



Preschool exemption to the Child Care Subsidy activity test

What is the 'preschool exemption' to the activity test?

Parents who do not meet and are not otherwise exempt from the Child Care Subsidy activity test will be entitled to 36 hours of subsidised care per fortnight to support their preschool-aged child to attend a preschool program at a Centre Based Day Care service.

When does the preschool exemption apply?

A family is entitled to the preschool exemption if:

- they are eligible for Child Care Subsidy
- the parent/s do not meet and are not otherwise exempt from the activity test, meaning their usual entitlement is less than 36 hours of subsidised care per fortnight (0 or 24 hours based on the family's income)
- they have a *preschool aged child* and
- that child attends an *early educational program* at a Centre Based Day Care service.

The preschool exemption does not apply to other children in the family who are not preschool aged. For those children, the family's usual entitlement will apply.

What is a preschool aged child?

For the purpose of the Child Care Subsidy preschool exemption, a *preschool aged child* is a child in the year before their first year of primary school. States and territories refer to the first year of primary school differently (see the [Services Australia](#) website for details).

To establish when children are *preschool aged* for Child Care Subsidy purposes, parents indicate their child's expected school (i.e. primary school) start date in their Child Care Subsidy claim or when they later update their details with Centrelink. For example, if a parent indicates their child will start school in February 2020, the child is considered to be a *preschool aged child* for 2019.

How do families tell Centrelink when their child will start school?

It is important that families provide their child's expected school start date when making a Child Care Subsidy claim, or later updating their details with Centrelink (either in Centrelink Online via [myGov](#) or the Express Plus mobile app). Centrelink uses this date to work out when their child is a preschool aged child for the preschool exemption.

Steps, for families:

1. Log into the [myGov](#) site
2. Select the menu on the top left
3. Select the **Child Care Subsidy** heading
4. Select the **View/Update Child Education Details**
5. In the *Select a child* screen, click on the **Action** icon for the child
6. In the *Schooling details* screen, ensure the child's education level is set to '**Has not started studies**'.
7. In the question box *When is [your child's name] expected to start primary school?*, enter the date the child is expected to attend primary school. You only need to estimate a date (e.g. 1 February 2021).



What is an early educational program?

For the Child Care Subsidy preschool exemption, the definition of *early educational program* is based on requirements set out in the [Education and Care Services National Law and Regulations](#). This means an approved Centre Based Day Care service delivers an *early educational program* if it is delivered by (or where applicable, the service has access to) a qualified early childhood teacher, and the program is based on and delivered in a manner that accords with an approved learning framework.

How is the preschool exemption applied?

1. The **parent** lodges a Child Care Subsidy claim. Centrelink will use information in the claim to work out whether:
 - the family's entitlement is usually 0 or 24 hours of subsidised care per fortnight and
 - the parent has a *preschool aged child(ren)*, as defined above.
2. If the claim establishes 'Yes' to the two above criteria, **Centrelink** will send the parent a claim outcome letter indicating:
 - their 'Subsidised hours per fortnight' is either 0 or 24

- however, they may be entitled to 36 hours of subsidised care per fortnight for their preschool aged child(ren) if they attend a preschool program at their child care service (Centre Based Day Care service).
3. The **Centre Based Day Care service** will need to indicate in session reports when a session of care for a child was, or included, an early educational program, based on the definition above. Please note that the 'preschool indicator' in session reports:
 - is a 'Yes/No' field
 - may be worded slightly differently depending on the software provider used or Provider Entry Point (PEP) interface
 - will only be available for approved Centre Based Day Care services
 - will only be available for children aged three to five when the session report is created.
 4. Where the preschool indicator response is 'Yes', the **Child Care Subsidy System** (Centrelink) will determine whether the child is preschool-aged and calculate the parent's entitlement.
 5. If the response to the preschool indicator is 'No':
 - if the family's usual entitlement is 24 hours per fortnight, Child Care Subsidy can be paid up to the balance of this entitlement
 - if the family's usual entitlement is 0 hours per fortnight, no Child Care Subsidy can be paid.

What happens if a child will start school at a later date?

If a family decides to defer commencement of their child at primary school for another year, it will affect their Child Care Subsidy entitlement.

As soon as a parent or carer decides their child will not start school the following year, they are required to update their child's expected school start date with Centrelink. This will mean the preschool exemption will no longer apply until their child is again in the year before primary school.