



AuPair-Assist

49 Tirrabella Street
Carina Heights QLD 4152
Australia

email: info@aupair-assist.net
phone: +61-7-3160 9728
fax: +49-30-48498 7572
URL: www.aupair-assist.net

Submission on Childcare and Early Childhood Learning

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This submission will focus on au pairs only

There has been a major increase in using au pairs for child care in Australia. In this submission the focus will be on the growing au pair contribution to childcare needs which enables more families to have both parents participate in the workforce and will also focus on child development.

About AuPair-Assist

AuPair Assist is a consulting agency for Australian Families hosting au pairs from overseas to help with child care. AuPair-Assist provides information, support, mediation and networks to both families and au pairs to ensure that both sides are clear about their expectations. AuPair-Assist also works in Germany and provides German speaking au pairs with all information they need to become a successful au pair in Australia.

Consulting service versus agencies

AuPair-Assist has been established after identifying the information gap due to a shift to sourcing au pairs from online databases instead through au pair agencies.

The shift had occurred due to a perception of lack of service from agencies for both au pairs and host families. The fees charged by agencies are high and are not met with corresponding service.

Au pairs coming through an agency usually were thoroughly checked by overseas agencies but found that arriving in Australia the support of the cooperation agency here was close to nil and their host families have not been checked as thoroughly as one would expect.¹

Due to the lack of service and cost involved, families and au pairs find each other on internet portals and agree on the terms of the arrangement. Although families and au pairs will usually find more or less recommendations about how au pairing works in Australia, those recommendations can't reflect reality due to the extreme differences in family needs, for example regular work/shift work, big city/rural Australia etc. Recommendations by web portals are counterproductive as the perceived status quo by au pairs and also host families minimise the necessary room for negotiation.

The main purpose of AuPair-Assist is to assess the needs of the family, reflect on the expectations and formulate this into a negotiation paper for au pairs. With this information and also support at hand, families then find their own match on online databases.

Au pairs from overseas, especially if they are from Germany, will find valuable information on our German website with everything they need to consider before coming out to Australia, eg. health insurance, access to some funds for emergencies, visa application etc. Au pairs will also receive guidance and accurate information about what to expect when becoming an au pair in Australia.

Who is an au pair in Australia

Au pairs² are usually young people from overseas who come to Australia

- For a gap year after school on a working holiday (417) or work and holiday (462) travel visa
- For learning English (or else) on a student visa
- For extended travels and cultural exchange on a visitor visa

Au pairs can be any nationality to whom one of the above visas will be granted. Although most of them are young, a trend to more mature au pairs has been identified, so called Granny-Aupairs.

The majority of au pairs are female, but more and more males are applying for positions.

¹ I like to note that homestay families for university will be invited to an information evening, pay a fee and an officer will usually visit the host family at home and also check the accommodation of the student.

² Wikipedia provides a general explanation about au pairs http://en.wikipedia.org/wiki/Au_pair

Au pairs for Childcare and Early Childhood Learning?

Childcare

Au pairs in Australia fill in the gaps for families who are in need of affordable flexible childcare options. The emphasis here is on childcare as most au pairs do not have any formal qualification. If au pairs do have a formal childcare qualification, this will be most likely from overseas and not recognised in Australia.

The majority of au pairs have not undergone a Working with Children Check, neither from their country of origin nor in Australia.³

Au pairs are coming for the cultural exchange and are living in a domestic arrangement with a host family in Australia. Although all tasks for the au pair should be child related they furthermore contribute like one would expect from any other adult member of a family to general household tasks.

Because au pairs are living with the family (a live-out au pair would not be an au pair per definition), it is much easier to have the childcare needs of a family met due to a flexible arrangement of work hours which basically can be agreed anywhere 24/7.

Aupairs are only offered a position to meet a family's childcare needs.

Early Childhood Learning

When it comes to Early Childhood Learning, an au pair is simply not qualified to provide this. Even with an overseas qualification, it would not be according to Australian standards.

However, due to the flexibility an au pair can provide to the needs of a family, it will often be much easier to arrange for an Early Childhood Education as the au pair can drop off children and at their childcare centre and also pick them up again. This frees host parents from a lot of stresses, e.g. running late from work, shift work, FIFO etc. etc.

Families will have more options to choose from when deciding which Early Childhood Learning Centre is best for the child instead of choosing the one with long opening hours.

Children will benefit from not being rushed around to fit in with the work commitments of parents and will be more alert to participate better in the program.

Having this said, I am aware that there might be no availability at all for any childcare or Early Learning, especially in rural Australia.

Cultural Exchange

I would briefly touch the subject of cultural exchange when it comes to child care and early learning. The cultural exchange is mainly for the au pairs who learn how life is in Australia. Due to their young age they do not bring any experience of motherhood and running a family overseas and as mentioned no professional qualification with them.

³ Although this could be obtained easily in Germany it is not being requested much through our service.

It is more so that everything needs explanation with the hope that the au pair is capable of getting a grasp about the differences quickly. This of course is also based on the lack of knowledge the au pair host family has about the country of origin of their au pair.

This does not apply when one or both parents have the same origin the au pair has. Au pairs are then explicitly asked to provide their cultural background and language when caring for the children. Although this is an advantage for the children in learning a second language I would not consider this to be a contribution to early learning in the context of this enquiry.⁴

Work rights and tax obligations, affordability and government assistance

Working rights with visas

Au pairs usually have some sort of working rights while being in Australia.

- The working holiday and work and holiday program has a limitation on how long a person can stay with one employer, which is 6 months at the moment.
- Students are limited in how many hours they are allowed to work, and this is actually very confusing reading up on the 40 hours per fortnight. Work in return for board and lodging however does not count.
- Visitors are limited to genuine volunteer work.

When it comes to the au pair arrangement clarification is needed for the following:

1. Are families considered employers or organisations in terms of the work(ing/and) holiday visas?
The answer should be NO. Families do not run a profitable business; neither does a family pursue any other interest than having the best possible early start for their children.
2. The working hours for students will not be taken into consideration if the work is in exchange for board and lodging.⁵
Again here families should be regarded as falling in the terms of what the student visa allows, so that help in return for board and lodging is fine for the duration of the visa and also without any limitation on stay.
3. With the option for visitors to “work as a genuine unpaid volunteer, but only if an Australian resident would not otherwise be paid to do the work (you can be reimbursed for out-of-pocket expenses such as meals and accommodation).”
<http://www.immi.gov.au/Visas/Pages/600.aspx>
This should be applied to au pairs so that even a tourist can assist a family with childcare as long as being unpaid and also for as long as the visa is valid.

⁴ A classic au pair arrangement would forbid a placement when host family and au pair have the same nationality and/or the au pair shall speak her native language instead of immersing herself into English.

⁵ If you are doing voluntary, unpaid work, it is not included in the limit of 40 hours per fortnight if it:

◦is of benefit to the community

◦is for a non-profit organisation

◦would not otherwise be undertaken in return for wages by an Australian resident (that is, it is a designated volunteer position), and

◦is genuinely voluntary (that is, no remuneration, either in cash or kind is received—board and lodging acceptable). http://www.immi.gov.au/students/students/working_while_studying/index.htm

Although the working rights are quite clear the main issue is the status of a family. In a family usually the typical structure of a work place is missing, there is no obligation for work health and safety, a family is not a legal entity like Pty Ltd or else.

Tax obligations

Work in return for accommodation and board only

Students who are also au pairs are usually finding their host families through their language schools or university and working under a homestay arrangement⁶ whereas instead of a payment for room and board the student helps out in the household.⁷ The hours are usually between 15-20 hours and are scheduled according to the family's needs, where weekend work is not unusual, but around the students study commitments.

These arrangements are known as demi-pair arrangements.⁸

The ATO clearly rules that homestay arrangements are not regarded as income. Therefore neither the family needs to put a value on work received in lieu of room and board nor the student would have to pay tax.

Looking back also on genuine volunteer positions which allow for room and board, one should follow that there would not be any tax obligations in lieu, either as income tax to be declared.

Therefore if no money is paid either way I believe it should be made absolutely clear that it is neither a breach of visa conditions or tax evasion for entering into an agreement with a potential au pair to work in exchange for room and board and also that there would be no limitation on the duration of stay within the host family.

Work in return for room and accommodation plus pocket money

To be able to have the child care needs covered, a family often agrees with an au pair on more hours which would be covered by the room and board agreement as described above. For those extra hours usually some money is paid which usually goes towards an au pair's travel expenses after her time with the family has finished or is used to explore the near surrounds, going to the movies, paying for transport etc.

As already discussed in other submissions, the pocket money usually is paid 'cash in hand'. Most Au pair agencies are going with the flow and stipulating the amount of pocket money a family has to pay the au pair.

Although I cannot see that this is acceptable in the view from the ATO, the following needs to be considered in the view to enabling families to participate in the workforce, particularly given changes in work patterns and lack of childcare in rural Australia.

Au pairs are regarded and invited as family members on time for a cultural exchange into the homes of Australian host families. They are expected to contribute to the household like one can expect from any other adult member in a family situation. Professional experience is not required. Au pairs

⁶ For current homestay rates see <http://www.homestaynetwork.org/public>

⁷ <http://law.ato.gov.au/atolaw/print.htm?DocID=AID%2FAID2001381%2F00001&PiT=99991231235958&Life=20010914000001-99991231235959>

⁸ In comparison the Work for meals and accommodation like wwoof scheme <http://www.wwoof.com.au/> is between 4-6 hours daily (!) and set up to learn new skills.

participate in family outings, celebrations and are invited to holidays. All of this shows that this is against the usual understanding of an employer/employee relationship. Therefore it should not be regarded as such.

Part of the payment will always be for room and board and should remain untaxed.

The overall package of an au pair shall be considered and the total remuneration shall not exceed what would usually be paid under a Children's Services Award⁹ under junior rates and an au pair shall be regarded as being comparable to an Assistant Children's Services Worker - Unqualified or - 1 year qualified.

To further describe the special relationship between an au pair and the host family not only the cultural exchange has to be noted as being a big part but also the learning of new skills, as all training will be provided by the host family how to organise and run a household with children in Australia. It has also to be noted that most au pairs do not hold current first aid qualification and nearly all of them did not undergo a working with children check from either overseas or Australia. Australian families therefore bear the risk of finding a suitable candidate. With this in mind I would suggest a further deduction of 20% for lack of Australian recognised knowledge, training and qualification.¹⁰

I would then suggest basing it on \$17.39 less 10% for a junior pay rate according to the Children's Services Award [MA000120], Classification level 2.1, which would be an hourly rate of \$15.65.

The pocket money would then be calculated with the hourly rate with hours scheduled to look after the children, less 20% and less the homestay rate with three meals per day, according to the Australian Homestay Network which varies from \$280 - \$300¹¹.

In Brisbane for example an au pairs pocket money would be calculated with \$15.65 by let's say 30 hours = \$469.50 less 20% = \$375.60 less \$280 for room and board = \$95.60 per week. This in return should be classified then as being tax free also in view of this amount comes from already taxed income of the host parents.

Australian Childcare workers would receive a sense of fair treatment as recently it became quite obvious that foreign unqualified workers – the au pairs – are paid more than our professionals in our own country.

With a regulation in place that such an amount would be considered as pocket money to enable an au pair to explore her surroundings and at the same time allowing families to pay such amount in cash without worrying about any tax obligation, this would actually be a relief for families and those families still hesitant to offer a position to an au pair might change their minds which would benefit also those au pairs who could not find a family.

As long as the government is unable to provide sufficient and flexible childcare for Australian working families an au pair agreement like this can replace the shortage of care in the interim and give families the trust that they are staying within legal boundaries.

⁹ Wages and junior rates taken from Children's Services Award - State 2012 (Queensland)

¹⁰ clearly regular babysitting at home or an internship in a kindergarten does not count as experience

¹¹ <http://www.homestaynetwork.org/public> for different areas in Australia, eg. Brisbane \$280, Melbourne \$300.

Affordability of child care from au pairs

Families, who have not the option for regular childcare and don't have family support, will likely consider having an au pair or a qualified nanny.

The differences between nannies and au pairs are

Nanny	Aupair
Qualified	unqualified
Knows Australian customs	does not know Australian customs
Current First Aid	none/obsolete first aid
Knows what to do	training required
Knowledge about nutrition and able to cook	might know some recipes
Independent with initiative	hope for common sense at least
Will report daily	struggles how to identify what to report
Working with children check	maybe police check from home country
Bills with ABN	pocket money
Family might be able to claim CCB	no government assistance
Long term	according to visa
Mental stimulation for children	unstructured play activities
Communicates with teachers/kindy	language barrier might prevent
Confident driver	not used to drive in Australia
Own transport	transport/insurance provided by family

Based on this short list of differences it is only fair to assume that a nanny is somewhat pricier than an au pair. Furthermore it might be hard to find a live-in nanny as Australian nannies might have their own accommodation and would not be interested in live-in or charge accordingly.

Without the live-in options, shift workers will find it hard to find a suitable nanny for the times needed.

Au pairs might find an arrangement where they basically 'work while asleep' quite attractive as it leaves them more time during the day for their own outings.

If families are happy to what an au pair can provide as care for their children, which maybe just to let the children sleep longer before they are woken up and get ready for school, where an au pair will drop them off, this is a much more flexible and affordable solution for families than nannies could provide.

I would also like to draw attention to single income earners, families with multiple children under school age, parents with a disability or other health concerns, which all might have implications on the amount of disposable income.

The issue still is payment of pocket money. This needs to be resolved. If a family would have to act as an employer with all tax obligations the administrative site of having an au pair might outweigh the

benefit. Also if the au pair is only for a shorter term, the non-resident tax of 32.5% might apply.¹² This might then also apply to the value of room and board. I believe this would also entitle a family for depreciation etc., however, this would make the whole arrangement too complicated and also too expensive again.

Government Assistance

Following the assumptions of au pairs being unqualified and therefore unable to provide more than just basic care of children, also lack the necessary working with children check, current first aid etc. a government assistance might be hard to justify. However, this is possible overseas, for example in Germany, where the cost for an au pair is tax deductible up to a maximum of 4000 EUR per child and included the cost for room, board and all other expenses.

It may be hard to determine what and how much of the help provided can be classified as child care in a live-in situation, which entitles for government assistance. The German government assumes 50% for live-in child care.

Due to the stipulation of pocket money for au pairs in Germany, which is 260 EUR per month, the government assumes that an au pair will be a low income earner and therefore is not liable for paying tax, despite gaining extra value in room and board.

The assistance which is needed from the government would be a rule for au pairs which is simple, fair in regards to pay and in comparison what Australian childcare workers earn and leaving the decisions with the families whom to offer an au pair position in regards of references etc.

Au pair visa for more countries

A specific au pair visa would then be beneficial if this is available to countries who cannot participate in the working holiday, work and holiday program or obtain a visitor or student visa.

For example a lot of young women from the Philippines would love to come to Australia as an au pair. Due to unknown reasons they are even unable to obtain a visitor's visa to Australia. An au pair visa could stipulate some restrictions, for example that half of the time the au pair would need to work in rural Australia where child care is not available with sufficient places.

To make the offer more attractive, au pair visa holders should be allowed to gain a childcare qualification while in Australia, e.g. a Cert. III in childcare services, and those could be gained by distant education providers with support from the government.

It is up to the government to establish a scheme which then enables the so qualified au pairs to stay on in Australia and fill the gap for childcare in areas with a shortage.

This might then be a new market for the agencies, which have lost their customer base due to the internet portals and DIY arrangements of families and au pairs.

Au pairing for 2nd working holiday visa

Another way government assistance could work towards the need of child care in rural Australia is to specify areas with a shortage and allow au pairs in those specific areas to provide childcare and earn their 2nd working holiday visa.

¹² <http://www.ato.gov.au/Individuals/Income-and-deductions/How-much-income-tax-you-pay/Individual-income-tax-rates/> Most of working holiday makers lie about their tax status and leave Australia without lodgement of an ITR.