New Child Care Package

The Australian Government is investing an additional $2.5 billion over four years to support the 1.2 million families who use approved child care. The changes will provide more support for more families and be targeted to those who need it the most.

Child Care Subsidy

The centrepiece of the package is the Child Care Subsidy. When the Child Care Subsidy commences in July 2018, it will:

- replace the Child Care Benefit (CCB) and Child Care Rebate (CCR) with a single, means-tested subsidy
- be paid directly to service providers to be passed on to families
- be simpler than the current multi-payment system
- be better targeted and provide more assistance to low and middle income families.

Child Care Benefit
Child Care Rebate
→
Child Care Subsidy
July 2018

Families earning $66,958^ or less will receive a subsidy of 85 per cent of the actual fee charged (up to 85 per cent of an hourly fee cap). For family incomes above $66,958^, the subsidy gradually decreases to 20 per cent when family income reaches $341,248^. For families with incomes of $351,248^ or more, the subsidy is zero per cent.

Combined family income	Subsidy per cent of the actual fee charged (up to relevant percentage of the hourly rate cap)
Up to $66,958^	85 per cent
More than $66,958^ to below $171,958^	Decreasing to 50 per cent*
$171,958^ to below $251,248^	50 per cent
$251,248^ to below $341,248^	Decreasing to 20 per cent*
$341,248^ to below $351,248^	20 per cent
$351,248^ or more	0 per cent

*Subsidy gradually decreases by 1 per cent for each $3000 of family income.

When the subsidy commences the hourly rate caps will be:

Service type	Maximum hourly rate cap
Centre Based Long Day Care	$11.77^
Family Day Care	$10.90^
Outside School Hours Care	$10.29^
In Home Care	$25.48^ (per family)

For families earning more than $186,958^, an annual subsidy cap of $10,190^ per child will apply.

^ Note: These amounts are correct for 2018/19 and may be subject to adjustment through indexation in subsequent years.

Activity test

Family entitlement to the Child Care Subsidy will be determined by a three-step activity test, more closely aligning the hours of subsidised care with the combined hours of work, training, study or other recognised activity undertaken, and providing for up to 100 hours of subsidy per fortnight.

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

A broad range of activities will meet the activity test requirements including: paid work; being self-employed; doing unpaid work in a family business; looking for work; volunteering or studying. There will be exemptions to the activity test for parents who legitimately cannot meet the activity requirements.

Low income families on $66,958^ or less a year who do not meet the activity test will be able to access 24 hours of subsidised care per fortnight without having to meet the activity test, as part of the Child Care Safety Net.

For the first time, families who currently use Budget Based Funded services will be eligible for child care fee assistance.

Child Care Safety Net

The Child Care Safety Net is being progressively rolled out from July 2016 and aims to give the most vulnerable children a strong start, while supporting parents into work. It has three components:

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

Additional Child Care Subsidy – July 2018

The Additional Child Care Subsidy is a top up payment in addition to the Child Care Subsidy.

Extra support for	Additional subsidy
Children at risk of serious abuse or neglect; grandparent principal carers on income support; families experiencing temporary financial hardship	A subsidy equal to 100 per cent of the actual fee charged (up to 120 per cent of the hourly rate cap), up to 100 hours of assistance per fortnight

Extra support for	Additional subsidy
Parents transitioning to work from income support	A subsidy equal to 95 per cent of the actual fee charged (up to 95 per cent of the hourly rate cap), hours of assistance determined by the activity test

Community Child Care Fund (CCCF) – July 2018

Under the CCCF, child care services will be able to apply for supplementary funding through a grants program to:

- reduce the barriers in accessing child care, in particular for disadvantaged or vulnerable families and communities
- provide sustainability support for child care services experiencing viability issues
- provide capital support to increase the supply of child care places in areas of high unmet demand.

$61.8 million of the CCCF will provide a third funding stream for Budget Based Funded services to ensure their viability in the new system. This is in addition to the Child Care Subsidy and the Additional Child Care Subsidy.

Connected Beginnings – July 2016

As part of the CCCF, the Connected Beginnings program commenced in July 2016. The program provides funding for the integration of child care, maternal and child health, and family support services in a number of Indigenous communities experiencing disadvantage, as recommended by Andrew Forrest in his review of Indigenous jobs and training – *Creating Parity*.

Inclusion Support Programme – July 2016

The Inclusion Support Programme assists mainstream services to improve their capacity and capability to provide inclusive practices and address barriers to participation for children with additional needs, particularly children with disability.

Implementation timeframe

- Connected Beginnings and the Inclusion Support Programme commenced in July 2016
- Consultation on Minister's Rules and program guidelines is already underway
- Child Care Subsidy, Additional Child Care Subsidy and Community Child Care Fund commences in July 2018
- A Post Implementation Review following full implementation will be conducted as part of a formal evaluation of the package.

More information on the new child care package and other programs is available at: www.education.gov.au