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Generation IOU: parents fork out \$22 billion a year to help their adult children

Adele Horin
 AUSTRALIANS give \$22 billion a year to their adult children to help them get established, buy property, and tide them over tough times, a study reveals.
 And they give another \$1 billion a year to elderly parents. "We've known parents give to their adult children to help them out; we just didn't know how much they gave," said the lead

researcher, Lisel O'Dwyer, of the University of Adelaide.
 The study, funded by National Seniors, examines the transfer of money and time between Australians aged 50 and over, and their children and elderly parents.
 It shows parents spend about as much on their adult children as the federal government spends on the health system.
 As well, the 50-plus group typically spends about four to five

hours a week giving practical help to elderly parents or mind-ing grandchildren – though some do much more and some do little. The practical help was valued at \$30 billion a year based on an hourly average wage.
 "It's a staggering transfer of time and money, \$50 billion a year, between older people and their children and parents," said Dr O'Dwyer, a senior research associate at the university's Aus-

tralian Population and Migration Research Centre. "It represents a huge saving to the government."
 Not surprisingly, the sandwich generation, median aged 58, with both children and parents, give the most time and money. And almost 70 per cent of the money is given as a gift, not a loan.
 But the transfer of help is not all one way – with about 40 per cent of those aged 80-plus providing some practical help to younger

family members. As well, they contributed about \$1 billion to the welfare of other family members, though many were likely to give more in their wills.
 Dr O'Dwyer, who presents the findings today at the Australian Institute of Family Studies conference, said whether people were rich or poor made no difference to the amount of practical help they gave their elderly parents. Men and women gave equal amounts

of time, though doing different chores. However mothers and mothers-in-law in the oldest generation were given more help than fathers or fathers-in-law.
 One-quarter of older Australians gave more than 14 hours a week in practical help and half gave help to more than one relative. The most common reason for giving money to the elderly was to meet their basic needs.
 Dr O'Dwyer said family solid-

arity was still a strong norm within Australian society. But generosity was not unlimited.
 For example, people tended to consider the practical and financial aid given to elderly parents as an obligation, whereas helping their children was a pleasure.
 "Love runs downhill to the younger generation," Dr O'Dwyer said. "People have a biological drive to give things to their children; it's more rewarding."

Even so, older Australians thought minding grandchildren should be a choice, not a duty. They also believed the government should provide practical help to the elderly while their own efforts should focus more on social and emotional support. And generosity was restricted to the immediate family with aunts, uncles, nieces and nephews likely to miss out on help with both money and time.

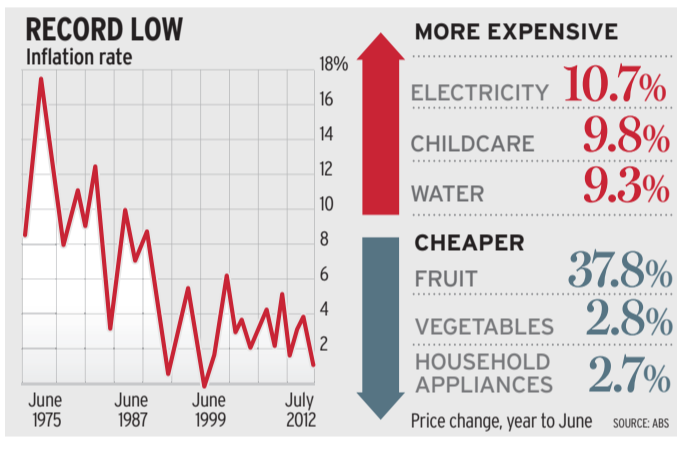
Inflation fall clears way for more rate cuts

Peter Martin
 ECONOMICS CORRESPONDENT

INFLATION has slipped to its lowest point this century, giving the Reserve Bank ample room to further cut interest rates and calling into question claims that Australians are pressured by the cost of living.
 The new annual inflation rate of 1.2 per cent reflects dramatic slides in the prices of fruit and vegetables and also in the prices of staples such as bread, which is now 3 per cent cheaper than when the Opposition Leader, Tony Abbott, identified it as a problem during the 2010 election.

The Bureau of Statistics says the price of cheese has slipped 1.9 per cent in the past year, meat and seafood 2.1 per cent, children's clothes 1.8 per cent, cars 1.6 per cent and household appliances 2.7 per cent.
 Increasing sharply at the same time are large regular expenses such as rent (up 4.4 per cent), electricity (10.7 per cent), gas (8 per cent) and water rates (9.3 per cent). The price of childcare has climbed 9.8 per cent in the past year, education an average of 6.1 per cent, insurance 7 per cent and petrol 2.5 per cent.

The pattern is that prices of goods that can be imported have been sliding, down 2 per cent over the year, while the price of goods and services produced at home have been climbing, gaining 3.3 per cent over the year. But the prices of imported goods may be stabilising. In the past three months they climbed back 0.7 per cent.
 Home prices also rose slightly. National house prices lifted 0.4 per cent in the June quarter to \$544,673, the Fairfax-owned Australian Property Monitor has found. Apartments and townhouses fell by 0.8 per cent to



\$412,260 in the same period. In Sydney, prices in the middle section of the market – houses between \$600,000 and \$1 million – were up 4.5 per cent for the first half of the year. The top end – property priced above \$1 million – experienced a 0.5 per cent bounce in the June quarter, but prestige prices were down 1.4 per cent over the six months.
 The Reserve Bank said that house prices could fall further.
 Speaking about inflation, the Treasurer, Wayne Swan, called on "doomsayers and rentseekers" to acknowledge that, when averaged by the amounts Australians actually spent, prices climbed just 1.2 per cent, less than at any time since the late 1990s.

The shadow treasurer, Joe Hockey, said the prices that were rising the fastest were those that Australians were least able to avoid paying. He reached back five years to claim that, since Labor had been in office, electricity charges had climbed 64 per cent, water rates 59 per cent, insurance premiums 35 per cent and education fees 31 per cent.
 "This is before the carbon tax," he said. "Now is not the time to drive up the price of everything."
 Mr Swan said the low inflation

rate completed a set of figures far better than at any point during the previous Coalition government's term in office.
 "It is rare in our economic history to have low unemployment, a huge investment pipeline, healthy consumption and contained inflation at the same time. It's the best possible combination. But because it is good news, it doesn't tend to get treated like the hand-wringing, alarmist predictions from people who want to peddle gloom and doom in our economy."
 Financial markets were unimpressed with the inflation result, pushing the sharemarket slightly lower on fears Spain may be headed for a financial bailout.

"Inflation is low, which leaves the door open for the Reserve Bank to cut rates further," the HSBC chief economist, Paul Bloxham, said. "But it has already cut rates 0.75 points in the past three months. On local conditions alone it is unlikely to go further."
 with Stephen Nicholls and Chris Zappone

BusinessDay
 Cheap cash spurs deficit debate.

Kids couldn't care less about going to childcare, study finds



Good news for parents ... Lisa Mulligan said she felt "guilty and nervous" about sending her nine-month-old son Charlie to childcare but he soon settled in. Photo: Mick Tsikas

Adele Horin

CHILD CARE use in the first year of life has no discernible bad effects, according to a series of Australian studies that track children through to age eight or nine.
 Early use of centre-based childcare in particular has long been a contentious issue.

The associate professor of early childhood at Charles Sturt University, Linda Harrison, said the latest findings were "good news for parents".
 The research will be presented today at the Australian Institute of Family Studies conference.
 It shows that among two- and three-year-olds in childcare centres, no differences in behaviour or adjustment were apparent between the children who had started formal care as babies and those who had started later after having been at home with a parent or other carer.
 "There were no discernible

Mother's guilt trip turned into a positive journey

LISA MULLIGAN felt "guilty and nervous" about sending her nine-month-old son Charlie to childcare, but demands from her job left her with no choice.
 Charlie, who has spent about four days a week at **Caring 4 Kids in Broadway** for the past

four months, took about six weeks to settle in and is now "a bright, happy and energetic child", she said.
 She also had a positive experience with her 3½-year-old son, Aiden, who started childcare at four months. "I saw how Aiden

developed, learnt things and how well he speaks," Ms Mulligan, 39, said.
 "There's a real challenge that you're a bad mother because you put your children in childcare so early. It's just not true."
 Esther Han

differences between the two groups after taking into account factors such as the socioeconomic status of the families," Dr Harrison said.
 Based on thousands of children tracked in the Longitudinal Study of Australian Children, the study used nine measures to examine how the two- and three-year-olds were faring.
 These included how the children got on with other children, and with childcare workers, the level of problem behaviours, and

how much they appeared to enjoy their activities.
 The findings were based mostly on reports by teachers as well as by parents.
 A significant difference between the groups was apparent on only one measure – boys who had been in a combination of centre-based and home care as babies tended to have more conflicts with childcare workers.
 "But it is one finding out of nine," Dr Harrison said.

The study also tested whether longer hours in care were associated with worse outcomes. It found the more the toddlers were at the centre, the happier and more comfortable they were, but they also had more conflicts with carers.
 A second study by Rebekah Levine Coley, a professor of developmental and educational psychology at Boston College, based on the Australian data, tracked the children through to age seven. It also found no detri-

mental effects from infant childcare. Children performed better at school if they had been in childcare at ages two and four. But behaviour problems among the four-year-olds were worse than among four-year-olds cared for at home.
 "There are benefits and drawbacks of childcare at this age compared to parental care," Professor Coley said. "Perhaps it's because of larger group sizes and fewer teachers."
 A third study found four-year-olds who went to a preschool or a preschool type program rather than a childcare centre had an initial significant cognitive advantage when they started school. But by age eight or nine, the academic skill advantage had disappeared.
 "The biggest influence on children's academic achievement and behaviour remains family background rather than childcare," Dr Harrison said.

German drug maker covered up warnings about thalidomide risk

EXCLUSIVE
Nick McKenzie and Richard Baker

SECRET files reveal the German maker of thalidomide ignored and covered-up repeated warnings that its drug could damage unborn babies.
 The Herald has obtained excerpts of never-before-published files from pharmaceutical giant Grunenthal's

archives, which detail the explicit warnings the company received about its drug's potential to harm foetuses well before it was withdrawn from sale in late 1961.
 An estimated 10,000 babies worldwide were born in the late 1950s and '60s with severe physical deformities because their mothers had taken thalidomide drugs, which were marketed as a safe sedative and remedy for morning sickness.

The Grunenthal files – many of which have been reproduced in the Victorian Supreme Court by the Slater & Gordon lawyer Michael Magazaniak – expose a 50-year global cover-up and demolish the company's long-held position that the scandal was an unforeseeable tragedy and that its "actions were consistent with the state of scientific knowledge and prevailing standards of the 1950s".

The files reveal that for at least two years before the drug was banned, German medical professionals had individually told Grunenthal staff of their concerns that their patients' or own children's deformities were caused by women taking thalidomide during pregnancy.
 Between 1959 and 1961 – while the drug was still being marketed as safe – Grunenthal's own employees and their fami-

lies began having deformed babies. In one company file, it is noted that eight employee families "had had deformed children" between 1959 and 1961.
 Rather than act on the internal warnings, Grunenthal simply told concerned doctors there was no information to suggest the drug was unsafe.
 The thalidomide scandal again made headlines last week when the UK company Diageo, which

bought thalidomide distributor Distillers in 1997, said it had reached a multimillion-dollar compensation settlement with thalidomide victim Lynette Rowe.
 Diageo is considering settlements with up to 130 other thalidomide victims in Australia and New Zealand. But Grunenthal continues to deny any culpability and is aggressively defending lawsuits.
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SYDNEY CITY partly cloudy 10°-20°
LIVERPOOL possible shower 6°-20°
PENRITH possible shower 7°-19°
WOLLONGONG mostly sunny 12°-18°
GOSFORD possible shower 7°-20°
NEWCASTLE possible shower 10°-20°
CANBERRA morning shower 3°-12°
ARMIDALE few showers 2°-13°
DUBBO shower or two 7°-17°
COFFS HARBOR possible shower 9°-20°

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