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I urge the Committee to consider the following as essential to the current issue of childcare, the right for parent's to have a choice of affordable, quality childcare and improving employment conditions for nannies within the Childcare Industry which is currently in crisis within Australia.

A parent should expect the best possible care for their child in terms of education, care and health. The existing childcare system in Australia does not meet the needs of all parents returning to the workforce, with insufficient places, inflexible operating hours and in most cases understaffed by personnel with minimum skills.

For a parent to be comfortable with placing their child into any childcare setting the following must be met:

- a) The right to choose the best possible care and to employ qualified and experienced staff.
- b) The right to have choice of care that meets the individual needs of individual families to suit every family's individual work situation.
- c) The right for each parent to choose for their child to be provided with the best possible care in relation to their well being, safety, physical, emotional and intellectual development in a positive and secure environment either within the child's own home, within childcare centres or a combination of both.
- d) The right for each parent to choose appropriate childcare options, that suit their personal employment and financial circumstances which is based upon a more realistic tax system, when selecting childcare options.

Tax deductions for parents employing a Nanny would encourage:

1. As an added incentive to those families who can now afford to employ a nanny, because they can claim an employee as a tax deduction, **more** childcare places would become available enabling those families requiring childcare, who are not in a position financially to employ a part time or full time nanny, to take those places.
2. More families would withhold tax on behalf of their employees, pay holiday pay, superannuation, sick pay etc, as the incentive would be to claim a tax deduction.

3. Allow only families employing qualified (minimum Certificate 3) nannies to claim any tax deduction to ensure genuine and legitimate employers are claiming tax deductions for quality childcare by skilled and experienced staff.
4. Ensure the quality of childcare within Australia to increase as more parents would seek out nannies who are qualified in Childcare therefore children are then cared for by nannies with skills and training.
5. Nanny rates will be more affordable hence conditions of employment will dramatically improve as it is in the best interest of the employer to pay all entitlements and recognise the high level of responsibility of the nanny and pay accordingly not begrudgingly.
6. Employment morale and work ethic would dramatically improve within the nanny industry, as recognition as a professional, qualified, valued employee will result in providing a higher standard of childcare and job satisfaction.
7. Parents will be allowed choice of childcare which suits their individual needs of either employing a nanny or childcare or a combination of both as their children to be placed in long day care 5 days per week from 7am to 6pm will no longer be their only option.
8. More women and men can return to the work place as affordability of employing a nanny as childcare places are more available generates more income to the family unit. This would result in more disposable income households and a reduces dependency on the government to provide handouts, other than to those families on very low incomes.
9. Encourage more women to return to work either for organisations or to start their own business thereby contributing even further to the Australian economy.
10. In 2005 employing a nanny is no longer for the privileged and wealthy of Australia to take leisurely lunches and play tennis. My clients are families requiring the highest quality and standard of care for their children when returning to the workforce. As childcare places are increasingly limited, employing a nanny has long been a necessity, therefore the current tax issue relating to employing a nanny is outdated and does not realistically reflect the financial burden the Australian government is placing on tax paying Australian families.

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20 September 2005

Dear Grace

Further to our conversations about the Inquiry into Childcard and Nanny Employment I would like to add the following as a mother, a business woman and an Australian taxpayer.

Small business plays an integral role in the continued economic stability and success of Australia. Small business provides employment of 100,000s of Australians and provides continued revenue to the Treasury by way of taxes. The majority of small businesses are owned and run by women, ironically the group most encouraged to return to work after the birth of their children, but little to no thought appears to have been made about how they logistically manage to be both a mother and a business woman without being financially penalised..

As mother I expect the best possible care for my child in terms of education, care and health. The existing childcare system in Australia is hopelessly inadequate, with insufficient places, inflexible operating hours and in most cases woefully understaffed by personnel with minimum skills.

As a business woman running a small business I do not have the luxury of a 9 to 5 position and as such have few alternatives in the way of care for my child. Even if a suitable childcare place was available in relatively close proximity to our home or my work, the hours that I work in order to maintain my business and the people I employ do not fit into the narrow constraints imposed by the childcare centres. I have employed a nanny since my child was 6 months old given that no suitable place in childcare was available that:

- a) met the requirement in relation to skilled staff
- b) provided flexible hours of operation
- c) instilled confidence in me that my child would be provided with the best possible care available.

Despite being a taxpayer and employer I have therefore also been financially penalised since the birth of my son. As an employer I can claim my staff and all their expenses as an expenditure item against my business, this applies whether they are the receptionist or a systems analyst. Employing a nanny who is essential to the care of my son and

therefore my ability to return to work is not deemed as a tax deduction by the Tax Office. I see the employment of my nanny as critical as any staff member employed by my company, without her I would be unable to run the business that employs other Australians.

Employment of nannies is no longer a luxury and should not be seen as such by either the government or the tax office. For every family that employs a nanny there is yet another place for families who either cannot or have chosen not to make the financial sacrifice. For every business woman who employs a nanny there are the flow on benefits to their organisation, not least of which is the employment of other Australians.

The Tax Office's narrow view of the modern world is shameful. This is the 21st century where women are encouraged to not only be parents but also to have careers and contribute to the economy. It is the century of flexible hours, globalisation and virtual offices. It is the century where Australian women are constantly being encouraged to not only have children to help address the ageing population crisis but also publically admonished if they don't return to work.

The reality is however that there is no provision to provide care for children that is of a calibre that is both acceptable and flexible to most parents; and when financial sacrifices are made to provide the best care for our children we are offered an insulting \$0.40 per hour as a rebate for the employment of a highly skilled and professional.

The problem is far deeper than just the tax deductability of nannies vs. childcare. If all expenses relating to education and childcare were tax deductible, there would be greater disposable income amongst families and a reduced dependency on the government to provide continual handouts, other than to those families on very low incomes. The economic and sociological benefit of this is far reaching, Australians as a population are too accustomed to handouts, reduced dependency on the government for payments in disparate percentages would allow the country to grow both economically and psychologically. A risk analyst, who is a mother herself and works in the financial services industry, believes that this would actually provide a greater economic benefit than short term penalties levied against a minority of families employing nannies.

I would encourage the committee to embrace the 21st century and understand the dilemma facing working women and families who employ nannies and allow these to be legitimate tax deductions. In doing this they may also encourage more women to return to work either for organisations or to start their own business thereby contributing even further to the Australian economy. The penalisation of families employing nannies does little to encourage women back into the workforce and could be disadvantaging Australia more in the long term than the short term gain of refusing tax deductability for nannies to preserve the Tax Office coffers.

Your sincerely

Alexandra Moulder
Managing Director

*Tabbed by Grace
Scrimizzi in Sydney,
22/9/05. David M...*