



Australian Childcare Alliance

IMPACTS OF THE NEW CHILD CARE SUBSIDY ON FAMILIES

February 2018



PURPOSE

This document is designed to support Approved Providers members of Australian Childcare Alliance during the implementation of the new Child Care Subsidy (CCS)

It is focused on enhancing Approved Providers understanding of how the new CCS will impact the families and children in their Early Childhood Education and Care (ECEC) service.

CONTENTS

- Summary of CCS implementation Impacts on Families - Page 4
- Single childcare subsidy payment - Page 6
- Income thresholds - Page 7
- Activity test - Page 9
- Benchmark hourly rate - Page 14
- Childcare safety net - Page 17
- More information - Page 21



IMPACTS OF THE CHILD CARE SUBSIDY

Implementation of the new Child Care Subsidy on 2 July 2018 may impact families due to:

- A new single payment subsidy
- Revised combined family income thresholds
- A new Activity Test
- New “hourly rate cap” per service type
- New funding for families experiencing difficulty via the Child Care Safety Net
- Payments made directly to the ECEC service provider on behalf of the family

SNAPSHOT: CHILD CARE SUBSIDY IMPACT ON FAMILIES



Who Benefits?

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

Who Doesn't?

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

HOW IS THE LEVEL OF CHILD CARE SUBSIDY DETERMINED FOR EACH FAMILY?

Three things will determine how much subsidy a family receives:

- Combined family income
- How much the parents work, based on the activity of the parent who works least
(This is determined via the “Activity Test”)
- 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 TEST REQUIREMENTS

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

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



TYPE OF SERVICE IMPACTS HOURLY RATE

- Families will be reimbursed at up to 85% of the actual fee being charged or the hourly fee cap (whichever is lower)
- Families will pay any gap in fees charged over the benchmark hourly rate
- The different hourly rates reflect the differences in operating costs for different types of early childhood education services
- Benchmark hourly rates will be increased by CPI for implementation in July 2018

Service Type	Max hourly fee cap
Centre based long day care	\$11.55
Family day care	\$10.70
Outside school hours care	\$10.10



IMPACT OF NEW CHILD CARE SUBSIDY ON FAMILIES

Families earning < \$65,710

- Will receive a subsidy of 85% of the actual fee charged subject to hourly rate cap

Families earning \$170,710 to \$250,000

- Will receive a reduced subsidy of 50%

Families earning \$350,000

- Will receive a reduced subsidy of 20%

Families earning > \$350,000

- Will receive zero subsidy, but may be entitled to additional child care subsidy

ACTIVITY TEST — MORE DETAIL

- Approved activities can be combined to determine the maximum hours of subsidy
- Time taken to travel between the child care service and the parents/carers place of work, training, study, or other approved activity is included
- Activity hours do not need to coincide with child care hours, for example an individual undertaking work on the weekends will be eligible for child care subsidy during the week
- It is important that families don't under-estimate their activity so that they receive their full subsidy entitlement
- To find out more visit: www.education.gov.au/child-care-subsidy-activity-test

ACTIVITY TEST — WHAT ACTIVITIES COUNT?

The following activities meet the activity test requirements:

- Paid work
- Being self employed
- Doing unpaid work in a family business
- Setting up a business (6 month time limit)
- Looking for work
- Volunteering
- Studying

Families earning < \$65,710 per annum who don't meet the activity test will be able to access 24 hours of standardised care per fortnight without having to meet the Activity Test under the Child Care Safety Net

<https://www.education.gov.au/child-care-subsidy-activity-test>

ACTIVITY TEST — PROPOSED EXEMPTIONS

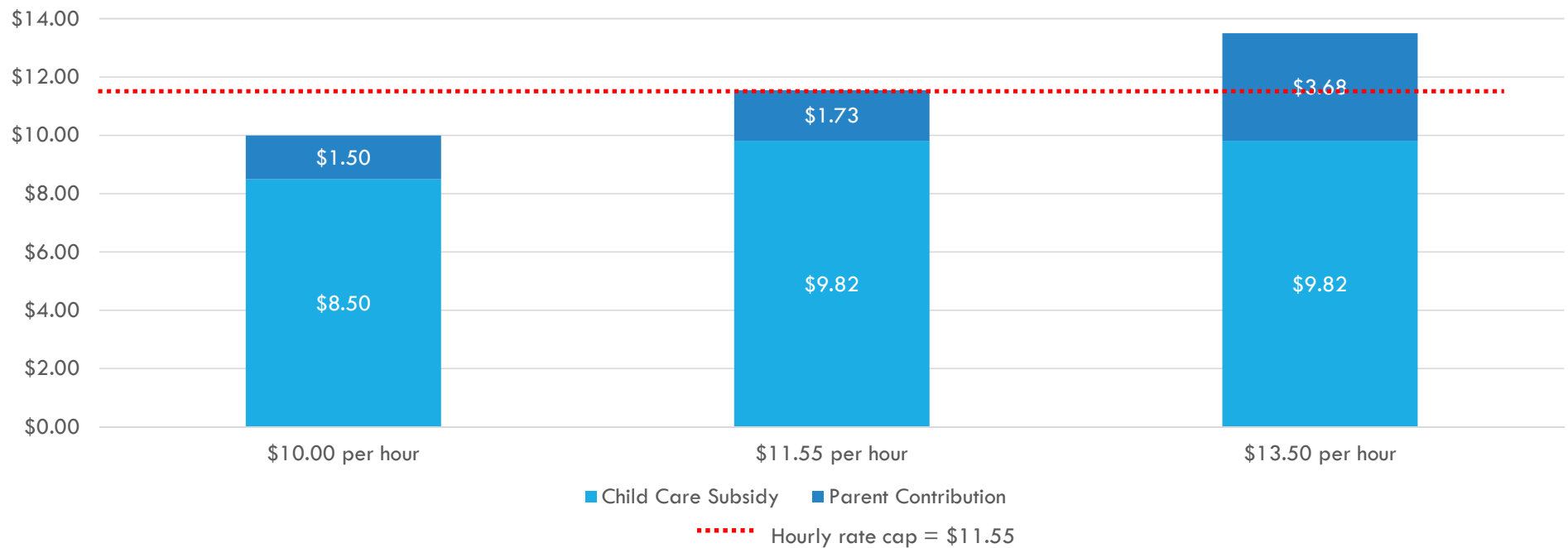
The following activities meet the activity test requirements:

- Receiving Disability Support Pension
- In jail or undergoing psychiatric confinement
- Receiving Carer Payment
- Care for someone with a severe/intense disability
- Other circumstances on a case-by-case basis

Exemptions subject to finalisation of Ministerial rules

HOURLY FEE CAP IN PRACTICE

Example: Centre based long day care for a family earning \$65,100
Family activities meet activity test
Child Care Subsidy percentage = 85%



FAMILIES CAN ESTIMATE THEIR CHILD CARE SUBSIDY

- Estimate what new subsidy might be
- Compare to current benefit/rebate
- Estimator at www.bit.ly/CCSEstimator
- OR click [HERE](#)



CHILD CARE SAFETY NET

Progressively rolled out from July 2016 and includes:

- Additional Child Care Subsidy
- Community Child Care Fund
- Inclusion Support Programme



ADDITIONAL CHILD CARE SUBSIDY

A top up payment in addition to the Child Care Subsidy is available to support vulnerable families and children

Services can apply for funding to improve child wellbeing

- Children at risk of serious abuse or neglect

Families Can Apply

- Grandparent principal carers on income support
- Families experiencing temporary financial hardship
- Parents transitioning to work from income support

More information can be found on the Department of Education and Training website [HERE](#)

COMMUNITY CHILD CARE FUND (CCCCF)

Child care services could apply for supplementary grant funding:

- Reduce barriers in accessing child care
- Focus on disadvantaged or vulnerable families and communities
- Sustainability support for child care services experiencing viability issues
- Capital support to increase supply of child care places in areas of high unmet demand
- Open to both private and community services

Please note that the deadline for this funding expired on 30 November 2017

INCLUSION SUPPORT PROGRAMME

Commenced 1 July 2016

Contracted to deliver support services:

- Seven Inclusion Agencies
- One Inclusion Development Fund Manager

Find out more [HERE](#)

FOR 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>

FOR 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