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Trends in the affordability of child care services

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Preface

This paper was prepared by Helen Moyle, Susan Kelly and Priscilla Dowling. Hilary Sargeant also contributed. The current paper represents work in progress and therefore comments and suggestions concerning the work presented here would be welcome. The Institute plans to present some of this work in the biennial publication *Australia's Welfare 2001*.

Trends in the affordability of child care services

Introduction

The Commonwealth Government supports parents to raise their children and participate in the workforce and the community through 'a range of strategies that promote the supply, affordability and quality of child care services' (FaCS 1999a:182). The purpose of Commonwealth Government child care fee subsidies is to make child care more affordable for families.

In recent years, there have been concerns about a decline in the affordability of child care services, particularly long day care services (SCARC 1998:86). Childcare Benefit (CCB) was introduced by the Commonwealth in July 2000, as part of A New Tax System, to improve the affordability of child care. The payment is also much simpler to calculate and administer than the fee subsidies that it replaced – Childcare Assistance and the Childcare Rebate (AIHW 1999:117–118).

It is important to note that the level of fee subsidies is only one of the factors affecting the affordability of care. As noted in the 1998 Senate Inquiry into Child Care Funding, the affordability of child care depends on the fees charged by service providers and the capacity of families to pay these fees (SCARC 1998:86). The fees charged by service providers reflect their underlying cost structures, while families' capacity to pay these charges depends on their income and associated eligibility for fee subsidies, the number of children in care and the time spent in care. Changes in any of these factors will affect the affordability of child care.

Trends in the affordability of long day care services

AIHW's biennial publication *Australia's Welfare 1999* examined the extent to which Commonwealth fee subsidies assisted different family types at different income levels with the cost of long day care at a point in time (December 1998). Long day care services were chosen since more than half of the children in Commonwealth supported child care use long day care centres or family day care (AIHW 1999:108). Child care costs as a percentage of family disposable income' were taken as an indicator of child care 'affordability'.

This working paper extends this analysis by examining changes in affordability over time for different types of families at different income levels using long day care services. A recent paper by Powlay (2000) undertook a similar analysis for families using long day care services for 50 hours a week and receiving maximum fee relief.

Analyses of the Commonwealth Child Care Census indicate that most families with children using long day care services use care part-time and have only one child in care (Powlay 2000:15). This working paper therefore examines the affordability of care for five different types of families with one child in long day care for 20 hours a week and for 40 hours per week at six different points in time (See Tables 1–6).

The five family types are: sole parent on Parenting Payment studying; a working sole parent on 0.75 Average Weekly Earnings (AWE); a one income couple family on AWE with one parent working and the other studying; a two income couple family on 1.75 AWE; and a two-income couple family on 2.5 AWE. These family types were chosen to reflect the range of incomes of families using long day care services and receiving assistance with fees, that is, families dependent on

government income support, low income families, middle income families, and high income families who were ineligible for Childcare Assistance but eligible for the Childcare Rebate.

In the tables presented in this paper:

- 'Gross income' (*column 1*) is family income from government income support and/or earnings plus family payments.
- Family 'disposable income' (*column 2*) is equal to gross income minus taxes and the Medicare levy.
- 'Fees charged' (*column 3*) are calculated on a pro-rata basis from the FaCS data on average weekly long day care fees (FaCS 1999b; FaCS unpublished); for example, the fee for 20 hours of long day care is assumed to be 20/50 of the average weekly fee. It is recognised that this assumption is problematic in relation to centre-based care, since fees are generally higher for part-time care than for full-time care (Powlay 2000:13). However, data on average hourly fees or average daily fees are not available for the period under review.
- 'Cost to government' (*column 4*) equals the amount of government assistance payable, which is calculated on the basis of the fees charged, the hours of care used and family income.
- 'Cost for parent' (*column 5*) equals the 'fee charged' minus 'cost to government'.
- '% of disposable income' (*column 6*) equals 'cost to parent' divided by 'disposable income' multiplied by 100%.

Data on the affordability of care for the five different family types using different types of long day care services show the progressive nature of government assistance to families – government assistance reducing child care costs more for low income families than high income families. In 2000, for instance, among families using 20 hours a week of community-based long day care child care, costs for a sole parent on Parenting Payment who was studying were 20.6% of disposable income, but were reduced to 4.8% of disposable income after government assistance (Table 1). In contrast, child care costs for a two-income couple on 2.5 AWE (Average Weekly Earnings) accounted for 7.5% of disposable income which was reduced to 4.5% after government assistance.

An examination of trends in affordability of long day care show that over the period 1991 to 1998, increases in government assistance did not keep up with increases in fees for centre-based care, particularly for low income families. However, affordability of all types of long day care improved significantly, with the introduction of the Childcare Benefit in July 2000.

Between 1991 and 1998, child care costs as a proportion of disposable income increased steadily for sole parents on Parenting Payment, sole parents on 0.75 AWE and couples on AWE using centre-based long day care. For instance, for sole parents on Parenting Payment using private long day centres for 40 hours a week, child care costs as a proportion of disposable income increased from 6.5% to 14.7% over the period (Table 3). This reflects the fact that while the amount of government assistance provided to families increased between 1991 and 1998, average fees charged by long day care centres increased at a greater rate (FaCS 1999b: 8).

From 1991 to 1998, child care costs as a proportion of disposable income also increased for two income couple families on 1.75AWE and 2.5AWE using centre-based long day care although at a much lower rate. For instance, child care costs as a proportion of disposable income for two-income couple families on 2.5AWE using private long day care centres for 40 hours a week increased from 9.0% to

10.0% (Table 3). One of the reasons for these differences is that the Commonwealth (then) Childcare Cash Rebate introduced in July 1994 benefited high income families (who previously received no assistance) more in dollar terms than low income families. This is because the rebate is paid on the basis of out of pocket expenses, that is, child care costs after Childcare Assistance. Low income families receiving maximum Childcare Assistance would have considerably lower out of pocket costs than high income families ineligible for Childcare Assistance. The amount of fee relief (Childcare Rebate) received by high income families fell, however, from 1 April 1997 with the reduction of the rate at which the rebate was paid for families with incomes over \$70,000 (AIHW 1997: 103).

In contrast to families using long day care centres, between 1991 and 1998, child care costs as a proportion of disposable income for families using family day care services increased only slightly for sole parents on Parenting Payment and 0.75 AWE and fell slightly for two-income couple families on 1.75AWE and 2.5AWE. Among families using family day care for 40 hours a week, for example, child care costs as a proportion of disposable income increased from 5.3% to 6.2% for sole parents on Parenting Payment studying and fell from 9% to 8% for couple families on 2.5AWE (Table 6). This reflects the fact that increases in government assistance kept pace with fee increases in family day care, with family day care fees increasing at a lower rate than fees for centre-based care over the period (FaCS 1999b: 8)..

The introduction of the Childcare Benefit in 2000 significantly improved the affordability of long day care services, with low income families benefiting more than high income families. Families using centre-based long day care services for less than 35 hours a week also benefited from the introduction of the loaded rate of assistance for part-time care (AIHW 1999:101). Among families using private long day care centres, for instance, between 1998 and 2000, child care costs as a proportion of disposable income fell from 8.4% to 3.9% for sole parents on Parenting Payment using 20 hours of care and from 14.7% to 10.6% for those using 40 hours of care (Tables 1 and 2). In contrast, child care costs of couples on 2.5AWE fell from 5.1% to 4.6% for those using 20 hours of care and from 10.0% to 9.4% for those using 40 hours of care.

It is interesting to note that for couples on 2.5AWE, the actual dollar costs of child care to parents rose over the period, for instance, the cost of 40 hours of private long day care for parents increased from \$110.60 a week to \$117.20 a week between 1998 and 2000 (Table 4). This is because the Childcare Benefit, unlike the former Childcare Rebate, is paid on the basis of the hours of care used, rather than the total cost of care (AIHW 1999: 116–8). However, child care costs as a proportion of disposable income fell slightly because disposable incomes increased as a consequence of the overall effects of the new tax system (ANTS) (AIHW 1999:4).

Affordability improved dramatically for families with low and middle incomes who were using family day care services. In 2000, sole parents on Parenting Payment and sole parents on 0.75AWE were paying nothing for 20 or 40 hours of family day care, while couples on AWE were paying 0.8% of their disposable income for 20 hours of care and 1.7% for 40 hours of care.

The Australian Council of Social Service (ACOSS) and the Brotherhood of St Laurence have proposed that, as a benchmark of affordability, child care costs should be no more than 5–6% of disposable income (Powlay 2000). According to this standard, in July 2000, child care was 'affordable' for all five family types using care for 20 hours a week. However, it was not 'affordable' for any of the five family types using centre-based long day care for 40 hours a week, nor for a couple on 2.5AWE using 40 hours a week of family day care. Where a sole parent on

Parenting Payment, for example, used centre-based long day care for 40 hours a week, child care costs accounted for 10.6% of disposable income for those using private centres and 12.5% for those using community-based care.

Many service providers interviewed in late 2000 during the AIHW field test of the proposed children's services national minimum data set (AIHW 2001) confirmed that affordability had improved significantly for families with the introduction of Childcare Benefit (CCB). They reported that demand for child care had increased with the introduction of the payment and that, in contrast to earlier in the year, they were now operating at full capacity or near capacity. A survey commissioned by FaCS which was undertaken in April 2000 and October 2000 confirmed the significant increase in the number of families using child care services following the introduction of the CCB, but not in the number of hours used (Datacol 2001).

There are no data as yet on the family type and income of families who have increased their demand for child care as a consequence of the introduction of the CCB.

Discussion

The analysis presented in this paper demonstrates that the introduction of the Childcare Benefit and the loading for part-time centre-based care have significantly improved affordability for families using care for 20 hours a week. However, the analysis shows that, if the benchmark for child care affordability is set at 5-6% of disposable income, affordability is still an issue for families using centre-based care for 40 hours a week. If parents on low incomes want to improve their employment prospects through education and training (McClure 2000), the costs of child care will be a disincentive in this regard. Affordability of child care may also be one of the factors taken into account in the decision to have more than one child (McDonald 2000:14). If it is considered that 'the government should support policy and business practice that facilitates women and men combining work and family responsibilities' (Ruddock 2000:16), research into the affordability of full-time centre-based care for parents would seem to be useful.

Table 1: Impact of government assistance on costs of 20 hours community-based long day care, by family type, 1991-2000

	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
1991						
Sole parent receiving Parenting Payment - Studying	233.70	233.70	42.40	34.00	8.40	3.59
Sole parent working - 0.75 AWE	406.48	374.51	42.40	34.00	8.40	2.24
Couple family with one income - AWE	499.30	421.95	42.40	25.20	17.20	4.08
Couple family with two incomes - 1.75 AWE	866.28	700.22	42.40	10.20	32.20	4.60
Couple family with two incomes - 2.5 AWE	1223.25	920.96	42.40	0.00	42.40	4.60
1993						
Sole parent receiving Parenting Payment - Studying	248.39	248.39	50.40	37.00	13.40	5.39
Sole parent working - 0.75 AWE	450.25	416.38	50.40	37.00	13.40	3.22
Couple family with one income - AWE	536.25	451.81	50.40	33.70	16.70	3.70
Couple family with two incomes - 1.75 AWE	930.60	758.03	50.40	11.90	38.50	5.08
Couple family with two incomes - 2.5 AWE	1314.50	987.64	50.40	0.00	50.40	5.10
1995						
Sole parent receiving Parenting Payment - Studying	258.99	258.99	55.60	38.60	17.00	6.56
Sole parent working - 0.75 AWE	474.23	434.76	55.60	38.60	17.00	3.91
Couple family with one income - AWE	591.76	472.70	55.60	36.10	19.50	4.13
Couple family with two incomes - 1.75 AWE	974.06	793.19	55.60	20.15	35.45	4.47
Couple family with two incomes - 2.5 AWE	1376.00	1043.84	55.60	11.75	43.85	4.20
1997						
Sole parent receiving Parenting Payment - Studying	290.21	290.21	64.80	40.35	24.45	8.43
Sole parent working - 0.75 AWE	504.56	472.26	64.80	40.35	24.45	5.18
Couple family with one income - AWE	628.55	510.85	64.80	38.10	26.70	5.23
Couple family with two incomes - 1.75 AWE	1034.26	835.49	64.80	22.30	42.50	5.09
Couple family with two incomes - 2.5 AWE	1460.75	1081.49	64.80	9.05	55.75	5.15
1998						
Sole parent receiving Parenting Payment - Studying	295.21	295.21	67.60	40.90	26.70	9.04
Sole parent working - 0.75 AWE	520.68	492.74	67.60	40.90	26.70	5.42
Couple family with one income - AWE	650.00	524.77	67.60	37.95	29.65	5.65
Couple family with two incomes - 1.75 AWE	1071.38	859.05	67.60	21.65	45.95	5.35
Couple family with two incomes - 2.5 AWE	1513.75	1102.19	67.60	9.55	58.05	5.27

Table 1: Impact of government assistance on costs of 20 hours community-based long day care, by family type, 1991-2000 (cont.)

2000	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
Sole parent receiving Parenting Payment - Studying	339.46	339.46	70.00	53.60	16.40	4.83
Sole parent working - 0.75 AWE	648.99	514.25	70.00	53.60	16.40	3.19
Couple family with one income - AWE	723.10	588.76	70.00	49.00	21.00	3.57
Couple family with two incomes - 1.75 AWE	1150.77	933.02	70.00	27.70	42.30	4.53
Couple family with two incomes - 2.5 AWE	1617.25	1245.31	70.00	9.00	61.00	4.90

Notes:

1. Gross income includes any earned income and Centrelink payments and allowances. Net income is gross income minus tax and medicare levy. Information on tax rates, rebates and the Medicare levy for years prior to 2000 was obtained from the CCH 2000. For the financial year 2000–01, information was obtained from the Australian Tax Office website—www.ato.gov.au. Information on family payments was obtained from the biannual guides to payments, formerly published by the Commonwealth Department of Social Security and now released by Centrelink.
2. Information on average weekly earnings was obtained from the ABS publication 'Average weekly earnings' (ABS various years). Average weekly earnings (AWE) are as follows: \$459.30 at August 1991, \$525.80 at August 1993, \$550.40 at August 1995, \$584.30 at August 1997, \$605.50 at August 1998 and \$646.90 at August 2000.
3. In couple families with one income, one parent is working, the other studying. In other couple families, both parents are working. For couple families with two incomes, the taxable income split is assumed to be 1:0.75.
4. Average weekly long day care fees for 1991, 1993, 1995, 1997 and 1998 were obtained from the Commonwealth Department of Family and Community Services publication 'Child care in Australia' (FaCS 1999b:9). Unpublished data on average weekly fees for centre based care for 2000 were obtained from FaCS. Family Day Care fees for August 2000 were derived assuming that the increase in the average weekly fee (FaCS 2000:77) was the same in dollar terms between 1999 and 2000 as it was between 1998 and 1999, that is, increasing the average weekly family day care fee for 1999 (FaCS 2000:77) by \$5.
5. For 1991, fees for community based centres and family day care are for May, for private centres for August. For 1993, 1995 and 1997, fees for all service types are for August. For 1998, fees for centre-based care are for December. Family day care fees are an estimate by FaCS. For 2000, fees for centre-based care are for July. Family day care fees are an estimates by AIHW.

Table 2: Table: Impact of government assistance on costs of 40 hours community-based long day care, by family type, 1991-2000

	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
1991						
Sole parent receiving Parenting Payment - Studying	233.70	233.70	84.80	68.00	16.80	7.19
Sole parent working - 0.75 AWE	406.48	374.51	84.80	68.00	16.80	4.49
Couple family with one income - AWE	499.30	421.95	84.80	59.40	25.40	6.02
Couple family with two incomes - 1.75 AWE	866.28	700.22	84.80	24.10	60.70	8.67
Couple family with two incomes - 2.5 AWE	1223.25	920.96	84.80	0.00	84.80	9.21
1993						
Sole parent receiving Parenting Payment - Studying	248.39	248.39	100.80	74.00	26.80	10.79
Sole parent working - 0.75 AWE	450.25	416.38	100.80	74.00	26.80	6.44
Couple family with one income - AWE	536.25	451.81	100.80	67.40	33.40	7.39
Couple family with two incomes - 1.75 AWE	930.60	758.03	100.80	23.90	76.90	10.14
Couple family with two incomes - 2.5 AWE	1314.50	987.64	100.80	0.00	100.80	10.21
1995						
Sole parent receiving Parenting Payment - Studying	258.99	258.99	111.20	82.20	29.00	11.20
Sole parent working - 0.75 AWE	474.23	434.76	111.20	82.20	29.00	6.67
Couple family with one income - AWE	591.76	472.70	111.20	77.15	34.05	7.20
Couple family with two incomes - 1.75 AWE	974.06	793.19	111.20	45.20	66.00	8.32
Couple family with two incomes - 2.5 AWE	1376.00	1043.84	111.20	28.80	82.40	7.89
1997						
Sole parent receiving Parenting Payment - Studying	290.21	290.21	129.60	86.50	43.10	14.85
Sole parent working - 0.75 AWE	504.56	472.26	129.60	86.50	43.10	9.13
Couple family with one income - AWE	628.55	510.85	129.60	82.05	47.55	9.31
Couple family with two incomes - 1.75 AWE	1034.26	835.49	129.60	50.45	79.15	9.47
Couple family with two incomes - 2.5 AWE	1460.75	1081.49	129.60	19.10	110.50	10.22
1998						
Sole parent receiving Parenting Payment - Studying	295.21	295.21	135.20	87.75	47.45	16.07
Sole parent working - 0.75 AWE	520.68	492.74	135.20	87.75	47.45	9.63
Couple family with one income - AWE	650.00	524.77	135.20	81.90	53.30	10.16
Couple family with two incomes - 1.75 AWE	1071.38	859.05	135.20	49.25	85.95	10.01
Couple family with two incomes - 2.5 AWE	1513.75	1102.19	135.20	19.00	116.20	10.54

Table 2: Table: Impact of government assistance on costs of 40 hours community-based long day care, by family type, 1991-2000 (cont.)

2000	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
Sole parent receiving Parenting Payment - Studying	339.46	339.46	140.00	97.60	42.40	12.49
Sole parent working - 0.75 AWE	648.99	514.25	140.00	97.60	42.40	8.25
Couple family with one income - AWE	723.10	588.76	140.00	89.24	50.76	8.62
Couple family with two incomes - 1.75 AWE	1150.77	933.02	140.00	50.42	89.58	9.60
Couple family with two incomes - 2.5 AWE	1617.25	1245.31	140.00	16.40	123.90	9.93

Notes:

1. Gross income includes any earned income and Centrelink payments and allowances. Net income is gross income minus tax and medicare levy. Information on tax rates, rebates and the Medicare levy for years prior to 2000 was obtained from the CCH 2000. For the financial year 2000–01, information was obtained from the Australian Tax Office website—www.ato.gov.au. Information on family payments was obtained from the biannual guides to payments, formerly published by the Commonwealth Department of Social Security and now released by Centrelink.
2. Information on average weekly earnings was obtained from the ABS publication 'Average weekly earnings' (ABS various years). Average weekly earnings (AWE) are as follows: \$459.30 at August 1991, \$525.80 at August 1993, \$550.40 at August 1995, \$584.30 at August 1997, \$605.50 at August 1998 and \$646.90 at August 2000.
3. In couple families with one income, one parent is working, the other studying. In other couple families, both parents are working. For couple families with two incomes, the taxable income split is assumed to be 1:0.75.
4. Average weekly long day care fees for 1991, 1993, 1995, 1997 and 1998 were obtained from the Commonwealth Department of Family and Community Services publication 'Child care in Australia' (FaCS 1999b:9). Unpublished data on average weekly fees for centre based care for 2000 were obtained from FaCS. Family Day Care fees for August 2000 were derived assuming that the increase in the average weekly fee (FaCS 2000:77) was the same in dollar terms between 1999 and 2000 as it was between 1998 and 1999, that is, increasing the average weekly family day care fee for 1999 (FaCS 2000:77) by \$5.
5. For 1991, fees for community based centres and family day care are for May, for private centres for August. For 1993, 1995 and 1997, fees for all service types are for August. For 1998, fees for centre-based care are for December. Family day care fees are an estimate by FaCS. For 2000, fees for centre-based care are for July. Family day care fees are an estimates by AIHW.

Table 3: Impact of government assistance on costs of 20 hours private long day care, by family type, 1991-2000

	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
1991						
Sole parent receiving Parenting Payment - Studying	233.70	233.70	41.60	34.00	7.60	3.25
Sole parent working - 0.75 AWE	406.48	374.51	41.60	34.00	7.60	2.03
Couple family with one income - AWE	499.30	421.95	41.60	29.70	11.90	2.82
Couple family with two incomes - 1.75 AWE	866.28	700.22	41.60	12.10	29.50	4.21
Couple family with two incomes - 2.5 AWE	1223.25	920.96	41.60	0.00	41.60	4.52
1993						
Sole parent receiving Parenting Payment - Studying	248.39	248.39	49.60	37.00	12.60	5.07
Sole parent working - 0.75 AWE	450.25	416.38	49.60	37.00	12.60	3.03
Couple family with one income - AWE	536.25	451.81	49.60	33.70	15.90	3.52
Couple family with two incomes - 1.75 AWE	930.60	758.03	49.60	11.90	37.70	4.97
Couple family with two incomes - 2.5 AWE	1314.50	987.64	49.60	0.00	49.60	5.02
1995						
Sole parent receiving Parenting Payment - Studying	258.99	258.99	56.80	39.00	17.80	6.87
Sole parent working - 0.75 AWE	474.23	434.76	56.80	39.00	17.80	4.09
Couple family with one income - AWE	591.76	472.70	56.80	29.45	27.35	5.79
Couple family with two incomes - 1.75 AWE	974.06	793.19	56.80	20.50	36.30	4.58
Couple family with two incomes - 2.5 AWE	1376.00	1043.84	56.80	12.10	44.70	4.28
1997						
Sole parent receiving Parenting Payment - Studying	290.21	290.21	61.60	39.35	22.25	7.67
Sole parent working - 0.75 AWE	504.56	472.26	61.60	39.35	22.25	4.71
Couple family with one income - AWE	628.55	510.85	61.60	37.15	24.45	4.79
Couple family with two incomes - 1.75 AWE	1034.26	835.49	61.60	21.30	40.30	4.82
Couple family with two incomes - 2.5 AWE	1460.75	1081.49	61.60	8.40	53.20	4.92
1998						
Sole parent receiving Parenting Payment - Studying	295.21	295.21	64.80	40.04	24.76	8.39
Sole parent working - 0.75 AWE	520.68	492.74	64.80	40.04	24.76	5.02
Couple family with one income - AWE	650.00	524.77	64.80	32.95	31.85	6.07
Couple family with two incomes - 1.75 AWE	1071.38	859.05	64.80	19.50	45.30	5.27
Couple family with two incomes - 2.5 AWE	1513.75	1102.19	64.80	8.96	55.84	5.07

Table 3: Impact of government assistance on costs of 20 hours private long day care, by family type, 1991-2000 (cont.)

2000	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
Sole parent receiving Parenting Payment - Studying	339.46	339.46	66.80	53.60	13.20	3.89
Sole parent working - 0.75 AWE	648.99	514.25	66.80	53.60	13.20	2.57
Couple family with one income - AWE	723.10	588.76	66.80	49.00	17.80	3.02
Couple family with two incomes - 1.75 AWE	1150.77	933.02	66.80	27.70	39.10	4.19
Couple family with two incomes - 2.5 AWE	1617.25	1245.31	66.80	9.00	57.80	4.64

Notes:

1. 'Private' = private-for-profit and employer-sponsored and other non-profit long day care centres.
2. Gross income includes any earned income and Centrelink payments and allowances. Net income is gross income minus tax and medicare levy. Information on tax rates, rebates and the Medicare levy for years prior to 2000 was obtained from the CCH 2000. For the financial year 2000-01, information was obtained from the Australian Tax Office website—www.ato.gov.au. Information on family payments was obtained from the biannual guides to payments, formerly published by the Commonwealth Department of Social Security and now released by Centrelink.
3. Information on average weekly earnings was obtained from the ABS publication 'Average weekly earnings' (ABS various years). Average weekly earnings (AWE) are as follows: \$459.30 at August 1991, \$525.80 at August 1993, \$550.40 at August 1995, \$584.30 at August 1997, \$605.50 at August 1998 and \$646.90 at August 2000.
4. In couple families with one income, one parent is working, the other studying. In other couple families, both parents are working. For couple families with two incomes, the taxable income split is assumed to be 1:0.75.
5. Average weekly long day care fees for 1991, 1993, 1995, 1997 and 1998 were obtained from the Commonwealth Department of Family and Community Services publication 'Child care in Australia' (FaCS 1999b:9). Unpublished data on average weekly fees for centre based care for 2000 were obtained from FaCS. Family Day Care fees for August 2000 were derived assuming that the increase in the average weekly fee (FaCS 2000:77) was the same in dollar terms between 1999 and 2000 as it was between 1998 and 1999, that is, increasing the average weekly family day care fee for 1999 (FaCS 2000:77) by \$5.
6. For 1991, fees for community based centres and family day care are for May, for private centres for August. For 1993, 1995 and 1997, fees for all service types are for August. For 1998, fees for centre-based care are for December. Family day care fees are an estimate by FaCS. For 2000, fees for centre-based care are for July. Family day care fees are an estimates by AIHW.

Table 4: Impact of government assistance on costs of 40 hours private long day care, by family type, 1991-2000

	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
1991						
Sole parent receiving Parenting Payment - Studying	233.70	233.70	83.20	68.00	15.20	6.50
Sole parent working - 0.75 AWE	406.48	374.51	83.20	68.00	15.20	4.06
Couple family with one income - AWE	499.30	421.95	83.20	59.30	23.90	5.66
Couple family with two incomes - 1.75 AWE	866.28	700.22	83.20	24.10	59.10	8.44
Couple family with two incomes - 2.5 AWE	1223.25	920.96	83.20	0.00	83.20	9.03
1993						
Sole parent receiving Parenting Payment - Studying	248.39	248.39	99.20	74.00	25.20	10.15
Sole parent working - 0.75 AWE	450.25	416.38	99.20	74.00	25.20	6.05
Couple family with one income - AWE	536.25	451.81	99.20	67.40	31.80	7.04
Couple family with two incomes - 1.75 AWE	930.60	758.03	99.20	23.90	75.30	9.93
Couple family with two incomes - 2.5 AWE	1314.50	987.64	99.20	0.00	99.20	10.04
1995						
Sole parent receiving Parenting Payment - Studying	258.99	258.99	113.60	82.90	30.70	11.85
Sole parent working - 0.75 AWE	474.23	434.76	113.60	82.90	30.70	7.06
Couple family with one income - AWE	591.76	472.70	113.60	77.85	35.75	7.56
Couple family with two incomes - 1.75 AWE	974.06	793.19	113.60	45.95	67.65	8.53
Couple family with two incomes - 2.5 AWE	1376.00	1043.84	113.60	28.80	84.80	8.12
1997						
Sole parent receiving Parenting Payment - Studying	290.21	290.21	123.20	84.60	38.60	13.30
Sole parent working - 0.75 AWE	504.56	472.26	123.20	84.60	38.60	8.17
Couple family with one income - AWE	628.55	510.85	123.20	80.10	43.10	8.44
Couple family with two incomes - 1.75 AWE	1034.26	835.49	123.20	48.55	74.65	8.93
Couple family with two incomes - 2.5 AWE	1460.75	1081.49	123.20	19.10	104.10	9.63
1998						
Sole parent receiving Parenting Payment - Studying	295.21	295.21	129.60	86.10	43.50	14.74
Sole parent working - 0.75 AWE	520.68	492.74	129.60	86.10	43.50	8.83
Couple family with one income - AWE	650.00	524.77	129.60	80.16	49.44	9.42
Couple family with two incomes - 1.75 AWE	1071.38	859.05	129.60	47.60	82.00	9.55
Couple family with two incomes - 2.5 AWE	1513.75	1102.19	129.60	19.00	110.60	10.03

Table 4: Impact of government assistance on costs of 40 hours private long day care, by family type, 1991-2000 (cont.)

2000	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
Sole parent receiving Parenting Payment - Studying	339.46	339.46	133.60	97.60	36.00	10.61
Sole parent working - 0.75 AWE	648.99	514.25	133.60	97.60	36.00	7.00
Couple family with one income - AWE	723.10	588.76	133.60	89.24	44.36	7.54
Couple family with two incomes - 1.75 AWE	1150.77	933.02	133.60	50.42	83.18	8.92
Couple family with two incomes - 2.5 AWE	1617.25	1245.31	133.60	16.40	117.20	9.41

Notes:

1. 'Private' = private-for-profit and employer-sponsored and other non-profit long day care centres.
2. Gross income includes any earned income and Centrelink payments and allowances. Net income is gross income minus tax and medicare levy. Information on tax rates, rebates and the Medicare levy for years prior to 2000 was obtained from the CCH 2000. For the financial year 2000-01, information was obtained from the Australian Tax Office website—www.ato.gov.au. Information on family payments was obtained from the biannual guides to payments, formerly published by the Commonwealth Department of Social Security and now released by Centrelink.
3. Information on average weekly earnings was obtained from the ABS publication 'Average weekly earnings' (ABS various years). Average weekly earnings (AWE) are as follows: \$459.30 at August 1991, \$525.80 at August 1993, \$550.40 at August 1995, \$584.30 at August 1997, \$605.50 at August 1998 and \$646.90 at August 2000.
4. In couple families with one income, one parent is working, the other studying. In other couple families, both parents are working. For couple families with two incomes, the taxable income split is assumed to be 1:0.75.
5. Average weekly long day care fees for 1991, 1993, 1995, 1997 and 1998 were obtained from the Commonwealth Department of Family and Community Services publication 'Child care in Australia' (FaCS 1999b:9). Unpublished data on average weekly fees for centre based care for 2000 were obtained from FaCS. Family Day Care fees for August 2000 were derived assuming that the increase in the average weekly fee (FaCS 2000:77) was the same in dollar terms between 1999 and 2000 as it was between 1998 and 1999, that is, increasing the average weekly family day care fee for 1999 (FaCS 2000:77) by \$5.
6. For 1991, fees for community based centres and family day care are for May, for private centres for August. For 1993, 1995 and 1997, fees for all service types are for August. For 1998, fees for centre-based care are for December. Family day care fees are an estimate by FaCS. For 2000, fees for centre-based care are for July. Family day care fees are an estimates by AIHW.

Table 5: Impact of government assistance on costs of 20 hours family day care, by family type, 1991-2000

	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
1991						
Sole parent receiving Parenting Payment - Studying	233.70	233.70	41.20	35.00	6.20	2.65
Sole parent working - 0.75 AWE	406.48	374.51	41.20	35.00	6.20	1.66
Couple family with one income - AWE	499.30	421.95	41.20	30.60	10.60	2.51
Couple family with two incomes - 1.75 AWE	866.28	700.22	41.20	12.40	28.80	4.11
Couple family with two incomes - 2.5 AWE	1223.25	920.96	41.20	0.00	41.20	4.47
1993						
Sole parent receiving Parenting Payment - Studying	248.39	248.39	46.40	39.60	6.80	2.74
Sole parent working - 0.75 AWE	450.25	416.38	46.40	39.60	6.80	1.63
Couple family with one income - AWE	536.25	451.81	46.40	36.00	10.40	2.30
Couple family with two incomes - 1.75 AWE	930.60	758.03	46.40	12.80	33.60	4.43
Couple family with two incomes - 2.5 AWE	1314.50	987.64	46.40	0.00	46.40	4.70
1995						
Sole parent receiving Parenting Payment - Studying	258.99	258.99	48.80	41.60	7.20	2.78
Sole parent working - 0.75 AWE	474.23	434.76	48.80	41.60	7.20	1.66
Couple family with one income - AWE	591.76	472.70	48.80	37.70	11.10	2.35
Couple family with two incomes - 1.75 AWE	974.06	793.19	48.80	18.80	30.00	3.78
Couple family with two incomes - 2.5 AWE	1376.00	1043.84	48.80	9.70	39.10	3.75
1997						
Sole parent receiving Parenting Payment - Studying	290.21	290.21	52.00	43.18	8.82	3.04
Sole parent working - 0.75 AWE	504.56	472.26	52.00	43.18	8.82	1.87
Couple family with one income - AWE	628.55	510.85	52.00	39.60	12.40	2.43
Couple family with two incomes - 1.75 AWE	1034.26	835.49	52.00	19.60	32.40	3.88
Couple family with two incomes - 2.5 AWE	1460.75	1081.49	52.00	6.50	45.50	4.21
1998						
Sole parent receiving Parenting Payment - Studying	295.21	295.21	53.60	44.51	9.09	3.08
Sole parent working - 0.75 AWE	520.68	492.74	53.60	44.51	9.09	1.84
Couple family with one income - AWE	650.00	524.77	53.60	39.30	14.30	2.72
Couple family with two incomes - 1.75 AWE	1071.38	859.05	53.60	18.60	35.00	4.07
Couple family with two incomes - 2.5 AWE	1513.75	1102.19	53.60	6.70	46.90	4.26

Table 5: Impact of government assistance on costs of 20 hours family day care, by family type, 1991-2000 (cont.)

2000	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
Sole parent receiving Parenting Payment - Studying	339.46	339.46	57.60	57.60	0.00	0.00
Sole parent working - 0.75 AWE	648.99	514.25	57.60	57.60	0.00	0.00
Couple family with one income - AWE	723.10	588.76	57.60	52.65	4.95	0.84
Couple family with two incomes - 1.75 AWE	1150.77	933.02	57.60	29.75	27.85	2.98
Couple family with two incomes - 2.5 AWE	1617.25	1245.31	57.60	9.70	47.90	3.85

Notes:

1. Gross income includes any earned income and Centrelink payments and allowances. Net income is gross income minus tax and medicare levy. Information on tax rates, rebates and the Medicare levy for years prior to 2000 was obtained from the CCH 2000. For the financial year 2000–01, information was obtained from the Australian Tax Office website—www.ato.gov.au. Information on family payments was obtained from the biannual guides to payments, formerly published by the Commonwealth Department of Social Security and now released by Centrelink.
2. Information on average weekly earnings was obtained from the ABS publication 'Average weekly earnings' (ABS various years). Average weekly earnings (AWE) are as follows: \$459.30 at August 1991, \$525.80 at August 1993, \$550.40 at August 1995, \$584.30 at August 1997, \$605.50 at August 1998 and \$646.90 at August 2000.
3. In couple families with one income, one parent is working, the other studying. In other couple families, both parents are working. For couple families with two incomes, the taxable income split is assumed to be 1:0.75.
4. Average weekly long day care fees for 1991, 1993, 1995, 1997 and 1998 were obtained from the Commonwealth Department of Family and Community Services publication 'Child care in Australia' (FaCS 1999b:9). Unpublished data on average weekly fees for centre based care for 2000 were obtained from FaCS. Family Day Care fees for August 2000 were derived assuming that the increase in the average weekly fee (FaCS 2000:77) was the same in dollar terms between 1999 and 2000 as it was between 1998 and 1999, that is, increasing the average weekly family day care fee for 1999 (FaCS 2000:77) by \$5.
5. For 1991, fees for community based centres and family day care are for May, for private centres for August. For 1993, 1995 and 1997, fees for all service types are for August. For 1998, fees for centre-based care are for December. Family day care fees are an estimate by FaCS. For 2000, fees for centre-based care are for July. Family day care fees are an estimates by AIHW.

Table 6: Impact of government assistance on costs of 40 hours family day care, by family type, 1991-2000

	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
1991						
Sole parent receiving Parenting Payment - Studying	233.70	233.70	82.40	70.05	12.35	5.28
Sole parent working - 0.75 AWE	406.48	374.51	82.40	70.05	12.35	3.30
Couple family with one income - AWE	499.30	421.95	82.40	61.10	21.30	5.05
Couple family with two incomes - 1.75 AWE	866.28	700.22	82.40	24.80	57.60	8.23
Couple family with two incomes - 2.5 AWE	1223.25	920.96	82.40	0.00	82.40	8.95
1993						
Sole parent receiving Parenting Payment - Studying	248.39	248.39	92.80	79.10	13.70	5.52
Sole parent working - 0.75 AWE	450.25	416.38	92.80	79.10	13.70	3.29
Couple family with one income - AWE	536.25	451.81	92.80	72.10	20.70	4.58
Couple family with two incomes - 1.75 AWE	930.60	758.03	92.80	25.50	67.30	8.88
Couple family with two incomes - 2.5 AWE	1314.50	987.64	92.80	0.00	92.80	9.40
1995						
Sole parent receiving Parenting Payment - Studying	258.99	258.99	97.60	83.30	14.30	5.52
Sole parent working - 0.75 AWE	474.23	434.76	97.60	83.30	14.30	3.29
Couple family with one income - AWE	591.76	472.70	97.60	77.10	20.50	4.34
Couple family with two incomes - 1.75 AWE	974.06	793.19	97.60	43.00	54.60	6.88
Couple family with two incomes - 2.5 AWE	1376.00	1043.84	97.60	28.80	68.80	6.59
1997						
Sole parent receiving Parenting Payment - Studying	290.21	290.21	104.00	86.40	17.60	6.06
Sole parent working - 0.75 AWE	504.56	472.26	104.00	86.40	17.60	3.73
Couple family with one income - AWE	628.55	510.85	104.00	80.70	23.30	4.56
Couple family with two incomes - 1.75 AWE	1034.26	835.49	104.00	45.00	59.00	7.06
Couple family with two incomes - 2.5 AWE	1460.75	1081.49	104.00	19.10	84.90	7.85
1998						
Sole parent receiving Parenting Payment - Studying	295.21	295.21	107.20	89.00	18.20	6.17
Sole parent working - 0.75 AWE	520.68	492.74	107.20	89.00	18.20	3.69
Couple family with one income - AWE	650.00	524.77	107.20	81.25	25.95	4.94
Couple family with two incomes - 1.75 AWE	1071.38	859.05	107.20	43.25	63.95	7.44
Couple family with two incomes - 2.5 AWE	1513.75	1102.19	107.20	19.00	88.20	8.00

Table 6: Impact of government assistance on costs of 40 hours family day care, by family type, 1991-2000 (cont.)

2000	Gross income	Disposable income	Fee charged	Cost to government	Cost for parent	% of disposable income
Sole parent receiving Parenting Payment - Studying	339.46	339.46	115.20	115.20	0.00	0.00
Sole parent working - 0.75 AWE	648.99	514.25	115.20	115.20	0.00	0.00
Couple family with one income - AWE	723.10	588.76	115.20	105.33	9.87	1.68
Couple family with two incomes - 1.75 AWE	1150.77	933.02	115.20	59.51	55.69	5.97
Couple family with two incomes - 2.5 AWE	1617.25	1245.31	115.20	22.68	92.52	7.43

Notes:

1. Gross income includes any earned income and Centrelink payments and allowances. Net income is gross income minus tax and medicare levy. Information on tax rates, rebates and the Medicare levy for years prior to 2000 was obtained from the CCH 2000. For the financial year 2000–01, information was obtained from the Australian Tax Office website—www.ato.gov.au. Information on family payments was obtained from the biannual guides to payments, formerly published by the Commonwealth Department of Social Security and now released by Centrelink.
2. Information on average weekly earnings was obtained from the ABS publication 'Average weekly earnings' (ABS various years). Average weekly earnings (AWE) are as follows: \$459.30 at August 1991, \$525.80 at August 1993, \$550.40 at August 1995, \$584.30 at August 1997, \$605.50 at August 1998 and \$646.90 at August 2000.
3. In couple families with one income, one parent is working, the other studying. In other couple families, both parents are working. For couple families with two incomes, the taxable income split is assumed to be 1:0.75.
4. Average weekly long day care fees for 1991, 1993, 1995, 1997 and 1998 were obtained from the Commonwealth Department of Family and Community Services publication 'Child care in Australia' (FaCS 1999b:9). Unpublished data on average weekly fees for centre based care for 2000 were obtained from FaCS. Family Day Care fees for August 2000 were derived assuming that the increase in the average weekly fee (FaCS 2000:77) was the same in dollar terms between 1999 and 2000 as it was between 1998 and 1999, that is, increasing the average weekly family day care fee for 1999 (FaCS 2000:77) by \$5.
5. For 1991, fees for community based centres and family day care are for May, for private centres for August. For 1993, 1995 and 1997, fees for all service types are for August. For 1998, fees for centre-based care are for December. Family day care fees are an estimate by FaCS. For 2000, fees for centre-based care are for July. Family day care fees are an estimates by AIHW.

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