



## Family Assistance Legislation Amendment (Child Care Management System and Other Measures) Bill 2007

**This replaced the 8 June 2007 version of this Digest which contained an error on Page 7.<sup>1</sup>**

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## Family Assistance Legislation Amendment (Child Care Management System and Other Measures) Bill 2007

**Date introduced:** 24 May 2007

**House:** House of Representatives

**Portfolio:** Families, Community Services and Indigenous Affairs

**Commencement:** **Sections 1 to 3** and anything elsewhere not covered by the Table in **Clause 2** of the Bill, on the day the Act receives Royal Assent. **Schedules 1 and 3** from the day after the Act receives Royal Assent. **Schedule 2** from 1 July 2007.

### Purpose

This Bill presents amendments to various Acts to provide the legislative support for the proposed new Child Care Management System (CCMS). Amendments are presented to the *A New Tax System (Family Assistance) Act 1999* (FAA) and to the *A New Tax System (Family Assistance) (Administration) Act 1999* (FAAA). These amendments are necessary to not only provide the legislative support and basis to run the new CCMS, but also for the conduct of proposed CCMS pilot scheduled for the second half of 2007. The new CCMS is proposed to commence from 1 January 2008.

### Background

#### Child Care Benefit

Child Care Benefit (CCB) is government income supplement for families with a child in child care. The rate of CCB that can be paid for a child in child care is based on several factors:

- the family's annual adjusted taxable income,<sup>2</sup>
- whether the child is a school aged child,<sup>3</sup> and
- whether the child is in approved<sup>4</sup> or registered<sup>5</sup> child care.

Up to \$148 per week can be paid for a non-school aged child in 'approved' child care for 50 hours per week or \$2.96 per hour. Up to \$24.85 per week can be paid for a non-school aged child in 'registered' work related child care or \$0.497 per hour.

The rate for a school aged child is 85 per cent of the non-school aged child rate.

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Where adjusted taxable income for the family is less than \$34 310 for the year, the maximum rate of CCB can be paid.<sup>6</sup>

Only up to 24 hours per week CCB can be paid where the parent does not meet the work test.<sup>7</sup> Where the work test is met, up to 50 hours per week CCB can be claimed.

Where the child is a school aged child, the rate of CCB paid is 85 per cent of the CCB rate paid if the child is a non-school aged child.

### **Child Care Benefit payment can be claimed in several ways**

Payment of CCB can be claimed in several ways.

Reduced fees charged by an approved child care provider

CCB can be claimed by way of reduced fees charged by an approved child care provider. The person claims CCB and the child care provider is then told by Centrelink how much CCB the person is entitled to and the provider then reduces the child care fee by that amount. The parent pays the difference between the amount of CCB provided to the child care provider and the provider's child care fee. This difference varies according to the child care fee the individual child care provider charges.

Providers of approved child care must meet legislative and regulatory requirements regarding safety standards, staff qualifications, child/staff ratios, health and safety requirements, and child development, in order to obtain a licence to operate. State and Territory governments set the requirements, monitor performance and administer licences.

In the 2005-06 year, some 552,000 families used approved Commonwealth funded child care services receiving CCB.<sup>8</sup> The vast majority of these CCB payments would have been made by way of fee reductions to the claimant's child care fees rather than claimed as a lump sum at the end of the year when the tax assessment is submitted.

Lump sum at the end of the year

CCB can be claimed as a lump sum at the end of the year in the parent's tax assessment, after the approved child care provider has advised how much child care was provided during the year. If a parent chooses to claim CCB as a lump sum payment, they will have to pay the full child care fees to their child care service during the year. The CCB claim must be lodged within two years from the end of the income year for which the parent is claiming the CCB.<sup>9</sup>

Providing receipts from use of registered care

CCB can be claimed for registered care by lodging a claim with the Family Assistance Office (FAO) and providing the claimant's receipts for expenditure on registered child care. The claim must be made within 12 months of the care being provided.

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## **Information exchange between approved child care providers and the Family Assistance Office**

Most users of approved child care are paid their CCB during the year

As stated above, most CCB claimants using approved child care claim their CCB by way of reduced fees from the child care provider on an on-going basis during the year rather than as a lump sum at the end of the year when they lodge their tax return. As explained in the Explanatory Memorandum attached to the Bill, this process of reducing the on-going child care fee charged to a parent by an approved child care provider requires frequent and on-going communication between the provider and the FAO.<sup>10</sup> Most of this information exchange is conducted by mail (letters, disks and paper form).<sup>11</sup>

Approved child care providers paid in advance by the FAO

In order to allow the charging of a reduced child care fee to the parent, an approved child care provider is paid in advance by the way of four lump sum advances of CCB in each year. These periods of advanced payments in the 2006-07 year are:

- 3 July to 1 October 2006,
- 2 October to 31 December 2006,
- 1 January 2007 to 1 April 2007, and
- 2 April to 1 July 2007.

For each advance period, the approved child care provider is paid an advanced amount based on the provider's report to the FAO (statement of child care usage) for the previous quarter, setting out the usage of child care for each child in that quarter. This process requires a significant amount of information exchange between the approved child care provider and the FAO.

## **Legislation to support the new Child Care Management System**

This Bill of 70 pages is accompanied by an Explanatory Memorandum of 87 pages. The size of the Bill and the length of the Explanatory Memorandum provide some indication as to the magnitude of the changes proposed with the new CCMS. Instead of child care providers communicating with the FAO and Centrelink by mail, as is currently the case, the CCMS will require approved child care providers to communicate by a new integrated child care management computer system and processes – the CCMS. The CCMS will also provide the basis for the payment of CCB to approved child care providers.

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### Child care managers will need to comply with the Child Care Management System computer and reporting requirements

One of the most substantive changes with the CCMS is that it does change the way CCB is to be paid to approved child care providers. Currently, approved child care providers receive lump sum advance payments of CCB paid quarterly to them and they then provide reduced child care fees to eligible parents. These quarterly lump sum advances will no longer be made. Rather, CCB will be paid to these child care providers weekly in arrears for the child care used in their centre by CCB eligible parents over the past week. This regime of weekly arrears payments will require far more regular on-going communication between child care providers and the FAO about child care usage and it is proposed this communication be done via computer using the CCMS.

Payments to approved child care providers will change

There is no flexibility or option provided with the CCMS – if a child care provider wants to become an approved child care provider and provide reduced child care fees (reduced by CCB) on an on-going basis to parents, they will be required to use the CCMS.<sup>12</sup>

The CCMS will require approved child care providers to have the appropriate software in their computers and for their staff to know how to use the software to communicate the correct child care information to the FAO. In short, the CCMS will become the main systemic method of delivering CCB to families.

This issue of weekly reporting might become a significant issue for some providers. The lack of appropriately qualified, experience and trained staff has been reported as an on-going large issue for the child care industry, in all sectors.<sup>13</sup> The weekly reporting requirements under CCMS will require staff do a lot of data entry and this will place an extra burden on the staff resources for all child care providers. The ‘National Childcare Workforce Study of July 2006’ found.

Overall, there is a projected net shortfall of 7,320 staff by 2013. Long day care has an estimated shortfall of 6,490 staff by 2013, outside school hours/vacation care are projected to have a shortfall of 1,011 staff, and occasional care services have a projected shortfall of 894 staff. Preschool/kindergarten are projected to have an oversupply of 1,075 staff.<sup>14</sup>

Child care providers paid a refundable enrolment amount

Child care providers will be provided with an Enrolment Advance payment when they enrol a child for child care and that child is recognised by the FAO system (that is they have a customer reference number). Notification of a child enrolment will be via the CCMS. The Enrolment Advance is recoverable when the child leaves child care.

The Explanatory Memorandum does not detail how much the Enrolment Advance will be.

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## Changed payment arrangements has benefits for government

The proposed change from quarterly advances of CCB to weekly arrears payment of CCB via the CCMS does have benefits for government. CCB paid will more closely and accurately be tied to the actual child care use by a parent and therefore there should be a reduction of overpayments of CCB by way of human error or fraud. It will provide more up-to-date data to government about child care usage and lack of usage, so that government planning and budgeting for child care needs will be better informed. This data is important and will allow the government to make more informed and up-to-date decisions about allocating unused child care places to areas of need.

Since the passage of the *Family Assistance, Social Security and Veterans' Affairs Legislation Amendment (2005 Budget and Other Measures) Act 2006*.<sup>15</sup>, the government now has the flexibility to change or move the placement of unallocated child care places to areas of greater need.

## Changes for child care providers

The major changes for child care providers will be:

- payment of CCB received weekly in arrears rather than quarterly in advance,
- the need to have a compatible (registered with the FAO) computer system to communicate with the FAO and Centrelink using the CCMS,
- the need to train and educate staff in the use of the CCMS,
- the need to submit weekly reports to the FAO about child care usage,
- child care providers will no longer be required to calculate the amount of the fee reduction (the amount of CCB) that individuals will be entitled to. This is the amount that the provider's child care fee is reduced by. The CCB entitlement for individuals will be calculated by the FAO and advised via the CCMS to the provider. This will be a saving for providers.
- child care providers will be provided with an Enrolment Advance payment when they enrol a child for child care and that child is recognised by the FAO system (that is they have a customer reference number). Notification of a child enrolment will be via the CCMS. The enrolment amount is recoverable when the child leaves child care.

The costs to providers will vary between providers depending on each provider's current level of computer use and competency and staff familiarity with computer programs.

## The child care sector – size and complexion

The Australian Government supported 588 866 child care places in 2005, an increase of 4.8 per cent on the number in 2004.<sup>16</sup> The majority of Australian Government supported child care places were:

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- outside school hours care places (44.4 per cent),
- centre-based long day care places (42.0 per cent),
- family day care places (12.8 per cent),
- occasional care places (0.5 per cent), and
- other care places (0.3 per cent).

State and Territory governments supported at least 204 932 pre-school places in 2005-06.<sup>17</sup>

In 2005-06, over 111 413 children aged 12 years or younger attended State and Territory government funded and/or provided child care and 788 904 children aged 12 years or younger attended Australian Government approved child care services. Some children attend both Australian and State/Territory funded child care and some services receive funding from both Australian and State/Territory governments.<sup>18</sup> Some information on the complexion of the child care industry is provided in the Productivity Commission's 2007 Report on Government Services.<sup>19</sup>

**Table 14.1 Proportion of State and Territory licensed and/or registered children's services, by management type, 2005-06 (per cent)**

	NSW	Vic <sup>b</sup>	Qld	WA	SA <sup>c</sup>	Tas <sup>d</sup>	ACT	NT <sup>e</sup>
<b>Child care</b>								
Community managed <sup>f</sup>	30.5	37.6	35.9	20.0	40.2	51.3	84.1	73.8
Private <sup>g</sup>	66.4	48.2	60.7	76.2	34.9	24.2	15.9	26.2
Government managed	3.1	14.2	3.4	3.8	24.9	24.5	–	–
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Preschool</b>								
Community managed <sup>f</sup>	89.8	74.9	23.2	na	4.9	na	9.2	2.7
Private <sup>g</sup>	10.2	7.9	22.2	na	–	26.1	–	na
Government managed	na	17.1	54.6	100.0	95.1	73.9	92.0	97.3
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>a</sup> Includes all Australian, State and Territory government supported services. <sup>b</sup> All government managed preschools in Victoria are managed by local government. <sup>c</sup> The majority of government managed services are small occasional care programs attached to government preschools providing a total of 224 FTE places (FTE equals 50 hours per week). <sup>d</sup> Preschools include funded non-government preschools. <sup>e</sup> Preschool services are provided by the Department of Education directly, but a range of management functions are devolved to school councils and parent management committees. <sup>f</sup> Community managed services include not-for-profit services provided or managed by parents, churches or co-operatives. <sup>g</sup> Private for-profit services provided or managed by a company, private individual or non-government school. na Not available. – Nil or rounded to zero.

Source: State and Territory governments (unpublished); tables 14A.34, 14A.43, 14A.52, 14A.61, 14A.70, 14A.79, 14A.88 and 14A.97.

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The child care provider industry is not homogeneous and is very diverse – see Table 14.1 above. Funding to assist child care providers with the implementation of the CCMS has been itemised as \$18.8 million.<sup>20</sup> The capacity for individual providers to incur the expense of moving to the new computer CCMS environment will vary between providers and it is probable that providers in the not-for-profit sector will have less financial capacity for this move than private providers. There is no indication in the Explanatory Memorandum or in the information about CCMS provided by FaCSIA,<sup>21</sup> about how the allocation of the \$18 million is to be dispersed. Some in the child care industry have recommended that this financial assistance be targeted to the not-for-profit providers.<sup>22</sup>

## Government announces new Child Care Management System

### Cost of the CCMS to government

In the 2006-07 Budget, the government announced the development of an improved child care payment and management system, the CCMS.<sup>23</sup> The Government then said that final funding will be announced in the future, following consultation with the child care sector, but the Government did commit in the 2006-07 Budget to provide \$50.8 million in funding over four years.<sup>24</sup>

The Explanatory Memorandum details that the costs of the changes entailed in the Bill will be \$40.4 million in 2006-07, \$40.8 million in 2007-08, \$3.7 million in 2008-09 and would also result in a saving of \$2.3 million in 2009-10.<sup>25</sup> This is a net total of \$82.6 million.

The expenditure in the first two years arise from the implementation costs of the new CCMS, part of which is funding to support child care providers in their transition to the new CCMS processes. As stated above, the funding to assist child care providers with the implementation of the CCMS has been itemised as \$18.8 million.<sup>26</sup>

### Introduction of the CCMS to be piloted

It is proposed to fully implement the new CCMS from January 2008 but to test and refine the system and processes by way of a pilot. The CCMS pilot will occur in the second half of 2007 before implementation. The stages of the CCMS implementation are:

- Stage 1 - pilot to selected Long Day Care<sup>27</sup> and Family Day Care<sup>28</sup> providers, to commence from July 2007. The pilot will be in two phases; a Simulation Phase where CCMS will be used by child care services but no live payments will be made; and a Live Payment Phase, expected to commence from late 2007 where a small group of child care providers will commence using the CCMS for day-to-day Child Care Benefit (CCB) processes.
- Stage 2 - On completion of the pilot, CCMS will be implemented to Long Day Care and Family Day Care. From January 2008, services will move to CCMS with the final

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services moving to CCMS by July 2008. Those services that participate in the pilot will be the first to transition to the new CCMS.

- Stage 3 - Implementation of the CCMS to the Outside School Hours Care<sup>29</sup>, In-Home Care<sup>30</sup> and Occasional Care<sup>31</sup> sectors with implementation planned to commence from July 2008.<sup>32</sup>

The FaCSIA CCMS Fact Sheet explains how the CCMS pilot will work:

### **Pilot Stage**

The pilot will be in two phases; a Simulation Phase commencing in July 2007, and a Live Payments Phase expected to commence in late 2007. During the Simulation, FaCSIA will simulate business processes including training, information and support products, transition processes and helpdesk support without impacting on the way in which Child Care services, participating in the Simulation, currently operate.

The Live Payments Phase will commence upon successful completion of the Simulation Phase and, as the name suggests, will involve using the CCMS for day-to-day Child Care Benefit processes. This phase will involve an incremental transition of Child Care Services that have participated in the Simulation to the CCMS, and will complete the assurance process.

Participation in both phases of the pilot will be based on nominations from Child Care services.<sup>33</sup>

## **Main provisions**

### Schedule 1 – Amendments relating to Child Care Management System

**Items 1 and 2** alter the description of ‘absences’ in the FAA. Currently, a child is allowed up to 30 days absence in a year from child care and the parent still be entitled to CCB for those days. The definition of ‘absences’ in the FAA is to be altered to allow up to 42 days absence in a year and more than 42 days in prescribed circumstances. Child care providers still charge fees for absences, so this move to allow CCB payment for absences from 30 up to 42 days advantages CCB claimants. It will allow child care providers more flexibility than the current 30 days.

**Items 8, 9 and 10** alter the FAAA to empower the Secretary to approve software for the use of the CCMS and the form and construct of information a child care provider is required to provide.

**Item 11** replaces the current section 48 in the FAAA with a new section 48 that sets out the fee reduction process, setting out roles and requirements for child care centres and the FAO. This new section 48 is the core of the new fee reduction process to be implemented by the new CCMS. **Items 12 to 17** amend several notice provisions in the FAAA, with

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the main one being **item 12**, which no longer requires the child care centre to calculate the amount of the fee reduction, being the amount of CCB payable to an individual.

**Item 18** provides for the calculation of entitlement to CCB by way of a fee reduction to be made by the FAO.

**Items 21 and 22** amend provisions in the FAAA ensuring the amount of CCB an individual is entitled to is passed on by the child care provider as a fee reduction.

**Item 23** inserts provisions that empower the FAO to require an approved child care provider to provide information to the FAO about child care usage by individuals and the form of that information.

**Items 33, 34 and 35** provide that amounts of CCB incorrectly paid by way of a child care fee reduction can be a debt against an individual and can be recovered from the individual.

**Item 36** inserts provisions setting out that an amount provided to a child care provider and not passed on to the individual who is qualified for that amount is a debt against the child care provider. **Item 39 and 42 to 44** set out how debts against a child care provider can be recovered. They include two new debt recovery methods: reduction of fee amounts or of enrolment advances that would otherwise be paid to the provider.

**Item 82** inserts new provisions into the FAAA about the enrolment of a child with a child care provider for child care. The provisions feature the requirement for the approved child care provider to notify the FAO when a child registers with the provider for the provision of child care and the person wishes to claim CCB as a fee reduction. **Item 83** inserts provisions setting out obligations for the child care provider to pass on fee reductions and to charge no more than fees for the same services had no fee reduction apply.

**Item 86** requires the child care provider to issue receipts to the child care user and the details the receipts are to contain, including the fee charged and the fee reduction amount, being the CCB amount.

**Item 87** sets out the requirement for child care providers to provide reports to the FAO, including the content and timing of the reports.

**Item 90** inserts new provisions into the FAAA setting out the method of payment of weekly amounts to the child care centre, being weekly remittances of CCB to be the fee reduction amounts to be passed on to individuals who are using the provider's child care services. These provisions cover the payment of these weekly amounts and the adjustment of amounts upon any recalculation of CCB payment rate and also enrolment advances.

**Items 92 to 99** contain transitional provisions to facilitate the conversion of an approved child care provider into the new CCMS arrangements. Not all centres will commence on the same day and not all will commence from 1 January 2008. Child care centres will

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come on-line as they acquire the necessary computer systems to operate inside the CCMS communication and payments arrangements.

## Schedule 2 – Civil penalties

**Schedule 2** provides for civil penalties for breaches of family assistance law. The Explanatory Memorandum states that the capacity to refer to civil penalties is new in this context but does not say why it is considered necessary. The Explanatory memorandum does say it will enhance the range of penalties.<sup>34</sup> Currently, there is access to criminal penalties for child care providers. It may be that the arrangements between the government (FAO) and child care providers currently, and also under the CCMS arrangements, are essentially commercial arrangements involving commercial enterprises being required to pass on public monies to individuals by way of child care fee reductions. In this environment the application of criminal penalties is limited and civil penalties provide more scope for the non-compliance with family assistance law. However, the Explanatory Memorandum does not outline or explain this so this is conjecture.<sup>35</sup>

**Item 6** presents provisions requiring approved child care providers to provide information about past child care use and prospective child care use and empowering the FAO to specify the form, manner and timing of this information.

**Item 7** inserts new provisions into the FAAA to provide for the pursuit of civil action against a child care provider who has breached the family assistance law requirements. The provisions empower the courts (the Federal Court or the Federal Magistrates Court) to determine the amount of the financial penalty. Provisions in **item 7** also refer to the issuing of infringement notices, time limits on civil action at four years and the suspension of approval authorisation for a child care provider if 10 or more infringement notices have been issued in a 12 month period.

## Schedule 3 – Miscellaneous amendments

**Item 1** refers to the percentage of CCB payable to school aged and non-school aged children.<sup>36</sup> Where a child is of school age, they only qualify for 85 per cent of the CCB rate that would be paid, where the child is a non-school aged child. However, there are different school start arrangements and terminology in different States.<sup>37</sup> The amendment presented in **item 1** to the FAA will apply an assumption that every child is a school aged child from the age of 6 and therefore only 85 per cent of the CCB rate payable, unless the parent advises otherwise. This is different to the current arrangements, where the non-school rate is applied after the parent advises the child has commenced school. This will reduce overpayments that have occurred in the past but will also probably result in some underpayments.

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**Item 24** inserts provisions into the FAAA to empower the FAO to suspend a child care provider's approval immediately where one of the prescribed circumstance set out in the provision is met. These circumstances are where the provider has failed to meet a State or Territory law relating to the provision of child care; they commonly refer to health and safety requirements and other building code requirements. Immediate suspension may also be necessary where the FAO is of the opinion there is an imminent danger to a child or some other event requiring immediate action. These circumstances are not set out in the provisions, so it is really an open cheque book as to what these circumstances might be and is therefore probably a matter to be described in policy guidelines. To be fair, it is probably too difficult and too cumbersome to spell out in legislation every circumstance where it might be considered appropriate to suspend or cancel a provider's approval, consequently the provisions appropriately provide broad powers.

## Concluding comments

This Bill provides the legislative support for the biggest system and process changes to the delivery of CCB since the payment commenced from 1 July 2000.<sup>38</sup> It could be seen as taking the interface between government (FAO and Centrelink) and child care providers out of the dark ages of using mail to modern computer based processes.

The Explanatory Memorandum says in several places that the assessed costs of some of the proposed changes have been assessed as 'minimal'.<sup>39</sup> This is a bit simplistic, especially for some of the cost items for child care providers. Of course, costs for providers will vary between providers because their current internal records management systems and processes are so very diverse. For some providers, the costs will be significant, for others, the costs will be minimal. It is possible some providers looking at significant costs may decide to not to venture into the new world of CCMS and close their operations.

One of the most significant changes for child care providers will be the funding change from quarterly bulk advances of CCB to remittances paid weekly in arrears. Some providers may not have the financial reserves or resources to tolerate such a change, especially during the transition period, and may also opt not to venture into the new world of CCMS. The other main change for providers will be the recording of child care use data on to computer records compatible with the CCMS and the lodging of weekly reports. For those providers already using computers for child care records the changes will be less onerous and demanding than for those owners who only use paper records, more commonly the smaller providers. In the face of these new requirements, some providers looking at significant costs may decide to close their operations.

The Explanatory Memorandum does refer to the potential in the future to consider electronic sign-in and sign-out processes.<sup>40</sup> This does have the potential to target CCB payments more even closely to real-time use of child care services and this may provide

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savings to government outlays. At present, there is no real rigor to the sign-in and sign-out time recording, which is conducted between the parent and the child care provider.

CCB is not a small program. In the 2005-06 year, some 552 000 families used approved Commonwealth funded child care services and received CCB<sup>41</sup> and the total expenditure for CCB in the 2005-06 year was \$1.519 billion.<sup>42</sup> Given that the vast majority of CCB is delivered via fee reductions passed on by child care providers, it is probably long overdue that this be managed and processed electronically rather than by exchange of information through the post. However, for many the changes are significant, and the pilot to be conducted over the second half of 2007 will reveal how significant. Some providers may find it all too difficult and opt out of child care provision, especially the small providers.

The figure of \$50.8 million referred to on page 7 that was announced by Minister Mal Brough in the 2006-07 Budget referred to a government commitment to a more rigorous child care compliance strategy, not to the cost of the proposed new Child Care Management System.

## Endnotes

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- 1 The figure of \$50.8 million referred to on page 7 that was announced by Minister Mal Brough in the 2006-07 Budget referred to a government commitment to a more rigorous child care compliance strategy, not to the cost of the proposed new Child Care Management System.
2. Adjusted taxable income is net taxable income with income from foreign income, employer provided fringe benefits and net rental property losses factored back in.
3. For CCB purposes, a school child is a child who attends primary or secondary school or who is on a break from school (for example school holidays) and will return to primary or secondary school after that break. A school child includes children who attend the following classes at primary school:
  - kindergarten in New South Wales and the Australian Capital Territory,
  - preparatory in Victoria and Tasmania,
  - preparatory or Year 1 in Queensland,
  - pre-primary in Western Australia, or reception in South Australia, or transition in the Northern Territory.
4. Approved child care is care provided by a service provider that participates satisfactorily in the Australian Government funded quality assurance system and has been approved to receive Child Care Benefit payments on behalf of eligible families. Most long day care, family day care, before and after school care, vacation care, some occasional care and some in-home care providers are approved child care providers.

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5. Registered care is care for work related purposes that is provided by grandparents, relatives, friends or nannies who are registered with the Family Assistance Office. Registered care may also include care provided by some private preschools, kindergartens, some outside school hours care services and some occasional care centres.
6. **Maximum rate of CCB for a non-school aged child in approved care**

If family income is less than \$34 310, a person can get maximum rate CCB for approved care.

Number of children in care	Per week (for 50 hours of care)	Per hour for each child
1	\$148.00	\$2.96
2	\$309.35 (\$154.67 per child)	\$3.09
3	\$482.84 (\$160.94 per child)	\$3.21

*Maximum rate for a school aged child is 85% of the non-school aged child rate.*

If family income is more than \$34 310, a person can get a part-rate CCB.

Where family income exceeds an upper income threshold, only the minimum rate CCB is payable.

Number of children in care	Upper income threshold
1	\$98,348
2	\$106,629
3	\$121,130 (add \$20,221 for each extra child in care)

The minimum rate of CCB for a non-school child is \$0.497 per hour up to 50 hours a week or \$24.85. *Rates for a school aged child are 85% of the non-school aged rate.*

7. The number of hours a person can receive CCB for approved child care depends on whether they (and their partner) satisfy the CCB work/training/study test. From 3 July 2006, between 24 and 50 hours of Child Care Benefit per week for each child in care can be claimed where the claimant (and partner) have work, or work related commitments, for at least 15 hours a week or at least 30 hours a fortnight, or have an exemption to this requirement.
8. Department of Families, Community Services and Indigenous Affairs, *Annual Report 2005-06*, Canberra, Australia, p. 193. <http://www.facs.gov.au/annualreport/2006/index.html> Accessed on 8 June 2007.
9. Peter Yeend, Family Assistance Legislation Amendment (Extension of Time Limits) Act 2003, *Bills Digest No. 38 2003-04*, Parliamentary Library, Canberra, Australia, 10 October 2003. <http://www.aph.gov.au/library/pubs/bd/2003-04/04bd038.htm#Contact> Accessed on 8 June 2007.
10. Explanatory Memorandum, p. i.

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11. *ibid.*, p. ii.
12. *ibid.*
13. Choice Magazine, *Caring for Kids - Choice Survey of child care*, November 2006, pp. 14–15. <http://www.choice.com.au/viewArticle.aspx?id=105463&catId=100509&tid=100008&p=1&title=Childcare> Accessed on 8 June 2007.  
Community Care Child Care Co-operative NSW, *Responses to the Proposed CCMS*, Sydney 15 December 2006, p. 2. <http://www.cccnsw.org.au/index.html> Accessed on 8 June 2007.
14. Community Services Ministers Advisory Council, *National Children's Services Workforce Study*, Melbourne Australia, July 2006, p. 5. <http://hnb.dhs.vic.gov.au/children/ccdnv.nsf/childdocs/-F6E555C5D757CA2BCA256E18006497D4-CB1D86EE6722F836CA256E98001F4863-FFDB89DFB9F05F1DCA256F0B000DCE6C?open> Accessed on 8 June 2007.
15. Peter Yeend, Family Assistance, Social Security and Veterans' Affairs Legislation Amendment (2005 Budget and Other Measures) Bill 2006, *Bills Digest No. 104 2005-06*, Parliamentary Library, Canberra, Australia, 2 March 2006. <http://www.aph.gov.au/library/pubs/bd/2005-06/06bd104.htm> Accessed on 8 June 2007.
16. Australian Government Productivity Commission, *Report on Government Services 2007*, Canberra, Australia, 31 January 2007, Part F Community Services, Chapter 14 Children's Services, p. 14.6. <http://www.pc.gov.au/gsp/reports/rogs/2007/communityservices/index.html> Accessed on 8 June 2007.
17. *ibid.*
18. *ibid.*
19. *ibid.*, p. 14.8.
20. Explanatory Memorandum, p. xvi.
21. The Department of Families, Community Services and Indigenous Affairs, *Child Care Management System*. <http://www.facs.gov.au/internet/facsinternet.nsf/childcare/ccms.htm> Accessed on 8 June 2007.
22. Community Care Child Care Co-operative NSW, *Responses to the Proposed CCMS*, *op. cit.* p. 3.
23. The Hon. Mal Brough, MP, Minister for Families, Community Services and Indigenous Affairs, *2006-07 Budget - A More responsive, quality child care system*, Media Release, Canberra, Australia, 9 May 2006. [http://www.facs.gov.au/internet/minister3.nsf/content/budget06\\_responsive\\_child\\_care.htm](http://www.facs.gov.au/internet/minister3.nsf/content/budget06_responsive_child_care.htm) Accessed on 8 June 2007.
24. *ibid.*
25. Explanatory Memorandum, *Financial impact statement*.
26. Explanatory Memorandum, p. xvi.

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27. Long Day Care is a centre-based form of child care providing all day or part-time care for children of working families and the general community. Long day care services provide care mostly for children not yet attending school, but may also provide care for school children before and after school and during school holidays. Community organisations, local councils, private operators, employers or non-profit organisations may run these services.
28. Family Day Care services support and coordinate a group of family day carers who provide child care in their own homes for other people's children. The service also assists parents to select an appropriate family day carer for their child. A family day care service can provide flexible care, including all-day care, part-time, casual, before and after school care, and care during school holidays.
29. Outside School Hours Care services provide care before and/or after school and/or during vacation time. These services often operate in school grounds. They may also be in other locations such as community centres, halls, neighbourhood houses, recreation centres or other types of child care services (for example Family Day Care).
30. In Home Care services provide a targeted form of child care where an approved carer provides care in the child's home. It aims to provide care for children within the family unit, and is only available for families who do not have access to an existing child care service, or where an existing service cannot meet their needs such as parents who work irregular hours.
31. Occasional Care is centre-based child care that supports families by providing flexible care for children. Families can access occasional care regularly on a sessional basis, or irregularly. While occasional care is available to all children, most of the children in care will not have started school. Community organisations, non-profit organisations or local councils may run Occasional Care services.
32. Department of Families, Community Services and Indigenous Affairs, CCMS Pilot Fact Sheet, p. 1. <http://www.facs.gov.au/internet/facsinternet.nsf/childcare/ccms.htm> Accessed on 8 June 2007.
33. *ibid.*
34. Explanatory Memorandum, p. 53.
35. *ibid.*
36. For CCB purposes, a school child is a child who attends primary or secondary school or who is on a break from school (for example school holidays) and will return to primary or secondary school after that break. *op. cit.*
37. *ibid.*
38. Lesley Lang, Dale Daniels and Peter Yeend, A New Tax System (Family Assistance) Bill 1999, *Bills Digest No. 175 1998-99*, Parliamentary Library, Canberra, Australia, 10 May 1999. <http://www.aph.gov.au/library/pubs/bd/1998-99/99bd175.htm#Contact> Accessed on 8 June 2007.
39. Explanatory Memorandum, pp. xviii–xix.
40. *ibid.*
41. Department of Families, Community Services and Indigenous Affairs, *Annual Report 2005-06*, *op. cit.*

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42. *ibid.*, p. 191.

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