

# The road to higher female employment? <sup>[1]</sup>

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**Source:** The Independent

**Format:** Article

**Publication Date:** 14 Dec 2011

## EXCERPTS:

The official unemployment figures out today are expected to show another jump in the female jobless rate. The most recent figures from the Office for National Statistics showed the number of women out of work increased by 43,000 to 1.09 million, a 23-year high. And worse is to come. Many of the 710,000 public sector workers forecast to lose their jobs by 2017 due to the Government's spending cuts are expected to be women. Ministers are faced with a stark challenge: how to get more women into the workplace at a time of severe public austerity.

A report from the Institute for Public Policy Research published today offers them a way to square the circle. The IPPR argues that if the Government were to establish a state-funded system of universal childcare, providing 25 hours of nursery care a week for all children between the ages of one and four, the scheme would increase the levels of female employment, pay for itself and even boost tax revenues.

The upfront cost of such a scheme would be significant, around £3.7bn according to the IPPR. But over the medium term, the benefit would enable and encourage more mothers to go out to work, resulting in a rise in tax revenues that would more than cover the cost of the scheme to the Government. The result would be a net return to the taxpayer of £20,500 over four years for each woman who returns to full-time employment after one year of maternity leave. Even if the mother returns to part-time employment, the net benefit to the exchequer over four years would be £4,860.

Largely thanks to the efforts of the last Labour government, the UK's levels of spending on services and benefits for children as a percentage of national GDP are reasonably high by international standards. We actually spend a higher proportion of national income (3.5 per cent) on family benefits than Sweden and Denmark. Labour created an entitlement to 15 hours a week free childcare for children aged three and four. It also introduced Child Tax Credits, which covered 80 per cent of a family's childcare costs.

Yet since taking power in May 2010, the Coalition has moved away from universal benefits and targeted its resources on additional help for the poorest families. It has extended the 15-hour, free childcare entitlement to two-year-olds from disadvantaged families. But, at the same time, George Osborne has cut spending on the childcare element of the tax credit system. Now, just 70 per cent of families' payments are covered, while private sector childcare costs in Britain are significantly higher than elsewhere. Internationally, the average expenditure on childcare of a family where both parents work and earn average wages is 12 per cent of total income. In the UK the figure is 27 per cent. The expenses are rising too. Childcare costs between 2006-07 and 2015-16 are forecast to rise by 13.5 per cent, easily outstripping wages. These rising costs put UK women off entering the workforce. Some 11 per cent of full-time mothers say they stay at home because they cannot afford childcare. The poor are especially squeezed. A quarter of parents in severe poverty surveyed this year cited the cost of childcare as their reason for giving up work. This all threatens to scupper the Coalition's plans to encourage people to move off benefits and into paid work. The IPPR suggests that the universal provision of childcare would change this vicious circle into a virtuous one.

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In 1997 the Canadian province of Quebec introduced a universal early childhood education policy. This provided heavily subsidised childcare for all children up to the age of four. In 2010/11 this cost the Quebec government \$2.1bn, or \$10,000 (£6,180) per subsidised place. Between 1996 and 2008 the maternal employment rate for women with children under six in Quebec increased by 11 percentage points to 74 per cent. A large proportion of the increase was from women with low-level qualifications. Canadian researchers have estimated that for every dollar spent by the government on childcare, it received \$1.05 back in tax revenues.

-reprinted from the Independent

**Related link:** Making the case for universal child care <sup>[2]</sup>

**Region:** Europe <sup>[3]</sup>

**Tags:** mother's labour force participation <sup>[4]</sup>

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