



# Early Childhood Education and Care Relief Package - Information for Family Day Care and In Home Care

## Last payment of the normal Child Care Subsidy and Additional Child Care Subsidy

For care provided before 6 April 2020, services were asked to submit session reports for sessions of care before 11:59 pm on Sunday 5 April 2020. Payment for these sessions were made on Wednesday 8 April 2020.

## What is the new payment system under the Early Childhood Education and Care Relief Package?

From 6 April 2020, Family Day Care (FDC) and In Home Care (IHC) providers are being supported by the Early Childhood Education and Care Relief Package (Relief Package). The Relief Package payment is a base rate of the service's fee revenue for a prescribed reference period, in the fortnight from 17 February to 1 March 2020 (up to the rate cap).

The payments are intended to support your services to stay open at a time when many families are choosing not to send their children to care. You do not need to do anything to get this payment – it will be paid weekly into the provider's bank account. The first payments were made on Thursday, 9 April 2020.

Below is an example of how payments are worked out.

On the fortnight starting 17 February 2020, an FDC sole trader service had four children attending daily for the same session lengths, and each child was charged the same fees. Each child attended 10 sessions of care per fortnight (or five per week) and were charged \$130 for a 10 hour session (meaning the hourly fee was \$13). For that fortnight, the service's total fees charged were \$5,200 (or \$2,600 per week). The payment is worked out below:

- The service's hourly rate cap is \$11.10 (because their hourly fee of \$13 is above the FDC hourly rate cap).

- $\$11.10 \times 50\% = \$5.55$  paid per hour.
- $\$5.55 \times 10$  hour session =  $\$55.50$  paid per session.
- $\$55.50 \times 4$  children  $\times 5$  sessions per week =  $\$1,110$  paid to the service per week.

## What other support can I get?

The Relief Package complements a wider range of initiatives already announced by the Australian Government, including the [JobKeeper Payment](#).

You may also get help from other business support payments that the Government is providing, such as the [Boosting Cash Flow for Employers](#) measure for wages paid to employees (not sole traders). Businesses can receive payments between \$20,000 and \$100,000 under this measure.

## How do I apply for JobKeeper?

Eligible providers can [apply for JobKeeper](#) on behalf of their employees. Sole trader educators that are contracted to a service can apply individually, as long as they had an Australian Business Number (ABN) before 12 March 2020.

JobKeeper applications need to show a decline in income of at least 30 per cent.

The Australian Tax Office (ATO) has confirmed that any Relief Package payments, including Exceptional Circumstance Supplementary Payments, will **not** be considered revenue for GST purposes.

This means providers will be able to show they satisfy the decline in income test for the purposes of JobKeeper provided they do not have income from other sources.

Where some of this revenue is then passed on to FDC and IHC educators (based on contractual arrangements between the service and the educator) these monies are considered revenue for GST purposes. As the educator is unlikely to receive more than 50 per cent of their fee revenue from the provider, they should be able to satisfy the decline in income test.

## What if I didn't have an ABN on 12 March 2020?

For those sole trader/contractors that did not have an ABN before 12 March 2020, your provider can apply on your behalf for an Exceptional Circumstance Supplementary Payment in lieu of JobKeeper, as long as you:

- provided care during the reference period

- are not eligible for JobKeeper because you did not have a registered ABN on 12 March 2020
- [register for an ABN](#) by 1 June 2020.

Applications will be assessed on a case by case basis. If successful, the payment will be backdated to 6 April 2020 and will continue for the duration of the measure. Providers **must** pass on the full amount to the educator.

If you have already made an application for an Exceptional Circumstance Supplementary Payment, we will be in contact with you shortly to request further information about those educators (sole trader contractors) who are not eligible for JobKeeper. Confirmation and evidence will be sought that all relevant educators have applied for an ABN before any additional payment can be assessed.

## **What if employees are not eligible for JobKeeper?**

FDC and IHC services can apply for an Exceptional Circumstance Supplementary Payment where they have 30 per cent or more full-time equivalent current employees who are not eligible for JobKeeper and where the provider or service has not applied for or received another Exceptional Circumstance Supplementary Payment for these employees in lieu of JobKeeper.

Current employees are those employed by the service during the reference period and are still employed by the service from 18 May 2020 onwards. If approved, payments will be backdated to 18 May 2020.

## **Is additional support available for IHC?**

In recognition of the higher costs associated with the provision of IHC, from 18 May 2020 IHC providers will be eligible for an Exceptional Circumstance Supplementary Payment of 20 per cent of the reference fortnight base rate. IHC providers do not need to complete an online application form to receive this Exceptional Circumstance Supplementary Payment, as it will be made automatically.

## **What if I have an increase in demand for care?**

Providers/services may also apply for an Exceptional Circumstance Supplementary Payment on the basis of increased demand for care (over and above the care provided during the reference period).

The department will only approve one application for an increase in demand (the first received) in a four-week period (i.e. 6 April 2020-3 May 2020, 4 May 2020-31 May 2020, 1-28 June 2020).

Exceptional Circumstance Supplementary Payments based on demand will be backdated to the beginning of a relevant four-week period. The first four-week period commenced on 6 April 2020.

## **How do I apply for an Exceptional Circumstance Supplementary Payment?**

You will need to complete an online form.

The form is available at [dese.gov.au/covid-19/childcare](https://dese.gov.au/covid-19/childcare).

You will need to include supporting reasons and evidence with your application. This means you will need to tell us why you think you need a higher amount each week. This could be:

- the reference period did not accurately reflect your usual situation – for example, you did not provide care for some of the reference fortnight OR
- you need more support for the children currently in your care and/or you are caring for more children, more often or for a longer time
- the number of full-time equivalent employees who are not eligible for Jobkeeper
- FDC or IHC educators who are not eligible but will apply for an ABN before 1 June 2020.

Information collected for the purposes of calculating the amount of an Exceptional Circumstance Supplementary Payment will be shared with the ATO and Services Australia for verification checking.

You can only apply for an Exceptional Circumstance Supplementary Payment due to an increase in demand, once every four week period. Further information on how to apply for a higher payment due to increased demand is available in our [Frequently Asked Questions](#).

## **I am working the same hours but being asked to take a pay cut?**

This is not correct and it is not what the Government expects.

You will make a business decision about how much care you can provide based on the support you are receiving and your costs.

The Relief Package will support you with weekly payments of 50 per cent of your fee revenue (up to the rate cap) as it was during the reference period.

As well as these payments, eligible FDC and IHC providers will also get help from the JobKeeper payment and Exceptional Circumstance Supplementary Payments – so your income would not be based on the 50 per cent alone.

Some examples are set out below.

**Example one:**

David runs a private FDC Service Provider. He has 10 educators who between them provide 1,600 hours of care a week (four children each for 40 hours). In February the service was at full capacity. The average educator fee is \$11 an hour. All of the educators are engaged on contract and are eligible for JobKeeper as sole traders.

Under the Child Care Subsidy (CCS) system, the provider received \$17,600 a week in fees comprising \$14,080 in CCS and \$3,520 in parent fees. The service kept an administrative levy of \$2 per hour per child - a total of \$3,200 a week - and paid educators \$1,440 each per week.

Under the Relief Package, the provider receives \$8,800 per week in Relief Package payment (50 per cent of \$17,600). The provider receives JobKeeper for each of its two workers - a total of \$1,500 per week. To cover its other administrative costs, the provider keeps \$1,700 of the Relief Package payment in lieu of an administrative levy.

The provider distributes the remaining \$7,100 in Relief Package payment to the 10 educators - \$710 each. Each of the educators receives \$750 per week in JobKeeper payment. As a result their total weekly income is \$1,460 per week.

**Example two:**

Sally runs a private FDC Service Provider. The provider employs 10 educators who between them provide 2,000 hours of care a week (four children each for 50 hours). In February the service was at full capacity. The average educator fee is \$11 an hour. Sally and one other person are employees of the provider to undertake administrative and coordination work.

Under the CCS system, the provider received \$22,000 a week in fees comprising \$17,600 in CCS and \$4,400 in parent fees. The service charged an administrative levy of \$2 per hour per child - a total of \$4,000 a week - and paid educators \$1,800 each per week.

Under the Relief Package, the provider will receive \$11,000 per week in Relief Package payment (50 per cent of \$22,000). The provider receives JobKeeper for each of its 12 workers - a total of \$9,000 per week. The total income of the provider is therefore \$20,000 per week. The provider uses \$1,500 of JobKeeper payments to pay its two

administrative employees and keeps \$2,500 per week of the Relief Package payment to cover other provider costs in lieu of an administrative levy.

The provider pays each of the 10 educators \$1,600 per week comprising \$750 JobKeeper and \$850 which is each educator's share of the remaining Relief Package payment.

## **I can't wait that long!**

To give you time to enrol for JobKeeper and apply for an Exceptional Circumstance Supplementary Payment if required, we combined weeks two and three payments to all services, including FDC and IHC on 15 April 2020.

This means you received a double payment on Thursday 16 April 2020: your normal weekly payment, and an advance on another payment, which will be taken from the last payment run of the financial year.

## **I have to keep working even though my health is at risk?**

This is not correct and not what the Government expects.

If your service has been told by a public health authority to close, the Relief Package payment will still be paid for the time that the service is required to be shut.

Where your service needs to put in place extra safety measures, and therefore can offer care to fewer children, you will still receive the same payment from us.

If your service makes a business or personal decision to close without being directed to by the relevant health authority, you will not be eligible for the Relief Package.

## **Families are flooding back into care now that it is free – am I supposed to look after all of them?**

Under the Relief Package, you must prioritise whatever care you are able to offer to children of essential workers, vulnerable and disadvantaged children, and previously enrolled children.

We do not expect you to compromise the safety of your service, and we know that you may not have the usual incentives to take on children during this time. However, we do expect you to think carefully and maximise the care you are providing, and to have policies in place to ensure you can and are prioritising essential workers and vulnerable children.

There is no obligation for services to take on new families or increase hours of care, or re-enrol those that have withdrawn if they cannot provide care or meet health and safety obligations.

Taking on more work (if the capacity exists) is a business decision.

If your business decision is that you can offer care to the same numbers of children as during the reference period (or more children) and you need more support to do this, you should submit an application for an Exceptional Circumstance Supplementary Payment as described above.

### **What about children who were full fee paying previously?**

Services should prioritise care to children of essential workers, vulnerable and disadvantaged children, and previously enrolled children.

Children previously paying full fees will have been accounted for in the base payment calculation and can continue to attend at no charge. However, you can tell us about these children if you apply for an Exceptional Circumstance Supplementary Payment.

### **As an FDC or IHC service, are we allowed to charge our educators the fees that keep our service running?**

Any type of fee arrangement between a service and an educator is a commercial business arrangement.

The Government does not regulate or intervene on matters between educators and services.

In response to business impacts incurred due to COVID-19, the Prime Minister has appealed to all businesses to look at their rate of fees and charges and see if they can reduce them in recognition of the unprecedented circumstances.

### **What if my service doesn't pass money on to me as an educator?**

As always, payments will be made to providers not educators.

If an educator feels that a provider is not passing on the payments, they should talk to their provider and ask them to explain what they are passing on.

Approved providers are responsible for the administration of the Relief Package payments, including decisions on how payment amounts to individual educators are made.

Approved providers as business owners should explore options to support both their business model and their educators. Further information on Government COVID-19 assistance is available on the [australia.gov.au website](https://australia.gov.au).

As is normally the case, FDC or IHC educators are still able to move between services – there are no restrictions on movement or on changing services. However, if a provider is receiving

an Exceptional Circumstance Supplementary Payment on behalf of an educator (sole trader contractor) in lieu of JobKeeper, they must notify us in writing if that educator ceases providing care for their service.