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Dear Louise,

I am writing in regards to the Childcare and Nanny Employment issue that is affecting families within Victoria. Families are employing nannies on a casual, full-time and part-time basis to allow parents to return to the work force. I feel the time has come for the government to realise this is not a childcare issue but an equal opportunity issue which blatantly discriminates against employers if their employee is a nanny.

One issue that is crippling families financially is the issue of not being able to claim a nanny as a tax deduction. In any other employment situation any employee is able to be claimed as a legitimate Tax deduction yet as an employer, when employing a nanny and providing full employment entitlements, cannot claim any of the employees wages as a tax deduction. This seems to be blatantly discriminatory towards parents.

The money the employer (the Parent) paid to the employee (the Nanny) is already taxed. It is then taxed again when the employer with holds the tax from the employee. Also a nanny is recognised as an employee and can therefore claim tax deductions on their tax return. Families are not asking for rebates or subsidies or hand outs from the Government, when employing a nanny, they are simply asking for the same entitlements financially to claim a legitimate employee as a tax deduction as every other employer within Australia.

As there is a shortage of childcare places it forces parents to consider other childcare options and one that is available is employing a nanny, yet the most as a rebate a family can claim is .40 cents per hour. Considering the average hourly rate for employing a nanny is \$17 to \$23 per hour .40 cents is an embarrassment as a rebate when families are paying up to \$50,000 per year to employ a nanny on a full time basis plus all entitlements, as employers are paying up to \$4000 per year of Superannuation (and compulsory superannuation at 9%) 4 weeks annual leave, sick pay and public holidays etc, yet cannot claim these employment costs as tax deductions.

Employing a nanny is not a luxury anymore is has become a necessity and as the Childcare issue reaches crisis point there has become more need for parents to employ a nanny. Also the government is taking away choice from families who are considering their childcare options. Employing a nanny may be the only option as childcare places are unavailable; parents are waiting for months on end for places to come available in Childcare facilities.

Also consideration must be given to parents of those children who simply are not suitable emotionally or for health reasons cannot attend a day care facility, employing a nanny is the only choice. It certainly is not the most cost effective option however if a family could claim a nanny as a tax deduction more people would employ nannies therefore freeing up childcare places for those families who cannot afford to employ a nanny even with a tax deduction.

An Inquiry into this issue is long overdue and I am happy to discuss this further and would like to be a part of a forum addressing this issue.

Yours Sincerely,

*Grace Scrimizzi
Managing Director*