

# Fine print spoils child-care pledge [AU] <sup>[1]</sup>

Editorial

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## EXCERPTS

Coming a few short months after the unprecedented spending frenzy of the federal election campaign, the Government's child care rebate package rates as the first broken pledge. Even worse, it is a broken pledge masquerading as a "very welcome" Christmas gift for working mothers. In a surprise announcement last week, Treasurer Peter Costello revealed that the promised 30 per cent rebate for out-of-pocket child care expenses would be backdated to July 1 this year, six months earlier than previously envisaged. The rebate is intended to cover some of the gap between child care fees of approved providers and the child care benefit, which most parents receive as a weekly fee reduction. "This is an extraordinarily generous benefit to help the working mothers of Australia with the costs of child care," Mr Costello said. But there is a catch - or two to be precise.

First, despite pre-election assurances to the contrary, the rebate will be capped at \$4000 a year for each child; a move designed to discourage providers from increasing their fees to scoop the extra money. The second, more crucial, caveat is that the money for expenses incurred this year can be claimed only at tax time in 2006, more than 18 months from now. Under the promised election policy, the rebate would have hit the federal budget in 2005-06 as families lodged their 2004-05 tax returns. Now, the Government won't pay out until the 2006-07 budget, deferring its share of the expense.

Mr Costello claimed backdating the entitlement was fair compensation for the delay. The millions of families who struggle to balance the weekly budget know this is nonsense. It means the rebate will be of little practical benefit, especially in families where a second, often part-time wage gets soaked up by child-care costs. Families do not work to a two-year budget. As a result, the revised policy is less likely to encourage mothers to rejoin the workforce. In short, this is a case of the fine print rendering the entire contract a fraud. The development again raises questions about political integrity and the Howard Government's willingness to fiddle with "core promises". It is all the more tough to swallow given Treasury forecasts of a swollen budget surplus thanks to a \$17 billion surge in tax revenues. Families will doubtless find the two announcements difficult to reconcile. They deserve an honest explanation.

- reprinted from The Age

**Region:** Australia and New Zealand <sup>[2]</sup>

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