



CHILDCARE and EARLY CHILDHOOD LEARNING

Submission to the Productivity Commission

Completed: 31 January 2014

Due: 4 February 2014

Who are we?

DIAL-AN-ANGEL® is an Australian owned Family Business with nine offices nationwide. We were established on 15 March 1967 (almost 47 years). We have several thousand Angels registered on our database with more than 40,000 clients around Australia who have used or currently use our services. Approximately one third of those clients use DIAL-AN-ANGEL for their childcare requirements on a casual basis. Many have had permanent nannies or before & after school carers placed with them via our specialized recruitment process.

What do we do?

We provide emergency and specialized recruitment services for childcare (nannies, day / evening babysitters, mother-craft nurses, overnight nannies, infant care) as well as eldercare and domestic support services sometimes at very short notice. We provide a one stop shop for consumers from neo-natal care through to palliative care in the home and everything in between to do with the home and family. We can provide assistance on a casual, regular or long-term/permanent basis.

Why consumers use DIAL-AN-ANGEL® Services?

- *Professional Service with a Personal Touch*
- *Privacy & Security*
- *Confidentiality*
- *Liaison and Choice*
- *Convenience*
- *Replacement when an Angel is unable to attend a booking*
- *Flexible Options - Out-of-office-hours*

Overview of this submission and recommendations (Based on Terms of Reference)

The contribution that access to affordable, high quality child care can make to:

- increased participation in the workforce, particularly for women*
- optimising children's learning and development.*

The outcome of this Productivity Commission submission should have Australia leading the way or working towards a fairer and more equitable solution to childcare. We need to have a flexible, affordable and available childcare system that provides **quality care** to all children no matter where they live, their special needs or their racial or religious beliefs / backgrounds.

Australia needs a childcare system that supports **choice for consumers** who need 'childcare' to enable them to return to work either casually, part time or full time. It's not just a 'female' issue either. There are plenty of fathers who raise their children as single fathers and juggle the same issues as women / families with before and after school care, vacation care and when the children are ill and can't attend their normal arrangements.

The huge cost of childcare means working women and men often have little incentive to return to the workforce after having children. This in turn significantly affects productivity leaving substantial talent out of the workforce for up to 8 – 10 years after having a child.

“Research by J B Were indicates a potential increase of Australia's GDP of 11% and Grattan Institute research indicates that greater female participation indicates a potential increase in Australia's GDP of \$25 billion. Women in Australia also contribute disproportionately to the unpaid care economy, which was worth an estimated \$650 billion in 2009-10.

That is equivalent to 21.4 billion hours, 11.1 million full-time jobs, or just over half of the national GDP of this country and none of this unpaid care is recognised by superannuation contributions.

The optimal way to assist women to achieve their best at work, at home and in the community is to restore stability to the economy and provide a framework, through a genuine paid parental leave scheme, reform of the childcare system and flexible and modern workplace culture and practice, for them to make decisions about how to structure their lives in the most productive way.

*The main disincentive for parents to work is that they **cannot find childcare that they can pay for and that meets their needs**. This has been backed by ABS data that shows 110,000 Australian parents could not access employment because they cannot find suitable childcare. That is why if you want to talk seriously about improving workforce participation and productivity in this nation, you need root and branch reform of the childcare system – not a tinkering at the edges. Australia needs a better childcare system that's less geared to 8am-to-6pm institutional care”¹*

The in-home childcare industry is pushing for nannies to become professionalised. The nanny industry **has always been an unregulated industry**. We would like to see the industry regulated in a similar way to that of Family Day Care under the NQF.

All professional Nannies through DIAL-AN-ANGEL are encouraged to up-skill and educate themselves. We regard Nannies as professional educators of young children. Nannies can provide one on one care. At DIAL-AN-ANGEL, our ratio for Nanny Placements to the number of children is 'one to a maximum of four children'. Care takes place in the children's home and not the Nanny's home. The care and assistance is very individualised and specialised to the family and the children's needs. A child/ren cared for in their own home are less likely to be “at risk” as their parents would have already childproofed the home to ensure the safety of the child/ren. Nannies understand the need to for socialisation and liaise with other nannies (for play days) and activities to ensure this occurs.

The most crucial time in a child's life is from 0 to 5 years of age. At DIAL-AN-ANGEL, our recruitment processes for nannies are quite stringent. We recommend that nannies work towards a Certificate 3 in childcare. Many of our nannies have a minimum of 3 years' experience working 'one on one' as a nanny **without a qualification**. Those without qualifications are highly experienced; many are mothers or grandmothers who have cared for their own children / grandchildren. Recognised prior learning (ie: practical experience) can be taken in as part of the Certificate 3 in Childcare. We see the role of a nanny as not only a nurturing carer but as an educator. To ensure that families are being provided with quality childcare in the home, we recommend that minimum standards are set for nannies as a pre-requisite for parents to obtain the childcare rebate. It is a key priority that nannies can optimise children's learning, development and socialisation prior to them commencing pre-school / school. **Nannies are not just babysitters and they are not Au pairs.**

DIAL-AN-ANGEL has concerns that some families exploit Au Pairs (who should only be working a maximum of twenty hours per week) by using them as **underpaid** full time nannies. This is extremely risky for desperate parents who haven't any other options. Au Pairs have limited experience, no qualifications, no working with children check, no criminal records check and no first aid training. They are allowed to work with one family for up to six months on a Working Holiday Visa. They have no experience in caring or educating young children. Au Pairs inexperience and lack of training should encourage parents to only utilize their services as an “extra pair of hands” and not a cheap form of childcare. Au pairs visit Australia for a cultural exchange experience and an extra pair of hands for busy parents, not as sole charge care of young children.

¹ <http://www.womensagenda.com.au/talking-about/opinions/michaelia-cash-womens-workplace-participation-can-solve-australias-productivity-problem/201212161335>

The current and future need for child care in Australia, including consideration of the following:

- c. hours parents work or study, or wish to work or study
- d. the particular needs of rural, regional and remote parents, as well as shift workers
- e. accessibility of affordable care
- f. types of child care available including but not limited to: long day care, family day care, in home care including nannies and au pairs, mobile care, occasional care, and outside school hours care
- g. the role and potential for employer provided child care
- h. usual hours of operation of each type of care
- i. the out of pocket cost of child care to families
- j. rebates and subsidies available for each type of care
- k. the capacity of the existing child care system to ensure children are transitioning from child care to school with a satisfactory level of school preparedness
- l. opportunities to improve connections and transitions across early childhood services (including between child care and preschool/kindergarten services)
- m. the needs of vulnerable or at risk children
- n. Interactions with relevant Australian Government policies and programmes.

The hours that parents work and/or study these days, are now not the previous standard 9am – 5pm. Many parents need childcare for 10 to 12+ hours each day (can be from 7am to 7pm or sometimes out of those hours for shift workers). Flexible, affordable and available childcare in various forms needs to be **accessible to all parents**.

The current childcare rebate system **should be extended to in-home professional nannies**. Many families who need childcare assistance are not getting it. They struggle to find childcare places and if they can't find places they use informal arrangements (paying cash in hand to nannies / child-carers or use grandparents or other relatives / friends) to provide this back up care. Some parents end up not returning to work as it's not worth their while after paying out childcare costs. This is leaving significant talent (male and female) at home to raise the children. This is keeping parents out of the workforce for 8 – 10 years. By the time the children are at school, the parents are way behind their counterparts in the workforce. Technology is moving so fast that many can't get back into their previous fields of employment. This in turn affects Australia's productivity.

DIAL-AN-ANGEL has approached the various State and Federal Governments over the years to open the childcare rebate up for in home professional nannies / child-carers. For decades, DIAL-AN-ANGEL has pushed for tax deductibility of childcare. We were involved in the 'Make Care Fair' movement and 'Make Care Fair' petition with moderate success. Our involvement with the Australian Nanny Association has brought more attention to this very important social issue.

Clients phone us every day requesting the costs for casual, part-time and permanent nannies. All ask us why ***“the rebate isn't applicable to in home nannies”*** when it's applicable to Family Day care, Long Day Care Centres and Early Childhood Centres.

Working parents can claim a tax deduction for motor vehicles, petrol, mobile phones, computers and iPads but it's childcare that is often the single biggest and most directly related cost to earning income and currently claiming it as a tax deduction is disallowed. This is not only unfair but it's an impediment to women (and some men's) participation in the workforce particularly when it comes to advancing women into leadership roles and at board level.

Childcare costs are tax deductible in Canada, Austria and Belgium. In Belgium, up to 80% of childcare costs are deductible (up to a maximum of 11.20 euros per day). Decent tax credits for childcare are available in US, UK, Canada and the Netherlands. In the UK, a tax credit is available of up to 70 pence for every pound spent on childcare costs. Why is Australia so far behind? The New Zealand model is very similar to Australia's current in-home care model (with restrictions as to who can and who can't use the service). In New Zealand, their in-home care model is open to all families. Agencies can apply to be a provider of this service if they meet certain criteria / standards.

Many families currently can't obtain a place or are on extended wait lists for Centre Based or Family Day Care. Families who live remotely, in a rural area or are shift workers have difficulties obtaining Centre Based Care. In Australia today, we are no longer a 9 – 5 workplace with many people working out of the "normal hours". Childcare accessibility is not just a white-collar problem. In many jobs, flexible work practices tend to be harder to accommodate, and while the problem can be addressed by job sharing and rostering, childcare is a vital part of the equation.

There is a misconception out there that '**Nannies are just for the rich**'. We have clients from all over Australia who wouldn't be classified as 'rich'. Nannies are another option for many people who have no other option, particularly if they have no family support, live in a remote area, do shift work or are unable to find a childcare place anywhere else. Our clients range from professionals to blue collar factory workers. Many will sacrifice other material things to ensure their children are well cared for.

NQF and Nannies

The implementation of the National Quality Framework (NQF) in States and Territories has not been an easy task. We've heard that there has been a requirement for increased time spent on paperwork and compliance and that the NQF needs to be streamlined. We understand that the NQF is being reviewed and hopefully simplified to enable child-carers to undertake what they have been trained and employed to do ie: care and educate children, not complete hours and hours of paperwork to comply with the Government requirements.

DIAL-AN-ANGEL feels that nannies could be included under the NQF with similar exemptions and requirements to those of 'Family Day Care', even though the care provision takes place in the client's home rather than the Nanny's home. Ongoing professional development is recommended for Nannies (particularly if Nannies come under the NQF on a points based system) so that they are up to date with the child protection laws, mandatory reporting, First Aid, WHS changes, Behaviour management, Diabetes and other Illness Management as well as educational training sessions.

We recommend that reputable Nanny Agencies be encouraged to become an Approved Provider of childcare which will enable the parent to claim the rebate once the Agency, their nanny and the parent are registered. The Nanny Agency would be approved / licensed as a quality provider under the NQF standards. (ie: Similar scheme to the National Disability Insurance Agency).

Affordability of in-home childcare – DIAL-AN-ANGEL has two options for nanny placements. On a casual / regular basis (under 15 hours a week on a permanent basis), we supply Staff Angels® who **are employed and fully insured by DIAL-AN-ANGEL**. All employment related costs are covered by DIAL-AN-ANGEL and only those clients, who can afford this service, use it **but there are is another option**.

We also offer a specialised recruitment placement service for clients who wish to employ a fully screened nanny themselves (generally over 15 hours per week). We recruit a nanny for a client generally 2+ days a week and charge a one off placement fee (payable over a period of time) to the client. The contract of employment is then between the nanny and the client. **The salary can be negotiated**. The client is guided by DIAL-AN-ANGEL to set themselves up as a PAYG Employer, deduct the Nanny's tax, pay the Nanny's superannuation as well as covering them for annual / sick leave entitlements and domestic workers' compensation insurance (just like any other employment arrangement under the NES ie: National Employment Standards). The wage for a nanny is generally negotiated from **\$20 per hour up to \$35 per hour** depending on the qualifications, skills, experience of the nanny and the requirements of the family.

Many parents find managing the employment obligations a difficult task. At DIAL-AN-ANGEL, we have the ability to assist parents with managing their nanny tax / super payments and insurance for an administration fee per week.

Opening up the \$7500 rebate per child per annum **to include nannies**, is unlikely to cause a funding issue for the Government as the additional taxes paid by the nannies would contribute largely to it. We recommend that the process and paperwork be kept as simple as possible.

From the last ABS census (2011) we understand that there are **between 30,000 and 80,000 unregistered carers / nannies** working around Australia in an 'informal arrangement' – generally cash in hand, using unqualified, poorly skilled, unscreened nannies. By opening the rebate to Nannies, this will capture anyone not paying tax for their Nanny.

We believe that Nannies could register with a Government Department, similar to the current situation via the Family Assistance Office where parents also register to claim the rebate. We believe that the ATO could data match the nanny and the client to ensure tax is being remitted which in turn will be another source of income from the Government which is currently being avoided with the many 'cash arrangements' taking place. Keeping the paperwork simple is essential. Nannies register, parents register and Approved Agencies register. The rebate can be attached to each child (rather than paid directly to the provider). **The parent is then given choice** of either using Family Day Care, Centre Based Care (Long Day Care, Early Childhood Centres) or a professional nanny.

Nannies continue to complain to us that many clients don't want to pay tax, pay super, cover them for insurance due to the costs associated with employment obligations. Nannies have difficulties obtaining bank loans or even a decent living if things are not done above board. Yes, it's cheaper to pay a nanny 'cash' but there are significant flow on effects for both the parent and the nanny. By professionalising the industry and opening the rebate to nannies, this would provide some protection for the families and the nanny who is employed by them.

Salary Sacrificing - Parents are currently paying for their childcare with their nett (after tax income). Allowing parents to salary sacrifice part of their gross wage to pay for childcare is an option. The nanny would also be paying PAYG tax so in essence, currently the Government is obtaining two lots of PAYG – one lot from the parents and a second amount from the Nanny. By salary sacrificing the parent's wage, it reduces the parent's PAYG payments but with the second amount of PAYG coming through from the Nanny, the ATO would recover income for the Government which it didn't previously have.

Paid Parental Leave - DIAL-AN-ANGEL encourages paid parental leave in its current format. If the proposed extension to the Paid Parental Leave is removed, the dollars that were going to be allocated for this could be used for the in home care extension to include Nannies. We encourage leaving the current Paid Parental Leave scheme as it is.

Fringe Benefits Tax - DIAL-AN-ANGEL recommends the abolition of FBT (Fringe Benefits Tax) on employers who pay for or assist their employees with Childcare costs either on a casual, regular or permanent basis, in centre based care or at home. We work with a number of corporations, law firms, professional service firms, energy companies, banks and insurance companies. This would assist those returning to the workplace to negotiate their salary packaging. Yes, it would be a benefit to the worker and significantly increase productivity as they would be more engaged knowing that their employer is helping them with escalating childcare costs. Currently not many forward thinking corporations are prepared to assist their employees with the costs of childcare given the FBT implications. This would entice more companies to use reputable approved service providers rather than online matching services where there is no current regulation of the industry.

By removing FBT on childcare services, this would stimulate the economy and in particular the childcare industry making it more affordable particularly if employers were prepared to contribute to their employees' childcare costs without penalty.

Goods and Services Tax - DIAL-AN-ANGEL has an exemption from GST for Aged / Disability care provision in client's homes. We therefore recommend that childcare services in the home also be provided with a similar exemption which would be a reduction of 1/11 in associated costs of supplying care in the home. This would entice more people to use reputable registered / approved service providers rather than online matching services where there is no current regulation of the industry.

Cost of care for more than one child under the age of 5 years – Should a family have more than one child in approved care, the cost of employing a nanny would be comparable **if the rebate were applicable to a professional nanny provided in the home**. DIAL-AN-ANGEL sees that the rebate should be opened up to include all forms of registered / approved care to give parents (the consumer) choice and options of childcare in their area.

DIAL-AN-ANGEL understands that there are several excess places (currently in regional areas and outside of CBD areas) which could be used for in home childcare and / or metropolitan centre-based places. Should the commission determine that places are still to be allocated; it is recommended that new providers be able to become approved providers and have the ability to apply for places. Currently places are only given to those who already have them. In home care system should be opened up to Licensed Agencies (via Family Assistance Office) rather than "place allocated" Agencies only.

Means testing – DIAL-AN-ANGEL would prefer that the childcare rebate is NOT means tested. This would allow anyone who needs childcare to obtain it and receive the \$7500 rebate per child per annum. The Government would need to undertake some financial modelling to ensure there are enough funds to cover the increase in costs by opening up the rebate to include professional nannies.

Should there be a short fall of funding, we would consider that the rebate may need to be means tested but that the level of means testing would be set by the Government. We recommend that if this occurs, it should occur across all forms of childcare to keep administering it, simple. Those families under the threshold should be able to claim the \$7500 per child per annum.

Licensing – DIAL-AN-ANGEL has concerns that the nanny industry has been unregulated for many years and have been pushing for national licensing similar to that which was previously working well in South Australia and Tasmania.

We encourage the Government to initiate a licensing system for Nannies (who must meet minimum standards) to receive their license and that quality Service Providers (Nanny Agencies) are similarly licensed. We see this working in the same way that the Private Employment Agents License in NSW works. This would professionalise the industry and reduce the enormous risks associated with the unregulated nanny matching services and private arrangements (cash in hand) currently being used.

Outcomes of the Make Care Fair campaign – DIAL-AN-ANGEL's involvement;

The Make Care Fair petition campaign for 100% tax deductibility of childcare costs has gained some good momentum, particularly in online media. While DIAL-AN-ANGEL supports this campaign the fact remains that where Governments, such as Belgium, support tax deductibility², the deductibility is only allowable where "approved" childcare providers have been used.

² In the case of Belgium, up to 80% of childcare costs are tax deductible.

Under the current Australian rebate system, DIAL-AN-ANGEL is not “approved” and it is envisaged that under any new tax deductibility system, the same problem would remain. Also, it is important to note that in the recent past, there has been no political mood for a tax deductibility system.

The Australian Taskforce on the Cost of Care (2003-2008)³, while initially interested in pushing for tax deductibility quickly dropped the argument when it became clear that both sides of politics were not interested in changing the current rebate system. Politicians favour the rebate system as it delivers a proportionally higher percentage to those on lower incomes. Plus the upper tax bracket is very small compared to low-income earners, therefore more people benefit from the rebate.

After extensive research and three discussion papers, the Taskforce sought an increase in the current rebate from 30% to 50%, capped at \$10,000. The suggestion of a 50% rebate was adopted by the Labor Government and became law on 1 July 2010. The cap was reduced to \$7,500.⁴

The Taskforce on Care Costs drew up four recommendations for reform in its final report, “Where to now? TOCC Final Report 2006”, presented to the Federal Government. Two of the recommendations, the first requesting an increase in the rebate to 50% and the second on the method of payment of the rebates, were adopted, fully or in part.

Having “fixed” affordability, previous Minister Ellis focussed on improving the quality of care provided by long day care, family day care, outside school hour’s care and preschools through the new National Quality Framework.

Regulations of the Framework have been gradually released and which caused some headaches, such as the reversal on the ban of experienced but unqualified workers in childcare centres.

There is currently no focus on improving the flexibility and availability of childcare for Australian families.

Our position

In the interests of offering Australian parents more quality, choice, and flexibility in their childcare arrangements we recommend:

(1) The Government extend the Child Care Benefit and Child Care Tax Rebate to fully cover Registered Care (including in home Nannies), with the Government providing a quality assurance system for Registered Carers.

OR

(2) The Government draw up a quality assurance system for in home care providers.

DIAL-AN-ANGEL Recommendation One

The Government extend the Child Care Benefit and Child Care Tax Rebate to fully cover Registered Care (including in home Nannies), with the Government providing a quality assurance system for Registered Carers.

³ Established in November 2003, the Taskforce on the Cost of Care set out to investigate the cost of care and its affect on workplace participation, and to promote reform. The Taskforce was supported by more than 40 key Australian business, government and non-government stakeholders including: ANZ, the Australian Stock Exchange, Bendigo Bank, Blake Dawson Waldron, BlueScopeSteel, Carers Australia, E&Y, Freehills, Hewitt, HSBD, Hudson, IAG, ING, Jones Lang LaSalle, KPMG, The Law Society of NSW, Malleson Stephen Jaques, McDonalds (Australia), nab, QANTAS, Reuters, Swiss Re, Telstra, Toyota, Westpac, WorkLife Association.

⁴ The Coalition Government had recommended an annual cap of \$7,778. Prior to the reforms, the cap was \$4,354.

This recommendation is one of the four recommendations of the Final Report of the Taskforce for the Cost of Care.

Currently the Government⁵ describes Registered Care as follows:

“Registered Care as childcare provided by grandparents or other relatives, friends or nannies. It can also include care provided by individuals in private pre-schools and kindergartens as well as some outside school hours’ care and occasional care.

“To receive the Registered Care rate your carer must be registered with the Family Assistance Office and one of the parents must meet the work test⁶.

“To be a Registered Carer you must:

- Apply to the Family Assistance Office
- Meet the minimum age requirement or have a qualification that otherwise determine eligibility for approval as a registered carer. This includes evidence of a recognised qualification as follows:

1. nanny
2. child care, or
3. home-based help.

- Have a Tax File Number

- Meet and maintain any relevant State or Territory licensing requirements and restrictions on becoming a registered carer, and

- Any other requirements by the Minister of the Department.

“Registered carers are not considered child care services by the Australian Government because “they do not, or choose not to, meet the minimum operating laws or participate in the Australian Government’s quality assurance systems.”

It is important to note here that **Registered Carers are not given the opportunity** to be considered childcare services as the Australian Government’s quality assurance system does not provide a system of quality assurance for Registered Carers.

Just to reiterate, Registered Care is not means tested and is capped at a maximum of 50 hours of care per child per week. The hourly rate for non-school children is \$0.666 and the maximum rate (50 hours) one can claim for one non-school child per week is \$33.30 per week. The hourly rate for school children is 85 per cent of the non-school-age rate.

Let’s consider two scenarios for Registered Care:

(1) The nanny employed for 50 hours per week

Two working parents who, due to their working hours, type of work (travel, client dinners, employee retreats, continuation of study), and desire to progress in their careers, employ a full-time nanny to care for their two children who are not of school age.

The cost of a long term full-time nanny, 50 hours a week, qualified as a Registered Carer, is around \$65,000 (includes super, annual & sick leave).

The maximum Registered Care rate that can be claimed, for the two children, per week is \$66.60. If we assume 48 weeks of work per year, the total claim per year is \$3463.20. This brings the total cost of care for one year to \$61,536.80.

If the couple were to decide on Long Day Care (at least eight hours per day) at an Approved Child Care Provider (at Sydney market rate of around \$100 per day per child) for their two children, they would pay \$52,000 per year and be eligible for the full rebate of \$15,000 for their two children. So in summary, the total cost of Approved Long Day Care for two children for one year is \$37,000.

⁵ www.mychild.gov.au Fact Sheet 5

⁶ The work test is not difficult to meet. One of the parents must be working, studying or training for a minimum of 15 hours per week or 30 hours per fortnight or have an exemption.

With the Long Day Care option, the couple would need to

- choose a suitably located Long Day Care Centre
- seek a placement for their two children in that Centre, and
- arrange the pick-up and drop off of their children.

The choice of a full-time nanny in the home allows flexibility for today's Australian worker in competitive working environments. They are taxpayers who, through choosing the more flexible option, miss out on the benefit of \$4,036.80.

Let's say both children suddenly become ill with colds, a bacterial infection or gastro-enteritis and the Long Day Care Centre will not accept them for two working weeks.

The Long Day Care Centre will continue to charge the parents for those two weeks and under Government policy⁷, the couple are still eligible to claim the 50% rebate for the two weeks.

If paying \$100 per day per child for child care, the two weeks will have the couple out of pocket \$1,424 (the 50% rebate has been deducted from this figure).

If unable to take leave from work at sudden notice, the parents would need to call on emergency in home care. DIAL-AN-ANGEL would charge around \$440.00 per day for an Agency Employed and fully insured Nanny.

If this carer is a Registered Carer, the parents can claim \$123.00 for the care of two children for two weeks.

The total cost to the parents (including the continuing cost of the Long Term Day Care) for the two weeks is \$4,288.

An alternative to all these scenarios is to employ a full-time nanny who: is not a Registered Carer; does not come from a Childcare Agency; receives cash and no leave entitlements or super; and charges \$100 a day.

This brings total care costs to \$48,000 year. And in this scenario, no taxes are paid and the quality of care is under question.

The examples summarised for a couple with two non-school age children requiring full-time care for 48 weeks (figures include all available rebates):

In home Registered Care: \$61,537
Long Term Care (without illness): \$37,000
Long Term Care (with two week illness): \$ 41,288
In home cash in hand unregistered care: \$48,000 per year

(2) The nanny employed under the “national average”

The previous Minister's Child Care Update (February 2011) found that in the June quarter 2009:

- Children spent an average of 21.6 hours per week in child care and across all service types almost one in four (23.7 per cent) children aged 0-12 years attended childcare.
- 627,980 Australian families had at least one child in approved childcare, an increase of 8.4 per cent on the June quarter 2009.

⁷ According to Fact Sheet 9 (www.mychild.gov.au) the Child Care Benefit (and Rebate) can be paid in some situations if you are charged for childcare when your child is absent. You will get the Child Care Rebate for 42 absence days per child each financial year. These can be for any reason and will not require proof. You can also get the Child Care Benefit for additional absence days above this for specific reasons only. There is no limit on these days but you may be required to provide documentation to support the absence.

For the purpose of the “national average”, let’s take the scenario of a Sydney parent hiring a nanny for the after school care, 3pm to 7pm Monday to Friday (20 hours a week), of their only child of school age.

The cost of a Registered Carer for 20 hours per week totals \$24,000⁸ for a 48 week year.

The Registered Care rate for a child of school age is \$0.666 per hour, so the parent may therefore claim \$13.32 per week or \$639.36 for the year (per 48 week year).

The total cost for an in home after school Registered Carer comes to \$23,360.64 per year.

If the parent(s) decided on Approved After School Childcare for their child, they would pay \$4,800 per year⁹ and be eligible to claim 50 per cent of that cost, up to a cap of \$7,500. The total cost for Approved After School Childcare comes to \$2,400.

With the approved After School Care option, the parent would need to

- choose a suitably located After School Care provider
- seek a placement for their child with that provider, and
- arrange the pick-up and drop off of their child with that provider.

By choosing the more flexible option, the parent misses out on a rebate of \$7,500.

Let’s say the child suddenly becomes ill with a cold, bacterial infection or gastro-enteritis for two weeks.

The After School Care provider will continue to charge the parent for the two weeks and under Government policy, the parent is still eligible to claim the 50% rebate for the two weeks. They will be \$100 out of pocket.

If unable to take leave from work at sudden notice, the parent would need to call on emergency care at a cost of \$440 per day (for an Agency Employed and fully insured Nanny) for 10 days. The permanent After-school carer may or may not have been available to assist. If this carer is a Registered Carer, they can claim \$66.60 for the two weeks. The cost of a Registered Carer for those two weeks (10 days) is \$4,333.40

The examples summarised for a Sydney parent with one school age child requiring after school care for a 48 week year (figures include all available rebates):

In home Registered Care: \$23,360.64 per year (without illness)

Approved After School Care (without illness): \$2,400

Approved After School Care (with two week illness): \$5,557.72

Claiming the Registered Care Child Care Benefit

In both scenarios, to receive the Registered Care Child Care Benefit the claimant must fill out the Claim for Childcare Benefit for Registered Care Form (FA018) and, along with the completed form, present the receipts of their Registered Carer to the Family Assistance Office, in person. This must be done within 12 months of the date of the receipts.

In February 2011, the previous Minister Ellis issued a media release¹⁰ stating that up to 100,000 Australian families were missing out on childcare assistance and encouraged all families to look into their eligibility. Given the paperwork involved and the necessity to attend the Family Assistance Office, is it worth the time of Australian families to claim the Registered Care Child Care Benefit?

⁸ DIAL-AN-ANGEL ranges from \$25 - \$30 per hour on a permanent arrangement where the client employs and fully insures the nanny (so \$500 per week)

⁹ After School Rate of \$20 per day (Sydney)

¹⁰ Media Release of The Hon Kate Ellis MP dated 13 February 2011

To conclude, survey upon survey of Australian working parents call for flexibility in childcare options. To list the surveys is too onerous. The one piece of research that stands out and, in part, has been adopted by the Government, is that of the Taskforce on the Cost of Care.

The Taskforce found that “the cost of care was important to the employees surveyed, as was the quality of care and its availability. For maximum impact, a strategy to improve choice for carers should be developed holistically, i.e. addressing cost, quality and availability”¹¹.

In its 2006 Interim Review,¹² the Taskforce survey of 500 unemployed carers found that they left the workplace on the basis of the following percentages of concern: quality of care - 77 per cent; availability of care - 67 per cent; and affordability of care - 64 per cent.

Of the 500 employed carers with children in care surveyed, the percentages of concern around current child care were as follows: quality of care - 92 per cent, availability of care - 87 per cent, and affordability of care - 83 per cent.

Now that the Government has looked to increasing the Child Care Rebate and is currently looking at increasing the quality of care through the National Quality Framework, we ask that it now also look into the availability of care.

To increase the availability and flexibility of care we recommend that the Government extend the Child Care Benefit and Child Care Tax Benefit to fully cover Registered Care (including Nannies), with the Government providing a quality assurance system for Registered Carers.

DIAL-AN-ANGEL Recommendation Two

The Government draw up a quality assurance system for in home care.

This recommendation is, in effect, the same as Recommendation one as in home care could be considered Registered Care.

However, we use the term “in home care” to identify the gap in the current quality assurance system.

This gap is evident in Fact Sheet 15 of the www.mychild.gov.au site.

In Fact Sheet 15 sets out the following questions and answers:

“What type of care does the Australian Government assess?

- Long Day Care Centres
- Family Day Care
- Outside School Hours Care

“Do all services have to comply with the Australian Government’s quality assurance system? All Long Day Care, Family Day Care and Outside School Hours Care services approved for Child Care Benefit must comply. However, other child care services even if approved for Child Care Benefit or those providing registered care are not required at present to participate in the Quality Assurance System.”

This brings us to ask the following questions:

1. Why is it that some childcare services receive approval status without following the Quality Assurance System?
2. How does a childcare service gain approval without following the Quality Assurance System? And who makes this decision?
3. Why is there no Quality Assurance System for in-home childcare services such as DIAL-AN-ANGEL when we are already ISO:9001 Certified and Disability Care approved?

¹¹ Taskforce on Care Costs Policy Research Paper – Creating Choice: Employment & the Cost of Caring, 24 February 2005, p.44

¹² Taskforce on Care Costs – Where are we now? 2006 Interim Review, p.25 -27

Perhaps the answer lies in the National In-Home Child Care Association. Established in 2004, the Association describes itself as “the national peak body for the Commonwealth funded in home childcare program in Australia.

“As the peak body we are a representative organisation that aims to provide information and dissemination services, membership support, resources, advocacy and representation, research and policy development for our members, in home child care community and other interested parties.”

One of its nine objectives is “to provide continuous improvement of quality within in home childcare provision, working towards a system of Quality Assurance”. It appears that this Government-supported entity has yet to deliver.

We believe the quality assurance system should be fair and transparent. It should also give Australian families flexibility in their childcare arrangements.

In reviewing the entire Childcare systems plus the National Quality Framework we ask for a quality assurance system for in home care be open to private childcare / nanny agencies such as DIAL-AN-ANGEL.

While the support of other Approved Childcare providers may be a pipe dream, if we are speaking of what is in the best interests of Australian children, then other approved childcare providers should be open to our point of view. Their support would be valuable.

Certainly it costs more to have a professional nanny provide care in the children’s home. But is it really competition with other childcare providers? We see it as giving parents a further CHOICE with flexibility in relation to childcare options with the outcomes being that more children can be provided with quality, flexible and affordable care.

Conclusion:

The feedback from parents (females and males) from the Make Care Fair Petition can be provided to the Productivity Commission (if requested) as evidence of parent’s dismay and anger that the childcare rebate is not applicable to Professional Nannies.

Ultimately, we at DIAL-AN-ANGEL would like to see the rebate opened up to include professional nannies with quality assurance undertaken under the NQF guidelines similar to that required by Family Day Care.

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