

EXPLANATORY STATEMENT

A New Tax System (Family Assistance) (Child Care Benefit — Individuals who must meet activity requirements) Determination 2006

Summary

This Determination is made under subsection 14(1C) of the ***A New Tax System (Family Assistance) Act 1999*** (the Family Assistance Act). It is a legislative instrument for the purposes of the ***Legislative Instruments Act 2003***.

The purpose of this Determination is to specify the classes of people who will be required to meet activity requirements set out in new section 17A of the Family Assistance Act. The measure introduced by this Determination is part of the Government's welfare to work reforms, which aim to help parents to move back into the paid workforce.

Background

New subsection 14(1C) of the Family Assistance Act was introduced by the *Family and Community Services Legislation (Welfare to Work Act) 2005*. The purpose of this provision is to empower the Minister to determine classes of individuals who must meet the activity requirements under section 17A of the Family Assistance Act.

New section 17A of the Family Assistance Act specifies the activities to be performed by individuals who must meet activity requirements to qualify for child care benefit in respect of care by an approved child care service. Generally, these individuals must engage in one or more of specified activities for 15 hours during the relevant week or an average of 30 hours over the relevant two-week period. The activities include paid work, a training course or a course of education for the purpose of improving work skills and/or employment prospects or other activities determined under subsection 17A(2) of the Family Assistance Act.

This Determination specifies the classes of individuals who will be taken to meet the activity requirements. Its commencement coincides with the commencement of the A New Tax System (Family Assistance) (Child Care Benefit — Activities counting towards activity requirements) Determination 2006, made pursuant to subsection 17A(2) of the Family Assistance Act, which sets out activities that count towards activity requirements.

While the classes of individuals set out in this Determination will be required to meet activity requirements as of 3 July 2006, many will meet the activity requirements by virtue of their circumstances. For example, where an individual is unemployed and actively looking for work, he or she will meet the activity requirements where actively look for work for the threshold number of hours (usually 15 hours for the week). Similarly, where a person is on long service leave, he or she will meet the requirements where that leave is taken for the threshold number of hours for the week.

The Department has not undertaken consultations with respect to this Determination because it does not have a significant impact on business or restrict competition and because it gives effect to a decision in terms announced in the 2005-2006 Budget that alters the obligations and/or entitlements of individuals and not child care services.

The Office of Regulatory Review (ORR) has advised that a Regulation Impact Statement is not required for this Determination (ORR RIS ID: 8397).

Explanation of the sections

Name of Determination

Section 1 states the name of this Determination.

Commencement

Section 2 states that this Determination commences on 3 July 2006.

Interpretation

Section 3 contains interpretation provisions.

Classes of individuals who must meet activity requirements

Section 4 provides that the class of persons specified in the schedule must meet activity requirements under section 17A of the Family Assistance Act.

Explanation of Schedule 1

Schedule 1 sets out the classes of individuals who must meet activity requirements under section 17A of the Family Assistance Act. The identified classes encompass individuals who are:

- actively setting up a business that has not yet started to operate;
- unemployed and able to show that they are actively looking for work;
- undertaking specified voluntary work;

- taking specified types of leave related to their employment such as annual leave, sick leave, long service leave and other paid leave;
- self-employed and not working because they are taking time off that is equivalent to the taking of sick leave (with a doctor's certificate), annual leave, long service leave or parental leave.