



Child Care Fee Subsidies Fact Sheet

March 2015

The purpose of this fact sheet is to provide information about fee subsidies for preschool and kindergarten programmes including:

- Overview
- What is the Total Fee?
- How do I report state government fee subsidies?
- Fee subsidies and JETCCFA payments
- Consequences of non-compliance
- Legislation

Overview

The Australian Government is supporting children's access to quality early childhood education programmes. The programmes are to be delivered by a degree qualified early childhood teacher who meets the National Quality Framework requirements, for 600 hours a year, in the year before full-time schooling (often referred to as 'preschool' or 'kindergarten').

Under the National Partnership Agreement on Universal Access to Early Childhood Education, state and territory governments remain responsible for ensuring the delivery of preschool and kindergarten education. Each state and territory has different arrangements for regulating, funding and delivering early childhood education services. As part of the commitment, some long day care services are receiving additional funding from state governments for the provision of preschool and kindergarten programmes in the form of subsidies such as the 'Kindergarten Fee Subsidy' or the 'Health Care Card Subsidy'. Unlike other state and territory government funding, the subsidies are provided directly to services to reduce out-of-pocket expenses for eligible parents.

Under family assistance law, eligibility for Child Care Benefit (CCB) belongs to families, not to child care services. If a family has a liability to pay the fee and are assessed as eligible for CCB, they are entitled to receive payments to reduce their child care fees. When a family is also receiving a state fee subsidy, it is important to report the correct total fee for CCB purposes. The total fee reported should be the discounted fee after the subsidy has been applied.

What is the Total Fee?

The total fee is the amount a family is liable to pay before any CCB and/or Child Care Rebate (CCR) entitlements are applied and for which your service has invoiced the family for providing standard services. It may include meals, nappy services or other charges if these are provided as part of your standard service. It does not include one-off charges such as enrolment and registration fees.

The **Child Care Service Handbook** Chapter 15.5 has more information about what charges are included in the total fee.

How do I report state government fee subsidies?

To ensure that families receive their correct CCB and/or CCR entitlement and that approved child care services meet their obligation to report the correct fee liability, services should report the total fee after any state fee subsidies have been applied, for each week, at the time the care is provided.

Child care services can also report hours of care provided outside of the preschool or kindergarten education programme. If a family has liability to pay the child care fee and are assessed as eligible for CCB/CCR, they are entitled to receive payment to reduce their fee.

Overall, it will be up to states and territories and child care providers to determine what cost, if any, will be passed on to parents for the early childhood education hours. As some state subsidies are designed to cover the full cost of the fee, the family has no liability to pay and therefore will not be eligible for any child care entitlements. Other subsidies will pay part of the cost of care and therefore families are entitled to receive CCB/CCR payments to reduce their child care fees after the service has reported the discounted total fee.

Fee subsidies and Jobs, Education and Training Child Care Fee Assistance (JETCCFA) payments

If the state government fee subsidy does not cover the full cost of care, the discounted total fee may be reported and JETCCFA applied to the discounted total fee.

Consequences of non-compliance

The law provides serious penalties if you do not comply with your requirements. These penalties range from an instruction to fix the situation to criminal prosecution in cases of fraud. Refer to Chapter 5 of the Child Care Service Handbook and *Instruction Sheet 7 Civil Penalty and Infringement Notice Scheme* for more information about penalties.

Legislation

Relevant legislation governing an approved child care service's fee reporting obligations are:

- *A New Tax System (Family Assistance) Act 1999*
- *A New Tax System (Family Assistance) (Administration) Act 1999*
- Child Care Benefit (Absence From Care – Permitted Circumstances) Determination 2000
- Child Care Benefit (Eligibility of Child Care Services for Approval and Continued Approval) Determination 2000
- *A New Tax System (Family Assistance) (Administration) Act 1999* (Child Care Benefit – Record Keeping) Rules 2006

All of these are available on the [Comlaw](http://www.comlaw.gov.au) website

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