

to eligible parents (where –if leave taken together– both parents must have collected 600hrs of insured work since the start of their last claim).

In New Zealand no distinction is made between maternity and parental leave for the care of children under 1 year of age. Under the Parental Leave and Employment Protection Act of 1987, either parent is eligible for parental leave who satisfies the qualifying criteria (i.e. continuous employment by the same employer for at least 1 year, working minimum 10hrs per week). The duration of leave is a continuous period of 14 weeks starting from the date of birth, which can be extended to a maximum of 52 weeks. Parents can take leave at the same time or consecutively but the total amount of leave cannot add up to more than a year. In addition to the 52 weeks parental leave, there is provision for special leave up to 10 days before the birth of the child. Parental leave is unpaid in New Zealand.

In the UK statutory maternity leave can be claimed by mothers who have been employed for at least 26 weeks by the same employer by the 15<sup>th</sup> week before the baby is due to be born. There is also a minimum earnings limit of £312.00/month (above this earnings level social insurance contributions are paid) which the claimant must satisfy in order to be eligible for maternity pay. The maximum duration of the leave is 40 weeks, 18 paid and 22 unpaid.

In the US maternity leave is regulated by the Family Leave and Medical Act of 1993 (FMLA), which requires public and private employers of 50 or more employees to provide them with up to 12 weeks of unpaid, job protected leave in a 12 months period specified by family and medical reasons. Eligibility criteria varies from state to state, but it is generally determined by prior earnings and/or duration of employment.

#### **4.2 Other Maternity Provisions**

Maternity benefits for non-working or part-time employed mothers who do not satisfy the eligibility criteria of the employment related provisions exist in a very limited form, only in New Zealand and the UK. In all five countries extra-statutory leave and pay might be provided as a result of collective bargaining agreements or voluntarily by employers. In this way, the duration of statutory provision might be extended and benefit levels raised. This section reviews these additional maternity provisions to those introduced above.

In Australia and Canada there are no further state maternity provisions besides statutory maternity/parental leave. In New Zealand a means-tested Parental Tax Credit is provided to low-income families, worth \$150 per week for eight weeks from the birth of a child. The level of this tax credit is influenced by family income and it is paid to the primary caretaker. People receiving means-tested benefits (except family assistance) are not eligible for Parental Tax Credit.

In the UK, Maternity Allowance is a benefit which aims to provide for mothers who do not fulfil the eligibility criteria of Statutory Maternity Pay (for example because they are self-employed or have been employed by more than one employer in the qualifying period). Maternity Allowance can be paid for a maximum of 18 weeks to women who have been employed for 26 weeks in the 66 weeks before the baby is due. There is a lower earnings limit that their income must reach to qualify for the benefit. In addition, Sure Start Maternity Grant is available to low-income families (eligibility determined by the reception of means-tested benefits) to help them with the costs of a new baby. The grant is a one off payment (of up to £300 in 2001) made from the Social Fund.

In addition to the statutory provisions, in the US many employers offer participation in group Temporary Disability Program plans to their workers, with full or partial premium coverage as a fringe benefit. Some employees also purchase individual policies.

The take-up rates of maternity/parental leaves are not systematically documented across countries and data is not readily accessible. Previous studies have shown however (Dex and Joshi 1999, Gustafsson et al 1996, Ronsen and Sundstrom 1996), that two aspects of parental leave are likely to influence the rate of take-up. These are the leave's income replacement rate and duration of job-protection. The higher the income replacement rate, the less likely the mother will return to work over the period of the leave. The effect of long job-protected leaves is to cause discontinuities in women's return to work. The majority of women time their return at the end of the paid period or at the end of the job-protected period.

### 4.3 Paternity Leave

Increasingly more countries provide short-term (max. 2 weeks), usually unpaid, paternity leave following childbirth. Their aim is -next to facilitating gender equality- to encourage fathers to participate in child-rearing and to look after additional children in the period surrounding the birth of a new child.

As described above, some countries do not distinguish between maternity and parental leave provision. In Australia parental leave covers both maternity and paternity leave, and the same conditions apply for men as for women. The length and coverage of the Australian parental leave is described in section 4.1. Similarly in Canada, unpaid statutory parental leave can be taken up by either 'new' parent. Parental benefits are paid to those men (and women) who satisfy the Employment Insurance conditions as described in section 4.1. In New Zealand as well, there is no separate paternity leave, but unpaid parental leave can be taken up by both parents and Parental Tax Credit is paid to the primary caregiver. Although the parental leaves of Australia, Canada and New Zealand can be taken up by either parent, fathers are often discouraged by employers from taking long parental leaves.

In the UK there is no Paternity Leave provision as yet, but from 2003 the government is planning to introduce the right to two weeks of paid paternity leave for working fathers, paid at the same rate as statutory maternity leave. In the US paternity leave for men is regulated according to the same conditions as maternity leave for women under the Family Leave and Medical Act.

There is unfortunately no easily accessible data on paternity leave take-up rates.

### 4.4 Childcare Leave

Some countries provide statutory childcare leave to employees, enabling working parents to look after very young or sick children. The duration of this type of leave often depends on the age and number of dependent children and is calculated on an annual basis. Three out of the five countries provide childcare leave, but it is a paid leave only in New Zealand. The UK provides the most generous leave in duration but parents are unlikely to use up their entitlement since childcare leave is unpaid. In New Zealand and the United States childcare leave is a form of sick leave, to be taken up for medical purposes only. Table 4.2 summarises the main characteristics of childcare leave in the 5 countries.

**Table 4.2 Childcare leave**

	<i>Australia</i>	<i>Canada</i>	<i>New Zealand</i>	<i>UK</i>	<i>US</i>
Exists?	No	No	Yes	Yes	Yes
Conditions	n.a.	n.a.	At least 1 year employed.	At least 1 year employed. For children under 5.	Specified family and medical reasons.
Length	n.a.	n.a.	3 weeks per year.	Max 4 wks per year per child	Max 12 wks in 12 months
Flexibility of leave	n.a.	n.a.	Negotiable with employer.	Negotiable with employer. Taken in blocks of one week.	In one or more blocks or by reducing weekly working hrs.
Pay	n.a.	n.a.	Paid as normal sick leave	Unpaid	Unpaid
Job protection	n.a.	n.a.	Yes	Yes	Yes

In Australia and Canada there is no separate provision for Childcare Leave. In New Zealand, under the 1991 amendment of the Holidays Act, there is a statutory entitlement to paid special leave when either the employee is sick, or he/she is required to care for a sick dependant or when the employee suffers a bereavement of a close relative. The leave entitles both mothers and fathers to take time off work, to look after a child (under 14) or make arrangements for the child's welfare. In order to qualify employees must have completed one year's service at the same employer. The paid leave for domestic purposes is linked to the employee's sick leave entitlement. The annual entitlement is 3 weeks of paid leave, but collective bargaining agreements often restrict this to only 5 days.

In the UK both parents are entitled to Parental Leave to spend time with or look after a child under 5 even if there is no medical need for it. British parental leave is unpaid and is a maximum of 4 weeks per year per child, taken in multiples of 1 week periods.

In the US the FMLA entitles parents to take leave to look after an immediate family member (i.e. spouse, child or parent, and the employee him-/herself) with a serious health condition. Apart from this sick leave there is no separate childcare leave. The leave can last up to 12 weeks and is unpaid. It can be distributed over 12 months, optionally by reducing working hours.

#### 4.5 Evaluation of Parental Leave Provisions with Regard to Fertility Outcomes

Previous studies have shown that maternity/parental leave has an effect on paediatric health (Ruhm 2000), hence on infant mortality rates. Ruhm's study used aggregate data from 16 European countries over the 1969-1994 period. The results showed that more generous paid leave reduces deaths of infants and young children. Moreover, there was a substantial negative correlation between the duration of leave and post-neo-natal or child fatalities. Consequently, parental leave provision might be a cost-effective method of improving birth rates and child health. Furthermore, the extent of maternity leave take-up seem to depend on spousal earnings and whether the leave is paid or not (McGovern et al 2000). This means that economically vulnerable groups cannot afford to exploit their rights for unpaid leave and are at greater risk of infant/child health problems.

On the basis of the above observations, the Table 4.3 provides an evaluation of parental leave policies according to their duration and wage replacement rate. The longer the duration and the higher the wage replacement level the higher the value of a particular provision (because it better facilitates choice between care and employment). Leave provisions are classified as having high/medium/low value according to the above criteria.

What is apparent from Table 4.3 is that countries with particularly weak parental leave provisions (e.g. US and New Zealand) have higher birth rates than countries with more generous leave entitlements (e.g. Canada). These results might be related to the association found (in Chapter 1) between birth rates and female participation rates. That is, the provision of short leaves instead of longer ones might have a positive influence on women's job retention after child birth.

**Table 4.3 Parental leave provision and birth rates**

	<i>Parental leave provision</i>	<i>Extra maternity provision</i>	<i>Paternity Leave</i>	<i>Childcare leave</i>	<i>Birth rate (per 1000)</i>
Australia	Low	None	Low	None	12.9
Canada	High	None	High	None	11.6
New Zealand	Low	Medium	Low	Low	14.7
UK	Medium	Medium	None	Low	11.8
US	Low	Low	Low	Low	14.5

Figure 4.1 follows up these results by examining the relationship between birth rates and the length of paid maternity leave. The inverse relationship between the duration of parental leave and birth rates seems to be confirmed. The UK and Canada providing the longest leaves have the lowest birth rates, while New Zealand and the US, providing zero paid leave have the highest birth rates.

**Figure 4.1 Birth rates by length of paid maternity leave**

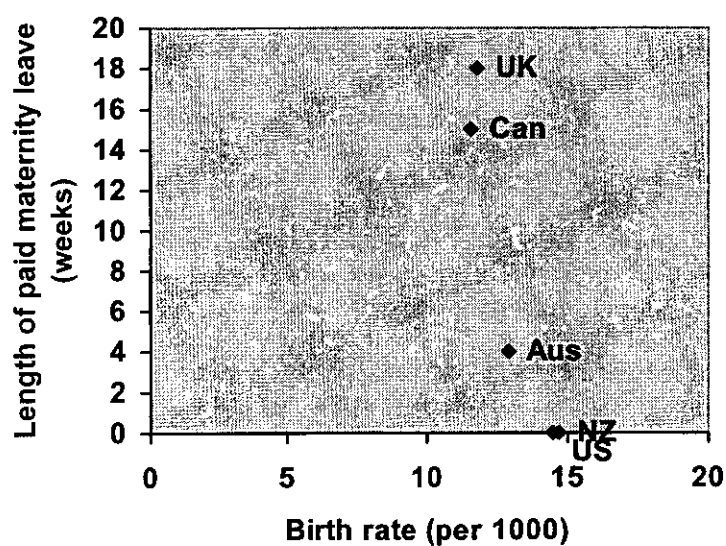
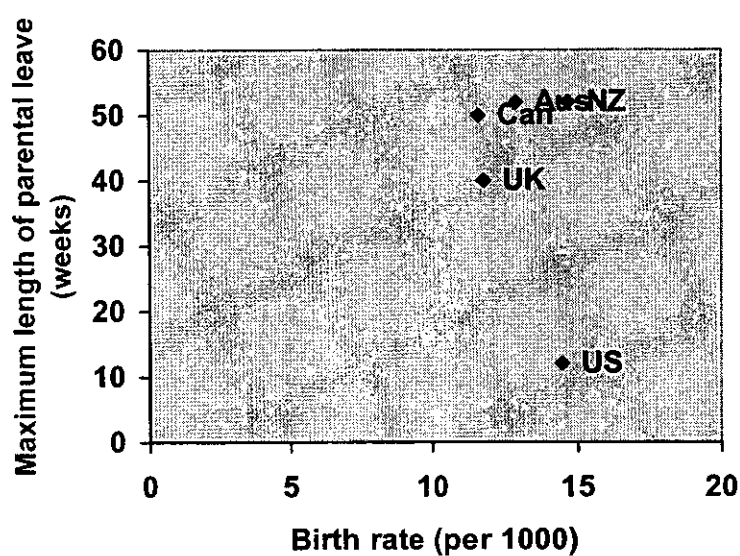


Figure 4.2 examines the relationship between birth rates and the maximum length of parental leave. In this case there is no apparent relationship between the two variables. This is not an unexpected result since the impact (and take-up rates) of extended leaves is relatively low because they are not paid.

**Figure 4.2 Birth rates by maximum length of parental leave**



The next chapter explores the characteristics of childcare provision in the five countries.

## 5 Public Childcare Services

Childcare costs and subsidies have a significant effect on the labour market behaviour of mothers, hence on family income. High childcare costs prevent mothers on low earnings from returning to employment after child birth because they absorb a large proportion of wages. Mothers' withdrawal from the labour market however, has a negative impact on household income and on their own career prospects. In the previous chapters we have observed a positive relationship between women's employment rates and birth rates. Therefore, if mothers' employment is facilitated by good quality, affordable childcare, this should have a positive impact on fertility rates.

This chapter examines childcare services, costs and subsidies in the five countries under study. The chapter is divided into four sections containing respectively: formal education characteristics; provision of childcare for pre-school age children; statistics of childcare usage; and the evaluation of childcare costs and benefits.

### 5.1 Formal Education Characteristics

The minimum school age and school leaving age are very similar across the five countries. The UK has the youngest school age at 5 years old and Australia the youngest school leaving age at 15. School hours are also very uniform across the board, normally lasting from 9am to 3pm. After school childcare is a paid service in all five countries and subsidies only cover children from low-income families. Table 5.1 summarises the main characteristics of formal education in the five countries.

**Table 5.1 Formal education characteristics**

	<i>Australia</i>	<i>Canada<sup>1</sup></i>	<i>New Zealand</i>	<i>UK</i>	<i>US</i>
Minimum school age	6	6	5-6	5	5 - 8 <sup>2</sup>
School leaving age	15	16	16	16	16 - 18 <sup>2</sup>
Normal school hours	Mon.-Fri. ca. 9am-3pm	Mon.-Fri. 9am-3.30pm	Mon.-Fri. 9am-3pm or 8.50am-3.20pm	Mon.-Fri. 9am-3.30pm	Mon.-Fri. ca. 9am-3pm
After school childcare	Yes	Yes	Yes	Yes	Yes
Paid?	Yes	Yes	Yes	Yes	Yes
Subsidies	Yes	Yes	Yes	Yes	Yes

<sup>1</sup>All data refers to Ontario, the largest province containing 38% of Canada's population.

<sup>2</sup>Varies by state and local jurisdiction. Typical minimum school age is 6 or 7 years. Typical school leaving age is 16 or 18.

#### Sources:

*Australia:* ABS, Schools, 2000, Catalogue 4221.0

*New Zealand:* Ministry of Education

*United States:* National Center for Education Statistics (2001), *Digest of Education Statistics*, 2000, NCES 2001-034, U.S. Department of Education. National Institute of Out-of-School Time (March 2001), Fact Sheet on School-Ages children's Out-of-School Time, Wellesley College.

In Australia children start school in the year in which they turn 6 by a certain date, usually in August or September. School hours vary somewhat by school on purpose in order to help to avoid traffic congestion. Out-of-school care (OSH) is available for both before and after school

hours and vacations but there is a considerable unmet need for this type of care. Childcare Benefit is available to reduce the costs of OSH to the 85% of the hourly rate for pre-school children.

In Canada, education is an area of provincial jurisdiction under the Constitution. School hours and out of school arrangements vary from province to province. Usually there are some organised centres that provide out of school care, but this is not an organized service that is meant to cover the whole population. In 1998, in Ontario less than 4% of school age children used out of school childcare. Childcare costs can be subsidized according to income in most provinces.

In New Zealand the minimum statutory school age is 6 but in reality 99.8% of children start school after their 5<sup>th</sup> birthday. School hours are longer in secondary schools, lasting from 8.50am till 3.20pm as opposed to primary schools where teaching is from 9am to 3pm. Some primary schools offer after school care facilities for a charge (£3.00 per hour per child in 2001). There is an After School Care subsidy, called OSCAR, and also a Childcare Tax Rebate which aim to contribute towards childcare expenditure. The level of subsidy is influenced by family income and the amount of childcare used per week.

In the UK, out of school clubs provide childcare for 6 to 16% of school aged children. The costs of this type of childcare can be reduced by the Childcare Tax Credit which is available to low-income working families (for eligibility criteria see Chapter 3).

In the US after-school arrangements vary across and within states. Local school districts may optionally provide after-school services, but these services are not limited to schools only. There are limited federal funds for after-school care and more than half of the states provide funding for them. Around 35% of children aged 6-13 are entitled to the use of childcare subsidy funds toward the costs of out-of-school services.

## 5.2 Childcare Provision for Children Under School Age

Table 5.2 presents the main childcare characteristics of Australia, Canada, New Zealand, the UK and the US. None of the five countries guarantee a childcare place for each child under school age. New Zealand, the UK and the US provide free part-time nursery school education to four year olds. Childcare services are paid in all five countries and the UK is the only country not providing income-related subsidies. A proportion of childcare costs can be deducted from the income tax in four out of the five countries, with the exception of Australia.

**Table 5.2 Formal childcare provision for children under school age**

	<i>Australia</i>	<i>Canada</i>	<i>New Zealand</i>	<i>UK</i>	<i>US</i>
Is it guaranteed for all below school aged?	No	No	No*	No*	No
Most prevalent formal childcare	Long Day Care	Centre based care	Creche	Childminder (England and Wales)	Centre based care
Paid?	Yes	Yes	Yes	Yes	Yes
Income related subsidies	Yes	Yes	Yes	No	Yes
Tax credit	No	Yes	Yes	Yes	Yes

\*But a free part-time nursery school education place is guaranteed for all four year olds.

### Sources:

*Australia:* FaCS, Census of childcare places, 2000

*United Kingdom:* Daycare Trust (05/02/2001), *Childcare Costs in England Survey*.

*United States:* 'Snapshots of America's Families', National Survey of America's Families, *Assessing the New Federalism*, Washington, DC: Urban Institute.

In Australia there is no childcare state guarantee for pre-school children. Service guidelines give priority to children at risk and children of lone parents if they need childcare in order to be able to work. The fees of Long Day Care vary by centre and region. Due to variation in State requirements, weekly fees cover different services in each State. Childcare Benefit (CCB) serves as an income-tested childcare cost subsidy, available to all parents with dependent children. Both parents and the lone parent must be doing some paid work, or study to become eligible for

CCB paid after registered care of for more than 20hrs of approved care. The Commonwealth Government also provides grants, block funding (subsidies for disadvantaged areas), operational subsidies and capital funding for childcare service providers. From 2001 these grants are also available for private family day care centre and out-of-school program operators. There is no childcare tax credit operating in Australia.

In Canada, there are no provinces that guarantee childcare places for pre-school age children. In 1998, 6.5% of children aged under 12 used formal childcare. Childcare fees vary by the age of the child and can be reduced by income related subsidies which vary by provinces. There are also tax credits and direct grants to childcare centres in most provinces. A limited amount of childcare expenses per child (aged under 7 and/or 7 to 15) may be deducted from income.

In New Zealand there is no state guarantee childcare for all children but a free part-time nursery school education place is provided to all 4 year olds who require one. The most prevalent full-time formal childcare for pre-school age children is Creche, what Licensed Education and Care Services are called. Childcare is a paid service which can be subsidised for low-income families. The rate of subsidy varies according to family income and the length of time that childcare is used. There is an additional Childcare Tax Rebate which applies at 33% for childcare expenses up to a maximum amount (\$940 per annum in 2001).

There is no guaranteed childcare place for children under school age in the UK either, but 4 year olds are guaranteed a part-time childcare place if they require one. Although childcare is a paid service there are no subsidies and benefits to reduce its costs for low-income families. There is however a tax relief called Childcare Tax Credit (part of the Working Families Tax Credit) which covers part of the childcare costs of low-income working families (for further details see Chapter 3).

In the US, there are no statutory guarantees for childcare for all children. Single parents with children under the age of 6, receiving Temporary Assistance for Needy Families (TANF) are exempt from work requirements if childcare is not available. Childcare services must be paid for, although fees can be waived when family income is at or below the poverty level. States have the option of requiring cost sharing of childcare fees from recipients of TANF. Formal childcare fees are subsidized through the federal Childcare Development Fund Block Grant (CCDFBG) created in 1996. Its aim is to support the self-sufficiency efforts of poor and near poor mothers at risk of welfare receipt. Children eligible for CCDFBG subsidies must be in families whose income does not exceed 85% of State median income. Single parents receiving TANF assistance are a high priority category for CCDFBG subsidies. In addition to CCDFBG, several states have subsidy programs that fund additional childcare slots and/or increase income eligibility. There is also a tax credit related to childcare expenses in the US. Dependent Care Tax Credit provides up to 30% of (a limited amount of) childcare costs for families up to a gross income of \$10,000. After this income limit the value of the tax credit decreases. In addition, the value of Employer-provided Dependent Care is excluded from the employee's gross income. Employer-provided Dependent Care benefits are in the form of on-site childcare facilities or through the reimbursement of employee expenses. Dependent care exclusion is limited to \$5,000 per year.

### **5.3 Statistics of Childcare Usage**

The childcare usage of pre-school aged children is the highest in New Zealand (followed by Australia) and the lowest in Canada. The impact of high childcare costs in the absence of state subsidies is apparent in the case of the UK, which has the second lowest rate of childcare usage for under 3s yet a relatively high rate of childcare usage for the 3-4 year olds (i.e. the age at which free part-time nursery places become available). There is not much available data on the childcare usage of school aged children, but it is assumed to be relatively low. After school leaving age the majority of children continue with their education until they turn 18 in four countries, except in the UK where only 55% of children remain at school. Table 5.3 summarises recent rates of childcare usage.

**Table 5.3 Statistics of childcare usage**

% Children in education or childcare	Australia	Canada*	New Zealand	United Kingdom	United States
Aged < 3	22 (aged 0-2) (1999)	4.5 (1998)	53 (2000)	15 (aged 0-2) (1999)	16 (aged 0-2) (1999)
Aged 3-4	66 (1999)	23.3 (1998)	92 (2000)	42 (1999)	54.2 (1999)
School aged	-	4 (1998)	-	6-14 (1999)	-
Between school leaving age and 18	77.6 (aged 15-19) (2000)	78.5 (aged 15-19) (1996)	c.a. 68 (2000)	55 (1999)	85.2 (aged 16-18) (1999)

\*All data for Ontario except in last row.

- Missing data.

**Sources:**

*Australia:* ABS Childcare Survey 1999, ABS Social Trends 2001.

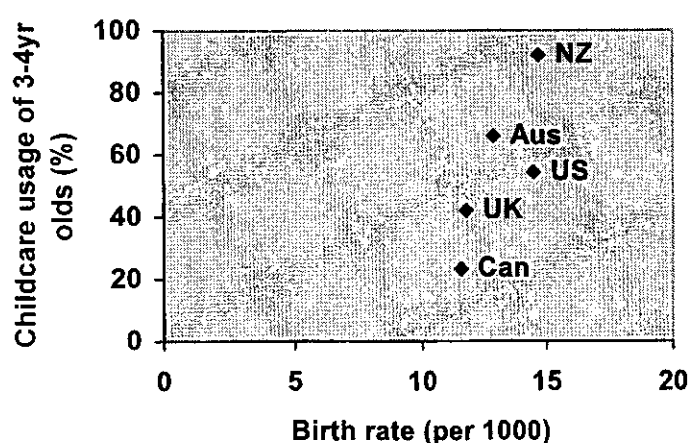
*Canada:* *Statistics Summary: Canadian Early Childhood Care and Education in the 1990s*, The Childcare Resource and Research Unit (CRRU) at the Centre for Urban and Community Studies, University of Toronto, ([www.childcarecanada.org](http://www.childcarecanada.org)); Census of Canada 1996.

*New Zealand:* Ministry of Education website: [www.minedu.govt.nz](http://www.minedu.govt.nz)

*United Kingdom:* La Valle, I., Finch, Nove, A., Lewin, C. (2000), *Parents' Demand for Childcare*. DfEE Research Report 176, Nottingham: DfEE Publications; DfEE, Press release 2000.

*United States:* National Center for Education Statistics website ([www.childstats.gov](http://www.childstats.gov)), Table POP7.

Figure 5.1 explores possible associations between birth rates and the rate of childcare usage among 3-4 year olds. There seems to be a positive relationship between the two variables whereby higher childcare usage appears to imply higher birth rates.

**Figure 5.1 Birth rates by the childcare usage of 3-4 year olds**

#### 5.4 Evaluation of Childcare Costs and Benefits

This section evaluates the level of gross and net childcare costs for different family types on different earnings levels in the five countries. Table 5.4 presents the level of childcare costs to be paid after subsidies have applied but before income-related benefits and taxes. For a lone parent both on half average and average female earnings childcare costs are the highest in the UK and



Canada and the lowest in Australia. For a couple on average male earnings childcare costs are the most expensive in the US and the cheapest in Australia. For double earner couples the picture is much the same, although in this case Canada has slightly lower childcare costs than Australia. Australia is the only country that exhibits horizontal redistribution of income through all earning categories, requiring lone parents on low-income to pay significantly less than a double earner couple on above average income. In Canada and the UK childcare costs do not vary by either family type or earnings level. New Zealand and the US only subsidise the childcare costs of 'very low-income' families.

**Table 5.4 Childcare costs per month for the most prevalent form of full-time childcare, after direct and indirect subsidies but before taxes and benefits in £ purchasing power parities (2001)**

	<i>Lone parent + child aged &lt; 3</i>		<i>Couple + child aged &lt; 3</i>	
	<i>Half average female earnings</i>	<i>Average female earnings</i>	<i>Average male + half average female earnings</i>	<i>Average male + average female earnings</i>
Australia	88	124	297	337
Canada	324	324	324	324
New Zealand	241	321	371	371
United Kingdom	385	385	385	385
United States	125	158	639	639

Table 5.5 presents the combined value of childcare subsidies and tax benefits. This sum is calculated as the difference between the net disposable income (after taxes and cash benefits) of lone parents/couples with a pre-school age child and that of lone parents/couples with a school age child. In the case of lone parents, the strongest 'childcare benefit package' is provided by the UK, followed by Canada. Single and double earner couples on average earnings do not receive significant childcare benefits. Only Canada and New Zealand provide childcare cash support to all family types on all earnings levels, Australia and the UK only support lone parent families and the value of the American childcare benefit package is zero.

**Table 5.5 Combined value of childcare tax allowances and subsidies for (most prevalent form of childcare) in £ purchasing power parities (2001)**

	<i>Lone parent + child aged &lt; 3</i>		<i>Couple + child aged &lt; 3</i>	
	<i>Half average female earnings</i>	<i>Average female earnings</i>	<i>Average male + half average female earnings</i>	<i>Average male + average female earnings</i>
Australia	34	35	0	0
Canada	99	46	87	93
New Zealand	11	11	11	11
United Kingdom	269	227	0	0
United States	0	0	0	0

Table 5.6 provides the net cost of childcare for different family types, calculated on the basis of tables 5.4 and 5.5, i.e. by subtracting the combined value of tax/cash benefits from the

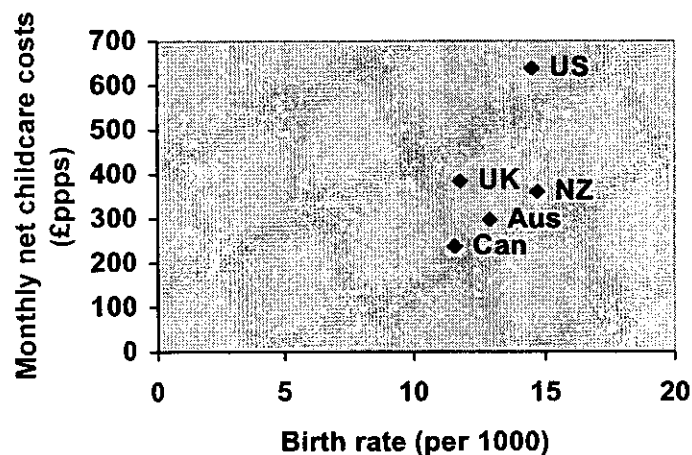
total cost of childcare. For lone parents on half average and average female earnings, childcare costs are cheapest in Australia and the most expensive in New Zealand. For couples on average earnings, net childcare costs are highest in the United States and lowest in Canada. There does not seem to be a significant difference between country rankings on basis of their gross and net childcare costs.

**Table 5.6 Net costs of full-time (most prevalent) childcare per month, after direct and indirect subsidies and after taxes and benefits in £ ppps**

	<i>Lone parent + child aged &lt; 3</i>		<i>Couple + child aged &lt; 3</i>	
	<i>Half average female earnings</i>	<i>Average female earnings</i>	<i>Average male + half average female earnings</i>	<i>Average male + average female earnings</i>
Australia	54	89	297	337
Canada	225	278	237	231
New Zealand	230	310	360	360
United Kingdom	116	158	385	385
United States	125	158	639	639

Figure 5.2 examines birth rate as the function of net cost of childcare for a couple on average male and half average female earnings. The chart shows no strong association between birth rates and childcare costs, although there is a slight tendency towards higher birth rates as childcare costs increase. This would be a surprising finding if it was proved to be true.

**Figure 5.2 Birth rates by net costs of childcare (couple plus 1 child under 3 on average male and half average female earnings)**



The next chapter provides an overview of additional benefits related to child rearing that might be relevant to fertility rates.

## 6 The Family Assistance Package

Families with dependants, especially those on a low-income, are often entitled to extra benefits for children in cash and in kind. The most important of these provisions are the ones which reduce the costs of housing, education and health care. This chapter examines the various schemes of social assistance with which governments support child rearing. The chapter is divided into six sections, the first five containing the following aspects of the family assistance package respectively: school benefits; health care subsidies; housing benefits; child support maintenance and social assistance. The sixth and last section evaluates the level of the overall assistance received by different family types on different income levels in the five countries.

### 6.1 School Costs and Benefits

School costs and benefits might influence some people's decisions about the number of children they think they are able to 'afford'. Very high school fees and large differences between the teaching quality of state and private schools are a deterrent for parents to take on many children whose 'proper' education they could not pay for. On the other hand, the provision of free, high quality schooling can become a means for low-income families to increase their children's job prospects and the family's status. Although all five countries provide free education for all school age children, the segregation between fee-paying (private) and free state schools is great, resulting in an early discrimination between children from privileged and underprivileged backgrounds.

None of the five countries impose obligatory book and material charges on parents of school age children. In Australia and New Zealand however a 'voluntary donation' (amount dependent on school's economic area) is expected which prevents poor children from attending expensive schools. School meals are provided only in the UK and the US, their costs subsidised for families who receive means-tested benefits. Education allowances for children who are older than the statutory school leaving age are only available in Australia and are presently being piloted in the UK. Table 6.1 summarises the main characteristics of school costs and benefits in the 5 countries.

**Table 6.1 School costs and benefits (2001)**

	<i>Australia</i>	<i>Canada</i>	<i>New Zealand</i>	<i>UK</i>	<i>US</i>
Meals provided	No	No	No	Yes	Yes
Meals subsidised	n.a.	n.a.	n.a.	Yes	Yes
Book charges	No*	No	No*	No	No
Allowances for 16-18 year olds	Yes	No	No	Yes	No

\*Although there is a 'voluntary donation' that schools expect from parents.

In Australia, school meals are generally not provided, except in particularly disadvantaged areas, where schools might offer breakfast. There are no formal book and material charges, but requests for 'voluntary' donation are becoming increasingly common. Youth Allowance is available for young people aged 16 to 24 in full-time study, for young unemployed people under 21 who are combining part-time work with part-time study, and for independent (e.g. homeless) 15 year olds who are in full-time study or training.

In Canada (subsidised) school meals are provided in exceptional circumstances only, in very deprived neighbourhoods in a few provinces. There are no formal book and material charges but some informal, undocumented charges might occur for extras. There are no allowances for young people who remain in education after school leaving age.

In New Zealand there is no formal arrangement for school meal provision, although some schools in low-income areas use part of their grants for breakfast provision for 'needy' students. There are no formal books and material charges but schools expect parents to donate a certain sum,

its amount determined by the wealth of the area and the school's usage of additional equipment. Refusal of voluntary donation might result in the exclusion of children from a range of school benefits. There are no allowances for pupils staying at school after school leaving age, except in special circumstances (e.g. if they have a partner and a baby). Those eligible receive a means-tested tertiary student allowance or a student loan.

In the UK school meals are provided for a charge. There are however, no books or other material charges. Free school meals are provided for children whose families receive the means-tested benefits Income Support or Jobseekers Allowance. Children who remain in full-time education after school leaving age can receive Educational Maintenance Allowance (EMA). The EMA is part of a pilot system of funding by local education authorities to certain 16-18 year olds in the further education sector between 1999 and 2002.

In the US schools can provide meals for a fee. There are several federal programs that provide meals or supplement children's nutrition in schools. The National School Lunch Program and the National School Breakfast Program provide free nutritious meals for children whose household income is below 130% of the poverty level and subsidised food for children whose household income is between 130% and 185% of the federal poverty level. Schools may also receive subsidies under the Special Milk Program for Children to encourage the consumption of milk by all students. During summer vacation months, funding is available to provide free meals to children who live in communities where at least 50% of families meet income requirements for free and reduced price lunches. Many public and private schools participate in this scheme. Normally there are no books or material charges for education. There are no allowances for pupils staying in education after school leaving age.

## 6.2 Health Care Costs and Subsidies for Children

The provision of accessible, high quality medical care is crucial for national health (hence birth rates) and social security. This section examines the type and coverage of medical provisions available for children in Australia, Canada, New Zealand, the UK and the US. National health care programs covering free hospital care and free or subsidised general practitioner care operate in all five countries except the United States, where one must be insured through his employer, privately, or through a state program (for the unemployed, elderly and disabled). For dental services and drug prescriptions there is generally a charge for adults, but for children under 19, these services are free in the UK and subsidised in Australia and New Zealand. Canada and the US do not provide special exemptions for children, instead they subsidise the health care costs of all low-income families (on social assistance). Table 6.2 summarises the health care costs and subsidies for children of various medical services.

**Table 6.2 Health care costs and subsidies for children (2001)**

	<i>Australia</i>	<i>Canada</i>	<i>New Zealand</i>	<i>UK</i>	<i>US</i>
Hospital care	Free	Free	Free	Free	Paid
GP visit	Free or subsidised	Free	Free or subsidised for age < 6	Free	Paid
Dental services	Free or subsidised	Paid	Free until school leaving	Free until aged 19	Paid
Drug prescription	Subsidised	Paid	Subsidised	Free until aged 19	Paid
Any exemptions for children	Yes	Only on low-income	Yes	Yes	Only on low-income

In Australia, the government health care program, Medicare entitles both children and adults to free public hospital treatment and free or subsidised GP treatment. In 1995/96 about 80% of GPs billed Medicare, thus made no direct charge to patients, but this figure has declined since then. Dental treatment is not covered by Medicare, but is available free or subsidised to people holding some form of Health Card or Pensioners Concession Card (basically income support recipients). Concessions for children vary by State. Prescriptions that are on an approved list are subsidised under the Pharmaceutical Benefits Scheme and carry a standard charge. The charge for a child is slightly less than that for an adult. There is a fixed reduced charge for all members of a family who hold a health card.

In Canada, there is a free health service, but dental services and drugs are controlled by a private market. There is no general coverage for children, prices are set by the market or by the dental associations. There are some programs which subsidise for children's dental and prescription costs if they come from low-income households or families receiving social assistance.

In New Zealand all public hospital services are free. In general, there are charges for GP services although low-income families pay reduced charges through the Community Services Card. For children under 6, GP visits are free or subsidised. All dental services are free until children are attending school, and prescription charges are subsidised for medicines that are on the controlled list.

In the UK, visits to the general practitioner and to hospital are free for all National Health Services patients. Children up to 19 (in full-time education) are exempt of dental treatment, eye test and prescription charges.

In the US there is no universal health care program. Most individuals are enrolled in health coverage plans through their own or their family member's employer, or have a private insurance. In 1997, government health care programs for public and military employees, for the poor, elderly and disabled (Medicaid and Medicare) provided insurance to 34.2% of the US population; 43% had health coverage through their employer; 7% had private health insurance; and 16% were uninsured. Medicaid, a federal-state entitlement program provides health care coverage to low-income adults and children. Mandated coverage includes pregnant women and children under age 6 with incomes below 133% of the federal poverty level. All children under 19 years old whose family income is below poverty level will be covered by 2002. States have the option of covering pregnant women and infants under 1 whose family income is below 185% of the poverty level, and all children under 19 whose family income is less than 200% of the poverty level. Sliding scales may be implemented for families whose income is above 150% of the poverty level.

### **6.3 Housing Subsidies**

One of the most crucial requirements of households containing children is adequate, spacious, healthy accommodation. Most countries acknowledge this need and the largest share of benefits provided to families with children is derived from housing subsidies.

This section examines the type and characteristics of benefits available to families living in the most common form of rented housing in Australia, Canada, New Zealand, the UK and the US.

From the five countries only Canada does not provide any housing subsidies to families with children and/or on a low-income. In New Zealand and the US the amount of housing subsidy received is not determined by family type or size, but by the level of household income. Only Australia and the United Kingdom take the number of children in the household into consideration when determining housing subsidy levels. Table 6.3 summarises the main characteristics of housing subsidies and their eligibility conditions.

**Table 6.3 Characteristics of housing subsidies (2001)**

	<i>Australia</i>	<i>Canada</i>	<i>New Zealand</i>	<i>UK</i>	<i>US</i>
Direct subsidies for rented housing	Rent Assistance (for private renting)	No	Income-related Rent and Accommodation Supplement	Housing Benefit	Section 8 Rental Voucher and Rental Certificate
Varies by:			(Both)		Yes
Income	Yes		Yes	Yes	(Eligibility depends on the type of housing assistance program)
Work Status	No	n.a.	No	No	
Age of childr.	No		No	Yes	
Family size	Yes		No	Yes	
Family type	Yes		No	Yes	
Contributory	No	n.a.	No	No	No
Taxable	No	n.a.	No	No	No
Administration level	National	n.a.	National	Local authority	Local authority

In Australia, Rent Assistance (RA) is available to private renters receiving most forms of means-tested income support allowances and families receiving the more than basic rate of Family Tax Benefit-A (see Chapter 3). RA payments do not vary by work status or age but they do by number of children and family type. There is a minimum level of rent payment to qualify for RA at all. RA is administered at the national level.

In Canada there are no subsidies for rented housing. In New Zealand there are two kinds of housing subsidies depending on the type of tenure. For state housing, Income-related Rents apply which are up to 25% of the tenant's income, up to the market rent of the property. Family income includes means-tested benefits and pensions and is net of taxes. Market rents vary with the size and location of the dwelling. The Accommodation Supplement is a housing benefit for private rental low-income households, paying a mortgage. The level of supplement varies with the property's location. Income is measured in the same way as for Income-related Rents. Housing subsidies are administered at the national level.

In the UK, Housing Benefit is an income related benefit designed to help people who rent their homes and have difficulty meeting their housing costs. Housing Benefit pays up to 100% of a tenant's rent liability. Entitlement to Housing Benefit is not influenced by work status but its amount varies according to the number of adults in the family, the number and age of children and the rent level. A family claiming Social Assistance will receive maximum (i.e. 100%) help with their rent from Housing Benefit. This benefit is not contributory or taxable and is uprated in line with Income Support scales. The benefit is administered by local authorities, although it is a national scheme, regulated by the Department of Social Security.

In the US, the federal government's major programs to assist very low-income families, the elderly and the disabled to rent adequate housing in the private market are the Section 8 Rental Voucher and Rental Certificate Programs. Rental Certificates may be used only for rents falling below a maximum level, set by the local housing authority. Rental vouchers provide a predetermined maximum level of rental subsidy and must be used for housing at permissible rent levels. There are long waiting lists for vouchers and certificates, the average waiting period is 28 months. The maximum income for eligibility is 80% of the area's median, and local authorities may reserve up to 70% for those earning over 30% of the median. Various housing assistance programs evolved in response to changing housing policy objectives. The primary purpose was to reduce the housing costs and improve housing quality of low-income households. Other goals included promoting residential construction and ownership, expanding housing opportunities for the elderly, the disabled and the homeless. Housing assistance is administered by local housing authorities which must operate within federal guidelines.

For the evaluation of family assistance packages below (Table 6.6), the costs of gross housing (for the most common type of rented tenure) was calculated as 20% of average gross earnings for all family types on all income levels.

## 6.4 Child Support Maintenance

In Anglo-Saxon countries, child support maintenance is a form of state enforcement of parental obligations, whereby the state intervenes to ensure that non-custodial parents provide financial support for their children (for an overview of the child support reforms of the UK and the US see Benson 2002). Child support maintenance is a monthly payment towards the costs of bringing up a child paid to lone parents on a low-income (usually receiving means-tested benefits). The level of child support maintenance is determined by the income level of the absent parent and is deducted from his or her earnings. Child support maintenance is thus not a state benefit in any of the five countries and is not a guaranteed allowance either. Table 6.4 summarises its main characteristics.

**Table 6.4 Child support maintenance (2001)**

	<i>Australia</i>	<i>Canada</i>	<i>New Zealand</i>	<i>UK</i>	<i>US</i>
Guaranteed child maintenance	No	No	No	No	No
Child support disregard for benefits	Partial	No	No	No	No

In Australia child maintenance is partially disregarded for the purposes of income related benefits (i.e. the first \$40.74 per fortnight for one person and one child plus \$13.58 for each additional child in 2001). The Family Tax Benefit-A is reduced by 50 cents in each dollar of child support above the free area. In Canada income derived from child maintenance counts towards household income for means-testing purposes in most provinces. Similarly in New Zealand and the UK, child maintenance support is not disregarded for the calculation of income related benefits.

In the US child maintenance is not guaranteed but child support enforcement assistance is available to all families in which children are not receiving financial support from the non-custodial parent. The federal government oversees collection programs and state programs. The legislation enacting TANF requires families to assign their rights to child maintenance to the government in order to receive cash assistance under TANF. The government then has the right to pursue support from the absent parent. Even after a family leaves TANF, the federal and state governments keep much of the support as repayment for welfare benefits. Child support is not disregarded when calculating benefit eligibility.

## 6.5 Social Assistance

All five countries provide some sort of 'safety net' benefits to people without sufficient income. These benefits are always income tested and usually include further eligibility criteria relating to one's employment status and family circumstances. In the US, both cohabiting and single mothers receiving assistance are submitted to work tests, while in Canada and New Zealand only single mothers are required to work. In Australia and the UK there are presently no work tests for mothers of children aged under 16. Table 6.5 summarises the main forms of social assistance and their eligibility criteria in the five countries.

**Table 6.5 Social assistance**

	<i>Australia</i>	<i>Canada</i>	<i>New Zealand</i>	<i>UK</i>	<i>US</i>
Safety net benefits exist?	Yes	Yes	Yes	Yes	Yes
Main schemes for families with children	(a) Parenting Payment; (b) Newstart Allowance; (c) Family Tax Bens. A/B	Ontario Works (scheme varies by province)	Domestic Purposes Ben.; Widows Ben.; Community Wage; Emergency Ben; Special Benefit	Income Support and Job Seekers Allowance	TANF; Food Stamps; Supplemental Security Income; General Assistance; LIHEAP
Eligibility criteria (Besides income and asset testing)	(a) care-provider; (b) jobseeker	No relatives or employment alternatives	Belonging to the benefit category (e.g. lone parent)	Working <16hrs/wk or partner working <24hrs/wk	Belonging to the benefit category (e.g. disabled, elderly), work (TANF)
Additions for children	Only through tax benefits	Yes	Yes	Yes	Yes
% lone mothers receiving these benefits	77 (lone parents)	-	Domestic Purposes Benefit: 84.5	56 (1999-2000)	24.8 (TANF) over 25 (food stamps)
% married mothers receiving these benefits	17	-	Community Wage: 49.1	1 (1999-2000)	-
Regulation	National	Provincial	National	National	Federal (except GA and LIHEAP)
Administration	National (through local offices)	Local	National (through local commissioners)	National	State (except SSI and food stamps)
Work test (a) lone mothers (b) married mothers	No (but being planned)	Yes  No	Yes  No	No  No	(for TANF and food stamps) Yes  Yes

- Missing data.

UK: Family Resources Survey

In Australia the main forms of safety net benefits are Parenting Payment, Newstart Allowance and Family Tax Benefit A/B (FTB). All income support payments are income-tested and most are asset-tested. For the eligibility criteria of FTB see Chapter 3. Parenting Payment is available to the care-providing partner in low-income families. The amount and eligibility criteria of the benefit varies for lone parents and for couples. Newstart Allowance is a benefit for the working age registered unemployed who are capable of undertaking work and are actively seeking it. Those receiving the benefit must be prepared to enter a Preparing for Work Agreement, which might involve some Mutual Obligation activity, including Work for the Dole. In the case of a couple with children, the unemployed partner would receive Newstart, and the care-provider Parenting Payment. Income related assistance is nationally regulated and is administered through



the local offices of the benefits agency Centrelink. Presently there are no work tests for lone parents and cohabiting/married mothers, but there are plans to change the present system.

In Canada each province has their own safety net benefits. In Ontario it is called Ontario Works for able-bodied couples and lone parents. Claimants must exhaust other social insurance benefits (e.g.: Employment Insurance or Workers Compensation program for injured workers) before resorting to this benefit. Social assistance involves rigorous very intrusive means-testing (and might be including literacy and drug tests in the future). Social assistance is provincially regulated and locally administered. Lone parents are required to be actively engaged in search of employment after their youngest child turns 6 years old.

In New Zealand there are several kinds of social assistance according to various categories. Lone parents can receive the Domestic Purposes Benefit, while widows the Widows benefit. Couples with children can claim the Community Wage, formerly known as Unemployment Benefit and Sickness Benefit. People unable to work for medical reasons can receive Invalids Benefit. Emergency Benefit can be paid to those who do not meet any of these categories, but are deemed in need or while their eligibility for one of the above benefits is being sorted out. Special Benefit or Special Needs Grant are formula-based supplements, based on individual need and circumstances. The entry into the benefit system is through being part of a category and income-testing. For couples working at least 30hrs/week and lone parents 20hrs/week, with dependent children, there is a guaranteed minimum income through the benefit system. Family Support Tax Credit is available to low-income workers and families with dependent children (see Chapter 3). The level of Domestic Purposes Benefit, Community Wage and Job Seeker's benefit vary by family type and number of children. Social assistance is nationally regulated, but locally administered, regional commissioners having some powers to vary the strength of eligibility criteria based on local labour market conditions. Partners of the unemployed used to be work tested, but now not anymore. Lone parents are still work tested however. For those with a child under 6 there is an annual interview, for those with a child aged 6 to 13 there is a part-time work requirement and for those with a (youngest) child aged 14 years and over there is a full-time work obligation.

In the UK, the means-tested Income Support (IS) targets low-income groups, including couples and lone parents with dependent children. Income Support and income-tested Jobseekers Allowance (JA) are available to any individual above the age of 16 who is unemployed or employed on a low-income working 16 hours or less per week. In the case of couples, the partner of the recipient must work on average 24 hours per week. The level of IS and JA entitlements depends on the age of the recipient, on the family type and on the age and number of dependent children. Social assistance is nationally regulated and administered. In the UK there are no work tests for lone mothers and cohabiting mothers until their youngest child becomes 16.

In the US several types of benefits target different social categories. Temporary Assistance for Needy Families (TANF) block grant is the main social assistance for low-income families with dependent children. TANF was enacted as part of the Personal Responsibility and Work Opportunities Reconciliation Act of 1996. TANF provides a maximum of five-year cash assistance to low-income families with children. It contains strong work requirements for the recipients. Childcare assistance is provided to help mothers move into employment as well as health care coverage through Medicaid. Recipients must work after two years on assistance (single parents at least 30hrs/week, couples at least 35hrs/week). To be eligible for TANF, states must provide child support enforcement programs which include tracking delinquent parents through a national directory, withholding child support from wages, paternity establishment and the establishment of interstate collection procedures. Individual states receive federal block grant allocations and have the authority to determine eligibility, methods of assistance and benefit levels. Usually benefit levels increase with the number of persons in the household but are not affected by the age of children and family type. The benefit covers assistance for children as well as the parent(s) or guardian(s). The TANF is a non-contributory benefit, paid from general tax revenue.

Food Stamps are available to families and individuals who meet the nationwide standards for income and asset tests. These benefits are in the form of vouchers or Electronic Benefit Transfer payments and are accepted in most food stores. All households receiving TANF benefits are automatically eligible for Food Stamps. In 2000 over half (51.3%) of food stamp recipients were children, most of whom lived in single parent households. TANF and Food Stamp allowances have work test requirements for their recipients. Single parents with a child under 6

who cannot find childcare cannot be penalized for failure to meet the (30hrs/wk) work requirements. Single parents with a child under 12 months are exempt from work tests.

Supplemental Security Income (SSI) is a means-tested, federally administered income assistance program provided for the poor elderly, disabled or blind. States have the option of supplementing federal benefits and targeting these supplements to certain population groups. There are nearly 900,000 disabled children receiving SSI benefits.

General Assistance (GA) refers to state funded and administered programs, providing cash assistance or payments to vendors on behalf of needy persons who are not eligible for federally financed assistance programs. Local governments may contribute to the costs of the assistance. Nearly one-third of GA recipients were children or families with children in 2000.

LIHEAP is the Low-Income Heat Energy Assistance Program, which provides cash benefits to eligible households to meet the costs of home energy such as heat, cooling and weatherisation related repairs. Payments can be provided in cash, fuel, prepaid utility bills, vouchers or coupons. The level of benefit is influenced by household income.

## 6.6 Evaluation of the Family Assistance Package

Table 6.6 contains the value of the extra provisions received by families with dependent children as opposed to couples and single people without children. The level of the family assistance package has been calculated by adding up the costs and benefits derived from each component described in the previous sections (i.e.: school costs and benefits + health care costs and subsidies + housing costs and benefits + child support maintenance + family assistance benefits) for different family types on different earnings levels. The difference of entitlement was calculated between lone parents and single people and between couples with children and couples without children. Finally the results were converted from national currencies to £ purchasing power parities adjusted to 2001.

The negative sums in Table 6.6 indicate the loss of income that families with children experience relative to childless people; i.e. the extent to which family cash benefits fail to compensate child-related expenses on housing, health and education that childless families do not experience. In the lowest earnings category (i.e. one earner on half national average male earnings), families with children are significantly better off than families without children in Australia, the UK and the US (except US lone parents). Australia provides the most generous payment to low-income families with children through its family assistance schemes (Newstart and Parenting Payment). In the UK, there is no difference in the benefit levels of families with children and without children above average male earnings; below average male earnings, families with children receive more generous housing subsidies. Lone parents receive more assistance than couples with children in Australia, New Zealand and the UK, while in the US they receive less. In the US, housing subsidies and education benefits to the lowest earner categories are set off by very high health care costs to families with children (resulting in negative sums for the higher earning categories). In Canada, families with children are systematically worse off than childless families because children's health care expenses (dentist and prescription charges) are not exempted for. In New Zealand, family assistance (paid partly through housing subsidies) does not compensate for the extra health care and education costs of families with children.

**Table 6.6 The overall monthly value of the family assistance package for different family types on 3 earnings levels, in £ ppps 2001**

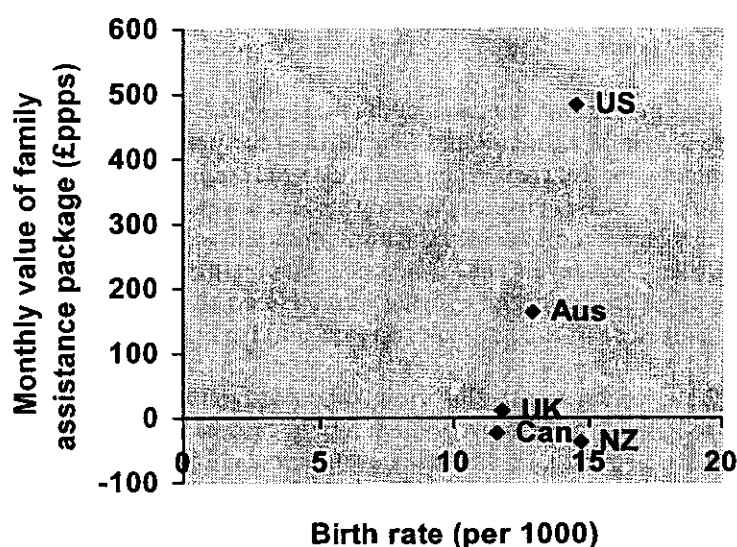
<i>Earnings level</i>	<i>One earner on half national average male earnings</i>			<i>One earner on average male earnings</i>			<i>Two earners one on average male, one on average female earnings</i>	
<i>Family type<sup>1</sup></i>	<i>Lp + 1 child</i>	<i>Cpl + 1 child</i>	<i>Cpl + 2 childr.</i>	<i>Lp + 1 child</i>	<i>Cpl + 1 child</i>	<i>Cpl + 2 childr.</i>	<i>Cpl + 1 child</i>	<i>Cpl + 2 childr.</i>
Australia	210	164	164	-8	-8	-15	-8	-15
Canada	-11	-11	-23	-11	-11	-23	-11	-23
New Zealand	14	-27	-37	-5	-5	-16	-5	-16
UK	41	25	11	0	0	0	0	0
US	-29	225	484	-91	-91	-182	-91	-182

<sup>1</sup>Lp= Lone parent, Cpl=Couple. All children are above school age (>7).

The above results reveal that the family assistance schemes of most countries do not differentiate significantly between families with children and childless families only in the low-income groups. Benefit levels do not seem to increase in proportion with the number of children in the household (except for the below average earnings category in the US); on the contrary: the more children in the family the higher the loss of earnings relative to childless families.

Figure 6.1 explores the relationship between birth rates and the overall value of the family assistance package (for a couple with two children on below average earnings). With the exception of New Zealand there seems to be a trend towards higher birth rates as the value of family assistance increases.

**Figure 6.1 Birth rates by the value of the family assistance package (for a couple with two children on half average male earnings)**



The next chapter evaluates the overall strength of the child support packages of the five countries and its relationship to fertility rates.

## 7 Comparative Evaluation of the Overall Value of the Child Benefit Package

This chapter evaluates the overall value of the child benefit package in Australia, Canada, New Zealand, the UK and the US and explores the extent to which it relates to birth rates. The chapter is divided into four sections. The first section examines the way the level of child benefit package varies among different family types. The second section examines the structure of the child benefit package, breaking it down into its components (described in more detail earlier in the previous chapters). The third section compares the overall value of the child benefit package expressed in £ purchasing power parities and as % of average earnings. The final section examines the relationship between the strength of the child benefit package and birth rates.

### 7.1 The Level of the Child Benefit Package

The level of the child benefit package received by different family types has been calculated for two earnings categories: one earner on half average male earnings and one earner on average male earnings. All the components of child-related cash provisions (i.e.: income related child benefits + non income related child benefits + child support maintenance + social assistance) were added up in national currencies and were converted into £ purchasing power parities adjusted to July 2001.

Table 7.1 summarises the monthly level of benefits received by different family types, all living on half average male earnings. Canada and New Zealand do not provide any child-related provision. Australia and the US provide relatively high cash support to low-income families with children, while the UK provides a relatively low level of benefits for children in the form of the universal child benefit (its amount dependent on the number of children).

**Table 7.1 Monthly level of child benefit package for a family on half average male earnings (in £ ppps 2001)**

	<i>Lone parent + 1 aged &lt; 3</i>	<i>Lone parent + 1 aged 7</i>	<i>Lone parent + 2 aged 7, 14</i>	<i>Couple + 1 aged &lt; 3</i>	<i>Couple + 1 aged 7</i>	<i>Couple + 2 aged 7 and 14</i>	<i>Couple + 3 aged 7, 14 and 17</i>
Australia	327	327	327	462	462	462	627
Canada	0	0	0	0	0	0	0
New Zealand	0	0	0	0	0	0	0
UK	67	67	112	67	67	112	157
US	230	202	249	294	294	387	474

Table 7.2 presents the benefit level received by the same family types on higher earnings (i.e. on average male earnings). On this income level only the UK continues to provide its universal child benefit, the Australian and US social assistance schemes have been phased out.

**Table 7.2 Monthly level of child benefit package for a family on average male earnings (in £ ppps 2001)**

	<i>Lone parent + 1 aged &lt; 3</i>	<i>Lone parent + 1 aged 7</i>	<i>Lone parent + 2 aged 7, 14</i>	<i>Couple + 1 aged &lt; 3</i>	<i>Couple + 1 aged 7</i>	<i>Couple + 2 aged 7 and 14</i>	<i>Couple + 3 aged 7, 14 and 17</i>
Australia	0	0	0	0	0	0	0
Canada	0	0	0	0	0	0	0
N. Zealand	0	0	0	0	0	0	0
UK	67	67	112	67	67	112	157
US	0	0	0	0	0	0	0

### 7.2 The Structure of the Child Benefit Package

This section presents the level of the individual components of the child benefit package for a 'standard family' of a couple with two children. The structure of the child benefit package has been calculated for two earnings levels (i.e.: half average male and average male earnings) presented separately in Tables 7.3(a, b) and Tables 7.4(a, b). Tables 7.3(a) and 7.4(a) provide the monthly levels of costs and benefits of a 'standard family' in £ purchasing power parities on the