

EXPLANATORY STATEMENT

A New Tax System (Family Assistance) (Administration) (Child care benefit — amount of enrolment advance) Determination 2007

Summary

This Determination is made under section 219RB of the ***A New Tax System (Family Assistance) (Administration) Act 1999*** (the Family Assistance Administration Act).

This Determination is a legislative instrument for the purposes of the ***Legislative Instruments Act 2003***.

The purpose of this Determination is to determine the amount of the enrolment advance that may be paid in respect of enrolments of a specified class and to provide for the indexation of enrolment advances.

Background

The new Child Care Management System (CCMS) introduced by the ***Family Assistance Legislation Amendment (Child Care Management System and Other Measures) Act 2007*** (the CCMS Act) will apply to an approved child care service from the service's 'application day' determined in accordance with item 91 of the CCMS Act.

The CCMS Act inserted new sections 219R, 219RA and 219RB in the Family Assistance Administration Act which deal with the payment of enrolment advances to approved child care services. A service may elect to receive an enrolment advance amount in relation to an enrolment.

Section 219R provides that an approved child care service may elect to receive an enrolment advance in relation to a particular enrolment. An occasional care service is not entitled to make the election and cannot receive an enrolment advance (new subsection 219R(1) refers).

Section 219RA provides that the Secretary must pay the amount of the enrolment advance if an approved child care service makes an election in accordance with new section 219R in respect of an enrolment and the Secretary confirms the enrolment in accordance with new section 219AE.

Section 219RB provides the Secretary with the authority to determine the amount of the enrolment advance that may be paid in respect of enrolments of a specified class, and to provide for indexation of the amount determined.

This Determination arises in the context of the introduction of the CCMS, which has been extensively consulted with the child care sector.

A Preliminary Assessment of the impact of this proposal has been undertaken in accordance with the procedure established by the Office of Best Practice Regulation; this proposal will have minimal impact on approved child care services as it only specifies the amount to be paid to services.

Explanation of the sections

Name of Determination

Section 1 states the name of this Determination.

Commencement

Section 2 states that this Determination commences on the day after it is registered.

The Note at the end of section 2 alerts the reader to items 91 and 93 of the CCMS Act relating to the application of this Determination to an enrolment of a child occurring on or after the service's 'application day'.

Definition

Section 3 provides definitions for the purposes of this Determination. 'CPI number' is defined as the All Groups Consumer Price Index number (being the weighted average of the 8 Australian capital cities) published by the Australian Statistician.

The Note to section 3 directs the reader to subsection 3(1) of the Family Assistance Administration Act for the definitions of 'approved child care service' and 'approved outside school hours care service'. The Note also directs the reader to the **A New Tax System (Family Assistance) Act 1999** for the purposes of defining 'school holiday session' and 'session of care'.

Amount of enrolment advance

Section 4 provides for the amount of an enrolment advance for the 2007-2008 financial year, and for the method by which the amount of the enrolment advance is calculated for later financial years.

Subparagraph 4(1)(a)(i) states that if an enrolment is for a session of care (other than a school holiday session) provided by an approved outside school hours care service, the amount of enrolment advance is \$34.00 for the 2007-2008 financial year.

Subparagraph 4(1)(a)(ii) states that for any enrolment (other than the type described in subparagraph 4(1)(a)(i)), the amount of enrolment advance is \$125.00 for the 2007-2008 financial year.

The amount of the enrolment advance has been derived through consultation with the child care sector via the CCMS Industry Reference Group.

Paragraph 4(1)(b) provides for indexation of enrolment advances. For later financial years, the amount of enrolment advance is calculated in accordance with the formula provided. The elements of the formula are also defined, and are read in conjunction with the definition of 'CPI number' at section 3.

For any later financial year, the application of the formula results in an amount which is the enrolment advance amount as specified in this Determination, plus an amount of indexation.

Subsection 4(2) deals with rounding of the amount that results from the application of paragraph 4(1)(b).