



Australian Government
Department of Education,
Skills and Employment

Community Child Care Fund Special Circumstances – Transition Payment Guidelines

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1. About the grant

On 8 June 2020, the Government announced that the temporary Early Childhood Education and Care Relief Package (Relief Package) and Exceptional Circumstance Supplementary Payment (Supplementary Payment) would cease on 12 July 2020. From 13 July 2020, the Government will resume the original Child Care Subsidy (CCS) system and implement a transition measure.

To support the sector, all approved early childhood education and care services will receive a Transition Payment, to cover the period 13 July 2020 to 27 September 2020 (the Transition Period). To ensure Government support is appropriately targeted, JobKeeper will cease from 20 July 2020 for employees working in child care subsidy approved early childhood education and care services.

The purpose of the Transition Payment is to maintain the viability of services, in order to support families as they return to the level of work, study or training they were undertaking before COVID-19. The objective of the grant is to keep services viable during a recovery period, so they can remain operational and continue to deliver quality and affordable child care, so that families can participate in the social and economic life of the community.

This grant will be administered by the Department of Education, Skills and Employment (the department).

The grant is to be undertaken in accordance with the [Commonwealth Grants Rules and Guidelines \(CGRGs\)](#)¹

2. Grant amount and grant period

The period of the agreement (the Transition Period) is from 13 July 2020 to 27 September 2020, during which eligible providers will be offered a Transition Payment the equivalent to 9 weeks of 25 per cent of average weekly fee charged during the reference fortnight (capped at the relevant CCS hourly rate cap).

The reference fortnight is the fortnight that was used to calculate each service's baseline Relief Package payment. For most services, this fortnight commenced on 17 February 2020. If a different reference fortnight was used to calculate payments under the Relief Package, then the same reference fortnight will be used to calculate the Transition Payment. For services that commence care from 13 July 2020, a reference fortnight will be established by the department.

The method for determining the transition payment amount is set out at Schedule A.

The method is essentially the same method used to determine service's baseline Relief Package payment under the Early Childhood Education and Care Relief Package, except that the transition payment is 25% of the fee revenue in the reference period (instead of 50% of the fee revenue as it was under the ECEC Relief Package).

¹ <https://www.finance.gov.au/sites/default/files/commonwealth-grants-rules-and-guidelines.pdf>

Conditions at www.dese.gov.au/document/early-childhood-education-and-care-relief-package-conditions.

The Transition Payment will be paid to providers in weekly instalments, payable from when the provider enters into the grant agreement.

The grant amount takes into consideration an extra week's 50 per cent business continuity payment, which will be paid to services at the end of the Relief Package to assist with cash flow (i.e. they will have received 15 payments for 14 weeks of Relief Package). In recognition of this, there will be no Transition Payments for the weeks commencing 14 September and 21 September 2020. Subject to when a provider accepts the conditions of payment, the Transition Payment will be paid each week for 9 weeks from 13 July 2020, or a relevant period if vacation care. Payment for new services will depend on the length of operation within the life of the grant.

2.1 The grant selection process

This is a non-competitive grants program payable to child care subsidy (CCS) approved early childhood education and care providers for each of their child care subsidy approved child care services. Subject to meeting the eligibility criteria, all approved early childhood education and care services are eligible and will receive a Transition Payment, instead of JobKeeper (except for the week commencing 13 July 2020, where services may receive both JobKeeper and a Transition Payment in respect of that week).

The Australian Government considers a sector based, non-competitive process, is appropriate to support early childhood education and care services that have been in receipt of the Relief Package and Supplementary Payments as they transition back to the CCS system.

There is urgent need associated with the provision of early childhood education and care services for all families as they return to the level of work, study or training they were undertaking before COVID-19. A non-competitive grants process maximises access to the grant in a timely and cost effective manner.

2.2 Eligibility criteria

To be eligible to receive the Transition Payment in respect of a service, the provider must:

- be an approved provider under the family assistance law, and be approved in respect of the Service;
- not receive JobKeeper on behalf of their employees working in the early childhood education and care services from 20 July 2020 (or, if the provider is a sole trader, not receive JobKeeper for themselves),
- not charge fees in the Transition Period that exceed the fees charged by the provider in the relevant reference fortnight, and
- continue over the transition period to employ and to offer work to the employees of the approved early childhood education and care provider who were paid in the fortnight leading up to the end of the Relief Package (or the relevant fortnight for vacation care only services), including those who worked, were on short-term leave, or who did not work but were paid JobKeeper, but excluding those on long term leave.

Those providers which have compliance action on hand and which were eligible for a payment under the Early Childhood Education and Care Relief Package will also be eligible for a transition payment unless there is a material compliance change under the family assistance law.

New services approved for CCS on or after 13 July 2020 will be eligible for the 25% transition payment. The Department will work with providers for these services on a reference fortnight.

2.3 Eligible grant activities

An eligible grant activity is a provider operating a child care service that complies with Family Assistance Law.

3. Who will approve the grant?

The First Assistant Secretary of the department's Early Learning Policy and Network Division (the decision maker) or the Assistant Secretary, Community and Indigenous Child Care Branch, is authorised to make decisions in relation to administration of this grant opportunity. The decision maker will make the final decision to approve a grant.

The decision maker's decision is final in all matters, including the:

- approval of the grant
- grant funding amount to be awarded
- terms and conditions of the grant.

4. Notification of the grant

Eligible providers will be sent an offer with a funding amount as outlined in section 2 of these guidelines, with terms and conditions set out in the grant agreement. Providers can accept the offer by returning a signed agreement agreeing to the terms and conditions of the grant.

4.1 The grant agreement/Payment of the grant

Providers must enter into a legally binding grant agreement with the Commonwealth. We use the simple grant agreement, which must be executed before we can make any payments.

As well as the eligibility criteria in section 2 of these guidelines, each agreement has general terms and conditions that cannot be changed. We will use a schedule to outline the specific grant requirements.

The Commonwealth may recover grant funds if there is a breach of the grant agreement.

The amount of the grant will be determined in accordance with Schedule A of these guidelines. The grant agreement will provide an estimate of the maximum grant amount to be paid.

Transition Payments will be paid into the bank account currently nominated for a service in the Child Care Subsidy System (CCSS), that has been used to pay the Relief Payments. Providers should ensure that their bank account details in the CCSS are up to date.

5. Announcement of the grant

Grants for Transition Payments will be listed on the [GrantConnect](#) website, 21 days after the date of effect as required by Section 5.3 of the CGRGs.

6. Grant evaluation

The department may evaluate this grant to measure how well the outcomes and objectives have been achieved. The grant agreement requires providers to make available information to assist with the evaluation, if asked by representatives of the department.

Schedule A –Explanation of the Calculation of Transition Payments

Over the period of the grant agreement, a provider will receive a total Grant Amount calculated in accordance with this Schedule.

The Grant Amount will be the sum of weekly Transition Payments made to the provider. The provider will receive a weekly Transition Payment for each week that it is approved for at least one approved child care service, up until the week ending 13 September 2020. For existing providers operating existing services, this will typically involve the payment of nine weekly Transition Payments.

A provider's weekly Transition Payment will be the sum of the amounts worked out for each approved child care service that it is approved on the Monday of that week. This means that the total Transition Payment for each week will not be the same if the provider ceases to be approved for a service, or is approved for another service (for example, because of the transfer of a service between providers).

The amount of a payment in relation to a particular service is 25 per cent of the service's fee revenue (capped at the relevant CCS hourly rate cap for that service) for a reference fortnight, divided by two (to get a weekly amount).

The reference fortnight for most existing services is the fortnight starting 17 February 2020. For an existing vacation care outside school hours care service, the reference fortnight is the fortnight starting on the Monday in the first week of school holidays between Terms 3 and 4 in 2019. For a new service, the department will determine an appropriate reference fortnight to use for the calculation of the payment. This will typically be the service's first fortnight in which it receives child care subsidy.

It may be the case that over the course of the grant agreement, a weekly Transition Payment does not take account of the transfer of a service (i.e. a provider gains approval for, or ceases to be approved for, a service). In that case, the Transition Payment will not be adjusted for either the selling or purchasing provider, and financial adjustment between providers will need to be addressed as a commercial matter between those providers.

Calculation of Transition Payments

1 Amount of Grant

The Grant amount for an approved provider is equal to the sum of the Transition Payments under clause 2 for each week in the period beginning on 13 July 2020 and ending on 13 September 2020.

2 Amount of weekly Transition Payment

- (1) A Transition Payment for an approved provider for a week is equal to the sum of the amounts worked out in accordance with clause 3 in relation to each approved child care service in relation to which the provider is approved at the beginning of that week.
- (2) However, where a Transition Payment is paid to a provider in relation to a week and the amount of the payment has not taken into account that the provider has ceased to be approved for a particular service, or has been approved for a service, in that week, the Transition Payment for the provider for that week will not be adjusted.

3 Amount of payment in relation to an approved child care service

- (1) For clause 2, the weekly amount in relation to an approved child care service is the sum of reference hourly fees for all sessions of care provided by the service during the reference fortnight for the service, divided by two.
- (2) For subclause (1):
 - (a) the **reference fortnight** for a service is (subject to subclause (3)):
 - (i) in relation to an OSHC service that provides only vacation care—the fortnight starting on the first Monday of the school holidays between school Term 3 and Term 4 in 2019 in the State or Territory in which the service is located; and
 - (ii) in relation to any other kind of service—the fortnight starting 17 February 2020; and
 - (b) the **reference hourly fee** for a session of care is 25 per cent of the lower of:
 - (i) the hourly session fee for the session; and
 - (ii) the CCS hourly rate cap for the session.

Note: The **CCS hourly rate cap** for a session of care is set out in the table at subclause 2(3) of Schedule 2 to the Family Assistance Act.

- (3) However, if a service was not paid one or more fee reduction amounts under section 67EB of the Family Assistance Administration Act during the reference fortnight mentioned in subclause (2), the service's **reference fortnight** is a fortnight determined by the Secretary during which the service was paid one or more fee reduction amounts.