

VALUING FREEDOM: AN ANALYSIS OF PARENTS' FREEDOM OF CHOICE TO WORK AND CARE UNDER NEW ZEALAND'S CHILDCARE-RELATED FAMILY POLICIES USING THE CAPABILITY APPROACH

MICHELLE (LI-JUI) LIU *

Abstract

In the past, New Zealand's financially-focused childcare-related family policies have been evaluated through feminist equality models such as equality-as-sameness, equality-as-differences and dual-earner carer frameworks. Nonetheless, none of these models alone is fully representative. This article takes a different approach by focusing on people's freedom of choice based on Sen's capability approach. The paper finds that New Zealand's current financially-focused childcare-related policies fail to give sufficient freedom to single parents to provide care full-time for their children full-time. Parents in two-parent medium-income households also have limited freedom to work full-time until their children turn three.

I. Introduction

Family policies are public policies that directly affect families with dependent children.¹ The majority of the family policies target issues relating to childcare. This is because childcare arrangement is the main factor affecting female participation in the labour market after childbirth, gender equality and children's wellbeing. In New Zealand, concerns over financially focused childcare-related family policies (hereafter, "childcare policies"), have increased over recent years. In December 2017, the new Labour and New Zealand First Coalition Government introduced a new set of childcare policies, the "Families Package", costing \$5.53 billion, in place of a proposed tax cut.²

* Bachelor of Laws (Honours) student at the University of Canterbury. Email: ljl50@uclive.ac.nz. I am grateful to Professor Annick Masselot for her invaluable suggestions during the drafting process of this article.

1 Rense Nieuwenhuis and Wim Van Lancker "Family Policies" (27 September 2017) Oxford Bibliographies <www.oxfordbibliographies.com>.

2 New Zealand Labour Party "A Families Package that delivers" (11 July 2017) Labour <www.labour.org.nz>.

In the past, the merits of New Zealand's childcare policies have been analysed based on feminist gender equality frameworks.³ In those studies, the policies are evaluated based on how well they emancipate women from the traditional gender-based labour divisions, namely, the male breadwinner and female carer model.⁴ In other words, based on these analyses, a policy is deemed as desirable if it increases women's employment rates after motherhood.⁵

However, an inherent tension that is difficult to reconcile within these studies is the paradox between the opposing theories on equality: equality-as-sameness, equality-as-difference and the dual-earner carer approach.⁶ The equality-as-sameness framework perceives women as equally capable of full participation in the labour market and argues that policies should remove women's obstacles to fully participate in the labour market.⁷ In contrast, the equality-as-difference framework emphasises male and female differences and perceives caregiving as a unique female characteristic. It argues that policies should value and provide compensation for women's unpaid childcare work at home.⁸

Alternatively, the dual-earner-carer approach has been proposed as a preferred framework.⁹ It presumes that childcare responsibilities should be shared equally between spouses and argues that policies should enable both spouses to participate in the labour market. Nevertheless, this model overlooks the fact that even when both parents work, females often still take on a larger share of childcare responsibilities and work fewer hours or part-time.¹⁰ Potentially, the dual-earner-carer model does not achieve gender equality as a modified traditional male-breadwinner labour division could still be implicitly embedded within it. Instead of emancipating women, this model risks turning women into "slaves" to both work and childcare, regardless of their views on equality.¹¹

The conventional analyses of childcare policies are often based on only one of the above equality models alone. These analyses evaluate the merits of childcare

3 Annick Masselot "The Rights and Realities of Balancing Work and Family Life in New Zealand" in Nicole Busby and Grace James (eds) *Families, Caregiving and Paid Work: Challenging Labour Law in the 21st Century* (Edward Elgar Publishing, Cheltenham, 2011) 69; and Ella Kahu and Mandy Morgan "A Critical Discourse Analysis of New Zealand Government Policy: Women as Mothers and Workers" (2007) 30 *Women's Stud Int Forum* 134.

4 Annick Masselot "Conceptualising Care" (forthcoming).

5 Maureen Baker "Gendered families, academic work and the 'motherhood penalty'" (2012) 26(1) *Women's Studies Journal* 11.

6 Masselot, above n 4.

7 Masselot, above n 4.

8 Masselot, above n 4.

9 F Wilson and J Stocks "The Meaning of Breadwinning in Dual-Earner Couples" in J Stocks, C Díaz and B Halleröd (eds) *Modern Couples Sharing Money, Sharing Life* (Palgrave Macmillan, London, 2007).

10 Masselot, above n 4.

11 Kahu and Morgan, above n 3.

policies based on a chosen assumption of what society would consider as gender equality. However, they do not address the issues that, in reality, none of the above models is fully representative, as society and women themselves have diverse views on equality.¹²

To compensate for the shortcomings described above, this article does not make assumptions on what parents or society would consider gender equality to be. Rather it adopts Amartya Sen's capability approach and focuses on parents' freedom to work or provide care for their children full-time after childbirth.¹³ The capability approach measures a person's wellbeing based on capability: one's freedom to utilise the resources or benefits given to them to do and be what they consider to be valuable.¹⁴ Under this framework, a policy would be considered to be desirable if it expands the freedom of a deprived group in society by giving them the necessary positive resources to enable them to make choices that matter to them.¹⁵ Ideally, different groups in society should have the same capability and degree of freedom to do what they consider to be valuable.

The capability approach is a suitable framework for analysing how well New Zealand's childcare policies achieve social justice and equality by giving parents real freedom in making childcare and work arrangement choices that align with what parents value doing and being. The capability approach has the advantage of being able to encapsulate people's diverse values on equality. Furthermore, it accounts for the fact that people make adaptive work-childcare choices due to economic considerations and constraints rather than based on their real preferences. Finally, this approach allows the cross-comparison of different groups of interest, such as parents with different socioeconomic status, couples and single parents.

For the purpose of this paper, a childcare-related policy is defined as any benefit available only to parents with dependent children. New Zealand's childcare policies cater to parents in various circumstances. However, the focus of this paper is on childcare policies that are relevant to full-age (16 years old and above) two-parent and single-parent families with only one biological child who is healthy, non-disabled and is under the age of five. The scope of this paper does not include parents who are studying after childbirth, hence the relevant childcare policies under the

12 Ella R Kahu and Mandy Morgan "Making Choices: Contradictions and Commonalities in the Valuing of Caring and Working by Government Policy and First Time Mothers" (2008) 11 NZIRECE 1.

13 Masselot, above n 4; Martha C Nussbaum "Capabilities as Fundamental Entitlements: Sen and Social Justice" in A Kaufman (ed) *Capabilities Equality* (Routledge, London, 2006); Kaushik Basu, López-Calva and F Luis "Functionings and Capabilities" in Kenneth J Arrow, Amartya K Sen and Kotaro Suzumura (eds) *Handbook of Social Choice and Welfare* (North-Holland, Oxford, 2011) vol 2, 153; and Sabina Alkire "Why the Capability Approach?" (2005) 6 Hum Dev 115.

14 Alkire, above n 15, at 117.

15 At 117.

Student Allowance Scheme are not discussed. It also assumes that parents have been working for at least 10 hours a week for at least a year immediately prior to childbirth so they qualify for parental leave. Each family is also assumed to have an income above the income threshold for any social security benefits.

Before launching into the actual analysis, Section I first examines the capability approach in greater detail. This is necessary to understand the rationale and the design of the methodology adopted to compare the degree of freedom between the different groups of interests. Next, Section II examines the capability approach as a theoretical framework. Section III then lays out the relevant childcare policies. With an understanding of the capabilities approach and the relevant childcare policies, Section IV then sets the parameters, scope and assumptions for the analysis. This section also explains the methodology that will be applied in the analysis. Following this, Section V then carries out the analysis of parents' capability to work and provide care based on parameters and methodology already discussed. Finally, Section VI concludes by summarising the findings.

II. The Capability Approach

Sen's capability approach as a metric for social justice and equality has been explored and applied by many scholars in different disciplines.¹⁶ The two key concepts under this framework are "functionings" and capability. Functionings are things people value doing.¹⁷ For example, a parent might value caring for their children full-time. Capability is an individual's freedom to actually do what they value doing. As already mentioned, the capability approach proposes that to achieve equality and social justice, different groups in society should have the same capability or degree of freedom to do what they consider to be valuable.

However, in reality, individuals' capability is confined by two factors: commodities and personal characteristics.¹⁸ Commodities are resources that could enable an individual to achieve what he/she thinks is valuable. For this analysis, these resources would include childcare subsidies, different tax credits and parental leave entitlements. Certain personal characteristics could also influence individuals' freedom to achieve what they consider to be valuable. The relevant personality characteristic in our case is a person's earning capacity, that is, their potential salary or wages.

16 Ingrid Robeyns "The Capability Approach" (3 October 2016) Stanford Encyclopedia of Philosophy <plato.stanford.edu>.

17 Basu, López-Calva and Luis, above n 14, at 153.

18 At 154.

A person's capability to achieve what he/she thinks is valuable is then the combined result of resources available and his/her personal characteristics. For example, the degree of freedom a single parent has to provide care full-time to his/her child under three would depend on the amount of financial assistance available from the government if he/she does not work and receives no other income. Similarly, the degree of freedom the same parent has to work full-time would depend on whether his/her salary would be sufficient to afford full-time childcare, taking into account any childcare subsidies and tax credits available. In this sense, an individual's capability or the degree of freedom can also be thought of as the number of real options an individual has based on his/her circumstances.

This analysis compares the degree of freedom, or the number of real options single-child (under the age of five) parents have in choosing to work or provide care full-time. The comparison is between couples and single-parents as well as parents of a high, medium and low-income level. The purpose of this analytical exercise is to first identify whether there is any inequality in the parents' capability between different income levels and between couples and single-parents. Secondly, if inequality exists, to recognise what the constraining factors are and examine whether they are the results of government policy.

However, before we can launch into the actual analysis, it is necessary to first examine the relevant resources available to parents, that is, the financial-focused childcare policies in New Zealand for children under the age of five.

III. Childcare-Related Family Policies

As previously mentioned, the focus of this paper is on comparing the capabilities of two-parent and single-parent families, who are full-age and either work full-time or part-time with income above the welfare benefits thresholds prior to childbirth, with healthy and non-disabled biological children under the age of five. The relevant New Zealand childcare policies for children under five are parental leave provisions, the Working for Families Tax Credit Package (WFFTC), Childcare Subsidy, 30 hours of general subsidy, 20 hours of free early childhood education (ECE) and Sole Parent Support.

There are also other social security benefits that include provisions for families with dependent children, such as Jobseeker Support, Young Parent Payment, Supported Living Payment and Student Allowance. Furthermore, there are also benefits for families caring for non-biological children, including Orphan's Benefits or the Unsupported Child's Benefit and the Foster Care Allowance. However, as these are beyond the scope of this paper, they will not be discussed.

A. Parental Leave

The main statute governing parental leave in New Zealand is the Parental Leave and Employment Protection Act 1987.¹⁹ In recent years, many amendments have been made.²⁰ The statute provides childcare benefits to parents in the forms of labour market regulations on parental leave and income maintenance through parental leave payments.

1. Parental leave: primary carer leave and extended leave

Under the current law, an eligible permanent primary carer of a child under six is entitled to 22 weeks of primary carer leave and up to 52 weeks of extended leave (which includes the 22 weeks of primary carer leave).²¹ The primary carer leave and the extended leave entitlement can be shared between partners.²² To be eligible for the full 12 months of leave, both partners must have worked at least 10 hours on average per week for the same employer for the past 12 months immediately prior to the child's due date.²³ If both partners only satisfy the criteria for the past 6 months, they would only be entitled to 22 weeks of primary carer leave and up to 26 weeks of extended leave, totalling 6 months. If only one partner meets the 12-month criteria while the other meets the 6-month criteria, they would be entitled to 12 months of leave in total. However, the partner who only meets the 6-month criteria would not be able to take more than 6 months of leave out of the 12-month total.²⁴

2. Parental leave payments

To supplement and maintain income for parents who are on parental leave, a permanent primary caregiver might also be entitled to 22 weeks of parental leave payments from the government.²⁵ This is an increase from the 18-week entitlement prior to 1 July 2018 and will be increased again to 26 weeks in 2020.²⁶ Before, the eligibility test for parental leave payments was the same test as for parental leave. However, the qualifying test was made less stringent in 2016. Now, to be eligible for parental leave payments, a primary caregiver needs to have been employed, whether

19 Parental Leave and Employment Protection Act 1987.

20 Parental Leave and Employment Protection Amendment Act 2014; Parental Leave and Employment Protection Amendment Act 2016; and Parental Leave and Employment Protection Amendment Act 2017.

21 Parental Leave and Employment Protection Act, ss 9(1) and 26.

22 Section 28.

23 Sections 2BA, 7, 8 and 11.

24 Section 26(2)(c).

25 Parental Leave and Employment Protection Amendment Act 2017.

26 Parental Leave and Employment Protection Act, ss 2BA and 71CA–71CB.

by the same employer or not, and has worked for at least 10 hours a week on average for any of the 26 weeks out of the 52 weeks immediately before the baby's due date. The amended eligibility test effectively expands entitlements to seasonal workers, casual workers, people with several fixed-term or temporary jobs and parents who have changed jobs recently. As the qualifying test for parental leave and parental leave payments are different, some parents might be eligible for the payments but not for the primary carer leave. In such cases, it is possible to discuss with one's employer to take a negotiated carer leave so one can receive the government payments.²⁷

Technically, Parental Leave Payments can be claimed by any eligible parent if they are the permanent carer of a child under six. However, parents usually take parental leave and claim parental leave payments within the first year after childbirth. Similar to parental leave, parental leave payments can also be transferred to one's eligible partner. The amount one is entitled to is one's ordinary gross weekly pay or \$564.38 (adjusted on 1 July 2018 to account for any increase in average weekly earnings in New Zealand), whichever is the least.²⁸ The payment will stop if one goes back to work before the end of the 22-week period. However, after the child is four weeks old, it is possible to go back to work for up to 52 hours for skills and training upkeep (called keep-in-touch days) during the 22-week period without the payments being stopped.²⁹

B. The Working for Family Tax Credit Package

The WFFTC Package is another childcare benefit scheme that seeks to support and maintain income for families with dependent children through taxation and cash transfer.³⁰ Similar to the parental leave statute, the scheme has undergone many changes recently, making the tax credits more generous. There are four different tax credits available: The Best Start tax credit (hereafter Best Start), the Family tax credit (FTC), the In-Work tax credit (IWTC) and the Minimum Family tax credit (MFTC). In general, parents must be 16 years old or over and care for a child on a permanent basis. Each specific tax credit has its own eligibility requirements.

27 Section 30A.

28 Parental Leave and Employment Protection Act, s 71M(1)(a).

29 Parental Leave and Employment Protection Act, s 71CE.

30 Income Tax 2007, pt MC 4 and pt M.

1. Best Start tax credit

Best Start was introduced on 1 July 2018, replacing Parental tax credit.³¹ There are two types of entitlements which are available in two stages. Firstly, all families with dependent children born on or after 1 July 2018 are entitled to \$60 per week from the child's birth until the child's first birthday.³² Secondly, for families with a combined gross income lower than \$79,000 a year, the payments continue until the child turns three. For families with a combined gross income above \$79,000 a year, the payment is reduced by 21 cents for every dollar earned over the threshold.³³ One is not entitled to Best Start while receiving parental leave payments.

2. Family tax credit

The FTC is another income-tested income support to families with financially dependent children up to the age of 18. From 1 July 2018, families' entitlements have been increased to \$113.04 per week for the first child and \$91.25 for each subsequent child.³⁴ Once a family earns above the threshold of \$42,700 (previously \$36,350) a year or \$821 a week, the payment starts to reduce.³⁵

3. In-Work tax credit

Unlike Best Start and FTC, to become eligible for IWTC, parents are required to be in paid work for at least 20 hours each week as a single parent or 30 hours per week as a couple combined. Parents on an income-tested benefit, a Student Allowance, or Children's Pension are not eligible. A family's entitlement depends on the total number of children and income. A family with up to three children can receive a maximum of \$72.50 a week and an additional \$15 for each subsequent child. The entitlement is abated once a family's income goes above a certain threshold. The abatement threshold is currently at an annual income of \$65,000.³⁶

4. Minimum Family tax credit

Finally, MFTC tops up a family's net wages to \$503 a week or \$26,156 a year (for 2018–2019 tax year). The 20 and 30 working hours' rule also applies to the MFTC. Furthermore, parents who are on an income-tested benefit are not eligible.³⁷

31 Families Package (Income Tax and Benefits) Act 2017, s 17.

32 Section 22.

33 Income Tax, s MG3.

34 Section MD3.

35 Section MD13.

36 Income Tax Act, s MD4–MD10.

37 Section ME1.

C. Sole-Parent Support

Sole-Parent Support is a need-based, income-tested benefit for single-parents with dependent children under the age of 14, who are not receiving financial support from their separated partners.³⁸

The current maximum entitlement for Sole-Parent Support is \$334.05 per week. To be eligible, one's gross income must be below \$635.00 per week or \$32,987 per year.³⁹ Parents whose youngest child is under three years of age are not required to work but may be required to attend training arranged by Work and Income in preparation for future work. Parents whose youngest child is more than three years of age are required to look for part-time jobs and work for at least 20 hours a week.⁴⁰

D. Childcare assistance

In New Zealand, ECE providers are subsidised by the government to help to keep the childcare cost down for parents. This is achieved by 30 hours of General Subsidy and 20 free hours of ECE. In addition, eligible low-income parents might be entitled to Childcare Subsidy to help with the already subsidised childcare cost. These childcare benefits will be discussed in detail below.

1. Free 20 hours of Early Childhood Education

The free 20 hours of ECE is a universal ECE funding available to all children between three to five years old, regardless of their family income, immigration status or any other factors.⁴¹ For each child who attends a participating ECE service, the government funds the full average cost of providing ECE to the service providers for up to six hours a day and 20 hours per week. However, the service providers can still charge optional charges for additional activities or for having more than 80 per cent of certified teachers.

2. 30-hours general subsidy

The 30-hours General Subsidy is paid to all ECE providers for attending children between zero to six years old. However, children who are on the free 20-hours ECE can only claim up to 10 hours of this subsidy. The exact amount of funding each provider receives differs depending on their types and percentage of certified

38 Social Security Act 2018, s 29.

39 Social Security Regulation 2018, sch 6.

40 Section 104.

41 Hon Steve Maharey "Frequently asked questions about 20 Hours Free ECE" (2 July 2007) Beehive <www.beehive.govt.nz>.

teachers. The funding is also higher for children under two than for children between two to six years old.⁴² This subsidy requires no application by parents but is usually reflected in the fees ECE providers charge.

3. Childcare Subsidy

Childcare Subsidy is a need-based payment that helps parents with childcare cost for pre-schoolers (usually children under the age of five).⁴³ For eligible parents, the payment is made directly to registered ECE providers.⁴⁴ To be eligible, parents must be the main caregiver of the child with low to medium household income.⁴⁵ For a one-child family with a weekly gross income under \$800, the subsidy rate is \$5.13 per hour.⁴⁶ The entitlement reduces as the family's income increases, with a weekly gross income of \$1,400 as the cut-off point for a one-child family.

The number of hours each family is entitled varies. Parents who satisfied the income requirements are entitled to nine hours a week.⁴⁷ Parents engaging in approved activities, such as working, or studying are entitled to up to 50 hours a week for the time when neither caregiver is available to care for the child.⁴⁸ Childcare Subsidy is an additional subsidy that assists parents with the already subsidised childcare cost under the 30 hours general subsidy. Childcare Subsidy cannot be used for the same 20 hours of free ECE.

The above financially focused childcare policies are the potentially available resources which influence and constrain parents' freedom to work and provide care full-time. Armed with this background, this paper will now discuss how parents' capability will be assessed and compared. In specifics, how parents' earning capacities are categorised by income-levels, the scope, assumptions and analytical method adopted for this analysis.

IV. Applying the Capability Approach

Before we can analyse parents' capability to work and care full-time after childbirth, it is necessary to first lay down the parameters, scope, assumptions and methodology for the analysis.

42 "The 30-Hours General Subsidy Paid to all ECE Services for Children (0-6 yrs)" (10 January 2019) My ECE <www.myece.org.nz>.

43 Social Security Regulations, s 30.

44 Section 37.

45 Sections 77 and 424.

46 Schedule 2.

47 Section 35.

48 Sections 32 and 33.

A, Scope of the Analysis

To reemphasise, this analysis will compare the capability of single-child (under the age of five) parents (couples and single-parent) with high, medium and low household pre-childbirth income.

The scope of the analysis is confined to households that have only one biological child, who is healthy and under five years old. Therefore, childcare policies relating to adopted, fostered and disabled children are beyond the scope of this analysis.⁴⁹ Furthermore, child support is also beyond the scope of this analysis so are not taken into account in the situation of single parents because of the varying amounts of child support that could be involved in each case.⁵⁰

The analysis is also limited to healthy parents who have been working full-time before childbirth (not on any Work and Income benefits) and are able to do so if they choose to. To carry out the analysis, certain parameters, such as household income levels must first be set below.

B. Defining High, Medium and Low-Income Levels

High, medium and low income-levels are not defined in statutes. Therefore, we must first define the amount of income a two-parent and single-parent household required to be called a high, medium or low-income household for the purpose of this analysis.

This analysis sets the high, medium and low-income levels based on the WFFTC income cut-off points. For the purpose of this analysis, low-income is defined as an annual household income between \$0 to \$42,700 before tax. That is based on the fact that only households with an income below \$42,700 receive the maximum amount of FTC.⁵¹ Medium income is defined as an annual household income above \$42,700 and up to \$80,000 before tax. This is based on the fact that IWTC is not available for single-child households with an annual income above \$80,000. Similarly, Best Start and FTC have abatement income thresholds at \$79,000 and \$42,700 a year

49 For more information on fostered children, see the Oranga Tamariki Act 1989. For adopted children: orphan's benefit and unsupported child benefit, see Social Security Act 2018, s 45. For disabled children: child disability allowance, see Social Security Act 2018.

50 The exact amount of child support payable differs case by case depending on various factors such as the amount of care the child is in each parent' care and the living expenses of each parent. Also, child support is not applicable in situations where a parent has been in prison for 13 consecutive weeks or more and earns no income while in prison; where a parent has been in the hospital for 13 weeks or more; or where a mother does not disclose the child's father. See Child Support Act 1991, ss 89A–89ZE.

51 "Working for Families Tax Credits worksheet 2019" (June 2018) Inland Revenue <www.ird.govt.nz>.

respectively.⁵² High-income is then defined as an annual household income of above \$80,000 before tax.

The above income-levels refer to the pre-childbirth income of a household. Therefore, a medium-income household, for example, could potentially have an income of as a low-income household after childbirth if one of the parents stopped working.

For the purpose of this analysis, three fixed amounts will be used to represent the pre- childbirth annual incomes for high, medium and low-income single-parent and two-parent households. The fixed amounts are \$35,000 for low-income households, \$75,000 for medium-income households and \$120,000 for high-income households.

C. Assumptions

In addition to the above parameters, the following assumptions must also be applied for as a baseline for the analysis to be workable. Firstly, it is assumed that all of the parents are assumed to have no savings. Secondly, it is assumed that a household's entire income is spent on consumption. Thirdly, a household's non-childcare related expenditure before childbirth is assumed to remain the same post-childbirth. Fourthly, a household's expenditure overall post-childbirth is assumed to have increased due to childcare-related costs. Fifthly, it is assumed that parents' have equal earning capacity in a two-parent household.

However, some of the assumptions might not be as valid or realistic for certain households as it might be for others. For example, it might not be as realistic to assume that parents in a two-parent household have equal earning capacity, or that all high-income household would have no savings. Therefore, the validity of the above assumptions is assessed before final conclusions are drawn on parents' capability to work or provide care. More details are discussed in the methodology section below.

D. Methodology

Based on the above parameters and assumptions, this analysis will assess the capability of parents, in two-parent and single-parent households, to work and provide care full-time by going through the following steps.

- (i) Step One: comparison of the pre- and post-childbirth incomes of a household.
To determine the parents' capability to provide care or work full-time, it is first necessary to compare parents' pre-childbirth annual household income

⁵² Above n 66.

with their post-childbirth annual household income, taking into account all applicable financial childcare-related policies.

Based on the financial childcare policies entitlements, comparisons are to be made for three different stages: firstly, the first year after childbirth; secondly, when the child is between one to three years old; thirdly, when the child is between three to five years old.

(a) Capability to provide care full-time

The pre-childbirth and post-childbirth household incomes of a two-parent household are compared on the basis that one of the parents stopped working after childbirth and stayed home to provide care full-time. The comparison is to be made for low, medium and high-income families respectively. Based on the assumption that the two parents have equal earning ability, a two-parent household's income from work post-childbirth would be half of the pre-childbirth income from work. For a single-parent household, when a parent decides to provide care full-time after childbirth, its post-childbirth income from work becomes nil. Nevertheless, in both situations, the household income might be supplemented by the relevant financial childcare policies. *Prima facie*, a household would have the capacity to have one parent providing care full-time if its post-childbirth income with only one parent working is higher than its pre-childbirth income. This is based on the assumptions that post-childbirth expenditure would be greater due to the additional childcare-related costs, whilst every other cost remains the same.

(b) Capability to work full-time post-childbirth

Similarly, to determine parents' capability to work full-time, a household's post-childbirth income must be greater than its pre-childbirth income. Again, this is based on the assumptions that the household's expenses increased overall after childbirth due to the additional childcare-related costs while all other non-childcare expenses remained the same after childbirth. Also, it is assumed the family have no savings and all of their income is spent on consumption.

However, as both parents would be working in this case, the household annual income from work for all families would be the same as before. In addition, there would also be further income supports from the Government, including the FTC, BSTC and IWTC.

Nevertheless, for it to be actually feasible for parents to work instead of providing care full-time, the additional income support and relevant childcare subsidies must be enough to cover the costs of preschool or nursery. In other words, to

determine parents' capability to work full-time after childbirth, the analysis is required to compare the total amount of income support and childcare subsidies available with the total costs of sending the child to nursery or preschool.

Prima facie, a household would have the capability for parents to work full-time if the total of its income support and childcare subsidies exceeds the costs of preschool or nursery.

Again, this comparison is required to be done for three distinct stages: the first year after childbirth, when the child is one to three years old and when the child is three to five years old.

The above comparison results would give us the preliminary results on parents' capability to work or provide care full-time. However, to reach a conclusion that is more reflective of the reality, the validity of the assumptions applied above would need to be assessed next.

(2) Step Two: evaluating the validity of assumptions.

Based on the preliminary results obtained from the above steps, the validity of the relevant assumptions applied is examined. For example, it might be unrealistic to assume that all of the incomes are spent on consumption or that all households have not savings. To more accurately reflect the reality faced by New Zealand families, the assumptions are assessed against empirical studies. The analysis results on parents' capability to work or provide care full-time are then adjusted or qualified accordingly .

Parents' capability to provide care or work full-time will now be analysed based upon the above methodology.

V. Analysis of Parents' Capability to Provide Care Full-time Post-Childbirth

This section analyses parents' capability to work or provide care full-time in two-parent and single-parent households with an income of \$35,000 (low-income), \$75,000 (medium-income) and \$120,000 (high-income).

As noted before, a household's capability is analysed in three stages based on its entitlements to the relevant financial childcare subsidies: first year after childbirth; when the child is one to three years old and when the child is three to five years old.

A. Step One: Comparison of the Pre- and Post-childbirth Incomes of a Household.

1. Parents' Capability to provide care full-time

For a two-parent family, *prima facie* it would be financially feasible to have one parent caring for the child at home full-time if the household income is more than its pre-childbirth income as it is assumed that overall, the household expenditure increased due to the additional childcare-related costs.

(a) *First year after childbirth*

During the first year after childbirth, the relevant financial childcare policies for two-parent households are parental leave payments, BSTC, FTC, IWTC and MFTC. All parents in this analysis would be entitled to parental leave payments based on the assumption that parents have been working full-time prior to childbirth. The maximum amount of parental leave payment an individual on Primary Carer Leave can claim is a gross payment of \$564.38 for 26 weeks or a total of \$14,673.88. BSTC cannot be claimed simultaneously with parental leave payments. Therefore, if families claim parental leave payments, they are entitled to \$60 per week or a total of \$1,560 of BSTC for 26 weeks when parental leave payments end, regardless of their family income.

For a low-income two-parent household with a pre-childbirth income of \$35,000, the post-childbirth income from the working parent would be \$17,500. This is based on the assumption that the parents have equal earning capacity. In balance, its post-childbirth income would total \$43,355.96. This includes parental leave payments of \$14,673.88, Best Start payments of \$1,560 a year, FTC of \$5,876 per year (\$113 per week) and IWTC of \$72 per week or \$3,744 per year.⁵³

For a medium-income two-parent household with a pre-childbirth income of \$75,000, the post-childbirth income with only one working parent would be \$37,500. In balance, the total income for the medium-income household post-childbirth would be \$63,353.88. This includes an income of \$37,500 from work, parental leave payments of \$14,673.88, Best Start payment of \$1,560, FTC of \$5,876 and IWTC of \$3,744.

For a high-income two-parent household with a pre-childbirth income of \$120,000, the post-childbirth income with only one working parent would be \$60,000. It would be entitled to parental leave payments of \$14,673.88, Best Start

53 See Section VI, Table 1.

payments of \$1,560 (\$60 per week), FTC of \$1,404 a year (\$27 per week) and IWTC of \$3,744 (\$72 per week). In balance, its post-childbirth income would total \$81,381.88.

For single-parent households, regardless of their income level pre-childbirth, they will have no income from work if they want to provide care for their children full-time after childbirth. Neither would they be entitled to any IWTC. However, in addition to parental leave payments, Best Start and FTC, single parents would also be eligible for Sole Parent Support at \$334.05 per week or \$17,370.60 per year.

In balance, for single-parent households, regardless of their pre-childbirth incomes, would have a post-childbirth income of \$39,480.48 if the parents provide care full-time. This includes Parental Leave payments of \$14,673.88, Best Start payments totalling \$1,560 a year and FTC of \$5,876.

Based on the above calculations, prima facie, only parents in the low-income two-parent or single-parent households would have the capability to provide care full-time in the first year after childbirth as their post-childbirth incomes would be more than their pre-childbirth income.

(b) When the child is between one to three years old.

When the child is between one to three years old, parental leave payments are no longer available. Best Start payments are now subject to abatements when a household's income exceeds over the relevant income threshold. FMTC might also be available for households with a gross income less than \$31,020.⁵⁴

For a low-income two-parent household with a pre-childbirth income of \$35,000, its post-childbirth income when the child is one to three years old would be \$41,420 a year. This includes an income of \$17,500 from the working parent, FTC of \$5,876 (\$113/week), IWTC of \$3,744 (\$72/week), BSTC of \$3,120 (\$60/week) and FMTC of \$11,180 (\$215/week).

For a medium-income two-parent household with a pre-childbirth income of \$75,000, its post-childbirth income would be \$48,680 per year. This includes an income of \$37,500 from the working parent, FTC of \$5,876 (\$113/week), IWTC of \$3,744 (\$72/week) and BSTC of \$3,120 (\$60/week).

For a high-income two-parent household with a pre-childbirth income of \$120,000, its post-childbirth income would be \$66,708 per year. This includes an income of \$60,000 from the working parent, BSTC of \$1,560 (\$60/week), FTC of \$1,404 (\$27/week) and IWTC of \$3,744 (\$72/week).

For single-parent households, IWTC and FMTC are not available. Accordingly, for single parents who are providing care full-time, their annual post-childbirth

⁵⁴ See Section VI, Table 2.

income during this period would be \$24,806.60, regardless of their pre-childbirth income. This includes Sole Parent Support of \$17,370.60, FTC of \$5,876 and BSTC of \$1,560.

Based on the above calculation, *prima facie*, parents in low-income and medium-income families have the capability to provide care full-time as their post-childbirth household income would exceed their pre-childbirth income at this stage with governmental income support. For all single-parent households, their post-childbirth income would fall below their pre-childbirth income, which *prima facie* suggests the single parents would not have the capability to provide care full-time when the child is between one to three years old.

(c) When the child is three to five years old.

When the child is between three to five years old, BSTC ceases altogether. FTC, IWTC and MFTC are still relevant. For a low-income two-parent household with a pre-childbirth income of \$35,000, its post-childbirth annual income would be \$38,300. This includes an income of \$17,500 from the working parent; FTC of \$5,876 (\$133 per week); IWTC of \$3,744 (\$72 per week) and FMTC of \$11,180 (\$215 per week).⁵⁵

For a medium-income two-parent household with a pre-childbirth income of \$75,000, its post-childbirth annual income in this period would be \$47,120. This includes an income of \$37,500 from the working parent; FTC of \$5,876 (\$133 per week and IWTC of \$3,744 (\$72 per week).

For a high-income two-parent household with a pre-childbirth income of \$120,000, its post-childbirth annual income would be \$65,148. This includes an income of \$60,000 from the working parent; FTC of \$1,404 (\$27 per week) and IWTC of \$3,744 (\$72 per week).

For parents in single-parent households, their capability to provide care full-time is formally removed when the child turned three. To receive Sole-Parent Support, single parents have to work for at least 20 hours a week.

Based on the above calculations, *prima facie*, only parents in low-income two-parent households would have the capability to provide care full-time as only their post-childbirth income would be more than their pre-childbirth income at this stage. For single parents, their capability to provide care full-time is completely removed when their child turns three.

55 See Section VI, Table 3.

2. Parents' capability to work full-time after childbirth

As already stated in the methodology section, to determine parents' capability to work full-time after childbirth, the analysis is required to compare the total amount of income support and childcare subsidies available with the total costs of sending the child to nursery or preschool.

To do this, it is first necessary to determine the cost of nursery or preschool. As childcare costs differ greatly in New Zealand, it is difficult to find a representative average cost. For analysis purposes, the community users' rates for the Ilam Early Learning Centre will be used. This is appropriate as the childcare centre caters for new-borns as well as toddlers. It also caters for parents from a wide range of income levels, including current university students, professors and other community members. It is assumed that the children would require to spend nine hours a day (full-day) at the childcare centre, five days a week, as the parents are working full-time.

Prima facie, a household would have the capability for parents to work full-time if the total of its income support and childcare subsidies exceeds the costs of preschool or nursery.

Again, the comparison is to be carried out in three stages based on the childcare subsidies and income support entitlements.

(a) *First year after childbirth*

During the first year after childbirth, the total weekly childcare costs for each household would be \$255 or \$13,260 a year.⁵⁶ BSTC, FTC, IWTC and Childcare Subsidy might be available to eligible households to assist with that cost.

For a low-income, single-parent or two-parent household, with an annual income of \$35,000, the total amount of financial support they would receive is \$13,260 a year. This includes BSTC of \$3,120; FTC of \$5,876 (\$113 per week); IWTC of \$3,477 (\$72 per week) and Childcare Subsidy of \$12,215.80 (\$5.22 per hour and \$255 per week).⁵⁷

For a medium-income, single-parent or two-parent household, with an annual income of \$75,000, the total amount of financial support they would receive is \$4,524. This includes BSTC of \$3,120 and IWTC of \$1,404. The medium-income household would not be eligible for FTC and Childcare Subsidy.

For a high-income, single-parent or two-parent household, with an annual income of \$120,000, the total amount of financial support they would receive is

56 "Ilam Early Learning Centre" (12 January 2019) University of Canterbury Students' Association <ucsa.org.nz>.

57 See Section VI, Table 4.

\$3,120. This consists of only the BSTC of \$3,120. The high-income household would not be eligible for FTC, IWTC or Childcare Subsidy.

Based on the above calculation, *prima facie*, only the low-income two-parent and single-parent households would have the capability to work full-time during the first year after childbirth. As the total amount of financial support low-income households would receive exceeds the total childcare cost, it could afford to place the child in full-time childcare.

(b) When the child is between one to three years old

When the child is between one to three years old, the total childcare costs for each household remains \$13,260 a year. However, families BSTC entitlements might differ depending on the annual household incomes.

For a low-income, single-parent or two-parent household, with an annual income of \$35,000, the total amount of financial support it would receive remains \$13,260 a year. This includes BSTC of \$3,120; FTC of \$5,876 (\$113 per week); IWTC of \$3,477 (\$72 per week) and Childcare Subsidy of \$12,215.80 (\$5.22 per hour and \$255 per week).⁵⁸

For a medium-income, single-parent or two-parent household, with an annual income of \$75,000, the total amount of financial support it would receive also remains \$4,524. This includes BSTC of \$3,120 and IWTC of \$1,404. The medium-income household would not be eligible for FTC and Childcare Subsidy.

For a high-income, single-parent or two-parent household, with an annual income of \$120,000, the total amount of financial support it would receive becomes nil. The high-income household would no longer be eligible for any BSTC payment, neither would it be entitled to FTC, IWTC or Childcare Subsidy.

Again, based on the above calculations, *prima facie*, only parents in low-income two-parent and single-parent households would have the capability to work full-time as the amount of financial support enable them to put the child in full-time childcare.

(c) When the child is between three to five years old

When the child is between three to five years old, BSTC stops altogether. However, all households would now be eligible to 20 hours of free ECE. This in turns reduces the childcare cost to \$170 a week or \$8,840 a year.⁵⁹ As Childcare Subsidy cannot be claimed for the same hours as the free 20 hours, eligible parents would

58 See Section VI, Table 5.

59 University of Canterbury Students' Association, above n 79.

now only be able to claim 25 hours of Childcare Subsidy out of the total 45 hours of childcare required.

For low-income, single-parent and two-parent households with an annual income of \$35,000, their total income support during this period becomes \$16,139. This includes FTC of \$5,876 (\$133 per week), IWTC of \$3,477 (\$72 per week) and Childcare Subsidy of \$6,786 (\$5.22 hours for 25 hours). For medium-income, single-parent and two-parent households with an annual income of \$75,000, the total amount of financial support they would receive becomes \$1,404. This includes IWTC of \$1,404. For high-income, single-parent and two-parent households with an annual income of \$120,000, the total amount of financial support they would receive becomes nil.⁶⁰

Based on the above calculations, *prima facie*, only parents in low-income single-parent and two-parent households would have the capability to work full-time as the total amount of financial support they received from the government would exceed the amount of total childcare cost incurred at this stage.

The above comparisons give us the preliminary results of parents' capability to work or provide care full-time. In summary, *prima facie*, only parents in low-income two-parent households have the capability to provide care full-time in the first year after childbirth, when the child is one to three years old and when the child is three to five years old. For single parents, *prima facie*, only parents in low-income households have the capability to provide care full-time during the first year after birth. No single parents would have the capability to provide care full-time when the child is between one to three. Furthermore, when the child is between three to five, single parents' capability to provide care full-time is officially removed if they are on Sole Parent Support.

However, the above preliminary results might be adjusted or qualified based on the validity of the assumptions applied in each of the above situations. The analysis will now move to assess the validity of the assumptions applied.

B. Step Two: Assessment of the Validity of the Assumptions

The key assumptions that could potentially influence parents' capability to provide care or work full-time are firstly the assumption that parents have no savings; secondly, the household's entire income is spent on consumption. If the above assumptions do not hold, then parents' who, *prima facie*, have no capability to work or provide care full-time, might potentially have the capability to do so. Any

⁶⁰ See Section VI, Table 6.

savings, or amount of income not spent on consumption would enable the households to fund the costs of childcare required for parents to work. Similarly, any savings or unspent income could also meet other living costs that would otherwise not be met due to the loss of an income as a parent stays at home and provides care full-time.

1. The assumptions of no savings.

Based on empirical research, the amount of savings is positively related to the amount of income earned.⁶¹ The median saving amounts of households between the one to five income deciles are close to zero. Therefore, the assumption of no savings is mostly valid for low-income households (\$30,000 in our case). However, according to the same study, households in the 6 to 10 income deciles have savings averaging between \$10,000 and \$50,000. Therefore, the assumption of no savings is not as valid for medium and high-income households.

2. The assumption that all income is spent on consumption.

Concerning the assumption that all income is spent on consumption, this would not be valid if a household's income exceeds its expenses. Results from Stats NZ's General Survey showed that less than 10 per cent of the households with an income between \$30,001 to \$70,000 were reported to have more than enough money.⁶² 15.4 per cent of the households with an income between \$70,001 to \$100,000 were reported to have more than enough money, while one-third of the households reported as having not enough or just enough money. In contrast, close to one-third of the households with an income above \$100,001 reported to have more than enough, while only around 20 per cent of the household reported having not enough or just enough money. Accordingly, the assumption that all of the household income is spent on consumption is most likely to be valid for low-income households. The assumption is also likely to be valid for the majority of the medium-income households. However, the assumption is less likely to be valid for the majority of high-income households.

Nevertheless, it should be noted that all of the households' incomes would be reduced by approximately half if one of the parents is to provide care full-time. This means in our analysis all of the households would become low-income households, based on our definition, with an income below \$75,000 if parents were to provide care full-time (except for high-income two-parent households in their first year after childbirth). Accordingly, for all households, the assumption that the entire

61 Trinh Le, John Gibson and Steven Stillman *Household Wealth and Saving in New Zealand: Evidence from the Longitudinal Survey of Family, Income and Employment* (Motu Economic and Public Policy Research, Motu Working Paper 10-06, September 2010), at 12 (Table b).

62 "2016 New Zealand General Social Survey" Stat NZ <www.stats.gov.nz>, at Table 7.

income is spent on consumption is most likely to be valid if parents are to provide care full-time after childbirth, except for high-income two-parent households in the first year after childbirth.

3. The assumption that the level of non-childcare consumption is the same pre- and post-childbirth.

Another related assumption is that a household's pre-childbirth, non-childcare related consumption remains the same after childbirth. If this consumption is not valid, then a household could reduce their expenditure to a level that better corresponds with its income level so the other parent could have the capability to provide care full-time after childbirth. Similar, reduction in expenditure might also fund the required childcare costs so parents would have the capability to work full-time.

This assumption would be invalid if households could reduce their non-essential costs and are willing to do this as it might compromise their quality of life. The validity of this assumption is more difficult to assess because it is difficult to determine the average amount of essential costs for different families. High-income households do not necessarily have a greater ability to meet their essential costs as they are more likely to be servicing a larger mortgage. Furthermore, it is also difficult to determine the degree a household is willing to reduce its spending by compromising its current lifestyles or quality of life.

4. The assumption that parents within a household have equal earning capacity.

If one of the parents earns more than the other spouse then he/she is less likely to have the capability to provide care full-time at home as the household's post-childbirth income would suffer more as a result. This, however, is more of an issue concerning individual parents' capability to work or provide care within a household and is beyond the scope of this analysis.

5. Adjusted findings on parents' capability to work or provide care full-time.

Based on the above assessment, the findings on parents' capability could be adjusted or qualified as the following.

Concerning parents' capability to provide care full-time after childbirth, parents in low-income two-parent households have the capability to provide care full-time in all three stages. Medium-income and high-income, two-parent or single-parent

households would also have the capability to care for their child full-time in all three stages if the households have sufficient savings to do so. Furthermore, parents in a medium or high-income, two-parent families could have or extend their capability to provide care full-time without having sufficient savings if the household could reduce its consumption level to match its post-childbirth income with only one working parent. Although, this would be rather difficult considering the fact that the household income would be approximately halved without a working parent.

For single parents, only parents in low-income single-parent households would have the capability to provide care during the first year after the childbirth. Single parents with medium or high incomes before childbirth might have the capability to do so if they have sufficient savings or if they could reduce their consumption level to match their post-childbirth incomes. When the child is between one to three years old, no single parents would have the capability to provide care full-time unless they have sufficient savings, which is most unlikely for parents with low-income pre-childbirth. Nevertheless, parents could obtain the capability to provide care by reducing consumption to match their post-childbirth income, which would be at a meagre \$24,806.60. When the child is three to five years old, single parents' capability to provide care is officially removed. Parents would only have the capability to provide care full-time if they have savings of at least \$24,000 to allow them to live without receiving Sole-Parent support. This would be very rare as it would only be likely for parents with high-income pre-childbirth. However, the majority of single-parent households are clustered around the low-income level.⁶³

Concerning parents' capability to work full-time, parents in low-income two-parent and single-parent households would have the capability to do so at all stages. Parents in medium and high income, two-parent and single parent households would have the capability to do so if they have sufficient savings to do. High-income two-parent or single-parent households are more likely than medium-income families to have the required savings of around \$10,000. Parents might be able to fund the childcare costs by reducing their consumption level. When the child is between three to five years old, the childcare cost is almost halved. This means more parents from medium-income, two-parent and single-parent households would be able to fund the childcare costs required to work full-time either using previous savings or by reducing their household consumptions.

63 Bryan Perry *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2016* (Ministry of Social Development, July 2017), at 33.

VI. Conclusion

In conclusion, New Zealand's childcare-related policies give parents in low-income two-parent households the greatest capability to provide care full-time after childbirth till the child is five years old. In general, parents in high-income two-parent households have the second greatest capability to provide care based on the high likelihood for them to have savings and the potential to reduce consumption levels to better match their post-childbirth income. The capability of parents' in medium-income two-parent households is ranked third as they are less likely to have sufficient savings or potential to reduce consumption level than parents in high-income two-parent households.

Single parents with high and medium pre-childbirth income have less capability to provide care in comparison to their two-parent households counterparts. Single parents would require more savings and a greater reduction of consumption to obtain the capability to provide care full-time as they do not have the income of a working parent. More savings are required if the single parents want to have the capability to provide care full-time when the child is between three to five as, to do so, they would not be able to receive Sole Parent Support. Finally, arguably, single parents with low pre-childbirth income have the least capability to provide care full-time. Although they have the capability to provide care during the first year after childbirth, they do not have the capability to do so when the child is between one to three years old unless they are prepared to limit their consumption to a minimum level. Furthermore, when the child is between three to five, the parents' capability to provide care is completely removed if the parents are receiving Sole Parent Support. This is most likely the case for low-income single parents.

Concerning parents' capability to work, parents in low-income two-parent and single-parent households have the greatest capability to work full-time at all stages as their childcare costs would be fully covered by income supports and Childcare Subsidies. Similar to the situation above, high-income two-parent and single-parent household might have the same capability to do so if they are able to fund the childcare costs by savings or reducing their consumption level. Medium-income two-parent and single-parent households have less capability as the government funding mechanisms are insufficient to cover childcare costs and they are less likely to have the necessary savings or the potential to reduce their consumptions.

Comparing the capability of parents in single and two-parent households in the above situation, single parents actually have less capability than their two-parent counterparts. Single parents are required to work more hours to reach their income-level as their household income consists only of the income of one working

parent. Furthermore, as already stated, to be eligible for IWTC, single parents are required to work at least 20 hours per week alone, while couples are only required to work 30 hours a week combined.

It is apparent that single parents, especially those with low income-earning capacity, are most disadvantaged under the current New Zealand financial childcare-related policies. These parents have the least freedom to choose to work or provide care full-time than parents of other income-level or household types. This indicates potential issues of social injustice. Furthermore, middle-class parents' in two-parent households also seem to have limited freedom to choose to work or to provide care full-time. This should be taken into consideration by the Government when designing financial childcare-related policies in the future.

VII. Appendix

A. Tables of Comparison: Households' Pre-childbirth and Post-childbirth Incomes When One of the Parents Provides Care Full-Time

Table 1. First Year after Childbirth

Household Type	Pre-childbirth income	Post-childbirth income from work	Parental Leave	Best Start	FTC	IWTC	Sole Parent Support	Total Post-childbirth income
<i>Two-parent low-income</i>	\$35,000	\$17,500	\$14,673.88	\$1,560 (\$60/wk for 26 wks)	\$5,876 (\$133/wk)	\$3,744 (\$72/wk)	NA	\$43355.96
<i>Two-parent medium-income</i>	\$75,000	\$37,500	\$14,673.88	\$1,560 (\$60/wk for 26 wks)	\$5,876 (\$133/wk)	\$3,744 (\$72/wk)	NA	\$63,353.88
<i>Two-parent high-income</i>	\$120,000	\$60,000	\$14,673.88	\$1,560 (\$60/wk for 26 wks)	\$1,404 (\$27/wk)	\$3,744 (\$72/wk)	NA	\$81,381.88
<i>Single-parent low-income</i>	\$35,000	NA	\$14,673.88	\$1,560 (\$60/wk for 26 wks)	\$5,876 (\$133/wk)	\$0	\$17,370.60 (\$334.05/wk)	\$39,480.48
<i>Single-parent medium income</i>	\$75,000	NA	\$14,673.88	\$1,560 (\$60/wk for 26 wks)	\$5,876 (\$133/wk)	\$0	\$17,370.60 (\$334.05/wk)	\$39,480.48
<i>Single-parent high-income</i>	\$120,000	NA	\$14,673.88	\$1,560 (\$60/wk for 26 wks)	\$5,876 (\$133/wk)	\$0	\$17,370.60 (\$334.05/wk)	\$39,480.48

Table 2. When the Child is One to Three Years Old

Household Type	Pre-childbirth income	Post-childbirth income from work	FMTC	BSTC	FTC	IWTC	Sole Parent Support	Total Post-childbirth income
<i>Two-parent low-income</i>	\$35,000	\$17,500	\$11,180 (\$215/wk)	\$1,560 (\$60/wk for 26 wks)	\$5,876 (\$133/wk)	\$3,744 (\$72/wk)	NA	\$41,420
<i>Two-parent medium-income</i>	\$75,000	\$37,500	\$0	\$1,560 (\$60/wk for 26 wks)	\$5,876 (\$133/wk)	\$3,744 (\$72/wk)	NA	\$48,680
<i>Two-parent high-income</i>	\$120,000	\$60,000	\$0	\$1,560 (\$60/wk for 26 wks)	\$1,404 (\$27/wk)	\$3,744 (\$72/wk)	NA	\$66,708
<i>Single-parent low-income</i>	\$35,000	NA	NA	\$1,560 (\$60/wk for 26 wks)	\$5,876 (\$133/wk)	NA	\$17,370.60 (\$334.05/wk)	\$24,806.60
<i>Single-parent medium income</i>	\$75,000	NA	NA	\$1,560 (\$60/wk for 26 wks)	\$5,876 (\$133/wk)	NA	\$17,370.60 (\$334.05/wk)	\$24,806.60
<i>Single-parent high-income</i>	\$120,000	NA	NA	\$1,560 (\$60/wk for 26 wks)	\$5,876 (\$133/wk)	NA	\$17,370.60 (\$334.05/wk)	\$24,806.60

Table 3. When the Child is Three to Five Years Old

Household Type	Pre-childbirth income	Post-childbirth income from work	FMTC	BSTC	FTC	IWTC	Sole Parent Support	Total Post-childbirth income
<i>Two-parent low-income</i>	\$35,000	\$17,500	\$11,180 (\$215/ week)	NA	\$5,876 (\$133/week)	\$3,744 (\$72/week)	NA	\$38,300
<i>Two-parent medium-income</i>	\$75,000	\$37,500	\$0	NA	\$5,876 (\$133/ week)	\$3,744 (\$72/week)	NA	\$47,120
<i>Two-parent high-income</i>	\$120,000	\$60,000	\$0	NA	\$1404 (\$27/ week)	\$3,744 (\$72/ week)	NA	\$65,148
<i>Single-parent low-income</i>	\$35,000	NA	NA	NA	\$5,876 (\$133/week)	NA	\$17,370.60 (\$334.05/ week)	\$23,246.60
<i>Single-parent medium-income</i>	\$75,000	NA	NA	NA	\$5,876 (\$133/week)	NA	\$17,370.60 (\$334.05/ week)	\$23,246.60
<i>Single-parent high-income</i>	\$120,000	NA	NA	NA	\$5,876 (\$133/week)	NA	\$17,370.60 (\$334.05/ week)	\$23,246.60

B. Tables of Comparison: Households' Total Financial Supports Received and the Total Childcare Costs When Parents Work Full-time

Table 4. First Year After Childbirth

Household Types and Income Levels	Annual household from work	BSTC	FTC	IWTC	Childcare Subsidy annually (45 hours per week)	Total Financial Support	Total Childcare Cost	Difference
<i>Low-income, single or two-parent</i>	\$35,000 (\$673.08/wk)	\$3,120 (\$60/wk)	\$5,876 (\$113/wk)	\$3,477 (\$72/wk)	\$12,214.80 (\$234.90/wk) (\$5.22/hr)	\$24,687.80	\$13,260 (\$255/wk)	\$11,427.80
<i>Medium income, single or two-parent</i>	\$75,000 (\$1,442/wk)	\$3,120 (\$60/wk)	\$0 Not eligible	\$1,404 (\$27/wk)	\$0 Not eligible	\$4,524	\$13,260 (\$255/wk)	-\$8,736
<i>High income, single or two-parent</i>	\$120,000	\$3,120/ year (\$60/wk)	\$0 Not eligible	\$0 Not eligible	\$0 Not eligible	\$3,120	\$13,260 (\$255/wk)	-\$10,140

Table 5. When the Child is between One to Three Years Old

Household Types and Income Levels	Annual household from work	BSTC	FTC	IWTC	Childcare Subsidy annually (45 hours per week)	Total Financial Support	Total Childcare Cost	Difference
<i>Low-income, single or two-parent</i>	\$35,000 (\$673.08/wk)	\$3,120 (\$60/wk)	\$5,876 (\$113/wk)	\$3,477 (\$72/wk)	\$12,214.80 (\$234.90/wk) (\$5.22/hr)	\$24,687.80	\$13,260 (\$255/wk)	\$11,427.80
<i>Medium income, single or two-parent</i>	\$75,000 (\$1,442/wk)	\$3,120 (\$60/wk)	\$0 Not eligible	\$1,404 (\$27/wk)	\$0 Not eligible	\$4,524	\$13,260 (\$255/wk)	-\$8,736
<i>High income, single or two-parent</i>	\$120,000	\$0 Not eligible	\$0 Not eligible	\$0 Not eligible	\$0 Not eligible	\$0	\$13,260 (\$255/wk)	-\$10,140

Table 6. When the Child is between Three to Five Years Old

Household Types and Income Levels	Annual household from work	BSTC	FTC	IWTC	Childcare Subsidy annually (25 hours per week)	Total Financial Support	Total Childcare Cost	Difference
<i>Low-income, single or two-parent</i>	\$35,000 (\$673.08/wk)	NA	\$5,876 (\$113/wk)	\$3,477 (\$72/wk)	\$6,786 (\$130.50/wk) (\$5.22/hr)	\$16,139	\$8,840 (\$170/wk)	\$7,299
<i>Medium income, single or two-parent</i>	\$75,000 (\$1,442/wk)	NA	\$0 Not eligible	\$1,404 (\$27/wk)	\$0 Not eligible	\$1,404	\$8,840 (\$170/wk)	-\$7,436
<i>High income, single or two-parent</i>	\$120,000	NA	\$0 Not eligible	\$0 Not eligible	\$0 Not eligible	\$0	\$8,840 (\$170/wk)	-\$8,840

C. Summary Table

Table 7. Preliminary Results of Parents' Capability to Provide Care Full-time

Stages	Households	Pre-birth income	Post-birth income	Capability?
1st year after birth	Low-income two-parent	\$35,000	\$43,355.96	Yes
	Medium income two-parent	\$75,000	\$63,353.88	No
	High-income two-parent	\$120,000	\$81,381.88	No
	Single-parent	All income	\$39,480.48	Only low-income
1-3 years old	Low-income two-parent	\$35,000	\$41,420.00	Yes
	Medium income two-parent	\$75,000	\$48,680.00	No
	High-income two-parent	\$120,000	\$66,708.00	No
	Single-parent	All income	\$24,806.60	No
3-5 years old	Low-income two-parent	\$35,000	\$38,300.00	Yes
	Medium income two-parent	\$75,000	\$47,120.00	No
	High-income two-parent	\$120,000	\$65,148.00	No
	Single-parent	All income	\$23,246.60	No: officially removed

D. Summary Table

Table 8 Preliminary Results on Parents' Capability to Work Full-time

Stages	Households	Childcare costs	Total financial support	Capability?
1st year after birth	Low-income two-parent and single-parent	\$13,260 (\$255/wk)	\$24,687.80	Yes
	Medium income two-parent and single-parent	\$13,260 (\$255/wk)	\$4,524.00	No
	High-income two-parent and single-parent	\$13,260 (\$255/wk)	\$3,120.00	No
1-3 years old	Low-income two-parent and single-parent	\$13,260 (\$255/wk)	\$24,687.80	Yes
	Medium income two-parent and single-parent	\$13,260 (\$255/wk)	\$4,524.00	No
	High-income two-parent and single-parent	\$13,260 (\$255/wk)	\$0.00	No
3-5 years old	Low-income two-parent and single-parent	\$8,840 (\$170/wk)	\$16,139.00	Yes
	Medium income two-parent and single-parent	\$8,840 (\$170/wk)	\$1,404.00	No
	High-income two-parent and single-parent	\$8,840 (\$170/wk)	\$0.00	No.

