

1985

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
SENATE

CHILD CARE AMENDMENT  
BILL 1985

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for  
Community Services, Senator the Hon Don Grimes)

OUTLINE

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## CHILD CARE AMENDMENT BILL 1985

### OUTLINE

This Bill would make amendments to the Child Care Act 1972 to alter the nature of operational assistance to child care centres funded under the Act. It would change the basis on which such assistance is paid, the method of calculating grants payable and the rates of payment.

The present Act provides for operational subsidy to be paid in respect of 75% of the salaries of certain qualified staff. Subsidy is paid in respect of two categories of staff, nurses and teachers, and the number of staff subsidised depends on the number of equivalent full-time children attending the centre on a specified day in each quarter. The funding system is administratively complex both for the Commonwealth and for centres. Furthermore a small reduction in the number of children attending the centre can result in a disproportionately large reduction in subsidy entitlement.

The main amendment (Clause 3) would remove the link with salaries of staff, and recurrent grants would be paid to assist with the general operating costs of the centre. The amount of subsidy payable would be based on the number of approved places at a centre. Grants would be calculated at the rate of \$16 per week for each approved place for a child under the age of 3 years and \$11 per week for each place for a child aged 3 years or over. The higher rate for children under the age of 3 years recognises that additional costs are incurred in providing care for these children. The Minister would have power to increase these rates from time to time. Additional grants would be paid for centres approved to operate for more than 10 hours per day.

The Bill would also make minor amendments to clarify the operation of the Act in relation to the changes in operational assistance (Clause 4, 6 and 7) and in relation to overpayments (Clause 5).

### FINANCIAL IMPACT STATEMENT

The measures provided in this Bill are expected to reduce the Government's subsidies for the Children's Services Program by \$2.6 million in 1985:86 and \$10.2 million in a full year. The short-term additional administrative costs of implementing these measures are estimated to be \$0.46 million in both 1985:86 and 1986:87.

Clause 1: Short title, etc

Clause 1(1) would provide that the amending Act would be cited as the Child Care Amendment Act 1985

Clause 1(2) would provide that the Child Care Act 1972 would be referred to as the Principal Act in this Bill.

Clause 2: Commencement

This clause provides that these amendments would come into operation on 1 April 1986.

Clause 3: Recurrent grants

This clause repeals section 11 of the Principal Act and substitutes a new section 11.

The existing section 11 provides for the making of recurrent grants to an organisation in respect of a child care centre operated by it and specifies the method of calculating such grants. The grants are made in respect of the salaries of certain qualified staff and are calculated on the basis of the number of equivalent full-time children present at the centre on a specified day in each quarter.

The new section 11 would change the basis of recurrent grants by removing the link with staff salaries. Grants would be calculated on the basis of the numbers of approved places at a child care centre and the rates specified by the Minister.

New sub-section 11(1) would allow the Minister to approve the making of grants to an eligible organisation which operates a child care centre(s) to assist in meeting the operating costs of the centre. Such approval may be made where the child care centre is operated for not less than 8 hours during each normal working day in not less than 48 weeks each year.

New sub-section 11(2) would enable the Minister to approve the making of grants to an organisation in respect of a child care centre which is not operated as required in the new sub-section (1) where the organisation had received grants in respect of the centre under the existing section 11, in the quarter immediately prior to the commencement of this clause.

The amendment would provide that organisations currently receiving grants in respect of child care centres will not become ineligible because of the 48 week condition imposed by new sub-section (1).

New sub-section 11(3) would enable the Minister to specify the number of places at a child care centre which are approved places for the purposes of the section and the number of places which are approved for children under 3 years of age and for those of or above the age of 3 years.

New sub-section 11(4) would enable an organisation to request the Minister's approval under new sub-section (5) when a child care centre opens or will open more than 10 hours per day on each normal working day.

New sub-section 11(5) would enable the Minister to approve the making of additional grants to an organisation which makes a request under sub-section (4) and to determine the number of hours in each day which should be taken into account for calculating the amounts of additional grants. The number of hours will be more than 10 and equal to or less than the hours the centre will be operated.

New sub-section 11(6) would allow the Minister to vary the number of hours of operation of a centre determined under sub-section (5).

New sub-section 11(7) would specify the rate of subsidy for each approved place at a child care centre. The rate for an approved place for a child under the age of 3 years would be \$16 per week, and for a child of or above the age of 3, \$11 per week. The Minister would be empowered to determine greater amounts from time to time.

The higher rate for approved places for children under the age of 3 years recognises that additional costs are incurred by centres in caring for these children.

New sub-section 11(8) would ensure that the Minister could not subsequently determine a lower amount under sub-section (7) than that prevailing at that time.

New sub-section 11(9) would specify the method of calculating the amount of grant payable to a child care centre each quarter.

New sub-section 11(10) would allow the Minister to determine the amount of an additional grant payable in respect of a centre where an approval under sub-section (5) is in force.

New sub-section 11(11) would provide that the Minister in determining the amount of an additional grant under sub-section (10), should have regard to the number of hours of operation of the centre determined under new sub-section (5) or varied under new sub-section (6) and to such other matters as the Minister considers relevant.

New sub-section 11(12) would provide that revocation of an approval under sub-section (1), (2) or (5) would have effect from the last day of the quarter in which it was made.

New sub-section 11(13) would provide that revocation of an approval under sub-section (1), where an approval under sub-section (5) also exists, would also effect the revocation of the approval under sub-section (5) on the last day of the quarter.

New sub-section 11(14) would provide that an approval under sub-section (1) or (5) can be given for a service before it opens, but it would have no effect until the service commenced operation.

New sub-section 11(15) would provide that where an approval under sub-section (1), (2) or (5) is given after the beginning of a quarter, the amount of grant in respect of the quarter is such an amount as determined by the Minister.

New sub-section 11(16) would provide that where a child care centre in respect of which an approval under new sub-section (1), (2) or (5) is in force at the beginning of a quarter, ceases to operate before the end of the quarter, the amount of grant in respect of the quarter is such an amount as determined by the Minister.

New sub-section 11(17) would provide that in determining an amount under sub-section (15) or (16) the Minister shall have regard to the number of weeks during the quarter the centre operated.

New sub-section 11(18) would provide for notice to be given to an organisation, in writing, of an approval, revocation of approval or a variation to approved hours of operation.

New sub-section 11(19) would enable the Minister to make advances of amounts payable under this section.

New sub-section 11(20) would define 'quarter' for the purposes of this section.

Clause 4: Conditions relating to grants

Clause 4(a) omits paragraph 20(4)(b) and substitutes a new paragraph, consequential on the proposed new section 11.

The existing paragraph 20(4)(b) requires that an agreement under section 20 shall include a condition that the child care centre shall provide child care on days and during hours determined by the Minister.

New paragraph 20(4)(b) would provide that all future agreements under section 20 would include a condition that a child care centre would operate for the days and hours specified in the new sub-section 11(1) except where the Minister has approved other hours under new paragraph 11(5)(d) or has varied hours of opening under new sub-section 11(6).

The amendment would give legislative cover to a condition of funding which is currently included in such agreements.

Clause 4(b) makes minor drafting changes to sub-section 20(6) to ensure that advances made under the new sub-section 11(19) would be subject to section 20.

Clause 5: Overpayments

This clause inserts a new section after section 20A of the Principal Act.

The Principal Act does not make specific provision for recovery of overpayments.

New sub-section 20B(1) would provide that if an amount has been paid to an organisation which should not have been paid, the organisation will, on demand by the Minister, repay all or part of the recoverable amount.

New sub-section 20B(2) would allow the Minister to deduct a recoverable amount, or part thereof, from an amount payable to the organisation under the Act.

Clause 6: Money to be appropriated

This clause makes minor drafting changes to section 24 to reflect the new sub-section 11(19).

Clause 7: Transitional

This clause ensures that the agreements on terms and conditions, made under existing section 20 in respect of grants made under existing section 11 of the Principal Act in the quarter prior to the commencement of this clause, remain in force in respect of grants made under the new section 11 until new agreements are made. Terms and conditions may be varied under sub-section 20(5) after the commencement of this clause.