



Update for ECEC services: New Child Care Subsidy

What is the new Child Care Subsidy (CCS)?

In **July 2018** the Australian Government will fully implement its new Child Care Package which will include a new payment known as the Child Care Subsidy (CCS).

The CCS will replace the Child Care Benefit (CCB) and Child Care Rebate (CCR) and will be paid directly to Early Childhood Education and Care (ECEC) services on behalf of families.



How will the new Child Care Subsidy (CCS) affect ECEC services?

The new child care package will bring about a number of substantial changes to the way ECEC services operate, and the way they engage with their families.

Service operators will experience changes to their financial and operating models due to:

- Potential affordability and accessibility impacts for families
- New reporting requirements, enrolment processes and IT system changes
- A need to train staff to handle new processes plus enquiries from families

Impact on your families

Under the new CCS, **many working families will receive greater financial support** to assist them in paying for child care services. However, **some families will receive a lower subsidy**, and **some families will no longer be eligible for any subsidy at all**.

The factors that will determine each family's level of CCS support include their combined family income, the combined activity level of both parents (i.e. hours of paid work, self-employed work, approved training or voluntary work, to be assessed via an "activity test" – www.bit.ly/ActivityTest) and the type of child care services they use. You can review the percentage of subsidy families will be eligible for in relation to their combined income on the [Department of Education and Training website](#).

Families eligible for the CCS will pay any difference between the actual fee charged and the subsidy paid on their behalf. The Australian Government has also stated that provisions of the package will be indexed before implementation in July 2018.

Government support for disadvantaged and vulnerable families

The new Package includes a **Child Care Safety Net**, which aims to provide additional fee assistance to vulnerable and at-risk children and their families, as well as supporting child care services in disadvantaged communities to address barriers in accessing child care. Families on combined incomes of \$350,000 or more may be eligible for support under the Child Care Safety Net, depending on their circumstances.

As part of the Child Care Safety Net, low income families on \$65,710 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.

In addition to those families that are exempt from the Activity Test, the Child Care Safety Net comprises of three components:

- Additional Child Care Subsidy (a top-up payment in addition to the CCS)
- Community Child Care Fund (grant funding that goes directly to ECEC services for the benefit of disadvantaged and vulnerable families). This also includes Connected Beginnings funding to help prepare Aboriginal and/or Torres Strait Islander children in areas of high need to prepare for school, by supporting Indigenous pregnant women, and Indigenous children from birth to school age)
- Inclusion Support Programme (child care funding for children with additional needs).

ECEC services and families can access further information about the Child Care Safety Net at www.bit.ly/ChildCareSafetyNet.

Services may consider different session types or models that suit the needs of their communities but are not obligated to do so. If they do choose to offer more varied session structures, service providers will need to determine the impacts of "sessional care" (i.e. 4-6 hour daily sessions) on their operations and parental access, along with their financial viability.

To assist ECEC services in considering these impacts, the Department of Education and Training (DET) has produced a **Simple Scenario Analysis Tool**, which allows an analysis of the current state of your service, and a comparison of the change in net result if you change inputs, such as the number of educators per day, hours of operation per day or the average number of children per week.

ACA will also provide some guidance materials on some of the options ECEC services have in terms of financial modelling over the coming months.

New technology platform for ECEC services

There is a new IT system – the Child Care Subsidy System (CCSS) – which will replace CCMS and will be used to administer payment of the new subsidy. To access the CCSS key service personnel will need to register in an online authentication system called PRODA (Provider Digital Access), which features a two-step verification process to give individuals secure access to Government online services. PRODA is also used for access to other government services such as the National Disability Insurance Scheme (NDIS).

Using PRODA

ECEC service Approved Providers/Nominated Supervisors, along with any other designated staff, will need to register with PRODA **as an individual** to create an account. You will need to set up a username and password and provide three identity documents (ie. items such as your Medicare card, driver's licence, Australian passport).

This registration will allow you to access the CCSS.

ACA is encouraging all relevant individuals to register with PRODA as soon as possible. We would welcome your feedback about this process, which we can pass back to the Department of Education and Training.

New CCMS Software – An Individual Decision For ECEC services

All CCMS software providers should by now be in the process of developing a revised software product that will work and comply with the Government's new IT system, the CCSS, or informing their customers that they will not be able to provide a compliant product.

With such a significant change due to take effect in July this year, it is vitally important that you are aware of how your current software provider is delivering on this project and their expected timelines.

ACA strongly urges all ECEC services to start the conversation with their existing CCMS software provider, to find out whether they are building a new CCSS compatible product, whether there are any new costs or requirements, and what their expected timelines are. You may also wish to explore other software providers on the market, to ensure that you are well informed when making a decision.

You can visit the Department of Education and Training's list of registered CCMS software providers at <https://docs.education.gov.au/node/3300>.

One of the new requirements under family assistance law is for services to log actual attendance time of children at your service. This can be done via an electronic solution, or entered manually into your software. Therefore, it is important to consider the practical implications of installing hardware and having access to such systems from your current software provider. It is also important that you consider the challenges with transitioning families to a new system in the lead up to the introduction of these changes.

Education and training of ECEC services staff

To ensure a smooth transition across to the new Child Care Subsidy (CCS), ECEC services will need to prepare their staff for the upcoming changes, both from an operational perspective, as well as to help them successfully explain the new requirements when engaging with families.

ACA encourages ECEC services to start thinking about how to educate and train staff about the new changes, and ensure that they are aware of:

- the new CCS and its impact on operations
- the changes in subsidy levels for some families
- the option to introduce sessional care for any families with an income of \$65,710 or less a year
- the need to register with PRODA (if delegated to do so)
- the Government's existing online materials that have been produced to help both **families** and **ECEC services** learn about the new CCS and prepare for the upcoming changes
www.education.gov.au/ChildCare
- the provider roadshows to be conducted by the Department of Education and Training in March.

ACA will also provide some additional guidance materials to help ECEC services train staff in the coming months.

Australian Government Transition To-do List for ECEC services

The Department of Education and Training regularly updates the [transition page on their website](#), which includes a transition to-do list, which is available at www.education.gov.au/transition.

Further ACA Educational Materials about the new Child Care Subsidy (CCS)



ACA has created a webpage of information resources regarding the New Child Care Subsidy (CCS), which we will continue updating with new materials as they become available.

You can visit this webpage at www.childcarealliance.org.au/CCS.

