

Labor would boost childcare rebate cap to \$10,000

Written by The Conversation USA

Labor has pitched a A\$3 billion childcare policy to families, promising to lift the annual cap on the childcare rebate from \$7500 to \$10,000.

The opposition says the higher cap would leave families up to \$2500 per child better off a year. Some 107,800 families that would hit the cap this financial year would benefit, it says. The rebate gives 50% of the cost of childcare, up to the cap, and is not means tested.

An immediate argument broke out about funding the policy. Labor says it would spend the same amount as the government on childcare, redirecting the money the Coalition wants to spend on its scheme. This has not been legislated because the Coalition could not get support for the savings it wanted in family tax benefits and parenting payments to pay for it.

Opposition Leader Bill Shorten pointed to savings that Labor has already announced, including not going ahead with the baby bonus, when pressed on funding. He said this was a “no new spending announcement day”. But Education Minister Simon Birmingham said the opposition did not have “the faintest clue” where the money to pay for its policy would come from.

Also under the Labor policy, there would be a 15% increase in the childcare benefit from January 1 next year. “Every one of the 813,000 families that rely on the childcare benefit will be better off. Assistance will increase by up to \$31 per child per week or \$1627 per child per year,” the policy says.

Children from low- and middle-income families are eligible for two days – up to 24 hours – of childcare-benefit-subsidised care a week. To be eligible for more than this, parents must meet a work, study or training activity test. The benefit is means tested with families earning less than \$43,727 annually getting the full rate. The current maximum rate is \$208.50 a week.

In 2015 the government announced it would invest an extra \$3.5 billion over five years – which later became \$3 billion - on childcare assistance, including a new childcare subsidy. The simplified system was to start from July 1, 2017, with a single subsidy based on family income replacing the childcare benefit, childcare rebate, and jobs, education and training childcare fee assistance program. It included a tougher activity test.

Labor would boost childcare rebate cap to \$10,000

Written by The Conversation USA

In this year's budget the government announced it was delaying the start date from July 1 next year to July 1, 2018.

The Labor plan would not change the existing activity test. Shorten said the government's proposed new activity test would lead to mothers in casual jobs, part-time and low paid jobs potentially falling through the cracks.

Labor's childcare plan is the latest in the range of social policies that form the core of Shorten's campaign. There are also big initiatives in education and health, with a major announcement on hospitals policy still to come.

The Labor policy says the government's proposed extra \$3 billion in childcare spending was included in the 2016 budget and Labor's plan, costed by the Parliamentary Budget Office, "will be funded by redirecting funding from the government's scheme over the forward estimates.

"The 2016-17 budget provides around \$40 billion for the early education and care system over the forward estimates to 2019-20. Over the forward estimates and over the decade to 2026-27, Labor will invest the same in early education and care as set out in the 2016-17 budget," the Labor policy says.

The Labor policy also includes a promise of greater transparency and extra powers to investigate unjustified price increases; an extra \$50 million for the family daycare system, including flexible options for families; and a \$150 million investment towards the professional development of the early education workforce. A Labor government would also make a submission for higher wages in the current pay case.

Labor says services would be required to report fees annually, and the Australian Competition and Consumer Commission would have new responsibility for monitoring childcare fees and reporting on excessive increases.

The Labor policy says that in the last three years childcare fees have increased by more than 20% and out-of-pocket costs have gone up. But Birmingham said: "Under the Turnbull

Labor would boost childcare rebate cap to \$10,000

Written by The Conversation USA

government the rate of fee increases has reduced to around 3.6% per year compared to an average of 7.8% per year during Labor's time in government, which spiked at 12.5% in 2009 after their last effort in this area."

Labor's education spokeswoman Kate Ellis said increasing the cap would not have the inflationary effect that an increase in the rate would have. Birmingham immediately said she had admitted that Labor's tinkering with the system in 2008 – when the rebate was increased – resulted in inflationary pressures on fee increases. She had "failed to guarantee their new promises won't do the same," he said.

Shorten said childcare "is much more than a women's issue. It's an economic issue. If in this country we're able to ensure that women are able to participate more equally in the workforce, well, that'll really kick along the Australian economy."

Birmingham said the Labor plan would not reform the system. "What Mr Shorten has proposed today is to junk reform to the system in favour of short-term band-aids that just put more money into the existing models which Labor did before when they were last in office."

Labor says it will work with experts and the sector "to formalise the very best long-term reforms". But "Labor recognises that families need action and support now – they should not have to wait any longer".

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

Read more <http://theconversation.com/labor-would-boost-childcare-rebate-cap-to-10-000-605>
[26](#)