

14 February 2014

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Childcare and Early Childhood Learning
Productivity Commission
Canberra

Dear Commissioners,

Please find attached a submission on the issue of in-home child care. The submission draws on findings from my PhD research. I am in the final year of my PhD at the Social Policy Research Centre at the University of New South Wales and am working under the supervision of Professor Deborah Brennan (UNSW) and Professor Fiona Williams (University of Leeds). My thesis is a comparative study of in-home child care policy in Australia, the UK and Canada. The study examines the way each of these three countries support in-home child care through funding and regulation. In addition to analysis of policy documents and research literature, my research involved conducting interviews with 20 key stakeholders in each of the three countries. Interviewees included:

- government representatives responsible for in-home child care and ECEC;
- organisations providing centre-based and home-based services (including care in the child's home);
- peak bodies in the ECEC sector;
- nanny agencies and associations representing in-home child care workers, and;
- other key informants (such as academics and policy advisors)

The findings and recommendations outlined below are directed toward to issue of in-home child care, which addresses the Productivity Commission's TOR request to explore options to include different types of ECEC under the current funding and regulatory umbrella. This submission rests on the fact that many Australian families would benefit from more flexible ECEC options. Current discussion about *whether* in-home child care (such as nannies and au pairs) should be subsidised are shifting to a closer consideration of *how* flexible in-home

child care options can be incorporated into the existing system to provide equitable access to families, and which also considers the rights and wellbeing of children and care workers. Therefore, the funding structure for families, and the recruitment and regulation of care workers should be carefully considered to ensure the best outcomes for the sector.

Sincerely,

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Background

Mothers with young children are participating in the labour market more than ever before, and almost 45% of children 0 to 5 years attended approved services in 2012 (Productivity Commission, 2013). However, there is evidence from families and from the sector that the current system is not sufficiently flexible to meet the needs of many Australian families. As the structure of the economy changes, more families are working non-standard hours and unpredictable hours (Australian Bureau of Statistics, 2009).

Some forms of ECEC provide highly flexible options for families, including Family Day Care and the In Home Care program. The flexibility trials in 2013 also explored different ways to make the system more affordable and flexible, particularly for parents doing regular shift work, such as nurses, fire fighters and police officers. However, many families still struggle to find care to meet their employment and family circumstances.

Current discussion about *whether* in-home child care (such as nannies and au pairs) should be subsidised should shift to a closer consideration of *how* flexible in-home child care options can be incorporated into the existing system to provide equitable access to families, and to safeguard the rights and wellbeing of children and care workers.

The findings and recommendations included in this submission relate to questions 2, 3, and 4:

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

h) rebates and subsidies available for each type of care

3) Whether there are any specific model of care that should be considered for trial or implementation in Australia, with consideration given to international models, such as the home based care model in New Zealand and models that specifically target vulnerable or at risk children and their families.

4) Options for enhancing the choices available to Australian families as to how they receive child care support, so that this can occur in the manner most suitable to their individual family circumstances. Mechanisms to be considered include subsidies, rebates and tax deductions, to improve the accessibility, flexibility and affordability of child care for families facing diverse individual circumstances.

Findings and recommendations

1) Equitable funding and access

Financial assistance to support in-home child care should be designed to ensure that benefits are distributed equitably across income levels. High quality in-home child care provides an indispensable ECEC service to many low-income and vulnerable families, who are not able to afford the market price of such services.

Families working non-standard and precarious hours and families with additional needs (regardless of workforce participation) should be prioritised for in-home child care, consistent with the current Department of Education priority guidelines. Most of these families are unable to afford the cost of high quality in-home child care within a mixed market of child care. Previous research in Australia¹ and recent examination² of different funding models and program structures in the UK and Australia identify the potential for a well-designed program to meet the needs of families who otherwise would be unable to afford quality in-home child care.

In the UK and Canada, where nannies and au pairs are subsidised by tax measures, in-home child care is used primarily by middle- to high-income families³. The use of in-home child care is facilitated by tax deductions (Canada) and childcare vouchers (UK), which are of greater benefit to higher income families. Australia's In Home Care program is an example of best practice across Western countries, and the strengths of the program should be maintained. The In Home Care program provides invaluable service to many vulnerable families (such as long-term disability, mental illness, domestic troubles), families experiencing temporary disadvantage (such as illness in the family), and families living in regional and remote areas.

Effective and equitable models of in-home child care in the UK and Australia are delivered through provider organisations (see Recommendation 2), not through subsidies and tax measures directed to families hiring in-home child care workers. These models provide

¹ RPR Consulting. (2005). *Final Evaluation Report: In Home Care*. Canberra: Department of Family and Community Services.

² This is based on interviews from my PhD study with 20 stakeholders from each country. A number of nanny agencies organisations delivering in-home child care developed funding structures to better address the needs of lower-income families and families working non-standard hours. At present there is no published research on the features of a well-designed in-home child care program.

³ Data from NannyTax in the UK, and correspondence with nanny agencies in Canada

greater protection to care workers, ensure safety for children, and are designed to be accessible to middle- to lower-income families needing flexible child care.

2) Employment status of in-home child care workers

In-home child care is provided more effectively and equitably when care workers are employed by service organisations, not families. In the three countries included in my study, most in-home child care workers are self-employed (Canada, UK) or independent contractors (Australia). There is greater risk for these workers because they do not have control of their environment and often don't have the resources to provide high quality care to the children in their care.

In both Scotland⁴ and England⁵, some agencies and organisations operate differently. A handful of organisations employ in-home child care workers directly. These services provide training and resources for the care workers, and in some cases cover a portion of the cost of the care worker's insurance. Two organisations in particular receive some funding from local government which subsidises the cost for lower-income families requiring non-standard hours of child care. This makes flexible in-home child care available to families that otherwise would not be able to afford in-home child care. This means that the costs to families are not directly linked to the wages of in-home child care workers, as is the case under traditional nanny employment arrangements. Instead, in-home child care workers are paid according to their qualification level, experience and hours worked; and families needing flexible, non-standard hours of care pay the organisation based on income. High income families who prefer in-home child care can also hire care workers through these organisations and pay the full hourly cost, minus any assistance they receive through employer Childcare vouchers. All families have the assurance that the care worker is well-trained and monitored and they only pay for the hours of care agreed under the contract with the organisation. Some providers of In Home Care and other in-home care/nanny service in Australia do operate along these lines or provide this option to families⁶. It is recommended this structure is consistent across all in-home child care providers.

It is therefore recommended that in-home child care workers are employed by service organisations, rather than families. The family would pay the service organisation for the

⁴ One Parent Families Scotland (<http://www.opfs.org.uk/services/childcare/>)

⁵ @HomeChildcare (<http://www.athomechildcare.co.uk/>)

⁶ For example, NannySA (<http://www.nannysa.com.au/services/in-home-care.html>) ; Susan Rogan Family Care (<http://www.susanrogan.com.au/find-a-nanny-why-choose-us/>)

number of agreed hours per week. Services/schemes may provide only in-home child care, or in combination with LDC, FDC, and OSHC (see Recommendation 3). This allows families to use a combination of services provided through one organisation.

3) Linking in-home child care to mainstream providers

Many families do not require full-time in-home child care, however the complexity and cost of combining centre-based and in-home child care arrangements means they have few options other than to hire full-time in-home child care. Linking in-home child care to mainstream providers can improve the flexibility for the family and also for the care worker.

Many families needing in-home child care only require part-time in-home child care (the same day each week, or similar hours each day). Part-time in-home child care is a solution for many families seeking flexible child care options. It is much easier to facilitate part-time in-home child care for families when care workers are linked to mainstream providers.

4) Regulation and training of in-home child care workers

A principle of the ECEC field in Australia should be that public subsidies are used to support *quality* services. Financial assistance for families using in-home child care should be contingent on standards and monitoring procedures consistent with other forms of approved ECEC.

Financial assistance for in-home child care is available to families in the absence of ECEC regulation in Canada and with minimum standards and monitoring in the UK. In both countries, sector leaders are concerned about the lack of basic standards to ensure the safety and wellbeing of children and to provide basic protections to workers.

The inclusion of in-home child care as an approved type of care for receipt of financial assistance (through service organisations in Recommendation 2) should be contingent on its inclusion in the National Quality Framework. Proper training and regulation of in-home child care workers will have a positive impact on the wages and conditions to improve their status in line with the rest of the ECEC workforce, and therefore also ensure mechanisms are in place to deliver quality ECEC.

5) Employment of migrant in-home care workers

Across Western countries in-home child care is increasingly provided by migrant women who are typically required to have only minimal (if any) training as ECEC workers, and have few protections as migrant workers.

In the UK and Canada (and elsewhere in Europe and North America), in-home child care is increasingly provided by migrant women. Migrant care workers offer more affordable care options for working families, however there are concerns about their protection as citizens and care workers (Brickner & Straehle, 2010; Busch, 2012; Cox, 2006, 2012; Sollund, 2010; Williams & Gavanas, 2008).

Schemes to recruit migrant workers to provide home-based care for children under private arrangements ('migrant nanny' schemes) should be viewed with caution. International experience shows the strong possibility of such arrangements resulting in the exploitation of care workers. The rights and working conditions of in-home carers need to be protected, ideally through the involvement of an accredited provider. Linking in-home care to a service hub is also the best way to ensure that carers have appropriate training, qualifications and support and that any subsidised arrangements promote the development and learning of children according to the National Quality Standard.

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