



Australian Childcare Alliance

IMPACTS OF THE NEW CHILD CARE SUBSIDY ON APPROVED PROVIDERS

February 2018

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KEY FEATURES OF THE CCS

MOST FAMILIES WILL BENEFIT FROM CCS IMPLEMENTATION

- \$37B in funding over 4 years, an increase of \$2.5B per annum
- Single subsidy paid direct to ECEC services on behalf of families
- Three things will determine how much subsidy a family receives:
 1. Combined family income
 2. How much the parents work, based on the activity of the parent who works least
 3. The type of childcare service the family uses

Combined Family Income	Subsidy Rate*
Up to \$65,710	85%
> \$65,710 to < \$170,710	Tapering to 50%
\$170,710 < \$250,000	50%
\$250,000 < \$340,000	Tapering to 20%
\$340,000 < \$350,000	20%
\$350,000+	0%

*** SUBSIDY RATE OF ACTUAL FEE CHARGED
OR MAXIMUM HOURLY RATE CAP
(WHICHEVER IS LOWER)**

**Subsidy tapers
by 1 % for each
\$3,000 of
family income**

ACTIVITY LEVEL OF BOTH PARENTS WILL IMPACT ACCESS

Hours of Activity*

Hours of subsidy* (Maximum)

< 8 hours with combined family income of < \$65,710	24 hours
8 – 16 hours	36 hours
> 16 – 48 hours	72 hours
> 48 hours	100 hours

* Per fortnight

Two parent family

- both must meet the test, though some exemptions apply (eg; families that are eligible for the Child Care Safety Net)
- activities can be combined
- the parent with the lowest entitlement will determine subsidised care hours

Sole parent family

- must meet the test

Casual/irregular hours of care

- can estimate over 3-month period but need to notify changes

TYPE OF SERVICE

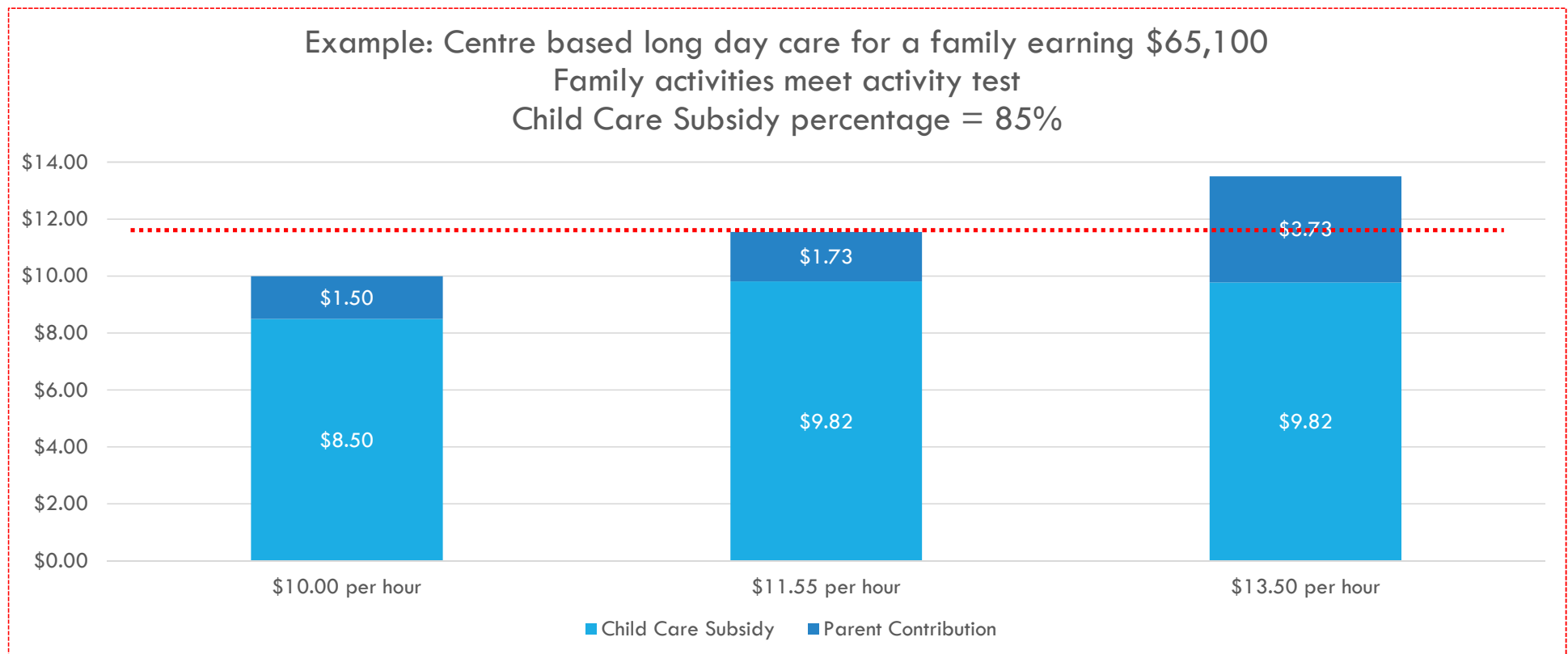
A family's level of Child Card Subsidy support is also determined by the type of child care the family uses.

It will be calculated by the hour, using an hourly rate cap:

- Centre-based care - \$11.55[^] per hour
- Family Day Care - \$10.70[^] per hour
- Outside School Hours Care - \$10.10[^] per hour

**Hourly rate cap
varies
depending on
type of service**

HOURLY FEE CAP IN PRACTICE





IMPACTS OF THE CHILD CARE SUBSIDY: AN OVERVIEW

Implementation of the new Child Care Subsidy on 2 July 2018 will impact Approved Providers in numerous ways...

Things to Plan For include:

Additional Questions from Families

- Changes to subsidy, plus “benchmark hourly cap”

Technology System Changes

- New Government technology system to support CCS

New Reporting Requirements

- New detailed attendance reporting requirements

Additional Staff Training

- Funding and policy changes and family engagement

Financial Implications for Approved Providers

- Affordability and accessibility issues for some families
- Introduction of a new “benchmark hourly cap”
- Option to introduce sessional care for any families with an income of \$65,710 or less a year

THINGS TO PLAN FOR: IMPACT ON FAMILIES

- Families will be impacted in different ways by the new CCS
- Be ready for questions on CCS policy rules and their impact on your families

Implications:

- Approved Providers should be actively familiarising themselves with the new CCS

Resources:

- ACA Fact Sheet For Families – New Child Care Subsidy
- Federal Department of Education website = www.education.gov.au/child-care-subsidy-1





FAMILIES THAT BENEFIT MOST...

- Average assistance of low income working families who meet the activity test will rise from 74% to 85% of fees
- More funding for children with additional needs and children at risk



FAMILIES THAT ARE NEGATIVELY IMPACTED

- Families who do not meet the activity test earning \$65,710 gross or less will have their base hours of subsidised care cut from 24 hours to 12 hours per week
- Families who do not meet the activity test earning over \$65,710 will receive no subsidised care
- Families that have a sudden change in workforce participation could immediately be faced with a reduction of hours
- Families on combined incomes of \$350K or more will receive no subsidy

NEW TECHNOLOGY SYSTEM



THINGS TO PLAN FOR: NEW I.T SYSTEM

- A new child care I.T system, is currently being built to support implementation of CCS
- System will be built in the SAP environment
- Third party software will still be used to access the new I.T system

Implications:

- Final CCMS statements will require adjustment
- Check that your software technology provider is registered to access the CCS
- If you are not currently using a software platform, benchmark and select a solution

Why? – New attendance reporting requirements (see slide 16)

NEW REPORTING REQUIREMENTS





THINGS TO PLAN FOR: NEW ATTENDANCE REPORTING REQUIREMENTS

There will be new online CCS reporting requirements

- Mandatory reporting of children's detailed attendance records
- This can be done via an electronic solution, or entered manually into your software
- A 28-day limit on backdating children's attendance records

Implication:

- Approved Providers must consider the practical implications of installing hardware and having access to such systems from their current software provider
- It is also important to consider the challenges with transitioning families to a new system in the lead up to the introduction of these changes.

Resource:

You can check which IT service providers are registered to access the CCS at www.docs.education.gov.au/node/3300



STAFF TRAINING

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- The introduction of the CCS on 2 July 2018 is a massive change for the sector
- Staff will be under increased pressure, particularly those accountable for:
 - Working with the new technology system
 - Reporting attendance records
 - Responding to questions from families
 - Monitoring financial outcomes

Implication:

- Approved Providers should be engaging their staff and training them on the key aspects of the new CCS, and their individual process changes, to avoid service disruption

A blue-tinted background image featuring a magnifying glass positioned over a financial spreadsheet. The spreadsheet contains various numerical data points, with the magnifying glass focusing on a specific section of the table. The overall theme is financial analysis and scrutiny.

FINANCIAL IMPLICATIONS FOR APPROVED PROVIDERS

FINANCIAL IMPACTS ON APPROVED PROVIDERS

- Families that fail to meet the activity test may be unlikely to privately fund attendance
- Families earning less than \$65,710 that don't meet the activity test may not elect to increase their funded hours from 12 to 24
- Families earning over \$350K may not elect for high utilisation as their subsidies are 100% cut
- Families that are asked to pay above the benchmark fee rate may not be willing to pay the gap

Implications:

Approved Providers are advised to closely examine the potential financial impact of the CCS on their families in order to understand their future charging practices

Resources:

Please refer to the next slide.

FINANCIAL IMPLICATIONS: RESOURCES

Financial analysis / data model scenarios

- The Department of Education and Training has compiled a suite of business support tools and resources to help child care services to review their business operations in the context of transitioning to the new child care package on 2 July 2018.

These include key financial and business planning tools and resources that will be useful for all care types and service type.

- They are available at www.education.gov.au/new-business-support-tools-and-resources-child-care-services
- ACA will provide some additional guidance materials to help ECEC services in the coming months.

MORE INFORMATION



MORE INFORMATION

Contact your State Australian Childcare Alliance office:

 Australian Childcare Alliance New South Wales	www.nsw.childcarealliance.org.au	1 300 556 330	nsw@childcarealliance.org.au
 Australian Childcare Alliance Queensland	www.qld.childcarealliance.org.au	07 3808 2366	qld@childcarealliance.org.au
 Australian Childcare Alliance South Australia	www.sa.childcarealliance.org.au	0407 580 645	sa@childcarealliance.org.au
 Australian Childcare Alliance Victoria	www.vic.childcarealliance.org.au	03 9532 2017	vic@childcarealliance.org.au
 Australian Childcare Alliance Western Australia	www.wa.childcarealliance.org.au	08 9321 3159	wa@childcarealliance.org.au

MORE INFORMATION

Federal Department of Education

<https://www.education.gov.au/ChildCarePackage>

1300 566 046

Online enquiry form: <https://www.education.gov.au/feedback-and-enquiry-form>

Federal Department of Health and Human Services

<https://www.humanservices.gov.au/individuals/services/centrelink/child-care-subsidy>

136 150

Online enquiry form: <https://www.humanservices.gov.au/individuals/contact-us/message-child-support>