The New Child Care Package

Provider Information Session

March 2018
Topics covered today

• New Child Care Package
• Key legislative changes
• Enrolments and payments
• New IT system
• Child Care Safety Net
• Compliance
• Transition arrangements
• Resources
New Child Care Package

2 JULY 2018
Child Care Subsidy

• Replaces Child Care Benefit and Child Care Rebate
• All families expected to make a co-contribution

Child Care Benefit  
Child Care Rebate  
Child Care Subsidy  
2 July 2018
Level of Child Care Subsidy

Three things will determine a family's level of Child Care Subsidy:

- Family income – combined family income
- Activity test – activity level of the parent undertaking the least activity
- Service type – type of child care service
Combined family income 2017-18

<table>
<thead>
<tr>
<th>Combined family income 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined family income 2017-18</td>
</tr>
<tr>
<td>85%</td>
</tr>
<tr>
<td>50%</td>
</tr>
<tr>
<td>20%</td>
</tr>
<tr>
<td>0%</td>
</tr>
<tr>
<td>$65,710</td>
</tr>
<tr>
<td>$170,710</td>
</tr>
<tr>
<td>$250,000</td>
</tr>
<tr>
<td>$340,000 - $350,000</td>
</tr>
</tbody>
</table>
Activity test

• Amount of work, training, study, volunteering or other recognised activity
• Paid and unpaid leave (e.g. parental leave)
• Exemptions
• Casual/irregular hours of paid work – can estimate over a three-month period
• Families can update details in myGov

Higher level of activity = more hours of subsidy
## Activity step tests

<table>
<thead>
<tr>
<th>Step</th>
<th>Hours of activity (per fortnight)</th>
<th>Maximum number of hours of subsidy (per fortnight)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 8 hours (for a family earning up to $65,710)</td>
<td>24 hours</td>
</tr>
<tr>
<td>1</td>
<td>8 hours to 16 hours</td>
<td>36 hours</td>
</tr>
<tr>
<td>2</td>
<td>More than 16 hours to 48 hours</td>
<td>72 hours</td>
</tr>
<tr>
<td>3</td>
<td>More than 48 hours</td>
<td>100 hours</td>
</tr>
</tbody>
</table>
## Hourly rate caps

<table>
<thead>
<tr>
<th>Service type</th>
<th>Maximum hourly rate cap (Children below school age)</th>
<th>Maximum hourly rate cap (School-aged children)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centre Based Day Care</td>
<td>$11.55^</td>
<td>$10.10^</td>
</tr>
<tr>
<td>Outside School Hours Care</td>
<td>$11.55^</td>
<td>$10.10^</td>
</tr>
<tr>
<td>Family Day Care</td>
<td>$10.70^</td>
<td>$10.70^</td>
</tr>
</tbody>
</table>

^Indexed by CPI before implementation then indexed annually
Example: Hourly rate cap

Centre Based Day Care

Family earning $65k/year

CCS % = 85

Parent contribution

Child Care Subsidy

Hourly rate cap ($11.55)
New In Home Care (IHC)

Care for families where other options are not available or appropriate:

- Subsidy per family, not per child
- Capped at 3000 places
- Eligibility criteria
- Equitable distribution of places
- Networked brokerage model

What’s changing?
Key legislative changes
Legislative framework

• Primary legislation
  – *Family Assistance Legislation Amendment (Jobs for Families Child Care Package) Act 2017*

• Subordinate legislation
  – [Minister’s Rules](#) and [Secretary’s Rules](#)

• The legislation is available at: [education.gov.au/family-assistance-law-0](https://education.gov.au/family-assistance-law-0)
Family Assistance Law

• The Family Assistance Law (FAL) is the basis for Commonwealth child care fee assistance
• Under Family Assistance Law, services are approved to administer child care fee assistance on behalf of eligible families
• Many requirements stay the same
• Focus today is on changes
Key legislative changes

• Hourly rate cap sets a limit on Government subsidy contribution
• New provider/service approval requirements
• Strengthened activity test
• Strengthened compliance capability
• Changes to minimum operating hours
Operating requirements

• Removal of minimum hours per day and days per week a service must operate
• Sessions of care – unchanged:
  – up to a maximum of 12 hours
• Services will only be required to operate for a minimum of 48 weeks per year
  – or seven weeks per year for outside school hours care
Provider and service approvals

- Family Assistance Law will align with provider and service approvals issued by your state or territory regulatory authority.
Provider approval process

• Provider’s approval must contain:
  – your provider ID number
  – Applicant’s name and contact details (persons with Management or Control responsibility)
  – specific details of each service
    • Service Approval Number
    • Type of service
    • Physical and postal addresses
    • Details of persons with day-to-day operational responsibility
## Fit and Proper Evidence Requirements

<table>
<thead>
<tr>
<th>Checks made of all persons with:</th>
<th>ASIC Person</th>
<th>Bankruptcy / Insolvency</th>
<th>National Criminal History</th>
<th>Working with Children Card</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management or control of a provider</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Day-to-day Operational responsibility of a service</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Family Day Care Educators</td>
<td></td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>
Enrolment process

1. Family Lodges Child Care Subsidy claim
2. Agrees Complying Written Arrangement
   Agrees Complying Written Arrangement
3. Submits enrolment
4. Confirms enrolment

并向 Centrelink/Department Human Services:
- Assesses the Child Care Subsidy claim
- Receives enrolment
- Confirmation request to family
- Receives confirmation
- Notifies provider
- Notified of parent confirmation
Arrangements for the care of a child

- Four types of arrangement:
  1. Complying Written Arrangement (CWA)
  2. Additional Child Care Subsidy (child wellbeing) – provider eligible arrangement
  3. Relevant Arrangement
  4. Arrangement with an organisation (third party)
- Terms between provider and individual
Complying Written Arrangement

• Must set out the following details:
  – names and contact details
  – date the arrangement starts
  – date of birth of the child (or children)
  – provision of care – routine, casual or flexible basis
  – details of fees
  – Child Care Subsidy or Additional Child Care Subsidy can be paid

• Additional information can be included
## Other Arrangements

<table>
<thead>
<tr>
<th>Relevant Arrangement</th>
<th>Additional Child Care Subsidy (child wellbeing) – provider eligible arrangement</th>
<th>Arrangement with an organisation (third party)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Child Care Subsidy or Additional Child Care Subsidy not payable</td>
<td>• Additional Child Care Subsidy payable</td>
<td>• Child Care Subsidy or Additional Child Care Subsidy not payable</td>
</tr>
<tr>
<td>• Arrangement does not meet CWA requirements</td>
<td>• You, the provider, become eligible</td>
<td>• When another party is liable for fees (e.g. an employer, Adult Migrant English Program, or other organisations)</td>
</tr>
<tr>
<td>• Family does not wish to claim CCS for session of care</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Enrolment notice

• Submit for each child

• Types of enrolment:
  – routine sessions only – casual care is not included
  – casual enrolment – no routine sessions are included
  – routine sessions, with casual care permitted

• Key information needed:
  – Customer Reference Number (CRN) and date of birth of the parent claiming Child Care Subsidy
  – CRN and date of birth of child
Confirm enrolment by parents

• To increase transparency of payments, parents will:
  – confirm enrolment details
  – indicate if details are incorrect
  – indicate if the child is not enrolled

• Families confirm enrolment:
  – Centrelink online account through myGov
Updating enrolments

• Changes to the arrangement of care must be in writing
• Update an enrolment if:
  – individual disagrees with enrolment
  – arrangement for care is varied
  – information in an enrolment is incorrect
  – the arrangement for care ends
• Must be updated within seven days of a change
Questions?
New IT system – Child Care Subsidy System
New Child Care Subsidy System

- Replaces CCMS
- Family access through myGov
- Provider access
  - Provider Entry Point
  - Third Party Software
- User testing is underway
- Training materials for services
Provider Digital Access (PRODA)

• Online authentication system based on a username, password and verification code
• Personnel in certain child care roles must register
• Create an account and verify identity
• Once registered, they will receive a Registration Authority number
• Register for a PRODA ID now
Third Party Software

• Provides access to the new Child Care Subsidy System
• A list of registered Child Care Management System software is available at: education.gov.au/new-child-care-it-system
Provider Entry Point

- Access information
- Apply for approval
- Add or remove a service
- Change in circumstances
- Enrolment notices
- Session reports
Questions?
Session reports and payments
Calculation of entitlements and payment

1. Family provides activity and income information (updated if circumstances change)
   Provider submits session reports – details of care provided, including attendance
   Centrelink / Department Human Services receives activity and income information

2. Provider prepares Statement of Entitlement for family
   Centrelink / Department Human Services calculates Child Care Subsidy and Additional Child Care Subsidy entitlements

3. Provider receives payment and payment advice
   Centrelink / Department Human Services pays Child Care Subsidy (minus withholding amounts) or Additional Child Care Subsidy and issues payment advice to Provider

4. Provider prepares Statement of Entitlement
   Centrelink / Department Human Services notifies Department of Human Services of any fee reduction amounts not passed to the family within 14 days
   Centrelink / Department Human Services offsets fee reduction amounts not passed on against future payments to the provider

5. Provider submits tax return (or ATO statement that no return is required)
   Centrelink / Department Human Services reconciles payments during the financial year with family income – additional payment made or debt raised
Step 1: Session reports submitted by provider

- Session of care – period of care for which fee is charged
- Report through third party software or Provider Entry Point
- Session reports must be submitted within 14 days after the end of the week when care was provided – unchanged
- Some exceptions

Submits session reports – details of care provided, including attendance
# Session report details

<table>
<thead>
<tr>
<th>Issue</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of report</strong></td>
<td>• Initial report</td>
</tr>
<tr>
<td></td>
<td>• Variation (change) to a report</td>
</tr>
<tr>
<td></td>
<td>• Withdrawal of a report</td>
</tr>
<tr>
<td><strong>Dates</strong></td>
<td>Start and end dates of the week the report covers</td>
</tr>
<tr>
<td><strong>Session details</strong></td>
<td>• Date</td>
</tr>
<tr>
<td></td>
<td>• Session start and finish times</td>
</tr>
<tr>
<td></td>
<td>• Attendance start and finish times</td>
</tr>
<tr>
<td><strong>Absences</strong></td>
<td>• Notification of absences (if applicable)</td>
</tr>
<tr>
<td></td>
<td>• Reasons for additional absence/s (where child has used more than 42 absence days)</td>
</tr>
<tr>
<td><strong>Other subsidies</strong></td>
<td>Where any subsidies have been received (e.g. state government funding):</td>
</tr>
<tr>
<td></td>
<td>• Notification of other subsidies – yes/no</td>
</tr>
<tr>
<td></td>
<td>• Name of other subsidy payer</td>
</tr>
<tr>
<td></td>
<td>• Other subsidy amount – hourly or session amount</td>
</tr>
<tr>
<td><strong>Family Day Care and In Home Care</strong></td>
<td>• Educator – Child Care Personnel ID</td>
</tr>
<tr>
<td><strong>Preschool session</strong></td>
<td>• Was the session part of an early educational program?</td>
</tr>
</tbody>
</table>
Session reports – absences

- Initial 42 days absence – unchanged
- Additional absence days
- Reporting absences when your service is closed
- Long absences
Step 2: Calculation of entitlements and payments

- Entitlements calculated by Department of Human Services (DHS) using information provided by the:
  - provider
  - individual who is claiming
- Withholding
  - 10% of the Child Care Subsidy is withheld by DHS
- Notification of payment
Step 3: Statement of Entitlement

- Given to each claimant with a Complying Written Arrangement for each fortnight
- Can only be issued for care already provided
- Parents will have access through the Centrelink Online Account and receive periodic notifications about their determination of entitlement
- Includes details about the service, sessions of care, actual attendance and fees
Step 4: Invoicing families

• Invoice for fees over and above the Child Care Subsidy
• When and how to invoice families is a business decision for the provider
• Families can confirm fee reduction amounts through Centrelink

Invoices family for fees, minus fee reduction amounts
Step 5: Reconciliation (income review)

- Actual entitlement worked out by DHS at end of the financial year reconciliation after tax returns

Submits tax return (or ATO statement that no return is required) / Reconciles payments during the financial year with family income – additional payment made or debt raised by DHS
Child Care Safety Net
Child Care Safety Net

Supports most vulnerable children through:

• Additional Child Care Subsidy
• Inclusion Support Programme
• Community Child Care Fund
  – Connected Beginnings
Additional Child Care Subsidy

• Extra support for:
  – child wellbeing
  – grandparents
  – temporary financial hardship
  – transition to work

• Replaces:
  – Special Child Care Benefit
  – Grandparent Child Care Benefit
  – Jobs, Education and Training Child Care Fee Assistance
Additional Child Care Subsidy (child wellbeing)

- A clear definition of ‘at risk’
- A provider initiates the payment on behalf of the family
- Support before families reach crisis point
- Pays 100% fee charged – up to 120% of hourly rate cap for up to 100 hours per fortnight

Activity test exempt
Additional Child Care Subsidy (child wellbeing)

**Step 1**
Identify child at risk of serious abuse or neglect

**Step 2**
Service gives a certificate

**Step 3**
Apply for a Determination

**Step 4**
Evaluate if an additional Determination is required and reapply as needed

**Certificate**
- 1-6 week duration
- No evidence required
- Notify state/territory within 6 weeks of start
- Can be backdated up to 28 days

**Determination**
- 13 week duration
- Evidence required
- Reference state/territory application
- Can apply for more than 13 weeks
Certificates

• Services – initial six week ‘at risk’ certification:
  – Share information with an appropriate body to connect families with help – this is ‘providing notice’
  – Start collecting evidence to support an application for further periods
  – Can be backdated up to 28 days
  – Where child protection is known to be involved, it is not necessary to provide notice
  – Cannot be given if a child has had one or more certificates for a total of six weeks in a 12 month period – need to apply to DHS

• A provider can advise how long the child might be at risk
  – DHS determine ongoing periods in up to 13 week blocks
Application for Determinations

• If a child will still be at risk beyond the initial six weeks
  – Evidence will be required to support an application (see page 53 of the Handbook)
• Do not need to wait for the certificate to expire
• Will be asked if the child’s circumstances have changed
  – If you do not respond before expiration, payment will cease
• No limit on how long it can be provided as long as a child remains eligible for Child Care Subsidy
No eligible adult is identified

• Unable to identify a parent or carer who is eligible
• You may enrol the child under a ‘provider eligible arrangement’
• You become eligible in relation to the child
• Provide information for the child and the arrangement
Special Child Care Benefit – At Risk

- Transition to Additional Child Care Subsidy (child wellbeing) from 2 July 2018
- Need a new certificate
- Subsequent applications will be required
- Evidence required with all applications
- Evidence required will be determined by the Department of Human Services
Additional Child Care Subsidy (grandparent)

• Up to 100 hours of subsidised care per fortnight:
  – 65% or greater carer responsibilities
  – substantial autonomy for day-to-day decisions
  – receives income support

• Covers 100% fee charged, up to 120% of hourly rate cap
Additional Child Care Subsidy (temporary financial hardship)

- Short-term assistance – exceptional circumstances
- Ensures continuity of care
- 100% of fee, up to 120% of hourly rate cap, up to 100 hours per fortnight
- 13 weeks of assistance per event
- Families make application to Centrelink

Activity test exempt
Additional Child Care Subsidy (transition to work)

• From income support including:
  – Parenting Payment
  – Newstart Allowance
  – Disability Support Pension
  – Youth Allowance

• 95% of the fee charged, up to 95% of hourly rate cap

• Replaces Jobs, Education and Training Child Care Fee Assistance payment

NOT exempt from activity test
Questions?
Compliance
Compliance strategies

- **Prevent** non-compliance – guidance and information
- **Detect** non-compliance as early as possible
- **Respond** to non-compliance and fraud – sanctions or cancellation of approval
- **Deter** non-compliance through strong and clear controls and publishing information about enforcement action
- **Compliance analysis and monitoring**
- **Child Care Financial Integrity Framework**
You must notify certain changes

- Use third party software or Provider Entry Point
- Examples include:
  - Operations – fees, hours, contact details, anticipated vacancies, ceasing to operate (42 days prior)
  - Staff – Serious convictions, qualifications, new person, working with children checks
  - Non-compliance – Family Assistance Law or the National Quality Framework
Transition arrangements
Provider Transition arrangements

Details the five stages of transition:

1. Check and update CCMS details (completed)
2. Register child care personnel (now)
3. Complete the transition workflow (from April 2018)
4. Set up your third party software (from April 2018)
5. Migrate enrolments (from April 2018)

- Also links to the Transition to-do-list page
Stage 1: Check and update CCMS details

- Data will be migrated from CCMS to the new Child Care Subsidy System
- Letter sent to all CCB approved providers to check and update CCMS details
- Providers may experience some difficulties if their approval details are not up-to-date
- Providers should have already completed this step
Stage 2: Register child care personnel now

- Personnel need to register using authentication system called PRODA (Provider Digital Access):
  - Persons with management or control of the provider
  - Persons Responsible for the day-to-day operation of the service
  - Service contacts
  - Family Day Care Educators
- Provide identity documents, create an account and receive a Registration Authority (RA) number
- RA number is used in the transition process
Stage 3: Complete the transition workflow from April 2018

- Authorised person for each provider completes an online transition workflow
- Verify details about the provider and its services
- You will receive notification of your new Child Care Subsidy approval numbers
Stage 4: Set up your third party software from April 2018

- Can still be used to access new Child Care Subsidy System
- Software vendors will work with services to ensure software is correctly set up to interact
- A list of registered CCMS software is available from the Department of Education and Training website
Stage 5: Transitioning enrolments and adding service personnel from April 2018

1. Check that arrangements with families meet CWA requirements
2. Active formal enrolments are being migrated from CCMS
3. Review migrated enrolments and enter additional details
   – Software providers will be able to provide support on how to do this using their product
4. Parents will be provided details of existing enrolments to confirm through their call to action workflow
   • Attach service personnel to service approval
Services and providers transition

• Check and update their details in CCMS
• Action requests from the Department
• Visit the Department website
  – check the transition pages
  – download resources
• Child Care Management System Helpdesk
  – ccmshelpdesk@education.gov.au
Budget Based Funded (BBF) services

• All BBF services that deliver child care will be eligible to administer the CCS, ACCS and receive CCCF (non-competitive) funding from July 2018

• BBF services are following a separate transition process
Families transition

• Awareness – communications campaign (Phase 2)
  – online subsidy estimator
• Call-to-action from Centrelink in April 2018
  – email or letter
• Application – provide new information
  – income estimate for 2018-19 financial year
  – hours of work, study, training or volunteering
• Eligibility assessment – family advised
  – CCS paid directly to providers on behalf of families
What do families need to do?

1. Look out for Centrelink letter (early April 2018)
2. Log into myGov (April – May 2018)
   a) Access Centrelink online account
   b) Provide new information and confirm current details
      • family income estimate
      • activity test
      • child care/schooling details
      • confirm enrolments
Families attending BBF services

- Families attending BBF services will be able to access a child based fee subsidy for the first time
- What do BBF families need to do?
  - access the online subsidy estimator
  - locate their Customer Reference Number (CRN), or if they don’t have one, apply for one through Centrelink
  - make sure they have a myGov account
  - from April 2018, lodge a claim through myGov
Resources
Child Care Provider Handbook

• Will be published online
• DRAFT version up until 2 July but ongoing development
• Will be printable and searchable
• Don’t rely on a hard copy
Transition page and to-do list

- Provides details about what to do and when
- Contains videos
- Updated regularly

Frequently asked questions

<table>
<thead>
<tr>
<th>Absences</th>
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<tbody>
<tr>
<td>Activity Test</td>
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<tr>
<td>Additional Child Care Subsidy</td>
</tr>
<tr>
<td>Annual Subsidy cap</td>
</tr>
<tr>
<td>Changing over</td>
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<tr>
<td>Combined annual family income</td>
</tr>
<tr>
<td>Disability</td>
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<tr>
<td>Eligibility</td>
</tr>
<tr>
<td>Estimator</td>
</tr>
<tr>
<td>Grandparents</td>
</tr>
<tr>
<td>Hourly rate cap</td>
</tr>
</tbody>
</table>

Compliance – Complaints and tip offs

• If you have a complaint or are concerned about fraud occurring:
  – Contact the Child Care Tip Off Line with details on 1800 664 231 or email tipoffline@education.gov.au

• You can choose to remain anonymous
For more information

• Visit the Department website – education.gov.au

• Follow us on Facebook – facebook.com/AusGovEducation/

• Child Care Management System Helpdesk
  – ccmshelpdesk@education.gov.au
Questions?