

Submission to the
Australian Government Productivity Commission
Childcare and Early Childhood Learning
Public Inquiry

4 April 2014



This submission is made by;
a.n.d. Internet Services GmbH & Co. KG
trading as Aupair World, an international Aupair Agency based in Germany.

<http://www.aupair-world.net/>

Wolfsschlucht 27, D-34117 Kassel, Germany
Telefon: +49 561 310561-31. Registergericht Kassel HRA 17041

This submission is made specifically in response to a submission to the Productivity Commission made by the 'Cultural Au Pair in Australia Association' (CAPAA) titled, '*Future demand for Au Pairs, An Industry Perspective, written by Wendi Aylward -On behalf of the Cultural Au Pair in Australia Association (CAPAA) January, 2014*'

Aupair World, is the leading au pair agency on the internet, with more than 75,000 family registrations and 300,000 au pair registrations for the year 2013. Aupair World connects au pairs and host families through internet matching, with direct searching and connections between host families and au pairs.

We provide services in many countries including Australia, which is one of the top au pairing countries in the world.

How many au pairs come to Australia each year?

According to the The Australian newspaper, <http://www.theaustralian.com.au/news/nation/desperately-seeking-longer-stay-for-extra-au-pair-of-hands/story-e6frg6nf-1226682222195#> (from July 20, 2013), 'Australia has more than 4,000 au pairs working in homes, according to recruitment agencies'.

In addition to these 4.000 au pairs coming through local agencies, internet-based agencies including Aupair World increase the number significantly.

In 2013, more than 6000 Australian host families recruited international au pairs through Aupair World,

In Summary, (estimated numbers):

4,000	Au pairs through local Australian traditional agencies
6,000	Au pairs through Aupair World
<u>10,000</u>	Total (minimum)

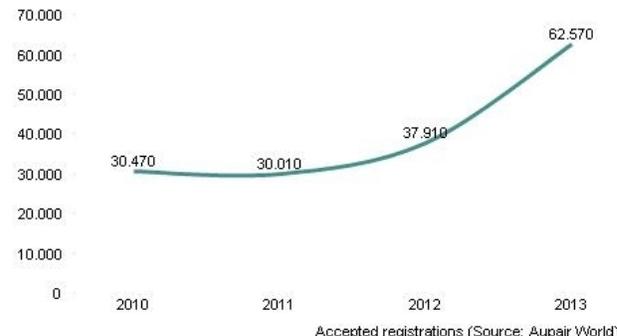
Thus, the total number of au pairs coming to Australia through Aupair World is approximately 50% higher than the number recruited by all Australian local au pair agencies put together (some of whom are represented by CAPAA).

For this reason Aupair World is very interested in the au pair program in Australia, and we are committed to promoting Australia as a great destination for au pairs. We would like to believe that with more than 6000 Australian families choosing to use our services to recruit Au pairs, they are satisfied with the functioning of the current arrangements.

The purpose of our submission to the Productivity commission is to comment on the submission made by CAPAA. We believe that their submission, in part, is motivated by commercial considerations and makes requests for government policy changes for the benefit of their members rather than Australian families hosting au pairs in Australia. For clarity we make our comments in table form below, with the wording from the submission of CAPAA on the left hand side and our comments on the right hand side.

TEXT FROM CAPAA SUBMISSION JANUARY 2014	COMMENTS FROM AU PAIR WORLD
Future demand for Au Pairs	
An Industry Perspective	The CAPAA submission should be seen as the view from <u>one part</u> of the Australian au pair industry, a part that represents a portion of the traditional (shop-front) agencies, and no internet-based agencies.
Written by Wendi Aylward On behalf of the Cultural Au Pair in Australia Association (CAPAA) January, 2014	
<p>Contents</p> <ol style="list-style-type: none"> 1. Introduction 2. Background 3. Why Au Pair? <ol style="list-style-type: none"> a) Flexibility b) Shortage of childcare c) Accessibility of affordable care d) Cultural exchange e) Preference for in-home care 4. The Future of Au Pairs in Australia <ol style="list-style-type: none"> a. Inclusion under the childcare rebate b. Extension of the 6 month rule c. Inclusion under an approved second working holiday industry d. A dedicated Au Pair visa <ol style="list-style-type: none"> i. Eligibility ii. Duration iii. Screening iv. Arrival orientation v. Support vi. Reporting vii. Health and accident insurance viii. Reciprocity 5. Other considerations for the Au Pair industry 6. Conclusion 	
1 Introduction	
<p>In the last 10 years an increasing number of families have begun to seek alternative options to traditional childcare. Childcare shortages, the need for flexibility and the rising costs of childcare have all contributed to this shift.</p>	
<p>In 2012 the Cultural Au Pair in Australia Association (CAPAA) was established as a peak industry body for Au Pair agencies and a voice for the industry. Its members are required to provide comprehensive screening and support, and</p>	

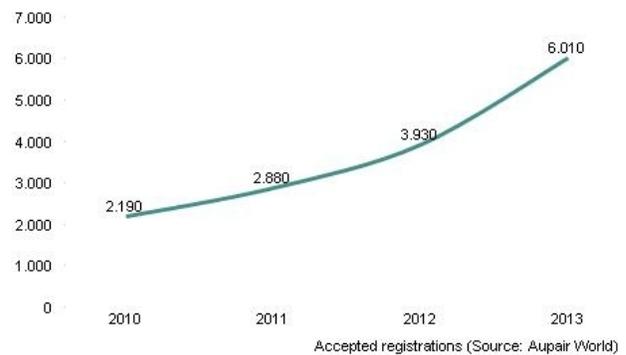
<p>adequately prepare an international Au Pair and their host family for their placement. The association places a priority on the underpinning cultural exchange element of an international Au Pair program and its members are proactive in promoting this as a core component of the experience.</p>	
<p>In this submission an explanation will be offered for why an increasing number of families are seeking Au Pairs, the current challenges facing this sector and a possible way forward with the introduction of visa changes. This submission will also recommend the inclusion of Au Pairs under a childcare rebate and the accreditation and greater accountability for agencies offering international Au Pairs under a cultural exchange program.</p>	
<p>The call for alternative childcare options has never been louder. Au Pair is part of the childcare landscape so it must be acknowledged now as more than just a temporary childcare solution. For a growing number of families it is their sole form of childcare and an investment in their children's future. Resolving the current challenges facing the industry and its stakeholders will set a solid foundation to address future childcare shortages, provide another source of affordable care and be a positive signal to families wishing to return to the workforce. We hope that this report will open a dialogue with industry, government and other critical stakeholders in the timely inclusion of Au Pair in future childcare planning.</p>	
<p>Wendi Aylward CAPAA President January 31, 2014</p>	
<p>2 Background 'Au Pair' comes from the French word 'Au Par' meaning "equal" or "on par." Generally an Au Pair is defined as a person from another country who cares for the children of a family in exchange for board and a stipend. Light house work relating to the children and as a member of the family is also a requirement in most placements.</p>	
<p>Choosing an Au Pair as a childcare solution is a relatively new concept for most Australian families although in Western Europe and the United States formal Au Pair programs have been running for the last 25 years.</p>	
<p>Since the inception of the Working Holiday scheme Australian families have hosted Au Pairs. These placements were normally arranged informally or through a small number of agencies who offered Au Pairs as a small part of their overall</p>	

services.											
Step forward to the last 10 years and the demand for Au Pairs has grown as families seek alternatives forms of care. As part of this growth Au Pair specific programs and agencies emerged with the sole purpose of placing international Au Pairs with Australian families.											
Agencies varied greatly in their fees, screening processes varied and the support to families. In the last 5 years the sector has grown further and the demand for Au Pairs has never been greater. CAPAA members have witnessed a twofold, sometimes threefold increase in inquiries for this period. Many of these inquiries come from regional areas where there is little access to traditional childcare.											
<p>An important obstacle to sourcing a sufficient number of Au Pairs has been the seasonal nature of the industry. Au Pairs currently arriving on the Working holiday program tend to arrive outside the periods the times Australian families need them. This discrepancy has meant that many agencies cannot provide a sufficient number of Au Pairs to meet the demand.</p>	<p>Although Australian local agencies are experiencing difficulties in sourcing au pairs, internet-based agencies including Aupair World are experiencing no such difficulties but rather have growing numbers of au pairs. This is in line with the broader shift in many industries towards the use of internet-based solutions. Specifically, Aupair world has a significant surplus of au pairs wishing to come to Australia. In 2013, 62,000 au pairs registered on Aupair World, expressing interest in becoming an au pair in Australia.</p> <p><u>Au pairs expressing interest in Australia (2010-2013)</u></p>  <table border="1" data-bbox="828 1102 1445 1438"> <thead> <tr> <th>Year</th> <th>Accepted registrations</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>30,470</td> </tr> <tr> <td>2011</td> <td>30,010</td> </tr> <tr> <td>2012</td> <td>37,910</td> </tr> <tr> <td>2013</td> <td>62,570</td> </tr> </tbody> </table> <p>Accepted registrations (Source: Aupair World)</p> <p>This favouring of internet platforms over traditional 'bricks and mortar' agencies (while challenging for the local agencies), represents a positive increase in the popularity au pairing. We believe that there is no significant un-addressed demand for au pairs in Australia. A growing number of families are looking for au pairs and the majority are finding them. Where local agencies are unable to provide au pairs, internet-based agencies are filling the gap. It is likely that some of the 6000 Australian family registrations on Aupair World in 2013, may have been former clients of the local agents.</p>	Year	Accepted registrations	2010	30,470	2011	30,010	2012	37,910	2013	62,570
Year	Accepted registrations										
2010	30,470										
2011	30,010										
2012	37,910										
2013	62,570										
Without an Au Pair or alternative childcare many											

families have simply been unable to return to the workforce. Without changes to the current Working Holiday visa or the introduction of a dedicated Au Pair visa it is unlikely that the industry will be able to address the demand.

The number of au pairs coming to Australia through Aupair World is growing rapidly.

Host family registrations from Australia (2010-2013)



We see no obstacles to this continuing. No changes are needed as there are no obstacles.

3 Why Au Pair?

There are many reasons a family chooses an Au Pair over other childcare care options. The most frequently given reasons are:

a) Flexibility

Increasingly families work outside of the non-standard '9 to 5' Monday to Friday working week. CAPAA agencies' clients include families who work weekends, have regular extended work hours or who have commitments that preclude them from using standard childcare.

b) Shortage of childcare

Many inner city and regional families do not have access to traditional child care. According to a recent national study, one in five families in NSW must wait a year or longer for a childcare place. 1In inner city areas it is significantly more difficult to find a place for babies and children aged under three 2 which delays the return of the parent to the workforce. In regional areas an Au Pair is the only option when faced with the shortage or absence of traditional childcare centres. The situation has deteriorated and in recent years there is evidence of families leaving regional areas as a result of childcare shortages.

c) Accessibility of affordable care

The cost of child care is currently between 8-9% of gross income. 4 In the past year childcare costs have increased at close to double the rate of inflation. Costs have risen in all states although the biggest increases were in Western Australia, the ACT and the NT. A family with 2 children in care can currently expect to pay \$728 per week. In comparison an Au Pair can cost a family less than half the cost of formal childcare for 2

We agree with this. Au pairs are a wonderful alternative.

<p>children and can offer care over school holidays when many families struggle to find temporary childcare.</p>	
<p>d) Cultural Exchange Very little formal research has been completed on the impact an Au Pair has on a family and the community as a whole yet the cultural exchange element of Au Pair is often cited as a reason families choose an Au Pair. Hosting an Au Pair is an opportunity for the family's children and other family members to actively share their culture and form bonds with their Au Pair that last well after the placement has finished. A report on international Au Pairs coming to the US under the J1 Au Pair cultural exchange program evidenced this lasting impact of cultural exchange. 80% of the 6,200 Au Pairs that were surveyed said their attitude towards the United States and its people had become more positive as a result of their Au Pair experience. 70% surveyed said that living with an American family contributed to their general understanding of American culture. 6</p>	<p>We agree with this. The value of the cultural exchange is at the heart of au pairing. We provide a great deal of information about the cultural exchange aspects of au pairing on our website. http://www.aupair-world.net/</p>
<p>e) Preference for in-home care Every child responds to childcare differently in a care situation. For some families their child responds well in a familiar location – their own home with their own belongings versus the more traditional form of childcare. There is also less need for travel and less exposure to illness.</p>	
<p>4 The Future of Au Pairs in Australia Currently there are substantial obstacles preventing agencies from responding to the increased demand from families for Au Pairs: - A 6 month cap preventing families from hosting an Au Pair for a longer period - The exclusion of Au Pair from the existing childcare rebate - The proliferation of agencies offering little or no screening or support - The absence of an Au Pair specific visa to countries not under the Working holiday visa scheme CAPAA would like to make the following recommendations to remove these obstacles:</p>	<p>The biggest obstacle for CAPAA agencies seems to be competition from internet agencies. As stated above, we find no shortage of au pairs. We provide strong, open competition, to the traditional agencies satisfies many Australian families.</p>
<p>a. Inclusion under the childcare rebate A rebate under the current model is feasible with Au Pairs being recruited and placed solely through an accredited agency. New Zealand is an example where an Au Pair program delivered through accredited agencies give families the option to claim child care subsidies.</p>	<p>Agreed. Including the costs of au pairs within the child-care rebate would be a beneficial change.</p>
<p>b. Extension of the 6 month rule Currently the duration of the Working Holiday visa is 12 months with a limitation of 6</p>	<p>This could help some families. However we do not see this as a critical requirement to improve child care in Australia.</p>

<p>months with no option to extend for a further period. CAPAA supports a longer placement under the existing Working holiday visa. This will give the family continuity of care who seek longer placements and reduce the disruption from handovers that occur every 6 months.</p>	<p>Many au pairs travel in Australia after their au pair stay. After all, they are on a working holiday, and therefore they holiday as well as work. That's the spirit of the working holiday visa.</p>
<p>c. Inclusion under an approved second working holiday industry Despite the number of working holiday visas issued every year, the need for Au Pairs, particularly in regional areas outstrips the number of available Au Pairs. To apply for a second Working Holiday visa, the Applicant must complete three months of specified work in regional Australia whilst their first Working holiday visa is still current. Approved industries include plant and animal cultivation fishing and pearling, tree farming and felling mining and construction. CAPAA supports the inclusion of Au Pair under the 'Approved Industries' list for the second year working holiday visa. This inclusion would increase the number of overall Au Pairs but significantly Au Pairs to the regional areas that need them.</p>	<p>Agreed, again, this could help some families and be beneficial to some au pairs, however we do not see it as a critical requirement to improve child care in Australia.</p>
<p>d. A dedicated Au Pair visa There are currently no conditions set by the Australian Government for the screening, placement and ongoing support of Au Pairs coming to Australia under a Working Holiday visa. In comparison the US J1 Au Pair cultural exchange program is run through Government accredited agencies who screen Au Pair applicants, complete background checks and offer on the ground support. Au Pairs from any country are eligible to apply providing they meet the criteria of the program.</p>	<p>Au pairs are subject to the same constraints and conditions as the more than 70,000 other work and holiday visa visitors to Australia.</p> <p>As far as the 'screening, placement and ongoing support' of au pairs, they receive this from the families who employ them. It is not the responsibility of government to provide this specifically for au pairs, as it is not the the responsibility of government to provide this for baby sitters, nannies, cooks, or cleaners that families choose to employ.</p>
<p>CAPAA supports the introduction of an Au Pair program under the 416 Special Program visa or an Au Pair specific visa similar in nature to the United States J1 visa. The 416 visa category could potentially accommodate this type of program and ensure that the provisions protecting and supporting families and Au Pairs are part of an agency's accreditation. Under the 416 visa it could also potentially accommodate the expansion to non-working holiday Visa countries such as Brazil and Spain whose seasonal patterns more closely align with the needs of Australian families.</p>	<p>We strongly disagree with this assertion. A new visa for au pairs is just not necessary.</p> <p>The aim of this request is to protect the commercial interests of the CAPAA member agencies.</p> <p>It is a call for protectionism. These agencies (through CAPAA) would like to have Australian families forced to use their services, by government legislation.</p> <p>If families are forced to use a local agency, this would increase the costs of hosting an au pair dramatically. Families would be financially worse off under this proposal.</p> <p>Local traditional agency costs are usually at least AU\$600 with many higher. For example, the agency 'AIFS Aupair in Australia' (one of the members of</p>

CAPAA) charges at least AU\$950.

<http://www.aupairinaustralia.com.au/information-for-host-families/fees-and-costs.html>

By contrast, Internet-based Agencies, like Au pair World charge €39 (approximately AU\$60-).

To legislate, to require au pairs to come to Australia through a special au pair visa, and in doing so, require their host families to use one of the local agencies, would force these host families to pay these additional high fees.

The USA J1 visa should not be held as an example to be emulated.

The US system is the most restrictive and expensive in the world.

Au pairing is thriving in many other countries especially the 27 countries of Europe without the need for au pair visas in the style of the US J1 visa.

The requirement for the use of this visa makes becoming an au pair in America, more difficult and restrictive than in any other country. In fact there are only 20,000 au pairs going to USA each year, (per capita, much lower than Australia and European countries) according to the Washington Post (http://www.washingtonpost.com/local/au-pair-agencies-win-fight-to-keep-recruitment-fees/2013/06/25/ae86799a-ddb8-11e2-b797-cbd4cb13f9c6_story.html)

The visa for au pairs in America, is historically grounded in their special circumstances, in addressing exploitation of migrants and illegal immigration.

The J1 visa in the United States requires that au pairs use one of 15 local agencies. The result of this diminished competition is very high fees.

For example, these three agencies,

US\$8045 for <http://www.aupairinamerica.com/fees/>

US\$7850 for <http://www.aupaircare.com/host-families/program-costs>

US\$7790 for

<http://www.interexchange.org/au-pair-usa/child-care/costs-hosting-au-pair>

The highly regulated visa, protecting the agencies in the US may be an attractive model for agencies in Australia, but is not in the best interests of Australian families or au pairs wishing to visit Australia.

CAPAA wants this visa requirement for the self – interest of their members.

It should be noted that the writer of the submission for

	<p>CAPAA, Wendi Aylward is from the member agency 'AIFS Aupair in Australia'. This agency is affiliated with AIFS (American Institute of Foreign Studies)- Aupair in America, which is one of the 15 designated agencies under the USA restrictive au pair visa.</p> <p>http://j1visa.state.gov/participants/how-to-apply/sponsor-search/?program=Au%20Pair</p>
<p>i. Eligibility CAPAA supports using the Working holiday (417) visa model that limits participation to applicants aged 18-30.</p>	<p>This is already an international norm and doesn't need a specific visa to regulate it.</p>
<p>ii. Duration CAPAA supports a program of up to 12 months in duration.</p>	<p>This could be achieved through altering the existing working holiday visa. But if such an extension was not possible, then it would not cause any problems for au pairing in Australia.</p>
<p>iii. Screening CAPAA strongly supports comprehensive screening of all prospective Au Pairs.</p>	<p>For families who are happy to perform their own screening and interviewing, the status quo works well. For families who prefer a local agency to perform this screening, the status quo also works well. There is no need for a new visa to have comprehensive screening.</p>
<p>In most cases Au Pairs are recruited offshore through a third party agent that works directly with the accredited Australian counterpart. The Australian agencies are ultimately responsible for the Au Pair so any steps to introduce a dedicated Au Pair visa should also detail the role of the offshore agent.</p>	<p>With each of these below steps for the screening of au pairs; the current system works very well.</p> <p>Where traditional agencies perform this screening, they claim to currently provide a thorough service.</p> <p>Where families speak directly with the au pair, with the opportunity to request any of these certificates and even more, this works well currently.</p> <p>Families currently have this choice.</p> <p>A new visa is simply not needed to solve a problem that doesn't exist.</p> <p>This is a plea to government to legislate for an income stream to CAPAA members, by emulating the American system, rather than remaining an open and competitive system as it currently is. Most other countries <i>other</i> than the USA, have an open and competitive system allowing free and fair competition.</p>
<p>CAPAA recommends screening of an Au Pair should include:</p>	
<p>-A comprehensive application that references in detail the Au Pair's experience with children.</p>	
<p>- References - a minimum of 2 references with clearly definitions of the type of reference that can be accepted. For example experience gained caring for family</p>	

members would not be treated as formal experience meeting eligibility criteria.	
- A Medical check completed by both the Applicant and the Applicant's doctor	
- First Aid certificate	
- A Police check from their home country	
- Child Protection and Safeguarding screening	No one is more interested in the protection of children than their own parents, and parents make the best decisions about their children's welfare, without the legislated requirement of the advice of CAPAA members.
<p>iv. Arrival Orientation</p> <p>When participants arrive in the host country, our local staff are trained to help them settle quickly and gain the most from their placement. An orientation upon arrival may include the following:</p> <ul style="list-style-type: none"> -Australian culture, transitioning to their placement -Child Protection & Safeguarding -Review the weekly plan and its purpose and the care of the children -Support and during the placement -general laws and customs 	<p>This is a commendable service. And for those families who want that, they can currently choose it. There is no need for a new au pair visa for that.</p>
<p>v. Support</p> <ul style="list-style-type: none"> - The agency will be responsible for ensuring the Au Pair fulfil the requirements of the program and support them as required including 24/7 emergency support. 	<p>This is an commendable service. And for those families who want that, they can currently choose it. There is no need for a new au pair visa for that.</p>
<p>vi. Reporting</p> <ul style="list-style-type: none"> - Under the proposed visa model the agency will complete an annual report for the Dept of Immigration and Border Protection with the number of Au Pairs arrivals by country. This reporting would replicate the current reporting under the 416 Special Program visa. 	<p>This is an commendable service. And for those families who want that, they can currently choose it. There is no need for a new au pair visa for that.</p>
<p>vii. Health and Accident Insurance</p> <ul style="list-style-type: none"> - The agency to ensure participants have medical and liability insurance for the full duration of the program - inform participants on how to get medical help - provide a 24 emergency number 	<p>This is an commendable service. And for those families who want that, they can currently choose it. There is no need for a new au pair visa for that.</p>
<p>viii. Reciprocity</p> <p>CAPAA supports similar opportunities should be offered to young Australians. Any accredited agency should be able to demonstrate that they offer an international Au Pair programs to young Australians although we believe it should not be a goal to achieve one-to-one reciprocity.</p>	<p>This is an commendable service. And for those families who want that, they can currently choose it. There is no need for a new au pair visa for that.</p>

<p>5 Other considerations for the Au Pair industry Au Pairs do not replace childcare workers in traditional childcare. The objective of this program is to continue to foster cultural exchange, provide an alternative source of care for families and help offset the shortage of childcare options. It is expected that any Au Pair program will run side by side other childcare options.</p>	
<p>Another consideration often forgotten is the tourism revenue generated by this segment is substantial and growing. The average Working Holiday maker stays for 8 months and spend \$13,000. In 2011 the Working holiday sector boosted the Australia GDP to \$320 million and expenditure on goods and services to \$630 million. The increase in Au Pairs would provide a corresponding positive impact on tourism. Regional Australia in particular that has experienced families leaving due to childcare shortages would prosper from this change.</p>	
<p>6 Conclusion The demand from families for Au Pairs is growing and can no longer be dismissed as an informal arrangement. International Au Pairs present a very attractive opportunity for the Australian Government: the opportunity to grow inbound youth tourism whilst addressing a childcare shortage. Providing the correct steps are put in place now this option can only be a positive step. CAPAA is confident of the capacity of existing agencies to administer and support a significant increase in Au Pair numbers to Australia. We welcome the opportunity to become part of the solution and join the dialogue at this stage in the planning of Australia's future childcare END</p>	<p>Au pairing is growing in Australia. That's a great thing. And there are currently no obstacles or problems with that healthy growth.</p> <p>However, the idea of introducing a new au pair visa, in conjunction with local agencies having a state-sponsored monopoly to administer it, and thereby forcing families to pay high fees to these agencies is one of patent self-interest.</p> <p>And by requesting the child care rebate be extended to au pair costs in conjunction with this monopoly, CAPAA is actually requesting that Australian taxpayers subsidise the income of their members.</p>

We make this response-submission, as we believe that the submission by CAPAA, whilst mentioning some useful points, is unfortunately predominantly misleading and grounded in insidious self-interest.

In voicing our opinion, we hope to represent the thousands of Australian families who currently can easily and simply host au pairs, and receive the cultural benefits this provides for their children, without the need of government to hold their hand through this process.

The call by CAPPA for obstacles and red tape in the form of a specific au pair visa, with CAPAA members anointed as the exclusive gate keepers is little more than a call for state-sponsored protection of their businesses, at the expense of fair competition, adding high fees and taking choice away from Australian families. We hope that the Commission will see it as such.