

Child Care Subsidy - Service Type

The type of service a family chooses to use for child care is one of the three factors that will determine a family's level of child care subsidy.

The maximum hourly rate the Government will subsidise is based on the type of child care service.

When the subsidy commences in July 2018, the hourly rate caps will be:

Service Type	Maximum hourly rate cap
Centre Based Day Care (Long Day Care and Occasional Care)	\$11.55
Family Day Care	\$10.70
Outside School Hours Care (Before, After, and Vacation care)	\$10.10

The hourly rate caps will be indexed by the Consumer Price Index (CPI) prior to implementation in July 2018.

These caps place an upper limit on the amount of Child Care Subsidy the Australian Government will provide. The rate cap will be used, in combination with family's income and level of activity to calculate the amount of subsidy a family is entitled to receive.

Where a child care service charges less than the hourly cap, families will receive their applicable percentage of the actual rate charged. Where a service charges more than the relevant cap, families will receive their applicable percentage of the hourly rate cap.

The Government is not setting child care fees, nor is the Government requiring services to charge on an hourly basis. Services will still set their fees and parents will have to pay the gap between the subsidy and the actual fee. The hourly rate caps will serve as a guide to services and families about what a 'high fee' might be.

Child Care Subsidy - Combined Family Income

Combined family income is one of the three factors that will determine a family's level of Child Care Subsidy.

Under the Child Care Subsidy, the percentage of subsidy a family will be entitled to will be based on their combined annual income, with more financial support available to lower income families.

This table shows the percentage of child care fees the Government will contribute based on a family's combined income:

Combined Family Income	Subsidy Rate ^
Up to \$65,710	85%
Over \$65,710 to under \$170,710	Gradually reducing to 50%
\$170,710 to under \$250,000	50%
\$250,000 to under \$340,000	Gradually reducing to 20%
\$340,000 to under \$350,000	20%
\$350,000 or more	0%

^ Subsidy rate of actual fee charged or the maximum hourly rate cap (whichever is lower).

These figures will be increased by the Consumer Price Index (CPI) when the package begins in July 2018.

Child Care Subsidy Annual Cap

From 2 July 2018, families earning less than \$185,710 per year will not be subject to a cap on the amount of Child Care Subsidy they can access. Families earning between \$185,710 and \$350,000 will still have an annual cap which will increase to \$10,000 per year per child.

The cap will also be increased by the CPI for implementation in July 2018.

Child Care Subsidy - Activity Test

The Activity Test is one of the three factors that will determine a family's level of Child Care Subsidy.

The number of hours of subsidised child care that families will have access to per fortnight will be determined by a three-step Activity Test.

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.

Step	Hours of activity*	Maximum number of hours of subsidy per child*
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

*Per fortnight

Approved Activities

A broad range of activities will meet the activity test requirements, including:

- paid work, including leave
- being self employed
- doing unpaid work in the family business
- training courses for the purpose of improving the individual's work skills or employment prospects
- an approved course of education or study
- volunteering
- actively looking for work.

Approved activities can be combined to determine the maximum number of hours of subsidy. Time taken to travel between the child care service and the parents/carers place of work, training, study, or other approved activity will also be included.

Activity hours do not need to coincide with child care hours. For example, an individual undertaking work on the weekends will be eligible for child care subsidy during the week.

Exemptions

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, as part of the Child Care Safety Net.