



Australian Government  
Department of Education and Training

# The new child care package

10 October 2017

# Current child care fee assistance

## Current System

### Child Care Benefit (CCB)

- Income tested
- All families receive up to 24 hours of CCB per week
- Work, study, training test for more than 24 hours of CCB per week

### Child Care Rebate (CCR)

- No income test
- Pays 50% of out-of-pocket child care costs, after CCB, up to a cap of \$7613 per child, per year
- Work, study, training test

### Other Payments

- Special Child Care Benefit
- Grandparent Child Care Benefit
- Jobs, Education and Training Child Care Fee Assistance

# Why introduce a new package?

- **Productivity Commission Inquiry**
  - Inquiry into how the child care system can be made more affordable, flexible and accessible.
  - More than 2000 submissions
- **Key recommendations:**
  - A single means tested single payment and use of a national benchmark price to set child care subsidies
  - A more stringent activity test to access subsidies

# The new child care package

- Child Care Subsidy
- Child Care Safety Net
  - Additional Child Care Subsidy



# Child Care Subsidy

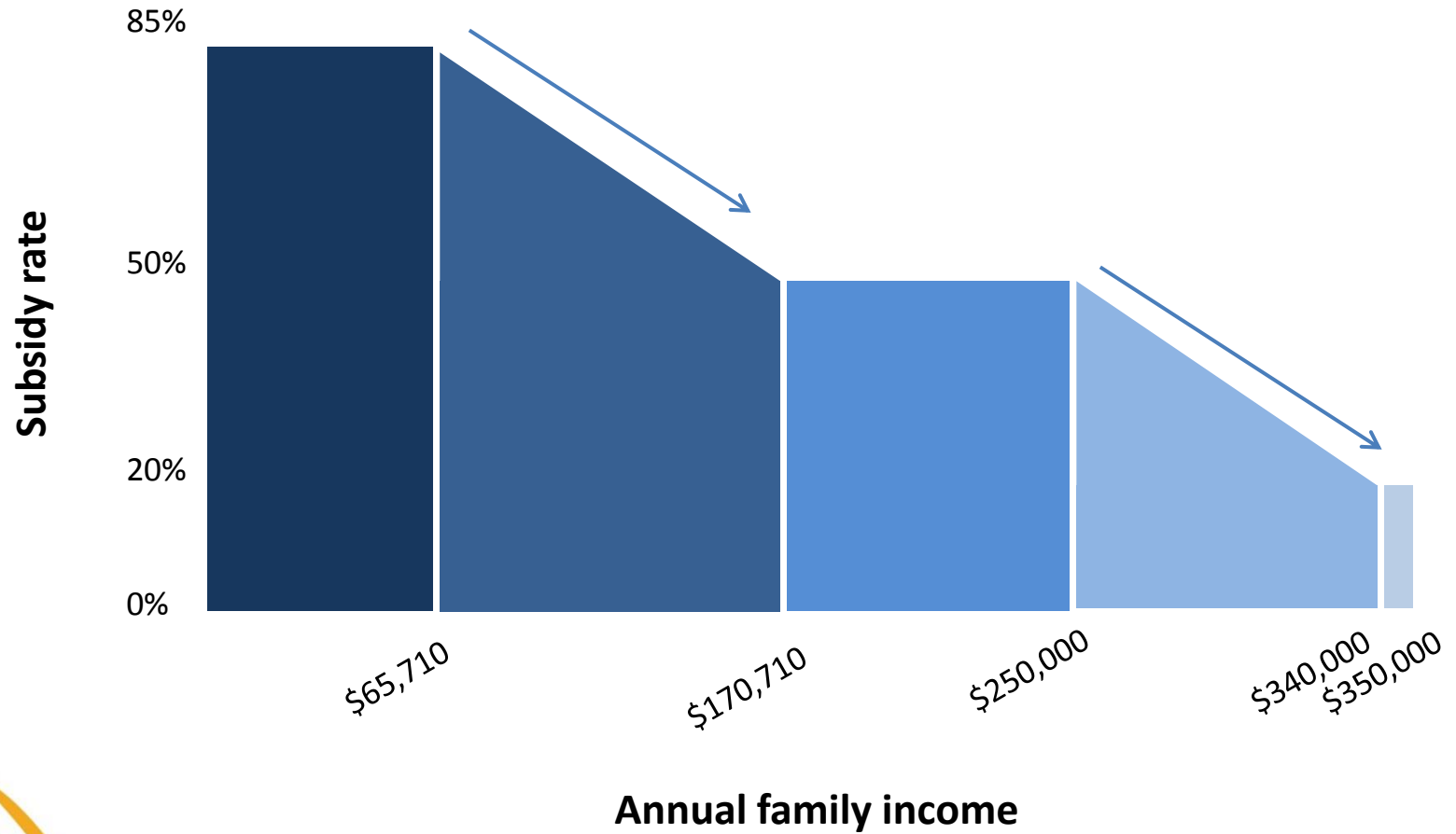
- Commences 2 July 2018
- Replaces Child Care Benefit and Child Care Rebate
- All families expected to make a co-contribution



# Level of subsidy – three things determine

1. Combined family income
2. Activity level of both parents
3. Type of child care service

# 1. Combined family income



## 2. Activity level of both parents

Activity test:

- Amount of work, training, study, volunteering or other activity
- Similar to current activity test for CCB
- Higher level of activity = more hours of subsidy
- There will be exemptions



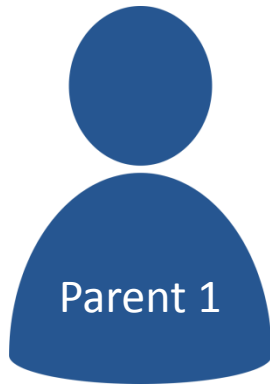
# Hours of activity / hours of subsidy

Step	Hours of activity (per fortnight)	Maximum number of hours of subsidy (per fortnight)
	Less than 8 hours (for a family earning up to \$65,710)	24 hours
1	8 hours to 16 hours	36 hours
2	More than 16 hours to 48 hours	72 hours
3	More than 48 hours	100 hours

# Activity test – requirements

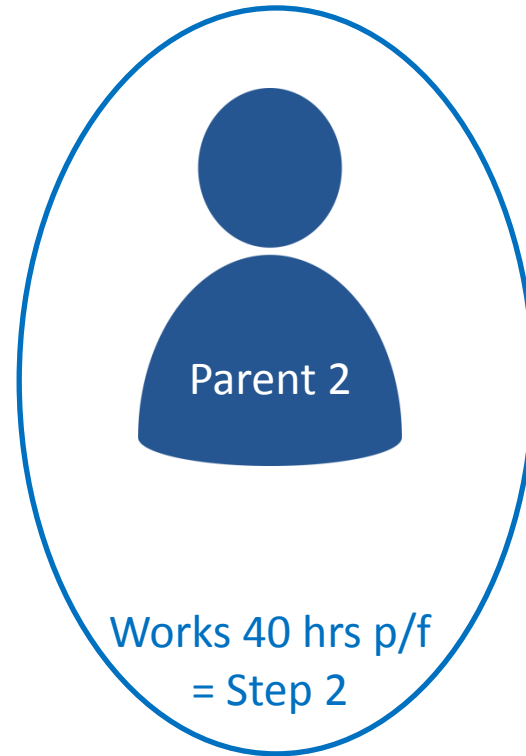
- Two parent family – both must meet the test
- Parents meet different steps – lowest will determine hours
- Sole parent family – must meet the test
- Casual/irregular hours – can estimate over three-month period

# Example



Works 76 hrs p/f  
= Step 3

Lower activity



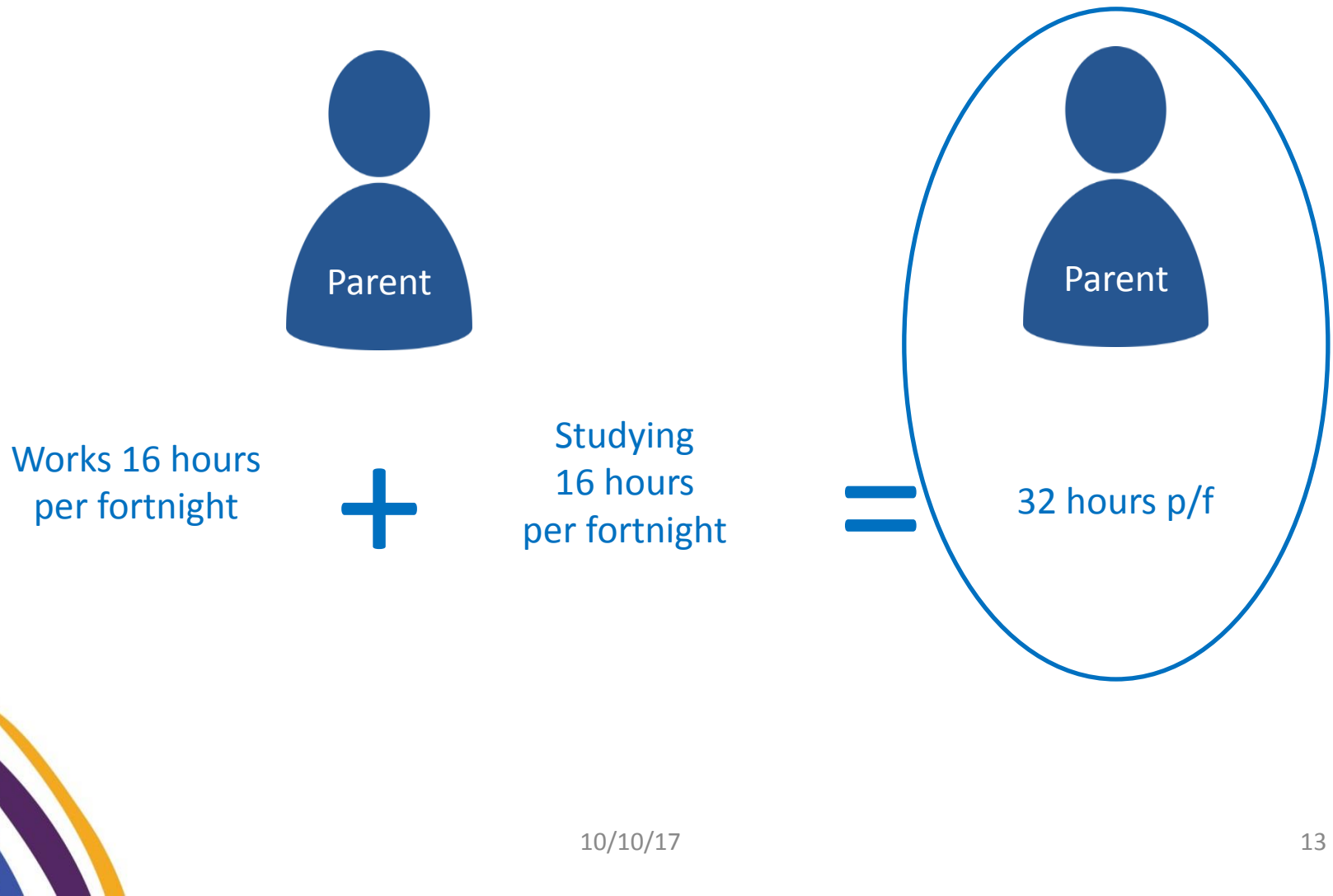
Works 40 hrs p/f  
= Step 2

**Eligible for 72 hours subsidised care**

# New activity test – proposed activities

- Paid work
- Self employed
- Unpaid work in family business
- Training
- Education
- Volunteering
- Looking for work
- Other activities on a case-by-case basis

# Example – activities can be combined



# Activity test – proposed exemptions

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

### 3. Type of child care service

- Key feature – hourly rate caps
- Similar to Child Care Benefit
- Rates place upper limit on subsidy
- Used in combination with subsidy percentage to calculate entitlement

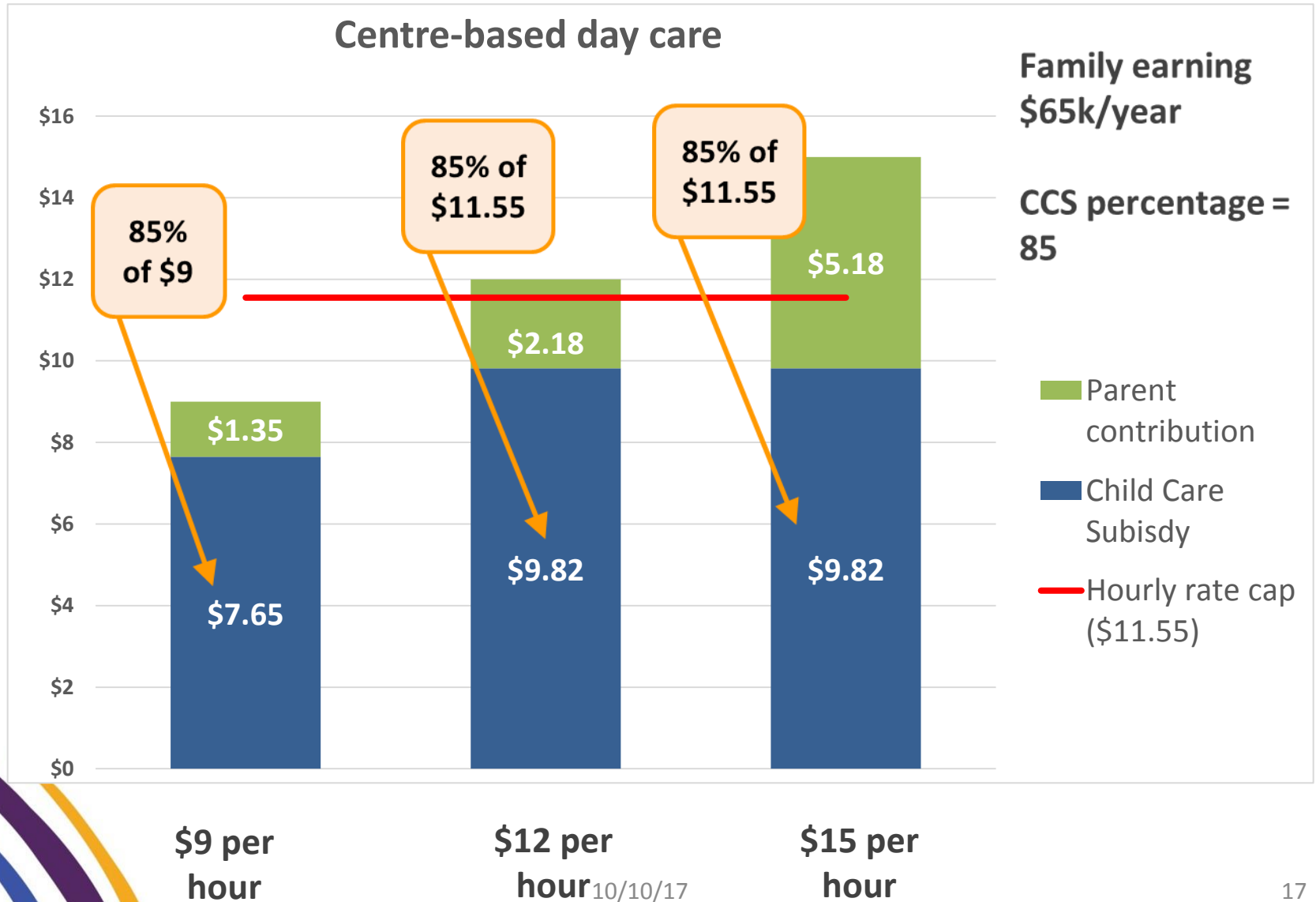
# Hourly rate caps

Service type	Maximum hourly rate cap
Centre Based Day Care	\$11.55
Family Day Care	\$10.70
Outside School Hours Care	\$10.10

- Indexed by CPI before implementation
- Then indexed annually



# Example: Hourly rate cap



# Annual subsidy cap

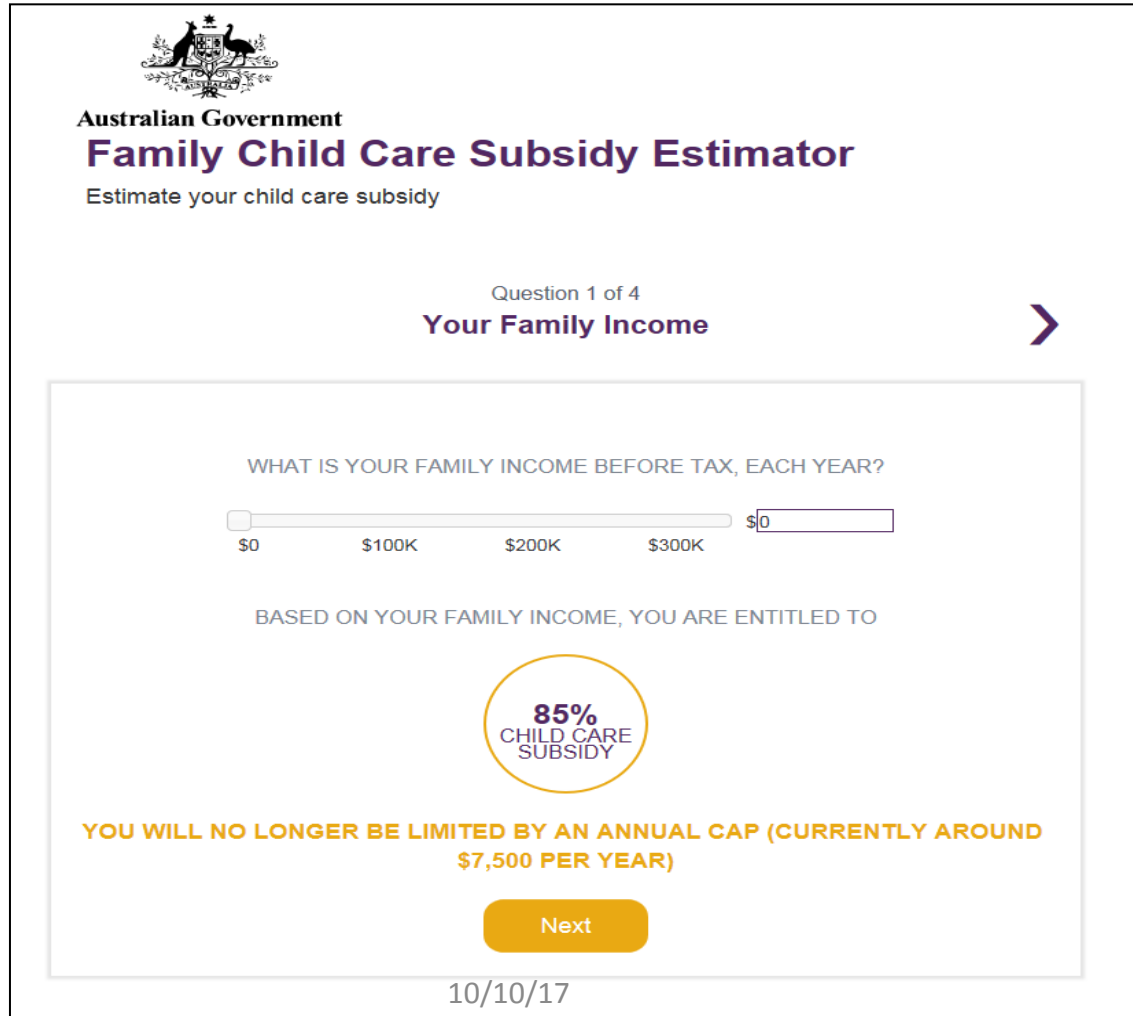
- Families earning less than \$185,710 – no annual cap
- Between \$185,710 and \$350,000 – retain annual cap
- Annual cap increase to \$10,000 per year per child
- Increased by CPI annually

# Additional Child Care Subsidy

- Commences 2 July 2018
- Replaces Special Child Care Benefit, Grandparent Child Care Benefit and Jobs, Education and Training Child Care Fee Assistance
- Has four different payments:
  - Child Wellbeing
  - Grandparents
  - Temporary Financial Hardship
  - Transition to Work

# Subsidy Estimator

[www.education.gov.au/ccsestimator](http://www.education.gov.au/ccsestimator)



The screenshot shows the Australian Government Family Child Care Subsidy Estimator interface. At the top left is the Australian Government crest. Below it, the text reads "Australian Government" and "Family Child Care Subsidy Estimator". Underneath is the instruction "Estimate your child care subsidy".

In the center, it says "Question 1 of 4" and "Your Family Income" with a right-pointing arrow. Below this is a question: "WHAT IS YOUR FAMILY INCOME BEFORE TAX, EACH YEAR?".

A slider bar is shown with a range from \$0 to \$300K. The slider is currently set at \$0, and there is an input field next to it containing "\$0".

Below the slider, it says "BASED ON YOUR FAMILY INCOME, YOU ARE ENTITLED TO".

In the center, there is a yellow circle containing the text "85% CHILD CARE SUBSIDY".

Below the circle, it says "YOU WILL NO LONGER BE LIMITED BY AN ANNUAL CAP (CURRENTLY AROUND \$7,500 PER YEAR)".

At the bottom center, there is a yellow button labeled "Next".

At the very bottom of the interface, the date "10/10/17" is displayed.

# What do you need to do?

- Keep your details with Centrelink up to date
- Get acquainted with the new subsidy by going online and checking the estimator
- Look at the information and fact sheets at <https://www.education.gov.au/childcare> or on the department's Facebook page
- Respond to letters from Centrelink asking you to update income and activity details

# For more information

Department of Education and Training website

[www.education.gov.au/childcare](http://www.education.gov.au/childcare)

Department of Education and Training Facebook

[www.facebook.com/AusGovEducation/](http://www.facebook.com/AusGovEducation/)

Department of Human Services Facebook

[www.facebook.com/HumanServicesAU/](http://www.facebook.com/HumanServicesAU/)





# Questions?

