

# Child Care Subsidy

TRANSCRIPT

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**\*Voiceover\***

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**Hank:** Hello, my name is Hank Jongen, and today we're going to talk about the upcoming changes to child care payments. These start on the second of July 2018, and to get more details on these changes I'd like to welcome Gabi, who is the director of the new Child Care Subsidy team in the department. Welcome Gabi.

**Gabi:** Thanks Hank.

**Hank:** Gabi, so were here today to talk about fee assistance for child care. Is that the new title for the payment?

**Gabi:** No. The new title for the payment is Child Care Subsidy. It does contain two components. There is Child Care Subsidy and Additional Child Care Subsidy to help some families who need extra help with the costs of child care.

**Hank:** Do we want to break up those two parts? Let's start with the Subsidy.

**Gabi:** So Child Care Subsidy replaces the current child care fee assistance of Child Care Benefit and Child Care Rebate. It is a means tested payment, so it now depends on your income and your activity, the type of child care you use and the age of your child as well.

**Hank:** And the other part that you mentioned?

**Gabi:** Additional Child Care Subsidy replaces current payments such as the JET Child Care Fee Assistance program, Special Child Care Benefit, and Grandparent Child Care Benefit.

**Hank:** So that affects a smaller group?

**Gabi:** A very small cohort, yes.

**Hank:** Ok. Who's affect by these changes?

**Gabi:** All families who currently use child care or will use child care from the second of July will be affected by these changes. Just because the current payments are stopping and we are resetting with a whole new scheme. Everyone will be affected.

**Hank:** Will we be contacting people about these changes?

**Gabi:** Yes. We will contact all families in early April, over a couple of weeks to let them know what they need to do and how they need to do it to get ready to transition to the new scheme.

**Hank:** So you don't need to do anything because we'll be contacting people?

**Gabi:** That's right exactly.

**Hank:** What are the main differences between the old and the new payments?

**Gabi:** One of the main differences is currently families can opt to receive child care payments, the current fee assistance, to their own bank accounts, or personally. In the future it will only be paid directly to providers to reduce the out of pocket fees that families have to pay.

**Hank:** So I also assume that eliminates the options that currently exist where you can be paid quarterly, fortnightly, or at the end of the year?

**Gabi:** That's exactly right.

**Hank:** So it becomes a subsidy that goes straight to the provider is that correct?

**Gabi:** That is correct.

**Hank:** I understand that there are changes to the annual cap as well?

**Gabi:** Yes that's right Hank. For most families the annual cap of, currently that \$7600 will be gone. And the ceiling will be a little bit higher for them to receive Child Care Subsidy.

**\*Voiceover\***

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**Hank:** What are the eligibility requirements?

**Gabi:** Families may be eligible for Child Care Subsidy if they or their partner care for their child at least two nights a fortnight. Which is around 14% of care. They have to liable for their child care fees at an approved child care service. So that's something a little bit different, currently they can get child care for registered care but in the future they can only get it for approved care. And they obviously have to meet the residency requirements as per most government payments. Their child must also meet the immunisation requirements and be 13 or under and not attending secondary school.

**Hank:** And there's a thing called Additional Child Care Subsidy. What's that?

**Gabi:** As I mentioned before it gives some families extra assistance with the cost of approved child care. It's extra help for those families who need it most. Families must first be eligible for Child Care Subsidy to then be granted the additional payment of Additional Child Care Subsidy as well as some small extra criteria. There are additional types of subsidy that they may be eligible for depending on their situation.

**Hank:** How much will families get?

**Gabi:** What families get depends on three different factors. One of them is the activity test, so how much work or volunteering, training study them and their partner do. We do actually base it off the partner with the lowest working hours or lowest activity test result which that will then tell you how many child care hours per fortnight you're eligible for. And we also have an income test. Depending on where you are in the income test you can receive anywhere from 85% down to 20% and then there is a taper rate, like we currently do with Family Tax Benefit payments, depending on your income.

**Hank:** Can you tell us a bit more about the activity test?

**Gabi:** The activity test is, as I mentioned before, around the volunteering, work, training, study. And you can add all the hours you do across multiple different types of activities together to help you meet the next step of the activity test.

**Hank:** One of the points you made earlier is you actually base it, in the case of a couple, on the lower number of hours that are participated in. Is that right?

**Gabi:** Yes that is right. For example if you had a family where you had a mother who is working 60 hours a fortnight and then you had a father who is only working 20 hours a fortnight you would then base it on that 20 hours a fortnight how many hours they'd be eligible for.

**\*Voiceover\***

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**Hank:** And look just to reiterate, what do families need to do at this point in time?

**Gabi:** Families need to get ready by going online, getting onto myGov, having their Centrelink account linked and ready to go. When they get that letter jump online and give us your information straight away. Make it quick and simple.

**Hank:** So that's going to be the easiest way. Register through myGov.

**Gabi:** That's correct.

**Hank:** And is it available through an app?

**Gabi:** It will also be available on the app. That's something different that Centrelink's done this time. They've gone and developed an app to collect transition information. And we do know there's 1.3 million families who we're contacting to get ready.

**Hank:** That's fantastic. And what if people want more information?

**Gabi:** The best place people can go for information is [humanservices.gov.au/childcaresubsidy](https://humanservices.gov.au/childcaresubsidy). It has all the information on the rates, the activity test, and what the changes mean for families.

**Hank:** Thank you Gabi, and I really appreciate your time today.

**Gabi:** No worries Hank. Thanks for having me.