



# Update for Families: New Child Care Subsidy

## What is the new Child Care Subsidy (CCS)?

In **July 2018** the Australian Government will introduce a new child care fee assistance package, which will include a new payment known as the Child Care Subsidy (CCS), which will replace the existing child care fee payments. The new Child Care Subsidy (CCS) will provide financial support to families using Early Childhood Education and Care (ECEC) services. This includes Long Day Care services, Occasional Care services (both to be known as Centre-based Day Care services), Before School Care, After School Care and Vacation Care (Outside School Hours Care services), In Home Care and Family Day Care services.

The new CCS will replace the Child Care Benefit (CCB) and Child Care Rebate (CCR). This payment will be made directly to the ECEC service and the family will pay any difference between the actual fee charged and the subsidy that is paid on their behalf.



## How will the new Child Care Subsidy (CCS) affect existing subsidies for families?

While the new system will provide **many working families with greater financial support** to assist them in paying for child care services, unfortunately it will leave **some families with lower subsidies**, and **some families will no longer be eligible for any subsidy at all**.

The factors that will determine your family's level of CCS support include:

- Combined family income
- Activity level of both parents to be assessed via an "Activity Test" – [www.bit.ly/ActivityTest](http://www.bit.ly/ActivityTest) (i.e. hours of paid work, self-employed work, approved training or study, and voluntary work)
- Type of child care services you use.

Greater support goes to families on lower incomes. Families earning up to \$66,958 per year will receive an 85% subsidy rate, while those on higher incomes will receive a lesser percentage on a sliding scale. Families earning \$171,958 to \$251,248 will receive a 50% subsidy rate, while families earning \$351,248 or more will not receive any subsidy. You can read more about the subsidy rates at [www.bit.ly/CCSRates](http://www.bit.ly/CCSRates).



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In two parent families both parents, unless exempt, must meet the Activity Test. In the case where both parents meet different steps of the Activity Test, the parent with the lowest entitlement will determine the hours of subsidised care for the child.

According to the information released by the Australian Government, those families that meet the Activity Test (ie. that work a minimum of 8 hours per fortnight of paid work, self-employed work, approved training or voluntary work), will receive the following hours of subsidy:

Step	Hours of activity (per fortnight)	Maximum number of hours of subsidy (per fortnight)
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

The CCS is also based on the type of child care your family uses. It will be calculated by the hour using an hourly rate cap:

- Centre-based care – \$11.77<sup>^</sup> per hour
- Family Day Care – \$10.90<sup>^</sup> per hour
- Outside School Hours Care – \$10.29<sup>^</sup> per hour
- In Home Care – \$25.48<sup>^</sup> per hour (per family)

### Exemptions to the Activity Test

If your family receives a combined income of \$66,958 or less a year, and you do not meet the Activity Test, you will still have access to **24 hours of subsidised care per fortnight** under the new Child Care Subsidy (CCS) without having to meet the Activity Test.

This equates to 12 hours a week of subsidised care, which could be delivered over a period of one or more days. Families who are eligible for 12 hours a week of care under this arrangement will need to speak to their ECEC service about how they can access these hours of care.

### Will the new Child Care Subsidy (CCS) affect my Family Tax Benefit A or B?

The introduction of the Child Care Subsidy **will not impact your Family Tax Benefit**. If you are currently receiving Family Tax Benefit, you'll continue to receive this as long as you're eligible.

## What should families do to claim the new Child Care Subsidy (CCS)?

From April 2018, you will receive a notification from Centrelink outlining what you need to do to make sure you transition from CCB and CCR to the new Child Care Subsidy. This notification will come via the format your family has previously chosen to receive all myGov correspondence. This could be letter, email or text message.

You will be asked by Centrelink to provide your activity and income estimate for the 2018-19 financial year and confirm other details, via your myGov account. This information will be used to calculate your CCS. You will be asked to do this through your Centrelink account which you can access via your myGov account. If you don't have a myGov account, you are encouraged to create one and link it to your Centrelink account.

You won't have to fill out a new claim form, unless you are a new family using child care for the first time. Centrelink will tell families what their entitlement will be, based on all of the information provided.

## Where can families get more information about the new Child Care Subsidy (CCS)?

The Department of Education and Training has published a list of frequently asked questions to help families understand the new package. These are available at [www.education.gov.au/new-child-care-package-frequently-asked-questions](http://www.education.gov.au/new-child-care-package-frequently-asked-questions).

Families can now calculate the level of fortnightly financial support they can expect to receive using Centrelink's [Payment and Service Finder](#). This online tool will ask families a set of questions about their circumstances, including the **hourly rate** of their particular Early Childhood Education and Care (ECEC) service, to provide an estimate of their fortnightly Child Care Subsidy.

**Please note:** *In most cases, families will need to calculate their hourly rate before using this tool. To do this they need to look at one of their weekly/fortnightly billing statements from their ECEC service, find the full daily fee before CCB/CCR payment, then divide it by the number of hours of their child's daily session, which is effectively the number of hours that the service is open - in many cases this is 12 hours but families will need to check with their service*

If you have any further questions about these upcoming changes, talk to your child care service or contact the Centrelink Family and Parent line on **136 150** (Mon – Fri 8am – 8pm).

