

New Child Care Package

The Australian Government's new child care package provides more support for more families and is targeted at those who need it most. Now fully implemented, it represents the most significant change to the early learning and care system in 40 years.

Child Care Subsidy

The centrepiece of the package is the Child Care Subsidy which commenced on 2 July 2018 and:

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



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.

The hourly rate caps are:

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 is 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 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 are 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 are 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 used the former Budget Based Funded services are eligible for child care fee assistance.

Child Care Safety Net

The Child Care Safety Net progressively rolled out progressively 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

The Additional Child Care Subsidy also commenced on 2 July 2018 and 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)

Under the CCCF, child care services are 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 provided a third funding stream for the former 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

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

The Inclusion Support Programme commenced on 1 July 2016 and 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

- The new child care package is now fully implemented.
- A Post Implementation Review is underway 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