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**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

Reference: Balancing work and family

FRIDAY, 22 JULY 2005

BRISBANE

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

Friday, 22 July 2005

Members: Mrs Bronwyn Bishop (*Chair*), Mrs Irwin (*Deputy Chair*), Mr Cadman, Ms Kate Ellis, Mrs Elson, Mr Fawcett, Ms George, Mrs Markus, Mr Quick and Mr Ticehurst

Members in attendance: Mrs Bronwyn Bishop, Ms Kate Ellis, Mrs Irwin and Mr Quick

Terms of reference for the inquiry:

To inquire into and report on:

How the Australian Government can better help families balance their work and family responsibilities. The committee is particularly interested in:

the financial, career and social disincentives to starting families;

making it easier for parents who so wish to return to the paid workforce; and

the impact of taxation and other matters on families in the choices they make in balancing work and family life.

WITNESSES

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Committee met at 8.59 am**KEMP, Mr Martin, Executive Director, ABC Learning Centres Ltd**

CHAIR (Mrs Bronwyn Bishop)—Welcome. I declare open this public hearing of the House of Representatives Standing Committee on Family and Human Services inquiry into balancing work and family. This is the second public hearing for this important and timely inquiry. During the inquiry the committee will explore a range of issues relevant to many Australians and to the choices they make in relation to having children and raising families. Today's public hearing will focus particularly on the availability of different forms of child care and the factors that may limit parents in their choice of child-care arrangements. The committee will hear from a major private child-care provider in Australia, a consulting company, a nanny agency and a group representing grandparents. This hearing is open to the public and a transcript of what is said will be made available on the committee's web site. If you would like further details about the inquiry or the transcript, please ask any of the committee staff here at the hearing.

Witness was then sworn or affirmed—

ACTING CHAIR (Mrs Irwin)—Mr Kemp, thank you for appearing before the inquiry today. Would you like to read your opening statement for the record?

Mr Kemp—As a participant in the early learning and parent support sector for the last 15 years, I have had the privilege of watching the development of Australia's child-care sector from several vantage points: as an operator; as a parent-consumer; and as a representative of the sector at state and national level, including as a member of the Commonwealth Child Care Advisory Council. I have also had the chance over the last couple of years to investigate how other countries, especially the United States and New Zealand, organise their early learning and parent support systems.

The central question for the committee is: how can the Australian government better help families balance their work and family responsibilities and needs? I believe that part of the answer involves, firstly, understanding what child care offers to families and, secondly, helping families make more and better use of that child-care system, especially using the techniques and methods discussed in our submission.

Before thinking about techniques, ABC Learning believes there is a preliminary question for the committee: why should Australians want to invest in greater access to the child-care system? That big question needs to start with the recognition that Australia has built world-class early childhood and parenting support systems. Australia has blended government strengths in funding and regulating with private sector strengths in customising service delivery in a competitive marketplace. But ABC Learning argues that Australia's child-care systems are not yet properly understood and that those systems are not yet used as well as they could be to help children, parents, employers and government.

The sector's full potential is not being realised, including its potential to help parents balance their work and family needs. Why? The main explanation is that many Australians, including many policy level decision makers, do not yet fully know what child care does, how it does it or why it does it. ABC Learning believes it is that lack of proper understanding that holds many

people back from wanting to find ways to help more families get more access to child-care services. Most Australians think they know what child care is—something that working parents need so that they can have a paid job outside the home. That is true, as far as it goes. But it does not go far enough. That parent-support understanding misses two vital child-care functions. Firstly, child care is mostly about children and child development, at least in the minds of those who supply it. Child development is necessarily about connecting child to parent, so child care is necessarily about parenting development. In short, Australian child care has three objective areas, not one: the child, parenting and the parent.

The point our submission tries to make is that the many different taxation or workplace reform strategies that the committee will no doubt be called on to consider, should be considered in the light of a correct understanding of Australia's early learning and parenting services, which are called 'child care'. We hope the committee's discussions about those tax, workplace or child care affordability techniques can happen inside a new context, one that understands how child care supports parents and parenting and that understands that child care is part of the education world, part of the health world, and part of the crime prevention world. Child care is a parent, employer and government partner. We support families; we support parents; we support parenting. We are, above all, early-learning specialists. Our play based, parent connected teaching methods are what work best with children under five.

We hope the committee will help the Australian government to understand child care better and will help us tell our story. In that way, ABC Learning believes we can better help government to better help families balance work and family needs. Thanks again for providing the opportunity to share our ideas.

CHAIR—Thank you very much. I find your focus on the early learning, rather than child-minding, concept very interesting. What I would ask is: what is the break-up of the services you provide—for the very young babies straight after birth through to the three to five year olds?

Mr Kemp—Generally, our provision of care for children under two—the nought to two year olds—would be of the order of 10 to 15 per cent of our supply. For our two to threes it would be of the order of 15 to 20 per cent, and the balance is for the three to fives. That predominantly comes about because of the staff-child ratio for the younger groups. In Queensland, for example, the staff-child ratio is one to four. It varies in each state and territory. In New South Wales, it is one to five. In Queensland, for the three to five year olds the ratio is one to 12 and in New South Wales it is one to 10, whereas in Victoria it is one to 15. There is a natural limit, if you like, to the numbers of younger children that you are able to provide for in centres.

CHAIR—Let me get that again: in Queensland for children of what age is the ratio one to four?

Mr Kemp—Babies through to two-year-olds.

CHAIR—And in New South Wales for the same age group?

Mr Kemp—It is one to five.

CHAIR—And in Victoria what was the one to 15 ratio for?

Mr Kemp—One to 15 is for the three to fives.

CHAIR—How does that compare?

Mr Kemp—In Queensland, it is one to 12; in New South Wales, it is one to 10.

Mr QUICK—Should we have a nationally consistent policy rather than a rail gauge mentality?

Mr Kemp—That has been talked about for a long period of time. There is some movement towards consistency in staff-child ratios. That would make an enormous amount of sense. It really ramps up the cost for parents of the younger children, because your biggest cost in child care is your wages cost. In effect, with those staff-child ratios, you are applying that same cost over fewer children, so that for your under twos, for example, that same wages cost is, in Queensland—where the ratio is one to four for your under twos and one to 12 for your three to fives—three times as much per child, because you are applying it over a greater number of children.

CHAIR—But they also require more care.

Mr Kemp—They do, absolutely.

CHAIR—Do you have a requirement for the qualifications of the people looking after the children aged between nought and two?

Mr Kemp—Again, that varies from state to state. But if we take Queensland, for example, for a group of eight children, which is the maximum group size for the under twos, you require a group leader who has a diploma of child care and an assistant who has a certificate III in child care. The point I was getting to in relation to the cost is that the funding level for the three to fives is the same as the funding level for parents for the under twos. It is exactly the same rate—\$2.88 per hour—irrespective of the age of the child and the group that that child may be in.

CHAIR—Sorry, what is \$2.88?

Mr Kemp—The maximum rebatable hourly fee is \$2.88.

CHAIR—I see.

Mr Kemp—In New Zealand, for example, the rate for the under twos is double the rate for the over twos in terms of the funding, because they recognise that the costs for parents are much higher in the younger age group. When you look at shortages in the supply of child care, that is probably one of the major factors behind the fact that they occur in that younger age group. Because of the staff to child ratios and the group size limitations, it becomes much harder with the current level of funding to provide many more of those places relative to, say, the three to five places. It is also much more costly for parents of children in that younger age group.

Mr QUICK—So the cost for ABC Learning in inner city Brisbane for zero to two year olds is the same as for an ABC Learning Centre in Bundaberg or Ipswich?

Mr Kemp—There is not too much variation in Queensland, but the difference between a regional area in Queensland and metropolitan Sydney is enormous. You could be looking at a daily fee of \$110 for a child under two in metropolitan Sydney, whereas in most of Queensland you are looking at \$50 to \$55 a day. There are also enormous variations.

CHAIR—Why?

Mr Kemp—It is mostly to do with property prices. What happens is that your rental costs in areas such as the Sydney CBD, for example, are much higher than they are in regional Queensland or in a lot of areas in Queensland. Even in metropolitan Brisbane the rental costs are much higher. That flows directly through into the cost of child care. So property costs are a major factor. The variation in awards from state to state also has an impact. The staff to child ratios have an impact.

CHAIR—What is the difference in the award structure?

Mr Kemp—The difference in the award structure can be of the order of 20 per cent from one state to another. A decision has just been handed down by the Australian Industrial Relations Commission in relation to Victoria and the ACT, and there is now a round of cases coming before the individual state industrial relations commissions. That federal decision is likely to, in one way or another, flow through to the other states. It is likely to have more of a balancing effect than currently exists. There was quite a significant wage increase as a result of that decision.

CHAIR—How much was the increase they awarded?

Mr Kemp—It varied, depending on the classification, from six to seven per cent up to 15 to 20 per cent.

CHAIR—Who got 15 to 20 per cent?

Mr Kemp—The director level. The highest levels got quite significant increases.

CHAIR—So for me to make a comparison, what would someone with a diploma of child care be paid an hour?

Mr Kemp—With a diploma of child care, depending on the state, you are looking at the \$15 to \$20 an hour mark.

Mrs IRWIN—Is that for a university degree or a TAFE qualification?

Mr Kemp—A TAFE three-year qualification.

CHAIR—I suppose that would be about the same as a level III in aged care, which is about \$13.

Mr Kemp—It is in the order of \$10 to \$15. There are junior rates as well in some states.

CHAIR—What is the maximum that somebody in the industry could be paid at director level?

Mr Kemp—Under the award system, probably around \$1,100 a week, or \$50,000 to \$55,000 a year, would be the top level. Our company provides additional incentives. We offer additional wages and a share package, which can significantly increase the package for staff.

CHAIR—Is that an EBA deal?

Mr Kemp—No, it is under an AWA. It is not compulsory. As staff take on additional qualifications there are additional rewards—both wages and share packages. Part of the reason is that we want staff to increase their qualifications as they go through the company and to promote from within. Queensland is the only state in Australia where there is a qualification requirement—certificate III—for the assistants. The other states are looking at that, but we want all of our staff in all states to take on the certificate III, because it is the first step to taking on a diploma.

CHAIR—The basic pay structure for people who are at level III or who have no qualifications would be from \$25,000 to \$30,000 a year?

Mr Kemp—Yes.

CHAIR—Do you use part-time people?

Mr Kemp—Yes, we do. We use part-time staff and casual staff. It is becoming increasingly difficult to find staff—in particular, qualified staff—for centres.

Mrs IRWIN—Is that because of the wages?

Mr Kemp—Some have said that, but the reality is that the growth in the sector over the last decade or so has been absolutely enormous. We have had periods where the training sector has not produced the graduates that we have needed as an industry. We have been lobbying the training sector for many years to look at providing additional graduates. That has been a major factor.

CHAIR—What about mature age workers?

Mr Kemp—There are a reasonable number of mature age workers in the industry. Unfortunately, the qualification requirement is at times a difficulty for mature age workers. For a variety of reasons, a number of them are not able to obtain qualifications. That becomes a hurdle for them to, for example, take on group leader positions or director positions.

CHAIR—It seems to me that there are great similarities between the early childhood and aged care sectors. The aged care sector, in more recent times—with a good deal of prompting—is now looking at mature age workers. They are training on the job and getting their qualifications through TAFE at level III and IV. That is basically the sort of level you are looking at, isn't it?

Mr Kemp—Yes. We do exactly the same thing.

CHAIR—I do not know about you, but as minister I made a particular point of attending the graduations of people who were graduating in level III and IV certificates and people who had gone on to higher qualifications because it was so important to them to get back into the learning mode.

Mr Kemp—Absolutely.

CHAIR—They achieved a huge level of satisfaction. Do you do anything like that?

Mr Kemp—Yes we do, absolutely. We have our own early childhood training college with nearly 2,000 students. The vast majority of those are employees of the company. There are a number of practical difficulties. For example, whereas previously the training was done on the job and assessors would come out to work with the trainees in the centres, there is now a requirement for course work time at a college, which has meant the trainees coming back to the college and us having to find staff to replace them. It has become very difficult and very costly.

CHAIR—Who brought about that change?

Mr Kemp—That change was brought into the Queensland training sector. Again, it is one of those areas that we have been seeking to bring back to the way things used to be, because it worked very well as it was. But the change has come in now and it has made it more difficult.

CHAIR—Is that Queensland specific?

Mr Kemp—There are a few states where the same thing has happened.

CHAIR—Where?

Mr Kemp—I could not tell you off the top of my head.

Mr QUICK—I know that in Tasmania the Minister for Education has moved child care into her area and taken it out of health and family services so that there is a seamless transition from child care through to the schools. In some cases there are child-care centres based in schools in areas of high need. As an ex-teacher and ex-principal, I would like to see, one day, no differentiation with qualifications. As you said, you are early learning specialists and you are providing the foundation. Suddenly the kids turn five and the next year they go into the formalised education system. Some people working in that zero to five area only have certificate III, and they are the practitioners, apart from the directors, who are in charge of the whole thing. Would you like to eventually see a bachelor of early learning as part of the education system so that these people are properly qualified? As you said, this is the foundation; this is the area of specialists.

Mr Kemp—We have a large number of early childhood teachers currently in our centres. But we have a major difficulty in New South Wales at the moment with the shortage of early childhood teachers. That is making it difficult for us to supply services, particularly in regional towns. We have been entering into arrangements with a few of the regionally based universities to seek to bring the early childhood teachers in, because New South Wales is the only state in Australia where early childhood teachers are a compulsory requirement. But it is certainly

heading in that direction and we see that as being a good thing over time. It would have to be done in such a way that the costs to families are not excessive. I must say that the transition from early childhood to schools is becoming more and more seamless. One of our big focuses is on being able to provide a curriculum which flows through and being able to flow through developmental data on children into the early years.

The curriculum approach that we use in the early years has in fact been identified by research as one that should move up into the school system, because a child focused curriculum, where you look at the developmental patterns of each individual child rather than a broader curriculum for a class of children, is so effective. Our CEO Education, Dr Le Neve Groves, has completed a doctoral thesis on this, and it is something that we are implementing in our centres.

Mrs IRWIN—On the *Today* program this morning, someone was interviewed from the radio here in Brisbane, I think. I do not know if it happened last night, but this person was stating that at Clayfield they were opening places for 2009—I think it was; I could be incorrect—and that parents were actually sleeping overnight to put their names forward for that list. Can you tell me the number of child-care places you are short in Queensland? Also, what role could the Commonwealth take in reducing that shortage of places?

Mr Kemp—We see this year on year. It may have been with a creche or kindergarten rather than a child-care centre.

Mrs IRWIN—I was under the impression it was a child-care centre. All they stated was that it was at Clayfield.

Mr Kemp—I think that may be a kindergarten run by the Creche and Kindergarten Association up here, where it is on a first come, first served basis, so you get this lining-up situation, with people camping out and that sort of thing. We provide identical services to creches and kindergartens; we operate under the same act and the same regulations—but I guess they have a fantastic brand name. In terms of three to fives, in Queensland there would be virtually no vacancies.

Mrs IRWIN—That is very frustrating for the parent, say, who wants to go back into the work force.

Mr Kemp—Sorry, I have got myself completely muddled. What I am saying is that there are plenty of places for three to fives; it is places for the under threes where you have the difficulty. This is linked to the story I was talking about earlier where, because of the restrictions to group sizes and the costs for the under twos particularly, it becomes very difficult for centres to provide the number of places that parents can afford for that age group. One solution would be to look at a higher, rebatable hourly fee for the under twos.

CHAIR—Do you detect anywhere in government or in regulators an ethos that, really, there should be a parent who stays home until the child is three?

Mr Kemp—Not a great deal, to be honest. Part of our submission is saying that there is still a view in the community at large, if you like, that that should be the case and that child care is

seeking to supplant and undermine the family. What we are saying is that it is actually completely the reverse.

CHAIR—Do you find that sort of attitude reflected by members of parliament and governments?

Mr Kemp—To be honest, I would say that attitudes have changed enormously so that nowadays I do not get that sense as much as, say, 15 years ago.

CHAIR—But it is still there?

Mr Kemp—It is still there to a certain extent.

Mr QUICK—As you said in your opening statement:

... many policy-level decision-makers, do not yet fully know what childcare does ... or why it does it.

Are you talking about state or Commonwealth bureaucrats?

Mr Kemp—Right across, but what I am saying is that a lot of it is an informational thing. In particular, the parent support and family support side of what we do is not properly understood. We, in our centres, develop a fantastic relationship with families, a much closer bond than occurs in a school, because we are working on the very intimate details of a child's life and working very closely with families, particularly in relation to difficulties or problem areas that may arise. Parents and families will often turn to our staff within the centres for assistance and for guidance towards other professional people who might be able to help in certain circumstances, but many of our staff are sufficiently skilled themselves to provide the sort of guidance that parents need.

With an increasingly transient society, we are finding that, typically in Queensland where we do have a lot of new families moving in that do not have the wider family support base, they often rely very heavily on our centres to provide support in a whole range of areas. Oftentimes, the families themselves simply do not know. For example, we have had families come to us with children who, at the age of 3½, cannot speak, have not uttered a word. The reason for that is that the child's ears are blocked. They are fully blocked up. If they go to a doctor or to a hospital to have a small operation to implant grommets in the ears, their hearing is restored and their speech comes on.

CHAIR—I find it amazing that they are not picked up.

Mr Kemp—Absolutely.

CHAIR—If they go to 3½ that is appalling. We are now introducing a program—and it is one I supported and pushed for very hard—in which every child should be tested for hearing at birth.

Mr Kemp—Yes, absolutely.

CHAIR—Because the quicker you get them on a hearing program, the more natural their life will be.

Mr Kemp—But the problem is that they may be fine at birth, but they may develop—

CHAIR—But the grommets grow.

Mr Kemp—Or they develop an infection through their life; it can be back and forth and recurring. Sometimes you have families moving from here to here to here, so they are not necessarily getting consistency in medical care, for example. The doctors sometimes are not picking it up. We had a child who came to us who was tongue-tied, literally; the webbing under their tongue prevented them from suckling. For some reason that was not picked up, so we were able to have the child taken to have a small operation to get that fixed and they were then able to suckle. I could give you chapter and verse of these stories where we are daily providing support for children. Sometimes the difficulty that we face is having the parents come on board with us to address some of these difficulties. Sometimes there are cultural issues. For example, if you have young boys who have the sort of problem I was talking about in relation to hearing, their culture says, ‘No, there’s nothing wrong with my child,’ no matter how much you try to provide the assistance. So what we have then got to do is understand ways of addressing that cultural context.

So, on a daily basis, particularly with the number of children that we provide for, we are addressing an enormous number of these issues that arise. That is just part of the parenting and family support that we provide on a daily basis. Unless we get those things right, it is a core factor in the development of the child. We had one little chap who came to us at four years of age and his eyesight was so bad that it was not until we placed a card virtually an inch away from his nose that he could actually focus on what was on the card. We immediately sought eyesight attention for that child. This happens day after day. I might say that with the greater level of acceptance of our services over the last 15 years that I have been involved, the age range at which these sorts of things are occurring does appear to be getting younger. In other words, families are coming to us earlier than they used to.

CHAIR—What do you mean by families coming to you, as distinct from you picking it up?

Mr Kemp—I am saying that we are not necessarily finding the four-year-old who has been at home for all that time, for example, and who then comes to our services.

Mrs IRWIN—Are you finding that they are coming to you a lot earlier, especially in the nought to two range, because the parents have employment or are seeking employment?

Mr Kemp—Yes. That would be the predominant reason for them coming.

Mrs IRWIN—Compared to 15 years ago, as you were saying. I want to get back to the shortages. I know that you have problems here in Queensland and it seems they are right throughout Australia. I asked you to comment on what sort of role you would like to see the government take in reducing shortages. In a number of the submissions that we have received so far, and in the public hearing that we had in New South Wales, there were suggestions about a tax deduction or a tax rebate for child care. What are your feelings about that?

Mr Kemp—I am not sure if you are aware that ABC Learning Centres have made an offer to parents that we will provide that 30 per cent rebate now.

CHAIR—Yes, I heard that.

Mrs IRWIN—I think it is coming next year.

Mr Kemp—Yes. It is effective now, but it will be paid in September 2006. We have had an enormous take-up for that particular campaign. So it certainly does make a difference.

Mrs IRWIN—Are you doing that right throughout Australia, not only in Queensland?

Mr Kemp—Yes, we are—right throughout Australia. It has been very well received. It has made a difference for a lot of families because the gap fee that parents are required to pay, over and above their child-care benefit, has increased relative to median income over the last 10 or 15 years. So it is saying that our services have become relatively more expensive over the last 10 or 15 years. I guess that is because costs have increased at a greater rate than the child-care benefit.

CHAIR—Is that because they are now requiring more trained people in the industry?

Mr Kemp—There are a whole range of factors. Certainly, that is one of the factors. Again, the property boom that we have seen in Australia, in terms of rental costs that flow back into fees, has had a major impact. In terms of a range of services that are provided to care, what has also occurred is that regulations have tightened over time so that your staff to child ratios have tightened. Again, the cost per child has increased as a result. We are not saying for a moment, ‘Don’t do those things’; they are good things to have. It is just that it has an end cost to the parent and that end cost has increased, relatively speaking, over the last 10 or 15 years.

Mrs IRWIN—I think you were saying that the biggest costs in child care that parents are paying are mainly because of the property prices—you might be renting a premises—and wages. What are your feelings about the wages? Someone who is now a group leader—at the top of the range their wages would be \$50,000 to \$55,000—would take a number of years to get to that position. They would have done a three- to four-year university course. The wages are very low, aren’t they? I am concerned that if wages went up, naturally the cost of child care would go up.

Mr Kemp—That is right. It is a balancing act all the time.

Mrs IRWIN—Do you think people are not going into child care because of the wages?

Mr Kemp—That may be a factor.

CHAIR—There are fewer young people, with many more work opportunities to choose from.

Mr Kemp—Absolutely. The package received by the staff of ABC Learning Centres is third in line—in human services—behind ambulance officers and teachers. With regard to shortages, we do have waiting lists at centres, but families often put their names down at a number of centres, so it is very difficult to establish what the real shortage is. There are still an enormous number of child-care centres in the pipeline. We receive reports on council approvals right around Australia, and we are amazed at the number. With the centres on the drawing board at the moment, a 15 to 20 per cent increase in the number of centres is due to flow through in the next couple of years. So there are still an enormous number of centres coming through.

Mrs IRWIN—I want to ask you about family friendly workplaces. Are some of your centres in industrial areas? I have heard complaints from women in my electorate and around Australia that their shift might start at 7 o'clock in the morning and some child-care centres do not open until 7 o'clock. Do you have any centres that can cater for that? The problem that women are experiencing is that they drop their children off at a child-care centre and then they have an hour to travel to work. They feel that centres should be built where there are industrial estates, big office blocks and so forth.

Mr Kemp—We are certainly responding to that, as is the whole industry. We are seeing a lot more child-care centres in business parks. We have corporate care services, where we provide centres at the workplace. It is an interesting story. There are two approaches taken by families. One preference is to have the children closer to work. The other preference is to have the children closer to home and to the school they are likely to attend. We find that families have a preference to have younger children close to work so that if a matter arises during the day they are able to quickly attend. As the children grow up, they want to have them closer to home, where they are then ready to move on to school. We often have a centre located next to or across the road from a school so that we can build up a rapport with the school and enable a seamless transition.

But you are right about industrial areas. One of the difficulties we have is that, in many instances, it is unlikely that councils will approve centres in locations that are quite industrial. Also, state regulations have a requirement that centres not be provided in hazardous environments. So where there is storage of chemicals and petroleum products, or concrete batch plants and so on, that will often rule out placing a child-care centre in that area. So council requirements restrict where we can locate our centres.

Mr QUICK—There is a perception, rightly or wrongly, that for-profit child-care centres are interested in the areas of greatest return. How do we ensure that in rural and regional areas, where the need is just as great and where the travelling time is probably greater but the services are not there to support families, there is equality in access and affordability? Is there goodwill on behalf of the for-profit child-care centres to say that they will go out into the rural and remote areas? In my state of Tasmania, and in my electorate in particular, the further away you are from Hobart the greater the need to travel to work. As Julia said, you have to get up early or try to find a local centre. Local governments are working in partnership with some of the early childhood centres to ensure that people do not move out of the district because there is no adequate child care. I would be interested in the perception of people like you who are interested in developing Queensland, where the people are there, or Sydney or Melbourne.

Mr Kemp—We actually have a remarkable spread of centres throughout regional areas in Australia. That has come about through our acquisition of a number of groups of child-care centres, such as the Learning Tree group in New South Wales. We have centres in places like Wee Waa, Inverell, Forbes and a lot of regional towns. It is viable for us down to a population of around 10,000 people. Once you get under 10,000 people, the viability aspect does become more difficult. There were some Commonwealth programs for additional funding that were provided for centres in some of those smaller regional areas—for example, Kyogle in New South Wales. There was a program that has not continued.

Mr QUICK—Should the Commonwealth be involved in changing the fee structure? I have towns with 1,000 people; they still have a need for child care. There are not the employment possibilities, so they have to go up to the next biggest town, which is Hobart, which only has 160,000 people. They are flooding Hobart child care while the local one is waning because of inflexible hours and the like.

Mr Kemp—In certain situations, such as what I am saying for under twos, additional funding should be provided. I would suggest a similar mechanism to that which currently exists.

Mr QUICK—We do it with the doctors fees. If you live out of a certain area you get additional moneys per patient you see. Should we look at some sort of differentiation?

CHAIR—But they want it in places so they can work. They need their child-care places near their work.

Mr Kemp—In those areas, a family day care scheme is often used by families. It works in those smaller populations because the infrastructure costs are not nearly so high.

CHAIR—I know Kate has a question.

Ms KATE ELLIS—Firstly, I apologise for missing your opening statement. Also, on behalf of those who did not speak until we were 3½, everyone should beware because we spend the rest of our lives making up for it! I was one of those children. I will just take you quickly back to the wages issues. Your point that it is a lack of training opportunities and not the wages which is leading to a shortage in child-care workers is interesting.

Mr Kemp—No. Actually what I was saying was that the growth of the industry has had by far the predominant impact on the shortage of staff.

Ms KATE ELLIS—The very fact that we have child-care workers who perform such a tough and challenging role on many occasions when they could be earning more at a local supermarket probably indicates the level of commitment and the caring nature of these employees. Is that backed up by retention rates or is there anecdotal evidence of a problem in retaining child-care workers in the industry?

Mr Kemp—ABC has a seven per cent annual turnover of staff and the majority of that is often due to staff going overseas, starting families. Our turnover in terms of difficulties with us is very, very small. We often get comparisons that you could earn more at the supermarket than you could at the centre, but oftentimes you might take a junior rate out of the child-care award, say, for a 17-year-old, and compare it with an adult rate in the supermarket. What we are looking at doing is providing a career path for staff. Our whole agreement base—we are talking to the union about an EBA—is to provide staff with the opportunity to come in as a trainee and work all the way up to being CEO of the company, if they so wish, or stopping off anywhere along the way. We have a lot of directors in their mid-20s who have taken that path, and they are absolutely fantastic; they are outstanding people. For some of our staff that is not going to be their role. We do have a lot of mature age assistants. We provide in our agreement a lot of opportunity for them in terms of additional training and so on to move further up the salary scale.

Particularly with the most recent ACT and Victorian decisions on wage rates, we have gone through a parity case in terms of all other industries and so on. So a lot of that has balanced things out. Companies such as ours are able to provide additional benefits, additional rewards, particularly for those who want to take on additional qualifications. We see ourselves as very much a learning company, an educational company. That is our focus. In order for us to provide those services, we acknowledge that we have to meet the market in providing for those staff. We have a lot of teachers that come to us out of the skills sector not only because of the rewards that we offer but also because of the approach that we take in our early learning centres. It is great, particularly for those early childhood teachers, to be recognised in that sort of way.

Part of the problem that we are seeing—it is an Australia-wide problem—is that the baby boomers who are teachers are now starting to retire. We are going to have a massive problem over the next 20 years in replacing all of those teachers. We need our universities and training institutions to be able to ramp up to cover off that hump of people who are moving through into retirement. We have to be able to replace those people.

CHAIR—But there are fewer kids too.

Mr Kemp—That is true, but—

CHAIR—That is what the declining birthrate is all about.

Mr Kemp—But it will not be until 2040 that it really starts to take effect.

CHAIR—That is why they have got to work longer.

Mr Kemp—Sure. But we have also still got a growing industry.

Mrs IRWIN—Work until you drop!

CHAIR—That's it. Anyone who thinks they can retire at 55, think again. Sixty—think again.

Mrs IRWIN—We won't get into a debate; we are not in the chamber now!

CHAIR—How many children would you have in your whole business?

Mr Kemp—We have 42,000 licensed places in Australia and New Zealand.

CHAIR—Take out New Zealand.

Mr Kemp—We are talking about 40,000 places Australia-wide. Those are licensed places catering for about 70,000 children, because not all children come five days a week.

Mr QUICK—What percentage of the market in Australia is that?

Mr Kemp—We are about 18 per cent of the market in Australia.

CHAIR—Do the maths for me: how many children do we have in the industry? How many licensed places are there?

Mr QUICK—That is one-fifth, so multiply that by—

Mr Kemp—There are about 4,500 child-care centres, with an average of 50 licensed places, so that is about 250,000 licensed places.

CHAIR—How many kids do we have in that age group?

Mr Kemp—We are talking about half a million children. If you add on the before- and after-school care, you would have probably another couple of hundred thousand.

CHAIR—Do you do any after-school care?

Mr Kemp—Yes, we do. We are currently providing outside school hours care places both in our centres and in separate facilities. Where we are providing for them in our centres, the state regulators are wanting to move them out of the centres and into separate facilities, which would again lead to additional costs for families, basically. We are currently talking to state regulators, saying, ‘Look, it’s worked for many years and it works well here—our family grouping situations and so on—and there’s high utilisation of the existing facilities. It can be done well. Is there really a need to separate out the schoolchildren, particularly in a situation where they’re kept separate?’ and so on.

CHAIR—The 30 per cent rebate equates to a tax deduction for 80 per cent of wage earners, because of the marginal tax rate they are on, but it is capped, isn’t it, at \$4,000 a year, and it is means tested?

Mr Kemp—Yes, it is capped at \$4,000 a year.

CHAIR—What you seem to be saying is that this rebate will really reduce the gap payment between the child-care funds that are made available and what the parents have to pay.

Mr Kemp—That is right.

CHAIR—That would make it more affordable for people in institutional care—because whatever child-care centres are, at the end of the day they are institutions.

Mr Kemp—Sure.

CHAIR—And that 30 per cent rebate is paid only to parents who put their children into institutional care, where they are entitled to get the child-care payment.

Mr Kemp—We like to call it formal care.

Mr QUICK—It is not aged care.

CHAIR—Right. Euphemisms are terrific. Would you object if that policy were expanded so that the 30 per cent rebate would be paid to parents irrespective of where or how they organise care for their children—for instance, care in their own home or family day care? I am not sure if it applies to family day care; I do not think it does. I think it applies only to establishments such as yours.

Mr Kemp—My answer to that would be that government funding has always been linked to the quality of the service and some surety that what is being provided is above board. What that has led to over the years is a reduction in the number of dangerous situations for children that used to occur because there was really no separation between the formal service, the highly regulated service and the unregulated service.

CHAIR—It applies only to half the children.

Mr Kemp—It does, but that number is growing. The fact that the funding is currently linked to an early learning environment for the children is a very good thing.

CHAIR—To say that it is available ‘only if you go here’ is also a way of keeping budget outlays down. It is limited to 250,000 kids. So if it were introduced and people were able to have freedom of choice—some people like to home-school their kids—and have care in their own home, would that eat into your market share?

Mr Kemp—It may well do but not to a great extent—

CHAIR—So that would be a reason for you to oppose it?

Mr Kemp—because we are finding that families are seeking to pay whatever it costs, to a certain extent. They are looking for the early learning—

CHAIR—But that is because there is no alternative.

Mr Kemp—No, not at all. We have many parents who will enrol their children at our centre rather than attend the free preschool across the road, for example, because our programs are better. Many parents seek us out because of the programs and curriculum that we provide. With regard to cost to government, there is an enormous return to government in terms of the funds that come to the formal care sector through the tax system. The private sector pays taxes.

CHAIR—The black economy is another question. We will go there later. If you had a formalised rebate system, they would be in the tax system.

Mr Kemp—Sure, but in terms of a whole range of factors, there is an enormous return to government from child-care funds that are outlaid. In fact, the net outlay to government is a fraction of the amount of CCB that goes out.

CHAIR—That is an interesting figure to get. We might try to get that figure. Do you know what it is?

Mr Kemp—I have a report here that was prepared within the Department of Family and Community Services, which for some reason has not seen much of the light of day in government. It says:

Against total Australian Government expenditure of \$1646 million in 2001-02 on child care, the annual value of the child care sector to the Australian economy, as defined and presented here, is estimated as follows:

total economic activity: \$11 941 million

total income taxation generated: \$1615 million

total value to consolidated revenue—the Government's 'bottom line': \$3064 million.

CHAIR—Can I have a copy of that paper?

Mr Kemp—Sure. This paper suggests that the funding spent on child care is seed funding and actually generates additional revenue.

CHAIR—Absolutely. What a wonderful figure. Can we please have that as an exhibit?

Mr Kemp—Absolutely. The simple function is that you have more parents entering into the work force and paying their taxes, the centres pay tax and the staff in the centres pay tax. By the time you analyse it throughout—and there are a number of international papers that that paper refers to, which—

CHAIR—That is fantastic. Thank you very much. Is it the wish of the committee that the document be accepted as evidence? There being no objection, it is so ordered.

Mrs IRWIN—Would you support a tax deduction over a tax rebate?

Mr Kemp—We do not necessarily have any problem going either way. The simplicity of the administration is a factor as well as doing whatever is easier for parents. I think a rebate tends to help the lower income families more than a tax deduction, because they get the reduction if they are on a higher marginal income. That is why the rebate is fairer for the lower income families.

CHAIR—If you removed the means testing part that applies to the rebate and just had a 30 per cent rebate apply across the board, you are saying that could result in everybody having access to it, but it assists low-income families more than a tax deduction would.

Mr Kemp—Yes. I invite all of the committee to visit one of our child-care centres anywhere throughout Australia at any time. We are more than happy to take you through.

CHAIR—Can we do that through you?

Mr Kemp—Absolutely.

CHAIR—I think we would like to do that. I thank you very much for your presentation. It was most illuminating and most helpful to us.

[10.05 am]

BERI, Mr Vishal, Director, Aegis Consulting Australia

TRANENT, Ms Annette, Specialist Adviser, Aegis Consulting Australia

CHAIR—I ask the secretary to swear the witnesses.

Witnesses were then sworn or affirmed—

CHAIR—Welcome. Do you wish to make an opening statement?

Mr Beri—Thank you for the invitation to address the committee. I will outline the key points in the submission that we made to the committee. In the research and work that we do, both independently and for clients, there is a very strong link between family subsidies, both direct subsidies that the government might provide and tax subsidies, and work force participation. There is also a very strong link between the effectiveness of those policies, addressing the skills shortages and maintaining GDP growth. Treasury itself has identified and recognised that, for example, increasing women's work force participation is absolutely critical to maintaining GDP growth.

In our view and experience, whether or not family subsidies, such as the child-care benefit, are delivered directly to a family or child-care provider or through the tax system, the guiding principle should be that the family should receive a benefit that helps them with the up-front cost of care rather than receive, for example, the ability to deduct something through the tax system, which really requires the family to be able to afford to pay for that in the first instance and then deduct it. If policy is aimed at a very equal distribution of that subsidy, the guiding principle should be that it assist in the up-front cost of care. We consider that care costs are issues for families in relation to both child care and aged care. In fact, the employee surveys that a number of our clients have done internally indicate that aged care is the next major issue for many employees.

One of the areas that Australia lags behind in in terms of government policy is the nexus between what government might deliver in terms of subsidies and what incentives it actually provides to employers to help provide benefits to employees. In most countries around the world, and particularly in Europe, there is a strong recognition that employers obviously benefit from people working for them and therefore there should be an incentive—employers should be encouraged—to contribute to the things that employees require to be able to work for them. Obviously care costs is one of those major issues.

One of the emphases that we have in our submission is that notion. We have proposed some ideas for your consideration which are things that happen overseas and we have attached the French government's plan for its human services industry. That recognises that there are five main areas of human services that are delivered to people, whether they be child care, home based care, home maintenance or home cleaning—a whole range of the things that the average person requires to be able to go to work during the day. These sorts of services occur in Australia

as well through the HACC program or through other private programs. The French government has tried to recognise that this industry exists and should be supported by government because it is absolutely crucial to people being able to work.

They are the main points that we have raised. The guiding one is that in the work we have done we have found that care costs, to be subsidised effectively, really should be supported by government either directly or indirectly through the tax system as up-front payments. We have focused on the FBT exemption, for example, for child care. At the moment there is what we would consider to be an anomaly in the tax system that discriminates against small and medium sized employers. For example, at the moment an employer can receive an FBT exemption for a workplace child-care facility. The tax act and the Fringe Benefits Tax Assessment Act, as well as the most recently available tax ruling, indicate that that is a situation where a single employer might set up a child-care facility on their business premises. The test is one of being a business premises. Alternatively, they might join up with two or more employers and they might hire someone like ABC Learning Centres, whom you have just had a presentation from, to manage their facility for them. In that circumstance the employer receives an FBT exemption for the cost of providing the care. If you like, the employer is providing a benefit to their employee in the form of subsidised care.

CHAIR—You are saying that they should get it, even if it is not on their business premises, but they do not at the present time.

Mr Beri—That is right. At the moment they get it if it is on their business premises. But if an employer cannot afford to set up a child-care facility and they want to provide the exact same dollar amount to employees to use at their local not-for-profit organisation or even to have the grandparents look after their children, they cannot do it. That means that the majority of employers in Australia cannot support their employees' child-care needs. We did a survey for one of our clients last year of about 30 medium to large sized employers across 16 industries. They employ 500,000 people. Of those employers, five provide child-care facilities on their premises in a way that enables them to access the FBT exemption. The number of places that they provide totals 240. So that is 240 places out of 500,000 employees. If they were able to access a universally accessible FBT exemption, they would not have that restriction.

CHAIR—How would that then impact on ordinary people who are not covered by a larger employer in accessing a child-care centre, with the scarcity of child-care places? It is quite an attractive proposition to take a bulk booking from a large firm because it is a guaranteed continuity of income. It is a very attractive business proposition, rather than having a mum who says, 'I need a place for three days a week,' and then having to find someone else who wants two.

Mr Beri—Yes. At the moment the child-care benefit that the government provides is the primary financial support which most child-care providers rely on. Whether you are talking about long day care providers or family day care providers, they rely on that government payment. Sixty per cent of the income of child-care providers comes from the child-care benefit scheme.

The provision of tax benefits, enabling people to access child care and increasing the affordability, is not going to reduce any equity for providers or employees. The question you

raise is an important one, in the sense that there is affordability as one issue and then there is availability of places. At the moment, the availability of places, which is probably equally as important an issue as whether people can afford to pay for child care, relies 100 per cent on how much money government provides, because providers rely on—

CHAIR—You heard those figures that were used by our last witness—that it acted as seed funding and brought in a lot more revenue. It is probably not in fact a net expenditure but a net gain. Do you agree with that?

Mr Beri—I have not had a chance to look at that paper. I need to study it in more detail and look at the assumptions that they made. There is no doubt that providing subsidies for child care that enable people to work creates a net gain to government in tax revenue, because money is collected from people who are working, because they can afford to put their kids in care. It is a no-brainer in terms of the benefit to government.

CHAIR—But, logically, it should apply also if people want to employ people in their own home and eat into the cash economy.

Mr Beri—It would have to be regulated. The government would have to consider that as an issue of quality. You may want to extend, for example, the FBT exemption to non-workplace child care, but you would have to have some kind of regulation of that; it could not be just anything. You might have to phase it in, for example.

CHAIR—If you had a situation where the person who is currently employed in households doing those tasks had a tax file number and a small withholding tax, instead of simply taking cash in hand, you would really eat into the black economy.

Mr Beri—That is right.

Ms Tranent—The submission refers, at the very end, to ways to include those people in the tax system. If you are salary sacrificing for the care, you do not get it as money, because you cannot. You get it as a voucher or a payment by the company to the carer, so that there is a trail. That will always come within the tax department.

Mrs IRWIN—You just mentioned the word ‘voucher’. I understand that you have advised the French government that a voucher scheme is the most effective way of delivering their human services objectives. Can you just explain a little more about the voucher system? Is the French government taking that up? What is the cost factor involved?

Mr Beri—It is actually our client Accor that has been advising the French government, but we act for Accor here and we can talk to you in general terms about the voucher scheme, which is the one that the French government is looking at. A voucher scheme has been applied in Europe for the last 50 years. It is a scheme that effectively means that the government provides, say, a tax incentive for a particular activity. Let us take the UK as an example: the government provides a tax incentive of £50 per person if the employer and the employee have an agreement for child care. The incentive is that both the employer and the employee have to pay what is called a national insurance contribution, which is equivalent to a superannuation charge. If the employer and the employee reach an agreement on child care, both the employer and the

employee are exempt from paying that insurance contribution, to the value of £50, so they both get a tax break.

The way that the break, the £50, is provided to the employee is through a voucher scheme. So the employer contracts somebody like Accor or Sodexo or any of a whole range of other providers that are out there, and the employer says: 'I've got 100 employees. They all want child care. This is the value that I want to provide to them.' Accor provides those people with vouchers to the value of that amount and those people use the vouchers to pay for child care in a network of child-care providers that Accor has established. For example, Accor is the largest child-care voucher provider in the UK.

CHAIR—It is a proprietary voucher as distinct from an instrument that could be cashed anywhere?

Mr Beri—That is right.

CHAIR—It is issued by a particular group and it is usable within that group?

Mr Beri—Within a particular network, for a particular purpose. In Europe, governments use that concept. It has been paper vouchers and now Accor has pioneered an electronic voucher. The person can be at home, tap into their child-care account on their PC, see how much money the employer has given to them for child care and figure out where it is being spent. They can manage their own accounts, if you like. It is a great tool for even claiming the child-care benefit that people have to do now. At the moment, you have to fill out the forms and claim your child-care benefit each year. You can do it through a paper voucher system, an electronic voucher system or a smart card system. For example, we have been talking to the government about the smart card for health and welfare.

Mrs IRWIN—Are you talking about the French government or the Australian government?

Mr Beri—The Australian government.

Mrs IRWIN—You have been talking to them about it?

Mr Beri—Yes. It is something the government has been thinking about. Potentially, you can use that card for a whole range of things.

Mr QUICK—How do you cater for regional differences in prices? If you are in the Paris CBD, the cost of child care is different from the cost in the Loire Valley or somewhere else. Your money is going to be worth less in particular areas. How do governments compensate for that—for the regional differences in the voucher system? Or don't they?

Mr Beri—The incentive that a government might provide is effectively the same. The amount that the employer wants to provide is up to the employer, but if there is an incentive that is being provided it is standard across the whole country.

CHAIR—Fifty pounds, \$140 or whatever, does not buy very much.

Mr Beri—No, that is right.

CHAIR—Is that for a week or for a year?

Mr Beri—It is for a week.

CHAIR—That is better.

Mrs IRWIN—That is all right; that sounds interesting.

Ms Tranent—That kind of salary sacrificing system, when you talk about the remote and the regional places, is good for those places because that is where, having lived in those places most of my life, you do not have big employers who can possibly have child care on site. It is good that you can go to your family day care or have a live-in person or whatever and use it.

CHAIR—And you can spend it as you wish.

Ms Tranent—Only on child care; you cannot get money. And it has to be a child-care person who is registered within that system.

Mrs IRWIN—And with the voucher system, you would have the employer and the employee involved as well.

Mr Beri—Yes, that is right. In other words, rather than the government spending the administrative time to not only provide the subsidy but to also administer the subsidy, the government is basically saying: ‘We want to provide the subsidy. We’re going to do it through the tax system. We’re going to create a market for employers to look after their employees. We’ll obviously give them a helping hand through this incentive.’ And, because we have got this voucher scheme or a smart card scheme or other kinds of instruments that you can use, the government is ensuring that the subsidy that it has provided is used for that specific purpose. It cannot be used by the person to pop down to Kmart and buy whatever they want to. It has got to be used in a network that is dedicated to the use of that particular subsidy. Governments use this for child care, for the care of the elderly, for providing subsidies for asylum seekers who live in a community, for transport, for education, for schoolbooks—a whole range of things. It has got an incredibly diverse platform, and child care is one of the elements.

CHAIR—When you say the government provides a tax incentive of £50 per person per week in the UK, how do they do that? Do they pay that to the employer or do they pay it to the employee?

Mr Beri—When I say it is an incentive, I mean that the £50 is something the employer would have had to pay to the government. It is a tax that the employer and the employee have to pay, and the government says, ‘That is cancelled; you don’t have to pay that. That is our break to you; we are giving you that for free.’

CHAIR—We have no equivalent of that. The OECD thinks that is a very good thing, because it means we can afford our ageing population; whereas the UK cannot.

Mr Beri—Yes, that is right. When I described the UK example, I was not suggesting we should create that kind of system.

Mrs IRWIN—It is interesting, though.

CHAIR—You could still create that sort of system, without it having a welfare payment offset.

Mr Beri—Yes.

CHAIR—You could make it a direct subsidy or trade it off against something else—like what?

Mr Beri—You could think about it in terms of the FBT exemptions. As we have said, at the moment you can only receive the FBT exemption if you are setting up a workplace facility. But if you wanted to provide your employee with an employee benefit for child care that they could use anywhere—and you would be doing that because that would be FBT free—

CHAIR—Could you, for instance, offset a payment against an FBT obligation, rather than get the exemption?

Ms Tranent—Yes, or more likely an employee would salary sacrifice for that amount, so they would have the consequent reduction in tax without the FBT penalty. So, instead of receiving my \$1,000 a week, I would only take \$900 a week and the \$100 would go directly into the child-care system.

CHAIR—Which would then be exempt from tax?

Ms Tranent—That \$100 would be, yes. I would pay tax on the \$900 but my CCB would be reduced or stay the same, because my FBT is taken into account when calculating it. But it would also allow me to work, whereas before I could not work, because 50 per cent of my salary goes on child-care costs—

CHAIR—That is right. And you pay for that child care after tax.

Ms Tranent—Yes, I am paying for it after tax. This way I would be better off and I could afford to go to work. That, in the end, is the ultimate benefit—that people can then afford to go to work.

CHAIR—And GDP can grow.

Mr Beri—Yes.

Ms Tranent—That is right; and we do not lose all those women in that bracket between about \$20,000 and \$50,000 per year, who are sitting at home because it is not worth going to work.

Mr Beri—And if that benefit is provided by the employer to the employee through some kind of instrument—a voucher or a card or whatever—then the employer is ensuring—

CHAIR—You are really talking about a voucher that gets expressed in some other electronic form, but it is basically a voucher concept?

Mr Beri—That is right; it is a voucher concept. If there is a link between what the employer provides—which attracts the incentive—and what the employee receives and if the employee can only purchase that particular child-care service then the government is certain that the incentive that they are providing is going towards the right thing. There is a policy intention that we want to provide the incentive to support child care.

CHAIR—Let us look at what has happened in the United States, where very often they have transferred the burden of providing social services to corporations, instead of government paying for it out of the budget. You get the situation of General Motors, where the cost of transferring health benefits, or of giving breaks or incentives to the corporations to provide healthcare and retirement benefits, has been transferred to the corporations. This has made that company totally uncompetitive. A \$2,000 charge is set on every vehicle made, just to pay for those services. It seems to me that this sort of deal could have the same outcome.

Mr Beri—No, because in that circumstance you have got the government making a policy decision that they do not want to provide that subsidy; they want the employer to wear it 100 per cent.

CHAIR—That is exactly what the United States did. It decided that the government would not wear that but would transfer the responsibility to the corporation. What that has done is kill the corporation. It is not quite dead yet.

Mr Beri—This model is not suggesting that the government abrogate its responsibility. In our view government does have a responsibility to support families. This is really about reducing the burden on government. Either government can carry the burden—

CHAIR—No, but that is the whole point I am making. If you reduce the burden on government and transfer it to the private sector, you can actually put somebody out of business—long term.

Ms Tranent—But what this is doing, because it is on a salary sacrifice basis—

CHAIR—The government is still wearing it, because it is losing the tax.

Ms Tranent—It is losing the tax, and the company is not wearing it, because the employee is actually paying for it out of what should have been their gross salary.

CHAIR—So in other words it is a different way of effectively reducing the tax burden for the employee without it impinging on the business?

Ms Tranent—Yes. In a very competitive environment such as the one we have now in some fields—where it is impossible to get staff—an employer could decide to pay that child-care benefit themselves as a way to attract staff. But that would be an economic—

CHAIR—But that is a different question.

Ms Tranent—Yes, it would be his decision to do that. But it is about transferring some responsibility away from the government back onto employers and employees, to create a system where they can go back to work.

CHAIR—If we look at the structure we have got now, the child-care benefit is paid. Now we are going to add to it the child-care rebate. And we have already heard that the purpose of the rebate is really to lessen the gap, because of the escalation of costs. How would a third mechanism work with those two? Please excuse me, I have to take a call.

Mr QUICK—I think what the chair is trying to say is that, if we add another tier, then parents and directors of child-care centres end up being just like school principals, rather than focusing on early childhood learning and making sure that kids are looked after in child-care centres—they are flooded with paperwork. So how do we simplify the system to get maximum benefit and access to child care? How do we lessen the burden on the employee and the employer, but get people back into the work force?

Ms Tranent—If you removed the fringe benefit from child care, would you still need the rebate? That is the thing. The rebate comes too late to be of much use. The rebate is only useful if you can afford to pay up front, wait a year and then get some money back; whereas a weekly salary sacrifice and lessening of tax would be far more effective and helpful to parents. If you get rid of the rebate and make it FBT free to salary sacrifice for child care, you are offering the same result to families, only on a day-to-day basis, on a basis that is much more useful. You do not need the rebate if you make it fringe benefit free, and the cost is about the same.

CHAIR—That is going to be fine for big business but that is not a great incentive for people in small business.

Ms Tranent—But for people in small business it is the same. If I just worked for Vish and I were his only employee I could salary sacrifice to my family day care mother—anywhere. It does not matter whether I am in Thursday Island or in Sydney; I can choose my child-care provider, have them register within the system and Vish deducts my \$100 a week or whatever and it goes straight in.

Mrs IRWIN—On page 30 of our books—I think it is page 9 in yours—you have a graph showing salary sacrifice.

CHAIR—You are saying basically that you think it would be better, instead of adding a third layer, to reorganise it?

Mrs IRWIN—Yes, using salary sacrifice.

Ms Tranent—Yes, using salary sacrifice—making it fringe benefit free so you get the benefit of it every week and it applies to everybody. Everybody can get it then.

Ms KATE ELLIS—I am curious about what the reaction has been from employers to the introduction of similar things overseas. What we are basically talking about is shifting the focus so that a lot of the attention goes onto the relationship between the employer and the employee.

What extra burden does that place on employers, particularly small business employers, and what has their response been to similar schemes? Do you have any evidence in that regard?

Mr Beri—In the UK about 30,000 employees of 20 employers use the Accor system. Those employers are larger corporations and government departments. There is not a lot of available evidence about the use by small or medium sized employers and their employees. The difference with the UK and other countries, particularly with the UK, is that they do not have a public system like we do, so they do not have a child-care benefit. The government provides nothing. That is why the government can afford to provide the tax break—because there is nothing else available. In that vacuum, employers and employees will happily come to that kind of agreement. We have just proposed here the use of that same kind of concept in relation to the FBT issue as a complement to what the government is providing. The expenditure by the government on the child-care benefit, for example, has gone up by 67 per cent in four years.

CHAIR—But that is because they have expanded the number of places too.

Mr Beri—Yes. That is an enormous burden. Because the population is ageing, people are dropping out of the work force, the birth rate is small and people are not coming into the work force, the amount of people paying tax is reducing. But people have high care costs, particular for elderly parents.

CHAIR—I wanted to come to the other end of the spectrum because the same system can work for having carers for aged parents or disabled children, which is another area which is desperately in need of attention.

Ms Tranent—Yes, parents with disabled children are at a real disadvantage because they cannot put the children into anything; they have to stay home. If they could salary sacrifice for care of a disabled child, it would give them the break that they need; it would allow them to have some kind of life outside of the home and know that the child was being cared for. It would be really good for them. The aged care thing is going to get bigger and bigger.

CHAIR—It is, except fortunately not only are we living longer but we are healthier. The compression of morbidity is real, so the portion of your of your life when you are going to be crook and disabled is now smaller than it was previously. That is the good news.

Ms Tranent—That is something to look forward to.

CHAIR—The other good news is that you have to stay in the work force longer!

Ms Tranent—You are very keen on that, aren't you?

CHAIR—Absolutely; we cannot do it without it. But that is not everybody. A very interesting study was done that shows that, if you break the work force into four, the first quarter is people who always stay on top of their issues, retrain and are really active and with it; the second quarter is people who are pretty good at it; the third quarter is people who are not so good; and the last quarter is people who say, 'I'll retrain over my dead body.' We want to retain in the work force the half that is made up of people who are active and want to retrain. We do not want everybody to work until they drop; we want to keep the people who are active, able and have

that drive. That, along with women going into the work force, keeps GDP growing quite considerably.

Interestingly, women of a mature age are staying longer in the work force on the upward projectile than men, although, because they start off from a lower base in numbers, it is more difficult. The success rate of mature age women who go back into the work force and retrain is quite high. We are not only talking about women of childbearing age or with children; we are also talking about those people who have responsibilities to look after aged relatives and so on. This could apply at both ends of the spectrum.

Mr QUICK—This would sort out the waiting lists. Would there suddenly be a building boom in child-care centres as a result of this? Would it alleviate everyone's problem?

Ms Tranent—It opens up a whole lot of other options other than institutionalised care.

CHAIR—The introduction of community aged care packages that allow people to stay home longer has resulted in 50 per cent of people who take those packages never going into institutional care. The other 50 per cent do but at a much later stage. So they have got quality of life at home and their stay is much shorter, which in turn gives more efficiency to the existing use of stock, which is true of child care.

Mr Beri—There are two responses to that. As Annette and the chair were just saying, you can use it anywhere. You do not necessarily have to build a centre. But in relation to creating child-care places, at the moment if you think about it in terms of the market, the only revenue stream that is used as an investment is CCB. This is another revenue stream that comes in, albeit funded partly by the government through the tax incentive. But, particularly if people are salary sacrificing, it is another revenue stream that is available for people.

CHAIR—This is their new revenue stream. It does not necessarily mean you take away the child-care benefit. That could still stay there.

Mr Beri—Absolutely.

Mr QUICK—It would be a far more simple scheme, though, wouldn't it?

Mr Beri—Yes. It is a complement to the child-care benefit. Government policy is to provide the child-care benefit scheme. We think that that is a very good policy because it is consistently the principle we have been talking about. It provides support for an up-front cost. But at the moment the tax system does not complement that. It calls for tax deductibility and tax rebates. That is all fine but that is not helping the up-front costs.

CHAIR—Which is why the ABC policy of allowing them a 30 per cent rebate now to repay it later has been so successful in its take up.

Ms Tranent—It would be because it is the only way it is of any use. If you have to wait a long time—

Mrs IRWIN—We are talking a lot about salary sacrificing and carers within the home. But we have a lot of grandparents—granddads and grandmothers—who are caring for their grandchildren just to help their kids out. How would this affect them if they were on an aged pension?

Mr Beri—If they were part of the tax system and were receiving that as income?

CHAIR—They would pay tax. It would have to always be an arm's length transaction. You would have to have a tax file number and withholding tax. It does not have to be very big to be effective—to provide the trace. Do you agree with that?

Ms Tranent—That is right. In the case of grandparents, the tax that they would ultimately pay would only be very small.

Mr QUICK—There would be family cohesion in lots of cases; the pressure would be off growing families.

Ms Tranent—That is right, and the grandparents would not feel that they were being used. They are actually getting something for it.

Mr Beri—Did you want to talk particularly salary sacrificing?

Mrs IRWIN—No. Keep going.

Mr Beri—In terms of the costs, the FBT issue that we are talking about is actually supported by the Australian Chamber of Commerce and Industry; the Australian Industry Group; the National Diversity Think Tank, which is a collection of 14 large corporates, including **Lend Lease, Holden and most of the financial and banking institutions; and other corporates, such as Accor, whom we act for, Manpower, a large recruiting firm, and McDonald's.** Accor employs about 10,000 people in Australia. Most of those people are casuals but Accor would love to be able to give them the opportunity to salary sacrifice or even in some circumstances give them an extra top-up for child care, because it is an industry that relies on people where there are skills shortages. As you know, the work force of McDonald's is pretty casual but they are firmly behind the notion of having flexibility to provide that kind of child-care benefit to their employees. It does not just appeal to more traditional types of—

CHAIR—It applies to everybody.

Mr Beri—Exactly. In fact, we would argue that the tax deductibility is more attractive to higher wage earners—lawyers, bankers—because they can afford to pay up front. They can afford to pay a nanny up front and then claim it back at the end of the year, whereas a low- or middle-income person cannot even afford to pay it up front. We have looked at the costs and the nationally agreed cost of child care is about \$18,000 a year for two children in long day care, such as an ABC child-care centre. That is a figure the Department of Family and Community Services uses. That works out to be about \$360 a week for a child. If you are on the minimum annual household income, which is about \$33,000 a year, you get the maximum child-care benefit, which is \$140—about 75 per cent of your child-care costs—so that is \$140 out of \$360. If you are receiving the maximum household income of about \$90,000 a year, you receive the

minimum child-care benefit, which works out to be about \$40 a week per child, so that is \$40 out of \$360.

CHAIR—Is \$90,000 the cut-off period?

Mr Beri—After \$90,000, people start to get the absolute minimum: 10 per cent of your child-care costs.

CHAIR—Is that paid to everyone or does it cut out absolutely somewhere along the line?

Mr Beri—If you are someone whose family earns \$90,000 and you claim it, you could still get.

CHAIR—What if people are earning, say, \$130,000 a year?

Ms Tranent—I think there is a cut-off at the top end somewhere, but I have never been there.

CHAIR—I think the lowest it goes down to is \$11-something a week.

Mr Beri—I am not aware of an absolute maximum cut-off, but I do know that if you earn over \$90,000 you are entitled to 10 per cent of your care costs if you claim them. The thing is that most people at that level would not bother claiming them.

CHAIR—I bet you they do.

Mr Beri—In the work that we have done on the FBT, we have focused on those families whose household income is between \$60,000 and \$100,000 a year. They are in a bracket where they are receiving the minimum CCB. They are receiving the minimum rates of family tax benefit part A. For example, say a family earns \$90,000 a year, with both people earning \$45,000 each—for instance, a nurse and a teacher—they are not earning enough to benefit from the government's tax cuts, but together they are earning too much to get much child-care benefit or much family tax benefit A. It is those people—and there are about 640,000 of those families in this country, so it is about a third of the total number of working families—in the middle who will find it tough, because they are not getting a lot of government subsidy and they are missing out on the tax cuts.

CHAIR—So they get virtually nil?

Mr Beri—They get virtually nothing. The research in this area is scant and there is probably an opportunity for somebody to do some research in this area but, anecdotally, the research we have done indicates that those families, particularly those living in a large city—

CHAIR—They have a big mortgage?

Mr Beri—A big mortgage; 40 per cent of their income.

Mrs IRWIN—Plus, in some cases. Some of them have had to go back to work just to pay their weekly mortgage.

Mr Beri—That is right. So, even if you use the nationally agreed figure of \$18,000 a year for two children in care, that is almost equivalent to half someone's salary. As part of the survey we undertook in relation to the 30 companies that I mentioned before, the kinds of child-care costs their employers were saying that their employees were facing were up to \$42,000 a year in Sydney and \$33,000 a year in Melbourne.

CHAIR—Instead of \$18,000—

Mr Beri—Yes.

CHAIR—which is the real cost in Sydney?

Mr Beri—Yes, that is the anecdotal feedback you get when you are talking to these employers.

CHAIR—It makes private school fees look cheap, doesn't it?

Ms Tranent—It is much better to have them in school than in day care.

CHAIR—That is crazy.

Ms Tranent—Yes, I was just thinking before that this is the first year in 15 that I have not had child care. I could not wait to get them into school when mine were in long day care, because even if you put them in a good private school it is still cheaper and at least you are getting something.

Mrs IRWIN—That is what we are getting from our constituents who have got children in child care as well: 'I love my children dearly—they grow up so quickly and I am not wishing their lives away, but I cannot wait for them to start kindergarten, because I am going to be that little bit better off financially.'

CHAIR—Can we look at the French situation? In France, as I understand it, there is a guaranteed place in preschool education from three years of age, and it is universally available without it being a huge cost on the parent. Is that the case?

Mr Beri—Yes, in terms of their education system the French put the most emphasis on the first 10 years of a child's life. So the people who get paid the most in the French system are the teachers at that end of the scale—the kindergarten, preschool and early childhood education teachers. They are the ones who do the hardest training, they are the brightest and if you think about it from a university entrance point of view they have got higher levels of competence than the rest of the teaching fraternity. So they put a lot of emphasis on that side because they feel that that is the most important.

CHAIR—Has anyone done any work on what it would cost to implement a system of having a universally available preschool from the age of three available in this country?

Mr Beri—I am not aware of that, someone may have.

Ms Tranent—Queensland. At the moment they go from four years old, I think, or five. We have the compulsory preschool year from next year or the year after.

Mr QUICK—I think you will probably find that there is a national preparatory year.

Ms Tranent—We have never had that before.

CHAIR—There is an increase now in the age to start kindergarten—is it six years of age? It is different in every state.

Mr QUICK—It is five now.

CHAIR—Have they done it? Or are they still talking about it?

Mr QUICK—I am pretty sure.

Ms Tranent—I think we start year 1 at six. You go to preschool at five and kindy at four.

CHAIR—What has happened is that because you start at five in New South Wales, when Defence families, for instance, move from New South Wales to Queensland it is a nightmare.

Ms Tranent—That is right.

CHAIR—Because their kids are repeating a year or else they are pushed further.

Ms Tranent—We are about to bring in compulsory full-day, full-week preschool at five, which starts our kids a year earlier.

CHAIR—And it doesn't mean that first class is still two years away?

Ms Tranent—It is only one year away, because they do preschool then year 1.

CHAIR—So there is no kindergarten?

Ms Tranent—Kindergarten is an option if you want to do it.

Mrs IRWIN—I think that is similar to when I was a lass many moons ago. I think we had kindergarten then transition, they used to call it. Do you remember, Chair? Then we started first class. That is another story for another day.

CHAIR—But you moved out of kindergarten into transition in the same year. It was not an extra year.

Mrs IRWIN—Correct.

CHAIR—It had to do with academic achievement. If they saw you were moving ahead and your reading skills picked up and so on you got put into transition.

Mrs IRWIN—I think I go along with the chair on the French model. They are doing an excellent job.

Mr Beri—Certainly the plan that we sent you that their department of labour put together is a very grand and ambitious project to join the dots between the different agencies responsible.

CHAIR—It is very much part of their policy to raise the birth rate. Theirs is about on par with ours at the present time. Interestingly enough, when I was in France discussing these issues, at one stage I was told that historically France always wanted a very stable birth rate policy because it had to keep the Foreign Legion going. I do not know if that was told to me in jest.

Mr Beri—I think it might have been. I think the people who join the Foreign Legion are not actually French.

CHAIR—It also had to keep up its own compulsory intake in case of war in Europe. But now they are getting rid of compulsory military service, so I am sure a lot of that was in jest. Nonetheless, they take it very seriously. For whatever the reason, they take it very seriously.

Mrs IRWIN—So we have got no knowledge of whether it has increased the birth rate at this stage?

CHAIR—It is similar to ours. It might be up to 1.78 or something like that. We are about 1.73, aren't we?

Ms Tranent—Yes.

Mr Beri—They have got exactly the same problem with a low birth rate and an ageing population. So they figure, 'That just means in a policy sense that people need help with their everyday care, so we need to do something to make sure policies are joined up to deliver that.' That is what that plan is about.

CHAIR—There is also the fact that at three it is pre-school, but it is not a minding phase; it is a learning phase.

Mr Beri—That is right. They do not want people to make perverse decisions. If I come back to that example about those people in the middle—those 640,000 people that we are referring to—if their child-care costs, for example, are so high that they are eating up one partner's total salary or the majority of their salary, one of those people is going to make a decision about it: 'What's the point of working? I might as well stay home—'

Mrs IRWIN—A lot of them are doing that now.

Mr Beri—'and get more government welfare, because we are dropping our income down.' It is perverse.

CHAIR—Then there is the other problem, of the high breakdown of families—there is a 50 per cent chance of that happening. The irony of divorce and marriage breakdown is that it

actually adds to the GDP, because you have to create extra households, there is an extra garbage collection service, there is extra gas sold—there is a whole lot of things.

Mr QUICK—God!

CHAIR—It is true. And GDP grows.

Mr QUICK—And greater poverty and greater—

CHAIR—It means that, from a woman's point of view, you never want to lose your skills, because you never know what fate might have there. You have to be able to go out there and be the breadwinner for the family if necessary. Again, by having services, you allow women to do that so that they do not become the potential poor.

Mr Beri—That is right. Look at the statistics in terms of undergraduates and postgraduates—women are by far the majority in coming out of university, but that is not reflected in the working situation, often because of this difficulty with the cost of care and the fact that they have the children. There is a sense that they are the primary carers, and they make the decision to stay at home. The country is losing the investment; it is not maximising the investment made in those people's education.

CHAIR—It is a huge investment we make in education and we are entitled to get a return on the investment.

Mr Beri—Yes, and it is not being done because other policies are not creating that opportunity. They are hindering the return on the investment.

CHAIR—Is a large part of the participation rate of women, which is at an all-time high now, due to the fact that a large percentage of women are never going to have children and another very large group have postponed their child-bearing years?

Ms Tranent—Yes, that is part of it. The participation rate is also made higher by the number of women who are in part-time work. There are still lots of them doing two or three days rather than the full-time load. That has increased more and more. But the putting off of birth rates until 30 or whatever we are up to now—

CHAIR—Early or mid-thirties.

Ms Tranent—has really kept them in the workplace longer. The situation of families in which the parents have separated and the woman becomes the breadwinner is one of those issues. That is why the salary sacrifice is good for them, because they do not have that second wage to fall back on. They need to be able to support a family and put the kids in child care.

CHAIR—We are also starting to see a new phenomenon where the woman can be the major breadwinner in the family, so the salary sacrifice would be very helpful there, wouldn't it?

Ms Tranent—Yes. Potentially, I suppose, either one could salary sacrifice, depending on which was better for their family situation.

Mrs IRWIN—You would have to have that.

Ms Tranent—You would not want both, I suppose, because you would lose too much.

CHAIR—What would happen if it were both?

Ms Tranent—You would lose too much in tax, I think.

CHAIR—So you have to choose.

Ms Tranent—You could have both in that there would be a limit as to how much they did. It is getting complicated then. If both could salary sacrifice, it would start to get complicated.

CHAIR—We are running behind time. We might make another time to reconvene with you. I think there is a lot to cover.

Mr QUICK—We can run some scenarios past you guys.

Ms Tranent—That would be good.

Mr Beri—If you have any questions that you want answered before the next time we meet, please send them to us and we can do some research on the answers.

CHAIR—Okay. Thank you very much. We are very appreciative of that. We will talk to you again.

[11.12 am]

GANLEY, Mrs Kay, Chief Executive Officer, Charlton Brown Group

CHAIR—I ask the secretary to swear the witness.

Witness was then sworn or affirmed—

CHAIR—We have received your submission and we have had a quiet briefing of the committee previously in Canberra. Would you like to make an opening statement for this public hearing?

Mrs Ganley—Yes, I certainly would. I am here to talk to the committee about work-family balance and how nannies and in-home care can contribute to more choice. For the record, Charlton Brown is a privately owned business. Primarily we are a registered training organisation delivering training in nanny child care, aged care, disability care and out-of-school-hours care. We operate a nanny business where we place nannies in homes throughout Australia, and we also train for the overseas market. We have an in-home care contract in New South Wales, Victoria, Queensland and the Northern Territory to provide families who meet certain criteria with access to approved care, enabling them to access the child-care benefit. Is that sufficient at this stage?

CHAIR—You might like to elaborate on that last point you made about the in-home care program.

Mrs Ganley—The big difference between a private nanny agency and in-home care is really the difference between registered care and approved care. With registered care, there is no government subsidy, although families can claim the minimum 16-odd per cent. Approved care is where parents and families can obtain the child-care benefit. It is called in-home care. It is funded by the federal government and administered through the states. Companies and not-for-profit organisations apply for these places. In Queensland we have 70 places, in the Northern Territory we have 40, in New South Wales we have 30 and in Victoria we have 30.

This is for families who meet certain criteria—for example, if they have four children under school age; if they live in a remote rural area where they cannot access family day care or child-care centres; if they work odd and unusual hours, such as shift workers or casual workers who really cannot obtain places in child-care centres or family day care centres. It is not to replace those provisions; it is to supplement or give families who cannot access that service a chance to participate in the work force.

The biggest challenge for the provision of in-home care and the private nanny service is, as I said in Canberra, the black market, where unfortunately families will pay cash in hand to have somebody look after the children, without adequate risk preparation. For instance, these carers may be unqualified, with no insurance, no work cover and no correct payment procedures. We see this as a big challenge.

One thing that I would like to emphasise through this opportunity is that if there were a way to regulate the in-home care nanny service and put it on the same platform as child-care centres and family day care centres, then there would be a way for parents to access the approved care, which would give them subsidy, which would allow the carers to be paid adequately and allow the service to be financially viable for families.

CHAIR—Perhaps you could tell us a little bit more about that approved care. How many places are there Australia-wide?

Mrs Ganley—Unfortunately, I do not have those figures with me.

CHAIR—Then how many do you have all up? You might want to take that on notice.

Mrs Ganley—One hundred and forty.

CHAIR—And you literally have to bid for them?

Mrs Ganley—Yes, you have to tender for them. There is a review into the in-home care. We need to emphasise that this is in-home care for child care, which is not be confused with in-home care for the aged or the disabled.

CHAIR—Yes, it is not like community aged care, but the tendering process works in about the same way?

Mrs Ganley—Similarly, yes.

Mr QUICK—Anecdotally, is there a greater demand than the number of places being provided?

Mrs Ganley—Yes, there is.

Mr QUICK—What is the gap?

Mrs Ganley—The way that our organisation works is that we put the families onto registered care, which is our private nanny service. When a place becomes available in the in-home care we can transfer them across. For instance, because our head office is based in Queensland, we are better known in Queensland, so the demand here for us is higher. At any one time we would have 30-odd families waiting for places in our in-home care provision. The other part is that it is not well publicised, because families are always surprised that the service is actually available, if places are available.

Mr QUICK—So are the criteria and the guidelines very prescriptive?

Mrs Ganley—Yes. Regarding the in-home care review that has just taken place, we have advocated for our families in remote areas, particularly in the Northern Territory and in western Queensland, where we always have families on the waiting list. It can be more difficult to get those places filled; however, in the Northern Territory we had 40 places and 40 were filled. A requirement of the in-home care is that it must be related to work. That can be awkward on

properties: when is the family working and when are they at home? We have put forward some submissions about that to the in-home care review.

CHAIR—That is interesting.

Mrs Ganley—There are areas of confusion there. We would like to congratulate the federal government on this initiative of in-home care provision. Prior to this, there was no subsidy available to families who could not access centre based or family day care because they lived in remote or rural areas, because they were shift workers or because they had an ill child. We have demand from people in very unfortunate circumstances, such as where children have cancer et cetera and they cannot access care. There are also children or young people with disabilities who are in care or in integrated situations but for after school hours they need a break and need individual care.

Mr QUICK—Is there anything in the drought package that the government spends hundreds of millions of dollars on that goes towards alleviating some of the problems in remote areas in Australia?

Mrs Ganley—Not that I know of.

Mr QUICK—Should there be?

Mrs Ganley—Absolutely. That is where more of a whole-of-government, interdepartmental approach would help those families.

CHAIR—Can a disabled child get it too, where there is a family—

Mrs Ganley—In certain situations. I think it is up to the age of 18. I need to check whether that is 15 or 18. There is some confusion and some argument about that. For instance, we have a family with two autistic sons. They are concerned that when those boys become over age they will miss out on the in-home care. We have a family with a son who is severely intellectually handicapped and has some bizarre behaviours. That afternoon care keeps the mum at work. By the time he has had all his integrated experience for the day, he needs that one-to-one care of an afternoon and often at the weekends.

CHAIR—I do not know whether you heard our last witness.

Mrs Ganley—Unfortunately, I did not.

CHAIR—It was most interesting. We were discussing the possibility of salary sacrificing as a way of providing tax relief for parents to enable them to afford care where they choose. This could be something that could apply when they run out of the in-home care. It could apply if they are on a wage, of course.

Mrs Ganley—There are things that we should start to look at using to support families and provide them with choice. Also, we hear that there is a shortage of places for children under two. If there were the opportunity to regulate or accredit in-home care in the same way that child-care centres and family day care centres are regulated and accredited, then families would be able to

access the funding that would allow a carer to work in the home during that time. That would help in shortage situations such as the one we have at the moment for places for children under two. At the moment, it is expensive for families without any subsidy to have a nanny working for them.

Mr QUICK—Should we just have ‘family care’ rather than family day care, family child care, family in-house care and so on? Government departments thrive on building little empires of payments and regulations and the like. Should we just have a family care payment where, as the chair said, you salary sacrifice? That money could be provided through a voucher or an electronic card and could be spent on a registered provider. As you say, there are a whole lot of unregistered providers—a huge black economy. If you had that kind of payment, there would be no excuse for family care not to be provided for every Australian family.

Mrs Ganley—And then every Australian family could choose the kind of care that would suit them. One of the arguments that we would have is that families require different care at different times. I absolutely agree with what you have suggested. I will give you an example: we have a family where the mum is a nurse and she has four children, including one set of twins, under school age. You could imagine how difficult it is for her to try to get the four children prepared, into the car and into child care, and then get herself off to work and then back to pick them all up and put them in the car. Whereas, thinking of work-life family balance, having a carer looking after those children at home allows her to go to work without being worried about time constraints. The children are well cared for. As the children grow older and she would like them to go to child care or to family day care, there should be a transition. It should not be one against the other; it should not be competitive within the services. The services should be cooperative and provide the care that the family needs.

Mrs IRWIN—What is the cost structure? How much would it cost for in-home care in that circumstance where the woman is a nurse and has someone coming in on a daily basis to look after the children?

Mrs Ganley—The cost of the position is per hour and the care is claimed per child and it depends on the woman’s taxable income. I know that, in that particular case, she pays a minimal amount because she accesses approved care.

Mrs IRWIN—How much would that be?

Mrs Ganley—She might be paying \$2 an hour, because of the number of children she has and the position she is in, whereas somebody who has one child might be paying \$26 an hour.

Mrs IRWIN—In this particular case is she a sole parent?

Mrs Ganley—Yes.

Mr QUICK—The system is mad, isn’t it? It is either a taxation and lawyers’ nightmare or their best friend. Families would like to know that they can go to work, that their children are in the best care and that the caregivers are highly trained and skilled in early childhood. To me, the simpler the system, the better the productivity and return to GDP; families in some cases would

be stronger and, hopefully, the divorce rate, the fear of the mortgage and the like would decline in lots of cases, and you would have far more productive and happier workers in your workplace.

Mrs Ganley—A simpler system where the different services cooperate and do not compete, and one regulatory system, are really—

Mr QUICK—But that nurse might be working at the Brisbane Royal Children's Hospital, where she could salary sacrifice and then spend that money to provide in-home care, and not worry about taxation and all the other things because she has the money in hand to pay for the service. Her employer is happy because she is there regularly doing the shifts she needs to do and the people she looks after at the hospital are happier because there is continuity of service provision, so the whole system works so much better.

Mrs Ganley—You also have a pathway for your qualified carers, so you have two things working: families who are more secure, where the parents can fulfil their roles better in their positions in employment; and good employment for people coming up through the system. The other point that we should raise is the opportunity for women to then return to the work force in a caring role. Women who are looking for part-time positions, and women who have good experience and who we want to access the work force, can pick up some of these roles for women who only want to work part time for family reasons. There is a balance there.

Mrs IRWIN—You stated on page 1 of your submission that there is a lack of training in the industry. What type of training does the Charlton Brown Group give to people?

Mrs Ganley—We are a registered training organisation. We have what we call a short nanny award course that is just 12 weeks, and that does the basics. We then go on to a certificate III, to a diploma and then to advanced diploma. Interestingly, even though the nanny award course is only a short course, we have kept that in place because we want people to have some qualifications. Remember, our competition is people with no qualifications at all. We have balanced that to have at least a course that does basic life-saving, self-defence, senior first aid, defensive driving plus child development and baby care. They do prac in the home of somebody with a newborn and a toddler. The theory is done on campus and is full time—it is intensive—and the prac is done in a family home. We found that, by keeping that course intact, we have the opportunity to move people through to the certificate III. The certificate III allows them to work in a child-care centre in Queensland as a qualified assistant. In different states, we have different arrangements. They can then go through to the diploma. The interesting thing for us is that many of our students will go through to the diploma and then choose to work as nannies. People have a choice and can move in the industry as well.

Mrs IRWIN—I think you explained that to us when you were before the inquiry in Canberra in June. There is a fee for each of these courses, isn't there?

Mrs Ganley—Yes. Because we are a private training organisation, we do charge fees. Students are able to access a student allowance if they are eligible. Sometimes we have students who are subsidised through various job networks. We have also had students funded through what is called the VETPPP, or the Vocational Education Training Priority Places Program. We have also had two funded courses and we have three more coming on through the multicultural centre in the valley here. They access community partnership money, which, again, I think is

funnelled through the federal system. Of course, they do not do child-care training, so they outsource that to us. We do have some funded places but we do not have funded places of right. Being on the national board of the Australian Council for Private Education and Training, I have a huge commitment to the training industry. If this were another inquiry, I would give you some informed opinions about how we should subsidise training for all.

Mrs IRWIN—Once they have completed their training, what is their success rate for finding employment through the agency?

Mrs Ganley—We always have more positions on the books than qualified carers to fill the positions. That is throughout Australia.

Mrs IRWIN—Why is this? Do you think it is the wage structure—that is, people are looking at the wage they would be getting and that is why they are not looking at going into this line of work?

Mrs Ganley—I do not think wages are always an indicator, particularly in the nanny business. We have people who are very well qualified who choose to work as nannies because they like one-to-one or one-to-two or they like working in a family home. The conditions of working with just one family are quite different from working with 20 families. We do have people who choose not on the dollar but because it suits them and the way they like to work. Just this week I was speaking to a 64-year-old granny nanny who works for three different families in New South Wales. She is an ex-nurse. She would certainly get a much higher rate of pay if she were working in anything else, but this is her choice. As I have said, if it were regulated and families could attract subsidies or somehow offset the costs, we would certainly be able to pay carers a lot more.

Mrs IRWIN—That granny nanny's arrangement sounds good, because there are a lot of granny nannies out there that are not even getting paid for helping out their children.

Mrs Ganley—We are hoping for a nice story about this one soon. In reply, we do have people who move out after a period of time, looking for higher wages, but I think this is in the child-care industry generally. We all have to address that problem.

CHAIR—There is nothing wrong with that—if people work in that industry and they are satisfied then and then they decide they want to do something else.

Mrs Ganley—Yes, and people move backwards and forwards. Our training now trains people for the child-care industry and recently we have added to our scope of registration out of school hours care, in which people are now required to have qualifications as well. So our graduates can move within the industry from centre based family day care to out of school hours care, vacation care, working on properties or working in salubrious homes in Sydney.

Ms KATE ELLIS—You mentioned that there were a lot more jobs on the books than people who complete the training. How much of an issue is that? You hear anecdotally about a large number of Australians who go overseas and take up positions similar to this as nannies. Are you training a lot of people who are then taking those skills overseas rather than taking positions in Australia?

Mrs Ganley—At times placement overseas is a big market. We have had times when 70 per cent of a course goes overseas. That is a huge problem for us. While we encourage that—because, amazingly, people love Australians overseas because they are hard working, energetic, qualified and enthusiastic, and it is great to have that concept of the Australian worker offshore—we encourage people to get more work experience in Australia before they go overseas so that they are better prepared. We discourage people from going immediately overseas. It is our opinion that offshore is when you can have issues. We would prefer the Australian name to be as good as it possibly can be. However, when nannies come back from their two years overseas, they are fantastic nannies to have back here working in either child care or in-home care. So it works both ways: they get more experience overseas to bring back.

Ms KATE ELLIS—So you do find that, when they come back, a lot of them stay in the industry?

Mrs Ganley—Yes, other than those who have used the opportunity as a work experience and a working holiday experience offshore. I think I might have said in the last meeting that Canada has got a very good program. Would you like me to talk a little bit more about that? Canada has a program called the Live-in Caregiver Program. That is to encourage people with qualifications to move into Canada and work in aged care, disability care and child care in the in-home care situation. The requirement for that is that people must have worked in the industry for 12 months, have completed year 12, have a qualification that is at least six months and meet other general requirements of the Canadian government. People on that program can, after two years, actually apply for permanent residency in Canada. So in terms of attracting good people in to work in this industry you can see why it is a good program. It is very carefully administered. We do not have anything like that here in Australia, but with our ageing population and our requirement to do more in-home care, maybe it is something that could be looked at.

Mr QUICK—How many people take up the opportunity in Canada?

Mrs Ganley—I do not have those figures to hand, but I could certainly get them.

Mr QUICK—So it is another avenue in an area of real need in the short term and the long term.

Mrs Ganley—Yes, and the interesting thing is that they are placed throughout Canada. We have Australians who go on that program too because they quite like to get the permanent residency opportunity for Canada, it being close to other parts of the world.

CHAIR—Does it have an age limit?

Mrs Ganley—I need to check it, but from memory I think it is over 40. So it is a very broad program, unlike working holiday programs, which have very limited opportunity. Not in any submission that I have had or discussed is another program, which is the au pair program. That raises some concerns for us in terms of overseas students taking au pair positions in homes in Australia without any qualifications.

CHAIR—Who runs that program?

Mrs Ganley—Various kinds of commercial operators. There are not the checks and balances in that. For instance, there is an au pair program in America that is very carefully regulated. The age range for that is 18 to 26, I think. That is a one-year program where overseas carers can work in homes in America for one year.

CHAIR—Does that apply here?

Mrs Ganley—We do not have any programs. We do not have any official au pair programs in Australia.

Mrs IRWIN—They could come to Australia on a 12-month working visa and virtually walk into a job without the agency looking at their qualifications from overseas?

Mrs Ganley—They do not come in on working holiday visas. They tend to come in on student visas for those commercial au pair programs.

CHAIR—But we do not have one here?

Mrs Ganley—We do not have anything that is regulated.

CHAIR—But we have students who come in and do that?

Mrs Ganley—Yes. We do not have a program. But that is another way we might look at having some skilled people to help with the in-home care. It can apply to the aged as well as people with disabilities. But I would emphasise that they must have qualifications.

CHAIR—Like the Canada program. If you offer permanent residency it gives it quite a different aspect.

Mrs Ganley—Yes. And there are checks and balances, like the medicals they must have, and they must be employed correctly. The Canadian program has a minimum wage that must be paid to the carer. The carer must have public holidays off et cetera. So it is a very regulated program.

CHAIR—Thank you very much for putting that on the public record in this public hearing. We look forward to staying in touch and seeing how things are going.

Mrs Ganley—Yes. I have copies of additional information for you that I am not sure that I gave last time.

CHAIR—The committee will receive that as an exhibit.

Mrs Ganley—Thank you very much for the opportunity to be here. I hope the information I have been able to provide has been helpful to the inquiry.

[11.44 am]

DEANS, Mr David, Chief Executive, COTA National Seniors

CHAIR—I ask the secretary to swear in the witness.

Witness was then sworn or affirmed—

CHAIR—It is very good to have you with us and to see that a decision on the name of the organisation has finally been reached.

Mr Deans—Yes, we are getting there.

CHAIR—In welcoming Mr Deans I must say that I have a long working history with David in matters of aged care and will be most interested to hear his testimony. Would you like to make an opening statement?

Mr Deans—I guess most of you know that COTA National Seniors is the largest organisation representing people aged 50 years and over in Australia. It operates nationally in every state and territory. We are all aware that the Australian population is ageing. The ABS statistics tell us that there are 2.6 million people aged 65 and over in Australia, representing 13 per cent of the Australian population. This is estimated to grow to about 25 per cent of the population in the mid-2020s. Your committee is well aware of the possible factors that have contributed to the difficulties associated with balancing work and family. However, from our perspective, in addition to those factors identified in the terms of reference for this inquiry by the committee, there are a number of other factors that impact on balancing work and family. These factors include the continued access to productive employment by mature age workers, carer responsibilities for seniors related to partners with a disability, caring for grandchildren and caring for frail parents or relatives.

While seniors support the younger generations in balancing work and family, they also face similar situations that sometimes can be more challenging, particularly for those who bear responsibilities for the young and the old. The improved health and general wellbeing of seniors make it possible for many of them to remain in the work force longer. The opportunity to improve their financial situation and undertake a better structured transition to retirement also motivates them to continue in paid employment. Continuing in the work force could be a challenge to the traditional role that seniors play in providing care and support for family members, but at the same time increased retirement income can have a significant impact on seniors and their capacity to support family members financially. These things, together with their carer responsibilities, need to be seriously considered when looking at issues related to balancing work and family.

Many research studies have confirmed the significant contribution that seniors have made to society through their support of their family. Grandparents have increasingly become providers of continuous, flexible and unpaid child care. ABS statistics show that grandparents provide care for over 20 per cent of Australian children under school age. With this support, the younger

generation can further their career development. Parents can return to the paid work force after child bearing. This has made it possible for younger generations to maintain or improve their levels of income. Seniors' contributions also have positive social impacts. Grandparents' voluntary support encourages and strengthens younger generations' family commitments. This support increases the confidence and security of the younger generations in making decisions about starting a family.

However, there are some emerging issues that need to be investigated. The extended working life of seniors and the support seniors have been providing to their family members will limit their opportunities or choices of employment, particularly during the transition to retirement. Many grandparents take the role of major child-care providers under certain circumstances. For example, in the absence of a child's parents they could become the primary carer. They may need specific support during that time when care is provided in terms of effective communication with very young children, the provision of information on the current education system and programs, and support being available in emergency situations. In response to your inquiry we expressed our position on some of these related issues.

I would like to take this opportunity today to highlight again what needs to be done to address these issues related to balancing work and family. We need to recognise the fundamental role that grandparents play in balancing work and family life; recognise the economic value of seniors' contribution through unpaid work; address their needs as the regular informal carers; address the negative financial impact on grandparents; and further investigate on a national scale the significance of seniors' economic and social contribution and the implications on their life through caring.

CHAIR—Thank you very much. With some of our earlier witnesses today we were talking about ways in which the tax system could be used to assist people in the role of caring, both for younger children and for older people, and about the use of salary sacrificing. You just made the point that, by providing child care for their grandchildren, grandparents enable their own children to earn a higher income and have a higher standard of living while their own opportunity to work and enhance their retirement years is reduced. I am aware that there is some research somewhere—perhaps you could help me, David—that shows that, although there is a lot of talk about the so-called burden of an ageing population and the pressure that puts on younger generations, the reality is that the younger generations will actually be much higher income earners than the ageing population ever were, so the burden is not real. Are you familiar with that?

Mr Deans—I do not know the figures but the term 'burden' worries our organisation, of course, because it is an issue that we have not had before. We have never experienced an ageing population. The negative side is that there is going to be a higher dependency ratio, as they call it. Talk of the ageing population started in about 1999, with a particular Access Economics report. You could argue that there will be a burden because there are going to be fewer taxpayers, but that is based on how long people work now and there being no change in anything for the next 20 years, which is very unlikely.

We all know personally from our own families that usually both parties in a family work. They are able to do that because the grandparents are looking after their children or they are using child care. Their income is significantly higher. Discounting that value back 20 or 30 years, it is

still much higher. That is generalising, of course; not everyone is in that position. We would argue that there will not be a burden in the future and that, in fact, if the policy settings are set in the right way, that will overcome the issue on the surface—that there are going to be fewer taxpayers to pay the people in retirement. We do not want people to be receiving the age pension; we want everyone to be independent. If we can achieve that and get the majority to be independent through compulsory superannuation and the other pillars of the retirement income model, we will not have that burden. The problem is that, as I just highlighted, if we are encouraging, as we are, the seniors in the community to work until they are 65, or 63 for a woman—

CHAIR—Or 70.

Mr Deans—If they choose. They are not getting that opportunity now. The average age of retirement is 58 in this country. Some people choose to retire. Canberra is full of people aged 54 and 11 months, as you know very well, that get out of the system.

CHAIR—I do indeed.

Mr Deans—Some of them come back.

CHAIR—That is under the old superannuation scheme.

Mr Deans—It is. It is disappearing very quickly.

CHAIR—The new one does not afford that incentive for retiring under the age of 55.

Mr Deans—But, as we know, that is an issue in the departments. Well over half the senior bureaucrats are getting to that age—I am tempted to say the ones in this room are not! We are lucky we have some young people in the secretariat. But the issue is that if we do have people working longer, until, say, they are 65—which I think would be a good thing—we are taking away their ability to provide child care for their grandchildren. I love that term ‘granny nanny’ and I am going to borrow that; that is really what it is all about. But they are free.

Mrs IRWIN—Correct.

Mr Deans—The other thing is, as I mentioned in my opening remarks, the parent may not be available—they may be in jail or unable to care for the child for whatever reason, be it drugs, alcohol or whatever. Then you have a retired single person or couple providing for that young person—who could be a teenager, so it is not just child care—and paying for it out of their retirement income. So they are losing money from their retirement income. A lot of issues come up when we talk about grandparents doing the child care for families. Some of us are old enough to remember that that used to be the normal thing to do: the grandparents looked after the child, even if it was only for a few hours while the mother went shopping.

CHAIR—But then they died earlier.

Mr Deans—They did.

CHAIR—They did not have to sustain themselves.

Mr Deans—That is right. So you are going to have a situation also—and I touched on this—where a grandparent, say, at 65, is looking after the grandchildren for their children and, because we are living longer, caring for an aged parent as well. That is why they call that group the ‘sandwich group’. They are sandwiched between two generations. They have got caring for their parents and caring for their grandchildren. It is financially troublesome because, even if it is just transport, it costs something to carry out that care.

Mrs IRWIN—It is correct what you are saying, and I know of a few cases even in my own area where grandparents are actually paying the child-care fees. That is another financial burden on the grandparents.

Mr Deans—I guess it started with education. They started paying for the education of their grandchildren, and they might have invested in bonds which fell due when the child went to high school or something. That is true; to help their children they tend to invest in child care if they cannot do it themselves. If we are talking about someone in their 70s, it is not easy—and I touched on that in my opening remarks. They need to be assisted in carrying out the child care of their grandchildren. It is one thing having the love and—

Mrs IRWIN—And, in some cases, great-grandchildren.

Mr Deans—Right. That is easy, because if everyone has their children at 20 you know you only have to be in your 60s and you are a great-grandparent. So you have two generations, not just the one.

Mr QUICK—So what changes are being made? I know lots of instances where grandparents are looking after their grandchildren because of dysfunctional parents—especially in the drug area—and yet the local school principal sees them as not really having proper care of the child. They get a carer payment which does not compensate for the cost of petrol, carting the kids around, hospitalisation and the like. There is a regulation to say, ‘Where are the mother and father?’ Are things improving in that regard across states? Do they realise that these are not exceptions; in lots of cases they are the rule?

Mr Deans—One of the difficulties is that they do not qualify, in most circumstances, for foster allowances. That is something we have studied; we did a study into grandparenting for former minister Larry Anthony. There have been some changes made to the carer allowance and so on since then. There is a serious issue if the parents cannot look after their children so a grandparent does, but is not recognised like a foster parent is. That is a critical issue.

Mr QUICK—There is the issue of family payments and the like.

Mr Deans—It goes to family payments as well. There are much greater financial allowances—I will not use the word ‘rewards’, as they are hardly rewards—if you are a foster-parent. Unfortunately, while we have not done a survey on this, my guesstimate would be that the majority of grandparents are not seen as that, even though the parent is away from the children.

Mr QUICK—Following on from that, some of our previous witnesses talked about salary sacrificing so that they had the capacity to ‘pay’ for service provision. If that were the case and grandparents were remunerated by their children for the care, that would then affect their retirement benefits because they would be receiving additional moneys.

CHAIR—That is right.

Mr QUICK—How do we pay the grandparents for the service without belting them for it? They are taxed on their income and they are taxed on their superannuation.

CHAIR—But it is income. There is nothing wrong with paying tax on it.

Mr Deans—What immediately comes to my mind is that we put expenses against and it comes out to zero, so there would not be any tax. It is not quite as simple as that. When I was listening to the previous witness, I first of all thought immediately—and the chair will know why—that if it is good enough for the kids then it is good enough for aged care. It sounds like a good idea but I think it has its difficulties, as everything obviously has. I immediately thought back to when we had a tax rebate for private health insurance, and that was cut away. It was done differently. In this country we tend to have rebates rather than easy deductions.

CHAIR—Usually it is at 30 per cent. It means that 80 per cent of taxpayers get the equivalent of a tax deduction, and it means that high income earners only receive the rebate at the same rate of 30 per cent as distinct from the higher rate of tax. If you bring the marginal rates down further it does not matter. That is the reason that the government uses rebates.

Mr Deans—I would hate to sit here and say that I do not agree with it. I think, though, that you open it up to other areas. Immediately we think of aged care in a family. Say I am a self-funded retiree, I am earning my retirement income from investing and getting dividends and I have been investing in a community care package. Some people do that until they die: you can be frail aged and be a self-funded retiree earning your income from investing. I guess it is the equity issue. On one end you have the children and their parents getting that tax break versus the other end, which is much larger. That is going to grow, because we do not have the number of children coming through, so there is also going to be a reduction—although I guess we might be seeing an increase in births now. I guess we are talking particularly about young children here. It is the equity issue and whether you would get support for that move. On the surface it sounds great, so I do not want to sit here and say no.

CHAIR—Are you talking about salary sacrifice?

Mr Deans—Yes.

CHAIR—We had an earlier discussion with Aegis Consulting. We had a very in-depth look at the questions, with examples. A lot of work has been done and it does look very viable; it looks very good.

Mr Deans—What you are doing to some degree by doing that is putting a value on the volunteer in a subtle way, because you are recognising the value of a grandparent.

CHAIR—It would be at arm's length. If someone chose to employ a grandparent, there would have to be a tax file number and small withholding tax, so that person would be in the tax system.

Mr Deans—I would see that happening quite a bit. I think that it is reasonable that you recognise the value of a grandparent in looking after children.

Mrs IRWIN—Also, a lot of grandparents are caring for their grandchildren to help out their children. They probably would not want their children to salary sacrifice, because that is less money that they would be earning. The majority of them are doing it from the goodness of their heart. Some of them don't like doing it, but they want to help their kids.

Mr Deans—Yes.

CHAIR—But that has to be a matter of choice. For some people it isn't a matter of choice at the moment at all.

Mr Deans—We really have to come to grips with the change in society, don't we?

Mrs IRWIN—Correct.

Mr Deans—If you think back to when we were young, people stayed at home. They still paid off mortgages. Now society has changed. Divorces have increased significantly, so there are a lot of single parents who both have to work. They are not in a family situation.

Mrs IRWIN—But sometimes now you need a second income to survive, compared to what it was like when I was growing up in the fifties and sixties.

Mr Deans—In particular parts of Australia, yes, which in some ways is sad. But that is how it is.

CHAIR—But also we now educate our girls. They are highly educated, skilled and able. They want to use those skills, and the nation needs a return on that investment. That is why female participation is so high, and it will continue to be high. That is the mark of an advanced country—women are valued for the skills they have and the contribution they make—as distinct from countries which are, shall we say, underdeveloped, where women aren't regarded much at all.

Mr Deans—One of the issues in that and in your terms of reference is dealing with superannuation and women. That is a huge issue. When women retire they are likely to have about 70 per cent of what a man has in superannuation. That is not likely to change. In 20 years it will still be 70 per cent of whatever the male gets.

CHAIR—That is why couples are well off. The potential poor are single women with no or little superannuation who don't own property. They are the future poor.

Mr Deans—That is right. We have them now in the person who rents and whose only income is an aged pension.

CHAIR—They are very poor.

Mr Deans—We are fighting to get the single age pension increased, as you would know, Chair.

Mrs IRWIN—In one of your recommendations you talk about a community awareness campaign for grandparents. Would you like to go into that a little more? How would you like to see it run?

Mr Deans—There are two sides to that. First of all, society and the community need to understand that this is happening—that grandparents are filling this role. That is about recognition. When we say ‘community’ we include government and opposition parties. They need to understand in a policy sense that this is happening. We have all known about it, but in a policy sense it has been a hidden issue until recently.

On the other side, the issue is mainly to help the grandparents. If they are looking after a grandchild who is at school, what do they understand about the education system these days? It has changed a bit since they had children, and there is no reason for them to have kept up with what is happening. So, in the community program you really need to help grandparents to understand—to communicate with them.

Mrs IRWIN—To have education programs, which I think was recommendation 8.

Mr Deans—That is critical. Probably the most critical thing is to help grandparents understand how children are different today compared to when they were young and looking after their own children. That education is not easy to pass over. A grandparent might have a child for a few hours, love them dearly and hand them back, but if they have them for days it is a totally different environment and they are not used to that. So there is a need for education and assistance. It is really about assistance—‘education’ is not good word to use for grandparents—for them and information on what to look for. I would feel terribly guilty if the child got off the rails. We are talking about a whole range of ages here. We are not just talking about young children; we are talking about—

CHAIR—Teenagers.

Mr Deans—Yes. And it is a matter of knowing how to control the environment for those children. When the parent is not with the other parent of the child it really gets difficult.

Mrs IRWIN—We tend not to recognise the grandparents, I feel. In a previous inquiry that COTA was involved in—I think it was the child custody and parenting inquiry—the number of grandparents who put in submissions and came before that inquiry was striking. They felt that they had not been recognised and that they had not had a training or education program. These were grandparents who sometimes had their grandchildren for three months or four months—even longer.

Mr QUICK—For places like Centrelink it was all too hard, because the guidelines are there and those people did not quite fit. How do you jump through the hoops when a parent who is dysfunctional is claiming that they should be entitled to family tax benefits, even though they

never see the child and there are Family Court orders and the like? The grandparents are on a basic income—a retirement benefit—trying to get on with their lives. In some cases the grandparents have not just one child but two or three children over a huge age range, taking in primary school to high school. The kids want the latest in designer clothes and access to money, and the grandparents—

Mr Deans—It is a huge stress.

CHAIR—But I think there has been an amendment that allows grandparents in some circumstances to get the family tax benefit. Is that not right?

Mr QUICK—It is a huge battle, though.

Mr Deans—If we are racking our brains to know what that is, what about a grandparent who does not know about it? We can try and communicate through our membership, for instance. Mr Quick, I am a director of Centrelink—I am on the board—and we have talked about these issues. But you are quite right: it is very tight. But I think the most difficult part is for grandparents to know what they are entitled to. It may be someone who is not even on the age pension yet. It might be a woman of 60 years of age who is not on any benefits and has no relationship with Centrelink. They see Centrelink as a bit of a no-no—you do not go to a Centrelink office; that is where you go to get benefits—and they do not know there are any benefits available. That is where the education comes in—you need to have that community program.

CHAIR—You need a demarcation line, don't you? When does a grandparent become a de facto parent?

Mr Deans—That is the big challenge that is on the other side of the equation—the foster-parenting area. It would be good if you came out with a recommendation on that. There is still a lot of work to be done in that area to have some measurable point at which someone becomes a foster-parent. It is usually related to drugs and that type of thing, where the parent of the child is in jail or whatever.

Mrs IRWIN—What you were saying in your recommendations is true. I felt that we should have a community awareness campaign and various education programs out there. As you were saying, for example, there are a lot of grandparents who have never had to utilise Centrelink. Some of them are self-funded retirees and all of a sudden, because of a breakdown in a marriage, they might have their grandchildren for 12 months or 15 months or 81 months or a bit longer, and not realise that they are entitled to child support as well.

Mr Deans—That is true about education and information. It is not cheap, so the only way to do that is for government to work with an organisation like ours, for instance, and put in place a program which communicates with almost every senior—and we are talking about a lot; just over two million people, although there are fewer with families. We do communicate other stuff to families about other issues. Because this is growing, it is not going to be something that goes away quickly. As you say, Chair, with most couples both work these days. It is the norm; it used not to be. So we really need to be able to inform the seniors. You can inform the parents, of course, but it really is a problem where the grandparents do not have that connection to what Centrelink provides.

Mr QUICK—Does COTA have discussions, informal or formal, with the child-care sector to raise some of the issues?

Mr Deans—We do. We are working on a project now. We had discussions when we did the grandparenting project last year—it might even have been the year before that—but we have not had ongoing discussions. Your commenting on it means that I will go away and make sure we do. I think that is important because they are closer to it in many ways—not so much the grandparents' part of it but the child care part.

CHAIR—David, thank you very much. That has been very helpful and a good way to finish today's evidence on the work-family balance. I know that we can feel free to come back to you for any additional information that we might require.

Resolved (on motion by **Mr Quick**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 12.16 pm