behavioral Development: Evidence from a Birth Cohort in Quebec, Canada. *Annals of Epidemiology*. 62:92–9. 2021.

381 Bleiker, Gampe, & Daum. Effects of the Type of Childcare on Toddlers' Motor, Social, Cognitive, and Language Skills. *Swiss Journal of Psychology*. 2019; 78(3-4), 81–90.



**Table 12. Quality inputs and child development outcomes, by country.**

	Staff-child ratios	Curriculum	Staff qualifications	Staff wages	Child development outcomes
<b>England</b>	Childcare settings: 1:3 for under 2s 1:4 for 2-year-olds 1:8 for 3 years + 1:13 for maintained nursery schools Maximum of 6 children per childminder, including no more than 3 children aged under 5	Mandatory EYFS curriculum (0-5 years) including goals for communication and language, physical development, personal, social and emotional development, and specific areas of literacy, mathematics, understanding the world, expressive arts and design. Outcomes are measured, with formative assessment and progress check written for parents at age 2.	ISCED Level 3 for managers ISCED Level 2 for at least 50% of other staff: Maintained nurseries must have a qualified schoolteacher present	£7.42 per hour (2020) <sup>382</sup>	Data from 90s-2000s show attendance improves cognition and social development, particularly for disadvantaged children, with quality an important factor. More up-to-date research from 2013 onwards shows little effect of amount of childcare received on cognition and mixed effects on socio-emotional development. Evidence of widening gap between advantaged and disadvantaged children post-2017 introduction of 30 free hours.
<b>New Zealand</b>	Between 1:3 and 1:5 for under 2s (depending on group sizes) Between 1:4 and 1:10 for children aged 2+ (depending on group sizes)	Mandatory curriculum: 'Te Whariki' (covers birth- school). Strong on cultural inclusion and empowering children, aligning with primary school curriculum, and balancing socioemotional with the academic.	ISCED Level 6 degree for 50% of staff in centre-based services (except Playcentre). Leaders additionally require practising certificate. ISCED Level 3 qualification for leaders in Playcentres.	\$20 NZD or £9.86 per hour (2019) <sup>383</sup>	Data from children born in 2009-10 show better emotional and peer outcomes for those attending childcare. There is less recent research on cognitive outcomes, but evidence from children born in 1990s shows long-term benefits of childcare including higher qualifications and income.
<b>Canada</b>	Varies by province but usually 1:3 for under 18 months 1:8 for 2-4 years 1:15 for school-aged	Provinces / territories set their own early years curricula (except Nunavut). Curriculum goals are holistic, play-focused, with an emphasis on relationships and community. Some movement toward culturally sensitive/inclusive curricula as part of efforts toward reconciliation with Indigenous communities.	Varies by province / territory, most requiring ISCED Level 6 bachelor's degree + post-degree for kindergarten (B.Ed.), and ISCED Levels 3-5B post-secondary qualifications for 1/3 to 1/4 of centre-based staff.	£11.06 per hour (2021) <sup>384</sup>	Quebec's low-cost childcare policy has had neutral to small negative effects on child development, compared to the rest of Canada, with suggestions that this may be related to low-medium quality provision and an incentive for long hours of childcare usage.
<b>Australia</b>	Varies by state/territory but most commonly 1:4 for 0-24 months 1:5 for 24-36 months 1:11 for 36 months – preschool age 1:15 for over preschool age	National curriculum framework called the The Belonging, Being and Becoming - The Early Years Learning Framework (EYLF) which is for children birth to five years. Recognizes importance of play-based learning and children's agency.	ISCED Level 5A qualification for teachers ISCED Level 3C for teaching assistants Centre-based settings: at least 1 qualified teacher, 50% staff holding / working towards ISCED Level 5B, 50% staff holding / working towards ISCED Level 3C.	\$20 per hour (£11.20) <sup>385</sup>	Indigenous children's participation in preschool can improve reading, literacy, mathematics ability and abstract reasoning and help narrow the gap with non-Indigenous children. Families living in disadvantaged neighbourhoods find it harder to access high quality ECEC services.
<b>Switzerland</b>	Varies by canton but in the City of Bern 1:4 for 0-1 years 1:6 for 1-4 years	Orientation framework for the education of children from 0 to 4 years, cantonal curricula apply for kindergarten from 4 to 6 years of age. The orientation framework is not structured according to subject or competence areas, but focuses on the developmental and psychological needs of the child.	ISCED Level 5 qualification for kindergarten teachers ISCED Level 3 for centre-based staff Childminders complete a training course which in German-speaking Switzerland is run by the Swiss childcare association.	CHF 18 per hour (£14.77) <sup>386</sup>	Mixed findings on effect of ECEC. Some studies have found that attending ECEC was linked to higher grades long-term, and increased likelihood of attending the most prestigious schools. Other studies have found little difference in the cognitive abilities/school performance of children who attended ECEC and those who did not.
<b>Japan</b>	1:3 for under 1 year 1:6 for 1-2 years 1:20 for 3 years 1:30 for 4 years <sup>387</sup>	Three compulsory curricula (kindergarten, day care, and integrated settings). Curriculum goals include the holistic development of children and facilitating education transitions, and competencies include developing sound mind and body, sensitivity and the ability to express oneself, relating to the environment with curiosity. Strong focus on child-centred teaching (Mimamoro), play and quality of interactions with staff and other children.	ISCED Level 5 qualifications for childcare staff. Teachers in public settings receive further training once they enter the profession on curriculum and child development.	JPY 1,253 per hour (£8.26) <sup>388</sup>	Child-care enrolment improves language development and behaviour, particularly for disadvantaged children. Longitudinal data has shown greater mathematical ability at age 15 in those attending childcare. There are disparities in access, with more disadvantaged children less likely to be enrolled.

382 Social Mobility Commission. The stability of the early years workforce in England: An examination of national, regional, and organisational barriers. 2020.

383 Economic Research Institute. Child Care Worker Salary in New Zealand. 2022. <https://www.eri.com/salary/job/child-care-worker/new-zealand>

384 Department of Finance Canada. Budget 2021: A Canada-wide Early Learning and Childcare Plan.

385 Child Care Worker Salary in Australia. Economic Research Institute. <https://www.eri.com/salary/job/child-care-worker/australia>

386 Child Care Worker Salary in Switzerland. Economic Research Institute. <https://www.eri.com/salary/job/child-care-worker/switzerland>

387 OECD. Starting Strong IV Early Childhood Education and Care, Japan Country Note. 2015.

388 Child Care Worker Salary in Japan. Economic Research Institute. 2021. <https://www.eri.com/salary/job/child-care-worker/japan/amagasaki>

**Recent system reforms** Several of the countries in this review have recently, or are currently, making large-scale reforms to the childcare system. Of the most significant is Canada, which is adopting Quebec-style, universal low-cost childcare access across the country, under bilateral agreements that the federal government has signed with each province / territory in 2021 (except Ontario, where negotiations are ongoing). Under the new plans, a seven-fold increase in annual funding is planned by 2026, to support a reduction in childcare fees to \$10 per day on average.<sup>389</sup> It is widely accepted that hardship during the pandemic catalysed these plans, although calls for change had been ongoing for decades prior. Japan has seen equally substantial reform in 2019, when it expanded the number of places and made childcare free for all 3- 5-year-olds and 0- 2-year-olds from low-income families.<sup>390</sup>

In Australia, a new measure is coming into effect as of March 2022, which will allow families with more than one child aged five and under to receive a higher subsidy for their second child and younger children. To qualify for the higher CCS, families must earn less than \$354,305.<sup>391</sup> In Switzerland, parents can deduct up to CHF 10,100 (£8,303) per child from their taxable income if the child attends a day-care centre while they are at work. The Swiss government plan to raise this to CHF 25,000 (£20,552) per child as of January 2023 in the hope that this will make it easier for parents to manage work and family life, as well as boosting the number of skilled workers. The Swiss government are also increasing the amount per child for parents of children not enrolled in day-care from CHF 6,500 (£5,343) to CHF 10,000 (£8,220), with the aim of reducing the tax burden on families more generally.<sup>392</sup>

389 Department of Finance Canada. A Canada-wide Early Learning and Child Care Plan. 2021. <https://www.canada.ca/en/department-finance/news/2021/12/a-canada-wide-early-learning-and-child-care-plan.html>

390 Cabinet Office, Government of Japan. What about my child? [Infographic]. 2021. [https://www8.cao.go.jp/shoushi/shinseido/musyoka/about/pdf/hayawakarihyou\\_english.pdf](https://www8.cao.go.jp/shoushi/shinseido/musyoka/about/pdf/hayawakarihyou_english.pdf)

391 The Department of Education, Skills and Employment. Higher CCS for multiple children and removal of annual cap, Australian Government. 2022. <https://www.dese.gov.au/early-childhood/announcements/higher-ccs-multiple-children-and-removal-annual-cap>

392 Amendment of the Federal Act on Direct Federal Taxation. The Federal Council. 2022. <https://www.admin.ch/gov/en/start/documentation/votes/20200927/amendment-of-the-federal-act-on-direct-federal-taxation.html>

## CONCLUSION

This review has explored the key features of the childcare systems in England, New Zealand, Canada, Australia, Switzerland, and Japan, and their links to women's labour market outcomes and child development. Each country has been investigated in depth, and between-country comparisons have been drawn. Furthermore, a case study of the childcare element of the US 'Build Back Better' bill has explored both its contents and the political case being made for investment by the Democrats.

### Findings

All the countries in this review offer models of mostly private delivery of childcare, with funding from both parent fees and the state. Similar systems of funded hours in combination with benefits or subsidies to support low-income families are seen in England, New Zealand, and Australia. Switzerland offers subsidies legislated at the canton level, but no universal funded hours. In Japan, childcare is free for all 3- 5-year-olds under a recent reform, and in Canada, federal – provincial agreements signed in 2021 are building a universal low-cost childcare system across the country. In the US, a bill to introduce subsidized childcare for children under three, and universal, free early education 'Pre-K' for all 3- 4-year-olds is currently being considered, with the case for investment being made in terms of economics, gender equality, and child development.

Between-country comparisons revealed some notable findings, from which we in England can learn:

**England falls short on qualification requirements – which reduces quality.** First, England sees the lowest qualification requirements for the early years staff, compared to New Zealand, Canada, Australia, Switzerland, and Japan. The qualification gap is partly to do with a lack of distinction between pre-primary education for 3- 5-year-olds, known in most other countries as 'kindergarten', and childcare for children younger than this which has a less educational focus. Kindergarten teachers in private settings are required to hold a Level 5 (tertiary, short cycle) qualification or a Level 6 (bachelor's degree) qualification in all five other countries, with slightly (but not significantly) lower requirements for the care of younger children. In contrast, in England, qualification requirements sit at Level 2-3 regardless of child age and type of setting – except maintained nurseries (which comprise 2% of settings) in which a qualified teacher must be present, and for childminders, who are not required to hold any particular qualification.

**Yet valuing the workforce produces better outcomes for children.** The above finding has strong implications for child outcomes. Having qualified staff to guide the future generation in their critical early years is a well-evidenced indicator of quality which leads to positive developmental outcomes for children.<sup>393</sup> Lower levels of quality are reflected in recent evidence demonstrating neutral to small negative effects of childcare on development in England, and a widening development gap between

393 Sylva, Melhuish, Sammons, Siraj-Blatchford, & Taggart. The Effective Provision of Pre-School Education [EPPE] Project, Technical Paper 12. 2004.

advantaged and disadvantaged children. In contrast, where qualification levels are highest – in Japan and New Zealand – outcomes for children are overwhelmingly positive.

Note that by quality here, we refer to legislated policy inputs, and acknowledge the hard work of an under-resourced and undervalued workforce. Indeed, wages for early years staff are the lowest in England, compared to the other countries in this review, and it is clear that many are experiencing low pay, high stress, and lack of resource. Both professionalising the workforce by increasing the qualifications requirements for early years staff, and providing government funding to increase staff wages, with incentive and sufficient resource for providers to pay their staff appropriately, would help to attract and retain a better qualified workforce.

For example, in New Zealand, funding for childcare providers is staggered, with providers with higher proportions of qualified staff receiving higher rates of funding as an incentive and resource to employ well-trained staff. Japan operates a similar system of incentivising higher quality care.

**Despite lower quality inputs, the UK sees high parent fees.** Of the countries in this review, average childcare costs to parents are the most expensive in the UK and New Zealand. The UK is the only country in this review whereby the highest costs are seen for the lowest income families, sitting at 31% of household income for a low-income two parent family. Furthermore, some aspects of the benefits system mean that childcare is less accessible to these lower income families. In particular, Universal Credit does not cover the average cost of a nursery place, and the system by which payments are claimed as reimbursement puts many families out of pocket for weeks at a time. Systems for low-income families in other countries, including New Zealand, Australia and Canada, tend to fund all subsidies directly to the childcare provider, avoiding this issue.

**Affordable childcare has increased women's labour market participation.** Quebec is the most notable example of a system in which the introduction of universal low-cost childcare has significantly increased the rates at which women are employed or actively seeking work. This is a particularly robust finding since the province can be compared to outcomes across the rest of Canada. The magnitude of the change seen under this specific system, where a low, flat-rate cost for childcare means low costs to parents, is notable and could be considered alongside equitability measures for low-income parents as an option for reform.

Although smaller in magnitude, free hours policies elsewhere appear to be supporting women's labour market participation. For example, New Zealand's 20 hours free ECE policy for all 3- 5-year-olds has increased the labour market participation of mothers with two children, but not one, and had a statistically significant but small positive impact on mothers' earnings. Similar small increases are seen in Japan as a result of expanding affordable childcare, although the impact has been driven by increases in non-regular, that is, low-paid or insecure work.

Whilst up-to-date research on the impact of England's 30 hours free childcare policy is lacking, estimates indicate that this will have had similar positive outcomes for supporting women to work in greater numbers.

**Public spending on childcare in the UK is comparatively low.** Whilst direct comparisons are difficult due to a lack of up-to-date data in some countries, it is likely that bar Switzerland, the UK sees the lowest rate of overall public spending on the early years sector of the countries in this review, as a proportion of GDP. This is striking since many of the countries in this review are consistently rated low on indicators of childcare policies by international comparisons. As assessed by a Unicef report investigating 41 rich countries, the UK, New Zealand, Australia, and Switzerland all fall in the lower third on indicators of access, quality, affordability, and leave, whilst Canada and Japan sit halfway.<sup>394</sup> The countries in this review are by no means 'gold-standard' for childcare policy, and yet, comparatively, the

394 Gromada & Richardson. Where do rich countries stand on childcare? 2021.

UK spends less. Note that information for public spending in England alone as a proportion of GDP was unavailable, and as such the data used includes all four devolved nations.

**The voluntary sector's role in provision could be expanded in a high-quality mixed economy.** In Quebec, Canada and the US evidence suggests that non-profit childcare centres offer higher quality services and greater cognitive and social developmental outcomes for children than their for-profit counterparts. While the predominance of the private sector in Japan and New Zealand accompanies strong developmental outcomes for children, these countries also see higher quality policy inputs, particularly staff qualification requirements. In Canada, there is a higher proportion of non-profit provision, which has been shown to be of better quality than its for-profit provision. This suggests caution is required in rapid expansions or shifts in private provision, as are mechanisms to maintain and assure quality. In Australia and Canada a larger proportion of childcare is provided by the voluntary, community or not-for profit sector than in England.

Investigating the scope for better supporting this type of provision could support any expansion and a more mixed and therefore potentially more stable market. In suggesting this, we recognise that those running and operating private provision are working hard to produce the best outcomes possible for the children they care for, and often not turning a profit given the hourly funding issues highlighted earlier in this report.

**Quality mitigates against detrimental outcomes for children.** Whilst major reform is certainly required to fix the English system, careful planning is required. Where reforms have taken place at speed, for example in the Canadian province of Quebec, problems of high demand against low staff supply and incentives for long hours of daycare in the years following the policy's introduction, led to trade-offs on quality and increases in externalising (behavioural) difficulties in children, specifically when for-profit provision was used to meet demand. International evidence suggests that long hours of childcare can indeed have detrimental effects on children, particularly in those from disadvantaged backgrounds. However, where quality is prioritised, these risks are mitigated. In Japan, despite children receiving long hours (40-50 per week) of centre-based care, detrimental effects on behaviour are not seen, since quality is high. In recent years, the focus of childcare policy in England has been on supporting parents to work through its 30 hours free childcare policy for working parents, but funding is not sufficient to mitigate the risks of poor quality provision.

**Approaches to home-based childcare – childminding – vary.** The level of childminder provision in England is almost double that in New Zealand, Switzerland and Australia (12% v 7%), while Japan does not appear to have licensed childminding, and Canada has 19% of places from childminders.

The level of places and flexibility that our childminder sector currently offers should not be taken for granted and the decline in the sector in the UK needs to be arrested. Small declines in recent years have similarly been seen in the childminding sectors in New Zealand and Australia. There is also a need for more research on the contribution of childminding to the UK's mixed economy.

Countries such as New Zealand and Canada offer regulatory models whereby childminders, or home-based educators, may be affiliated to a licensed service, rather than operating as individuals. Whilst New Zealand offers a small number of such home-based services, it sees a significant number of volunteer-led playgroups run by parents and extended family members.

**The UK's Sure Start initiative is unusual – but not unique – in its focus on co-location.** Like Sure Start in the UK, Japan's Ko Sodate-shien senta and Ontario's EarlyOn schemes also focus on integrating child and family services on the same geographical site and follow a universal family service model. Sure Start is more rigorously evaluated than the comparable programmes in other nations we looked at, and the positive health outcomes it evidences have not been demonstrated there. Some elements of the schemes we explored may suggest directions for the UK: in Japan, the scheme makes use of unused public space, whilst Australia integrated services are commissioned using a place-based approach from local NGOs.

### **Other countries are innovating and reforming, partly in response to the pandemic.**

Several of the countries in this review have recently adopted large-scale reforms or are in the process of proposing, planning or implementing them, due to a mix of factors including a need to engage mothers with the labour market, support the middle class, and respond to the impact of Covid on mothers' unpaid work.

In Japan, a policy in 2019 introduced free childcare for all 3 – 5-year-olds and for younger children from low-income families; this has significantly reduced the costs to parents. In Canada, federal-provincial agreements, involving substantial funding increases have set out action plans to cut childcare costs in half by the end of 2022, and reduce average childcare fees to \$10 per day by the end of 2026. The Swiss government are planning raise the amount parents can deduct from their taxable income from CHF 10,100 (£8,303) per child to CHF 25,000 (£20,552) from 2023 to reduce the tax burden on families. In Australia, a new measure will come into effect as of March 2022, which will allow families with more than one child aged five and under to receive a higher subsidy for their second child and younger children. The US' 'Build Back Better' bill is proposing large-scale change across the country, including subsidies for childcare for low-income families with young children under 3, universal preschool education for 3- 4-year-olds, and higher wages for the early years workforce.

For England to have a world-class childcare system that benefits both parents and children – allowing parents to work, and children to build the foundations for their future - reforms which address quality, affordability, and the pay and professional development of the early years workforce are urgently needed.



## CASE STUDY: USA BUILD BACK BETTER CHILDCARE PROPOSAL

### Background

In 2020 President Joe Biden unveiled his Build Back Better Agenda. The proposals are wide ranging and ambitious aiming to not only address decades of under-investment but to provide America with 'a more sustainable, resilient, equitable and prosperous future'.<sup>395</sup>

Childcare and early learning proposals are key elements of the agenda. The Build Back Better Bill is working through Congress. It was passed by the House of Representatives in November 2021 and is now before The Senate. This is not an insignificant hurdle given the political composition of the Senate.

### The case for change

The case for investment in childcare and early learning is underpinned by the desire to build a long-term sustainable economy in America. It is being promoted as a 'plan to rebuild the middle class'.<sup>396</sup> By improving childcare more parents can participate fully in the workforce and more children can grow up to play a valuable role in the future economy. To do this, there is need to reverse decades of under-investment, to make quality childcare affordable and to pay workers fairly.

### The economic case

The White House argues that investment in early years care and education will lead to lifelong educational and economic benefits for children and is a transformational investment in America's future economic competitiveness. It argues that every \$1 invested in high quality early childhood care and education can yield \$3 to \$7 over the long run as children do better at school, are more likely to graduate college and earn more as adults.<sup>397</sup> Reliable childcare is estimated to generate an additional \$79,000 in lifetime earnings for mothers with knock on effects on their savings and pensions.<sup>398</sup>

395 FACT SHEET: President Biden's Build Back Better Agenda Will Deliver Historic Investments in American Families and Communities. The White House Briefing Room. 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/13/fact-sheet-president-bidens-build-back-better-agenda-will-deliver-historic-investments-in-american-families-and-communities/>

396 The Build Back Better Framework – President Biden's Plan to rebuild the Middle Class. The White House. <https://www.whitehouse.gov/build-back-better/>

397 *Ibid.* The Build Back Better Framework.

398 Joughin. Our Child Care System Is Not Meeting The Needs Of Families, Providers, or The Economy. First Five Years Fund. 2021. <https://www.ffyf.org/our-child-care-system-is-not-meeting-the-needs-of-families-providers-or-the-economy/>



The costs of not having a well-financed system are high. The advocacy group First Five Years Fund estimates that between \$500m and \$3.5bn of annual losses occur in each state due lack of affordable childcare. Parents lose about \$30-35b in income as they reduce their working hours or leave the workforce<sup>399</sup> and businesses lose an estimated \$4.4b due to childcare related absenteeism.

## Gender equality

Gender equality is one of the building blocks of Build Back Better. It aims to address longstanding discrimination and the barriers that have hampered women from participating in the workforce.

The argument that affordable childcare will be beneficial to women is presented based on both equality and an economics. The White House argues that 'when women are better off, we are all better off'.<sup>400</sup> White House Briefings quote studies which suggest that the plans will increase overall participation in the labour market by about 1%. Most of these workers will be women. It would boost the US's GDP by about 10% in the long run.

The plan to increase care workers' wages will help address pay issues. Given that 95% of the care workforce are women, many women will benefit directly from the proposals.<sup>401</sup>

## Need to reverse decades of under-investment

Childcare and early learning provision is currently very patchy in America. Provision models vary from state to state. However, there is a programme called Head Start which is funded by the Federal Government and is available to low-income families who have 3- to 5-year-old children. To be eligible for this program families must earn less than the Federal Poverty Level. Most pre-school education and care is privately funded. Some pre-schools are operated by faith-based groups.

Lack of provision is a problem throughout America but is worse in rural areas and for Hispanic / Latino families. More than half of the children live in a 'childcare desert' where there is only one childcare place for every three in need of care.

Underinvestment over decades has resulted in an unsustainable model for many private childcare providers. The quality of provision is variable, and staff are paid poorly. The Pandemic made the situation even more challenging. New Health and Safety requirements were costly, enrolment declined, and childcare businesses cut around 134,500 jobs between February 2020 and May 2021.<sup>402</sup>

Whilst Federal Funding is currently available, through the Childcare Development Block Grant which provides childcare certificates that can be used with whichever provider eligible parents choose, the funding is low amounting to only 0.5% of GDP which places America near the bottom of OECD rankings. Only 1 in 9 children received the subsidies in 2019.<sup>403</sup>

## High quality childcare needs to be affordable

Many households struggle to afford the childcare that is available. At an average cost of \$10,000 pa, childcare costs are often greater than other essential costs of living. A White House Briefing estimates that childcare costs for two children costs at least 50% of the median millennial's salary in 47 States.<sup>404</sup>

399 *Ibid.* Joughin. 2021

400 FACT SHEET: How the Build Back Better Framework Will Support Women's Employment and Strengthen Family Economic Security. The White House Briefing Room. 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/07/15/fact-sheet-how-the-build-back-better-framework-will-support-womens-employment-and-strengthen-family-economic-security/>

401 Boteach. What Build Back Better's Child Care Plan Will Mean for Families and Early Educators. National Women's Law Center. 2021. <https://nwc.org/what-build-back-better-child-care-plan-will-mean-for-families-and-early-educators/>

402 Bureau of Labor Statistics.

403 The Build Back Better Act Substantially Expands Child Care Assistance. Center for American Progress. 2021. <https://www.americanprogress.org/article/the-build-back-better-act-substantially-expands-child-care-assistance/>

404 FACT SHEET: How the Build Back Better Plan Will Create a Better Future for Young American. The White House Briefing Room. 2021. <https://www.whitehouse.gov/briefing-room/statements-releases/2021/07/22/fact-sheet-how-the-build-back-better-plan-will-create-a-better-future-for-young-americans/>

## Childcare givers and educators should be treated with respect and rewarded well

In order to remain solvent, childcare providers often resort to offering low wages to staff. The average salary, of the predominantly female staff, is currently around \$25,000 (about £18,000). The low wages have led to turnover rates of up to 40% in some areas and have presented challenges when recruiting new staff.<sup>405</sup> Nationally, almost 1 in 10 of the staff have left since the start of the pandemic for higher paid jobs.

## The proposals

The Build Back Better proposal's key aim is to ensure that every family who needs it can find and afford quality options that meet its childcare and early learning needs. The proposals include increasing funding of providers, subsidies for childcare costs of low- and middle-income families and free Pre-K (equivalent to our nursery schools) for 3- to 4-year-olds. The benefits are further boosted by a system of tax credits and a scheme for paid family and medical leave for working parents.

## Childcare

Build Back Better includes the following provisions for childcare:

- Guaranteed access to high quality childcare for low- and middle-income families who choose to use it
- Subsidies to families on a sliding affordability scale.
- Full cover of childcare costs for the hardest pressed and costs capped at 7% of income for families earning up to 1.5 their state's median income; this could save an average family with 2 children \$14,800 pa
- Investment in the quality of childcare provision
- Freedom of choice of provider for parents
- Increased wages for the workforce<sup>406</sup>

## Pre-K

Early education for 3–4-year-olds is known as Pre-K in the US. It is roughly equivalent to nursery schools in the UK. Build Back Better includes the following provisions:

- High quality and accessible and inclusive universal free Pre-K education for all 3–4-year-olds
- Low student to teacher ratios; development appropriate curriculum
- 5 million children will benefit, saving the average family \$1300 when fully implemented<sup>407</sup>
- Families will be able to choose the provider
- Increased wages for the workforce<sup>408</sup>

405 *Ibid.* Joughin. 2021

406 [Guarino. FAQ on the Child Care and Preschool Provisions in the Build Back Better Act. First Five Years Fund. 2021.](#)

407 *Ibid.* Bureau of Labor Statistics.

408 *Ibid.* Guarino. 2021.

## Links to child development outcomes

By providing Federal funding through Build Back Better, the Government can directly link financial provision to the improvement of development outcomes for the children. The additional money comes with performance and reporting requirements.

Build Back Better Funding will use the standards used by the existing Head Start Programme for low-income families. Head Start Performance Standards use data to track goals, set education standards, a developmentally appropriate curriculum and child to teacher ratios. Standards include the creation of an inclusive and supportive environment, health nutrition and parent involvement services. The objective is high quality individualised services aimed at School Readiness and to enhance children's physical and emotional well-being, reflecting best practice and latest research.

The existing Head Start scheme links outcomes to improving health and reducing crime. By applying Head Start Standards more widely, Build Back Better should contribute to these outcomes.

Pre-K providers will be required to set Head Start Performance Programme standards within 18 months.

## Tax-credits

As well as directly funding early years care a system of tax credits will help families. Build Back Better will:

- Make the expanded child development tax credit system enacted as part of the American Rescue Plan permanent – paying for half of childcare up to the age of 13 (up to \$8000 for 2 children)
- Significantly increase the Child Tax credit system – can be used for anything related to the child.

## Paid leave for family and medical issues

Paid family leave carers will significantly help families with childcare emergencies. Build Back Better includes a comprehensive paid family and medical leave system which includes benefits for freeing domestic violence, sexual assault and stalking as well as medical conditions and bereavement.

## Implementation

The measures described are progressive and wide ranging. There are, however, significant hurdles to overcome. Most immediately the Build Back Better Bill has to be passed through the Senate. The individual States then need to opt in to receive the funding. The funding will count as Federal State Aid so the individual States will be required to agree to rules and reporting on eligibility and quality standards. It is planned that the proposals will be introduced from 2022. The legislative process may take a little longer.

# APPENDIX

## Research Framework

Across each of the countries - Canada, Australia, Japan, New Zealand, and Switzerland, we sought to identify:

- Key features of the childcare and early years education system
- The relationship between the country's system and child development outcomes
- The relationship between the country's system and parents labour market participation

## 1. Key features of the childcare / early years education systems

### State-funded childcare entitlements for parents

- What amount of state funded childcare are parents entitled to?
- At what ages does it start/finish?
- How many hours per week or other regular period?
- For what length of time can it be used?
- Which factors affect entitlement?
  - Age of child
  - Type of provider
  - Parents' working status and income
  - Region within country
- How long have these entitlements been available to parents i.e. when was this policy/policies implemented?
- What amount of state funding is paid directly to parents?
- Through what mechanism(s) is this funding paid?
- Which factors affect this funding?
  - Age of child
  - Type of provider
  - Parents' working status and income
  - Region within country

- How long has this funding been available to parents i.e. when was this policy implemented?
- What amount do parents contribute to childcare costs?
- How do the following factors affect parents' contributions?
  - Household type
  - Income

### **State funding for childcare providers**

- What amount of funding is paid to providers?
- Through what mechanism(s) is this funding paid?
- How do the following factors affect this funding?
  - Type of provider
  - Demand (a census of take-up of place) or supply (a set number of places)
  - Registration with official bodies
  - Region within country
- How long has this funding been available to providers i.e. when was this policy/policies implemented?

### **Employer contributions to childcare**

- What amount, if any, do employers contribute to childcare costs (within legislation)?
- Through what mechanisms(s) is this funding paid?
- How long have employers been making these contributions i.e. when was this policy implemented?

### **Other childcare funding**

- What, if any, system is there within legislation for any other class of organisation to contribute to childcare costs?
- When was this policy implemented?

### **Structure of the childcare market**

- What types of formal and informal settings provide registered childcare services up until the start of formal schooling?
  - State maintained providers
  - Independent/for-profit providers
  - Childminders
- What types of formal and non-formal settings provide childcare services after the start of formal schooling?
- How are different settings registered?
- Who owns / controls / runs the different types of provision?
- How does the childcare sector fit within a universal/integrated services framework?
- How long has each element of the childcare system been in place?

## Quality

- How does the structural quality of childcare vary by child age and setting, including...?
  - Adult-child ratios and group sizes
  - Staff qualifications
  - Gender balance of workforce
- How does the process quality of childcare vary by child age and setting?
  - Curriculum and pedagogical practices
- What inspection and/or assessment of the quality of provision is present?
  - Frequency of inspection and assessment criteria

## 2. Relationship to child development outcomes

- What do major studies find in terms of relationship between the system summarized above, and child development outcomes?
  - Cognition/ school attainment
  - Social and emotional outcomes
- How do outcomes vary by child and parent demographic factors?
- How big are effects and how long do they last?
- What is the methodology of this research, including its limitations and strengths?

## 3. Relationship to parents' (specifically mothers') labour market outcomes

- What do major studies find in terms of relationship between the system summarized above, and labour market participation outcomes?
- How do outcomes vary by child and parent demographic factors?
- How big are effects and how long do they last?
- What is the methodology of this research, including its limitations and strengths?

## 4. Key Learning

- Are there any additional pieces of learning, not covered by the above that could be applicable to the English system?





The Fawcett Society is the UK's leading membership charity campaigning for gender equality and women's rights at work, at home and in public life. Our vision is a society in which women and girls in all their diversity are equal and truly free to fulfil their potential creating a stronger, happier, better future for us all.

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