



Transition arrangements for the end of the Early Childhood Education and Care Relief Package

Information for Child Care Subsidy providers

Overview

The Early Childhood Education and Care Relief Package (Relief Package), which was due to end on 28 June 2020, has been extended until 12 July 2020 to continue to keep services viable and to provide care for families of essential workers and vulnerable children.

The Child Care Subsidy (CCS) and Additional Child Care Subsidy (ACCS) will recommence from 13 July 2020, along with a range of new measures to support the sector and its families through the transition, including a relaxed activity test for families and a new Transition Payment for providers.

These arrangements mean that from 13 July 2020, providers will once again receive CCS payments on behalf of families, and parents will return to making their co-contribution to child care fees.

What does this mean for providers?

In addition to CCS, the Government will provide a Transition Payment to all approved providers that previously received CCS and new providers that were approved during the Relief Package period.

The same arrangements will apply to privately run services, those providers operated by state, territory and local governments, and not for profit providers.

In practice, this will mean that those currently eligible and being paid the Relief Package payment will receive a Transition Payment offer in the first instance.

Transition Payments are 25 per cent of providers' fee revenue or the existing hourly rate cap, whichever is lower, in the relevant reference period. This is the same reference period used during the Relief Package, and for most services will be for the period 17 February to 1 March 2020.

The last two Transition Payments scheduled for September will be brought forward and paid as a one-off payment at the end of the Relief Package, to help services to move to the Transition Payment, and with cash flow.

This means providers are likely to receive these payments in the week starting 6 July 2020.

What do providers need to do?

Accepting and receiving the Transition Payment

Providers will begin receiving emails from 17 June 2020 to offer an Australian Government grant for the Transition Payment. The Department of Education, Skills and Employment (the department) has established an online process, using DocuSign, for providers to review and agree to this offer. The email will outline how to review and sign the offer.

Following return of the signed grant agreement, Transition Payments will be paid into the bank account currently nominated for a provider's service in the Child Care Subsidy System (CCSS). Providers are responsible for ensuring their bank account details in the CCSS are correct.

To allow the department to process the first grant payment, which will be made in the week of 13 July 2020, providers will need to accept the offer by 5 pm AEST 1 July 2020. Providers will generally be paid weekly and in advance. However, the first Transition Payment will not be received by providers until 17 July 2020 at the earliest.

Conditions of receiving the Transition Payment

To receive and maintain the Transition Payment providers must:

- offer an Employment Guarantee by continuing to employ those employees over the transition period who were working or being paid JobKeeper at the end of the Relief Package, and
- cap fees to the level in the relevant Relief Payment reference period.

Providers must also **not** claim JobKeeper for ineligible employees, or for themselves as JobKeeper eligible business participants.

JobKeeper will cease from 20 July 2020 for employees and business participants of a CCS approved provider and child care service. These conditions are in place to protect staff who will move off the JobKeeper payment and help families who may be doing it tough.

The department will monitor compliance with the conditions, including responding to complaints made to the tip-off line and by sharing data with other government agencies. The department may ask providers at any time to provide supporting documentation that shows they are meeting their conditions.

The [Transition Payment Guidelines](#) and the [Grant Agreement template with terms and conditions](#) are available on the website.

JobKeeper – eligibility

JobKeeper will cease from 20 July 2020 for employees of a CCS approved provider and for JobKeeper eligible business participants (including sole traders) operating a child care service. Employees include all staff within the organisation – including all educators, centre directors and managers, administration staff, cooks and cleaners, and research or advocacy staff.

This information was last updated on 17 June 2020. Please regularly check dese.gov.au/covid-19/childcare to help ensure that you are using the latest version of this information sheet.

Where an organisation delivers both CCS approved and non-CCS services, employees working in the CCS service will **not** be eligible for JobKeeper from 20 July 2020. Again, this includes all support staff, for example administrative staff, gardeners, cooks, and those working on research or advocacy.

Where an organisation has staff working across both CCS and non-CCS services within the organisation (for example, administrative support staff), the organisation must assess if an employee's duties relate principally to the delivery of CCS.

Illustrative examples

- A CCS-approved provider with 90 employees and five child care services, but no other non-child care business, **all 90 employees** are ineligible for JobKeeper from 20 July 2020.
- An organisation with 200 employees across disability and child care services, with 95 staff working across four approved child care services, **those 95 employees** are ineligible for JobKeeper from 20 July 2020.
- In an organisation comprising 100 employees with 40 working in CCS approved services, 40 working in non-CCS services, and 20 working across the full organisation, the organisation must assess whether any of those 20 employees have duties that relate principally to the delivery of childcare. Should the organisation assess that 12 of those 20 employees working across the organisation have duties that are principally for the delivery of CCS, **these 12, plus the 40 employees working in CCS approved services, will no longer be eligible** for JobKeeper from 20 July 2020.
- A manager whose sole responsibility is leadership of CCS services delivered within an organisation that also delivers non-child care services is also **ineligible** for JobKeeper from 20 July 2020.
- A Family Day Care (FDC) provider that delivers only CCS child care, employing eight employees in management, administration and coordination roles, and has 45 FDC educators who operate as sole traders:
 - All eight employees are **ineligible** for JobKeeper from 20 July 2020.
 - All 45 educators are **ineligible** for JobKeeper from 20 July 2020.

JobKeeper – ceasing payments

From 20 July 2020, providers must **not** continue to claim JobKeeper for employees who are not eligible. Providers will **not** be able to recover JobKeeper payments paid to employees after this date.

The following timeline outlines dates regarding eligibility and action required through the Australian Taxation Office (ATO):

- | | |
|---------------------------|---|
| 6 – 19 July | Last fortnight employees of a Child Care Subsidy (CCS) approved service and business participants (for example sole traders) operating a child care service are eligible for JobKeeper. |
| 20 July – 2 August | For this fortnight, employer no longer required to meet the wage condition (i.e. \$1500 per fortnight) for employees. |

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1 – 14 August Make the JobKeeper Business Monthly Declaration for July fortnights (22 June – 5 July and 6 – 19 July). *Employees already receiving JobKeeper will continue to be eligible for the purposes of submitting this declaration.*

Payments should be made to employers from the ATO around 4 business days after the declaration.

1 – 14 September Make the JobKeeper Business Monthly Declaration for August fortnights (20 July – 2 August, 3 – 16 August and 17 – 30 August).

This declaration must **not** include any employees that will be ineligible for JobKeeper.

The ATO may also require providers to provide additional information in relation to employees and JobKeeper. More information will be available soon on ato.gov.au

Compliance arrangements

The department will undertake compliance and assurance action in relation to the transition arrangements, working with partner agencies including the ATO.

The Tax Commissioner may make an entity that has made a false statement or engaged in fraud liable to repay the amount. This liability applies on top of the existing significant criminal or administrative penalties for false statements and fraud. JobKeeper Payment obtained by fraud or misstatement will be recovered from wrongdoers even where the payment has passed through entities not involved in the fraud.

In addition, sanctions under the Family Assistance Law, including cancellation of provider approval, may apply.

For more information:

- [JobKeeper Payment – Protecting Integrity information sheet](#) (scroll down to ‘Fact sheets’)
- [Child Care Financial Integrity](#)

Employment Guarantee – maintaining employment

During the transition payment period (from 13 July 2020 to 27 September 2020), employers must continue to employ those employees who were working or being paid JobKeeper during the fortnight 29 June to 12 July 2020 (the Employment Guarantee fortnight).

The Employment Guarantee includes all employees who worked any hours in the Employment Guarantee fortnight plus any JobKeeper recipients who did not work during that fortnight.

All of these employees must continue to be employed, including being offered work during the transition period of 13 July to 27 September 2020.

The Employment Guarantee **does not** include contractors and does not include employees on long term leave. It **does** include employees on short term leave, such as annual and sick leave.

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Providers must take all reasonable and proportionate steps to continue to employ the relevant staff and offer them work.

Fees

A condition of receiving the Transition Payment is that providers must maintain the same fees charged in the relevant reference period – for most services that is the fortnight beginning 17 February 2020.

The intent of this restriction is to support child care service viability and help families access quality child care without the burden of fee increases while they are increasing their workforce participation activities after the COVID-19 crisis.

Additionally, providers receiving the Transition Payment should not be changing their service offering or increasing or adding new administrative fees.

Additional information

New services

New Services will be eligible for the Transition Payment where they have been in operation for more than two weeks before 27 September 2020. New Services may experience a delay in receiving payment, even where they commence operation in the first fortnight of the transition package. This is because:

- the service will need to submit session reports after their first two weeks to enable the department to see enrolment and attendance data in order to calculate payments;
- the department will then need to make an offer, and the service will need to accept; and
- the department will then process the payment.

Other services

Please see additional information sheets on transition arrangements for the end of the Relief Package for:

- [Family Day Care providers](#)
- [Providers delivering vacation care only](#)
- [Families](#)