



What is the Child Care Subsidy?

The Australian Government is committed to ensuring that Australian families are able to access affordable, flexible and high quality child care. The Government provides a number of subsidies and programs to help with the cost of child care, with the Child Care Subsidy being the main type of assistance that most families will use.

What are the eligibility requirements?

To be eligible for the Child Care Subsidy the following requirements must be met:

- the child must
 - be a 'Family Tax Benefit child' or 'regular care child' and
 - be 13 or under and not attending secondary school and
 - meet immunisation requirements
- the person claiming the Child Care Subsidy, or their partner, must
 - meet residency requirements and
 - be liable to pay for care provided under a Complying Written Arrangement (their written agreement) with their child care provider
- child care must be provided by an approved provider in Australia and not be part of a compulsory education program, for example school.

There are exemptions for individuals who genuinely cannot meet some eligibility requirements.

How much can a family receive?

The level of subsidy a family receives will depend on three factors:

- Income – a family's (both partners) combined income
- Activity test – what activities the individual and their partner undertake or exemptions that might apply and
- Service type – the type of approved child care service used, for example Centre Based Day Care.

Combined Family Income

The table below outlines combined family income and relevant rate of Child Care Subsidy to which families will be entitled.

Combined family income	Subsidy per cent of the actual fee charged (up to relevant percentage of the hourly rate cap)
Up to \$66,958 [^]	85 per cent
More than \$66,958 [^] to below \$171,958 [^]	Decreasing to 50 per cent*
\$171,958 [^] to below \$251,248 [^]	50 per cent
\$251,248 [^] to below \$341,248	Decreasing to 20 per cent*
\$341,248 [^] to below \$351,248 [^]	20 per cent
\$351,248 [^] or more	0 per cent

[^]These amounts are correct for 2018-19 and will be subject to adjustment through indexation in subsequent years.

*Subsidy gradually decreases by 1 per cent for each \$3000 increase in family income.

The amount of subsidy a family receives will be their Child Care Subsidy percentage of the hourly fee charged or the applicable hourly rate cap, whichever is lower (see hourly caps under Service type below).

Families can use the [Services Australia Payment and Service Finder](#) to estimate how much Child Care Subsidy they may be entitled to by entering their details.

Activity test

The number of hours of subsidised child care to which a family will be entitled will depend on how much time parents spend undertaking recognised activities, for example work, training, volunteering or study.

The Child Care Subsidy activity test takes into account both parents' (if applicable) activities, however, the maximum hours a family will receive will be based on the person with the lowest level of activity. A broad range of activities will meet the activity test requirements.

For people with irregular work hours, such as casual employment, an estimate can be used based on the highest number of hours they expect to work in any one fortnight over a three-month period.

There is a three-step activity test to calculate how many hours to which a family will be entitled.

Step	Hours of activity (per fortnight)	Maximum number of hours of subsidy (per fortnight)
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

Service type

There is an hourly rate cap for each hour of child care provided which differs depending on the type of approved child care service used.

Where a child care provider charges **less** than the hourly rate cap, a family's subsidy will be their Child Care Subsidy percentage of the actual fee charged.

If a child care provider charges **more** than the hourly rate cap, a family's subsidy will be their Child Care Subsidy percentage of the relevant hourly rate cap.

Table: Hourly rate caps by care type

If a family uses:	Hourly rate cap	Hourly rate cap
	(children below school age)	(school aged children)
Centre Based Day Care	\$11.77	\$10.29
Outside School Hours Care	\$11.77	\$10.29
Family Day Care	\$10.90	\$10.90
In Home Care	\$32.00* (per family)	\$32.00* (per family)

***\$25.48 from 2 July 2018 to 31 December 2018.**

These hourly rate caps are correct for 2018-19 and will be subject to adjustment through indexation in subsequent years.

Is there an annual cap?

If a family earns \$186,958 (in 2018-19) or less, they will not have an annual cap on their Child Care Subsidy each financial year.

If a family earns more than \$186,958 and less than \$351,248, child care costs will be subsidised up to an annual cap of \$10,190 per child each financial year. The annual cap will be increased each year.

How will the Child Care Subsidy be paid?

Child Care Subsidy will be paid directly to child care providers to pass on to families as a fee reduction so that their fees are reduced at the time they use child care. Families will pay their provider the difference between their subsidy and the fees charged. Families will not be able to elect to receive their subsidy as a lump sum at the end of the financial year. Families will need to make a claim for Child Care Subsidy when (or before) each child starts attending care.

Any Child Care Subsidy owed to families following the end of year reconciliation process will be paid directly to families as a lump sum. If a family has been overpaid Child Care Subsidy during the year the family may have to repay some Child Care Subsidy (a debt).

When does a family stop receiving Child Care Subsidy?

If a family earns \$351,248 (in 2018-19) or more per year, they will not be entitled to any Child Care Subsidy. However, high income families who are not certain of their combined family income for the year ahead, are encouraged to make a claim for Child Care Subsidy. This maintains their eligibility for Child Care Subsidy throughout the year and will ensure they receive entitlement if their actual income at the end of the financial year ends up being below \$351,248.

What is the Child Care Subsidy withholding?

Child Care Subsidy withholding is designed to help families avoid or minimise debts at reconciliation, which could occur due to changes in circumstances throughout the year (for example, changes to family incomes or activities).

Parents can request their percentage of withholding be adjusted up or down through Centrelink. However, withholding is important as it helps protect families from possible debts. After reconciliation any outstanding subsidy is returned to the family.

Five per cent of all families' Child Care Subsidy will be withheld by the Government, however, withholding will not apply to Additional Child Care Subsidy payments.

What is the Additional Child Care Subsidy?

The Additional Child Care Subsidy is a top up payment in addition to the Child Care Subsidy which will provide targeted additional fee assistance to families and children who need extra support.

The Additional Child Care Subsidy has four elements:

- child wellbeing
- grandparents
- temporary financial hardship
- transition to work.

Where can I get further information on the Child Care Package?

Department of Education, Skills and Employment Child Care Package: dese.gov.au/ecc

Services Australia Child Care Subsidy: servicesaustralia.gov.au/childcaresubsidy